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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Thursday, October 29, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Gracious Heavenly Father, Thou didst say to Thy servant, the prophet Samuel:

The Lord sees not as man sees; man looks on the outward appearance, but the Lord looks on the heart.— I Samuel 16:7.

We are so easily self-deceived because we judge by outward appearance. Help us to see O God, that Thy judgments are based on that which is within us.

We forget that we do not impress Thee with our own deeds, however good and right they may seem to us, for Thou dost see what is in our hearts. Thou dost see not so much what we do as why we do it. Forgive us Lord for so often doing the right thing for the wrong reason, thus trying to be men-pleasers while ignoring our accountability to Thee.

And forgive us for justifying our actions by giving reasons which are not true when inwardly we were motivated in ways we know are wrong. Help us to remember that we live our lives in the penetrating light of Thy truth and when all is said and done, we are accountable to Thee, not only for our works, but for our concealed motivation. In the name of Him who is incarnate truth. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the recognition of the distinguished Senator from Pennsylvania (Mr. SPECTER) on special order for 15 minutes, there be a brief period for the transaction of routine morning business not to extend beyond the hour of 9:30 a.m., during which Senators may speak for not more than 2 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

A LONG AND ARDUOUS CHAPTER IN THE LIVES OF 100 SENATORS COMES TO A CLOSE

Mr. BAKER. Mr. President, yesterday a long and arduous chapter in the lives of 100 Senators came to a close with the ending of the AWACS debate. I would like to take this opportunity to thank those Members who enabled the floor debate to move at a swift and equitable pace.

The distinguished chairman of the Committee on Foreign Relations, Senator PERCY, and the equally distinguished ranking member of that committee, Senator PELL, were gracious and effective managers of the time provided for debate. As far as I know, every Senator who expressed a desire to speak on the floor was given that opportunity.

Inevitably, I will omit Senators whose names should be mentioned, but I should like to especially single out for my thanks and, I believe, the appreciation and gratitude of the Senate, the Senator from Texas (Mr. TOWER) for his assistance in the management of this bill; the distinguished Senator from Oregon (Mr. PACKWOOD) who was so able, skillful, and effective in his support of the resolution of disapproval; the Senator from Minnesota (Mr. BOSCHWITZ) who proved himself once more to be such an able and competent Senator and such a worthy adversary; the Senator from Virginia (Mr. WARNER), the Senator from Georgia (Mr. NUNN), the junior Senator from Georgia (Mr. MATTINGLY), the Senator from Ohio (Mr. GLENN); and the list could go on and on, Mr. President.

May I say that I believe the conduct of the Senate yesterday and the days preceding the debate, and the atmosphere of trust and of respect which Senators gave to each other are, perhaps, the most eloquent illustration of the nature of the Senate that I could make.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further need for my time under the standing order, and if any Senator wishes time, I will be happy to try to provide it.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I am advised by the distinguished minority leader that there are certain nominations that may be dealt with on today's calendar. I am grateful for that information.

I ask the minority leader if it is possible to do those nominations appearing on page 1 under "The Judiciary" beginning with Richard J. Cardamone, of New York, and extending through all of those on page 2, and to include the nominations placed on the Secretary's desk in the Department of State?

Mr. ROBERT C. BYRD. Mr. President, all of the nominations on the executive calendar have been cleared on this side.

Mr. BAKER. I thank the minority leader.

Mr. President, in view of that, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations so identified.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOMINATIONS

The legislative clerk proceeded to read nominations on the executive calendar under the Judiciary, Department of Justice, U.S. International Development Cooperation Agency, U.S. Advisory Commission on Public Diplomacy, Department of State, International Joint Commission, United States and Canada, and nominations placed on the Secretary's desk in the Department of State.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc follow:

THE JUDICIARY

Richard J. Cardamone, of New York, to be U.S. circuit judge for the 2d circuit.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Paul A. Magnuson, of Minnesota, to be U.S. district judge for the district of Minnesota.

Robert D. Potter, of North Carolina, to be U.S. district judge for the western district of North Carolina.

DEPARTMENT OF JUSTICE

Guy Gordon Hurlbutt, of Idaho, to be U.S. attorney for the district of Idaho for the term of 4 years.

William H. Ewing, Jr., of Tennessee, to be U.S. attorney for the western district of Tennessee for the term of 4 years.

Laurence C. Beard, of Oklahoma, to be U.S. marshal for the eastern district of Oklahoma for the term of 4 years.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Donald Eugene Santerelli, of Virginia, to be a member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring Dec. 17, 1983.

U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Tom C. Korologos, of Virginia, to be a member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1984.

DEPARTMENT OF STATE

John Dimitri Negroponte, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Honduras.

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Robert C. McEwen, of New York, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE DEPARTMENT OF STATE

Foreign Service nominations beginning Richard L. Barnes, to be a Foreign Service officer of class 1, a consular officer, and a secretary in the Diplomatic Service of the United States of America, and ending Natalie A. Solar, to be a Foreign Service officer of class 5, a consular officer, and a secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record on September 21, 1981.

Senior Foreign Service members beginning Diego C. Asencio, to be a career member of the Senior Foreign Service of the United States of America, class of career minister, and ending Daniel P. Serwer, to be a career member of the Senior Foreign Service, class of counselor, and a consular officer and secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record on October 16, 1981.

Mr. BAKER. Mr. President, I move to reconsider en bloc the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

TOM C. KOROLOGOS CONFIRMED TO SERVE ON U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Mr. BAKER. Mr. President, I am pleased that the Senate has confirmed the nomination of Tom C. Korologos to serve on the U.S. Advisory Commission on Public Diplomacy. Throughout the years, Tom Korologos has been a familiar figure in the U.S. Senate; most recently, he served as Director of Congressional Relations for President Reagan's transition staff. Prior to that, he was deputy assistant to President Nixon for Senate Relations and Assistant to former Senator Wallace Bennett of Utah.

Mr. President, I have come to know Tom Korologos both in an official capacity and as a close friend. He is a professional, and an accomplished diplomat, who holds the esteem of all who have come to know his fellowship. I am confident that Tom Korologos will fulfill his new duties as distinguishedly as he has always done, and I look forward to working with him once again.

CONFIRMATION OF TOM KOROLOGOS TO BECOME A MEMBER OF THE U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Mr. TOWER. Mr. President, I am extremely gratified that the Senate has afforded unanimous confirmation to the President's nomination of Mr. Tom C. Korologos as a member of the U.S. Advisory Commission on Public Diplomacy.

The substantial credentials in both the private and public sectors, which Mr. Korologos brings to this important and prestigious post, are impressive indeed.

He has served with distinction under two Presidents in the conduct of congressional relations as well as representing our Nation on three special overseas diplomatic assignment. First, to the People's Republic of China, and second, U.S. International Communications Agency tours to the Hague and Belgrade, and to Athens, Belgrade, Budapest, Prague, and Paris.

Therefore, Mr. Korologos is especially qualified to serve as a member of the Commission and I anticipate that he will undertake those responsibilities in the same exemplary and enthusiastic manner he has demonstrated in prior positions of public trust.

As a long-time associate and friend of Tom Korologos, I commend my Senate colleague for their confirmation of him to perform even greater service to the public good and to our Nation.

THE NOMINATION OF TOM C. KOROLOGOS TO BE A MEMBER OF THE ADVISORY COMMISSION OF PUBLIC DIPLOMACY

Mr. PERCY. Mr. President, I am delighted to have the opportunity today to express my strong support for President Reagan's nomination of Tom C. Korologos to be a member of the Advisory Commission on Public Diplomacy. The nomination was unanimously approved by the Senate Foreign Relations Committee on Tuesday, October 27.

The Advisory Commission, which is composed of seven members serving on a part-time basis, is an independent, statutory Presidential Commission whose members provide oversight, assessment, and guidance for the international communication, cultural, and exchange programs of the U.S. Government. The Commission is charged specifically with appraising the work of the International Communications Agency and periodically reporting its findings and recommendations to the Congress, the President, the Secretary of State, and the general public.

I commend the President on his selection of Tom Korologos for this important position of public trust. Tom's considerable professional experience and record of public service have prepared him well for his new post and should insure an outstanding contribution on his part to the work of the Commission.

A native of Utah, Tom began his career as a journalist working for three notable newspapers: The Long Island Press, the New York Herald Tribune, and the Salt Lake City Tribune. In addition, he earned a master's degree from Columbia University where he was awarded both the Grantland Rice and Pulitzer Fellowships.

Tom's career shifted gears in 1962 when he became administrative assistant to then-Senator Wallace Bennett of Utah. He served in that capacity for 9 years becoming an expert on the legislative process and the workings of Capitol Hill.

In Tom's case, excellence did not go unnoticed for in 1971 he became Deputy Assistant to the President for Legislative Affairs, serving in that position with great distinction under both Presidents Nixon and Ford.

Following 4½ years of service at the White House, Tom joined the consulting firm of Timmons & Co. where he is presently vice-president for legislative affairs.

But Tom's public service did not come to an end when he entered the private sector. Following the election of President Reagan, he served as Director of Congressional Relations for the Office of the President-elect helping to make the transition to a new administration one of the smoothest in recent history.

Mr. President, as my colleagues can well see, the career and accomplishments of Tom Korologos define a man who intimately understands the business of public relations as well as the field of human relations—special skills that will be of tremendous help to the Advisory Commission whose goals are so similar in spirit to the interests of the nominee.

I look forward to working with Tom once he assumes his position on the Advisory Commission. And I am confident that the other Commission members and its staff will come to admire Tom as I have as a thoroughly professional and dedicated man who will assume his new responsibilities with the same degree of vigor that he brought to Senator Bennett's staff and the White House Office of Congressional Relations.

Mr. President, I strongly endorse the confirmation of the nomination of Tom Korologos, to serve as a member of the Advisory Commission on Public Diplomacy.

THE CONFIRMATION OF PAUL MAGNUSON

Mr. DURENBERGER. Mr. President, the Senate today has confirmed the nomination of Paul Magnuson for the Federal bench in Minnesota. President Reagan and the Senate have made an excellent choice. They have given Minnesota an outstanding jurist, a person who will serve with dedication, compassion, and wisdom.

The people of Minnesota can have confidence in the selection of Paul Magnuson. Paul was one of five candidates recommended for the Federal bench by the Merit Selection Panel established by Senator BOSCHWITZ and me.

The Merit Selection Panel made its

recommendations only after hundreds of hours of screening applicants and personally interviewing many well-qualified candidates.

The only pressure on this panel was to find the five best people to recommend to the President.

Each of the five people recommended would have made an outstanding judge. Paul Magnuson was selected by the President from among an excellent group of people. I was proud of the work of the Merit Selection Panel, proud of the quality of the Minnesotans chosen and sympathetic to the President's task of having to reject four of those people.

I am honored to have Paul among my closest friends. But I am most honored to have a close friend chosen for this position in a process that put merit above politics and qualifications above personal ties.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there is a special order in favor of the distinguished Senator from Pennsylvania, but before that, I yield the floor so that the minority leader may avail himself of the time provided under the standing order if he wishes to do so.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, will the minority leader yield to permit me to make a statement?

Mr. ROBERT C. BYRD. I yield the remaining time.

Mr. BAKER. I thank the distinguished minority leader.

I understand the distinguished Senator from Mississippi has a requirement for time, and I am prepared to yield him 10 minutes. I ask unanimous consent that the time I am yielding to him under the standing order be given him after the special order for the remarks of the Senator from Pennsylvania.

The PRESIDING OFFICER (Mr. GORTON). Does the majority leader wish to modify the order that the Senate resume consideration at 9:30 of S. 1503?

MODIFICATION OF ORDER FOR CONSIDERATION OF S. 1503 AT 9:30

Mr. BAKER. We have an order for resuming consideration of S. 1503, the Standby Petroleum Allocation Act at 9:30 a.m. I ask unanimous consent that the Senate proceed to the consideration of the Standby Petroleum Allocation Act at the conclusion of the remarks of the Senator from Mississippi.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

RECOGNITION OF SENATOR SPECTER

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

S. 1789—ALIEN PARENTAL AMNESTY ACT

Mr. SPECTER. Mr. President, I send a bill to the desk and ask that it be appropriately referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1790

Mr. SPECTER. Mr. President, I send to the desk special legislation on behalf of an immigrant family in Pennsylvania to permit them to stay in the United States and ask that it be referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I rise today to introduce a bill to grant permanent residency to immigrants who have lived in this country continuously for at least 7 years, have American-born children, and have no criminal record. I have also sent to the desk special legislation on behalf of an immigrant family in Pennsylvania now facing deportation who would qualify for permanent residency under my general legislation which I have today submitted.

These bills recognize that millions of immigrants who have entered or remained in the United States in technical violation of our immigration laws, after having lived here for many years, have become for all practical purposes contributing, productive, and dedicated citizens of this country. During their long period of residence in the United States, they have accrued undisputed equitable interests in remaining here, the most important of which is their American-born children.

The children born in this country to illegal immigrants are eligible for full American citizenship. Frequently, this is the only home they have ever known, or wish to know. It is grossly inconsistent with any notions of humanitarianism to deport these children or to force their separation from their parents. Whatever the circumstances of the parents, having been here in violation of the immigration laws, if that, in fact, is true, that does not justify uprooting these children from their only real home to be sent to foreign lands where their adjustment must inevitably be painful, if not impossible.

An egregious example of the consequences of our present laws is the case of the Patel family in suburban Philadelphia. Shailesh Patel has lived in this country for 16 years, since leaving India. His wife, Premlata, has been here for 10 years. They have three young children who attend school here and have made close friends.

And as I make these comments about them they are in the Capitol today while I am introducing this legislation aimed at securing their permanent residency in the United States.

The Patel family have been good citizens. The children have absolutely no familiarity with India and cannot speak their parents' native dialect and cannot possibly succeed in school there. Mr. Patel is well liked in his community and has operated a successful service station for many years.

And I have taken the time and had occasion to visit the Patels in their home in suburban Philadelphia, a beautiful home, indicative of the contribution which they have made to this country. I have visited Mr. Patel's service station and can personally attest to the fact that Mr. Patel is a productive, law-abiding citizen.

The Patels are now faced with a deportation order as of November 23, 1981, under which they will be forced to return to India. Their American dream will be brought to an abrupt and painful end if that deportation order is carried out.

The forced exclusion of such hard-working, conscientious, and community-spirited people is certainly not what our immigration laws were designed to accomplish. This is certainly the case when their effect is to permanently disrupt the lives of young, American-born children.

I am the son of immigrants. My parents came to this country with little more than an ambition of making a better life for their family than they had known themselves. Shailesh Patel, and thousands of immigrants like him who have lived and worked in this country for many years, harbors the same ambition for himself and his family.

Through hard work and initiative, he and his wife have come far toward realizing their ambition; and in doing so, have enriched the lives of their community and the United States.

We are a nation that has grown great by opening its doors. To allow immigrants who have made a productive life for themselves here and who seek to contribute to their communities to join us as citizens is to the benefit of all and to the benefit of the United States.

I urge early consideration and passage of this bill.

Mr. President, I ask unanimous consent to have the bills printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1789

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Alien Parental Amnesty Act of 1981".

SEC. 2. (a) The Immigration and Nationality Act is amended by inserting after section 244 of such Act the following:

"ADJUSTMENT OF STATUS OF CERTAIN ALIEN PARENTS OF CHILDREN BORN IN THE UNITED STATES

"SEC. 244A. (a) Notwithstanding any other provision of law and except as provided in subsection (b), the Attorney General shall adjust the status to that of an alien lawfully admitted for permanent residence, an alien who—

"(1) makes an application for such adjustment;

"(2) has been physically present in the United States (excluding Puerto Rico, Guam, and the Virgin Islands) for a continuous period of not less than seven years immediately preceding the date of such application; and

"(3) is the parent of a child born in the United States.

"(b) The provisions of subsection (a) shall not apply to any alien who—

"(1) is inadmissible under section 212(a) insofar as it relates to criminals, procurers, and other immoral persons, subversives, violators of the narcotic laws or smugglers of aliens; or

"(2) ordered or participated in the persecution of any person because of race, religion, national origin, sex, or political opinion.

"(c) Upon the approval of an application for adjustment made under subsection (a), the Attorney General shall record the alien's lawful admission for permanent residence as of the date of such approval.

"(d) Any adjustment of status made by the Attorney General under this section shall be without regard to, and shall have no effect on, any numerical limitation contained in this Act.".

(b) The table of contents for such Act is amended by inserting after the item relating to section 244 the following:

"Sec. 244A. Adjustment of status of certain alien parents of children born in the United States.".

S. 1790

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding paragraph (14) of section 212 (a) of the Immigration and Nationality Act, for purposes of such Act, Shailesh K. Patel and Premlata Patel shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by the proper number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas which are made available under section 203(a) of the Immigration and Nationality Act to natives of the countries in which the aliens were born or, if applicable, the total number of immigrant visas which are made available under section 202 of such Act to natives of the countries in which the aliens were born.

The PRESIDING OFFICER. Under the previous order the Senator from Mississippi is recognized.

VOTING RIGHTS AMENDMENTS OF 1981

Mr. COCHRAN. Mr. President, last week, I introduced a bill, S. 1761, which would amend the Voting Rights Act which will be before this body for consideration within the next several months. The amendment that is suggested in the legislation I have introduced relates to section 5 of the act, the preclearance section. The amendment really creates a new preclearance procedure.

Today I am sending a letter to all Senate colleagues explaining in more detail than I will today how the new preclearance section would work if it is adopted by the Senate and pointing out some of the reasons why it is appropriate at this time to seek a revision in the Voting Rights Act and particularly the preclearance section to equip our Government to protect more fully the right to vote and the right of full participation in the political process.

There has been a suggestion by some that any effort to amend the Voting Rights Act would in fact be an effort to undermine it or to make it less enforceable, to sabotage it.

It should be noticed in reviewing the bill of this Senator, Mr. President, that never before has a new procedure, in effect, for clearing changes in local laws been incorporated in an amendment to make applicable in every State the present clearance requirement under the Voting Rights Act.

This is a new proposal. It has not been considered before by either body. And I am hoping that it will be carefully considered by the members of the Judiciary Committee and all Senators before an estimative decision is made to reject it because it is an effort to extend the application of this section nationwide.

The change that is suggested provides for a declaratory judgment proceeding in Federal district courts for review and clearance of election law changes at the local level.

What is different about this is that under current law the Department of Justice now has the sole responsibility for reviewing and approving such changes. This is undertaken in an office that has fewer than 20 paralegals and a handful of lawyers working to review changes in the nine States covered by this section of the act and portions of 14 other States.

Some may fear that the Federal court will not be an appropriate forum for the review of changes in local election laws. But I want to point out that the men and women who have served on the Federal bench in the last 30 years have played a very crucial role in developing the law in the area of civil rights and voting rights.

I would like to call attention particularly to a recently published book by Jack Bass entitled "Unlikely Heroes," in which he points out the dramatic changes in the law which have occurred as a result of decisions by Federal judges, particularly in the South, and in particular in the Fifth Circuit Court of Appeals.

He talks about the development of civil rights and voting rights laws. As a matter of fact, conclusions and decisions of these judges, he says, formed the basis for the Voting Rights Act.

Administration officials who testified before congressional committees pointed to these decisions and conclusion in support of the request for enactment of the Voting Rights Act.

When compared with the very few persons who are assigned by the Department of Justice the job of reviewing changes in local laws, the Federal judiciary obviously is not only better equipped from a manpower standpoint but also from the standpoint of its experience in dealing with such questions and in making the decisions based on the law and with allegiance to due process.

At the heart of this proposal is the involvement of the Department of Justice in the clearance procedure. The Department of Justice will not be shut out from its interest in reviewing changes in local laws. As a matter of fact, whenever a change is proposed in a local election or voting law, process will be served upon the Attorney General under this procedure. Notice also will be given to the general public, through publication in local newspapers of the fact that such changes are proposed. Interested persons who want to be notified specifically about any changes in the election laws will have their names placed in a registry with the court, and process will be served on them as well.

So instead of limiting, as the present law does, review of election law changes just to those few people in the Department of Justice, this change that is being suggested will involve many more people—minority voters, those representing the interests of minority voters, the general public—in addition to the Department of Justice in the clearance process.

It is interesting to me, Mr. President, when we talk about nationwide application of a preclearance procedure, that those who throw up their hands in holy horror first are those who have been in the forefront of the civil rights effort and the effort to guarantee, through Federal law, that the right to vote and fully participate in the electoral process is guaranteed by a law with teeth in it so that these voting rights can be protected fully.

This is not an effort to make less enforceable voting rights in this country of ours, but it is an effort to make uniform throughout the country a workable, effective procedure which will enlarge upon the power of the Federal Government to review and approve changes in election laws.

That would be just. That would be fair.

I do not know why we even argue that the right to vote in Alabama or Georgia is more important than the right to vote in Pennsylvania, Illinois, or in the State of Washington, Mr. President. In my judgment, the right to vote and participate fully in the political process ought to be guaranteed by our Federal law to every citizen, no matter where he lives. It is not just a right that ought to be protected in just a portion of these United States.

The protection that this change would afford would make this Federal law like all other Federal laws: applicable to everyone, applicable to every State, to every precinct.

Some say, "Well, you would have to have so many more people involved. You would have to increase the funding of the Department of Justice. More staff would be needed in the Federal courts."

In 1980, over 7,000 submissions were filed with the Department of Justice asking for approval of changes in local election laws. Only about 50 objections were made to those changes by the Department of Justice. What this indicates, in my judgment, is that we are seeing more and more voluntary compliance by local political units with the letter and the spirit of the Voting Rights Act. This is encouraging. Those who say this would unduly burden our Federal court system, that we would have litigation in every courthouse across the country because of this change, I think are not

looking at the fact that times are changing, and that is certainly an encouraging sign applauded by this Senator.

We do not want to turn the clock back, Mr. President, and go back to the devices that were used in some parts of the country to deny minority voters the right to vote and participate in the political process.

That is not the effort being made here. There are provisions in this law which are not touched by the amendment of the Senator from Mississippi which, in effect, abolish the poll tax and the other devices that were commonly used to deny full participation.

This is not an effort to do away with those changes. If my amendment is agreed to, those provisions of the law will remain in the law, and I support their remaining in the law.

It seems to me that if we have a Federal law making it illegal to evade the payment of lawfully due income taxes in one State, it ought to apply in another State. Income tax laws are very interesting in that we do not have enough Federal employees or agents to review the preparation and filing of individual income taxes by all of our citizens. But it is applicable nationwide, nonetheless. It is applicable throughout the country and applies with equal force and effect in every State.

If it is against the law to commit a crime of extortion in New York, it is likewise against the law to commit the crime of extortion in California.

If one gerrymanders a political boundary in New York to deprive full participation in the political process by minorities, that ought to be against the Federal law, and if it is done in the State of Washington for a like purpose it should be against the law. Whatever the size of the minority, it is still wrong, and the Federal law ought to say so. There ought to be some provision in the law, to make that principle enforceable.

Mr. President, you may say there is no such discrimination, no activity like that at all in some of our States.

Well, what is the objection to providing that it is illegal to do it? What is wrong with having a procedure that will permit review of such changes, and, if there is any alleged discrimination, it can be brought to the attention of the court in an expedited proceeding? It would not be a long, drawnout case but one that is limited so that a decision is made within 60 days after the application for a declaratory judgment is filed. The Department of Justice has 60 days under the law now to review and approve changes in local election laws. What we are finding out, though, is that in some cases that time period drags out much longer.

In Jackson, Miss., for instance, a change was made in the boundaries of the city. There was an annexation of some areas near the city, to include them within the city limits. An application was made 5 years ago, Mr. President, for approval of that change under the Voting Rights Act and section 5 provisions on preclearance.

Just 2 months ago the Department of Justice finally said that annexation did not have the effect of depriving minority voters of the right to participate fully in the political process, and, in effect, the Department approved the change.

In the meantime, two city elections have been held, both under the cloud of failure of the Department of Justice to approve the annexation.

Those in the annexed areas did not know whether their votes would be counted in the election or not. The Department of Justice, at one time, sent out word that they would not be counted, then changed its mind. The point I am making by referring to that isolated incident is that if there had been in place a preclearance procedure such as that suggested in the amendment that this Senator is offering, a decision based on the law and the facts would have been made expeditiously. If someone might be aggrieved because of an adverse decision made by a local Federal judge, an expedited appeal to the court of appeals is provided in the bill so that there will not be any interminable delay, any long, drawn-out proceeding. A decision can be obtained promptly.

Mr. President, I hope that Members will review this proposal for change and not just conclude summarily that it is not workable, that it is an effort to turn the clock back or sabotage the Voting Rights Act, none of which it is.

It is an effort to improve the procedure under the act for review of changes in local election laws, to make applicable nationwide a uniform procedure, to give greater notice, to involve more participation on the part of minority voters in the preclearance process and to provide also that the Department of Justice continue to have an important role in the preclearance procedure.

Jurisdiction of these cases now is vested only in the District Court for the District of Columbia. There have been only 23 cases presented to that court in the last 15 years; only 10 written decisions have been rendered, indicating that this is not a forum that is being sought out for taking up any of the questions that are arising out of the Voting Rights Act.

Mr. President, it is my intention from time to time to come to the floor and discuss further this proposed change and the reasons for presenting it to the Senate. I look forward to the hearings that are going to be scheduled by the Senate Committee on the Judiciary and I plan to present these suggestions to that committee at that time as well.

Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

POOR PAY BY THE UNITED STATES

Mr. WARNER. Mr. President, our distinguished colleague from Alaska, Senator STEVENS, has taken the lead in the Senate to bring to the attention of the Congress the difficulties of the Federal Government in recruiting qualified individuals because of the various pay caps and limitations. I have joined him in these efforts.

Mr. Daniel Boorstin, Librarian of Congress, wrote a worthwhile article on the same subject which appeared in the New York Times on October 27, 1981. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POOR PAY BY THE UNITED STATES

(By Daniel J. Boorstin)

WASHINGTON.—Back in 18th-century England, Tories argued that Members of Parliament should not be paid so that the nation could be sure that wealthy men would always fill the position and, hence, there would be no danger of corruption. Until now, no one has seriously argued that we should deliberately underpay higher executives in our Government in order to be sure that only the independently wealthy should be attracted. But the recent refusal by Congress to restore some equity to the Federal pay system for executives shows that it must be beginning to think that way.

As the Librarian of Congress, overseeing the work of more than 5,000 Government employees, I must say that we face a crisis in the management of our Government. At a time when we talk of increasing incentives for effective, imaginative management, when we are preoccupied with problems of the economy, energy, and defense, we are losing our best managers. And we are failing to attract the most qualified people to higher executive service.

I am having the greatest difficulty persuading the Library's best executives to stay, and cannot persuade the best people from universities or private industry to join us. Yet the Library is the research institute for Congress and our greatest national knowledge resource.

Since 1977, the highest-level Federal executives have received only a 5.5 percent pay increase. Other white-collar Federal employees have received increases totaling 33.5 percent. Yet the cost of living has risen 55.2 percent!

In our free-enterprise society, in a Government supposed to reward merit, it is impossible to provide the usual incentive of a pay increase for any of my top executive staff. More than 100 employees at the Library receive the same salary as the Deputy Librarian! How can I persuade competent executives to accept increased responsibility, when there is no commensurate increase in salary—and now seems never likely to be?

When I recently asked an Ivy League professor to reconsider his refusal to accept a Library position, he replied: "Do something about the salary, and I may consider it." I was asking him to move to a city with the third-highest housing cost in the country, with one of the highest costs of living anywhere, to work hard at a salary below what he was already receiving. In addition, he observed, I was asking him to accept a limitation on outside income, to give up all financial privacy under the recent ethics laws, and be a target for the press! Do you blame him?

Is it any wonder that the morale of our senior executives has never been lower in recent history? That they feel they have been let down by their employers—Congress and the American people? When some of my colleagues learned of the Congressional action, they burst into tears.

The situation of the Library of Congress is not peculiar. Every branch of the Government is losing its top executive civil servants at the prime of their careers. Rising college tuition costs (a 49 percent rise since 1977) are forcing our ablest executives out of Government. Retirement rates of executives newly eligible to retire (according to figures from the Office of Personnel Management) increased from 15.5 percent in March 1978 to 94.7 percent in August 1980. Sixty-five percent more career executives resigned in the year ending June 30, 1981, than in the preceding year.

Other branches of Government, including the Defense Department, are stymied in recruitment efforts by the pay limitation. As Senator Ted Stevens recently noted on the floor of the Senate, one candidate for deputy assistant secretary for systems, a deputy assistant secretary in research and development, and a candidate for assistant to the Secretary for Defense have chosen not to work for the Government because of the pay cap.

Must we choose between wealth and mediocrity? I cannot believe that either the people of the United States or our Congress is so shortsighted. Out of desperation and the simple need to keep the machinery of Government going, we will find ourselves increasingly settling for less than the best. This is simply because Congress will not provide reasonable incentives for our ablest citizens to do patriotic civilian service without sacrificng the interests of their family.

One of my ablest predecessors, Herbert Putnam, reputedly had a stock answer for any member of the Library staff who came to him to request an increase in pay. "Is it not a sufficient compensation to have the privilege of working for the Library of Congress?" I do not know how effective his observation was back then. But I find myself daily driven to give his answer now.

From the earliest days of the Republic, our far-sighted leaders have insisted on adequate, competitive compensation for executives in our Government. When the matter was debated before Congress in 1797, Fisher Ames, representative from Massachusetts, opposed a policy of offering "the least possible sum for which an office could be executed . . . a sum should be paid for service sufficient to command men of talent to perform it." George Washington, himself a man of means, in his Annual Message of 1796 urged Congress to improve the pay scale for officers of the United States, lest we "contract the sphere within which the selection of characters for office is to be made, and . . . proportionately diminish the probability of a choice of men able as well as upright." Otherwise, he feared, we would "virtually exclude from public trusts, talents and virtue unless accompanied by wealth."

NEW DEPARTURE HYATT ROLLERBEARING PLANT—A NEW OPPORTUNITY

Mr. BRADLEY. Mr. President, I am very pleased to have this opportunity to inform my colleagues of the unique efforts taking place to revitalize a General Motors' rollerbearing plant in Clark, N.J. Tomorrow, October 30, 1981, a new corporation, Hyatt Clark Industries, will be formed to take over operations of this plant. This represents a cooperative effort by labor and management to save over 2,000 jobs and prevent the economic dislocation it would cause. Hyatt Clark Industries, Inc., will obtain its capital and operating revenues from an employees stock ownership trust [ESOT]. Before discussing the merits of this approach, let me provide some of its history.

The New Departure Hyatt Rollerbearing Plant in Clark, N.J., makes tapered rollerbearings for automobiles and light trucks. It provides jobs for over 2,000 residents of New Jersey. In May of 1980, General Motors announced that it would have to close down this plant unless a new buyer for the plant could be found. I am sure all of you are well aware of the problems encountered by our automotive industry which contributed to this situation. When their attempt to sell the plant failed, General Motors announced in August 1980 that it would close the plant.

Shortly after General Motor's announcement, a group of employees at Clark formed a job preservation committee. This committee commissioned a study by Arthur D. Little to determine under what circumstances the Clark plant could be operated successfully independent of General Motors. This study concluded that an independent Clark plant is feasible on the basis of General Motors agreeing to a long-term commitment for its tapered and railroad bearing requirements; labor agreeing to work rules permitting increased productivity; labor accepting a modified wage package comprising a substantial productivity and profit-related incentive factor; and obtaining leadership which can induce employees to work for better quality and higher productivity. It appears that all of these are objectives being met. The catalyst has been the employees stock ownership program.

A new corporation, Hyatt Clark Industries, is being incorporated tomorrow to operate and revitalize the Clark rollerbearing plant it will obtain its revenues from an employees stock ownership trust containing contributions from the employees at Hyatt Clark, as well as private financing from General Motors, Prudential Insurance Co., Fidelity Union Trust Co., as well as hoped for grants from UDAG and EDA. An ESOT is a tax-exempt employee stock bonus trust organized under section 401(a) of the Internal Revenue Code. An ESOT borrows money for the purpose of purchasing stock in a corporation for which the employees work. The ESOT gives its note to the lender, which is secured by a pledge of the stock. The corporation associated with the ESOT—in this case Hyatt Clark Industries—issues its guarantee of repayment to the lender assuring that the corporation will make periodic payments into the ESOT to amortize its debt.

The principal and interest payments made by the corporation are deductible by the corporation in calculating its Federal income tax.

Loans are secured by the credit of the corporation, and are additionally secured by the fact that the obligation is repayable from pretax dollars. This arrangement permits the corporation to borrow money at lower cost, and permits the employees of the company to obtain equity in the company. As the loan is repaid by the ESOT, the liens on the stock are removed, and the stock is then available for allocation by the ESOT to the accounts of the employees as benefits.

This is a stock incentive program for all employees of Hyatt Clark Industries. It will enable the corporation to survive in the short term because of wage cuts accepted voluntarily by employees. In the long run, employees will be able to make up those cuts through the value of their stocks. In addition, the more productive the employees are, the greater will be the value of their stock.

I am very enthusiastic about the potential for rejuvenation of the Hyatt Clark rollerbearing plant. I know that some of you, and especially the senior Senator from Louisiana, share my belief that employee stock ownership programs can play a vital role in the revitalization of American industry. The Hyatt Clark plant will be a testing ground for this innovative approach. I support what is taking place there and hope the Federal Government will join in this effort through important economic development assistance.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

STANDBY PETROLEUM ALLOCATION ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 1503. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 1503) to authorize the President to allocate supplies of crude oil and petroleum products during a severe petroleum supply shortage.

The Senate resumed consideration of the bill.

Mr. McCLURE. Mr. President, today we resume consideration of S. 1503, the Standby Petroleum Allocation Act of 1981. Last Friday, I reviewed the significant need for this legislation.

In my statement and in my colloquy with the minority floor manager, it was made clear that the section 4(a)(2) objectives are in some respects conflicting and often internally inconsistent. These objectives cannot all be simultaneously achieved during a severe shortage. We

intend that the President have a range of discretion in dealing with the particular circumstance a severe petroleum shortage presents. The legislative history we have made to date clearly recognizes and addresses the conflicts and inconsistencies within these objectives and the need to grant the President discretion to balance and reconcile these objectives. I note for the record that the original legislative history for this provision indicated the same result. The 1973 EPAA conference report said of these objectives and the courts have consistently held that:

The listing of objectives in successive paragraphs (A) through (I) in section 4 (b)(1) is not intended to establish any order of priority. There are collective goals, and the conferees have not attempted to discern an order of precedence or value one against another. It is fully recognized that, in some instances, it may be impossible to satisfy one objective without sacrificing the accomplishment of another. For example, the President could not totally allocate propane to agricultural and rural heating needs and at the same time give consideration to the identified objective of preserving and fostering competition in the petro-chemical industry. For this reason the direction to the President is qualified to permit the regulation to be construed so as to accomplish the enumerated objective "to the maximum extent practicable". This qualification is intended to give the President administrative flexibility in marshalling short supplies and equitably assigning them to particular needs. (Paragraph six, pages 11 and 12, "Joint Explanatory Statement of the Committee of Conference".)

In order to insure that there would be no legal or practical ambiguity about the relationship of this bill and the Emergency Petroleum Allocation Act [EPAA], I offered on Friday and the Senate adopted the following amendment:

SEC. 14. Nothing in this Act shall be construed to require that any action taken under the authority of this Act, including allocation of, or the imposition of price controls on, crude oil, residual fuel oil or any refined petroleum product, be taken in a manner which would have been required under the Emergency Petroleum Allocation Act of 1973, as amended, had that Act not expired.

Mr. President, the adoption of this amendment eliminated completely any doubt that S. 1503 could be interpreted to mandate the now-expired EPAA programs. The bill in its current form provides a carefully drafted balance between granting the President the fully discretionary standby authority we believe he must have and providing equitably for the legitimate interests of essential sectors of the economy.

The application of these objectives will be determined by the President in his formulation of a response to the particular circumstances that a severe petroleum shortage presents.

UP AMENDMENT NO. 545

(Purpose: To provide for preemption of State and local price and allocation programs)

Mr. JOHNSTON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON), for himself and Mr. MCCLURE, proposes an unprinted amendment numbered 545.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 15, subsection 6(a) is amended to read as follows:

"(a)(1) This Act supersedes any provision of any law or any regulation adopted or promulgated by a State or any political subdivision thereof to the extent that such provision or regulation provides for allocation or limitation on the price of crude oil, residual fuel oil or any refined petroleum product.

"(2) The President may prescribe rules exempting from the operation of paragraph (1) categories of laws or regulations adopted or promulgated by any State or political subdivision thereof to the extent that he determines that the application of such laws or regulations would—

(A)(i) promote the conservation of, or constrain the demand for, residual fuel oil or any refined petroleum product; or

(ii) provide for emergency allocation of residual fuel oil or any refined petroleum product to alleviate a shortage within such State caused by damage to or destruction of facilities located within the United States and resulting from sabotage, accidents, or an act of God; and

(B)(i) preserve a significant State or local interest;

(ii) not unduly burden interstate commerce; and

(iii) not significantly impede operation of this Act, achievement of the purposes of this Act, or achievement of the objectives of the regulation under section 4(a).

Mr. JOHNSTON. Mr. President, the amendment provides that the act, S. 1503, providing for emergency allocation and price control, under very limited circumstances, will supersede any provision of any State law or regulation adopted or promulgated by such State or political subdivision thereof, to the extent that that provision or regulation provides for allocation or limitation of the price of crude oil, residual fuel oil, or any refined petroleum product.

The reason for this is rather obvious, I believe. First and foremost, the supply and pricing of crude oil as a commodity are matters of interstate concern. They are matters of primary economic and social importance, vital importance, to the Nation. You cannot segregate or isolate one State, one region, one county from the rest of the country and create for it special rules for the pricing and allocation of petroleum, without necessarily affecting the rest of the country.

So what we have provided for here is that, to the extent any such State or political subdivision thereof would attempt to allocate or put pricing regulations on crude oil, they would be preempted by this act, unless the President, through the rulemaking, provided rules, in effect, to exempt such State laws from this preemption.

We would not, of course, preempt State energy conservation programs, which we are very anxious to encourage, and we would not preempt end-use controls or demand-restraint measures, such as odd-even restrictions on automobiles, should a State, county, or city desire to adopt those; and we would not preempt minimum purchase requirements or things of that kind. We are very explicit in stating that we do not preempt those.

Indeed, the President could provide that a State or a subdivision thereof could adopt pricing or allocation provisions; but the President, in order to do that, would have to do so by the adoption of a rule or regulation. He also would have to make those findings which are set forth is the amendment: that it would promote conservation of petroleum or constrain the demand for petroleum, or that it would provide for the emergency allocation of residual fuel or other refined petroleum products to relieve a shortage within a State caused by damage to or destruction of facilities located within the United States and resulting from sabotage, accidents, or acts of God; and in addition, that it would preserve a significant State or local interest, that it would not unduly burden interstate commerce and that it would not significantly impede the operation of the act.

So that should the President make all those findings, he could adopt and allow for the full force and effect of a State law.

Mr. President, should we not adopt an amendment such as this, we would set the stage for distortions caused by one State seeking to take advantage of the market by artificially allocating to its own citizens some kind of preferential treatment, either in the allocation of, or conceivably, even in the pricing of crude oil.

Approximately 35 States have some sort of pricing and allocation authority over crude oil. If these 35 States are allowed separately to trigger in some kind of preferential or at least different treatment, we would have, first of all, a lack of clarity and an ambiguity and uncertainty as to which law applied where, which was in conflict, which was not in conflict. What do you do in the meantime, if you have two apparently conflicting laws—that is, the Federal and the State?

This amendment would provide for that clarity and would prevent the distortions and would create a truly interstate and national policy insofar as it relates to the pricing and allocation of petroleum.

So, Mr. President, on behalf of the distinguished Senator from Idaho and myself, we propose that this amendment be adopted.

Mr. MCCLURE. Mr. President, during the consideration of S. 1503 by the Com-

mittee on Energy and Natural Resources, the committee dealt with the issue of the extent to which the Federal allocation program should preempt conflicting State programs. After considering the preemption language that now appears in section 6 of the bill, the committee decided to change the preemption mechanism in order to insure that certain State programs would be permitted to function during an oil shortage. The committee's objective was to leave in place those State or local regulations that would not reduce the effectiveness of the Federal allocation scheme. Accordingly, the committee staff was directed to draft a new preemption provision to be offered as a committee amendment. The staff has drafted new language that reflects the committee's intent, and that new language is contained in the amendment that Senator JOHNSTON and I have offered.

Mr. President, whenever Congress deals with the issue of Federal preemption of State laws, a number of very complex and difficult problems are raised. The committee found this to be particularly true in the context of S. 1503 because the bill would establish a Federal program that would not be implemented and thus would have no direct effect on the States unless a severe petroleum supply shortage occurred. If a less serious shortage should occur and the President appropriately refrained from triggering the Federal program, should the States nevertheless be permitted to implement their own oil allocation programs and other programs imposing energy conservation measures or restrictions on demand for petroleum?

The answer to this question is set forth in the proposed amendment which rejects the concept of total preemption, while recognizing that the States should be permitted to exercise certain emergency powers when the Federal program has not been activated, also recognizing that there are other State programs that could serve as appropriate supplements to the Federal program if it were activated.

Mr. President, during the past few years, Congress has encouraged the States to develop their own standby programs to deal with energy emergencies. This policy is reflected in the Emergency Energy Conservation Act of 1979. Many of the States have spent considerable time, effort, and money on these activities. It would be a mistake for Congress to declare that all of these State programs are now preempted by Federal law. The amendment would exempt from preemption those categories of State programs that promote the conservation of residual fuel oil or refined petroleum products or constrain the demand for those products. Included in these categories would be programs that restrict automobile use, such as car-less day requirements, car pooling requirements, car parking limitations, and rush hour alternating traffic requirements. Other examples of exempted programs are restrictions on fuel purchases, such as odd-even purchase limitations or gallon limitations, exempted programs would also include those which impose restrictions on service station operations or other energy retail operations. An example would be opening and closing limitations. I emphasize that this list is not all-inclusive but merely provides examples of the types of conservation and demand restraint programs that would not be preempted by Federal law.

The amendment would also permit a State Governor to take appropriate emergency action in response to a short-term or localized shortage of petroleum, if the shortage were caused by something other than an import disruption, such as storm damage to refining, transportation, or storage facilities.

Mr. President, the committee has recognized that State programs affecting the allocation and consumption of petroleum must be strictly limited because of the interstate nature of the oil industry. If one State should intervene in the distribution of oil within that State, the result could well be a disruption of supplies in a neighboring State. The committee does not intend that one State, by triggering its own allocation program, obtain an advantage over another State. Thus, the amendment provides that a State program would be preempted if it unduly burdens interstate commerce.

In addition, Mr. President, if the Federal allocation program were activated, it is essential that the States be prevented from interfering with the effective implementation of the Federal program. During a serious emergency, Government allocation of oil should be conducted on a uniform basis. This can occur only if State programs are restricted to those that do not significantly impede the operation of the Federal program. The amendment requires that all State programs meet that standard.

Finally, Mr. President, the amendment establishes a new preemption mechanism by providing that the President may prescribe rules for determining the categories of State laws and regulations that would be exempted from preemption. However, the amendment would not provide the President with total discretion to decide what is exempted, nor does it prescribe precise statutory standards for exemptions. Instead, the amendment reflects an appropriate middle ground by prescribing general standards for determining whether particular State programs will be permitted or preempted.

Mr. President, I might just point out that this is consistent with the general philosophy of the bill, which is to provide that a general authority be placed into a standby regulation, but specific implementation of that authority would be in an implementation plan which would be sent to Congress at the time of a severe supply interruption, and implementation would occur for a very limited time, only that length of time necessary to enable the President to respond to a specific crisis, a specific emergency. This carries that forward by saying that the President has the authority to decide, within the bounds of the statute, which categories of State and local regulatory authority could be used in response to a specific emergency.

The amendment is an amendment to section 6(a) and has paragraphs 1 and 2. Under subsection (a)(2) there is a large capital (A) subparagraph that has two clauses in turn. Those are in the disjunctive. An exemption must meet one or the other of the tests of 2(A), but there is also a subparagraph B under 2 which is conjunctive, and the exemption must meet all three of the tests contained in 6(a)(2)(B):

Mr. President, on behalf of the Committee on Energy and Natural Resources I urge that the amendment be adopted.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, before we vote, let me further explain why I think this amendment is necessary.

Several of us on the committee did not feel that subsection 6(a), the committee reported preemption provision, adequately carried out the preemption policy the committee intended to establish. We felt that clarification was needed in the statutory language to conform it to the committee's intent. Moreover, it became clear in the committee discussion about preemption that the members' views shifted somewhat on this issue in the last markups, as the committee saw the need for a stronger, yet flexible preemption policy, giving some discretion to the President in this regard. The chairman and other members, including myself, acknowledged the need for a committee floor amendment to incorporate their most recent thinking about this complex, but most important issue. The amendment we are offering today would, I believe, accommodate the members' concerns by creating a strong preemption policy that is straightforward, but which includes provision for Presidential discretion to fashion a practical preemption policy.

What was the committee's original policy? We intended that Federal law would set forth the conditions under which petroleum should be subject to mandatory price and allocation controls. State activity in this area is to be precluded at any time before the President, under Federal statute, has declared that some form of petroleum price and allocation controls are to be imposed. After such a Presidential determination, State activity not in conflict with the Federal scheme would be permitted, but all other State activity would continue to be precluded.

In establishing statutory preemption of State and local activity, the committee is expressing a concern only with State and local activity in the pricing or allocation of petroleum. The committee does not intend the preemption of energy conservation programs, end use controls, or demand restraint measures, such as odd-even restrictions, minimum purchase re-

quirements, and other State programs imposed under State law or under Federal laws such as the Emergency Energy Conservation Act of 1979. The committee report is quite explicit in this regard. The amendment we are offering today explicitly incorporates this aspect of the legislative history as indicated in the committee's report.

Subsection 6(a) of S. 1503 as reported does not carry out the committee's preemption policy. That subsection provides for a conflict test in the determination whether or not a State law or regulation is to be preempted by the Federal regulation. For purposes of determining conflict, Federal regulations which have been imposed as well as those regulations which remain in standby status are to be considered.

The problem with this approach is that it provides a very weak form of preemption in the context of a bill such as S. 1503. The Standby Petroleum Allocation Act of 1981 provides broad standby authority to deal with petroleum supply disruptions. Standby regulations under this act will necessarily be general regulations.

Given the legislative intent of Congress, not to mention the inclinations of the current administration, these regulations are bound to emphasize the need to minimize regulatory burden on petroleum firms and maximize the ability of market forces to operate during a supply disruption. Therefore, there may be and almost certainly will be broad areas of potential regulatory activity which are not addressed in these regulations simply because the bias both of the act and of the Reagan administration is against regulation.

Thus, use of a conflict test by the committee bill may lead to a result entirely different from what the committee intended. That is, States would be free to occupy those more intrusive and burdensome areas of allocation or pricing activity which the Federal regulation eschews. States will be free to act because there is likely to be no "conflict" between a general Federal regulation and a highly specific and possibly draconian State or local regulation.

Rather than affirming the supremacy of Federal law in this critical area, the committee's provision may in fact encourage the imposition of an uncoordinated patchwork of complex and onerous State petroleum price and allocation regulations. Nothing could do more to weaken the ability of the Nation to respond forcefully and effectively to a severe petroleum supply disruption.

At the same time that the Committee's preemption provision carries an inherent weakness, it also fails to permit the kind of flexibility that I think my colleagues will agree is essential. For example, under the committee's provision, as reported, if a State suffered a local disaster that disrupted the local supply of petroleum, a Governor might find that the Federal law preempted his emergency authorities to order the timely supply of petroleum to the disaster area, even in the case that the Governor's action was localized and would have no effect on other States. If no Federal program was yet triggered, then the State emergency allocation authority might be preempted by the committee's preemption provision. There will be other situations as well that require exceptions to preemption and we may not be able to explicitly anticipate all of those situations in advance.

So the committee's preemption provision, as reported, has problems which the Senate ought to address. Our amendment contains a better approach to the problem. This is what it would do:

First, the amendment preempts upon the date of the enactment of the act any category of State and local law or regulation to the extent that such category provides for the allocation or pricing of petroleum. There is no conflict test. The only matter at issue would be if, or the extent to which, a specific State or local law or regulation requires mandatory allocation or limits the price of crude oil or any refined petroleum product.

The President would be authorized to prescribe rules exempting specific categories of State and local laws and regulations from the operation of this unconditional preemption if the President makes certain determinations. This provision would provide the President with the needed flexibility to announce any modifications he considers necessary in the rules of the game. But the basic rule would be maintained—namely, that the question of when and how petroleum is to be subject to price and allocation control would be a Federal matter committed to the discretion of the President.

Thus a Governor or local official would know well in advance that, for example, his disaster relief authority to direct supplies of fuel as is necessary within his State could be preserved. On the other hand, it would be clear that the decision to impose price and allocation controls on the petroleum industry generally in response to a national or regional shortfall lies with the President.

Mr. President, the issue of the role of State and local governments and the role of the Federal Government in energy policy is a controversial one. Where the petroleum industry is concerned it is clear to this Senator that the central role played by petroleum in our energy supply mix and the essentially inter-state—indeed international—structure and organization of that industry dictate that the Federal Government take the lead in developing the strategies for dealing with petroleum supply disruptions.

I urge my colleagues to support this amendment.

Mr. President, I yield back the remainder of my time.

Mr. McCLURE. Mr. President, I yield back all time on this amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Louisiana.

The amendment (UP No. 545) was agreed to.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 592

(Purpose: To recycle increased tax revenues and thereby allow market forces to operate during oil supply disruptions)

Mr. BRADLEY. Mr. President, I call up amendment No. 592 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an amendment numbered 592.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After the enacting clause in lines 1 and 2, page 1, strike out all that follows and insert instead:

SECTION 1. (a) SHORT TITLE.—This Act may be cited as the "Emergency Preparedness Act of 1981".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Statement of findings and purposes.
Sec. 3. Definitions.

TITLE I—STANDBY REVENUE RECYCLING AUTHORITY

Sec. 101. Standby recycling authority.
Sec. 102. Implementation of the standby plan.
Sec. 103. Reimbursement to States.
Sec. 104. Preemption.
Sec. 105. Expiration.

TITLE II—USE OF THE STRATEGIC PETROLEUM RESERVE

Sec. 201. Crude oil access.

TITLE III—INVESTIGATIONS AND REPORTS

Sec. 301. Oil storage tax incentives.
Sec. 302. International cooperation.

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. (a) Congress finds and declares that—

(1) disruptions in the supply of imported oil are likely during the next decade;

(2) such emergencies will disrupt normal petroleum market operations; standby sources of supply of crude oil, such as strategic stockpiles, should be used to mitigate the potential for market turmoil;

(3) if oil stockpiles are unavailable or insufficient to fully offset the reduction in oil available to the world oil market, oil prices will rise, possibly rapidly and to high levels;

(4) without compensating action, such high prices will create severe economic dislocations and individual hardships;

(5) if Federal action is not taken to ameliorate these economic consequences of disruptions, individual States may be compelled to implement differing, perhaps less efficient emergency programs;

(6) severe oil supply disruptions constitute a threat to public health, safety, and welfare which can most effectively, efficiently, and equitably be dealt with through prompt fiscal action by the executive branch of Government; and

(7) no emergency program will be able to avoid entirely the market disruptions and personal hardships that will accompany a petroleum supply disruption; however, prompt fiscal action by the executive branch of Government will reduce individual hardships and economic dislocations more effec-

tively than other mechanisms used in the past.

(b) The purpose of this Act is to grant the President of the United States authority during severe supply disruptions of crude oil to recycle Federal tax revenues to United States residents and State Governors for further distribution. The authority granted under this Act shall be exercised only for the purpose of minimizing the adverse effects of such supply disruptions on the Nation.

DEFINITIONS

SEC. 3. As used in this Act:

(1) The term "United States" means the several States, the Commonwealth of Puerto Rico, the District of Columbia, and the trusts and territories of the United States.

(2) The term "State" means the 50 States, the Commonwealth of Puerto Rico, the District of Columbia, or the trusts and territories of the United States.

(3) The term "severe petroleum supply disruption" means a reduction in the volume of oil available to the world oil market which the President determines—

(A) is the primary cause or is likely to be the primary cause of a 30-percent increase in the world price of petroleum products over a 3-month period; and

(B) is having or can reasonably be expected to have a major adverse effect on public health, safety, or welfare, or the national economy. A severe petroleum supply disruption exists only as long as either the world price of petroleum products remains above the predisruption level or the volume of oil available to the world oil market remains below the predisruption level, but in any case no longer than 6 months without an additional determination by the President.

(4) The term "to recycle Federal tax revenues" means to rapidly return to the economy any disruption-related, increased Federal revenues that the President determines have resulted or are likely to result from a severe petroleum disruption.

(5) The term "refined petroleum products" means gasoline, kerosene, distillates (including number 2 fuel oil), liquid petroleum gases, refined lubricating oils, diesel fuel, and residual fuel.

(6) The term "world price of petroleum products" means a weighted average of spot and contract prices as reported in several world marketing centers as determined by the President.

TITLE I—STANDBY REVENUE RECYCLING AUTHORITY

STANDBY RECYCLING AUTHORITY

SEC. 101. (a) Not later than 180 calendar days after the date of the enactment of this title, the President shall publish a standby plan which when implemented will permit the President to recycle Federal tax revenues both to State Governors for further distribution and to residents of the United States.

(b) The proposed standby plan under subsection (a), to the maximum extent practicable, shall provide for—

(1) economic efficiency in all sectors of the economy;

(2) the mitigation of extreme personal hardship caused by the severe petroleum supply disruption;

(3) the national defense and other essential services for the public;

(4) the protection of public safety, health, and welfare;

(5) the prompt recycling of Federal tax revenues commencing as soon as practicable after the President determines the existence of a severe petroleum supply disruption;

(6) procedures by which the President would ensure that highest priority is given to the enforcement of antitrust statutes that will guard against anticompetitive practices during severe petroleum supply disruptions; and

(7) the fulfillment of international treaty obligations.

(c) The plan providing for the recycling of Federal tax revenues shall use a combination of emergency distribution of funds to State Governors for further distribution, emergency changes in withholding rates reductions in payroll or other taxes, additions to social security and supplemental security income payments, or other mechanisms that the President elects to address the objectives listed in (b). The standby plan shall provide guidelines for State Governors and instructions for the Attorney General of the United States to ensure the objectives listed in (b) are met. Reasonable accounting and auditing procedures shall be established. The standby plan shall be developed in consultation with State Governors and local officials and with the benefit of public participation.

(d) The emergency distribution of funds to each State Governor shall enable each Governor, to the maximum extent practicable, to mitigate the effects of higher oil prices on low-income or otherwise disadvantaged people; public health, safety, and welfare activities in the State; essential public services in the State; economic efficiency; people experiencing extreme personal hardship; and other priority activities in the State as determind by the Governor.

(e) The plan shall specify the procedures by which the recycled Federal tax revenues will be distributed to the economy. To avoid disproportionate burdens on any one sector, income group, or region, the plan shall be designed to give priority to those individuals or regions who are most adversely affected and least capable of absorbing higher oil prices. The specific administrative procedures whereby Federal tax revenues will be distributed to each of the following categories shall be specified in the proposed plan: Individuals via lower Federal income tax withholding rates, individuals via other Federal payments, each State Governor for further distribution to essential public services, each State Governor for further distribution to low-income or otherwise disadvantaged people, and other categories by the President.

(f) The plan may include adjustments and simplifications to the crude oil windfall profit tax (Public Law 96-233), that would eliminate the tax on new wells brought into production during and after the severe supply disruption and that would increase the tax rate on the incremental revenues resulting from the supply disruption. An adjusted tax shall apply to all oil flowing from wells in production prior to the disruption.

IMPLEMENTATION OF THE STANDBY PLAN

SEC. 102. (a) The Presdent may implement the standby plan whenever the President determines that a severe petroleum supply disruption exists and only with the passage of a joint resolution authorizing specific recycling measures. In the event of a severe petroleum supply disruption the President shall transmit to both Houses of Congress on the same day, evidence of the determination called for in the preceding sentence and a request for a joint resolution that specifies the amount of Federal tax revenues to be recycled and the measures from the standby plan to be used to accomplish the objectives specified in section 101(b).

(b) No such joint resolution may be considered approved for purposes of subsection (a) unless, between the date of transmittal and the end of the first period of 10 calendar days of the date on which such action is transmitted to such House, each House of Congress passes the joint resolution described in subsection (d)(2).

(c) If the Congress is not in session the President may call the Congress into emergency session.

(d)(1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of joint resolutions described by paragraph (2) of this subsection; and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the contitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of the House.

(2) For the purposes of this subsection, the term "joint resolution" means only a resolution of Congress that specifies the amount of Federal revenues to be recycled by each of the measures listed in section 101(c). The joint resolution shall include necessary changes to existing law. The President shall not recycle revenues in excess of the amount of disruption-related increased Federal revenues, collected during and as a primary result of the severe petroleum supply disruption.

(3) A joint resolution once introduced shall immediately be referred to the House Committees on Ways and Means and Energy and Commerce, and the Senate Committees on Finance and Energy and Natural Resources by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4)(A) If the committee to which a joint resolution has been referred has not reported it at the end of 4 calendar days after its referral, it shall be in order to move either to discharge the committee from further consideration of such joint resolution or to discharge the committee from further consideration of any other joint resolution which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the joint resolution, shall be highly privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the joint resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other joint resolution.

(5)(A) When the committee has reported, or has been discharged from further consideration of, a joint resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the joint resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the joint resolution referred to in subparagraph (A) of this paragraph shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing such joint resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit the joint resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such joint resolution was agreed to or disagreed to.

(6)(A) Motions to postpone, made with respect to the discharge from committee, or the consideration of a joint resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the

Senate or the House of Representatives, as the case may be, to the procedures relating to a joint resolution shall be decided without debate.

(e) The procedures described in (a) and (b) above may also be initiated by either House of Congress. If the President vetoes the measure so initiated, the Congress may attempt to override the veto in the usual manner.

(f) The President may recycle revenues in addition to those initially requested under the procedures described in this section by submitting an additional request using the same procedure.

REIMBURSEMENT TO STATES

SEC. 103. The President may reimburse any State for expenses incurred by such State in preparation for or execution of responsibilities delegated to such State at its request by the President under this title.

PREEMPTION

SEC. 104. Upon enactment, this title shall preempt any provisions of any programs established by any State or local government which subject crude oil or refined petroleum products to allocation or price regulation. This preemption shall be effective regardless of whether the standby plan is implemented under section 102.

EXPIRATION

SEC. 105. The provisions of this title shall cease to have effect on December 31, 1995.

TITLE II—USE OF THE STRATEGIC PETROLEUM RESERVE

CRUDE OIL ACCESS

SEC. 201. Within 3 months after the date of enactment of this title, the President shall submit an amendment to the Strategic Petroleum Reserve Plan, in accordance with section 154 of Public Law 94–163, providing for competitive sales from the Strategic Petroleum Reserve to ensure emergency access to crude oil for particularly affected refiners in lieu of a standby crude oil allocation program. The amendment shall specify auction procedures, eligible participants, volumes to be made available for auction, minimum volumes of reserve to be maintained as necesary for wartime mobilization, and procedures to make possible successful bids for small volumes of Strategic Petroleum Reserve oil, such as bids from refiners serving agricultural or rural areas.

TITLE III—INVESTIGATIONS AND REPORTS

OIL STORAGE TAX INCENTIVES

SEC. 301. Within 6 months after the date of the enactment of this title, the President shall submit a full and detailed report on the advisability and alternative means of (1) reducing the tax liability of persons who draw down oil reserves during oil supply disruptions, and (2) providing tax or other incentives for the construction of private-sector oil storage facilities and the maintenance of increased private-sector oil reserves.

INTERNATIONAL COOPERATION

SEC. 302. Within 6 months after the date of the enactment of this title, the President shall submit a full and detailed report on the manner in which oil stockpile and demand restraint measures have been and may be coordinated among some or all allies and trading partners.

Mr. BRADLEY. Mr. President, the amendment I am now offering will accomplish what the chairman of the Energy Committee, the National Petroleum Council and most witnesses at our hearings said they wanted: To let market forces work as long as possible. It does so by providing an alternative to price controls and Government allocations. The concept is not complex. The essence of the amendment is as follows:

First, price controls and allocations are not authorized. If the emergency is so severe as to threaten national security, the President already has the authority to allocate oil supplies under the Defense Production Act of 1950.

If price controls are not imposed, then market forces will push up crude oil prices. This, in turn, will increase the revenues flowing to State and Federal Governments under existing tax law, including the windfall profit tax. The second component of this amendment is to recycle these increased Federal revenues back to the economy to provide financial protection for the economy in general and individuals in particular.

The increased Federal revenues would be recycled back to the economy by lowering withholding rates on the Federal income tax, by increasing social security payments and by sending State Governors an emergency block grant to allow them to maintain essential public services—police and fire—and other priority activities in their States, such as farmers, fishermen, and public health.

The amendment would give the President the discretionary authority at the outset of a disruption to remove the windfall profit tax from newly discovered oil and to increase the marginal tax rates on oil already in production.

The third major component of this approach concerns the strategic petroleum reserve. To insure that all refiners have access to crude oil in the early days of a supply disruption, the amendment provides for an auction of a portion of the oil in the strategic petroleum reserve.

So, Mr. President, my amendment does three things: First, it enables market forces to distribute oil supplies and set oil prices.

Second, it provides the means whereby Government can insure financial protection for essential public services and people who cannot adjust to suddenly higher oil prices.

Third, it seeks to avoid panic by making oil in the SPR available to the market.

Mr. President, allow me to compare this market approach with the regulatory approach of S. 1503. Under which alternative will the Nation be better prepared for an emergency? Under the regulatory strategy the Government will tell the country that during a disruption oil prices will be controlled and oil supplies will be allocated according to a set of rules written by Government employees at the Department of Energy.

I do not say people will not prepare for disruptions under regulatory strategy, but what I do say is that the form of those preparations will be perverse; businesses will send their representatives to Washington, they will hire lawyers and lobbyists to try to get closer to the front of the line of the allocation, and they may even pass up opportunities to use alternatives to oil which would reduce their historical use.

If refiners can count on the Federal Government to step in and reallocate oil from refiners who have built up inventories to refiners who have not, what is the incentive to build private stockpiles? If the Government promises to step in and reallocate oil from those refiners who have developed reliable sources of contract crude oil to those refiners who choose to rely on the usually lower priced spot market, what is the incentive to pursue reliable contracts?

Mr. President, Ashland Oil sold off its crude oil-producing properties and was asked how they intended to obtain crude oil during a supply disruption. Their answer, Mr. President, was, "We don't worry, the Government will take care of us."

Contrast those strange incentives with those provided by the market approach. If everyone knows that oil prices will be allowed to rise during an emergency, everyone will have the strong incentive to make whatever arrangements are best suited to his or her situation.

Let me give some examples of the kind of preparations our approach would encourage that would not occur if price control authority were in place. Beginning with crude oil producers, the possibility of suddenly higher prices may suggest operating procedures that would enable existing wells to produce additional barrels of oil even at the risk of slightly lower production sometime in the future. No one knows how much oil this could make available, but we do know that the threat of price controls will extinguish any incentive to try. Both producers and refiners will have a strong incentive to stockpile more oil in anticipation of higher prices during disruptions.

Additional oil production anywhere in the world and use of oil stockpiles anywhere in the world are the most effective means of holding down world oil prices. To see this, simply look at the $20 price increase that accompanied the Iranian revolution which occurred when stocks were low, and compare that with the $3 price increase that accompanied the Iran-Iraq war which occurred when stocks were high.

(Mr. SYMMS assumed the chair.)

Mr. BRADLEY. Mr. President, another way that our amendment encourages stockpiling in advance of oil supply disruptions is by using the strategic petroleum reserve instead of reallocating crude oil among refiners. If refiners depend on the SPR rather than a program which takes oil from one refiner and gives it to another refiner, then refiners will push DOE to fill the reserve faster. The SPR will finally have a real and powerful constituency.

All oil consumers will have an incentive to prepare for suddenly higher oil prices. Utilities can either switch from oil entirely or can at least plan to use non-oil-burning facilities more intensively during disruptions. Plans to wheel power, that is, buy electricity from other utilities, can be made in advance. Similarly, industrial oil users can install boilers that are capable of burning several types of fuel. All oil users can stockpile oil.

Mr. President, if millions of people in businesses across America are preparing for oil supply disruptions because they

know that these preparations will save them money, the Nation will be far better prepared than if preparations are left to a small band of DOE bureaucrats. So much for preparations.

During disruptions how would the two options, the regulatory approach and the market approach embodied in my amendment, compare? Under the regulatory strategy oil supplies will flow to the same places and in the same proportions as occurred during some historical base period. But no matter how hard the allocators try and no matter how often they change the rules, they will not be able to keep up with changing patterns of demand.

It is commonsense, Mr. President, that people do not drive to the same places during a supply disruption as they do during normal times, nor should they. We want people to take fewer long trips and cut down on unnecessary trips.

But does an allocation system that is based on historical use allow for these changes? The answer is, no.

Are our farmers better off if the Government tells them how much diesel fuel they can buy? What if the harvest is early or late? The oil supplies just will not be there under a rigid allocation scheme.

The amendment I propose relies on market forces. It is these market forces that determine who gets supplies. If gasoline is short in New Jersey for some reason, the price of gasoline in New Jersey will begin to rise. Gasoline wholesalers will notice that a gallon of gas is selling for a couple of cents more in New Jersey than in New York, and then a couple of trucks or tankers will head for New Jersey. Soon—within days, I believe—New York and New Jersey will be sharing the shortfall equally and at the same prices.

The same process will occur between New England and the mid-Atlantic States, between the northern tier States and the Midwest, and so on around the country.

If we allow this process to work, no section of the country will bear a disproportionate burden. It is difficult to imagine any customer being suddenly cut off from supplies. It is equally difficult to imagine any customer abruptly running out of oil. Most home heating oil tanks, for example, will not be bone dry at the outset of a disruption, and consumers will be able to stretch out supplies on hand while markets adjust to the new supply situation.

State and local governments, if provided the advance notice and necessary resources, will be able to take care of the consumers in their communities who are exceptionally hard hit.

Mr. President, this brings us to our concern for equity. Under the regulatory approach, we feel as if we helped the poor by holding down prices. Every Senator will go back, if price controls are passed, and say that the reason he voted as he did was because he wanted to help the poor people so they will not have to pay the higher oil prices.

Well, Mr. President, I say that by doing this we fool ourselves. Have price controls held down prices and helped the poor over the past 8 years? Quite unlikely. The price has gone from about $3 a barrel to $35 a barrel. The volumes of regulations help those businesses who hired lobbyists and lawyers, though. Small businesses and the poor do not benefit from regulations. Furthermore, to the extent that prices are lower under price controls than without, they benefit those in society who use the most oil. Are these the poor? No, they are not. By subsidizing oil consumption of the rich, price controls drive up world prices; and no price control program that the U.S. Government can impose will be able to protect the poor from rising world oil prices.

No, Mr. President, price controls are not the way to assist the poor. If we really care about low-income people, we should provide them the financial assistance to cope with higher prices, to insulate their homes, to pay bus fares. The low-income family in New Jersey does not care if its gas station is allocated so much gasoline. That family has to pay higher food bills because farmers and truckers costs have risen; higher taxi fares because gasoline is more expensive; higher electricity costs because residual fuel prices are higher. A regulatory program cannot deal with these problems. That family needs financial assistance, not gasoline rationing.

What about our friends overseas, Mr. President? How do price controls affect them? If we impose price controls and allow—indeed, mandate—our oil companies to roll in the lower cost of domestice crude oil, our companies will be able to bid supplies away from our allies. The Germans and Japanese have no oil supplies of their own. All of their oil is imported. Price controls in the United States act like a subsidy to U.S. refiners; price controls enable the United States to bid oil supplies from the Germans and Japanese—and the Turks, Portuguese and other less-developed oil-importing nations of the world. Is this what we want?

Mr. President, I know that some of my colleagues from oil-producing States may be concerned at the very mention of the windfall profit tax. I certainly understand that. Let me be very clear about what the amendment would not do. It would not allow the President to reduce the amount of money that any producer receives for his or her oil. No one would get less.

Indeed, every oil producer would receive more money during a supply disruption than before the emergency. To provide maximum incentives to explore and produce, our bill would eliminate the tax on newly-discovered or newly-produced oil. The only tax rates that the President would be allowed to increase are the taxes on the price increases caused by the supply disruption. I think most of us would agree that these price increases—caused by an international event beyond anyone's control—are the closest thing there is to a true windfall. It is these true windfalls that could be used to cushion the economy and low-income people.

Furthermore—and I hope my colleagues from oil-producing States will think about this—the alternative to our amendment is price controls. Price controls are a 100-percent windfall profit tax. Let me repeat, price controls are a 100-percent windfall profit tax.

Mr. President, what is the alternative? To my friends who say that we have no choice but to reimpose price and allocation controls during a supply disruption, I say that there is an alternative. The alternative is to allow market forces to work and provide people with financial protection. The resources to provide this protection will flow to the Government if we do not control oil prices. To those who say, "But the market won't work well during a disruption." I ask, compared to what? Do we not have an obligation to the American people to think of better ways?

I strongly urge my colleagues to consider the question, what is the alternative, and to support our amendment.

Mr. President, I send a modification of my amendment to the desk and ask that the amendment be so modified.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The modification is as follows:

On page 7, line 8, strike the period, and insert the following: ", such as agricultural and fishing operations, and public health activities (including pharmaceuticals).

Mr. BRADLEY. Mr. President, I reserve the remainder of my time.

Mr. McCLURE. Mr. President, I yield myself such time as I may consume.

Mr. President, I rise in opposition to the amendment proposed by Senator BRADLEY. He is to be commended for some creative thinking about how the United States should deal with future oil supply disruptions. However, Senator BRADLEY's proposal has not been sufficiently analyzed, and some critical details of his proposal remain either unclear or undeveloped. Accordingly, his proposal should not be adopted by the Senate at this time. Furthermore, without much more analysis, it should not become the cornerstone of Federal policy on such a critical issue as emergency preparedness.

During the consideration of S. 1503 by the Committee on Energy and Natural Resources, Senator BRADLEY offered his revenue recycling proposal as an amendment to S. 1503. After considerable discussion, the amendment was rejected by the committee. One of the reasons for the committee's action was the fact that the amendment was offered as a full substitute for S. 1503.

The effect of that was to propose that the Federal Government would be deprived of broad standby authority to allocate petroleum supplies in the event of a shortage. In other words, there would be no mechanism other than the market mechanism as the means for allocating supplies during a shortage, except under very limited circumstances, when the President could act under narrow statutory authority to achieve specific objectives, such as participation in international oil sharing or protection of defense production.

It is my judgment, and that of the committee, that such allocation by price alone would not be sound policy, because no one can accurately anticipate all of

the circumstances surrounding a shortage. There may be instances where the market would not operate effectively, or it may not allocate supplies with sufficient speed to prevent irreparable damage in certain key areas of the economy, such as agricultural operations or food processing or distribution. These are serious risks. Assuming such risks is too high a price to pay for the opportunity to place full trust in the market mechanism. In short, a compelling reason for rejecting Senator BRADLEY's amendment is to be found in its status as a substitute.

The revenue recycling proposal is grounded on the assumption that if a severe petroleum supply disruption should occur, prompt fiscal action by the executive branch will reduce individual hardships and economic dislocations more effectively than other mechanisms used in the past. Such an assumption may well be true, but it begs the question. It assumes that under such circumstances, fiscal action by the executive branch would actually be more equitable.

It also assumes that recycling could be accomplished in a timely manner, and that it would be effective in achieving the intended results. This Senator has serious doubts about the validity of those assumptions. The description of the recycling mechanism, as contained in the proposed amendment, does not dispel my doubts. Indeed, it raises many additional questions.

Several examples readily come to mind. If the primary purpose of the amendment is to provide individuals with greater disposable income so that they can better afford to pay higher prices of petroleum products, would the recycling mechanism provide assistance only to persons who actually incur higher costs? In other words, does the amendment propose that the payment to a person who owns a car would be greater than the payment to a person who does not own a car and thus would not directly incur the higher costs of gasoline?

On the other hand, would revenue recycling serve the primary purpose of preventing an economic recession that otherwise might occur during a severe shortage? If that is the case, then payments could be distributed to individuals without regard to their actual ability to pay higher oil prices, because the major benefit of recycling would be the injection of money into the economy, and questions of how revenues could be fairly distributed among individuals would be of secondary importance. I would ask what is the primary purpose of the amendment? Is it primarily intended to aid individuals, or to prop up the economy, or are these objectives of equal importance?

I would also ask that it be demonstrated how the revenue recycling mechanism could be designed to produce an equitable distribution of revenues among individuals. The amendment contains two standards for such a distribution. It would require the President to develop a plan designed to give priority to those individuals who are most adversely affected and who are least capable of absorbing higher oil prices. With regard to the first standard, how would the Federal Government identify those individuals who are most adversely affected? Would a three car family with a $40,000 combined income be more adversely affected than a one car family with a $20,000 income?

Certainly the three car family would be faced with much higher cash outlays for gasoline. With regard to the second standard, Senator BRADLEY should explain how the Government would know who would be the least capable of absorbing higher oil prices in the absence of a complete and up-to-date survey of car ownership? Would a low-income person who does not own a car be less capable of paying higher prices than a middle-income person who owns two cars?

These are important questions, Mr. President. They need to be answered. Without full discussion of these issues, and basic agreement that recycled revenues would be distributed in an equitable manner to individuals, the Congress should not endorse the concept of revenue recycling.

Turning now to the regional aspects of the proposed revenue recycling mechanism, a number of additional questions need to be addressed. The President would be authorized in design a plan that would give priority to those regions of the country that are most adversely affected and least capable of absorbing higher oil prices.

If a severe oil shortage should occur in only one region of the country, prices would increase more rapidly in that region than in the other regions. Would recycled revenues reflect that price differential, or would they be distributed evenly throughout the country? How could the Government determine whether one region was more adversely affected than another?

Suppose such a determination could be made. Would the Government somehow adjust regional payments to reflect variations in the overall wealth of the regions? If the shortages were evenly distributed between the Northern States and the Southern States, would the latter receive a higher proportion of recycled revenues because per capita disposable incomes are lower in the Southern States?

The amendment proposes that the recycling plan would provide for the emergency distribution of funds to State Governors, but the amendment contains no criteria for determining how much each Governor would receive. The amendment provides that each Governor would use part of the funds to mitigate the effects of higher oil prices on low income or otherwise disadvantaged people. However, in the meantime, the Federal Government also would be assisting such individuals by cutting taxes or increasing various types of payments. What would prevent double compensation? How would the Governors know what the Federal Government was doing? How could the Federal Government begin to keep track of the economic assistance being provided to individuals in each State?

These questions illustrate a fundamental point: The Congress will not be likely to grant to the President the authority to dispense billions of dollars of tax revenues to the States and to individuals without specifying reasonably precise standards that would insure an equitable distribution of the funds. Such a massive transfer of wealth may ultimately become necessary to reduce the adverse impacts on the national economy resulting from a petroleum supply shortage. If recycling becomes necessary, the Congress will make the required decisions at that time. Although there probably would be limited time within which the Congress would act, the results no doubt would be preferable to the blank check approach reflected in the amendment.

Mr. President, apart from the issue of equitable distribution that I have just discussed, there is another basic reason for rejecting the revenue recycling proposal. It would appear to be totally unworkable. It is grounded on the false assumption that both the Federal Government and the private sector are capable of making the necessary computations and other adjustments in a manner that not only is timely, but also effectively accomplishes the objectives of the recycling plan.

Once again, I can best illustrate my point by posing some questions. Is it possible to set the levels of reductions in tax withholding rates, reductions in payroll taxes, and additions to social security and other payments to the precise point that would prevent severe economic dislocations and hardships but would also result in reductions in demand for petroleum products? As a practical matter, would it be possible to make such decisions without considerable trial and error? Is it possible to determine the optimum time for commencing the revenue recycling process? I suggest that the answer to each question is no. I also suggest that even a small error in the initial levels of the tax reductions or the increases in the social security payments, or an error in the timing of the recycling, could lead to serious adverse consequences that we have not begun to examine.

Moreover, there are very serious difficulties with the idea that recycling could be implemented in part by changes in the income tax withholding rates or by direct payments. These difficulties became apparent last year when the committee considered a proposal to impose an excise tax on gasoline and to rebate the tax revenues by using the same mechanisms proposed in this amendment for revenue recycling. At least four problems come to mind.

First, such an approach would place a tremendous cost burden on employers, who would be required to adjust, either manually or through computer systems, their present wage withholding schedules.

Second, there would probably be strenuous opposition from the private sector to even one change in the withholding schedules in any given year.

Third, the IRS would be faced with a major increase in its audit burden, especially taking into account those persons who change jobs or have more than one employer at a time.

Finally, with regard to persons not covered by withholding or social security, direct payments would be needed. It would be necessary to require registration of those persons. Such a registration system would create a new administrative burden, and it would have to be coordinated with the withholding system to cover effectively those persons who would move back and forth between the two systems.

A major component of the recycling mechanism would be the social security system, which would be used as a means for assisting those not subject to tax withholding. However, Mr. President, there are indications that the social security system would not work adequately if called upon to participate in the recycling of tax revenues.

There is a question whether increases in the payments would be made on a timely basis, would be sent to the right people, and would be in the right amounts. According to an article that appeared in the Wall Street Journal on October 5, 1981, the social security computer system is having the electronic equivalent of a nervous breakdown.

The problem is being compounded by fraud, sabotage, human error, and confusion. The article states that the 1,200 computer programs that run the system have been amended and amended to the point where no one really understands them anymore. That, coupled with a chronic lack of trained computer technicians at the social security agency, is making even simple changes dictated by Congress difficult to put into effect.

Mr. President, the changes in social security payments required by revenue recycling would not be simple changes, and there is now some evidence that such changes may be very difficult or impossible to implement effectively, given the apparent problems with the social security computer system. This is yet another issue to be resolved before we can conclude that the revenue recycling plan is workable.

In conclusion, Mr. President, I point out the obvious. The revenue recycling proposal would create a severe problem of financial management for the Federal Government. The ability of the Federal Government to recycle effectively and efficiently the enormous sums of money involved is unknown. I am aware of no studies or reports that contradict these conclusions.

Although the committee received testimony earlier this year from a number of consultants and academic experts who endorsed the concept of revenue recycling, none of those witnesses addressed the basic question of whether it would work. On the basis of the minimal information now before us, we cannot reasonably assume that revenue recycling is the best alternative for dealing with a severe petroleum supply shortage. Therefore, I urge my colleagues to vote against the amendment offered by Senator BRADLEY.

Mr. President, I yield to the Senator from Louisiana such time has he may consume.

Mr. JOHNSTON. I thank my distinguished colleague.

Mr. President, the idea of recycling revenues with a market mechanism for rationing is, in my judgment, a very sound idea that ought to be pursued. I hope that the Senator, should he lose the vote on this amendment—and I hope he will, because I think this amendment is premature—will put in another amendment, which I believe has been discussed, which would require further study in this area. It is a very sound idea and I think it ought to be pursued. He and I have talked about other amendments with different mechanisms, and I think it ought to be studied. With respect to this particular amendment, Mr. President, I think it is fatally flawed. Let me tell you why.

First, it is called a recycling amendment. The idea is to capture all of that profit, all of that rent, that windfall caused by a sudden runup of oil prices, but the fact of the matter is, it does not capture anywhere near all of it.

First, old oil is taxed at 70 percent. That is less than half of the domestic oil. The rest of it is taxed at 30 percent. So, immediately, we have the phenomenon with respect to new oil, which is most of it, 70 percent of which is tax free.

With respect to laid-in stocks, and there are presently about 55 million gallons of stocks laid in, both of crude oil and refined product which are already in the supply and already bought. The runup in price could easily be $2 a gallon. The information we have had before the committee is that the price of a gallon of gasoline, with a 20-percent cutoff, would be somewhere between $3 and $5, or an 80-percent to 200-percent runup. If we assume a $2 increase in the price of a gallon of gasoline, then we have a $100 billion profit to the owners of those stocks, which are not taxed at all. Only after you exhaust that first $100 billion of profit do you begin to collect on profit at the rate of 30 percent in the case of new oil or 70 percent in the case of old oil. So most of that profit escapes the recycling mechanism altogether. So it is not effective from that standpoint.

Second, with the major integrated oil companies, which control over half of the domestic production in the country, they would be able, by intercompany transfers, I would think, to avoid the tax altogether. That is, by keeping the price of their transfers between their production unit and their transportation unit or their transportation unit and their refinery unit, by keeping those prices level and steady, they could avoid that recycling tax.

But even beyond that, Mr. President, beyond the fact that you avoid the recycling of most of it, certainly starting with the first $100 billion of profit and most of the profit thereafter, we get this difficult question of how to recycle. Here we are talking about the most basic governmental policy that you can have; that is, how you take literally hundreds of billions of dollars of profits and give those dollars back to the American people. We are the Congress of the United States, charged under the Constitution with making the laws, and this bill does not tell us how to do it. It says give it to the President, let the President do it. And the President has to figure all this out in a period of 10 days. I guess he could be thinking about it.

Mr. BRADLEY. Mr. President, if the Senator will yield, it is 180 days, not 10 days. Congress considers the recycling provision in 10 days; the President has 180 days.

Mr. JOHNSTON. One hundred and eighty days within which to put together the rule by which he does it; but if he sends it to Congress, that is a 10-day review by Congress, 4 days by the committees. Within 4 days, Mr. President, the committees are going to have to work their will on hundreds of billions of dollars on something which is so very, very complicated. You will get into the mechanisms by which you determine whether you use the Federal income tax or some kind of Federal transfer payments, and then you will have to figure out within that period of 4 days in the committee which parts of the country are most heavily impacted.

Is that those parts of the country that have the most poor people? Are they the parts with the coldest weather or are they parts of the country that are particularly impacted by shortages of supply? Do you give a special allocation to poor people or to cold people? Mr. President, these are most, most difficult questions of substance which the Congress of the United States ought to decide, not the President. Although the President has a great and powerful role under our Constitution, the President should not make those kinds of judgments that quickly, that precipitately.

Finally, Mr. President, I think there is another fatal flaw in this amendment. That is that this is a revenue measure. Even I would regard it as a revenue measure, and I am much more inclined to support the Senate on what constitutes a revenue measure than is the House Ways and Means Committee. There is no question in my mind that the House would send back a blue slip on that. I know, because I passed one of these measures once in the Senate, and I was very proud of it. All of a sudden, there came back from the House, a little blue slip which said, in effect, "We think this is a revenue measure."

Mr. President, if they think it is a revenue measure, then it is a revenue measure. It is like the Supreme Court; they may not be omniscient, but they are omnipotent, at least in this field.

Why is this a revenue measure? Because it says on page 7, subsection (f), that the plan—that is, the plan the President sends up—may include adjustments and simplications to the crude oil windfall profit tax that would eliminate the tax on new wells brought into production during and after a severe supply disruption and would increase the tax rate on the incremental revenues resulting from the supply disruption. An adjusted tax shall apply to all oil flowing from wells in production prior to the disruption.

There is no question that that relates to revenue. That is, you are giving to the President the power to change what at that time was the largest tax bill we have ever had, the largest revenue measure

we have ever had in the history of the country. You are giving him the power to change that.

To be sure, that, in turn, is subject to a joint resolution adopted by Congress; but that is not the same as an act of Congress enacted under ordinary procedures.

That does not cure that fatal flaw of this being a revenue measure. It certainly does not cure that fatal flaw insofar as the House is concerned, because I believe my distinguished friend from New Jersey knows how extremely jealous they are of their prerogatives over in the House.

So I believe that this, if nothing else, is the reason why we should not enact this proposal. I do hope, though, after having said all those seemingly unkind things, that my good friend from New Jersey will not abandon this idea, because I believe it has real merit.

I believe that to make this a meritorious bill, the first thing you have to do is to provide for the capturing of all the windfall in the event of one of these crises. I mean that if there is a true cutoff of supplies, you should not let the first $100 billion escape because it is laid-in stocks that were not bought at the higher rates. You should not let that escape. You should not let the 70 percent escape.

Second, we should provide the mechanism. We should decide that in Congress, not the President. If we want to create something for old people or for poor people or for people in cold areas of the country, we should decide that, with the President playing his role in signing the bill or in vetoing the bill. That, in my judgment, is the way to do those things. We should decide which mechanism.

We have done some study in the committee on the question of whether it should be social security payments or the income tax system or even the sales tax of States, and there are arguments to be made on each system.

Some would say, for example, that to recycle through the sales tax mechanism is the fairest way to do it. Others would say you should do it under the income tax. Each of these taxes that you take has a different impact. It affects different segments of the population, different economic segments, in a different way. But those are the kinds of things on which we should have hearings, and I hope the Senator will pursue that.

The worst thing about this bill—and by "this bill" I mean the pending bill, S. 1503—is that it really makes no provision for end-use rationing in a severe emergency; and I believe the Senator's amendment attempts to deal with all those areas, both end-use rationing as well as allocation. That is the biggest strength of it, and that is the reason why I hope he will pursue it. It is a good first step, and I hope that he will pursue it, but not today.

Mr. President, I am informed that as of January 1981, approximately 5 million barrels a day of the total domestic production of about 8.3 million barrels a day were subject to the 70 percent tax. The 5 million barrels a day includes 1.5 million barrels a day of North Slope oil.

The point is that huge amounts, and ever-increasing amounts, of this production escape altogether the windfall profit tax.

So, with congratulations to my distinguished colleague from New Jersey, I hope we will defeat this amendment for the time being, to study it and approve it for another day.

Mr. BRADLEY. Mr. President, I appreciate the comments of the distinguished Senator from Idaho, the chairman of the committee, and the distinguished Senator from Louisiana. I believe their comments are helpful in this debate, and they do focus on some questions that have been raised from time to time. As I have explained the purpose of the bill to colleagues and to people on the outside, however, I find many of their objections unsubstantiated, and I find some of their objections rather easily explained. Let us go down the list.

First of all, the Senator from Louisiana raises the constitutional question as to where revenue bills originate. In fact, he called it the fatal flaw of this proposal. I remind the Senator from Louisiana, as well as my colleagues, that last year the Senate passed a tax bill of $35 billion that was not originated in the House of Representatives. The way the Senate did that was to take one of the vehicles that are always at the desk and attach it to a $35 billion tax cut. This was attached to a tariff measure for the bell clapper for First Methodist Church in Washington, D.C.

What I say to the Senator is that he should not be worried about finding a vehicle for this measure, because at the desk at any time in the course of a session are innumerable tariff bills and revenue bills that have been passed by the House and which could easily be amended.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. BRADLEY. I yield.

Mr. JOHNSTON. Does the Senator admit, then, that this is a revenue measure and that if we did adopt the amendment, our recourse would be to have to hold it at the desk and find an appropriate revenue measure on which to tack it?

Mr. BRADLEY. It would either be done that way or wait until the House acted. You could easily stagger it—give the House 4 days and the Senate 4 days.

Clearly, there are revenue components of this bill; but I do not think that is a serious flaw, and I do not think that is the fatal flaw of the bill.

The Senator raised the question of inventory stocks, that we have a $100 billion profit before we would have any tax revenues. The purpose is not to tax inventories, because if you taxed inventories, you would discourage the accumulation of inventories. You want people to try to stock oil in great amounts, so as to escape any tax, because that would be in the national interest. It would yield a bigger cushion in the event of a disruption.

So I argue that the idea of taxing inventories is not really appropriate and runs counter to the purpose of the bill, which is to cushion our economy against the economic chaos that would come from an oil supply disruption. There would be sufficient revenues flowing automatically into the Treasury if there were an oil supply disruption.

As the Senator pointed out, 5 million barrels today are taxed under the windfall profit tax at 70 percent. That is at a base price of $16, with inflation added annually at another $2. So, say we get to $20 as the base price. The world price is $35. If the world price went to $60, you would have that much more revenue flowing into the coffers of the U.S. Government.

The purpose of this amendment is to say that since these revenues are truly a windfall that resulted from an international disruption in the supply of oil, let us take those revenues and immediately recycle them to individuals in this country who will have to pay the higher oil prices that will prevail due to the efficient distribution of oil through markets, if we allow price to determine how that oil will be allocated.

Both the Senator from Idaho and the Senator from Louisiana attempt to kill the amendment by what I call death by a thousand cuts; that is, all these questions about how the revenue recycling mechanism will work, and what about grandpa and grandma, and what about people who use unleaded gasoline as opposed to diesel, and what about the fireman and the farmer?

The purpose of this legislation is to get out of the business of having Congress and the Federal Government try to allocate oil and determine every individual citizen's need in this country. Instead, we should allow the market to allocate the oil, the price to go where it needs to go in order to allocate most efficiently, and protect those in the society who are hardest hit by those prices. That is the purpose of this legislation.

So, while the questions are helpful, I do not think that they are as clearly relevant to the issue as Senators expect.

Again, the legislation operates in the following way:

The bill would be enacted. The President would amend the strategic petroleum reserve plan within 3 months. The President within 180 days would submit his standby plan. The plan would provide procedures to be followed by the IRS, the employers, the Social Security Administration, and Government to accomplish the recycling.

This plan is not approved or disapproved by Congress.

So what I would envision here is a little booklet going out from the IRS to all of its branches and to all employers that describes emergency withholding provisions, not specifying the amount, but establishing the procedures whereby tax cuts could be accomplished promptly in the event of a disruption.

The Treasury, the IRS, the State governments, and DOE prepare to implement the standby plan, meaning they read the plan, they tell their bureaucratic personnel to understand what it means so that they can respond to it promptly in a disruption. Procedures are put in place, rehearsed, and left in standby status. The disruption occurs.

The President submits emergency legislation to the House of Representatives and the Senate that specifies whatever combination of tax cuts, block grants, or SSI payments he might choose. The legislation is submitted to the Senate Energy Committee and the Senate Finance Committee, the House Ways and Means Committee and the House Energy and Commerce Committee. The President then triggers the SPR auction.

Congress then deals with the legislation that the President had sent up to provide for immediate tax reduction. Within 10 calendar days Congress must act. Remember, this is a national emergency. We have lost 8 million barrels of oil in the Persian Gulf. This is not your normal rationing plan when there is an oil surplus and everyone can stand around here with a little piece of paper and say, "My State gets 15 cents more than your State. I am going to filibuster the bill."

This is a national emergency, an emergency where we lose 8 million barrels of oil in the Persian Gulf and there is clearly a need to recycle. The price is going to go up because that is the best way to allocate the oil most efficiently.

So the legislation comes up, Congress has 20 days to act. The committees have 4 calendar days to act. The President has specified what he wants. Maybe he wants an across-the-board cut.

The Senator from Idaho raised the question, is this the best way to go and how would we get it to the poor little old lady in Louisiana or Idaho or how can we be sure of this or that?

Let us assume that the hypothesis of the Senator from Idaho is correct and that the President would send up an across-the-board cut. There are then provisions in the bill meaning the block grant to Governors that would allow the Governors to take care of their own individual circumstances: the farmers, the fishermen, an excessively poor pocket in one State, an excessively depressed industry in another State, but allow the Governors themselves to take care of this.

So the bill is before Congress on an expedited basis. Both bodies after 4 days of hearings have 20 hours to consider the legislation on the floor and then it is either passed or not. I cannot imagine it not being passed. But if it is rejected, the President sends up another bill.

The President then signs the emergency legislation. The emergency block grants immediately go out to State Governors. Within 30 to 60 days taxpayers receive additional money in their paychecks because of reduced withholding. Within 30 to 90 days low income energy assistance recipients receive supplemental payments. Social security payments are increased.

One year after the emergency tax cut is enacted all increased Federal tax revenues must be recycled.

So, Mr. President, that is the way this works and I understand the penchant on the part of any Senator to want to try to dot every i and cross every t and make sure that every constituent in his State is taken care of.

But indeed, that presumes a world that is not in chaos. It presumes a world where we can leisurely debate this on the floor of the Senate as opposed to a world where there is a crisis or there is a loss of oil of 8 to 10 million barrels a day, a dramatic price increase, and a clamor for some action.

So I think these procedures are thorough. I think that it is done in a way that provides quick action and clear procedures to make sure that people get back what they need to pay for the higher oil prices.

Mr. President, I wish to deal with the whole question of regional differences in some detail as well as talk about President Reagan's opposition to this bill and make a few other points in this debate, but I see that the Senator from Minnesota is on the floor and I know he wishes to speak, so I will reserve the remainder of my time and come back to this debate to deal with the regional questions, having in this period simply covered the constitutional issue, the inventory-profit issue, and the whole recycling mechanism issue, to come back to it at a later time in the debate.

But I wish to take this opportunity, before I sit down, to submit a study for the RECORD. Because the Senator from Idaho raised the point that there was never any study done on a revenue recycling mechanism, I wish to submit for the RECORD a study dated April 1981, "Mechanism for Recycling Federal Tax Revenues to Individuals and Households in the Event of a Sudden Increase in the Price of Oil," done by the Department of Energy, and I ask unanimous consent to have excerpts from that study printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MECHANISMS FOR RECYCLING FEDERAL TAX REVENUES TO INDIVIDUALS AND HOUSEHOLDS IN THE EVENT OF A SUDDEN INCREASE IN THE PRICE OF OIL

CHAPTER I—INTRODUCTION

I.1 Purpose:

The analysis presented in this report was performed under contract to the U.S. Department of Energy, Assistant Secretary for Policy and Evaluation, Office of Oil Supply Security in conjunction with that office's participation in the Petroleum Emergency Preparedness Study (PEPS). PEPS identified several alternative strategies for dealing with a disruption in oil supplies. Among these were: 1) a market-based strategy which would allow the price of oil to rise, 2) a price-control strategy, and 3) a strategy to reduce demand by imposing tariffs. The analysis reported here assumes a market-based approach. That is, the price of oil would be allowed to rise in response to market pressures, and revenues from windfall profits taxes and corporate income taxes would rise accordingly. The purpose of this report is to analyze the alternative mechanisms by which these increased tax revenues might be recycled into the economy in order to relieve the macro-economic pressures of the oil price increase.

The objectives of the analysis reported here were:

To determine the feasibility of implementing a per-capita energy payment in order to recycle the tax revenues to every adult and every child in the United States during the period of the disruption,

To identify various administrative arrangements for implementing the per capita energy payments,

To identify and analyze alternatives to the per capita payments for recycling the tax revenues,

To specify lead-times, costs and other factors pertinent to the use of each mechanism.

I.2 Description of Contents:

In Chapter II of this report, three alternative options for recycling tax revenues into the economy are described and analyzed. The three options vary in the amount of pre-implementation required, the degree to which recipients of benefits are specified by the Federal Government, the extent of centralization of administration, and the system requirements implicit in each alternative. One option combines a quick income tax reduction and block grants (to the states) with minimal Federal guidelines. Another includes payments through Social Security programs along with a tax reduction and block grants. The third option makes use of the withholding system, the Social Security system, and state-administered income transfer programs to distribute per capita energy payments. Trade-offs among the three are discussed and the characteristics of each are listed in a side-by-side comparison table.

In Chapter III, detailed steps for implementing each of the components of the three options are outlined. There are a total of five components which are combined in different ways to comprise the three options: a reduction in income taxes, block grants with minimal Federal guidelines, energy payments through the Social Security system, energy payments through the withholding and estimated tax systems, and block grants to the states for the purpose of making energy payments through state-administered programs. For each component, the actors involved, the actions to be taken and the time required for each action are outlined, and some of the issues relating to implementation are identified.

Option 3, the per capita energy payments, is the most complex of the three options and requires the greatest level of coordination among programs in order to eliminate gaps and overlaps in coverage. In chapter IV, the system requirements for implementing this option are discussed. Appendices A, B, C and D present background information on the income transfer programs through which option 3 energy payments might be made. Appendix E describes two existing systems for computer matching of state program files and Social Security program files, and Appendix F presents available data for estimating overlaps in program coverage.

I.3 Summary:

It was not the purpose of this analysis to advocate a particular method of recycling tax revenues. Rather, an attempt has been made to identify some of the advantages and disadvantages of the three options which have been proposed and to assess their feasibility. A summary of the findings of this analysis follows.

The three options can be compared with respect to the following essential characteristics:

Amount of pre-implementation required and lead-time for implementation,
System requirements,
Level of Federal/state coordination,
Impact on existing programs, and
Distributional impacts.

Option 1 consists of a quick reduction in income taxes accompanied by an allocation to the states of block grants to be distributed at the discretion of state administrators. This option could be implemented the quickest, in about 90-120 days, and requires the least pre-implementation. Little or no attempt would be made to coordinate the two components so as to eliminate overlaps in the in-

cidence of benefits or to ensure universality in benefits. The lack of Federal control over the block grants and the failure to coordinate the two components might undermine to some extent the effectiveness of this option. The most serious disadvantage of this option is that it would be very difficult to implement a tax cut during the period September through December without prior warning. To do so would cause a severe disruption of the tax system.[1]

Option 2 represents a more broad-based approach than option 1, because it includes energy payments to Social Security (RSDI)[2] and Supplemental Security Income (SSI) recipients in addition to the tax cut and block grants, but it avoids some of the more complex system development and coordination requirements of opinion. 3. Lead time, for both pre-implementation and implementation, 270 days, would be longer than, for option 1 and almost as long as for option 2. The problem mentioned under option 1 regarding the difficulty of implementing a tax cut during the period September to December also applies to option 2.

Option 3 provides for per capita energy payments to be distributed through the income tax withholding system, the Social Security system and state-administered income transfer programs. Pre-implementation requirements of this option are the most substantial; total lead time, 270–300+ days, is longest. This option would be the most costly to implement and the system development and coordination requirements would be greater than those of options 1 and 2. The impact on existing programs might be substantial but, given adequate time and resources, implementation would be feasible. Energy payments would be distributed more equally and fewer hardships might result under this option than under options 1 and 2. If necessary, this option could be implemented during the months September through December without causing a disruption to the tax system.

I.4 Required Further Analysis:

Although a great deal of information has been assembled and analyzed, some additional work is needed to complete the analysis of alternative options for recycling tax revenues. Further analysis of the following items would be useful:

Means of overcoming problems posed by the timing of an income tax reduction (see section II.1.),

Extent of Federal guidelines necessary to ensure the effectiveness of block grants under options 1 and 2,

Effectiveness of the various mechanisms states might use to implement block grants under options 1 and 2,

Willingness and ability of employers to implement energy payments through the withholding system, and the costs involved,

Capacity of existing state systems to accommodate energy payments and eliminate overlaps in program coverage, and the time and cost involved,

Relative effectiveness of the various options proposed in alleviating different scenarios for disruptions which vary in magnitude and length of time (e.g., which option would be best response to a large disruption which lasts only two months?),

Magnitude and nature of hardship situations and mechanisms for alleviating these.

[1] Although it would be possible to change withholding rates during these months, it would be too late to change the tax forms (1040 and 1040A) and tables which are mailed out in December for the end-of-year tax reconciliation. The tax tables used for filing tax returns would therefore not reflect the tax cut. This problem is discussed further in section II.1.

[2] Retired, Survivors and Disability Insurance, formerly referred to as Old Age, Survivors and Disability Insurance (OASDI).

CHAPTER II.—ANALYSIS OF THREE OPTIONS FOR RECYCLING FEDERAL TAX REVENUES

In this chapter, three options for recycling the revenues generated by windfall profits taxes and corporate income taxes following a sudden disruption in oil supplies are described and compared. Options 1, 2 and 3 represent increasing levels of complexity, centralization, and targeting of benefits. Under Option 1, no attempt is made to equalize benefits among individuals. Option 3 is a plan for an across-the-board per capita energy payment which would provide equal benefits to all recipients. Maximum effort would be made to ensure that all Americans receive the payments. Option 2 represents a combination of the two approaches. The three options consist of various combinations of five components:

Option 1:

Component A: a reduction in federal income taxes, and

Component B: relatively untied block grants to the states.

Option 2:

Component A: a reduction in federal income taxes,

Component B: relatively untied block grants to the states, and

Component C: energy payments through the Social Security and Supplemental Security Income programs.

Option 3:

Component C: energy payments through the Social Security and Supplemental Security Income programs,

Component D: energy payments via the income tax withholding system and the estimated tax system, and

Component E: block grants to the states with detailed federal guidelines concerning their use.

In sections II.1, II.2, and II.3, the three options and their various components are briefly described and compared with respect to the following characteristics:

Level of pre-implementation required,

Time required for pre-implementation and implementation,

Administrative and system requirements,

Impact on existing programs;

Cost,

Coverage of population,

Duplication of benefits.

Some of the advantages and disadvantages of each option and the trade-offs among them are identified. In section II.4, the characteristics of each component of each option have been listed in a side-by-side comparison table. Detailed outlines of the actors involved, the actions to be taken and the time required for implementing each of the five components are presented in chapter III of this report. Some of the issues which would have to be resolved are also identified. Appendix F presents estimates of the number of persons who would receive energy payments through each of the programs which might be used to implement Option 3.

II.1.—Option 1 consists of components A and B:

A. a quick reduction in federal income taxes, and

B. an allocation to the states of block grants with relatively few federal guidelines.

The tax cut could be designed to be either progressive, regressive, or proportional across income groups, but persons who pay less income tax than the reduction would of course not benefit as much as others, and those who pay no income tax would not benefit at all. Persons who benefit from the federal tax cut might also receive an energy payment or a tax cut through the state and energy programs operated pursuant to the relatively untied grants. Some persons might not benefit substantially from either. Because each state would design its own program, the administration and distribution of the grants and the timing of distribution might vary considerably from one state to another. An issue to be resolved is the extent to which federal guidelines would establish parameters for the state programs.

This option is the least complex of the three; it requires the least pre-implementation, could be implemented the quickest, and would cost the least to administer. However, one of its weaknesses is that it fails to achieve universally in the incidence of benefits or to eliminate overlaps. In addition, the timing of payments via state programs might not coincide with that of the Federal tax cut and would not be complementary to it. Another more serious problem in timing might arise if the emergency occurred during September through December. During these months it would be too late to change the income tax return forms (1040 and 1040–A) and tables to reflect the lower tax rates before the forms were mailed in late December. Failure to change these forms would, in effect, nullify the tax reduction. Although it is conceivable that the new tax tables and forms could be published and distributed in newspapers or by other alternative means, such last minute measures might result in massive errors and confusion and cause a serious disruption to the tax system.

Another method for handling this problem might be as follows: In response to an emergency which occurred during September through December of year 1, withholding would be reduced, but the tax forms and tax tables would not be altered. When taxpayers filed their tax returns during January through April 15 of the following year (year 2) they would, in effect, return the benefits of the reduction to the Treasury in the form of higher tax bills due or lower refunds for overpayment. This could be offset by a further reduction (over and above the initial reduction) in taxes during the period January through April of year 2 so that, on a net basis, taxpayers would not lose the benefits of the reduction for the period September through December of year 1. Tax forms and tables for year 2 would reflect these changes. This method also poses some problems. Persons who were employed during September through December of year 1 might be unemployed during all or part of the first four months of year 2. (February is typically the month of highest unemployment.) These unemployed persons would lose the benefits in filing tax returns and would not recoup them through lower withholding during January through April. Persons who were not employed during September through December but who were employed during January through April would reap double benefits. The most serious drawbacks of this method are that it might result in a substantial increase in the number of checks for taxes due which the Department of the Treasury would have to process, and, since it would involve two or three changes in withholding rates within a short period of time, it would impose serious administrative burdens on both employers and the Treasury.

Perhaps the most feasible way of handling the problem is to allow the tax returns to be filed using the old tax rates. The IRS would then recalculate every return on the basis of the reduced tax rates and send out refund checks. This would impose a burden on the IRS and the task could probably not be completed until August following the April 15 tax filing.

Ending the cut in income taxes would be at least as complex as initiating the tax cut and the timing of changes in the tax forms might again be a problem. The return to higher tax rates might also be difficult politically.

The fact that this option poses serious problems during three months of the year is a serious drawback which limits its viability as an emergency plan. Moreover, the advan-

tages of speed and economy (low-cost) which this option offers (during the nine months of the year when it is viable) would be offset somewhat by non-uniformity in the incidence of benefits across individual states and regions and the complexity of dismantling the tax cut.

Detailed steps in the implementation of this option are outlined in sections III.1 and III.2. Section III.2 also includes a partial list of mechanisms which the states might use to distribute the grants.

II.2.—Option 2 consists of components A, B and C:

A. a quick reduction in federal income taxes,

B. an allocation to the states of block grants with relatively few federal guidelines, and

C. energy payments through the Social Security (RSDI) and Supplemental Security Income (SSI) programs.

Under this option, there might be overlaps in benefits among all three components: persons who benefit from the tax cut might also receive energy payments through RSDI and/or energy payments or a tax cut through the state grant programs. RSDI and SSI recipients might benefit from the state programs as well. The extent of federal requirements governing the use of energy payment files[1] from the Social Security Administration could have an effect on the degree to which overlaps would be eliminated. Nothing could be done to eliminate the overlaps caused by tax reductions.

This option combines components from options 1 and 3 and thus represents a compromise between simplicity of design, centralization of administration and breadth of coverage. Overall, it requires a moderate amount of pre-implementation. It makes use of the existing and efficient Social Security Administration systems to make payments. However, a major weakness of this option is that the state grant programs would not necessarily complement the Federal tax cut or the payments made through the RSDI and SSI programs. The time required for implementing payments through the Social Security system might also create a problem in timing. Two approaches are possible: (1) the implementation of components A and B could be held up until component C could be implemented, thus causing the implementation time of this option to be almost as long as that of option 3; (2) the three components could be implemented on different time schedules, thus exacerbating the problem of non-uniformity in timing which was identified in the discussion of option 1. Overall, the advantage of a more broadbased coverage of the population might be diminished somewhat by overlaps in coverage and non-uniformity in timing. In addition, the problem discussed under option 1 regarding the timing of the tax cut and the printing of new tax tables also applies to option 2.

Detailed steps in the implementation of the three components of this option are outlined in sections III.1, III.2, and III.3.

II.3.—Option 3 consists of components C, D, and E:

C. per capita energy payments through the Social Security (RSDI) and Supplemental Security Income (SSI) programs,

D. per capita energy payments via the income tax withholding system and the estimated tax system, and

E. an allocation to the states of block grants with detailed federal guidelines concerning their distribution to persons not covered by C and D.

Under this option, the programs through which energy payments are to be made would be arranged hierarchically with the federally administered programs first, followed by the state administered programs. The hierarchy of the state administered programs could vary from state to state depending on each state's system capabilities. The states would also establish an "open window" through which persons who were not covered by any of the existing programs could apply for the energy payments. A proposed hierarchy is as follows:

Social Security (RSDI).

Supplemental Security Income (SSI).

Federal Income Tax Withholding or Estimated Taxes.

State administered programs.

Unemployment Insurance (UI).

Food Stamps (FS).

Aid to Families with Dependent Children (AFDC).

Open window.

Persons who participate in more than one of these programs would receive the energy payment from the program in which they participate which is highest in the hierarchy.

In order for this option to be implemented, each system which is used to make energy payments must be capable of performing the following functions:[3][4]

Collection and processing of data on eligibility.

Transmission of recipient lists and screening of records in order to eliminate overlaps,

Synchronization of energy payments among programs,

Making payments,

Recordkeeping and transmission of records for the purpose of an end-of-year reconciliation.

This option is the most complex and centralized of the three. It would require the most pre-implementation and would take longer to implement than Option 1. If implemented it would result in an energy payment to every adult and child in the United States. Payments would be made almost entirely through existing programs and payment systems. An important strength of this option is the attempt to eliminate gaps and overlaps in participation among these programs and systems, so that maximum access to the payments would be assured but duplicate payments would be avoided. Uniformity in the timing of benefits is also a characteristic of this option. Another advantage it enjoys over options 1 and 2 has to do with the case of an emergency which occurs during September through December. Since energy payments would be accounted for separately from income taxes, they could be implemented, if necessary, without a change in the tax forms. Reconciliation would be postponed until the following year.

The major disadvantages of this option are the time required for both pre-implementation and implementation and the system requirements. The capacity of employers' payroll systems and income transfer program systems to accommodate payments has not been fully assessed, but all systems would require some development and the energy payment program might create a strain on some programs and systems. However, as long as the energy payments remain separate from income taxes and other income transfer payments, the strains can be minimized and dismantling the energy payment program will be simple.

The tradeoff is clear: it is possible to achieve uniformity in the incidence and timing of benefits if adequate resources and time are available.

Detailed outlines of the actors involved, the actions to be taken and the time required for implementing the three components of this option are found in sections III.3, III.4, and III.5. Appendix F shows overlaps in coverage among the programs and estimates of the number of persons who might receive energy payments through each program.

[1] Energy Payment Exchange (EPX) files would provide each state with a list of residents who received energy payments through RSDI and SSI.

[2] Adults 18 and over might receive a payment twice as large as that for children.

[3] The requirement for transmitting recipient lists does not apply to the income tax withholding or estimated tax systems.

[4] AI detailed discussion of these requirements can be found in chapter IV of this report, "Energy Payment System Requirements."

II.4—SIDE-BY-SIDE COMPARISON—RECYCLING FEDERAL TAX REVENUES IN THE EVENT OF A SUDDEN DISRUPTION IN OIL SUPPLIES
COMPARISON OF 3 OPTIONS COMPOSED OF DIFFERENT COMBINATIONS OF 5 COMPONENTS

	Option 1 (A and B); option 2 (A, B, and C)		Option 3 (C, D, and E)		
	A. Quick reduction in Income Taxes	B. Block grants to States—minimal Federal guidelines	C. Energy Payments Through RSDI and SSI	D. Energy payments via withholding and estimated taxes	E. Block grants to States with Federal guidelines
Preimplementation	Minimal: Design changes in tax instructions, forms.	Moderate: Prepare regs; develop State plans; State legislature might have to authorize funds.	Moderate to extensive: Develop regs; prepare software; develop energy payment exchange (EPX) files for eliminating overlaps; design checks, notices, etc.; hold training conferences.	Moderate: Design forms and instructions; alter FTD cards; some employers may have to create system capacity.	Extensive: Prepare regs; develop procedures and systems for eliminating overlaps, prepare software for making payments; design checks, notices, etc.; train program personnel; 50 different State plans have to be developed and approved.
Leadtime preimplementation.	14 days	60 to 90 days (planning can expand to fill available time.)	180 days	180 days	180 to 270 days (?).
Leadtime implementation (from start-up to execution).	34 to 71 days	Depends on State plan. Potential times might be: Reduction in income tax: 30 to 45 days; reduction in sales tax: 14 days; payments through income transfer programs: 30 days; aid to public institutions: 30 days.	90 days	60 to 94 days	90 to 120 days (?).

	Option 1 (A and B); option 2 (A, B, and C)		Option 3 (C, D, and E)		
	A. Quick reduction in Income Taxes	B. Block grants to States—minimal Federal guidelines	C. Energy Payments Through RSDI and SSI	D. Energy payments via withholding and estimated taxes	E. Block grants to States with Federal guidelines
System requirements	Employers have to reprogram payroll systems.	Depends on State plan. Reduction in income taxes: employers have to reprogram payrolls. Sales taxes: retailers have to reprogram. Across the board payments through welfare programs: Make paytapes; eliminate overlaps; (?); print and distribute checks.	Cross-match RSDI/SSI; produce paytapes; create EPX; print and distribute checks; provide tapes to IRS.	Employers have to program payrolls for energy payments and no. of units; receive funds via FTD; record and report energy payments.	States have to use EPX from SSA; eliminate overlaps among State programs; create paytapes; print and distribute checks.
Cost	Federal Government: $1,200,000 to print and mail new circular E to employers. Employers: Minimum cost, have come to accept tax rate changes.	Up to 10 percent of total funding.	$0.50 per payment; $18,500,000 per month or $222,000,000 per year.	Federal Government: $200,000,000 per year. Employers: (?).	10 percent of total funding.
Equity and complementarity	Depends on structure of tax reduction. Persons who pay very little or no taxes do not benefit.	Equity is not the goal. Degree of equity depends on mechanisms used by States. If payments are made, overlaps with A and C could be screened. If tax cuts are made, overlaps with A and C are inevitable.	Equal payments to all. Somewhat complementary to A; not necessarily complementary to B and E unless payment files are screened; complementary to D if RSDI and SSI recipients are excluded from D.	Equal payments to all. Complementary to C and E if screening effort is made.	Equal payments to all. Federal guidelines would require screening of recipients under C and D from State fille.
Procedures required to end	Return to old tax rate involves as much cost and activity as implementing the reduction. Might be perceived as tax increase.	Depends on State mechanisms: Cease payment activities; returning to old tax rates involves as much as implementing the change.	Cease production and use of energy paytapes.	Reprogram payroll systems to eliminate payments.	Cease energy payment activities
Special problems and comments.	Tax forms are sent to printer in October. This means that, in response to an emergency which occurred during September through December, it would be very difficult to reduce taxes until the following January.	Some Federal guidelines will be necessary in order to insure timeliness and effectiveness of programs.	SSA is currently operating at system's limit, would require adequate time and resources to develop energy payment system.	Reconciliation of energy payments which begin after September could not occur until end of the following year, because of the annual printing schedule for tax forms. There might be considerable resistance on part of employers to using tax funds for energy payments.	Capacity of States to administer payments and eliminate overlaps varies and is not known in detail.

Mr. BRADLEY. Mr. President, for those people who raise the question about the terrible cost that might be incurred by individuals, the answer is compared to what? I wish to submit to the RECORD a study done by Prof. Joseph Kalt, economics professor of Harvard University, on the cost of price controls on our society, and I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF DR. JOSEPH P. KALT, ASSISTANT PROFESSOR OF ECONOMICS, HARVARD UNIVERSITY

Dr. KALT. Thank you. I have also submitted a statement. I won't read it but rather just summarize what I have submitted, and of course, as assistant professor of economics at Harvard specializing in energy regulation and trying to get tenure by understanding all this process, let me briefly say what I think are the lessons we have learned from EPAA and presumably from the lessons we have an idea as to how to improve policy.

I think there are four major lessons from the EPAA, experience with price and allocation controls with EPAA, the initiation of price controls in 1971.

First, price and allocation controls are the primary source of shortages in the product, the various products that consumers buy. That is far from being a solution to the problem of a supply disruption in the world oil market.

Price and allocation controls are the problem in the sense of they are the source of unavailability of supplies.

Second, price and allocation controls apply to the petroleum industry and are extremely costly to the taxpayer, to the oil supplier, and to the consumer. I estimate that the average annual burden of EPAA price and allocation regulations over its life has been about $35 million, a $35 million a year taxpayer burden. The public burden in the form of paperwork and redtape burdens and price increases ultimately to the consumer ranges I estimate anywhere between $650 million a year and $2.7 billion a year.

The third lesson that I think we can draw from experience with the price and allocation controls in the petroleum industry is that they very often fail to help and in fact hurt the independent beneficiary. Price and allocation controls transfer control over access to petroleum supplies to the political arena and those citizens who are lacking in political power or are poorly organized simply do not fare very well in this process. If you represent a well-organized industry such as the motor bus operators, you might fare well.

I have done research into the fate of minority fuel oil dealers in 1979. One of the biggest problems they have is that they lack political clout and have a tough time getting allocations in a world of allocation controls.

The fourth major lesson I think we can draw from price and allocation controls is they inhibit the adaptation that could soften the impact of shock on the economy. They do this in three ways. They discourage the building of inventories that could be used to soften the shock of the world supply disruption. They discourage production, and they also discourage conservation on the part of those consumers who have preferential access to allocations.

From these lessons I think there are two major guidelines that we should be aware of, that we should take notice of in designing any new policy to deal with supply disruptions.

The first guideline is we should not reimpose price and allocation controls. This is the best way to insure the availability of supplies to consumer.

Second, if Congress determines that there is a problem of fairness in the impact of higher energy prices on consumers of different income levels, then if Congress determines that remedial action is appropriate, direct income assistance is the most appropriate method of addressing the problem of fairness in adjusting to a supply shock, and certainly direct assistance is preferable to the approach we have used which has been the approach of distorting supplies and prices.

After all, the problem during a supply disruption is not high prices. The problem is low incomes, and if we all earned a million dollars a year I suspect we wouldn't be here today, and we should all be aware of that. Our true concern is with the impact of higher prices on people of lower incomes.

From these guidelines I conclude that the proposals that have been put forth in the Bradley/Percy proposals best address the problems of congressional and public concern with fairness in the allocation of oil supplies and best guarantee the availability of supplies to consumers.

It will avoid the shortages that tend to come with price controls, provide direct assistance if Congress decides that such assistance is necessary, keeps the Federal regulatory administration out of the millions of decisions made right now by the private sector, and collects revenue automatically through the windfall profits tax.

Although the windfall profits tax might be criticized for other reasons, that doesn't seem to be the purpose of this hearing today, and I would just say that since the money will be collected anyway, it will be recycled one way or another, at least the Bradley and Percy proposal proposes to use the additional windfall profits tax revenues that would accompany a world supply disruption, uses those revenues to directly address the question of fairness in the adaptation to a disruption, so I would conclude by noting that so long as we do have a windfall profits tax and the money will be fairly automatically collected, the Bradley/Percy proposal seems to offer the best of both worlds in the sense of sticking to a market approach, allowing prices to allocate supplies, and allowing the Government to use the windfall profits tax revenues to address these issues in fairness.

[The prepared statement of Dr. Kalt follows:]

STATEMENT OF DR. JOSEPH P. KALT, ASSISTANT PROFESSOR OF ECONOMICS, HARVARD UNIVERSITY

I am Joseph P. Kalt, an Assistant Professor of Economics at Harvard University specializing in the area of energy regulation.

I appreciate the opportunity to participate in these important hearings. I would like to address myself today primarily to issues concerning the pricing and availability of refined petroleum products, rather than to crude oil issues.

The impending expiration of the Emergency Petroleum Allocation Act of 1973 (EPAA) offers Congress the opportunity to alter the basic federal approach to oil supply disruptions that has been followed for almost a decade. My research into this approach indicates that the policies derived from the EPAA can only be judged a disaster.[1] It would be a shame to reenact the notable mistakes of EPAA. Toward avoiding these mistakes, I believe the following lessons are supported by indepth analyses of our past policies:

1. Refined product price and allocation controls of the EPAA-type are the primary source of shortages, in the sense of absolute unavailability, of the oil products that consumers buy. Supply disruptions in the international market place do not create absolute shortages—they create sharply higher prices. If the Congress would like to create shortages, it has only to adopt the types of price controls embodied in S1503, S1476, or S409. The ability for such price controls to create shortages has been borne out time and again—from the perpetual lines of consumers in Moscow to the 1979 gasoline lines in Washington, D.C.[2] (A summary of some recent research on the 1979 shortages is being submitted with my statement.)

2. Price and allocation controls applied to an industry with as many products, firms, and buyers as the petroleum industry invariably creates an expensive and onerous bureaucracy. I estimate that over its life, EPAA price and allocation regulation placed average annual paperwork and red-tape burdens of $135 million on the taxpayer (Table 1). The annual burden on private sector suppliers and consumers was between $650 million and $2.7 billion. This is an awfully high price to pay for a system that creates shortages for you.

3. Price and allocation controls often fail to help, and very often hurt, intended beneficiaries. Despite well-intentioned safeguards, such controls necessarily transfer the control over who gets oil supplies to the political arena. Those intermediate and final consumers of oil who are not well-organized and powerful are relatively unsuccessful in this arena. These are usually the small business owner and the low-income consumer. The unfortunate fate of minority heating oil dealers under EPAA bears this out (summary of research submitted with this statement).[3]

4. Price and allocation controls inhibit and distort the adjustments that are required to ensure the efficient use of resources and continued economic growth in a world of increasingly scarce energy. Such controls penalize production, discourage the building of inventories that could partially offset disruptions, and give consumers with preferential access to supply less incentive to conserve.

From the foregoing lessons, it is possible to derive some guidelines for a more efficient, and a more fair, federal approach to the problems of world oil supply disruptions:

TABLE 1.—*Estimated Federal Budget for Regulatory Administration 1974–1980*[a]

(Millions of 1980 dollars)

1974	71.0
1975	62.8
1976	125.0
1977	133.8
1978	160.0
1979	196.2
1980	198.3

Source: U.S. President, *The Budget of the United States Government* (1976–1980).

[a] Estimated under the following assumptions: (a) One half of Energy Information Administration (under DOE) and "energy information and analysis" category (under FEA) budget authorities are associated with petroleum price, allocation, and entitlements regulations. (b) All of Economic Regulatory Administration (under DOE), except "coal utilization," "utility programs," and "emergency preparedness" categories, and all "regulatory programs" category (under FEA) budget authorities are associated with price, allocation, and entitlements regulations. (c) The proportion of ERA (under DOE) and FEA administrative expenses associated with price, allocation, and entitlements regulation is the same as the proportion that the budget authorities of included categories [see (a) and (b)] bear to the authorities of all non-administrative categories. Fiscal year data converted to annual figures assuming expenditures allocated evenly across each fiscal year.

From: Joseph P. Kalt, *The Economics and Politics of Oil Price Regulation* (Cambridge, MA: MIT Press, 1981).

1. Do not impose price and allocation regulations. This is the best way to ensure the availability of refined oil supplies during international disruptions. In addition, allowing prices to rise in response to supply reductions provides efficient incentives to both buyers and suppliers of oil products. These incentives encourage actions that anticipate supply disruptions and weaken the shock of such disruptions to the nation's economy. Most notable among these adaptive responses are the holding of inventories as insurance and the adoption by businesses of equipment and processes that allow easier fuel-switching when oil becomes more expensive.

2. If Congress determines that the impact of rising oil product prices on individuals with low incomes is so severe as to warrant remedial federal action, such action should be taken through income assistance programs, rather than programs to control and distort prices. After all, the problem during a disruption is not high prices or even unavailability. The problem is low incomes. Direct assistance can solve problems of fairness in the impact of higher oil prices across income classes (if it is determined that such problems exist) without creating shortages and distorting incentives to produce and conserve energy.

These considerations lead me to conclude that, of the various bills being discussed before this committee, the Bradley-Percy proposal (S1354) is most likely to effectively address the three problems of: (1) Congressional concerns over the fairness of oil product allocation during a disruption; (2) guaranteeing the availability of oil product supplies to consumers; and (3) ensuring the efficient use of our limited oil supplies. Other proposals, such as S1503, S1476, and S409, appear to offer a return to mistakes of the past. Comparing the price-and-allocation-controls approaches of these proposals to S1354, the following points stand out in the Bradley-Percy proposals:

1. It guarantees the avoidance of the shortages attendant to price controls.

2. It provides for direct income assistance in the event Congress determines such assistance is required as a matter of fairness.

3. It keeps the federal regulatory machinery out of the day-to-day business of deciding what is produced, how much is produced, and who gets available supplies. It uses straightforward tax and transfer mechanisms for administration, rather than a bureaucracy that essentially (and expensively) duplicates the millions of decisions made by the private sector.

4. It recognizes that the recent removal of ceiling prices on crude oil means that the oil price increases and windfall gains that accompany any international supply disruption will now (unlike the past) accrue very quickly to crude oil production. Windfall gains on refined oil products will be limited primarily to inventories; and to tax these gains away would be to discourage precisely the inventory holdings of already-refined oil that provide early protection against supply disruptions. While provisions of the Crude Oil Windfall Profit Tax Act of 1980 might be objected to on their own merits, this is not the place to raise such objections. Given its existence, the Windfall Profit Tax automatically collects the revenues needed to finance income assistance during an international supply disruption. It does this with minimal distortion to the refined product sector. I estimate that a disruption which produces a $10 per barrel increase in the world price of crude oil would raise annual revenues under the present Windfall Profit Tax by roughly $8 billion. If these revenues, which will be collected anyway, can be used to "buy" Congressional willingness to forego the debacle of more price and allocation controls, they will be dollars well spent.

In conclusion, my research into the last decade of U.S. oil policy has led me to one overriding conclusion: the fundamental error that lies at the center of our failures to adjust to the world ushered in by OPEC was making the Nixon Administration's price and allocation controls permanent in 1973. In fact, my interest in making a statement here today stems even more from a desire to prevent previous errors, than from a desire to promote a particular alternative to past policies. If there is one component of future federal responses to world oil supply disruptions that will not be in the national interest, it is the reimposition of price and allocation controls.

Thank you.

Mr. BRADLEY. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Mr. President, how much time does the distinguished Senator from Minnesota wish?

Mr. DURENBERGER. Ten to twelve minutes.

Mr. McCLURE. Mr. President, I yield 12 minutes to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I thank the Senator from Idaho, the manager of this bill, for yielding me this time.

Mr. President, I will speak in this time in opposition to the amendment being proposed by the Senator from New Jersey, and I will be here to listen to the remainder of his arguments later in the day, but before doing that I wish to commend first the chairman of this committee for the role that he has played in light of some rather substantial odds in bringing this legislation before us, and I compliment the Senator from New Jersey for the role that he has played in the 3 years the two of us have been in the

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[1] Joseph P. Kalt, *The Economics and Politics of Oil Price Regulation: Federal Policy in the Post-Embargo Era* (Cambridge, MA: MIT Press, 1981).

[2] Stephen Erfle, John Pound, and Joseph P. Kalt, "The Use of Political Pressure as a Policy Tool During the 1979 Oil Supply Crisis," Discussion Paper E–80–09, Energy and Environmental Policy Center, John F. Kennedy School of Government, Harvard University, 1981.

[3] Joseph P. Kalt and Henry Lee, "Problems of Minority Fuel Oil Dealers," Discussion Paper E–81–04, Energy and Environmental Policy Center, John F. Kennedy School of Government, Harvard University, 1981.

Senate in bringing us to a new policy for emergency petroleum management also.

I also wish to say that the Senator from New Jersey has invested considerable time in our understanding of the strategic petroleum reserve and its role in our energy policy and the time he has spent educating other Members of the Senate on this subject has been of great value to the Nation, and I compliment him for that.

In days past when we so often sacrificed our commitment to the SPR for budget or diplomatic considerations, it was his work and his voice in the Senate which kept the program and its purpose before us. And for that the Nation and the Senate owe the Senator from New Jersey a great debt.

But on the subject of recycling, I must disagree with my colleague from New Jersey. The basic theory of the recycling amendment is easily understood. But as we so often see in matters as complicated as Government policy and energy supply, theory and practice, and Harvard studies are quite different things.

I worry that the world to which this recycling amendment might appropriately apply is an imaginary world where no one has to find diesel fuel to get a truck down the road, the crops in the ground or their employees to the plant.

I was here in 1979 during the last disruption. I took the calls from farmers and small businessmen and local officials who could not buy product at any price. And it was primarily diesel product they were looking for. And as the Senator will recall, diesel product was not covered by the allocation rules in 1979. I was here in 1979 when the Finance Committee, on which we both served, marked up the windfall profits tax and announced all kinds of attractive recycling schemes to assist those who could not afford the high price of energy. And I was here on Monday of this week when the Senate rejected an amendment to add funds to the weatherization program despite the billions rolled up by the windfall profits tax.

So let us not premise our future on the theory of markets.

The Senator from New Jersey says we should not worry about getting something specific to some specific individual, but let the markets do it. I suggest that we deal with our experience in what really goes on in this country and in the energy markets of this country when we have a petroleum disruption. In that spirit I am going to raise six practical objections to this recycling amendment, perhaps more for the benefit of those of our colleagues who did not participate in the work of marking up S. 1503 than those who did because they have heard some of these arguments before.

The first of these is that existing taxes do not begin to tap the price increases that would result from another substantial disruption. The windfall profits tax and the corporate income tax apply only to domestic oil. Since somewhat more than a third of the oil we consume is imported and since there is no tax on the books that can capture the price increase on imported oil, a substantial portion of the price increase that would result from a disruption would not get recycled.

Even the tax on domestic oil production and domestic producers does not capture all of the price increase that would be realized in our own oilfields.

Now the Senator from New Jersey may want to increase the windfall profits tax, or put a surtax on the corporate income tax of oil firms, or authorize a standby tariff or gasoline tax to capture the run up in imported oil prices.

But if that is his answer to my first objection, it raises a second. Congress has not the courage to impose a standby tax on gasoline when prices are already rising due to a disruption and the sentiment on the windfall profits tax is running toward rate decreases not increases. One need only look at the Jimmy Carter 10 cents gasoline tax and its fate on the Hill, and the Senator from New Jersey's own 50-cent proposal or one need only look at the Economic Recovery Tax Act to see that although recycling may be nice in theory, practical politics suggest that the Congress will not impose taxes sufficient to capture the price increases that would result from a severe disruption.

Third, even if we had the wherewithal to impose taxes sufficient to capture the price increases for the public, there is reason to believe that we would fail in the recycling commitment. Again, I refer the Senator to the dismal history of the windfall profits tax. I remember well the press conference held at the conclusion of congressional action on the windfall profits tax.

The conferees had found ways to raise $227 billion over the next decade. They promised that 60 percent would be used for a tax cut, that 25 percent would go for low-income energy assistance and that 15 percent would be dedicated to tax credits to encourage conservation and the production of renewable energy resources.

I would ask the Senator what ever happened to that commitment. But I know the answer. It was sacrificed within the year to budget necessities. Even this administration which clamored for repeal of the windfall profits tax on the campaign trail is keeping it in the name of a balanced budget. So I say to the Senator that even if in an ideal world we found the tax mechanisms sufficient to capture the price increases, in the real, real, real world in which we all have to live, we would most likely fail in the process of recycling.

Fourth, I doubt very much that we could agree on an equitable mechanism to accomplish recycling. Here I recall the long hours of debate on the allocation formula for low-income energy assistance funds and the fact that we have to rewrite the formula every time the program comes up for authorization or appropriation.

I note that the Senator's amendment would have the President draft a recycling plan that would include checks for Governors.

Well, having Governors or the President decide who gets the billions from the tax increases is no more than a clever legislative mechanism to duck the practical problem of allocating equitably. I might be more sympathetic with this amendment, if I knew exactly who was going to get what from recycling.

Then again, knowing the specifics might just make me feel more hostile. That is the nature of recycling. Your equity may look an awful lot like the short end of the stick from my perspective. Are we here to redistribute the resources of society?

This brings up a fifth objection. The Senator from New Jersey would have us believe that the Republican Members of the Senate have lost their compass. He suggests that we are proposing a massive Government program to interfere in the marketplace while he is here to defend its efficiency.

Nonsense. What the Senator from New Jersey proposes is a massive new tax increase to capture price increases that would otherwise go to producers, but under his plan would be recycled through dozens of Federal programs to every sector of society.

That is a prescription for big Government. When these prices increase as a result of disruptions they do not come down again. OPEC finds a way to keep them up there. So the tax recycling scheme will have to be permanent. The Senator's amendment would have us redistribute hundreds of billions of dollars throughout the American economy. And do it in the name of economic efficiency.

I will admit that the Government is not adept—efficient—as an allocator of oil. But limited allocations during the period of a disruption—allocations that provide access to crude oil for refiners and users who would otherwise be on the spot market driving the price up—is a way to keep the price down.

The purpose of this legislation is not to redistribute for the sake of redistribution, it is rather to provide an alternative to spot market purchases that are the cause of the price increases the Senator would have us recycle.

We should accept this short-run inefficiency in the petroleum market to prevent the need for the long run and very large inefficiencies that would result from recycling. Move a little bit of oil temporarily and we avoid the need to redistribute a lot of dollars permanently.

A sixth and final practical objection, Mr. President, is one that I alluded to earlier. In 1979, Government allocation and price controls received much of the blame for the supply problems that were experienced. And there can be no doubt that EPAA in all of its detail was not an appropriate response to the very small shortfall that actually existed in 1979.

I think the problems with EPAA have been largely corrected by the language of S. 1503. But one important point to note is that diesel fuel was not the subject of price and allocation regulations in 1979.

And yet it was diesel fuel—fuel for farmers and truckers and heavy industry—that gave us the greatest problem. It was in short supply. Inventories in the Midwest were very low. Truckers were literally stranded on the road and they went on strike.

How did the market respond? Did the prices rise to clear the market? Did it flow smoothly across the country to the most valued end uses? Or were the bottlenecks for middle distillates just as bad as they were for gasoline that was being allocated by the Government?

My study of these questions, studies by the Department of Energy on these questions, indicate that suppliers of diesel did just what the Government did for gasoline. They allocated it. There is no strong evidence that the real world practical market did much better than the Government.

So for these six practical reasons I will oppose the amendment offered by the Senator from New Jersey. I urge my colleagues to reach back to their own experience to realize that the theory of this amendment is too far removed from the real world in which real petroleum supply disruptions cause real harm, to be a guide for national policy.

I thank the Senator for yielding me this time, and I thank the Senator from New Jersey.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

PREPARING FOR AN OIL SHORTAGE: LET US SEND THE RIGHT SIGNALS

Mr. PERCY. Mr. President, today the Senate is considering S. 1503, a bill providing for an emergency oil allocation system, which is a very important principle that we must address ourselves to. I, along with my colleagues, Senators BRADLEY and CANNON, suggest an alternative that we feel will prove far more effective than renewing an emergency oil allocation system that experience has shown makes oil shortages worse rather than better.

The Bradley-Percy-Cannon amendment is an attempt to bring a free market philosophy to bear on the problem of oil shortages. The administration has made clear its preference for a market-oriented response to energy emergencies. Our bill, contained in an amendment in the nature of a substitute, will let the market allocate oil in the most efficient way possible, while easing the financial burden of an oil disruption on those hardest hit. At the same time, it provides access to crude for those agricultural cooperatives and others who might have difficulty obtaining oil at any price during a shortage.

The elaborate allocation scheme contained in S. 1503, while well intentioned, simply will not work.

I certainly do wish to commend the floor managers for bringing this issue up. Even though we might not agree on the approach, it is far more important that we put this in public debate, discuss it, and look at all the range of alternatives. I hope the administration will give us the benefit of their findings as to what they would intend to do.

As a ranking member of the Permanent Subcommittee on Investigations, I held hearings on the operation of the gasoline allocation program during the oil shortage caused by the Iranian revolution. The findings were clear: Any attempt to cope with an energy emergency through a complex allocation scheme that distributes oil around the Nation is likely to fail. In 1979, some areas of the country had a glut of gasoline—in others, little could be found. According to a study conducted by William Lane, former Director of DOE's Office of Competition, the administrative allocation scheme implemented in 1979 may actually have caused oil prices to rise—and stay—higher in the long run than they would have under free market allocation. I am concerned that Government controls could have a similar effect in a future shortage.

While the market is clearly the most efficient allocator of gasoline, it is not necessarily fair. Through the Bradley-Percy-Cannon amendment's use of the windfall profit tax, we can capture the vastly increased oil revenue resulting from a shortage, and rebate them to those who are really in need. After all, it is more simple, equitable, and practical to move money than oil.

I understand the desire of S. 1503's sponsors to spell out what our response to an energy emergency will be in advance. The more prepared we are for an emergency, the better we will all weather the storm. The Bradley-Percy-Cannon amendment lets us prepare for a shortage, yet at the same time it incorporates the sort of free-market philosophy that the administration will use to address our next energy emergency. I think this is clear from all that they have said. No matter what kind of post-EPAA bill we enact, I fully expect that if an oil shortage occurs while Ronald Reagan is President, he would apply a policy much closer to our approach than the approach of S. 1503.

And, if S. 1503 becomes law—a law giving the President discretionary authority which he does not want and probably would not use—we would be wasting our time. Worse yet, we would send misleading signals to industry and consumers alike, signals that would not encourage them to stockpile or take other steps to prepare effectively for a future shortage and the Federal policies likely to accompany it.

The Bradley-Percy-Cannon amendment gives us a chance to prepare for the next oil shortage by sending the right signals ahead of time. We also have to give State and local governments—the units of government that will have to answer first about a shortage—the chance to get their energy emergency planning in order. Keeping our options open until it is too late could give everyone an unpleasant surprise. This is why I would rather see some kind of market-oriented bill enacted today rather than later.

The PRESIDING OFFICER (Mr. GRASSLEY). Who seeks recognition?

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. I thank the distinguished Senator from Illinois for his cosponsorship of this amendment.

Mr. President, I would like to respond to some of the points that were raised by the Senator from Minnesota as well as the other Senators.

The argument of the Senator from Minnesota, and I think the argument generally on the other side, is basically that markets do not work in a disruption. They cannot be trusted.

Mr. President, we have never allowed markets to work in a disruption. There have been price controls and allocations by the Government in every oil supply interruption that we have had—in 1973–74, 1979–80. So to argue that markets will not work in efficiently distributing oil is to argue without evidence and without experience.

What we do know from evidence and experience is that price controls and allocations do not work. In fact, Mr. President, price controls and allocations have exacted great costs from the American public. In recent studies done, it is roughly $2.3 billion in costs simply from gasoline lines.

Mr. President, last week, I made my opening statement on this bill and said, quoting from a number of the various reports, how much evidence there is that price controls and allocations have failed. And I will simply again state for the RECORD that the GAO report, dated September 29, 1981, says:

> Price controls are a counterproductive strategy, and GAO recommends that they not be used; gasoline rationing also should be avoided because it is clumsy and expensive and would need a price control program to work.

Mr. President, I would like to submit for the RECORD excerpts from the GAO study and ask unanimous consent that they be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE UNITED STATES REMAINS UNPREPARED FOR OIL IMPORT DISRUPTIONS

With the exception of the recent buildup of the Strategic Petroleum Reserve, the United States is no better prepared to deal with significant disruptions in oil imports than it was during the 1973 oil embargo.

The Nation's almost total lack of emergency preparedness requires immediate attention. The Federal Government bears the primary responsibility and must take concerted action to counter this serious threat to national security. While the current state of readiness is poor, GAO believes that immediate steps can be taken to improve preparedness. Some will help in the near term, while others will bring significant benefits within 2 to 4 years.

Time is the important factor. The world oil market is inherently unstable. The Nation needs to act now to protect itself against import disruptions. The U.S. now has the luxury of importing less oil than in recent years in a market characterized by oversupply and falling prices.

The slack market is similar to the one prevailing in the years preceding the Iranian oil shortfall of 1979. The U.S. ignored the underlying instability of the Middle East then and paid for it dearly as prices doubled in 1979 and 1980. With effective domestic and international contingency planning, that small shortfall probably would not have caused the price hike which severely damaged the economies of both the developed and underdeveloped nations. The Government would be short-sighted if it let this opportunity to develop an effective oil emergency preparedness program pass.

GAO's two-volume study was made at the request of Senator Charles Percy, Chairman of the Subcommittee on Energy, Nuclear

Proliferation and Government Processes, Senate Committee on Governmental Affairs, and Senator Edward Kennedy, former Chairman of the Energy Subcommittee of the Joint Economic Committee.

Volume I summarizes GAO's conclusions and recommendations. Volume II is a more detailed discussion of the results of GAO's comprehensive reviews of the status of contingency plans and programs and alternative approaches for coping with oil import disruptions. All page references in this digest are to Volume I.

CURRENT STATE OF READINESS

In order to examine present emergency preparedness, GAO hypothesized an import shortfall of 3 million barrels per day (MMBD) to the United States. While this is a substantial shortfall, it is by no means a "worst case." (See pp. 2–3.)

The analysis is not limited to the 3 MMBD case; however, that was chosen to simplify presentation of this complex subject and provide a benchmark for evaluating larger and smaller disruptions. GAO examined emergency programs for quickly increasing oil supply, substituting other fuels for oil, restraining oil demand, and allocating short supplies both nationally and internationally (international allocation is carried out by the 21-nation International Energy Agency—IEA).

Legislative authority, provided by the Emergency Petroleum Allocation Act (EPAA) which enables the Federal Government to establish contingency programs in a number of important areas, will expire September 30, 1981. GAO analyzed how these programs have fitted into the Nation's overall emergency preparedness, since Congress might choose to renew or otherwise extend the authority for one or more of them. During the summer, 1981, GAO briefed several congressional committees on the principal findings and conclusions of this study, with special reference to the expiring EPAA authorities.

GAO found that the Nation is grossly unprepared to cope with a 3 MMBD shortfall (see pp. 6–9):

No plan has been prepared for emergency surge oil production.

There is no adequate plan for using the Nation's most important disruption insurance—the Strategic Petroleum Reserve (SPR).

The Government has no plans for managing private oil stock drawdown, and the Government's authority to manage private stocks expires on September 30, 1981.

Both crude oil and petroleum product allocation programs are in disarray, and most authority for such programs lapses on September 30, 1981.

Federal and State plans for restraining oil demand are totally inadequate, and the legal framework for demand restraint is impractical.

Emergency oil reserves both here and in other industrialized countries are not adequate.

The international oil sharing mechanism is too narrowly focused and may not work effectively.

These and other important though secondary conclusions are summarized in Chapters II, III, and IV of Volume I and analyzed more fully in Chapters III through VIII of Volume II.

WHAT CAN BE DONE?

Government has an important role in countering oil import disruptions even though market forces can be used to offset many negative effects of shortfall. Oil market disruptions are extraordinary happenings; therefore, total reliance on unfettered markets is an inappropriate means for dealing with disruptions and will lead to greater economic and political losses than would occur under an integrated approach guided by governmental action.

For example, only the Federal Government can plan effectively for SPR use, nation-wide demand restraint, removing constraints to fuel switching, recycling tax revenues, participating in International Energy Agency (IEA) programs, and many other areas. At the same time, use of the market to balance supply and demand through flexible prices is indispensable for countering disruptions because it supports the goals of governmental measures.

A governmental program also has important psychological benefits, both domestically and internationally. Well-designed, effective, and timely programs will reassure the American public and help avoid panic. They should be developed beforehand so that government at all levels will not have to enact measures in the confusion and political pressures generated by a disruption.

Such quickly instituted measures may be ineffective or even counterproductive. Internationally, a carefully prepared program will reassure our friends, making precipitous price increases less likely by reducing or avoiding pressure on the oil spot market and by asserting American leadership in this important area of political/economic policy.

GAO believes that the Federal Government must provide on crucial ingredient which has been missing from its recipe for oil disruption preparedness. That ingredient is commitment. Eight years of desultory activity in this area show that without this commitment little will be accomplished. The report contains many recommendations both to Congress and the Executive Branch. These are designed to support development of an integrated plan for emergency preparedness.

The Nation can have effective contingency programs to protect itself from the disastrous impacts of world oil market disruptions. Basically, what is needed are programs which will yield significant benefits when applied, are fully developed and kept ready for use, can be implemented in a timely manner, coordinate the actions of the public and private sectors, can be enforced, and are fully tested before use. This is a tall order. The process should begin now; if adopted, GAO's recommendations, both to Congress and the Executive Branch, will support that process.

The full set of conclusions and recommendations is in Chapter V of Volume I. The principal conclusions and recommendations are:

1. The U.S. needs to increase the oil available for emergency use via industry stocks, the SPR, and surge oil production. GAO's recommendations for increasing supply include maintaining government authority to manage private stocks after September 1981; completing, in conjunction with private industry, a plan to manage stocks; and establishing a private petroleum reserve. The Department of Energy (DOE) should use secure supplies such as Alaskan North Slope and U.S. royalty oil as much as possible to fill the SPR, and a comprehensive SPR use plan should be developed and integrated with other contingency plans. Surge oil production holds considerable promise; a law allowing emergency production at Elk Hills should be passed; and agreements with the governments of Alaska and Texas permitting surge production should be negotiated by DOE.

2. Congress needs to replace the crude oil and product allocation authority which expires in September 1981 with authority for an improved emergency distribution system. This is particularly important for the next few years as effective contingency programs are established. Price controls are a counterproductive strategy, and GAO recommends that they not be used; gasoline rationing also should be avoided because it is clumsy and expensive and would need a price control program to work.

3. One promising way to counter disruptions is a mechanism which works through the oil market. Emergency taxes with rebates may be easier to operate than gasoline rationing, be less disruptive, and could be as equitable. Development of such a system is particularly important, and GAO recommends that the Departments of Energy and Treasury review the potential of such a system as quickly as possible. The State Department should also promote emergency taxes as an IEA policy.

4. Demand restraint planning needs a complete overhaul. Primary emphasis needs to be placed on voluntary programs which provide flexibility and build consumer confidence and participation. Mandatory programs should be developed for use as a last resort. State planning is a sound concept, but the law must be changed to require States to submit their plans before, not after the disruption begins. If States do not submit plans, the Federal plan should be imposed immediately if a disruption occurs.

5. Estimates of oil-to-gas fuel switching potential vary widely and are highly speculative. GAO recommends that a better assessment of gas supplies, deliverability, and switching capability be made. An adequate oil-to-coal switching program—which is much less far along than oil-to-gas switching—should be developed. DOE's plans in this area cannot now be implemented quickly enough to effectively substitute for a significant amount of oil. One important aspect of both oil-to-gas and oil-to-coal programs is reliable data. GAO recommends that DOE ensure the necessary information is kept current and is in useable form for contingency purposes.

6. Much needs to be done to develop a more effective international energy emergency preparedness program. Oil disruptions are inherently international, and measures to cope with them are much more effective if they are internationally coordinated. GAO recommends that the Departments of Energy and State work within the IEA to increase member country useable emergency reserves to at least 90 days; develop better programs to cope with small but significant market disruptions; establish a binding oil price reconciliation mechanism for emergency sharing; and consider establishing an IEA-wide emergency oil tax.

The Appendix contains suggested legislative language for certain recommendations in the report.

AGENCY COMMENTS

In the interest of timely release of this report, Senators Percy and Kennedy requested that GAO not seek agency comments.

Mr. BRADLEY. Mr. President, I also referred to a study done by three Harvard professors—Stephen Erfle, John Pound, and Joseph Kalt—in which they conclude that price controls and allocations are extremely costly and EPAA has been a total failure. Those who say we are not reenacting the EPAA that expired September 30 have not read the legislation, because we have the entire list of priority users, word for word, that appeared in the EPAA legislation—farmers, fishermen, et cetera, go on down the list.

And we have also defined the trigger for price controls and allocations so vaguely that a President could declare price controls and allocations tomorrow, not with an 8 billion-barrel disruption but with anything that he defined as a severe disruption. Undefined—a 30-percent price increase, a 100-percent price increase, an 8-million-barrel loss a day,

2 million barrels a day, or a 10-cent increase. Undefined. It simply says in a severe disruption, in an emergency.

Mr. President, I would like to submit for the RECORD the excerpts from the study that was done by the three gentlemen that I mentioned. The study is entiled "The Use of Political Pressure as a Policy Tool During the 1979 Oil Supply Crisis." I recommend it for people to read if they want to see why the consumer does not benefit from price controls and oil allocations by the Government, but why all of those special groups got their little goodies through the process of getting special provisions in the allocation by Government. I ask unanimous consent that the excerpts be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE USE OF POLITICAL PRESSURE AS A POLICY TOOL DURING THE 1979 OIL SUPPLY CRISIS

(By Stephen Erfle, John Pound, and Joseph Kalt)

EXECUTIVE SUMMARY

This study investigates the behavior of United States oil markets during periods of world oil crisis, using the Iranian disruption of 1979 as the primary basis for analysis. It describes the impact of a world oil market supply disruption on the United States and develops a framework with which to judge whether the U.S. oil markets functions adequately throughout periods of world oil market transition. It analyzes the behavior of U.S. oil consumers, U.S. oil firms, and government regulatory agencies in response to world oil crises. It defines the problems which arise in American oil markets as a consequence of world oil supply disruptions and advances theories to explain both observed market problems and the nature of government policy response.

The study finds that during the supply crisis of 1979:

Both controlled and uncontrolled petroleum products were priced too low in U.S. markets, particularly by major oil companies;

Actual shortages of oil products only occurred in gasoline markets, still under price and allocation controls, while in all products freed from controls, sufficient supplies continued to exist;

It appears that even in the absence of controls, major U.S. oil companies are forced to underprice during crisis periods, because of the ability of political leaders, regulators, and the media to turn consumers' understandable anger and misperceptions about the adjustment process into political pressure directed against both the industry as a whole and specific firms in particular.

Background

In the wake of the world oil supply crises of 1973–74 and 1979, American policy-makers and the American public have become increasingly concerned about the possibility of future world oil supply disruptions and the U.S. economy's ability to cope with them. Yet, much popular confusion persists regarding the success of American oil markets in adapting to periods of world oil market disruption and realignment, as reasoned public debate on these issues has generally been obscured by political rhetoric. Consumers and policymakers have questioned the ability of firms in the marketplace to price and supply oil products appropriately during these periods of uncertainty, while the oil industry has questioned the government's often contradictory policy responses to the problems which oil crises have created in the U.S. The result has been that the actual effects of world oil market crises on the American economy remain largely undefined.

Given the likelihood of future world oil crises and the need to avoid federal mismanagement of the effects of these crises, it is important to understand the issues surrounding the American oil market's adaptation process. The importance of resolving these issues increases as October 1, 1981 approaches. On that date, the Emergency Petroleum Allocation Act, which is the legislation that grants the Department of Energy the authority to undertake regulatory initiatives to manage response to oil crises, expires. Thus we believe that the time is right to review the effects of recent world oil supply crises on American oil markets and suggest their implications for future U.S. government policy.

Analytical framework

The issues examined in this study are approached from two viewpoints: (1) economic efficiency, and (2) social equity in the sharing of the burdens imposed by oil crises. The workability of U.S. oil markets is judged by whether they appear to be operating efficiently in the economic sense. For the efficiency benchmark to be met, oil products available within the U.S. must be priced in a manner that reflects their true cost to society; and they must be allocated to those consumers who value their consumption most highly. If these conditions are met, the damage done by the crises to total American economic wealth, as measured by the impact on the Gross National Product, will be minimized. If these conditions are not met, and oil prices thus do not reflect actual supply and demand conditions in the market, the ability of the economy as a whole to react optimally to constricted world oil supply will be compromised.

The equity issues raised by an economically efficient transition process are examined within a separate and distinct analytical framework. Equity issues will arise during periods of transition even in a market that is functioning perfectly, as higher oil prices lead inexorably to the existence of income problems among members of the oil-consuming public. As a departure point for this analysis, we suggest that the attainment of economic efficiency in the transition process, and the problems of social fairness which arise from the manner in which the burden of higher oil prices is shouldered by various parts of society, constitute separate issues demanding separate redress. We discuss in some detail the different natures of these two types of problems, as well as differences between the appropriate policy approaches to their solutions.

We apply our analysis to the major oil products in the United States—gasoline, heating oil, and diesel fuel. The markets for these products have been the objects of the most public attention and concern during past oil supply crises. A number of prominent studies have examined the dynamic behavior government policy settings of other parts of the U.S. and world oil markets, particularly crude oil markets. Surprisingly little analysis, however, has been applied to the markets for refined oil products. Yet, it is at the refined product level that the public uncertainties and anger born of oil crises develop. Regardless of where in the production chain a supply problem occurs, it is in the markets for refined products that its ultimate result affects consumers. It is at this end of the oil market that substantial need exists for analyzing and clarifying the issues.

Study structure and primary conclusions

This study consists of five chapters. The first two analyze the effects of world oil supply crises on U.S. oil markets. The latter three examine the market and policy adaptation process within the U.S. in response to these supply disruptions.

Chapter 1 presents a theoretical discussion of the effects of a world supply disruption on the price level and supply availability of world market oil to any consuming country including the United States. A discussion of the importance of world spot markets in the process of country-by-country adaptation to supply disruptions is presented. Prices on spot markets are found to be the best available indicators of efficient world oil prices at any given point during the adaptation process. Chapter 2 provides a theoretical and empirical analysis of the efficiency of the adaptation of U.S. oil product markets to higher world oil prices.

On the basis of the analysis of Chapters 1 and 2:

We conclude that, in theory, U.S. and world price levels in petroleum products, as measured in spot markets, must be equal for the U.S. economy to function efficiently. This conclusion holds for both periods of stability in oil marekts, and periods of world oil supply disruption.

We find that, empirically, the world market price of oil serves as an upper bound to the price level within the U.S. during both periods of stability and those of disruption.

We examine price behavior in one period of world oil market stability, 1978, and find that rough price parity existed in major petroleum products.

During the period of world market shock and adjustment in 1979, we find that, contrary to popular perceptions, U.S. oil product prices were significantly and consistently lower than world prices.

The U.S./world price divergence we observe in 1979 represents a market inefficiency, diminishing total U.S. economic welfare. During this period of transition, consumers of oil within the U.S. received incorrect signals regarding the value of the oil they consume.

We conclude from our examination of the U.S./world price relationship that there exists no basis in fact for the oft-heard charge that U.S. oil prices during crisis periods are, for one reason or another, higher than they should be. Nor does our evidence suggest that U.S. prices have risen faster than conditions in world markets warranted. Rather, the reverse appears to be true: U.S. oil prices were too low and responded too slowly to the reality of higher world prices throughout the 1979 oil crisis.

Chapter 3 examines the responses of various groups of U.S. oil firms to the alterations observed in world markets. Our examination in this chapter focuses on the oil product prices charged within the American market by different groups of sellers. The chapter also assesses the market's overall efficiency in pricing and supplying oil to American consumers. The performance of American oil firms is measured by their pricing decisions, relative to an efficient U.S. pricing norm. We take the U.S. spot price as the criterion for efficent pricing behavior with the U.S. market because the U.S. spot price represents the best available measure of the actual value of oil at the margin to American consumers at any given time.

On the basis of Chapter 3:

We find that the adaptation process within U.S. markets during 1979 exhibited significant departures from efficient patterns. Throughout the period, prices for major oil products within the U.S. were artificially low. This judgment holds for both those products that were still under price controls during this period and those which were completely free of formal government price regulations.

Most groups of sellers of petroleum products lagged prices in 1979, pricing well below the U.S. spot market throughout the year. This trend was slight in the independent wholesaling and small refining sector of the industry. It was of greater significance and consequence among major sellers, particularly large refiners.

In gasoline, the only major product still under price and allocation controls in 1979, major sellers priced significantly below the

level that the control framework allowed. Formal price controls did not serve as the binding ceiling on the wholesale market price of this product during 1979.

In the gasoline market, the inefficiencies created by majors' wholesale-level product underpricing were compounded by the control system's allocation framework and retail-level pricing restrictions. These constraints combined to prevent the market from clearing during several months of 1979, with the result that genuine product shortages appeared.

In the heating oil and diesel fuel markets, both free from controls, pricing behavior among major oil companies during 1979 was generally as constrained overall as it was in controlled products. As was the case in gasoline, underpricing of these products engendered a significant increase in consumers' demand. Major companies were forced to nonprice ration available supplies as arbitrary allocation rules replaced market forces in the allocation of decontrolled oil products across consumers.

Spot markets were sufficiently active in decontrolled products during this period that consumer demand that could not be satisfied by major companies was satisfied through spot transactions. Thus, markets in decontrolled products, unlike those in controlled products, evidenced no problems of actual shortage during 1979. In terms of availability, the markets functioned adequately despite the major oil companies' consistent policies of underpricing.

The oil industry's price-lagging behavior resulted in a large wealth transfer away from oil product producers to oil product consumers during 1979. We estimate that producers of heating oil and diesel fuel in the U.S. lost in the neighborhood of $8.5 billion, relative to the potential revenues they would have accrued from efficient transition-period pricing of these two products. Major oil companies alone, whose price-lagging was the most severe, lost approximately $5 billion.

Our conclusions about the U.S. market's operation in times of world oil supply crisis clearly differ radically from many popularly-held views, specifically as regards the behavior of the major oil companies in pricing and supplying oil products.

Chapter 4 presents a theoretical explanation for the price-lagging behavior exhibited by firms in the U.S. oil industry. We suggest that increasing threats of retribution from the political community, caused by consumer anger over price increases, have forced oil companies away from efficient patterns of adaptation during periods of sharply rising world oil prices. Contrary to public perception, consumers of oil hold great indirect power over major companies' actions in the increasingly politicized marketplace. Consumer pressure is focused into credible political threats by the political community because, in order to sustain their own electoral popularity, political representatives must effectively turn their constituents' frustrations over high oil prices into political action.

Chapter 4 suggests that:

U.S. oil industry pricing behavior appears to be constrained by political pressure that drives prices away from efficient patterns. Yet, this constraint does not result from any formal regulatory or legal restrictions, but rather from the market's growing politicization. This politicization has resulted from the increasing threat of regulatory intervention in the oil market in response to consumer pressure. The resulting price patterns are not societally optimal and have damaging impacts on the U.S. economy.

Two factors underlie the nature of the pricing constraint felt in all markets: 1) consumer anger over price increases; and 2) the high degree of visibility possessed by the major actors in the oil industry. This visibility makes the oil industry firms targets for consumers' anger.

The cornerstone of our model involves the actions of three groups whom we term the "catalysts." These are: 1) the news media; 2) the regulators; and 3) the political community. These groups catalyze consumer anger over higher prices and the high visibility of major oil companies into an effective pricing constraint. The media's treatment of the price increase phenomenon turns generalized public anger into directed consumer pressure. The policy-making community, in response to this pressure, restricts, or at the very least threatens to restrict, various aspects of the oil industry's behavior. Regulators, in turn, have incentives to abet the anti-industry policy process.

Individually, neither firm visibility nor consumer anger over higher prices constitutes a sufficient market condition for the catalysts to generate an effective pricing constraint. Both consumer pressure and high firm visibility must be present for the media, regulators, and political community to function in a manner that inhibits a firm's pricing strategy.

The pricing constraint described in this model, which emanates from neither market mechanisms nor direct legal pricing restrictions, appears to be endemic to U.S. oil markets, given the size of the firms in the industry and the amount of economic and political discomfort generated by oil price increases. We believe that this constraint will continue to function during future world oil supply shocks, to the detriment of the U.S. adaptation process.

Chapter 5 addresses the nature of both real and imagined oil market problems in the U.S. during periods of world oil market transition. We explore the issue of transitional market efficiency first raised in Chapter 2 in more detail, and document our finding that in decontrolled markets artificially cheap oil products were nonprice rationed by majors, while marginal demand was, or could have been, met through purchases on spot markets. We examine the genuine shortages which appeared in 1979 in gasoline, as a result of the product's remaining under an explicit price and allocation control framework. Finally, we analyze the dual public misperceptions that shortages and price-gouging exist in markets for decontrolled oil products during 1979.

The analysis of Chapter 5 indicates that:

All examples of genuine breakdown in American oil product markets appear to stem not from any inherent market deficiencies, but rather from government intervention and threat of intervention.

The major problem which consumers must face during periods of world oil market disruption is not one relating to market efficiency, but rather that of coping with the sharply higher prices for oil products which stem from world oil supply constrictions. It is the effect of oil price increases on consumers' incomes, rather than any inherent problem in price or supply levels themselves that lies at the core of the public's and policy-makers' concerns during periods of oil crisis.

There exist two kinds of income problems among consumers during these periods. All consumers are made worse off by oil price increases; but groups of consumers whose livelihood is tied more directly to oil use than others' are made worse off relative to the rest of society. Predominant among these groups are industries which are oil intensive.

Much of the motivation behind many policy-makers' arguments for broad-based market interference with prices appears to stem from the effect of higher prices on low-income members of society. We suggest that the government can address the low-income concern through policies which do not falsely attribute the problem to efficiency in the market's function. Success in this will leave those low-income consumers in question better off, as well as increasing the total well-being of the economy.

The public perception that shortages of products inherently result from world oil market disruption, with attendant phenomena such as the gasoline lines of 1979, is mistaken and appears to be based upon the problems created by regulatory intervention. Without intervention and the threat of intervention creating artificially low prices in decontrolled markets, the problems most commonly perceived as resulting from world oil market supply disruptions (including product shortages, allocation by fraction, and excess demand for price-lagged product) would not exist.

In decontrolled products, we find that the perceptions of price-gouging that were prominent in 1979 grew out of the perception that the actions of the major oil companies constitute a benchmark for market function. Product prices charged by the majors have been regarded as the only relevant measure of current market prices; consequently, higher efficient spot prices were perceived as artificially high. Concomitantly, majors' nonprice allocation by fraction gave rise to the illusion that absolute unavailability of product existed and demand was going unsatisfied, although in actuality, the only demand left unsatisfied was that for these firms' artificially cheap product.

Finally in Chapter 5 we examine the critical issue of what the federal government's role should be in the market transition process. We base our conclusions on an analysis of the relevance and propriety of past governmental intervention. This intervention has ranged from the broad-based price and allocation controls of the Emergency Petroleum Allocation Act, as well as narrow or restricted formats such as the governmental responses to the so-called diesel fuel crisis of the summer of 1979. We present a normative view of the appropriate role for government policy in addressing the different types of social and economic problems that stem from oil market crises, and suggest policies that are appropriate for addressing those policy goals which appear to lie behind most federal oil market policy.

Our major conclusions are that:

Federal regulation has been designed in response to the equity issues that arise from oil price increases. Regulation has attempted to address the way in which the burden of higher oil prices is shared across society. However, rather than approaching this concern directly through income transfer policies, the government has attempted remedies through market intervention—through policies which affect oil price and supply. Policy-makers have perceived an inherent problem in U.S. oil prices and have sought to alter these prices. They have failed to recognize that the difficulties of consumer adaptation do not relate to the efficiency of price levels, but rather to the reduced levels of real consumer income that higher prices cause. The cases of consumer hardship caused by oil price increases in decontrolled markets and brought to the DOE in this period were interpreted as evidence of market breakdown. Accordingly, they were remedied with market-distorting intervention, despite the fact that these markets exhibited no evidence of such breakdown. This policy response was the norm even in markets which were officially decontrolled.

In addition to the inefficient methods employed by DOE during 1979 for granting distributional relief, there is considerable evidence that the groups that received such aid constituted those with the best political representation in the policy process, rather

than those experiencing the severest income problems as a result of product price increases. In diesel fuel, which was decontrolled, both trucking and agricultural interests were granted substantial protection from the reality of higher prices during the summer months. Both groups are well known for the influence of their lobbying efforts on the policy process. Yet, while these groups were successful in securing aid, many other diesel consumers, experiencing similar or more severe problems of rising prices, received no protection.

Relief was provided to the agricultural and trucking industries by the Economic Regulatory Administration by granting these consumers legally guaranteed rights to additional supplies of artificially cheap diesel fuel from major oil companies. This represented an inappropriate method of addressing the distributional problems experienced by these consuming groups, distorting their adaptation to the reality of higher oil prices and interfering with the efficient operation of the U.S. economy.

It is highly probable that many groups appealing to DOE for relief during periods of oil market disturbances do so not out of genuine hardship. Rather interest groups are cognizant of the potential windfall gains that they may obtain through beneficial regulatory intervention. These benefits are termed infra-marginal rents. They accrue due to the unevenness of the price adjustment process across firms in the U.S. oil industry, and specifically from the price-lagging behavior of major oil companies. In recent years, many of the appeals brought before DOE have been based upon this price-adjustment unevenness and, thus, constitute competition for the rights to these rents through the policy process.

It must be concluded from our analysis that the U.S. cannot adapt properly to future crises in world oil markets if government actions mask the truth about price and supply conditions in these markets. Rather, the American economy must be allowed to adapt efficiently to the increases in world oil prices which arise from world oil supply disruptions. If remedial action is to be undertaken by the government in response to distributional concerns, such action should be designed to directly augment consumers' incomes and thus provide aid in coping with higher prices. Policy-makers should not repeat recent mistakes by attempting to redress problems of low income by altering the prices consumers face for oil. Adaptation to the reality of higher prices during periods of world oil supply disruption is a necessity.

INTRODUCTION

There have been two major oil crises in world and domestic markets during the past decade. The first occurred in 1973 due to the Arab oil embargo; the second was spurred by the Iranian shutdown beginning December 1978. Both of these crises have stemmed from a sharp reduction in the total amount of oil produced and available on world markets. These supply reductions caused sharp price increases, which in turn had damaging effects upon the domestic economies of major oil consuming nations.

In both periods, the American oil market's reflection of the international realignment has engendered a crisis atmosphere in the United States, with sharp consumer anger arising in response to the changes occurring in the oil market and resulting political and regulatory response from governmental institutions. During both 1973–1974 and 1979, there were many charges made by those at virtually every level of policy making that actors in U.S. oil markets (and major U.S. oil companies in particular) were functioning in a manner completely at odds with the needs of the American economy. There have been numerous complaints that the prices charged for oil products, particularly by the major oil companies, were either too high or climbing too fast. There has been a common perception that the U.S. oil companies created actual shortages of various oil products—that is, that consumers could not purchase products at any price, and certainly not at one reasonably close to what consumers considered to represent a fair and efficient price for the commodity. Consumer anger over these perceived problems created a great deal of adverse political fallout for the U.S. oil industry, which in turn resulted in various regulatory restrictions on oil industry behavior during these periods.

In the wake of events, it has become the general expectation among U.S. policy-makers that world power balances and uncertainty within the Middle East are such that we must assume that events of a similar nature are likely to occur again in the near future. Thus, a major topic of debate centers on how governmental institutions should plan for and react to world oil crises in the future.

In order to plan policy for future oil supply emergencies, policy-makers, academicians, and planners must have a clear understanding of the nature of the problems that developed in American oil product markets during past periods of disruption.

Yet, despite the volatility of the issues that surround periods of oil market disruption and change, and their significance for policy-makers, few attemps have been made since 1973 to study this market phenomenon in depth and to make empirically supported conclusions regarding the existence and nature of the market problems that have been widely perceived by the public. It is therefore important to the functioning of our economy for us to understand more fully the nature of the process by which the U.S. oil market transitions reflect new conditions of supply and price in world oil markets and the role that the U.S. oil industry plays and should play in that transition.

This study presents such an analysis of the process by which U.S. markets adapt to major changes in the price and supply levels of oil in the world market. We have chosen the most recent period of turbulence, 1979, for our examination. Unlike 1973, this period allows us to study the American adaptation process both in petroleum products still under governmental price and allocation regulation, and in those that are ostensibly free from such restrictions and are priced and traded in an unfettered market.

We approach our analysis of the issues surrounding the effects of oil crises upon United States markets in what we believe constitutes a different manner than that contained in most existing studies that address the market's transition-period state. Most studies that have addressed the issues relating to these periods—of which the most prominent have been those of Kalt (1981), MacAvoy (1977), Harvey and Roush (1980), an Verleger (1979)—have focussed upon the effects of specific regulations on the market's ability to operate, making assumptions about the performance of the market devoid of such regulation. We, however, take a different approach. It is our goal in this study to analyze the actual patterns of adaptation that we see in these markets, both those devoid of governmental interference and those still under the control framework of EPAA. Having established the workings of this market as our base—rather than using certain regulatory initiatives as our starting point—we attempt to draw conclusions about the nature of the influence of political institutions on these markets.

We approach our examination of the nature of crisis in American oil markets in several stages. We begin our study by defining the nature and effects of a world oil market disruption: why these disruptions have occurred, what they have meant for United States oil consumers, and what measure we believe should be used to gauge the seriousness of any world oil market crisis. In Chapter II we proceed to define the economic position of the United States relative to world markets in oil products. We demonstrate the economic implications that stem from various methods of U.S. adaptation to world supply shocks, and then, from empirical examination, judge what we believe to be the pattern of the United States market's adaptation to world market changes.

In the third chapter, we offer an examination of those issues that have been of most direct concern to U.S. policy-makers and the public: those that surround the process of adaptation and change within American markets and that relate to the conduct and performance of different sectors of the American oil industry. Here, we arrive at our primary conclusions about the price levels that Americans see in the market during times of disruptions and the market's efficiency in allocating available oil products across consumers. We also draw conclusions about whether American oil markets, if left unfettered, adequately function to meet the economy's oil demands in times of change, or whether there are serious problems inherent in the working nature of these markets.

In the fourth chapter of the study, we propose a theory to explain the pricing patterns that are observed to occur in the market during periods of disruption and change. The theory attempts to draw together the types of pressures that interfere with market function over the short-term, and thus describe the constraints that American oil companies face when making price and supply decisions during these periods. Finally, in our fifth chapter, we tackle the task of defining the problems that we believe exist in these markets. We approach this from three perspectives. First, we define, in categorical terms, the real nature of the problems that we believe arise in the U.S. in times of oil crisis. Second, we relate the reality of these problems to the many misperceptions regarding their nature, effects, and cure which we believe have existed to a striking degree among the public and policy-makers since 1973. Here, we present evidence, in the form of case studies on the 1979 market problems, of the divergence between the realities of these problems and the illusions that cloud perceptions of policy-makers and thus adversely affect regulatory response. Finally, we make observations regarding the appropriateness of government regulatory response to these market problems and render conclusions on the nature of government response in relation to the reality and illusions we have described in this market. We close with some final recommendations on the appropriate forms of government planning for and response to future world oil market crises.

ANALYSIS OF 1979 OIL MARKET PROBLEMS AND POLICY RESPONSE

At this stage, we have accomplished three of the four major tasks that we embarked upon. We have presented a detailed empirical picture regarding the efficiency of U.S. oil market pricing during periods of world oil market shock and transition. We have also reached conclusions regarding the availability of marginal supply in various controlled and decontrolled product markets—that is, whether, regardless of pricing patterns exhibited in the market overall, the markets were clearing at the margin. Finally, we have advanced a theory regarding the causal origin of the pricing patterns we have observed in these markets. The task still remaining is to pull together these conclusions regarding the market's function into a positive discussion of the problems that we believe exist in the market during periods such as 1979. In addressing this issue, we approach our analysis from several perspectives.

First, we separate the problems that occur in these markets into two categories: those relating to the efficiency of the market and those relating to the impact of higher oil prices upon the well-being of consumers and oil companies. Concerning the former of these problems, if the market evidences a breakdown in pricing and allocating goods in the most optimal manner across society, efficiency considerations may suggest intervention in the market to alter the signals consumers and producers perceive. The latter of these problems involves considerations of economic fairness in society: how wealth is distributed across consumers and producers, and what policy-makers perceive as a fair sharing of the burden imposed on all consumers due to the reduction in their real purchasing power caused by higher prices.

The second perspective we take, once we have distinguished efficiency and fairness problems observed in the market, involves a comparison between actual problems and the public's and policy-makers' perceptions of these problems. Throughout the most recent period of American market turmoil, there was clearly much misunderstanding regarding the nature of the changes and problems that were occurring. Price increases, gasoline lines, and other facets of the adjustment process with differing causes, cures and implications for judging the market's workability were rolled up in the public arena into an inseparable, ill-defined lump termed "oil market crisis". It is important for our ability to cope with future crises that light be shed upon the relationship of these general misperceptions to the real market situation.

Third, we examine the nature of the government's policy responses to the actual changes occurring in the market and to the public's perceptions of those changes, e.g., were government regulatory initiatives in 1979 directed in such a way that programs actually addressed the efficiency and distributional issues that existed in the market? As we briefly noted, and will expand upon in this chapter, efficiency and distributional concerns demand very different types of institutional response. We thus need to define the appropriate governmental response to the general problem types we find, and examine the record to see if policy has arisen in response to the reality of market crises or to the illusions fostered by the prevalent misperceptions of those crisis. We will thus be able to draw conclusions regarding the propriety of governmental response to the crisis of 1979 and, inferentially, to suggest some guidelines for policy action in the face of future world oil market crises.

5.1 Definition of Market Problems.—In this study, we have stated the efficiency/fairness dichotomy several times. Let us review it quickly here and comment on the policy implications of the two types of market problems.

Generally, two types of economic problems, those relating to economic efficiency and those relating to fairness in the distribution of income, may occur within markets and among market participants in a transitional period such as in oil markets during 1979. Although efficiency problems may well have distributional implications, the differences between these two categories of problems are such that their efficient redress is generally through separate means.

5.1.1 The Problem of Economic Efficiency.—How do we define marketplace efficiency problems, their effects and their cure? Our primary concern in market transition, as we have seen throughout this paper, is that U.S. prices should adjust to reflect world prices so that an optimal response by U.S. consumers and producers to the reality of higher prices is possible. In this way, the U.S. economy will demand the optimal amount of oil as U.S. consumers will receive the correct signals regarding the actual value of oil. If an efficiency problem exists in a market, the price charged in the market does not represent the real resource cost and social value of the commodity. If oil is priced above its marginal cost, demand is less than is socially optimal. Conversely, if oil is priced below its marginal cost to society, it will be overdemanded by consumers.

In terms of economic efficiency, the adaptation process is working if all products are allocated, by price, to their most highly valued use in society. Those who value the use of a given amount of oil at less than the price that clears the market—those who are unwilling to pay the higher price for oil—must make do with less. The maximization of total U.S. economic wealth dictates that the nation utilize the resources available to it in the most efficient manner possible. A prerequisite is to allow price to reflect the true cost of oil to society and to require consumers to make consumption choices based upon that price level.

What are the visible signs of a problem of market inefficiency? Whenever U.S. product prices in major markets, particularly the contract market, remain significantly below spot prices, efficiency problems exist. Similarly, whenever some sellers in a market price at other than the market-clearing price, efficiency problems exist. In adition, efficiency problems exist when markets actually fail to clear; that is, when there is unsatisfied demand in the market. In this situation, nonprice forms of rationing the product, such as lines, will appear.

We have seen instances in recent years of inefficiency low oil market prices. What is the correct method of dealing with this kind of genuine market inefficiency? This type of problem demands redress through a correction of the market process. The process, as reflected in the price of the product, is causing consumers to face the wrong market signals. Further, governmental responses that merely attack some visible results of the efficiency problem, without attacking the basic price inefficiency itself, should not be seen as correcting the market distortions to any significant degree. For example, many times during both 1973 and 1979, in a market in which prices were too low and actual shortages of product developed, the government's response was to direct a change in allocation priorities.[1] Such actions do not address the efficiency problems created by the shortage, but rather only redistribute the benefits of the lower prices between consumer groups. Some groups will be made better off, due to higher allocation fractions, but they are made so at the expense of the other groups whose supply of inefficiently low priced product diminishes. Thus, the burden of the shortage is transferred among consumer groups rather than alleviated. The appropriate remedy, if the source of market inefficiency is a deviation of market prices from their efficient norms, is to take action which allows price to reach efficient levels.

5.1.2 The Problem of Economic Equity.—As described in Section 3.1.2, all users of petroleum products suffer real losses in income when oil prices rise, as any given amount of money will not buy as many petroleum products as it previously would. A change in the price of a commodity as central to our economy as oil produces major upheavals and alterations in the mode of operation of virtually all facets of our economy. We may expect to observe three classes of consumers hurt by these transformations. The most obvious of these is the passive consumer of oil products whose relative economic standing in society is appreciably worsened by his reduced purchasing power in the face of higher fuel prices. A second less obvious class of consumers who lose from rising prices is businesses that depend upon a continued supply of cheap oil. A third, and related class, consists of those businesses such as auto producers that produce products that are used in conjunction with oil.

Many sectors of American industry will undergo radical change, and some may in fact cease to exist altogether when faced with the reality of higher oil prices. It must be clear from our foregoing analysis that in terms of economic efficiency, this result may not be inappropriate. Rather, such adjustments must happen for our society to adapt. Patterns of commerce and transactions which were constructive and profitable in the past may simply no longer be profitable due to the altered state of the market. The change will necessarily be painful for some. There are certainly arguments that action should be taken to aid those most severely hurt by the altered economic situation, but it must be recognized that these arguments are ultimately based upon considerations of fairness and equity rather than economic efficiency in the adaptation process.

The distributional consequences of a rapid increase in the price of oil can be severe, and there are certainly convincing cases which can be made—and which we would make—that some form of relief should be channeled to those hurt by altered market conditions, when political realities dictate.

The appropriate method for granting relief is one which does not interfere directly with the efficiency of the adaptation process. That is, interference with the net price of the oil products themselves or the consumption choices made by consumers faced with higher oil prices should be avoided. For instance, it is better from an economic efficiency and consumer welfare point of view to provide a low income consumer with $100 in direct aid rather than allowing that consumer to purchase oil at an artificially low price, sufficient to yield the same total amount of effective aid.

Direct financial aid to those consumers deemed severely hurt by oil price increases constitutes the least distorting method of correcting the distributional problem. Such aid helps these consumers or consumer groups to cope with the impact of increased oil product prices by augmenting their income, while not altering the oil price level for them or other consumers. Aid, clearly, should never be tied economically to the particular kind of fuel which has created the adverse impact on the consumer. By economic typing, we mean that the aid is associated, either directly or indirectly, with the use of the fuel. An example of a direct fuel-aid tie is illustrated by a direct subsidy on per-gallon consumption of the product; an example of indirect tying is represented by a lump-sum subsidy which is only available to those consumers who actually consume oil products (e.g., the lump-sum of money is given to anyone with an oil burner).[2] Any such tying will encourage over consumption of fuel by recipients of such aid.

We now proceed to analyze the problems extant in controlled and decontrolled product markets during 1979 in order to render a judgment regarding the nature of the perceived market problems during this period. Given the analysis in this section, we may then suggest the remedies appropriate to the types of market problems that we have observed. Following this, in Section 5.3, we compare the actual remedies undertaken by policy-makers to our efficient benchmark, and determine whether the Department of Energy, policy-makers, and the public were perceiving problems correctly and undertaking appropriate policy in response to those problems.

5.2 Empirical Examination of Market Problems in 1979.

5.2.1 Controlled Products.—As we have shown, in the major controlled product, gasoline, genuine problems of market efficiency were evident in 1979. In gasoline, the coupling of price lagging with the control framework resulted in actual shortages of the

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product at various times during the year. Sufficient supply of gasoline was not available at the market price to satisfy demand; and a relatively large amount of industry-wide nonprice rationing resulted. Public perceptions of "supply problems" were quite accurate, although the cause was not often understood. In fact, the two- and three-hour gasoline lines in May and June of 1979 represented huge "shadow," or actual resource-cost, prices for gasoline. Many gasoline consumers were correct to perceive that, for them, gasoline had become completely unavailable. This was not due to a lack of supply, but because the combined costs of waiting in line and pump price exceeded the benefits these consumers derived from gasoline consumption.

That the control framework in this major consumer product created grave inefficiencies in the market has been well understood for some time. Several authors have performed extensive analyses on this framework.[3] Therefore, we will not examine the control framework in detail here. We will note two aspects of the generally-held conclusions regarding the framework which we believe are particularly pertinent. First, product controls only become binding during periods of rapid world oil price increase. It would seem that the intent of the policy-makers who designed the controls was to "soften the blow" of oil price increases during the transition process.[4] But the existence of binding controls during periods of transition tend to make consumers worse off. Two-hour gasoline lines in a number of large metropolitan areas during the summer of 1979 represented huge welfare losses for consumers, as well as net efficiency losses to society.

Second, it seems clear that it is the control framework, and not the market itself, which has led the huge errors in public information and expectations regarding world oil market crises. Both in 1973–1974 and 1979, a control framework bound prices in the most widely consumed oil product (gasoline) and thus created shortages in that product. As a result, most consumers and policymakers have the expectation that a world market supply cutoff will result in an absolute supply-demand gap—a shortage—in U.S. markets. Of course, absent intervention, consumers would simply have to adjust to higher gasoline prices, not cope with a supply-demand imbalance.

This incorrect perception has become almost a crippling encumbrance to appropriate reaction from the public and government to a world supply shock. Talk of "emergency conservation measures," "emergency allocation priorities," and other forms of market intervention to counter expected shortages dominate policy discussions in response to world market turmoil, as a cursory reading of popular news journals from these periods demonstrates. If the true nature of the distributional problems created by price increases were not masked by the shortages and inefficiency which the control framework has clearly caused, policy might better resolve the equity issues inherent in price increases. The price and allocation control response to the problem of higher prices represents the classic example of damaging efficiency in an attempt to address what are primarily distributional concerns.

Many of those who have demonstrated the most profound concern for the plight of the less fortunate have fallen into this trap, believing that basic economic signals can somehow be changed or controlled to benefit those needing income aid and assistance.[5] The service they do for the less advantaged would be greatly increased were they to understand that their attempts to cure these distributional problems through market intervention, rather than through more direct income transfers, ultimately adversely affect the entire American economy—including those whom they seek to aid—by decreasing the total wealth available from the American economy.

5.2.2 Decontrolled Products.—In decontrolled products, we have seen evidence that contract prices, particularly those of major refiners, lagged substantially below efficient marginal prices throughout 1979. This certainly created allocative inefficiencies insofar as some consumers, if faced with the efficient price in contract product, would doubtless have consumed less. Ultimately, however, economy-wide inefficiencies were moderated by a well functioning market for marginal supply. The infrequencies of lines in decontrolled products suggests that, due to active use of product spot markets, these markets cleared at the margin. However, we have not yet examined this claim in any detail. Many prominent policy-makers and members of the distillate consuming sector voiced belief through 1979 (and continue to hold the belief today) that product availability was a problem during this period.[6] Many contended that product was often absolutely unavailable in the market and that real shortages did exist. We turn now to an examination of these claims, using as evidence records on one of the period's most intense distillate problems, May 1979, and the region of the country most affected during this period, the Midwest.

The most extensive policy hearings in which the problems of distillate supply were addressed were those surrounding the Economic Regulatory Administration's (ERA) implementation of Special Rule 9 on May 16, 1979. This rule was an emergency supply directive which mandated allocation priorities in distillate products (see Section 5.3.1).[7] These hearings, held in Washington on May 18 and 19, 1979, occurred at a point of intense public concern about the dislocation they perceived in the primary distillate markets. The transcript from the hearings demonstrates that many consumers complained to ERA that a sufficient supply of distillate was not available to them. This complaint was taken at face value by many within DOE. A close reading indicates that major suppliers, who traditionally met a huge proportion of these consumers' needs, were indeed establishing allocation fractions in diesel. These were generally in the neighborhood of 50 to 95 percent of the base-period levels of maximum contract volumes, as seen in Table 4. However, posted prices for diesel from the major suppliers throughout the West and Midwest were roughly in line with the major seller diesel prices presented in Table 5.[8] Thus, what these consumers were actually faced with was a shortage of diesel from majors at artificially low prices.

The transcript indicates that spot market supplies were available to these purchasers during this period throughout the Midwest and West at prices not substantially different from those observed in coastal spot markets.[9] To be sure, spot prices sometimes approached twice contract prices during this period—particularly in June, as was seen in Graph 3. Nevertheless, the fact that some distillate consumers chose not to consume spot diesel may be interpreted as a consequence of the price-elasticity of demand for diesel fuel. Consumers who refrained from buying spot product indicated by so doing that the change in relative valuation between oil and their output product was such that the cost of diesel made some marginal level of their business unprofitable. If so, this abstention represented an efficient reallocation of societal resources in the face of new market prices. Increased oil prices were forcing appropriate adaptation by these sectors.

Transcript testimony from the Special Rule 9 hearings shows graphically the equation between the general perception of product unavailability and the reality of high prices—prices many consumers believed were too high to constitute "real" market prices. Several of those testifying made the true nature of the "unavailability" issue unusually clear, linking the issue of "unavailability" directly to their inability to afford available spot product.[10] This testimony provides the most illuminating perspective upon the nature of the supply crisis experienced by diesel purchasers in the spring and summer of 1979.

The following exchange between Mr. Barton R. House, Acting Deputy Administrator of ERA, and Mr. Horace Kimball of Telum Corporation, the largest operator of independent diesel truckstops in the West, demonstrates this:

"Mr. KIMBALL. You will find enclosed a list of our 1978 suppliers and the amount of diesel supplied to us the first four months of 1978 and 1979. Please note that our shortages from these suppliers are a record of continual decline. In January, it was 19 percent; February, 26 percent; March, 33 percent; and April, 42 percent; and, as of yesterday, down to 51 percent . . . like Mr. House has said, yes, there is product on the spot market. But does he know what the spot market right now in diesel fuel is in New York Harbor?

"Mr. HOUSE. Ninety-three cents.

"Mr. KIMBALL. That is right. Ninety-three cents . . . I think that about sums up what we have. We have given you a list of our suppliers for these three months to give you a little background . . . We go out on the open market and, normally, buy on the rack price system, filling in with the spot system.

"But, as this gentleman has told you, with this spot market completely out of sight, we have nowhere else to go. We can't go to the spot market . . . the spot price was so much higher than the rack price that we really couldn't get any." [11]

Thus, sectors adversely affected by higher prices perceived their "need" as an absolute one. In their view, the market was not working because their need could not be met at traditional prices in traditional ways. But the existence of efficiently priced spot product available to these sectors indicates that their problem was not an efficiency or market problem and should not have been addressed through market mechanisms. To state this and, thus, categorically to condemn certain kinds of solutions to the problem, neither belittles the true nature of the problem nor implies that action should not be taken to address it.

While it may have been the case that many demanding relief from high prices based on efficiency arguments did so with honorable motives, it should nonetheless be policy-makers' function during these periods to possess sufficient information regarding the market to undertake policy action without relying on the often incorrect information given them by interested parties seeking favors.

5.3 Governmental Response.—Has governmental response to the problems that we have observed in controlled and decontrolled markets been timely and of the proper construction? We shall examine each type of market separately to render judgments on the propriety and efficiency of the observed governmental response.

5.3.1 Controlled Products.—It appears that the response to the real problems of shortage caused in 1979 by price and allocation controls was complicated by the basic political reality of consumer pressure which we have discussed in Chapter 4. The only government response which could have truly alleviated the nature of the market problem was to rescind controls. This would have left consumers angry at higher prices, but would have removed the huge and visible costs of dysfunctional markets.

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Within the existing framework of price and allocation controls, ERA's attempt to manipulate the system of controls in response to particular crises in gasoline constituted a basically sound initiative given the political constraints. Price controls, during the 1979 adjustment periods, were binding only in specific, limited areas of the country, particularly urban areas. This was reflected on a pattern of localized shortages—efficiency crisis—rather than a nationwide one. Consumer anger directed at the Department over gas lines was the outgrowth of a genuine efficiency problem; and DOE's reaction—to attempt to alter allocacame closer to clearing—probably represented an efficiency gain.[12] This conclusion only holds if product redirection does not result in the creation of shortages in new areas, which, during 1979, it generally did not.[13] It must be understood, however, that this kind of band-aid approach to the inefficiency of controls was never completely successful in eliminating inefficiencies in controlled markets during 1979.[14] That these ERA actions may have had some positive effects does not suggest that the inherent inefficiencies in a price and allocation control framework can ever be completely ironed out through ad hoc emergency measures.

Our conclusions regarding the ERA response to the inefficiencies created by their own system of price and allocation controls are thus mixed. Given the control sytsem's existence in 1979, DOE regulators who were faced with managing the inefficiencies created by the controls were able to do some good. However, the existence of control programs which had an impact on the efficiency of products' pricing and allocation caused considerable damage to oil markets and the economy.

5.3.2 Decontrolled Products.—Were the distributional problems in decontrolled products which we described in Section 5.2.2 perceived and reacted to correctly by the regulators? Or were these market equity considerations misunderstood by ERA policy-makers as they were by the consumers who were affected by them? Unfortunately, we find that the latter is the case. Let us examine several examples of ERA's reaction to those problems which we documented in Section 5.2.2. In particular, we shall examine ERA's response to the claims of agricultural operators and the trucking industry that diesel "shortages" were ruining their ability to conduct business.

5.3.2.1 Department of Energy Response to the Agricultural Industry.—Faced with the prospect of rapidly rising prices for diesel fuel, the agricultural community brought complaints to the Department of Energy beginning in the early spring of 1979. These complaints centered on the inability to secure sufficient diesel from market sources to complete spring planting. As evidence, they produced notices from most major Midwestern diesel suppliers that diesel consumers would be on allocation fractions for an indeterminant period in the future, lasting at minimum through the summer months. Pressure on the Department was exerted through Midwestern states' representatives, such as Representative Tom Harkin (D-Iowa), who testified at the hearings on Special Rule 9 on May 18, 1979. In addition, the major lobbying group for agricultural interests in the Washington policy process, including The American Farm Bureau Federation, the National Council of Farmer Cooperatives, and the Agricultural Energy Users Conference, made their views well known. Meetings between these groups and ERA regulators occurred throughout the spring of 1979; and written communications on record highlight the positions taken by these groups in arguing for agricultural relief. Representatives of the farming sector, as well as those individual operators who communicated with the Department, termed the developing Midwestern situation a "shortage" of diesel fuel. In their view, this was conclusive evidence that the market was preventing the production of one of America's most important commodities.[15]

As our analysis in Section 5.2.2. has demonstrated, problems of absolute product unavailability—shortage—in this region during exactly this period of time simply did not exist for consumers of distillate products. Rather, the problem which farmers and other distillate consumers faced was that of coping with the efficient, yet sharply higher prices for the product which were reflected in local spot markets. The allegation by farming interests and others involved in the Special Rule 9 process that an inadeqaute amount of product was available to them was, in actuality, incorrect. Rather, this allegation stemmed from the distributional concerns of these groups. Their call for "additional supplies" of "fairly priced" product was in fact simply a plea for wealth transfers in the form of additional allotments of the artificially cheap distillate product of the major companies. Thus, faced with higher prices on marginal markets, the agricultural community took steps in May of 1979 to secure protection from having to adapt to the changes occurring in the U.S. oil market.

The ERA response to this equity-based demand from the agricultural community was to accept their allegations regarding absolute supply unavailability in the market and to issue regulation as redress. It is obvious that farmers in the Midwest successfully convinced DOE regulators that it was essential to the nation's welfare that their particular industry be kept functioning at traditional levels in traditional ways, and that it be insulated from the new market process by regulatory intervention. The Department responded by issuing an emergency directive, Special Rule 9, on May 16, 1979, ordering that price-lagging majors who were supplying agricultural operators on contract furnish their farming customers with 100 percent of current needs in diesel fuel.[16] This amounted to a giant windfall gain for farmers. With guaranteed access to unlimited, inefficiently cheap oil, farmers were able to continue their production activity through 1979 as if the major supply shocks and price increases in world oil markets had never taken place.

The problems experienced by agriculture constitute a perfect illustration of the confusion between issues of economic efficiency and those of wealth distribution that arise in the oil market adaptation process. The plight of the agricultural community may have merited certain emergency measures to direct funds to those whose incomes were severely threatened by higher diesel prices. However, there is a clear distinction between providing such temporary relief and forcing distortions in efficient patterns of market interaction. Any measure that insulates an industry from the necessity of confronting higher prices, as Special Rule 9 did, clearly calls into the latter category and causes damage to the economy as a whole.

It is illuminating to note that the diesel-consuming community's response to the regulatory windfall of Special Rule 9 was exactly that which an economic model of rational expectations would predict: there was speculation in diesel fuel by members of the farming industry and by others who sought to take advantage of the weak certifications requirements imposed by the ERA. Anticipating still higher prices, fully cognizant of the high spot market price which Special Rule 9 shielded them from, and recognizing the temporary nature of the Rule itself, many agricultural consumers did not stop purchasing diesel under this regulation when they had procured sufficient supplies to guarantee that their springtime operations would function at 100 percent of traditional levels. Moreover, many nonagricultural purchasers suddenly and mysteriously became farmers. These consumers stockpiled in order to cushion themselves from future price increases.[17]

Several suppliers testified at the Special Rule 9 hearings that they had to meet agricultural supply needs of individuals whose agricultural credentials and whose documented "need" were unknown quantities at best. Mr. Charles Head, of Cities Service Company stated:

"We do know this, that we have a lot of quote 'farmers' who are showing up in the middle of Chicago and apparently have no indication that they are in the farming business and we are finding those pretty quickly and we have been swamped since the notice of Special Rule 9 has come out.

"Strangely enough, we have had more requests from those type people than we have from historic (agricultural) customers.[18]

A large independent diesel operator in the Midwest and West stated:

"We have a tremendous amount of farmers coming into our truck stops with their pickup trucks filled with 55-gallon drums telling us that their agricultural cooperative has been cut 100 percent and they just don't have any diesel. And, of course, we have to sell.[19]

Further, conversations with DOE regulators who aided in the implementation of this Rule indicate that farm inspections during this period show huge, open tanks in fields, filled to overflowing with diesel fuel.[20]

The rule of certain consuming sectors in affecting the market through manipulation of governmental institutions is evident in the regulatory politics that surround Special Rule 9. We suggest that the extent of the price protection that the farming sector secured in diesel bears little relationship to their relative distributional disadvantage. Rather, it appears evident that farmers secured what amounted to favorable price discrimination in diesel fuel due to their possession of some measure of political capital. Agricultural interests have long been extremely well organized in the policy-making process.[21] Over a span of decades, they appear to have created a symbolic political perception that their industry is endowed with qualities especially valuable to the American way of life, and not necessarily measurable by the market valuation of their output. It seems evident that the power to secure such regulatory protection from market forces as we observe here stems from this symbolic capital.

5.3.2.2. Trucking Industry Pressure and DOE Response.—The pressures which are brought to bear in the political marketplace by various actors in the American economy are demonstrated again by the process that led to the rescinding of Special Rule 9 after only half of its intended lifespan had elapsed.[22] Nonagricultural consumers of distillate products suffered losses in economic welfare due to the rule. As greater proportions of lagged-price distillate product were diverted into the agricultural sector, nonagricultural buyers were forced more heavily into the spot market. These groups, most notably the trucking industry, immediately began to bring pressure to bear upon DOE either to rescind Special Rule 9, to grant them equivalent relief from shortages, or both. (Later in the year, trucking industry pressure was augmented and perhaps even eclipsed by pressure from the home heating oil lobby.)

Trucking represents another industry in which the effect of increased oil prices is substantial. A precipitous increase in the price of diesel fuel means large increases in operating expenses for the trucking industry, as fuel represents a major variable input in the production of transportation services. Truckers, like members of the agricultural sector, complained of diesel shortages in hearings before DOE.[23] Once again, a close reading of testimony, coupled with a review of the diesel supply situation, indicates that the only shortage which truckers experienced was one of fuel at old, pre-Iranian-crisis

prices. It is clear from the transcript that some retailers, whether due to informational imperfections of the sort described earlier or in an effort to maintain customer goodwill, were lagging prices, decreasing supply, and nonprice rationing (by shortening their business hours). Other retail outlets were going to spot markets for marginal supply, charging market-clearing prices, and remaining open.[24]

Truckers were eventually successful in securing regulatory intervention on their own behalf, as well as being instrumental in putting an early end to the agricultural community's windfall benefits from Special Rule 9.[25] During the summer, DOE, at the trucking industry's behest and in conjunction with the Department of Transportation, set up "safe passage corridors" consisting of major interstate networks along primary trucking routes both east-west and north-south. The Department of Energy and the Department of Transportation took actions to ensure that major suppliers of the retail outlets along these highways would supply sufficient levels of product to enable retailers to stay open 24 hours a day.[26] Given that pressure was generally exerted on major suppliers to supply their contract customers, this resulted in the supply of additional price-lagged product to truckstops. This represents the same genre of wealth-transfer regulation as does Special Rule 9. Again, the true nature of this purely distributional aid was masked. Truckers' income problems were, like those of farmers, made to seem problems of market efficiency in allocating goods to those consumers who valued them most.

5.3.3 Further Perspectives on Governmental Response.—For the purposes of this study, the most important aspect of this examination of the DOE regulatory response is that price-lagging behavior of major oil companies ironically proved the pivotal tool which various aggrieved oil consuming groups utilized as evidence of market breakdown in order to obtain inefficient forms of government relief. Without price-lagging by majors, there could never have been a need for allocation fractions. Without allocation fractions and the majors' lagged prices serving as the prices that DOE regulators and the public perceived as representing the efficient norm, there would have been no illusion of shortage in decontrolled products. Rather, had majors' lagged prices serving as the prices that DOE regulators and the public perceived as representing the efficient norm, there would have been no illusion of shortage in decontrolled products. Rather, had majors' prices increased at purely market-determined rates, and had the market been devoid of political pressures, the only perception among policy-makers would have been accurate: that sharply higher prices were creating significant distributional consequences for many sectors of the American economy. Had this perception ruled policy-making in 1979, we might have observed greater attempts to provide direct aid and relief to adversely affected consuming sectors, rather than endless efforts to intervene in the market and obtain "emergency" supplies for sectors experiencing "product shortage" at artificially low prices.

When regulatory actions taken in 1979 in response to price increases in world oil markets art juxtaposed with those from earlier years, there emerges an interesting difference. Before 1979, the trend in regulatory response to price increases had been toward imposition of broad-based, open-ended regulations, such as the price and allocation controls of the Emergency Petroleum Allocation Act. These regulations set overall allocation priorities in oil products, affecting the general petroleum-consuming population as a whole. In 1979, by contrast, major markets other than gasoline were left decontrolled (although as we have argued, this does not mean unconstrained). Regulatory initiatives in this recent period took the form of the distribution of specific benefits to specific consumers for specific time periods. This shift may well stem from a judgment by regulators that the optimization of the government's political benefit from regulation is closer to its maximum when regulatory bargaining with consumers and producers is not constrained by an infrastructure of long-term regulation. Such long-term regulation clearly confines the bargaining power of both the government and market participants, but particularly that of the government. Hence, we see in petroleum product regulation in 1979 the kind of regulations which appear to grow directly out of competition for the short-term maximization of political and monetary capital through the political-regulatory process.

It is interesting to note, as a final perspective on this regulatory process, that there appears to be some set of constraining parameters within which DOE must operate when distributing these benefits through the regulatory system. It seems that it is possible for redistributive "shortage" regulation to be so narrowly focused upon specific beneficiaries that the public and the political community recognize that it in fact achieves wealth transfer rather than market efficiency goals. For example, in 1979, the Economic Regulatory Administration (ERA) of DOE ordered Mobile Oil to increase supplies of gasoline and crude oil to three independent refining cooperatives in the Midwest to which Mobil had long-term supply commitments and which Mobil had placed on allocation fraction. The cooperatives had appealed to ERA, claiming, like agriculture and trucking, an inability to obtain adequate supply. However, in this instance, Mobil brought suit against the ERA in federal court, charging that the cooperatives had access to unlimited spot product at a price 8 cents per gallon higher than that which Mobil was charging, and that all the order amounted to was a windfall transfer away from Mobil's other customers to the cooperatives.[27] The court found for Mobil, indicating that blatantly redistributional regulatory actions may carry negative political implications.

It is an interesting exercise to ponder what reasons lie behind the public's and policymakers' complete acceptance of large-scale redistributive regulatory intervention, such as the trucking and agricultural cases cited above, as opposed to their obvious opposition to more limited and ultimately less economically damaging redistributional regulations such as this one involving a specific oil company and a few specific beneficiaries. On the surface, it suggests that when an entire sector of the economy is adversely affected by oil price increases, policy-makers are hard-put to believe that serious market inefficiency is not involved. By contrast, in smaller cases, the gainers-versus-losers nature of the "market problem" is sufficiently obvious that the distributional nature of both the problem and the regulatory cure is plain.

5.4 Caveats Regarding Consumer, Firm and Governmental Behavior.—Several aspects of transition-period behavior of all actors in the oil market—firms, consumers, and government—are subject to certain qualifications. These considerations constitute something of a grab-bag of disparate economic effects; but these behavoral peculiarities are important to note because they cloud the nature of the responses of all actors to both market signals and government policy. In this section, we discuss, first, some consumer expectation problems which appear to exist in the market, and second, various manifestations of wealth distribution issues. We close with a final example of the efficiency/distributional dichotomy.

There appears to exist a perceptual bias in consumer understanding of the operation of the market which is in large part caused by conditions created by government intervention. The primary problem is one of consumer expectations and information in times of sharp oil price increases. It appears that two types of distortions in information and expectations exist among consumers. First, with the advent of a sharp oil price increase, consumers seem to possess an informational gap regarding the technology and economics of oil and substitutes at new, higher prices. Second, and more serious, consumers' understanding of the world adjustment process seems to have been sharply distorted by the inefficiencies caused by government controls on the market which have existed since 1971. With the fall of Iran, discussion among media and consumers reflected expectations of an impending "shortage", product unavailability, and lines. Much of this discussion of mythical "shortfalls" in oil imports, in domestic product supplies, etc, appears to have stemmed from a belief that domestic oil markets inherently exhibit nonclearing tendencies during periods of world supply shock. Indeed, it does represent what has happened in gasoline markets twice during the 1970s. But the expectations that actual shortages will occur in American markets, even if they are decontrolled, as an automatic consequence of oil price increases on world markets seriously hampers consumers' ability to prepare for and deal with the real effects of a loss in world oil supply. This loss, of course, reduces purchasing power due to higher prices. This problem of consumer misperceptions will be solved by the government's withdrawal from these markets. Positive governmental initiatives, in the area of information as to the actual causes of shortages, could be of benefit.[28]

Three caveats should be voiced regarding the regulatory distribution of benefits between various groups on the basis of financial hardship suffered because of oil price increases. First, many groups complained of hardship in 1979 due to the distribution pattern of artificially cheap, price-lagged product. In reality, the existence of any price-lagged product in the market constitutes a windfall benefit to consumers. The relative distribution of such product is not really a case of hardship, but of proportionate advantage. Moreover, any attempt to alleviate distributional problems by interfering with the allocation of this artificially low-priced product is an inappropriate form of government intervention. To use the regulatory problem of price-lagging to cure other problems will only serve to institutionalize and worsen this undesirable syndrome—as the example of Special Rule 9 testifies.

Second, we note that consumer group power does not necessarily coincide with need in times of oil market transition. The business of aiding particular groups distributionally during these periods has the potential to result in little more than pork-barrel politics. Again, this appears to have occurred in 1979; and it is not clear that the trucking and agricultural industries constituted those distillate consumers most in need of relief from higher oil prices. Rather, they may well have been the ones with the loudest voice in the political system.

Third, to the extent that consumers of a product expect to be bailed out when faced with a substantial price increase on the product, they will misdirect their investment in that product.[29] This is only the case if the consumer subsidy is tied to the use of the product in some manner. For example, if a direct dollar subsidy is made available only to consumers with oil furnaces in the face of an oil price increase, and if this is the ex-

Footnotes at end of article.

pected solution to future emergencies, then the decision to heat with oil versus other alternatives is made with this in mind. The tying of the subsidy of heating with oil causes the consumer to make his investment decision based on the reduced uncertainty and reduced cost to the consumer that future oil price increases now pose. This results in an inefficiently large investment in the product tied to the subsidy. Conservation in response to higher prices is thwarted.

It should be further noted, as another perspective on the equity/efficiency confusion in the policy arena, that competition for the wealth transfers inherent in cheap oil in and of itself constitutes much of the basis for the appeals that are made to DOE during these periods. Many groups demand relief from ERA during these periods not because they actually have the greatest income problems and cannot afford oil, but because they see the possibility of realizing a major financial gain from winning access to society's cheap lag-priced oil. In economic terms, the gains that groups realize on these below-marginal cost products are infra-marginal rents; and much consumer group activity in the policy process may be viewed as competition for these financial rewards.

A final example will make clear the subtleties which are often involved in separating the notions of efficiency and equity in the marketplace. During 1979, there was much discussion among distillate consumers on supply contract to major companies about the allocation of the majors' product. As we have seen, this product was priced below market value during this period, and concomitantly, was allocated by nonprice means such as allocation fractions. This constituted an inefficiency in the marketplace. However, complaints began to be brought before DOE in the early summer that these allocation fractions were not being administered fairly—that the majors were allocating product based upon bribes, the strength of long-term relationships, etc., rather than upon the priorities set in their own allocation fractions.

The allocation by bribes and other financial incentives of this artificially cheap oil may in fact be thought of as a preferable solution to that of simply allocating the underpriced product by simple allocation fraction rule. Those willing to pay companies monetary incentives to increase their allocations were in fact demonstrating a desire to purchase oil at even higher prices; that is, they were willing to pay for the product at prices which were closer to the efficient, market clearing price. It is probable that many of those who chose not to purchase product at this higher effective price, and who complained of the practice, were those consumers whose valuation of the product was lower—and who would, therefore, have reduced their consumption had majors priced at more efficient levels. Therefore, with respect to the majors' artificially cheap distillate, "bribery" to allocate supplies represented a more economically efficient solution than pure allocation by fraction or historical oil consumption patterns. As long as majors' effective prices remain below spot prices, these bribes simply raised the price of the product closer to the spot price (but clearly, not above; had this been the case, these consumers would have turned to the spot market itself for the incremental supplies that they desired). Many actors in the market—certainly those who brought complaints to the Department of Energy—perceived that this allocation-by-bribery constituted yet another market problem in distillate products. However, as should be clear from this discussion, that perception was erroneous. Indeed, the market system of allocation-by-bribery. This issue that market "bribery" raises is one of income distribution.

5.5 Market Problems and Government Response: Conclusions.—We have observed that two major types of problems existed in American oil product markets during 1979. One was related to the efficient operation of the market in the economic sense; the other was purely distributional in nature.

Regulatory-based efficiency problems in the market hurt the performance of the U.S. economy to a greater extent than the world market price increases alone would have. This reduced the overall welfare of American consumers. These problems—the primary efficiency problems that we believe existed or will exist in these markets during past or future periods of disruption—were caused not by the market but by either explicit or implicit government regulation of the market. The government's explicit price and allocation control framework prevented some markets from clearing. These controls and their adverse impact on markets have been the basis for the major problems which the public perceives as arising from world oil crises, including absolute product unavailability and waiting in lines to purchase product.

The government's implicit control over pricing is seen in the price-lagging by major suppliers of both controlled and decontrolled products. We believe that these price lags are caused by the existence of a political-pressure price constraint at work in the market. In decontrolled markets, this tendency probably does not result in inefficiencies that are as serious as those that tend to exist in markets subject to an explicit control framework because the margin of the market continues to operate efficiently.

The second problem that appears to exist in these markets is distributional. Oil price increases of a rapid and sudden nature engender precipitous alterations in the way that the nation's wealth is distributed across different members of society. It is this problem of losses in wealth by certain consumers that federal oil regulation has attempted to address over the years. However, in 1979 and in earlier periods, both the nature of this problem and the nature of its available solutions have been misunderstood by policymakers. Rather than being seen as a problem of consumer income, the distributional issue has been viewed as a market problem, specifically a problem of price level. Consequently, attempts at cures have generally revolved around altering the way in which the market sets price and allocates supplies, either through wholesale interference with the market's price and allocation mechanisms, or, as we have seen in 1979, through smaller, directed interventions that alter the way the market allocates products among certain specific consumers.

The implications of our conclusions regarding inefficiency in oil markets are simple. Removing all forms of direct government intervention in pricing and distribution of oil products would remove the more serious of the inefficiencies in these markets, such as gasoline lines, which arise in times of upheaval. As with all market inefficiency problems, the cure of that problem would leave the average American better off by promoting an expanded and stronger economy. The inefficiency caused by the price-lagging phenomenon, along with the concomitant allocation-by-fraction, has been caused by a government domination of oil markets since the early 1970s. If this is indeed the case, this constraint upon the market's operation will, at best, only disappear with time.

Remedies for the distributional problems that we have focused upon in this chapter are somewhat more complex. Quite legitimately, the issue of the economic welfare of certain citizens has been DOE's and the Congress' main concern in oil markets over the post-1973 period. Two separate types of distributional problems are evident: (1) when oil prices rise rapidly all consumers face net reductions in their real standard of living; and (2) when oil prices rise, certain groups whose livelihoods have been dependent upon oil products find themselves worse off, in a relative sense, than the rest of society.

If political realities dictate the need to provide certain parties with a short-term cushion from the full impact of higher oil prices, the use of tax and transfer mechanisms can be undertaken without destroying the allocative properties of the market. The direct provision of additional income to those targeted in the form of tax breaks or outright federal subsidy constitutes the desirable method of addressing distributional problems. As a general rule, then, we would warn those whose responsibility it is to regulate these markets to keep the problem of efficient resource allocations separated from that of fairness or equity—especially in the volatile and confusing times of oil market transition.[30]

SUMMARY AND CONCLUSIONS

The price changes in the world oil market that occurred during 1979 created major realignments in the domestic economy of the United States. By most measures, certainly by that of absolute price increase alone, this period constituted as grave a crisis in energy markets as did the first period of OPEC price hikes in 1973–1974.

In this study, we have endeavored to measure the efficiency of U.S. oil markets in adapting to periods of sharp transition such as 1979. We have been concerned with how quickly these markets adapt to the realities of higher world oil prices, and whether there are significant problems in either the prices charged for oil products or the manner in which the market allocates available oil products across consumers.

An examination of the relationship between United States and world oil product prices during the period of transition has led us to conclude that in most major oil products, there has existed a gap, with world prices consistently above domestic prices. Inefficiency in the worldwide distribution of oil products clearly must result from this price discrepancy. One of the most important conclusions that we have reached regarding American and world pricing structures during periods of transition is that there exists no basis in fact for the oft-heard allegation that American oil prices are artificially high during periods of crisis. Rather, we have found that, if anything, the reverse is true.

Our central conclusion relates to the adaptation process within U.S. markets. Utilizing the U.S. spot price as a base, we have examined the pricing behavior of firms within the U.S. economy and have found significant, long-lived price lagging by the major firms in the oil product marketplace. We have seen these firms maintain prices sufficiently below actual marginal prices that they have had to adopt methods of nonprice rationing even in petroleum products which have been formally decontrolled. This price lagging behavior by majors, combined with the concomitant use of allocation fractions, caused two primary misperceptions among the public during the period of crisis. First, the use of allocation fractions led the public perception of absolute unavailability of some uncontrolled products. Second, the public's perception of price-gouging resulted in a misinformed public and policy-making establishment, who viewed the lagged, artificially low prices of major oil companies as the efficient market prices in these products. We have found that majors lagged prices so severely in 1979 that in gasoline, which remains controlled, the formal ceilings were not the binding constraint on firms' pricing.

Our theory regarding the reasons for price-lagging by the major oil companies rests upon the observed politicization of United States oil markets. Oil consumers, their welfare adversely affected by price increases,

Footnotes at end of article.

have focussed their anger over price increases upon U.S. oil companies through the political process. The resulting political pressure has engendered, in the past seven years, legal and regulatory retribution directed at the oil industry. Consequently, U.S. oil companies with high public visibility have perceived a threat to their well-being arising from price increases. As a result, they have adopted a pricing strategy that results in inefficiently low prices during periods of shock to world oil prices.

Anger is focussed upon the oil companies by three groups whose net societal standing is increased by so doing. These groups—the political community, regulators, and the media—constitute the catalysts in the price-lagging process. The policy-making community, in response to this anger restricts or at the very least, threatens to restrict various aspects of oil-industry behavior in retribution for higher prices. Regulators abet the policy process to maxmize their own capital. The media's treatment of the price-increase phenomenon turns generalized public anger into directed consumer pressure.

The political pressure-based constraint only functions when two factors are catalysed to create it: the political visibility of individual firms and the political pressure for lower prices generated by the public. These factors appear to be essentially multiplicative in association. Observation of several other industries' pricing response indicates that without political pressure or without the degree of visibility and vulnerability that we have seen in the oil industry, this pricing constraint does not operate. Thus, our model is not specific to oil-market pricing alone, but rather allows us to make predictions regarding the industries within the U.S. which may become susceptible to a political pressure pricing constraint in the future.

In summary, the political pressure model represents an attempt to formalize a relationship between transition-period oil product pricing behavior, which clearly has not followed the textbook marginal rules, and the various constraints which seem to have emerged in unregulated, but nonetheless highly politicized, oil markets. Further research will aim at developing a more formal version of this model and incorporating a quantitative description of the constraints which firms in these markets face.

The nation will continue to see results like those of 1979 when there are sudden alterations in the price and supply equilibrium in world oil markets. The market politicization described here will continue and perhaps intensify. United States oil companies will thus continue to be forced against their own best interests, and the ultimate best interest of society at large, into inefficient and constrained patterns of adaptation. These patterns clearly have negative implications for the entire American economy.

Finally, this study has examined the problems which have existed in domestic oil markets during periods of market transition such as 1979. These problems can be attributed to various factors in the politico-economic marketplace and have shaped both public perceptions and governmental policy responses. There is evidence of efficiency problems in U.S. markets during the most recent period of transition in 1979. However, the efficiency problems which exist in these markets during periods of transition are not inherent in the market's operation. This study suggests that, in general, market mechanisms, if left on their own, will efficiently allocate oil products across consumers. The efficiency problems which we have found to exist appear to be caused primarily by explicit and implicit government-created constraints on the market. In controlled markets, the direct regulatory constraint has led to the most serious inefficiencies we see in domestic oil markets, with markets at times failing to clear and genuine shortages resulting. In decontrolled markets, the implicit political constraint on major companies results in lagged, artificially low prices and the use of nonprice rationing, in the form of allocation fractions, to allocate available supply. These markets, which clear at the margin, are less inefficient than controlled markets. The major problems in these markets lie in interconsumer misallocation of low-priced product, by the recipients of low prices, underproduction by restrained companies, and wealth transfers between consumers.

Major public misperceptions regarding the efficiency of the market's operation in periods of oil crisis have arisen due to these government-generated inefficiencies. The public's belief that world oil market turbulence leads to genuine product shortages with absolute product unavailability and rationing by such nonprice means as lines apparently derives solely from the distortions which regulation has created. The market chaos which regulation has caused serves to prevent consumers from perceiving and dealing with the real problem which the phenomenon of world oil market constriction creates: the problem of reduced consumer welfare stemming from higher prices.

Throughout periods of world oil market transition, distributional problems are created for U.S. consumers. These problems are particularly harsh for certain groups of consumers whose livelihood is tied directly to oil products. It is the reality of the income problem that policy-makers have sought to redress over the period since 1973. However, rather than addressing the true problem of adjustment to higher prices, policy-makers have perceived the problem as higher prices themselves. They have sought to soften the transitional blow for consumers by controlling the allocative mechanics of the market. The result has been market intervention to cure distributional problems which should, ideally, have been coped with through policies which do not significantly affect the market's operation. Distributionally-motivated initiatives began in 1973, with the price and allocation controls of the Emergency Petroleum Allocation Act. They may be seen in 1979 in such initiatives as Special Rule 9. These efficiency-distorting responses to distributional problems are the cause of the existing allocative problems which we observe in U.S. oil product markets during periods of transition.

Our conclusions in this study suggest strongly that there exists a need to redefine the U.S. government policy towards domestic oil markets. It is clear that the current framework of policy, which confuses market problems with issues of wealth distribution, has caused considerable damage to the proper functioning of the U.S. economy in times of oil price increase. This basic bias was built into the various phases of domestic refined product price regulation that began with the Nixon Administration Wage and Price Controls in August 1971 and ended only with Reagan Administration decontrol in January 1981. Decontrol has placed the EPAA control framework on stand-by status until its formal expiration in October 1981. It is clear that much of the debate in the first session of the Ninety-seventh Congress will concern replacement legislation. This replacement legislation will doubtless shape the way the government plans for and deals with oil market transitions for many years to come.

This study suggests that the termination of EPAA will not terminate less formal methods of price regulation. Nevertheless, it is vital to the proper functioning of the U.S. economy over the next turbulent decade that any formal EPAA replacement which comes out of the new Congress shed the delusions about market functions that were at the core of EPAA. Congress should recognize the economics of oil market crises and, if it sees fit, should make a major effort during 1981 to design programs based upon tax and transfer systems that will directly address the equity issues of rising oil prices. Programs must be designed that are based on the reality of the distributional issues raised by oil crises, not upon the misperceptions of the public, the media and the policymakers. To do otherwise, to repeat the mistakes of EPAA, will only serve to create future market difficulties in the U.S. when such difficulties demonstrably need not exist. Such misdirected regulation holds the promise of ultimately harming those whom its past champions have intended to help.

FOOTNOTES

[1] We discuss these policies in detail in Section 5.3.1.

[2] A further perspective on the effect of tying on consumption may be seen by referring to the discussion in Section 5.4, especially pages 154–155.

[3] See Kalt (1981), Harvey and Roush (1980), and Verleger (1979).

[4] See Note 16, Chapter 3.

[5] Among those Congressional leaders who seem to possess this basic economic misunderstanding are, in the Senate, Edward M. Kennedy (D-Mass.), Henry Jackson (D-Wash.), Howard Metzenbaum (D-Ohio); in the House, Anthony (Toby) Moffett (D-Conn.), Albert Gore (D-Tenn.), Peter Kostmeyer (D-Penn.), among others.

[6] Among those Congressional leaders who are on record on this matter are those referred to in Note 5, Bayh (D-Ind.), and Baucus (D-Montana). For examples of distillate consumers on record expressing this view, see Special Rule 9 Hearings Transcript.

[7] U.S. DOE/ERA *Special Rule 9: Amendment to Provide Middle Distillates for Agricultural Production*, 44 FR 28606, May 16, 1979.

[8] See Note 10, Chapter 3.

[9] For a perspective on the price and availability of spot market product to these consumers in this period, and a general discussion of the nature of higher prices they faced from all suppliers, see Special Rule 9 Hearings Transcript, especially pages 26, 34, 38, 75, 98, 147, 156, 228, 278, 291, and 318–319.

[10] Ibid.

[11] Special Rule 9 Hearings Transcript, pages 143, 144, 147, 156.

[12] Several sections of the EPAA allocation regulations specifically empower ERA regulators to make supply adjustments, albeit within fairly rigid constraints, in order to alleviate specific cases of shortage during periods of tight supply. Such reallocations are administered by the Office of Petroleum Operations in ERA. The special powers contained in the EPAA, Section 211:14, give DOE authority to redirect limited supplies of refined products. Section 211:107c gives consumers who have been cut to an allocation fraction of less than 75 percent a priority in petitioning the ERA for a new supplier. The Interim Supply Agreement allows a supplier to accept a new or severely supply-aggrieved business without going through the usual time-consuming supply certification petition. Further, ERA and the White House granted state governors temporary authority during 1979 to order intrastate redirection of existing petroleum supplies, and to demand additional interstate products from the major suppliers servicing the state. Finally, the state set-aside in refined products was increased from 3 percent to 5 percent during this year.

[13] If new regional shortages are created by reallocation efforts, a comparison of the pre- and post-levels of inefficiency involves interpersonal comparisons of the welfare losses which result from the shortages, and is thus inconclusive.

[14] That this approach does not result in

attainment of efficiency is evidenced by the existence of gasoline lines in 1979.

[15] Written communications between the named groups and individuals and ERA are on file in Control Correspondence, Economic Regulatory Administration, Office of Petroleum Operations. See also files of individual groups named for written communications on this subject from their individual constituents, and White House correspondence files for the same period, Office of Stuart Eisenstadt (who managed White House-level development of emergency diesel fuel policy in the spring and summer of 1979). See particularly these files during March–July of that year.

[16] See Note 7, above.

[17] For specific perspectives on the speculative buying which Special Rule 9 produced, see the Special Rule 9 Hearings Transcripts, especially pages 63, 86, 157, 158, and 306–308.

[18] Special Rule 9 Hearings Transcript, page 86.

[19] Statement of Horace Kimball, Vice President, Telum Corporation, Special Rule 9 Hearings Transcript, page 157.

[20] Conversations with ERA officials detailed to Special Rule 9 implementation process, Washington and Kansas City ERA Offices, conversations with the authors, July 1979.

[21] See Peltzman (1976) regarding the effects of group pressure on regulators. See Stigler (1971), Baldwin (1975) Chapter 1, Wilson (1980), and Kalt (1981) Chapter 6 for further discussions of capture theories of regulation.

[22] The agricultural priorities in Special Rule 9 were rescinded on June 21, 1979, after five weeks. Its intended time frame was to have been ten weeks, until July 31, 1979.

[23] See the Special Rule 9 Hearings Transcript for examples of trucking industry complaints, especially pages 222–245, 296–298 and 327–343. Trucking interests were ultimately aided by the regulatory process, but, unlike agriculture, hearings were never held to address their complaints in particular.

[24] We have discussed this issue regarding diesel retailers' adjustment in Section 4.2.3.1. In addition, we have provided testimony sources in the Special Rule 9 Hearings Transcript regarding the problems in diesel retailers' adjustment process.

[25] Trucking industry pressure was applied to the DOE in much the same manner that agricultural pressure was. Many groups representing trucking—including the Independent Truckers Association, the American Trucking Association, and the Independent Truckstop Operators Association—engaged in both verbal and written communication with ERA throughout the spring and summer of 1979, calling for relief. (Examples of correspondence are on file in ERA, Control Correspondence, Office of Petroleum Operations.) An excellent example of trucking industry pressure may be found in the Special Rule 9 Hearings; here, Mike Parkhurst, President of the Independent Truckers Association, inferrentially threatens to call a national strike and blockade of major interstates by his group members if TRA does not grant his constituency some form of relief (p. 231).

[26] The "safe passage corridors" created by DOE/DOT were never officially part of the rulemaking process. Consequently, neither regulation nor hearing can be cited. However, several White House press releases substantiate the existence of these corridors. These first press releases announcing their establishment are dated June 22 and June 28, 1979, (White House Media Liaison Office). The corridors, and supply jawboning, were undertaken by an interagency task force comprised of members from the Department of Justice, the Interstate Commerce Commission, the DOE, and the DOT, and operated out of the DOT Emergency Transportation Situation Center which existed during this part of 1979.

[27] See *Energy Users Report*, April 14, 1979. Also see *Mobil Oil Corporation* v. the *Department of Energy*, Case No. 79 CIV 1727.

[28] For a full discussion of the role of government advertising and educational campaigns during periods of oil crisis, see Erfle (1980) and Pound (1981).

[29] Clear perspective on how directly consumers perceive the effects of government-created incentives or disincentives on their investment decisions may be seen in the testimony of Mike Parkhurst, President of the Independent Truckers Association, in the Special Rule 9 Hearings Transcript, page 229.

[30] Alm and Hogan (1980) present a tax-rebate proposal to reduce the level of consumer-producer wealth transfer during periods of rapid petroleum price increase while preserving efficient pricing in oil product markets.

Mr. BRADLEY. I also submit for the RECORD a study done by the Department of Energy entitled "Domestic and International Energy Emergency Preparedness," and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

DOMESTIC AND INTERNATIONAL ENERGY EMERGENCY PREPAREDNESS

I. INTRODUCTION

This Department of Energy report contains an analysis of domestic and international energy emergency preparedness issues. It responds to questions raised by members of the Senate Energy and Natural Resources Committee and others. It represents the efforts of an interagency task force and reflects Administration policy positions where specific statements are made to that effect.

II. WORLD OIL MARKET TRENDS, INTERRUPTION THREATS, IMPACTS

A. General market trends

The decade of the eighties, unlike the seventies, is starting with a common understanding by officials of major oil importing nations that oil is expensive and less than a reliable source of energy. The oil embargo of 1973–74, fluctuations in supplies during 1979 resulting from the Iranian upheaval, continuing concerns about the stability in the Middle East and the 1100 percent price increase for oil since 1970 have resulted in fundamental changes in the production and use of oil throughout the world.

A significant trend away from oil reliance has begun to emerge. World oil production peaked in 1979 at 62.4 million barrels per day (MB/D), and declined to 59.5 MB/D in 1980 (see Table 1). Capital investment in alternative fuels and more energy efficient equipment and buildings has been substantial. By 1990, assuming recent trends continue, U.S. imports could decline to as low as 2 MB/D, (DOE estimates in the National Energy Policy Plan range from 2 to 7 MB/D) and imports of other member countries of the International Energy Agency (IEA) could decline as well, reducing reliance on Middle East oil. It is also significant that non-OPEC oil producers have increased their share of the oil export market. In 1973, OPEC producers accounted for 56 percent of global production. By 1980, this decreased to 45 percent and is expected to decline further.

Throughout the 1980s, however, considerable reliance on Middle East oil will continue. Any substantial interruption in oil supply will have dramatic and major adverse impacts on importing nations, including the United States.

B. Market structure

A number of structural changes have occurred in the production, refining and distribution of petroleum. The major international oil firms have less control over production rates and first sales of crude than in the early 1970s. These functions are now largely controlled by producing nations. Also, government to government transactions for oil have substantially increased.

However, there continues to be flexibility in the crude market as well as in refining and product distribution once the crude leaves the exporting nations. The degree of flexibility is not known but one has only to observe the 1979 market adjustments that were made to recognize what can be accomplished. Significant amounts of crude and products were and continue to be traded on the spot markets. In sum, while the very flexible arrangements that existed in the early 1970s are now restricted, considerable capacity remains to adjust to rapid changes in oil production levels. This is especially so when ample stocks are available in consuming countries.

TABLE 1.—WORLD CRUDE OIL PRODUCTION TRENDS

[Million barrels per day]

	1973	1977	1979	1980
World total	55.8	59.6	62.4	59.5
Communist	10.0	13.1	14.0	14.2
Non-Communist	45.8	46.6	48.4	45.2
OPEC	31.0	31.2	30.9	26.9
Non-OPEC	14.8	15.4	17.5	18.3
Middle East	21.2	22.2	21.4	18.4

Sources: Department of Energy, "Monthly Energy Review," April 1981 Central Intelligence Agency, "International Energy Statistical Review."

C. Petroleum supply interruption threats

In 1980, 41 percent of free world oil prodution came from Middle Eastern States surrounding the Persian Gulf. Nearly all of this 18 million barrels per day of crude oil passes through the Straits of Horumz. This critical reliance on highly concentrated production and transportation systems poses a substantial threat of a severe supply interruption for some duration.

Since 1973 three relatively small interruptions have occurred. The first in 1973 resulted from a political decision by Arab OPEC nations to reduce oil production and exports to the United States. Their motivation was the Arab-Israeli conflict. A second interruption occurred in 1978/79 as a result of social turmoil in Iran resulting in sharply curtailed production levels and significant price increases. The third was the Iraq-Iran war which began in September 1980. In the first two cases world oil prices rose substantially, certain producing nations increased production, and consuming nations reduced consumption in response to higher prices. The Iraq-Iran war had little effect on the market because oil consumption was already declining, stocks that were at record levels were drawn upon, and other producers again increased production.

Petroleum supply interruptions can result from:

Political decisions by producers to sharply reduce production,

Internal upheavals within producing nations,

External intervention by outside powers,

Natural disasters.

The likelihood that relatively minor interruptions will occur seems high based on the events of the 1970s. While they could have significant adverse effects, the ability of importing nations to withstand such events by relying on markets, not government allocation, and by assuring that disincentives to private sector stocks are removed is relatively good. The likelihood of more severe

interruptions (deeper and/or longer) is low, but the adverse effects would be substantial as discussed in subsequent sections of this report. Importing countries must be adequately prepared for such events.

D. Impacts on IEA member countries

For any supply interruption the potential adverse impacts on importing nations are similar:

Higher oil prices,

Loss of wealth to the oil exporting nations,

Temporarily reduced economic activity,

Pressure on financial markets and trade.

Major importing nations such as the U.S., Japan, Germany, Italy and others differ in degree of reliance on imported oil. Shown below, based on 1979 data, are country-by-country data on oil import reliance as a proportion of total energy use.

TABLE 2.—IEA OIL IMPORT RELIANCE, 1979

Country	Oil imports [1]	Total energy consumption [1]	Imports as percent of total energy consumption
United States	8.2	37.1	22
Germany	2.9	5.6	52
Japan	5.4	7.7	71
Italy	2.0	3.0	67
United Kingdom	.4	4.6	8
Canada	.2	4.7	4
Other IEA	5.4	10.0	54
Total	24.5	72.7	34

[1] Million barrels per day.

The Emergency Sharing System of the Agreement on an International Energy Program (IEP) can be activated for oil supply shortfalls exceeding 7 percent of IEA's normal consumption. In the absence of activation of the system, the burden of oil supply disruptions would be distributed by market forces and reflected in the world oil price. The IEP sharing system allocates available oil among member countries. This effectively limits each member country's net oil imports. For supply losses of 12 percent or greater, 10 percent of the supply loss is distributed in production to each member's oil consumption; the remaining supply loss is distributed among IEA members in proportion to their net oil imports during a specified base period. The IEP distribution of oil is therefore increasingly weighted toward a country's import level for severe disruptions.

For supply losses of 12 percent or greater, each member is obliged under the IEP to reduce oil consumption by 10 percent. The remaining shortage can be dealt with by any combination of reduced consumption, increased production, increased non-oil imports, or stock drawdown.

Table 3 illustrates the distribution of burden imposed by the IEP sharing system for disruptions ranging from 12 percent to 40 percent of IEA base period consumption (3.5 to 14 MB/D). Although changes in base periods affect the calculation, the relative position of the members is more stable.

In a disruption of 20 percent of IEA oil consumption, the U.S. would lose 7 percent of total energy consumption while Japan would lose 17 percent of its total energy consumption. For a very severe disruption (26 percent of IEA consumption) the U.S. loss rises to 9 percent, while the Japanese loss would be 24 percent.

This analysis shows the IEA member countries:

Have differing degrees of vulnerability, reflecting oil import dependency and the nature of specific disruptions, and

Vary as to the level of protection needed to ensure their ability to withstand a severe supply interruption under the terms of the IEP emergency sharing agreement.

The link between the energy vulnerability of IEA members and their political and security vulnerability is direct and inescapable. Oil has proved to be a powerful instrument of political pressure. Vulnerability to such pressure could cause allies to withhold support for U.S. diplomacy. It could also stimulate subtle attempts to curry favor with oil exporting countries, which could weaken cooperation in other policy areas. The IEP oil sharing agreement helps other oil vulnerable nations resist these political pressures.

TABLE 3.—RELATED DISTRIBUTION OF IMPORT LOSS UNDER THE IEP SHARING FORMULA

[In percent]

IEA shortfall depth/country	Import loss as a fraction of base period oil imports	Import loss as a fraction of base period oil consumption	Import loss as a fraction of base period total energy use
4,200,000 barrels per day (12 percent consumption):			
United States	28	11	5
West Germany	12	13	7
Japan	14	13	9
7,000,000 barrels per day (20 percent consumption):			
United States	42	17	7
West Germany	27	27	13
Japan	27	27	17
9,000,000 barrels per day (26 percent consumption):			
United States	51	21	9
West Germany	37	37	18
Japan	37	36	24
14,000,000 barrels per day (40 percent consumption):			
United States	75	31	13
West Germany	61	61	29
Japan	61	59	39

Note: Assumes full compliance with IEP sharing system. Base period data for 1980. The burden is the amount which each member must either forego or make up by stockdraw and increased production or increased nonoil imports.

III. DOMESTIC PREPAREDNESS—SEVERE INTERRUPTIONS

A. Background

The economic losses inflicted by a major disruption in oil supplies are due to three main factors: (1) the increase in oil prices and reduction in oil supplies raise production costs and reduce productive capacity, (2) the U.S. must pay more to foreign producers for oil imports, which reduces national income, and (3) aggregate demand declines because of the economic uncertainty created by the disruption and because of the rapid wealth transfer from consuming nations to foreign producers. These economic losses may also be exacerbated by institutional rigidities in wages and prices and inappropriate government policies.

The resulting losses in output, employment and income and the associated hardships cannot be eliminated either by emergency response plans or by government subsidies for synthetic fuels, solar energy or other substitutes for imported oil. This stems from the fact that oil, whether imported or domestically produced, is a major factor in our economy and any large reduction in supply must ultimately translate into a reduction in output. Moreover, even if substitute fuels are available to some degree, a large, sharp increase in oil prices cannot be assimilated in the short run without substantial economic impacts. Even if oil imports were completely eliminated, major disruptions in world oil markets would be telegraphed to the U.S. economy through increases in domestic oil prices and a loss in exports to Japan, Western Europe and other oil-import-dependent trading partners whose economies would be damaged. Emergency response plans are important and can help in the adjustment process, but the main problem is the limited flexibility of any industrialized economy to adjust to sharp increases in the price of so basic a commodity as oil.

B. Petroleum stocks

Since the basic problem is the inability of the economy to adjust rapidly without substantial losses, the development of adequate levels of petroleum stocks that can be drawn down in an emergency is one of the most direct and effective solutions to the problem because it reduces the size of the adjustment required. Use of both private and government-owned stocks are effective in reducing shortfalls in petroleum supplies and the associated economic losses and national security threats. U.S. oil stocks are presently at an all-time high level. Combined private and government stocks, as measured by criteria of the International Energy Agency, now total 243 days of imports, considerably more than held by any other major importing country.

The Strategic Petroleum Reserve (SPR) as of July 1, 1981, contained about 160 million barrels, and approximately 40 million barrels are expected to be added by the end of this fiscal year. With 200 million barrels in the SPR and the large volume of private stocks, the U.S. will have very substantial protection against major supply disruptions. The Administration is committed to increasing this protection as rapidly as feasible and will press ahead with capacity development and oil acquisition for the 750 million barrel reserve.

Government policy can also be effective by reducing disincentives to private oil stockpiling and other forms of self-insurance and by reducing institutional barriers to fuel switching, power wheeling and other adjustment mechanisms that can increase the flexibility and resiliency of U.S. productive capacity. Petroleum price controls and allocation, whether actually in place or held in standby status, are the largest and most pervasive disincentive to self-insurance by the private sector. Oil companies, distributors, and end-users will not develop adequate stocks or adequately diversify sources of supply if they expect the government to preempt inventory profits on those stocks by price controls and to ensure the prepared and the unprepared alike a "fair share" of petroleum supplies at a price substantially lower than can be obtained on the spot market.

C. Emergency response options

In addition to ensuring that private and SPR stocks are adequate and that barriers to economic adjustment are minimized, an effective strategy must also establish what actions the government will or will not take during a petroleum supply disruption. There are basically two options: the kind of price controls and allocation strategy relied upon during the past eight years and a strategy of basic reliance on the market.[1] In addition, there are two suboptions which have received considerable attention in conjunction with the market reliance strategy: a fee on oil imports and a mechanism, such as a tax cut and increase in transfer payments and grants to States, to redistribute Federal tax revenues to consumers and the States. These four options are examined below.

Price Controls and Allocation

Strategy description.—Under this strategy, domestic oil prices are held below market levels and supplies are allocated according to government priorities and preferences by regulation. This strategy attempts to reduce transfers from consumers to domestic oil producers and distributors by holding down

[1] Basic reliance on the market does not preclude limited Government involvement in the event of a major disruption. The President has numerous authorities available for appropriate actions in the absence of the Emergency Petroleum Allocation Act.

oil prices.[2] Oil products are allocated according to historical use with certain priority activities first in line. The strategy can only prevent or reduce the domestic part of the wealth transfer—foreign oil prices are beyond direct U.S. government control. To prevent domestic producers from receiving any wealth transfer, the government controls real domestic crude oil prices at predisruption levels. Domestic crude oil price controls are not sufficient to prohibit refiners and distributors from pricing their products high enough to clear the market. To avoid this, refiners and downstream distributors must be prohibited from charging more than a government-dictated mark-up over average crude oil costs.

However, since all refiners do not have the same access to price-controlled "low cost" domestic oil, further regulations are needed to avoid the politically untenable situation of some consumers having to pay greatly higher prices for gasoline and other products than other consumers. The remedy used in the past was a system of cash payments among refiners, whereby those refiners with greater than average access to price-controlled oil paid more import-dependent refiners an amount calculated to approximately equalize average refiner acquisition cost. In effect, this system, known as the entitlements system, taxed the use of domestic oil and subsidized the importation of foreign oil.

During normal times, suppliers generally allocate petroleum to those purchasers willing to pay the highest price. Price controls limit the price that can be legally charged, thus other allocation procedures must be found. Allocation procedures may also be necessary because incentives for anti-competitive practices may exist. With the selling price determined by average cost and with margins frozen, integrated refiners could have an incentive to supply their own retail outlets preferentially during disruptions, at the expense of independent retailers. Independent retailers would demand that the government remedy the situation. The remedy used in the past has been to freeze the relationship between suppliers and purchasers and to require suppliers to allocate supplies based on historical usage. Suppliers were required to sell an equal fraction of base period sales to all their historical non-priority customers.

These regulations tend to insulate existing purchasers from competitive pressures and make it difficult for more efficient refiners and distributors to expand their market shares. The government would presumably again establish a detailed system of priority categories whose members would be entitled to a larger fraction of historical use than other users. In the past this list has included farmers, fishermen, homeowners, parcel delivery, military, newspapers, and many others.

There is one final layer of regulations that would be required to address a problem associated with the first several months of the disruption: gasoline lines. In a major supply disruption, prices will begin to rise very quickly. If price controls are imposed before U.S. and world prices reach levels that would reduce oil demand to the new levels of supply, lines will form at retail gasoline, diesel, and general aviation fuel outlets. This condition would persist until U.S. refiners could identify, bid for, and obtain new crude oil supplies on world markets. To deal with the lines at the retail gasoline outlets, the regulatory strategy calls for imposition of gasoline rationing, or at least an attempt to do so.

Evaluation

Because oil prices would be lower in the domestic market than in the world market, U.S. demand would be higher, encouraging imports and adding some upward pressure on world oil prices. The somewhat higher world prices would increase the size of the economic rents paid to foreign oil producers, that is, foreign producers would be subsidized at the expense of domestic producers. The effects of these higher OPEC rents may offset the effect of lower oil prices in the U.S. economy.

More important, oil supplies would necessarily have to be allocated on the basis of data that is always out of date. Allocation systems cannot accurately reflect recent growth or decline in demand among areas or among firms and individuals, and they cannot anticipate nor accurately adjust for shifts in demand caused by uncertainty about supplies or the differential impacts of higher oil prices. Thus some areas and users are allocated larger supplies than they would have demanded at a competitive price while other areas and users receive less than they would have demanded. In past applications of gasoline allocation, for example, supplies have generally been ample in most rural areas and on interstate highways, but long queues were created in many cities. It is safe to assume that these shortcomings would increase substantially in more major interruptions.

Such misallocations and the price controls seriously impact output and employment. They increase production costs, as shorted producers attempt to substitute more expensive inputs for oil they would have gladly paid a higher price for. Oil is used disproportionately for less valuable uses because higher valued uses are not allowed to compete for more than their "fair share." Productivity and consumer welfare are also damaged by the long lines that form at gas stations because demand exceeds supply at the controlled price and because the gasoline is allocated on the basis of where it was needed a year ago rather than where it is needed now. For a major disruption of 10 MB/D in OPEC supplies (about 2.7 MB/D in U.S. imports) the time spent in gasoline lines is estimated to cost U.S. consumers some $2–3 billion just during a 3–4 months it would take to implement a gasoline rationing plan. The allocation system would also intensify the shortage for the average user because of off-the-top allocations to State set-asides and to various categories of legally privileged users who face no incentive to conserve, a wide-open opportunity to hoard, and an artificially low price to boot. In 1979 certain "priority" users were entitled to 100% of their "current needs," which was defined at whatever they said it was.

In addition to these impacts on producers and consumers, price controls and allocation would require huge bureaucracies at both the Federal and State levels. It is estimated that a system of price controls, allocation and gasoline rationing would cost $2–3 billion per year to administer and would cost the private sector an additional $2–3 billion for compliance activities. The hundreds of pages of complex regulations required would be subject to various interpretations and often legal challenges. Political influence and political expediency would play a major role in the operation of the system. Once established, political constituencies would develop quickly, making it difficult to dismantle the system after the emergency is over, as has been amply demonstrated.

Market Reliance

Strategy description

This strategy relies on the market to price and allocate petroleum supplies domestically.[3] It is based on the principle that markets which are most efficient and effective in allocating resources during "normal" times will also serve as the best, though perhaps imperfect, allocator during supply disruptions, even severe disruptions. It also recognizes that major supply disruptions not only reduce the supply of petroleum but they also create huge uncertainties and major shifts in demand. Thus it is especially important during major supply disruptions to use every drop of oil as efficiently as possible, to encourage conservation and additional oil production, and to respond quickly to the shifting patterns of demand.

Evaluation

Oil prices in the world market will be somewhat lower under a market strategy compared with price controls because there would be no subsidy provided for imports through an entitlements program. Domestic petroleum prices, however, will be higher under a market strategy. The Department of Energy estimates that world crude prices during a major disruption of 9.4 MB/D would increase from $38/B (1981 first quarter base level) to a peak of $119/B in the very short run, and then perhaps subside somewhat as substitution possibilities become more available. This assumes that the IEP emergency sharing system is in effect. Gasoline and distillate prices could reach peaks of somewhat more than $3.00 per gallon in the U.S. market, approximately $1.00–$1.40 (50–70 percent) higher than under price controls. On the other hand, lines would be eliminated under a market strategy, except possibly for occasional, brief shortages which would be quickly eliminated by supplies responding to the higher prices.

The overall rate of inflation during a disruption will be determined to a large extent by monetary policy. The Administration is committed to a policy of steady money growth to reduce inflation. If monetary policy is used in this way to maintain overall price stability in the face of an oil shock, oil prices will grow relatively more rapidly and other prices relatively less rapidly under a market strategy than under controls and allocation, but the overall rate of inflation will be roughly similar under the two stategies. In fact, with monetary policy maintaining a steady growth in nominal income, inflation will be slightly less under the market strategy compared to controls and allocation since output and employment will probably be somewhat higher.

Conservation, fuel switching, and domestic oil production will be maximized as millions of individuals and firms respond to rising oil prices. These decisions can best be made on a decentralized basis at the grass roots level by the millions of consumers and producers who are most knowledgeable about their own circumstances and the alternatives available.

Individual decisions by producers and distributors in response to changing relative

[2] The National Petroleum Council (Emergency Preparedness for Interruption of Petroleum Imports, April 1981) has proposed no price controls at the wellhead but controls on refiners' and distributors' margins. This approach, at least in theory, would eliminate most of the wealth transfer to distributors and refiners but allow the entire transfer to producers. Thus domestic oil prices would not be dampened to the same extent as under "full controls," but the effects on allocation efficiency and the need for complex regulation and a large, costly bureaucracy would be about the same.

[3] Authority will be available under the Defense Production Act to allocate oil supplies for national defense purposes should that become necessary during a major disruption. Other authorities also exist that could be used to restrict demand, encourage additional domestic oil production, encourage fuel switching, increase fuel-use efficiency, and encourage private stock drawdown by reducing the tax impact of such action. These authorities include: Sections 106 and 202 of the Energy Policy and Conservation Act (EPCA), Title II of the Emergency Energy Conservation Act of 1979, Sections 202(c) and (d) of the Federal Power Act, Section 404 of the Powerplant and Industrial Fuel Act, the waiver authority under Section 110(f) of the Clean Air Act, and Section 473 of the Internal Revenue Code.

prices will also provide the most rapid and effective response to any shortages that may develop in a region due to a disproportionate loss in supplies by refiners that serve the region or if such refiners give up oil under the IEP sharing agreement. While existing contracts between suppliers and their customers may cause some stickiness in the responsiveness of the market, higher prices in one region will quickly bid away crude and product from other regions to balance the burden. These adjustments will be made more rapidly and more efficiently in response to price signals than under price controls and allocation, where adjustments in regional supplies from outdated historical patterns would have to await decisions by government bureaucrats on each case or class of cases, using information that is inevitably incomplete and outmoded in comparison to what is available to the market on a day-to-day basis.

Due to its reliance on a decentralized flexible response, the market strategy will be better able to deal with uncertainty than will a regulatory approach. The length and depth of a disruption will not be known at the outset. Nor will the disruption be of constant, uniform size. This strategy accommodates uncertainty by relying on many decision-makers and the ability to respond quickly. The less concentrated the decision-making authorities, the greater the diversity of response, and the less the chance that a central decision-maker—who at the outset of past emergencies has consistently overestimated the severity of oil supply disruptions—will cause widespread damage by decisions that later prove to be wrong or substantially off the mark.

A decentralized response strategy that relies on prices also provides strong signals for the private sector to prepare for disruptions in advance and to take actions during the disruption that reduce the damage. Refiners, distributors, and end-users—from farmers to rent-a-car firms—would have greater incentives to build oil stockpiles, if they knew that prices will be allowed to rise and the government will not allocate supplies during disruptions. Opportunities for legitimate, socially-beneficial gain provide these incentives. Similarly, utilities and industrial oil users would in many cases find it in their self-interest to install multi-fuel capacity for use during periods of high oil costs.

Import fee

Strategy description

A fee on imported oil has been proposed by a number of people as a means to reduce payments to OPEC and the adverse effects on the U.S. economy. Authority exists under Section 232(b) of the Trade Expansion Act to impose such a fee during major disruptions in oil supplies.

As oil prices rise during supply disruptions, the United States and other oil importing nations will pay higher prices for fewer barrels of oil. If the United States, perhaps in concert with its oil-importing allies, can slow the rise of oil prices and can reduce their ultimate level by an import fee, a portion of this wealth loss may be avoided. This assumes that a fee on imports, by reducing demand for imports, will reduce world oil prices. Price may not fall if oil producers cut back production by the amount of the demand reduction.

Evaluation

A fee would raise the price of both imported and domestic oil above world market levels, which may induce some additional production in the U.S. and further reduce demand. If a fee prevents world oil prices from rising as high as they would have otherwise, the United States (and all other oil-importing nations) would pay less for oil imports, even though U.S. consumers would be paying higher prices at the pump, the difference being the fee.

This additional tax on the American consumer would be difficult to explain and support during a period when oil and other prices are already rising rapidly.

The effects on output and employment of an oil import fee are difficult to forecast. The positive effect of reduced payments to OPEC may be offset by the higher domestic prices for oil and the lower quantities of oil imported. There is also the uncertainty about whether some foreign oil producers will cut back production to try to offset the dampening effect of a fee on world oil prices. This is particularly likely if the disruption is the result of a politically motivated embargo.

A fee would be more effective and more beneficial to the U.S. if other importing countries also imposed fees. However, other members of the IEA have shown little enthusiasm for fee strategies, possibly because most European nations already tax motor gasoline heavily. Discussions have centered on levels of imports with the mechanisms for achieving these targets left to each nation's discretion. Even if the IEA members were to agree in principle on a coordinated fee, it would be very difficult to reach agreement on the size of the fee, on the timing and coordination of implementation, and on how the fee would relate to existing agreements on demand restraint and oil sharing under the International Energy Program (IEP).

Emergency Tax Cut and Increase in Transfer Payments

Regardless of which of these emergency response strategies is followed, a major disruption in oil supplies is likely to cause a temporary increase in domestic oil prices. Such disturbances should not be countered with expansionary quick-fix monetary and fiscal policy measures. Instead, the Administration's commitment to growth oriented tax and budget policies, lower inflation and a strong dollar should be renewed and intensified. In particular, the program of monetary restraint should be reaffirmed. Also, emergency tax rate reductions to enhance output in the energy and nonenergy sectors should be implemented and financed out of revenue increases generated through higher oil prices. In these circumstances price disturbances and output disturbances will be shortlived and localized. A general acceleration of inflation and prolonged recessions can be avoided.

One approach is an emergency tax reduction and increase in transfer payments which could be implemented during major oil supply disruptions. The tax reduction and increased transfer payments could be handled through the existing income tax and income transfer programs, such as Social Security, Supplemental Security Income, and AFDC. A portion of the funds could also be distributed to the State governors for redistribution to meet special needs in their States. By using these well established systems it is estimated that a tax cut and income transfer approach could be implemented more quickly and at substantially lower cost than a system of price controls, allocation and rationing. This approach has another advantage over price controls in that the latter provide assistance in direct proportion to the volume of oil products used (big users receive a larger subsidy than small users), which not only discourages conservation but may also be questionable on equity grounds.

Preliminary analysis indicates that for an emergency tax reduction and transfer payment system to be successful, it must avoid the kind of detailed targeting proposed by the Carter Administration in its gasoline rationing plan. An overly complicated system that attempts to provide precise equity for every area and category of consumer can neither be implemented quickly at the onset of a disruption nor be administered soundly and fairly.

Consideration has been given to providing preauthorization for an emergency tax reduction and transfer payment system and to require the President to develop a standby system for approval by the Congress. Our preliminary analysis indicates that further analysis and contingency planning on this subject should continue. Questions need to be resolved about the feasibility of designing and enacting standby authority in advance for a system that would be workable and suitable for use during circumstances which cannot be accurately forecasted and which may not occur until some time in the future.

D. Conclusions

The Administration is convinced that the welfare and interests of the American people will be best served if the government follows a policy of making sure that the nation has adequate insurance in advance to ameliorate the effects of major oil supply disruptions and, in the event of a disruption, of allowing the market to do the job it does best—allocating scarce resources efficiently and effectively among competing demands. For this reason the Administration is opposed to enactment of any petroleum allocation or price control authority, including extension of the Emergency Petroleum Allocation Act. It is essential that we proceed with the development of the SPR as rapidly as feasible and also ensure that the private sector has proper incentives for self-insurance and that institutional barriers to endurance and flexibility in the economy are removed. No other action could have a more salutary effect on the preparedness and endurance capability of producers and consumers alike than to guarantee that domestic price controls and allocation of oil for civilian purposes will never again be imposed.

Adequate levels of private and government stocks and reliance on the market will ensure that the adverse effects of oil supply disruptions are minimized and that the various groups of producers and consumers and different regions of the country will be treated equitably. An import fee has no compelling virtues. It involves government interference in private sector productive decisions and hence could easily introduce undesirable and costly distortions. The possibility of developing a system of emergency tax rate cuts and income transfers should be analyzed further, and questions should be resolved about preauthorization of such a system. Finally, to insure a strong dollar and prevent a new outbreak of general inflation, oil supply disruptions must be greeted with a firm and nonaccommodative monetary response.

IV. INTERNATIONAL PREPAREDNESS—SEVERE INTERRUPTIONS

A. Background

In the event of a severe petroleum supply disruption, oil importing nations have several alternatives for response.

Stockdraw to increase supplies available for consumption during a disruption.

Surge Production, including increased domestic production of any energy source.

Increased Imports of non-oil energy supplies.

Foregone Consumption of petroleum products.

Each of these options involves economic costs.

The major oil importing nations have agreed, in the Agreement on an International Energy Program (IEP), to take certain measures in the event of a major international petroleum disruption to distribute available oil supplies among IEA members. These measures include demand restraint, stock drawdown, and the international sharing of oil.

The IEP sharing system allocates available oil among member countries. This effectively limits each country's net oil imports. A country's imports are effectively limited to its calculated supply right minus its current production.

More specifically, the IEP emergency sharing system may be activated when the IEA

group of twenty-one member countries as a whole ("general trigger") or an individual IEA country ("selective trigger") experiences a 7 percent or greater shortfall of available petroleum supplies, measured against final oil consumption during a specified base period (the previous four quarters, with a one quarter lag).

The IEP provides that in the case of a general trigger, the participating countries will distribute oil supplies available to them on the basis of "supply rights", derived in accordance with a prescribed sharing formula. A country's supply right is equal to its final oil consumption during the base period (the previous four quarters with a one quarter lag), minus a demand restraint obligation (7 percent of base period consumption if the shortfall is between 7 and 12 percent, and 10 percent of consumption, for shortfalls of 12 percent or greater), and minus a share of the remaining shortfall determined through an emergency stock drawdown calculation, which is based on a country's share of net oil imports in the previous calendar year. To the extent that oil supplies which are destined for an IEA country exceed or fall short of that country's allotted share (supply right), oil supplies are allocated through a system of voluntary offers from participating oil companies to insure that the total of oil production and oil imports received by each country is limited to its supply right. This process differs slightly in the event of a "selective trigger" in that only the affected country is expected to reduce its demand and only by 7 percent with its residual shortfall made up by other member countries on the basis of their respective oil consumption in the base period.

The IEP emergency sharing system can be activated by the IEA Governing Board when the IEA Secretariat finds that the members have incurred or can reasonably be expected to incur a reduction in available oil supplies exceeding 7 percent of consumption as compared with the base period. However, the IEA Governing Board may, by special majority, prevent activation. The special majority to block a general trigger requires an affirmative vote by 15 of 20 members and 60 percent of the "combined" voting weights (the U.S. holds 31 percent of the combined voting weights). To block a selective trigger, a vote of 17 of 20 voting members is required.[4]

This emergency system is designed to achieve a specified distribution of oil and reduce spot market oil price pressures by limiting each IEA country to a specified share of available supplies. Thus, during severe disruptions, IEA members will act cooperatively to reduce oil price increases below what would occur without cooperative efforts by importers. Collective action can be effective in dealing with the OPEC cartel while assuring the distribution of available quantities of oil among IEA nations according to an agreed formula.

When an oil supply interruption occurs, a passive strategy will result in lower oil consumption and higher oil prices. The high oil prices will cause enormous losses in GNP. The IEA sharing agreement provides a framework for the U.S. to coordinate its actions with similar actions by all other members of the IEA. Collective responses to a major disruption can significantly reduce the GNP losses of an interruption and the cost to the U.S. of preparing for an interruption.

The Administration is committed to the International Energy Program because the IEP provides the basis for reducing unnecessary conflicts among key consuming countries for dealing effectively with disruptions in cartelized world oil markets and therefore for protecting the interests of the American people. An inherent part of this commitment is the need to assure that the IEP emergency system will function as effectively as possible.

The IEP is a program in evolution. Its members have been forthright in recognizing the work which needs to be done to allow it to improve its effectiveness.

B. U.S. obligations under the IEP

Participation in the IEP emergency system imposes a number of obligations on the U.S.:

Maintenance of emergency oil stocks (and/or standby production capacity or fuel switching capacity) sufficient to sustain oil consumption for 90 days with no net imports as defined by IEP.

Maintenance of the ability to reduce consumption of oil by 10 percent or, as an alternative, readiness to draw down oil stocks in excess of the 90-day commitment sufficient to supply up to 10 percent of normal consumption.

Participation in the IEP emergency sharing system by both the U.S. Government and U.S. private firms. This has the effect of limiting net oil imports during a disruption.

C. Oil stocks and demand restraint

The U.S. currently has in place the necessary statutory authority and government programs to implement its commitments to the IEP.

Oil Stocks

Oil stocks are the most effective mechanism for mitigating the adverse economic effects of an oil supply disruption. Private U.S. firms have historically held more than the required 90 days of stocks on a gross basis. At present, with the reduced import levels fostered by the 1979–1980 oil price increases, U.S. gross oil stocks stand at 243 days of imports, as displayed in Table 4. The U.S. Government owned SPR, currently holding 27 days, could hold from 107 to 375 days at its 750 million barrel level, depending on actual import levels when fill is completed.

TABLE 4.—SUMMARY OF CURRENT AND PLANNED U.S. OIL STOCK POSITION

	July 1981 position		Planned position (late eighties)		
	(Barrels millions)	Import days [1]	(Barrels millions)	Import days [1]	
Private stocks [2]	1,300	217	1,000+	143+	to 500+
SPR stocks	160	27	750	107	to 375
Total gross stock [2]	1,460	243	1,750+	250+	to 875+

[1] Assumes net import level of 6,000,000 (barrels per day currently and 2,000,000 to 7,000,000 through May 1981 was 5,300,000 barrels per day. DOE estimates 1980 imports at 2,000,000 to 7,000,000 barrels per day (see NEPP). Totals may not add due to rounding.

[2] Includes only primary stocks.

Although virtually the entire content of the SPR is available for emergency drawdown, the precise usability of private stocks is less certain. A portion of these is physically unavailable for use, such as that volume necessary to fill pipelines and processing facilities. Additional volumes are working inventories at refineries and distribution terminals. Drawdown of these volumes would impose costs in the form of inefficiencies, distorted distribution systems, and spot shortages. Thus the actual endurance represented by the gross private stock levels is certainly less than the total number of days. One estimate that may be optimistic places the minimum required private stock level to protect working inventories at roughly 700 million barrels (based on 1973 NPC analysis, updated for year-end 1980). Past experience with DOE price and allocation controls in effect has shown fuel specific regional problems when U.S. stock levels fall near the 1 billion barrel level. It is important to note that stocks of a particular product and seasonality are important factors in evaluating minimum acceptable levels. Without price and allocation controls in place the distribution system would be more efficient.

In summary, U.S. stocks are well in excess of our IEP obligation at present, and this excess will expand further as the SPR is filled. When the SPR is completely filled, the U.S. expects to hold more than 3 times its obligations to the IEP.

The actual draw rates for private stocks during a severe disruption will depend on market forces, and is unlikely to be smooth throughout a disruption. These illustrative quantities provide only a very rough indicator of the endurance available. Because of the importance of strategic stocks, the U.S. Government is committed to seeking improved stockpile policies for IEA members so as to extend their endurance in the event of a severe disruption.

Demand Restraint

The demand restraint obligation in the IEP requires a 10 percent reduction in consumption in the face of a 12 percent reduction in supplies (7 percent in a 7 percent disruption) or, as an alternative, the use of stocks in excess of the 90 import-day requirement to support the specified share of consumption. Market price effects may operate to reach this level of reduction in consumption, the speed of such adjustment varying with the circumstances. Table 5 displays the price increases which would yield a 10 percent reduction in consumption for various assumptions about short term demand elasticity.

TABLE 5.—*Product price increases which yield 10 percent demand reduction for various constant demand elasticities*

[Necessary price increase to yield 10 percent demand reduction]

Assumed demand elasticity:	*Percent*
−0.50	23
−0.20	69
−0.15	102
−0.10	187

The economic losses associated with this adjustment can be minimized by relying on the efficiency of the market adjustment mechanisms.

It is entirely possible for the U.S. to meet its demand reduction requirement even if its oil demand is less elastic than other importers. For example, in a 12 percent IEA supply loss, the U.S. may be able to meet its demand restraint requirement with an aggregate U.S. demand elasticity 82 percent of IEA demand elasticity.

DOE estimates of market balances during severe disruptions support the possibility that a price adequate to balance global oil markets will yield 10 percent or greater U.S. consumption reduction, the speed of such adjustment varying with the circumstances.

If demand restraint is not achieved by market price effects, the U.S. has adequate authority, discussed below, to impose import quotas or fees as necessary to reduce consumption. This might occur, for example, if the IEP sharing system substantially depressed market prices or if U.S. firms sought to build up stocks.

Finally, under Article 16 of the IEP, the substantial excess of U.S. stocks over the 90-day IEP requirement could be used to support consumption in excess of the 90 percent level.

D. U.S. participation in the emergency sharing system

The IEP provides that when the emergency sharing system is activated, the allocation of oil shall take place as necessary among the member countries. Those countries with ac-

[4] These numbers change slightly if Norway, which has an associate arrangement with the IEA, agrees to participate in sharing prior to such a vote.

tual or projected supplies in excess of their supply rights are to allocate oil to those member countries whose supplies are less than their supply rights.

The emergency sharing system has been designed to achieve this allocation primarily through voluntary oil company actions. Facilitated by the antitrust defense afforded by Section 252 of the EPCA, U.S. companies are expected to make voluntary offers to supply to other IEA countries any oil which the U.S. is obligated to furnish.

The possibility of mandatory government intervention, in the event the voluntary system fails, provides a considerable incentive for U.S. companies to make the sharing system work. Voluntary international oil movements are to be preferred because they are less intrusive, maximize reliance on the market, and avoid having government direct the movement of cargo volumes. They also take advantage of the oil industry's expertise, and its ability to shuffle oil movements smoothly among destinations at the least cost.

The President, if he deems it necessary, may take any one or a number of different actions to foster voluntary compliance or to require mandatory compliance. Some of these include:

Distribution of oil from the SPR to firms voluntarily diverting oil to IEA member nations.

Limited domestic allocation of crude oil to such firms as necessary to achieve compliance with IEP obligations.

Appropriate adjustments for such firms if imports are limited by an oil import quota or fee.

Mandatory international allocation orders to U.S. firms as necessary to achieve compliance with IEP obligations.

Moreover, because the volume of oil to be allocated from the U.S. to other IEA member nations generally depends on the volume of projected net imports that would result in the U.S. exceeding its supply right, the President could, if he deemed it necessary, take any one or a number of different actions to reduce U.S. oil imports. Some of these include:

SPR drawdown to depress U.S. import demand.

Import fees or quotas to reduce U.S. imports.

The Department of Justice has reviewed the available statutory authorities (including the Energy Policy and Conservation Act, the Trade Expansion Act, the Defense Production Act, and the International Emergency Economic Powers Act) and concluded that they are adequate for all of these actions.

The policy of the Administration is to rely on market mechanisms and the voluntary system of allocation under the IEP. The authorities referred to would only be used if the President determines that some government action is needed to foster voluntary compliance by companies in the IEA sharing system or to require mandatory compliance. Such a determination would involve evaluation of the costs and benefits of each option.

The use of the quota authority would yield a limitation on oil supplies in domestic markets and a consequent increase in domestic oil prices over the already elevated level induced by the disruption itself. The result would be an increase in the domestic economic costs of the oil disruption, to the benefit of other oil importers for whom prices would fall reflecting the reduction in effective U.S. demand. Thus the quota action would be designed to preserve the benefits of the IEP allocation system associated with demand reduction, resulting world oil price reduction, and reduced wealth transfers to exporters.

The application of an import fee would yield similar, but more uncertain, results. There would be substantial difficulties associated with determining the appropriate size of such a fee to achieve the precise oil import ceiling specified in the IEP. This difficulty, severe enough in normal markets, would be exacerbated by the complexities of a severely disrupted market. However, the availability of EPCA Section 251 authorities for international allocation orders would enable the U.S. to meet its obligations if the fee were set too low.

The President has the authority to use oil from the SPR to compensate domestic oil companies for oil offered under the IEA system or to generally dampen demand for imports.

DOE plans to develop a contingency plan for a limited crude oil "fair-sharing" system to backstop voluntary offers, for activation should the President deem it necessary to meet our IEP obligations. The aim of this system will be to assure U.S. oil companies that the burden of supplying oil to the IEA sharing system will be shared equitably, if necessary through government ordered transfers of crude oil among them. It is the opinion of the Department of Justice that the President has authority to implement such a fair-sharing system under EPCA Section 251. In our planning for a fair-sharing system, we will be focusing on a very narrow system in order to minimize adverse effects on market decisionmaking and efficiency.

The decision on whether and when to exercise limited domestic crude oil allocation authority will be made by the President in light of circumstances during the disruptions. However, in considering alternatives the President will also consider the costs which such a system would impose.

Reliance on the market is the most effective approach not only to ensure the most efficient use of avialable petroleum supplies but also to achieve equitable treatment of the various sectors of the economy and regions of the country. This is true regardless of whether the IEP sharing formula is triggered or not, since there is nothing in the sharing arrangement which would tend to make the regional impact within the U..S more equitable or less equitable.

E. Adequacy of IEA stock policies

The stock position and stock policies of IEA members vary widely. The least import dependent nations (e.g., the United Kingdom, Canada, and the U.S.) hold very high stocks in comparison to their imports. These nations are prepared to support their economies for extended periods at drawndown rates which would compensate for a large fraction of their oil loss.

Table 6 compares the stock positions of the U.S. and the other major IEA importers, but only part of the stocks shown are in fact usable. Together, the U.S., the FRG, Japan and Italy account for more than 75 percent of total IEA imports. As can be seen, the U.S. is in a better position to deal with a severe interruption than more heavily import dependent nations.

Because of the importance of strategic stocks, the Administration is committed to seeking improved stockpile policies for IEA members so as to extend their endurance in the event of a severe disruption.

Each IEA member is responsible for financing its 90 import-day stockpile. Approaches to financing vary widely among the members, reflecting their capabilities, the nature and history of government-industry relations, the nature of each member's oil market, stockpile costs, and the extent to which each member chooses to exceed the 90 import-day minimum requirement. A wide array of financing approaches have been adopted usually in combination, including the imposition of minimum stockholding requirements on refiners and marketers, joint government-industry financing, stockpile subsidies, and outright government stockpiling. Joint stockpile financing policies would eliminate the flexibility which each nation requires to deal with its own set of conditions. It is very unlikely that joint financing could be agreed to or would effectively improve the strategic protection afforded by oil stocks, and it might even cause deferral of national decisions to increase protection levels.

TABLE 6.—IEA STOCK LEVELS

	Stock levels April 1981 (million barrels)	Actual 1980 imports	Stock levels (import days at 1980 rates)
United States	[1] 1,460	6.3	232
Federal Republic of Germany	361	2.6	137
Japan	442	4.9	90
Italy	163	2.0	84
Other	880	4.6	190
Total IEA	3,306	20.4	162
IEA without United States	1,846	14.1	131

[1] Includes 160,000,000 barrels SPR; import data excludes territories.

A priority for the IEA should be to ensure that member countries increase strategic reserves. Some other areas of policy coordination are probably less feasible, and in some cases they are undesirable. For example, it does not appear likely that the IEA could agree on a coordinated import fee that would be acceptable to all members because national conditions vary so dramatically. Moreover, it is not clear that an import tariff would work or that on balance it would be beneficial to the importing country.

V. INTERNATIONAL PREPAREDNESS—SMALL INTERRUPTIONS

As described in Section II of this report, there is a real risk of interrupted oil markets over the next decade. Their frequency and duration will depend on numerous political and economic developments, most of which are beyond the control of IEA members. Proposals for coordinated IEA government action to attempt to moderate oil price increases in such markets are under consideration within the IEA.

The United States has concluded that reliance on market pricing is the most effective mechanism for achieving the flexibility necessary to deal with uncertainty but will continue consultations with IEA members on ways of fostering international cooperation in dealing with small interruptions.

Table 7 displays the contraction in oil consumption induced by higher oil prices in 1978–1980.

TABLE 7.—WORLD OIL MARKET 1978–80

	1978	1979	1980
World oil production (million barrels per day)	60.2	62.4	59.5
of which OPEC	29.8	30.9	26.9
World oil price (amount per barrel) (year-end f.o.b.)	$13.05	$29.35	$36.69
IEA oil consumption (million barrels per day)	39.0	39.2	36.1
U.S. oil consumption [1]	18.8	18.5	17.0

[1] Excluding territories.

During this period nominal oil prices nearly tripled—a shock roughly equal to the 1973 shock. With few exceptions, the IEA governments allowed the pass through of higher world oil prices in their domestic markets. The U.S. dismantled its price con-

trol program January 1981, when President Reagan eliminated the last vestiges of the system which had been in place since 1974.

The result of rising prices was a contraction of 3 MB/D in IEA oil consumption (62 percent of which was by the U.S.). This contraction in consumption allowed a significant build-up of oil stocks in spite of the 1980 loss in oil production. This combination of market responses proved adequate to prevent the outbreak of the Iran/Iraq war from driving oil prices much higher; actual prices paid for oil subsequently fell over the first half of 1981.

The oil importers are generally somewhat less vulnerable to oil price shocks in the future because of lower oil dependence, and more confident of their ability to adjust to further shocks.

TABLE 8.—IMPROVEMENT IN U.S. OIL REQUIREMENTS

	1973	1978	1980
U.S. oil consumption (million barrels per day)	17.3	18.8	17.0
U.S. real GNP (billions calendar year 1980)	$2,107	$2,413	$2,486
Ratio of GNP to oil consumption (index: 1973=100)	1.00	1.05	1.20

Table 8 displays the improvement in U.S. oil reliance between 1978 and 1980. Through July 10, 1981, U.S. oil consumption is running about 1.3 MB/D below the comparable 1980 period, while economic growth is estimated at approximately 2.4 percent (real) over the comparable 1980 period. In addition, private oil stocks remain at record high levels.

Had oil consuming countries relied more heavily on price controls or mandated stock-draws in response to the 1979 price increases, they might have been less well prepared for the consequences of the Iran/Iraq war. This experience illustrates the value of market pricing in dealing with the uncertainty which we expect will characterize oil markets for the foreseeable future. There are unavoidable economic costs associated with the adjustment to sudden contractions in oil supplies. The market mechanism is able to achieve the necessary adjustment more efficiently than government intervention.

The IEA has considered various proposals for influencing oil market prices in tight market conditions when the sharing system is not activated. The measures under consideration include: data systems to permit continuous monitoring of the oil market; encouragement of national measures to promote demand restraint, high indigenous energy production and fuel switching; hortatory discouragement of resort to the spot market; stock policy guidance; measures to deal with country supply imbalances; increased emergency oil stock requirements; and improved government-industry relations.

In IEA deliberations on this subject, the United States has strongly emphasized the Administration's belief that high levels of oil reserve stocks and reliance on market forces provide the most effective protection against smaller as well as large disruptions. The U.S. is exploring with other countries what minimum oil stock requirements are desirable. It is not appropriate to develop a system that would commit the United States in advance to a specific course of action in responding to small oil supply interruptions. Rather, should a need arise for cooperative action by IEA nations, measures can be formulated at that time to meet specific needs. Consequently, no antitrust defense for subtrigger oil company actions is being sought.

For these reasons, the Administration supports reliance on the market. The Administration continues to support close consultation with IEA members and would not rule out future actions in the event of an interruption depending on circumstances.

VI. ANTITRUST DEFENSE

Section 252 of the Energy Policy and Conservation Act provides a defense against litigation under Federal or State antitrust law for actions taken by private firms to develop or carry out voluntary agreements or plans of action to implement the allocation and information provisions of the International Energy Program. This protection covers certain pre-emergency activities as well as actions taken when the emergency sharing system is activated by a supply shortfall of 7 percent or more.

Twenty-one U.S. oil companies having international business dealings voluntarily cooperate in the IEA's activities as "Reporting Companies." Without the EPCA antitrust defense, it would be difficult, if not impossible, for the firms to cooperate with the U.S. Government to fulfill our obligations under the IEP.

The EPCA antitrust defense is available only for activities of oil companies which are necessary "to develop or carry out voluntary agreements or plans of action to implement the allocation and information provisions of the International Energy Program." The existing "Voluntary Agreement and Plan of Action," adopted in March 1976, prescribes the method of holding meetings of the industry participants and the requirements for their activities during an emergency. It sets forth several antitrust safeguards that must be observed, such as the monitoring of industry meetings by U.S. Government observers and recordkeeping of those sessions. As contemplated by the Voluntary Agreement, antitrust "approval" or "clearance" letters periodically are issued by the Secretary of Energy to extend the antitrust defense to specific company data submissions to the IEA, or consultation with the IEA Secretariat, under conditions and for limited periods of time specified in such letters These letters may be issued only after the Secretary of Energy consults with the Secretary of State, and only with the concurrence of the Attorney General after the Attorney General has consulted with the Federal Trade Commission.

The EPCA Section 252 antitrust defense has proven itself a valuable and necessary measure to allow U.S. participation in the IEP. The Administration therefore seeks its extension to June 30, 1985. The Administration is considering whether some amendment to Section 252 might be desirable, primarily to streamline its implementation.

Mr. BRADLEY. Mr. President, it seems that the opponents of this amendment have a theory that the Government does a pretty good job of allocating oil; that somehow or another the Government could not allocate dollars through recycling mechanism.

Mr. President, it seems to me that that is what we do in the Senate every day—allocate dollars for dams, for energy resources, for low-income people, for foreign policy, whatever. We allocate dollars. We have some experience in allocating dollars, in making judgments about who should get those dollars, what are the costs and benefits, the relative tradeoffs.

What we do not have any good experience in is allocating oil. Yet the opponents of this amendment have made the argument that we should again get into the business of allocating oil, a process that has proven to be an utter failure in the last three disruptions.

I would argue that we should do what we have some experience in doing, which is allocating dollars, as opposed to allocating oil.

The Senator from Minnesota addressed the question that there is really some kind of hidden agenda here to get big bucks back into the Treasury so that Congress can spend it on other things.

It is not the intention of the Senator from New Jersey to spend one dollar of the money that would flow to the Government from the increased revenues from windfall profit taxes in a disruption. It is the intention of the Senator from New Jersey, and it says so explicitly in the amendment, that all of the revenues that would flow to the Federal Government due to the disruption, due to the increase in price, that come from allowing the market to set that price in a world where you lost 8 million barrels a day, would flow back—all of them, and not 5, 10 or 15 percent, as the Senator said, which was the intent of the Congress during the windfall profit debate—would flow back to individuals in the form of tax cuts, increased social security payments, and bloc grants to Governors.

The important point is that there are no new taxes here. The President does not have to increase the windfall profit tax or put on an import fee, however much I might feel that would be advisable, however much I might feel an import fee might break OPEC. He does not have to do that under this legislation. He only has to recycle the dollars that would flow into the Treasury from the 70-percent tax on 5 million barrels of oil that will flow anyway.

To the contrary, it seems to me that those who oppose this bill must in some way explain how they would spend this. Who can be against giving tax cuts? Who can be against recycling money to old and poor Americans? Who can be against sending money back to Governors so they can take care of their fishermen and farmers?

This is not a spending amendment but a tax cut amendment. It deals with the equity question directly.

Now, Mr. President, I would like to deal with what I think is the core of the resistance to this amendment. That is what I think is the misconception that Government allocation is needed because some regions of the country will be more severely disrupted by supply disruptions than other regions.

Mr. President, if markets operate freely these fears are groundless. The crude oil market will respond to a drop in supply with an increase in price to all purchasers. All crude oil will sell on the world market at prices that reflect the quality of oil and the location of that particular market.

That is true today. The price for oil in the world depends on the quality of oil .If you get a better quality, you get a higher price. And it depends on the location. If you are close to Saudi Arabia the price is a little lower, or if you are close to Texas the price is a little lower.

That will not change. The change in prices will be the same for refiners serving Idaho as for refiners serving Texas or New Jersey. A much improved oil transportation system, including over 17,000 new miles of pipeline, will

easily assure that the reduced level of supply can reach all areas on a timely basis.

Therefore—this is the key point and I do not really think we have made this breakthrough yet, but I will say it again—therefore, there is no reason why the price difference between what Idaho, Texas, New Jersey, and Louisiana pay for gasoline in a disruption would be very different from that difference which is observed today.

Mr. President, I know that my colleagues have not yet come to accept that, but I hope in the course of this debate, sooner or later, they will.

I do have one ally, Mr. President, and that is the President of the United States, who has said very clearly he does not want this authority to allocate supply and control prices. He said in a letter to Congressman BUD BROWN on September 14, "As the expiration date on the Petroleum Allocation Act approaches, I want you to know that I share your opposition to any allocation or price authority."

Then he goes on to say, "Experience under the existing law has taught us that rather than insuring equity, allocation and price controls have turned minor shortages into major gas lines twice in the last 7 years."

I might say, gas lines that are extremely costly.

Mr. President, I ask unanimous consent that a statement on the fallacies and alternatives for the emergency preparedness policy be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EMERGENCY PREPAREDNESS POLICY: FALLACIES AND ALTERNATIVES

The law that President Nixon signed in 1973 and President Ford extended in 1975 authorizing the Federal government to control oil prices and allocate oil supplies finally expired on September 30, 1981. Most agree that the centralized decision-making brought about by this law proved to be a dismal failure. Why would we ever want to repeat this past mistake? For reasons not entirely obvious, the Congress is now considering the reauthorization of those same price control and allocation authorities.

Some people believe that market forces work pretty well during periods of calm, but during periods of short supply markets are not to be trusted and their functions should then be turned over to a Federal agency. This view, embodied in legislation proposed by the Chairman of the Senate Energy Committee, prompts the following question: In an oil supply disruption, what role should government play and which functions should be left to market forces? But before we can answer, several misconceptions must be cleared away.

Misconception No. 1: Oil markets will break down under the strain of an oil supply disruption:

Many of the proponents of this idea profess strong faith in the market but express doubt whether market mechanisms will work when 10 million barrels of oil are removed from the world oil market for an uncertain period of time. First, no one maintains that the market will work perfectly; there will clearly be confusion and disruption in normal market activities. Perfection, however, is not the standard. For those proposing to use market mechanisms, the question is whether the market will work better than the alternative.

Second, when pressed, the proponents of this misconception can point to only one problem associated with the market outcome during supply disruptions: "unacceptably" higher prices. These people are inconsistent when they simultaneously express their faith in the market and point to higher prices as evidence of market breakdown. As painful as it is, markets work through rising and falling prices. When oil supplies fall, the remaining supplies are worth a great deal more than before so prices rise, and some people to whom oil is less important find ways to do with less. This frees up oil for those who need oil badly. But the price must rise for this to happen.

If prices are controlled prices cannot rise, no one gets the signal to reduce consumption, lines develop at gasoline stations, and the government must decide who gets the oil. The way the market moves oil to places where supplies are running low is through rising prices in the low supply area, signalling the 15,000 suppliers and jobbers around the country to move supplies to where the price is higher. But the price must be free to rise for this to happen. Rising prices are the mechanism whereby the market works.

Misconception No. 2: Markets have not worked very well during past disruptions:

The proponents of this misconception will tell vivid horror stories of state governors in 1974 riding on oil trucks to direct diesel fuel to their farmers, or governors in 1979 having to fly to Washington, D.C. to get more gasoline for their state. But these stories make the opposite case. The strange behavior of state and national politicians trying to deal with oil shortages was the direct result of the economy-wide price controls that were put in place in 1971, that were focussed on the oil industry in 1973, and that were extended for six years in 1975. At the outset of both the Arab oil embargo of 1973 and the Iranian revolution in 1979, price controls and allocation plans were in place. History does not prove that oil markets crumble under stress; they have not been allowed to operate under stress.

In addition, the oil transportation system of today is more flexible than it was in 1973. Participants in the oil market have learned that disruptions must be expected; more oil is now in storage at various points in the distribution chain. The government is storing oil, refiners and wholesalers hold larger inventories, end-users have installed spare tanks, homeowners have insulated their homes making a tank of heating oil last longer, and automobile gasoline tanks are larger. These stocks provide a cushion of time to allow market to react; this cushion was not available in 1973. Further, oil now moves around the country more easily. Since 1973, over 17,000 miles of new oil pipelines have been installed, an increase of 10 percent.

Misconception No. 3: Government allocation is needed because some regions of the country will be more severely affected by a supply disruption than others, either because of the remoteness of the region or because they are served by refiners without assured access to crude oil.

If markets are allowed to operate freely, these fears are groundless. The crude oil market will respond to a drop in supply with an increase in price—to all purchasers. All crude oil will sell on the world market at prices that reflect quality of the oil and location of the particular market. This new, higher price of crude oil will be the same for refiners serving Idaho as for refiners serving Texas. Crude oil will be in short supply; the crude oil price will reflect its new scarcity value. Refineries, oil trucks and gasoline stations will not be in short supply; they will have no new scarcity value. There is therefore no reason why the difference between what Idaho and Texas pay for diesel fuel during a disruption would be very different from that observed today.

But, some argue, what if Idaho is served by one refiner who relies on the spot market for his crude and Texas is served by another refiner who has many sources of raw material. Won't the Texas refiner honor his contracts with his traditional customers before selling oil to the Idaho refiner? Of course. But if prices are allowed to rise, the Texas refiner's traditional customers will choose to use less oil than before, thus freeing up oil that had been covered by contract. The Texas refiner may then sell crude oil to other refiners or may run the extra crude through his refineries and sell refined products to the other refiner or their customers.

Certainly, some would prefer to have the government take oil from the Texas refiner and give it to the Idaho refiner at bargain prices, but this merely rewards a bad business decision: failure to secure raw materials. Had there been no disruption, the failure to secure contract crude would have been a good business decision. In either case, the government's concern is that consumers be served, not that segments of the oil industry be protected from business risks.

Misconception No. 4: Price controls and allocations help poor people.

Higher energy prices affect people in all income groups, but few deny that low income people are hurt more severely and may be pushed into acute personal hardship more easily than others. Is this a justification for holding down energy prices for all? No. Price controls in the U.S. cannot hold down prices on the world market; to the contrary, by encouraging U.S. demand for oil, price controls actually put upward pressure on world oil prices. Did the oil price controls that were in place from 1971 to 1981 keep prices low for the poor? Of course not; prices rose from a dollar or two per barrel in 1971 to $35 per barrel in 1981. Price controls have not helped the poor. Who have they helped?

Since energy use is observed to rise with income, price controls actually benefit the rich more than the poor, certainly, in absolute terms. Indeed, it was not pressure from poor people that resulted in price controls, rather it was pressure from segments of the oil industry concerned about their survival that brought us the regulatory programs. The supplier-purchaser regulations froze business relationships, made it difficult for new firms to enter the oil market, and prolonged the lives of inefficient oil companies.

Misconception No. 5: Even though the allocation programs were a disaster last time, we'll do it better next time.

This myth is the triumph of hope over experience. The acknowledged failure of past allocation programs was not the result of incompetent, bungling bureaucrats; government allocation programs simply don't work without an enormous information-gathering effort. The government cannot know where oil supplies are or where they should be. Allocation programs based on historical usage inevitably fall victim to changing patterns of demand resulting in gasoline lines in the cities while supplies flow to the empty resorts because last year the resorts were full.

Misconception No. 6: If the government would only develop a plan for car-pooling, fuel switching, building temperature requirements, and the like, we could handle even fairly large oil disruptions.

This argument, usually coupled with No. 4 above, represents a wish for painless emergency programs that simply do not exist. Certainly, car-pooling, electrical power wheeling, substitution of natural gas for oil, lower heating and cooling demands, additional production of domestic oil, and other measures will take pressure off of the world oil market and will help reduce demand to the new level of supply; but to achieve real

demand reductions a strong signal must be sent to every oil user. A government contingency plan is not such a signal.

The loudest, clearest, most compelling signal for people to use less oil is a rising price. With such a signal people will find ways to use less oil that fit their own circumstances—some will car-pool, some will insulate, some will buy blankets, some will close off rooms. Further, if people know that prices will be allowed to rise during a disruption, they will be motivated to plan their conservation actions in advance.

Misconception No. 7: We don't have to do anything now; when the disruption comes, the market will handle it; we can avoid any new legislation:

This is, of course, the Administration's position. There are two problems. First, at the outset of a severe petroleum supply disruption the pressure for government action will be intense. If the Congress and the President are not on record with their intended actions in advance, the popular expectation will be that the government will step in. Thus, to be caught at the outset of an emergency with no clearly accepted course of action is the one sure way to get the government back into oil price controls and allocations. One of the Administration's leading thinkers with personal experience in Congress predicted that in these circumstances, it would take 15 minutes for the House and Senate to pass legislation requiring the President to impose price controls. We would then be back into the energy bazaar.

Second, while markets allocate oil supplies better than any alternative, oil markets are, as they should be, blind to income distribution. Here is the role of government. Who argues that those in our society least able to adapt to suddenly higher oil prices should not in a national emergency be shielded from severe personal dangers, cold or hunger?

These misconceptions have clouded the debate on contingency plans appropriate for future supply disruptions. Because of these myths, the Congress is telling the American people that markets cannot be trusted, that the government should allocate oil supplies, that the government should protect businesses from risk instead of individuals from suffering. As a consequence, Americans will expect the government to hold down oil prices, and businesses will continue to expect special protection. There must be an alternative.

I believe there is. We can avoid future price controls and allocations by putting in place now mechanisms that would allow the market to work during times of supply disruption. These emergency mechanisms would include the immediate auction of a portion of the oil in the Strategic Petroleum Reserve and rapid recycling of the large revenues that will accrue to the government under existing law if oil price controls are not reimposed. Emergency tax cuts and emergency block grants to states would help the economy in general and distressed individuals in particular to cope with the higher oil prices.

The large tax increase (rising oil prices) imposed by the supply disruption would be offset by an emergency tax decrease. State governors would receive the resources to maintain essential public services, protect vital state industries, and mitigate severe personal hardship. This is the essence of the legislation I have introduced with Senators Percy and Cannon.

There are two clear approaches for energy preparedness policy: one relies on price controls and government allocations; another relies on market forces and addresses equity issues directly. The choice is clear.

Mr. BRADLEY. I also ask unanimous consent that a letter from William Vaughan to me, dated October 16, 1981, describing the studies that are presently underway on the recycling mechanism, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF ENERGY,
Washington, D.C., October 16, 1981.

Hon. BILL BRADLEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BRADLEY: Thank you for your letter commenting on emergency preparedness legislation and your offer of assistance as we plan for possible oil supply disruptions. I commend you for breaking the mold of counterproductive price and allocation legislation and for taking a creative approach to emergency planning which recognizes that a free energy market is the most efficient and equitable means of managing potential oil emergencies.

This Administration is convinced, however, that a commitment to maintain a free energy market requires that no legislation replace or extend the now expired Emergency Petroleum Allocation Act. Any additional authority is unnecessary and would prove counterproductive by creating a false sense of security by fostering the impression that Government can and will somehow "come to the rescue" of those who do not take prudent steps prior to an oil emergency.

In addition, any bill at this time would undermine the Department's credibility in its efforts to encourage industry to expand stockpiles, develop alternate fuel capability and institute other "self-help" measures. Corporate energy managers are carefully watching the actions of both the Congress and the Administration as they make decisions whether to invest the capital necessary to prepare for future oil disruptions. As long as additional standby authority exists, those managers will logically not invest in necessary protective measures, but will rely on Government to bail them out in an emergency.

A "no bill" position, however, does not mean a "no action" policy by the President, the Secretary or myself. As you indicated in your letter, we are studying the feasibility of designing standby plans for emergency withholding tax reductions, increases in transfer payments, and other means of recycling selected tax revenues during major oil supply disruptions to protect the health, safety, and welfare of the American people. Our analysis of these measures is not yet complete. As soon as it is completed, we will be happy to share that analysis with you.

Again, I am pleased that we are in agreement that standby price and allocation controls will simply make a bad situation worse. I look forward to continuing to work with you and your colleagues as we develop appropriate emergency response measures.

With warm personal regards.

Sincerely,

WILLIAM A. VAUGHAN,
Assistant Secretary Environmental Protection, Safety and Emergency Preparedness.

Mr. BRADLEY. Before I close, I would like to say that I think there is some work which needs to be done on what the recycling mechanism would be or if there are any problems with the recycling mechanism. But, unfortunately, I regret, as the Senator from Idaho and the Senator from Louisiana regret, that we have not had an adequate airing of these questions. Why is that? The reason is that the Finance Subcommittee on Energy has not held a hearing. The hearing was requested last June. We are dealing with a time-sensitive matter. The legislation expired on September 30. That is why I wrote for the hearing. Indeed, we have not had the full benefit of hearings, but the reason is clear. The reason we have not had the benefit of criticism and exchange on the recycling mechanism is because the hearing process of the Senate has been delayed.

Mr. President, I do not say that as an excuse or to deter my colleagues from voting for this amendment. I simply say that so that it is fully explained.

Mr. President, that is the bulk of my argument. I think it is time that we did chart a new course. The return to price controls and allocations is a path which has been discredited, a path which has not helped the poor, a path which has created confusion in the marketplace, great confusion in the allocation of oil; a path that has benefited one region over another, inequitably.

So, Mr. President, I have suggested in this amendment an alternative, an alternative that would allow the market to allocate oil by allowing the price to be determined by supply and demand. Mr. President, I do this because I think that market forces represent the most efficient way to move oil around the country for all regions. The price would be less divergent in all regions with the market allocating it than with price controls and allocations.

Second, Mr. President, this amendment will take the revenues that flow to the Federal Government—they are going to flow anyway—from the windfall profit tax, the increase in the windfall profit tax that will come from a disruption. It will take those revenues and recycle them to individuals so that they can pay the higher costs of oil, higher costs that the market will create.

Third, Mr. President, the amendment provides for an auction of strategic petroleum reserve to cushion the impact. The thrust of this is to say that there is a new way to do things. We have continually faced the issue of Government regulation-no Government regulation. Government regulations put on the hat of dealing with the problems of poor people in this country. Mr. President, Government regulation does not necessarily deal with the problems of the poor people in this country, and price controls are the best example of how it has failed to deal with those problems. Why? Because it has been a very blunt approach—a very blunt approach.

What we need if we are going to deal with the problems of the poor people in this country in the area of supply is to give them the means to pay higher prices—in many things, not just gasoline; in everything that is affected by oil.

Mr. President, that recognition does not mean that we return to regulation. It means that we can allow the market to function. If you say you think the market is the most efficient allocator of oil, it does not mean that you are against poor people. It simply means that you think that oil will move more quickly and at a price that is fairer to all than if you try to control it by a bureaucracy in Washington.

So, Mr. President, this amendment, as I have said, lets the market set the price

of oil and distribute the oil; provides directly the financial protection for low-income people and gives governors the flexibility to take care of their unique circumstances. I hope my colleagues would, indeed, chart out in a new direction that addresses equity questions directly and allows the market to distribute the oil efficiently.

Mr. President, the choice is clear: the market or regulations.

Mr. McCLURE. Mr. President, I think the issues have been well debated. I want to respond in a very brief fashion.

The Senator from New Jersey is suggesting that the Federal Government is very, very bad at allocating oil supplies, that our past experience so indicates, and that in many ways, the Federal Government is very, very good at distributing revenues and past experience so indicates. I suggest that, if anything, history has proved that the Federal Government is very bad at both.

Mr. BRADLEY. Mr. President, if the Senator will check the record, he will see that I did not use the words "good" or "bad." I used the word "experience."

Mr. McCLURE. Well, Mr. President, experience does not always result in good either. If anything proves that around here, we ought to look at the record. I do not think our experience has been any better than it has been in the past. This is why I think it is good for us to have newer Members like the Senator from New Jersey that are not burdened by experience.

Mr. GOLDWATER. If the Senator will yield, that is a serious question.

Mr. McCLURE. It is a serious question, I agree. It is a question of perspective. I understand from one of the grayer beards in this body that it is not always the newer ideas of new people that are better; sometimes it is the older ideas of older people.

I seriously question the assumption that, because Government is experienced in the redistribution of wealth, it is a good thing to do more of. It seems to me that this is exactly what the people said in November of last year that they are tired of.

Second, I think, if we are going to make accurate comparisons, it is not fair to compare S. 1503 with the experience of the past because S. 1503 is a very, very different piece of legislation. I agree with the Senator from New Jersey and others who do not like to see the Government involved in interference in the market. Neither does the Senator from Idaho. We have tried to structure a bill that minimizes the threat of or the opportunity for that. But almost every witness, and I cannot say every witness because I remember two witnesses who appeared before our committee in extensive hearings who had a different view. With the exception of those, every witness who appeared before the committee said he favored the free market, but admitted that, at some point, the market system would break down. At some point, there would be a severity of disruption of supply that the market could not handle.

Mr. President, I remember far too well the experience we had in past shortages. I agree totally that the imposition of price controls or allocation mechanisms can make a marginal shortage into a severe one. There is no question of that. We avoided that in the terms of this bill. But I also remember very clearly that the supply distribution system in this country can be likened to a pipeline. In some cases, it is literally that; in other cases, a simple analogy suffices.

A pipeline that must be full to function well to the end. When the supply becomes inadequate, at some point along the pipeline, the flow stops. The market theory would say that the people at the end of the pipeline, if they are willing to pay more and bid more for supply, would be able to get it. I suggest that this is a possibility. But, if it were suggested that, therefore, there would be no regional impact, I think it simply flies in the face of reality and commonsense. There will be regional impact.

Someone who lives in the shadow of a refinery, I think, can be confident that the supply from that refinery will be available locally. Markets function according to the efficiency of marketing. This means that a supply will go at the lowest cost to the area where there is the lowest cost to get it there. This means close to the refinery, close to the distribution network. The farther from the end of the pipeline, the higher the price will be.

In periods of relative adequacy of supply, price differentiation is governed wholly by the cost of distribution. But in the event of a supply shortage, it is not wholly the cost of distribution any longer. There is opportunity cost and the opportunity to recycle those revenues much more rapidly through the system.

Finally, Mr. President, to suggest that, in the event of a supply interruption, the market will perform equitably is simply nonsense. As a matter of fact, in the absence of any allocation authority, you would see that because of the absence of allocation authority, there would be an enhanced desire to hoard scarce supplies. This means that the people or the entities who are either more vulnerable or more financially able will bid away supplies from those who cannot afford them, and therefore greatly exacerbate not only the market mechanism and the pricing mechanism escalation, but also greatly exacerbate the shortage, because for every gallon in a period of shortage that is hoarded, the shortage becomes accentuated.

The thought that this would not happen flies in the face of experience. We saw it happen when the affluent bought storage capacity, when they put storage capacity in their backyards, and when they filled unused capacity. This result was not a rational response to their own security; rather, it was the emotional response that often happens.

I remember, and I have used this story before. I hope, if the little old lady I make reference to is still alive, she is not offended by the allusion. There was, about 10 years ago—I have forgotten the exact time—a rumored shortage of toilet paper in the country. Toilet paper is almost as important to most people as gasoline, and they are very close to it at times. As a matter of fact, people become very concerned about whether or not they will have enough toilet paper.

When that rumor spread, hoarding began. I was serving in the Congress of the United States, and I happened to be at the supermarket in Arlington, Va., when a little old lady came out of the store with someone behind her carrying two cartons of toilet paper, two full cartons. I do not know what her age was, but she had to have had a very optimistic estimate of her life expectancy if she thought she could use up all that toilet paper in her lifetime. If she is still living, and I suspect that she is, she still has some of that toilet paper.

This is what happens when there are shortages. This is what happens when there is the opportunity for people who have the financial capacity to buy up what they believe to be a scarce supply

To indicate that the petroleum market will not respond similarly is simply to fly in the face of human experience.

In the absence of some kind of mechanism to deal with an emergency situation, I believe that, almost certainly, the impulse to hoard will exacerbate a shortage.

Finally, Mr. President, I think it is fair for the Senator from New Jersey and any other opponent of this measure to indicate to the Senate that the President of the United States is less than enthusiastic about the authority we wish to give him. But to indicate that this lack of enthusiasm for an allocation mechanism should be read as support for a revenue recycling alternative is simply to misstate the facts.

The President of the United States certainly does not want authority of the kind suggested in this substitute, with the massive revenues redistribution in this country that would be required, and with all the political pressures, the inefficiencies, and the inequities that are involved.

For the Senator from New Jersey to indicate that this is not a tax—it certainly is a tax. Tell a person who pays twice as much for a gallon of gasoline, so that the money can be given to someone else, that it is not a tax, and he will say, "Senator, I don't care what you call it. I know that I'm paying it."

The people of this country are not going to be fooled because it happens to be merged into price and redistribution, or excise tax and redistribution, or direct income tax and redistribution. It is a scheme to redistribute wealth in this country.

I hope the Senate will reject the substitute.

Mr. JOHNSTON. Mr. President, will the Senator yield me 1 minute?

Mr. McCLURE. I yield.

Mr. JOHNSTON. Mr. President, just one word in addition to that which was said by the distinguished Senator from Idaho.

This is perhaps the largest tax bill in the history of the country. But the interesting thing about it is that it gives that power to the President with no guidelines, and it gives to the President the power to redistribute those revenues, perhaps hundreds of billions of

dollars in scope, according to no specific plan, according to a plan to be selected by the President. So it allows the President to select the tax, the kind of tax, and the amount. It allows the President to select the mechanism for recycling of it to the people. And all without Congress doing its will under the Constitution, subject only to Congress approving what the President has done, not vice versa.

It is an interesting idea but one that should be studied and, for now, should not be approved on the floor of the Senate.

● Mr. TSONGAS. Mr. President, I believe that the Bradley substitute represents an attractive alternative to price and allocation controls. It would allow the market to allocate supplies during a shortage and recycle revenues back to consumers in order to address the equity problem associated with a free market response to a shortage. The Bradley proposal could be designed to protect the financial problems faced by the poor in a way not possible or likely with allocations and price controls. This is an innovative approach and should be vigorously pursued.

However, I have some reservations about the form in which this amendment has been offered. I would prefer that it was not a substitute for S. 1503, the Emergency Petroleum Allocation Act. There remain too many questions at this time as to how it will work for it to be relied upon by itself. How it would be implemented? How would the levels of tax and the recycled revenues be set? How would the tax be enforced? Those who are most hurt by price increases are frequently those most difficult to locate and provide payments. There must also be found a way to avoid the delay in recycling the revenue which can cause economic slowdown. Most importantly, assured methods of equitable and rapid revenue recycling throughout the economy must be found before we should rely on this approach alone.

I would have preferred that we would pursue the Bradley proposal and keep the program contained in the Energy Petroleum Allocation Act as a backup until the proposal is ready for effective implementation. I do not expect the amendment in its current form as a substitute to prevail but I intend to vote for it to express my support for the concept. It offers the potential for developing an innovative alternative to direct Government intervention in energy markets with price and allocation controls, an alternative that does not just leave consumers to the mercy of the market but also offers the potential to address the economic inequities inherent in the market and protect low- and middle-income consumers.●

Mr. BRADLEY. Mr. President, before I yield back the remainder of my time, I should like to say that this is——

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. BRADLEY. I yield.

Mr. McCLURE. As I recall, the unanimous-consent agreement gave the Senator from New Jersey 3 hours for all his amendments.

Mr. BRADLEY. That is correct.

Mr. McCLURE. Without specifying how much would be used on any one. So the Senator would not be yielding back his time without having cut off his time for the other amendments he might offer.

Mr. BRADLEY. I would not be yielding back the remainder of my time.

Mr. JOHNSTON. But the Senator may do so.

Mr. BRADLEY. I know I may do so.

Mr. McCLURE. If the Senator does, we will not object.

Mr. BRADLEY. I have a few more studies to put into the RECORD.

Mr. President, I think the comments of the Senator from Idaho and the Senator from Louisiana again return to the traditional patterns of looking at these issues.

The Senator from Idaho remarked that the market is not equitable. I do not pretend that the market is equitable. I have stated only—and repeatedly—in this debate, that the market is efficient.

It is Government's role to address the equity issue, and that is precisely what this amendment does. It allows the market to allocate oil, and it allows the Government to address the equity issue directly—not with any new taxes, as has been implied; and not with programs that are established by bureaucracy.

Those who want price controls and allocations are for Government bureaucracy. It seems to me that the election last year was also, in large part, about Government bureaucracy.

Let us be clear that it is not the Senator from New Jersey who, in this amendment, is proposing a great expansion of Government bureaucracy. It is the proponents of price controls and allocations.

As I have said, the choice is clear. We have to begin to look at our problems in this country by breaking out of the old categories. If you were for redistribution, you were for Government programs and higher taxes.

Mr. President, I am for taking care of the people who will have to pay the price for the higher oil prices that will come from letting the market work, but I am for that by cutting Government bureaucracy and providing tax cuts. It is as simple as that. I hope that in the course of this debate and in the months ahead, we will have a chance to see that issue a little more clearly.

Mr. President. I am prepared to vote.

Mr. McCLURE. I am prepared to vote.

Mr. BRADLEY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On the question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from Florida (Mrs. HAWKINS) and the Senator from New Mexico (Mr. SCHMITT) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico, (Mr. SCHMITT) and the Senator from Florida (Mrs. HAWKINS) would each vote "nay."

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE), is necessarily absent.

The PRESIDING OFFICER (Mr. KASTEN). Are there other Senators in the Chamber who desire to vote?

The result was announced—yeas 8, nays 88, as follows:

[Rollcall Vote No. 339 Leg.]

YEAS—8

Biden	Hart	Percy
Bradley	Mathias	Tsongas
Cannon	Moynihan	

NAYS—88

Abdnor	Ford	Mitchell
Andrews	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Goldwater	Nunn
Baucus	Gorton	Packwood
Bentsen	Grassley	Pell
Boren	Hatch	Pressler
Boschwitz	Hayakawa	Proxmire
Bumpers	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Chafee	Humphrey	Rudman
Chiles	Jackson	Sarbanes
Cochran	Jepsen	Sasser
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Kennedy	Stennis
DeConcini	Lavalt	Stevens
Denton	Leahy	Symms
Dixon	Levin	Thurmond
Dodd	Long	Tower
Dole	Lugar	Wallop
Domenici	Matsunaga	Warner
Durenberger	Mattingly	Weicker
Eagleton	McClure	Williams
East	Melcher	Zorinsky
Exon	Metzenbaum	

NOT VOTING—4

Hatfield	Inouye	Schmitt
Hawkins		

So Mr. BRADLEY's amendment (No. 592) was rejected.

Mr. McCLURE. I move to reconsider the vote by which the amendment was rejected.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

UP AMENDMENT NO. 546

(Purpose: To further specify the subject of the impact study called for in section 11.)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 546:

On page 19, line 1, strike the word "and" and insert a comma.

On page 19, line 4, strike the period and insert the following:

", (3) specify the nature and administration of monetary and fiscal policies that would be followed including emergency tax cuts, emergency block grants, and emergency supplements to income maintenance programs. Projections must be made of the effect of the disruption on Federal tax revenues, Federal royalty payments, and state and local tax revenues.

The PRESIDING OFFICER. The Senate will be in order. Senators conferring in the Senate, please take their seats.

The Senator from New Jersey.

Mr. BRADLEY. Mr. President, the amendment that I have just submitted is an amendment that would require a study of the recycling mechanism that was embodied in the previous amendment.

Senator JOHNSTON had suggested in the course of our debate on the last amendment that he felt it would be important for us to work through the various tax measures that we could enact in the event of a supply disruption to cushion individual Americans against the higher price that would come, indeed, we allow the market to set those prices.

Mr. President, this is a very simple, straightforward amendment. I checked with both the chairman of the committee and the manager of the bill and also the minority and I think it is acceptable.

Mr. McCLURE. Mr. President, this amendment has been discussed with us. I think it can be useful to us with respect to the development of the factual basis upon which we might want to make future decisions. I have no objection to the amendment.

Mr. JOHNSTON. Mr. President, this is a good amendment which we endorse.

Mr. BRADLEY. Mr. President, I move its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey (Mr. BRADLEY).

The amendment (UP No. 546) was agreed to.

Mr. BRADLEY. I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 593

(Purpose: To allow the use of the strategic petroleum reserve at the outset of supply disruptions)

Mr. BRADLEY. Mr. President, I call up amendment No. 593 which is at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an amendment numbered 593.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, after section 13, add the following new section:

USE OF THE STRATEGIC PETROLEUM RESERVE

SEC. 14. Within three months after the date of enactment of this title, the President shall submit an amendment to the strategic petroleum reserve plan, in accordance with section 154 of Public Law 94-163, providing for competitive sales from the strategic petroleum reserve to ensure emergency access to crude oil for refiners, to be used, at the President's' discretion, in lieu of a standby crude oil allocation program. The amendment shall specify auction procedures, eligible participants, volumes to be made available for auction, minimum volumes of reserve to be maintained as necessary for wartime mobilization, and procedures to make possible successful bids for small volumes of strategic petroleum reserve oil, such as bids from refiners serving agricultural or rural areas.

Mr. BRADLEY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order. The Senate will be in order.

The Senator from New Jersey.

Mr. BRADLEY. Mr. President, the amendment I am now offering is taken from the substitute amendment No. 592 that was earlier considered. The amendment now at the desk would require the President to amend the strategic petroleum reserve plan to provide for competitive sales from the SPR to insure emergency access to crude oil for refiners, to be used, at the President's discretion, in lieu of a standby crude oil allocation program. The President will specify auction procedures, eligible participants, volumes to be made available for auction, minimum volumes of reserve to be maintained as necessary for wartime mobilization, and procedures to make possible successful bids for small volumes of strategic petroleum reserve oil, such as bids from refiners serving agricultural or rural areas.

Mr. President, the SPR now contains over 210 million barrels with another 25 million on order. Thanks to a vigorous effort by the Reagan administration, the reserve is now large enough to be an important tool with which to address oil supply disruptions. The reserve should now be used in lieu of a crude oil allocation program.

The early use of a portion—say 10, 15 or 20 percent—of the SPR would serve two principal purposes: First, it would provide the incentive for all refiners to store crude oil in anticipation of oil supply disruptions; second, it puts oil on the market early in a supply disruption to soothe uncertain markets and put downward pressure on the world oil price. The value of oil in storage cannot be overestimated.

AN INTERPRETATION OF THE DIFFERENCES AMONG RECENT SUPPLY DISRUPTIONS

The Arab embargo of 1973-74 caught the world unprepared. Unfortunately for the United States, it also caught us in the remnants of oil price controls and allocations that were part of Mr. Nixon's ill-fated experiment with comprehensive wage and price controls. As a consequence, the United States sat through lines at the gasoline pump and inefficient allocations of reduced supplies of oil.

Despite OPEC's attempts to target the embargo on the United States and the Netherlands, the international oil market reallocated supplies in such a manner that all importing countries shared the effects of the embargo more or less proportionately. At the outset, prices began to rise in the United States and Holland. Price controls in the United States applied only to domestically produced crude oil; refiners were allowed to pay any price for imported oil.

As the United States and Holland were willing to pay more for oil than other nations whose supplies were not initially interrupted, some oil supplies moved toward the embargoed nations, assisted by management decisions of major international oil companies. Only later did we realize that the oil market had allocated oil supplies among all importing companies, thwarting the intent of the targeted embargo.

Meanwhile, the OECD countries responded to the embargo by establishing the International Energy Agency and its emergency mechanism for sharing oil supplies in the event of another targeted embargo. Under this system the IEA would attempt to allocate oil internationally the way our Federal Energy Administration tried to do domestically: using regulations.

From 1974 to 1978, oil markets stabilized. Real prices fell. The United States encouraged consumption by maintaining controls on domestic oil prices. Oil companies reduced inventories to minimum levels that reflected seasonal demand patterns and occasional price increases coming out of annual OPEC meetings. In late 1977, inventories rose in anticipation of one of these OPEC price meetings. When the OPEC ministers decided not to raise their price, oil companies were stuck with excess, high cost inventory. Stocks were subsequently drawn down to very low levels. An unusually warm fall extended the driving season, further depleting inventory levels. This was the situation in the fall of 1978, when the revolution began in Iran.

With the revolution, Iranian production fell and never fully returned to pre-revolution levels. Supply of oil on the world market was initially down and temporarily uncertain. Oil companies around the world realized the precarious nature of their low-stock situation and began to build inventories rapidly. Hence, the volume of oil available to be consumed—that is, not going into inventory—was dramatically reduced.

Since demand for oil is only slow to change, the quantity demanded greatly exceeded the quantity available for consumption. To no one's surprise, prices rose—from $12.70 per barrel in October 1978 to $21.44 in October 1979 and to $32 in September 1980. The spot market, reflecting traders' expectations that prices would rise, was quick to register higher prices.

Producing nations, seeing that their oil was more valuable now that demand was exceeding supply, had the choice of either maintaining low contract prices thus providing billion dollar gifts to oil companies and traders, or raising their prices to reflect the new, higher value of oil on the world market. They chose the latter. Thus, higher spot prices did not cause higher contract prices; higher spot and contract prices both were caused by the same phenomenon: the imbalance of demand over supply at lower prices.

The oil companies originally supplied by Iran were most severely affected by the drop in production; they were most willing to purchase supplies on short-term markets. As prices rose, supplies were allocated by the international oil market, with no help from the international regulators. Meanwhile, the United States sat through more gas lines.

The large price rise and relatively small supply reduction led us all to conclude that the oil market was very frag-

ile: a small kick would send the price spiralling. At the time we also concluded that the spot market was a bogeyman and began to blame it for the price increases.

By September 1980, inventories around the world were at record high levels. The Iranian revolution had served as a forceful reminder of the insecurity of our oil supplies. On September 22, 1980, Iraq invaded Iran. Oil production fell by about the same amount as it had during the Iranian revolution. Again, demand was unchanged in the short term. But this time, inventories were drawn down instead of built up.

The IEA made statements encouraging this drawdown, but not one knows whether the oil companies actually listened to the IEA, or whether the IEA is like the ants on a log floating down the river; each ant thinks he is steering.

In any case, inventories were drawn down and the price rose only a few dollars. While we should be careful not to jump to conclusions—we have made that mistake before—I think we can say that the combination of high stocks at the outset of the disruption, combined with the willingness to draw down these stocks during the disruption, contributed to the relatively small price increase we observed on the world market. The oil companies were willing to drawdown stocks probably because of an expectation of higher output from Saudi Arabia and an expectation—right or wrong—that supplies from Iran and Iraq would return to the market sooner rather than later.

SO WHAT DETERMINES OIL PRICES, ANYWAY?

At any given point in time, the world oil price appears to be determined by a complex interaction between three factors: Oil supply, oil demand, and the rate of inventory accumulation or drawdown. These three factors can all change, causing changes in the world price, but the three factors change at different rates of speed.

Over the next 20 years, of course, new oil supplies will become increasingly expensive to find and produce. This means that long-term prices will continue to rise, even while short-term prices may fluctuate up and down. However, short-term oil supplies from a given oil-producing country can be interrupted overnight. Reductions in supply tend to raise the price.

On the other hand, reductions in demand which tend to lower the price, occur relatively slowly. The level of economic activity is probably the single most important determinant of world oil demand in the short-to-medium term. Expanding economies demand more oil than contracting ones.

In economists' jargon, this is the income elasticity of demand. However, the price of oil also has a definite effect; as oil prices rise, the quantity of oil demanded falls, slowly at first but cumulatively. As prices rise, consumers use their automobiles less and turn down their thermostats in the short run, thus, creating a noticeable reduction in demand; but overtime, consumers purchase more fuel-efficient autos and insulate their homes, creating enormous reductions in demand and tending to lower the price. Demand for crude oil is ultimately limited by the availability of oil substitutes, such as shale oil and liquified coal. Hence, the price of crude oil is ultimately limited by the price of producing large quantities of oil substitutes.

Finally, inventory levels depend on inventory holders' expectations about future oil market trends. If stable markets are expected, as they were in the 1975–78 period, stock levels will be squeezed down by competitive pressures. The threat of supply instability will increase inventories. Similarly, decision to drawdown inventories will be driven by expectations of future supply availability. Inventory drawdowns will tend to lower prices; accumulations will tend to raise them.

WHAT DETERMINES OIL PRICES DURING DISRUPTIONS

During supply disruptions, oil prices will reflect short-term changes in these three factors: supply, demand, and changes in inventory. Supply can change quickly, causing the disruptions. In response, prices will tend to rise quickly. Contracts are now written for very short terms, and prices are changed freely, even retroactively. The inevitable price rise associated with reduced supplies will occur as countries express their need for oil by bidding in short-term oil markets.

If Germany needs oil more than the United States, for example, it will place a higher value on the next barrel of oil to become available. Germany will be willing to pay more for that barrel than the United States. In the absence of international allocations, supplies will tend to move from the United States to Germany until the value of the next barrel of oil in the United States is about equal to the value of the next barrel in Germany. Prices in the United States and Germany will then be approximately equal, at a higher level than before.

This process would occur among all oil-importing nations. Through this mechanism oil supplies would be allocated to their highest-valued uses without the need for international regulators trying to determine who should get the oil. Competitive bidding, long excoriated as harmful, is the mechanism by which scarce supplies are allocated most efficiently among competing and changing demands. Prices rise to reflect the new scarcity value of smaller supplies of oil.

During this bidding process, the price of oil during disruptions may rise above what some observers would describe as rational levels. Many people think this occurred during the Iranian Revolution disruption. Two comments are in order. First, it is very difficult to objectively specify what rational prices are. A refiner who is facing a very expensive temporary shutdown for lack of crude oil may be very rational in his bid of $50 per barrel. Second, the bidding mechanism I described earlier works best in the absence of panic. Panic is best avoided by holding large emergency reserves.

In response to the higher prices brought about by the reduced supplies, the quantity demanded will fall, tending to moderate the price increase. If the OECD demands fewer barrels, the level to which prices rise is lower. But because demand cannot generally fall as quickly as supplies, prices will rise somewhat, and will stay at higher levels until demand drops or supplies return to predisruption levels.

Inventory build-ups can exacerbate the upward pressure on price caused by the loss of supplies, and inventory drawdown can reinforce the price-moderating effects of demand reductions. During the Iranian revolution, world supply dropped, inventories were built up; both contributed to the large price rise. During the Iran and Iraq war, supply dropped, but inventories were drawn down; price rose only moderately.

WHAT ARE THE IMPLICATIONS FOR EMERGENCY POLICY?

First and most importantly, the value of high levels of inventory is crystal clear. The very existence of high stocks during the Iran/Iraq war helped to avoid the panic that hit during the Iranian revolution. During the Iran/Iraq war, refiners were not in immediate danger of closing down; they could afford to rely on inventory, while making an occasional purchase on the spot market. The very existence of large inventories together with surge production in oil producing countries appears to have put a cap on expectations of future price increases, so speculative bidding was reduced. Finally, the tanks were full, so even if they had wanted to buy oil, buyers would have had to resort to high-cost storage.

Second, any additional supplies on the world oil market put downward pressure on world oil prices.

The auction of a portion of the SPR serves both purposes. It provides the maximum incentive for refiners to store oil in advance of disruptions. S. 1503 removes this incentive. S. 1503 tells refiners that any oil they store could be confiscated by the Government and given to another refiner who has not stored oil. S. 1503 tells refiners that any oil they line up from more expensive secure sources could be confiscated and given to refiners who had been buying oil on the cheaper but less secure spot market. Oil in storage helps avoid panic and abrupt price spikes. S. 1503 contributes to price spikes.

The amendment at the desk contributes to higher stocks before the disruption and lower prices during the disruption. If we avoid a crude oil allocation program refiners will be assured that the Government will not confiscate their supplies; they will store more oil. If they do not, they will pay higher prices at the SPR auction when the disruption occurs.

Further, the availability of SPR oil will help dampen upward price pressure. As in the Iran-Iraq war, refiners will be assured that crude oil will be available, that their refining operations are not in jeopardy, and that outrageous prices need not be paid.

I am aware of some of the concerns about this approach. Some would prefer to limit participation in the auction to small or independent refiners—or at least exclude major oil companies. Others would prefer to open the auction to oil marketers. I am open to good arguments in support of these modifications.

Another concern often expressed about an auction is that it could somehow raise world oil prices. As I described earlier, the best way to put downward pressure on world oil prices is to put more oil on the market. The only other way is to reduce demand. Then the choice is how to put oil in the market. Should the Government give it to small refiners? Or should the Government distribute it efficiently to refiners who can sell the refined products? I say auction it. The proceeds from the auction could be recycled back into the economy or could be set aside to refill the SPR after the disruption.

Mr. President, the SPR is our most potent tool for use in oil supply disruptions. It encourages refiners to store oil in advance of the disruption; it puts downward pressure on oil prices during the disruption; it distributes oil to efficient refiners and it insures that all refiners have access to crude oil.

I urge support for this amendment.

Mr. McCLURE. Mr. President, I yield to the Senator from Virginia, who is chairman of the subcommittee which has responsibility in this area.

Mr. WARNER. Mr. President, I thank my distinguished colleague from Idaho. I also wish to commend my distinguished colleague from New Jersey for he, on his own initiative, through intense hours of study and work, has really set himself out to be an expert in this area. We on the committee highly respect his views.

However, during the deliberations by the Energy and Natural Resources Committee of the pending bill S. 1503, there was considerable discussion with respect to SPRO.

It was the consensus, to the best of my recollection, or it was almost unanimous in the committee, that there were so many interrelated issues relating to SPRO that we should not endeavor to deal with those SPRO issues on this particular bill.

As such, at the direction of Chairman McCLURE, I will be shortly holding hearings on the precise issues raised by the distinguished Senator from New Jersey. It is for that reason that I recommend to my colleagues at this time that we not now pass on this amendment. Based upon the assurances of Chairman McCLURE and myself, the Senate Energy Committee will soon address this issue with complete hearings.

Mr. McCLURE. I thank the Senator from Virginia for his statement. Certainly, it is my intention as well as his that we address this question of dealing not only with the drawdown of SPRO but also with the position of the country with respect to strategic mineral reserves, concerning which the Senator from Virginia is an outstanding spokesman and one of the leaders in our discussions and concerns about our mineral vulnerability. I am sure it will be addressed.

I want to at least make enough of a record so that those who may be listening are not of the opinion that there is no provision for the drawdown of SPRO under existing law, which some people might have inferred from the remarks of the Senator from New Jersey. There is an approved drawdown plan. What he seeks to do is to change it.

Under the existing drawdown and distribution plan for the strategic petroleum reserve pursuant to section 161 of the Energy Policy and Conservation Act—

If SPR oil is sold competitively, the actual sales prices will be determined by the competitive process.

If crude oil price controls and price equalization systems are in effect, SPR oil will be treated the same as imported oil for price equalization purposes unless it is determined that an alternative pricing policy is necessary.

Selling the SPR oil at or near the average landed import price is intended to help stabilize the oil market during an interruption, while still being administratively simple to avoid delays in using the SPR.

The procedure for operations management is set forth in the drawdown plan as follows:

OPERATIONS MANAGEMENT

When a decision is made to use the SPR, the Under Secretary of the DOE will be responsible for assuring the sales and delivery of the SPR oil.

The DOE Office of Procurement and Contracts Management will award sales contracts in accordance with the sales procedure directed by the Secretary.

The SPR Office (SPRO) will assure movement of the oil from the storage sites to the designated SPR terminals, and transfer the oil to the purchasers. The SPRO will participate in the selection of buyers to assure the capability to deliver the SPR oil at the desired schedule and rates, and will be responsible for assuring receipt of payments for the oil, maintaining accounting records, depositing receipts and auditing sales transactions.

The Economic Regulatory Administration (ERA) will participate in selection of recipients of SPR oil if it is allocated, and will assure that the SPR oil will be appropriately treated under the Crude Oil Allocation system and any price control and equalization system which may be in effect. If SPR oil is to be sold only to "buyers" in the current Buy/Sell Program or the Standby Allocation Buy/Sell Program, ERA will determine the list of buyers.

If SPR oil is to be allocated pursuant to a regulatory program, a DOE selection board will make decisions as to which refiners should receive the SPR crude oil, and document the basis for such decisions.

Competitive Sales. Eligible refiners could submit priced offers for SPR oil announced for sale by DOE. Selection from among responsive offerors would be based on the highest prices offered and on the ability of the refiners to take delivery of the oil on acceptable schedules.

Allocation to Selected Refiners Based on Announced Selection Criteria, Including Ability To Move the SPR Oil. DOE would announce the availability of SPR oil to the eligible refiners and specify the criteria for selection. Eligible refiners would then submit purchase requests to DOE for SPR oil at a price set by the Department. The buyers would be selected by DOE on the basis of the announced selection criteria, including their ability to take delivery of the oil on acceptable schedules with the least administrative burden. Allocation could be accomplished, within the announced category of eligible refiners, under the current Crude Oil Buy/Sell Program, the Standby Mandatory Crude Oil Allocation Regulations, or the new regulations proposed in DOE's Notice of Proposed Rulemaking, Appendix A, authorizing the allocation of SPR crude oil outside of these programs.

Apportionment of Buy Rights Among All Eligible Refiners. All eligible refiners would receive rights to a pro rata share of SPR oil, at a price fixed in advance by the Department. The refiners could exchange or sell among themselves, to determine which refiners would actually take delivery of the SPR oil.

The specific method which DOE would employ to determine the buyers of SPR oil will be decided at the time of a decision to use the SPR and may be revised during the course of an interruption. Because of the wide range of conditions which may exist during an interruption, it is not feasible or desirable to plan to use only one sales process, as explained in Chapter V.

Mr. President, the amendment would change this administrative procedure to restrict it to competitive sales. The desire to avoid the problems associated with any allocation program is laudable. However, SPR oil, since it benefits the Nation as a whole, should be available to all. In addition, buyers should not be denied access to SPR oil based on their own inventory position as this will discourage them from stockbuilding and penalize them if they do build stocks. Similarly, they should not be denied access to SPR oil on the basis of their current crude availability or they will be discouraged from seeking secure supplies and will be penalized if they have such supplies.

Finally, Mr. President, a too ready access to SPR oil that is guaranteed under all circumstances would inevitably lead to a much smaller buildup of crude inventory or refined stocks held outside the SPR. This also would be the case as our SPR grows, and it is growing. The Senator from New Jersey has been one of the leaders in the fight, as has been the Senator from Idaho, to increase that level. But if everyone knows they have guaranteed access to that oil and knows exactly what the terms and conditions are, the incentive to build their own inventories would be correspondingly reduced because they could rely upon the SPR for that source of supply.

Mr. President, in opposition to the amendment, I want to underscore primarily what the Senator from Virginia has indicated; the complexity of the arrangements and the kinds of exchanges that would be mandated by the existing program if the current amendment were adopted are such that there ought to be a careful development of the record and a careful development of policy. The chairman of the subcommittee has given assurances to me and to the Senate that those hearings will be held.

There will be an opportunity to develop those standards and criteria more fully than we can do now in the debate on the floor or by this amendment.

I hope the Senate will not adopt the amendment, Mr. President. Again, I share the statement that was made by the Senator from Virginia (Mr. WARNER), that he commends the Senator from New Jersey for having raised the issue, both in the committee, where it was rejected, and again here on the floor, because it is something we need to deal with. I assure the Senator from New Jersey, we shall deal with it.

Mr. President, I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, the strategic petroleum reserve involves

three principal questions as to its use. Those questions are: when, who, and what price?

The question of when relates to when you ought to be able to share that strategic petroleum reserve; or, to put it another way, what is the trigger for sharing of the strategic petroleum reserve? The amendment of the distinguished Senator from New Jersey does not deal with that first question of when. It deals only with the question of price.

It also does not deal with the question of who—who ought to get the strategic petroleum reserve. Frankly, I do not know the answer to either when or who, but I know there are a number of very serious questions.

For example, should there be some kind of setaside for independent refiners? Some have suggested that we ought to have such a setaside; others say no.

Some have suggested that we ought to have priorities similar to those we have in the bill; for example, that there ought to be a priority for agriculture, a priority for essential services of a State, or Federal services, for hospitals and schools, or for other kinds of uses that ought to receive priority.

The amendment of the distinguished Senator does not deal with the question of who gets it. I am not prepared to say that there ought to be a special setaside or a special order of priorities for the strategic petroleum reserve, but I am saying that these three questions—when, who, and at what price?—ought to be dealt with at the same time. It is for that purpose that the distinguished Senator from Virginia (Mr. WARNER) has agreed to hold hearings on this matter, so that we can address all three of those questions.

It may very well be, Mr. President, that an auction is the best way to share this crude. It certainly has a fairness. It is certainly free from any hanky-panky or any inefficiency.

It does have one immediate, it seems to me, disadvantage. That is that it creates a national spot market, which could have the effect of raising world oil prices. We have seen the phenomenon in recent oil shortages where the world spot market was artificially increased because independent refiners, who did not have the ability to buy in bulk, in large tanker loads, nor did they have access to ARAMCO or other large quantities of crude oil, large numbers of these independents were put on the world spot market and they artificially bid up the price. That, in turn, triggered higher prices, artificially higher prices, in OPEC.

So we want to avoid that here. Whether that phenomenon would occur, I do not know, but I do think that hearings would help us on that.

So I speak not so much to oppose the concept of the Senator from New Jersey but, rather, to say that I think it is premature. I believe everyone on the committee and I, as well as the Senator from Virginia and the chairman of the committee and I, as well as the Senator from Virginia—wants to deal with these questions and wants to deal with them soon, because they are at the very heart of the whole strategic petroleum reserve question.

We should not leave it to the President, as it is at the present time, but we should have our own input.

I believe that the amendment of the Senator from New Jersey for that purpose is premature. If there were any chance that the Senator from Virginia were going to short circuit the process and not have hearings, I would say let us move ahead and consider it at this time. But he has indicated that he will hold hearings, and the chairman will hold the markup at the appropriate time.

So I hope we can defer this amendment—not so much defeat it but defer it for the time being.

Mr. BRADLEY. Mr. President, I appreciate and understand the good will on the part of the chairman and the ranking minority member, as well as the subcommittee chairman. On this issue, they have been nothing but cooperative.

I had stated in the committee, when we decided that we would defer the amendment on SPR oil in the committee, that I would bring it up on the floor. So I feel obliged to have a vote on this, and I hope it will be adopted. If we do not adopt it. I hope we will be able to look at it in greater depth in the committee.

The questions raised by the Senator from Louisiana are legitimate.

When? The answer is when the President determines the oil should be auctioned.

Who? The amendment says refiners.

At what price? The answer is, whatever the market determines at that point.

The auction of SPR oil encourages refiners to store oil in the absence of a disruption. If you are afraid the Government is going to come in and take away the oil that you have stored because you are imprudent, you are unlikely to store a lot of oil. If you know that you store oil and you will have it because there will not be Government allocations, then you store more oil, and the country as a whole is more secure.

Second, auctioning SPR oil puts downward pressure on oil prices. How? If there is more oil in the market, there is less pressure for prices going up. If there is a disruption of 2, 3, or 5 million barrels a day and a half million barrels a day come into the market from the SPR, there is more oil on the market and less upward pressure on price.

Third, auctioning SPR oil distributes the oil to efficient refiners—not to every refiner everywhere who is allocated by the Government a certain supply but those who can use it most efficiently and market the product.

This is an amendment which says, "Let the market do this." This is in lieu of allocations by the Government, and I believe it is an amendment that clearly builds on what is the intent of Congress. So I urge the Senate to vote for it.

The choices are clear: allocate oil, do nothing, or auction the oil. This amendment says, "Auction the oil."

Mr. President, I am prepared to vote on this amendment.

Mr. McCLURE. I am ready to vote on the amendment.

Does the Senator desire a rollcall vote?

Mr. BRADLEY. Yes.

Mr. McCLURE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from Florida (Mrs. HAWKINS), the Senator from Oregon (Mr. PACKWOOD), the Senator from New Mexico (Mr. SCHMITT), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. PACKWOOD), the Senator from New Mexico (Mr. SCHMITT), the Senator from South Carolina (Mr. THURMOND), and the Senator from Florida (Mrs. HAWKINS) would each vote "nay."

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE) is necessarily absent.

The PRESIDING OFFICER (Mr. DANFORTH). Is there any other Senator wishing to vote?

The result was announced—yeas 18, nays 76, as follows:

[Rollcall Vote No. 340 Leg.]

YEAS—18

Biden	Hart	Pell
Boren	Kennedy	Percy
Boschwitz	Levin	Pryor
Bradley	Mathias	Tsongas
Eagleton	Moynihan	Weicker
Exon	Nunn	Williams

NAYS—76

Abdnor	East	McClure
Andrews	Ford	Melcher
Armstrong	Garn	Metzenbaum
Baker	Glenn	Mitchell
Baucus	Goldwater	Murkowski
Bentsen	Gorton	Nickles
Bumpers	Grassley	Pressler
Burdick	Hatch	Proxmire
Byrd, Harry F., Jr.	Hayakawa	Quayle
	Heflin	Randolph
Byrd, Robert C.	Heinz	Riegle
Cannon	Helms	Roth
Chafee	Hollings	Rudman
Chiles	Huddleston	Sarbanes
Cochran	Humphrey	Sasser
Cohen	Jackson	Simpson
Cranston	Jepsen	Specter
D'Amato	Johnston	Stafford
Danforth	Kassebaum	Stennis
DeConcini	Kasten	Stevens
Denton	Laxalt	Symms
Dixon	Leahy	Tower
Dodd	Long	Wallop
Dole	Lugar	Warner
Domenici	Matsunaga	Zorinsky
Durenberger	Mattingly	

NOT VOTING—6

Hatfield	Inouye	Schmitt
Hawkins	Packwood	Thurmond

So Mr. BRADLEY's amendment (No. 593) was rejected.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BRADLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I might advise all Members that we know of two amendments, one by the Senator from Maine (Mr. MITCHELL) dealing with a mandatory State set-aside program, and one by the Senator from Connecticut (Mr. WEICKER) dealing with gasoline rationing. There is an amendment we are trying to work out with the distinguished Senator from Oklahoma (Mr. NICKLES) which may or may not be offered, and an amendment that may or may not be offered by Senator HUMPHREY.

Other than those matters, I believe we are ready to go to final passage of the bill. I hope that, if there are any other Members who have any language they want to change, any amendment to suggest, or any colloquies they want to enter into, they will come to the floor or get word to us so that we can plan for them and proceed to final passage. It is our hope that we can get to final passage within the next hour or two at the latest. I hope that Members are guided by that.

RENTAL CARS

Mr. MATSUNAGA. Will the Senator from Idaho yield for a question?

Mr. McCLURE. I am happy to yield to my colleague from Hawaii.

Mr. MATSUNAGA. Am I correct in assuming that the provisions contained in section 4(a)(2)(B) setting forth allocation objectives for transportation facilities and services which serve the public at large would include, by definition, rental cars?

Mr. McCLURE. The provision you make reference to sets forth as an allocation objective the maintenance of all public services including transportation facilities and services which serve the public at large.

The application of this objective by the President in his implementation of the standby regulation will be determined by the nature, scope, and duration of the severe petroleum supply disruption.

In tailoring his response to the situation which faces him, the President will have the flexibility in his implementation of the standby regulation to consider the availability of rental cars as a transportation facility and service which serves the public at large.

STANDBY PETROLEUM ALLOCATION

Mr. HEINZ. I would like to get the Senator's views on the importance of assuring adequate supplies of petroleum products for manufacturing industries, such as the steel, aluminum, automobile, paper, and textile industries. Is it your feeling that the manufacturing industries are an essential part of our economy, and that a disruption of their activities could do great harm to the economy as a whole?

Mr. McCLURE. Yes. The authority granted under S. 1503 would be exercised for the purpose of minimizing the adverse impacts of severe petroleum supply shortages on the American people and the domestic economy. As the finding in section (2)(a)(2) states:

Such shortages could be sufficiently large to cause severe economic dislocations and hardships within various segments of the economy, both regional and national, and constitute a threat to the public health, safety, and welfare.

Mr. HEINZ. Given the importance of manufacturing to our economy, Mr. Chairman, would you agree that the President should recognize this important sector of the economy when he is devising a standby petroleum allocation program?

Mr. McCLURE. It is anticipated that the standby regulation would be general in form and content. Implementation of the standby regulation would be tailored by the President to meet the scope, duration, and nature of the shortage when it occurs. At that time I would expect that implementation of the regulation would take into consideration the needs of manufacturing industries.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NICKLES. Mr. President, I wonder if the managers of this bill might answer a question of mine. The Senator from Louisiana and I discussed this matter earlier.

There is language on page 15 of the bill which deals with maintenance of high levels of inventory. Is it the intention of the Senators to insure that in no way will the enactment of this bill detract or deter from companies maintaining and increasing their supplies and storage, their inventories of oil?

Mr. McCLURE. Mr. President, let me respond first.

We recognize that the Nation's security will be enhanced by encouraging inventory building by those in the private sector and by not just relying upon the strategic petroleum reserve. This language is intended to carry that encouragement forward into the statute by indicating that we want to insulate the inventories from Government allocation. One of the problems we had in the discussion was in reference to contracts. There may be a contract for the production of a field or the production of a well. If we covered every contract, we would have placed large quantities of petroleum outside of any reasonable allocation plan.

This language is intended to tell people who build their inventories that, indeed, their inventories will be secured and they will not be taken away from them in the event of allocation.

Mr. NICKLES. I thank the Senator.

Does the Senator from Louisiana have a comment?

Mr. JOHNSTON. Mr. President, I would say I certainly agree with my distinguished colleague from Idaho.

We had a real fault with the buy-sell program under EPAA in that it tended to discourage companies or refineries from laying in large inventories or from securing secure sources of supply because under the way the buy-sell program was operated at that time those supplies could be ordered to be sold at the price at which they were laid in. That really tended to discourage those companies from acquiring those stocks.

We specifically put into this bill the fact that we want to encourage the maintenance of high levels of inventories and secure sources of supply through the mechanism that my colleague said. That is, we want to insulate those inventories from being pirated away. The best way to discourage the laying in of those inventories is to have those ordered to be sold at the acquisition price. We do not intend for that to happen.

Mr. NICKLES. I appreciate the Senator's comment.

The Senator mentioned the acquisition price. Not so much for the existing inventories, but let us assume that the program has been in operation for several months. When we mention on the same page, under the crude oil sharing program, prescribing the manner for determining the terms and conditions of an equitable price of crude oil for any sale under this section, we are not in any way, shape, or form going to be mandating that firms that go out and purchase oil at a particular price will have to turn around and sell that very same oil to another purchaser, another refiner, under the program, for less than what they paid for that oil?

Mr. JOHNSTON. Mr. President, I answer the Senator that what we are detailing here is equity for both buyers and sellers. We certainly cannot provide equity to the seller if we base his sales price, what he is going to receive, on the cost of his laid-in inventory if he laid that inventory in prior to the emergency, which is what I was trying to say a moment ago. In our judgment, the equitable price would exclude taking into consideration the price of his inventory laid in before the emergency. My own view as to an equitable price, while it is to be determined by the President, I would expect he would determine that price at being something like the average price of the inventory laid in after the emergency begins and not taking into consideration the preemergency inventory.

Mr. NICKLES. Mr. President, I appreciate the Senator's comments. I think that is very important and good.

Mr. President, I have fairly extensive remarks that I should like to make concerning S. 1503, the Emergency Petroleum Allocation Act.

I am opposed to this act, as I am sure the Chair is aware, and I have stated my opposition previously in committee. I am opposed to it for several reasons, but I think, first and foremost, because I believe in all sincerity that it will do more damage than good. The administration does not seek this power or authority that we are seeking to mandate to them or give to them that they really do not want. I think history has shown quite well that allocations systems have actually done more harm than good. That includes the enactment of this act in 1973—certainly, in that shortage, and also in the shortage of 1979.

I think history proves quite well that allocations and price controls have done more damage than good as far as trying to help solve the problem that we

nave actually had. Instead of having the marketplace allocate scarce resources, we have had bureaucrats. That means the Department of Energy, it means Senators, it means Representatives, it means people who work in State agencies allocating scarce resources. Mr. President, they do not do as good a job as the marketplace.

I think it is a false assumption when we say, well, the marketplace cannot work when we are in a competitive-type or shortage position. I quote from the Department of Justice Antitrust Division:

The petroleum industry is too complex and too dynamic to be effectively controlled by a comprehensive regulatory scheme for an indefinite period of time. In such an industry, only the self-regulating forces of supply and demand operating in a competitive marketplace can adequately protect the public interest in obtaining supplies of high-quality products at reasonable prices.

Mr. President, I believe the marketplace encourages stockbuilding prior to disruptions and during disruptions, encourages drawdowns in stock, thereby inducing price increases, which is exactly the opposite of what we see happen under control situations.

I also mention, Mr. President, that past evidence has shown that it has not worked. I quote a couple of administrators of previous Federal programs.

William Simon, who was former head of the Energy Office in 1973, during the so-called energy crisis at that time, said:

As for the centralized allocation process itself, the kindest thing I can say about it is that it was a disaster. Even with a stock of sensible-sounding plans for even-handed allocation all over the country, the system kept falling apart, and chunks of the populace suddenly found themselves without gas. There was no logic to the pattern of failures. In Palm Beach suddenly there was no gas, while 10 miles away gas was plentiful. Parts of New Jersey suddenly went dry, while other parts of New Jersey were well supplied. Every day, in different parts of the country, people waited in line for gasoline for two, three, and four hours. The normal market distribution system is so complex, yet so smooth that no government mechanism could simulate it. All we were actually doing with our so-called bureaucratic efficiency was damaging the existent distribution system. As the shortages grew more erratic and unpredictable, people began to "top off" their tanks. Instead of waiting, as is customary, to refill the tank when it is about one-quarter full, all over the country people started buying 50 cents' worth of gas, a dollar's worth of gas, using every opportunity to keep their tanks full at all times. And that fiercely compounded the shortages and expanded the queues. The psychology of hysteria took over.

Essentially the allocation plan had failed because there had been a ludicrous reliance on a little legion of government lawyers, who drafted their regulations in indecipherable language, and bureaucratic technocrats, who imagined that they could simulate the complex free-market processes by pushing computer buttons. In fact, they couldn't.

And so, by executive order, Nixon named me the nation's second energy czar. I immediately learned that my plans to operate in an efficient, businesslike manner had been an illusion and that efficient business management had nothing on earth to do with the centralized allocation of resources by a government agency. Compared to what went on at the Federal Energy Office, production for the marketplace was breathtakingly simple. In the market essentially all that happens is that a man or a company creates a product or a service and sells it to anyone who wants it at a price deemed advantageous by both. The pricing system automatically allocates resources, and that's that. There are no other considerations. When a government—or a czar—allocates resources, a thousand other considerations enter into the picture, none of which are relevant to the production or distribution process.

Mr. President, I also quote William C. Lane, Jr., who was director of the Office of Competition in the Department of Energy from 1978 through 1980, which dealt with the 1979 shortage. He did an extensive review on the allocation and price controls and regulation and their effect on the economy.

These quotes are from a May 1981 report to the American Petroleum Institute: "The Mandatory Petroleum Price and Allocation Regulations: A History and Analysis."

I. ALLOCATION PROBLEMS

February 1974—Under allocation controls, gasoline supplies available within states ranged from a low of 63 percent of the base period (1972 supply levels) to a high of 122 percent for Wyoming.

Growth states since base period—Arizona, Nevada, Florida—did not have their growth accounted in February 1974 allocations.

Sample result: Arizona—9.6-percent increase in gasoline demand since base period, was allocated 28 percent less than base period use.

Allocation system unable to adopt quickly, i.e.—Sunday ban on sales and odd-even system caused decreased rural demand and increased urban demand due to less weekend trips, however rural and resort areas had surpluses, urban had gas lines.

Essentially, the allocation system was designed for businesses or other organizations large enough to make bulk purchases. Consumers were left to fend for themselves, without assurance that any minimum amount of supplies would be available.

The crude oil allocation system also failed to achieve its stated goals. It took crude oil away from more efficient refiners and allowed refiners manufacturing lower proportions of the products in short supply to use higher than normal proportions of the available crude. It allocated crude away from the east and west coasts, where supplies were short, and deposited it in the midwest, where supplies were plentiful.

II. PRIORITY USERS

DOE overestimated priority needs. It based its rules governing allocations to priority users and the distillate stock build program on the premise that priority demand could not be reduced during a shortage. Over concern for meeting priority needs intensified the shortages and resulted in inequitable distribution of supplies among end users.

In the July 19, 1979 Federal Register, DOE said it was changing the rules governing priority allocations because the consequences of the shortfall were very pronounced at the retail outlet level, while priority users appeared to be unaffected by the shortage. The Department said the "current requirements" provision acted as a disincentive by some priority users and also made it impossible for suppliers to predict with any certainty the requirements of particular purchasers in a given allocation period.

In mid-February [1974], following an eight day strike by independent truckers, truckers were added to the list of priority users. The response to the truckers' strike, which was marked by violence (several non-striking truckers were killed) and a "roll" on Washington resulting in trucks circling the White House, provides a clear example of the problems an allocation program poses for those assigned to administer it.

Many of these priority users purchased oil for low priority uses, while non-priority customers were having difficulty securing supplies they badly needed.

III. CONCLUSIONS

The regulations reduced supplies below those which would have been available in a free market, prevented the reduction in demand that ordinarily would have accompanied higher world prices, and misallocated the remaining supplies among different products and different regions.

Perhaps the most important result of the regulations was that they politicized oil price and supply decisions. Firms increasingly came to realize that their competitive position, and perhaps their survival, depended less on their efficiency or business acumen than on decisions reached by Federal regulators. Trade associations and individual companies rapidly increased their "presence" in Washington through lobbying offices and law firms.

At first blush, the answer to why shortages occurred in the United States appears to be relatively straightforward. In the case of the Arab oil embargo, they seemed to be the result of actions taken by some oil producing nations to restrict world supplies of crude oil. In the case of the Iranian crisis, they apparently resulted from the loss of Iranian crude exports. However, neither event necessarily meant that shortages of oil in the U.S. would result. In the absence of price and allocation controls (including the CWPS guidelines), the market lines and other manifestations of a shortage would not have appeared. With price controls, there was less petroleum available than the public demanded. The Government.

In summary, a conservative estimate of the total private administrative, compliance, and reporting costs of the price and allocation regulations is about $2 billion per year. The direct governmental burden of administration was about $210 million in 1979.

Finally, the Department of Energy's own Office of Competition recently concluded that "the price and allocation regulations are the most anticompetitive factors operative in today's gasoline market."

Mr. President, to follow a little further on as to how these oil and price regulation and allocation schemes have been a dismal failure, I have visited with Dr. Philip Verlegerty, Jr., who is an economist at Yale University's School of Organization and Management. He says:

I have spent a lot of time looking at regulations under EPAA, and I find that that is a disastrous history.

In particular, I will suggest that if Congress chooses to enact standby price and allocation controls as replacement for the soon-to-expire Emergency Petroleum Allocation Act, then none of the financing programs has much of a chance to work. On the other hand, I will also attempt to show that if Congress enunciates a policy of complete reliance on market forces during any disruption, save possibly one which occurs during a war, then almost any of the proposals will work.

He goes on further:

The usual criticism of a market based program for dealing with a disruption in petroleum supplies is that it would cause severe hardship to consumers. At least this is the view which has been expressed before Congress by many economists, consumer advocates and others during the last 8 years.

However, the truth is that a market based program would result in lower prices because

by encouraging stock building prior to a disruption and encouraging stock drawdowns during a disruption, the program would reduce the increase in prices on the Rotterdam spot market.

He also says, in a book entitled "Oil Markets in Turmoil":

The standard response to a disruption has been to impose price and allocation controls. No action could be more detrimental to the long run interest of consumers and consuming countries because controls delay adjustment and drive prices up even higher. Further, the provision of allocations or determination that some companies or some consumers require special treatment removes any incentive for these companies and consumers to build precautionary stocks and thus reduces the effect of any disruption.

Finally, I have a quotation from the GAO. I ask unanimous consent that the statements of Dr. Verlegerty and the material from the GAO be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF DR. PHILIP K. VERLEGER, JR.

I have spent a lot of time looking at regulations under EPAA, and I find that that is a disastrous history.

In particular, I will suggest that if Congress chooses to enact standby price and allocation controls as replacement for the soon-to-expire Emergency Petroleum Allocation Act, then none of the financing programs has much of a chance to work. On the other hand, I will also attempt to show that if Congress enunciates a policy of complete reliance on market forces during any disruption, save possibly one which occurs during a war, then almost any of the proposals will work.

Fifth, the program which I think would do the best job of moderating increases in oil prices would be one which left the determination of the timing of distribution of oil to the market.

The usual criticism of a market based program for dealing with a disruption in petroleum supplies is that it would cause severe hardship to consumers. At least this is the view which has been expressed before Congress by many economists, consumer advocates and others during the last 8 years.

However, the truth is that a market based program would result in lower prices because by encouraging stock building prior to a disruption and encouraging stock drawdowns during a disruption, the program would reduce the increase in prices on the Rotterdam spot market.

The reasons for our lack of preparedness are not hard to find. For the last 7 years, the existence of price and allocation controls under the Emergency Petroleum Allocation Act have effectively discouraged preparation by offering a low cost alternative form of protection to those who do not prepare, while depriving those who do prepare of the prospect of any return on their investment.

Quote from summary of upcoming book entitled, Oil Markets in Turmoil:

"The standard response to a disruption has been to impose price and allocation controls. No action could be more detrimental to the long run interests of consumers and consuming countries because controls delay adjustment and drive prices up even higher. Further, the provision of allocations or determination that some companies or some consumers require special treatment removes any incentive for these companies and consumers to build precautionary stocks and thus reduces the effect of any disruption."

HIGHLIGHTS FROM GAO REPORT "GASOLINE ALLOCATION: A CHAOTIC PROGRAM IN NEED OF OVERHAUL"

The earlier chapters of this report show that the petroleum product allocation program has not met the legislated goals of assuring adequate supplies to priority users, protecting independent marketers, and equitably distributing supplies throughout the United States. In summary, we found that:

Emergency response planning was incomplete and outdated.

Federal and State Governments were ill-prepared to deal with their supply management role.

The effectiveness of program operations was plagued by inadequate management and staffing, relentless demands for services, poor or totally lacking information systems, and unclear guidance and direction. Even under the best of conditions the workload would have been formidable; in this instance, it was overwhelming.

We can expect the same results during future shortages unless the Government acts now to overhaul the petroleum allocation program.

A wholesaler in one State and two distributors in another State acknowledged that they did not always deliver customer supplies according to authorized allocations. The wholesaler told us that he did not know his customers' allocations and that he made no attempt to limit sales to authorized amounts. The distributors told us that they generally had enough gasoline to meet all customer demands. As a result, they had no reason to limit sales to authorized amounts.

Between January 12 and July 5, 1979, DOE made 27 changes to its motor gasoline and middle distillate allocation regulations. This ad hoc approach of making changes as problems are encountered resulted in the changes being made effective immediately, rather than providing time for regulatory analysis and public comment.

DESIRABLE CHARACTERISTICS OF AN ALLOCATION PROGRAM

We believe a petroleum allocation program should be built around the following characteristics.

Simplicity in design and operation which emphasizes timeliness and quality of service, consistent with program purposes.

Recognition of the distinct, but complementary, roles and responsibilities of Government and industry. Unnecessary Government regulation and intervention should be avoided, and industry should be allowed to exercise its operational judgment within clearly defined and understood guidelines and regulations.

Yet, during the 1979 gasoline shortage the program failed to meet its intended objectives and is so seriously flawed that a major overhaul will be needed before better results can be expected.

Mr. NICKLES. Mr. President, GAO, on April 23, 1980, stated:

Emergency response planning was incomplete and outdated.

Federal and State Governments were ill-prepared to deal with their supply management role.

The effectiveness of program operations was plagued by inadequate management and staffing, relentless demands for services, poor or totally lacking information systems, and unclear guidance and direction. Even under the best of conditions the workload would have been formidable; in this instance, it was overwhelming.

Also, GAO stated:

Between January 12 and July 5, 1979, DOE made 27 changes to its motor gasoline and middle distillate allocation regulations. This ad hoc approach of making changes as problems are enccuntered resulted in the changes being made effective immediately, rather than providing time for regulatory analysis and public comment.

Mr. President, there are a lot of serious ills that many of these persons I have mentioned brought out, so far as this particular piece of legislation is concerned.

I have told the Senator from Idaho of my particular beliefs concerning this legislation.

As I stated earlier, it is my opinion—and I believe it is the opinion of the administration—that this legislation was not wanted or needed, and it could do more damage than good.

I shall read into the RECORD a letter from the President of the United States, dated October 29, 1981:

I know that you have strongly supported elimination of unnecessary Federal regulation of energy. Now that the expiration date of the Emergency Petroleum Allocation Act has passed, I want you to know that I strongly oppose any extension of allocation and price control authority.

Experience under the existing law has taught us that rather than ensuring equity, allocation and price controls simply make a bad situation worse. Allocation and price controls have turned minor shortages into major gas lines twice in the past seven years.

My Administration is fully committed to preparing for and protecting against oil supply emergencies. The Strategic Petroleum Reserve will acquire more oil this year than in the preceding four years. The Department of Energy undertook on internal reorganization to focus responsibility in a new Assistant Secretary for Emergency Preparedness. Working with other affected agencies and taking advantage of the numerous legal authorities that remain in force, DOE is developing careful plans that will encompass a broad range of emergency response measures.

The Administration is eager to work closely with the Committee on Energy and Natural Resources to ensure that our nation is adequately protected in the event of future supply disruptions

Mr. President, I also will mention a few of the highlights in the testimony of Mr. Kenneth Davis, Deputy Secretary, Department of Energy, before the Senate Committee on Energy and Natural Resources, on July 30, 1981.

I will read some of the highlights, and I ask unanimous consent that these pages be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF KENNETH DAVIS

ADMINISTRATION'S GENERAL POLICY

While we agree with the NPC recommendation in support of reliance on market forces, we believe that Federal intervention in the market would be counterproductive as past experience has clearly demonstrated. Past U.S. energy policy relied heavily on Federal intervention, and attempted unsuccessfully to protect U.S. consumers from the reality of higher world oil prices. Domestic price and allocation controls, which were in place on both crude oil and oil products

when global prices leaped, seriously hampered the ability of the marketplace to respond to short-term problems and actually contributed to supply shortages.

Moreover, the Administration believes that the existence of standby price control and allocation programs discourages petroleum users, refiners, and distributors from building and holding private stocks and taking other important self-insurance measures. For these reasons, the Administration does not believe that subjecting the Nation again to even the possibility of a burdensome price and allocation program is in the national interest.

The Administration is convinced that the welfare and interests of the American people will be best served if the Federal Government follows a policy of making sure that the Nation has adequate insurance such as the SPR along with sufficient private stockpiles of petroleum products to ameliorate the effects of major oil supply disruptions and, in the event of a disruption, of allowing the market to do the job it does best—allocating scarce resources efficiently and effectively among competing demands. Therefore, the Administration is strongly opposed to enactment of any petroleum allocation or price control authority, including extension of the Emergency Petroleum Allocation Act.

FARMERS

How will reliance on the market during a disruption affect farmers, especially those in remote areas?

Farmers have traditionally relied on the market to supply their inputs and to sell and distribute their products. We would expect farmers and rural areas to continue to be able to compete for and obtain necessary petroleum supplies for their essential needs.

Just as the petroleum supply system currently reallocates supplies in response to seasonal demand factors such as planting and harvest requirements, during a supply disruption the system would reallocate supplies to farmers and rural areas where supplies are tight from areas where supplies are more ample. In addition, the market reliance strategy should encourage farmers and others to maintain sufficient safety stocks as a form of insurance.

Ample authority will remain after expiration of the Emergency Petroleum Allocation Act to deal with the effects of a major supply interruption. The President now has, and will continue to have, authortiy to drawdown SPR oil; assure that national defense needs are met by directing petroleum suppliers to furnish fuel for national defense needs; impose quotas or fees on imports of crude oil and petroleum products to limit or discourage consumption; and temporarily waive regulatory requirements affecting domestic energy production and use.

ENCOURAGE PRIVATE SUPPLIERS

The most effective means of advance preparation is to develop the Strategic Petroleum Reserve as rapidly as economically feasible and to pursue policies that will encourage, rather than discourage, the private sector to develop adequate levels of oil stocks and other self-insurance mechanisms. The Administration is vigorously pursuing these emergency preparedness programs and believes that this approach, rather than intervening in petroleum markets after an emergency has begun, is the most effective approach for dealing with petroleum supply disruptions of any size.

NEGATIVE EFFECT OF STAND-BY AUTHORITY

Price and allocation controls, [even] in stand-by form, have the additional effect of discouraging petroleum users, refiners, and distributors from building and maintaining private stocks and pursuing other important self-insurance measures. The existence of allocation authority would encourage various groups to seek priority allocations under this authority, rather than plan for an emergency, and they frequently become a constituency for the exercise of that authority.

QUICK-FIX IS WHAT EPAA IS

A major Administration concern is to avoid quick-fix policy responses that deal with some of the symptoms of a supply disruption but are counterproductive in the long run.

EFFECT OF INDEPENDENT ACTION OF STATES IF NO EPAA

States could implement limited allocation measures such as gasoline odd/even and minimum purchase plans, special priorities for health- and safety-related activities, and State set-asides for designated purposes. Such measures would probably not be identical from State to State. Measures such as set-asides can add to the cost of doing business in a state; to the extent such programs are onerous, suppliers may reduce deliveries and provide correspondingly larger supplies to other states.

With respect to price controls, States may find it unwise to adopt such measures since, unless all other States similarly adopted price controls, products would be driven out of the States seeking to impose the controls.

Put another way, a State may not allocate the available supply of a product in a way that favors local users at the expense of out-of-State consumers. This principle significantly limits any possible impairment of the distribution of available supply among States.

Mr. NICKLES. Mr. President, Mr. Davis stated:

Past U.S. energy policy relied heavily on Federal intervention, and attempted unsuccessfully to protect U.S. consumers from the reality of higher world oil prices. Domestic price and allocation controls, which were in place on both crude oil and oil products when global prices leaped, seriously hampered the ability of the marketplace to respond to short-term problems and actually contributed to supply shortages.

He said:

In the event of a disruption, of allowing the market to do the job it does best—allocating scarce resources efficiently and effectively among competing demands. Therefore, the Administration is strongly opposed to enactment of any petroleum allocation or price control authority, including extension of the Emergency Petroleum Allocation Act.

He answers questions about ample supply to farmers and other questions.

I should like to take a few minutes to go over various aspects of the bill with which I have problems.

I have a problem with many things that Senator McCLURE did not want in his original bill and were not included in the original bill. Yet we find them in the bill today, and that is one of my reasons for being opposed to the legislation. Some of these have been alluded to in previous discussions by other Senators.

If we look at the original bill as introduced by Senator McCLURE, it was a little over six pages long. The bill before us today is about 13 pages long. So we see that it has grown, and I believe that as it passes through Congress, it will grow; and the more it grows, the worse it becomes.

We are seeing Government control and Government allocation of resources. They say, "Marketplace, we don't think you can work." The previous testimony I have given disputes that and disputes it well. I think the marketplace has done an outstanding job in allocating scarce resources, and Government has bungled it up. They have done a poor job, and one reason is that they have come up with legislation such as this. We have almost the same findings and statement of intent as we had under the old EPA.

We come to Presidential authority and allocation and trying to determine who is going to have preference for these oil resources. I look through here, and I have counted about 30 or 31 groups. The lobbyists have been very successful. They have been able to take care of their particular demand. We have dairy in here, utilities, co-ops, local governments, transportation, residential heating. All those are going to get all the energy they need.

We have agriculture. We have ranching. We have farming. We have fishing. We have petrochemicals. We have distribution. We have independent marketers. We have independent refiners. We have other marketers. We have refiners. We have people distributing the oil. We have people in production of oil. We have everyone one would wish to have in here who has a lobbyist who has been down that has their name in this bill. It is the same old list we had under the old allocation formula. It did not work then. It just proves who has an effective lobby.

We have 30-some groups that got in the bill and said yes, they get priority.

Who does not get priority? The persons who do not get priority are the consumers. I read the list and I saw all kinds of special groups, but I did not see any consumers. I did not see anyone's name on the list who works 40 hours a week, the guy who has to drive across town or maybe 15 miles across town to run a machine. I did not find the guy who had to drive a rig as a weller, an independent weller. I did not find a housewife who has to commute back and forth to a job to put her kids through school.

No. The people who are left out are the consumers and those are the people who are going to be waiting in the gas lines because the other people have priorities. The other people are put ahead.

No. This is saying the marketplace does not work, so let us take care of all these special interest needs, and "You poor consumers," who happen to be about 90 percent of the population, "You have to wait at the end of the line."

So then there will be gas lines. Any time we have this type of allocation system we will certainly have it.

We should be going beyond the arbitrary list that was included under past legislation that we copied. And I commend the chairman of the committee, Senator McCLURE. He did not want this list in, but it was pushed upon him, or it was put in, and we find some other pieces in the legislation that certainly should not have been added but there they are today.

We find that we have a mandate, that the President has to provide for the State set-aside program.

Mr. President, EPAA had a State set-aside program and it has not worked. What it does by having a State set-aside

is put politicians and bureaucrats in the realm of allocating the resources. It says, "Marketplace, you cannot allocate resources. We need to have Senators do it."

Mr. President, I came to the Senate, and I think I have better things to do than to allocate or pump gas.

I served in the State senate in Oklahoma during the so-called 1979 shortage. We have a department of energy. We found the first thing we were trying to do was allocate some reserves to set them up under this very same type of legislation, the so-called set-aside. Yes, we have a 5-percent set-aside that goes to the State. That means the State Governor, State Department of Energy, State senators, legislators, and bureaucrats in the State were going to be able to allocate this 5 percent. But what does this do? That takes 5 percent out of the marketplace. It takes another 5 percent away from the consumers, adding to those lines, compounding that shortage.

Let us say we have, for example, as we did in 1979, a 3-percent shortage. When we set up a 5-percent set-aside, we have made that 3-percent shortage an 8-percent shortage and we just double the negative impact on consumers. We doubled the amount of gas line. We doubled the negative effect throughout the economy.

Mr. President, another thing which certainly is in the bill and I know is something the President does not want is on page 12. It says the President not later than 90 days after the date of enactment of this act shall promulgate a general standby regulation for administration and allocation of authority pursuant to this section.

What we have done is we have just told the President, "You do not want this program, but we are going to force it on you, and then by the time you get it you have 90 days to do it; whether you like it or not, you shall set up this program."

Mr. President, the President does not want this "shall" language. Some of us tried to put "may" in it in the committee, but we were not successful, as the members on this committee wanted to mandate the President.

"Yes, Mr. President, you come up and give us a program that is going to set up this massive distribution system in 90 days, whether you like it or not."

Then we come to another very serious and very objectionable part of this act, about which I have very, very serious reservations, the crude oil sharing program.

Also, again, I compliment Senator McCLURE because this was not in his original bill, but it is in the old EPAA, and it is one of the more damaging and I think it is one of the more detrimental sections of the legislation.

In this section, it says, he shall include; in other words, here again we are mandating to the President that he must come up with an optional standby program. In other words, he is mandated to come up with a crude oil sharing program.

What that means is that we are telling the refiners that we are going to mandate that to you, that you are going to have to share, so we are going to penalize those refiners who have gone to a lot of work, spent money, time, energy, and expertise in obtaining additional production, additional supplies. We are going to mandate that they share those with the inefficient refiners, with ones who maybe did not spend enough time, energy, or enough money into the allocation.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. NICKLES. I yield.

Mr. JOHNSTON. Mr. President, I wish to make it clear that under the amendment which I believe the Senator from Oklahoma helped put in in the committee, the laid-in supplies, we are mandating really that we encourage laying-in supplies. Like the squirrels who work hard all summer to put nuts away for the cold winter, it is not our intent to make them share those laid-in supplies accumulated prior to the emergency. That is No. 1.

No. 2, we are not mandating any program. We simply mandate that the President have a stand-by program which he may use if he sees fit.

Mr. NICKLES. The Senator is correct.

Mr. JOHNSTON. If he thinks the emergency is sufficiently bad, if he thinks the market will not work, and if he thinks that these provisions are calculated to help the public interest, then he, the President, Ronald Reagan, can implement this program, and as we said in the committee, "If you cannot trust Ronald Reagan to allocate oil and put pricing on only where absolutely necessary, whom can you trust?"

Mr. NICKLES. Mr. President, I appreciate the Senator's comments. He is correct. We are not mandating the program, but we are mandating to the President that he set one up and have one ready. The President does not want it. He does not want us to mandate to him that he will have to have this standby crude oil sharing program.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. NICKLES. I yield.

Mr. McCLURE. Mr. President, I hope people will look at this legislation in the light in which it has been developed.

We are not trying to thrust upon the President something that he does not want. What we are suggesting is that this administration, as well as this country, may, under some circumstances, face the necessity of having some kind of a program, and it is much better to sketch the broad general framework of such a program at a time when we are dispassionate than it would be to wait until our phones are ringing off the hook and we are facing demands from constituents on a minute-by-minute basis to solve their problems.

I have been here when that happened. I have been here twice when that happened. I will guarantee the Senator that, if he goes through that once, he will view this situation a little differently.

I am not suggesting that there is not any value to a fresh perspective, and maybe some of us have been around here too long, but I have been through that twice. I do not want to go through it again.

I know the way this Congress reacts when that happens. When the phones are ringing off the hook, when constituents are demanding we do something, boy, we do something.

Even the Senator from Oklahoma is going to do something when that phone is ringing.

The result is very likely to be less effective then than it would be if we do it now when we can be a little more dispassionate.

The President does not have to send up a detailed plan. He is not required to do so. We would not expect him to do so until such time as he deems the energy emergency, the interruption, to be so severe that he must act. Then he would send up a detailed plan that would spell out exactly how he was going to deal with each of these problems.

So we are not really imposing upon the President any onerous duty. "We are only suggesting to you, Mr. President, start giving some thought now to how you would respond under those circumstances so that we can at least have on the shelf a broad general framework."

It may say to the people out there, "Hey, this President is not going to do much." He said that very clearly. That broad general framework may say to them, "Hey, we are not sure what they are going to do. We had better start making our own plans." And I hope that is exactly what they do.

We tried throughout the entire bill to indicate that they should build their own inventories, that we are going to insulate those inventories as far as we can, that they should build self-reliance upon their own mechanisms and not wait for the Government to bail them out. And I am sure, in any broad framework plan that the President would send up, the message would get through that they had better not rely upon this plan or this President to bail them out of a marginal situation when they should be taking care of themselves.

Yes, the President has indicated he does not want an extension of EPAA. We have not offered him an extension of EPAA. He said he does not want the kind of controls we had before. We have not offered him controls of the kind we had before.

We specifically denied him that authority, so I do not think we are really that far apart with respect to what this bill does.

Mr. NICKLES. I appreciate the comments of the distinguished Senator from Idaho, and I agree that the Senator from Idaho has made some strong steps, and if he had his way in this piece of legislation it would not be upsetting or bothersome to me or to the administration, neither one.

But the very fact of the crude oil set-aside, even if we are able to protect existing inventories, still discourages to some degree the production and the supply. In some way or another I tried to have an amendment that would exempt contracts, and the reply was "no, we cannot do that."

If you look at page 14, it says "Such

program shall specify the manner in which the President will require limited sales of crude oil among refiners should he decide to implement such a program." So the President can force, basically sales among refiners. He can actually mandate to one refiner in some way or other, he can decide or the Department of Energy, whether you give this to another refiner, whether you have to sell part of your resources to another refiner.

This is certainly the way it was under past law, and a lot of this legislation, this language, can still be attributed to that.

I realize that safeguards—I tried to make Senator JOHNSTON and Senator MCCLURE protect existing inventories. But the very fact of having a crude oil sharing program is going to in some way or other subsidize the inefficient and penalize those who have been taking steps in the right direction.

A couple of other comments: Senator JOHNSTON mentioned, he said, certainly under President Reagan this legislation cannot be that bad because we have a free-market President, and that the President would not want to come up with an arbitrary allocation and with price controls, and that is correct, and I have a great deal of respect to the President.

But this language was originally enacted in 1973 at a time of crisis. It was temporary legislation. Now we find it going for 8 years, and now we find it looking for an extension at a time when we do not need it.

Ronald Reagan is not going to be President forever, and whoever his successor is I am going to have a lot less confidence in how that administration is going to set up this program.

The President has been given by this legislation unbelievably wide-open discretion as to whether or not to allocate under this program. If you have a very conservative President, a President who wants to rely on the marketplace, then that is great. The program probably will not be enacted. But as every Senator in this Chamber knows, this legislation has been renewed and extended, and if we extend it now, when we have a President who does not want to have it extended, it will probably be extended when it expires in 1985, January 1, 1985, and certainly at that extension we are going to have a different President or we may have a different President 4 years from now, and that is the reason why I think if it is going to be terminated, it needs to be terminated now.

We also require the President to make three impact studies. I think we added an amendment that we were going to require one. This Government of ours has so many rules and regulations and enough studies that we are keeping plenty of accountants and lawyers busy, but doing very little good except wasting taxpayers' dollars, and I do not think these studies will do.

We even ask for one of the silliest things. We ask the President to analyze the impact on the domestic economy and on consumers in the United States of reliance on the market allocation and pricing during a severe oil supply interruption.

Mr. President, we ought to turn that around and we ought to ask that this legislation or ask the President to analyze the disruptive impact of what this legislation will do to the consumers.

The final item would be on cost, and I think it has been alluded to, that the costs of this program would be minimal.

According to a letter that came from the Congressional Budget Office on cost estimates, from what I see in the committee report it said that the estimated authorization level for 1982 was $700,000; the estimated outlays in 1982 were $600,000; in 1983 the estimated authorization level was $400,000; the estimated outlays in 1983 were $500,000; the estimated cost of this bill is associated with the development of standby regulations and the cost of conducting the required studies that were put into this legislation, and it is ridiculous. We can save the taxpayers $1.3 million or $1.2 million if we do not follow through with unnecessary rules and regulations.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. NICKLES. Yes.

Mr. JOHNSTON. I want the Senator to have all the time he needs.

Mr. NICKLES. I am almost finished.

In conclusion, to repeat what I said earlier, trying to give the President something he does not want is something that economically makes very, very little sense.

This legislation basically says that we, as Government officials, can allocate resources much better than the marketplace, and I think that is ridiculous. I think history has proved that not to be the case under previous EPAA actions from 1973 to 1979. I think it is detrimental to the marketplace, and I really and truly believe that enactment of this legislation, although it would be with good intentions, will be disruptive. It will leave people out in the cold, people who did not get on the list. The consumers are not on there, the people who did not have a lobby group, who did not have a priority scheme, will get nothing out of this.

So I hope my colleagues will join me in opposition to this legislation.

I thank the Senator.

The PRESIDING OFFICER (Mr. DURENBERGER). Who yields time?

Mr. MCCLURE. Mr. President, I yield 3 minutes to Senator ABDNOR.

Mr. ABDNOR. Mr. President, I would like to urge my colleagues to support S. 1503. I think this is an extremely important measure that must be enacted.

As a Member of the Senate from a State that is dependent on a continued supply of petroleum in order to assure the Nation of a steady supply of food and fiber, I believe it is vital that the President has the authority to take the necessary steps to protect the interests of our Nation and assure our national security during a time of any supply disruption.

I am well aware of the concerns and reservations that have been expressed over this measure. I fully understand these concerns. However, I believe that the passage of this measure is imperative if we are to assure the farmers of this Nation an adequate supply of energy so that they can continue to provide our Nation with their resources.

Agriculture is one of the most fuel-intensive industries in this country. Farmers cannot operate without assured fuel supplies. Several times in the recent past, they have labored under periods of supply disruptions and the farmers in my State of South Dakota and other farm States were severely impacted by these disruptions.

It is vital that this not happen again.

Many rural States like South Dakota depend greatly upon independent refiners to supply their needs.

In order to help protect against a future supply shortage, several independent refiners have taken steps to secure their own long-term contracts, contracts for crude oil from oil-producing counties, and I applaud these initiatives and urge our Government to strong endorse their efforts.

I need not point to the continued political and economic instability that occurs in many nations from which we import oil. I believe that we should provide the President with the means to deal with these potential problems now, rather than to attempt to fashion a response during a time when our options might be severely limited or our response inadequate.

I believe that this measure addresses some very real concerns of many Americans and I urge all my colleagues to support what I believe is a reasoned and balanced approach to this critical problem.

Mr. MCCLURE. Mr. President, I ask unanimous consent that a "Dear Colleague" letter dated October 20, 1981 signed by nine members of the Energy and Natural Resources Committee, together with an attachment thereto be made a part of the RECORD; that a letter dated October 27, signed by DAVE DURENBERGER and MARK ANDREWS be made a part of the RECORD, and a "Dear Colleague" letter dated October 29, signed by Senator JACKSON and myself also be made part of the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, D.C., October 20, 1981.

DEAR COLLEAGUE: Within the next few days the Senate will consider S. 1503, the Standby Petroleum Allocation Act of 1981. The bill would grant the President limited and temporary authority to allocate supplies of crude oil, residual fuel oil, and refined petroleum products in the event of a "severe petroleum supply shortage" in order to minimize the adverse impacts of such a shortage on the American people and the domestic economy. Attached is a brief summary of the major provisions of the bill.

We urge you to vote in favor of S. 1503. The bill would grant the President limited and temporary authority to allocate supplies of crude oil, residual fuel oil, and refined petroleum products in the event of a "severe petroleum supply shortage" in order to minimize the adverse impacts of such a shortage on the American people and the domestic economy. Attached is a brief summary of the major provisions of the bill.

We urge you to vote in favor of S. 1503. The bill would establish a standby Federal program to be activated only to the extent necessary to ensure that the United States

has the ability to respond effectively to another serious oil supply disruption. We are convinced that our country would not have that ability if new legislation is not enacted.

We invite your attention to several basic facts. With the expiration of the Emergency Petroleum Allocation Act (EPAA) on September 30, 1981, the Federal Government no longer has basic authority to allocate petroleum supplies. Oil import disruptions, such as we experienced during the 1973 oil embargo and the 1979 Iranian shortfall, continue to pose a significant threat to our national security. With the exception of the recent buildup of the Strategic Petroleum Reserve, the United States is no better prepared to deal with significant disruptions in oil imports than it was during the 1973 oil embargo. The lack of effective contingency planning for energy emergencies is serious and requires immediate attention.

S. 1503 would not establish a comprehensive and mandatory Federal allocation scheme as would be the case with a simple extension of the EPAA. Rather, the bill would leave to the President full flexibility to tailor a Federal response to the scope, impact, and duration of a supply disruption. Such discretion is necessary because it is impossible to anticipate all of the circumstances of any particular future shortage.

If a standby Federal allocation program is not established and a severe petroleum supply disruption should occur, it is a virtual certainty that the Congress and the Executive Branch will be besieged with demands for relief by all sectors of our economy. In such a crisis atmosphere it would be far more difficult for the Congress to act dispassionately and make sound decisions. Consequently, central to our decision to recommend Senate approval of S. 1503 is our conclusion that it is better to legislate now rather than in the midst of a crisis, as was the case when the EPAA was enacted.

S. 1503 places primary reliance on the marketplace for the allocation of petroleum supplies. Our past experience under the EPAA demonstrates that the market is the most efficient and equitable allocation mechanism in most circumstances. However, if a severe disruption should occur, the marketplace may not respond quickly enough to maintain adequate supplies for certain critical needs. In particular circumstances, Federal allocation may be essential as the only means for preventing or limiting widespread economic hardship or damage. For example, if there were no Federal allocation program and a shortage occurred during peak planting or harvesting periods, it might be necessary to reduce or defer agricultural operations in certain areas until adequate supplies became available. A severe shortage thus could cause essential farming operations to be curtailed or even terminated.

A major petroleum supply disruption is a national problem that demands a coordinated national response. If the Federal Government does not provide that coordination, State and local governments might feel compelled to act unilaterally to deal with a shortage. The possibility for such uncoordinated actions already exists. Unless the Congress adopts a preemption provision like that in S. 1503, the multiplicity of often conflicting State and local laws that are already on the books would undoubtedly disrupt commerce and could possibly exacerbate the adverse effects of a shortage on the nation as a whole.

For these reasons, there is broad consensus within the petroleum industry as well as other sectors of the economy that the President should have standby authority to take appropriate actions in the event of a severe petroleum supply shortage. Strong Senate support for S. 1503, which would reflect that consensus, would send an affirmative and appropriate signal to our allies and the major oil producing countries, and consequently would be a major step forward in reducing our vulnerability to future oil import disruptions.

HENRY M. JACKSON,
J. BENNETT JOHNSTON,
SPARK M. MATSUNAGA,
WENDELL H. FORD,
JAMES A. MCCLURE,
PETE V. DOMENICI,
FRANK H. MURKOWSKI,
MALCOLM WALLOP,
JOHN HEINZ.

S. 1503, THE STANDBY PETROLEUM ALLOCATION ACT OF 1981

(Senate Report No. 97-199)

The purpose of S. 1503, as reported by the Committee on Energy and Natural Resources, is to grant the President limited and temporary authority to allocate supplies of crude oil, residual fuel oil and refined petroleum products under certain specified circumstances. Such authority would be exercised for the purpose of minimizing the adverse impacts of a petroleum supply shortage on the American people and the domestic economy. The major provisions of S. 1503 are:

(1) Within 90 days of enactment, the President could be required to promulgate a general standby regulation for the mandatory allocation of crude oil, residual fuel oil, and any refined petroleum product. The regulation may include limitations on the price of allocated supplies only if the President finds that such limitations are necessary to achieve the objectives of the allocation program. The limitations may include provisions restricting discriminatory pricing. The standby regulation also would include an optional standby program for limited sales of crude oil among domestic refiners. If the President chooses to implement a crude oil sharing program, the program must be designed in accordance with the provisions of S. 1503.

(2) The President would be authorized to implement the standby regulation only if he finds that (a) a "severe petroleum supply shortage" exists or is imminent or (b) action is required to meet obligations under the International Energy Program.

In the event of a "severe petroleum shortage" the President must determine (a) that a national or regional shortage of significant scope and duration exists or is likely to occur as a result of an interruption of imported petroleum and (b) that the shortage is not reasonably manageable by reliance on free market pricing and allocation, or under other authorities available to the President. The regulation could be implemented for up to 90 days after the President transmits to the Congress an "energy action", and neither House of the Congress has disapproved, or both Houses have approved, the message within 15 calendar days of continuous session. The President's message to the Congress would be accompanied by an analysis of the circumstances which require him to take action, a description of the actions he intends to take, and any additional amendments to the standby regulation necessary to meet the immediate emergency. One extension for up to 60 days would be authorized without resubmission to the Congress.

If the President finds that implementation of the standby regulation is required to meet obligations of the United States under the International Energy Program, he could initiate a domestic allocation program without prior Congressional approval.

(3) It is intended that implementation of the standby regulation would, depending on the scope, duration, and extent of the impact of the shortage, be tailored to the specific statewide, regional, or national shortage. In other words the President may choose to implement only certain selected provisions of the standby regulation, or the full regulation. Administration of the standby regulation must, to the maximum extent practicable, provide for certain objectives drawn from section 4(b)(1) of the Emergency Petroleum Allocation Act of 1973. Should implementation of the standby regulation provide for the allocation of residual fuel oil or any refined petroleum product, the Federal program also must provide for a State set-aside program for that product in any state in which the Federal program is activated.

(4) Provision is made for preemption of any State or local program regarding allocation or pricing of petroleum which is in conflict with the standby Federal regulation or any order issued under S. 1503. However, the President would be authorized to delegate to any State any of his authority to implement the Federal program.

(5) The authorities of S. 1503 would expire on January 1, 1985.

U.S. SENATE, COMMITTEE ON GOVERNMENTAL AFFAIRS,
October 27, 1981.

DEAR COLLEAGUE: On Thursday of this week the Senate will take up S. 1503, the Standby Petroleum Allocation Act of 1981. We believe this legislation is an important step toward national preparedness for future petroleum supply disruptions. We urge your support for S. 1503.

Earlier this year we joined with fourteen cosponsors to introduce S. 1476, the Petroleum Disruption Management Act, which has purposes similar to those addressed by S. 1503. We believe that a national policy for petroleum emergencies is necessary. We believe that such a policy should be designed by the Congress in partnership with the Executive Branch before the onset of an emergency. We believe that such a policy can be designed as a positive force to encourage preparedness in the private sector with reliance on the marketplace as a first principle. Each of these beliefs is reaffirmed in the provisions of S. 1503.

The great failure of the Emergency Petroleum Allocation Act which expired on September 30 was a lack of flexibility. EPAA authorzied many forms of government regulation. Some of these same regulatory schemes would be reauthorized by S. 1503. The important difference is that EPAA mandated implementation of every form of regulation for every petroleum shortfall, no matter how severe the disruption or from what source. S. 1503 and the legislation that we introduced earlier this year avoids this result by providing for a variety of disruption management techniques to be implemented only as necessary and according to the characteristics of the shortfall. S. 1503 includes an effective sunset provision that precludes continuation of any regulation beyond the period of the disruption.

We believe that S. 1503 avoids the pitfalls of EPAA while at the same time assuring that our nation will be prepared for the next petroleum emergency. We urge you to support this legislation when it comes before the Senate.

Sincerely,

DAVE DURENBERGER,
U.S. Senator.
MARK ANDREWS,
U.S. Senator.

U.S. SENATE, COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, D.C., October 28, 1981.

DEAR COLLEAGUE: Tomorrow the Senate will complete consideration of S. 1503, the Standby Petroleum Allocation Act of 1981. We and other members of the Committee on Energy and Natural Resources wrote you on October 16, 1981, regarding the significant need for this legislation. A copy of that let-

ter, which includes a summary of the major provisions of S. 1503, is attached for your convenience.

In order to insure that there would be no legal or practical ambiguity about the relationship of this bill and the Emergency Petroleum Allocation Act (EPAA), which expired on September 30, 1981, Senator McClure proposed the following amendment, which was adopted by the Senate on Friday, October 23, 1981.

"Sec. 14. Nothing in this Act shall be construed to require that any action taken under the authority of this Act, including allocation of, or the imposition of price controls on, crude oil, residual fuel oil or any refined petroleum product, be taken in a manner which would have been required under the Emergency Petroleum Allocation Act of 1973, as amended, had that Act not expired."

The adoption of this amendment eliminates completely any doubt that S. 1503 could be interpreted to mandate the now-expired EPAA programs. The bill in its current form provides a carefully drafted balance between granting the President the fully discretionary standby authority we believe he must have and providing equitably for the legitimate interests of essential sectors of the economy.

In its deliberations on S. 1503, the Committee carefully considered a number of proposals which would have reduced considerably the President's flexibility to respond to a severe petroleum supply shortage. Among such proposals the Committee reviewed were revenue recycling, use of the Strategic Petroleum Reserve under circumstances, mandatory state set-asides, and a Congressional veto over the standby regulation. In our opinion, any such restrictive or inflexible major amendments to S. 1503 would reduce materially the likelihood of enactment. We, therefore, would oppose any major amendments, including such proposals, that may be offered tomorrow. Consequently, we urge you to support S. 1503 in its current form and to oppose any major amendments.

Thank you for your consideration of our views.

Sincerely,

HENRY M. JACKSON,
JAMES A. McCLURE.

Mr. DOLE. Will the Senator yield for a question?

Mr. McCLURE. Yes.

Mr. DOLE. I would like to ask the Senator, as chairman of our Energy Committee, a question regarding the allocation objectives set forth in your committee's bill.

I note that the allocation objectives include "maintenance of agricultural operations" and "services directly related thereto." In view of the importance of the agricultural sector to our economy and national welfare, I applaud the committee's retention of maintenance of agricultural operations as a statutory objective in any allocation program.

As we both are aware, agriculture is highly vulnerable to a severe petroleum shortage, due to the seasonal demand for petroleum.

In order to meet the agricultural objective it therefore is necessary to consider not only the amount of petroleum products available, but also meeting the transportation and distribution needs of agriculture in a timely manner to insure minimum disruption of agricultural operations. These considerations also would reflect the needs of related agricultural operations, including farm inputs, up to the point of final purchase of agricultural products prior to their consumption.

Mr. McCLURE. The Senator's understanding is correct. In order to maintain agricultural operations, it is essential that fuel be available in a timely manner to meet the needs of agriculture.

The transportation and distribution of food and farm inputs are aspects of agricultural production. These needs extend to agricultural production; planting and harvesting of crops, processing of agricultural products, and distribution of food and farm inputs.

Mr. JOHNSTON. Mr. President, just very briefly, to reply to my distinguished colleague from Oklahoma, I share his bias against price and allocation, and I think virtually every member of the committee also shares this bias. It is not because we like price and allocation that we are having this standby bill, but rather because we foresee the possibility that the situation in this country could get so very severe so abruptly that we would have to have some kind of standby program of limited duration.

So this is almost the most limited program that you could have, a limited trigger, a discretionary trigger, with an effective date of this act virtually coterminous with that of the term of Mr. Reagan's first term, at least, and a total discretion as to whether he uses the program with a limited term of 90 days, with the possibility of only the 60-day extension.

So this is nothing like the Emergency Petroleum Allocation Act of 1973. This is not intended to be EPAA, or son of EPAA, as some have jokingly called it, but rather a very limited standby program available only in emergencies which we all hope and pray will never be used but which, if it is needed, would be perhaps one of the most valuable tools that the economy of this country ever had to insure its own survival.

I yield the floor.

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

UP AMENDMENT NO. 547

Mr. WEICKER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Connecticut (Mr. WEICKER) proposes an unprinted amendment numbered 547:

On page 13, strike lines 18 through 22 and add the following:

(f) The authority of this Act shall not be used to impose or implement any tax; tariff, or user fee.

(g) The President may invoke a rationing plan for gasoline and diesel fuel provided that the burden of reduced supplies of gasoline and diesel fuel be shared in a fair and equitable manner and that the economic and social impacts of such a rationing plan be minimized and, that such a plan should be sufficiently flexible to respond to changed conditions and sufficiently simple to be effectively administered and enforced.

Mr. WEICKER. Mr. President, the purpose of my amendment is very simple; it would merely expand the authority of S. 1503 slightly so that the President could, in the event of a severe energy emergency, invoke a gasoline rationing program. My amendment does not mandate gasoline rationing, it simply authorizes the President to consider it as one of his options to deal with a crisis that might be imposed upon us. The amendment does not require the use of the existing standby gasoline rationing plan, nor does it insist on any other form of rationing. In this sense, it is a very flexible authority and complements the general tone of S. 1503.

There are several reasons why gasoline rationing should be part of any emergency program, but the most compelling reason is simple equity. Mr. President, this administration has stated that its reaction to an oil supply cutoff would be reliance upon the marketplace. In other words, the administration's proposed response to an energy emergency will be rationing by price.

Now, Mr. President I am a strong supporter of the free enterprise system and letting the marketplace work. I supported the decontrol of oil and I will most likely support the decontrol of natural gas. But a pure and simple reliance upon the marketplace during an emergency will not produce new sources of energy; what it will do is insure that the poor, the elderly, and the handicapped will be expected to bear the full financial and social burden of such an emergency.

The fact is, Mr. President, that since the 1973 oil embargo this country has had rationing by price. The poor in this country have been rationed. Last month the Congressional Budget Office released its study of energy costs. That study points out that families earning $7,400 per year or less are spending 23.4 percent of their income on energy costs. That's a quarter of their income, and that is rationing by price.

At the other end of the scale, those earning $36,900 per year or more spend only 6.2 percent for their energy needs. In other words, the poor are already paying nearly 4 times as much for their energy needs as are the wealthy. And now in an emergency when prices could easily double or triple—as they have in past emergencies—when home heating oil and gasoline could cost $3 to $5 a gallon, this administration's response would be to let the marketplace dictate further rationing by price.

So that what might become an annoying inconvenience for the wealthy would become an unbelieved disaster for the poor. Overnight we could have many, many families spending 50 percent of their income to heat their homes and get to work—50 percent. What kind of society does that suggest? Indeed, how long could that kind of condition exist without destroying our society? That is the error in pure reliance upon the marketplace; the market might function for a while, but our society would not.

Mr. President, the basis for a gasoline rationing plan is its equity—it means that we would all share equally in the burden of an energy emergency. That very point has been made in another Congressional Budget Office study re-

leased last month which observed: "Rationing's advantages—preserving social cohesion and perceptions of equity—could become increasingly important with larger shortfalls."

Further, Mr. President, I would suggest that rationing holds out the single most effective means of dealing with an oil cutoff. Last year, gasoline and diesel fuel consumed 7.6 million barrels of oil per day, roughly 50 percent of our entire oil consumption. The transportation sector remains the largest single user of liquid fuels, and in that context I submit that only rationing provides an effective means of restraining the demand for oil.

Indeed, it might be feasible to control the demand for oil through rationing in the transportation sector while permitting the rest of the economy to function as freely as possible. By doing so, we would control the largest form of oil consumption in an equitable fashion. I believe that such an approach is likely to be far more effective than returning to product allocations which, in our two previous oil emergencies, only produced extended gasoline lines.

Those lines only began to disappear with the institution of odd/even sales, itself a passive form of gasoline rationing. Obviously no emergency program can create additional supplies of oil so what we ought to be doing is authorizing a plan to restrain demand fairly.

Mr. President, the Energy Committee—in considering the importance of insuring supplies for our farmers, a concern I fully share—noted the problems associated with pure reliance upon the marketplace, the committee report cautions: "He (the farmer) must rely on the continuous availability of fuel. The marketplace itself will not necessarily provide that availability."

Mr. President, by adopting my amendment we are simply acknowledging that the marketplace cannot be asked to do the impossible, and that in any event it cannot be asked to perform equitably in a crisis. By adopting my amendment, we are simply giving the President the option of considering and instituting a reasonable and fair means of dealing with a grave crisis; a means to preserve our marketplace and our society.

Mr. President, maybe there are those who are foolish enough to believe that the energy crisis is over. I have a feeling that it probably is just about beginning again in the sense that we have abandoned all of the conservation measures—and they were slight, indeed, and few in number, indeed. All of those measures have been abandoned, with the exception of the 55-mile-per-hour speed limit, and I suspect that will be within the next year, that were legislated or regulated during the most obvious period of the energy crisis.

So I do not expect that it will be very long that we will once again be as dependent as we were several years ago and that we could very well run the risk of once again having the noose thrown around our neck and pulled.

We had rationing during this period. We had rationing. It was not legislated by the Congress, because nobody had enough courage to do that. It was not legislated by any President, Democrat or Republican. None of them had any courage to do it. But we had rationing—rationing by price. The poor of this country were rationed, the elderly were rationed, many lower or middle-income Americans were rationed by price.

When it comes to one of the basic necessities of life, certainly energy and fuel would be in that category. That hardly is the American way to approach the problem.

All I have tried to do here is to make certain that we do not have to stumble around for 3 years with all the political backbiting, pulling, and hauling that will be attendant to try to implement any sort of a rationing plan; that we give the President some flexible authority; that we recognize that we still do live in a situation that has crisis potential; that even though our imports of oil have gone down, conservation is rapidly disappearing on the American scene and it is only a matter of time before that trend is reversed; and that we do not subject ourselves to the blackmail economic policies of any nation in this world, at least as it relates to the sale of oil to the United States.

I do not know what the response of the committee leadership on this point will be. I know I was fought on this point for the last 6 years. Every President of the United States has been fought on this point during the last 6 years when, certainly, the crisis was more visible than it is today.

But it would seem to me that the excellence of a Senate or any individual Senator depends not so much on his being able to act during a crisis as his properly anticipating the crisis and making preparation for it at a time when cool heads and cool reasoning can prevail.

Such is the time right now. That is why I urge the adoption of this amendment.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, who controls the time?

The PRESIDING OFFICER. The Senator from Connecticut and the Senator from Idaho.

Mr. WEICKER. I yield whatever time the Senator from Arkansas needs.

Mr. BUMPERS. I thank the Senator.

Mr. President, I certainly will not belabor the issue nor take the Senate's time on this.

I have always supported a standby rationing plan. I actively supported rationing gasoline in 1975, not in the naive belief that it would not be a terrible administrative burden or even nightmarish, but because I thought it would be equitable to everybody and, at the same time, it might possibly break the OPEC cartel.

That idea of rationing, of course, has never been popular in this body, in the Congress, or, indeed, in the country.

Yet, for us to pass this act and presume to authorize possible responses and reactions to a severe supply interruption and not have a discretionary right by the President to ration would be irresponsible. We have previously authorized it.

Although I know this President does not want the authority—I know that the idea of rationing is anathema to this President—it happens to be a point on which he and I of course disagree. Under the amendment of the Senator from Connecticut, however, the President is only given the discretionary power to impose rationing should he see fit. If he does not see fit, no damage is done.

Why would we want to take away a right which the President may divinely wish he had at some time in the future?

This President has always believed, and that is just a philosophical difference between the two of us, in rationing by price, as has been pointed out. Although it is always populistic to say it, I want to tell you what rationing by price in this country has done on the good side. It has indeed reduced consumption. It has reduced consumption more than I thought it would.

Many of us, and the Senator from Idaho remembers this, in the Energy Committee heard economists quite often say that gasoline demand is virtually price inelastic, that people will sell the south 40, they will mortgage the wife and children, before they will go without gasoline. While there is an element of truth in that, it has not turned out to be the way many of us thought.

I want to make this point: There is a glut of oil on the international market at this moment, and the U.S. consumption has been going down—our imports are down below 6 million barrels a day and when I came to the Congress or shortly thereafter they reached 8 million barrels a day—and that has had the salutary effect of reducing our trade balance with the OPEC cartel and of bringing us a little closer to energy independence and making all of us conscious of how much we drive.

If we just continue to ration by price, however, consider what has already happened and what will happen if prices continue to escalate.

If you make $50,000 a year, you are now spending between 5 and 8 percent of your disposable income for energy—heating, cooling, driving your automobile, whatever.

If you happen to be making $15,000 a year, you are spending twice that percentage of your disposable income, namely 15 to 20 percent. And if you make $10,000 a year you are spending 22 percent of your disposable income on energy.

Mr. President, there are many in this body who see absolutely nothing wrong with that. Again, I see a lot wrong with it. I have always seen a lot wrong.

While I am happy that allowing the price to move up through the decontrol of oil prices has had a dampening effect on our oil appetites, particularly our pleasure driving and discretionary driving, and while it has had the same beneficial effect of causing us to be much more thoughtful about where our thermostat is set, it has already proven to be terribly cruel to the people I have

talked about for 6 years, those who suffer the worst result.

The only reason I rise in defense of an amendment which probably does not have very much of a chance, is to point out that that situation will become worse if we allow what could happen to happen; namely, a severe supply interruption, wildly escalating prices at both the pump and at your thermostat, and the people who can least afford those escalating prices being literally cut out of the market, making it virtually impossible for them to even hold down a job if gasoline is $2 or $3 a gallon, and they have to commute 15 to 20 miles a day to and from work.

Mr. President, let me point out to all who listen that the purpose of the amendment of the Senator from Connecticut is not to see what kind of an administrative burden we can put on the President, not what kind of an administrative nightmare we can put on the American people, not how much money we can spend from the Treasury just to enforce more regulations and be more intrusive into the lives of people. It is to do equity and fairness so that we know people will all have a fair shot, hopefully at a reasonable price. It will obviously be at an escalated price, but at least everybody will get something and not just those who can afford it.

I urge the Senate to adopt this amendment. The President does not have to implement it. He does not have to give a passing nod to it if he does not want to. But we are passing a bill here which may be in effect after President Reagan is no longer President.

We are passing a bill here for which there may be absolutely no need because there may be no severe supply interruption until long after President Reagan has left office.

We ought to think about what the long-term consequences of what we are doing here are. As I say, it is discretionary. We are not imposing anything on the President. The only reason to vote against this is on some pure ideological basis which does not make a bit of sense to me.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I rise in opposition to the amendment. I am against the amendment for a couple of very practical reasons. I am opposed not because the Senator from Connecticut has not addressed himself to a very serious potential problem, not because, indeed, the Senator from Arkansas has not eloquently expressed our concern for the impact of shortages if shortages do occur, but for two reasons, particularly: First the amendment has no triggering device. It just says that the President may invoke rationing. We do not know when, where, under what circumstances, or how it would be done. One of the essential issues raised throughout the entire debate on any kind of authority to be given to the President, particularly rationing authority, is when would the authority be invoked.

We have always carefully guarded that prerogative as a congressional prerogative. I would be very reluctant under any circumstances to just say to the President, "You may, whenever you desire, invoke a rationing plan."

The second very practical reason why I am opposed to the amendment is not because I am opposed to rationing under any and all circumstances; rather, it is because it is no secret that this bill is barely afloat. I think it is more than barely afloat here in this body. We have had a lot of support from a lot of people and there has been a tremendous amount of work that has gone into this bill from Members on both sides of the aisle, both from within the Committee on Energy and Natural Resources and otherwise. I think the bill is more than just afloat here.

It is no secret that the administration has not endorsed it. It is not wildly enthusiastic about it. There is a lot of wild opposition to the bill in the other body.

I simply suggest to my friends if we do indeed want to get something through that has a chance of being signed by the President, the less we burden it, the better its chances are. If we add to it a rather large discretionary delegation of authority in the very politically troublesome area of gasoline rationing, we greatly enhance the likelihood that it will never become a law at all, let alone with respect to gas rationing.

I will oppose the amendment.

GASOLINE RATIONING

Gasoline rationing has the superficial appeal of being an equitable method for allocating shortfalls to all motorists. Rationing appears equitable until one gets into the question of how exceptions will be granted and the complicated procedures that will ensue—in effect, draft boards for the entire driving population. Special appeals and exceptions will not only be difficult to deal with administratively, but will raise serious equity problems. What is equitable to a driver in New Jersey is quite different from what is equitable to a driver in Wyoming.

In addition, there has been a tendency to think our World War II experience with rationing demonstrates that a rationing system would work today. However, the circumstances of World War II rationing were much different from today. For example, there are more than 153 million vehicles operating today in the United States—four times the number in use during World War II when this country last imposed rationing.

Moreover, rationing poses a potential administrative nightmare. Gasoline rationing requires no less than the creation of a new currency complete with open market activities and a checking account system. In effect, a second currency would be created. The use of 20 billion coupons a year, two-and-one half times the actual money in circulation, will be difficult to distribute and account for. In addition, such a great number of coupons would provide enticing opportunities for counterfeiters.

Our experience with the development of a rationing plan has demonstrated the futility and fallacy of this approach. The development of a gasoline rationing plan has had a long, arduous, and dismal history. The Congress has directed the President to develop a rationing plan on two separate occasions in the last 6 years: In the Energy Policy and Conservation Act of 1975 and the Emergency Energy Conservation Act of 1979. The Department of Energy labored for years to develop an acceptable plan. On the third submission to the Congress, a standby rationing plan was finally accepted. That plan went into effect on July 30, 1980. However, authority for gasoline rationing, and hence preimplementation of the plan, expired on September 30, 1981.

The standby gasoline rationing plan that was adopted last year is an emergency measure designed to distribute the effects of a gasoline shortage on an efficient and equitable basis rather than on the basis of price alone. However, a report entitled "The United States Remains Unprepared for Oil Import Disruption" which the General Accounting Office issued on September 29, 1981, indicates that the plan is neither efficient nor equitable.

For example, the GAO report expressed doubts that gasoline would be available where the coupons are because the plan does not have a system to guarantee that initial distribution of gasoline and coupons would match and because the plan is based on historical use patterns which may not be applicable during a crisis. The GAO report notes that the information upon which coupon distribution is to be based may be difficult to obtain on a timely basis and, in any case, may have an error factor as high as 20 percent. The report also questions the adequacy of the manner in which the standby plan deals with interstate and intrastate distribution of gasoline and notes that the imposition of rationing implies some form of price control system.

Mr. President, I ask unanimous consent that the GAO analysis of the standby gasoline rationing plan appear at this point in my remarks.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

REPORT TO THE CONGRESS OF THE UNITED STATES

("The United States Remains Unprepared for Oil Import Disruptions" September 29, 1981, Chapter VI)

GASOLINE RATIONING

The Emergency Conservation Act of 1979 amended the Energy Policy and Conservation Act and required the administration to submit a gasoline rationing plan to Congress (in addition to the one that Congress turned down in May 1979). That plan was submitted in June 1980, and effectively approved the following month. Authority for gasoline rationing, and hence the plan, will expire on September 30, 1981.

As adopted, the Standby Gasoline Rationing Plan is an emergency measure designed to distribute the effects of a gasoline shortage on a basis other than price alone. Its two primary aims are: (1) efficiency—that essential needs, such as agriculture and emergency services, be met; and (2) equity—that by and large, motorists in each state incur the same percentage reduction in gasoline. In the event of a 20 percent shortfall and the implementation of the rationing plan, the Department of Energy calculates that priority users would receive 90 percent of their base period use, firms and businesses

80 percent, and individual motorists 70 percent. On these calculations, most private Americans would receive about 42 gallons per vehicle.

Summary of the rationing plan

The total amount of ration rights to gallons of gasoline would be calculated for each state based on a formula taking account of the historical use of gasoline in that state. Within each state, individuals with validly registered motor vehicles would receive an allotment for each vehicle. The number of allotments would be limited, probably to 3 per household. Local rationing offices would be set up to give supplemental allotments to hardship cases. These hardship allotments would be governed by guidelines developed cooperatively by Federal, State and local governments. Businesses would also receive supplemental allotments to maintain their operations, as would governmental units and other organizations providing essential public services.[1]

With the exception of agriculture, allotments for these priority activities within each State would be deducted from the State's total allotment. Agricultural allotments would be deducted from the total available nationally before distribution is made to the individual States. This treatment of agriculture avoids very small allotments to other categories of end-users that might result from the size of the agricultural priority category in highly agricultural States.

Other significant aspects of the plan deal with:

Reserves

State Ration Reserves would be established for use by State and local offices in issuing hardship allotments. States would have considerable discretion in the use of their ration reserves, subject to general DOE standards and guidelines.

DOE would establish a national ration reserve to meet national disaster needs and to provide allotments to Canadian and Mexican firms that use their vehicles to do business in the U.S.

Issuance of Ration Allotments

Ration allotments would be issued in the form of government ration checks, which could be exchanged for ration coupons at designated coupon issuance points.

Coupons

DOE would enlist the participation of qualified organizations to issue coupons. These organizations would be supplied with coupons by DOE and would serve as ration check "cashing" points for check recipients.

Coupons would be distributed in series with the date when each series becomes valid. Coupons would be valid until the end of the rationing program.

Ration Banking

Individuals and organizations that use large quantities of gasoline could open ration banking accounts at participating ration banks.

Account holders could deposit valid coupons or ration checks to their accounts and write ration checks against their accounts.

Ration Rights Market

DOE would permit the sale or transfer of ration rights. DOE would impose no price or other controls on this market except as may be necessary to prevent abuse or disruption of the rationing program.

DOE would provide for the dissemination of information on the price and availability of ration rights in the market.

DOE would have the authority to buy or sell ration rights in order to maintain an ongoing balance between the number of ration rights outstanding and the supply of gasoline and to ensure the availability of ration rights where needed.

Rationing plan status

Pre-implementation—The plan was in the pre-implementation (planning) stage until recently. In order to bring the plan to a state of operational readiness, pre-implementation called for two consecutive actions:

Developing and instituting a detailed plan for managing the entire pre-implementation effort, and

Completing 16 specific pre-implementation tasks.[2]

The Department of Energy hoped to complete the pre-implementation phase within one year, but the administration's decision not to continue funding and to not seek renewal of authority for rationing have put pre-implementation in limbo.

Implementation—In order to implement the rationing plan, the President must determine that this action is required by a severe energy interruption or is necessary to comply with obligations of the United States under the International Energy Program. EPCA sec. 201(d) defines a severe shortage as a 20 percent shortfall likely to last 30 days or more and one which is not manageable under other emergency authorities. The shortage must be expected to have a major adverse impact on national health or safety, or on the national economy. An obligation arising out of the International Energy Program must have comparable adverse implications. In enacting the authority for the standby Gasoline Rationing Plan, the conference committee recognized that in an emergency, data may be imprecise and that the determination of a 20 percent shortfall is likely to require "a high degree of judgment and the exercise of discretion." If the administration is unable to affirm with certainty that the shortfall will reach the 20 percent trigger, the President may, nevertheless, request implementation of the plan, subject to approval by both houses.

Unanswered questions

Equity—The Standby Gasoline Rationing Plan attempts to distribute the effects of a gasoline shortage equitably on a State-by-State basis. That is, motorists and other gasoline users in one State are expected to experience about the same relative reduction in the amount of gasoline available to them as users in another State even though normal or historic consumption in these States varied widely. This result is achieved by (1) basing the distribution of ration rights among the states on the basis of gasoline use in the most recent base period and for businesses on historic use, and (2) deducting agricultural allotments from the total national allotment before distribution to individual states. If this second provision had not been made, non-agricultural users in heavily agricultural states would have received significantly smaller shares, because of the size of the agricultural priority category.

However, intra-state differences in gasoline use may well be as great as those found among the States. Thus, intra-state inequities in heterogeneous States like California, New York or Texas might be greater, and hardships greater, than among States. The plan does not address this problem. Instead, it makes provisions for States' Ration Reserves to be established in each state for use by State and local offices in issuing hardship allotments. States will be given considerable discretion in the use of these reserves, subject to general DOE standards and guidelines. DOE proposes that the responsibilities of State and local governments for allotment distribution will increase commensurate with their capacity and willingness to undertake these tasks and that the percentage of the state's allotment set aside be increased accordingly.

Price control and continuing allocations—By implication the imposition of rationing implies some form of price control. If the price of gasoline were simply allowed to rise to a market clearing level, the limited supply would be distributed on the basis of price, an alternative rationing is designed to avoid. In fact, ration coupons and rights are expected to trade freely on a "white market" and their price when bought or sold will represent the difference between the base price of gasoline and the market clearing price for the amount sold on the white market. It is difficult to see how a base price can be maintained without some form of controls and allocations by DOE.

Diesel fuel—Diesel fuel has been excluded from the present plan, because it is interchangeable with home heating oil. The Department considers that compliance with diesel fuel rationing could be enforced only at intolerable costs. DOE had intended to undertake a further study of this issue before the recent change in administration.

Timeliness—If the rationing plan were fully pre-implemented DOE officials estimated that mobilization—that is, the period between the President's proclamation of an emergency and implementation—would take three months. This interval is longer than the time it would take for a physical shortage to take effect as a result of consumption of normal stockpiles and receipt of oil in transit. Concrete steps might be necessary well in advance of that, however, to avoid immediate reactions such as hoarding in anticipation of a physical shortage. The gasoline product allocation program would presumably be imposed to deal with this problem.

Workability of the rationing plan—One element crucial to the success of rationing is matching the distribution of both ration coupons and gasoline. There was no system contemplated which would have guaranteed that initial distribution of gasoline and coupons would match. Moreover, allocation is likely to be imperfect, and the rationing plan calls for the free transfer of ration rights. Therefore, the allocation system must provide a mechanism for supplies to "chase" demand in the form of ration rights or coupons actually used. Another problem is that rationing would be based on historical use patterns. But during a disruption, use patterns may be radically different. Here again there is every reason to suspect that gasoline may not be available where the coupons are.

The information upon which the distribution is to be based may be difficult to obtain on a timely basis. A date base including State motor vehicle registration files is called for during implementation, but has been suspended. Furthermore, it may con-

[1] Priority activities currently identified in the plan are: (1) emergency services, which include law enforcement, fire fighting, emergency medical services, snow removal, telecommunications services, utilities services, search and rescue operations, and the U.S. Postal Service, (2) sanitation services, (3) public passenger transportation, including taxicabs, (4) the Department of Defense, with respect to its activities directly related to the maintenance of national security, (5) agricultural production, processing, and distribution, (6) for-hire mail and small parcel transportation and delivery, (7) energy production, (8) short-term vehicle rental, (9) newspaper distribution.

[2] These tasks address allotment planning, ration check production, national vehicle registration file, ration check issuance and reconciliation, coupon production, coupon distribution, ration banking operations, Federal organization, State and local roles, allocation program interface, ration rights, market operations, adjustments and appeals, audit and enforcement, management information systems, public information and readiness maintenance.

tain up to 20 percent errors. There is also the question of whether priority and business users will be preregistered, and if not, how much delay will be caused by the need to establish their entitlement to ration rights.

Budgetary and private costs of rationing

DOE has estimated the pre-implementation, readiness maintenance, mobilization, and operator costs of rationing. By its calculation, pre-implementation would have probably cost $130 million. The largest components include the following:

Estimated costs

	Millions
Ration check issuance and reconciliation and national vehicle registration file	$21.0
Management reserve	20.0
Coupon production (5 billion new coupons)	18.0
States and local roles/functions	10.9

Preliminary DOE estimates of the annual cost of readiness maintenance range between $25 and $39 million. Mobilization costs will cover the period (90 days or less) from the time when rationing is authorized until it actually starts. These are estimated at $463.8 million with coupon distribution ($116.5 million) and State and local roles/functions ($202.6 million) the largest components. Once rationing is in effect, DOE estimates quarterly costs at $474.4 million, made up primarily of coupon distribution ($132.4 million), banking operations ($101.5 million), and State and local roles/functions ($134.3 million).

The private sector will also experience costs. Most of these will be the result of the shortage itself, which will unquestionably lead to lost production and decreased economic activity. Rationing per se will impose an additional burden on a variety of businesses and individuals such as the operators of gas stations who will have to keep track of coupons as well as money. These private sector costs, though real, are impossible to quantify.

The Department of Energy acknowledges that any rationing plan will inconvenience large numbers of users, but in times of serious shortages, rationing would assure access to some gasoline by all motorists (particularly priority users) and would help to eliminate waiting lines, stabilize the market for gasoline, and mitigate economic disruption. The implementation of rationing in this view is expected to make substantial savings in GNP by avoiding those problems, in addition to those inherent in the energy shortfall, which would otherwise occur as a result of unnecessary dislocations.

DOE has also examined the income distribution effects of the current plan. Their calculations indicate that the poor would benefit, middle income users would pay most for additional gas, and the relatively wealthy would also lose, but probably relatively less than middle income motorists. DOE has also analyzed the effect of issuing ration rights on the basis of licensed drivers rather than vehicle registration. This analysis shows that this alternative would increase income transfers from households with higher income to those with lower incomes. Rationing would clearly fall less heavily upon those groups owning fuel-efficient vehicles. DOE's calculations apparently have not taken into account the fact that wealthy households are more likely to own newer, more fuel-efficient cars.

DOE has examined the impact of rationing on suburban and rural areas. Suburban and rural households tend to drive more on average than urban households. This additional driving, however, does not represent a more intensive use of particular vehicles, but rather the operation of a larger number of vehicles. Miles traveled per vehicle is surprisingly constant. Therefore, DOE does not foresee hardships for suburban and rural households arising out of rationing.

Conclusion

While rationing has a certain surface appeal, the questions raised here cast doubt on its practicality. Indeed, rationing is clearly not workable now, and there are indications that even with adequate pre-implementation the program would be disastrous. After all, this gigantic program would have to be instituted and run in the midst of a much more serious oil shortfall than the country has had to face. The confusion and panic in such a situation count heavily against the smooth functioning of any large, novel, and complex distribution scheme. Clearly, if Murphy's Law [3] works anytime, it will work during a 20 percent or greater oil shortfall. Other alternative are available, and several are outlined in Chapter XII.

Mr. McCLURE. Mr. President, the conclusion the GAO report reaches on the feasibility of the standby gasoline rationing plan is devastating. That report concluded:

While rationing has a certain surface appeal, the questions raised here cast doubt on its practicality. Indeed, rationing is clearly not workable now, there are indications that even with adequate pre-implementation the program would be disasterous. After all, this gigantic program would have to be instituted and run in the midst of a much more serious oil shortfall than the country has had to face. The confusion and panic in such a situation count heavily against the smooth functioning of any large, novel and complex distribution scheme. Clearly, if Murphy's Law works anytime, it will work during a 20 percent or greater oil shortfall.

Until recently, the standby plan was in the preimplementation stage. However, preimplementation of the plan has ceased since the administration indicated that it would no longer continue to fund the program. Furthermore, the DOE rescinded the standby rationing plan yesterday, so there is no longer a standby plan on the books.

Mr. President, I submit that the fault lies not with this particular plan or with the DOE, but that gasoline rationing is an inherently unworkable and futile exercise. We should not make the mistake of going down that road again.

Mr. President, let me summarize by saying that at least the Senator from Arkansas stated it correctly, which many people do not, and I appreciate that, when he said that this would equate the supplies shared equitably with fairness. The Senator from Connecticut in his remarks also correctly identified it as a sharing of shortages.

Far too many people view gasoline rationing as a means by which they will get what they need. The very purpose of gasoline rationing is to make sure that they do not get what they want, but that they get less than they want. They will get less than their perception of their need; the shortage will be shared equally.

I would appeal to my colleagues not to accept this amendment, because it adds to the burdens of getting this legislation passed, and maybe the additional burden would be fatal to the passage of the bill. Thank you, Mr. President.

Mr. WEICKER. Mr. President, my remarks will be brief. First, I want to thank my distinguished colleague from Arkansas for an articulate and eloquent expression of the underlying principles that embody this amendment as I have offered it.

All we are both saying, Mr. President, is that if there comes upon this Nation the necessity for conservation, this time or the next time, let it be fair. The statistics the Senator cited are absolutely correct as to the percentages required for energy by the various income groupings in this Nation. And believe me, they are still suffering and they are still bearing an inordinate share of the cost of energy in relation to their incomes.

Second, the distinguished Senator from Idaho makes the point, when is this triggered? Believe me, if the circumstances exist to trigger the President's action, circumstances will exist to give him this authority if he chooses to use it. It is not that we do not have an example in hand as to what happens on this type of proposal. Somebody is going to have to refresh my memory: Did the last act give the President some standby authority? Did we finally give to President Carter standby authority?

I am told yes. I believe that is the first time we did that.

Mr. McCLURE. Will the Senator yield?

Mr. WEICKER. Yes, Mr. President.

Mr. McCLURE. There was an authority that was tied between the Energy Policy and Conservation Act and the EPAA, and that authority was invoked by the last administration. A plan was developed, and that standby plan was then approved and put in place.

Mr. WEICKER. So, if I am not mistaken, it was at the very end of President Carter's administration.

Mr. McCLURE. The regulations that were issued have been revoked, and the money to enforce them has been deleted. So that action has been effectively terminated; it died with the expiration of EPAA.

Mr. WEICKER. I thank my distinguished colleague and friend from Idaho.

All I am saying, Mr. President, is that it took us 6 years to get to that, 6 years for a standby rationing plan. We have been through the exercise. We know how politically difficult it is to arrive at that point. Are we going to learn from that lesson and make sure we do not have to go through it again? Or, the next time this Nation gets into difficulty, will we have to go through the difficulty of following the political process to do the right thing?

Last, Mr. President, all the attention is paid to the supply side. I voted for decontrol, will vote for deregulation of natural gas. I am all for the supply side. But there has to be the conservation side, also. It is just devastating what this administration is doing to the conservation programs in place in this Nation. Within a matter of a year, there will be no conservation at all—none.

If we are going to have conservation, whatever system is devised, the burden should fall upon the shoulders of all Americans. Indeed, if we follow suit as to what the concepts of equity of participation in the process are, it is those

[3] "Anything that can go wrong, will go wrong."

who are better off who should take more of the burden on their shoulders, not those who are on the bottom rung of the economic ladder.

With all due respect to my good friend from Idaho, the fact is that, as it was before, this is a philosophical argument: Do not get the Government into our lives, just let the old marketplace take care of everything. I believe in that as far as supply side is concerned; in other words, it is the survival of the fittest. That is the theory when it comes to the basic necessity of life. What we are trying to do is bring a more traditional American point of view to the allocation of sacrifice.

Mr. President, I should like to have the yeas and nays on this amendment and I ask for them at this time. I am perfectly prepared to yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WEICKER. I yield back the remainder of my time.

Mr. McCLURE. Mr. President, I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, just very, very briefly, I stated earlier in this debate that I thought this bill was flawed in that it did not have any provisions with respect to gasoline rationing, no standby program. I believe that is true. I believe we should have some such provision. I do not believe, however, that this is the way to do it. I wish that we could have an amendment that would ask us to vote on the principle of whether Congress should busy itself with putting together a program. If that were the issue, I would vote decidedly yes.

I think that this particular provision is flawed, Mr. President, in that it does not provide for a trigger. I well remember that, during the last gasoline rationing debate here, in Congress, we actually killed a proposed rationing program over the question of the trigger and over the question of how supplies would be shared by different States. Congress actually killed the program. So, to simply give to the President carte blanche authority without any trigger at all, without any limitations on his power, without any directions as to how he shares or provides for the sharing of product, I think is a grant of power that is too great.

That is not to say, Mr. President, that this is not the proper thing to do in terms of having some kind of standby rationing program. I believe we do need such a standby program. My personal preference for a standby program would be one that uses the free market, that is a real recycling amendment, different from that that Senator BRADLEY would have provided this morning, by providing that all of the windfall caused by the sudden shortage would be recycled to the public and that it would be recycled in one of two ways—either through the income tax system with withholding, or through social security, or possibly with sales tax through the States. I have introduced a bill on that which is S. 824.

Does the bill have problems? We do not know. It has not had hearings. The point is that we ought to have hearings on this subject. We ought to begin to look at the possibility of a standby rationing program.

Do I think it ought to be invoked? Do I hope it will be invoked? Do I want the control of consumption and pricing and all of that gasoline? Of course not. No one does. But if the situation gets bad enough, if the cutoff were that which would be caused by blockading of the Straits of Hormuz, we shall need a gasoline rationing program and need it in place, and we shall not have time to put it together at that point.

So, Mr. President, in that sense, I strongly agree with the Senator from Connecticut: We need a program. I do not believe that this is the program, but I congratulate him for putting up the amendment to begin the debate on the question of whether we ought to have it.

I hesitate to do so, Mr. President, but I would say that, since this is not the program, we probably ought to put it on some other piece of legislation and I would be glad to work with the Senator from Connecticut to get that done.

Mr. BUMPERS. Mr. President, will the Senator yield for just 30 seconds?

Mr. JOHNSTON. Yes, I will.

Mr. BUMPERS. Mr. President, I want to make this point, that nothing in this bill is triggered until the President makes the determination that there is a severe supply interruption. At that point, virtually every power given to the President in this bill is discretionary. He can use it or not use it.

Mr. JOHNSTON. I say to the Senator that there is no trigger here similar to the one in EPAA. If there is, it is very hard to find.

Mr. McCLURE. This amendment is not subject to the requirement in the bill that there be a severe petroleum supply interruption, which is the test applied in the bill to other actions. That test does not apply to this amendment or to the gas rationing authority.

Mr. BUMPERS. When does this bill become operative?

Mr. JOHNSTON. It says the President may invoke a rationing plan, and so forth.

Mr. BUMPERS. This is an amendment to the Emergency Petroleum Allocation Act.

Mr. McCLURE. It is not an amendment to the EPAA. This is a new piece of legislation which becomes effective upon its passage by Congress and signing by the President.

Mr. JOHNSTON. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from Florida (Mrs. HAWKINS), the Senator from New Mexico (Mr. SCHMITT), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) and the Senator from Florida (Mrs. HAWKINS) would each vote "nay."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 22, nays 73, as follows:

[Rollcall Vote No. 341 Leg.]

YEAS—22

Boschwitz	Huddleston	Pell
Bumpers	Inouye	Randolph
Byrd, Robert C.	Kennedy	Riegle
Cranston	Leahy	Sarbanes
Dodd	Levin	Weicker
Glenn	Mathias	Williams
Hart	Metzenbaum	
Hollings	Moynihan	

NAYS—73

Abdnor	Eagleton	Melcher
Andrews	East	Mitchell
Armstrong	Exon	Murkowski
Baker	Ford	Nickles
Baucus	Garn	Nunn
Bentsen	Goldwater	Packwood
Biden	Gorton	Percy
Boren	Grassley	Pressler
Bradley	Hatch	Proxmire
Burdick	Hayakawa	Pryor
Byrd, Harry F., Jr.	Heflin	Quayle
	Heinz	Roth
Cannon	Helms	Rudman
Chafee	Humphrey	Sasser
Chiles	Jackson	Simpson
Cochran	Jepsen	Specter
Cohen	Johnston	Stafford
D'Amato	Kassebaum	Stennis
Danforth	Kasten	Stevens
DeConcini	Laxalt	Symms
Denton	Long	Tsongas
Dixon	Lugar	Wallop
Dole	Matsunaga	Warner
Domenici	Mattingly	Zorinsky
Durenberger	McClure	

NOT VOTING—5

Hatfield	Schmitt	Tower
Hawkins	Thurmond	

So Mr. WEICKER's amendment (UP No. 547) was rejected.

Mr. McCLURE. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. I wish to inform the Members as to what remains on this bill. We have had a number of requests for information. To the best of my knowledge, there is an amendment to be offered by the Senator from Minnesota (Mr. DURENBERGER) on which there will be a brief discussion. I think the amendment can be accepted.

Then, following the disposition of the Durenberger amendment, there will be an amendment offered by the distinguished Senator from Maine (Mr. MITCHELL) which will have, I am told, approximately 10 minutes of debate on each side. Then we should go to a vote on that amendment. I know of no other amendment, so we can then proceed to final passage.

If there are others who have amendments or further discussion—I am told they can go shop them somewhere else. [Laughter.]

UP AMENDMENT NO. 548

(Purpose: To provide Congressional oversight for standby regulations)

Mr. DURENBERGER. Madam President, I call up my amendment which is at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. DURENBERGER) proposes an unprinted amendment numbered 548.

Mr. DURENBERGER. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 12, Lines 10 through 16, strike Section 4(c) and insert in lieu thereof:

(c)(1) The President, not later than 90 days after the date of enactment of this Act, shall promulgate and transmit to the Congress standby regulations for administration of the authorities pursuant to this Act.

(2) Standby regulations promulgated under authority of this Act shall not be implemented according to the provisions of subsection (d) of this section unless approved by the Congress pursuant to the provisions of this subsection.

(3) Except as provided in paragraph (4) of this subsection, standby regulations shall be considered approved by the Congress at the end of the first period of 30 calendar days of continuous session of Congress after the date on which such regulations are transmitted to both Houses, unless between the date of transmittal and the end of such 30-day period, both Houses pass resolutions stating in substance that each House does not approve such regulations.

(4) Standby regulations may be considered approved for the purposes of this subsection prior to the expiration of the 60-day-calendar period after the date on which such regulations are transmitted, if each House of Congress approves a resolution affirmatively stating in substance that such House approves the regulations.

(5) Once standby regulations are promulgated and approved by the Congress according to the provisions of this subsection, amendments to the regulations, except amendments to regulations which are in effect pursuant to subsection (a) or amendments to regulations which the President has proposed to take effect pursuant to subsection (a), shall be subject to the approval provisions of paragraph (3) of this subsection. Technical or clerical amendments may be prescribed and become effective without Congressional approval.

(6) Each House shall consider resolutions to approve or disapprove the standby regulations and amendments to such regulations according to the provisions of section 552 of the Energy and Policy Conservation Act (42 U.S.C. 6422).

(7) If regulations promulgated and transmitted pursuant to this section are not approved by the Congress according to the provisions of paragraph (3) of this subsection, the President shall within 30 days submit revised regulations to the Congress for approval according to the provisions of this section. This paragraph does not apply to amendments to the regulations once approved.

Mr. DURENBERGER. Madam President, I yield myself 5 minutes of the time allotted on this amendment.

Madam President, this amendment would provide for congressional review of the standby regulations proposed by the President to implement S. 1503. As the bill is written now, after enactment, there would be no further role for the Congress in establishing national petroleum policy until we are in a disruption which requires use of the authorities granted by S. 1503.

Under the amendment I am proposing, congressional review of the standby regulations would occur as soon as they are promulgated. The President would transmit the regulations to Congress. They would be considered approved for standby status unless vetoed by both Houses within 30 days. If we do veto the regulations, the President would have 30 days to present revised regulations for the same type of review.

Let me say again that this is a two-House veto. The same review procedures would apply to any substantive amendments made by the President to the regulations once cleared by Congress. Amendments to the regulations which are other than technical or clerical amendments would have to lay before the Senate and the House for 30 days subject to veto before they would take on standby status.

I support S. 1503 regardless the fate of this amendment. There are many reasons for passing this bill now. One which the chairman of the Energy Committee has made and which appeals to me is that it would be far better to design an emergency petroleum policy now when we are not under the pressures of an energy crisis, than it would be to wait for the next crisis to see what kind of policy is necessary. Those who believe that we can get through a severe petroleum disruption without a Federal Government response are kidding themselves or they were not here in 1979 to see the impact of energy disruptions on our political system. If we have another disruption Congress will see the need to act, so it is better to design the policy now with time to contemplate the specifics, than it is to wait until the gun is to our heads.

But S. 1503 as drafted has no role for the Congress after enactment. As the Senator from Idaho has pointed out it is a very broad and general grant of authority to the President. Specific regulations to implement this act could take almost infinite form. And Congress would have no way to register its approval or disapproval of the specifics until we are again in a disruption and it is time to pull the trigger. It seems to this Senator that such an arrangement defeats the very purpose of considering and designing the policy now. Why should we agree to design the policy now and put off the debate on the specifics until the disruption is upon us?

A careful reading of S. 1503 as reported by the Energy Committee indicates to this Senator that the committee may be contemplating that the standby regulations promulgated now should not include specifics, at all. Section 4(c) says that the President shall promulgate general standby regulations to be implemented with such additional provisions as may be determined to be necessary at the time of the disruption. If the committee intends that we do just the broad strokes now and wait until the shortfall to get specific, S. 1503 will not accomplish as much as it could. It would be a great mistake to wait for the next disruption to decide on the specifics of our policy.

Many Senators oppose S. 1503. They oppose it because they think it will give a safety net to the refining industry. But it does not have to work that way. S. 1503 can be implemented so that it encourages rather than discourages preparedness by the independent refiners. The President might require the maintenance of extraordinary inventories or upgrading of refinery capacity as a condition to qualify as a buyer in a crude oil sharing program. But for the regulations to give clear signals to the refiners on what is expected in the way of their own preparation for the next shortfall, the regulations have to be specific. The amendment I am offering would force that kind of specificity.

I see another danger in the approach that the committee is recommending. I vividly remember the shortfall of 1979. There were all sorts of standby regulations laying around—left over from the Arab embargo. Nobody had ever bothered to keep them up to date—to reflect changes in the market with changes in the regulations. The base period in the embargo regulations was 1972–73. When the shortfall of 1979 hit, it was apparent to our policymakers that a 6-year-old base period would not work. Many of the marketers and suppliers had gone out of business. Other retailers had floated around in the wholesale markets buying from suppliers that had no firm supply.

So on February 28, DOE rolled the base period forward to 1977–78 and made the new base period effective the next day—March 1. That was an extremely disruptive decision. It cut a lot of small businesses off from their sources of product immediately. Beginning on March 1 when I was so new at this job that I did not even know what a base period was, my phone began to ring. Constituents calling to say that the Department of Energy was putting them out of business.

I do not want to see those events reenacted when the next disruption occurs. I want the regulations to be specific, to be clear and to be up-to-date. I want everyone to know where they stand so that they can make the proper plans. They have a right to know exactly what the President will propose and what the Congress will allow him to implement. And they do not get that under the provisions of S. 1503 as reported. All we will get in the President's plans under this bill are the broad strokes. The specifics will come later, during a disruption.

If that is the committee's scenario, I do not think S. 1503 will do the job we expect. What happens when all the special interests come and tell us they do not like the specifics? Will we simply endorse the President's plan? Or will there be an effort to write a policy into law by drafting new legislation? And is that not precisely what we are trying to

avoid by getting the debate on specifics over now?

Some will say we cannot dot the "i's" and cross the "t's" for a disruption now. That we have to wait until it gets here because each disruption is different. Well, that is most likely true for the small disruptions that we have experienced. But let me remind the committee that this legislation only applies to severe disruptions, the kind that cutoff 10 to 20 percent of our supply. In those kinds of circumstances the level of stocks, or the source of the disruption or its likely length will not make that much difference. I also think that we can be prepared for a variety of disruptions in advance by having a variety of mechanisms available. That does not mean that we have to forego consideration of the details of each program, only that we have several programs suited for different circumstances.

I would make two final points before closing, Madam President. First, I think that S. 1503 is flawed in one major respect. It does not consider the role that the strategic petroleum reserve can play in meeting petroleum emergencies. It is true that the President has authority under other law to distribute oil from the SPR. But how does that distribution plan relate to the authorities that we include in this act? Would we use SPR before or after a crude oil-sharing plan had been implemented? And how would the oil actually be distributed if we did choose to use the SPR?

I urged the committee to consider these questions at the time of their hearings. And although they did not, I understand that they plan further work on this subject in the near future. I think that work should be done in conjunction with consideration of specific standby regulations promulgated to implement S. 1503. The committee should ask the President for an explicit SPR distribution plan to accompany the standby regulations and they should ask the President for a policy statement on the use of SPR in relation to other authorities. With that kind of information and with the power to veto the standby regulations, Congress could be a full partner in creating our new emergency energy policy.

Finally, Madam President, there will be some—and particularly Members on this side—who will say that we do not need to look at the regulations because we can trust this President not to abuse the authority. After all, he does not want it in the first place. And the authorities granted by this act expire in January 1985.

Well, I do not think that it is time to start writing laws for specific Presidents. That is no good reason to abdicate our role in establishing national energy policy. And it is perhaps because I understand this President's energy policies so well, that I am insisting on a congressional role in reviewing the regulations. Whether this President or another, it is only the Congress that can give authorities like those included in S. 1503. If we are serious about the authority we delegate, then we should not shirk our responsibility to assure that the policies are implemented as we intend. And in this case, only by reviewing the standby regulations can we gain this assurance.

UP AMENDMENT NO. 548, AS MODIFIED

Mr. DURENBERGER. Madam President, I send to the desk a modification of my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. Would the Senator like the clerk to report?

Mr. DURENBERGER. Yes.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. DURENBERGER) proposes a modification to UP amendment No. 548.

Mr. DURENBERGER. Madam President, I ask unanimous consent that further reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

Page 12, lines 10 through 16, strike Section 4(c) and insert in lieu thereof:

(c)(1) The President, not later than 90 days after the date of enactment of this Act, shall promulgate and transmit to the Congress standby regulations for administration of the authorities pursuant to this Act.

(2) Standby regulations promulgated under authority of this Act may not be implemented according to the provisions of subsection (d) unless approved by the Congress pursuant to the provisions of this subsection.

(3) Except as provided in paragraph (4) of this subsection, standby regulations shall be considered approved by the Congress at the end of the first period of 30 calendar days of continuous session of Congress after the date on which such regulations are transmitted to both Houses, unless between the date of transmittal and the end of such 30-day period, both Houses pass resolutions stating in substance that each House does not approve such regulations.

(4) Standby regulations may be considered approved for the purposes of this subsection prior to the expiration of the 30-day-calendar period referred to in paragraph (3), if each House of Congress approves a resolution affirmatively stating in substance that such House approves the regulations.

(5) Once standby regulations are promulgated and approved by the Congress according to the provisions of this subsection, amendments to the regulations, except amendments to regulations which have been implemented under subsection (a), or amendments to regulations which the President has proposed to implement under subsection (d), shall be subject to the approval provisions of paragraph (3) of this subsection. Technical or clerical amendments may be prescribed and become effective without Congressional approval. Congressional approval is not required for any additional provisions to the regulations determined by the President to be necessary at the time he submits notice to Congress under subsection (d).

(6) The procedures under which each House shall consider resolutions to approve under paragraph (4) or disapprove under paragraph (3) the standby regulations and amendments to such regulations shall be the same as the procedures set forth for an energy conservation contingency plan in sections 552(c), 552(d)(1), 552(d)(3), 552(d)(4), 552(d)(5), and 552(d)(6) of the Energy and Policy Conservation Act (42 U.S.C. 6122).

(7) If regulations promulgated and transmitted pursuant to this section are not approved by the Congress according to the provisions of paragraph (3) of this subsection, the President shall within 30 days submit revised regulations to the Congress for approval according to the provisions of this section. This paragraph does not apply to amendments to the regulations.

Mr. DURENBERGER. Madam President, the modifications are minor. They have been cleared with the manager of the bill on our side and with the ranking member on the other side, and I yield at this point to the Senator from Idaho.

Mr. McCLURE. Madam President, we have worked with the distinguished Senator from Minnesota with respect to this amendment, and the modifications he has submitted to the desk. It is acceptable to us, and we urge its adoption.

Mr. JOHNSTON. Madam President, the modifications make this, I think, a very good amendment. The Senator has been very helpful in working with the committee in drawing this amendment, and we not only urge its acceptance but we want to thank the Senator for helping make this a better bill.

Mr. DURENBERGER. I move the adoption of the amendment, as modified.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. McCLURE. I yield back my time.

Mr. JOHNSTON. I yield back my time.

Mr. DURENBERGER. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Minnesota.

The amendment (UP No. 548), as modified, was agreed to.

Mr. DURENBERGER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JOHNSTON. Madam President, American Samoa has a contract with a supplier of crude oil and product, which contract in turn is approved by the legislature. I just want to make clear that the preemption amendment that Senator McCLURE and I put in this morning, would not affect that contract. The mere fact that the legislature approved that contract would not make that contract preempted by the preemption amendment of this morning.

The PRESIDING OFFICER. Who yields time?

UP AMENDMENT NO. 549

(Purpose: To provide for a State set-aside system)

Mr. MITCHELL. Madam President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine (Mr. MITCHELL) proposes an unprinted amendment numbered 549.

Mr. MITCHELL. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 9, insert the following after line 8:

(4) "State set-aside" means the amount of a product made available from the total supply of a prime supplier pursuant to section 4(a)(3) of this Act or pursuant to State law for utilization by a State to resolve emergencies and hardships due to fuel shortages or dislocations in distribution systems.

On page 16, insert the following after line 6:

(c) Notwithstanding subsection (a), a set-aside program for residual fuel or any refined petroleum products established by a State shall not be preempted if—

(1) the Governor determines that such a program is required to meet a petroleum shortage or supply disruption within the State which will impair public health and safety, essential public services or essential economic activity,

(2) the set-aside program does not result in a residual fuel oil or refined petroleum product set-aside greater than 4 percent of a prime supplier's estimated portion of its total supply for that month which will be sold into the State's distribution system for consumption within the State, and

(3) the set-aside program is not otherwise inconsistent with the State set-aside regulation promulgated by the President under section 4(a)(3) of this Act, except that any State set-aside established by a State shall not be subject to the requirements of section 4(d) or section 4(e) of this Act.

For purposes of this subsection, the term "prime supplier" means, with respect to any State, the supplier which makes the first sale of any product subject to a State set-aside into the State distribution system for consumption within the State.

Mr. MITCHELL. Madam President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MITCHELL. Madam President, I ask unanimous consent that Senators TSONGAS, WILLIAMS, DURENBERGER, LEVIN, SARBANES, COHEN, and BAUCUS be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Madam President, because he has another commitment, I will at this time yield to my senior colleague from Maine, Senator COHEN, and then I will have a statement to make.

Mr. COHEN. Madam President, I thank the Senator for yielding.

Madam President, I rise to express my support for the amendment offered by my good friend from the State of Maine Senator MITCHELL. The amendment he is offering today will provide States with the authority to establish State set-asides systems for petroleum products in the event of a supply shortage as declared by the Governor, rather than waiting for the President to declare an emergency as recommended by the committee.

Before I speak in detail on the amendment, I would like to first commend the Energy and Natural Resources Committee for moving so quickly in bringing this important legislation to the floor.

With the expiration of the Emergency Petroleum Allocation Act on September 30, 1981, the Federal Government no longer has the authority to take any action—other than drawing down oil from the strategic petroleum reserve—to respond to an interruption in oil supplies. Failure to provide the President with the authority to allocate petroleum supplies in the event of a major oil supply disruption could very well spell disaster for millions of Americans in every region of our Nation.

I am perhaps more sensitive to the issue of energy emergency preparedness than many of my colleagues because the State I represent is more vulnerable to an oil supply disruption than most other States. New England, and Maine in particular, is extremely dependent on petroleum for space heating and the generation of electricity. Over 71 percent of the homes in New England and 91 percent of the homes in Maine are heated by oil.

During the winter of 1979, Maine came dangerously close to an oil shortage crisis. The oil industry was feeling the effects of the Iranian revolution, and one of the largest fuel oil dealers in the State, who was in desperate need of supply, was unable to obtain supplies anywhere at any price.

In order to avert a potential disaster in my State, the Defense Fuel Supply Center agreed to loan Maine 2.5 million gallons of home heating oil. This action helped avert a crisis, but the fear of running out of oil with temperatures hovering below zero was real and permeated the State.

Despite the progress we have made in reducing our imports of crude oil, we remain dangerously dependent on foreign oil. A major interruption in oil supplies would cause added inflation, high levels of unemployment and, of course, the return of long gasoline lines. Any disruption we may have suffered in the past would pale by comparison to what could occur with the loss of oil from a major supplier such as Saudi Arabia.

According to a report prepared by the Congressional Budget Office, a disruption causing the loss of 2.5 million barrels a day would result in an average decline in GNP of 4.3 percent a quarter for five quarters, a 1.8 percent increase in unemployment, and a 7.2 percent increase in prices.

The possibility of an oil cutoff of this magnitude is a real one, and one that the Nation must be prepared for. Despite this lingering threat, the GAO has recently reported that the Nation is "grossly unprepared" to respond to a large shortfall in oil supplies.

I support S. 1503 because I do not believe this country can afford to be without a standby emergency program to respond to future petroleum supply disruptions. The risk is too great. Nor is it wise to wait until an emergency has arrived before fully addressing the problem. One lesson we should have learned from the oil supply disruptions in the past is that if we had been better prepared, the economic and social dislocations would not have been so great.

Although I strongly support the bill, I am concerned that the provision calling for a State set-aside is too restrictive and will not provide States with the ability to respond adequately to oil supply disruptions.

S. 1503 requires that once the Federal allocation program is implemented, each State covered by the Federal program must establish a State set-aside. Furthermore, the State set-aside program would be restricted to those categories of petroleum products covered in the Federal program.

This means essentially that a State will not have the authority to establish a State set-aside until an emergency has been declared by the President. At this point, a State set-aside would serve little purpose and may prove to be extremely difficult to achieve.

The State set-aside established under the authority of the Emergency Petroleum Allocation Act (EPAA) was very effective in preventing severe economic dislocation in Maine during the oil shortage of 1979. Without the State set-aside providing gasoline to retail service stations during the summer months, the areas of the State dependent on the tourist trade would have suffered greatly because of the inability to assure travelers that sufficient fuel would be available for the trip home.

The State set-aside program also provided gasoline and diesel fuel for farmers throughout the State who were unable to locate supplies. An interruption of fuel supplies to the agricultural sector would have had severe ramifications through Maine's economy.

During the 1979 shortage we also witnessed the failure of existing market mechanisms to distribute available oil supplies. Home heating oil was already decontrolled at this time. Yet, the market allocation system was unable to meet the demands of my State.

During this time, refiners limited the amount of fuel oil available to dealers and refused to release extra product to areas suffering particular hardships. The oil companies allowed little or no flexibility in their distribution systems, and made no provisions for primary users who were left without a supplier. Without the State set-aside program, many heating oil dealers, and their residential and commercial customers, would have suffered great economic hardship.

Several months ago, the Energy Subcommittee of the Governmental Affairs Committee, on which I serve, held a hearing on energy emergency preparedness.

A clear consensus on the need for better contingency planning emerged from the testimony received. The director of the Maine Office of Energy Resources, Gordon Weil, testified before this subcommittee on the need for a Federal program to respond to energy emergencies, as well as authority for a State set-aside system. I will ask that Mr. Weil's testimony before this subcommittee be printed in the RECORD at the conclusion of my statement.

A State set-aside system that could be established following a Governor's declaration of a supply shortage, would assist the States in resolving short-term, localized fuel shortages, and help to restore the public's confidence in the ability of the marketplace to distribute oil. To wait until the energy emergency is so great

as to trigger a Federal allocation program would do very little to ease the problem.

I urge my colleagues to adopt the Mitchell amendment which would give States the authority to establish State set-aside systems before a national emergency has been declared.

Many of my colleagues joined me in cosponsoring Senator MITCHELL's bill, S. 445, to establish a State set-aside system when he introduced it back in February. The amendment we are currently considering simply includes the provisions of S. 445, and it merits the support of the Senate.

Madam President, I ask unanimous consent that the testimony by Gordon L. Weil, director of the Maine Office of Energy Resources, be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY BY GORDON L. WEIL

Mr. Chairman, Members of the Committee, my name is Gordon L. Weil and I am Director of the Maine Office of Energy Resources. I appreciate the opportunity to testify before you this morning on behalf of the State of Maine and the National Governors' Association. The energy situation in Maine illustrates the requirement for an emergency response mechanism by both the Federal and State government as well as the need to continue the kinds of conservation programs and energy development activities which individual states are best able to carry out. I would first like to describe to you Maine's perspective on energy. Then I will present the National Governors' Association's proposals.

When energy costs are factored into the overall cost of living, Maine people are faced with the 48th lowest per-capita income in the U.S. We in Maine recognize that market forces have strong influence on energy decisions. But Maine is at the end of the petroleum supply pipeline. We are particularly vulnerable to high costs and supply disruptions and cannot rely on the market alone where issues of public health and safety are involved.

The State of Maine has already experienced supply disruptions of necessary petroleum products. In February of 1979, during a severe cold spell, one of the largest marketers of fuel oil in the State failed to receive an expected shipment and had only a few days' supply before running out. After repeatedly being refused help by Washington and the oil companies, the Office of Energy Resources finally negotiated a loan of approximately 2.3 million gallons of heating oil from the Defense Fuel Supply Center on Casco Bay. This enabled the marketer to meet demand and averted a very serious crisis. This situation brought home the need to be prepared for an emergency.

The President's action to decontrol oil price and allocation regulations has increased Maine's vulnerability to supply disruptions and price hikes. Without controls Maine will bear a disproportionate share of the burden during a future fuel shortage. An unregulated market will react to a crisis by raising prices to the level where the demand equals the supply.

Fuel will then be directed to those areas willing to pay the highest prices. The assumption behind the proposed withdrawal of the Standby Federal Emergency Energy Plan was that an unregulated market constitutes the best approach to an energy supply interruption. I do not agree with this assumption.

In the event of even a moderate shortage, fuel prices could double, creating a serious hardship for consumers. A state such as Maine would be unable to compete with areas willing to pay the highest prices. Businesses and industries could be forced to close or dramatically curtail operations. Maine's low income population would suffer. Moreover, we have serious reservations whether the market system could act quickly enough to relieve any shortages that might occur.

Maine is located at the end of the petroleum distribution system, and has a small dispersed market. We have already been targeted for market pull-outs by two oil companies, Shell and Phillips. We are concerned that others might follow since we recognize that Maine is not the most desirable market for the major oil companies.

In response to the decontrol order, Governor Brennan submitted a bill to the Legislature requiring suppliers to give a year's notice of plans to reduce or discontinue deliveries to Maine customers or to locate alternative sources of supply. The Maine Legislature passed this law and Governor Brennan signed it the same day. Senator Cohen supported the enactment of that law. It included a sunset clause of April 1, 1981. However, the Legislature allowed it to terminate because of the expectation that the Federal government would enact allocation controls during a shortage and protect Maine's supply of petroleum products.

We believe that there are several actions Congress and the Federal government should take to assist states like Maine in the event of serious supply disruptions.

First, we consider the imposition of price and allocation controls to be a necessity during a fuel shortage. Under price and allocation controls, Maine is guaranteed a proportionate share of its historical petroleum consumption which is essential during an emergency because we rely on oil so heavily.

Second, we support Senators Mitchell and Cohen's bill (S445) to re-establish the State's Set-aside program. The purpose of the Set-aside is to meet the needs of specified priority users. Set-aside is the only effective tool available to the State for resolving short-term, localized fuel shortages.

For example, without the assistance of the Set-aside program during the 1979 gasoline shortage, the tourist area in Maine would have lacked sufficient supply of product to meet demand and would have suffered severe economic consequences. Set-aside also provided gasoline for farmers in the Farmington area who were unable to locate the product through retail service stations. During the 1979 shortage, heating oil was not governed by Federal allocation regulations and was allocated by the major oil companies.

During that time the refiners limited the amount of fuel oil available to dealers and refused to release extra product to areas or dealers suffering unusual hardships. A set-aside program would resolve these problems. State officials know best which priority users need to be served and which areas are most likely to suffer a spot shortage.

Since emergencies may occur in only certain states it is essential that Governors have authority to resolve hardships. Overall Federal authority is necessary to ensure consistency among the states so as to avoid an excessive regulatory burden on suppliers.

Third, we in Maine rely heavily on the current EIA 25 data form which requires oil companies to submit monthly reports on deliveries of petroleum products. We are very concerned over the fate of EIA 25 because this data forms the basis of our petroleum supply monitoring system and helps to alert us to potential shortages. Without this information we would not be prepared for a crisis and the Governor would lack sufficient data to allocate fuel and establish emergency programs. The Department of Energy has drafted a replacement for the EIA 25 but this replacement does not reflect the amount of fuel for final consumption within the State as does the EIA 25. It is therefore worthless to us. On the proposal of Governor Brennan, the Legislature unanimously provided that EIA 25 information should be submitted to us should DOE terminate it.

Fourth, we believe the Federal government should move immediately to establish a regional petroleum reserve. Obtaining and refining oil from the strategic petroleum reserve would take too long to assist Maine and New England in the event of an emergency. As a result the region could experience power blackouts and severe economic dislocation. A reserve located in this region would avoid transportation costs and delays and provide greater security for the East Coast.

Fifth, the Congress should assist states in emergency planning. States ought to be able to continue some emergency planning efforts with State funds. But a disruption in oil supplies affects the whole country and no state can act in isolation. Under the Emergency Energy Conservation Program, the Federal government established a framework for state plans. Maine had anticipated receiving $100,000 from the Federal government for the development of a State Emergency Plan.

It will now be more difficult for us to prepare a comprehensive document if the Administration's proposed recisions are accepted by Congress. Contingency planning is an important component of federal emergency preparedness and should be federally supported. Several New England states have informed me that they will be unable to complete emergency planning without federal assistance.

The states would have to carry out any Federally mandated emergency action; therefore, the Federal government should assist us to be ready to fulfill that responsibility

The National Governors' Association recommends that legislation to replace the Emergency Petroleum Allocation Act reflect an overall strategy for emergency management of an oil supply disruption. The states are already on record supporting a 4 tier approach which relies on the marketplace to allocate supplies during low to moderate levels of shortfall, but which makes available a variety of policy options of increasing severity to deal with shortages of increasing magnitude. The 4 tier plan includes:

1. reliance on price and the marketplace as demand restraint mechanisms up to a moderate shortfall of supplies:

2. triggering at appropriate levels of shortfall pre-planned voluntary demand restraint measures and the State set-aside program.

3. triggering supply restraint and mandatory demand restraint measures in cooperation with industry.

4. implementation of a revised allocation and financial relief system when national security is threatened.

The states are firmly convinced that the President should have the authority to impose price and allocation controls during a severe shortage, but only when the shortage is not manageable under other emergency authorities. Such controls will be needed to ensure that social and economic hardships caused by the shortage are shared equally across the nation. The states recommend that this authority be granted with a specific mechanism for disengaging the program.

Past experience, especially during the 1979 gasoline shortage, has demonstrated that a permanent price and allocation control system is undesirable. No specific binding triggers are recommended for each authority. The states do not recommend that post-EPAA legislation include the authority to maintain a standby gasoline rationing program.

We are starting to develop our tidal resource, one of the greatest in the world.

Our hydro power potential is great, and there are currently efforts to revitalize over 50 existing dam sites throughout the state.

Maine has a considerable solar and conservation potential and the State is encouraging a shift from electricity.

We are working with neighboring Canadian provinces for mutually beneficial development of their energy resources.

The National Governors' Association has conducted a survey of the impact of proposed budget cuts on State energy programs such as Maine's. The survey results indicate that the total withdrawal of federal support for FY '82 as proposed in the Administration's budget will severely reduce the States' ability to carry out conservation and emergency programs.

It appears likely that most states would be unable to provide support to replace Federal dollars for the State Energy Office activities at ths time. In Maine, State Energy Office activities have supported important conservation activities.

Of course, we should bear our responsibility. But the partnership between the State and the Federal government, especially in emergency planning, should continue. If we are not adequately prepared and if we rely solely on the so-called market mechanism, an emergency could have dangerous, if not fatal, effects.

The states recommend that Congress consider including the following authorities in post-EPAA legislation.

1. To authorize the Department of Energy to collect adequate energy data for energy emergency purposes on an on-going basis.

2. To trigger the state set aside in any state when requested by the Governor.

3. To draw down the Strategic Petroleum Reserve.

4. To investigate the use of and prepare for possible implementation of a rebate system to ease the burden on consumers of sudden increases in oil prices.

5. To redirect crude oil or product from region to region.

6. To order changes in refinery yields to assure the production of adequate amounts of residual fuel oil or any refined petroleum products to protect the health and safety of the public.

7. To mandate fuel switching to reduce demand for oil.

8. To require mandatory allocation of crude oil, residual fuel oil and each refined petroleum product. (In severe shortage situations only.)

9. To reimburse the states for expenses incurred in carrying out any responsibilities delegated to them by the President.

I want to stress again the importance of maintaining a capacity at the State level to deal with nationwide energy problems. This capacity is currently threatened by the Administration's proposed budget cuts of the State Energy Grant Programs. While there is broad public support in Maine, as elsewhere, for President Reagan's spending cuts, it would be inaccurate to assume, with regard to energy at least, that Maine people would agree with the priorities set for allocating the available funds. For Maine, the Administration's energy policy, with its rejection of conservation measures, is irrelevant. The Administration's policy says to us in effect that Maine is not important and that there is nothing the State itself can do to solve its energy problems. But we in Maine have taken extraordinary steps in the areas of conservation and developing our own indigenous energy resources. The best local and individual action that can be taken to deal with an emergency is to have in place a strong conservation program.

To be sure, Maine has acted vigorously on its own. We have raised $19.5 million in bond issues to improve the energy efficiency of the State's public buildings, among the highest per-capita efforts for conservation in the United States.

Maine's Project Fuel was the pilot for national weatherization efforts. With sufficient funding at the level that had been expected, all eligible Maine homes could be weatherized by 1983.

Maine is the recognized national leader in its rural rideshare program. Overall consumption of gasoline has declined by 14 percent from 1978 to 1980.

I am submitting for the record a more complete statement on Maine's emergency response capabilities, information on the regional petroleum reserve, and a copy of comments I submitted to DOE concerning the proposed withdrawal of measures from The Standby Federal Emergency Energy Conservation Plan.

Thank you.

Mr. MITCHELL. Madam President, the amendment I am proposing would make a small exception to the extremely broad preemption language in this bill. The amendment would preserve for States the authority to set aside a minimal percentage of State oil supplies for emergencies.

The authors of S. 1503 have accurately noted that it is impossible to anticipate the particular circumstances that would combine to produce a serious petroleum supply shortage within the United States. Because of this difficulty, they have proposed general standby legislation to provide the President with the authority and, more importantly, the flexibility to deal with such a situation.

As the committee report states:

Detailed responses to a particular shortage cannot be planned in advance. A broad variety of options would be available to the Federal Government, including the option of mandatory oil allocation.

Madam President, this same analysis applies on a State level. It is impossible to anticipate the particular hardships or special needs that might arise in the event of regional shortages or emergency situations. The administrators of the EPAA recognized the unpredictability of such events on the State level and provided each State with the flexibility to minimize hardships.

Under the EPAA, States were authorized to participate in a set-aside program. A small percentage of incoming petroleum products was made available for priority distribution by the State officials. This system was a valuable tool in mitigating the effects of regional fuel shortages. States were able to evaluate their own emergency needs and respond appropriately.

In Maine, the set-aside was used to provide heating oil and gasoline to farmers and fishermen during local supply disruptions. In many rural States, temporary shortages of supplies occur in sparsely populated areas even during periods of ample national supply.

In Florida, the set-aside was successfully used to bring gasoline to the heavily traveled tourist routes during a natural disaster.

In New York, the set-aside was used to encourage weekend openings of gas stations in heavily populated areas.

The variety of uses of the set-aside volumes reflects the respective judgments of State officials to their own priorty needs.

In many States, jobber/wholesalers consider the maintenance of a set-aside system essential. Such a program generally provides close coordination between various segments of the industry and the State energy offices. Valuable consumption data is made available to the States.

Another important function of the set-aside under the EPAA was to give top priority for allocation to users protecting the health and safety of the public. Hospitals, nursing homes, police and fire departments and other critical energy consumers were often recipients of emergency allocations of the set-aside.

Madam President, I introduced legislation earlier this year which would have established a federally administered State set-aside program. Under my bill, each State would have had the option of creating a set-aside program. I strongly believe our State Governors ought to have the authority to alleviate local or regional supply disruptions which fall short of the kind of national emergency to which the President would be empowered to respond under S. 1503.

The bill before the Senate would create a Federal set-aside system on a standby basis only.

While I think the standby set-aside is an important component of a Federal standby allocation plan, it would not preserve flexibility for the States to deal with local conditions in the absence of a national emergency. A State set-aside system should not be contingent on the imposition of a full Federal standby plan or subject to the sole discretion of the Federal DOE, Department of Energy.

S. 1503 would prohibit States from enacting their own set-aside plans. I find this preemption provision somewhat incongruous at a time when Congress is delegating more and more responsibility to State governments. And that is one of the principles of this administration—returning power to the States. S. 1503 would prohibit States from enacting their own set-aside plan, and that legislation is extremely restrictive upon the States.

My amendment would create an exception to the preemption language in the bill. The amendment is intended to preserve for the States the authority to enact a standby set-aside system which affects not more than 4 percent of the petroleum products entering the State.

Although the purpose of this amendment is to give States flexibility in responding to energy emergencies, there are benefits in having some uniformity among State systems. Those involved in the distribution of petroleum products should not have to comply with 50 different set-aside programs.

To provide consistency in such matters as reporting requirements and procedures that must be followed upon assignment of set-aside products, my amendment would have the States base their programs on DOE regulations that will be issued on the Federal standby set-aside program.

States would still be allowed to determine the type of products covered and

to set the percentage of the product that they want up to the maximum.

Also, my amendment contains an additional safeguard against possible abuses, of an ongoing set-aside program. To insure that the system is only used when an emergency or hardship situation exists, a State can only implement a set-aside program when the Governor determines that such a program is required to meet a petroleum shortage or supply disruption within the State which will impair public health and safety, essential public services, or essential economic activity.

This should allow concerns that some States may use their set-aside programs for political purposes during times of normal market conditions.

In sum, my amendment calls for nothing more than a grant of authority to States to determine for themselves when circumstances require the imposition of a State set-aside. The programs will be optional, not mandatory as they were under the EPAA. Set-aside programs would not be permanent, but could only be triggered by a Governor's declaration of an emergency.

Rather than allowing a State to have a set-aside as high as 5 percent, as was permitted for gasoline under the EPAA, my amendment would allow a maximum of 4 percent.

Finally, there would be uniformity in the structure of the States' system, as the States would follow DOE regulations in designing their programs.

It is also important to stress what this program is not, having described what it is. First, it is not an allocation program intended to replace the market as the mechanism to allocate oil products. Governors would not have permanent authority to administer set-aside programs, and even when the program is in effect, at most 4 percent of petroleum products in the State in any month can be affected. If the full 4 percent is not allocated, the unused portion is returned to the normal distribution network.

Second, this is not a new, untested approach to dealing with regional shortages. Set-aside programs under my amendment would be very similar to those that State governments and suppliers of petroleum products are familiar with. Implementation of the programs would be smooth, and there would be no new costs imposed on distributors or consumers.

Finally, this is not a program that would allow Governors to influence the amount of oil products entering their States. A set-aside program could only affect the products that actually enter the State for consumption within the State.

S. 1503 does acknowledge the need for flexibility in meeting local energy emergencies. In discussing the types of programs that States could continue to operate, the Energy Committee report makes it clear that demand-restraint programs would not be preempted by this bill.

Such programs as odd-even management, minimum purchase requirements, car-less day requirements, and final-switching programs could be implemented by States without a declaration of an emergency by the President.

It seems strangely inconsistent that this bill leaves States with substantial demand management powers but denies them even the most modest of supply management options. There is absolutely no guarantee that demand policies only can handle localized emergencies. We should not deny our Governors a full complement of policies to handle petroleum shortages.

Madam President, in their letters, the National Governors' Association and the National Conference of State Legislatures have expressed complete support for this amendment. The Council of State Governments has adopted a resolution opposing the preemption of State authority in this area.

I ask unanimous consent that the letter from the National Governors' Association be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MITCHELL. In conclusion, Madam President, my amendment is a very modest proposal. It would continue a program that was very effective in dealing with local emergencies. It would give States the flexibility they need to meet their diverse needs. Sufficient safeguards are included to prevent perceived abuses of past systems.

A vote for my amendment is simply a recognition that States are capable of handling the responsibilities that Congress is turning over to them. To deny them this limited authority would be a setback to our efforts to reduce Federal interference in State activities. I urge all my colleagues to support this amendment.

EXHIBIT 1

NATIONAL GOVERNORS' ASSOCIATION,
October 21, 1981.

HON. GEORGE J. MITCHELL,
Russell Office Building,
Washington, D.C.

DEAR SENATOR MITCHELL: On behalf of the NGA Energy and Conservation and Renewable Resources Subcommittee, which I chair, I wanted to let you know of the Governors' strong support for your amendment to S. 1503 to protect from federal preemption any set-aside program established by any state that affects no more than 5% of the amount of each petroleum product sold into the State by each prime supplier.

Although the bill, as reported from the Committee, requires that a state set-aside system be part of the national standby program, the current language of the bill prohibits the establishment of state set-aside programs pursuant to state law. We are concerned that this language will tie the hands of the nation's Governors, by preempting their authority to respond quickly at the state level to localized supply disruptions in the absence of federal action.

The set aside program has authorized Governors to redirect a small portion of the supply which comes into each State to respond to emergency and hardship situations. In the past, some Governors used the set-aside to ensure access to diesel fuel to enable farmers to harvest crops which otherwise would have been destroyed; others have utilized the set-aside authority to direct gasoline to service stations to ensure weekend availability and ease panic buying, while still others have used it to ensure supplies of heating oil to remote areas facing short-term shortages.

I know that you understand how the ability to respond quickly to sudden hardships on a case-by-case basis can often alleviate panic and avoid the need for more serious measures. We believe a limited standby state set-aside program, pursuant to state law, can and should be an important complement to the federal standby program, and we urge the adoption of the Mitchell Amendment to S. 1503.

Sincerely,

GOV. JOSEPH E. BRENNAN,
Chairman, Subcommittee on Renewable Resources and Conservation.

The PRESIDING OFFICER. The Senator from Idaho.

Mr McCLURE. Madam President, I rise in opposition to the amendment. S. 1503 already provides that the standby regulation must include provisions establishing a State set-aside program. In addition, S. 1503 requires that, should the implementation of the standby regulation provide for the allocation of residual fuel oil or any refined petroleum product, the Federal program also must provide for a State set-aside program for that petroleum product in any State in which the Federal program is activated. Therefore, the States are assured that, if a severe petroleum supply shortage occurs, provision will be made for a State set-aside program.

However, the amendment of the Senator from Maine would permit the States to establish and activate set-aside programs in the absence of activation of the Federal program. Such an exemption would invite the States to act unilaterally without national coordination. Moreover, the invitation would be there for them to act early and aggravate any shortage that may exist.

S. 1503 places maximum reliance on a flexible marketplace to accommodate the needs of business and the consumer. Reliance on market mechanisms, except in severe shortages, eliminates the need for separate set-aside programs which are not a part of the national program. Under S. 1503, the maximum amount of product is available in the marketplace. The existence of a separate set-aside invites abuse to meet quasi-emergency requests. In the past, State set-aside programs were a specific part of the Federal allocation or price control program, and if they are to be authorized in the future, that precedent should be maintained as it is in S. 1503.

The preemption provision adopted by this body this morning would permit the States to allocate oil under certain emergency conditions other than those caused by an import disruption. To that extent, the need for a State set-aside would be reduced. We have already met a part of the objective which has been set forth in the arguments of our distinguished colleague from Maine.

If a serious import disruption should occur, it becomes a national problem that should be dealt with at the national level, and therefore State set-aside programs should be subject to Federal control in terms of when they are triggered and when they go into effect.

The amendment of the Senator from Maine would permit the States to act without regard to whether or not there

has been a triggering of a national program.

The amendment would permit the States to determine when the State set-aside would be triggered and the States might, acting under that authority, convert a marginal shortage that does not justify a national trigger to a severe shortage which would require a national program. Therefore, the action taken by an individual State could have a severe effect upon the rest of the States.

Madam President, I have been informed that the amendment is opposed by numerous marketers of oil throughout New England and also by the Independent Fuel Terminal Operators Association, a group that represents a major portion of the distribution sector of the industry. I understand that the reason for their opposition is that the State set-aside programs proposed by the amendment would, by definition, remove from the market so much product that the set-aside programs themselves would seriously impair the ability of the marketers and distributors to adequately serve their customers.

Madam President, it is precisely such conditions which lead us to be careful about imposing allocations at all. Otherwise, you convert a marginal situation into a serious shortage. That has been our experience. I hope we do not fall for that again in this amendment, and I hope the amendment will not be approved.

I yield to the Senator from Louisiana.

Mr. JOHNSTON. I thank my distinguished colleague.

Madam President, the sentiment behind this amendment we agree with very much. As a matter of fact, we really sort of beat the distinguished Senator from Maine to the draw by having put in the State set-aside language in the bill at the time the bill was considered in markup. I know he is familiar with that, but, frankly, in the original draft of the bill we did not have State set-aside language. I believe it was the distinguished Senator from Arkansas (Mr. BUMPERS) who proposed the amendment which did make mandatory a State set-aside at the time that the President pulls the trigger.

We also provide in the preemption amendment adopted just this morning for relief for the very kind of situation the Senator from Maine described. That is where you have an emergency in the State caused by sabotage, damage or destruction of facilities, accidents, acts of God, that sort of thing. That is specifically covered under the preemption amendment. We provide a mandatory set-aside if the President pulls the trigger and a discretionary individual State, what you might call, a set-aside in the event of sabotage, act of God, or other localized kind of shortage. We think that takes care of it.

I am not going to argue against set-aside because in a lot of respects set-aside is motherhood, apple pie, and States rights. I think just to set the record straight, the performance of set-asides has not been uniformly of the most exemplary manner. In some States, such as Maine, set-asides under the last EPAA program were well run. They kept good records. They handed out the State's allocation in a very equitable and orderly way. That which they did not use, they turned back.

There was one State, and I will not mention the name, where there was one man responsible for the program. He would come to his office every morning and open up the door. It was a new day. He did not keep any records. He did not have any rules as to how he would hand out the applications. There would just be all these supplicants there. If he liked this one, he would give him a big allocation. If he did not like that one, he would not give him an allocation. At the end of the day there were no records as to whom he had given what. At the end of the program, there was no track record as to whether he had done good, bad, why, or wherefor.

I just mention that not to talk about State set-asides because we have, indeed, put them in the bill, although I am almost talking myself out of what we have done, but to point out that they are not uniformly a boon to equity.

We have gone far enough, though, Madam President, with the set-asides in this bill.

We simply have to remember that petroleum is a commodity that is of national importance. What goes on in one State affects what happens in another State. If you get a tight supply situation insufficient to trigger an allocation program, just an ordinary tight supply situation, with the prices going up a bit, under this amendment, every State would be irresistibly tempted to grab off that extra 4 percent to take care of its extra needs. We would start with Florida, I guess, which would want to take care of their agricultural needs. Supplies are a little tight; they would get their 4 percent. And you would go right up the east coast.

Or maybe you would start in Maine and come down the east coast. It would ricochet from State to State, with each State feeling it has to take care of its constituents, because its neighbor has done so.

It would create an absolute need to invoke a national program—not only a national set-aside program but a national allocation program, which I think we all want to avoid.

What we are trying to do, Madam President, is have as a national program that we all share in this shortage equally, according to the same rules, if it is necessary. Let us hope it is not necessary, but if it is necessary, let us all trigger in a State set-aside at the same time and according to the same rules.

Madam President, I hope the explanation to my distinguished colleague from Maine—that we do not only provide for a national set-aside if the President pulls his trigger, but that this morning's amendment, with which he may not be familiar, provides for Presidential discretion in the event of sabotage or act of God or local State shortage—will satisfy him and that he will, maybe, consider withdrawing the amendment.

Mr. MITCHELL. Madam President, I am familiar with the amendment of this morning. It is not satisfactory. I shall not withdraw the amendment. I am glad to give a reason why not in a moment.

Before I do, I ask unanimous consent that Senator SASSER be added as a cosponsor to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Madam President, the reason why the amendment described by the distinguished Senator from Louisiana is not acceptable is that it requires action by the President. It does not provide authority to the States to act in the event of a regional or local shortage. I might ask those who oppose this amendment, why do they not trust the Governors and the legislatures of this State? For months, we have, in the Senate and in the Nation, been listening to the President and others say that we have to return power to the States in education, in welfare, in social services, in taxing authority—billions and billions of dollars covering the whole range of economic activity. We have been told over and over again, the power can best be exercised at the State level. Yet here, today, we are hearing that we do not trust the Governors, we do not trust the State legislatures to act in a responsible manner. We are hearing that they will act irresponsibly.

I want to point out, Madam President, that regarding the irresistible temptation described by my colleague, my amendment requires that an emergency exist and be declared by the Governor. I do not think the Governor of Louisiana is going to frivolously declare a shortage when none exists. If he did, he would be acting outside the bounds of his legal authority. I am certain the Governors of Maine and Idaho would not do such a thing.

Mr. JOHNSTON. Will the Senator yield for a response?

Mr. MITCHELL. Yes, Madam President.

Mr. JOHNSTON. We have a Republican Governor in our State.

Mr. MITCHELL. Madam President, I want to say I think there are plenty of Republican Governors who are responsible.

Mr. McCLURE. Madam President, if the Senator will yield, the Senator from Louisiana almost persuaded me.

May I respond further? It is not a question of lacking faith in the Governors or the legislatures of our Nation because we provided that, if a national allocation program were triggered by a severe supply interruption, the Governors would, indeed, have that set-aside program and that set-aside authority. The only reason that we oppose the amendment, as far as this Senator is concerned, is that, acting independently, one or two or a half dozen States could cause a marginal supply interruption to become severe enough to cause the allocation of supplies nationwide. It does not seem to me to be a wise national policy to allow some States, reacting to different stimuli in a different way, to impose the results of their actions upon all the other States.

Mr. MITCHELL. I just say to the Senator that my amendment is limited to petroleum products which have entered

an individual State, so the consequence which the Senator fears will result could not occur. The consequence the Senators suggest could occur only if Governors had authority to affect petroleum supplies outside the borders of their States. It was precisely the Senator's concern that led me to make certain that this is included in this amendment.

So, Madam President, if that is the only reason that the distinguished Senator from Idaho is opposed to this amendment, as he has just stated, I would welcome his support of the amendment, since the problem is adequately dealt with in the amendment.

One final word, Madam President. The Senator from Louisiana said let us all share in the shortage. That is precisely the problem. Shortages are not equally shared throughout our Nation. This is a large, diverse society. Each State is large and diverse. There are rural interests, there are agricultural interests, there are urban interests, there are industrial interests, there are consumer interests. The fact of the matter is, if we could be certain that any national shortage was spread equally across the country, both geographically and in sectors of our economy, certainly, no legislation would be needed, certainly no program would be needed. It is precisely because sacrifice is never equally distributed in human affairs, and certainly not as far as this is concerned, that this type of amendment is necessary.

I say I agree with President Reagan. Let us return power to the States. Let us give the States the authority to do that which they can do better. Let us trust the Governors and legislatures of this State to do a good job in this important area.

● Mr. DURENBERGER. Madam President, I am pleased to be a cosponsor of the Mitchell amendment. This is an important amendment because it restores a balance between Federal and State responsibility and authority to manage petroleum disruptions.

As reported by the Energy Committee, S. 1503 would preempt any State law that would provide for petroleum price or allocation regulations, including set-aside programs, when Federal regulations are not in effect. Since the Federal Government would not have made a determination that Government intervention was necessary, any State law providing for intervention would be deemed to be in conflict with the Federal program. In other words, Governors and State legislatures could take no action to protect health and safety or the public interest, unless the Federal Government is also taking action. As we have heard on the floor many times in this debate, only the most severe form of supply emergency would prompt the Federal Government to act.

State officials, including the Nation's Governors, are correct in charging that S. 1503 as reported is out of balance. There is entirely too much preemption of State prerogatives in the name of a national interest which may never be served by Federal action. In fact, one could make the charge that S. 1503 is little more than an excuse to preempt State and local laws. There are many who support this legislation solely because it preempts price and allocation legislation that has been enacted in several States. In their view, it is worth the remote risk that this President would use some of the authority provided by S. 1503 in a national emergency, to get preemption of State legislation.

Madam President, I can agree that in a severe energy supply disruption, the Nation should have only one set of consistent price and allocation regulations. I can easily imagine State laws that would confuse and defeat the purpose of a national emergency program. But I cannot understand why we should completely preempt State authority in this area when the national program is not in effect. That is what the committee intends. Let me read from the language of the report:

> When comparing a State or local program to its comparable Federal regulation, the fact that the Federal regulation is not implemented would automatically be deemed to constitute a conflict and pre-emption of that State or local regulation would result.

The amendment authored by the Senator from Maine would make one modest change in the preemption provisions of S. 1503. It would say that a set-aside program that provided for reallocation of up to but no more than 5 percent of the petroleum product available in the State under authority of State law would not be considered in conflict with the provisions of S. 1503, even if no national regulations had been implemented. That seems to this Senator a reasonable bargain to make between the national interest and the rights of State and local officials to protect the health and safety of the citizens to whom they are responsible.

Madam President, there is little possibility that State set-aside programs at this level, implemented outside of a national program, will defeat the purposes of S. 1503, because State set-aside is mandated for any allocation program that the President might impose. Having set-aside programs in place and operating under State authority before authorized by Federal regulation would cause very little confusion. In fact, having this authority available to State and local officials may well relieve some of the pressure to implement the Federal program for shortfalls that are less than severe.

Madam President, as a result of decontrol, the State of Minnesota felt it necessary to establish a set-aside program in law this year. The set-aside amounts under this law are 3 percent for motor gasoline and 4 percent for middle distillates. When this proposal came on for hearings before the State legislature, it received unanimous support from every segment of Minnesota business and government. Witnesses representing industry, small business, school districts, local government, service stations, farm cooperatives, oil jobbers, and petroleum suppliers, all testified in favor of a limited State set-aside program. This legislation was adopted without opposition. A record like that should not be overturned on the simple presumption that it is in conflict with national policy.

The Minnesotans who supported creation of a set-aside program at the State level were doing so with some experience. In 1979, the Minnesota Energy Agency handled 12,740 set-aside cases and reallocated 67 million gallons of petroleum product. In 1980, they processed 28,336 cases, releasing 233 million gallons of product. Set-aside has been a significant part of emergency management in Minnesota and it has worked, as the hearing record before the legislature attests. That is not the kind of experience that we should ignore. In fact, it is the kind of evidence that leads me to strongly urge the support of my colleagues for the Mitchell amendment.

Madam President, I ask unanimous consent that a letter from Gov. Joseph Brennan on behalf of the National Governors' Association be printed in the RECORD with my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS' ASSOCIATION,
October 21, 1981.

Hon. DAVE DURENBERGER,
Russell Office Building,
Washington, D.C.

DEAR SENATOR DURENBERGER: On behalf of the NGA Energy Conservation and Renewable Resources Subcommittee, which I chair, I wanted to let you know of the Governors' strong support for Senator Mitchell's amendment to S. 1503 to protect from federal preemption any set-aside program established by any state that affects no more than 5% of the amount of each petroleum product sold into the State by each prime supplier.

Although the bill, as reported from the Committee, requires that a state set-aside system be part of the national standby program, the current language of the bill prohibits the establishment of state set-aside programs pursuant to state law. We are concerned that this language will tie the hands of the nation's Governors, by preempting their authority to respond quickly at the state level to localized supply disruptions in the absence of federal action.

The set-aside program has authorized Governors to redirect a small portion of the supply which comes into each State to respond to emergency and hardship situations. In the past, some Governors used the set-aside to ensure access to diesel fuel to enable farmers to harvest crops which otherwise would have been destroyed; others have utilized the set-aside authority to direct gasoline to service stations to insure weekend availability and ease panic buying, while still others have used it to ensure supplies of heating oil to remote areas facing short-term shortages.

I know that you understand how the ability to respond quickly to sudden hardships on a case-by-case basis can often alleviate panic and avoid the need for more serious measures. We believe a limited standby state set-aside program, pursuant to state law, can and should be an important complement to the federal standby program, and we urge the adoption of the Mitchell Amendment to S. 1503.

Sincerely,
GOV. JOSEPH E. BRENNAN,
Chairman, Subcommittee on Renewable Resources and Conservation.●

Mr. CRANSTON. Madam President, I support the amendment of the Senator from Maine, Mr. MITCHELL.

This amendment—allowing States to establish limited set-asides of petroleum

products—will provide the States with minimal but critical authority to alleviate emergency fuel shortages which, while limited in scope, could have substantial local impact. It will give States a means to distribute fuel to individuals quickly when the market, for whatever reason, cannot respond to the demand in time.

The argument has been made that absent Federal preemption of State authority to allocate petroleum products, a proliferation of conflicting State laws and regulations could seriously hamper the President's ability to deal effectively with a regional or national emergency shortfall when he determines that Federal action is necessary. As a result, the committee bill denies the States authority to exercise any discretion in a way different from the Federal standby plan.

But the committee bill also has—in my view, wisely—recognized the importance of giving some flexibility to State officials to handle the basic problems which arise in their States during a shortage. The bill now requires that, once the President implements a mandatory allocation program, the program must include a set-aside for States.

But some States—including my own—would prefer discretionary authority to establish set-aside systems for petroleum products in advance of the exercise of Presidential discretion, either to solve specific local problems or to meet mounting shortages which have not yet triggered a Presidential decision. So long as these set-asides are limited to a maximum of 5 percent of estimated monthly supply of petroleum products, no conflict with the President's ability to deal effectively on a national basis can occur. This discretionary State set-side authority would insure that essential public services or economic activity are not impaired in a local supply disruption.

It has also been argued that State set-asides tend to aggravate shortages by requiring companies to hold a portion of available fuel supplies which would otherwise be distributed. But while oil companies have in the past been required to hold the State's fuel portion in reserve for optional State use, systems can be devised giving States the benefits of a set-aside program without tying up significant product supplies.

Few of us, I expect, have any desire to see another complex system of Federal price and allocation controls implemented. Hopefully, the standby authority provided in this bill will never be needed. And since the system this bill provides is at best imperfect, we should begin immediately to study alternatives to allocation controls like the revenue recycling mechanism proposed by the Senator from New Jersey.

But stripping States of the ability to deal with local emergency situations will inevitably increase pressures for Federal intervention sooner and to a greater extent than may actually be necessary.

The Mitchell amendment avoids this dilemma without altering the basic concept of the committee bill. I strongly urge adoption of the amendment.

UP AMENDMENT NO. 550

(Purpose: To provide for a State set-aside system)

Mr. MITCHELL. Madam President, I ask unanimous consent that my amendment (UP No. 549) be withdrawn, and I send to the desk a substitute amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. MITCHELL) proposes an unprinted amendment numbered 550.

Mr. MITCHELL. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 9, insert the following after line 8:

(4) "State set-aside" means the amount of a product made available from the total supply of a prime supplier pursuant to section 4(a)(3) of this Act or pursuant to State law for utilization by a State to resolve emergencies and hardships due to fuel shortages or dislocations in distribution systems.

On page 16, insert the following after line 6:

(c) Notwithstanding subsection (a), the set-aside program for residual fuel or any refined petroleum products established pursuant to section 4(a)(3) of this Act shall be implemented, with respect to any State, if:

(1) the Governor, pursuant to State law, determines that such a program is required to meet a petroleum shortage or supply disruption within the State which will impair public health and safety, essential public services or essential economic activity, and

(2) the set-aside program does not result in a residual fuel oil or refined petroleum product set-aside greater than 4 percent of a prime supplier's estimated portion of its total supply for that month which will be sold into the State's distribution system for consumption within the State.

For purposes of this subsection, the term "prime supplier" means, with respect to any State, the supplier which makes the first sale of any product subject to a State set-aside into the State distribution system for consumption within the State.

Mr. MITCHELL. Madam President, I ask unanimous consent to have printed in the RECORD a letter from the New England Fuel Institute, expressing its support for the substitute amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW ENGLAND FUEL INSTITUTE,
Watertown, Mass., October 29, 1981.

Hon. GEORGE J. MITCHELL,
344 Russell Senate Office Building, Washington, D.C.

DEAR SENATOR MITCHELL: The New England Fuel Institute understands that you plan to introduce a revised amendment to S. 1503 relating to state set-aside programs. The amendment would provide for the establishment, by the President of a Federal State Set-Aside Program; the program would be placed on a standby basis and could be implemented either by the President or by a Governor if the latter determines that the program is needed to meet a severe supply disruption within his State. In addition, the program could only remain in effect for the duration of the emergency, but no longer than 90 days.

At your request, we have reviewed the new version of your proposal and in view of the changes made, the New England Fuel Institute wishes to express its support.

Sincerely,

CHARLES H. BURKHARDT,
President.

Mr. McCLURE. Madam President, I believe the yeas and nays have been ordered on the amendment as modified.

The PRESIDING OFFICER. The Senator is not correct. The amendment of the Senator from Maine was withdrawn.

Mr. McCLURE. Does the Senator from Maine desire the yeas and nays on his amendment?

Mr. MITCHELL. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McCLURE. Madam President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. McCLURE. Madam President, I ask unanimous consent that we proceed immediately to the vote on the Mitchell amendment; that immediately following the Mitchell amendment, without intervening motions or points of order, and without any further amendment, we proceed to final passage.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Idaho?

Mr. BAKER. Madam President, I have not cleared that as yet with the minority leader, but I feel fairly sure that that is all right. If consent is granted and there is any problem with it, I will ask unanimous consent that the order be vitiated.

Mr. MITCHELL. Madam President, I ask unanimous consent that the name of the Senator from California (Mr. CRANSTON) be added as a cosponsor of the modified amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Madam President, I will take 1 minute to explain the modification of the amendment.

Mr. McCLURE. I ask unanimous consent that the Senator from Maine may proceed for 1 minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Madam President, one of the objections to my amendment was that it might lead to a proliferation of differing State standby plans. I have modified my amendment to provide that a Governor acting pursuant to State law could establish an emergency as defined in my amendment and thereby trigger the Federal plan to be applicable in that State.

Therefore, we will have unanimity and consistency around the country, and this eliminates the possibility of 50 different State plans or even two different State plans. It goes a long way toward meeting

the objections expressed to the amendment.

I urge support of this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from New Mexico (Mr. SCHMITT) and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Ohio (Mr. GLENN), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

The PRESIDING OFFICER (Mr. BOSCHWITZ). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 42, nays 53, as follows:

[Rollcall Vote No. 342 Leg.]

YEAS—42

Baucus	Ford	Moynihan
Biden	Grassley	Pell
Boschwitz	Hart	Percy
Bradley	Heflin	Proxmire
Bumpers	Hollings	Pryor
Chafee	Inouye	Riegle
Chiles	Jepsen	Roth
Cohen	Kasten	Sarbanes
Cranston	Kennedy	Sasser
DeConcini	Leahy	Specter
Dixon	Levin	Stennis
Dodd	Mathias	Tsongas
Durenberger	Metzenbaum	Weicker
Eagleton	Mitchell	Williams

NAYS—53

Abdnor	Exon	Mattingly
Andrews	Garn	McClure
Armstrong	Goldwater	Melcher
Baker	Gorton	Murkowski
Bentsen	Hatch	Nickles
Boren	Hawkins	Nunn
Burdick	Hayakawa	Packwood
Byrd, Harry F., Jr.	Heinz	Pressler
	Helms	Quayle
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Simpson
Cochran	Jackson	Stafford
D'Amato	Johnston	Stevens
Danforth	Kassebaum	Symms
Denton	Laxalt	Tower
Dole	Long	Wallop
Domenici	Lugar	Warner
East	Matsunaga	Zorinsky

NOT VOTING—5

Glenn	Randolph	Thurmond
Hatfield	Schmitt	

So Mr. MITCHELL's amendment (UP No. 550) was rejected.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. The Senate will please be in order.

The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

MEETING THE CRUDE OIL NEEDS OF INDEPENDENT REFINERS

Mr. McCLURE. Mr. President, one of the critical problems that arises whenever crude oil supplies become scarce is that of the inability of independent refiners to buy crude through their normal supply channels, especially those independent refiners that meet the needs of agricultural and rural consumers. In the past, one immediate response to this problem has been for the independents to go to the world spot market for crude, thereby bidding up the price for available supplies. As we have seen, this results in upward pressure on all crude oil prices, spot and contract.

One solution to this problem would be to encourage direct sales of crude oil from producing nations to the independent refiners. By enabling these independents to obtain the relatively small quantities of crude supplies necessary for meeting the critical demands from farmers and the rural communities which are a vital part of our agricultural production, we would help to relieve that potential upward pressure on crude oil prices which occurs during periods of shortage.

I believe that discussions are presently being considered between independent refiners and producing nations for the purpose of exploring the feasibility for direct sales. I support and encourage such discussions and invite my colleagues to examine this concept and join me in support.

Mr. METZENBAUM. Is it the Senator's understanding that this bill is not intended to discriminate between large truckers with their own tankage capacity and independent truckers and truck stop operators who supply them fuel? In other words, if the standby regulations were implemented in a manner which would give one category of truckers priority treatment, would the other category get the same treatment?

Mr. McCLURE. Yes.

Mr. ANDREWS. Mr. President, President Reagan decontrolled the domestic petroleum industry as one of his first moves when he came into office in January. This was a courageous and necessary step in addressing our Nation's serious energy problems.

However, it would be both naive and foolish to lull ourselves into a false sense of security by believing that decontrol and present abundant supplies signal a new era of security on the energy front. One need only to review events in the Middle East over the past 6 months to realize how fragile our oil supply lines are. The tragic terrorist assassination of our close friend and ally, Egyptian President Sadat, serves as the most recent violent reminder.

Rural America remains more vulnerable to the specter of fuel shortages than any other segment of the society. Major oil companies are continuing to withdraw from our territory, leaving farmers and their rural neighbors even more reliant upon their farmer cooperatives and other independent refiners for critical fuel supply than in the past.

We saw in the spring of 1979 that regional shortages fell hard upon the agricultural community, and that farmers were desperately scrambling to find enough diesel fuel to get their crops planted and their winter wheat harvested. Yet Government control was certainly not the only culprit for these shortages, as diesel fuel had not been under controls since 1976. Indeed, when in the House of Representatives at that time, I led the call for the Federal Government to enact special rule No. 9 to move diesel fuel to our farmers. Without that action, we could have had a disaster in the form of severe crop losses.

Mr. President, it is a harsh fact of life that the rural petroleum system will remain especially vulnerable to crude oil supply disruptions, and that the decontrolled market does not adjust in a timely fashion to farmers' fuel needs during such disruptions. In addition, we cannot ignore that that oil cartel makes sharp price increases which occur during disruptions a permanent legacy and a permanent burden for our economy.

This is why, in the face of administration opposition to any new legislation and in the midst of abundant fuel supplies, I have continued to call for responsible legislative action which would lead to effective standby programs which will help assure fuel supplies to agriculture and rural America during disruptions.

Early this year, I introduced Senate Resolution No. 139, which stressed the importance of access to crude oil for cooperative and other independent refiners serving rural areas. I then chaired Agriculture Committee hearings and heard from a wide spectrum of representatives of the agricultural community about the importance of standby authorities to address agricultural needs during disruptions. On the question of assuring reliable energy supplies to agriculture, there is no disagreement on the need for responsible standby authorities to deal with petroleum disruptions.

In my hearings, we had witnesses from the American Farm Bureau Federation, the National Farmers Union, the National Grange and the National Council of Farmer Cooperatives. From commodity groups, we heard from the National Cotton Council, the National Milk Producers Federation, the American Soybean Association, the National Association of Wheat Growers, the International Apple Institute, and both the National and American Frozen Food Organizations.

Also in the processing and marketing fields, Mr. President, we heard from the National Food Processors Association, the American Bakers Association, the Food Marketing Institute, and the Milk Industry Foundation. In addition, the thrust of the hearings and our resolution was endorsed strongly by the American Association of Engineering Societies and the National Association of State Departments of Agriculture.

These hearings led to my joining with

Senator DURENBERGER from Minnesota in introducing S. 1476, the Petroleum Disruption Management Act of 1981. Fourteen other cosponsors joined us, and our continuing efforts led the Senate Energy Committee to report out an emergency preparedness bill on September 30—the date of expiration of standby authorities under the Emergency Petroleum Allocation Act of 1973. S. 1503, the Standby Petroleum Allocation Act of 1981, was reported out of the Senate Energy Committee by an overwhelming vote.

This bill embraces many of the concepts contained in our bill. For example, the legislation would recognize the priority needs of agricultural operations, transportation and other critical uses of fuel. Senator MCCLURE and I have both recognized on a number of occasions the importance of agricultural production, processing and transportation in assuring that the food is grown, processed and moved toward where it is available to the consumer. The specific recognition of the priority users contained in section 4(b)(1) reaffirms the long-standing policy commitment to assuring that certain critical segments of our economy continue to function.

Mr. President, the bill also provides for some mechanisms which would assure access to crude oil for refiners who lose their supplies during disruptions. I hope that, in the implementation of these programs, we take every opportunity to make clear that the least intrusive alternative should be attempted first in solving disruption-related problems before moving on to more extensive Government involvement. In other words, a standby program for crude sharing should be attempted before moving into product allocation and price authorities.

I am particularly pleased that the standby tools to be developed can be triggered in the event of severe regional or national disruptions, thus enabling the President to respond to shortages in rural areas.

These are vital ingredients to dealing with future disruptions. They would not be used during normal market periods, and there are safeguards to prevent abuses.

Mr. President, I commend my distinguished colleague from the great State of Idaho in working courageously and diligently with his partners on the Senate Energy Committee in developing a responsible bill and moving to a timely passage. I intend to work in every way possible to maintain S. 1503 as a sound, effective bill and to move toward its overwhelming passage.

The future welfare of the farmers and their rural neighbors in North Dakota, as well as all people in the United States, is at stake today. There is no easy or painless solution to offer in the face of possible world crude oil supply disruptions. However, if the approach embodied in S. 1503 is implemented in a reasonable and timely fashion, farmers and rural residents should have more secure access to fuel supplies than would be the case without such action.

In addition, the economy would benefit to the extent that sharp, permanent price increases which have accompanied past disruptions can be minimized. A disruption-driven oil price increase is the one event which could destroy this Nation's efforts at economic recovery, and certainly a doubling of fuel prices is a shock which the farmer as a price taker in the midst of difficult economic times does not need.

Mr. MCCLURE. Madam President, I thank the distinguished Senator from North Dakota for his support of this measure.

FINANCIAL REPORTING SYSTEM AND S. 1503

Mr. JACKSON. Mr. President, the enactment of the Standby Petroleum Allocation Act of 1981 will provide the President with the basic legal authority he needs to act in the public interest during a severe petroleum supply disruption.

The establishment of an effective system of emergency preparedness is certainly dependent on a basis of firm legal authority, but I think we all would agree that much more is required. It is essential that the Federal Government have the administrative capability and the institutional expertise to exercise this authority intelligently. This means it is essential that we understand the operation of the petroleum supply and distribution system in its international, domestic and regional manifestations.

The Energy Information Administration is the entity within the Federal Government charged with this task. The programs EIA operates—both to collect energy information and to analyze it—are crucial to providing the Federal Government with this important capability.

In order to insure that the Government can adequately monitor developments in the petroleum supply and distribution energy information must be collected—information on prices, supply, inventories and consumption. This information can only be collected from firms in the important segments of the industry—producers, refiners, importers, and distributors. I am concerned that the Department of Energy and the Office of Management and Budget may be seriously weakening the ability of the President to act intelligently during a severe petroleum supply disruption by overzealous reductions in the quantity and kind of energy information the Department is collecting.

Understanding the economics of energy supply is also essential to the establishment of sensible energy policies. The cost of energy production, the financing of energy projects, the investments in energy sources and technologies have been the subjects of pages and pages of the record of congressional hearings and floor debate. To inform the process, Congress, in the Department of Energy Organization Act, required the Energy Information Administration to establish a financial reporting system for major energy producing firms.

The aim of the FRS is to provide a consistent and comparable set of detailed financial and statistical data on major firms engaged in energy production. No other data available to the Federal Government—not in the SEC and not in the IRS—meets the tests of accessibility, comparability and completeness from the perspective of energy policy. Without the FRS, the public, Congress, and the executive branch will be totally dependent on such preanalyzed financial information as is volunteered by individual energy firms. All ability to compare data submitted by those firms on a uniform basis will be lost.

FRS data is expensive to collect. Information is not free. Given the value of this information to the policy process, the burden is reasonable.

I am concerned that the administration has proposed that Congress not provide adequate funding for the FRS. The FRS is a valuable program and one which is required by law. Energy information is solely within the jurisdiction of the Committee on Energy and Natural Resources. If this program is to be terminated—an action I would oppose—the committees of jurisdiction in the House and the Senate should say so. I urge the Appropriations Committees to provide adequate funds to maintain the FRS pending action by the jurisdictional Senate and House committees.

I ask unanimous consent that a set of questions and answers about the FRS prepared by the Energy Information Administration and an article by Dr. Arthur T. Anderson from the proceedings of the Southwestern Legal Foundation describing the FRS be printed in the RECORD at the conclusion of my remarks.

Mr. President, the essential fact is that the Federal Government has responsibilities in the energy sector that it cannot avoid. In particular, it is the height of folly to try to avoid this responsibility by simply attempting to become ignorant of developments in energy markets. We must monitor these markets, and we must be able to intelligently evaluate what we observe. The action we will take today to provide the President with the legal authority he needs to deal with a severe petroleum supply disruption is an important step. Making sure that the President is armed with the information and expertise to exercise this authority wisely is a job both the administration and the Congress have yet to finish. I intend to keep working on it.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS AND ANSWERS RE: PERFORMANCE PROFILES OF MAJOR ENERGY PRODUCERS, 1978

Q. Why doesn't the report provide data on individual companies?

A. The FRS program objective is to provide a profile of the industry in general as well as significant sub-groups of firms within the industry. Also, much of the data collected is considered confidential and proprietary by the reporting companies, and publication could place these companies at a competitive disadvantage in the United States and abroad.

Q. When will the public receive more current information on the operations of the oil companies?

A. 1979 data is currently being processed and will be summarized in a report by mid-1981. By the end of 1981 we expect to publish data on 1980 operations. At that time we will be current in our report cycle.

Q. How profitable are the FRS companies?

A. The 26 FRS companies report aggregate

net income of $12.6 billion in 1977 and $13.9 billion in 1978. However, to put these apparently large amounts in context, it is important to note that in 1977 and 1978 the FRS companies report lower rates of return on their capital base (no matter how measured) than the Standard & Poor's 400 industry comparison group.

Q. With the huge increases in refined product prices, why haven't profits grown proportionately?

A. Remember, this report focuses on 1977 and 1978 data. During that period refined product prices increased about six percent. Beyond that the increase in revenues is only one-half of the profit equation. In fact, the costs of doing business, such as the cost of crude oil for their refineries, have also increased dramatically in recent years. The result has been, in 1977 and 1978 at least, to cancel out the gains made in revenues.

Q. Aren't the profits of the energy companies excessive?

A. What precisely is meant by "excessive" profits is not always clear. The report indicates that in 1977 and 1978, profit performance of the major energy companies was poorer than that of U.S. industrial corporations taken as a whole. In this context, the answer to the question is probably no. In fact, some might see this poorer performance as unfortunate for new supply development prospects, since superior profits are necessary if this industry is to attract the capital it will need in the future.

Q. In what kinds of activities do major energy companies make the greatest profits?

A. Petroleum activities provide the major source of all profits among the 26 companies covered by the FRS. Most of these profits are derived from oil and gas production activities as opposed to refining/marketing and transportation activities.

Q. Within the petroleum sector, are the larger firms making higher profits than the smaller firms?

A. Profitability does not vary significantly between large firms and small firms. Profitability is generally higher in production operations as opposed to transportation or refining/marketing, with the smaller firms generally having the more profitable refining operations than larger firms.

Q. What does the FRS show with regard to the adequacy of new supply development efforts?

A. Adequacy can be viewed from various perspectives:

If the concern is self-sufficiency then one could be encouraged by the introduction of Alaskan production in 1978, which effectively halted the increase in U.S. dependence upon foreign sources of supply.

If the concern is development of non-conventional energy supplies, then the data support the necessity of the President's SynFuels bill which provides for $88 billion over the next five years, compared to the $.5 billion invested in non-conventional resource development by the 26 FRS reporting companies in 1978. Clearly, as of now the major energy companies are putting the bulk of their funds into the development of conventional energy sources. Of total additions to investment in place of $23.1 billion in 1978, $19.6 billion was for petroleum, $.7 billion was for coal, $.4 billion was for nuclear, and $.5 billion was for other energy.

Q. The data indicate the FRS companies increased their investment in property, plant, and equipment by 5 percent from 1977 to 1978. Considering inflation exceeds 5 percent, is this not a net reduction in activities?

A. Fortunately, at least as of 1978, this was not the case. The FRS data system collects both financial and physical indicators of investment activity. With respect to crude oil and natural gas, the exploration and development indicators show that the FRS companies did rather well in the face of inflation:

Although there are somewhat fewer developmental oil wells than in 1977, the number of all other exploration and development wells held up or slightly increased;

Wells were drilled deeper on average in 1978 than in 1977;

Success ratios were up slightly; and

Geological and geophysical activities are greater in 1978 than in 1977.

In other words, the overall pace of new resource development did not seem to suffer from 1977 to 1978. We cannot assume that these results will necessarily hold in later periods. Inflation is a problem which must be dealt with.

Q. What portion of total petroleum capital expenditures went into refining/marketing and transportation?

A. Of $20 billion worldwide petroleum expenditures in 1978, more than three-fourths went for exploration and development. FRS companies have tended relatively to reduce overall asset commitments in refining/marketing and transportation. The growth area in petroleum investment is exploration and development. Of this total amount $4.3 billion was for refining/marketing, and transportation which includes international marine and Federally regulated pipelines.

Within domestic petroleum, new investment in the refining/marketing segment accounted for $2.8 billion and Federally regulated pipelines accounted for $0.6 billion.

Within foreign petroleum, refining/marketing accounted for $1.4 billion of investment and international marine accounted for $0.2 billion.

Q. Among the FRS compaines, how significant are profits and investment in foreign petroleum relative to domestic petroleum?

A. About two-thirds of both profits and investment in place were in domestic petroleum and one-third were in foreign petroleum for 1977 and 1978. The same proportions hold true for new investment (additions to PP&E and investment and advances to unconsolidated affiliates).

The most notable finding regarding foreign investment is the apparent effort of all FRS companies to diversify foreign sources of crude oil supply by searching for new reserves in areas other than the Middle East and North Africa.

Q. The FRS form (EIA-28) is over 100 pages long. Isn't that a great burden on industry and contrary to the efforts to reduce government paper work burden?

A. The FRS reporting companies go to a great deal of effort to fill out this form. However, this burden must be considered in the context of the great debate about government energy policy. You can't have informed debate without information and information is not free. The key question is whether burden is reasonable relative to the ambitious objectives of the program. We believe it is.

Q. Why is the FRS necessary when energy companies already provide detailed information in their annual reports?

A. Bevond being required by Sec. 205(h) of the DOE Act, the FRS is necessary because it provides the only consistent and comparable set of detailed financial and statistical data capable of aggregation to the industry level. Aggregation to this level is necessary if one is to better understand how groups of firms deploy their assets to develop and supply energy, and for understanding how policy actions might affect firms engaged in these efforts.

Q. Are the largest firms the most diversified or the most specialized?

A. Data from the FRS sample show that the largest firms are more specialized in petroleum than are the smaller firms. The petroleum share of net investment in place varied from about 80 percent for the top third companies to about 65 percent for the lower third.

Smaller firms are the most diversified in the FRS sample. However, their pattern of new investment during 1977 and 1978 emphasized a shift toward petroleum, most particularly exploration and development activities. The pattern of investment of the largest firms indicates some shift in emphasis from petroleum toward other energy and non-energy activities. But the relative reduction in new investment in petroleum involves only refining/marketing and transportation activities. Investments designed to find new oil and gas reserves have been maintained at high levels.

Q. How important are non-energy operations? What part do chemical/petrochemical operations play?

A. All but two of the 26 FRS reporters are involved in non-energy activities. Non-energy is the second most significant line-of-business for the FRS firms next to petroleum. In 1978, non-energy operations accounted for 14.3 percent of all operating revenues, 6.9 percent of all operating income, and 12.9 percent of net income.

Q. Is not Mobil's acquisition of Marcor and Exxon's acquisition of Reliance Electric proof that large companies are not sustaining the pace of necessary new investment in petroleum?

A. Even though the acquisitions mentioned appear dramatic, it must be realized that a $1 billion acquisition is fairly small compared to the $26 billion spent by FRS companies for additions to PP&E in 1978. Of this latter amount, 75 percent went for petroleum purposes. The Reliance acquisition took place in 1979, but the FRS report is for 1978. Trends in diversification by large energy companies will be reported in future FRS reports.

Q. The oil companies report two thirds of their petroleum earnings in the United States, and the report tells us that petroleum is the biggest source of income to the companies, yet the companies report paying only 37.7 percent of their income taxes in the United States. Isn't that proof that the oil companies aren't paying their share of United States taxes?

A. It is true that the companies pay more taxes abroad than in the United States, but this is because foreign tax rates, especially on production operations, are higher than United States tax rates. Petroleum income earned in the United States is generally taxed on the same basis as all other corporate income earned in the United States. Foreign tax credits cannot be applied to reduce taxes on income earned in the United States, although they can reduce taxes on the portion of foreign income subject to U.S. taxes. The question of how taxes impact the operations and investment patterns of energy companies is a subject of continued study in the context of the FRS program.

Q. How rapidly are the companies moving into alternative energy sources?

A. The capital expenditures programs of petroleum companies are primarily directed at resource development in petroleum. Nonetheless, the FRS report shows that as of 1978, oil companies had a substantial position in coal, uranium and other energy. Additionally, to the extent diversification was sought in 1977 and 1978 through additions to investment in place, efforts were focused on coal, uranium, and other energy. Fixed investment in non-petroleum energy activity equaled 4.4 percent of all fixed investment in 1978. New investment in these activities equaled only 6.1 percent of total new investment for all energy activities. FRS companies accounted for about 13 percent of U.S. coal production in 1978 and 42 percent of uranium mine production. Non-petroleum energy activities yielded no significant profits in 1977 and 1978 for all FRS companies taken together. Taken individually, however, several firms did earn significant returns from their coal and uranium activities.

ENERGY INFORMATION: A PERSPECTIVE ON THE ENERGY INFORMATION ADMINISTRATION AND THE FINANCIAL REPORTING SYSTEM*

(By Dr. Arthur T. Andersen)

THE DEMAND FOR ENERGY INFORMATION

The market for energy information has changed dramatically in recent years because "energy" is now perceived to be a problem and the solution to that problem is thought to entail substantially modified Government participation in the energy industry. In the face of direct Government regulation in energy markets, the need for information is obvious. One cannot implement a regulation without some scheme for monitoring and enforcing its application. Rational policy debate about new or modified Government actions affecting the energy industry is no less bound by the need for information. Emphasis is given to the word "rational," since many debaters are not constrained by a dearth of information.

It is not easy to satisfy the demand for energy information. In a volatile world, information priorities may shift dramatically from one period to the next. Complexities associated with the collection and processing of data may not be recognized. Users may bring different perspectives to bear on the information offered for review. Though government intervention in energy markets is not new, its present range and complexity is. As a result, many nonspecialists are now important actors in the energy industry. Providing these decision makers with relevant information is a key concern of the Energy Information Administration (EIA).

The EIA may be viewed as a servant to the regulatory process and its success, in part, can be judged in that context. Of greater interest here, however, is the role EIA plays in enriching the information foundation used to consider new policy initiatives or alterations in established policies. Two considerations appear to be highly significant in promoting success in communication of energy information. The first is recognition that energy data is not energy information. To be an effective intermediary in the energy information market, data collection is only the first step. For data to become information, it must be timely for the concerns it addresses, must be reliable, and must be accessible in an appropriate conceptual framework.

The second consideration involves recognition that information users are diverse. Information to one may not be information to another. As national concern about the nation's energy future has heightened, the number of potential energy information users has increased. These users bring varied levels of expertise to bear on consideration of energy data and information. Many new users have little background in the energy industry and are less able to reason from an information set that might be adequate for an industry specialist.

SOME KEY EIA PUBLICATIONS

The range of publications and activities within the EIA reflects recognition of the energy information market's complexity. The periodic schedule of publications", for example, clearly mirrors concern regarding crisis planning. Weekly and monthly reports monitor production and stock withdrawals and imports.[1] Substantial attention has been given to an evaluation of the reliability and consistency of these data, and considerable progress has been made in assuring data access for all interested public and private planning bodies.

In a longer term planning context the Administrator's Annual Report to Congress has become an information cornerstone.[2] This report marshalls a broad array of data to trace changes in the composition of energy supply and demand and to examine the implications such changes may have for future actual or anticipated policy initiatives. Just as with the short term data monitoring programs, consistency and reliability are of great concern in attempts to develop projections based on historic experience. Tests for reliability are more difficult to apply, however. An openly experimental and nondogmatic approach is essential.[3] Since "there are no facts about the future,"[4] the test of any projection effort is whether it assists in marshalling thinking about possible implications flowing from recent past events.

EIA's Energy Policy Study

To a considerable degree, the publications already noted address users as if they all brought the same background and industry expertise to bear on the information provided.[5] Many other EIA publications reflect an effort to meet the needs of more varied audiences. Some are prepared periodically. Others are special occasional studies. One of the most important studies of the latter type was recently published: Energy Policy Study.[6] This publication (including an overview volume and 16 related supporting papers) analyzes the probable overall impact over the next several years, of recently adopted energy policy initiatives designed to affect the level of domestic energy consumption and the level and composition of domestic energy production.

The study is notable in three respects. The first is that the exposition of its contents is understandable for all types of energy-information users. Though the underlying analysis may be esoteric and highly technical, the presentation of results is not. Thus, the conclusions and generalized methodology are accessible to a wide audience.

The second notable feature is that the study undertakes to weigh in total the impacts of an array of policy actions operating simultaneously. Policy debate often focuses on a single area of concern. Second-order effects are often not understood, or are ignored. The interaction of one policy initiative with another is also often not well understood.

The third notable feature of the study is its conclusions. The report indicates that the total array of Government energy policy initiatives instituted to this point do not, on balance, appear to influence overall consumption or overall domestic production to any significant extent. Put more starkly, for each action designed to reduce consumption, some other action is serving to offset this reduction. Similarly for each action designed to increase domestic production, some other action serves to diminish it. As a result, projected energy import requirements and consumption levels are little different than if no Government intervention had been instituted. Such a finding must be disturbing if the professed national objective of energy policy is reduced reliance on foreign-produced energy supply.

One may take issue with the report's conclusions. For example, a case may be made that the estimates of price elasticity of demand and supply used underestimate the true potential of market response to price changes, particularly in a multi-year context. If this is true, the probable overall impact of federal energy policy is even worse than indicated. Post-Iran experience (that is crude oil price developments immediately following the fall of the Shah) with regard to gasoline consumption certainly strengthens the case of those who believe price makes a difference in controlling consumption.

Regardless of one's views with respect to its conclusions, however, the report is most significant for its methology. Policy analysis is addressed in a systems context. Energy policy initiatives are not viewed in isolation. Rather, the totality of impact is analyzed, with consideration given to second order and interactive effects. All decisions makers, regardless of industry expertise, must have the opportunity to contemplate energy policy initiatives in this context if we are to have an understanding of the aggregate impact of Government action in this area.

EIA'S FINANCIAL REPORTING SYSTEM

EIA's Financial Reporting System reflects still another initiative in serving the market for energy information as its exists in 1980. Two reports have now been released.[7] They provide for majority energy producers disaggregated financial data on revenues and expenses, assets and liabilities, and sources and use of funds. The program responds to a congressional directive as expressed in Section 205(h) of Public Law 95-91.[8] In a sense, the FRS provides counterpoint to EIA's Energy Policy Study. The latter assesses the composition and direction of effect of Government actions affecting the U.S. energy economy. The former seeks to describe and evaluate the effect of private enterprise actions on energy supply and development.

COMPETITION AS A POLICY CONCERN

The statutory mandate for the program was rooted in public concern regarding the costs and patterns of development in the U.S. energy sector following OPEC's achievement of dominance in setting world oil prices. That concern included suspicions, harbored by many, that major energy companies were not serving the nation's economy well. What comprised failure to serve was defined variously. However, the range of suspicion was broad and, even now, has yet to subside. Some believed that corporate and OPEC interests were so intertwined that corporate decision-making was inevitably at the expense of the U.S. economy. Others viewed bigness as the evil. Bigness could refer to absolute or relative size. For some, bigness, particularly within petroleum, provided a tool to discipline smaller and more specialized competitors. For others, bigness was a tool to dominate alternate energy supplies. For still others, bigness was a stepping-stone to dominance in other sectors of the industrial economy. In short, the issues to be addressed by the new data base were, and for that matter still are, highly charged.

Concern regarding the effectiveness of competition in the energy sector has colored most aspects of energy policy debate in recent years. The FRS is EIA's most comprehensive effort to monitor changing patterns of market performance and structure relevant to an assessment of energy market competition. The FRS data system is unique in that it permits examination and evaluation of enterprise performance simultaneously across all elements of the energy sector. Most data systems monitor particular activities within the energy sector but do not relate such activities to overall corporate performance.

THE FRS DATA BASE: AN OVERVIEW

Core information for the FRS is derived from a data base provided by the FRS Form EIA-28. This form is filed by 23 major energy companies. Each reporting company provides detailed financial information on its energy and nonenergy activities. As a result, profit and investment patterns can be examined not only on a total company basis, but also by major line of energy business and by major function within each line of business. In addition, key operating statistics can be compiled so that physical dimensions of corporate activity can be compared to financial results. Even though public reporting of line of business data has increased in recent years, and many energy firms report such data, segmented information is typically not comparable across firms. The purpose of the Financial Reporting System is to establish a system of uniform segmented reporting for firms having different

Footnotes at end of article.

functional and management structures. In this way, patterns of activities and results can be considered in an industry, rather than in a firm-specific context. The FRS program permits analysis of enterprise performance for firms with markedly different positions in the energy sector in terms of size or degree of vertical or horizontal integration.

In presenting a review of line-of-business and functional activities, comparisons of income and investment flows are featured and related to functionally allocated fixed investment in place. The presentation seeks to identify similarities or dissimilarities in results across lines-of-business activity or by firm size. A simple model underlies this format of presentation—that is, firms are assumed to be interested in profits, and new investments are directed toward those activities perceived to have the greatest profit potential. A measurement assumption is made also—that is, that accounting data are suitable for testing the many variants of firm profit-maximizing models or industry-competition models. A major caveat to that assumption is that any analysis be keyed to consideration both of time-series and cross-section data. A second caveat is that any presentation of distributions of profit rates should be judged in the context of the direction and composition of results, rather than in terms of the value of any specific point estimate.

SOME SUMMARY FINDINGS

The sequence of presentation in the FRS review basically follows the structure of the reporting form. Review begins by looking at total energy company financial performance (Table 1 and Figure 1). Thereafter, allocated profits, investments, and assets are examined in progressively finer detail (Tables 2 and 3). The initial functional review asks the question: Which lines-of-business yield the most profit absolutely and relatively and what is the composition and rate of new investment? A subsidiary question with multiyear data relates to evident patterns of change.

The twenty-six companies reporting under the FRS program are large enterprises, whether viewed in a national or industrial context. In 1978, aggregate sales equaled nearly $300 billion, and assets totaled more than $230 billion, values equivalent to about 25 percent of total sales and assets reported by the 400 largest industrial companies included in the Standard and Poor's Industrial Index (S&P 400). The predominant activity of the FRS reporting companies is petroleum production and marketing. This activity provides almost 90 percent of their total revenues. Although most reporting companies are diversified, the bulk of assets in place, as well as new investment, are devoted to sustaining some aspect of petroleum production, processing, transport, or marketing. In 1978, for FRS companies as a group, 76 percent of all assets in place and 75 percent of new investment was in petroleum, 18 percent was in non-energy, and the balance (about 6 percent) was spread across coal, nuclear, and other energy.

To give a picture of the importance of FRS companies holdings in energy, it should be noted that in 1978 they accounted for 50 percent of all domestic crude oil and natural gas products, 85 percent of all refinery output, 13 percent of coal production and 43 percent of uranium production (Table 4 and Figure 2).

In the non-energy area about one-half of all assets, profits, investments, and revenues were derived from chemical production. The balance is spread over a variety of activities from railroading to retailing. For the group as a whole, only petroleum and non-energy activity yielded positive returns in 1977 and 1978. Within nonpetroleum energy, no profits were earned. Coal activity yielded positive returns, but these were offset by losses in nuclear and other energy. Though the figures change somewhat between 1977 and 1978, overall results are the same.

When FRS companies are subclassified on the basis of size, it appears that, for 1977 and 1978, the largest energy firms did least well in nonpetroleum energy activities. Based on two years of data, movements to diversify outside of energy are modest. As a group, no trend in diversification is evident. Though the largest firms have increased their relative commitment to nonpetroleum (i.e., coal, nuclear, and other) energy and to non-energy (most particularly chemicals); the smallest FRS reporters, which are the most diversified in nonpetroleum energy and non-energy, have tended to focus new investment more heavily in petroleum.

Because petroleum is such a central feature of operations of FRS companies and because it is of such central concern in the energy policy arena, petroleum data are disaggregated first functionally, then geographically. In 1978, substantial expenditures for exploration and development of crude oil and natural gas reserves were made by FRS companies. Of an expenditure total of $18.5 billion, two-thirds was spent within the United States and the balance in foreign areas. Domestic FRS company expenditures, when compared to those of all industry, were more heavily oriented to offshore and deep well exploration. Reported domestic reserve additions, for FRS companies, did not keep pace with production in 1978. As a result, net proved reserves declined.

Foreign exploration and development expenditures totaled $6.7 billion and were allocated for the most part to areas outside the Middle East and North Africa. A major part of all expenditures was made in Europe's North Sea. The largest increases in expenditure in 1978, compared to 1977, occurred in relatively new producing areas. Foreign crude imports fell in 1978, but U.S. imports from new producing areas increased. This indicates some gain in diversifying sources of foreign crude supply.

An examination of the composition of investment between foreign and domestic areas reveals no significant change between 1977 and 1978. The area of greatest apparent change with regard to deployment of new investment is functional. Relatively greater emphasis is being given exploration, development, and production of crude oil and natural gas, and less emphasis is being given refining, marketing, and transportation. While assets in place for production in both the foreign and domestic sector equal about one-half of all petroleum assets, new expenditures for exploration, development, and production amount to more than three-fourths of all new investment in petroleum.

In general, the medium- and smaller-sized energy firms reporting FRS data have been the most aggressive in funding new investment in petroleum, and most particularly new investment in finding oil and gas. As a result, the share of assets held by the largest four firms in petroleum declined somewhat over 1979 and 1980. Comparing the distribution of apparent profit rates by size groups indicates somewhat higher rates of return in domestic petroleum for medium and smaller firms primarily because of better returns in refining/marketing. However, in the foreign sector the largest firms had the highest returns. Differences between groups for petroleum as a whole are small, however.

Domestic refined product production of the FRS companies did not rise in 1978. However, the composition of output changed somewhat. Gasoline and distillate production rose, while output of residual fuel oil and other refined products fell. Refined product prices realized by the FRS companies increased 5.9 percent. All price gains were focused on gasoline and distillate. Average prices for other products fell.

Although many of the FRS companies are highly integrated in petroleum—from crude production through marketing of refined products—some changes in the extent of integration are evident. These changes relate especially to marketing. The shares of refined products marketed through wholesale resellers rose in 1978 for all FRS companies. The rise was greatest for those companies heretofore most extensively engaged in direct marketing.

Most FRS companies have some commitment to nonconventional energy development including oil shale, coal gasification, liquefaction, geothermal and tar sands. Overall, such activities are modest. All investment and research expenditures taken together amounted to $654 million in 1978, compared to $18.5 billion for worldwide efforts to find new oil and gas reserves. In 1978, the greatest share of domestic nonconventional energy development expenditures went to oil shale, coal gasification, and liquefaction projects.

In summary: Major energy producers reporting to the FRS are significant factors in the petroleum industry, both domestically and abroad. The extent of diversification at this time is limited, whether viewed in the context of other energy activities or in the context of activities unrelated to energy. Since 1978, the strategy of investment has emphasized finding and developing new sources of oil and gas. In an international context, this has included an apparent effort to develop new areas of production.

To this point, results associated with these activities are mixed. Overall reported reserve additions have not exceeded production. FRS companies have not been any more successful and perhaps have been less successful than non-FRS energy companies in finding and developing new domestic reserves. With respect to diversifying foreign sources of crude supply, however, 1978 was a comparatively successful year. Overall imports did not rise for the first time since 1970. Of equal significance, imports from OPEC areas declined as production, particularly from the North Sea, increased. If exploration and development expenditures do generate reserve additions, a continued trend in foreign-supply diversification can be anticipated.

FUTURE FRS DEVELOPMENT EFFORTS

Although substantial progress in the development of the Financial Reporting System has been made, it is not yet complete. First, many financial and operating characteristics of energy companies, either individually or collectively, can be evaluated only in the context of multiyear data. An accumulated data base, including information for the period 1974 through 1976, as well as 1979, is now in preparation. The results of this effort will be presented in 1981.

Second, even though the FRS reporting companies are of great significance in the energy sector, their degree of significance varies across particular lines of energy activity. As a result, FRS data, built on reports from twenty-six companies, are not uniformly representative of all dimensions of industry development. Efforts to improve FRS coverage are under way. In part, the efforts include identification of additional FRS reporters so that a wider variety of enterprises may be compared in an FRS reporting context. In part, the efforts include accessing complementary data systems to provide a perspective within which FRS company data may be considered or extended to describe key industry trends. The objective of these efforts is to build a data base capable of profiling patterns of development with respect to investment and competition across all major lines of energy activity.

Still another dimension of development involves the search of optimal ways in which to present data. The energy industry is complex. The manner in which firms are organized to operate within the industry is also complex

Footnotes at end of article.

and subject to change. Line-of-business reporting as presented in an FRS context should promote understanding of these complexities. Each reader will judge the success of this effort. In a world where dependence on foreign energy supplies is hazardous and where the strategy for dealing with such hazards involves critical decisions regarding the comparative roles Government and private decision-making should play, broader understanding of the characteristics of private decision-making is of crucial importance.

FOOTNOTES

*Views expressed in this paper are those of the author and do not necessarily reflect those of the U.S. Department of Energy or the Energy Information Administration.

[1] Energy Information Administration (EIA), Weekly *Petroleum Status Report* and *Monthly Energy Review*. For information on new and continuing publications contact the Office of Energy Information Services, Energy Information Administration, Washington, D.C. 20461.

[2] DOE, EIA-0173(79), *Annual Report to Congress 1979*, Vols. 1, 2, 3.

[3] During the past two years, EIA has sponsored a symposium to focus on results and methodology presented in Volume 3 of the Administrators report (forecasts) and transcripts have been published: *Proceedings of the Symposium to Review Volume III of the 1978 Annual Report to Congress* (DOE/EIA-10587-01). The 1979 Symposium is in press.

[4] Lincoln E. Moses, the first Administrator of the Energy Information Administration, often used this phrase when cautioning about exercises involving projections.

[5] This is not strictly true. In recent months, for example, there has been an effort to include in the *Monthly Energy Review* occasional papers which discuss energy issues directed at users with nonspecialist backgrounds.

[6] DOE/EIA 0201, *Energy Policy Study* (July 1980). See especially overview DOE/EIA 0201/16, *Energy Programs/Energy Markets*.

[7] DOE/EIA-0206(77), *Performance Profiles of Major Energy Producers—1977* (Jan. 1980); *Performance Profiles of the Major Energy Producers—1978* (Oct. 1980).

[8] Section 205(h)(2) states:

The Administrator (of the Energy Information Administration) shall develop and make effective for use during the second full calendar year following the date of enactment of this Act the format for an energy-producing company financial report. Such report shall be designed to allow comparison on a uniform and standardized basis among energy-producing companies and shall permit of the energy-related activities of such companies:

"(A) an evaluation of company revenues, profits, cash flow, and investments in total, for the energy-related lines of commerce in which such company is engaged and for all significant energy-related functions within such company;

"(B) an analysis of the competitive structure of sectors and functional groupings within the energy industry;

"(C) the segregation of energy information, including financial information, describing company operations by energy source and geographic areas;

"(D) the determination of costs associated with exploration, development, production, processing, transportation, and marketing and other significant energy-related functions within such company. . . .".

Mr. D'AMATO. Mr. President, as a believer in the power of the free market to allocate goods and services better than any other system we have ever known, I am always reluctant to see the Federal Government intervene in the marketplace. We have only to look back a few years to see the failure of the Emergency Petroleum Allocation Act, when the Federal Government promulgated regulations which led to endless gasoline lines and situations where States and communities believed they were not getting their fair allocation.

I find it difficult to believe that some bureaucrat in Washington, D.C., can make the proper decisions involving the allocation of crude oil supplies to places as diverse as Binghampton, N.Y., and Palm Springs, Calif. As a local official during the period the EPAA was carried out, I know first hand that the allocations were rarely fair or thoughtfully planned.

I supported President Reagan's decision earlier this year to remove the remaining price controls on oil and philosophically support the lifting of controls on natural gas. In the past, Government price controls on oil and other forms of energy have not allowed the market to function properly and have created unnecessary and troubling distortions in our free enterprise system.

As we are painfully aware, price controls prevented the free market from transmitting to consumers and businesses the real cost of energy following the Arab oil embargo in 1973. Price controls strengthened the OPEC cartel by preventing a higher price of petroleum from leading U.S. consumers to economize and conserve their use of oil. Instead of permitting the market to work its will, Congress, in its wisdom, created the Department of Energy to allocate the scarce supplies and solve our energy woes. Fortunately, at least now, we can look forward to the termination of that bureaucracy and all that it has done which has inhibited energy production and conservation.

Despite the failure of Federal Government intervention in the past, I must support, with some reservation, the new Standby Petroleum Allocation Act. The bill would grant the President limited and temporary authority to allocate supplies of crude oil, residual fuel oil, and refined petroleum products only in the event of a severe petroleum supply shortage or if such action is required to fulfill our obligations under the international energy program.

Within 90 days of enactment of the law, the President would be required to promulgate a general standby regulation for the mandatory allocation of crude oil and refined petroleum products. The regulation could only be implemented after President Reagan transmits to Congress an energy action and neither House of the Congress has disapproved the message within 15 days. Of course the regulation would enable the President to place price and allocation controls on crude oil.

Although we are now experiencing a so-called "oil glut," I remain very concerned about the possibility of a cutoff of our petroleum lifeline from the Middle East. Recent tragic events in the Persian Gulf area have once again illustrated all too vividly the volatility, turbulence, and instability of our petroleum supplies. Any significant cutoff or disruption of these supplies could wreak havoc upon our economy.

A recent Congressional Budget Office study estimated that a 20-percent oil shortage lasting a year would cost the economy $140 billion. Inflation would jump seven points. More than a million workers would join the unemployment lines. Thousands of factories would be either closed or running on reduced schedules, schools and hospitals may close for lack of heat, commuters will be stranded without a way to get to work, and literally murderous lines will develop at gas stations.

For these very reasons, we must be developing a comprehensive and realistic national energy policy which encourages domestic production and increased conservation. We must continue with the rapid filling of the strategic petroleum reserve. It is also necessary, therefore, that the President have the standby authority to implement regulations in the event of a serious regional or nationwide petroleum disruption.

The passage of such legislation is important for the entire country, but perhaps more so for those States which are more dependent on imported oil than others. Unfortunately, New York State and most of the Northeast remains heavily dependent on imported petroleum. Allocations and controls, if necessary, must be designed to take into account the needs of this region.

While there may be better ways to react to an oil supply emergency, S. 1503 is the best one we have before us at this time. It is also important that we act during this period of adequate oil supply. If we were to wait for an actual emergency, then there would be untold confusion and political pressures which would lead to a patchwork solution unsatisfactory to the American people. Therefore, I urge my colleagues to support this bill as a means to provide the President discretionary standby measures which we all pray will never need to be implemented.

ORDER TO PROCEED TO THE CONSIDERATION OF H.R. 4119, DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that following the conclusion of S. 1503, the Senate turn to the consideration of Calendar Order No. 336, H.R. 4119, the agriculture bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank all Senators for permitting me to take care of these matters. I yield the floor.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from New Mexico (Mr. SCHMITT), the Senator from Idaho (Mr. SYMMS), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. DURENBERGER), the Senator from

New Mexico (Mr. SCHMITT), and the Senator from South Carolina (Mr. THURMOND), would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Ohio (Mr. GLENN) and the Senator from West Virginia (Mr. RANDOLPH), are necessarily absent.

I further announce that if present and voting, the Senator from West Virginia (Mr. RANDOLPH), would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 85, nays 7, as follows:

[Rollcall Vote No. 343 Leg.]

YEAS—85

Abdnor	Ford	Melcher
Andrews	Garn	Metzenbaum
Baker	Goldwater	Mitchell
Baucus	Gorton	Moynihan
Bentsen	Grassley	Murkowski
Biden	Hart	Nunn
Boren	Hatch	Packwood
Boschwitz	Hawkins	Pell
Bumpers	Hayakawa	Pressler
Burdick	Heflin	Proxmire
Byrd, Harry F., Jr.	Heinz	Pryor
	Helms	Riegle
Byrd, Robert C.	Hollings	Roth
Cannon	Huddleston	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
DeConcini	Laxalt	Tower
Denton	Leahy	Tsongas
Dixon	Levin	Wallop
Dodd	Long	Warner
Domenici	Lugar	Weicker
Eagleton	Mathias	Williams
East	Matsunaga	Zorinsky
Exon	McClure	

NAYS—7

Armstrong	Mattingly	Quayle
Bradley	Nickles	
Humphrey	Percy	

NOT VOTING—8

Dole	Hatfield	Symms
Durenberger	Randolph	Thurmond
Glenn	Schmitt	

So the bill (S. 1503), as amended, was passed, as follows:

S. 1503

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Standby Petroleum Allocation Act of 1981".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. (a) (1) Shortages of crude oil, residual fuel oil, and refined petroleum products caused by reductions in imports of petroleum may occur at any time.

(2) Such shortages could be sufficiently large to cause severe economic dislocations and hardships within various segments of the economy, both regional and national, and constitute a threat to the public health safety, and welfare.

(3) The national security and economic well-being of the United States require that the President have authority, during a severe petroleum supply shortage, to allocate crude oil, residual fuel oil, and refined petroleum products so as to minimize adverse effects on the public health, safety, and welfare.

(b) The purpose of this Act is to grant to the President limited and temporary authority to allocate crued oil, residual fuel oil, and refined petroleum products (1) in the event of a severe petroleum supply shortage or (2) to meet obligations of the United States under the international energy program. The authority granted under this Act shall be exercised for the purpose of minimizing the adverse impacts of such a shortage on the American people and the domestic economy.

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) "severe petroleum supply shortage" means a national or regional petroleum supply shortage which the President determines—

(A) is, or is likely to be, of significant scope and duration

(B) may cause major adverse impact on national security, the national economy, or the economy of any of the several States or regions of the United States,

(C) results, or is likely to result, from an interruption in the imported petroleum supplies of the United States, including supplies of imported crude oil, residual fuel oil, and refined petroleum products, or from sabotage, accidents, or an act of God, and

(D) may not be reasonably manageable—

(i) by reliance on free market pricing and allocation, or

(ii) under other authorities available to the President.

(2) "international energy program" has the same meaning as in section 3(7) of the Energy Policy and Conservation Act (42 U.S.C. 6202).

(3) "United States" means the several States, the Commonwealth of Puerto Rico, the District of Columbia, and the territories and possessions of the United States, including the Trust Territory of the Pacific Islands.

PRESIDENTIAL AUTHORITY

SEC. 4. (a) (1) The President may implement the standby regulation, promulgated pursuant to this section, providing for the mandatory allocation of crude oil, residual fuel oil, and any refined petroleum product throughout the United States or in any seriously affected State or region of the United States, if—

(A) subject to subsection (d), the President finds that a severe petroleum supply shortage exists or is imminent; or

(B) notwithstanding subsection (d), the President finds that such implementation is required to meet obligations of the United States under the international energy program.

(2) Administration of such regulation shall, to the maximum extent practicable, provide for—

(A) protection of public health (including the production of pharmaceuticals), safety and welfare (including maintenance of residential heating, such as individual homes, apartments and similar occupied dwelling units), and the national defense;

(B) maintenance of all public services (including facilities and services provided by municipally, cooperatively, or investor owned utilities or by any State or local government or authority, and including transportation facilities and services which serve the public at large);

(C) maintenance of agricultural operations, including farming, ranching, dairy, and fishing activities, and services directly related thereto;

(D) preservation of an economically sound and competitive petroleum industry; including the priority needs to restore and foster competition in the producing, refining, distribution, marketing, and petrochemical sectors of such industry, and to preserve the competitive viability of independent refiners, small refiners, nonbranded independent marketers, and branded independent marketers;

(E) the allocation of suitable types, grades, and quality of crude oil to refineries in the United States to permit such refineries to operate at full capacity;

(F) equitable distribution of crude oil, residual fuel oil, and refined petroleum products at equitable prices among all regions and areas of the United States and sectors of the petroleum industry, including independent refiners, small refiners, nonbranded independent marketers, branded independent marketers, and among all users;

(G) allocation of residual fuel oil and refined petroleum products in such amounts and in such manner as may be necessary for the maintenance of, exploration for, and production or extraction of—

(i) fuels, and

(ii) minerals essential to the requirements of the United States,

and for required transportation related thereto;

(H) economic efficiency; and

(I) minimization of economic distortion, inflexibility, and unnecessary interference with market mechanisms.

(3) If the President, pursuant to subsection (a), implements a program for mandatory allocation of residual fuel oil or any refined petroleum product throughout the United States, or in any State or region of the United States, such program shall provide for a State set-aside of residual fuel oil or any refined petroleum product allocated in each State to which the Federal program applies.

(b) (1) The standby regulation, or any regulation or order issued under this Act, may include limitations on the price of crude oil, residual fuel oil, and any refined petroleum product only if the President finds that such limitations are necessary to achieve the objectives of such regulation. Such limitations may include provisions restricting discriminatory pricing.

(2) Except as provided by the Constitution of the United States, any finding by the President under paragraph (1) is not subject to judicial review.

(c) (1) The President, not later than ninety days after the date of enactment of this Act, shall promulgate and transmit to the Congress standby regulations for administration of the authorities pursuant to this Act.

(2) Standby regulations promulgated under authority of this Act may not be implemented according to the provisions of subsection (d) unless approved by the Congress pursuant to the provisions of this subsection.

(3) Except as provided in paragraph (4) of this subsection, standby regulations shall be considered approved by the Congress at the end of the first period of thirty calendar days of continuous session of Congress after the date on which such regulations are transmitted to both Houses, unless between the date of transmittal and the end of such thirty-day period, both Houses pass resolutions stating in substance that each House does not approve such regulations.

(4) Standby regulations may be considered approved for the purposes of this subsection prior to the expiration of the thirty-day-calendar period referred to in paragraph (3), if each House of Congress approves a resolution affirmatively stating in substance that such House approves the regulations.

(5) Once standby regulations are promulgated and approved by the Congress according to the provisions of this subsection, amendments to the regulations, except amendments to regulations which have been implemented under subsection (a), or amendments to regulations which the President has proposed to implement under subsection (d), shall be subject to the approval provisions of paragraph (3) of this subsection. Technical or clerical amendments may be prescribed and become effective without congressional approval. Congressional approval is not required for any additional provisions to the regulations determined by the President to be necessary at the time he submits notice to Congress under subsection (d).

(6) The procedures under which each House shall consider resolutions to approve under paragraph (4) or disapprove under paragraph (3) the standby regulations and amendments to such regulations shall be the same as the procedures set forth for an energy conservation contingency plan in sections 552(c), 552(d)(1), 552(d)(3), 552(d)(4), 552(d)(5), and 552(d)(6) of the Energy and Policy Conservation Act (42 U.S.C. 6422).

(7) If regulations promulgated and transmitted pursuant to this section are not approved by the Congress according to the provisions of paragraph (3) of this subsection, the President shall within thirty days submit revised regulations to the Congress for approval according to the provisions of this section. This paragraph does not apply to amendments to the regulations.

(d) The President shall not implement any mandatory allocation pursuant to this section unless he has transmitted notice to the Congress as an energy action pursuant to section 551 of the Energy Policy and Conservation Act (42 U.S.C. 6421), as amended, and neither House of Congress has passed a resolution of disapproval (or both Houses have passed a resolution of approval) within fifteen calendar days of continuous session of Congress in accordance with the procedures specified in section 551.

(e) The standby regulation under section 4 may continue in effect for no more than ninety days after implementation except that the period of effectiveness of such regulation may be extended for an additional sixty days upon a finding by the President that—

(1)(A) the severe petroleum supply shortage continues in effect, or

(B) such action is required to meet the obligations of the United States under the international energy program; and

(2) mandatory allocation must be continued to meet the objectives of subsection (a).

Thereafter, the effectiveness of the regulation implemented pursuant to this section shall terminate, unless the President again complies with the requirements of subsection (a)(1).

(f) The authority of this Act shall not be used to impose or implement any tax, tariff, user fee, or a program for the assignment of rights for end-user purchases of gasoline or diesel fuel, as described in section 203(a)(1)(A) and (B) of the Energy Policy and Conservation Act (42 U.S.C. 6263).

CRUDE OIL SHARING

SEC. 5. (a)(1) The standby regulation under section 4 shall include an optional standby program designed in accordance with this section to achieve the purposes of this Act with minimum interference with market mechanisms. Such program shall specify the manner in which the President will require limited sales of crude oil among refiners, should he decide to implement such a program.

(2) The program under paragraph (1) shall be designed to minimize the rate of increase in the price of crude oil during the implementation of the program by providing reasonable access to crude oil by specified refiners.

(b) The program under subsection (a) shall—

(1) provide a mechanism based upon relative crude oil availability, and such other factors as the President deems appropriate, for designating refiner-buyers and refiner-sellers for the period during which the program is implemented;

(2) be designed to offset partially the disproportionate impact of reduced supplies of crude oil on the ability of any refiner-buyer to provide needed refined petroleum products;

(3) contain a formula for distributing sales obligations among refiner-sellers;

(4) provide for a reduction in the sales obligation of any refiner-seller to the extent the President determines that an obligation established under paragraph (3) would constitute an unreasonable burden on such refiner-seller or otherwise would be inconsistent with the purposes of this Act;

(5) prescribe the manner of determining the terms and conditions and an equitable price of crude oil for any sale under this section; and

(6) provide for certification by each refiner-seller and refiner-buyer that, to the maximum extent practicable, the predisruption distribution of residual fuel oil and refined petroleum products produced by such refiner-seller or refiner-buyer will be maintained on a nondiscriminatory basis.

(c) The program under this section shall, to the maximum extent practicable, encourage the maintenance of high levels of inventories and secure sources of supply of crude oil, residual fuel oil, and refined petroleum products by refiners, distributors and users.

EFFECT ON OTHER LAW

SEC. 6. (a)(1) This Act supersedes any provision of any law or any regulation adopted or promulgated by a State or any political subdivision thereof to the extent that such provision or regulation provides for allocation or limitation on the price of crude oil, residual fuel oil or any refined petroleum product.

(2) The President may prescribe rules exempting from the operation of paragraph (1) categories of laws or regulations adopted or promulgated by any State or political subdivision thereof to the extent that he determines that the application of such laws or regulations would—

(A)(i) promote the conservation of, or constrain the demand for, residual fuel oil or any refined petroleum product; or

(ii) provide for emergency allocation of residual fuel or any refined petroleum product to alleviate a shortage within such State caused by damage to or destruction of facilities located within the United States and resulting from sabotage, accidents, or an act of God; and

(B)(i) preserve a significant State or local interest;

(ii) not unduly burden interstate commerce; and

(iii) not significantly impede operation of this Act, achievement of the purposes of this Act, or achievement of the objectives of the regulation under section 4(a).

(b) Unless explicitly provided otherwise, nothing in this Act affects any authority under any other provision of Federal law (including section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241)) to provide for the allocation or pricing of crude oil, residual fuel oil, or any refined petroleum product.

ENFORCEMENT AND ADMINISTRATION

SEC. 7. (a) Whoever violates the requirements of the standby regulation or any regulation or order issued pursuant to this Act shall be subject to a civil penalty not to exceed $40,000 for each violation.

(b)(1) Except as provided in paragraph (2)—

(A) sections 205 through 207 and sections 209 through 211 of the Economic Stabilization Act of 1970 (12 U.S.C. 1904, note) shall apply to the regulation promulgated under section 4(a), to any order under this Act, and to any action taken by the President (or his delegate) under this Act, as if such regulation had been promulgated, such order had been issued, or such action had been taken under the Economic Stabilization Act of 1970; and

(B) section 212 (other than 212(b)) and 213 of such Act shall apply to functions under this Act to the same extent such sections would apply to functions under the Economic Stabilization Act of 1970.

(2) The expiration of authority to issue and enforce orders and regulations under section 218 of such Act shall not affect any authority to amend and enforce the regulation or to issue and enforce any order under this Act, and shall not affect any authority under sections 212 and 213 insofar as such authority is made applicable to functions under this Act.

(c) Any penalty under subsection (a) may be assessed by the court in any action brought in any appropriate United States district court or any other court of competent jurisdiction. Any such penalty collected shall be deposited into the general fund of the United States Treasury as miscellaneous receipts.

(d) There shall be available as a defense to any action brought for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange crude oil, residual fuel oil, or any refined petroleum product, that such delay or failure was caused solely by compliance with any provisions of this Act or with any regulation or order under this Act.

DELEGATION OF AUTHORITY

SEC. 8. (a) The President may delegate all or any portion of his authority to implement the standby regulation under section 4 to any State (or officer thereof), as he deems appropriate.

(b) The only Federal officers or agencies of the United States to whom the President may delegate authority under this Act are officers or agencies of the Department of Energy or of any successor thereof.

CONFORMING AMENDMENT TO THE ENERGY POLICY AND CONSERVATION ACT

SEC. 9. DOMESTIC ALLOCATION.—Section 251 of the Energy Policy and Conservation Act (42 U.S.C. 6271) is amended by adding at the end thereof the following new subsection:

"(e) Nothing in this section authorizes the President to require the allocation or specification of prices (or the manner of determination of prices) of petroleum products within domestic commerce.".

EXPIRATION DATE

SEC. 10. The provisions of this Act shall cease to have effect on January 1, 1985, but such expiration shall not affect any action or pending proceeding, administrative or civil, not finally determined on such date, nor any administrative or civil action or proceeding, whether or not pending, based on any act committed or liability incurred prior to such expiration date.

IMPACT STUDY

SEC. 11. (a) The President shall analyze the impact on the domestic economy and on consumers in the United States of reliance on market allocation and pricing during a severe oil supply interruption. Such analysis shall (1) examine the equity and efficiency of such reliance, (2), distinguish between the impacts of such reliance on various categories of business (including small business) and on households of different income levels, and (3) specify the nature and administration of monetary and fiscal policies that would be followed including emergency tax cuts, emergency block grants, and emergency supplements to income maintenance programs. Projections must be made of the effect of the disruption on Federal tax revenues, Federal royalty payments, and State and local tax revenues.

(b) Within one year of enactment the President shall submit a report to the Congress containing the analysis required by subsection (a) along with such recommendations as the President deems appropriate.

OIL STORAGE TAX INCENTIVES

SEC. 12. Within six months after the date of the enactment of this Act, the President shall submit a full and detailed report on the advisability and alternative means of (1) reducing the tax liability of persons who draw down oil reserves during oil supply disruptions, and (2) providing tax or other incentives for the construction of private-sector oil storage facilities and the maintenance of increased private-sector oil reserves.

INTERNATIONAL COOPERATION

SEC. 13. Within six months after the date of the enactment of this Act, the President shall submit a full and detailed report on the manner in which oil stockpile and demand restraint measures have been and may be coordinated among some or all allies and trading partners of the United States.

CLARIFICATION OF CONGRESSIONAL INTENT

SEC. 14. Nothing in this Act shall be construed to require that any action taken under the authority of this Act, including allocation of, or the imposition of price controls on, crude oil, residual fuel oil or any refined petroleum product, be taken in a manner which would have been required under the Emergency Petroleum Allocation Act of 1973, as amended had that Act not expired.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the bill, as amended, was passed.

Mr. JACKSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read "A bill to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes".

Mr. McCLURE. Mr. President, I ask unanimous consent that the bill be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I could not let this moment go by without thanking all of those who have been so much involved in the development and the discussion and the passage of this legislation. Senator JACKSON is present on the floor. I want to give my personal thanks to him and to Senator JOHNSTON, without whose help I could not have done it. To the other members of the committee who have worked so very hard over the weeks to bring us to this point, I think the vote indicates that not only was it hard fought but that it produced a good result. I do appreciate the efforts of the other members.

I certainly appreciate the efforts of the staff, who have worked long hours on both sides of the aisle. Their effort has not gone unnoticed, I assure them.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. McCLURE. I am happy to yield to the Senator.

Mr. JACKSON. Mr. President, I want to express my appreciation on behalf of Senator JOHNSTON and myself for the able way the distinguished Senator from Idaho has managed this bill. It was a difficult bill. He has been able to manage it in a manner which I think is most commendable. I personally thank the distinguished senior Senator from the great State of Idaho for his helpful support.

May I also express my appreciation to the staff: Ben Cooper and Jim Bruce, of the committee; Darryl Owen, of Senator JOHNSTON'S staff; and Chuck Trabault, David Doane, and Marilyn Burkhardt, of the committee majority staff.

Mr. McCLURE. Mr. President, I thank the distinguished Senator very much. It has been a uniquely bipartisan effort. Certainly, as is always the case, we would not be here without the help of the staff. The staff on both sides of the aisle have done an absolutely magnificent job. I appreciate it and I know all other members of the committee do.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1982

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 4119, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, this bill, as reported by the Committee on Appropriations, provides $21.1 billion in new budget authority for the next fiscal year. This figure is almost $1.8 billion under the President's initial budget request, which was submitted in March, $521.7 more than the administration's September budget revision, and it is more than $2.6 billion less than the 1981 level of funding of this legislation.

This bill provides funding for a wide range of activities—agricultural and rural development programs, as well as a variety of nutrition programs, including the child nutrition programs, the food stamp program, WIC, and the special commodity supplemental food programs. It also includes funding for soil and water conservation activities, the Food for Peace Program, the Food and Drug Administration, and the Commodity Futures Trading Commission.

Mr. President, this has been an extraordinary budget year. We have been presented with three major revisions of the fiscal year 1982 executive budget, beginning first with the Carter administration budget in January and the March budget request submitted by President Reagan, then the July reestimate, then the September revised budget request. These revisions, by and large, made sweeping changes in almost all accounts and complicated, of course, the difficult task of the Committee on Appropriations to carefully scrutinize and evaluate the individual programs and activities under the jurisdiction of this committee.

Nonetheless, Mr. President, a very careful review was made of the requirements of these programs, whether or not they were functioning effectively and efficiently and, where savings could be made by reducing funding levels, those savings have been made.

At the same time, the committee was very sensitive to those accounts in the bill that provide for nutrition assistance for those who cannot adequately provide for their own needs. There was a very extensive concern, which I think is reflected in these appropriation levels, about the responsibility the Government has to help meet these human needs.

In spite of the difficulties that budget restraint and requests have caused, in my view, the levels in the bill are appropriate in light of the critical economic conditions confronting the Nation. We have brought to the Senate a measure which is in concert with the budgetary goals of the President and which also continues the Federal commitment for the array of needed programs, which I have already mentioned.

This bill was originally marked up by the subcommittee before the President's fall budget, or September request, was received, a request that was made of the committee to reduce discretionary spending. In response to that September request, Mr. President, our committee went back to the bill and cut more than $1.1 billion in budget authority and about $300 million in outlays from the recommendations that had previously been agreed upon by the subcommittee.

This was a difficult process and was undertaken under very tight time constraints. It amounted to a decision to reduce funding in literally every appropriation account under the jurisdiction of the committee.

Mr. President, many of the activities funded in this bill are regulatory in nature and could not be cut without jeopardizing the health and safety of our citizens. Other activities actually save the Government money through recovery of debts or overpayments, and cuts there would be counterproductive to the goal of a balanced budget.

In these areas, the committee recommended increases. In other, lower priority areas, primarily where no direct service to the public was being provided, the committee made bigger cuts than were requested by the President. In my opinion, Mr. President, the bill as recommended by the committee reflects a good balance between the urgent needs of those Americans served by programs funded by the bill on the one hand, and the critical need to reduce Federal spending on the other.

We have attempted to insure that this bill adequately addresses the needs of U.S. agriculture and of those who live in the rural areas of the United States and those who have to depend on the Government for nutrition and other assistance. I hope the Senate will adopt the bill as reported by the committee without amendment.

Mr. President, I ask unanimous consent that pertinent material summarizing the bill and highlighting its content be included in the RECORD at this point, along with a corrected budget authority table.

There being no objection, the material

was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE BILL AND HIGHLIGHTS OF MAJOR CHANGES

Office of the Secretary—Appropriates $4,715,000, the same as the September revised budget estimate.

Departmental Administration—Appropriates $812,000 less than the amount provided in the House bill.

Governmental and Public Affairs—Reduces by $521,000 the amount provided in the House bill and concurs with the House directive that payments to the General Services Administration for the distribution of USDA publications shall not exceed 110 percent of the actual costs paid in fiscal year 1981.

Office of the General Counsel—Provides an appropriation of $12,572,000 and concurs with House proposal to transfer $508,000 from the food stamp program for a total program level of $13,080,000. This is $638,000 less than the amount provided in the House bill.

Office of Inspector General—Provides an appropriation of $27,562,000 and includes a transfer of $13,266,000 from the food stamp program, for a total program level of $40,828, which is the same amount provided in the House bill.

Federal Grain Inspection Service—Appropriates $5,600,000 which is $427,000 more than the amount requested in the revised budget estimate. Also notes that the Omnibus Budget Reconciliation Act required the Federal Grain Inspection Service to charge and collect fees to cover the cost of inspection and weighing services, including administrative and supervisory costs related thereto. Compliance and standardization costs are covered by appropriations and not by fees.

SCIENCE AND EDUCATION

Agricultural Research Service—Includes a net reduction of $13,389,000 from the House bill, but is $38,579,000 over the September revised budget estimate.

Cooperative State Research Service—Provides a total program level of $222,506,000, which is comprised of $140,609 for payments under Hatch Act; $11,781,000 for cooperative forestry research (McIntyre-Stennis); $20,992,000 for payments to 1890 Colleges and Tuskegee; $20,519,000 for special research grants; and $19,500 for competitive research grants.

Extension Service—Provides a total program level of $321,500,000, of which $223,376,000 is for payments under the Smith-Lever Act, sections 3 (b) and (c). Funding for the 1890 Colleges and Tuskegee Institute is included at $12,241,000. Also includes $4,500,000 to initiate a program of renewable resources extension.

Animal and Plant Health Inspection Service—Provides an appropriation of $270,545,000, which is $27,064,000 less than the House allowance, and $16,762,000 more than the revised budget estimate. Reduces $3,584,000 from the House allowance for brucellosis eradication; provides $5,000,000 for imported fire ant control; $8,983,000 for Mediterranean fruit fly and concurs with House provision which expands authority of the Secretary of Agriculture to declare emergencies, in the event of disease or pest threats to American agriculture, to include plant as well as animal concerns.

Food Safety and Inspection Service—Accepts House bill, but expresses concern over the growing trend of States to return inspection responsibilities to the Federal Government. Believes that maintenance of the quality of the Nation's meat and poultry inspection system is of high priority and, therefore, rejects the proposed decrease in funding recommended in the revised budget.

Economic Research Service—Provides $395,000 over the revised budget estimate. This additional funding is to be directed toward ways to expand exports.

Statistical Reporting Service—Appropriates $35,000 less than the revised budget estimate. This amount has been added to the budget of the World Agricultural Outlook Board for central administrative costs.

Agricultural Cooperative Service—Accepts the 1982 September revised budget estimate of $4,220,000.

World Agricultural Outlook Board—Provides $70,000 over the House bill for centralized management services. The House bill and the revised budget estimate provided this amount as part of the ERS and SRS appropriations.

Agricultural Marketing Service—Appropriates $21,975,000. A user fee program has been established to cover most of the costs of cotton and tobacco grading and classing, inspection of naval stores, and warehouse examinations; therefore, the amount of direct appropriations has been significantly reduced from the House bill.

Office of Transportation—Appropriates $2,400,000, which is $288,000 less than the amount provided in the House bill.

Packers and Stockyards Administration—Appropriates $8,244,000, the same as the September revised budget request.

Agricultural Stabilization and Conservation Service—Provides $376,000,000 for salaries and expenses. Of this total funding, $62,000,000 is in the form of a direct appropriation, and $314,000,000 is provided by transfer from the Commodity Credit Corporation.

Dairy Indemnity Program—Accepts the September revised budget estimate of $176,000. Also accepts the proposed termination of the beekeeper indemnity program and concurs in the House direction that the Federal Crop Insurance Corporation develop an insurance program for the beekeeping industry.

Federal Crop Insurance Corporation—Accepts the House bill providing $120,000,000 for administrative and operating expenses; $250,000,000 for subscription to capital stock; and $57,456,000 for the FCIC Fund.

Commodity Credit Corporation—Provides $2,043,229,000 for reimbursement for net realized losses, which is $252,627,000 less than the revised budget estimate.

Farmers Home Administration—

Rural housing insurance fund: Reduces the House bill level by $80,000,000 for moderate-income housing and increases House bill by $80,000,000 for section 515 rural rental housing.

Agricultural credit insurance fund: Accepts House bill.

Rural development insurance fund: Reduces House bill by $125,000,000 for water and waste disposal loans; increases House bill by $5,000,000 for communty facility loans. The continuing resolution for fiscal year 1982 (Public Law 97-51) required the implementation of a $250,000,000 alcohol production facility guarantee loan program; therefore, this program was deleted from this bill.

Grant programs: Reduces House bill for water and waste disposal and rural community fire protection grants. Increases House bill for farm labor housing, mutual and self-help housing, and section 504 home repair grants. No appropriation was provided for the self-help housing land development fund.

Salaries and expenses: Appropriates $280,000,000. Does not concur in the House recommendation to phase out FmHA district offices. Concurs in House recommendation of $1,000,000 for a circuit rider program to provide technical assistance to rural water systems.

Rural Electrification Administration—Adopts House bill on electrification and telephone revolving fund and rural telephone bank. Appropriates $28,309,000 for salaries and expenses, which is the same amount provided in fiscal year 1981.

Soil Conservation Service—

Conservation operations: Appropriates $311,979,000 for those activities, such as technical assistance, which will best utilize the limited financial resources due to constraints on Federal budgetary growth.

River Basin Surveys and Investigations: Accepts the September revised budget estimate.

Watershed Planning: Accepts House bill.

Watershed and Flood Prevention Operations: Provides $22,000,000 for Public Law 534 flood prevention watersheds, $10,000,000 for emergency watershed protection operations, and $155,000,000 for small watersheds authorized by Public Law 566.

Resource Conservation and Development Appropriates $26,000,000.

Great Plains Conservation Program. Accepts House bill.

Agricultural Stabilization and Conservation Service (Conservation)—Appropriates $190,000,000 for the agricultural conservation program and includes $10,000,000 to provide additional financial assistance to agricultural producers. Accepts House bill in providing no appropriation for the rural clean water program. Includes $11,500,000 to continue the forestry incentives program as a separate program. The House bill provided for similar activities funded at the $10,000,000 as part of the agricultural conservation program. Provides $8,800,000 for the water bank program and $8,800,000 for the emergency conservation program.

Food and Nutrition Service—

Child nutrition: Appropriates $1,082,890,000 which represents current estimates for fully funding the child nutrition programs based upon changes made in the Omnibus Budget Reconciliation Act. This amount includes $5,000,000 to continue the nutrition education and training program (NET).

Special Milk: The Omnibus Budget Reconciliation Act of 1981 limits participation in the special milk program; therefore, the Senate bill provides $28,100,000 to continue the program in those institutions which remain eligible.

WIC: Appropriates $973,000,000, which combined with carryover funds from fiscal year 1981, should be sufficient to maintain the WIC program. Also includes, $30,000,000 for the commodity supplemental food program.

Food Stamp Program: Provides $10,293,384,000 and includes $206,500,000 to carry out the block-grant program for Puerto Rico. This amount has provided a 10.5 month appropriation at a level adequate to maintain currently authorized benefit levels for the same period of time allowed in the House bill.

Food donations program: Accepts House bill.

Food program administration: Appropriates $86,461,000.

Foreign Agricultural Service—Includes $65,331,000, which is $4,000,000 over the revised budget estimate. This increase is to be utilized to continue expansion of market development activities.

Office of International Cooperation and Development—Accepts September revised budget estimate of $3,627,000.

Public Law 480—Appropriates $381,032,000 for titles I and III and $722,496,000 for title II. These are increases of $30,000,000 and $50,000,000 respectively over the revised budget estimate.

Food and Drug Administration—Appropriates $328,032,000 for salaries and expenses.

Commodity Futures Trading Commission—Accepts House bill.

Farm Credit Administration—For the limitation on administrative expenses, accepts the revised budget estimate.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with—			
						1981 Appropriation	March budget estimate	September budget estimate	House allowance
TITLE I - AGRICULTURAL PROGRAMS									
PRODUCTION, PROCESSING AND MARKETING									
Office of the Secretary	5,226,000	5,358,000	4,715,000	5,358,000	4,715,000	−511,000	−643,000	—	−643,000
Departmental Administration	13,654,000	19,955,000	17,560,000	15,280,000	14,468,000	+814,000	−5,487,000	−3,092,000	−812,000
Office of Governmental and Public Affairs	8,903,000	11,008,000	9,687,000	9,508,000	8,987,000	+84,000	−2,021,000	−700,000	−521,000
Office of the Inspector General	28,752,000	31,320,000	27,562,000	30,828,000	27,562,000	−1,190,000	−3,758,000	—	−3,266,000
(Transfer from food stamp program)	(10,000,000)	(9,508,000)	(8,367,000)	(10,000,000)	(13,266,000)	(+3,266,000)	(+3,758,000)	(+4,899,000)	(+3,266,000)
Total, Office of the Inspector General	(38,752,000)	(40,828,000)	(35,929,000)	(40,828,000)	(40,828,000)	(+2,076,000)	—	(+4,899,000)	—
Office of the General Counsel	12,519,000	13,718,000	12,072,000	13,210,000	12,572,000	+53,000	−1,146,000	+500,000	−638,000
(Transfer from food stamp program)	---	---	---	(508,000)	(580,000)	(+580,000)	(+580,000)	(+580,000)	(+72,000)
Federal Grain Inspection Service	25,062,000	29,980,000	5,173,000	29,980,000	5,600,000	−19,462,000	−24,380,000	+427,000	−24,380,000
Rescission	---	---	---	−24,101,000	—	—	—	—	+24,101,000
(Limitaiton on inspection and weighing)	---	---	---	(60,784,000)	(60,260,000)	(+60,260,000)	(+60,260,000)	(+60,260,000)	(−524,000)
Agricultural Research Service	424,831,000	456,569,000	401,781,000	451,749,000	440,360,000	+15,529,000	−16,209,000	+38,579,000	−11,389,000
Special fund	2,000,000	---	---	2,000,000	—	−2,000,000	—	—	−2,000,000
Buildings and facilities	---	1,900,000	1,672,000	6,596,000	2,000,000	+2,000,000	+100,000	+328,000	−4,596,000
Scientific activities overseas (special foreign currency program)	5,000,000	5,754,000	5,064,000	5,000,000	5,000,000	—	−754,000	−64,000	—
Cooperative State Research Service	200,897,000	234,188,000	206,085,000	219,936,000	222,506,000	+21,609,000	−11,682,000	+16,421,000	+2,570,000
Extension Service	303,769,000	317,378,000	279,293,000	321,398,000	321,500,000	+17,731,000	+4,122,000	+42,207,000	+102,000
Rescission	---	---	---	—	—	—	—	—	—
National Agricultural Library	8,822,000	9,271,000	8,158,000	9,271,000	8,500,000	−322,000	−771,000	+342,000	−771,000
Total, research and extension	945,319,000	1,025,060,000	902,053,000	1,015,950,000	999,866,000	+54,547,000	−25,194,000	+97,813,000	−16,084,000
Animal and Plant Health Inspection Service:									
Salaries and expenses	282,385,000	287,850,000	253,783,000	297,609,000	270,545,000	−11,840,000	−17,305,000	+16,762,000	−27,064,000
Buildings and facilities	6,986,000	3,251,000	2,386,000	3,251,000	3,000,000	−3,986,000	−251,000	+614,000	−251,000
Total, Animal & Plant Health Inspection Service	289,371,000	291,101,000	256,169,000	300,860,000	273,545,000	−15,826,000	−17,556,000	+17,376,000	−27,315,000
Food Safety and Inspection Service	311,106,000	328,250,000	288,860,000	328,250,000	328,250,000	+17,144,000	—	+39,390,000	—
Economic Research Service	39,527,000	45,052,000	39,682,000	41,893,000	40,077,000	+550,000	−4,975,000	+395,000	−1,816,000
Statistical Reporting Service	53,827,000	55,055,000	48,483,000	55,564,000	48,448,000	−5,379,000	−6,607,000	−35,000	−7,116,000
Agricultural Cooperative Service	4,500,000	4,795,000	4,220,000	4,795,000	4,220,000	−280,000	−575,000	—	−575,000
World agricultural outlook board	1,731,000	1,632,000	1,366,000	1,352,000	1,436,000	−295,000	−196,000	+70,000	+84,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1981 Appropriation	March budget estimate	September budget estimate	House allowance
Agricultural Marketing Service:									
Marketing Services	50,882,000	44,031,000	31,222,000	44,031,000	21,975,000	-28,907,000	-22,056,000	-9,247,000	-22,056,000
Rescission	---	---	---	-20,820,000	---	---	---	---	+20,820,000
(Transfer from sec. 32)	---	(5,670,000)	(5,670,000)	(5,670,000)	(5,670,000)	(+5,670,000)	---	---	---
(Limitation on grading and standardization)	---	---	---	(20,820,000)	(23,000,000)	(+23,000,000)	(+23,000,000)	(+23,000,000)	(+2,180,000)
Transportation office	2,000,000	2,923,000	2,572,000	2,688,000	2,400,000	+400,000	-523,000	-172,000	-288,000
Payments to States and possessions	1,600,000	---	---	1,500,000	---	-1,600,000	---	---	-1,500,000
Total, Agricultural Marketing Service	54,482,000	46,954,000	33,794,000	27,399,000	24,375,000	-30,107,000	-22,579,000	-9,419,000	-3,024,000
Packers and Stockyards Administration	---	9,368,000	---	9,368,000	8,244,000	+8,244,000	-1,124,000	+8,244,000	-1,124,000
Total, Production, Processing and Marketing	1,793,979,000	1,918,606,000	1,651,396,000	1,865,494,000	1,802,365,000	+8,386,000	-116,241,000	+150,969,000	-63,129,000
FARM INCOME STABILIZATION									
Agricultural Stabilization and Conservation Service:									
Salaries and expenses	208,834,000	215,480,000	190,118,000	214,880,000	62,000,000	-146,834,000	-153,480,000	-128,118,000	-152,880,000
(Transfer from Commodity Credit Corporation)	(166,620,000)	(176,241,000)	(154,597,000)	(176,241,000)	(314,000,000)	(+147,380,000)	(+137,759,000)	(+159,403,000)	(+137,759,000)
Total, salaries and expenses, ASCS	(375,454,000)	(391,721,000)	(344,715,000)	(391,121,000)	(376,000,000)	(+546,000)	(-15,721,000)	(+31,285,000)	(-15,121,000)
Dairy indemnity program	1,700,000	200,000	176,000	200,000	176,000	-1,524,000	-24,000	---	-24,000
Total, Agricultural Stabilization and Conservation Service	210,534,000	215,680,000	190,294,000	215,080,000	62,176,000	-148,358,000	-153,504,000	-128,118,000	-152,904,000
Federal Crop Insurance Corporation:									
Administrative and operating expenses	57,739,000	135,877,000	119,572,000	120,000,000	120,000,000	+62,261,000	-15,877,000	+428,000	---
Subscription to capital stock	---	350,000,000	308,000,000	250,000,000	250,000,000	+250,000,000	-100,000,000	-58,000,000	---
Federal Crop Insurance Corporation Fund	---	57,456,000	50,561,000	57,456,000	57,456,000	+57,456,000	---	+6,895,000	---
Total, Federal Crop Insurance Corporation	57,739,000	543,333,000	478,133,000	427,456,000	427,456,000	+369,717,000	-115,877,000	-50,677,000	---
Commodity Credit Corporation:									
Reimbursement for net realized losses	3,299,887,000	2,295,856,000	2,295,856,000	2,220,000,000	2,043,229,000	-1,256,658,000	-252,627,000	-252,627,000	-176,771,000
Total, Farm Income Stabilization	3,568,160,000	3,054,869,000	2,964,283,000	2,862,536,000	2,532,861,000	-1,035,299,000	-522,008,000	-431,422,000	-329,675,000
Total, title I, new budget (obligational) authority, Agricultural Programs	5,362,139,000	4,973,475,000	4,615,679,000	4,728,030,000	4,335,226,000	-1,026,913,000	-638,249,000	-280,453,000	-392,804,000
Appropriations	5,362,139,000	4,973,475,000	4,615,679,000	4,772,951,000	4,335,226,000	-1,026,913,000	-638,249,000	-280,453,000	-437,725,000
Rescissions	---	---	---	-44,921,000	---	---	---	---	+44,921,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1981 Appropriation	March budget estimate	September budget estimate	House allowance
TITLE II - RURAL DEVELOPMENT PROGRAMS									
RURAL DEVELOPMENT ASSISTANCE									
Farmers Home Administration:									
Rural Housing Insurance Fund:									
Direct loans	(24,000,000)	(24,000,000)	(24,000,000)	(24,000,000)	(24,000,000)	---	---	---	---
Insured loans	(3,925,600,000)	(3,700,600,000)	(3,700,600,000)	(3,700,600,000)	(3,700,600,000)	(-225,000,000)	---	---	---
Guaranteed loans	(25,000,000)	---	---	---	---	(-25,000,000)	---	---	---
Construction Defects Authorization	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	---	---	---	---
Rent Supplement Authorization	(403,000,000)	(398,000,000)	(398,000,000)	(398,000,000)	(398,000,000)	(-5,000,000)	---	---	---
Miscellaneous offsetting adjustments	-99,000,000	---	---	---	---	+99,000,000	---	---	---
Reimbursement for interest and other losses	504,318,000	653,967,000	575,491,000	653,967,000	653,967,000	+149,649,000	---	+78,476,000	---
Reimbursement for rent supplement payments	111,000,000	151,000,000	132,880,000	151,000,000	151,000,000	+40,000,000	---	+18,120,000	---
Total, Rural Housing Insurance Fund	(4,492,918,000)	(4,531,567,000)	(4,434,971,000)	(4,531,567,000)	(4,531,567,000)	(+38,649,000)	---	(+96,596,000)	---
Agricultural Credit Insurance Fund:									
Real estate loans:									
Insured	(893,600,000)	(768,200,000)	(768,200,000)	(773,600,000)	(773,600,000)	(-120,000,000)	(+5,400,000)	(+5,400,000)	---
Guaranteed	(56,000,000)	(131,000,000)	(131,000,000)	(131,000,000)	(131,000,000)	(+75,000,000)	---	---	---
Total, real estate loans	(949,600,000)	(899,200,000)	(899,200,000)	(904,600,000)	(904,600,000)	(-45,000,000)	(+5,400,000)	(+5,400,000)	---
Soil conservation loans	(30,000,000)	(26,000,000)	(26,000,000)	(30,000,000)	(30,000,000)	---	(+4,000,000)	(+4,000,000)	---
Operating loans:									
Insured	(850,000,000)	(1,325,000,000)	(1,325,000,000)	(1,325,000,000)	(1,325,000,000)	(+475,000,000)	---	---	---
Guaranteed	(25,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(+25,000,000)	---	---	---
Total, operating loans	(875,000,000)	(1,375,000,000)	(1,375,000,000)	(1,375,000,000)	(1,375,000,000)	(+500,000,000)	---	---	---
Emergency disaster loans	(2,000,000,000)	(1,600,000,000)	(1,600,000,000)	(1,600,000,000)	(1,600,000,000)	(-400,000,000)	---	---	---
Reimbursement for interest and other losses	297,032,000	464,083,000	408,393,000	464,083,000	464,083,000	+167,051,000	---	+55,690,000	---
Total, Agricultural Credit Insurance Fund	(4,151,632,000)	(4,364,283,000)	(4,308,593,000)	(4,373,683,000)	(4,373,683,000)	(+222,051,000)	(+9,400,000)	(+65,090,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with—			
						1981 Appropriation	March budget estimate	September budget estimate	House allowance
Rural Development Insurance Fund:									
Reimbursement for losses	143,282,000	204,040,000	179,555,000	204,040,000	204,040,000	+60,758,000	---	+24,485,000	---
Water and sewer facility loans	(750,000,000)	(300,000,000)	(300,000,000)	(450,000,000)	(325,000,000)	(-425,000,000)	(+25,000,000)	(+25,000,000)	(-125,000,000)
Industrial development loans:									
Guaranteed	(741,000,000)	---	---	(300,000,000)	(300,000,000)	(-441,000,000)	(+300,000,000)	(+300,000,000)	---
Alcohol production facilities loans									
(Limitation on guaranteed loans)	(250,000,000)	---	---	(250,000,000)	---	(-250,000,000)	---	---	(-250,000,000)
Community facility loans	(260,000,000)	(130,000,000)	(130,000,000)	(130,000,000)	(135,000,000)	(-125,000,000)	(+5,000,000)	(+5,000,000)	(+5,000,000)
Total, Rural Development Insurance Fund	(1,153,282,000)	(634,040,000)	(609,555,000)	(784,040,000)	(664,040,000)	(-489,242,000)	(+30,000,000)	(+54,485,000)	(-120,000,000)
Mutual and self-help housing	---	5,000,000	4,400,000	3,500,000	4,400,000	+4,400,000	-600,000	---	+900,000
Rural water and waste disposal grants	200,000,000	100,000,000	88,000,000	150,000,000	100,000,000	-100,000,000	---	+12,000,000	-50,000,000
Very low-income housing repair grants	25,000,000	25,000,000	22,000,000	12,500,000	22,000,000	-3,000,000	-3,000,000	---	+9,500,000
Rural housing for domestic farm labor	25,000,000	25,000,000	22,000,000	12,500,000	15,000,000	-10,000,000	-10,000,000	-7,000,000	+2,500,000
Self-help housing land development fund	1,000,000	1,000,000	880,000	1,000,000	---	-1,000,000	-1,000,000	-880,000	-1,000,000
(Limitation on direct loans)	---	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(+2,000,000)	---	---	---
Rural community fire protection grants	3,500,000	---	---	3,500,000	3,000,000	-500,000	+3,000,000	+3,000,000	-500,000
Rural development planning grants	5,000,000	---	---	---	---	-5,000,000	---	---	---
Rural housing supervisory assistance grants	1,000,000	---	---	---	---	-1,000,000	---	---	---
Rural development grants	5,000,000	---	---	---	---	-5,000,000	---	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1981 Appropriation	March budget estimate	September budget estimate	House allowance
Salaries and expenses	252,497,000	282,836,000	248,896,000	284,836,000	280,000,000	+27,503,000	-2,836,000	+31,104,000	-4,836,000
(Transfer from loan accounts)	(3,500,000)	(3,500,000)	(3,500,000)	---	---	(-3,500,000)	(-3,500,000)	(-3,500,000)	---
Total, salaries and expenses	(255,997,000)	(286,336,000)	(252,396,000)	(284,836,000)	(280,000,000)	(+24,003,000)	(-6,336,000)	(+27,604,000)	(-4,836,000)
Total, Farmers Home Administration	1,474,629,000	1,911,926,000	1,682,495,000	1,940,926,000	1,897,390,000	+422,861,000	-14,436,000	+214,995,000	-43,436,000
Rural Electrification Administration:									
Rural electrification & telephone revolving fund:									
Electric loans	(850,000,000)	(700,000,000)	(700,000,000)	(850,000,000)	(850,000,000)	---	(+150,000,000)	(+150,000,000)	---
Telephone loans	(250,000,000)	---	---	(250,000,000)	(250,000,000)	---	(+250,000,000)	(+250,000,000)	---
Total, loans	(1,100,000,000)	(700,000,000)	(700,000,000)	(1,100,000,000)	(1,100,000,000)	---	(+400,000,000)	(+400,000,000)	---
Rural Telephone Bank	(22,500,000)	---	---	(30,000,000)	(30,000,000)	(+7,500,000)	(+30,000,000)	(+30,000,000)	---
Rural communication development fund:									
(Limitation on direct loans)	(18,000,000)	---	---	---	---	(-18,000,000)	---	---	---
Salaries and expenses	28,309,000	29,673,000	26,112,000	29,673,000	28,309,000	---	-1,364,000	+2,197,000	-1,364,000
Total, Rural Electrification Administration	28,309,000	29,673,000	26,112,000	29,673,000	28,309,000	---	-1,364,000	+2,197,000	-1,364,000
Total, Rural Development Assistance	1,502,938,000	1,941,599,000	1,708,607,000	1,970,599,000	1,925,799,000	+422,861,000	-15,800,000	+217,192,000	-44,800,000
CONSERVATION									
Soil Conservation Service:									
Conservation operations	311,863,000	317,639,000	279,522,000	317,639,000	311,979,000	+116,000	-5,660,000	+32,457,000	-5,660,000
River basin surveys and investigations	18,323,000	16,165,000	14,225,000	16,165,000	14,225,000	-4,098,000	-1,940,000	---	-1,940,000
Watershed planning	10,813,000	6,690,000	5,887,000	8,690,000	8,690,000	-2,123,000	+2,000,000	+2,803,000	---
Watershed and flood prevention operations	192,524,000	162,045,000	142,600,000	192,045,000	187,000,000	-5,524,000	+24,955,000	+44,400,000	-5,045,000
Resource conservation and development	34,046,000	26,812,000	23,595,000	26,812,000	26,000,000	-8,046,000	-812,000	+2,405,000	-812,000
Great Plains conservation program	20,864,000	22,288,000	19,613,000	21,500,000	21,500,000	+836,000	-788,000	+1,887,000	---
Total, Soil Conservation Service	588,233,000	551,639,000	485,442,000	582,851,000	569,394,000	-18,839,000	+17,755,000	+83,952,000	-13,457,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with— 1981 Appropriation	March budget estimate	September budget estimate	House allowance
Agricultural Stabilization and Conservation Service:									
Agricultural Conservation Program	190,000,000	150,000,000	132,000,000	190,000,000	190,000,000	---	+40,000,000	+58,000,000	---
Rural clean water program	20,000,000	20,000,000	17,600,000	---	---	-20,000,000	-20,000,000	-17,600,000	---
Forestry incentives program	12,500,000	10,000,000	8,800,000	---	11,500,000	-1,000,000	+1,500,000	+2,700,000	+11,500,000
Water Bank program	10,000,000	---	---	---	8,800,000	-1,200,000	+8,800,000	+8,800,000	+8,800,000
Emergency conservation program	10,000,000	10,000,000	8,800,000	10,000,000	8,800,000	-1,200,000	-1,200,000	---	-1,200,000
Total, Agricultural Stabilization and Conservation Service	242,500,000	190,000,000	167,200,000	200,000,000	219,100,000	-23,400,000	+29,100,000	+51,900,000	+19,100,000
Total, Conservation	830,733,000	741,639,000	652,642,000	782,851,000	788,494,000	-42,239,000	+46,855,000	+135,852,000	+5,643,000
Total, title II, Rural Development Programs: New budget (obligational) authority	2,333,671,000	2,683,238,000	2,361,249,000	2,753,450,000	2,714,293,000	+380,622,000	+31,055,000	+353,044,000	-39,157,000
TITLE III - DOMESTIC FOOD PROGRAMS									
Food and Nutrition Service:									
Child nutrition programs	1,868,998,000	2,001,090,000	1,077,890,000	2,076,090,000	1,082,890,000	-786,108,000	-918,200,000	+5,000,000	-993,200,000
Rescission	-285,000,000	---	---	-1,115,700,000	---	+285,000,000	---	---	+1,115,700,000
(Transfer from sec. 32)	(1,879,653,000)	(1,763,948,000)	(1,763,948,000)	(1,688,948,000)	(1,763,948,000)	(-115,705,000)	---	---	(+75,000,000)
Total, Child nutrition programs	(3,463,651,000)	(3,765,038,000)	(2,841,838,000)	(2,649,338,000)	(2,846,838,000)	(-616,813,000)	(-918,200,000)	(+5,000,000)	(+197,500,000)
Special milk program	118,800,000	124,800,000	28,100,000	124,800,000	28,100,000	-90,700,000	-96,700,000	---	-96,700,000
Rescission	---	---	---	-95,000,000	---	---	---	---	+95,000,000
Special supplemental food programs (WIC)	927,040,000	741,600,000	652,608,000	1,069,000,000	973,000,000	+45,960,000	+231,400,000	+320,392,000	-96,000,000
Rescission	---	---	---	---	---	---	---	---	---
Food stamp program	11,480,000,000	10,589,009,000	10,293,384,000	9,764,684,000	10,293,384,000	-1,186,616,000	-295,625,000	---	+528,700,000
Nutrition Assistance for Puerto Rico	---	---	(206,500,000)	---	(206,500,000)	(+206,500,000)	(+206,500,000)	---	(+206,500,000)
Food donations programs:									
Needy family program	53,750,000	48,220,000	48,220,000	48,220,000	48,220,000	-5,530,000	---	---	---
Elderly feeding program	74,910,000	---	---	---	---	-74,910,000	---	---	---
Total, Food donations programs	128,660,000	48,220,000	48,220,000	48,220,000	48,220,000	-80,440,000	---	---	---
Food Program Administration	84,592,000	92,569,000	81,461,000	89,592,000	86,461,000	+1,869,000	-6,108,000	+5,000,000	-3,131,000
Total, title III, new budget (obligational) authority, Domestic Food Programs	14,323,090,000	13,597,288,000	12,181,663,000	11,961,686,000	12,512,055,000	-1,811,035,000	-1,085,233,000	+330,392,000	+550,369,000
Appropriations	14,608,090,000	13,597,288,000	12,181,663,000	13,172,386,000	12,512,055,000	-2,096,035,000	-1,085,233,000	+330,392,000	-660,331,000
Rescissions	-285,000,000	---	---	-1,210,700,000	---	+285,000,000	---	---	+1,210,700,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—			
						1981 Appropriation	March budget estimate	September budget estimate	House allowance
TITLE IV - INTERNATIONAL PROGRAMS									
Foreign Agricultural Service	60,816,000	69,694,000	61,331,000	69,694,000	65,331,000	+4,515,000	-4,363,000	+4,000,000	-4,363,000
Sales manager	(4,719,000)	(5,436,000)	(4,784,000)	(5,436,000)	(5,436,000)	(+717,000)	---	(+652,000)	---
Office of International Cooperation and Development	3,500,000	4,122,000	3,627,000	4,000,000	3,627,000	+127,000	-495,000	---	-373,000
Public Law 480:									
Title I and III - Credit sales	441,330,000	398,900,000	351,032,000	398,900,000	381,032,000	-60,298,000	-17,868,000	+30,000,000	-17,868,000
Title II - Commodities for disposition abroad	787,600,000	764,200,000	672,496,000	764,200,000	722,496,000	-65,104,000	-41,704,000	+50,000,000	-41,704,000
Total, Public Law 480	1,228,930,000	1,163,100,000	1,023,528,000	1,163,100,000	1,103,528,000	-125,402,000	-59,572,000	+80,000,000	-59,572,000
Total, title IV, new budget (obligational) authority, International Programs	1,293,246,000	1,236,916,000	1,088,486,000	1,236,794,000	1,172,486,000	-120,760,000	-64,430,000	+84,000,000	-64,308,000
TITLE V - RELATED AGENCIES									
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Food and Drug Administration:									
Salaries and expenses	326,925,000	336,032,000	295,708,000	336,032,000	328,032,000	+1,107,000	-8,000,000	+32,324,000	-8,000,000
Buildings and facilities	28,253,000	---	---	---	---	-28,253,000	---	---	---
Total, Food and Drug Administration	355,178,000	336,032,000	295,708,000	336,032,000	328,032,000	-27,146,000	-8,000,000	+32,324,000	-8,000,000
INDEPENDENT AGENCIES									
Commodity Futures Trading Commission	18,781,000	19,924,000	17,533,000	19,924,000	19,924,000	+1,143,000	---	+2,391,000	---
Farm Credit Administration (limitation on administrative expenses)	(14,132,000)	(16,226,000)	(16,226,000)	(16,000,000)	(16,226,000)	(+2,094,000)	---	---	(+226,000)
Total, title V, new budget (obligational) authority, Related Agencies	373,959,000	355,956,000	313,241,000	355,956,000	347,956,000	-26,003,000	-8,000,000	+34,715,000	-8,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1982—Continued

[Amounts in dollars]

Item	1981 Appropriation	March budget estimate	September budget estimate	House allowance	Committee recommendation	Increase (+) or decrease (−) compared with—			
						1981 Appropriation	March budget estimate	September budget estimate	House allowance
RECAPITULATION									
Title I - Agricultural programs	5,362,139,000	4,973,475,000	4,615,679,000	4,728,030,000	4,335,226,000	-1,026,913,000	-638,249,000	-280,453,000	-392,804,000
Title II - Rural development programs	2,333,671,000	2,683,238,000	2,361,249,000	2,753,450,000	2,714,293,000	+380,622,000	+31,055,000	+353,044,000	-39,157,000
Title III - Domestic food programs	14,323,090,000	13,597,288,000	12,181,663,000	11,961,686,000	12,512,055,000	-1,811,035,000	-1,085,233,000	+330,392,000	+550,369,000
Title IV - International programs	1,293,246,000	1,236,916,000	1,088,486,000	1,236,794,000	1,172,486,000	-120,760,000	-64,430,000	+84,000,000	-64,308,000
Title V - Related agencies	373,959,000	355,956,000	313,241,000	355,956,000	347,956,000	-26,003,000	-8,000,000	+34,715,000	-8,000,000
Total, new budget (obligational) authority	23,686,105,000	22,846,873,000	20,560,318,000	21,035,916,000	21,082,016,000	-2,604,089,000	-1,764,857,000	+521,698,000	+46,100,000
Transfer from sec. 32	1,879,653,000	1,769,618,000	1,769,618,000	1,694,618,000	1,769,618,000	-110,035,000	---	---	+75,000,000
Total obligational authority	25,565,758,000	24,616,491,000	22,329,936,000	22,730,534,000	22,851,634,000	-2,714,124,000	-1,764,857,000	+521,698,000	+121,100,000
Consisting of:									
1. Appropriations	23,971,105,000	22,846,873,000	20,560,318,000	22,291,537,000	21,082,016,000	-2,889,089,000	-1,764,857,000	+521,698,000	-1,209,521,000
2. Rescissions	-285,000,000	---	---	-1,255,621,000	---	+285,000,000	---	---	+1,255,621,000
3. Direct and insured loan level	9,853,200,000	8,577,800,000	8,577,800,000	9,137,200,000	9,017,200,000	-836,000,000	+439,400,000	+439,400,000	-120,000,000
4. Guaranteed loan level	1,097,000,000	181,000,000	181,000,000	731,000,000	481,000,000	-616,000,000	+300,000,000	+300,000,000	-250,000,000
5. Rent supplement authorization	403,000,000	398,000,000	398,000,000	398,000,000	398,000,000	-5,000,000	---	---	---
Memoranda:									
1. Appropriations, including appropriations to liquidate contract authority	23,686,105,000	22,846,873,000	20,560,318,000	21,035,916,000	21,082,016,000	-2,604,089,000	-1,764,857,000	+521,698,000	+46,100,000
2. Transfers from sec. 32	1,879,653,000	1,769,618,000	1,769,618,000	1,694,618,000	1,769,618,000	-110,035,000	---	---	+75,000,000
3. Transfers from Commodity Credit Corporation	166,620,000	176,241,000	154,597,000	176,241,000	314,000,000	+147,380,000	+137,759,000	+159,403,000	+137,759,000
Total mandatory and discretionary	25,565,758,000	24,616,491,000	22,329,936,000	22,730,534,000	22,851,634,000	-2,714,124,000	-1,764,857,000	+521,698,000	+121,100,000
Mandatory	(3,584,151,000)	(3,890,038,000)	(2,870,114,000)	(2,679,338,000)	(2,875,114,000)	(-709,037,000)	(-1,014,924,000)	(+5,000,000)	(+195,776,000)
Discretionary	(21,981,607,000)	(20,726,453,000)	(19,459,822,000)	(20,051,196,000)	(19,976,520,000)	(-2,005,087,000)	(-749,933,000)	(+516,698,000)	(-74,676,000)

Mr. COCHRAN. Mr. President, before I yield to the distinguished Senator from Missouri, I should like to express my appreciation to him as the ranking minority member of the subcommittee. He has been, of course, instrumental in developing this legislation and, as a former chairman of the subcommittee, he has developed a wealth of experience, knowledge, and insight into the many complex issues that are involved in the legislation. I relied very heavily on his advice and counsel, and I appreciate very much the thoughtful and generous cooperation he provided to the Senator from Mississippi.

I also thank the staff of the subcommittee—Stephen Kohashi, Bill LaForge, and Irma Hanneman on the majority side; Ken Auer and Olga Trollinger on the minority staff; also Wayne Boutwell of my staff who along with Hershel Read, who is on detail from the Department of Agriculture to my office, spent many long hours in preparing the various materials necessary to our consideration of the bill.

Mr. President, I reserve the remainder of my time, and I am happy to yield to the Senator from Missouri.

Mr. EAGLETON. I thank my colleague.

Mr. President, this year has been an unprecedented one in terms of the budget process. We have had three separate budgets for fiscal year 1982, the Carter budget issued in January, and the two Reagan budgets issued in March and September. Add to this the massive changes that were made in program authorities by the Omnibus Budget Reconciliation Act and it becomes readily apparent why we are still working on appropriations bills in late October, almost a full month after the fiscal year began.

I commend Senator COCHRAN for the job he has done in shepherding this bill through subcommittee and full committee action. It is a testimonial to his efforts that the Appropriations Committee was able to dispose of this bill without any real controversy at all.

Mr. President, I believe it is important for my colleagues to know that the President's September budget would have decimated many programs funded by this bill. It proposed to reduce funding for research and extension well below the fiscal year 1981 levels. At the levels requested, many Federal research labs would have had to be closed and much work aimed at maintaining the productivity of our farmers would have been brought to a halt. The revised budget drastically cut support for soil conservation both in the cost-share programs and in the area of technical assistance for farmers. Almost 1,200 field staff of the Soil Conservation Service would have had to be fired.

The continued quality of our meat and poultry inspection program would have been severely jeopardized by the loss of approximately 1,000 meat inspectors. County offices of the Farmers Home Administration and the ASCS would have had to be closed, and it is likely that at the level requested for the Food and Drug Administration, new drug approvals may very well have been brought to a standstill.

The President's September budget would have cut the women, infants, and children nutrition program by one-third resulting in thousands of individuals being cut from a program which has been proven by study after study as being highly effective.

The approach we have taken accepts many of the reductions recommended by the President in his September budget. In fact, we have reduced the subcommittee's original recommendation by about $1 billion in budget authority. What we have not done, however, is accept levels of funding which would totally erode support for highly important programs such as research and nutrition which the Senate has long supported.

The bill as reported by the committee provides an increase of about $14 million over fiscal year 1981 for Federal agricultural research, and an increase of almost $22 million in support of agricultural research at the land-grant colleges and universities. These increases are not as high as I would have liked to see, but in the current economic climate, I am afraid it is as high as we could provide in the Senate bill. It should be noted that these two items alone represent an increase of $54 million over the President's September budget request.

Again, in the area of soil conservation, the effort to hold down Federal expenditure has forced us to restrain funding for this important effort. I hasten to add, however, that we have made every effort to maintain funding for technical assistance provided to farmers through local soil conservation districts. While we may be able to postpone for a year some new construction and planning, it would be shortsighted indeed to jeopardize the basic structure providing technical assistance to farmers on soil and water conservation issues. I applaud efforts to cut administrative overhead within the Soil Conservation Service and to maintain field services vital to soil and water conservation efforts.

The committee has funded the food stamp program for a 10½-month period of time. The administration has maintained that it is considering proposing additional legislative changes which would impact on funding requirements for food stamps. In addition, it is most appropriate to point out that the cost of the food stamp program is directly affected by the state of the U.S. economy. Should the recession President Reagan has indicated we are now experiencing be prolonged, there is no doubt that food stamp costs will far exceed the President's requested funding level. It is about time those in the White House realize that it is the continued disastrous state of the economy which is driving up the cost of this program. Cutting the benefits received by millions of elderly, children, and the unemployed is not going to convince Wall Street one whit that Reaganomics will work. It will only cause more suffering and discomfort for those who had already been left behind by the tax and budget cut packages of the Reagan administration.

The committee's action on food stamps recognizes the fallacy of across-the-board reductions in benefit levels. By funding the program for 10½ months, we are making a statement that we will wait and see what the funding requirements will be before providing the funds necessary for the full year. By so doing, we expect that the Secretary will not decide that a benefit reduction is warranted until there is clear and convincing evidence from Congress that the necessary funding will not be forthcoming. We expect that the Secretary will give the Congress ample time to consider a supplemental funding request should this become necessary to avoid benefit reductions. It is important to point out, on every occasion in the past including last June, the Congress has acted to provide the required funding to avoid the specter of benefit reductions.

The Congress, through the passage of the Omnibus Budget Reconciliation Act, has already made $1.65 billion in reductions in food stamp benefits in fiscal year 1982. Legislation recently passed by the House adds yet another $600 or $700 million in reductions through postponement of the scheduled April 1, 1982, cost-of-living adjustment. If we are to maintain any sort of safety net for low-income families, we should not proceed to add across-the-board benefit cuts on top of these major reductions.

Finally, Mr. President, let me discuss some concerns I have regarding funding of the special supplemental food program for women, infants, and children (WIC) and the commodity supplemental food program (CSFP) and the manner in which the Reagan administration is administering the program and complying with the requirements of the continuing resolution.

Congress appropriated ample funds for fiscal year 1981 to maintain the year-end fiscal year 1980 caseload of 2.2 million WIC participants. This is not an overly generous caseload for this valuable program. WIC is limited to those who need it the most. Participants must be both low income and be determined by a medical professional to be at nutritional risk. Nationwide about 5 to 8 million women, infants, and children meet these eligibility tests, far more than can be served. About 500 counties, many in poor rural areas, have no program at all.

Nevertheless, WIC caseloads declined by 200,000 persons during the last half of fiscal year 1981 even though there was ample money to serve these persons. Removing women, infants, and children from the program and allowing funds to remain unspent is unconscionable and is in no way consistent with congressional intent. We intend the administration to manage WIC funds in fiscal year 1982 far more effectively than it did in fiscal year 1981.

We are concerned at the timing of funding allocations to the States. Last year, USDA reallocated $8 million in carryover funds in mid-July. This is the latest that any significant amount of WIC carryover funds has ever been reallocated by USDA. Mid-July is far too late in the fiscal year for States to plan for efficient and effective expenditure of the funds.

The committee report accompanying this bill directs the Secretary to allocate to States one-quarter of the $943 million appropriation—about $235 million—at

the beginning of each of the four fiscal quarters of fiscal year 1982. In addition, the Secretary must promptly allocate carryover funds. Virtually all carryover funds—except for very minor amounts that may turn up later in the fiscal year—should be accounted for and made available for use no later than the start of the third quarter. This is the schedule USDA has generally met in the past.

It is my understanding that USDA is now allocating about $90 million in 1982 WIC funds to States under the continuing resolution. Under this appropriation bill, the $90 million would be subtracted from the $235 million in fiscal year 1982 funds to be provided for the first quarter, and an additional $145 million would be allocated to States promptly upon enactment of this bill.

The committee report also makes clear that any carryover funds are in addition to the $943 million appropriation. The combination of newly appropriated funds and carryover funds should allow the program to return close to the prior caseload levels reached before the unfortunate caseload reductions. The carryover funds should be used in roughly the same proportions—80 percent for prescription foods and no more than 20 percent for administrative costs—as all other WIC funds. We do not intend for USDA to repeat its practice of this past year of allowing administrative support to rise to higher proportions than Congress ever intended.

It is the committee's clear intention that all available funds be expended in fiscal year 1982 and that States be provided funds on an orderly basis that allows for their expenditure. To this end, the committee report also directed the Secretary to follow the mandates of section 17 of the Child Nutrition Act and to reallocate, during fiscal year 1982, funds appropriated under this act among States in order to assure that the funds are fully utilized in fiscal year 1982. The Secretary must determine whether there are any States that will be unable to use effectively their full allocation and to move funds to States that will effectively utilize their full allocation. The type of careful reallocation process conducted by USDA in cooperation with States in the spring of 1980 is an example of such an effort. The Secretary must not repeat his performance during fiscal year 1981 of failing to conduct any such reallocation.

Finally, I would like to express concern over the administration's allocation of funds under the continuing resolution. It is not at all clear at this point that the administration will comply with the requirements of the resolution to maintain the WIC and CSFP yearend fiscal year 1981 caseloads. The Congress clearly intended that all States maintain their September caseloads and that the administration provide funds to all States sufficient for these caseload levels to be maintained. Any reduction of caseload in any State would be in direct disregard of the intent of the continuing resolution.

Mr. President, as I stated before, this bill does not provide the funding levels, I think, would be optimum for all agriculture programs, but we have recognized the need for restraint and I believe we have shown restraint in this bill.

I urge my colleagues to support the bill as recommended by the committee.

ECONOMY? YES, YES, YES; BUT IN SPECIAL MILK? NO; HERE'S WHY:

Mr. PROXMIRE. Mr. President, the Senate Appropriations Committee proposes to save $96 million by a 75-percent cut in the special milk program for schoolchildren. Any $96 million saving appeals to this Senator. I love it. We cannot sneeze at it. Even today $96 million counts up to a whale of a lot of money. And even if it does wipe out more than three quarters of the school milk support for American schoolchildren, in these tough, fiscal times, this Senator from the heart of America's dairyland would grit his teeth and accept it, except that it does not save anything like $96 million, and it may save nothing.

Here is why: If we have one abundant, overwhelming, almost embarrassing capacity for production, we have it for food. Our farmers produce far more food than farmers in any other country in the world. We produce so much food that the American people cannot consume it. We export 20 percent of our food. We give away to foreign countries hundreds of millions of dollars worth of our food. We have so much surplus food we have almost run out of storage space, and we tax our people to build, or buy or rent more storage space.

Of all the food we produce, none has spilled forth in more abundance than milk. We have—not millions, but billions of dollars worth of surplus milk. Unfortunately, that milk is perishable. We can only store it for a very few days. So we convert it to cheese. We dry it out and store the dried milk. We process it into butter and freeze and store the butter.

The surplus has become a fiscal curse, a costly burden on our taxpayers. How ridiculous. Here we are, blessed with an abundance of nature's perfect food, rich in almost every vitamin, a marvelous source of life-giving protein and bone-building calcium, and we do not know what to do with it. Years ago we did find one sensible way to use this surplus. We developed a special school milk program. Rather than waste this embarrassing abundance, rather than let it cost our taxpayers millions by sitting in storage, we would make it available to millions of schoolchildren as a nutrition program.

Has it worked? Answer: The program has worked brilliantly. It does not take much knowledge of nutrition to understand how important this program has become by giving American children the basis for a lifetime habit of drinking milk.

Now the grim story:

A few weeks ago I walked through a small town in Wisconsin. I came to the local school about noon. Next to the school stood a Dunkin Doughnut shop, and at high noon there must have been 75 to 100 young boys and girls jamming that shop, drinking Cokes and coffee, pop and Seven-up, and sinking their teeth into every conceivable kind of sugared doughnut. I am sure I could accompany any Senator in this body through any town in his State and we would find similar nutritional tragedies.

Since 1943, when Federal funds were specifically targeted for the special milk program, this program has been available to every school wishing to participate. Available data show that, in the 1978–79 school year, approximately 90,000 schools, child care institutions, and summer camps participated in the program, providing milk to approximately 12.5 million children.

This year, as a result of the Omnibus Budget Reconciliation Act, over 90 percent of these outlets will not be permitted to participate in the program.

This new law restricts participation in the special milk program to only those schools and institutions that do not have federally subsidized meal programs.

Since 90 percent of the schools in which these children consumed this milk were offering school lunches, it is reasonable to assume that most of the 12 million children who had been participating will lose the benefits of the special milk program.

The administration has argued that such children can afford to pay a higher price for the milk they purchase, or eat the school lunch, which contains milk.

But I would like to point out that for some of these children, that may not be an option.

Reductions of approximately $1.4 billion in funding for the school lunch and other child nutrition programs have already begun to decrease the numbers of children participating in these programs.

Schools have had to raise lunch charges to the extent that many children are beginning to drop out of this program. In addition, to help offset the loss of Federal revenues for lunches, schools that have lost special milk programs have been prompted to try and make a profit on their ala carte milk sales. Thus, they are raising ala carte milk prices above and beyond the amount necessary to offset the loss of Federal revenue from the special milk program. When participating in the special milk program, these schools had not been permitted to make a profit on milk sales.

Recent USDA projections of fiscal year 1982 school lunch participation indicate that approximately 4 million fewer children will participate in this program than participated in fiscal year 1981—and this may be an optimistic projection.

That means if they have school lunch they do not get special milk.

As a result of this change, expenditures for this program will be reduced from a fiscal year 1981 level of $119 million to $28.1 million in fiscal year 1982—or, about a 75-percent reduction in funding.

Over the years, some have claimed that the special milk program was not necessary because the school lunch program required milk to be included as part of the lunch.

But, in response, I have consistently pointed out that the majority of special milk program participants have been those children who do not participate in the lunch program even when it is available to them.

USDA data have shown that 70 percent of the children in the special milk program either brought a lunch from home, purchased ala carte lunches, ate lunch elsewhere, or ate no lunch at all.

And, Mr. President, this is the same USDA whose officials testified in March of this year that the administration did not expect any school lunch participation drop-out from proposed funding re-

ductions that were significantly greater than those eventually enacted by Congress.

Combined with the loss of participation by some 8 to 10 million children formerly in the special milk program, this total of up to 14 million children losing school lunch and/or special milk benefits translates into approximately 2.8 billion half-pints of milk that will not be provided to the Nation's schoolchildren through these programs.

Moreover, I understand that the administration is now considering the complete elimination of the special milk program in fiscal year 1983 and further reductions for school lunch programs, which have already lost $1 billion in Federal support in fiscal year 1982.

If this were to occur, schools dropping out of the lunch program would not be able to turn to the special milk program for help in providing schoolchildren with milk.

Mr. President, what all this amounts to is a short-sighted, ill-conceived approach to the twin issues of good nutrition for our children and reducing our dairy surplus.

By virtue of this policy, our children are being deprived of the dairy products they should have for their growth and development while these same products needlessly add to Federal costs by being stockpiled in Government warehouses.

Mr. President, some Members of this body, including myself, recently had occasion to examine and, in fact, sample a typical meal that might have resulted from a USDA proposal to alter school lunch regulations to reduce the amount of food served with Federal assistance. These new proposed regulations would have meant less meat, less vegetables, less bread, and less milk.

Under these proposed regulations, which were subsequently withdrawn by USDA, elementary schoolchildren would have received only 6 ounces of milk with a lunch when they used to receive 8 ounces. Preschool children would have received only 4 ounces of milk. Schools could have served yogurt in place of fluid milk. And ketchup or relish would have been allowed to parade as vegetables.

But no one in the administration seemed to focus on the point that these so-called cost savings to schools would have resulted in increased taxpayer costs in hidden forms, such as an increase in the dairy price-support program costs of a minimum of $87 million because children would have been served less fluid milk. And no one in the administration, apparently, tried to document what these regulations would have meant in terms of hungry or undernourished children.

For $96 million we have gutted this Nation's school milk program. The cost in dental bills alone will dwarf that saving tenfold. The cost in lost stamina and strength, in lessened resistance to disease of generations which have lost milk as the solid foundation of a good nutrition, will be immense. That $96 million compares, for example, to the $100 million we will give away to Pakistan in our foreign aid program next year.

Think of that, Mr. President, we are giving to a foreign country, a foreign country which, incidentally, has permitted attacks on our embassy, a foreign country which is virtually at war with one of our allies, India, we have given them, handed them, $100 million while, at the same time, saving $96 million by not permitting our schoolchildren to drink our surplus milk.

I have previously and at some length protested the savage reduction in dairy income imposed on this Nation's dairy farmers by the 1981 farm bill. That bill would reduce the typical dairy farmer from earnings of $15,000 in 1980—these figures I cannot repeat too often because I think we should get them in mind, the University of Wisconsin estimates that the typical dairy farmer who had an income of $15,000 last year, in 1980, will in 1984, under the bill that we are passing, have an income of less than $5,000 in 1984 dollars, 3 years from now.

Yes, it will achieve its result. It will slash the Nation's production of milk. For a year or two it will save the taxpayer's money and it will keep the price of milk down for 2 or 3 years. But then, watch out, because that bill will destroy a huge share of the Nation's dairy farms. And then the price of milk will really take off. How could we maintain the family dairy farmer? One major boost: By keeping our special milk program going. Why not? The cost is small, especially considering our marvelous dairy productivity and the vital importance of a milk price support program to maintain the family dairy farmer. And the pay-off in better nutrition? Ah. It is terrific.

And a note about this so-called awesome dairy lobby. I do hope the press will now begin to sing a different tune. Sure some misguided dairy associations have spent their hard pressed members dues on campaign contributions. If ever such contributions were wasted, they were sure wasted in the last elections. If ever a lobby has been unfairly labeled as an anti-public-interest monster the dairy lobby has to be it. The case for dairy could hardly be stronger. On the merits we can increase the Nation's economic strength as well as its health by maintaining an adequate price support program of the kind we have had on the books for 32 years—and long before dairy contributions or political action committees became the vogue. And certainly we can justify a school milk program that serves tens of millions of the Nation's children, and massively improves our Nation's nutrition. But with all the so-called administrations of the allegedly powerful dairy lobby, what happened?

Well, that so-called powerful dairy lobby suffered an absolutely catastrophic defeat for dairy farmers—with their price frozen for 4 consecutive years, and with their net income driven down to a fraction of a welfare family's income, and the best and most widely respected and applauded dairy program—the school milk program—virtually dismembered. We have impoverished our diary farmers. We have taken the milk away from our schoolchildren, and in the process we have laid the basis for a massive increase in dairy prices in the future, and a far higher cost to the American taxpayer. Some monster that dairy lobby. The year 1981 should be the year when the press discovered that the "administration butcher" has hauled off the never sacred dairy cow to be slaughtered for Ronald McReagan hamburgers.

Mr. President, I regret that I feel so strongly in opposition to that part of the agricultural appropriation bill, but this is the principal reason why I am going to be constrained to vote against this bill when it comes before the Senate tomorrow.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall be waived by reason of granting this request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 6, strike "$5,358,000", and insert "$4,715,000";

On page 2, line 16, strike "$4,347,000", and insert "$3,825,000";

On page 2, line 19, strike "$10,933,000", and insert "$10,643,000";

On page 2, line 19, strike "$15,280,000", and insert "$14,468,000";

On page 3, line 11, strike "$9,108,000", and insert "$8,987,000";

On page 4, line 2, strike "$30,828,000", and insert "$27,562,000";

On page 4, line 7, strike "$10,000,000", and insert "$13,266,000";

On page 4, line 14, strike "$13,210,000", and insert "$12,572,000";

On page 4, line 24, strike "$29,980,000", and insert "$5,600,000";

On page 5, strike line 12, through and including line 16;

On page 5, line 19, strike "$60,784,000", and insert "$60,260,000";

On page 6, line 4, strike "$451,749,000", and insert "$440,360,000";

On page 7, strike line 14, through and including line 17;

On page 7, line 22, strike "$6,596,000", and insert "$2,000,000";

On page 8, line 24, strike "$146,609,000", and insert "$140,609,000";

On page 9, line 9, strike "$12,281,000", and insert "$11,781,000";

On page 9, line 14 strike "$21,992,000", and insert "$20,992,000";

On page 9, line 22, strike "$26,263,000", and insert "$20,519,000";

On page 9, line 24, strike "$10,000,000", and insert "$19,500,000";

On page 10, line 1, after the semicolon, insert the following: $6,500,000 for the support of animal health and disease programs authorized by section 1433 of Public Law 95-113, including administrative expenses;

On page 10, line 7, strike "$1,549,000", and insert "$1,363,000";

On page 10, line 13, strike "$219,936,000", and insert "$222,506,000";

On page 11, line 1, strike "$225,376,000", and insert "$223,376,000";

On page 11, line 7, strike "$8,031,000", and insert "$7,531,000";

On page 11, line 10, strike "$1,950,000", and insert "$1,850,000";

On page 11, line 12, strike "payments", through and including the semicolon on line 13, and insert the following: "payments for carrying out the provisions of the Renewable Resources Extension Act of 1978, $4,500,000;";

On page 11, line 21, strike "$12,341,000", and insert "$12,241,000";

On page 11, line 22, strike "$314,738,000", and insert "$315,179,000";

On page 12, line 14, strike "$6,615,000", and insert "$6,321,000";
On page 12, line 18, strike "$9,271,000", and insert "$8,500,000";
On page 12, line 23, strike "$250,000", and insert "$500,000";
On page 13, line 8, strike "$297,609,000", and insert "$270,545,000";
On page 13, line 9, strike "not", through and including "$2,500,000" on line 11, and insert "$1,000,000";
On page 14, line 8, strike "insect infestations", and insert "pests";
On page 14, line 12, after "amended,", insert the following: including not less than $6,000,000 for the eradication of infestations of the Mediterranean fruit fly in the continental United States,
On page 14, line 21, strike "$3,251,000", and insert "$3,000,000";
On page 14, line 21, strike "of";
On page 14, line 21, strike "$1,565,000";
On page 16, line 23, strike "$41,893,000", and insert "$40,077,000";
On page 17, line 25, strike "$55,564,000", and insert "$48,448,000";
On page 18, line 18, strike "$4,795,000", and insert "$4,220,000";
On page 19, line 7, strike "$1,352,000", and insert "$1,436,000";
On page 19, line 20, strike "$44,031,000", and insert "$21,975,000";
On page 19, line 22, beginning with "and", strike through and including "Office" on line 24;
On page 20, strike line 5, through and including line 9;
On page 20, line 11, strike $20,820,000", and insert "$23,000,000";
On page 21, line 6, strike "$2,688,000", and insert "$2,400,000";
On page 21, strike line 13, through and including line 17;
On page 21, line 23, strike "$9,368,000", and insert "$8,244,000";
On page 22, line 21, strike "$214,880,000", and insert "$62,000,000";
On page 22, line 22, strike "$176,241,000", and insert "$314,000,000";
On page 22, line 24, beginning with "(including", strike through and including "expenses" on page 23, line 1;
On page 23, line 2, strike "$391,121,000", and insert "$376,000,000";
On page 24, line 13, strike "$200,000", and insert "$176,000";
On page 25, line 21, strike "$2,220,000,000", and insert "$2,043,229,000";
On page 26, strike line 1, through and including line 24;
On page 29, line 15, strike "$450,000,000", and insert $325,000,000;
On page 29, line 18, strike "$130,000,000", and insert "$135,000,000";
On page 29, strike line 19, through and including line 21;
On page 29, line 25, strike "$150,000,000", and insert "$100,000,000";
On page 30, line 4, strike "very low-income elderly" and insert "very low-income persons";
On page 30, line 7, strike "$12,500,000", and insert "$22,000,000";
On page 30, line 12, strike "$12,500,000", and insert "$15,000,000";
On page 30, line 16, strike "$3,500,000", and insert "$4,400,000";
On page 30, line 20, beginning with "For", strike through and including line 22;
On page 31, line 1, strike "$3,500,000", and insert "$3,000,000";
On page 31, line 16, strike "$284,836,000", and insert "$280,000,000";
On page 32, line 22, after "amounts", insert the following: "but during 1982, total commitments to guarantee loans pursuant to section 306, shall not be less than $5,145,000,000, nor more than $6,400,000,000 of contingent liability for loan principal.";
On page 33, line 25, strike "$29,673,000", and insert "$28,309,000";
On page 34, line 15 strike "$317,639,000", and insert "$311,979,000";
On page 34, line 16, strike "$3,663,000", and insert "$3,223,000";
On page 34, line 17, strike "$3,604,000", and insert "$3,172,000";
On page 35, line 23, strike "$16,165,000", and insert "$14,225,000";
On page 36, line 22, strike "$192,045,000", and insert "$187,000,000";
On page 36, line 23, strike "$23,434,000", and insert "$22,000,000";
On page 37, line 1, after "supplemented,", insert the following: "and not less than $2,800,000 shall be available for not less than ten new construction starts under the small watersheds program)";
On page 38, line 3, strike "$26,812,000", and insert "$26,000,000";
On page 39, line 6, beginning with "including", strike through and including the comma on line 8;
On page 41, after line 13, insert the following:

"FORESTRY INCENTIVE PROGRAM

"For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, $11,500,000, to remain available until expended, as authorized by that Act.

"WATER BANK PROGRAM

"For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301–1311), $8,800,000, to remain available until expended.".
On page 42, line 5, strike "$10,000,000", and insert "$8,800,000";
On page 42, line 13, strike "1787", and insert "1788";
On page 42, line 14, strike "$3,765,038,000", and insert "$2,846,838,000";
On page 42, line 15, strike "$2,076,090,000", and insert "$1,082,890,000";
On page 42, line 16, strike "$1,688,948,000", and insert "$1,763,948,000";
On page 42, line 23, strike "September 1, 1981", and insert "the start of the 1981–1982 school year";
On page 43, strike line 22, through and including line 2 on page 44;
On page 44, line 6, strike "$124,800,000", and insert "$28,100,000";
On page 44, strike line 11, through and including line 16;
On page 44, line 23, strike "$751,400,000", and insert "$973,000,000";
On page 44, line 23, beginning with ", of which", strike through and including "law:" on page 45, line 3:
On page 45, line 3, strike "Provided further:", and insert "Provided,";
On page 45, line 8, strike "$9,472,684,000", and insert "$10,001,384,000";
On page 46, line 13, strike "$89,592,000", and insert "$86,461,000";
On page 47, line 11, strike "$69,694,000", and insert "$65,331,000";
On page 48, line 22, strike "$4,000,000", and insert "$3,627,000";
On page 49, line 16, strike "$876,800,000", and insert "$858,932,000";
On page 49, line 16, strike "$398,900,000", and insert "$381,032,000";
On page 49, line 23, strike "$764,200,000", and insert "$722,496,000";
On page 49, line 24, strike "$764,200,000", and insert "$722,496,000";
On page 50, line 14, strike "$336,032,000", and insert "$722,496,000';
On page 51, line 3, strike "$16,000,000", and insert "$16,226,000";
On page 53, line 1, after "480;", insert "Mutual and Self-Help Housing;";
On page 53, line 20, after "utilized.", insert the following: and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, drought, floods, and other acts of God.
On page 55, strike line 11, through and including line 13;
On page 55, line 14, strike "619", and insert "618.";
On page 55, line 19, strike "620", and insert "619."; and
On page 55, line 23, strike "621", and insert "620.".

Mr. BAKER. Mr. President, I believe it is unlikely that we will be able to consider any further amendments on this bill tonight, while we complete the arrangements on the sequence of events for tomorrow.

PRODUCTION OF OIL FROM TAR SAND AND OTHER HYDROCARBON DEPOSITS

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar Order No. 344, H.R. 3975, which has been cleared on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3975) to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

The Senate proceeded to consider the bill.

● Mr. McCLURE. Mr. President, I rise in support of H.R. 3975 which will facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

In hearings held before the Energy and Natural Resources Committee, testimony was received which pointed out that a valuable energy resource located in America, tar sand, was not being leased due to definitional problems experienced by the Department of the Interior.

Oil and gas and tar sands, while often located in close proximity of each other, are leased under separate sections of the Mineral Lands Leasing Act of 1920. Such sections are mutually exclusive. A lessee holding an oil and gas lease cannot develop a tar sand deposit located on his lease, and conversely a tar sand lessee cannot develop an oil and gas deposit he may find on his lease. Because of this problem, the Department of the Interior has not issued a tar sand lease since 1965.

H.R. 3975 will do away with the Department's concerns by combining all hydrocarbon deposits (except for gilsonite, oil shale, coal) leased under several sections of the Mineral Lands Leasing Act of 1920 into one hydrocarbon lease.

It is estimated that America has contained within its tar sand deposits approximately 30 billion barrels of oil, the majority of which is on Federal lands under the jurisdiction of the Department of the Interior or the Department of Agriculture. Passage of H.R. 3975 would remove an informal moritorium that the Department of the Interior had invoked on Federal lands containing tar sand deposits and allow these lands to be leased.

America needs to develop its energy resources. H.R. 3975 will help to develop one of these resources which has been

largely ignored and will aid greatly America's effort to become energy independent.

For these reasons I strongly support passage of H.R. 3975.●

● Mr. WARNER. Mr. President, it is important for America to develop its energy resources to the maximum extent possible in order to wean this Nation away from a dependency on foreign energy sources.

Timely development of our resources calls for prompt removal of any impediment that blocks development of such resources.

America's tar sands, an oil-impregnated sand totaling an estimated 30 billion barrels, represent one energy resource that presents one answer to America's energy needs. However, even though Congress enacted amendments in 1960 creating a separate tar sand lease, institutional impediments have prevented this resource from being utilized.

Certain sections of the Mineral Lands Leasing Act contain references to native asphalt, solid and semisolid bitumen, and bituminous rock—including oil impregnated rock or sands from which oil is recoverable only by special treatment after the deposit is mined or quarried.

Each of the terms has been used interchangeably to describe these hydrocarbon substances. Also the terms have been used inconsistently. Moreover, the definitions of the substances overlap and in part are synonymous. In addition, definable boundaries between the substances are nonexistent.

As a result of the inexactness of the terms, the rights to extract the hydrocarbons which grade from oil and gas at one locality to heavier more viscous hydrocarbons in the same layer of rock at another locality are unclear. One company may prefer to mine a deposit while another may use conventional oilfield techniques to extract the same material. This has been a vexacious problem where bituminous lease holders have claimed rights to the same hydrocarbon substances as oil and gas leases holders in the same formation.

Hydrocarbon substances, oil and gas and tar sands resources are leased under separate sections of the Mineral Lands Leasing Act of 1920, sections 17 and 21 respectively. Leases issued under these two sections are mutually exclusive; that is, a section 17 lease carries no rights to deposits of native asphalt, bituminous rock—including tar sands—and conversely an oil and gas lease is not able to develop only tar sand resources: He may find, that on his lease, the fact that resources developed under these sections are all hydrocarbons.

Because of this inconsistency, the Department of Interior instituted an informal moratorium on the leasing of tar sand deposits, in 1965 which remains in existence today.

In testimony received by the Subcommittee on Energy and Mineral Resources of the Energy and Natural Resources Committee held on September 17, 1981, indicated that a solution to the impediment raised by the Department moratorium would be to enact a combined hydrocarbon lease, combining section 17 hydrocarbon resources with section 21 hydrocarbon resources, which allow the development of oil and gas and tar sands.

The House on July 14 passed such a measure by a vote of 413 to 0.

The Senate Energy and Natural Resources Committee reported out the identical House measure H.R. 3975 without amendment.

Mr. President, as America needs to develop its tar sand resources as quickly as possible, I suggest that the Senate vote in favor of this measure.●

The bill was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third itme, the question is, Shall it pass?

The bill (H.R. 3975) was passed.

Mr. BAKER. I move to reconsider the vote by which the bill was passed.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL WATER POLLUTION CONTROL ACT OF 1981

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 350, H.R. 4503.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

Without objection, the Senate proceeded to consider the bill.

Mr. BAKER. Mr. President, I move that all after the enacting clause be stricken and the text of S. 1716 as agreed to by the Senate be inserted in lieu thereof.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

Mr. BAKER. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives on the disagreeing votes thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. BOSCHWITZ) appointed Mr. STAFFORD, Mr. CHAFEE, Mr. DOMENICI, Mr. GORTON, Mr. RANDOLPH, Mr. MITCHELL, and Mr. MOYNIHAN conferees on the part of the Senate.

Mr. BAKER. Mr. President, I ask unanimous consent that the action on S. 1716 be vitiated and that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Senators for permitting me to do that.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for transaction of routine morning business, not to extend beyond 5:15 p.m., in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERIOR APPROPRIATIONS—ATTORNEY'S FEES IN SUITS BROUGHT BY INDIAN TRIBES

Mr. CRANSTON. Mr. President, earlier this week the Senator from Iowa (Mr. GRASSLEY) described, but did not offer, an amendment to the Interior appropriations bill that would have barred the use of appropriated funds to pay for attorney's fees in suits brought by Indian tribes against third parties alleging violations of their rights and interests, where the Justice Department has declined to represent them.

I believe Senator GRASSLEY's decision to withhold this amendment was wise—since the amendment appeared to me to be not only a case of inappropriate legislation on an appropriations bill, but also a circumvention of the jurisdiction of both the Select Committee on Indian Affairs and the Judiciary Committee on a matter of great sensitivity and importance on which no hearings had been held anywhere.

While the withdrawal of the amendment by its sponsor moots these procedural objections, the Senator from Iowa indicated his continuing interest in the issue and spent some time making a case for his amendment which I believe contains some fundamental misunderstandings of the unique historical obligations of the United States to American Indian tribes.

I believe refutation is required, despite the withdrawal of the amendment, so that the record will be balanced and the argument of Senator GRASSLEY will not go unanswered.

Not only would this amendment have been procedurally off base in the context of the pending appropriations bill—it would also be fundamentally bad law.

The amendment would effectively deny Indian tribes, in many cases, an opportunity to seek justice whenever the United States, as trustee of Indian tribal resources, declines to provide the protection required by its trust responsibility to the tribes.

The American Indian tribal relationship to the U.S. Government, derived from many solemnly ratified treaties, establishes the United States as trustee for certain property rights and interests of both Indian tribes and certain Indian individuals.

In exchange for this protection, the tribes ceded to the United States title to more than 2 billion acres of land—a fact that is now often forgotten.

The duty to manage this trust responsibility devolves upon the Secretary of the Interior, and in cases where litigations is required, upon the Department of Justice.

Previous administrations, both Democratic and Republican, have fully recognized that often the general policies of administration officials conflict with the obligation of the United States as trustee of the natural resources of Indian tribes.

This conflict of interests—which President Nixon called a conflict no self-respecting law firm would allow—oc-

curs when the Secretary of Interior or the Attorney General must at the same time advance both administration policies and the private interests of Indian tribes to resources which the Government holds as trustee.

Disputes involving these resources are often of critical economic importance to Indian tribes. Frequently, they involve conflicting claims for energy, minerals, water or land.

The United States—as would any trustee—has a legal obligation to advance the interest of the Indian beneficiaries under the trust without reservation and with the highest degree of intelligence and skill.

The Senator from Iowa has assured this body that he believes in a "government of laws, not of men," but has also indicated that he is seeking, through private conversations with the Secretary of the Interior, to accomplish the same result as his amendment would have accomplished, by administrative rather than legislative means.

Given the well-established record of the incumbent Secretary of the Interior, Mr. Watt, to take cases involving conflicting interests, requiring delicate handling and careful application of Federal law, and tilt these situations to one extreme—sometimes ignoring applicable Federal law—it is particularly important that tribes be able to obtain independent representation in conflict cases when the Justice or the Interior Department declines to represent them.

Decisions of the Comptroller General and the U.S. Court of Appeals for the 10th circuit have ruled that it is appropriate to expend appropriated funds to enable tribes to retain independent counsel in situations where the United States does not provide representation because a conflict of interests exists.

Senator GRASSLEY's amendment would have effectively denied many Indian tribes access to the judicial process.

His statements about his conversations with the Secretary of the Interior should indicate to this body that those who believe that the solemn obligations of the United States to Indian tribes should be carried out will have to add this area to the list of other areas within the jurisdiction of the Secretary of the Interior which need to be watched carefully to make sure that this Secretary will carry out—not avoid—his responsibilities.

TENNESSEE-TOMBIGBEE ON TV

Mr. PERCY. Mr. President, I invite the attention of our colleagues to an ABC television "World News Tonight" special segment which will appear this evening, examining the controversial Tennessee-Tombigbee waterway project. I urge all my colleagues and their staffs to watch this 5-minute nationally televised segment.

Next week, during consideration of the energy and water development appropriation bill, Senator MOYNIHAN, several other of our colleagues, and I will offer an amendment to delete funding for this enormous, wasteful, and inflationary public works project. We have an obligation to be as informed about this huge expenditure of taxpayers' money as we possibly can be. Certainly, millions of our constituents will know more about the project before the night's end.

I have not seen the segments. They were out getting views of various Members of Congress on both sides of the aisle. I will watch it with considerable interest tonight.

Very seldom do we have a chance to have what we hope would be an objective news reporting service take up and present to the American public an issue that will be debated in the Senate, the next week, in the public works field.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

DEFERRAL OF CERTAIN BUDGET AUTHORITY MESSAGE FROM THE PRESIDENT—PM 88

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, the Committee on Banking, Housing, and Urban Affairs, the Committee on the Judiciary, the Committee on Labor and Human Resources, the Committee on Finance, the Committee on Armed Services, and the Committee on Governmental Affairs:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 51 deferrals totaling $1,260.6 million.

Forty-nine of the deferrals totaling $763.7 million represent the third group in a series that I am transmitting deferring fiscal year 1982 funds made available by the Continuing Resolution, P.L. 97–51. The other two deferrals, totaling $496.9 million, represent withholdings of funds carried over from 1981 that will not be needed until later this fiscal year.

The 49 deferrals of funds made available by P.L. 97–51 are being taken in accord with the stated intent of the Congress to provide minimal and temporary funding for the duration of the Continuing Resolution which expires November 20, 1981. As indicated in my special message of October 20, I plan to restrain spending to insure that the Congress has the opportunity to enact regular appropriations for the entire fiscal year at levels that are consistent with my revised budget request.

Deferrals under the Continuing Resolution are included in this special message for Funds Appropriated to the President and ten departments and agencies. The deferrals of funds carried over from 1981 affect Funds Appropriated to the President and the Federal Emergency Management Agency.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 29, 1981.*

MESSAGE FROM THE HOUSE

At 9:34 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, with amendments; it insists upon its amendments, and asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and has appointed Mr. DE LA GARZA, Mr. FOLEY, Mr. JONES of Tennessee, Mr. BROWN of California, Mr. BOWEN, Mr. ROSE, Mr. RICHMOND, Mr. WEAVER, Mr. HARKIN, Mr. WAMPLER, Mr. FINDLEY (on all matters except title IX of the Senate bill and modifications committed to conference), Mr. JEFFORDS (on all matters except title VII of the House amendment and of the Senate bill), Mr. HAGEDORN, Mr. COLEMAN, Mr. MARLENEE, and Mr. THOMAS; and the following additional conferees: Mr. ZABLOCKI, Mr. FOUNTAIN, Mr. FASCELL, Mr. HAMILTON, Mr. BINGHAM, Mr. BROOMFIELD, Mr. WINN, Mr. GILMAN, and Mr. LAGOMARSINO (the foregoing solely for consideration of section 915 and title XI (except for section 1112 and subtitle B) of the House amendment and sections 1002, 1111, 1113, 1201–1203, and 1205, and title XIII of the Senate bill); Mr. PEYSER and Mr. STANGELAND, in lieu of Mr. FINDLEY (solely for consideration of title IX of the Senate bill and modifications thereof committed to conference); and Mr. LUNDINE and Mr. SKEEN, in lieu of Mr. JEFFORDS (solely for consideration of title VII of the House amendments and title VII of the Senate bill) be the managers of the conference on the part of the House.

REPORTS OF COMMITTEES

The following reports of committees was submitted:

By Mr. STEVENS, from the Committee on Governmental Affairs, without amendment:

S. 1551. A bill to amend title 5, United States Code, to extend the period within which physicians comparability contracts may be entered into, and for other purposes (Rept. No. 97–257).

By Mr. STEVENS, from the Committee on Governmental Affairs, with amendments:

S. 678. A bill to amend title 39 of the United States Code to require that any extension of the ZIP code be part of a voluntary service option with a reduced rate (Rept. No. 97–258).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

C. Everett Koop, of Pennsylvania, to be Medical Director in the Regular Corps of the Public Health Service, subject to qualifications therefor as provided by law and regulations, and to be Surgeon General of the Public Health Service, for a term of four years.

(The above nomination was reported from the Committee on Governmental Affairs with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to

appear and testify before any duly constituted committee of the Senate.)

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

Sonia Landau, of New York, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1986; and

R. Kenneth Towery, of Texas, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1986.

(The above nominations were reported from the Committee on Commerce, Science, and Transportation with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1789. A bill to amend the Immigration and Nationality Act to provide for the adjustment of status to that of aliens lawfully admitted to the United States for permanent residence for certain alien parents of children born in the United States; to the Committee on the Judiciary.

S. 1790. A bill for the relief of Shailesh K. Patel and Premlata Patel.

By Mr. GOLDWATER (by request):

S. 1791. A bill to revise the structure and authority of the Federal Communications Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. EAST:

S. 1792. A bill to amend subchapter II of Chapter 5 of title 5, United States Code, to provide that a Federal agency may not require any person to maintain records for a period in excess of three years and may not commence an action for collection of a civil fine for any violation of a rule after three years from the date of the act to which such violation relates, and for other purposes; to the Committee on Governmental Affairs.

By Mr. MOYNIHAN (by request):

S. 1793. A bill to amend the Internal Revenue Code to permit a taxpayer to reduce his windfall profit tax liability by 25 percent of the amount of excess profits taxes he has paid state governments; to the Committee on Finance.

By Mr. WALLOP:

S. 1794. A bill to amend the Internal Revenue Code of 1954; to the Committee on Finance.

By Mr. GOLDWATER:

S. 1795. A bill to exchange certain land of the Hopi Tribe for certain lands of the Navajo Tribe; to the Select Committee on Indian Affairs.

By Mr. INOUYE:

S. 1796. A bill to establish the National Academies of Practices; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1789. A bill to amend the Immigration and Nationality Act to provide for the adjustment of status to that of aliens lawfully admitted to the United States for permanent residence for certain alien parents of children born in the United States; to the Committee on the Judiciary.

S. 1790. A bill for the relief of Shailesh K. Patel and Premlata Patel; to the Committee on the Judiciary.

(The remarks of Mr. SPECTER on this legislation appear earlier in today's RECORD.)

By Mr. GOLDWATER (by request):

S. 1791. A bill to revise the structure and authority of the Federal Communications Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

FEDERAL COMMUNICATIONS COMMISSION AMENDMENTS OF 1981

● Mr. GOLDWATER. Mr. President, the bill I introduce today is at the request of the Federal Communications Commission, and encompasses, in its entirety, the Commission's Track I legislative program on revision of the Communications Act of 1934, as amended.

This proposed legislative program consists of technical or "housekeeping" amendments designed to facilitate the elimination of unnecessary and burdensome regulations.

I am requesting that interested parties submit comments on these proposals by November 13, 1981.

Mr. President, I ask that this bill be printed in its entirety at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1791

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Communications Commission Amendments of 1981".

REQUIREMENTS ON COMMISSIONERS AND EMPLOYEES

SEC. 2. Section 4(b) is amended to read as follows:

"(b) Each member of the Commission shall be a citizen of the United States. No member of the Commission or person in its employ shall be financially interested in the manufacture or sale of telecommunications equipment subject to regulation by the Commission; in the business of communication by wire or radio or in the use of the electromagnetic spectrum; in any company which controls, or derives a significant portion of its total income from ownership of stocks, bonds, or other securities of, any such company; nor be in the employ of or hold any official relation to any person significantly regulated by the Commission; nor own stocks, bonds, or other securities of any corporation significantly regulated by the Commission pursuant to the provisions of this Act: *Provided, however,* That such prohibition shall extend only to financial interests in any company the primary enterprise of which is communications or manufacturing subject to Commission regulation. In determining whether the primary enterprise of a company is communications or manufacturing subject to Commission regulation, the Commission, without excluding other relevant factors, shall consider—

"(1) the revenues, investment, profit, and managerial effort directed to the related communications or manufacturing aspects of the company compared to the other aspects of its business;

"(2) the degree of the Commission's regulation and oversight of such company;

"(3) the degree to which the economic interest of the company might be affected by Commission action; and

"(4) the public image of the company.

The Commission may from time to time grant waivers to its employees subject to the provisions of section 208 of title 18, United States Code. Such Commissioners shall not engage in any other business, vocation, profession, or employment. Not more than four members of the Commission shall be members of the same political party.".

APPOINTMENT, TERM OF OFFICE, SALARY, AND COMPENSATION OF COMMISSIONERS

SEC. 3. (a) Sections 4 (c) and (d) are amended to read as follows:

"(c) Commissioners shall be appointed for terms of seven years and until their successor are appointed and have been confirmed and have taken the oath of office, except that they shall not continue to serve beyond the expiration of the next Congress subsequent to the expiration of said fixed term of office; except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the Commissioner whom he succeeds. No vacancy in the Commission shall impair the right of the remaining Commissioners to exercise all the powers of the Commission.

"(d) Each Commissioner shall receive an annual salary as established by Executive Order for Executive Level 4, payable in monthly installments, and the Chairman, during the period of his service as Chairman, shall receive an annual salary as established by Executive Order at Executive Level 3.".

(b) Section 4(e) is amended by adding the following sentence at the end of this subsection: "For purposes of this subsection, the District of Columbia is defined to include an area not to exceed two miles beyond the present District boundary.".

(C) Section 4(f)(2) is amended to read as follows:

"(2) Without regard to the civil service laws, but subject to the Classification Act of 1949, each Commissioner may appoint three professional assistants, and a secretary, each of whom shall perform such duties as the Commissioner shall direct. In addition, the Chairman of the Commission may appoint, without regard to the Civil Service laws, but subject to the Classification Act of 1949, an administrative assistant who shall perform such duties as the Chairman shall direct.".

(d) Add the following sentence to subsection (g) of section 4: "*Provided,* That where such necessary expenses have been incurred for the purpose of such Commissioners or employees attending and participating in conventions, conferences, meetings, and where such attendance and participation is in furtherance of the Commission's functions and is by the request of the sponsor of such event, the Commission may require the sponsor of such an event to reimburse the Commission directly for such expenses.".

(e) Section 4(k)(2) is amended as follows:

"(2) such information and data concerning the function of the Commission as will be of value to Congress in appraising the amount and character of the work and accomplishments of the Commission and the adequacy of the staff and equipment;".

(f)(1) Paragraphs (4) and (5) of subsection (k) of section 4 are redesignated as paragraph (3) and (4).

(2) Paragraph (5) of subsection (k) of section 4 of the 1934 Act is amended by striking "Bureau of the Budget" and substituting "Office of Management and Budget".

AUTHORIZED USE OF AMATEUR VOLUNTEERS FOR EXAMINATION PREPARATION

SEC. 4. Section 4(f) is amended by adding at the end thereof the following new paragraphs:

"(4) Notwithstanding the provisions of part III of title 5, United States Code, or 31 U.S.C. § 665(b), for purposes of preparing any examination for an amateur station operator license, the Commission may accept and employ the voluntary and uncompensated services of any individual who holds an amateur station operator license of an equal or higher class than the class license for which the examination is being prepared. Any person who provides voluntary and uncompensated services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.

"(5) Notwithstanding the provisions of part III of title 5, United States Code, or 31 U.S.C. § 665(b), for purposes of administering any examination for any amateur station operator license, the Commission may accept and employ the voluntary and uncompensated services of any individual who holds an amateur station operator license of an equal or higher class than the class license for which the examination is being conducted. Any person who provides voluntary and uncompensated services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.

"(6) For purposes of monitoring any violation of any provision of this Act, and of any regulation made by the commission pursuant to this Act, relating to the amateur radio service, the Commission, notwithstanding any provisions of part III of title 5, United States Code, or 31 U.S.C. § 665(b), may—

"(A) recruit and train any individual licensed by the Commission to operate an amateur station; and

"(B) accept and employ the voluntary and uncompensated services of such individual.

For purposes of recruiting and training such individual, the Commission may also accept and employ the voluntary and uncompensated services of any amateur station operator organization. Any person who provides voluntary and uncompensated services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.".

POLICY REGARDING NATIONAL SECURITY AND EMERGENCY PREPAREDNESS

Sec. 5. Section 4 of the Communications Act is amended by adding the following new subsection:

"(p)(1) For the purpose of obtaining maximum effectiveness from the use of radio and wire communications in connection with national security and emergency preparedness, the Commission shall—

"(A) study all aspects of and foster cooperation and coordination among government agencies and private entities with relation to such use; and

"(B) consult with the President or his designee in matters of policy, rules, and regulations dealing with national security and emergency preparedness in order to make compatible the peacetime regulatory responsibilities of the Commission with the wartime planning responsibilities of the executive branch.

"(2) The Chairman of the Commission shall designate one of the Commissioners to serve as the 'National Security-Emergency Preparedness Commissioner', who shall be responsible to the Commission for all matters regarding national security and emergency preparedness.".

AUTHORIZE REORGANIZATION OF BUREAUS AND OFFICES

Sec. 6. (a) Section 5(b) is amended to read as follows:

"(b) From time to time as the Commission may find necessary, the Commission shall organize its staff into (1) integrated Bureaus to function on the basis of the Commission's principal workload operations, and (2) such other divisional organizations as the Commission may deem necessary. Each such integrated Bureau shall include such legal, engineering, accounting, administrative, clerical, and other personnel as the Commission may determine to be necessary to perform its functions.".

(b)(1) Subsection (d) of such section is redesignated as subsection (c).

(2) Subsection (c)(1) of such section (as so redesignated) is amended by striking "3" and substituting "2".

AUTHORIZE ELIMINATION OF INDIVIDUAL CB LICENSING

Sec. 7. Section 301 is amended by adding the following sentence at the end of the section: "These requirements notwithstanding, the Commission may by rule authorize the operation of radio stations without licenses in the Radio Control or Citizens Band Radio Services, as defined by Commission rule: *Provided, however,* That the operator of any such station shall comply with the provisions of this Act and with applicable Commission rules and regulations under full penalty of law.".

CLARIFICATION OF FCC JURISDICTION OVER ALL RADIO COMMUNICATIONS

Sec. 8. Section 301 of the Communications Act of 1934 (47 U.S.C. 301) is amended to read as follows:

"Sec. 301. It is the purpose of this Act, among other things, to maintain the control of the United States over all the channels of radio transmission; and to provide for the use of such channels, but not the ownership thereof, by persons for limited periods of time, under licenses granted by Federal authority, and no such license shall be construed to create any right, beyond the terms, conditions, and periods of the license. No person shall use or operate any apparatus for the transmission of energy or communications or signals by radio (a) from one place in any State, territory, or possession of the United States or in the District of Columbia to another place in the same State, territory, possession, or district; or (b) from any State, territory, or possession of the United States; (c) from any place in any State, territory, or possession of the United States, or in the District of Columbia, to any place in any foreign country or to any vessel; (d) within any State when the effects of such use extend beyond the borders of said State, or when interference is caused by such use or operation with the transmission of such energy, communications, or signals from within said State to any place beyond its borders, or from any place beyond its borders to any place within said State, or with the transmission or reception of such energy, communications from and to places beyond the borders of said State; (e) upon any vessel or aircraft of the United States; or (f) upon any other mobile stations within the jurisdiction of the United States, except under and in accordance with this Act and with a license in that behalf granted under the provisions of this Act. The requirements of subsection (a) notwithstanding, the Commission may by rule authorize the operation of radio stations without licenses in the Radio Control or Citizens Band Radio Services, as defined by Commission rule. The operator of any such station shall comply with the provisions of this Act and with applicable Commission rules and regulations.".

AUTHORITY TO DELEGATE EQUIPMENT TESTING TO NONGOVERNMENT LABORATORIES

Sec. 9. Section 302(b) is amended by adding the following sentence at the end thereof: "The Commission may delegate its authority to private testing laboratories to determine whether devices capable of emitting radio frequency energy and devices susceptible to interference from radio frequency energy comply with standards governing their interference and susceptibility to same. The private testing laboratory, under such delegated authority, may issue to a manufacturer instruments documenting its devices' compliance with such standards.".

PERMIT ALIENS TO OBTAIN OPERATOR'S LICENSE

Sec. 10. Section 303(l)(1) of the Communications Act is amended to read as follows:

"(l)(1) Have the authority to prescribe the qualifications of station operators, to classify them according to the duties to be performed, to fix the forms of such licenses, and to issue them to such persons as the Commission finds qualified.".

AUTHORIZES SUSPENSION OF LICENSES OF PERSONS WHO AID AND ABET VIOLATION

Sec. 11. Section 303(m)(1)(A) is amended by inserting "or caused, aided, or abetted the violation of" after "Has violated".

AUTHORIZE TRANSFER OF SOME AIRCRAFT FUNCTIONS AND DUTIES TO OTHER COUNTRIES

Sec. 12. Section 303 is amended by adding at the end thereof the following:

"(t) Notwithstanding the provisions of section 301(e) of this part, when aircraft registered in the United States are operated pursuant to an agreement for lease, charter, or other similar arrangement, the Commission may, by agreement with the country having authority over the aircraft operator who receives the aircraft under such an arrangement, transfer to that country the functions and duties of licensing such aircraft radio stations and radio operators.

"(u) Have authority to intercept wire or radio communications in discharge of its responsibilities in enforcing the Communications Act of 1934, and to disclose or use information thereby obtained. The Commission is further authorized to contract with other Federal agencies for reimbursement for assistance rendered those agencies for safety of life and law enforcement purposes.

"(v) Have authority to require, without further proceeding, temporary cessation of regulated radio frequency transmissions which cause electromagnetic interference to radio communications or electronic equipment, which interference causes imminent danger to the safety of life. Such temporary cessation shall continue until the electromagnetic interference has been eliminated or the imminent danger to the safety of life has passed.".

AMENDMENT TO SECTION 307 TO REVISE LICENSE TERMS AND FOR OTHER PURPOSES

Sec. 13. (a) Section 307(c) is amended to read as follows:

"(c) No license granted for the operation of a television broadcasting station shall be for a longer term than five years and no license so granted for any other class of station (other than a radio broadcasting station) shall be for a longer term than ten years, and any license granted may be revoked as hereinafter provided. Each license granted for the operation of a radio broadcasting station shall be for a term of not to exceed seven years. The term of any license for the operation of any auxiliary broadcast station or equipment that can be used only in conjunction with a primary radio, television, or translator station shall run concurrently with the radio, television, or translator license. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed five years in the case of television broadcasting licenses, for a term of not of exceed seven years in the case of radio broadcasting station licenses, and not to exceed ten years in the case of other licenses, if the Commission finds that the public interest would be served thereby. In order to expedite action on applications for renewal of broadcasting station licenses and in order to avoid needless expense to applicants for such renewals, the Commission

shall not require any such applicant to file any information which previously has been furnished to the Commission or which is not directly material to the considerations that affect the granting or denial of such application, but the Commission may require any new or additional facts it deems necessary to make its findings. Pending any hearing and final decision on such an application, the disposition of any petition for rehearing pursuant to section 405, and the exhaustion of all rights of judicial review, the Commission shall continue such license in effect. Consistently with the foregoing provisions of this subsection, the Commission may by rule prescribe the period or periods for which licenses shall be granted and renewed for particular classes of stations, but the Commission may not adopt or follow any rule which would preclude it, in any case involving a station of a particular class, from granting or renewing a license for a shorter period than that prescribed for stations of such class if, in its judgment, public interest, convenience, or necessity would be served by such action.".

(b) Section 307(d) of such Act is repealed.

(c) Section 307(e) of such Act is redesignated as section 307(d).

TEMPORARY OPERATIONS

SEC. 14. Section 309(f) is amended to read as follows:

"(f) When an application subject to subsection (b) has been filed, the Commission notwithstanding the requirements of such subsection, may, if the grant of such application is otherwise authorized by law and if it finds that there are extraordinary circumstances requiring temporary operations in the public interest and that delay in the institution of such temporary operations would seriously prejudice the public interest, grant a temporary authorization accompanied by a statement of its reasons therefor, to permit such temporary operations for a period not exceeding 180 days, and upon making like findings may extend such temporary authorization for additional periods not to exceed 180 days. When any such grant of a temporary authorization is made, the Commission shall give expeditious treatment to any timely filed petition to deny such application and to any petition for reconsideration of such grant filed under section 405.".

CP WITHDRAWAL AGREEMENTS

SEC. 15. Section 311(c)(3) is amended to read as follows:

"(3) The Commission shall approve the agreement only if it determines the agreement is consistent with the public interest. If the agreement does not contemplate a merger, but contemplates the making of any direct or indirect payment to any party thereto in consideration of his withdrawal of his application, the Commission may determine the agreement to be consistent with the public interest only if the amount or value of such payment is not in excess of the aggregate amount determined by the Commission to have been expended by such applicant in connection with preparing, filing and prosecuting the granting of his application.".

PERMIT FCC TO WAIVE LICENSED OPERATOR REQUIREMENT FOR BROADCAST SERVICES

SEC. 16. Section 318 is amended to read as follows:

"OPERATION OF TRANSMITTING APPARATUS

"SEC. 318. The actual operation of all transmitting apparatus in any radio station for which a station license is required by this Act shall be carried on only by a person holding an operator's license issued hereunder, and no person shall operate any such apparatus in such station except under and in accordance with an operator's license issued to him by the Commission: *Provided, however,* That if it shall find that the public interest will be served thereby, the Commission may waive or modify the foregoing provisions of this section for the operation of any station except (1) stations for which licensed operators are required by international agreement, (2) stations for which licensed operators are required for safety purposes, and (3) stations operated as common carriers on frequencies below thirty thousand kilocycles: *Provided further,* That the Commission shall have power to make special regulations governing the granting of licenses for the use of automatic radio devices and for the operation of such devices.".

AUTHORIZE ELIMINATION OF NONBROADCAST CP'S

SEC. 17. Section 319(d) is amended to read as follows:

"(d) A permit for construction shall not be required for Government stations, amateur stations, mobile stations, public coast stations, privately owned fixed microwave stations or stations licensed to common carriers. With respect to other stations or classes of stations, the Commission may waive the requirement of a permit for construction if it finds that the public interest would be served thereby.".

DELEGATION OF FREQUENCY COORDINATION TO NONGOVERNMENT COMMITTEES

SEC. 18. Title III of the 1934 Act is amended by adding the following at the end thereof:

"SEC. 332. Notwithstanding the provisions of part III of title 5, U.S.C. or 31 U.S.C. §665 (b), the Commission may delegate to non-Federal Government coordinating committees the function of coordinating the assignment of frequencies to stations in the private land mobile and fixed services, as defined by Commission rule. Any person who provides services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.".

REPEAL OF PUBLIC BROADCASTING

SEC. 19. Part IV of title III of the 1934 Act is repealed.

APPEALS

SEC. 20. (a) The first sentence of section 402(b) is amended to read as follows: "(b) Appeals may be taken from decisions and orders of the Commission to the United States Court of Appeals for the judicial circuit in which the petitioner resides or has its principal office or for the District of Columbia Circuit in any of the following cases.".

(b) Section 402(d) is amended to read as follows:

"(d) Upon the filing of any such notice of appeal the appellant shall, within 5 days, notify each person shown by the records of the Commission to be interested in said appeal of the filing and pendency of the same. The Commission shall file with the Court the records upon which the order complained of was entered, as provided in section 2112 of title 28, United States Code.".

(c) Section 405 of the 1934 Act is amended by striking "rehearing" and substituting "reconsideration" wherever it appears.

(d) The final sentence in section 405 is amended to read as follows: "The time within which a petition for review must be filed in a proceeding to which section 402(a) applies, or within which an appeal must be taken under section 402(b) in any case, shall be computed from the date upon which the Commission gives public notice of the order, decision, report, or action complained of.".

EFFECTIVE DATES

SEC. 21. Section 408 is amended to read as follows:

"EFFECTIVE DATES; ORDERS

"Except as otherwise provided in this Act, all orders of the Commission, other than orders for the payment of money, shall take effect thirty calendar days from the date upon which public notice is given of the order, decision, report, or action, unless the Commission designates a different effective date. All such orders shall continue in force for the period of time specified in the order or until the Commission or a court of competent jurisdiction issues a superseding order.".

FORFEITURE PROVISIONS

SEC. 22. Section 503(b)(5) is amended to read as follows:

"(5) No forfeiture liability shall be determined under this subsection against any person, if such person does not hold a license, permit, certificate, or other authorization issued by the Commission, unless, prior to the notice required by paragraph (3) of this subsection or the notice of apparent liability required by paragraph (4) of this subsection, such person (A) is sent a citation of the violation charged; (B) is given a reasonable opportunity for a personal interview with an official of the Commission, at the field office of the Commission which is nearest to such person's place of residence; and (C) subsequently engages in conduct of the type described in such citation. The provisions of this paragraph shall not apply, however, if the person involved is engaging in activities for which a license, permit, certificate, or other authorization is required, or is a cable television system operator. Wherever the requirements of this paragraph are satisfied with respect to a particular person, such person shall not be entitled to receive any additional citation of the violation charged, with respect to any conduct of the type described in the citation sent under this paragraph.".

AUTHORIZE FORFEITURE OF COMMUNICATIONS DEVICES

SEC. 23. The Communications Act of 1934, is amended by adding the following new section 511 to title 5 of the Act:

"FOREFEITURE OF COMMUNICATIONS DEVICES

"SEC. 511. (a) Any electronic, electromagnetic, radio frequency or similar device, or component thereof, used, sent, carried, manufactured, assembled, possessed, offered for sale, sold, or advertised in violation of section 301 or 302 of title 47 of the United States Code or regulations adopted by the Federal Communications Commission pursuant thereto may be seized and forfeited to the United States.

"(b) Any property subject to forfeiture to the United States under this title may be seized by the Attorney General upon process issued pursuant to the Supplemental Rules for Certain Admiralty and Maritime Claims by any district court of the United States having jurisdiction over the property, except that seizure without such process may be made when the seizure is incident to a lawful arrest or search.

"(c) All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of property for violation of the customs laws; the disposition of such property or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this section, insofar as applicable and not inconsistent with the provisions hereof, except that such seizures and forfeitures shall be limited to the communications device, devices, or components thereof.

"(d) Whenever property is forfeited under this section, the Attorney General may forward it to the Federal Communications Commission or sell any forfeited property which is not harmful to the public with the proceeds from any such sale going to the general treasury fund of the United States.".

EXEMPT AMATEUR RADIO COMMUNICATIONS UNDER CERTAIN CIRCUMSTANCES

SEC. 24. Section 605 is amended by striking the last sentence thereof and adding the following: "This section shall not apply to receiving, divulging, publishing, or utilizing

the contents of any radio communication which is transmitted by any station for the use of the general public; or which refers to ships, aircraft, vehicles, or persons in distress; or which is monitored pursuant to section 4(f)(6) and which is received, divulged or used in any investigation or enforcement action by the Commission.".

STATUTORY PROTECTION FOR FCC EMPLOYEES

SEC. 25. Section 1114 of title 18 of the United States Code is amended by inserting immediately before "while engaged in the performance of his official duties" the following: "or any officer or employee of the Federal Communications Commission performing investigative, inspection, or law-enforcement functions".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 26. (a) Sections 302(a), 307(d), 309(a), 310(d), 311(b), 316(a), 317(d), 318, and 319 (d) of the 1934 Act are each amended by striking ", convenience and necessity" after "public interest".

(b) Subsection (n) of section 303 of such Act is amended by inserting ", or which the Commission has by rule authorized to operate without a license,".

(c) Section 304 of such Act is amended by striking "ether" and substituting "electromagnetic spectrum".

(d) Subsection (d)(1) of section 309 of such Act is amended by adding the following at the end thereof: "The Commission may, in its discretion, limit the grounds for a petition to deny an application for a nonbroadcast radio station to allegations of electromagnetic interference.".

(e) Subparagraph (F) of section 309(c)(2) of such Act is repealed.

(f) Section 312 of such Act is amended by adding the following new subsection:

"(f) For the purposes of this Act, the term 'willful' shall mean the conscious and deliberate commission or omission of an act, notwithstanding of any intent to violate a statute or regulation. The term 'repeated' shall mean the commission or omission of an act more than one time and, where continuous, for more than one day.".

(g) Section 315(a)(4) of such Act is amended to read as follows:

"(4) bonafide on-the-spot coverage of news events (including but not limited to political conventions and activities incidental thereto);".

(h) The first sentence of section 315(a) of such Act is amended by striking all following the colon, and substituting *"Provided,* That such licensee shall not censor the material broadcast in a use of a broadcasting station within the meaning of this section.".

(i) Subsection (a) of section 319 of such Act is amended by striking "the construction of which is begun or is continued after this Act takes effect".

(j) Subsection (b) of section 325 of such Act is repealed.

(k) Subsection (a) of section 402 of such Act is amended by striking "Public Law 901, Eighty-first Congress, approved December 29, 1950" and substituting "28 U.S.C. 2341–2351".●

By Mr. EAST:

S. 1792. A bill to amend subchapter II of chapter 5, United States Code, to provide that a Federal agency may not require any person to maintain records for a period in excess of 3 years and may not commence an action for collection of a civil fine for any violation of a rule after 3 years from the date of the act to which such violation relates, and for other purposes; to the Committee on Governmental Affairs.

FEDERAL RECORDKEEPING AND CIVIL ACTION LIMITATION ACT OF 1981

● Mr. EAST. Mr. President, the Reagan administration is to be congratulated on the progress it has already made in reducing the number of useless and counterproductive Federal regulations. Nevertheless, it is not possible to remove the regulatory burden from our people solely by executive action. Congress, and ultimately the courts, must assist in the effort.

Deregulation will be a complex and time-consuming process in certain cases, but in others it will be relatively simple. The bill that I am introducing today should do much to reduce the burden of Federal recordkeeping on American businesses, and make the regulatory process less arbitrary or open to abuses of discretion.

The bill addresses three areas of concern. First, it would put a 3-year limit on the recordkeeping requirements that Federal agencies can impose on private persons. Second, it would put a 3-year limit on the power of Federal agencies to bring civil actions for nonwillful violations of agency rules. Third, it would bar agencies from applying new interpretations of rules retroactively.

The limitation on Federal recordkeeping requirements is sorely needed, particularly by small businesses that cannot afford the extra clerical help and other resources necessary to keep and maintain detailed records for an indefinite period of time. And right now it is an indefinite period of time we are talking about; there is no statutory limit on the period for which regulatory agencies can compel private persons to keep records.

In the same way, there is presently no statute of limitations for nonwillful violations of Federal rules. This is a serious omission given the inability of most sole proprietors to keep track of, much less comprehend, the volume of complex regulations that emanate from Washington on a daily basis.

I believe that 3 years is an appropriate time limit, both for recordkeeping and for the commencement of civil actions. It is comparable to the period for which citizens must keep old tax records, and to statutes of limitations for nonregulatory civil wrongs.

Moreover, this limitation is not absolute. It will not apply in cases involving dangerous material, fraud, willful violations, or intentional omissions or misstatements of fact. Nor will it prohibit any agency charged with protecting health and safety from requiring that records be kept for a longer period, if doing so is essential to protect the public from serious harm.

Finally, the proposed bar against applying retroactive interpretations of rules against businesses should help make the regulatory process more orderly and predictable. Federal policy is such a significant factor in business decisionmaking today that the health of our economy requires that regulation be as precise as possible.

Mr. President, Woodrow Wilson made the following observation in 1908:

Regulation by commission is not regulation by law, but control according to the discretion of government officials. Such methods of regulation, it may be safely predicted, will sooner or later be completely discredited by experience.

In this instance, at least, Wilson proved a true prophet. Federal regulation, whatever its successes, has been discredited by its excesses. The American people want these excesses curbed. The measure that I am proposing today is a careful, reasonable step toward that end. It will not deprive the public of a single regulatory benefit, but it should provide real relief from the costs and abuses that make these benefits such mixed blessings.●

By Mr. MOYNIHAN:

S. 1793. A bill to amend the Internal Revenue Code to permit a taxpayer to reduce his windfall profit tax liability by 25 percent of the amount of excess profits taxes he has paid State governments; to the Committee on Finance.

FAIR DEAL AMENDMENT OF 1981

● Mr. MOYNIHAN. Mr. President, I am introducing a bill today at the request of the speaker of the New York State Assembly, Stanley Fink. The bill is called the "Fair Deal Amendment." It has been endorsed by the National Conference of State Legislatures.

The bill has two provisions. First, it would authorize any State with a special tax on oil companies to prevent the tax from being passed through to local consumers. New York and Connecticut enacted special gross receipts taxes on oil companies within the past 15 months. Both States made it illegal for companies to shift the taxes to consumers. In both States, Federal judges held that the prohibition against shifting the tax was a form of price control and was unconstitutional. Federal policy is to decontrol prices. Under the supremacy clause, conflicts between Federal and State laws are resolved in favor of the Federal Government.

The "Fair Deal Amendment" is a statement by the Federal Government that it does not object if a State wishes to prevent special oil taxes from being passed through to consumers. That is the State's business. A State should be free to do as it chooses.

Second, the bill would give any oil company that pays special State taxes a credit, so that the company would not have to pay as much in taxes to the Federal Government. One-fourth of a company's payments could be credited in this fashion. The credit would reduce the company's liability to the Federal Government for taxes on its windfall profit.

The aim is partly to spare the oil companies from some double taxation. It is also to provide a "fair deal" for the oil-consuming States, since there is already an adjustment under the windfall profit tax for severance taxes levied by producing States, but none for taxes imposed by consuming States.

I ask unanimous consent that the following materials be printed in the RECORD: the bill, a resolution adopted by the

National Conference of State Legislatures, and a statement written by Mr. Fink.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1793

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.—This Act shall be cited as the "Fair Deal Amendment of 1981".

SEC. 2. ALLOWANCE OF STATE EXCESS PROFITS TAX ADJUSTMENT.—Section 4987 of the Internal Revenue Code of 1954 (relating to the amount of windfall profit tax on domestic crude oil) is amended by adding at the end thereof the following new subsection—

"(d) TAX REDUCED BY EXCESS PROFITS TAX ADJUSTMENT.—The total amount of tax imposed on a producer of crude oil for any taxable period shall be reduced by the amount of excess profits tax adjustment for that period provided by section 4996(d)."

SEC. 3. EXCESS PROFITS TAX ADJUSTMENT DEFINED.—Section 4996 of such Code (relating to definitions and special rules) is amended by redesignating subsections (d), (e), (f), (g) and (h) as subsections (e), (f), (g), (h) and (i) respectively, and by adding a new subsection (d) as follows—

"(d) EXCESS PROFITS TAX ADJUSTMENT.—For purposes of this chapter—

"(1) IN GENERAL.—The excess profits tax adjustment with respect to any producer of crude oil shall be 25 percent of the excess profits taxes actually paid by such producer during the taxable period.

"(2) EXCESS PROFITS TAX DEFINED.—For purposes of this subsection, the term 'excess profits tax' means a tax—

"(A) imposed by a State with respect to the gross receipts of oil companies, and no other companies, from sales within the State, or

"(B) imposed by a State on a fraction of the total windfall profit of a producer of crude oil, provided the fraction is the total value of the sales of petroleum products by the producer, its parent company and any subsidiaries of the producer or parent company in the State during a stated period, divided by the total value of the sales of petroleum products by the producer, its parent and any subsidiaries of the producer or parent in the United States during the same period.

"(3) NO-PASS-THROUGH CLAUSE PERMITTED.—A State law imposing an excess profits tax may provide that the tax shall be paid by the taxpayer and shall not be included, directly or indirectly, in the sales price of any products sold by the taxpayer to purchasers in the United States.

"(4) LIMITATIONS.—An excess profits tax shall not be taken into account—

"(A) to the extent that the rate thereof exceeds 5 percent, if it is a tax described in paragraph (2)(A) above;

"(B) to the extent that the rate thereof exceeds 10 percent, if it is a tax described in paragraph (2)(B) above; and

"(C) unless the proceeds therefrom are dedicated to energy- or transportation-related purposes, including energy research and development, mass transportation, highway maintenance and other energy-conserving programs, or low- and moderate-income energy assistance."

SEC. 4. EXCESS PROFITS TAXES USED FOR ADJUSTMENT NOT DEDUCTIBLE FROM INCOME TAX.—Part IX of Chapter IB of such Code (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 280D. STATE EXCESS PROFITS TAXES TAKEN AS A CREDIT AGAINST CHAPTER 45 TAXES.—No deduction shall be allowed for State excess profits taxes that are used as the basis for an excess profits tax adjustment under section 4987(d)."

SEC. 5. CONFORMING AMENDMENT.—The table of sections for Part IX of Chapter IB of such Code (relating to items not deductible) is amended by adding at the end thereof the following new item:

"Sec. 280D. State excess profits taxes taken as a credit against Chapter 45 taxes."

SEC. 6. EFFECTIVE DATE.—The amendments made by this Act shall apply to excess profits taxes levied in taxable years ending after February 29, 1980.

RESOLUTION ON "STATE ENERGY TAXATION"

Administrative and Congressional actions to remove price controls on domestic oil and to initiate the deregulation of natural gas prices have increased the importance of energy costs.

Energy costs in all states have increased, although certain states have benefited from this economic change. All states, however, recognize the importance of energy-related revenues as essential in meeting public service needs that are generated by the depletion of a state's energy resources and/or the need to develop public programs to mitigate the effects of rising energy costs.

In addition to the enhanced economic activity that has accompanied the expansion of domestic energy development activities, the producing states have benefited from the increased revenues generated by their severance taxes on oil and gas.

In other states, where government policies and market forces have combined to encourage coal development, state severance taxes on coal have similarly boosted revenues. At the present time, federal policy allows severance tax payments on oil production alone as deductions from the windfall profits tax. Those severance taxes are thus favored over other state energy tax mechanisms that are established in consuming states to meet public needs generated by rising energy costs.

The rapid increases in energy prices have contributed to the economic difficulties of the consuming states. Higher energy bills for homeowners, governments and industrial users, and less discretionary income after paying those bills, have been some of the results of world-market pricing of energy supplies. Some of those states are considering gross receipts taxes on petroleum products sold within their boundaries.

Congress is considering several actions:

1. imposing limits on state energy severance taxes;

2. according gross receipts taxes on energy resources fair and equal treatment with state energy severance taxes.

Congress has not provided significant assistance to either producing or consuming states for the mitigation of current or future impacts of energy resources depletion and energy cost increases.

NCSL therefore resolves to:

1. oppose federal action to limit state energy taxation as it threatens the fundamental sovereignty of states in state tax matters, setting a dangerous precedent for further erosion of a balanced federal system;

2. oppose federal action which would inhibit states' abilities to meet their responsibilities for dealing with current and future social, environmental and economic impacts of energy development and pricing;

3. urge Congress to adopt legislation which would afford fair and equal treatment to state energy severance taxes and state energy gross receipts or excess profits taxes for purposes of federal tax law—such as deductions from the windfall profits tax.

Because NCSL recognizes that energy-related fiscal disparities among states are a legitimate concern of the federal government, NCSL resolves that:

(a) Congress should monitor the relative impact on states of all federal fiscal and energy policies; and

(b) Congress should consider revising formulas for federal assistance to states as a more appropriate response toward ameliorating energy-related state fiscal disparities rather than interfering in state taxing authorities.

A PROPOSAL FOR A "FAIR DEAL" AMENDMENT TO THE "CRUDE OIL WINDFALL PROFIT TAX ACT OF 1980"

The Windfall Profit Tax Act of 1980 was originally put forward by President Carter on April 5, 1979, as a way of recapturing for the American people a portion of the "windfall" that the oil companies would realize as the result of the decontrol of oil prices. At that time Charles Schultze, Chairman of the Council of Economic Advisers, defined windfall profit as "returns that accrue to the owner of an existing investment that arise from events outside his control and that are in excess of the level needed to replace and expand that investment."

The President's proposal called for the revenues from the tax to be channelled into a Special Energy Security Fund, which would be used for research on alternative energy sources, mass transit, and assistance to low-income families burdened with higher energy prices.

The windfall profit tax which was finally signed into law on April 2, 1980, reflected numerous changes but retained the same objective as the original administration proposal—to return to the people some of the increased prices that they would be paying for energy. The Act as finalized did not include the trust fund proposal, but allocated the revenues from the Windfall Profit Tax, for accounting purposes, to a separate account in the Treasury and provided that the funds in this account would be further allocated to subaccounts for specified uses: Income Tax Reductions—60 percent; Low Income Assistance—25 percent (plus two-thirds of any additional net revenues); and, Energy and Transportation Programs—15 percent plus one-third of any additional net revenues).

The final version of the bill included a major inter-regional compromise on the formula for allocating low-income energy assistance. The final formula, in the view of many observers, does not give sufficient weight to the extent to which different regions of the country depend on petroleum products for heating and electricity. Nevertheless, this formula was the result of legislative compromise and any changes would involve shifts that would, at least relatively, benefit some areas at the expense of others.

Two additional major inter-regional issues were raised by Senator Jack Danforth of Missouri during Senate consideration of the bill. One of these dealt with an exemption for oil interests owned by state and local governments, and the other dealt with an amendment which was added to the President's proposal regarding a deduction for state severance taxes. Senator Danforth proposed an amendment capping state severence taxes but this amendment never came to a vote.

The representatives of the producing states argued, successfully, that the profits of the oil companies depended on these states' natural resources and that an adjustment (or deduction) for severance taxes paid to the states was warranted. At the attached statistical analysis indicates, the severance tax adjustment benefits the oil companies significantly in terms of their total tax liability. Moreover, the adjustment results in an immediate sharing of Windfall Profit Tax Revenues with the producing states (in proportion to their oil reserves and their severance tax rates), and allows a state

to increase the share of the Federal revenues it can receive by raising its severance tax rate.

While the rights of the states to levy such taxes can be acknowledged, it must also be recognized that the profits of the oil companies derive not only from the fact that they are able to produce oil, but also from the fact that they are able to sell it. Moreover, the people of the states that are most dependent on oil for home heating and electricity have demonstrated an admirable conservation record, but they will continue to pay for a disproportionate share of the oil company's windfall profit.

Given that the justification for the windfall profit tax was to return to the people a portion of the increased price they would be paying for oil, it therefore appears to be appropriate that the Congress consider a provision whereby the people of this country would have a portion of the windfall profit returned to them in a fair and equitable manner, that helps them meet their energy-related needs in a way that recognizes the diverse needs of the different parts of the country. This would be accomplished by allowing for a "state excess profits tax adjustment" similar to the "severance tax adjustment" which is currently allowed.

Under this proposal, oil companies subject to the Windfall Profit Tax would be allowed to take as a credit against the tax due the Federal government 25 percent of any of the excess profits taxes paid to state governments, if those state taxes meet certain limitations which are set forth in law. This is similar to the standards and limitations set forth for state severance taxes in the current law. The proposed limitations include the following:

a. A maximum rate of five percent if the state tax is levied on gross receipts or a maximum rate of ten percent if the state tax is levied on the portion of the company's windfall profits allocated to the state on the basis of sales. For the severance tax, the current law establishes a maximum of 15 percent.

b. A requirement that the proceeds of the tax would have to be used by the state for specified energy-related purposes as in the President's original proposal for the Federal Windfall Profit Tax revenues.

FISCAL IMPACT OF PROPOSED "FAIR DEAL" AMENDMENT TO THE CRUDE OIL WINDFALL PROFIT TAX ACT

The two attached charts show, for federal fiscal years 1981 and 1982, respectively, what the fiscal impact on the federal government (F), all state governments (S) and the oil companies (O) would be if all 50 states enacted state excess profit taxes at the maximum allowable rate. The tables show total impact for various combinations of maximum tax rates (0 to 15 percent) and credit allowances (0, 25 percent, 50 percent, 75 percent and 100 percent).

Since the bill introduced last year by Senator Moynihan would effectively limit state excess profit taxes to 10 percent and allow the oil companies a 25 percent credit for such taxes against their windfall profit tax liability, the fiscal implications for 1982 are a reduction in the federal government's revenue from $38.2 billion to $36.610 billion (down $1.59 billion), an increase in state revenue of $6.37 billion (if all 50 states enacted excess profit taxes of 10 percent), and an increase in oil company payments from $38.2 billion to $42.98 billion (up $4.78 billion). These figures are based on the Treasury Department's initial estimate of gross windfall profit tax revenues for 1982 and might now be higher because of the price increases resulting from the recent deregulation of oil prices.

The percentage of the $6.37 billion going to an individual state would be the same as the percentage of the oil companies' sales in that state. The revenue going to a particular state would be less than this amount if it imposed an excess profit tax of less than 10 percent.

FISCAL IMPACT OF PROPOSED "FAIR DEAL" AMENDMENT TO THE CRUDE OIL WINDFALL PROFIT TAX ACT

[In billions of dollars. F= Federal Government windfall profit tax revenues. S=Total State government excess profit tax revenues (if all 50 States and Washington, D.C. impose excess profit taxes at maximum allowable rate). O=Total oil company payments: Federal windfall profit tax payment plus total excess profit tax payments to all States and Washington, D.C. (if all States and Washington, D.C. impose excess profit taxes at maximum allowable rate]

Maximum tax rate	Percent credit				
	0	25	50	75	100
FISCAL YEAR 1981					
0 percent:					
F	[1]26.145	26.145	26.145	26.145	26.145
S	0	0	0	0	0
O	26.145	26.145	26.145	26.145	26.145
1 percent:					
F	26.145	26.036	25.927	25.818	25.709
S	.436	.436	.436	.436	.436
O	26.581	26.472	26.363	26.254	26.145
2 percent:					
F	26.145	25.927	25.709	25.491	25.273
S	.872	.872	.872	.872	.872
O	27.017	26.799	26.581	26.363	26.145
3 percent:					
F	26.145	25.818	25.491	25.164	24.837
S	1.308	1.308	1.308	1.308	1.308
O	27.453	26.126	26.799	26.472	26.145
4 percent:					
F	26.145	25.709	25.273	24.837	24.401
S	1.744	1.744	1.744	1.744	1.744
O	27.889	27.453	27.017	26.581	26.145
5 percent:					
F	26.145	25.600	25.055	24.510	23.965
S	2.180	2.180	2.180	2.180	2.180
O	28.325	27.780	27.235	26.690	26.145
6 percent:					
F	26.145	25.491	24.837	24.183	23.529
S	2.616	2.616	2.616	2.616	2.616
O	28.761	28.107	27.453	26.799	26.145
7 percent:					
F	26.145	25.382	24.619	23.856	23.093
S	3.052	3.052	3.052	3.052	3.052
O	29.197	28.434	27.671	26.908	26.145
8 percent:					
F	26.145	25.273	24.401	23.529	22.657
S	3.488	3.488	3.488	3.488	3.488
O	29.633	28.761	27.889	27.017	26.145
9 percent:					
F	26.145	25.164	24.183	23.202	22.221
S	3.924	3.924	3.924	3.924	3.924
O	30.969	29.088	28.107	27.126	26.145
10 percent:					
F	26.145	25.055	23.965	22.875	21.785
S	4.360	4.360	4.360	4.360	4.360
O	30.505	29.415	28.325	27.235	26.145
11 percent:					
F	26.145	24.964	23.747	22.548	21.349
S	4.796	4.796	4.796	4.796	4.796
O	30.941	29.742	28.543	27.344	26.145
12 percent:					
F	26.145	24.837	23.529	22.221	20.913
S	5.232	5.232	5.232	5.232	5.232
O	31.377	30.069	28.761	27.453	26.145
13 percent:					
F	26.145	24.728	23.311	21.894	20.477
S	5.668	5.668	5.668	5.668	5.668
O	31.813	30.396	28.979	27.562	26.145
14 percent:					
F	26.145	24.619	23.093	21.567	20.041
S	6.104	6.104	6.104	6.104	6.104
O	32.249	30.723	29.197	27.671	26.145
15 percent:					
F	26.145	24.510	22.875	21.240	19.605
S	6.540	6.540	6.540	6.540	6.540
O	32.685	31.050	29.415	27.780	26.145
FISCAL YEAR 1982					
0 percent:					
F	38.200	38.200	38.200	38.200	38.200
S	0	0	0	0	0
O	38.200	38.200	38.200	38.200	38.200
1 percent:					
F	38.200	38.041	37.882	37.723	37.563
S	.637	.637	.637	.637	.637
O	38.837	38.658	38.519	38.360	38.200
2 percent:					
F	38.200	37.882	37.564	37.246	36.926
S	1.274	1.274	1.274	1.274	1.274
O	39.474	239.156	38.838	38.520	38.200
3 percent:					
F	38.200	37.723	37.246	36.769	36.289
S	1.911	1.911	1.911	1.911	1.911
O	40.111	39.634	39.157	38.680	38.200
4 percent:					
F	38.200	37.564	36.928	36.292	36.652
S	2.548	2.548	2.548	2.548	2.548
O	40.748	40.112	39.476	38.840	38.200
5 percent:					
F	38.200	37.405	36.610	35.815	35.015
S	3.185	3.185	3.185	3.185	3.185
O	41.385	40.590	39.795	39.000	38.200
6 percent:					
F	38.200	37.246	36.292	35.338	34.378
S	3.822	3.822	3.822	3.822	3.822
O	42.022	41.068	40.114	39.160	38.200
7 percent:					
F	38.200	37.087	35.974	34.861	33.741
S	4.459	4.459	4.459	4.459	4.459
O	42.659	41.546	40.433	39.320	38.200
8 percent:					
F	38.200	36.928	35.656	34.384	33.104
S	5.096	5.096	5.096	5.096	5.096
O	43.296	42.024	40.752	39.480	38.200
9 percent:					
F	38.200	36.769	35.338	33.907	32.467
S	5.733	5.733	5.733	5.733	5.733
O	43.933	42.502	41.071	39.640	38.200
10 percent:					
F	38.200	36.610	35.020	33.430	31.830
S	6.370	6.370	6.370	6.370	6.370
O	44.570	42.980	41.390	49.800	38.200
11 percent:					
F	38.200	36.451	34.702	32.953	31.193
S	7.007	7.007	7.007	7.007	7.007
O	45.207	43.458	41.709	39.900	38.200
12 percent:					
F	38.200	36.292	34.384	32.476	30.556
S	7.644	7.644	7.644	6.644	7.644
O	45.844	43.936	42.028	40.120	38.200

FISCAL IMPACT OF PROPOSED "FAIR DEAL" AMENDMENT TO THE CRUDE OIL WINDFALL PROFIT TAX ACT—Continued

[In billions of dollars. F=Federal Government windfall profit tax revenues. S=Total State government excess profit tax revenues (if all 50 States and Washington, D.C. impose excess profit taxes a maximum allowable rate). O=Total oil company payments: Federal windfall profit tax payment plus total excess profit tax payments to all States and Washington, D.C. (if all States and Washington, D.C. impose excess profit taxes at maximum allowable rate]

Maximum tax rate	Percent credit				
	0	25	50	75	100
13 percent:					
F	38.200	36.133	34.066	31.999	29.919
S	8.281	8.281	8.281	8.281	8.281
O	46.481	44.414	42.347	40.280	38.200
14 percent:					
F	38.200	35.974	33.748	31.522	29.282
S	8.918	8.918	8.918	8.918	8.918
O	47.118	44.892	42.666	40.440	38.200
15 percent:					
F	38.200	35.815	33.430	31.045	28.644
S	9.555	9.555	9.555	9.555	9.555
O	47.755	45.370	42.985	40.600	38.200

[1] $26.145 represents the Treasury Department's estimate of gross windfall profit tax revenues for fiscal year 1981.
[2] $38,200 represents the Treasury Department's estimate of gross windfall profit tax revenues for fiscal year 1982.

Note: Implicit in these calculations is the assumption that the average effective windfall profit tax rate is 60 percent (based on the CBO model for estimating the yield of the windfall profit tax). The calculations also assume that all States impose taxes at the maximum allowable rates

THE EFFECTS OF SECTION 4996(C) SEVERANCE TAX ADJUSTMENT: A CASE STUDY

Oil Company X produces two million barrels of oil a year. One million barrels are Tier 2 oil that it sells for $30.20 per barrel and one million barrels are Tier 3 oil that it sells for $31.55 per barrel.

If there were no severance tax adjustment, the company's windfall profit tax would be calculated as follows:

Type of oil	Number of barrels (millions)	Base price (per barrel)	Removal price (per barrel)	Windfall profit (per barrel)	Total (millions)	Tax rate (percent)	Tax due (millions)
Tier 2	1	$15.20	$30.00	$15	$15	60	$9.0
Tier 3	1	16.55	31.55	15	15	30	4.5
Total				30			13.5

With the current severance tax adjustment, the company's windfall profit would be reduced by the amount of the severance tax on the windfall profit portion of the price of each barrel of oil, assuming the company's oil wells are in a state with a 12.5 percent severance tax.

Type of oil	Windfall profits (millions)	Severance tax rate (percent)	Deductible severance tax	Taxable windfall profits	Rate (percent)	Tax due
Tier 2	$15	12.5	$1,875,000	$13,125,000	60	$7,875,000
Tier 3	15	12.5	1,875,000	13,125,000	30	3,937,500
Total			3,750,000			11,812,500

As a result of the severance tax adjustment, the federal government receives a windfall profit tax payment of $11,812,500 rather than $13,500,000. This represents a reduction of $1,687,500 in revenue to the federal government (which equals the amount of the deduction times the taxpayers effective rate: $3,750,000 times 45 percent).

For Oil Company X, the severance tax adjustment means that its total bill for the windfall profit tax and for state severance taxes is reduced by $1,687,500.

OIL COMPANY X'S PAYMENTS

	Without adjustment	With adjustment
Federal tax	$13,500,000	$11,812,500
State tax	7,718,750	7,718,750
Total tax paid by oil company	21,218,750	19,531,250

However, states are allowed to increase their severance tax rate to as high as 15 percent as long as the same rate is imposed on the "base price" portion of a barrel of oil that is imposed on the "windfall profit" portion of the price of the barrel.

The result is that the state can increase its severance tax rate from 12.5 percent to 15 percent, with the oil companies not having to pay 2.5 percent more per barrel, since the increase is deductible from the companies' "windfall profit" for computation of the federal tax due.

Windfall profits	Severance tax rate (percent)	Deductible severance tax	Taxable windfall profits	Rate (percent)	Tax due
$15 million	15	$2,250,000	$12,750,000	60	$7,650,000
$15 million	15	2,250,000	12,750,000	30	3,825,000
Total		4,500,000			11,475,000

	Total severance tax paid to Louisiana	Total windfall profits tax to the United States	Total tax paid	Total severance tax paid on windfall profits portion
Before increase	$7,718,750	$11,812,500	$19,531,250	$3,750,000
After increase	9,262,500	11,475,000	20,737,500	4,500,000
Increase	1,543,750	337,500	1,206,250	750,000
Percent	20	2.86	6.18	20

The $337,500 reduction in windfall profit tax payments equals the increase in the severance tax on the windfall profit portion of the price of a barrel of oil ($750,000) times the effective federal tax rate (45 percent).

From the oil companies' point of view, the severance tax adjustment means that they do not bear the total cost of the severance tax or of increase in the severance tax.

In fact, even after the state severance tax, in our example, is increased to 15 percent, the total amount paid by the oil company is less than it was at the 12.5 percent severance tax rate with no adjustment.

Rate	Deduction allowed	State tax	Federal tax	Total tax
12.5 percent	No	$7,718,750	$13,500,000	$21,218,750
12.5 percent	Yes	7,718,750	11,812,500	19,718,750
15.0 percent	Yes	9,262,500	11,475,000	20,737,500

By Mr. WALLOP:

S. 1794. A bill to amend the Internal Revenue Code of 1954; to the Committee on Finance.

TECHNICAL AMENDMENT TO ERISA

● Mr. WALLOP. Mr. President, I am introducing a bill which is a technical amendment to the Employee Retirement Income Security Act. When ERISA was adopted in 1974, the act placed restrictions on the use of salary reduction plans. It was felt that there was too much room for abuse by companies using such plans in favor of higher paid employees.

The act did permit tax exempt organizations to continue using their version of the salary reduction plan. Obviously a tax exempt organization cannot utilize a profit sharing plan. Instead, they had developed an alternative arrangement known as money purchase pension plan. The ERISA Amendments of 1978 did not continue the grandfather clause for such plans.

Last year, the Senate did approve legislation to allow the continuation of such plans. The provision was dropped in the conference committee for the sole reason that the Ways and Means Committee had not had an opportunity to hold hearings on the bill. This provision was not opposed by the Treasury Department.

I realize that we are running out of time for this session of the 97th Congress, but would urge that we act on this matter before the end of the year.●

By Mr. GOLDWATER:

S. 1795. A bill to exchange certain land of the Hopi Tribe for certain lands of the Navaho Tribe; to the Select Committee on Indian Affairs.

EXCHANGE OF CERTAIN INDIAN LANDS

● Mr. GOLDWATER. Mr. President, I am introducing today a bill to transfer lands among the Hopi and Navajo Indian Tribes. The bill will allow the Big Mountain Navaho, or Dine people as they call themselves, to stay where they are, and restore relatively equal acreage to the Hopi Tribe from the Navaho Reservation. The bill provides for the automatic exchange of lands between the two tribes to achieve these purposes.

Mr. President, I repeat that the bill itself would result in the exchange of lands. The legislation does not simply authorize further negotiations. There have been negotiations between the tribes for over 100 years without success.

The bill is an exercise by Congress of the power of the United States as trustee of Indian lands and as guardian toward Indian tribes. The bill is intended to meet the best interests of both the Navaho and Hopi Tribes. It would avoid unnecessary disruption of Indian peoples and provide for greater contiguity to the reservations of each tribe. Accordingly, I have confidence in the authority of Congress to enact the bill.

Mr. President, the bill addresses the situation of the Navaho elders and people on Big Mountain, whom I visited in August of 1978 and with whom I have visited during most of my life. The Big Mountain Navaho have probably lived longer in that location than have other members of the tribe in any other location on the reservation. They have lived in complete harmony with the Hopi.

I have known them a long time since I had the trading post over at Navaho Mountain. Their attachment to the Big Mountain area is not something which they acquired in a relatively short time.

At hearings before the Select Committee on Indian Affairs on May 15, 1979, it was indicated that 139 individuals claimed residence in Big Mountain. This is the finding of a special census which the Big Mountain people themselves participated in. It was conducted under contract with the Navajo and Hopi Indian Relocation Commission by the then Big Mountain Committee.

It is my belief that the bill I am introducing today will directly benefit 100 or more of those 139 individuals. There are at least 25 dwellings in the area of Big Mountain that would be transferred by the bill to the Navajo Reservation. There are 4 or more persons to each family unit for a total of 100 or more people.

The old people and families I have visited who live on Big Mountain have lived there as long as I can remember and that goes back most of 70 years. A lot of the legends that these people go by are wrapped up in Big Mountain.

The Big Mountain community has testified that the pine trees on the mountain have strong religious significance to the people, and the plants and herbs which grow on the mountain are necessary for religious ceremonies.

So I believe strongly the Big Mountain people should be allowed to stay where they are. Abbott Sekaquaptewa, Tribal Chairman of the Hopi Tribe, and John Kennedy, Hopi Tribal Counsel, told the Senate Indian Affairs Committee, at a hearing on May 20 of this year, that some residents of Big Mountain have visited the tribal offices of the Hopi Tribe and expressed their concern and fear about their potential relocation. This occurred about 3 years ago. The Hopi Tribal leaders expressed a willingness to exchange Big Mountain lands for other lands, particularly in the Jeddito area.

According to the testimony of Chairman Sekaquaptewa and Mr. Kennedy, there was a second meeting between representatives of the Big Mountain people and Hopi leaders. But the Hopi state they never received a reply from the Navajo Tribe on that proposal.

At the Senate hearings this year, I urged the Hopi leaders to make another effort to conduct negotiations for a land exchange. In response to my request, the Hopi Tribe submitted a new proposal in writing to Chairman Peter MacDonald of the Navajo Tribe in July. A map identifying the potential land exchange areas was delivered to Chairman MacDonald on August 6.

Now, I have written twice to Chairman MacDonald about this proposal urging his serious consideration of it. The Navajo chairman has replied stating that "the matter is being given serious consideration," but to date neither I, nor the Hopi leaders, have received any specific response to the particular segments of the proposal.

Mr. President, the legislation I am submitting is built around the proposal and map initiated by the Hopi leaders. However, the bill is not introduced at the request or with the endorsement of either tribe. I stand ready to amend the bill and adjust the boundaries in the best interests of the people of both tribes once we can get clear indications from each tribe of what alternatives are mutually suitable.

All I ask is that neither tribe close the door. Keep it open. Keep the Big Mountain people where they are now and then resolve the rest of the land dispute as best as possible. This would be a step toward a real solution. By eliminating a major and real source of difficulty, I feel the proposal would then direct the attention of the tribes toward the original lands in dispute.

Mr. President, let me explain that Big Mountain is not exactly what you and I would call a mountain. It is high country. Most of the surrounding land is at an elevation starting over 6,000 feet. And there is a peak at Big Mountain. It is about 7,100 feet high. But the land is more of a slope, gradually inclining from 6,500 feet over a 4-mile area up to 7,100 feet.

Some natural springs, including Big Mountain Spring, are in the proposed exchange area, as are two more windmills.

Mr. President, Congress attempted to start on the Big Mountain problem last year when we enacted Public Law 96–305, giving people on Big Mountain life estate preference over others so that the elders could stay where they are living. However, Roger Lewis, chairman of the Navajo-Hopi Relocation Commission, told our Senate committee at the hearing last May 20, that the Commission had received only one application for a life estate. The Indian people simply do not understand, or do not trust, the life estate feature.

In these circumstances, I feel it is necessary to pursue legislation bringing about the exchange of lands which will solve the Big Mountain matter. I am aware that a Federal mediator is about to undertake an effort to achieve negotiations for a land exchange between the tribes. I encourage his attempt and wish him success. In order to help facilitate his effort, I will not push for action on this legislation until after the next Congress convenes.

But I still feel we must build some

momentum toward a solution. If the negotiations succeed, that is fine. But if they are dragging along, then Congress can move forward with hearings and other action on the bill. This proposal is in the best interests of both tribes and it may be the means of getting them started toward a solution to their overall disputes.

Mr. President, I ask that the text of the bill may appear in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that—

(1) the exchange of land under section 2 (a) is in the best interests of both the Hopi Tribe and the Navajo Tribe, and

(2) in making the exchange of land under section 2 (a), the Congress is exercising the power of the United States as trustee of such lands, as guardian of the interests of the Hopi Tribe, and as guardian of the interests of the Navajo Tribe in order to protect and advance the interests of both the Hopi Tribe and the Navajo Tribe.

SEC. 2. (a) All surface interests of the Hopi Tribe in the land described in subsection (b) are hereby transferred to the Navajo Tribe and all surface interests of the Navajo Tribe in the lands described in subsection (c) are hereby transferred to the Hopi Tribe.

(b) The land described in this subsection is that land within the area indicated on the map described in subsection (d) as land to be traded to the Navajo Tribe and which is also indicated on such map as follows:

Site 17: approximately 32 square miles; Big Mountain Area.

(c) The lands described in this subsection are those lands which the Secretary of the Interior determines to be within the areas indicated on the map described in subsection (d) as lands which are to be returned to the Hopi Tribe and which are also indicated on such map as follows:

Site 1: approximately 4.0 square miles; North of Middle Mesa, QQ 43 SW.

Site 2: approximately 1.4 square miles; John Daw Mesa, QQ 53 SE.

Site 3: approximately 3.5 square miles; Frank Isaac Coal Mines, QQ 54 NW.

Site 4: approximately 3.0 square miles; North of Hard Rocks Wind Mill, QQ 78 SW.

Site 5: approximately 1.3 square miles; Southeast of Little Blackspot Mountain, QQ 78 SE.

Site 6: approximately 0.4 square mile; First Mesa, QQ 102 NW.

Site 7: approximately 0.3 square mile; Polocca Wash, QQ 102 NW.

Site 8: approximately 2.0 square miles; Low Mountain, QQ 102 NE.

Site 9: approximately 1.8 square miles; Jeddito-North, QQ 102 SW.

Site 10: approximately 2.0 square miles; Jeddito-South, QQ 125 NW, NE.

Site 11: approximately 4.2 square miles; White Cone, 125 SE.

Site 12: approximately 1.0 square mile; First Flat Mesa, QQ 125 SW.

Site 13: approximately 0.1 square mile; Second Flat Mesa, QQ 125 SW.

Site 14: approximately 8.0 square miles; Tovar Mesa, QQ 123 SW, SE.

Site 15: approximately 2.3 square miles; Leupp Corridor.

Site 16: approximately 3.5 square miles; West of Garces Mesa, QQ 122 SW.

(d) The map described in this subsection is a map which—

(1) was filed with the Office of Trust Responsibilities of the Bureau of Indian Affairs, in the Department of the Interior, Washington, D.C., on October 30, 1981, and is available for public inspection in such office,

(2) is labeled "Potential Land Exchange Areas",

(3) indicates that such map was drawn by Kevin Mann, and

(4) is dated June 29, 1981.

SEC. 3. For purposes of section 23 of the Act of December 22, 1974 (88 Stat. 1722; 25 U.S.C. 640d–22), as amended—

(1) the exchange of land under section 2 of this Act shall be treated as an exchange of land negotiated and agreed to on the effective date of this Act by the Hopi Tribe and the Navajo Tribe pursuant to authority granted under section 23 of such Act of December 22, 1974, and

(2) any member of—

(A) the Hopi Tribe who, on the date of enactment of this Act, is living on land transferred to the Navajo Tribe by this Act, or

(B) the Navajo Tribe who, on the date of enactment of this Act, is living on land transferred to the Hopi Tribe by this Act, shall be treated as eligible to relocate.

SEC. 4. This Act shall take effect on the date which is 90 days after the date of enactment of this Act.●

By Mr. INOUYE:

S. 1796. A bill to establish the National Academies of Practice; to the Committee on Labor and Human Resources.

NATIONAL ACADEMIES OF PRACTICE

● Mr. INOUYE. Mr. President, today I am introducing legislation to create the National Academies of Practice as the official adviser to the Federal Government on matters relating to the professional practice of health care in our Nation.

My proposal is modeled after that enacted by the Congress in recognizing the distinguished National Academy of Sciences to serve as our official adviser on matters of science and technology. I feel that history has shown that this approach has served us well and in my judgment, the time has now come to provide similar formal recognition for our Nation's health care practitioners.

The National Academies of Practice would be responsible for recognizing those providers who have truly dedicated themselves to the furtherance of high quality health care in our Nation and throughout the world. Membership would indicate due recognition by one's professional colleagues as a truly distinguished practitioner, and as having made a significant and lasting contribution to the practice of one's profession.

I fully expect that this distinguished body will eventually evolve into a truly interdisciplinary forum for addressing the many complex issues surrounding health care delivery.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1796

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following persons:

Theodore H. Blau, Tampa, Florida; Nicholas A. Cummings, San Francisco, California; Gordon F. Derner, Garden City, New York; Ronald Fox, Dayton, Ohio; Herbert Freudenberger, New York, New York; Robert Reiff, San Francisco, California; Max Siegel, Boca Raton, Florida; Joan Willens, Beverly Hills, California; Rogers H. Wright, Long Beach, California; Carl Zimet, Denver, Colorado; and their duly chosen successors, are created a body corporate by the name of the National Academies of Practice (hereafter in this Act referred to as the "Academies").

SEC. 2. The purposes of the Academies shall be to honor persons who have made significant contributions to the practice of applied psychology, dentistry, medicine, nursing, optometry, osteopathy, podiatry, social work, and other health care professions, and to improve the practices in these professions by disseminating information about new techniques and procedures.

SEC. 3. The Academies shall have the power to adopt and amend a constitution, by-laws, rules, and regulations; to choose officers, managers, and agents; to elect new members, without limit as to number; to make contracts; to receive, hold, and transfer real and personal property; to borrow money; to publish a journal and other publications; and to do anything necessary and proper to effect the purposes described in section 2 of this Act.

SEC. 4. The Academies shall hold an annual meeting at any place in the United States.

SEC. 5. Whenever called upon by any department of the Government, the Academies shall investigate and report upon any practice or procedure in the health care professions. The academies shall be reimbursed for the actual expense of such investigations and reports from appropriations made for that purpose.●

ADDITIONAL COSPONSORS

S. 398

At the request of Mr. ARMSTRONG, the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healy Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 1131

At the request of Mr. DANFORTH, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1182

At the request of Mr. NICKLES, the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1182, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act to revise the manner of computing the benefits provided under such act, to provide for certification of physicians eligible to provide medical care to workers covered by such act, to provide for an attorney to serve as the representative of the special fund established under such act, to establish a Benefits Review Board the members of which are appointed by the President, to establish an advisory committee to evaluate the manner in which the provisions of the act are carried out, and for other purposes.

S. 1399

At the request of Mr. DODD, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 1399, a bill to

encourage equitable contracts between sales representatives and their principals.

S. 1609

At the request of Mr. PRESSLER, the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 1609, a bill to amend the Federal Reserve Act to revise provisions relating to the Board of Governors of the Federal Reserve System, and for other purposes.

S. 1675

At the request of Mr. HATFIELD, the Senator from Colorado (Mr. HART), the Senator from Hawaii (Mr. INOUYE), the Senator from Rhode Island (Mr. PELL), and the Senator from Colorado (Mr. ARMSTRONG) were added as cosponsors of S. 1675, a bill to help eliminate world hunger and malnutrition and promote global security.

S. 1686

At the request of Mr. LUGAR, the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 1686, a bill to amend the Federal Reserve Act to provide that deposits of State and local governments will not be subject to reserve requirements, and for other purposes.

SENATE JOINT RESOLUTION 34

At the request of Mr. GOLDWATER, the Senator from Tennessee (Mr. SASSER), the Senator from Nevada (Mr. LAXALT), the Senator from Texas (Mr. TOWER), and the Senator from Georgia (Mr. MATTINGLY) were added as cosponsors to Senate Joint Resolution 34, a joint resolution to provide for the designation annually of "National Patriotism Week."

SENATE CONCURRENT RESOLUTION 33

At the request of Mr. PRESSLER, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of Senate Concurrent Resolution 33, a concurrent resolution disapproving the Federal Trade Commission Trade Regulation Rule relating to the sale of used motor vehicles.

AMENDMENT NO. 591

At the request of Mr. D'AMATO, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Alaska (Mr. MURKOWSKI) were added as cosponsors of amendment No. 591 intended to be proposed to H.R. 4121, a bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATION ACT, 1982

AMENDMENT NO. 620

(Ordered to be printed and to lie on the table.)

Mr. MATTINGLY submitted an amendment intended to be proposed by him to the bill (H.R. 4119) making appropriations for agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will hold a meeting on Monday, November 2, 1981, at 2 p.m., in room 301, Russell Senate Office Building, to receive testimony on S. 807, to reform the laws relating to the provision of Federal assistance in order to simplify and coordinate the management of Federal assistance programs and requirements.

The ranking minority member of the Rules Committee, Senator WENDELL H. FORD, and I have written to all Senate committee chairmen and ranking minority members inviting them to testify or to submit a statement for the record on S. 807. The following is the letter we have sent:

U.S. SENATE,
Washington, D.C., October 27, 1981.

To Chairmen and Ranking Minority Members of Committees of the U.S. Senate:

On October 20, 1981, S. 807, the "Federal Assistance Improvement Act of 1981" was referred to the Committee on Rules and Administration for 20 days for consideration of subsections (c) through (f) of section 1005 of Title I.

Hearings have been scheduled for Monday, November 2, at 2:00 P.M., with mark-up on Friday, November 6, at 9:30 A.M., in Room 301, Russell Senate Office Building.

Briefly, the bill will create new authority for the President to propose consolidations of Federal assistance programs. The provisions of the bill before the Rules Committee govern the consideration of such grant consolidation plans by committees and on the floor of the Senate and the House of Representatives.

The views of committee chairmen and ranking minority members will be of significant benefit to this Committee in considering these provisions, and you are invited to testify on November 2 or to submit a statement for the record.

A brief summary of the provisions of S. 807 which are before the Rules Committee is attached.

Sincerely,

CHARLES MCC. MATHIAS, JR.,
Chairman.

WENDELL H. FORD,
Ranking Minority Member.

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee will meet on Friday, October 30 at 11 a.m. in room 6202 of the Dirksen Senate Office Building to hear testimony from the Honorable Donald Regan, Secretary of the Treasury on matters relating to the second concurrent budget resolution.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be permitted to meet during the session of the Senate on Thursday, October 29, at 10 a.m., to hold a hearing on the oversight of the congressional budget process.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Monday, November 2, at 2 p.m., for the purpose of holding a hearing on S. 807, the Federal Assistance Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Thursday, October 29, to hear testimony on acid rain.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

PROFILE OF A FAMILY TRAGEDY

● Mr. PELL. Mr. President, several weeks ago the Sunday Providence Journal-Bulletin carried a moving story concerning a mother's search for answers in the death of her son, a Navy seaman. On July 27, 1978, Seaman Charles E. Day, Jr., son of Charles and Mary Day of Warwick, R.I., died in the Philadelphia Naval Hospital. Although an autopsy was performed, no conclusive explanation for Seaman Day's untimely death has ever been found.

The Journal-Bulletin article conveys the acute frustration and anguish which Seaman Day's still unexplained death has created for his family. The article is a moving profile of a terrible family tragedy, and I would like to share it with my colleagues. I ask that the article, entitled "A Mother Fights the Navy To Find Out What Killed Her Son," be printed in the RECORD at this point.

The article follows:

A MOTHER FIGHTS THE NAVY TO FIND OUT WHAT KILLED HER SON

(By Christopher Scanlan)

CRANSTON.—The day they buried Seaman Charles E. Day Jr. at St. Ann's Cemetery, a Navy officer gave his mother the American flag that covered the coffin.

Mary Day gave it back to him.

"I love my country, but my country killed my son," Mrs. Day recalls telling the officer. "I don't know how I'm going to prove it, but I'm going to prove it."

Mrs. Day isn't the only one questioning the circumstances of her son's death. Rhode Island's two senators think she has a case. So does Dr. William Q. Sturner, Rhode Island's chief medical examiner. Their support, Mrs. Day has found, isn't enough. Today, three years after her son was buried, she is still fighting to keep that graveside promise.

Seaman Chuck Day was a pudgy 18-year-old in the fall of 1977 when he left for his first overseas assignment at a NATO Base in Naples, Italy. He weighed 190 pounds.

By the time his mother saw him again the following summer, the paunch and chubby cheeks were gone. The young man posing with his mom for a snapshot near Independence Square in Philadelphia is gaunt. It is July 4, 1978, and Chuck Day—then a patient at a Navy hospital in Philadelphia—weighs 136 pounds.

Mrs. Day knew Chuck had been sick in Italy, but she was shocked by his condition. "I saw a skeleton of a boy with a yellow tinge to his skin," she says. "I said, 'My God, what happened?'"

In February, 1978, Chuck had begun vomiting occasionally after meals.

"I don't know what it is, Ma," he said in a call home that month. "I just can't keep my food down."

By May, he was vomiting after almost every meal, often dizzy and down to 151 pounds. In late May, Chuck fainted in a barber's chair. His blood pressure, taken in a military dispensary, was dangerously low, his heartbeat irregular, Navy records show.

A week later, Chuck was given a "GI series," tests of the stomach and intestines. A Navy psychologist also examined him.

"They think it's all in my head," he told his mother over the phone. At his mother's request, Sen. Claiborne Pell tried—unsuccessfully—to get him transferred home for medical treatment.

The vomiting and weight loss continued. At the end of June, Navy doctors ordered him shipped to Philadelphia for "evaluation and treatment." Psychological problems, the doctors felt, were behind the vomiting and he was admitted to a psychiatric ward on June 27.

A week later, on July 5, 1978, a corpsman noticed Day "snorting through his nose in rapid fashion" at about 6 a.m. He assumed Day was having a bad dream. Forty-five minutes later, Chuck Day was found dead in his bed.

Chuck Day was the oldest of Charles and Mary Day's seven children. His father is a truck driver retired on disability after a bad car accident. His mother is a waitress at Smith's Restaurant on Atwells Avenue in Providence. When he enlisted in November, 1976, Chuck was 17, a shy youth with a passion for reading and electronics.

"He was into stereo, radio, TV, electronic games," his mother says, a Mister Fix-it who could look at a schematic diagram and repair an appliance.

But high school bored him. In the 11th grade, Chuck dropped out of Cranston High School East. He passed his high school equivalency tests six months before he began his four-year Navy hitch. But Chuck Day wanted more than that.

"After I get out," he wrote in a letter home two months before he died, "I'm going to go to a college or something that will get me a degree in audio engineering."

Mrs. Day said goodby to her son for the last time on the night of July 4, 1978, at the Navy Hospital in Philadelphia. She and her husband had driven down to spend the weekend with him.

She was crying and Chuck put his arms around her.

It was a fierce hug, the kind he used to give her as a little boy. "I knew I'd never feel that again," she says.

The phone rang the next morning at 7:30 in the Days' modest home in Cranston's Arlington section. There's an American flag on the porch. Chuck's graduation picture from boot camp hangs in the living room.

"I regret to inform you that your son passed away in his sleep," a Navy doctor said. "We think it's a heart attack."

"Oh my God," she shouted into the phone. "I tried to tell you people. Why didn't you take care of him?"

The doctor didn't answer, she says, which made her even angrier. She hung up on him.

About a week later, the hospital called again. Despite an autopsy, the Navy wasn't able to determine the cause of Chuck's death.

"When I heard this I became hysterical," Mrs. Day says. "I mean, a 19-year-old kid dies, they don't know why he died? That's when I called Dr. Sturner."

Mrs. Day didn't know the states medical examiner, except by reputation. "But to me," she said, "he's like a second Quincy." Dr. Sturner listened to her story and told her to have all the autopsy materials sent to the Armed Forces Institute of Pathology in Washington. "I have some friends there," he said. "Perhaps they could find out what caused your son to die."

Mrs. Day knew that fighting the Navy wasn't going to bring her son back, but she was angry.

The weekend she visited her son in Philadelphia, she says, she "begged" his Navy doctor to give her son a cardiogram and chest X-rays. Despite the irregular heartbeat detected after his fainting spell in Italy, her son had never been given a complete cardiological exam.

"The doctor," she says, "kept saying, 'People are on leave. We're short-staffed. It's the holiday weekend. Come July 5, he'll start getting all the tests.' They were never done."

On July 25, 1978, two weeks after Chuck Day was buried, Secretary of the Navy W. Graham Claytor, Jr., wrote the Days offering his "heartfelt condolence." He was member of our Navy family, as well as of your own," Claytor wrote.

Mrs. Day wrote him back: "If he was a member of your family, then why didn't you take good care of him?"

Mrs. Day isn't alone with her complaint. In the last three years, more than 1,400 medical malpractice suits have been filed involving military medical facilities, the Justice Department says. Military malpractice claims have been on the rise dramatically in the last decade, military officials say. They place most of the blame on changes in consumer attitudes that prompted a similar increase in malpractice suits in private medicine.

But the rise in military claims also comes during a peacetime era marked by persistent shortages of physicians, nurses and equipment in the military health care system. Some observers view claims as a measure of more than consumer dissatisfaction.

"Claims against the government are an indication of the quality of medical care," Col. Frank Kiel, an Army lawyer and pathologist, concluded in a 1975 study of medical malpractice claims aganist the Army.

Mrs. Day didn't want sympathy from the Navy. She wanted answers.

She asked Senator Pell for help. On Aug. 14, 1978, on behalf of the parents, Pell requested an official Navy inquiry into the death of Seaman Day.

"I believe they have every right to continue in their search until the cause of death has been found and their anxieties put to rest," Pell wrote. "They believe two possible causes of death to be: 1) malnutrition and 2) microwave radiation poisoning."

Chuck had been tight-lipped about his work in Italy. The only clue they had came the weekend before he died when he mentioned that he had helped install a microwave radar tower at the NATO base.

From news accounts, Mrs. Day knew that some scientists think microwave radiation can lead to cataracts, cancer and heart trouble. Could radiation poisoning have killed her son, she wondered.

Chuck loved to eat, she says, but in Naples, "the food was so bad he and his roommates chipped in to buy a refrigerator" to store favorite items as a precaution against inedible meals on base.

In his letters, he often griped about the food. In one, he asked for a meatball sandwich from Pal's, a neighborhood sandwich shop. "The Italians," he wrote, "can't make a good meatball sandwich."

Could her son have died from lack of proper nutrition?

On Sept. 14, 1978, the Navy Department informed Senator Pell that its Bureau of Medicine and Surgery had looked into the case. The Navy still didn't know how Chuck Day died.

"Officials in the Bureau of Medicine and Surgery have advised," an admiral said, "that there is no evidence that Seaman Day expired because of malnutrition or microwave radiation."

Mrs. Day didn't believe it. "They did something to him," she told herself.

Once again, she asked Senator Pell for help. And now, late at night, after work, she sat at the dining room table and wrote letters. To the hospital in Naples, to his supervisor at the NATO base, to friends of Chuck's whose names she had found in his duffel bag, returned a few weeks after his burial.

"I couldn't give up," she says. "Something didn't sound right. It's an instinct a mother has. I just knew inside they weren't telling the truth."

In November, another letter came, this one from the surgeon general of the Navy. The Navy still didn't know what killed her son.

Despite pressure from Senator Pell, the Navy refused to say what Chuck's job was in Naples. The information was top-secret. They sent his enlistment papers instead. The photocopies were so poor, they are virtually unreadable.

Mrs. Day began to feel she "was on a merry-go-round. I was just going round and round, but I wasn't getting any answers."

The only thing to do now, she decided, was to take her case into federal court and force the Navy to answer her questions. She got in touch with a lawyer. He was excited by the case and wanted Dr. Sturner to evaluate Chuck's medical findings.

Then in December, 1978, came another letter, from the commanding officer of the Navy Hospital in Philadelphia. The final report from the Armed Forces Institute of Pathology had arrived.

"The immediate cause of death," it said, "was fatal cardiac arrythmia secondary to fibromuscular proliferation of intramural coronary arteries."

What it meant, the letter explained, was that Chuck had abnormally narrow coronary arteries in his heart muscle, which hindered the passage of blood feeding the heart and produced a fatally irregular heartbeat.

In January, 1979, Mrs. Day found a letter in the mailbox from her lawyer. It was a copy of Dr. Sturner's report on her son's death.

The medical examiner had reviewed Chuck's medical records and the autopsy report and focused on two elements. Five months after he entered the Navy, Chuck had complained of depression and suicidal tendencies in a visit to the Navy clinic at Great Lakes, Ill., where he was in training. (His mother says Chuck was depressed because his electronics training hadn't come through yet.) The corpsman who saw Chuck that day suggested he read books on self-esteem. Sturner said he should have been sent to a psychiatrist.

The other element was the fainting spell in Naples in May, 1978, when a dangerously low blood pressure level and irregular heartbeat were detected.

Chuck should have been referred to a cardiologist, Sturner said. He wasn't.

"These omissions," Sturner concluded, "in diagnosis and treatment of both conditions are, in my opinion, negligent on the part of medical and paramedical personnel."

For once, Mrs. Day felt she was getting answers. Still, she felt no triumph.

"I proved my point, that Chuckie had been neglected," she recalls, "but I felt terrible." She sat at the dining room table with Dr. Sturner's letter in her hand and she wept.

About a week later, her lawyer called her at work. "I'm sorry, Mrs. Day," she recalls him saying, "but I can't go ahead. You can't sue for your son's death. It's not allowed."

Mrs. Day, who had been fighting the system for six months, was now up against the biggest obstacle of all.

Dependents of military personnel, retired military, even federal prisoners, and their survivors can sue the federal government for alleged medical negligence.

But in 1950, the Supreme Court decided that active-duty military personnel and their survivors could not sue the government for any claims arising out of their military service.

Even if the Days had an airtight case of medical malpractice, it didn't matter. They'd never get it into court.

Mrs. Day called Senator Pell's office for help.

Pell's office investigated and found that the senator would have to file a private bill asking Congress to permit the Days to file suit against the government for the "wrongful death" of their son. "Go ahead," Mrs. Day said.

She also kept after Pell to press the Navy. She wrote Rosalynn Carter for help. "I kept nagging, I guess you could call it," Mrs. Day says. "I wouldn't let it drop."

The nagging paid off. On May 1, 1979, the surgeon general wrote her that he had assigned "a senior medical officer" to investigate her son's case.

Later that month, Mrs. Day received a copy of the investigation from Senator Pell's office. It was limited to a review of Chuck Day's medical records. No one at the Navy hospitals in Philadelphia or Naples was questioned about the case.

Nonetheless, the report concluded, "There is no evidence of any negligence in diagnosis or treatment. . . ."

Under the section headed "Recommendations," the report said: "Nope."

The Navy had investigated itself and cleared itself.

"I just didn't buy it," Mrs. Day says. "Why didn't they check with anybody in Philadelphia? Why didn't they check further in Naples? It looked like a coverup."

Dr. Sturner doesn't buy it either.

Chuck Day "died with heart problems that could have been diagnosed in life. . . . But they missed it, they didn't refer him and that's negligence," Sturner says. "The military has nicely covered itself here as best they can and put the best face on a situation that they blew."

On July 27, 1979, a year after Chuck Day died, Senate Bill 1596 was introduced and referred to the Judiciary Committee. If it passed, the Days could file suit in U.S. District Court in Rhode Island.

Months passed and the bill got nowhere.

When the Republicans took over the Senate in 1981, Republican Sen. Strom Thurmond of South Carolina replaced Edward Kennedy as chairman of the Judiciary Committee. Mrs. Day wondered if her bill might have a better chance if Republican Sen. John Chafee joined her fight. Chafee agreed and a new private bill was introduced in February, 1981.

Last month, Brad Penney, the aide to Senator Pell who has handled the Days' case from the beginning, called Mrs. Day. He was sorry, he said, but the Judiciary Committee and the Navy were opposed to her private bill. The committee agreed to reconsider it sometime in the next month. But its chances, Pennev says, don't look good at all.

In the eight months that Thurmond has chaired the Judiciary Committee, not one private bill has passed Congress, according to Senator Pell.

The senator firmly believes the Days should get their day in court. "The circumstances of their son's death really are very troubling," he said Thursday. "There's been no real explanation of what happened."

"I'm not giving up," Mrs. Day says.

"If my son died defending our country, I would not do this. But he died under unusual circumstances. They took the life of a 19-year-old boy that could have been God knows what. I've got proof he was neglected, but they won't give me satisfaction. They believe that if I go to court that I'm going to open doors to other lawsuits. Well, dammit, these are men who are protecting our country. Why don't we give them the care they're supposed to get?"

If Mrs. Day loses her fight to sue the government, she hopes to enlist other victims of alleged medical malpractice in a campaign to force Congress to investigate medical negligence in the military.

"There's nothing I can do for my son," she says. "He's gone. But I've got three other boys growing up and there's a lot of mothers' sons out there and Im damned if its going to happen to them."

Mrs. Day hasn't gotten any letters from the Navy lately, except for one that came a few months ago. It was from the Navy recruiting office in Boston and it was addressed to Charles E. Day, Jr.

"Hey shipmate, you proved yourself in the Navy," it said. "And frankly, we want you back."●

THE WELFARE SITUATION AND INTEREST RATES

● Mr. GOLDWATER. Mr. President, recently the publisher of Government Executive magazine, Mr. Bill Borklund, wrote an editorial for the October issue of that publication which I would like to commend to my colleagues for reading. The editorial is titled: "On Welfare Grants and Interest Rates: They're Scratchin' Where It Don't Itch." Mr. Borklund's friend, Fleeta Lamma, from down the ridge in Orkney Springs, Va., is a salt-of-the-earth lady that Bill Borklund listens to often and that is fortunate for all of us. Fleeta has some very cogent and commonsense thoughts about the welfare situation and interest rates and I urge that my colleagues study them.

We should take a very careful look at what kind of a monster we are creating as we try to move responsibility for welfare programs to the States. The States need to participate in a genuine reduction and not just shift programs from one segment of the Government to another.

Mr. President, I ask that the editorial from the Government Executive magazine be printed in the RECORD at this point.

The editorial follows:

ON WELFARE GRANTS AND INTEREST RATES: "THEY'RE SCRATCHIN' WHERE IT DON'T ITCH"

(By C. W. Borklund)

SUPIN LICK RIDGE, VA.—An erudite economist, Alan Reynolds of Polyconomics, Inc., in Morristown, N.J., growled in a newspaper editorial the other day:

"Outlandish interest rates are making it so costly to finance the Government's debt that there is talk of slashing Defense spending and Social Security to make room for more debt service . . . the deficit expands because of high interest rates; yet, high interest rates are supposedly caused by the deficit. A dismal vicious circle—if there were any truth to it."

He pointed out Federal deficits were about as large as today in 1958 and 1971; "ballooned to 4.5 percent of the Gross National Product—twice as large as today—in 1976; but interest rates came down and the economy expanded briskly." In short, he sums up, the Wall Street theory that corporate bond yields are determined by budget deficits has no historical evidence to support it and will do double damage if the Administration caves in to the pressure of it.

If the Administration lets the Federal Reserve Board and the bankers/stock brokers dictate budget policy, he says, they will "unnecessarily reduce needed Defense outlays and support for our senior citizens and do absolutely nothing" in the process "to help the economy strengthen." On the same editorial page as Reynolds, as though endorsing this intellectual fraud being perpetrated in the name of fiscal prudence, a top New York banker insisted, "Nobody believes this budget will ever get balanced. Therefore, interest rates will continue to go up."

Don't you believe it. We'll have an economic crash long before the money lenders have lined their pockets to their satisfaction—led by the people being clobbered hardest, the small businessmen and farmers who make up nearly two-thirds of our economy.

Our friend, Fleeta Lamma, from down the ridge by Orkney Springs summed up the problem best. Said she, in anger and frustration, "They're scratchin' where it don't itch!"

"The poor people who try to do, go bankrupt with these awful interest rates," she added. "And the ones who know they can't do, just go on welfare right at the start." (We confirmed that real world with our friendly neighborhood banker. He told us, "The farmers around here always have had trouble paying on the principal. Now, they can't even pay the interest on their loans.")

"The reason the prisons are fillin' up," claims Fleeta, "is people are gettin' so ill-tempered. Government is makin' dishonest people out of honest people." It would be very easy for here, she points out, to put her truck-garden income in the so-called "underground economy" where payments are in cash or barter to avoid paying sales and income taxes. The only reason she doesn't: "I don't want that argument against me when I see the Lord."

"All these rich people better wake up," she warns, "or pretty soon, with all this interest they're collectin,' they're going to have to take off their fancy clothes and put on their work clothes so they can get busy makin' food stamps and supportin' the people they forced onto welfare."

One example she cites: she owns a handful of stock shares in the local independent telephone company. "They're payin' me twice the interest they paid me a couple years ago. It'd be a lot better for fightin' inflation if they'd just quit raisin' the telephone bill. If they'd do that, they could go back to my old interest rate, far as I'm concerned.

"I just feel so sorry for people tryin' to borrow money. What I have is just a drop in the bucket but I'd be willing to go back to six per cent if it would get us off this rat race and make the world a nice place to live in again. They're blamin' President Reagan but it's not him, it's them. What he needs is that new broom I offered him. To clean house. They got old ideas that didn't work before and won't now. Just look at that welfare mess! Everybody knows old brooms can't sweep as clean as new brooms."

Maybe Presidents don't listen to Fleeta. (She invited Jimmy Carter down to Orkney in 1977, he didn't show, and we all know what happened to him four years later. Now she's offered Ronald Reagan a new broom and he hasn't acknowledged. Look out, Ronald. You're in trouble.) Maybe Congressmen don't listen to Fleeta. But we do. So we went and took another look at "the welfare mess."

And by golly, she's on target about that one, too. With a couple hundred billion at stake there, just all kinds of people are "scratchin' where it don't itch."

Briefly, for background: one of the basic Administration strategies for cutting welfare waste and fraud, getting the well-intended programs down to the local level where they will finally start doing some good at a price the Nation can afford, is block grants to the States.

Already, in consultation with the States (while some Governors have groused to the Media that they haven't been consulted

which in fact translates they don't like some of the packages), the Administration has proposed, as one early step, the consolidation of some 83 Federal programs into six State block grants, cutting the expenditure on those programs 25% in the process.

The six: Health Services (15 programs, $1.14 billion); Preventive Health Services (10 programs, $241.9 million); Social Services (12 programs, $3.8 billion); Energy and Emergency Assistance (2 programs, $1.4 billion); Special Educational Needs (Title I, 11 programs, $3.7 billion) and Improvement of School Resources and Performance (Title II, 33 programs, $565 million.)

The administration wants to do the same thing with income security programs such as Aid to Families with Dependent Children (AFDC) and Medicaid—both of which examples, incidentally, are voluntary programs the States are not compelled to offer. (Hold that thought for a moment.)

The Administration strategy for issuing these block grants is, simply put:

Authorize the purposes of the programs being consolidated; let the States design the programs under those umbrellas, set the line-item priorities and operate the programs—with the additional carrot that any funds saved through efficiency and effectiveness in one line-item can be applied to help the others and not returned to the Treasury.

Impose minimal Federal requirements of insistence at the Federal level only of State adherence to the block-grant program purposes; adherence to public involvement in program design and review; require that States do publicly available audits no less often than once every two years.

One point of the block-grant approach: the 25% spending cuts would have been mandated, anyway. But just an across-the-board chop would have cut muscle as well as fat. Example: On a line-item basis, a State presently would get, say, $50 million for rat control and $50 million for a child-abuse project by decree at the Federal level—when they really needed only, say, $20 million for the rat-control thing, $40 million to combat child abuse. And over in another corner, they were $10 million short on a program to immunize all the State's children from communicable disease.

In short, the multi-billion-dollar Federal welfare programs, run from the ivory tower for the alleged benefit of people the "kings" can't even see, outside the moat, were rife with waste, e.g. money spent that was not justified; by the actual size of the problem; suffered the unnecessary expense of at least two teams, Federal and State, of administrators.

On that issue, the basic Administration idea behind the block grant maneuver was not to reduce Federal spending. As the Administration has made eminently clear by now, that reduction—and more in the future—would have and will happen, anyway. The idea of the block grant was to ease the crunch at State and local level by permitting State-level discretion to re-program the funds to individually specific needs; save a huge bundle in administrative overhead.

Did Congress and the States loudly applaud this obviously sound management ploy? Where were you when the politicians were handed out?

The majority of Congressmen, particularly the "oldtimers" are resisting mightily—especially in the high-visibility areas where the large number of constituency votes are. At least, they believe that. So they're opposed to this block grant notion because it gives them vastly less opportunity to go back home and report/claim, "See what I've done for you."(A whole passle of them persist in the nation that the voters did not announce last November, "Look, you've done too damn much for me already. You're killing me with your kindness.)

And the States want to get kind-of half-pregnant for much the same reason. In a policy statement issued at the recent National Governor's Association annual meeting, they called for "a phased-in reduction of Federal support in the areas of education, law enforcement, and transportation in return for increased Federal responsibility for income security programs, such as AFDC and Medicaid."

In other words, they'll be happy to block-grant tackle the easy ones that nobody notices much, politically; but they want to leave the monkey on the Federal back for the high-ticket programs where they know—as does former California Governor Ronald Reagan—that the taxpayer-voters in the neighborhoods are very well aware waste and fraud, bureaucratic incompetence, stupidity and collusion are a chronic, characteristic way of life.

To this observer, they bring up a point, in effect, of unbalanced logic. If they can handle all those 83 programs the White House has pulled into six basic packages, why can't they handle the big single-issue ones? Then-Governor Ronald Reagan did when he orchestrated a welfare reform program in California. He did it successfully to the point where it became a model for several other States, to avoid State bankruptcy and to demonstrate California could run the welfare programs at least as well—and in fact better—than a remote Federal bureaucracy.

In Reagan's eight years as California Governor, by the way, he testified before Congress only once—in strong opposition to the then-President Nixon's proposal that Congress launch a Federal Family Assistance program. He favored Family Assistance to the needy. What he strongly objected to was the enormous waste and fraud he predicted would flow out of it being a Federally-run program.

We find it hard to understand this philosophic anomaly that States have conjured up. So does President Ronald Reagan. In all these years since his tenure as Governor, he has been consistent: "You (and in his California-Governor years "We") can't have it both ways." Either the States can handle the programs or they can't. The Nation can not afford a dog's dinner of Federal-State program management and procedural contradictions.

And he's no dummy about the root cause of all this debate, either. "If what you want to do is redistribute income, there's no question the Federal Government can do that. But if the question is real welfare reform, then it has to be done at the State level."

It escapes us (but in a political sense, not really) why so many Governors are so anxious not to have the White House give them a compliment. As Fleta said, there's a lot of scratchin' going on where it don't itch.●

LT. COL. JOHN J. SPISAK

● Mr. HARRY F. BYRD, JR. Mr. President, I know that my colleagues are aware of the excellent services provided by the military liaison offices of both the House and the Senate. Liaison officers and staff have given Members of Congress invaluable assistance in such areas as committee work, constituent services, fact-finding trips and protocol.

One of these officers, well-known to many of my colleagues, is Lt. Col. John J. Spisak. Colonel Spisak will retire from the Army Senate Liaison Office on October 30, 1981, after 20 years of exceptional service.

For the last 3 years, Colonel Spisak has served as Deputy Chief of the Liaison Office. Through his efforts, the personal problems of many soldiers and dependents have been resolved. Army policies, such as the change in retirement submission dates and the treatment of women in Army training documents, have been refined and improved under his direction.

Colonel Spisak also has rendered important assistance to many of our legislative aides who work in military legislation, research and casework.

Before coming to the Senate Liaison Office, Colonel Spisak enjoyed a distinguished military career. In war, he risked his life to rescue soldiers pinned down by enemy fire, and was decorated for valor. In peace, he also has been decorated for meritorious service.

We in the Senate, the Army and the Nation owe much to Colonel Spisak. It is a privilege to have this opportunity to honor him, and wish him every success in future endeavors.●

STATE OF ARIZONA MEMORIAL SUPPORTING CENTRAL ARIZONA PROJECT

● Mr. GOLDWATER. Mr. President, I am happy to report that the Arizona Legislature has unanimously adopted a Memorial to Congress urging the Secretary of Interior to continue his support of the central Arizona project and further to approve and expedite the construction of the Tucson Aqueduct. I ask that the text of the Memorial may appear in the RECORD.

The text of the Memorial follows:

(State of Arizona, House of Representatives, Thirty-fifth Legislature, First Special Session 1981)

HOUSE CONCURRENT MEMORIAL 2001

A concurrent Memorial urging the Secretary of the Interior to support the Central Arizona project and approve and expedite the construction of the Tucson Aqueduct.

To the Secretary of the Interior of the United States, the Honorable James Watt:

Your memorialist respectfully represents:

Whereas, it is of the greatest importance to the citizens of the State of Arizona that the Central Arizona Project be completed with as few delays as possible; and

Whereas, the resolution of the groundwater overdraft problem in southern Arizona depends to a significant extent upon the provision of Central Arizona Project water to the area; and

Whereas, this delivery of water cannot occur until the Tucson Aqueduct phase has been completed; and

Whereas, it is therefore essential that construction of the facilities needed to bring Central Arizona Project water to the Tucson metropolitan area be completed as soon as possible; and

Whereas, completion of the facilities needed to bring Central Arizona Project water to the Tucson metropolitan area cannot be accomplished until the size and the location of the terminus of the Tucson Aqueduct have been determined; and

Whereas, completion of the Tucson Aqueduct is contingent upon continued federal funding of the Central Arizona Project. Wherefore, your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

1. That the Secretary of the Interior of the United States continue his support of the Central Arizona Project.

2. That he direct the United States Bureau of Reclamation to determine the size

and the location of the terminus of the Tucson Aqueduct.

3. That construction of the Tucson Aqueduct be completed at the earliest possible time.

4. That the Secretary of State of the State of Arizona transmit a copy of this Memorial to the Secretary of the Interior of the United States and to each Member of the Arizona Congressional Delegation.●

HEALTH CARE: AN ALTERNATIVE APPROACH

● Mr. GRASSLEY. Mr. President, an integral part of President's Reagan's plan to improve the quality of life in the United States is the concept of voluntarism. I fully agree with the President that we ought to encourage individual citizens and groups to do those things for the poor and disadvantaged which Government, with all of its magnificent inefficiencies and waste, has in recent years undertaken.

Government spending on health and medical care has exploded; such expenditures have contributed to a deteriorating economy and caused a decline in the quality of American life. The following article, which appeared in the October 1981, issue of Private Practice, suggests an alternative approach that is both more compassionate and has a greater potential for doing good. I commend this article to my colleagues.

The article follows:

IT'S TIME TO RETURN TO CHARITY MEDICINE

(By Sanford A. Marcus, MD)

No group, perhaps with only an equal nod toward the clergy, has a longer or prouder history of giving freely of its services to the poor than does medicine. My late father, a physician, probably donated half of his services without charge during the great depression of 1929–1933, rendering bills only to those who were able to pay. More important, he never differentiated between patients on the basis of their ability to pay—everyone received the best he could give. I seem to remember that most of his medical contemporaries followed a similar practice, even though there were innumerable concurrent instances of hunger, evictions, unemployment and the other tragedies of depression.

UTOPIAN WORLD OF CHARITY

Then the Utopians took over! Charity, a concept enshrined in all cultures, suddenly became a naughty word. Where the simple act of giving had been on an I-and-thou basis, it now became necessary to cope with a new class of intermediaries, the social workers. Not only did the intrusions of these middle men rob the givers of the satisfaction of giving, but they also established themselves as the agents to be thanked for such largess.

Charity, they proclaimed, had no place in a society as advanced as ours. Poverty could and must be abolished by the redistribution of wealth (under their supervision, of course), the "stigma" of being poor could be eradicated and domestic tranquillity would reign in the land. Generosity and kindness were converted semantically into rights and entitlements; personal charity was elbowed aside as being old-fashioned and degrading to the recipients. The age of the Welfare State had begun.

Prior to that time, medicine was largely an outpatient system, with care being delivered through free clinics run by various charity, church, teaching or community organizations. Even though the quality of a few of the worst of these clinics was abysmally low, the majority of them made a valiant effort to conform to the standards of good medical care of the time. The greatest difference, however, was in the attitudes of the doctors of that period who donated their services to these clinics. In my own community there was competition among young doctors to get on the staffs of the free clinics, and it was a badge of prestige and professional acceptance to be so selected. Customarily, we gave a half-day each week of our time and services.

Then government got into the act and the situation became progressively chaotic. Thousands of experiments and projects were conceived, designed ultimately to transfer the thanks of those who were helped, away from both the doctors and social workers and to confer it on the conspicuously beneficent politicians who (not incidentally) required periodic re-election. Medical charity had become the mother's milk of political power!

The poor—who showed a strange inclination to ignore the scenario by not vanishing, as predicted—were promised that they would be brought into the "mainstream" of American health care. "You can have your own private doctor, just like everyone else," they were told. And broad references were made by the politicians and bureaucrats to the fact that doctors were being paid handsomely to deliver that care. Thus it was that when the bill came due to pay for all these overblown and unattainable promises, the poor had to be dragged, kicking and screaming, away from the bounteous medical smorgasbord that had become, they believed, an entitlement. Sadly and all too often, it was the face of the doctor they saw when care had to be denied.

The upward mobility of traditional poverty groups does not begin to obscure the flood of huddled masses who arrive daily, with or without legal documentation, and who present a major need for medical care. Although the personnel may change, the poor will certainly always be with us. Now that Medicaid is going bankrupt, there is no real plan in place to provide for decent health care for the poor. With charity medicine on its way back anyhow, it is only sensible that we doctors pre-empt the idea voluntarily, rather than wait until it is imposed, with the planners and bureaucrats once again grabbing credit for themselves.

My plan, simply, is that each physician should tithe no more than 10 percent of his time for free service to the poor.

This is not as radical an idea as it may seem. Indeed you may be doing more than that already—unwittingly and certainly not happily. If you doubt this, try these numbers on for size.

MAKE MY GIFT VOLUNTARY

Suppose you presently serve 20 percent of your patients under the Medicaid program. It has been established that the payment for services to these patients has fallen to approximately 38 percent of usual or customary fees nationally. This means that you are receiving only 87.6 percent as payment for treating your entire patient load. Despite this discount of more than 12 percent, your practice overhead and tax profile continue to rise.

After the shift back to charity medicine has begun, it may be necessary for half of that 20 percent Medicaid case load to seek the services of another similarly disposed physician, but consider these advantages both to you and to the patients concerned:

1. Do not believe for a moment that your Medicaid patients are not presently being abased and stigmatized in order to receive benefits under that program. At least under a charity system, the arrangements are personal and private. No paupers' oaths are necessary, and no social workers are present to flex their power to grant or deny access to care.

2. Your free patients would resume the practice of saying "thank you." It is sad but necessary to relate that a substantial number of Medicaid patients have often become the most ungrateful and demanding "consumers" of our services. It has been established that beneficiaries of this program have generated a greater percentage of malpractice lawsuits than has the general population.

3. The "stigmatizing" of the poor simply would not take place, given the gratitude and relief of the average doctor to be out from under the yoke of government. My father and I were rewarded with love, not bootlicking, by the charity patients we treated, and so will you.

4. The decompression of the paper work would be a measure of relief you have not felt for a long, long time.

5. The easing of the tax burden would be enormous, and the pressures on you to conform the rest of your practice to the low Medicaid denominator, both in charges and in quality, would disappear.

6. The present manipulation of the medical profession, based as it often is on accusations of greed and lack of compassion, would ease considerably. Actually much of the present herding of doctors into medical conglomerates is being done with the clear but unspoken intention of compelling them to treat charity patients as a price for continuing their participation in these HMOs and IPAs. Our leverage in retaining many other freedoms and perquisites will be increased greatly if we anticipate and defuse this scheme for imposing mandatory free service.

7. Although the program of returning to charity medicine should provide its own rewards in terms of personal satisfaction, there is no reason why tax benefits for such charitable contribution of time and service could not be considered at a later date by legislators, themselves grateful for having escaped from the debt of their own unfulfilled promises.

8. Your gross income would rise to 90 percent of its potential, instead of the present 87.6 percent, and you would have an additional 10 percent of your time available for gainful productivity, study or even recreation.

9. Take it from someone who has already taken this step, the personal satisfaction is enormous. That 10 percent tithing, in terms of your own feelings about yourself, may be the best step you have ever taken professionally.

PRODIGIOUS PROBLEMS

I am aware that prodigious problems remain in setting up health-care programs for the poor, most of them based on the earlier dismantling of perfectly good institutions and systems that had worked for generations. With the "mainstreaming" of health care for the poor, many satisfactory and usable government and teaching clinic facilities were abolished. Now these must be redeveloped and brought up to the new standards of medical technology. Where private hospitals and facilities are used, the costs to government for the care of the poor must be honestly computed on the basis of value received, rather than on the present razzle-dazzle of plant amortization and teaching program costs, or worse, by the charging of fees for physicians' and students' services that would have been donated free anyhow. Such double-billing of the government for institutional Medicaid care has become a scandal and must be stopped.

Charity is, or should be, a completely private affair. It should never be worn as a badge of virtue. Our profession, by its very nature, has always been accorded this assumption of virtue, based on the traditional willingness of doctors to serve without cost a reasonable number of those who were unable to pay. The time is propitious to rebuild that societal esteem, to undo the consequences of meddling in our traditional territory and to make a lot of people healthy and happy in the process.●

SOUTH CAROLINIAN HEADS TRUCKING ASSOCIATION

● Mr. HOLLINGS. Mr. President, I am pleased and honored to call to the attention of my colleagues the fact that a prominent South Carolinian, Mr. Richard L. Few, is the new national chairman of the American Trucking Association, having been elected last week at the annual convention in Washington.

Mr. Few, who is president of Cooper Motor Lines in Greenville, S.C., has held numerous other industry honors and is a civic leader.

In 1977, he was national president and the following year was chairman of the Common Carrier Conference-Irregular Route, a major affiliate of the ATA. He has also served as president and chairman of the Motor Transportation Association of South Carolina.

In civic affairs, he has been president of the North Greenville Rotary Club, vice president of the Greenville Chamber of Commerce and a member of the board of the Buncombe Street United Methodist Church, of which he and his charming wife, Eoline, are members.

Mr. Few, who served with distinction in the Navy in World War II, has been with Cooper Motor Lines 26 years.

The ATA has chosen well, and I am pleased that Dick Few's accomplishments and abilities have been recognized by his peers in the trucking industry.●

THE FTC IMPROVEMENTS ACT OF 1980

● Mr. KASTEN. Mr. President, the FTC Improvements Act of 1980 contained a new legislative veto provision for trade regulation rules promulgated by the Federal Trade Commission. Under the Improvements Act, the FTC must submit newly-issued rules to Congress for review, and a rule will not take effect if both Houses disapprove the rule by concurrent resolution within 90 days.

I believe the legislative veto is an essential element in our arsenal of weapons for regulatory reform. Along with congressional and executive branch oversight, and requirements for regulatory impact analysis, legislative veto authority provides Congress an important opportunity, if all else fails, to insure that an agency's exercise of its delegated legislative power is consistent with congressional intent. I supported the creation of a legislative veto over rules promulgated by the Consumer Product Safety Commission this year, and I support the efforts to extend legislative veto to other agencies undertaken by Senator SCHMITT and others.

The importance of the legislative veto as a concept makes it especially important that FTC rules submitted under the Improvements Act are considered by the Senate smoothly and efficiently from a procedural point of view. Review of FTC rules under this authority will provide an important illustration of how the veto can work in the context of major regulatory agencies.

For this reason, and because as chairman of the Consumer Subcommittee of the Senate Commerce Committee I have an institutional responsibility to see that the review proceeds smoothly, I have prepared a general "Policy Statement" summarizing the procedures for Senate consideration of FTC rules, based on the Improvements Act and Senate and Commerce Committee rules. This statement has been circulated to other Senate Commerce Committee members, and I think it provides a useful summary of applicable procedural rules. I ask that this statement be printed in the RECORD following my remarks.

Mr. President, the first specific test of the congressional veto over a major rule promulgated by the FTC has already begun. On September 9, 1981, the FTC submitted to the Congress its rule governing sales of used motor vehicles. Disapproval resolutions have been introduced in the House and Senate, and tomorrow morning the Consumer Subcommittee will conduct a hearing on the rule. I look forward to working on the used car rule and to the participation of other Senators in this important matter.

The policy statement follows:

POLICY STATEMENT

(Senate consideration of Federal Trade Commission—trade regulation rules under the FTC Improvements Act of 1980)

Under the FTC Improvements Act of 1980,[1] the Federal Trade Commission is required to submit all newly promulgated trade regulation rules to Congress for review. The Act permits Congress, if both Houses concur, to disapprove or "veto" a proposed rule. This Policy Statement summarizes the procedures for Senate consideration of such rules under this authority.

I. REQUIREMENTS OF THE IMPROVEMENTS ACT

Under the Act, the Federal Trade Commission is required to deliver the proposed rule to each House of the Congress on the same day, and to each House while it is in session. The rule will become effective in accordance with its terms unless, within a period of 90 calendar days of continuous session, both Houses adopt a concurrent resolution disapproving the rule.

The Act provides that a continuous session, for this purpose, is broken only by an adjournment sine die at the end of a legislative session. In addition, days on which either House is not in session because of an adjournment of more than 5 days, such as during a recess period, are not included in computing the 90 calendar day review period. Finally, if an adjournment sine die occurs before the end of the 90 days, and Congress has not acted to disapprove the rule, the Commission is then required to resubmit the rule at the beginning of the next regular session of Congress, when the 90 day review period would begin anew.[2]

Congress, under the Improvements Act, is not authorized to disapprove only a part of a rule, nor is it authorized to re-write the text of the rule. However, if both Houses adopt a concurrent resolution and a rule is disapproved, the law states that the Federal Trade Commission may alter and resubmit the rule for new consideration. The Commission may take this action based on the existing rulemaking record or by obtaining additional evidence through a further notice-and-comment proceeding.

Rules submitted to Congress by the FTC and any disapproval resolution introduced or received from the other House must be referred to the Commerce Committee in the House or Senate, as the case may be.

II. SENATE COMMERCE COMMITTEE PROCEDURES

The Improvements Act does not set particular procedures for Commerce Committee consideration of disapproval resolutions. Existing House or Senate Rules and Committee rules would apply.[3] This Policy Statement will summarize the procedures that the Senate Commerce Committee will use in considering disapproval resolutions referred to the Committee.

In accordance with Senate Commerce Committee procedures, the Chairman of the Committee would decide whether to refer the disapproval resolution to a Subcommittee and, if so, assign the appropriate Subcommittee. If the resolution is not referred to a Subcommittee, the Committee Chairman would decide whether or not to hold a hearing.[4] If the resolution is referred, however, the decision on a hearing would be made by the Subcommittee Chairman.

If a hearing is to be held, the Chairman would announce its schedule at least one week in advance, unless the Committee determines there is good cause to begin the hearing at an earlier date. The announcement would include this information:

1. Date, time and place of the hearing;

2. The Majority and Minority staff assigned;

3. An invitation for interested parties to submit concise written comments explaining why the Congress should or should not disapprove the Commission's rule; and

4. A request that parties with similar interests submit joint written comments.

Concise written comments or other statements and letters received by the Committee in response to the press announcement would be made a part of the hearing record. The customary Committee hearing procedures would otherwise govern the conduct of the hearing.

The Chairman or Subcommittee Chairman may choose to solicit written comments in advance of a hearing, or instead of having a hearing. If written comments are solicited and no hearing is held, concise written comments, statements and letters received would be published as a Committee Print.

The Committee would consider the disapproval resolution in executive session, and report the resolution by majority vote of the Members present or voting by proxy. The Committee's usual rules and procedures governing proxies, quorums, Committee reports and related matters would apply.

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[1] Pub. L. No. 96–252, section 21, 94 Stat. 374 (codified at 15 U.S.C. 57a–1).

[2] If a rule is resubmitted to Congress because an adjournment sine die has interrupted an initial 90 day review period, disapproval resolutions would have to be introduced and acted upon in both Houses during the second review period in order for a rule to be disapproved. Any action by one House to disapprove a rule in the initial period would thus be disregarded.

The Improvements Act provides the specific form for a resolution of disapproval; therefore, only one such resolution need be introduced in each House. The Act also states that if a House adopts a resolution to disapprove a particular rule, no other disapproval resolution may be considered by that House.

[3] The Improvements Act notes that the Congressional review provisions are enacted as an exercise of the rulemaking power of the House and Senate and that they are deemed a part of the Rules of each House. The provisions supercede other House or Senate Rules only to the extent they are inconsistent. In the Senate, Committee procedure is governed by Rule XXVI of the Standing Rules of the Senate.

[4] The Chairman may choose to hold a hearing even if a disapproval resolution is not introduced, but this presumably would not ordinarily occur.

The Committee Chairman would have this Policy Statement printed in the Congressional Record at the beginning of each regular session of Congress, so long as the veto provisions of the Improvements Act remain in effect.[5]

III. DISCHARGE OF THE COMMERCE COMMITTEE AND FLOOR DEBATE

If the Commerce Committee fails to report a disapproval resolution within 75 calendar days of continuous session after referral of the resolution, the Improvements Act provides that it shall be in order to move to discharge the Committee from further consideration of the resolution.

The Act provide specific rules governing floor action in the Senate on motions to discharge. These rules are summarized here:

A motion to discharge the resolution in the Senate may be made only by a Member favoring the concurrent resolution, and such a motion shall be privileged.

Debate on the discharge motion is limited to more than an hour, to be divided equally between those favoring and those opposing the motion.

An amendment to the discharge motion shall not be in order, and it shall not be in order to reconsider the vote by which the motion was agreed to or disagreed to.

Following action on a motion to discharge, the motion may not be renewed, nor may another motion to discharge be made.

When the Commerce Committee has reported, or has been discharged from further consideration of a concurrent resolution, it shall be in order at any time thereafter to move to proceed to the consideration of the resolution, even if a previous motion to the same effect has been disagreed to. The Act also provides that:

This motion shall be privileged and shall not be debatable.

An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

The Improvements Act provides specific rules governing floor debate of the resolution of disapproval:

Debate on the concurrent resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution.

A motion to limit debate further shall not be debatable.

An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to reconsider the vote by which the resolution was agreed to or disagreed to.

Appeals from the decision of the Chair relating to the application of the Rules of the Senate to the procedures governing a concurrent resolution shall be decided without debate.●

[5] The veto provisions of the Act expire on September 30, 1982 unless they are renewed by further legislation.

ANTISEMITISM IN THE SOVIET UNION

● Mr. HEINZ. Mr. President, as my colleagues are well aware, over the past few days I have been placing in the RECORD the testimony of expert witnesses who detailed the continuing reports of anti-Semitic activity in the Soviet Union.

Today I am pleased to submit the statement of Dr. Mark Azbel, a former leader of the refusnik community who was finally allowed to emigrate to Israel in 1977. Dr. Azbel is a chemical engineer and physicist of great eminence and has published over 70 scholarly articles in his field. He was elected as a member of the Chemical Society of England and is on the staff of Tel Aviv University. Dr. Azbel has been in the United States lecturing at the University of Pennsylvania.

As a former refusnik, Dr. Azbel is quite familiar with the problems involved with Jewish emigration from the Soviet Union and the constant subjection of innocent people to KGB harassment. During the hearing Dr. Azbel shared with all who were present his firsthand experience with the brutalities of the Soviet authorities and his fears of a possible return to the repression of the Stalin era.

The testimony follows:

TESTIMONY OF DR. MARK AZBEL

(Former Refusenick Scientist, Now Living in Israel)

Mr. CHAIRMAN: I would say that my testimony regarding Soviet anti-Semitism is my whole life, and my experience is typical of all Jews in the Soviet Union. I was a refusenick for many years. But I was fortunate. I was finally able to emigrate. That has not happened to everyone. So many, like me, who have tried to get exit visas to go to Israel are now in labor camps. Others have been refused emigration permission and are still in the Soviet Union.

My people, the people of the book, are not only illiterate but also silenced. The ones who have no possibility of learning a single Hebrew word or a single Yiddish word are those who now apply for exit visas to Israel.

I had no possibility to learn anything about the Jewish religion, anything about Jewish philosophy or anything about Jewish tradition. There was not even mention in schools of the existence of Israel in the ancient world. Israel is not mentioned in Soviet textbooks or classrooms.

In public school I learned that to be called "jhid" has nothing to do with anti-Semitism, Zionism or anything Jewish. Rather, it is a true racism of the worst kind. Even the kind of Jew who declares himself a Russian, who denies his Judaism, cannot escape this kind of racism.

It is common knowledge in the USSR that during World War II Jews served in large numbers in the military forces opposing the Germans, large numbers served in the Soviet armed forces. It was well known that no Jews ever fought on the side of Hitler in World War II. It is common knowledge in the USSR what happened to Jews in the war.

Nevertheless, in the USSR there is no mention of the Holocaust. It is as if it didn't exist. Many times today Babi Yar was mentioned. But that Nazi tragedy was only one of many such which took place in many places in the USSR. In my native city, Kharkov, the same number of Jews were murdered in the same way as in Babi Yar. There is not mention of the Holocaust at all. None. It is as if it never happened.

The situation changed much for the worse in the beginning of 1958. At that time every Jew knew that some Jews were supposed to be sent to exile in North-eastern Siberia. Some Jews were supposed to be subjected to mass arrests and after the arrests only a fraction of us were supposed to survive. That was the Jewish condition in the last years of the Stalin period.

Up to that point no more than 3 percent of Jews were accepted by universities and academies, including those in Moscow and Leningrad—Petersburg at that time. Now the universities in the Soviet Union are actually "Judenrein". Not a single Jew enters. Zero percent.

But then at the beginning of the 1970's Jews were deprived of their last vestige of pride and protection—their citizenship. The Soviet media, all Soviet books and media, began printing stories of Jews as collaborators with the Nazis during World War II. They said that it was Jews, Zionists, who inspired Hitler, who gave money to Hitler, who encouraged Hitler to invade Russia. It was these Zionists who were responsible for the Holocaust. They say that now these Zionists are going to the United States of America and are working still for an end to the Soviet Union. Now, today, Jews are portrayed by the Soviet government as traitors who betray their motherland. This is something to which, I believe, Westerners can relate and object.

The most tragic thing is the Soviet Union's complete cutoff of Jewish emigration. The arrests of Jews in the Soviet Union are a clear message: Even the most famous will be charged with a specifically Jewish charge. The arrests will mean that everyone, simple Jewish individuals in the Soviet Union, will see the many arrests now and they will have their will to leave the Soviet Union silenced.

That condition is a very grave danger. If the arrests and the fear stop Jewish activist leaders then perhaps within three years Soviet Jews will again become Jews of silence. That is a threat of return to the Stalinist times with all that such a return constitutes including severing relationships with those in the free world, the United States, who are working on behalf of Soviet Jews.

I am very much concerned about these new developments. The current situation looks to me too similar to the situation of the late 1940's and early 1950's.●

THE AWACS SALE

● Mr. BOSCHWITZ. Mr. President, the AWACS vote is over, and the issue was a difficult one. But the Middle East process still remains ahead of us. That, too, is difficult.

Now, it is up to the advocates of the AWACS sale to show it will bring forth all the good things that were promised during the debate. As the Baltimore Sun said in an editorial today:

Egypt and Israel, since the death of President Anwar el Sadat, have made good faith gestures on the integrity of their peace process. What is needed next is Saudi affirmation.

I ask that the article be printed in the RECORD.

The article follows:

AWACS FLIES

The narrow refusal of the Senate to join the House of Representatives in vetoing the largest (in dollars) arms deal of all time is a great tactical victory for President Reagan. He had put his prestige and the nation's on the line in the offer to Saudi Arabia. Both would have been hurt had the majority of senators followed their instincts on the merits of the sale and vetoed it under the provisions of the Arms Export Control Act of 1976.

Once again, Mr. Reagan has taken on his critics in the arena of Congress under the full glare of international publicity, and won. Once again, the president and his staff have confounded their enemies with dazzling skill at congressional arm-twisting. This battle was the first in foreign relations, at which the president's team is less tested and the Senate is battle-scarred. What he promised to Saudi Arabia, it turned out, he could deliver. As he takes up the intractable problems of the Middle East and of oil supply, his authority at home as seen from abroad is enhanced.

Yet Mr. Reagan should have learned a lesson. He cannot take Congress for granted. He cannot afford to subject every foreign affair to this suspense. The heightened interpretation of their constitutional responsi-

bilities that congressmen made in the backlash to Vietnam has not ended. Congressional interference exists, for good or ill, and a president ignores it at peril to his ability to commit the nation to anything. If Mr. Reagan wants to continue getting the consent of the Senate, he had better first ask for its advice.

Mr. Reagan's letter to the Senate yesterday will stand as an important document committing the United States to permanent involvement in the maintenance, security and use of the five Airborne Warning and Control System (AWACS) planes that are to be sold for delivery in four years. The spelled-out details cannot gratify the Saudi royals, whose sensitivities to allegations of incompetence and insecurity played such a role in the drama. Saudi Arabia is not treated, in the letter, as a major, reliable ally.

Even so, reservations about the wisdom of entrusting such highly sophisticated intelligence and command machines to the Saudis remain. The same may be said about the rest of the hardware, which would extend the range and use of Saudi Arabia's F-15s. They may never be used against Israel, but they will certainly never secure the Saudi royal house against its only real threat, which comes from internal forces set loose by oligarchy and modernization. When the late shah succumbed to the ayotallah across the Persian Gulf, it was not for lack of sophisticated U.S. hardware.

At least the hints from Washington and Riyadh of a more constructive Saudi role in the search for Middle East peace in the event of AWACS approval should now be pursued vigorously. Saudi Arabia may be among the more moderate rejectionists of the Camp David peace process, but it is the most effective, by bankrolling the others. Saudi Arabia's support of Egypt would go a long way toward achieving a Palestinian autonomy with which all sides could live.

It is time for President Reagan to collect his debts for AWACS. Saudi Arabia's restraint on world oil prices is only part payment. Egypt and Israel, since the death of President Anwar el Sadat, have made good-faith gestures on the integrity of their peace process. What is needed next is Saudi affirmation.●

ECONOMIC POLICY REQUIRES COMMONSENSE

● Mr. HOLLINGS. Mr. President, two Mondays ago the Director of the Office of Management and Budget, David Stockman, appeared on NBC's "Today" show in order to lay the blame for our Nation's fiscal difficulties at Congress doorstep.

He said that Congress did not give the President everything he had asked for, that Congress did not cut items the President wanted cut and therefore it would be more difficult to attain the balanced budget in 1984 that President Reagan promised.

That, of course, is utter nonsense.

The President asked for a $35 billion cut in spending; we did him $2 billion better and gave him a $37 billion cut. The President asked for a 25-percent tax cut and Congress gave him his 25-percent tax cut. And just yesterday, the President got the AWACS sale he wanted—so much so that we are told he shared confidential material with Senator JEPSEN that he was unwilling to share with FRITZ HOLLINGS and others seriously considering the issues involved.

So, the administration now has its spending cuts, has its tax cuts, and has its arms sale. I say to President Reagan and his administration:

The government is yours. It's your domestic policy. It's your foreign policy. It's your responsibility. Congress is not to blame.

Of course, the administration does have an out. They can blame Paul Volcker and the Federal Reserve for our high interest rates. And when that does not work, they can claim: "At least we're doing something. The Congress and the Democrats got us into this mess and they don't have any solutions or alternatives."

Mr. Stockman said as much in his NBC interview. But where has he been? He obviously has not paid much attention to Congress.

Many of us in the two Houses of Congress have adequately forewarned of the effects of the administration's economic policy and many have proposed workable solutions. Senator BILL BRADLEY and I had a number of proposals that would have led to a balanced budget, as did Senators HART, MOYNIHAN, and others. On the House side it was Congressman MO UDALL, along with Congressmen OBEY and REUSS, who led the way with a true alternative that led us to balanced budgets and responsible government.

But Mr. Stockman will not hear of solutions. His mission is not to better the economy, it is to dismantle the Government. He is delighted with the high projected deficits because it sharpens the budget-cutting knife to eliminate Government.

This week, when he was in one of his typical shirking of responsibility moods, David Stockman said:

We are at the point where Congress is going to have to consider some very tough and very serious action to bring the deficit down.

Mr. Stockman, enough is enough. We in Congress have already taken some very tough and serious action. We gave President Reagan his spending cuts on top of the spending cuts we made last year, when Kemp-Roth was still only a campaign slogan. In the last year we have effectively cut more than $130 billion from the Federal budget over the next 3 years. We have cut away the fat of Government and, if we listen to the administration, we will begin to carve the meat.

In 1984, entitlements such as social security and veterans' benefits will cost the Government $400 billion. Interest on the national debt will be $100 billion. And defense costs, with the President's very tough and serious action. We gave items total $750 billion.

The expected revenues as a result of the administration's extravagant tax cut are only $750 billion. This means we must eliminate the judicial branch, fire FBI agents, close down the Lincoln Memorial and the National Park Service, eliminate the housing and highway programs, and while you are disbanding the Departments of Education and Energy continue right on down the line to Agriculture, Commerce, and so on.

We have at least a $100 billion problem on our hands, David Stockman admitted it himself yesterday. No study commission or cuts to be identified later or small revenue enhancements or midcourse correction will make a dent in the problem. Many of us in Congress know there is a way out. We must impound not spending, but the President's tax cut. No one has spoken with more clarity on this subject than my dear friend from Arizona, Congressman MO UDALL. And, unlike David Stockman, he has a workable solution. He believes, as I do, that we must look to the revenue side of the equation. We must scale back the recently passed tax cut.

Mr. President, I ask that Congressman MORRIS K. UDALL's October 5 speech to the Women's National Democratic Club be printed in the RECORD. His is certainly a voice of reason and commonsense.

The speech follows:

ECONOMIC POLICY REQUIRES COMMONSENSE

On the day after LBJ's inauguration, it was that great patriot, Bill Buckley, who began a column by declaring, "Lyndon Johnson, you have already exhausted my patience."

I learned again on an occasion three years ago that the worst possible subject for a luncheon address is economics. Three years ago, I was standing before this same group, talking about . . . economics. In fact, I was telling you then that the Administration's planners promised either a balanced budget, or a surplus, by 1981.

We have a new Administration today, but still no surplus and still no balanced budget. But our lives and our country's future and our prosperity is riding on a great economic experiment . . . in the words of Senator Howard Baker, "a riverboat gamble."

I want to talk about that gamble because it has wide implications for America and for Democrats in some contests scheduled for 1982 and 1984.

Kemp-Roth-Stockman has been in effect for 4 days and surely it is a bit premature to pass any final or sweeping judgments. But maybe today I can pass on some things that football referees know as preliminary calls. Three months after passage, my preliminary call is a "busted play."

David Stockman is no fool. He now knows that the great goal of a balanced budget in 1984 is in real trouble unless he finds more budget cuts, and fast. If he doesn't, the $42 billion deficit we were promised for this year will double—or worse, triple.

Our bankers and brokers of Wall Street like the Reagan style and they gave him heavy support in 1980. But their verdicts are unemotional and the verdict on Kemp-Roth-Stockman is that it won't work.

Historians will wonder, I think, how a conservative Administration, of the party of Calvin Coolidge, the party that has based its whole case on fiscal responsibilities and close ties with the business community, could have gone so wrong. The Dow-Jones is wobbly and the municipal bond market that helps build schools and hospitals and so much more, is dead in the water. Home building, and home buying, is in shambles. Some 70,000 real estate agents dropped out of the industry in the last three years. More than 2,300 automobile dealers permanently closed their doors in the last 24 months.

Irving Shapiro, chairman of the Dupont Company and one of the leading American business spokesmen, said last February, "Well, Kemp-Roth is political rhetoric. Neither Kemp nor Roth are economists or students of the economy. They're politicians. And they arrived at a formula that had a ring to it, and played it politically and they've milked it. But it ought to be discarded now."

Or, as they say in the computer programming business, "garbage in . . . garbage out."

There's a basic, long accepted rule among economists about something called the tax-cut multiplier. For every $1 tax cut, historic-

ally, you get $2 in economic growth. Federal taxes now comprise 20 percent of the Gross National Product—which means that if you cut taxes by $1, you increase the GNP by $2. And you increase tax revenues by only 40 cents. In all of history in industrialized democracies, the expectation is 2—in rare cases, a little more. But Kemp-Roth is based on an assumption of 5. It's never happened.

Even Rudy Penner of the American Enterprise Institute, the solid GOP think tank, noted, "There is no reason to think a Kemp-Roth cut has 2, 3 or 4 times the power of any other tax cut we've tried."

Even if the Kemp-Roth assumptions are valid, even if this tax cut has a miraculous multiplier of 5, we still would be left with nearly a $130 billion deficit over the next three years. This, I emphasize, is the best case, if all goes well. And most people think the shortfall will go still higher.

Meanwhile, Congressman Jack Kemp, who conned President Reagan and his own party into believing this supply-side economic fairy tale, seems to have given up any effort to make it work. After worshipping at the Altar of Laffer, he gave his advice and now he's moved along to another patent medicine cure-all, the Gold Standard.

Our country has had some huge deficits in its time.

Some of those deficits have come under Democratic Administrations and Democratic Congresses.

But since World War II, we have never had anything on the order of the planned three-year, $130 billion deficit.

If there's anything worse than making an economic speech after lunch, it probably would be to brag on yourself.

But I'm going to do it anyway, because back in 1966, when inflation was running at 1.5 percent, I wrote a newsletter to my constituents warning that the Vietnam buildup and the Great Society programs, without a tax increase, would vex us for years.

I'm sorry to say that I was proved correct.

James Schlesinger, not widely known as a liberal economist or a populist Democrat, said in September that, "the recent tax legislation . . . seems likely to go down in history as the single most irresponsible fiscal action of modern times."

How could intelligent, sincere people go so far wrong? How could they persist in making it worse?

What the Reagan Administration is really trying to do is to cure high blood pressure—inflation—and low blood pressure—stagnation, declining GNP, slow growth—with opposite medicines, given at the same time. It's like having one foot on the accelerator and one foot on the brake. Either the engine burns out, the brakes burn out, or both. The result is the worst of both worlds.

It all goes back to capital.

The most critical essential to growth is our ability to come up with a financial market system which provides enough capital and capital investment. But each year we have a limited pool of dollars.

Colleges and universities need new facilities and students need loans. People want new homes and new cars. Small business needs a hand to expand and to engage in more of the activity that has always produced more new jobs than all the big companies combined.

So what happens?

What does Kemp-Roth-Stockman do to this complicated system of raising and distributing capital? How do the markets allocate this limited pool of capital these days?

Well, for the year just closed out, we spent $75 billion on interest for the national debt. Not to produce something or to grow something or to sell something. Just to pay the interest on a trillion dollar debt.

Now, with these outrageous interest rates, Dave Stockman tells us frankly, and they have budgeted for it, that we'll be paying $80 billion in interest on the national debt in 1982.

So here is your own government . . . elbowing you out of the way.

There isn't enough for state and local schools. Another big chunk is pulled out of the pot for mergers and takeovers, an area in which there is no social benefit. Home builders are dead in the water, because home buyers are dead in the water. And no loans are there for students, car dealers or the rest of us.

I take no satisfaction from these facts. The damage has been done to all the American people, and that's tragic.

But don't make the mistake of thinking that because we've got to pay 15 percent interest for this year's deficit, whether it's $40 billion, $60 billion or $80 billion, that somehow the old part of the national debt gets off at 2 percent or 3 percent interest rates.

There's something called a "rollover."

Part of the debt may be financed at an older interest rate of 3 percent. Another part may be financed at an interest rate of 9 percent. But they come due when they come due, and if the whole bill isn't paid, then the remainder is refinanced at the current rate of 15 percent. Even if the debt is going down, the interest payments are going up.

You go into the market with this year's interest rates and as soon as a few more years pass and the whole thing has come due, we'll be paying huge new amounts of interest just to make payments on the national debt.

Today, we see more and more wealth and power and manufacturing muscle fall under the control of still more and more wealth and power and manufacturing muscle . . . and the Republican Party, which has so long championed competition in the marketplace, likes it that way. Today, we still have an anti-trust division in the Justice Department, but who would know it? And what do these mergers produce? An absence of competition. Bigger dividends for stockholders. Nothing more.

So where does the country . . . where do Democrats go from here?

I would emphasize that I and my fellow Democrats would do well to find no satisfaction in all of this. Second, I would suggest that we must not content ourselves with just complaining.

It is one thing to recognize a mistake. It is quite another to recognize a mistake and do nothing. And the time has come to ask what we all can do. Or, as someone else said last week, "Don't just stand there . . . un-do something."

Let me tell you, first, what we're not going to do:

We're not going to continue high interest rates;

We're not going to promise more defense spending than we can deliver;

We're not going to promise to balance the budget and keep readjusting the timetable; and

We're not going to promise to lift confidence on Wall Street and then push it into a nosedive.

Congressman Dave Obey and Henry Reuss and myself and several other members offered a chance earlier this year to balance the budget. We offered a plan, a blueprint, and it was one that would have worked. We guaranteed the country a balanced budget in 1982—this year—and in 1983. We've now passed the balancing phase where the budget is concerned, but our plan is still workable, and the Udall-Obey-Reuss measure could cut the $60 billion Reagan deficit next year to $15 billion. And it would do it without mirrors or gimmicks or illusions.

If the President and the GOP leadership would throw their chips in with us, we can get the job done. And we can. In an honest way.

We can bring interest rates down.

We can provide real tax reform, not tax cuts financed with borrowed money.

We can close tax loopholes.

We can reduce inflation.

We can win this economic war.

The Democratic Party and the American people can't wait for three years while these mad economic policies prove themselves really unsound. We must move now. We can't wait to watch our capitalistic system in ruins. The first phase of the individual tax cuts went into effect October 1, and logistically, that can't be undone. But we can rescind, or roll back, or postpone or do whatever else is necessary to the remaining Reagan tax cuts, until we can see where we're going and what's going to happen. I fear that we may not have much of an economy left if we do otherwise.

We're running untried tests on human beings with untried medicine.

Where in the name of commonsense did the party that hates borrowing, the Republican Party, accept the notion that you can borrow money to pay for tax cuts, even when the borrowing keeps interest rates high and staggers the rest of the economy?

Where in the name of commonsense did the party that preaches to us about self-reliance, the Republican Party, come up with the notion that to give our older Americans self-reliance, we ought to take some of it away?

Where in the name of common sense, did the party of Theodore Roosevelt, the Great Trust-Buster, get the idea that bigger and bigger conglomerates are better and better?

Where in the name of common sense did the party that said that less government would help end the Depression of the 30s, come to the conclusion that less government would end the inflation of the 80s?

I'm not here to pass any final judgments on Kemp-Roth or on the entire Reagan recovery program. There are a few pieces of this new law that are good, and pieces that Democrats can and do support. It will take more time for solid judgments.

But it is clear now to Wall Street and to nearly every reputable economist that the basic thrust of huge new military expenditures, drastic tax cuts and savage cuts in domestic programs, is unlikely to produce what it promised.

We have an unbalanced program to deal with an unbalanced economy.

In the euphoria of last summer, the Republican Party said that not only was there a free lunch, but we can give you a tax credit for eating it, and that line is fading into the realities of the coming winter.

I do not propose that we refight the battles of the summer of 1981. What I do say is that we face tough choices. The tax and budget bills contain:

Some good things that ought to be saved

Some budget cuts that needed doing

Some awful eggs that can't be unscrambled

And some loopholes that can and should be given a decent burial.

Those of us in the House have come up with one approach.

My friend and colleague in the Senate, Fritz Hollings, has a similar one: Senator Hollings' approach would combine reduced spending with parts of the Udall plan, mainly stemming the oil company giveaways and providing smaller individual tax cuts. It would seek a balanced budget by 1984, and offers a $50 billion deficit as against the Udall plan, which offers a $15 billion deficit.

Both plans represent solid starting points. Both plans seek to cure an unbalanced economy with a balanced program.

I propose that we work with the Republican Party. I propose that together, we be honest with ourselves, that we lay the

groundwork for a serious bipartisan approach to what is wrong with this country.

Adlai Stevenson once said, "Let's talk sense to the American people. Let's tell them the truth, that there are no gains without pain, that we are now on the eve of great decisions, not easy decision. . ."

There is no Democratic United States, no Republican United States, only one country that we both love and that we all must work for.●

ORDERS FOR FRIDAY

ORDER FOR RECESS UNTIL 11 A.M.

Mr. BAKER. Mr. President, the following request has been cleared by the minority:

I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11 a.m. tomorrow, Friday, October 30.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—ORDER OF PROCEDURE TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, following the recognition of the two leaders under the standing order and any special orders and morning business, if provided for, the Senate proceed to the consideration of Calendar No. 349, H.R. 4522, the D.C. appropriations bill.

I also ask unanimous consent that following the disposition of the D.C. appropriations bill, the Senate resume debate on the now pending Agriculture appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING MR. MATTINGLY'S AMENDMENT AS THE PENDING AMENDMENT ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that an amendment at the desk to be offered by the distinguished Senator from Georgia (Mr. MATTINGLY) and to be printed be made the pending amendment at the time the Senate resumes consideration of the agriculture appropriations bill on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR FURTHER MORNING BUSINESS AND FOR RECESS OF THE SENATE

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended for a time sufficient to receive the remarks of the distinguished Senator from Wisconsin and that his remarks in respect to the Agriculture appropriations bill be placed in connection with the consideration of that measure and that the Senate stand in recess in accordance with the order previously entered until the hour of 11 a.m. tomorrow at the conclusion of the remarks by the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the majority leader. I appreciate that very much.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Mr. PROXMIRE'S remarks are printed earlier in the RECORD under proceedings on the Agriculture appropriation bill.)

RECESS UNTIL 11 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 11 a.m. tomorrow.

Accordingly, the Senate, at 5:07 p.m., recessed until Friday, October 30, 1981, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 29, 1981:

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Donald Eugene Santarelli, of Virginia, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1983.

U.S. ADVISORY COMMISSION ON PUBLIC DIPLOMACY

Tom C. Korologos, of Virginia, to be a Member of the U.S. Advisory Commission on Public Diplomacy for a term expiring July 1, 1984.

DEPARTMENT OF STATE

John Dimitri Negroponte, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Honduras.

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Robert C. McEwen, of New York, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Richard J. Cardamone, of New York, to be U.S. circuit judge for the second circuit.

Paul A. Magnuson, of Minnesota, to be U.S. district judge for the district of Minnesota.

Robert D. Potter, of North Carolina, to be U.S. district judge for the western district of North Carolina.

DEPARTMENT OF JUSTICE

Guy Gordon Hurlbutt, of Idaho, to be U.S. attorney for the district of Idaho for the term of 4 years.

William H. Ewing, Jr., of Tennessee, to be U.S. attorney for the western district of Tennessee for the term of 4 years.

Laurence C. Beard, of Oklahoma, to be U.S. Marshal for the eastern district of Oklahoma for the term of 4 years.

DEPARTMENT OF STATE

Foreign Service nominations beginning Richard L. Barnes, to be a Foreign Service officer of class 1, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America, and ending Natalie A. Solar, to be a Foreign Service officer of class 5, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 21, 1981.

Senior Foreign Service members beginning Diego C. Asencio, to be a Career Member of the Senior Foreign Service of the United States of America, class of Career Minister, and ending Daniel P. Serwer, to be a Career Member of the Senior Foreign Service, class of Counselor, and a Consular Officer and Secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 16, 1981.

HOUSE OF REPRESENTATIVES—*Thursday, October 29, 1981*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
October 28, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Thursday, October 29, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We turn to You, O God, with the petitions of our own hearts, imploring Your spirit to grant us Your benediction and Your love. Each of us has expectations and needs and even as we pray for the concerns of our Nation and the world, we ask Your presence and power in our personal lives. We pray that You will grant healing when there is hurt, that You will give peace where there is anxiety, that You will give faith where there is doubt, and always give courage to do what is right and just. We pray this in Your holy name. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SOLOMON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Chair's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 346, nays 12, not voting 75, as follows:

[Roll No. 286]

YEAS—346

Addabbo	Downey	Hughes
Akaka	Dreier	Hunter
Albosta	Duncan	Hutto
Anderson	Dunn	Hyde
Archer	Dwyer	Jeffords
Ashbrook	Dymally	Jeffries
Atkinson	Dyson	Jenkins
AuCoin	Early	Johnston
Badham	Eckart	Jones (OK)
Bafalis	Edwards (AL)	Jones (TN)
Bailey (MO)	Edwards (CA)	Kastenmeier
Bailey (PA)	Edwards (OK)	Kazen
Barnes	Emerson	Kildee
Beard	Emery	Kogovsek
Bedell	English	Kramer
Benedict	Erdahl	Lagomarsino
Benjamin	Erlenborn	Lantos
Bennett	Ertel	Latta
Bereuter	Evans (DE)	Leach
Bethune	Evans (GA)	Leath
Bevill	Evans (IN)	Lee
Biaggi	Fary	Lehman
Bingham	Fascell	Leland
Blanchard	Fenwick	Lent
Bliley	Ferraro	Levitas
Boland	Fiedler	Livingston
Boner	Fields	Loeffler
Bonior	Findley	Long (LA)
Bonker	Fish	Long (MD)
Bouquard	Fithian	Lott
Bowen	Flippo	Lowery (CA)
Brinkley	Foglietta	Lowry (WA)
Brodhead	Foley	Lujan
Brooks	Ford (MI)	Lundine
Broomfield	Ford (TN)	Lungren
Brown (CO)	Frenzel	Madigan
Brown (OH)	Frost	Markey
Broyhill	Fuqua	Marks
Burgener	Gaydos	Marlenee
Burton, John	Gephardt	Marriott
Burton, Phillip	Gibbons	Martin (IL)
Butler	Gingrich	Martin (NC)
Campbell	Glickman	Matsui
Carman	Gonzalez	Mattox
Chappell	Gore	Mazzoli
Chappie	Gradison	McClory
Cheney	Gramm	McCurdy
Clausen	Gray	McDade
Clinger	Green	McEwen
Coats	Gregg	McGrath
Coleman	Grisham	McHugh
Collins (IL)	Guarini	Mica
Collins (TX)	Gunderson	Michel
Conable	Hall (OH)	Mikulski
Conte	Hall, Sam	Miller (CA)
Conyers	Hamilton	Miller (OH)
Coughlin	Hammerschmidt	Mineta
Courter	Hance	Minish
Craig	Hansen (ID)	Mitchell (NY)
Crane, Daniel	Hansen (UT)	Moakley
Crockett	Hartnett	Molinari
D'Amours	Hatcher	Mollohan
Daniel, Dan	Hawkins	Montgomery
Daniel, R. W.	Hefner	Moore
Dannemeyer	Hendon	Moorhead
Daschle	Hertel	Morrison
Daub	Hightower	Mottl
Davis	Hiler	Murphy
de la Garza	Hillis	Murtha
DeNardis	Holland	Myers
Derrick	Hollenbeck	Napier
Derwinski	Holt	Natcher
Dickinson	Hopkins	Nelligan
Dicks	Horton	Nelson
Dixon	Howard	Nichols
Donnelly	Hoyer	Nowak
Dorgan	Hubbard	O'Brien
Dornan	Huckaby	Oakar
Oberstar	Roybal	Tauke
Obey	Rudd	Tauzin
Oxley	Russo	Taylor
Panetta	Sawyer	Thomas
Parris	Scheuer	Traxler
Pashayan	Schneider	Trible
Patman	Schulze	Udall
Patterson	Schumer	Vander Jagt
Paul	Seiberling	Vento
Pease	Sensenbrenner	Volkmer
Perkins	Shamansky	Walgren
Petri	Shannon	Wampler
Peyser	Sharp	Watkins
Pickle	Shaw	Weaver
Porter	Shelby	Weber (OH)
Price	Shumway	Weiss
Pritchard	Shuster	Whitehurst
Pursell	Siljander	Whitley
Quillen	Simon	Whittaker
Railsback	Skelton	Whitten
Rangel	Smith (AL)	Williams (MT)
Ratchford	Smith (IA)	Williams (OH)
Regula	Smith (NE)	Winn
Reuss	Smith (NJ)	Wirth
Rhodes	Smith (OR)	Wolf
Richmond	Smith (PA)	Wolpe
Rinaldo	Snowe	Wortley
Ritter	Snyder	Wright
Roberts (SD)	Solarz	Wyden
Robinson	Spence	Wylie
Rodino	St Germain	Yates
Roe	Stanton	Yatron
Roemer	Staton	Young (FL)
Rogers	Stratton	Young (MO)
Rostenkowski	Studds	Zablocki
Roth	Stump	Zeferetti
Roukema	Swift	
Rousselot	Synar	

NAYS—12

Evans (IA)	Harkin	Schroeder
Forsythe	Heckler	Solomon
Gejdenson	Jacobs	Walker
Goodling	Sabo	Weber (MN)

NOT VOTING—75

Alexander	Dougherty	McCloskey
Andrews	Dowdy	McCollum
Annunzio	Edgar	McDonald
Anthony	Fazio	McKinney
Applegate	Florio	Mitchell (MD)
Aspin	Fountain	Moffett
Barnard	Fowler	Neal
Beilenson	Frank	Ottinger
Boggs	Garcia	Pepper
Bolling	Gilman	Rahall
Breaux	Ginn	Roberts (KS)
Brown (CA)	Goldwater	Rose
Byron	Hagedorn	Rosenthal
Carney	Hall, Ralph	Santini
Chisholm	Heftel	Savage
Clay	Ireland	Skeen
Coelho	Jones (NC)	Stangeland
Corcoran	Kemp	Stark
Coyne, James	Kindness	Stenholm
Coyne, William	LaFalce	Stokes
Crane, Philip	LeBoutillier	Washington
Danielson	Lewis	Waxman
Deckard	Luken	White
Dellums	Martin (NY)	Wilson
Dingell	Mavroules	Young (AK)

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

following titles, in which the concurrence of the House is requested:

S. 167. An act for the relief of Juan Esteban Ramirez;

S. 174. An act for the relief of Friedrich Walter Prey;

S. 175. An act for the relief of Puangpaka Vertrees and Puangtip Vertrees;

S. 191. An act for the relief of Tessie and Enrique Marfori;

S. 215. An act for the relief of Lourie Ann Elder;

S. 220. An act for the relief of Yung Ja Byun, and her children Hye Ja Byun, Hye Sun Byun, Hye Ryung Byun, and Yung Eun Byun;

S. 235. An act for the relief of Hyong Cha Kim Kay;

S. 236. An act for the relief of Peter Chi Hung Kwok, doctor of medicine, and Ping Chi Chau Kwok, husband and wife;

S. 244. An act for the relief of Dr. Joselito Sison Almario, and his wife, Leticia Almario;

S. 266. An act to foster greater coordination and sharing of healthcare resources between the Veterans' Administration and the Department of Defense, and to amend title 38, United States Code, to authorize appropriate coordination and sharing of such health-care resources; and for other purposes;

S. 278. An act for the relief of Hun Sik Sanderson;

S. 280. An act for the relief of Yaeko Howell;

S. 340. An act for the relief of Doctor Herman Sardjono and his wife, Erlanda Sardjono;

S. 367. An act for the relief of Kaun Sheng Fong, also known as Pete K. S. Fong; and Shyr Yuh-Yu Fong, also know as Nancy Fong, his wife; and Sylvia Shueh-Wei Fong, his daughter;

S. 555. An act for the relief of Michael Whitlock;

S. 593. An act for the relief of Rosita N. Pacto;

S. 1093. An act for the relief of Sandra Reyes Pellecer; and

S. 1144. An act for the relief of Maxine Ann Fricioni.

TECHNOLOGY GIVEAWAY

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, there is an offshoot of the AWACS controversy that goes far beyond the question of upsetting the balance of power in the Mideast, important a question as that might be. The issue that has been almost forgotten throughout the debate is the continuing giveaway of U.S. technology by the administration. What is happening is that our country develops at horrendous cost, weapons systems required to enhance our national security and as quickly as they become functional, we begin offering them for sale to other nations.

It is well and good that we sell these sophisticated weapons systems to friendly nations. What we have no assurance of is whether or not those nations can keep those weapons systems secure from groups not friendly to our interests.

The question of security of the AWACS planes within Saudi Arabia has been debated long and hard these last few months and I will not go into that again at this point, although the final word on that subject has yet to be spoken.

There are worse instances. Very quietly at this moment, the Navy is considering a plan to provide Spain with antisubmarine weaponry so new and technologically advanced that it has not yet even been installed on American ships. This system, which cost a fortune to develop, gives the United States a distinct advantage over Russian submarines. To provide it to the Spanish Government where we have no control over security of this vital system, would be to my mind a distinct breach of American security. Yet, as I say, it is under active consideration right now by the Navy.

I think, Mr. Speaker, that it is time that we consider just what the consequences of our actions are when we make promises to share secret and sensitive military hardware with foreign nations. I am today writing the Secretary of the Navy on this matter. I would urge all Members to add their voice to this matter before it is too late.

THE STATISTICS OF REAGANOMICS ARE GRIM

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, the economic program President Reagan borrowed from the Coolidge era is failing its first test and the Americn people are being hurt. No matter how much Republicans spend on their "Leadership That Works for a Change" ad campaign—the American public will not be fooled. They know that unemployment and inflation are rising. They know a recession will not be cured by subsidizing the rich and slashing domestic programs.

The statistics of Reaganomics are grim. Unemployment jumped from 7 percent in July to 7.5 percent in September and will surely rise above 8 percent. Housing starts in September were at the lowest level in more than 5 years. Industrial production declined 0.8 percent in September, the largest drop in 16 months. The year 1981 may have the greatest small business failure rate since 1932, September's CPI reveals we again have double-digit inflation in the midst of a serious recession.

Translating these statistics into human terms, mandates Congress to oppose additional budget cuts. Reaganomics is discredited. We must prevent the Reagan recession from lining our streets this winter with millions of unemployed men and women.

HOUSE SHOULD REJECT SENATE VERSION OF H.R. 4331, NO. 1

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, on October 15, the Senate passed a rewritten version of H.R. 4331, the House-passed bill to restore the minimum social security benefit. On October 16, the Washington Post ran front-page headlines proclaiming: "Senate Votes 95-0 to Retain Minimum Social Security Benefit."

The Post was wrong. The Senate has not restored the minimum benefit, except on a limited basis. The Senate bill eliminates the minimum benefit for all recipients who become eligible for the minimum benefit after November 1. It also establishes the first means test in the history of the social security system in order for the Social Security Administration to deny current recipients of those benefits for which they are, by law, eligible. Under the Senate established means test, current retirees receiving the minimum benefit will have their benefits reduced if they receive a Federal, State, or local pension as low as $3,601 per year—an amount below the Federal poverty line.

Never before under the Social Security Act have a group of workers who have fulfilled the statutory requirements for coverage with payroll contributions been retroactively denied their promised benefits. I think it is up to the House now to reverse this Senate action and maintain this important precedent.

More than the minimum benefit is at stake on H.R. 4331. Stripping social security benefits from Americans who are already guaranteed those benefits by law, or who plan to retire soon based on that guarantee, legitimately raises the fear among millions of others that their benefits will also be subject to the politics of balancing the budget on the backs of social security beneficiaries. This violates the very foundation of the social security system—its nature as a social compact between generations of Americans.

It is vital that we in the House show the American people that we are serious about protecting the social security system. We must uphold the position we took in passing the House version of H.R. 4331.

CONGRATULATIONS TO LOS ANGELES DODGERS

(Mr. ROYBAL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROYBAL. Mr. Speaker, it is with great pleasure that I stand before this House to congratulate my home

team, the Los Angeles Dodgers, for a brilliant comeback effort to win the World Series.

After the first two games in New York, things were looking bleak for my Dodgers, but the three superb games in Los Angeles which I had to the pleasure to attend turned the tide. In those games, the Dodgers showed the kind of determination that only a true world champion will possess. With great pitching, defense, and batting, the Dodgers were able to come from a two-game deficit and take four games in a row from the sputtering Yankees.

I do feel a bit of sorrow this morning for my colleagues from the New York area. It is tough to watch your team start so well, only to falter and become one of the few teams in history to lose four straight after winning the first two in a World Series. I know how it feels, the Dodgers did it in 1978. But this year has been the Dodgers revenge as they reversed the tables on the Yanks, and took their first championship since 1965.

The series was filled with many tense moments and brilliant plays. Ron Cey's amazing catch at third, only to be hit later with a ball traveling 95 miles per hour; Fernando Valenzuela's gutsy performance in game three; the back-to-back homers by Pedro Guerrero and Steve Yeager in game five; and the countless more catches, hits, and plays that showed the brilliance of the Dodgers.

I congratulate the Dodgers on brilliant playing, Tommy Lasorda on brilliant managing, and Los Angeles for having brilliant fans; 1981 was just our year.

NO BALANCED BUDGET IN 1984

(Mr. KOGOVSEK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOGOVSEK. Mr. Speaker, several months ago, the administration admitted that its hopes of a balanced budget for 1982, or even 1983, were gone. At that time, a reaffirmed pledge of balancing the budget by 1984 was issued and that promise has been repeated over and over while we are being asked to cut more from federal programs, many of which have been severely slashed already. But yesterday, David Stockman was quoted as saying the balance objective as symbolized by closing the deficit to zero by 1984 is now seriously behind schedule for a hundred little reasons and no one's particular fault. In other words, no balanced budget in 1984. Instead, Stockman said, the new objective is to bring "the revenue path and the spending path under an expanding economy into balance out there in the 1984 range." Had we not passed a premature and excessive tax cut—parts of which gave away billions to big oil and big business—we might not have to alter our balanced budget objective. We might not have to be considering new revenue enhancements which many economists say are unwise during the recession we are now experiencing. We would not be faced with continuing high interest rates and further slashing of Federal programs. And we would not be counting on Stockman's expanded economy to balance the budget "out there in the 1984 range." We could have done it sooner if spending cuts and tax cuts had been following the same path last summer.

JEFFERSON'S LETTER

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, one of the major tasks of Members of Congress and our staffs is answering constituent mail. It is not a new task. I want to share with my colleagues a portion of a letter which Thomas Jefferson sent to John Adams 160 years ago:

> I do not know how far you may suffer, as I do, under the persecution of letters, of which every mail brings a fresh load. They are letters of inquiry, for the most part, always of good will, sometimes from friends whom I esteem, but much oftener from persons whose names are unknown to me, but written kindly and civilly, and to which, therefore, civility requires answers * * * I happened to turn to my letter-list some time ago, and a curiosity was excited to count those received in a single year. It was the year before the last (1820). I found the number to be one thousand two hundred and sixty-seven, many of them requiring answer or elaborate research, and all to be answered with due attention and consideration. Take an average of this number for a week or a day, and I will repeat the question * * * Is this life? At best it is but the life of a millhorse, who sees no end to his circle but in death. To such a life, that of a cabbage is paradise.

THAT IS NOT WHAT I MEANT AT ALL

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, having worked in the tax field for nearly 10 years, it has been interesting to me to see that about 3 months after Congress passed the largest tax cut in American history, we now hear people in the administration talking about revenue enhancement, that, of course, is really a euphemism for a tax increase.

I just want to point out a couple of simple facts about our economic situation.

One, we have just passed the deepest tax cut in American history, and

Two, we are embarked on the largest military buildup in American history, with any kind of emotional arithmetic you want to use, that combination does not add up to a balanced budget.

We also have a serious mismatch in monetary and fiscal policy. We have high interest rates, and that means retarded economic growth. Retarded economic growth means unemployment. Unemployment means less revenue to the Government. That means higher deficits, which translates into higher interest rates. It is an economic quicksand that just cannot work.

The architects of these policies are going to leave us with the hollow apology of T. S. Eliot, who said, "That is not what I meant at all."

I think it is time for us to get on with the building of a sound and reasonable economic program for this country's future.

SECRETARY OF AGRICULTURE CAUSES WHAT HE COMPLAINS ABOUT

(Mr. WHITTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, we all realize that as a nation and individually we have serious financial problems; we are trying to do something about that.

Fortunately, we do have a rich country in real resources primarily because beginning in the early 1930's we set up the soil conservation programs, which include the Soil Conservation Service, the ACP and reforestation programs.

In 1949 I am proud to have helped initiate the national flood prevention and watershed programs. In 1959 I offered the successful motion to override President Eisenhower's veto of the public works appropriation bill, thereby saving 63 new project starts including the Memphis Harbor program, and the Pascagoula Harbor project, among others.

Mr. Speaker, 27 times out of 27 our committee, supported by the Congress, has overridden the Office of Management and Budget to save the soil conservation programs. Under these cost-share programs, the landowner pays about two-thirds of the cost and the Federal Government pays about one-third.

As a result of these programs, we have constructed 2.5 million water impoundment reservoirs; constructed almost 37 million acres of terraces, and planted over 8 billion trees.

Mr. Speaker, I point these facts out, because today's Washington Post carries a prominent article quoting the Agriculture Secretary John Block as saying that soil erosion in the United States has reached crisis proportions.

He is quoted as saying that erosion is reducing productivity in 1 of every 4

acres now being farmed; that between 50 and 75 million metric tons of annual grain production—half of 1980 exports—would be forfeited; and that erosion on rangeland would cut forage production and reduce meat production by 800 million pounds annually.

Mr. Speaker, while saying this, the Secretary has withdrawn $11 million for watershed and flood prevention programs. He has cut the Agriculture conservation program budget request from $190 million down to $132 million. He has substantially reduced the number of soil technicians and soil scientists and greatly reduced the program, where landowners pay about two-thirds of the cost.

Mr. Speaker, the world's archeological sites are littered with the remains of civilizations that failed to protect their topsoil—we must not permit the Secretary or the Office of Management and Budget to cause that to happen here.

Mr. Speaker, future generations might solve their financial problems but with a wornout land, they would have nothing on which to build.

SOME 1,100,000 AMERICANS CALL FOR REMOVAL OF SECRETARY WATT

(Mr. AuCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AuCOIN. Mr. Speaker, on October 19, I joined with Speaker O'NEILL and other colleagues on the House steps to receive petitions signed by more than a million Americans imploring the Congress to seek the dismissal of Secretary of the Interior James Watt.

In accordance with the rules of the House, I now rise to inform my colleagues that today, on request of the petitioners, I have transmitted a sample of these petitions to the Clerk of the House, gladly making their conveyance to the Congress official.

These petitions clearly demonstrate the alarm many Americans have over the policies of Mr. Watt.

It is one thing to have an honest disagreement with the position of a Cabinet official on a particular issue. The American people will even overlook a certain degree of insensitivity on an issue or two. But the American people will not stand for contempt of our natural heritage and our natural resources.

The people understand that the policies of Secretary Watt are a repudiation of the principle of stewardship of our natural resources.

They understand that Secretary Watt's policies are contrary to the best interests of this country. And that is why 1,100,000 Americans have taken the positive step of petitioning the Congress to bring this administration to its senses.

THE YEAR OF THE VETERAN

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, we in the House Veterans' Affairs Committee feel that this year has been the year of the veteran. The reason I say that is because of the legislation passed, and we have been within the budget limitations.

My colleague and ranking minority member in the House Veterans' Committee, Congressman JOHN PAUL HAMMERSCHMIDT, and myself, are mailing each Member of the House of Representatives a three-page letter of accomplishments, and we are mailing these accomplishments to each Members' office tomorrow here in Washington. We think that if Members have accepted November 11 Veterans' Day speeches, this information will be most helpful on what the Congress has done this year for the veteran.

Also, we would recommend that this information be used in newsletters.

CALL FOR BALANCED BUDGET CONSTITUTIONAL AMENDMENT

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, high interest rates fostered by this administration, the Treasury Secretary, and the Chairman of the Federal Reserve, are playing havoc with this Nation's economy. This administration is doing nothing about lowering interest rates and keeping them down except putting this country in a recession, which will mean more people out of work, lead to a larger budget deficit, the largest in the history of this country in the first full administration year.

Mr. Speaker, there is no hope for a balanced budget from this administration. They give lipservice to it, but they do nothing to bring it about. This administration wants high interest rates to continue. It is the same policy pursued earlier in this century, with disastrous results.

Mr. Speaker, I call upon Members of this House to join me in supporting the constitutional amendment for a balanced budget. It is the only way we will ever get it.

REAGAN ADMINISTRATION'S NEONEW FEDERALISM MEANS HIGHER LOCAL TAXES AND THE END OF THE KEMP-ROTH TAX CUT

(Mr. LEVITAS asked for and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, last week I addressed the House on the brand of new federalism which the Reagan administration is advocating, which I call neonew federalism. I cited Secretary Watts' testimony before our Government Operations Subcommittee as the spokesman for the administration, when he said that their new federalism means raising the local property taxes.

Well, just the very next day there was shocking confirmation of this, and I say to my Republican colleagues that I would be worried about what I read in the Wall Street Journal on October 23 where Under Secretary of the Treasury, Norman Ture said that he urges the States to raise local taxes even if that would subvert the intention of President Reagan's economic recovery program. He said that the resource for the raising of taxes by the local and State governments was the tax cut that we voted earlier this year—and which, incidentally, I supported.

I thought the tax cut was to reduce the tax burden on people. I thought it was to stimulate the economy, but now the administration tells me that it is to be used by State and local governments to raise my taxes and my constituents' taxes again. If that is true, I think it is a deception. I think the American people are going to be outraged, and I suggest that we put a stop to it. Remember the people who pay Federal taxes are the same people who pay local taxes.

Members will remember that we heard the slogan last year, "The Republicans are coming."

Well, they are coming to raise your local taxes.

The SPEAKER pro tempore (Mr. OBERSTAR). The time of the gentleman from Georgia has expired.

SOCIAL SECURITY TRUST FUNDS COULD GO BROKE BY 1984

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, the social security actuaries in a written report this week have warned the Congress that the medicare trust funds, based on the Senate's bill and based on the increased hospital costs this past year, will not have sufficient reserves in the medicare trust fund to pay benefits sometime in late 1983 or at the beginning of 1984. Even with interfund borrowing, if we continue to have the lack of economic growth we have had the past 4 years, all three trust funds could go broke by late 1983 or 1984.

Since this report has been released, hardly a line has appeared in the newspapers about this pending catastrophe, and hardly an eyebrow has been raised in the Congress. This

report by the actuaries is one of the most ominous warnings this House has received on a subject so vital. It is my fervent hope that there is still time to do something about this matter this year, and to do it on a bipartisan basis. But time is running out on us. The House leadership has specifically recommended that no action be taken by my subcommittee until the Senate acts. That is unfortunate.

So, it appears to me that we must hope that the President of the United States will give us leadership in this area so vital to the well-being of our elderly, as well as every family in America. Now that the AWACS issue has been settled, and the President has won, I would hope that he would give the Congress his full support to find an immediate solution to the impasse in the social security field. The problem this country faces in social security is far more important than any other we face or have faced.

If the President can turn the Senate around on an AWACS issue, surely he might give us the same leadership on the social security issue. Admittedly, this is a question that must have the leadership of both the Congress and the President, and I hope and pray that together we might take action this year in some meaningful way so that our elderly citizens will not continually have the daylights scared out of them because of our lack of commitment.

MOTION TO INSTRUCT CONFEREES ON DEFENSE AUTHORIZATION OPPOSED

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, we have been advised that the first item of business, when these very elucidating 1-minute speeches have been concluded, will be a proposal by the gentlewoman from Colorado to instruct the conferees on the Defense authorization bill to accept an amendment by the distinguished Senator from Georgia, Senator NUNN.

Senator NUNN is a very able individual and a good friend of mine. But like most of us, he is not perfect. The amendment he has offered is a good move in the direction of trying to limit cost growth in the Department of Defense, but it does have some flaws in it.

I would like to advise my colleagues that I hope they will reject that proposal because, in fact, the House conferees today will be offering in the conference a modified form of the amendment which will inform us of cost growth, but without including the destructive aspects of the Nunn amendment. The gentleman from Alabama (Mr. DICKINSON) will make a motion to lay the gentlewoman's proposal on the table, and I hope that motion will be unanimously supported.

DRUG ENFORCEMENT ADMINISTRATION BUDGET CUT OPPOSED

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, I had many disappointments with the Carter administration over the subject of crime, and during the campaign I was very much encouraged by much of what I heard from the President about what his administration was going to do in combating crime in this country. The administration, however, has obviously decided to abandon its vigorous efforts to combat crime in America. They propose a 12-percent cut—$27 million—from the Drug Enforcement Administration budget, an elimination of some 400 billets and 200 agents.

It will impact our overseas operations, our operations domestically, and phase out entirely the task force operation, which is among the most successful that we have had in law enforcement; it means an abandonment of the training programs. This is all at a time when we have a bumper crop of heroin, some 600 tons, coming in from Southeast Asia. We are swimming in cocaine and marihuana. The administration wants to cut $27 million more from a budget that is already totally inadequate to deal with the crime problems today.

We have curtailed the Coast Guard operations to such an extent that they had to phase out 90 percent of their drug interdiction on the west coast for lack of fuel. It is the wrong direction, Mr. Speaker.

□ 1045

CONVERTING UNUSED GOVERNMENT FACILITIES INTO PRISONS

(Mr. SMITH of Alabama asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Alabama. Mr. Speaker, the Attorney General has testified before Congress that the administration does not have $2 billion to give to States and communities to help them build new prisons as the Attorney General's Task Force on Violent Crime recently recommended. Since we need to bring Federal spending under control and, at the same time, reduce crime, it seems to me that the pragmatic thing to do is to encourage the Federal Government to give individual States abandoned or unused Government facilities to convert into prisons.

Prisons are an unfortunate necessity, but a fact of life. Another fact is that the American people believe that murderers, rapists, and others who refuse to abide by the rules set for society should be put behind bars and kept there. I believe the American people are willing to pay for tougher punishment. When it comes down to paying with your pocketbook or your life, the choice is obvious. But I also believe the people expect you to go about it in the most cost-effective way. This is the reason I have cosponsored H.R. 4450.

Next to inflation and high interest rates, crime and the fear of it threaten our very way of life. The right that Americans have always cherished is practically nonexistent. I am talking about the right to walk down the street to visit your neighbor or around the block at night—or during the day—without the fear of being mugged. Americans, particularly our senior citizens, are being held hostage in their homes. The time has come to put a stop to the wholesale release of criminals simply because prison conditions are uncomfortable. If crowded prison conditions are reason enough for unlocking prison doors, and I do not share this philosophy, then we must eliminate overcrowding in our prisons and I do not mean by prematurely releasing those who have committed crimes but by building more prisons or utilizing existing Federal facilities.

I strongly urge the Members of this House to support H.R. 4450.

NEED FOR TAX CREDITS FOR PURCHASE OF WOOD AND ANTHRACITE STOVES

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, today I am introducing legislation which would extend the residential energy tax credit to include the purchase of wood- or anthracite-burning stoves and related equipment.

Under the existing credit, a homeowner can take up to 15 percent of $2,000 spent on energy conservation measures, or a total of up to $300, as an income tax credit. If conservation investments are made during more than one year, the tax credit can be applied more than once, up to the $300 limit.

The purpose of the credit is to provide financial incentives for individuals who want to invest in energy-conserving equipment. Unfortunately, wood and anthracite stoves do not now qualify for the credit. The bill I am introducing today would make them eligible.

I am sure you recall that the House version of the Tax Incentive Act contained a provision making wood-burning stoves eligible for the credit. The provision was excluded in the conference version.

Supporters of a tax credit for wood-burning stoves point out the significant role wood energy can play in meeting our Nation's growing energy needs. Wood and its byproducts now provide some of the energy used in heating 7 percent of American homes. According to a recent GAO study (EMD-81-6, Mar. 3, 1981), with more efficient usage of forest waste products, wood could contribute up to 8 percent of our Nation's total energy needs by the year 1990.

To increase wood energy usage, major obstacles must be overcome. Primary among these is the need to upgrade the marketing and distribution network for wood-burning equipment. Extending the residential energy tax credit to wood stoves is one way to accomplish this important objective.

Similar problems exist in the marketing and distribution network for anthracite coal stoves. Despite recent increases in sales, EPA estimates that in 1979 only 160,000 homes burned anthracite as their primary fuel source. The use of hard coal for residential and commercial heating plummeted from 28.1 million tons in 1949 to a low of 1.6 million in 1978. While the downward slide was halted in 1979, the residential heating market for anthracite is still not growing as fast as it should if the industry is to play an optimal role in reducing our dependence on foreign oil.

The reasons for this sad state of affairs are puzzling in light of the unique advantages of anthracite as a home-heating fuel. At current prices, anthracite is much cheaper than oil per Btu of heat value. Anthracite is much cleaner to burn than bituminous coal and emits almost no particulates. Anthracite can be burned at up to 90 percent efficiency, and leaves little ash to be removed after combustion. Anthracite is much more energy dense and easier to transport than alternative energy resources such as wood.

In light of these advantages, one wonders why there has not been greater use of anthracite in the space-heating market. One of the main factors cited by experts is that there is too little consumer awareness of the advantages of anthracite. They say that shrinking demand for anthracite in the past 40 years has atrophied the anthracite marketing and distribution network to the point where there is no longer an effective voice in the private sector to point out the advantages of anthracite to consumers.

I think you would agree that this is an unfortunate situation, not only for the anthracite industry and consumers, but for the Nation as a whole. I believe that the legislation I am introducing today will help consumers to recognize the advantages of anthracite as a home-heating fuel. Furthermore, extension of the tax credit will provide tangible evidence to beleaguered anthracite producers that our Nation is indeed committed to developing our anthracite option as a means to reducing our dependence on foreign oil.

By including both wood-burning and anthracite stoves in my bill to extend the residential energy tax credit, it is my hope that the legislation will attact wider support than bills to include either type of stove separately.

The potential market for anthracite stoves is greatest in the Northeast and Midwest, the areas closest to the anthracite fields, which are, ironically, the same areas most heavily dependent on oil imports. The market for wood stoves is more evenly distributed across the Nation, wherever wood and wood residue resources can be developed.

In a larger sense, this legislation will benefit all Americans. By encouraging conversion from oil to alternative energy resources readily available here at home, it will reduce our dependence on energy imports. I urge interested Members to join with me in cosponsoring this important bill.

IS THE SPEAKER'S COMBATIVE MOOD PRODUCING RESULTS?

(Mr. GREGG asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. GREGG. Mr. Speaker, reports from the press tell us that the Speaker of the House was quoted as being in a "jaunty and combative" mood earlier this week. I was interested to learn of this. I have always said that what this House needs is a jaunty Speaker. But is he combative?

I ask, what is he combating? Is he combating inflation? That would be a welcome change since the policies of the liberal leadership in this House gave our country crippling inflation for the last 10 years. But he offers no plan to change that.

Is he combating high interest rates? That does not seem likely. Under the administration of President Jimmy Carter our interest rates jumped from 7 percent to nearly 20 percent, and this was the result of the policies of our liberal leadership.

So what is he combating? It is the courage and political wisdom of the Reagan administration, which is attempting to give new direction to this country and bring us back from the abyss we have been led into by this, our liberal leadership.

Let us hope that the Speaker turns his jaunty and combative attitude in new directions that are good for this country and not just partisan in nature.

A PLEA TO REJECT THE NUNN AMENDMENT

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, for over 3 weeks now the House has been in conference. The House conferees of the Armed Services Committee have been in conference with our counterparts from the other body.

We really would have concluded our deliberations had it not been for a change in the budget that was sent over from this administration. One of the things in issue is the so-called Nunn amendment which would require us to put certain reporting requirements on the Secretary of Defense and in the absence of certain requirements cause the cessation and cancellation of many contracts.

I am informed that my colleague, the gentlewoman from Colorado (Mrs. SCHROEDER) will introduce an amendment today which will mandate this House to accept the Nunn amendment. I think this would be only unwise but unconscionable.

We are in the process of negotiating. We have made progress, and I think it would be concluded today. But to say that we must accept something that the Senate has done without even being given an opportunity to negotiate and to work out the language differences would be, I think, totally unwise. I have been in touch with the Secretary of Defense, and he is appalled at it and certainly resists it.

Mr. Speaker, I hope the House will vote the amendment down and support my motion to table.

DEMOCRATIC LEADERSHIP CHARGED WITH DECEPTION ON SOCIAL SECURITY

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, we have heard this morning the distinguished chairman of the Social Security Subcommittee of the House Ways and Means Committee, the gentleman from Texas (Mr. PICKLE), say that he is trying to get his subcommittee to work in solving the social security problem. He said that he has the actuarial data that shows the system is in real trouble, but we also understood him to be saying that the House leadership, the Democratic leadership, is not permitting him or his committee to work its will.

Well, I ask, what is the Democratic leadership doing here? Are they play-

ing politics with the well-being of America's senior citizens? And what is the Democratic National Committee up to? They have sent out a fundraising letter in a little brown official-looking envelope—an envelope that looks like the one which senior citizens receive from the Social Security Administration. It is a pure and utter deception. It is fraud perpetrated on the sensitivities of our Nation's elderly. Inside it abuses the name of one of the most distinguished Members of the House, the gentleman from Florida (Mr. PEPPER), and it totally distorts reality. On the outside it purports to be official, on the inside it totally distorts the Republican position on social security.

Why at this time, we ask ourselves, do we have this kind of distortion? Could it be the desperate result of a bankruptcy of ideas? Is it simply a last-ditch effort to keep the public from realizing the poverty of their position?

THE DEMOCRATIC NATIONAL COMMITTEE'S "IMPORTANT NOTICE"

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I, too, have received several complaints from constituents in regard to the letter that they received which was labeled "Important. Social Security Notice Enclosed." The notice was in fact a campaign solicitation from the Democratic National Committee.

What concerns me about this particular letter, even more than its distortions, even more than its blatant partisanship, is the way it preys on the fears of the hundreds of thousands of retirees in this Nation who depend each month on the social security system and the receipt of hard earned and needed benefits.

Mr. Speaker, this issue is too important for us to play politics with. We cannot permit anyone to turn our social security system into a partisan sacrifice for the sake of politics as usual.

HOUSE SAID TO BE OUT OF TOUCH WITH REALITY ON AWACS ISSUE

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, yesterday we learned how ill-advised and ill-timed the vote was that we cast in this House on the AWACS issue. It was apparent when we cast that vote that we were not in possession of all the facts and we did not know just exactly what the administration had as bargaining points as it was dealing with the AWACS issue.

I was one of the Members who did not support the administration's position in the House, and still believe my vote was the correct vote given the circumstances, but I knew at the time that I did not have all the facts. I think yesterday we found out that a political decision was made, a decision was made to put this House in a political stance on AWACS rather than consider everything that goes into a good international stance.

Mr. Speaker, as a result, this House ends up looking like it was totally out of touch with reality.

EXPLAINING REPORTING REQUIREMENTS OF THE NUNN AMENDMENT

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, it is true, yes, that I will be offering an amendment today to instruct the conferees to accept the Nunn amendment, and there will be a motion offered immediately to lay it on the table. I hope the Members will vote against that motion.

I think that the Nunn amendment, which passed in the Senate by a vote of 96 to 0, and which was criticized only for not going far enough, should not be allowed to be gutted in the conference. It only affects our 50 major weapons systems. There are no reports required unless those weapons systems come in with 15- or 10-percent cost overruns, depending on whether they are procurement or R. & D. If they do not, they do not have to report. It is very simple.

We have heard a lot of people say it will stop funding. Senator NUNN made it very clear that he does not want the funding stopped unless there is, first of all, a cost overrun therefor triggering a report and they do not report within 30 days. That is offered only so there will be some clout to try and get them to respond to this body.

I think this is one of the most serious questions in front of this body. In order to get the same number of M-1 tanks, air missiles, and ground missiles, we will spend $900 million more than was estimated.

COST OVERRUNS FOR MAJOR WEAPONS SYSTEMS

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, it is a shame that we have to take the floor during the 1-minute speeches to try to explain a pending amendment. I understand that there will be a motion offered to table the motion to instruct on the Nunn amendment, and I take this very brief time to explain to those Members who are not familiar with what the gentlewoman from Colorado (Mrs. SCHROEDER) is about to do that this is a simple reporting requirement.

Since 1980, according to the reports, on the 47 major weapons systems the cost overruns, both due to inflation and misestimates, have reached $48 billion. We are buying in 1982 the same number of weapons we had authorized in 1980, except that it is costing us $48 billion more.

□ 1100

If we are serious about a national defense second to none, we have to squeeze out the cost growth. Before we can do that we have to know on a timely basis where it is happening and how it is happening. That is all this amendment does. It does not affect any major weapons system. It just gives the House and the other body greater capability in terms of determining where the cost growth is coming from.

I urge my colleagues to vote against the motion to table that will be offered.

INSTRUCTING CONFEREES ON DEFENSE DEPARTMENT AUTHORIZATION ACT OF 1982

(Mr. ECKART asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ECKART. Mr. Speaker, I, too, share the concern of the gentleman from New York (Mr. DOWNEY) that the minority will be offering an attempt to gag a meaningful discussion about defense expenditures currently under consideration by this Congress. Indeed, it was only yesterday that the GAO report revealed in the Washington Post that the Department of Defense has grossly underestimated the cost expenditures for one of our major weapons procurement programs.

Why is this House afraid to discuss gold-plated weapons systems? Why is the test of our Defense Establishment going to be measured by how much money we can cram down the Pentagon's throat to spend on our behalf? Why are we afraid? Is it because we may be embarrassed by huge cost overruns? Are we afraid that the American public will refuse to believe that we are spending their dollars on defense matters wisely?

I think this debate is well in order. The gag rule motion to be offered by the minority should be rejected. Let us bring Department of Defense expenditures out into the sunshine where they can be properly judged by everyone.

MOTION TO INSTRUCT CONFEREES TO AGREE TO PROVISIONS CONTAINED IN SECTION 922 OF S. 815, DEPARTMENT OF DEFENSE AUTHORIZATION ACT OF 1982

Mrs. SCHROEDER. Mr. Speaker, I offer a privileged motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mrs. SCHROEDER moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the House amendments to the bill S. 815 be instructed to agree to the provisions contained in section 922 of the Senate bill.

MOTION TO TABLE OFFERED BY MR. DICKINSON

Mr. DICKINSON. Mr. Speaker, I offer a motion to table.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. DICKINSON moves to lay on the table the motion of the gentlewoman from Colorado.

The SPEAKER pro tempore. The motion is not debatable.

The question is on the motion to table offered by the gentleman from Alabama (Mr. DICKINSON).

The question was taken; and on a division (demanded by Mr. DICKINSON) there were—yeas 28, nays 18.

Mrs. SCHROEDER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 171, nays 224, not voting 38, as follows:

[Roll No. 287]

YEAS—171

Akaka	Dannemeyer	Hendon
Albosta	Davis	Hillis
Archer	de la Garza	Holland
Ashbrook	Derwinski	Holt
Atkinson	Dickinson	Hopkins
Badham	Dornan	Horton
Bafalis	Dougherty	Huckaby
Bailey (MO)	Dreier	Hunter
Beard	Duncan	Hutto
Bennett	Dyson	Hyde
Bethune	Edwards (AL)	Jeffries
Bevill	Edwards (OK)	Jenkins
Billey	Emerson	Johnston
Bouquard	Emery	Jones (TN)
Broomfield	Erlenborn	Kazen
Brown (OH)	Fary	Kemp
Burgener	Fiedler	Kindness
Butler	Fields	Kramer
Byron	Fish	Lagomarsino
Campbell	Flippo	Latta
Carman	Goldwater	Leath
Chappell	Gonzalez	LeBoutillier
Chappie	Goodling	Lee
Clausen	Gradison	Lent
Collins (IL)	Gramm	Loeffler
Collins (TX)	Gregg	Long (MD)
Conable	Grisham	Lott
Courter	Gunderson	Lowery (CA)
Craig	Hall, Ralph	Lungren
Crane, Daniel	Hammerschmidt	Marks
Crane, Philip	Hansen (ID)	Marriott
Daniel, Dan	Hansen (UT)	Martin (NC)
Daniel, R. W.	Hartnett	Martin (NY)
McClory	Quillen	Spence
McCollum	Regula	Stangeland
McDonald	Rhodes	Stanton
McEwen	Roberts (KS)	Staton
McGrath	Roberts (SD)	Stratton
McHugh	Robinson	Stump
Mica	Rogers	Taylor
Michel	Rostenkowski	Thomas
Miller (OH)	Roth	Trible
Mitchell (NY)	Rousselot	Vander Jagt
Molinari	Rudd	Walker
Mollohan	Schulze	Wampler
Moorhead	Shaw	Weber (OH)
Morrison	Shelby	White
Myers	Shumway	Whittaker
Napier	Shuster	Williams (OH)
Natcher	Siljander	Wilson
Nelson	Skeen	Winn
Nichols	Skelton	Wolf
Oxley	Smith (AL)	Wortley
Parris	Smith (NE)	Wylie
Pashayan	Smith (OR)	Young (AK)
Perkins	Snyder	Young (FL)
Price	Solomon	Zablocki

NAYS—224

Addabbo	Findley	Moffett
Anderson	Fithian	Montgomery
Andrews	Foglietta	Moore
Annunzio	Foley	Mottl
Anthony	Ford (MI)	Murphy
Applegate	Ford (TN)	Murtha
Aspin	Forsythe	Neal
AuCoin	Frank	Nelligan
Bailey (PA)	Frenzel	Nowak
Barnes	Frost	O'Brien
Bedell	Fuqua	Oakar
Benedict	Gaydos	Oberstar
Benjamin	Gejdenson	Obey
Bereuter	Gephardt	Ottinger
Biaggi	Gibbons	Panetta
Bingham	Gingrich	Patman
Blanchard	Glickman	Patterson
Boggs	Gore	Paul
Boland	Gray	Pease
Boner	Green	Petri
Bonior	Guarini	Peyser
Bonker	Hall, Sam	Pickle
Bowen	Hamilton	Porter
Brinkley	Hance	Pritchard
Brodhead	Harkin	Pursell
Brooks	Hatcher	Rahall
Brown (CA)	Hawkins	Railsback
Brown (CO)	Heckler	Rangel
Broyhill	Hefner	Ratchford
Burton, Phillip	Heftel	Reuss
Cheney	Hertel	Richmond
Chisholm	Hightower	Rinaldo
Clinger	Hiler	Ritter
Coats	Hollenbeck	Rodino
Coleman	Howard	Roe
Conte	Hoyer	Roemer
Conyers	Hubbard	Rose
Coughlin	Hughes	Rosenthal
Crockett	Jacobs	Roukema
D'Amours	Jeffords	Roybal
Danielson	Jones (OK)	Russo
Daschle	Kastenmeier	Sabo
Daub	Kildee	Santini
Deckard	Kogovsek	Sawyer
DeNardis	LaFalce	Scheuer
Dicks	Lantos	Schneider
Dingell	Leach	Schroeder
Dixon	Lehman	Schumer
Donnelly	Leland	Seiberling
Dorgan	Levitas	Sensenbrenner
Dowdy	Livingston	Shamansky
Downey	Long (LA)	Shannon
Dunn	Lowry (WA)	Sharp
Dwyer	Lujan	Simon
Dymally	Lundine	Smith (IA)
Early	Markey	Smith (NJ)
Eckart	Marlenee	Smith (PA)
Edwards (CA)	Martin (IL)	Snowe
English	Matsui	Solarz
Erdahl	Mattox	St Germain
Ertel	Mavroules	Studds
Evans (DE)	Mazzoli	Swift
Evans (GA)	McDade	Synar
Evans (IA)	McKinney	Tauzin
Evans (IN)	Mikulski	Traxler
Fascell	Miller (CA)	Udall
Fazio	Mineta	Vento
Fenwick	Minish	Volkmer
Ferraro	Moakley	Walgren
Washington	Whitley	Wyden
Watkins	Whitten	Yates
Weaver	Williams (MT)	Yatron
Weber (MN)	Wirth	Young (MO)
Weiss	Wolpe	Zeferetti
Whitehurst	Wright	

NOT VOTING—38

Alexander	Derrick	Luken
Barnard	Edgar	Madigan
Beilenson	Florio	McCloskey
Bolling	Fountain	McCurdy
Breaux	Fowler	Mitchell (MD)
Burton, John	Garcia	Pepper
Carney	Gilman	Savage
Clay	Ginn	Stark
Coelho	Hagedorn	Stenholm
Corcoran	Hall (OH)	Stokes
Coyne, James	Ireland	Tauke
Coyne, William	Jones (NC)	Waxman
Dellums	Lewis	

□ 1115

Messrs. BAILEY of Pennsylvania, DUNN, DANIELSON, SENSENBRENNER, COATS, HILER, EVANS of Iowa, MARLENEE, MOORE, and SAWYER changed their votes from "yea" to "nay."

Mr. ALBOSTA changed his vote from "nay" to "yea."

So the motion to table was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The gentlewoman from Colorado (Mrs. SCHROEDER) is recognized for 1 hour.

Mrs. SCHROEDER. Mr. Speaker, I yield myself such time as I may consume.

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. DICKINSON. Mr. Speaker, I would like to ask if my understanding of the parliamentary procedure is correct.

The gentlewoman from Colorado has succeeded against the motion to table, in which case she has a privileged motion now pending. It is my understanding she will have 1 hour to debate the motion now pending, and is in control of that entire time. Is this correct?

The SPEAKER pro tempore. The gentleman stated the issue correctly.

Mr. DICKINSON. Mr. Speaker, I wonder if the gentlewoman would inform this Member what amount of time she would be willing to yield to the opponents of the proposal.

Mrs. SCHROEDER. If the gentleman will yield, the gentleman did not wish to yield to me any time at all. The opponents wanted to gag us.

Mr. DICKINSON. I am sorry, I did not understand the gentlewoman.

Mrs. SCHROEDER. I think the issue is whether or not we can move through debate and to the vote fairly rapidly. If Members want to ask for time, I will be happy to consider the request. But we have a lot of Members who wish to speak.

Mr. DICKINSON. Mr. Speaker, is the gentlewoman saying she would decline to yield the opponents any time?

Mrs. SCHROEDER. No; I am not saying that I would decline to yield. I am saying I am not going to lock myself into a time because many Members have asked for time.

Mr. DICKINSON. I thank the gentlewoman.

Mr. MICHEL. Mr. Speaker, if the gentlewoman will yield, is the gentlewoman suggesting she is not evenly going to divide her time?

Mrs. SCHROEDER. Mr. Speaker, if the gentleman wants, we will be more than happy to yield him 30 minutes for debate purposes only.

Ms. OAKAR. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentlewoman from Ohio.

Ms. OAKAR. Mr. Speaker, may I ask the gentlewoman when she asked for time relative to a similar point of discussion, was the gentlewoman given time?

Mrs. SCHROEDER. No; but let me say that the gentlewoman is filled with charity this morning.

Ms. OAKAR. Right. I understand that.

Mrs. SCHROEDER. And the gentlewoman does not believe in gagging, so we will yield to the gentleman 30 minutes for debate only.

Mr. DICKINSON. Mr. Speaker, did I understand that the gentlewoman said that she would yield 30 minutes to the opponents of the motion?

Mrs. SCHROEDER. No; I said I would yield for debate only, 30 minutes to the gentleman from Alabama for debate only.

Mr. DICKINSON. I mean for debate only. The gentlewoman will yield 30 minutes to this side for debate only?

Mrs. SCHROEDER. That is correct.

Mr. DICKINSON. I thank the gentlewoman.

Mr. Speaker, just let me say that the motion to table was not debatable. The gentlewoman did not ask for time, and I did not refuse it. The gentlewoman understood that.

Mrs. SCHROEDER. Mr. Speaker, I truly do want to thank the many Members who helped bring this to the floor. I did not defeat the motion to table by myself.

Mr. Speaker, the reason I think this is such an important amendment is that one of the most difficult things that we do in this Congress is oversee the management of programs. We spend lots of time discussing them and voting for them, but we never tend to go back and do the followthrough. It is awfully important for weapons programs because we are dealing with megabucks, gigantic amounts of money, and very often it gets wasted away. The Members have seen the facetious articles, as well as I have. But if the cost escalation continues in the manner that it has, there are people who predict that we will soon be able to only buy one airplane, one boat, and one tank. Now, that is a little facetious, but research, development, and program costs certainly are going crazy.

The December 1980 SAR, for example, showed that of 47 of the 50 weapons systems, there was over 40 billion dollars worth of cost overruns in 3 months. That is absolutely incredible.

Now, Mr. Speaker, we are going to hear a lot of debate about the amendment I am instructing the House conferees to accept. Let me tell the Members what it does. It was introduced by Senator NUNN, and was passed overwhelmingly in the Senate, 96 to 0. So, I think that says how important it is.

It only focuses on the approximately major 50 weapons systems listed in the SAR. It does not cover nuts and bolts; it does not cover what kind of shorts they are buying; or what kind of shoes they are buying.

□ 1130

Those systems acquisition reports are not very usable. They look like phone books, they are generally classified, and they tell you absolutely everything except what you need to know. As a result, it is very difficult to get a handle on what the per unit cost is of our major weapons systems.

So, what Senator NUNN did last May, in the Senate, was propose an experiment. First of all, the experiment is for 1 year and 1 year only. It expires in the next fiscal year. It says that after each SAR comes in on the 50 major weapons systems, that the person who is in charge of this weapon system prepares a small document telling us what the unit cost is.

It uses the March 1981 SAR as the baseline data.

The person in charge of this weapon system reports to the Secretary of the Service how much that weapon system is being produced for. That is as far as the amendment goes if that weapon system is not running 10 percent more than projected after inflation for procurement, or 15 percent more than inflation for research and development.

If it turns out that cost overruns exceed 15 or 10 percent, depending on whether it is a weapon or R. & D., then the Secretary of Defense must report to the Congress within 30 days. In that report, the Secretary must tell us the reason for the overrun, the responsible officer for that weapon procurement program, the actions planned to restrain further growth in the program, and then, last, the contractor's view of why the overrun took place and what the contractor can possibly do to try to get it under control.

Now, there are a lot of people saying it shuts off funds. It does not shut off funds unless DOD does not send the report to the Congress. The club is wielded only if the report is not over here in the 30 days. This makes a lot of sense. Otherwise they are apt to thumb their nose at us and say forget it.

The data is clearly being collected on every one of these weapon systems production processes, but it is in gigantic and unusable forms. This amendment only condenses, only targets who is really in charge. It makes one other important reform.

Year after year the Office of Management and Budget underestimates inflation. I think this amendment will start to focus on how and why that figure is underestimated. I know other people would like to talk about this. I only want to reiterate: The amendment only applies to 50 weapons systems, and only if their cost exceeds a certain limit. It is only for 1 year. And no funds are shut off unless those reports are not made on time.

Mr. PETRI. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Wisconsin.

Mr. PETRI. I thank the gentlewoman for yielding.

There has been some talk on the floor here that the difficulty with the gentlewoman's motion of instruction is that it would force the conferees to agree to the Nunn motion which has some technical difficulties.

Could the gentlewoman discuss the merits of that?

Mrs. SCHROEDER. Yes; I think that the gentleman from Wisconsin is very much aware of the fact that a motion to instruct the conferees is advisory. It does not lock anyone into periods and commas and exact wording.

I think what it says is that this Congress in principle is advising the conferees that the intent of the Nunn amendment is something we approve of and we think should be dealt with. I think that is what the whole issue is all about.

I keep reminding people this is not saying that we are adopting the Nunn amendment hook, line, and sinker. We are adopting the principle of it. It is in advisory form and I think everybody here is aware of that distinction. But I am very pleased that the gentleman from Wisconsin has pointed that out.

Mr. Speaker, I reserve the balance of my time.

Mr. DICKINSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I find myself in a very anomalous situation in my position here. The gentlewoman from Colorado (Mrs. SCHROEDER) has served with me on the Research and Development Subcommittee for many years, as well as the full committee, and I am absolutely and totally in agreement with the thrust of the so-called Nunn

amendment. I have no problem with the intent.

The people in this House who do not deal with this and are not intimately acquainted with it cannot fully appreciate what is involved here, but I guess since the time when Mr. McNamara was Secretary of Defense, each year when the projected costs of weapon systems come over and we are told what a weapon system will cost and we look at the fine print, we get down to the inflation factor.

The inflation factor historically has been erroneously low. As a matter of fact, as one time the B-1 research and development inflation factor was projected at 1.9 percent when it was in fact running at 12 percent.

This has been gone through in administration after administation and it has not varied. I do not think there is any person in this House who has been more vociferous and outspoken in his criticism of this practice than the Member in the well. This is part of the problem that we are trying to get at and part of the problem that the Nunn amendment seeks to redress and to correct.

My colleagues ask, "Why do you always use a false or spurious inflation factor? Why do you put 5.6 percent when we know it is running 10 or 15 percent?"

The fact is, the OMB directs the Department of Defense to use these factors. We ask why? If we finally get an answer they say, "If you put them higher then the contractors know what this inflation factor is that the Department is using," so it becomes a self-fulfilling prophesy and they automatically raise their estimates to the point that is used by the Department of Defense.

We ask the converse question: "When have you ever been right? By putting it low, what have you accomplished?" All it does is cause a stretchout and increase in unit costs.

I have been critical of this for as long as I have been on the committee, I suppose, and it is a fact that when we appropriate money for a year, we authorize it and appropriate it, and say we expect to spend $100 million to build 30 aircraft, and we are using a 5-percent inflation factor. Before the year is over we find out that 5 percent is not 5 percent but it is 10 percent—and 10 percent on $100 million is $10 million.

Then you are short half of that amount of money. What do they do? They stretch out the production rate. When you stretch out the production rate to fill up the 2 months, your overhead and costs keep on going. That means they are going to be building fewer and pay the same amount of money so the unit cost goes up.

This goes on in weapon system after weapon system. Every one I know of.

We even asked the Assistant Secretary of Defense for Research and Development to tell us one weapon system that they are procuring at the most economic rate and he came up with one. We checked it out and he was wrong. Not one that I know of has been procured at the most economic rate.

So the thrust of this amendment is good. I support the intent and purpose. My problem is that I do not think that we of the House Armed Services Committee should go into a conference with our hands tied.

We are in conference today. As a matter of fact, the conference meeting had to be put over so we could participate in the debate that is pending at this second.

We met with Senator NUNN and his staff yesterday. We have been meeting with them for 3 weeks. We were fully confident that we would resolve the issue today. We were making progress. There are certain things I will point to in a moment I do not agree with. But our staffs have been meeting. I have been meeting. I was on the phone yesterday with Senator NUNN. I have been on the phone with him several times trying to effect the same purpose, the same intent.

What we do here is say, "All right, you House conferees, we are not going to trust you to go and work your will and do what we think is best; we are going to bind your hands and go in and say take the Nunn amendment. We will not negotiate. Take it."

Well, very few people in this House even know what is in the Nunn amendment and you are going to tell us to take it.

I will tell the Members what part of the problem is. The Nunn amendment language here says:

Section (b)(1): If the Secretary concerned determines, on the basis of any report submitted to him pursuant to subsection (a), that the total program acquisition unit cost (including any increase for expected inflation) for any major defense system for which no procurement funds are authorized in this Act has increased by more than 15 per centum . . .

My point being that inflation is included. This is one of the elements here that is going to be contained.

We know that the inflation factor is wrong and we know that this is the thing we are trying to get at. But what happens?

Well, on one of the major systems, it says, when there is an overrun, then the Secretary must come back and tell us these things. But then if it is a major weapon system the Secretary of Defense, not one of the Service Secretaries must certify, he must certify, that such system is essential to national defense and no alternative exists that the new estimates or the total program acquisition cost are reasonable, that is the new ones are reasonable, and he has to certify that the management structure for such major defense system is adequate to prevent future increases in total program acquisition unit cost or unit acquisition cost.

□ 1145

What does that mean? That means that the Secretary of Defense then is put in a position of having to certify that if we have a very large inflation, which has caused the overrun, he has got to certify that he has that under control, too. He cannot do that. What happens if he does not is that we are going to terminate our obligations and other expenditures which will interrupt the contract, whether it be building a Trident submarine or building an aircraft or a space vehicle or whatever. You stop and you lay people off. You pay termination costs and then after the compliance is made, they you say, "OK boys, everybody come on back." You go find the workers and everybody goes back to work because he has complied now.

I am saying that we are putting an impossible burden on the Secretary of Defense, and these are not my works. I have a letter here from the Secretary of Defense addressed to Senator TOWER, and he says, in effect:

. Inasmuch as breeches of thresholds and budgeting must first be identified before I have made my final decision regarding the DOD's next budget, the reports could be premature. This unit cost report would either preempt my decision—

The Secretary of Defense speaking—

or be in error depending upon the course of action selected.

I am also concerned with the wording which would require the secretaries of military departments to submit reports directly to the Congress and not to the Secretary. It is my responsibility—

The Secretary of Defense says—

to improve or disapprove major systems, acquisitions, within a department, and I could be placed in an untenable position if the service secretaries were to submit such reports directly to the Congress and not come through the Secretary of Defense.

The Assistant Secretary of Defense in Research has written a similar letter.

My point is that we are putting a burden on the Secretary that he cannot meet; my point being further that these objections can be worked out in conference and will be, I am sure, with Senator NUNN. We are both reasonable and that is what a conference is about; but to say that we cannot even go into conference and have any room to negotiate errors of legitimate concern, that we have to buy in toto what Mr. NUNN has said over there without even the Members of this House knowing what is in it, to tell us that we have got to accept it, I think is untenable and unacceptable.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. Let me yield to the gentleman on the committee and then I will be glad to yield to the other gentleman.

Mr. KAZEN. Now, the gentlewoman from Colorado has said that this is not binding on the conferees.

Now, the gentleman in the well seems to think that it is. This is the dilemma that the rest of us are faced with.

The gentleman agrees with the thrust of the Nunn amendment, but he wants to be able in conference to suggest certain things that he has been talking about.

Mr. DICKINSON. Exactly.

Mr. KAZEN. Will the motion of the gentlewoman from Colorado prohibit the conferees from doing what the gentleman in the well wants done?

Mr. DICKINSON. I think in this instance, in the words of the gentlewoman from Colorado, I think they are misleading and no doubt unintentionally so; but as to the effect instructing the conferees of the House have, this simply says that the House conferees within the parameters of the language must accept it.

Now, you can make technical additions and corrections. You can change commas and periods, but the thrust of what is included in it, you cannot change; so while I am in sympathy with the purpose of it, what I am saying is that it works mischief in other areas that were not intended by the author of the amendment. I think we can work those out in conference if we are not mandated to accept it.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Washington.

Mr. DICKS. Well, I certainly understand, the gentleman has made a good statement here. He has outlined the issues quite well.

I have checked with the Parliamentarian. If the Armed Services Committee comes back with language that is not identical to the Nunn-Warner amendment, there will not be a point of order that can rest against it, so there is some flexibility for the conferees.

The way I view this, what we are trying to do here today is to stiffen the spine, the resolve of the conferees, to try to come to grips with this very difficult and very important problem.

If we could only, out of this effort, force OMB to allow the Defense Department to give an honest assessment of inflation, I think we would accomplish a great deal here today.

Mr. DICKINSON. I agree.

Mr. DICKS. I think there has been no one in the House who has spoken out more strongly than the gentleman in the well on this important subject.

What we are here today saying is that it is time for Congress to come to grips with this issue. We want our conferees to go in there and come back with the strongest possible position.

I, for one, would not expect them to come back and accept unilaterally the Nunn amendment, but we do not want, on the other hand, to have them walk away from it and not come back with a strong provision that will help us in a constructive way to deal with this important problem.

I just want to make sure that the gentleman understands that. That is my intention and I think that is the intention of the people who have offered this amendment.

Mr. DICKINSON. I thank the gentleman. Just let me say that I did not think that I was in need of strengthening my backbone on this thing. I have been pretty adamant on it and I have been pretty forthcoming with the Senator.

The main objection that I have is that we are writing into statutory law a triggering mechanism that could, if the Secretary cannot certify that the structure for such major defense systems is adequate to prevent further increases in total program acquisitions, which I have to interpret to mean inflation also, that it would automatically trigger the cessation of funds, that you cannot go forward with construction, it would terminate contracts. These are the problems that I want to get at.

I think it is major and I do not think it is one of the technical things that we would have within our jurisdiction to accept it if we were bound.

Mr. STRATTON. Mr. Speaker, would the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Speaker, I would like the gentleman to yield so that I can propound a parliamentary inquiry.

The gentleman from Washington has expressed his opinion.

The SPEAKER pro tempore. Does the gentleman from Alabama yield for that purpose?

Mr. DICKINSON. Mr. Speaker, I would be glad to yield for that purpose.

PARLIAMENTARY INQUIRY

Mr. STRATTON. Mr. Speaker, I would like to propound a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. STRATTON. Mr. Speaker, the motion offered by Mrs. SCHROEDER was that the managers on the part of the House at the conference of the disagreeing votes of the two Houses to the bill S. 815 be instructed to agree to the provisions contained in section 922 of the Senate bill.

My inquiry is to what extent does that motion allow the House conferees to deviate in any way from the specific provisions of section 922 of the Senate bill?

The SPEAKER pro tempore. The Chair advises the gentleman that no point of order would lie against the conference report if the House conferees do not follow the instructions of the House, should the House agree to the motion of the gentlewoman from Colorado.

Mr. STRATTON. In other words, we could accept a provision on limiting cost growth that does not follow the precise wording of section 922 of the Senate bill?

The SPEAKER pro tempore. The Chair is not going to rule on what will be in the scope of the conference. The Chair is advising only as to the effect of the motion.

Mr. STRATTON. Does this mean, Mr. Speaker, that if the gentleman from Alabama and I, who have been working on a substitute for the Nunn amendment, come up with something that does not have one or two of the provisions of the Nunn amendment in it, we are not in violation of the motion offered by the gentlewoman from Colorado?

The SPEAKER pro tempore. The Chair would restate the parliamentary situation; that no point of order would lie for the reason that the conferees have not followed the instructions should the House adopt the motion of the gentlewoman from Colorado.

The motion to instruct is advisory.

Mr. STRATTON. Mr. Speaker, then what is the struggle all about?

Mr. ROEMER. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I am happy to yield.

Mr. ROEMER. Mr. Speaker, that is the point on which I rise and ask the gentleman from Alabama to respond, if the gentleman would. I respect the gentleman in the well deeply and think his position is quite clear in the matter of strong military defense for this country; but the gentleman said from the well that he agrees completely with the thrust of this amendment.

Mr. DICKINSON. That is true.

Mr. ROEMER. With the thrust of what the gentlewoman from Colorado was trying to do, and we just heard a parliamentary ruling that the flexibility is here for us to keep the thrust and to improve in terms of i's being dotted and t's being crossed.

In view of that statement, I hope the gentleman in the well can support this amendment and let us move on with a strong and accountable military expenditure in this country.

Mr. DICKINSON. Well, I thank the gentleman; but let me respond by saying that I feel sure that if the gentleman stays here long enough to be appointed a conferee, that the gentleman, too, would resent before we even have an opportunity to work out our differences with the other body, before there has even been any hint

that there was an insoluble problem, that there was any hint of giving in or capitulating on any House position, that we would have our hands bound and instructed to go over and accept whatever is offered, without any reason for it.

It comes as a surprise and we on the committee who have the responsibility for the negotiations just do not want to have this edict handed to us.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Illinois.

Mr. HYDE. Well, I want to congratulate the gentleman in the well. I, for one, want to say that I trust the gentleman and I trust all conferees and I have as much confidence in the gentleman's judgment as in the distinguished Senator from Georgia.

When you go in there being instructed by the body, you do not go in there with any leverage to sit down and to negotiate legitimate differences and legitimate approaches to a problem in which you agree with the general concept.

I think it is a vote of no confidence in our conferees.

I think the gentleman from Alabama said he supports the Nunn amendment. There are things to be worked out that are more than technical.

I join in hoping that this body would send the conferees into that conference able to negotiate without this hanging over their heads.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman.

I reserve the balance of my time.

Mrs. SCHROEDER. Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. DICKS).

Mr. DOWNEY. Mr. Speaker, will the gentleman yield to me?

Mr. DICKS. I yield to the gentleman from New York.

Mr. DOWNEY. Mr. Speaker, I am fascinated by our friend, the gentleman from Illinois, telling us about instructions to conferees.

Is my memory not clear, but has not the gentleman in times past helped the House to instruct its conferees on the question of abortion with the Senate?

Mr. HYDE. Mr. Speaker, will the gentleman yield to me to reply?

Mr. DICKINSON. Briefly.

Mr. HYDE. I do not recall, but I consider instructions very seriously. I am not saying they are nothing.

It seems to me the position on the other side is that this is really kind of advisory and a little nudge, but it does not mean all that much. I take them very seriously, as I think the gentleman from Alabama does.

Mr. DICKS. Mr. Speaker, I would like to reclaim my time.

I rise in support of this motion. I think today we face a crisis in this country, a credibility crisis, about how we spend the taxpayers' money. A recent poll in the New York Times suggested that the American people think that we waste 46 cents out of every tax dollar.

In my view, we have to come to grips with that credibility problem if we as a Congress, are to be able to retain the support we need for the increased investment needed for a strong national defense.

The selected acquisition report covering the last quarter of 1980 was submitted to the Congress early this year on the 47 major weapons systems that we were procuring. The cost increased in 3 months by $47.5 billion. Half of that was a result of underestimated inflation. The other half was cost growth, change orders, and all the other things that we have heard about for so many years from the Pentagon.

I am a strong supporter of national defense, and yet I think we have a responsibility to insist that OMB and the Defense Department provide an honest number on inflation. We are not going to get that honest number until they are forced to come to this Congress, with reports to the relevant committees, and face up to the overruns that are caused not only by inflation, but by endless change orders that come on every major weapons systems.

We have been sitting downstairs trying to mark up the Defense appropriations bill for 1982. In fact, we do not have enough money, I say to the Members of this distinguished body, to fund every single weapons system that the Department of Defense wants.

The gentleman from Alabama said it so well. What we are doing today with the system that we have now is stretching out weapons systems procurement, driving up the unit costs, and we are going to make the problem worse and worse as the years go forward.

I think it is time to demand from this administration, any administration, an honest statement about cost overruns and inflation, and until we require this kind of reporting, we are not going to get it.

I will say to the gentleman from New York and my friend from Alabama, that I have faith in our conferees.

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mrs. SCHROEDER. Mr. Speaker, I yield 1 additional minute to the gentleman.

Mr. DICKS. Mr. Speaker, I have faith that the conferees will go into that conference and come back with a strong provision. It was my concern, and I think the concern of other Members, that we were hearing that the administration and others were trying to undercut the efforts to get a solid provision in the conference committee.

I hope that will not happen. I think that you can do the job, but I think this instruction gives the conferees a little stronger position with the administration in trying to get them to finally admit that they have been understating inflation for years and this will help us resolve that problem. If we can do that one thing, we will do a good thing not only for the Congress, but also for the contractors, who are forced to eat that inflation, the Department of Defense, and the taxpayers. I think it is time to change the way we have been doing business.

Mr. HUNTER. Mr. Speaker, will the gentleman yield?

Mr. DICKS. I yield to the gentleman from California.

□ 1200

Mr. HUNTER. I thank the gentleman for yielding.

Mr. Speaker, actually the House and the Armed Services Committee, through a special procurement procedures panel, has been holding hearings over the last 6 months. I am a member of that panel. We have had a number of field hearings on some of the major weapons systems.

Mrs. SCHROEDER. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Ms. OAKAR).

Ms. OAKAR. I thank the gentlewoman for the time.

Mr. Speaker, I certainly support the gentlewoman's amendment. I recall when my colleagues from Colorado attempted to get half of the waste and cost overruns reduced to eliminate $8 billion of the $16 billion in cost overruns that were found by a GAO report, that her amendment was defeated. It is as if we do not want to eliminate waste when it relates to the Defense Department.

Incidentally, that amount that the gentlewoman had chosen to try to eliminate with respect to the Defense authorization bill was about the same amount of the cost reductions for our social security recipients over a 3-year period. So, I thought that was rather unbelievable, that her amendment, her modest amendment, was defeated some weeks ago.

The question really is, why should the Defense Department be sacred when it comes to waste and cost overruns. Those of us who support the amendment of the gentlewoman from Colorado (Mrs. SCHROEDER) are not opposed to our Nation's defense. I personally have always supported our Defense bill. But the American people want to eliminate fraud and abuse not only in human services which saves thousands, but in other agencies like the Department of Defense, which saves billions. Think of the taxpayer for a change. Let us eliminate fraud and abuse and help our Nation's defense at the same time.

Mr. DICKINSON. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. HUNTER) for purposes of debate.

Mr. HUNTER. I thank the gentleman for yielding.

Mr. Speaker, I would simply like to say I am a member of the Special Procurement Procedures Panel that was started this year on the Armed Services Committee. In fact, we have held a large number of hearings. We have had field hearings. We have visited many of the contractors who produce some of the weapons systems that have had major cost overruns.

We have had a number of hearings here that culminated yesterday with the testimony of Deputy Secretary of Defense Carlucci. We have a number of recommendations coming up. We, too, have some recommendations which will call for some type of triggering mechanism, cost reporting.

But we have a problem with accepting the Senate recommendations, which I understand came about without benefit of hearings.

I would be happy to yield to the gentlewoman from Colorado if she could address that point.

Is that true, that Senator NUNN had no hearings on this?

Mrs. SCHROEDER. I would be delighted to respond if the gentleman will yield.

The SPEAKER pro tempore (Mr. OBERSTAR). The Chair would observe it is not appropriate to refer to the proceedings of the other body. It is not in order to refer to Senators by name. It is not in order to refer to debates, probable action, or procedure of the Senate.

Mrs. SCHROEDER. Then the gentlewoman will say that part of the problem has been people are talking about a much more comprehensive overview, one which deals with maintainability, durability, and reliability. I think that is what the gentleman on the other side is talking about; that we want it more comprehensive. This does not deal with that.

We are hoping and looking for legislation from the subcommittee that you are on dealing with the more comprehensive problem.

This is just for 1 year. There were meetings about this issue. It is a 4-page amendment. It is terribly technical. It only deals with 1 year, dealing with cost overruns on 50 weapons systems under the SAR. So, it is very tiny, and that is why they felt it was not——

Mr. HUNTER. If I could reclaim my time, actually the gentlewoman is in error if she is under the impression that our committee was dealing with a broader area. Actually we were dealing specifically with cost overruns.

I would like to say just briefly that I see a few things in this summary of the amendment that I think are not in order. I notice they are talking about 10-percent, 15-percent cost overruns. It is a fact that in some of our critical material market baskets, and I am talking about cobalt, tantalum, chromium, this type of thing, we have 40 or 50 percent inflation rates. And I still do not think that the other body spent as much time, as many hours, had as many hearings as we are undertaking right now in coming up with our program.

Mrs. SCHROEDER. If the gentleman will yield, I think that is true. Many of the strategic materials have escalated phenomenally. But the way to solve that is when the report comes to the Congress explaining the 10- or 15-percent cost overrun, that is put in there. We are not expecting the Secretary of Defense or the Secretaries of the different services to go out and change the cobalt market. We want an explanation so we can explain to the taxpayers what is happening to their very precious dollars.

The SPEAKER pro tempore. The time of the gentleman has again expired.

Mrs. SCHROEDER. May I inquire how much time each side has remaining at this point?

The SPEAKER pro tempore. The gentlewoman from Colorado (Mrs. SCHROEDER) has 15 minutes remaining, and the gentleman from Alabama (Mr. DICKINSON) has 9 minutes remaining.

Mrs. SCHROEDER. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. Mr. Speaker, sitting here I have been absolutely amazed at my colleagues, particularly on the Republican side of the aisle, as they sit in their seats and their knees tremble in fear of the language of the gentlewoman's amendment.

We are not declaring war on cost overruns here. If we are talking war, then this amendment is a popgun.

This amendment simply says that the Department has to provide for the Congress some information when a case of a cost overrun takes place. Then it is up to the Congress to decide what to do.

So the gentleman from Alabama can make all his arguments at that time, based on the merits of each case brought forward under this procedure.

Now, does this mean the sky is falling on the Defense Establishment of this country? Does this mean that somehow we are going to weaken and wreck the procurement practices of the U.S. Government? I think not. All this says is we are going to require a report.

Now, I just have to tell you, I am amazed to see all of this trembling, all this fear, and all this fright. Because I heard from my colleagues on the other side of the aisle in previous debates, on human services questions, programs for nutrition, programs for school lunches, programs for the elderly and all the rest, that this is a tough time, budgetwise, in this country and we have to make serious cuts.

I daresay that if the motion dealt with cost overruns or excessive costs in food stamps, instead of defense spending, my friends on the Republican side of the aisle would be climbing all over themselves to sponsor this amendment. But we are not talking about food stamps, are we? We are not talking about food for the poor. We are not talking about help for the needy. We are talking about overruns in costs that the taxpayers have to absorb that are unnecessary and that Congress needs to examine.

But for my Republican colleagues who have spoken so far, defense spending waste seems to be different. Well, I want to say that the only difference is that military spending projects are lobbied by people who wear $500 suits. And no one lobbies for the poor.

I urge support of the gentlewoman's amendment.

Mrs. SCHROEDER. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. HERTEL), who is a new member of our committee.

Mr. HERTEL. I thank the gentlewoman for yielding.

Mr. Speaker, I am not sure what we are debating here today.

This Congress has made great strides in cutting the budget. We can argue about how it was cut, but I do not think there are too many people that did not agree we have to move toward balancing the budget.

But I think it is clear from talking to constituents, from the mail, from public opinion polls, that certainly people are just as concerned about waste in the Defense Department as they are in any other program, be it food stamps or anything else. I think that when it is clear that we have to strengthen our defenses in this country, it is even more important to keep the faith with the American people so that they can understand how the money is being spent, they can see it is being spent properly, and if we do not keep that faith with the American people, I think we can be assured that at some point some mistakes will be made along the way. If we do not have strong oversight over spending, this Congress will be very embarrassed. Money will be wasted. And, in fact, we will lose part of the mandate we have to have to strengthen the conventional forces of this country.

Mr. Speaker, I was very surprised to see the rollcall to table this motion that we just had, because many of the people who voted to cut the budget in certain ways without any thought as to what was being cut out completely, the National Science Foundation, minimum social security benefits, things

of that sort, with very little debate, and with a document that day that was not even detailed, are afraid to have greater tightening of procedures regarding the huge defense spending that we are having.

Mr. DICKINSON. Mr. Speaker, I yield 2 minutes to the gentlewoman from Maryland (Mrs. HOLT).

Mrs. HOLT. I thank the gentleman for yielding.

Mr. Speaker, I would like to respond to the gentleman from Oregon (Mr. AUCOIN), who was concerned about the trembling knees on this side of the aisle. I think we are missing the point here. There is nobody on the Armed Services Committee who is not concerned about cutting out waste, curbing the cost of our weapons systems. But this goes in the wrong direction. This increases the cost. This does nothing to improve our industrial base, which is one of the most serious problems that we have.

If we have stop and start-up costs, that is going to add to the cost. If we overestimate the cost of weapons system, we are going to have self-fulfilling prophesy that makes it cost more. So it is a very, very serious problem.

Now, we have just gotton rid of the Vinson-Trammel Act. We had many days of hearings on that particular act, which was one that required a lot of paperwork on the part of the Defense Department. We had 45 witnesses before our committee, and there was not one witness who felt that adding that additional paperwork, that additional effort on the part of the Defense Department to figure out why they are costing so much, why our weapons systems are costing so much, that this was counterproductive and it was running the cost up.

I think there are other things that we should be doing. We should be after OMB to try to get at inflation. But this is not the way to go.

It is a difficult problem, and I, too, resent the fact that we are not given the opportunity to really try to work this out in our own committee. I think that we are having hearings on it, we are trying every way possible to find the answer to this. But we do need some leeway.

Mr. HUNTER. Mr. Speaker, will the gentlewoman yield?

Mrs. HOLT. I yield to the gentleman from California.

Mr. HUNTER. Mr. Speaker, I commend the gentlewoman for her perception of the problem. We have been working hard on this procurement process and the cost overruns. We have a lot of questions unanswered right now.

Mrs. SCHROEDER. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. I thank the gentlewoman for yielding.

Mr. Speaker, let us go through some of the arguments we have heard, why this is impossible, that the language is too restrictive; as the Parliamentarian suggests, and as we have heard explained, there is plenty of flexibility in terms of what the House conferees can do with the Senate.

Does anyone disagree with the substance of this amendment? Of course not. No one disagrees with the substance of the amendment. No one disagrees that there needs to be accountability in terms of who manages the program, what they say about it, and the fact that there should be timely reporting.

Now, there are already some reporting requirements, but what we are asking for, and what the senior Senator from the State of Georgia is asking for, and 95 other Members of the other body were asking for is that there be an orderly reporting requirement on cost increases in weapons systems.

That is what is at issue here; not the fact that the Armed Services Committee is having hearings and is working diligently. Wonderful. I hope they do work even harder. I do not see how this in any way impedes the fine work the procurement committees are doing in terms of getting at other problems, as the gentlewoman from Colorado mentioned: Maintainability, durability, reliability of weapons systems. All of that needs to be looked into.

This is a reporting requirement. This is an accounting requirement. This gives us the opportunity to go behind and take a look at the faceless and nameless people who manage weapons systems and make them come forward and account for the decisions they have made. This happens internally, inside the Department of Defense, and now we want to maintain a bit more accountability here in the Congress of the United States.

I urge you, those of you who are in doubt about this amendment, this did not pass the other body unanimously because this was an issue of the right or an issue of the left. This is simply an attempt, and a very anemic one at that, to try to get hold of costs. Please, please support it in that light.

□ 1215

Mr. DICKINSON. I yield 3 minutes to the gentleman from New York (Mr. STRATTON.)

Mr. STRATTON. Mr. Speaker, in view of the ruling of the Chair, we are probably spinning our wheels here to go into these details because it does not really matter what the conference comes out with, we will still be in accord with the motion of the gentlewoman from Colorado. But if it were not for the fact that I am being recognized only for purposes of debate, I would have offered a motion that nobody should be permitted to vote for the Schroeder motion until and unless they had actually read the Nunn amendment. I think the discussions that we have had on the subject of the gentlewoman's motion indicate that not too many people have really read the amendment; I think we can all accept the proposition that the U.S. Senate is not infallible. The reason they had a 96-to-0 vote on this amendment was very likely because nobody over there had read it either.

In fact, Senator TOWER, the chairman of committee, was not aware of what was in the amendment at the time. No hearings were even held on it. But, as someone has indicated, cost growth is a little bit like motherhood and apple pie. The fact of the matter is that while the amendment is good in trying to provide information to the Congress on the status of cost growth in major weapons systems, it is bad because the way it would do so would be to bring the contracting process to a halt; bring the process to a complete halt. That is the thing we do not like, as the gentleman from Alabama has already pointed out.

This approach would simply increase the cost of our weapons systems if we are going to stop the contract, renegotiate the contract, have everything turned on and turned off. Those Members of the House who are particularly concerned about getting small businesses involved in defense production would certainly not like the idea of having small business contracts turned on and turned off every now and then whenever one of these reports came in.

In addition to that, the Senator from Georgia's amendment would generate, as has already been indicated, a mound of paperwork. And one of the objectives of this House and the other body has been to cut down on paperwork. So, what we have been trying to do is to improve the Nunn amendment. The gentleman from Alabama (Mr. DICKINSON) and I were prepard to offer in the conference, which is scheduled for this morning, a substitute to the Nunn amendment, which would have provided for all of the reporting features but would have eliminated some of the damaging impact. I hope the pending proposal will be rejected.

The SPEAKER pro tempore. The gentleman from Alabama (Mr. DICKINSON) has 4 minutes remaining, and the gentlewoman from Colorado (Mrs. SCHROEDER) has 9 minutes remaining.

Mr. DICKINSON. Mr. Speaker, would the gentlewoman take part of her time? I propose to close with my 4 minutes.

Mrs. SCHROEDER. Mr. Speaker, I yield 3 minutes to the gentleman from

California (Mr. PANETTA) for purposes of debate only.

Mr. PANETTA. Mr. Speaker, I do not normally support motions to instruct because I do think that conferees ought to have the opportunity to work out proposals within the context of the conference. I do that because I think that motions to instruct are serious and ought to be taken seriously. Although they are advisory, and the conferees are free to adjust sections or reject the advice of the motion to instruct, the reality is that if they make a major change they are going to be subject to a motion to recommit when they return to the House, and we will have another vote. Thus, while it is advisory, it is also very serious.

We are dealing with an important principle here. My concern is that if we now reject this motion to instruct we send exactly the wrong signal to the conferees, that somehow they are free to reject that entire area. That is why it is important, it seems to me, for the House to vote to instruct the conferees. We are talking about an important budget principle.

Unless we force an issue, unless we develop discipline, and unless we are willing to back up our principles with an enforcement mechanism, it is business as usual.

The GAO this morning reported that built-in savings on the B-1 bomber come to $2.26 billion that we will never see—that we will never see. That is false savings. A game has developed within the budget process, and it is reflected in a budget that is hemorrhaging. Those are not my words; those the words of the administration. It is hemorrhaging to the tune of close to $300 billion over the next 3 years. It is happening not just in entitlement programs, not just in nutrition or education or social security programs, it is hemorrhaging with regard to cost overruns in the defense area. That is why it is extremely important, it seems to me, to send the signal that we need to develop discipline in this area as well.

If we reject this motion to instruct we are sending exactly the wrong signal. The argument is that this is just paperwork. But it is legitimate paperwork that will result in savings. Certainly enough paperwork was found to develop the false savings with regard to the B-1 bomber. We need to have reports to the House when indeed we face cost overruns in these areas.

The principle here is this: Please change "business as usual" attitude in Government. If we do not, we will continue to run "deficits as usual" in this country.

Mr. HEFTEL. Mr. Speaker, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Hawaii.

Mr. HEFTEL. Mr. Speaker, I would like to compliment the gentleman on his apparent awareness of something that has not yet been communicated to the bureaucracy, including the Pentagon; namely, that without fiscal restraint, without fiscal integrity, without a mandate from the Congress that we will not tolerate this kind of manipulation of cost factors, we will never control the budget. I want to both support the amendment and thank the gentleman.

Mr. PANETTA. I thank the gentleman.

Mrs. SCHROEDER. Mr. Speaker, I yield 1 minute to the gentlewoman from Rhode Island (Mrs. SCHNEIDER) for the purposes of debate only.

Mrs. SCHNEIDER. Mr. Speaker, I rise in support of the motion by the gentlewoman from Colorado to instruct the conferees. I think that this is a fine opportunity for we, as Members of the U.S. Congress, to take upon ourselves the responsibility of focusing on fiscal responsibility.

Fiscal accountability in the Defense Department is of utmost importance, and is exceedingly timely in this time of budget restraints. We are provided, by this amendment, with the opportunity for a management focus in order to determine our priorities, and where and how to spend our dollars to have the most efficient defense systems imaginable. I think that the provisions of this amendment will provide us with adequate opportunities to analyze why we are experiencing cost overruns, and it will also put those officials who are responsible for these overruns in a position of accounting for them.

This is the kind of legislation that the people of this country, I feel, are looking forward to, and this will make a major difference in our defense efficiency.

Mr. DICKINSON. Mr. Speaker, I will be very pleased to yield to the gentleman from Illinois (Mr. O'BRIEN) for a question.

Mr. O'BRIEN. Mr. Speaker, I thank the gentleman for yielding.

I think the gentleman from California moments ago said it quite well; instructing conferees, in my judgment, is a little bit like an injunction. It is an extraordinary remedy to be used only very rarely, and not in this instance.

It seems to me that any signals intended to influence our House conferees have certainly been made clear in this Chamber this afternoon. I think the real issue is that we should not deliberately strengthen the hand of the other side in debate in conference with our conferees. Candidly, I believe that ours are more knowledgeable. For that reason, I would vote again to open the debate, as I did early on, but I oppose the Schroeder amendment on the merits.

Mr. DICKINSON. I thank the gentleman.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I thank the gentleman for yielding.

I voted against tabling because I believe discussion should occur. But I will vote against instructing conferees. In doing so I want my colleagues to know that for myself, in voting that way, I still support the Nunn amendment idea. I just simply generally object to instructing conferees.

Mr. DICKINSON. I thank the gentleman.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Speaker, I thank the gentleman for yielding. My question is, does the Nunn amendment cover military construction? We have had evidence in Arnold Engineering in Tennessee of a very serious cost overrun. Would that type of thing be covered by the language of the Nunn amendment?

Mr. DICKINSON. Initially, I thought this was not the case, but in rereading the language I see it covers not only 50 major weapons systems, but also covers military construction that goes in connection with that weapon system, so it would cover that.

Mr. REGULA. My second question is, are the provisions on page 66 of the bill, do they provide an opportunity for the Secretary of Defense to certify that under some conditions the moratorium would not lie?

Mr. DICKINSON. My understanding is, if he complies with the mandate as set out, then the automatic triggering or interruption of work and obligation of funds would not apply. On his failure to do that, to do all of these things that are set out, then it would apply and there would be interruption.

Mr. REGULA. In the negotiations in the conference, would the gentleman propose to expand, to insure that we include military construction in every aspect of it?

Mr. DICKINSON. Oh, yes, very definitely.

Mr. REGULA. I thank the gentleman.

Mr. DICKINSON. Mr. Speaker, in the remaining minute, let me point out again two of the most salient features I think that are involved here. First, this amendment was offered in the other body, according to the record, as a floor amendment with no hearings. It took everyone by surprise according to the conversation we had in our conference. No one really had an opportunity to study what it does, as we have had since.

I do not object to the purpose for which it was offered. We have been working toward the same end. What I do object to is, in the midst of our conference, after 3 weeks of it, we are down to what I consider and what I hope to be the last day, we are negotiating in good faith with the Senate, I think that we have worked out a compromise, but here in the last minute and the last day of the conference to have my House instruct our conferees that we no longer have confidence in us to go in and represent the House position and to work the will of the House, to exercise our own judgment, but we must succumb to the mandate of the other body and accept what they admittedly have not even studied, that we are bound to accept that, I think is just really exceeding the bounds of propriety and good sense here.

I think we are certainly as capable as the other body in coming to a good judgment as to what is needed. We should certainly be able to negotiate if we have legitimate grounds of difference. We should not be denied this opportunity of having in effect the ground cut from under us before we even get the opportunity to negotiate in good faith.

I would hope the motion is not agreed to.

Mrs. SCHROEDER. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. GINGRICH) for the purpose of debate only.

Mr. GINGRICH. Mr. Speaker, I thank the gentlewoman for yielding.

I hesitate to vote to instruct conferees, but frankly we are drifting toward a national crisis which will unravel our support for national defense because this country will not tolerate cutting the social budget while faced with year after year of horror stories of cost overruns. If you are for national defense you should vote yes to instruct the conferees precisely to send a signal to the Pentagon and to the Secretary of Defense that this Congress is determined to take control of the spending overruns and to bring them under control.

When we are faced with cost overruns which, projected out into the next century, it means that our entire national defense in the year 2020 might be one fighter plane; by 2040 might be one aircraft carrier; by 2070 might be one tank, I think we are faced with a crisis based on phony inflation figures.

□ 1230

All that this amendment does is to require the reporting above the inflation rate. We start with the inflation rate and then add a 15-percent overrun. That is a crucial factor.

Mr. GRAY. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Pennsylvania.

Mr. GRAY. Mr. Speaker, I would like to agree with my colleague, the gentleman from Georgia (Mr. GINGRICH). It seems to me that this is a very simple proposition by which we are saying to the Defense Department that it must report to the Congress cost overruns.

I cannot believe that at this time of concern for fiscal restraint, on the one hand we would be concerned about waste only in the social and domestic needs programs of this country and not be concerned about any potential waste in the Defense Department.

I join with my colleague, the gentleman from Georgia, and urge the passage of the Schroeder amendment, and I would simply point out that we must gain some kind of control and insight into what is happening in the Defense Department.

Mrs. SCHROEDER. Mr. Speaker, I yield 1 minute, for the purposes of debate only, to the gentleman from Connecticut (Mr. DENARDIS).

Mr. DENARDIS. Mr. Speaker, reference has been made in this debate to Members who have not read the Nunn amendment or who do not fully understand its implications. Let me say to those who have raised those points that there are Members who do their homework and there are Members who are not intimidated by technical jargon and who will not be deterred by arguments raised on a vague appeal to trust those who from their vast experience say it is so.

Escalating of unsupported costs and inflation, predominantly so in defense, is a matter of critical importance to all of us regardless of our committee assignments. It is entirely appropriate and urgently necessary that we support the initiative of the gentlewoman from Colorado (Mrs. SCHROEDER).

Although it is advisory in nature, it is a matter of serious concern. It will express the sense of the House on a critical issue. It is extremely important to set the tone, to mark out limits and begin in earnest our unrelenting effort to control defense costs.

Mr. Speaker, I say to the distinguished gentleman from Alabama (Mr. DICKINSON), who I respect a great deal, that when he asks us not to tie his hands in conference, he gives the impression that there is room for compromise on the issue of controlling cost overruns and waste in defense spending. I feel we must join hands with the Senate on this critically important matter.

Mrs. SCHROEDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, I rise in strong support of this amendment.

It is time for this amendment; it is past time for it. This next year is important to the fiscal integrity of this country, and this amendment strongly supports that effort.

This amendment will strengthen the cost accounting for expensive overruns on military weapon systems. In truth, this amendment will strengthen the military defense of our Nation.

I thank the gentlewoman from Colorado for offering it.

Mrs. SCHROEDER. Mr. Speaker, I thank the gentleman from Louisiana (Mr. ROEMER).

I now yield my concluding time to the gentleman from Ohio (Mr. ECKART).

The SPEAKER pro tempore. The gentleman from Ohio (Mr. ECKART) is recognized for 1½ minutes.

Mr. ECKART. Mr. Speaker, I thank the gentlewoman for yielding me this time.

The gentlewoman from Colorado (Mrs. SCHROEDER) and those who have stood in support of this motion to instruct ought to be commended for the foresight with which they have addressed this issue before us today. What we must keep in mind is that this motion today actually strengthens our national defense because we must realize that the Pentagon is not a bottomless pit of cost overruns, and that if we really are interested in getting the most out of our defense dollar, we ought to abandon the idea and the concept of gold-plated weapons systems which do not truly enhance our defense capabilities.

I listened with interest to the arguments of the opponents. All of them said they supported the major thrust of this amendment, yet found our instructions to be objectionable. I heard one Member say, "I am against it, but, heavens, please don't make me do anything about it. This is a problem, but don't make me do anything to correct it." This is ridiculous. If we are not part of the solution, then we become part of the problem.

I heard talk of an adjustment that the opponents will make in the course of the conference committee deliberations. But I am an old fisherman, and when I bring a fish home and give it to my wife and she gets through fileting it, it might taste like a fish and smell like a fish but when she is through gutting it, it sure does not look like a fish anymore. I am afraid that when the conference committee finishes with their adjustments to this fine amendment we would hardly recognize it.

Let us not be misled. All we are talking about is sound fiscal planning. All we are talking about is getting our hands on an item in our budget which will very soon be 30 cents out of every budgetary dollar.

Mr. Speaker, this motion is in order and should be properly approved by a majority of the House.

The SPEAKER pro tempore. All time has expired.

Mrs. SCHROEDER. Mr. Speaker, I move the previous question on the motion to instruct.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The motion to instruct was agreed to.

A motion to reconsider was laid on the table.

DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1982-83

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 257 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 257

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House, without intervening motion and section 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, the bill (S. 1193) to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes. It shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the text of the bill H.R. 4814, all points of order against said amendment for failure to comply with the provisions of clause 5, rule XXI are hereby waived, said amendment shall be considered as having been read, and the previous question shall be considered as ordered on said amendment and on the bill to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of S. 1193, it shall be in order to move that the House insist on its amendment to said bill and request a conference with the Senate thereon.

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes, for purposes of debate, to the gentleman from Missouri (Mr. TAYLOR), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 257 is the rule which provides for the consideration of S. 1193, the 1982, 1983 authorization bill for the State Department, the International Communication Agency, and the Board for International Broadcasting. The rule would permit consideration of S. 1193 in the House but would make in order a motion to strike the text of the bill and insert, in lieu thereof, the language of H.R. 4814, a clean bill introduced by members of the Committee on Foreign Affairs.

Mr. Speaker, among other provisions, the rule waives section 401(a) of the Budget Act which would otherwise lie against S. 1193. Section 401(a) provides that it shall not be in order to consider any bill which provides new contract or new borrowing authority unless that bill also provides that such new spending authority is to be effective for any fiscal year, only to the extent or in such amounts as are provided in advance in appropriations acts. Section 808 of S. 1193 would grant the Director of the International Communication Agency the authority to enter into insurance contracts. It does not, however, limit that authority to amounts provided in advance in appropriations acts. Such a provision violates section 401(a) of the Budget Act and requires a waiver granted by the Rules Committee. Since the committee's amendment as proposed in H.R. 4814 does not contain a similar provision, the Rules Committee has determined that a waiver should be granted in order to facilitate the consideration of the amendment put forth by the Committee on Foreign Affairs. The Budget Committee supports this waiver.

Mr. Speaker, a waiver of clause 5 of rule XXI is also provided in House Resolution 257. Clause 5 of rule XXI prohibits appropriations in authorization bills. There are some provisions in H.R. 4814, the committee substitute, which might be interpreted as reappropriating funds presently available to these agencies or else may constitute a transfer of funds from one account to another, both of which are prohibited by clause 5 of rule XXI. The waiver of this rule by House Resolution 257 is the same waiver provided under a previous rule which enabled a substantially similar bill, H.R. 3518, to be considered by the House.

Mr. Speaker, as I previously stated, House Resolution 257 permits consideration of S. 1193 in the House, but makes in order a motion to insert the language contained in H.R. 4814 in lieu of the text of the bill passed by the other body. Mr. Speaker, this resolution also provides that the previous question will be considered as ordered on the final passage of both the amendment and the bill, thereby precluding the offering of any other amendments. This rule does not specify time for debate but, since the bill will be considered in the House, it will be debated under the hour rule. The floor manager for the bill will control and allocate time.

Mr. Speaker, the members of the Rules Committee are fully aware that House Resolution 257 is a variation of the usual rule recommended by the committee. There are, however, compelling reasons for adoption of this special order. The clean bill, H.R. 4814, which will be adopted as a committee amendment, parallels an earlier bill, H.R. 3518, previously considered by the House. H.R. 4814 contains all of the amendments approved by the House during debate on H.R. 3518 but makes reductions to the individual authorizations. The authorization levels contained in the bill are those levels recommended by the administration.

Mr. Speaker, many of the issues raised by this legislation have been fully debated under the normal procedures of the House in connection with the earlier consideration of H.R. 3518. A compromise has been fashioned by those responsible for managing this legislation and the administration which is reflected in H.R. 4814. The rule before us will allow for sufficient debate on this compromise proposal. Moreover, it protects the rights of the opponents by providing for a motion to recommit with or without instructions while allowing the House to move expeditiously to an up-or-down vote on the compromise.

Mr. Speaker, the Committee on Foreign Affairs should be commended for its prompt response to the wishes of a majority of this House. Adoption of House Resolution 257 will expedite swift enactment of this authorization bill. This rule makes in order a motion to insist on the House amendment and to request a conference with the other body. Mr. Speaker, I strongly believe that House Resolution 257 adequately balances the need for open debate on the issues with an equally compelling need to manage the legislative time of the House. I urge its adoption.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, House Resolution 257 provides for the consideration of S. 1193, the State Department authorization bill for 1982 and 1983, in the House.

This rule sets the parliamentary stage for House consideration of an amendment, H.R. 4814, that has been agreed upon by our bipartisan leadership and reflects the budgetary wishes of the Reagan administration.

I want to point out, as the gentleman from Massachusetts (Mr. MOAKLEY) has explained, that this is a closed rule. It is a closed rule because of the parliamentary situation we find ourselves in with respect to the State Department authorization bill.

I do not ordinarily favor closed rules, regardless of the content of the legislation at hand or the complexity of the legislative process, and I would not urge adoption of this rule today were it not for the fact that our bipartisan leadership asked the Rules Committee to baptize this procedure and we did.

This is an unusual procedure, fashioned by the Rules Committee to fit an unusual situation. I certainly do not think it will become a customary procedure in situations where the House defeats legislation in one instance and then revives a measure in a different vehicle.

The rule allows the House to take up the bill, S. 1193, and to consider it in the House under the 1-hour rule without intervening motion. For this procedure, a waiver of section 401(a) of the Budget Act is necessary and is provided in House Resolution 257.

Section 401(a) of the Budget Act prohibits consideration of a bill authorizing new spending authority for a fiscal year not provided for in advance in an appropriation act. Since the Senate bill does violate this section, the waiver is provided.

The rule makes in order a motion to insert the bill H.R. 4814 in lieu of the Senate-passed bill. This motion requires a waiver of clause 5 of rule XXI, and the waiver is provided in the rule.

Clause 5 of rule XXI prohibits appropriations in a legislative bill, and the waiver is necessary because several paragraphs of the agreed-upon amendment, H.R. 4814, may constitute appropriations in a legislative bill.

In addition, the rule provides that H.R. 4814 be considered as read; and that the previous question be considered as ordered.

For those Members who may question the use of this procedure, or who may not like the fact that no amendments will be in order, the rule provides one motion to recommit with or without instructions.

The Members will recall that we defeated the State Department authorization bill on September 17, because it authorized more appropriations in 1983 than the administration wanted.

An agreement has been reached, we were told in the Committee on Rules, between the Foreign Affairs Committee leadership, the House leadership, and the administration on the figures contained in the amendment, H.R. 4814.

If the House sees fit to ratify this agreement, the rule makes in order a motion to insist on the House amendment to S. 1193 and request a conference with the other body.

Mr. Speaker, I would simply say that I support this rule for this particular situation, the Committee on Rules supports this rule, and I hope the House will do likewise.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. DERWINSKI), a member of the Committee on Foreign Affairs.

□ 1245

Mr. DERWINSKI. First, may I say to the gentleman from Missouri and the gentleman handling the bill on the majority side that I was not on the floor when you went through the technical explanation. I thought we would have a vote on the Schroeder-Dickinson waltz and, therefore, I arrived a bit late.

But I do understand that the rule provides for a motion to recommit with or without instructions. Despite my loyalty to the administration and my personal loyalty to the distinguished minority leader, I will be offering a motion to recommit since I am opposed to the bill in its present form.

However, my motion to recommit is a work of art, and it will enable all of you, upon the adoption of the motion to recommit, to vote for the bill.

I think at this point a little legislative history to clarify the rule is in order. If my colleagues will recall, this bill was on the floor 5 weeks ago, subject to normal processes, debate, amendment, and then at the last minute I think the polite word would be it was innocently boobytrapped.

I voted for the bill and at the time we brought the bill to the floor we were not aware, we being the members specifically of the subcommittee and the full Committee on Foreign Affairs, we were not aware that the figures authorized under the bill were out of line with new budget requests. We had not been so advised. In fact, the very morning that bill was rejected, I had checked with the Department of State, which I understand is part of this administration, and I was told that the figures in the bill authorized for 1982 and 1983 were acceptable. They had no questions.

What has happened since then is there have been adjustments in the budget figures which I understand and appreciate. But let me just point out what has happened and then tell you how my motion to recommit under this rule, necessarily restricted rule, will serve a useful purpose.

Basically what I intend to do is to increase the funds for the International Comunications Agency and the Board for International Broadcasting which is Radio Free Europe and Radio Liberty. Yet, with the figures I propose, they will still be below the figures in the bill that was rejected 5 weeks ago.

The only figures in the new budget requests that exceed the old bill are those for international organizations and conferences. It therefore seemed to me logical to trim those.

So, what I am going to be doing is cutting approximately $57 million over the 2-year period from international organizations and conferences, $23 million from the Department of State, and transferring those funds to the Board for International Broadcasting and to the International Communications Agency. The totals in the measure will remain the same.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. CONABLE. I would like to understand what the gentleman is suggesting would be cut. Surely the gentleman is not suggesting that he would cut the exchange programs that have been so long standing?

Mr. DERWINSKI. Just the opposite.

Mr. CONABLE. The gentleman would not cut those?

Mr. DERWINSKI. No.

Mr. CONABLE. I am referring particularly to the program whereby foreign visitors coming to this country are entertained by volunteers throughout the country.

Mr. DERWINSKI. Right. That program is under the ICA, which I would increase.

Mr. CONABLE. The gentleman would increase those figures?

Mr. DERWINSKI. Yes.

Mr. CONABLE. My understanding was the gentleman would be cutting back on some of these.

Mr. DERWINSKI. No; I am cutting back just very minutely, $10 million each year, from the Department of State, which is less than one-tenth of 1 percent of their budget, and $57 million over 2 years from international organizations and international conferences. I leave those figures above the original budget request of last spring.

What I restore are the funds to the International Communications Agency, a total over the 2-year period of $64 million. That would cover the Voice of America, cultural exchange programs, the program the gentleman referred to, and a variety of other items.

Frankly, Mr. Speaker, if this bill had passed 5 weeks ago and the administration had come in as they then did with adjusted recommendations, much of it could be handled in conference, which it will be anyway. But since we are brought back to the firing line, I do think the House has to serve notice, which I believe to be the intent of the House, that we do not hurt the broadcasts, Radio Free Europe, Radio Liberty, and we give the International Communications Agency it proper assignment which has been mandated by the administration to undertake a new responsibility for U.S. overseas information.

The motion that I will offer will actually help our conferees, help the administration, help the Department of State, help in working out a better bill when we finally meet with our Senate counterparts which hopefully will be early next week. Then, given the new interest of all of the Members, including some of my good friends on my side who are belatedly discovering the virtues of foreign aid and, therefore, are going to become proper internationalists and not only support the motion to recommit but then support the final passage, in 2 weeks we will give you an opportunity to write a proper bill to continue our overseas economic and military cooperation with other countries.

So this is the start of a new enlightened era in whch I appeal for practical support and understanding of all of my colleagues, especially those who innocently were misdirected when this bill was first on the floor.

Mr. TAYLOR. Mr. Speaker, I have no further requests for time and yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes for purposes of debate only to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker, this debate is an opportunity to talk about an issue that will perhaps not be debated when the bill itself is debated, but which probably should be mentioned as many times as we can possibly mention it on the floor. I can see that we have the distinguished minority leader and my good friend Mr. MICHEL here, and also the ranking minority member of the Foreign Affairs Committee.

I raise this not so much because I have an answer to it, but I suppose really because all those people out there reading the front pages of the newspapers probably wonder what in the world we are doing even talking about foreign affairs or the State Department without discussing the dreadful issue, I think, of American pilots reportedly flying in Libyan aircraft in a variety of missions.

I realize this is not an easy issue to address legislatively. Apparently the Senator in the other body from Ohio, Mr. GLENN, introduced an amendment expressing the sense of the Congress that this kind of thing should not be done. I know it is probably much more difficult when you get into the specifics. I want to acknowledge also that our great chairman of the Foreign Affairs Committee is here and I look for him to give us some leadership on this as well as some advice.

I know it is difficult. But we do have the facts in these articles. They have apparently been checked out. We do know the following things:

Dozens of pilots and mechanics have been brought over to Libya to fly and repair Libyan Air Force planes in a 2-year-old recruitment scheme.

Recruiting and other aspects of the operation are coordinated out of London and Tripoli under the direction of a former CIA agent, Edwin P. Wilson.

One recruit claims U.S. pilots flew helicopters in support of the Libyan invasion of Chad.

The same source claimed he was paid about $3,000 per month for his services.

Apparently recruiting is going on within our own country, within the United States.

Mr. Wilson himself, along with a former Washington businessman named Schlacter, and Francis Terpil, a former CIA agent, have been indicted for their activities in transporting explosives to Libya, and for training terrorists in Libya.

The FBI has been investigating the recruitment scheme they say, and yet the article in the Times says their role apparently violates no U.S. law.

The assistant U.S. attorney for the District of Columbia is overseeing the invasion, according to the Times. He said:

The neutrality laws which prohibit Americans from enlisting in the military service of a foreign nation apparently do not cover the recruitment scheme organized by Mr. Wilson.

The article from the Times reads:

AMERICAN PILOTS REPORTED FLYING IN LIBYAN FORCES

(This article is based on reporting by Jeff Gerth and Philip Taubman and was written by Mr. Gerth.)

LONDON, October 21.—American pilots and aircraft mechanics, including military veterans, are flying and maintaining Libyan Air Force planes in an operation organized by Edwin P. Wilson, a former American intelligence agent, according to associates of Mr. Wilson.

The American flight personnel, as well as pilots from Canada and Britain, have been recruited and paid by companies controlled by Mr. Wilson and, at least since last year, have flown a Libyan fleet of American-made cargo and transport aircraft and helicopters, the associates said.

One Western pilot recruited by Mr. Wilson said that American pilots flew helicopters in support of the Libyan invasion of Chad this year, but the extent to which Western recruits are involved directly in Libyan combat missions could not be determined. The pilot said he was paid about $3,000 a month.

COORDINATION IN LONDON

Some of the American pilots and mechanics have been recruited in the United States by other Americans. Most of the operation is coordinated through a London office that represents several African and European companies controlled by Mr. Wilson, according to his associates.

Dozens of pilots and mechanics have participated in the operation for Libya, a militant Arab nation in North Africa, although the precise number could not be determined. Their role apparently violates no United States law.

Earlier this week, an American aircraft mechanic, Richard L. Love, visited the London office, waiting for a visa and airplane connections to Libya. Mr. Love told a former Wilson associate that he had been recruited in Alabama and had signed a one-year contract to service Libyan military aircraft, according to the former associate.

RECRUITS HELD WELL PAID

Mr. Love said he and the other recruits were well paid for their services but was not specific, the associate added.

Mr. Wilson, a former covert agent for the Central Intelligence Agency, now lives in Libya, where he is a fugitive from a Federal indictment last year that charged him with illegally shipping explosives to Libya to help train terrorists.

Mr. Wilson did not return a telephone call placed today to his office in Tripoli. A reporter left a message with an associate of Mr. Wilson seeking a reply to questions about the pilot recruitment program.

The unofficial involvement of Americans in Libyan military activity contrasts sharply with United States foreign policy toward the Arab nation, led by Col. Muammar el-Qaddafi. Recent Administrations have regarded Libya, a supporter of international terrorism, as an increasingly disruptive force in the Middle East.

Last summer, the United States reported that two Navy jets had shot down two Libyan fighter planes after being fired on by one of them.

After the assassination of President Anwar el-Sadat of Egypt this month and amid reports of hostile Libyan activity against the Sudan, the Reagan Administration sent two AWACS radar surveillance planes to Egypt to monitor Libyan aircraft activity in the area.

American officials said the presence of American pilots and mechanics in Libya helped explain what until now had been a mystery to them: who was maintaining the American planes that were sold to Libya years ago, when that country's relationship with the United States was not belligerent. Past speculation had centered on North Koreans and others from Communist countries.

A White House spokesman had no immediate comment today on whether high-level Reagan Administration officials were aware that Americans were flying and maintaining planes for the Libyan Air Force, although law enforcement officials knew of the recruitment operation.

The involvement of the Americans in Libya does not appear to violate American law, according to Justice Department officials.

E. Lawrence Barcella, Jr., Assistant United States Attorney for the District of Columbia, is overseeing the Federal investigation of Mr. Wilson. He said the neutrality laws, which prohibit Americans from enlisting in the military service of a foreign nation, apparently do not cover the recruitment scheme organized by Mr. Wilson.

FBI INQUIRY ON RECRUITING

Federal law enforcement officials say that, nevertheless, earlier this month the Federal Bureau of Investigation began a full investigation of the recruitment operation.

The recruitment of western pilots and mechanics is the first current operation of Mr. Wilson to emerge publicly. In last year's indictment and other reports, details were disclosed about Mr. Wilson's private business activities in 1976 and 1977, his help in training terrorists in Libya by shipping explosives and his hiring of former Army Special Forces troops for the training operation.

The recruitment of former military aircraft personnel illustrates for American law enforcement officials some of the same issues posed by Mr. Wilson's earlier activities, especially the lack of laws governing the private business activities of former American servicemen and intelligence agents. It also demonstrates Mr. Wilson's capacity to continue to operate within the United States even though he has been out of the country for several years.

HOUSE PANEL SEEKS REMEDIES

The House Select Committee on Intelligence is considering possible legislative remedies as part of its investigation into Mr. Wilson's activities.

In 1976 shortly after ending his employment with the Office of Naval Intelligence, which he had joined after leaving the C.I.A., Mr. Wilson closed a business deal with Colonel Qaddafi to sell his expertise in intelli-

gence, arms and explosives to Libya for the training of terrorists.

A few years later, after Federal investigators began examining his activities in the United States, Mr. Wilson shifted his base of business operations from Washington to Europe and Libya. About the same time, several companies controlled by Mr. Wilson began using the London office of Brilhurst Ltd., a British company, according to associates of Mr Wilson and company documents.

SCOPE OF RECRUITING PROGRAM

The recruitment program, which started about two years ago, includes dozens of pilots, flight engineers and aircraft mechanics from the United States, Britain and Canada with both civilian and military backgrounds, according to associates of Mr. Wilson familiar with the plan. Among those recruited were British paratroopers.

According to spokesmen for American aircraft companies, the Libyan Air Force has eight C-130's, 20 CH-47 helicopters, known as Chinooks, 10 727's, nine C-47's and one 707.

Western diplomatic sources have said that many of the Libyan pilots flying military aircarft are inexperienced, and a report of the London-based International Institute for Strategic Studies notes that Soviet, Pakistani and Palestinian pilots also fly Libyan military aircraft.

Federal law enforcement officials said that the F.B.I. and Scotland Yard had been aware for some time of Mr. Wilson's recruitment operations in London but that an active investigation was not undertaken until recently because officials placed a greater priority on apprehending Mr. Wilson on the 1980 charges.

CHECK BY SCOTLAND YARD

Earlier this year, for example, Scotland Yard checked a report that Mr. Wilson, a fugitive since April 1980, was staying at a fashionable London hotel, according to a former Wilson associate. That inquiry turned up nothing, but two former London associates of Mr. Wilson, David and Anne Shortt, said they saw him last spring in the departure lounge of London's Heathrow Airport bound for Geneva.

Because most of the actual work done by the American recruits takes place in Libya and their finances and travel plans are arranged in London. American authorities originally concluded that they had little legal jurisdiction to investigate the scheme. They said they were aware that Mr. Wilson had been recruiting former military personnel in the United States for "mercenary type" work in Libya and that this would be the focus of the recently begun investigation of Mr. Wilson's current activities.

Diana Byrne, who met Mr. Wilson in Libya several years ago and who says she controls Brilhurst, declined to talk about her activities on behalf of Mr. Wilson. In a brief interview outside Brilhurst's current office, at 28 Knox Street, Mrs. Byrne, a native of Wales, described Brilhurst as a "service company" that represents several European companies, many of which operate in Libya. When asked specifically about her work on behalf of Mr. Wilson and his companies, Mrs. Byrne terminated the conversation.

COORDINATION IN LONDON

But several businessmen in London who have worked with Mrs. Byrne and Mr. Wilson's companies said that Brilhurst appeared to operate as the London branch of Mr. Wilson's businesses. Among the specific activities cited by those sources and documented in company papers are: payment of travel expenses and salaries of pilots working in Libya, obtaining Libyan visas for persons doing business with Mr. Wilson and his companies, managing his investments and handling his telephone, mail, telex and telegram messages.

In the last three years, Brilhurst has operated out of four separate London locations, often moving abruptly and functioning in a secretive fashion, the business associates added.

J. Steffan, an exporter who rented office space to Brilhurst at 18 Hans Road, in a fashionable section of London near Hyde Park and across from Harrods department store, said the company departed abruptly one weekend in July 1980 and still owed him several thousand dollars in back rent.

MYSTERIOUS OPERATIONS

Angela O'Toole, who rented office space in the Halkin Arcade to Brilhurst until December 1980 said Brilhurst personnel had operated mysteriously, sending coded telex messages and removing typewriter ribbons before leaving the office.

Both former landlords said they often saw Western pilots who had just arrived in London waiting at Brilhurst's offices for Libyan visas or for flights to Libya.

Further details on the pilot program were provided by other associates of Mr. Wilson. They said that two of the companies used by Mr. Wilson to pay and recruit the aircraft personnel were OSI S.A., a Swiss corporation that serves as a Tripoli office for Mr. Wilson, and Western Recruitment Inc., which has a Swiss post office box number. Both of these companies currently operate in London out of Brilhurst's office on Knox Street, according to a travel agent who booked flights to Libya for OSI S.A. and Mrs. Byrne, who acknowledged handling banking affairs for Western Recruitment.

Mr. Love, the aircraft mechanic from Alabama who was in London earlier this week on his way to Libya, spoke of being recruited in the United States, according to a former Wilson associate. Mr. Love answered the door at Brilhurst's Knox Street offices but declined to speak to a reporter. Shortly thereafter, an Arab driver pulled up to Brilhurst's offices and handed Mrs. Byrne what looked like an American passport and a Libyan visa.

As one not on the Foreign Affairs Committee but one who has a lot of respect for the people on it on both sides of the aisle, I just ask can we not do something to address this issue in some way? Perhaps it is through the State Department's responsibility for protection of Americans overseas. We have got to do something. We must respond to this.

I know my friend from Massachusetts (Mr. MARKEY) has a bill relating to Libya and trade with Libya and oil and whether we cut off oil. The gentleman from New York (Mr. DOWNEY) has a bill to stop using Libyan oil, which I support. But can we not start somewhere and be assured that maybe it is the Intelligence Committee or the Foreign Affairs Committee that is going to look into this matter and at least assure the American public that we are taking some steps within the Constitution, within the parameters under which we work to address this problem of Americans helping a regime which is exporting revolution around the world.

I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time.

I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. FASCELL. Mr. Speaker, pursuant to House Resolution 257, I call up the Senate bill, S. 1193, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The Clerk read the Senate bill, as follows:

S. 1193

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—DEPARTMENT OF STATE

SHORT TITLE

SEC. 101. This title may be cited as the "Department of State Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 102. (a) There are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and for other purposes authorized by law, the following amounts:

(1) For "Administration of Foreign Affairs", $1,318,754,000 for the fiscal year 1982 and $1,248,059,000 for the fiscal year 1983.

(2) For "International Organizations and Conferences", $523,806,000 for the fiscal year 1982 and $514,436,000 for the fiscal year 1983.

(3) For "International Commissions", $22,508,000 for the fiscal year 1982 and $22,432,000 for the fiscal year 1983.

(4) For "Migration and Refugee Assistance", $560,850,000 for the fiscal year 1982 and $467,750,000 for the fiscal year 1983, of which not less than $18,750,000 shall be made available only for the resettlement of Soviet and Eastern European refugees in Israel.

(b) Of the amounts authorized to be appropriated by section 102(a)(1) of this Act for the fiscal years 1982 and 1983, $2,085,000 shall be available for each such fiscal year only for expenses to operate and maintain consular posts at Turin, Italy; Salzburg, Austria; Goteborg, Sweden; Bremen, Germany; Nice, France; Mandalay, Burma; and Brisbane, Australia.

(c) Of the amounts authorized to be appropriated by section 102(a)(2) of this Act, $45,800,000 shall be available in fiscal year 1982 and $45,800,000 shall be available in fiscal year 1983 only for the Organization of American States for the payment of 1982 and 1983 assessed United States contributions and to reimburse the Organization of American States for payments under the tax equalization program to employees who are United States citizens.

(d) Of the amounts authorized to be appropriated by section 102(a)(4) of this Act, $1,500,000 shall be available in fiscal year 1982 and $1,500,000 shall be available in fiscal year 1983 only for the International Committee of the Red Cross to support the

activities of the protection and assistance program for "political" detainees.

PALESTINIAN RIGHTS UNITS

SEC. 103. Funds appropriated under paragraph (2) of section 102 of this Act may not be used for payment by the United States, as its contribution toward the assessed budget of the United Nations for any year, of any amount which would cause the total amount paid by the United States as its assessed contribution for that year to exceed the amount assessed as the United States contribution for that year less—

(1) 25 percent of the amount budgeted for that year for the Committee on the Exercise for the Inalienable Rights of the Palestinian People (or any similar successor entity), and

(2) 25 percent of the amount budgeted for that year for the Special Unit on Palestinian Rights (or any similar successor entity).

RESTRICTION OF FUNDS TO UNITED NATIONS WHICH WOULD PROVIDE POLITICAL BENEFITS TO THE PALESTINE LIBERATION ORGANIZATION

SEC. 104. (a) None of the funds authorized to be appropriated under paragraph (2) of section 102 of this Act may be used for payment by the United States toward the assessed budget of the United Nations, or any of its specialized agencies, which would cause the total contribution of the United States to exceed its assessed contribution less 25 percent of the amount budgeted by such agency for projects of which the primary purpose is to provide political benefits to the Palestine Liberation Organization or entities associated with it.

(b) The President shall annually review the budget of the United Nations, and of its specialized agencies, to determine which programs have the primary purpose of providing political benefit to the Palestine Liberation Organization and shall report to Congress the programs and amounts for which the United States assessment is withheld.

(c) This section shall not be construed as limiting United States contributions to the United Nations, or its specialized agencies for programs for which the primary purpose is to provide humanitarian, educational, developmental and other nonpolitical benefits to the Palestinian people.

EX GRATIA PAYMENT

SEC. 105. Of the amount appropriated for the fiscal year 1982 under paragraph (1) of section 102 of this Act, $81,000 shall be available for payment ex gratia to the Government of Yugoslavia as an expression of concern by the United States Government for the injuries sustained by a Yugoslav national as a result of an attack on him in New York City.

BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

SEC. 106. In addition to the amounts authorized to be appropriated by section 102 of this Act, there are authorized to be appropriated to the Secretary of State $3,700,000 for the fiscal year 1982 and $3,700,000 for the fiscal year 1983 for payment of the United States share of expenses of the science and technology agreements between the United States and Yugoslavia and between the United States and Poland.

PASSPORT FEES AND DURATION

SEC. 107. (a) The first sentence of section 1 under the headings "FEES FOR PASSPORTS AND VISAS" of the Act of June 4, 1920 (22 U.S.C. 214), is amended to read as follows: "There shall be collected and paid into the Treasury of the United States a fee, prescribed by the Secretary of State by regulation, for each passport issued and a fee, prescribed by the Secretary of State by regulation, for executing each application for a passport.".

(b)(1) Section 2 of the Act entitled "An Act to regulate the issue and validity of passports, and for other purposes", approved July 3, 1926 (22 U.S.C. 217a), is amended to read as follows:

"SEC. 2. A passport shall be valid for a period of ten years from the date of issue, except that the Secretary of State may limit the validity of a passport to a period of less than ten years in an individual case or on a general basis pursuant to regulation.".

(2) The amendment made by this subsection applies with respect to passports issued after the date of enactment of this Act.

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW AND THE HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

SEC. 108. Section 2 of the joint resolution entitled "Joint Resolution to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor", approved December 30, 1963 (22 U.S.C. 269g-1), is amended by striking out ", except that" and all that follows through "that year".

PAN AMERICAN RAILWAY CONGRESS

SEC. 109. Section 2(a) of the joint resolution entitled "Joint Resolution providing for participation by the Government of the United States in the Pan American Railway Congress, and authorizing an appropriation therefor", approved June 28, 1948 (22 U.S.C. 280k), is amended by striking out "Not more than $15,000 annually" and inserting in lieu thereof "Such sums as may be necessary".

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

SEC. 110. Paragraph (1) of the first section of Public Resolution 42, Seventy-fourth Congress, approved August 2, 1935 (22 U.S.C. 273), is amended by striking out ", not to exceed $200,000 annually,".

INTERNATIONAL ORGANIZATIONS IN VIENNA

SEC. 111. Amend section 2 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e) by adding at the end thereof the following new subsection:

"(h) The President, by and with the advice and consent of the Senate shall appoint a representative of the United States to the Vienna office of the United Nations with appropriate rank and status who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. Such person shall, at the direction of the Secretary of State, represent the United States at the Vienna office of the United Nations, and perform such other functions there in connection with the participation of the United States in international organizations as the Secretary of State from time to time may direct.".

LIVING QUARTERS FOR THE STAFF OF THE UNITED STATES REPRESENTATIVE OF THE UNITED NATIONS

SEC. 112. Section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), is amended:

(1) by striking "the representative of the United States to the United Nations referred to in paragraph (a) of Section 2 hereof" and inserting in lieu thereof "the representatives provided for in Section 2 hereof and of their appropriate staffs", and

(2) by adding at the end thereof the following: "Any payments made by the United States Government personnel for occupancy by them of such leased or rented premises shall be credited to the appropriation, fund, or account utilized by the Secretary for such lease or rental, or to the appropriation, fund, or account currently available for such purposes.".

BUYING POWER MAINTENANCE FUND

SEC. 113. (a) Section 24(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(b)), is amended to read as follows:

"(b)(1) In order to maintain the levels of program activity provided for each fiscal year by the annual authorizing legislation for the Department of State, $20,000,000 of the fund authorized by section 102 may be used to offset adverse fluctuations in foreign currency exchange rates, or overseas wage and price changes, which occur after November 30 of the calendar year preceding the enactment of the authorizing legislation for such fiscal year.

"(2) In order to eliminate substantial gains to the approved levels of overseas operations, the Secretary of State shall transfer to the appropriation account established under paragraph (1) of this subsection such amounts in other appropriation accounts under the heading "Administration of Foreign Affairs" as the Secretary determines are excessive to the needs of the approved level of operations because of fluctuations in foreign currency exchange rates or changes in overseas wages and prices.

"(3) Funds transferred from the appropriation account established under paragraph (1) shall be merged with and be available for the same purpose, and for the same time period, as the appropriation account to which transferred; and funds transferred to the appropriation account established under paragraph (1) shall be merged with and available for the purposes of that appropriation account until expended. Any restriction contained in an appropriation Act or other provision of law limiting the amounts available for the Department of State that may be obligated or expended shall be deemed to be adjusted to the extent necessary to offset the net effect of fluctuations in foreign currency exchange rates or overseas wage and price changes in order to maintain approved levels.".

(b) Section 704(c) of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1477b(c)) is amended by striking out "preceding" and inserting in lieu thereof "calendar year preceding the enactment of the authorizing legislation for such".

(c) Section 8(a)(2) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2287(a)(2)) is amended by striking out "preceding" in the first sentence and inserting in lieu thereof "calendar year preceding the enactment of the amendments to paragraph (1) which provide the authorization for such".

(d) The amendments made by this section shall take effect on October 1, 1981.

ASIA FOUNDATION

SEC. 114. In addition to the amounts authorized by section 102, $4,500,000 is authorized to be appropriated in fiscal year 1982 for the Asia Foundation in furtherance of that organization's purposes as described in its charter. Such funds are to be made available to the Foundation by the Department of State in accordance with the terms and conditions of a grant agreement to be nego-

tiated between the Department of State and the Asia Foundation. Funds appropriated under this section are authorized to remain available until expended.

INTER-AMERICAN FOUNDATION

SEC. 115. (a) Section 401(s)(2) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(s)) is amended to read as follows:

"(2) There is authorized to be appropriated not to exceed $12,000,000 for the fiscal year 1982 to carry out the purposes of this section. Amounts appropriated under this paragraph are authorized to remain available until expended.".

(b) Section 401(h) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(h)) is amended to read as follows:

"(h) Members of the Board shall serve without additional compensation, but shall be reimbursed for travel expenses, including per diem in lieu of subsistence, in accordance with section 5703 of title 5, United States Code, while engaged in their duties on behalf of the corporation.".

DEPENDENT TRAVEL

SEC. 116. (a)(1) The first sentence of section 5924(4)(B) of title 5, United States Code, is amended by striking out "American secondary or" and inserting in lieu thereof "American secondary education or, in the case of dependents of an employee other than an employee of the Department of State or the International Communication Agency, to obtain an American".

(2) Section 5924 of such title is amended—

(A) by inserting "(a)" immediately before the first sentence; and

(B) by adding at the end thereof the following:

"(b)(1) An employee of the Department of State or of the International Communication Agency in a foreign area is entitled to the payment of the travel expenses incurred by the employee in connection with the travel of a dependent of the employee to or from a school for the purpose of obtaining an undergraduate college education.

"(2) Paragraph (1) shall apply—

"(A) to two round trips each calendar year, and

"(B) to travel expenses which—

"(i) are extraordinary and necessary expenses incurred in providing adequate education for such dependent because of the employee's service in a foreign area or areas, and

"(ii) are not otherwise compensated for.".

(b) The amendments made by subsection (a) shall take effect on October 1, 1981.

DUTIES OF CHIEF OF MISSION

SEC. 117. (a) Each chief of diplomatic mission of the United States in a foreign country shall have as a principal duty the promotion of United States goods and services for export to such country.

(b) For purposes of subsection (a), the term "chief of diplomatic mission" has the same meaning as given to the term "chief of mission" in section 102(a)(3) of the Foreign Service Act of 1980.

INFANT NUTRITION

Sec. 118. (a) Congress finds there is overwhelming scientific evidence that breastfeeding has substantial advantages for infant health and growth, that it offers an uncontaminated food supply, an early transfer of antibodies protective against infectious diseases, and a naturally evolved and tested nutritional source, and that it is an important factor in bonding between mother and child.

(b) Congress is concerned that numerous studies, in a wide variety of developed and developing countries, over a long period of time, have shown that improper use of breastmilk substitutes is associated with higher rates of illness and death, and in poor communities, with lessened growth and nutrition. The problem of unrefrigerated breastmilk substitutes prepared with polluted water and placed in contaminated bottles is further complicated by insects and heat in tropical climates.

(c) It is estimated that one hundred million of the one hundred and twenty-five million children in the world below the age of one are born in developing countries. Congress is concerned that ten million of these one hundred million will probably not live until their first birthday and that diarrhea and other infectious diseases, when combined with the problems of malnutrition, account for more than half of these deaths.

(d) Congress is further concerned that the health of those infants whose mothers are unable to provide them adequate breastmilk—whether for physical, economic, or cultural reasons—also be protected.

(e) Congress is concerned with the negative vote cast by the United States on May 21, 1981, at the Twenty-Fourth World Health Assembly of the World Health Organization on the "International Code of Marketing of Breastmilk Substitutes", and is further concerned that the vote has subjected United States policy to widespread misinterpretation.

(f) Therefore, the Congress—

(1) reaffirms the dedication of the United States to the protection of the lives of all the world's children and the support of the United States for efforts to improve world health;

(2) endorses the work being done by the Agency for International Development (AID), the World Health Organization (WHO), and the United Nations Children's Fund (UNICEF) across the broad front of problems associated with infant and young child nutrition;

(3) encourages the international health organizations, and their member states, to continue combating infant illness by improving sanitation and water quality; and

(4) urges the United States Government and the breastmilk substitute industry to support the basic aim of the Code and to cooperate with the governments of all countries in their efforts to develop health standards and programs designed to implement the objectives of the Code.

TITLE II—INTERNATIONAL COMMUNICATION AGENCY

SHORT TITLE

SEC. 201. This title may be cited as the "International Communication Agency Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 202. There are authorized to be appropriated for the International Communication Agency $561,402,000 for the fiscal year 1982 and $482,340,000 for the fiscal year 1983 to carry out international communication, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 2 of 1977, and other purposes authorized by law.

CHANGES IN ADMINISTRATIVE AUTHORITIES

SEC. 203. (a)(1) Title III of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1451-1453) is amended—

(A) in section 301 by striking out "citizen of the United States" and inserting in lieu thereof "person"; and

(B) in sections 302 and 303 by striking out "citizen of the United States" and inserting in lieu thereof "person in the employ or service of the Government of the United States".

(2) Such title is further amended—

(A) in section 301—

(i) by striking out "Secretary" the first place it appears and inserting in lieu thereof "Director of the International Communication Agency", and

(ii) by striking out "Secretary" the second place it appears and inserting in lieu thereof "Director"; and

(B) in section 303 by striking out "Secretary" and inserting in lieu thereof "Director of the International Communication Agency".

(3) Section 302 of such Act is amended—

(A) in the second sentence by striking out "section 901(3) of the Foreign Service Act of 1946 (60 Stat. 999)" and inserting in lieu thereof "section 905 of the Foreign Service Act of 1980"; and

(B) in the last sentence by striking out "section 1765 of the Revised Statutes" and inserting in lieu thereof "section 5536 of title 5, United States Code".

(b) Section 802 of such Act (22 U.S.C. 1472) is amended—

(1) by inserting "(a)" immediately after "SEC. 802."; and

(2) by adding at the end thereof the following new subsections:

"(b)(1) Any contract authorized by subsection (a) and described in paragraph (3) of this subsection which is funded on the basis of annual appropriations may nevertheless be made for periods not in excess of five years when—

"(A) appropriations are available and adequate for payment for the first fiscal year; and

"(B) the Director of the International Communication Agency determines that—

"(i) the need of the Government for the property or service being acquired over the period of the contract is reasonably firm and continuing;

"(ii) such a contract will serve the best interests of the United States by encouraging effective competition or promoting economies in performance and operation; and

"(iii) such method of contracting will not inhibit small business participation.

"(2) In the event that funds are not made available for the continuation of such a contract into a subsequent fiscal year, the contract shall be canceled and any cancellation costs incurred shall be paid from appropriations originally available for the performance of the contract, appropriations currently available for the acquisition of similar property or services and not otherwise obligated, or appropriations made for such cancellation payments.

"(3) This subsection applies to contracts for the procurement of property or services, or both, for the operation, maintenance, and support of programs, facilities, and installations for or related to radio transmission and reception, newswire services, and the distribution of books and other publications in foreign countries.".

(c) Paragraph (16) of section 804 of such Act (22 U.S.C. 1474(16)) is amended by inserting "and security vehicles" immediately after "right-hand drive vehicles".

(d) Title VIII of such Act (22 U.S.C. 1471-1475b) is amended by adding at the end thereof the following new section:

"ACTING ASSOCIATE DIRECTORS

"SEC. 808. If an Associate Director of the International Communication Agency dies, resigns, or is sick or absent, the Associate Director's principal assistant shall perform the duties of the office until a successor is appointed or the absence or sickness stops.".

(e) Paragraphs (18) and (19) of section 804 of such Act (22 U.S.C. 1476 (18) and (19)) are amended—

(1) by striking out "and" at the end of paragraph (18); and

(2) by striking out the period at the end of paragraph (19) and inserting the following: "; and

"(20) purchase motion picture, radio and television producers' liability insurance to cover errors and omissions or similar insurance coverage for the protection of interests in intellectual property.".

(f) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is amended by adding at the end thereof the following new subsection:

"(i) Foreign currencies which were derived from conversions made pursuant to the obligation of informational media guaranties and which have been determined to be unavailable for, or in excess of, the requirements of the United States and transferred to the Secretary of the Treasury, shall be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts. As such currencies become available for such purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive, they may be sold for dollars to agencies of the United States Government.".

(g) Title VIII of the United States Information and Educational Exchange Act of 1948, as amended, is revised by the addition of the following section:

"SEC. 809. Cultural exchanges, international fairs and expositions, and other exhibits or demonstrations of United States economic accomplishments and cultural attainments provided for under this Act or the Mutual Educational and Cultural Exchange Act of 1961 shall not be considered 'public work' as that term is defined in section 1 of the Defense Base Act, as amended (section 1651(b) of title 42 of the United States Code).".

LIQUIDATION OF THE INFORMATIONAL MEDIA GUARANTY FUND

SEC. 204. Section 1011(h) of such Act (22 U.S.C. 1442(h)) is amended by adding at the end thereof the following new paragraph:

"(4) Section 701(a) of this Act shall not apply with respect to any amounts appropriated under this section for the purpose of liquidating the notes (and any accrued interest thereon) which were assumed in the operation of the informational media guaranty program under this section and which were outstanding on the date of enactment of this paragraph.".

INTERNATIONAL EXCHANGES AND NATIONAL SECURITY

SEC. 205. (a) Congress finds that—

(1) United States Government sponsorship of international exchange-of-persons activities has, during the postwar era, contributed significantly to United States national security interests;

(2) during the 1970's, while United States programs declined dramatically, Soviet exchange-of-persons activities increased steadily in pace with the Soviet military buildup;

(3) as a consequence of these two trends, Soviet exchange-of-persons programs now far exceed those sponsored by the United States Government and thereby provide the Soviet Union an important means of extending its worldwide influence;

(4) the importance of competing effectively in this area is reflected in the efforts of major United States allies, whose programs also represent far greater emphasis on exchange-of-persons activities than is demonstrated by the current United States effort; and

(5) with the availability of increased resources, the United States exchange-of-persons progam could be greatly strengthened, both qualitatively and quantitatively.

(b) It is therefore the sense of Congress that—

(1) United States exchange-of-persons activities should be strengthened;

(2) the allocation of resources necessary to accomplish this improvement would constitute a highly cost-effective means of enhancing United States national security; and

(3) because of the integral and continuing national security role of exchange-of-persons programs, such activities should be accorded a dependable source of long-term funding.

(c) Beginning in fiscal year 1982, exchange-of-persons programs administered by the International Communication Agency shall, over a four-year period, be expanded to a level, in real terms, three times that in effect on the date of the enactment of this Act.

DISTRIBUTION WITHIN THE UNITED STATES OF THE FILM ENTITLED "IN THEIR OWN WORDS"

SEC. 206. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461)—

(1) the Director of the International Communication Agency shall make available to the Administrator of General Services a master copy of the film entitled "In Their Own Words"; and

(2) the Administrator shall reimburse the Director for any expenses of the Agency in making that master copy available, shall secure any licenses or other rights required for distribution of that film within the United States, shall deposit that film in the National Archives of the United States, and shall make copies of that film available for purchase and public viewing within the United States.

(b) Any reimbursement to the Director pursuant to this section shall be credited to the applicable appropriation of the International Communication Agency.

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

SHORT TITLE

SEC. 301. This title may be cited as the "Board for International Broadcasting Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 302. There are authorized to be appropriated for the Board for International Broadcasting $98,317,000 for fiscal year 1982 and $98,317,000 for fiscal year 1983.

ADDITIONAL FUNDING

SEC. 303. Notwithstanding the provisions of section 8b of Public Law 93-129, not to exceed $6,195,000 of the gain realized during fiscal year 1981 through upward fluctuations in foreign currency exchange rates shall be made available to compensate for losses incurred as a result of the bomb explosion at RFE/RL, Inc., Munich headquarters on February 21, 1981, and for additional RFE/RL, Inc., operating expenses as might be deemed appropriate.

MEMBERSHIP OF THE RFE/RL BOARD AND THE BIB

SEC. 304. (a) The Board for International Broadcasting Act of 1973 is amended by adding at the end thereof the following new section:

"MERGER OF THE BOARD FOR INTERNATIONAL BROADCASTING AND THE RFE/RL BOARD

"SEC. 11. (a) Effective January 1, 1982, no grant may be made under this Act to RFE/RL, Incorporated, unless the certificate of incorporation of RFE/RL, Incorporated, has been amended to provide that—

"(1) the Board of Directors of RFE/RL, Incorporated, shall consist of the members of the Board for International Broadcasting and of no other members; and

"(2) such Board of Directors shall make all major policy determinations governing the operation of RFE/RL, Incorporated, and shall appoint and fix the compensation of such managerial officers and employees of RFE/RL, Incorporated, as it deems necessary to carry out the purposes of this Act.

"(b) Compliance with the requirement of paragraph (1) of subsection (a) shall not be construed to make RFE/RL, Incorporated, a Federal agency or instrumentality.".

(b)(1) Section 3(b)(1) of such Act is amended to read as follows:

"(b)(1) COMPOSITION OF BOARD.—The Board shall consist of ten members, one of whom shall be an ex officio member. The President shall appoint, by and with the advice and consent of the Senate, nine voting members, one of whom he shall designate as chairman. Not more than five of the members of the Board appointed by the President shall be of the same political party. The chief operating executive of RFE/RL, Incorporated, shall be an ex officio member of the Board and shall participate in the activities of the Board, but shall not vote in the determinations of the Board.".

(2) Sections 3(b) (3) and (4) of such Act are amended to read as follows:

"(3) TERM OF OFFICE OF PRESIDENTIALLY APPOINTED MEMBERS.—The term of office of each member of the Board appointed by the President shall be three years, except that the terms of office of the individuals initially appointed as the four additional voting members of the Board who are provided for by the Board for International Broadcasting Authorization Act, Fiscal Years 1982 and 1983, shall be one, two, or three years (as designated by the President at the time of their appointment) so that the terms of one-third of the voting members of the Board expire each year. The President shall appoint, by and with the advice and consent of the Senate, members to fill vacancies occurring prior to the expiration of a term, in which case the members so appointed shall serve for the remainder of such term. Any member whose term has expired may serve until his successor has been appointed and qualified.

"(4) TERM OF OFFICE OF THE EX OFFICIO MEMBER.—The ex officio member of the Board shall serve on the Board during his or her term of service as chief operating executive of RFE/RL, Incorporated.".

RADIO FREE CUBA

SEC. 305. Any program of the United States Government involving radio broadcasts to Cuba for which funds are authorized to be appropriated under this Act or

any other Act shall be designated as "Radio Free Cuba".

TITLE IV—ARMS CONTROL AND DISARMAMENT AGENCY

SHORT TITLE

SEC. 401. This title may be cited as the "Arms Control and Disarmament Agency Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 402. Section 49(a) of the Arms Control and Disarmament Act (22 U.S.C. 2589(a)) is amended to read as follows:

"SEC. 49. (a) To carry out the purposes of this Act, there are authorized to be appropriated—

"(1) for the fiscal year 1982, $18,268,000 and such additional amounts as may be necessary for increases in salary, pay, retirement, other employee benefits authorized by law, and other nondiscretionary costs, and to offset adverse fluctuations in foreign currency exchange rates, and

"(2) for the fiscal year 1983, such sums as may be necessary to carry out the purposes of this Act.

Amounts appropriated under this subsection are authorized to remain available until expended.".

SECURITY CLEARANCES

SEC. 403. Section 45(a) of the Arms Control and Disarmament Act (22 U.S.C. 2585(a)) is amended by inserting the following new sentence after the second sentence thereof: "In the case of persons detailed from other Government agencies, the Director may accept the results of fullfield background security and loyalty investigations conducted by the Defense Investigative Service or the Department of State as the basis for the determination required under this subsection that the person is not a security risk or of doubtful loyalty.".

ANTISATELLITE ACTIVITIES

SEC. 404. Section 31(b) of the Arms Control and Disarmament Act (22 U.S.C. 2571) is amended by striking the "," and inserting the following phrase: "and of all aspects of anti-satellite activities;".

TITLE V—MISCELLANEOUS PROVISIONS

REPEALS; TECHNICAL AMENDMENTS

SEC. 501. (a) The following provisions of law are repealed:

(1) Section 408 of the Act entitled "An Act to authorize appropriations for fiscal years 1980 and 1981 for the Department of State, the International Communication Agency, and the Board for International Broadcasting", approved August 15, 1979 (22 U.S.C. 287c note).

(2)(A) Section 121(b) (22 U.S.C. 1175 note),

(B) section 122(b) (22 U.S.C. 2280 note),

(C) section 203 (22 U.S.C. 1461-1 note),

(D) section 504(e) (22 U.S.C. 2656d(e)),

(E) section 601(b) (92 Stat. 985),

(F) section 603(c) (22 U.S.C. 2656 note),

(G) section 608(c) (22 U.S.C. 2656d note),

(H) section 609(c) (92 Stat. 989),

(I) section 610(c) (22 U.S.C. 2151 note),

(J) section 611(b) (22 U.S.C. 1731 note),

(K) section 613(b) (22 U.S.C. 2370 note),

(L) section 705(a) (22 U.S.C. 2151 note),

(M) section 709 (22 U.S.C. 2151 note), and

(N) section 711 (22 U.S.C. 2220a note),

of the Foreign Relations Authorization Act, Fiscal Year 1979.

(3)(A) Section 107(b) (91 Stat. 846),

(B) section 109(a)(7) (22 U.S.C. 2384 note),

(C) section 414(b) (22 U.S.C. 1041 note),

(D) section 501 (91 Stat. 857),

(E) section 503(b) (91 Stat. 858),

(F) section 505 (22 U.S.C. 2151 note), and

(G) section 513 (19 Stat. 862),

of the Foreign Relations Authorization Act, Fiscal Year 1978.

(4) Section 403 of the Foreign Relations Authorization Act, Fiscal Year 1977 (22 U.S.C. 2871 note).

(5) Sections 102(b) (89 Stat. 756) and 503(b) (89 Stat. 772) of the Foreign Relations Authorization Act, Fiscal Year 1976.

(6) Section 15 of the State Department/USIA Authorization Act, Fiscal Year 1975 (22 U.S.C. 2151 note).

(b)(1) The Foreign Relations Authorization Act, Fiscal Year 1979, is amended—

(A) in section 121, by striking out "(a)";

(B) in section 122, by striking out "(a)";

(C) in section 601, by striking out "(a)";

(D) in section 611, by striking out "(a)";

(E) in section 613, by striking out "(a)"; and

(F) in section 705, by striking out "(a)".

(2) The Foreign Relations Authorization Act, Fiscal Year 1978, is amended—

(A) in section 107, by striking out "(a)";

(B) in section 414, by striking out "(a)";

(C) in section 503, by striking out "(a)"; and

(D) in section 505, by striking out "(a)".

(3) The Foreign Relations Authorization Act, Fiscal Year 1976, is amended—

(A) in section 102, by striking out "SEC. 102. (a) Except as provided in subsection (b), no" and inserting in lieu thereof "SEC. 102. No"; and

(B) in section 503, by striking out "(a)".

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

SEC. 502. (a) The Congress finds that—

(1) the First Amendment of the Constitution of the United States upholds the principle of freedom of the press;

(2) Article 19 of the Universal Declaration of Human Rights states that "everyone has the right to freedom of opinion and expression; this right includes the freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media regardless of frontiers";

(3) the signatories to the Final Act of the Conference on Security and Cooperation in Europe concluded in 1975 in Helsinki, Finland, pledged themselves to foster "freer flow and wider dissemination of information of all kinds", and to support "the improvement of the circulation of, access to, and exchange of information";

(4) the Constitution of the United Nations Educational, Scientific, and Cultural Organization itself is committed to "promote the free flow of ideas by word and image"; and

(5) a free press is vital to the functioning of free governments.

(b) The Congress hereby expresses its opposition to—

(1) efforts by the United Nations Educational, Scientific, and Cultural Organization to attempt to regulate news content and to formulate rules and regulations for the operation of the world press; and

(2) efforts by some countries further to control access to and dissemination of news.

PROMOTION OF FREE PRESS

SEC. 503. (a) It is the sense of the Congress that none of the funds authorized to be appropriated under paragraph (2) of section 102 of this Act may be used for payment by the United States toward the assessed budget of the United Nations Educational, Scientific, and Cultural Organization if such payment would cause the total contribution of the United States to the United Nations Educational, Scientific, and Cultural Organization to exceed its assessed contribution less 25 percent of the amount made available by the United Nations Educational, Scientific, and Cultural Organization for projects or organizational entities the effect of which is to license journalists or their publications, to censor or otherwise restrict the free flow of information within or between countries, or to impose mandatory codes of journalistic practice or ethics.

(b) The Secretary of State shall prepare and transmit annually to the Congress a report on the implementation of this section.

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

SEC. 504. (a) Section 6(4) of the Japan-United States Friendship Act is amended by striking out "and not to exceed 5 per centum annually of the principal of the Fund" and inserting in lieu thereof a comma and the following: "any amount of the contributions deposited in the Fund from nonappropriated sources pursuant to paragraph (2) or (3) of this section, and not to exceed 5 per centum annually of the principal of the total amount appropriated to the Fund".

(b) Section 7(e) of such Act is amended by inserting after "amounts received" the following: "(including amounts earned as interest on, and proceeds from the sale or redemption of, obligations purchased with amounts received)".

REPORT

SEC. 505. (a) Not later than sixty days after the date of enactment of this section, the President shall prepare and transmit to the Congress a full and complete report on the total cost of Federal, State, and local efforts to assist refugees and Cuban and Haitian entrants within the United States or abroad for each of the fiscal years 1981 and 1982. Such reports shall include and set forth for each such fiscal year—

(1) the costs of assistance for resettlement of refugees and Cuban and Haitian entrants within the United States or abroad;

(2) the costs of United States contributions to foreign governments, international organizations, or other agencies which are attributable to assistance for refugees and Cuban and Haitian entrants;

(3) the costs of Federal, State, and local efforts other than described in paragraphs (1) and (2) to assist, and provide services for, refugees and Cuban and Haitian entrants; and

(4) administrative and operating expenses of Federal, State, and local governments which are attributable to programs of assistance or services described in paragraphs (1), (2), and (3); and

(5) administrative and operating expenses incurred by the United States because of the entry of such aliens into the United States.

(b) For purposes of this section—

(1) the term "refugees" is used within the meaning of paragraph (42) of section 101(a) of the Immigration and Nationality Act; and

(2) the phrase "Cuban and Haitian entrants" means Cubans and Haitians paroled into the United States, pursuant to section 212(d)(5) of the Immigration and Nationality Act, during 1980 who have not been given or denied refugee status under the Immigration and Nationality Act.

TITLE VI—PEACE CORPS AUTONOMY

SHORT TITLE

SEC. 601. This title may be cited as the "Peace Corps Autonomy Act".

ESTABLISHMENT AS AN INDEPENDENT AGENCY

Sec. 602. Effective on the date of enactment of this Act, the Peace Corps shall be an independent agency within the executive branch and shall not be an agency within the ACTION Agency or any other department or agency of the United States.

TRANSFER OF FUNCTIONS

SEC. 603. (a) There are transferred to the Director of the Peace Corps all functions relating to the Peace Corps which were vested in the Director of the ACTION Agency on the day before the date of enactment of this Act.

(b)(1) All personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds as are determined by the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, to be employed, held, or used primarily in connection with any function relating to the Peace Corps before the date of the enactment of this Act are transferred to the Peace Corps. The transfer of unexpended balances pursuant to the preceding sentence shall be subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c).

(2)(A) The transfer pursuant to this section of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any employee to be separated or reduced in rank, class, grade, or compensation, or otherwise suffer a loss of employment benefits for one year after—

(i) the date on which the Director of the Office of Management and Budget submits the report required under section 606, or

(ii) the effective date of the transfer of such employee,

whichever occurs later.

(B) The personnel transferred pursuant to this section shall, to the maximum extent feasible, be assigned to such related functions and organizational units in the Peace Corps as such personnel were assigned to immediately before the date of enactment of this Act.

(C) Collective-bargaining agreements in effect on the date of enactment of this Act covering personnel transferred pursuant to this section or employed on such date by the Peace Corps shall continue to be recognized by the Peace Corps until the termination date of such agreements or until a mutual modification by the parties otherwise specifies.

(3) Under such regulations as the President may prescribe, each person who does not hold an appointment under section 7(a)(2) of the Peace Corps Act and who is determined under paragraph (1) to be employed primarily in connection with any function relating to the Peace Corps shall, effective on the date of enactment of this Act, be appointed a member of the Foreign Service under the authority of section 7(a)(2) of the Peace Corps Act, and be appointed or assigned to an appropriate class thereof, except that—

(A) no person who holds a career or career-conditional appointment immediately before such date shall, without the consent of such person, be so appointed until three years after such date, during which period such person not consenting to be so appointed may continue to hold such career or career-conditional appointment; and

(B) each person so appointed who, immediately before such date, held a career or career-conditional appointment at grade 8 or below of the General Schedule established by section 5332 of title 5, United States Code, shall be appointed a member of the Foreign Service for the duration of operations under the Peace Corps Act.

Each person appointed under this paragraph shall receive basic compensation at the rate of such person's class determined by the President to be appropriate, except that the rate of basic compensation received by such person immediately before the effective date of such person's appointment under this paragraph shall be not reduced as a result of the provisions of this paragraph.

DIRECTOR OF THE PEACE CORPS

SEC. 604. Section 4(b) of the Peace Corps Act (22 U.S.C. 2503(b)) is amended by striking out "such agency or officer of the United States Government as he shall direct. The head of any such agency or any such officer" and inserting in lieu thereof "the Director of the Peace Corps. The Director of the Peace Corps".

TECHNICAL AMENDMENTS

SEC. 605. (a) Section 3 of the Peace Corps Act (22 U.S.C. 2502) is amended by—

(1) repealing subsections (d), (e), and (f); and

(2) redesignating subsection (g) as subsection (d).

(b) The repeal of provisions of law made by subsection (a) of this section shall not affect (1) the validity of any action taken under the repealed provisions before the date of the enactment of this Act, or (2) the liability of any person for any payment described in such subsection (f).

REPORTS

SEC. 606. (a) Not later than the thirtieth day after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit to the appropriate committees of the Congress and to the Comptroller General a report regarding the steps taken in implementation of the provisions of this Act, including descriptions of the manner in which various administrative matters are disposed of, such as matters relating to personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, used, held, available, or to be made available in connection with functions or activities relating to the Peace Corps.

(b) Not later than the forty-fifth day after the date of the enactment of this Act, the Comptroller General shall submit to such committees a report stating whether, in the judgment of the Comptroller General, determinations made by the Director of the Office of Management and Budget under section 603(b)(1) were equitable.

REFERENCES IN LAW

SEC. 607. References in any law, reorganization plan, Executive order, regulation, or other official document or proceeding to the ACTION Agency or the Director of the ACTION Agency with respect to functions or activities relating to the Peace Corps shall be deemed to refer to the Peace Corps or the Director of the Peace Corps, respectively.

MOTION OFFERED BY MR. FASCELL

Mr. FASCELL. Mr. Speaker, pursuant to House Resolution 257, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. FASCELL moves to strike out all after the enacting clause of the Senate bill, S. 1193, and insert in lieu thereof the provisions contained in H.R. 4814.

The SPEAKER pro tempore. Pursuant to House Resolution 257, the amendment is considered as having been read.

The amendment reads as follows:

H.R. 4814

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—DEPARTMENT OF STATE

SHORT TITLE

SEC. 101. This title may be cited as the "Department of State Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 102. There are authorized to be appropriated for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and other purposes authorized by law, the following amounts:

(1) For "Administration of Foreign Affairs", $1,245,637,000 for the fiscal year 1982 and $1,248,059,000 for the fiscal year 1983.

(2) For "International Organizations and Conferences", $503,462,000 for the fiscal year 1982 and $514,436,000 for the fiscal year 1983.

(3) For "International Commissions", $19,808,000 for the fiscal year 1982 and $22,432,000 for the fiscal year 1983.

(4) For "Migration and Refugee Assistance", $504,100,000 for the fiscal year 1982 and $460,000,000 for the fiscal year 1983.

PALESTINIAN RIGHTS UNITS

SEC. 103. Funds appropriated under paragraph (2) of section 102 of this Act may not be used for payment by the United States, as its contribution toward the assessed budget of the United Nations for any year, of any amount which would cause the total amount paid by the United States as its assessed contribution for that year to exceed the amount assessed as the United States contribution for that year less—

(1) 25 percent of the amount budgeted for that year for the Committee on the Exercise of the Inalienable Rights of the Palestinian People (or any similar successor entity), and

(2) 25 percent of the amount budgeted for that year for the Special Unit on Palestinian Rights (or any similar successor entity).

RESTRICTION ON CONTRIBUTIONS TO THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

SEC. 104. (a) None of the funds authorized to be appropriated by section 102(2) of this Act or by any other Act for "International Organizations and Conferences" may be used for payment by the United States of its contribution toward the assessed budget of the United Nations Educational, Scientific and Cultural Organization if that organization implements any policy or procedure the effect of which is to license journalists or their publications, to censor or otherwise restrict the free flow of information within or among countries, or to impose mandatory codes of journalistic practice or ethics.

(b) Not later than February 1 of each year, the Secretary of State shall report to the Congress with respect to whether the United Nations Educational, Scientific and Cultural Organization has taken any action described in subsection (a) of this section.

EX GRATIA PAYMENT

SEC. 105. Of the amount appropriated for the fiscal year 1982 under paragraph (1) of section 102 of this Act, $81,000 shall be available for payment ex gratia to the Government of Yugoslavia as an expression of concern by the United States Government for the injuries sustained by a Yugoslav national as a result of an attack on him in New York City.

ASSISTANCE FOR REFUGEES SETTLING IN ISRAEL

SEC. 106. Of the amounts authorized to be appropriated by paragraph (4) of section 102 of this Act, $12,500,000 for the fiscal year 1982 and $15,000,000 for the fiscal year 1983 shall be available only for assistance for the resettlement in Israel of refugees from the Union of Soviet Socialist Republics and from Communist countries in Eastern Europe.

BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

SEC. 107. In addition to the amounts authorized to be appropriated by section 102 of this Act, there are authorized to be appropriated to the Secretary of State $3,700,000 for the fiscal year 1982 and $3,700,000 for the fiscal year 1983 for payment of the United States share of expenses of the science and technology agreements between the United States and Yugoslavia and between the United States and Poland.

BUYING POWER MAINTENANCE

SEC. 108. (a) Section 24(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(b)) is amended to read as follows:

"(b)(1) In order to maintain the levels of program activity for the Department of State provided for each fiscal year by the annual authorizing legislation, there are authorized to be appropriated for the Department of State such sums as may be necessary to offset adverse fluctuations in foreign currency exchange rates, or overseas wage and price changes, which occur after November 30 of the calendar year preceding the enactment of the authorizing legislation for such fiscal year.

"(2) In carrying out this subsection, there may be established a Buying Power Maintenance account.

"(3) In order to eliminate substantial gains to the approved levels of overseas operations for the Department of State, the Secretary of State may transfer to the Buying Power Maintenance account such amounts in any appropriation account under the heading 'Administration of Foreign Affairs' as the Secretary determines are excessive to the needs of the approved level of operations under that appropriation account because of fluctuations in foreign currency exchange rates or changes in overseas wages and prices.

"(4) In order to offset adverse fluctuations in foreign currency exchange rates or overseas wage and price changes, the Secretary of State may transfer from the Buying Power Maintenance account to any appropriation account under the heading 'Administration of Foreign Affairs' such amounts as the Secretary determines are necessary to maintain the approved level of operations under that appropriation account.

"(5) Funds transferred by the Secretary of State from the Buying Power Maintenance account to another account shall be merged with and be available for the same purpose, and for the same time period, as the funds in that other account. Funds transferred by the Secretary from another account to the Buying Power Maintenance account shall be merged with the funds in the Buying Power Maintenance account and shall be available for the purposes of that account until expended.

"(6) Any restriction contained in an appropriation Act or other provision of law limiting the amounts available for the Department of State that may be obligated or expended shall be deemed to be adjusted to the extent necessary to offset the net effect of fluctuations in foreign currency exchange rates or overseas wage and price changes in order to maintain approved levels.".

(b) Section 704(c) of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1477b(c)) is amended—

(1) by inserting ", or overseas wage and price changes," immediately after "foreign currency exchange rates"; and

(2) by striking out "preceding" and inserting in lieu thereof "calendar year preceding the enactment of the authorizing legislation for such".

(c) Section 8(a)(2) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2287(a)(2)) is amended—

(1) in the first sentence, by inserting ", or overseas wage and price changes," immediately after "foreign currency exchange rates";

(2) in the first sentence, by striking out "preceding" and inserting in lieu thereof "calendar year preceding the enactment of the amendments to paragraph (1) which provide the authorization for such"; and

(3) in the second sentence, by inserting "or such changes" immediately after "such fluctuations".

PASSPORT FEES AND PERIOD OF VALIDITY

SEC. 109. (a) The first sentence of section 1 under the heading "FEES FOR PASSPORTS AND VISAS" of the Act of June 4, 1920 (22 U.S.C. 214), is amended to read as follows: "There shall be collected and paid into the Treasury of the United States a fee, prescribed by the Secretary of State by regulation, for each passport issued and a fee, prescribed by the Secretary of State by regulation, for executing each application for a passport.".

(b)(1) Section 2 of the Act entitled "An Act to regulate the issue and validity of passports, and for other purposes", approved July 3, 1926 (22 U.S.C. 217a), is amended to read as follows:

"SEC. 2. A passport shall be valid for a period of ten years from the date of issue, except that the Secretary of State may limit the validity of a passport to a period of less than ten years in an individual case or on a general basis pursuant to regulation.".

(2) The amendment made by this subsection applies with respect to passports issued after the date of enactment of this Act.

DOCUMENTATION OF CITIZENSHIP

SEC. 110. The State Department Basic Authorities Act of 1956 is amended by inserting the following new section 33 immediately after section 32 and by redesignating existing section 33 as section 34:

"SEC. 33. The following documents shall have the same force and effect as proof of United States citizenship as certificates of naturalization or of citizenship issued by the Attorney General or by a court having naturalization jurisdiction:

"(1) A passport, during its period of validity (if such period is the maximum period authorized by law), issued by the Secretary of State to a citizen of the United States.

"(2) The report, designated as a 'Report of Birth Abroad of a Citizen of the United States', issued by a consular officer to document a citizen born abroad.".

PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

SEC. 111. Paragraph (1) of the first section of the joint resolution entitled "Joint resolution to provide for membership of the United States in the Pan American Institute of Geography and History; and to authorize the President to extend an invitation for the next general assembly of the institute to meet in the United States in 1935, and to provide an appropriation for expenses thereof", approved August 2, 1935 (22 U.S.C. 273), is amended by striking out ", not to exceed $200,000 annually,".

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW AND THE HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

SEC. 112. Section 2 of the joint resolution entitled "Joint resolution to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor", approved December 30, 1963 (22 U.S.C. 269g-1), is amended by striking out ", except that" and all that follows through "that year".

PAN AMERICAN RAILWAY CONGRESS

SEC. 113. Section 2(a) of the joint resolution entitled "Joint resolution providing for participation by the Government of the United States in the Pan American Railway Congress, and authorizing an appropriation therefor", approved June 28, 1948 (22 U.S.C. 280k), is amended by striking out "Not more than $15,000 annually" and inserting in lieu thereof "Such sums as may be necessary".

UNITED STATES REPRESENTATIVE TO INTERNATIONAL ORGANIZATIONS IN VIENNA

SEC. 114. Section 2 of the United Nations Participation Act of 1945 (22 U.S.C. 287) is amended by adding at the end thereof the following new subsection:

"(h) The President, by and with the advice and consent of the Senate, shall appoint a representative of the United States to the Vienna office of the United Nations with appropriate rank and status, who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. Such individual shall, at the direction of the Secretary of State, represent the United States at the Vienna office of the United Nations and perform such other functions there in connection with the participation of the United States in international organizations as the Secretary of State from time to time may direct.".

LIVING QUARTERS FOR THE STAFF OF THE UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS

SEC. 115. Section 8 of the United Nations Participation Act of 1945 (22 U.S.C. 287e) is amended—

(1) by striking out "representative of the United States to the United Nations referred to in paragraph (a) of section 2 hereof" and inserting in lieu thereof "representatives provided for in section 2 of this Act and of their appropriate staffs"; and

(2) by adding at the end thereof the following: "Any payments made by United

States Government personnel for occupancy by them of living quarters leased or rented under this section shall be credited to the appropriation, fund, or account utilized by the Secretary of State for such lease or rental or to the appropriation, fund, or account currently available for such purpose.".

AMENDMENTS CORRECTING PRINTING ERRORS

SEC. 116. The Foreign Service Act of 1980 is amended—

(1) in section 704(b)(2) (22 U.S.C. 4024(b)(2)) by striking out "411" and inserting in lieu thereof "412"; and

(2) in section 814(a)(3) (22 U.S.C. 4054(a)(3)) by striking out "on" the second place it appears in the first sentence and inserting in lieu thereof "or".

PRIVATE SECTOR REPRESENTATIVES ON UNITED STATES DELEGATIONS TO INTERNATIONAL TELECOMMUNICATIONS MEETINGS AND CONFERENCES

SEC. 117. (a) Sections 203, 205, 207, and 208 of title 18, United States Code, shall not apply to a private sector representative on the United States delegation to an international telecommunications meeting or conference who is specifically designated to speak on behalf of or otherwise represent the interests of the United States at such meeting or conference with respect to a particular matter, if the Secretary of State (or his designee) certifies that no Government employee on the delegation is as well qualified to represent United States interests with respect to such matter and that such designation serves the national interest. All such representatives shall have on file with the Department of State the financial disclosure report required for special Government employees.

(b) As used in this section, the term "international telecommunications meeting or conference" means the conferences of the International Telecommunications Union, meetings of its International Consultative Committees for Radio and for Telephone and Telegraph, and such other international telecommunications meetings or conferences as the Secretary of State may designate.

PROCUREMENT CONTRACTS

SEC. 118. The State Department Basic Authorities Act of 1956 is amended by inserting the following new section immediately after section 13:

"SEC. 14. (a) Any contract for the procurement of property or services, or both, for the Department of State or the Foreign Service which is funded on the basis of annual appropriations may nevertheless be made for periods not in excess of five years when—

"(1) appropriations are available and adequate for payment for the first fiscal year and for all potential cancellation costs; and

"(2) the Secretary of State determines that—

"(A) the need of the Government for the property or service being acquired over the period of the contract is reasonably firm and continuing;

"(B) such a contract will serve the best interests of the United States by encouraging effective competition or promoting economies in performance and operation; and

"(C) such a method of contracting will not inhibit small business participation.

"(b) In the event that funds are not made available for the continuation of such a contract into a subsequent fiscal year, the contract shall be canceled and any cancellation costs incurred shall be paid from appropriations originally available for the performance of the contract, appropriations currently available for the acquisition of similar property or services and not otherwise obligated, or appropriations made for such cancellation payments.".

COMPENSATION FOR DISABILITY OR DEATH

SEC. 119. The State Department Basic Authorities Act of 1956 is amended by inserting the following new section immediately after section 15:

"SEC. 16. The first section of the Act of August 16, 1941 (42 U.S.C. 1651; commonly known as the 'Defense Base Act') shall not apply with respect to such contracts as the Secretary of State may determine which are contracts with persons employed to perform work for the Department of State or the Foreign Service on an intermittent basis for not more than 90 days in a calendar year.".

REGULATION OF FOREIGN MISSIONS

SEC. 120. (a) The State Department Basic Authorities Act of 1956 is amended by striking out "That the Secretary" in the first section and inserting in lieu thereof the following:

"TITLE I—BASIC AUTHORITIES GENERALLY

"SECTION 1. The Secretary".

(b) That Act is further amended by adding at the end thereof the following:

"TITLE II—AUTHORITIES RELATING TO THE REGULATION OF FOREIGN MISSIONS

"DECLARATION OF FINDINGS AND POLICY

"SEC. 201. (a) The Congress finds that the operation in the United States of foreign missions and public international organizations and the official missions to such organizations, including the permissible scope of their activities and the location and size of their facilities, is a proper subject for the exercise of Federal jurisdiction.

"(b) The Congress declares that it is the policy of the United States to support the secure and efficient operation of United States missions abroad, to facilitate the secure and efficient operation in the United States of foreign missions and public international organizations and the official missions to such organizations, and to assist in obtaining appropriate benefits, privileges, and immunities for those missions and organizations and to require their observance of corresponding obligations in accordance with international law.

"(c) The treatment to be accorded to a foreign mission in the United States shall be determined by the United States after due consideration of the benefits, privileges, and immunities provided to missions of the United States in the country or territory represented by that foreign mission.

"DEFINITIONS

"SEC. 202. (a) For purposes of this title—

"(1) 'benefit' (with respect to a foreign mission) means any acquisition, or authorization for an acquisition, in the United States by or for a foreign mission, including the acquisition of—

"(A) real property by purchase, lease, exchange, construction, or otherwise,

"(B) public services, including services relating to customs, importation, and utilities, and the processing of applications or requests relating to public services,

"(C) supplies, maintenance, and transportation,

"(D) locally engaged staff on a temporary or regular basis,

"(E) travel and related services, and

"(F) protective services,

and includes such other benefits as the Secretary may designate;

"(2) 'chancery' means the principal offices of a foreign mission used for diplomatic or related purposes, and annexes to such offices (including ancillary offices and support facilities), and includes the site and any building on such site which is used for such purposes;

"(3) 'Director' means the Director of the Office of Foreign Missions established pursuant to section 203(a);

"(4) 'foreign mission' means any official mission to the United States involving diplomatic, consular, or other governmental activities of—

"(A) a foreign government, or

"(B) an organization (other than an international organization, as defined in section 209(b) of this title) representing a territory or political entity which has been granted diplomatic or other official privileges and immunities under the laws of the United States,

including any real property of such a mission and including the personnel of such a mission;

"(5) 'real property' includes any right, title, or interest in or to, or the beneficial use of, any real property in the United States, including any office or other building;

"(6) 'Secretary' means the Secretary of State;

"(7) 'sending State' means the foreign government, territory, or political entity represented by a foreign mission; and

"(8) 'United States' means, when used in a geographic sense, the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) Determinations with respect to the meaning and applicability of the terms used in subsection (a) shall be committed to the discretion of the Secretary.

"OFFICE OF FOREIGN MISSIONS

"SEC. 203. (a) The Secretary shall establish an Office of Foreign Missions as an independent office within the Department of State. The Office shall be headed by a Director, appointed by the Secretary, who shall perform his or her functions under the supervision and direction of the Secretary. The Secretary may delegate this authority for supervision and direction of the Director only to the Deputy Secretary of State or an Under Secretary of State.

"(b) The Secretary may authorize the Director to—

"(1) assist agencies of Federal, State, and municipal government with regard to ascertaining and according benefits, privileges, and immunities to which a foreign mission may be entitled;

"(2) provide or assist in the provision of benefits for or on behalf of a foreign mission in accordance with section 204; and

"(3) perform such other functions as the Secretary may determine necessary in furtherance of the policy of this title.

"PROVISION OF BENEFITS

"SEC. 204. (a) Upon the request of a foreign mission, benefits may be provided to or for that foreign mission by or through the Director on such terms and conditions as the Secretary may approve.

"(b) If the Secretary determines that such action is reasonably necessary on the basis of reciprocity or otherwise—

"(1) to facilitate relations between the United States and a sending State,

"(2) to protect the interests of the United States,

"(3) to adjust for costs and procedures of obtaining benefits for missions of the United States abroad, or

"(4) to assist in resolving a dispute affecting United States interests and involving a foreign mission or sending State,

then the Secretary may require a foreign mission (A) to obtain benefits from or through the Director on such terms and conditions as the Secretary may approve, or (B) to comply with such terms and conditions as the Secretary may determine as a condition to the execution or performance in the United States of any contract or other agreement; the acquisition, retention, or use of any real property; or the application for or acceptance of any benefit (including any benefit from or authorized by any Federal, State, or municipal governmental authority, or any entity providing public services).

"(c) Terms and conditions established by the Secretary under this section may include—

"(1) a requirement to pay to the Director a surcharge or fee, and

"(2) a waiver by a foreign mission (or any assignee of or person deriving rights from a foreign mission) of any recourse against any governmental authority, any entity providing public services, any employee or agent of such an authority or entity, or any other person, in connection with any action determined by the Secretary to be undertaken in furtherance of this title.

"(d) For purposes of effectuating a waiver of recourse which is required under this section, the Secretary may designate the Director or any other officer of the Department of State as the agent of a foreign mission (or of any assignee of or person deriving rights from a foreign mission). Any such waiver by an officer so designated shall for all purposes (including any court or administrative proceeding) be deemed to be a waiver by the foreign mission (or the assignee of or other person deriving rights from a foreign mission).

"(e) Neither the Director nor any other officer or employee of the Department of State may certify or otherwise authenticate the accredited diplomatic status of a total of more than two persons for each foreign mission for the purpose of facilitating, directly or indirectly, the issuance to any such person of a diplomatic license plate for any motor vehicle by any Federal, State, or local governmental agency.

"PROPERTY OF FOREIGN MISSIONS

"SEC. 205. (a)(1) The Secretary may require any foreign mission to notify the Director prior to any proposed acquisition, or any proposed sale or other disposition, of any real property by or on behalf of such mission. If such a notification is required, the foreign mission (or other party acting on behalf of the foreign mission) may initiate or execute any contract, proceeding, application, or other action required for the proposed action—

"(A) only after the expiration of the sixty-day period beginning on the date of such notification (or after the expiration of such shorter period as the Secretary may specify in a given case); and

"(B) only if the mission is not notified by the Secretary within that period that the proposal has been disapproved; however, the Secretary may include in such a notification such terms and conditions as the Secretary may determine appropriate in order to remove the disapproval.

"(2) For purposes of this section, 'acquisition' includes any acquisition or alteration of, or addition to, any real property or any change in the purpose for which real property is used by a foreign mission.

"(b) The Secretary may require any foreign mission to divest itself of, or forgo the use of, any real property determined by the Secretary—

"(1) not to have been acquired in accordance with this section; or

"(2) to exceed limitations placed on real property available to a United States mission in the sending State.

"(c) If a foreign mission has ceased conducting diplomatic, consular, and other governmental activities in the United States and there is not a protecting power or other agent designated by the sending State and approved by the Secretary which is responsible for the property of that foreign mission, the Secretary—

"(1) until the designation of a protecting power or other agent approved by the Secretary, may protect and preserve any property of that foreign mission; and

"(2) may authorize the Director to dispose of such property at such time as the Secretary may determine after the expiration of the one-year period beginning on the date that the foreign mission ceased those activities, and may remit to the sending State the net proceeds from such disposition.

"LOCATION OF FOREIGN MISSIONS IN THE DISTRICT OF COLUMBIA

"SEC. 206. (a) In order to ensure the fulfillment of the international obligations of the United States and the policy of this title, the location, replacement, or expansion of any building or other real property in the District of Columbia which is used for the diplomatic, consular, or other governmental activities (except property used exclusively for residential purposes) of a foreign mission shall be subject to the approval of the District of Columbia Foreign Missions Commission as provided in this section.

"(b)(1) There is hereby created, as an independent agency of the District of Columbia, the District of Columbia Foreign Missions Commission (hereafter in this section referred to as the 'Foreign Missions Commission') which shall consist of the five members of the Zoning Commission for the District of Columbia (as such members are designated by section 492(a) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 5-412)), the Chairman of the National Capital Planning Commission, and the Secretary of Defense, or such alternate as each such person may be designated from time to time.

"(2) While actually engaged in the performance of duties as a member of the Foreign Missions Commission, the Chairman of the National Capital Planning Commission (or the alternate designated by the Chairman) shall be compensated by the District of Columbia in the manner and at the rates applicable to the members of the Zoning Commission for the District of Columbia who are appointed by the Mayor.

"(3) The Mayor of the District of Columbia shall furnish such facilities and administrative services, and shall assign such employees, to the Foreign Missions Commission as may be required by the Commission to carry out this section.

"(c) The Foreign Missions Commission shall—

"(1) establish areas within which chanceries may be located as a matter of right, and

"(2) establish additional areas within which chanceries may be located.

Limitations on chancery uses shall not exceed those applicable to any other nonresidential use in the areas so established.

"(d) Any determination by the Foreign Missions Commission pursuant to this section, including the establishment of areas in accordance with paragraphs (1) and (2) of subsection (c), shall be considered rulemaking under the District of Columbia Administrative Procedure Act (D.C. Code, secs. 1-1501—1-1510).

"(e) Any determination by the Foreign Missions Commission with respect to chanceries pursuant to this section, including the establishment of areas in accordance with paragraphs (1) and (2) of subsection (c), shall be based solely on the following criteria:

"(1) The obligation of the United States to facilitate the provision of adequate and secure facilities for foreign missions in the Nation's Capital.

"(2) The chancery is in or adjacent to an area, determined on the basis of existing or planned uses, of (A) commercial use, or (B) mixed uses, including residential, commercial, office, or institutional use.

"(3) Historic preservation, as determined by the Foreign Missions Commission in carrying out this section; except that substantial compliance with District and Federal laws governing historic preservation shall be required with respect to new construction and to demolition of or alteration to historic landmarks, in order to ensure compatibility with historic landmarks and districts.

"(4) The adequacy of off-street or other parking and the extent to which the area will be served by public transportation to reduce parking requirements, subject to such special security requirements as may be determined by the Secretary.

"(5) The extent to which the area will have adequate public facilities, utilities, and services, including streets, street lighting, water, sewer, electricity, telephone, and refuse collection.

"(6) The extent to which the area is capable of being adequately protected, as determined by a Federal agency authorized to perform protective services.

"(7) The municipal interest, as determined by the Mayor of the District of Columbia.

"(8) The Federal interest, as determined by the Secretary.

Any other determination by the Foreign Missions Commission pursuant to this section shall be based solely on the criteria specified in paragraphs (1), (3), (6), (7), and (8), and such other criteria as the Commission may by regulation establish.

"(f)(1) The regulations, proceedings, and other actions of the Foreign Missions Commission pursuant to this section shall not be inconsistent with Federal elements of the comprehensive plan for the National Capital. All elements of the comprehensive plan relating to the location of foreign missions shall be based solely on the criteria set forth in this section and shall reflect the policy of this title.

"(2) Proposed determinations by the Foreign Missions Commission shall be referred to the National Capital Planning Commission for review and comment.

"(g) The Foreign Missions Commission shall promulgate such regulations as it determines are necessary for it to carry out this section.

"(h) This section shall not be construed to authorize, and the regulations of the For-

eign Missions Commission shall not provide for or require, procedures in the nature of a special exception or administrative proceedings of an adjudicatory nature.

"(i) In any proceeding with respect to approval of the location, replacement, or expansion of real property of a foreign mission pursuant to this section, the final determination by the Foreign Missions Commission shall be made not later than 6 months after the date of filing an application for such approval. Any such determination shall not be subject to administrative proceedings of any other agency or official except as provided in this title. Any such determination by the Foreign Missions Commission shall ensure the fulfillment of the obligation of the United States to facilitate the provision of adequate and secure facilities for foreign missions and shall take into account special security requirements as determined by the Secretary.

"(j) The Secretary shall require foreign missions to comply substantially with District of Columbia building and related codes in a manner determined by the Secretary to be not inconsistent with the international obligations of the United States.

"(k) The United States, acting on its own behalf or on behalf of a foreign mission—

"(1) has standing to bring an action for judicial review of a determination by the Foreign Missions Commission under this section or, where appropriate, for judicial enforcement of the requirements of this section applicable to the Commission; and

"(2) has standing to intervene in any such action which is otherwise pending.

"(l) Approval by the Foreign Missions Commission under this section or, except as provided in section 205, by any other agency or official is not required—

"(1) for the location, replacement, or expansion of real property of a foreign mission to the extent—

"(A) that authority to proceed with respect to such location, replacement, or expansion was granted to the foreign mission before the date of enactment of this section, or

"(B) that rights or interests with respect to such location, replacement, or expansion were otherwise acquired by the foreign mission before the date of enactment of this section; or

"(2) for continuing use of real property by a foreign mission for diplomatic, consular, or other governmental activity to the extent that such property was being used by that foreign mission for that activity on the date of enactment of this section.

"PREEMPTION

"SEC. 207. Notwithstanding any other provision of law, no act of any Federal agency or of any State or municipal governmental authority shall be effective to confer or deny any benefits with respect to any foreign mission contrary to this title.

"GENERAL PROVISIONS

"SEC. 208. (a) The Secretary may issue such regulations as the Secretary may determine necessary to carry out the policy of this title.

"(b) Compliance with any regulation, instruction, or direction issued by the Secretary under this title shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court or administrative proceeding for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, this title, or any regulation, instruction, or direction issued by the Secretary under this title.

"(c) For purposes of administering this title—

"(1) the Secretary may accept details and assignments of employees of Federal agencies to the Office of Foreign Missions on a reimbursable or nonreimbursable basis (with any such reimbursements to be credited to the appropriations made available for the salaries and expenses of officers and employees of the employing agency); and

"(2) the Secretary may, to the extent necessary to obtain services without delay, exercise his authority to employ experts and consultants under section 3109 of title 5, United States Code, without requiring compliance with such otherwise applicable requirements for that employment as the Secretary may determine, except that such employment shall be terminated after 60 days if by that time those requirements are not complied with.

"(d) Contracts and subcontracts for supplies or services, including personal services, made by or on behalf of the Director, shall be made after advertising, in such manner and at such times as the Secretary shall determine to be adequate to ensure notice and opportunity for competition, except that advertisement shall not be required when (1) the Secretary determines that it is impracticable or will not permit timely performance to obtain bids by advertising, or (2) the aggregate amount involved in a purchase of supplies or procurement of services does not exceed $10,000. Such contracts and subcontracts may be entered into without regard to laws and regulations otherwise applicable to solicitation, negotiation, administration, and performance of government contracts. In awarding contracts, the Secretary may consider such factors as relative quality and availability of supplies or services and the compatibility of the supplies or services with implementation of this title.

"(e) The head of any Federal agency may, for purposes of this title—

"(1) transfer or loan any property to, and perform administrative and technical support functions and services for the operations of, the Office of Foreign Missions (with reimbursements to agencies under this paragraph to be credited to the current applicable appropriation of the agency concerned); and

"(2) acquire and accept services from the Office of Foreign Missions, including (whenever the Secretary determines it to be in furtherance of the purposes of this title) acquisitions without regard to laws normally applicable to the acquisition of services by such agency.

"(f) Assets of or under the control of the Office of Foreign Missions, wherever situated, which are used by or held for the use of a foreign mission shall not be subject to attachment, execution, injunction, or similar process, whether intermediate or final.

"(g) Except as otherwise provided, any determination required under this title shall be committed to the discretion of the Secretary. Actions taken under the authority of this title shall not be considered rulemaking within the meaning of section 553 of title 5, United States Code.

"(h)(1) In order to implement this title, the Secretary may transfer such amounts available to the Department of State as may be necessary to the working capital fund established by section 13 of this Act.

"(2) Notwithstanding any other provision of law, all revenues, including proceeds from gifts and donations, received by the Director or the Secretary in carrying out this title may be credited to the working capital fund established by section 13 of this Act and shall be available for purposes of this title in accordance with that section.

"APPLICATION TO PUBLIC INTERNATIONAL ORGANIZATIONS AND OFFICIAL MISSIONS TO SUCH ORGANIZATIONS

"SEC. 209. (a) The Secretary may make section 206, or any other provision of this title, applicable with respect to an international organization to the same extent that it is applicable with respect to a foreign mission if the Secretary determines that such application is necessary to carry out the policy set forth in section 201(b) and to further the objectives set forth in section 204(b).

"(b) For purposes of this section, 'international organization' means—

"(1) a public international organization designated as such pursuant to the International Organizations Immunities Act (22 U.S.C. 288—288f-2) or other law authorizing such status; or

"(2) an official mission (other than a United States mission) to such a public international organization,

including any real property of such an organization or mission and including the personnel of such an organization or mission.

"PRIVILEGES AND IMMUNITIES

"SEC. 210. Nothing in this title shall be construed to limit the authority of the United States to carry out its international obligations, or to supersede or limit immunities otherwise available by law. No act or omission by any foreign mission, public international organization, or official mission to such an organization, in compliance with this title, shall be deemed to be an implied waiver of any immunity otherwise provided for by law.

"ENFORCEMENT

"SEC. 211. It shall be unlawful for any person to make available any benefits to a foreign mission contrary to this title. In addition to means of enforcement otherwise available, this title shall be enforceable in any appropriate district court of the United States by injunctive or other relief upon application by the Attorney General.

"SEVERABILITY

"SEC. 212. If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to any other person or circumstance shall not be affected thereby.".

(c) Section 13 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2684) is amended in the first sentence by striking out "and" following the semicolon at the end of clause (3), and by inserting immediately before the period at the end thereof "; and (5) services and supplies to carry out title II of this Act".

(d)(1) Subparagraph (A) of section 2(1) of the Diplomatic Relations Act (22 U.S.C. 254a(1)(A)) is amended to read as follows:

"(A) the head of a mission and those members of a mission who are members of the diplomatic staff or who, pursuant to law, are granted equivalent privileges and immunities,".

(2) Section 3(b) of such Act (22 U.S.C. 254b) is amended to read as follows:

"(b) With respect to a nonparty to the Vienna Convention, the mission, the members of the mission, their families, and dip-

lomatic couriers shall enjoy the privileges and immunities specified in the Vienna Convention.".

(3) Section 4 of such Act (22 U.S.C. 254c) is amended—

(A) by inserting "the mission, the" immediately after "immunities for"; and

(B) by striking out "of any sending state".

(4) Section 1364 of title 28, United States Code, is amended by striking out "as defined in the Vienna Convention on Diplomatic Relations" and inserting in lieu thereof "within the meaning of section 2(3) of the Diplomatic Relations Act (22 U.S.C. 254a(3))".

(e) The Act of June 20, 1938 (Public Law 684, 75th Congress; 52 Stat. 797) is amended—

(1) in section 6 by striking out "(a)", and by striking out subsections (b), (c), (d), and (e); and

(2) in section 16 by adding at the end thereof the following new sentence: "In addition, the provisions of this Act shall not apply to any real property to which section 206(a) of the State Department Basic Authorities Act of 1956 (relating to foreign missions) is applicable.".

REOPENING CERTAIN UNITED STATES CONSULATES

SEC. 121. (a) None of the funds made available under this or any other Act for the "Administration of Foreign Affairs" may be used for the establishment or operation of any United States consulate that did not exist on the date of enactment of this Act (other than the consulates specified in subsection (b) of this section) unless all of the United States consulates specified in subsection (b) of this section have been reopened as required by section 108 of the Department of State Authorization Act, Fiscal Years 1980 and 1981.

(b) The consulates referred to in subsection (a) of this section are the consulates in the following locations: Turin, Italy; Salzburg, Austria; Goteborg, Sweden; Bremen, Germany; Nice, France; Mandalay, Burma; and Brisbane, Australia.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

SEC. 122. (a) The Congress finds that—

(1) a free press is vital to the functioning of free governments;

(2) Article 19 of the Universal Declaration of Human Rights provides for the right to freedom of expression and to "seek, receive and impart information and ideas through any media regardless of frontiers";

(3) the Constitution of the United Nations Educational, Scientific, and Cultural Organization provides for the promotion of "the free flow of ideas by words and images";

(4) the signatories of the Final Act of the Conference on Security and Cooperation in Europe (Helsinki, 1975) pledged themselves to foster "freer flow and wider dissemination of information of all kinds, to encourage cooperation in the field of information and the exchange of information with other countries, and to improve conditions under which journalists from one participating State exercise their profession in another participating State"; and

(5) government censorship, domination, or suppression of a free press is a danger to free men and women everywhere.

(b) Therefore, it is the sense of the Congress that the United Nations Educational, Scientific, and Cultural Organization should cease efforts to attempt to regulate news content and to formulate rules and regulations for the operation of the world press.

(c) The Congress opposes efforts by some countries to control access to and dissemination of news.

(d) The President shall evaluate and, not later than six months after the date of enactment of this Act, shall report to the Congress his assessment of—

(1) the extent to which United States financial contributions to the United Nations Educational, Scientific, and Cultural Organization, and the extent to which the programs and activities of that Organization, serve the national interests of the United States;

(2) the programs and activities of the United Nations Educational, Scientific, and Cultural Organization, especially its programs and activities in the communications sector; and

(3) the quality of United States participation in the United Nations Educational, Scientific, and Cultural Organization, including the quality of United States diplomatic efforts with respect to that Organization, the quality of United States representation in the Secretariat of that Organization, and the quality of recruitment of United States citizens to be employed by that Organization.

Such report should include the President's recommendations regarding any improvements which should be made in the quality and substance of United States representation in the United Nations Educational, Scientific, and Cultural Organization.

TITLE II—INTERNATIONAL COMMUNICATION AGENCY

SHORT TITLE

SEC. 201. This title may be cited as the "International Communication Agency Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 202. There are authorized to be appropriated for the International Communication Agency $494,034,000 for the fiscal year 1982 and $482,340,000 for the fiscal year 1983 to carry out international communication, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan Numbered 2 of 1977, and other purposes authorized by law.

CHANGES IN ADMINISTRATIVE AUTHORITIES

SEC. 203. (a)(1) Title III of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1451-1453) is amended—

(A) in section 301 by striking out "citizen of the United States" and inserting in lieu thereof "person"; and

(B) in sections 302 and 303 by striking out "citizen of the United States" and inserting in lieu thereof "person in the employ or service of the Government of the United States".

(2) Such title is further amended—

(A) in section 301—

(i) by striking out "Secretary" the first place it appears and inserting in lieu thereof "Director of the International Communication Agency", and

(ii) by striking out "Secretary" the second place it appears and inserting in lieu thereof "Director"; and

(B) in section 303 by striking out "Secretary" and inserting in lieu thereof "Director of the International Communication Agency".

(3) Section 302 of such Act is amended—

(A) in the second sentence by striking out "section 901(3) of the Foreign Service Act of 1946 (60 Stat. 999)" and inserting in lieu thereof "section 905 of the Foreign Service Act of 1980"; and

(B) in the last sentence by striking out "section 1765 of the Revised Statutes" and inserting in lieu thereof "section 5536 of title 5, United States Code".

(b) Section 802 of such Act (22 U.S.C. 1472) is amended—

(1) by inserting "(a)" immediately after "SEC. 802."; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Any contract authorized by subsection (a) and described in paragraph (3) of this subsection which is funded on the basis of annual appropriations may nevertheless be made for periods not in excess of five years when—

"(A) appropriations are available and adequate for payment for the first fiscal year and for all potential cancellation costs; and

"(B) the Director of the International Communication Agency determines that—

"(i) the need of the Government for the property or service being acquired over the period of the contract is reasonably firm and continuing;

"(ii) such a contract will serve the best interests of the United States by encouraging effective competition or promoting economies in performance and operation; and

"(iii) such method of contracting will not inhibit small business participation.

"(2) In the event that funds are not made available for the continuation of such a contract into a subsequent fiscal year, the contract shall be canceled and any cancellation costs incurred shall be paid from appropriations originally available for the performance of the contract, appropriations currently available for the acquisition of similar property or services and not otherwise obligated, or appropriations made for such cancellation payments.

"(3) This subsection applies to contracts for the procurement of property or services, or both, for the operation, maintenance, and support of programs, facilities, and installations for or related to telecommunication activities, newswire services, and the distribution of books and other publications in foreign countries.".

(c) Paragraph (16) of section 804 of such Act (22 U.S.C. 1474(16)) is amended by inserting "and security" immediately after "right-hand drive".

(d) Title VIII of such Act (22 U.S.C. 1471-1475b) is amended by adding at the end thereof the following new section:

"ACTING ASSOCIATE DIRECTORS

"SEC. 808. If an Associate Director of the International Communication Agency dies, resigns, or is sick or absent, the Associate Director's principal assistant shall perform the duties of the office until a successor is appointed or the absence or sickness stops.".

(e) Title VIII of such Act is further amended by adding at the end thereof the following new section:

"COMPENSATION FOR DISABILITY OR DEATH

"SEC. 809. A cultural exchange, international fair or exposition, or other exhibit or demonstration of United States economic accomplishments and cultural attainments, provided for under this Act or the Mutual Educational and Cultural Exchange Act of 1961 shall not be considered a 'public work' as that term is defined in the first section of the Act of August 16, 1941 (42 U.S.C. 1651;

commonly known as the 'Defense Base Act').".

(f) Section 1011(h) of such Act (22 U.S.C. 1442(h)) is amended by adding at the end thereof the following new paragraph:

"(4) Section 701(a) of this Act shall not apply with respect to any amounts appropriated under this section for the purpose of liquidating the notes (and any accrued interest thereon) which were assumed in the operation of the informational media guaranty program under this section and which were outstanding on the date of enactment of this paragraph.".

DISTRIBUTION WITHIN THE UNITED STATES OF THE FILM ENTITLED "REFLECTIONS: SAMUEL ELIOTT MORISON"

SEC. 204. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461)—

(1) the Director of the International Communication Agency shall make available to the Administrator of General Services a master copy of the film entitled "Reflections: Samuel Eliott Morison"; and

(2) the Administrator shall reimburse the Director for any expenses of the Agency in making that master copy available, shall secure any licenses or other rights required for distribution of that film within the United States, shall deposit that film in the National Archives of the United States, and shall make copies of that film available for purchase and public viewing within the United States.

(b) Any reimbursement to the Director pursuant to this section shall be credited to the applicable appropriation of the International Communication Agency.

DISTRIBUTION WITHIN THE UNITED STATES OF THE FILM ENTITLED "AND NOW MIGUEL"

SEC. 205. (a) Notwithstanding the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461)—

(1) the Director of the International Communication Agency shall make available to the Administrator of General Services a master copy of the film entitled "And Now Miguel"; and

(2) the Administrator shall reimburse the Director for any expenses of the Agency in making that master copy available, shall secure any licenses or other rights required for distribution of that film within the United States, shall deposit that film in the National Archives of the United States, and shall make copies of that film available for purchase and public viewing within the United States.

(b) Any reimbursement to the Director pursuant to this section shall be credited to the applicable appropriation of the International Communication Agency.

REDESIGNATION OF THE INTERNATIONAL COMMUNICATION AGENCY AS THE UNITED STATES INFORMATION AGENCY

SEC. 206. (a) The International Communication Agency, established by Reorganization Plan Numbered 2 of 1977, is hereby redesignated the United States Information Agency. The Director of the International Communication Agency or any other official of the International Communication Agency is hereby redesignated the Director or other official, as appropriate, of the United States Information Agency.

(b) Any reference in any statute, reorganization plan, Executive order, regulation, agreement, determination, or other official document or proceeding to the International Communication Agency or the Director or other official of the International Communication Agency shall be deemed to refer respectively to the United States Information Agency or the Director or other official of the United States Information Agency, as so redesignated by subsection (a).

(c) This section shall take effect on January 1, 1982.

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

SHORT TITLE

SEC. 301. This title may be cited as the "Board for International Broadcasting Authorization Act, Fiscal Years 1982 and 1983".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 302. Subparagraph (A) of section 8(a)(1) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877(a)(1)(A)) is amended to read as follows:

"(A) $100,300,000 for the fiscal year 1981, $86,519,000 for the fiscal year 1982, and $98,317,000 for the fiscal year 1983; and".

TITLE IV—MISCELLANEOUS PROVISIONS

INTER-AMERICAN FOUNDATION

SEC. 401. (a) The first sentence of section 401(s)(2) of the Foreign Assistance Act of 1969 (22 U.S.C. 290f(s)(2)) is amended by striking out "$25,000,000 for each of the fiscal years 1979 and 1980" and inserting in lieu thereof "$10,560,000 for the fiscal year 1982 and $12,800,000 for the fiscal year 1983".

(b) Section 401(h) of that Act (22 U.S.C. 290f(h)) is amended by striking out "actual and necessary expenses not in excess of $50 per day, and for transportation expenses" and inserting in lieu thereof "travel expenses, including per diem in lieu of subsistence, in accordance with section 5703 of title 5, United States Code".

SCIENTIFIC EXCHANGE ACTIVITIES WITH THE SOVIET UNION

SEC. 402. (a) Prior to renewal of the General Agreement on Contacts, Exchanges and Cooperation between the United States and the Union of Soviet Socialist Republics, and prior to resumption of high-level meetings or of planning for future exchange activities or to increasing significantly individual exchange activities pursuant to the eleven agreements for cooperation in specialized fields which were entered into by United States and the Union of Soviet Socialist Republics between 1972 and 1974, or by June 1, 1982 (whichever occurs first), the Secretary of State shall submit to the Speaker of the House of Representatives and chairman of the Committee on Foreign Relations of the Senate a report containing—

(1) an assessment of the risk of the transfer to the Soviet Union of militarily significant technology through research, exchanges, and other activities conducted pursuant to those agreements; and

(2) a detailed description on the exchanges and other activities conducted pursuant to those agreements during fiscal year 1979, fiscal year 1980, and fiscal year 1981, including—

(A) the areas of cooperation,

(B) the specific research and projects involved,

(C) the man-hours spent in short-term (less than sixty days) and long-term exchanges,

(D) the level of United States and Soviet funding in each such fiscal year, and

(E) an assessment of the equality or inequality in value of the information exchanged.

(b) The Secretary of State shall prepare the report required by subsection (a) in consultation and cooperation with the Secretary of Defense and the heads of the other agencies involved in the exchange and other cooperative activities conducted pursuant to the agreements described in that subsection.

(c) No funds appropriated for the Department of State or the International Communication Agency may be obligated or expended after June 30, 1982, to finance any long-term scientific or technological exchange between the United States and the Soviet Union, including any long-term scientific or technological exchange program of the United States-Union of Soviet Socialist Republics Graduate Student/Young Faculty Exchange or of the United States-Union of Soviet Socialist Republics Senior Scholar Exchange.

REPORT TO THE CONGRESS

SEC. 403. (a) Not later than sixty days after the date of enactment of this Act, the President shall prepare and transmit to the Congress a full and complete report on the total cost of Federal, State, and local efforts to assist refugees and Cuban and Haitian entrants within the United States or abroad for each of the fiscal years 1981 and 1982. Such report shall include and set forth for each such fiscal year—

(1) the costs of assistance for resettlement of refugees and Cuban and Haitian entrants within the United States or abroad;

(2) the costs of United States contributions to foreign governments, international organizations, or other agencies which are attributable to assistance for refugees and Cuban and Haitian entrants;

(3) the costs of Federal, State, and local efforts other than described in paragraphs (1) and (2) to assist, and provide services for, refugees and Cuban and Haitian entrants;

(4) administrative and operating expenses of Federal, State, and local governments that are attributable to programs of assistance or services described in paragraphs (1), (2), and (3); and

(5) administrative and operating expenses incurred by the United States because of the entry of such aliens into the United States.

(b) For purposes of this section—

(1) the term "refugees" is used within the meaning of paragraph (42) of section 101(a) of the Immigration and Nationality Act; and

(2) the phrase "Cubans and Haitian entrants" means Cuban and Haitians paroled into the United States, pursuant to section 212(d)(5) of the Immigration and Nationality Act, during 1980 who have not been given or denied refugee status under the Immigration and Nationality Act.

SUPPORTING IMPLEMENTATION OF THE WORLD HEALTH ORGANIZATION VOLUNTARY CODE ON INFANT FORMULA

SEC. 404. (a) The Congress finds that—

(1) there is overwhelming scientific evidence that breastfeeding has substantial advantages for infant health and growth, that it offers an uncontaminated food supply, an early transfer of antibodies protective against infectious diseases, and a naturally evolved and tested nutritional source, and that it is an important factor in bonding between mother and child;

(2) numerous studies, in a wide variety of developed and developing countries, over a long period of time, have shown that artificial infant feeding is associated with higher rates of illness and death and, in poor communities, with lessened growth and nutrition;

(3) the problem of unrefrigerated infant formula prepared with polluted water and placed in inadequately cleaned bottles is further complicated by flies and heat in tropical climates;

(4) one hundred million of the one hundred and twenty-five million children in the world below the age of one are born in developing countries;

(5) ten million of these one hundred million children will probably not live until their first birthday;

(6) diarrhea and other infectious diseases, when combined with the problems of malnutrition, account for more than half of these deaths;

(7) the use of infant formula rather than breastfeeding is estimated to account for up to a million of these deaths per year; and

(8) at a recent meeting of the World Health Organization, the United States was the only country, in a one hundred and eighteen to one vote, to vote against a voluntary code to encourage breastfeeding and to curb inappropriate marketing and advertising of infant formula, particularly in the Third World.

(b) Therefore, the Congress—

(1) expresses its dismay at the negative vote cast by the United States on May 21, 1981, at the Thirty-Fourth World Health Assembly of the World Health Organization on the "International Code of Marketing of Breastmilk Substitutes";

(2) urges the administration to notify promptly the World Health Organization that the Government of the United States will cooperate fully with other nations in implementation of that code;

(3) urges the United States infant formula industry to abide by the guidelines of that code, particularly with respect to exports and the activities of subsidiaries in developing countries; and

(4) reaffirms the dedication of the United States to the protection of the lives of all the world's children and the support of the United States for efforts to improve world health.

The SPEAKER pro tempore. The gentleman from Florida (Mr. FASCELL) is recognized for 1 hour.

Mr. FASCELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the original bill after which H.R. 4814 was patterned was considered by the House on September 17. That is the authorization for the State Department as well as ICA, the Board for International Broadcasting, and the Inter-American Foundation.

After agreeing to 13 amendments the House failed to pass the bill. But H.R. 4814, which is now before us for consideration, is identical to H.R. 3518, except that it differs from the original bill in the monetary levels which have been adjusted to reflect the administration's September revision of the budget.

So we have the administration's request in this bill for fiscal years 1982 and 1983. The administration now fully supports this bill.

That is basically where we are now. With this motion agreed to, we would be able to go to conference with the Senate bill which is now before us.

I might add that the Senate bill does not have the current figures; that is, the September figures. They have the previous figures of the administration request.

□ 1300

So we will go to conference in that posture.

Now, there are many who have raised some questions with respect to funds for education and cultural programs, including my distinguished colleague and ranking minority member on the subcommittee, in a motion to commit with instructions that he plans to offer.

Let me point out to my colleagues that the cuts that were made in those programs, or proposed or agreed upon—I am not sure which yet—are internal allocations by OMB. These are not cuts which are proposed in this bill. As a matter of fact, I am violently opposed to the internal allocations of the cuts as suggested by OMB and the Director of ICA. I think it would be a disaster to allow those cuts to remain. Many of us have signed letters to the President and to the Director of ICA and to OMB, asking them to reconsider these cuts, because what they are about to do, if they insist on those allocations internally, is effectively to wipe out our cultural exchange programs around the world.

Now, most of us, if not all of us, are agreed upon the importance of those programs, and they should be continued.

I want to point out, also, that even if the House were to increase the amount of authorization, even to the extent suggested by my colleague, the gentleman from Illinois, it would still not guarantee that the internal allocations would not still hold. What has to be done, rather than vote for the motion to commit with instructions, is to make sure that the administration internally does not carry out the allocations of the cuts in the manner in which they propose. There are a lot of other things they could do. They could, for example, prorate the cuts across the board. They could take it out of other moneys that are available to them. They could take it out of the radio construction account, where funds are not immediately needed. There are a lot of things that could be done.

But let me assure my colleagues who are concerned about this, and some of whom will speak on this issue, that we as a committee are aware of this problem, we are opposed to the allocations which unfairly target these programs for such large cuts. We will do everything we can to keep those programs alive.

As of right now, the appropriations bill affecting this account—and I want my colleagues to pay particular attention to this—when the House passed the appropriations bill, this matter was not before us. We did not have this problem. But the Senate appropriations bill was still being acted on in the other body. And just yesterday, the Appropriations Subcommittee in the other body dealing with this account increased the amount of money available to the ICA account. I want to repeat for emphasis to all of the Members who are interested either in the motion to commit with instructions or who are concerned about these programs—the Appropriations Committee in the other body has earmarked $101 million for education and cultural affairs. And I would propose to my colleagues in the conference, when we go to conference on this, the authorization bill, that we would write language in the statement of managers making it absolutely clear that we are totally opposed to this irrational allocation of the cuts within the budget figures. I think that should handle the problem.

While I am in sympathy with what my distinguished friend, the gentleman from Illinois wants to do, I would urge my colleagues to vote against the motion to commit, stay with the authorization figures we have now got for 1982 and 1983, allow us to go to conference, and work out the best possible bill we can, with the guarantees on these programs.

I include the following:

Agency	(H.R. 3518–H.R. 4635) House floor levels		(H.R. 4814) Administration's (September) revised position		Difference	
	Fiscal year 1982	Fiscal year 1983	Fiscal year 1982	Fiscal year 1983	Fiscal year 1982	Fiscal year 1983
Department of State:						
Administration of Foreign Affairs	1,318,754	1,248,059	1,245,637	1,248,059	−73,117	
International organization and conferences	469,472	469,472	503,462	514,436	33,990	44,964
International commissions	22,508	24,759	19,808	22,432	−2,700	−2,327
Migration and refugee assistance	553,100	555,600	504,100	460,000	−49,000	−95,600
Science/technology agreements	3,700	3,700	3,700	3,700		
Subtotal, Department of State	2,367,534	2,301,590	2,276,707	2,248,627	−90,827	−52,963
International Communication Agency:						
Salaries and expenses	452,187	529,059	398,892	452,187	−53,295	−76,872
Salaries and expenses (special foreign currency program)	11,451	13,398	9,110	11,451	−2,341	−1,947

Agency	(H.R. 3518–H.R. 4635) House floor levels		(H.R. 4814) Administration's (September) revised position		Difference	
	Fiscal year 1982	Fiscal year 1983	Fiscal year 1982	Fiscal year 1983	Fiscal year 1982	Fiscal year 1983
East-West Center	16,880	19,750	14,854	16,880	−2,026	−2,870
Radio construction	80,884	94,298	71,178	1,822	−9,706	−92,476
Subtotal, ICA	561,402	656,505	494,034	482,340	−67,368	−174,165
Board for International Broadcasting	98,317	115,031	86,519	98,317	−11,798	−16,714
Inter-American Foundation	12,000	20,000	10,560	12,800	−1,440	−7,200
Total	3,039,253	3,093,126	2,867,820	2,842,084	−171,433	−251,042

SECTION-BY-SECTION ANALYSIS OF H.R. 4814

SECTION 101: SHORT TITLE

This section provides a short title for the Department of State provisions.

SECTION 102: AUTHORIZATIONS OF APPROPRIATIONS

This section provides the authorized funds for the Department of State to carry out its functions and responsibilities:

(1) Administration of Foreign Affairs:
$1,245,637,000 for fiscal year 1982.
$1,248,059,000 for fiscal year 1983.
(2) International Organizations:
$503,462,000 for fiscal year 1982.
$514,436,000 for fiscal year 1983.
(3) International Commissions:
$19,808,000 for fiscal year 1982.
$22,432,000 for fiscal year 1983.
(4) Migration and Refugee Assistance:
$504,100,000 for fiscal year 1982.
$460,000,000 for fiscal year 1983.

SECTION 103: PALESTINIAN RIGHTS UNITS

This section states that the U.S. assessed contribution to the United Nations shall be reduced to reflect our desire not to fund any activities of the two U.N. Palestinian Rights Units. As the U.S. contributes 25 percent of the U.N.'s assessed budget, this section would reduce the U.S. contribution by 25 percent of the budgets of the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the Special Unit on Palestinian Rights, representing the U.S. assessed contribution for these organizations.

The Committee is aware that all assessed contributions are directed to a U.N. general fund and that the U.S. cannot direct the subsequent use of these funds. Therefore, although our total contribution is reduced, the budget of the Palestinian Rights units may not be reduced in kind. The resolution is, however, a signal of our unwillingness to support the mandate of these organizations and our belief that neither the Committee on the Exercise of the Inalienable Rights of the Palestinian People nor the Special Unit on Palestinian Rights is an aid to the peace process.

SECTION 104: RESTRICTION ON CONTRIBUTIONS TO THE UNITED NATIONS EDUCATION SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

This section directs that none of the funds authorized in Section 102(2) or in any other act of "International Organizations and Conferences" shall be used by the U.S. Government for payment of its assessed contribution to UNESCO if that organization implements any policy or procedure which would serve to restrict the free flow of information or to license journalists and impose any form of journalistic code of ethics.

SECTION 105: EX GRATIA PAYMENT

This section provides that $81,000 of the amount appropriated under the Administration of Foreign Affairs account be paid ex gratia to the government of Yugoslavia for injuries sustained by a Yugoslav national as a result of an attack on him in New York.

SECTION 106: ASSISTANCE FOR REFUGEES SETTLING IN ISRAEL

This section earmarks $12.5 million in fiscal year 1982 and $15 million for fiscal year 1983 for the resettlement in Israel of refugees from the Soviet Union and Eastern Europe.

SECTION 107: BILATERAL SCIENCE AND TECHNOLOGY AGREEMENTS

This section authorizes $3.7 million for each of the fiscal years 1982 and 1983 for the U.S. share of expenses for U.S. bilateral science and technology agreements with Yugoslavia and Poland.

SECTION 108: BUYING POWER MAINTENANCE FUND AND TECHNICAL AMENDMENTS RELATING TO CURRENCY FLUCTUATIONS

This authorization will provide the means for the Secretary of State, the Director of ICA, and the Board for International Broadcasting to maintain approved levels of activity under rapidly changing economic conditions. The section will provide budget authority to offset losses in other appropriations due to adverse fluctuations in foreign currency exchange rates or overseas wage and price changes unanticipated in the budget. Under the Buying Power Maintenance Fund for the Department of State, gains in other appropriations due to favorable movements in exchange rates in overseas wage and price fluctuations in those countries would be transferred to this appropriation to offset future losses.

This section also clarifies provisions of law enacted in 1979 to ensure authorization of the amount of appropriations necessary to offset the adverse fluctuations in foreign currency exchange rates in order to maintain the authorized level of expenditures approved by Congress for the Department of State, the International Communication Agency, and the Board for International Broadcasting.

SECTION 109: PASSPORT FEES AND PERIOD OF VALIDITY

This section would permit the Secretary of State to determine application and issuance fees for U.S. passports, in accordance with policy and standards now used in determining consular and other fees.

It would also extend the duration of passport validity from the present five year period, to a ten year period from the date of issuance. The Secretary of State may establish a shorter period of validity in particular cases or on a general basis.

SECTION 110: DOCUMENTATION OF CITIZENSHIP

This section provides that passports and the reports designated a "Report of Birth Abroad of a Citizen of the United States" shall be considered evidence of United States citizenship in the same manner as are certificates of naturalization or of citizenship.

SECTION 111: PAN AMERICAN INSTITUTE OF GEOGRAPHY AND HISTORY

This section deletes the $200,000 annual limitation on the U.S. contribution to the Pan American Institute of Geography and History (PAIGH). The current level of the U.S. assessed share of contributions is $274,005 which has been the assessment since 1979. This provision would permit the U.S. to pay the difference between past assessments ($140,010 cumulative arrearages for 1979 and 1980) and the $200,000 limitation.

The United States has been a member of the PAIGH since 1935. A specialized organization of the OAS, it promotes, coordinates and carries out scientific and historical research and transmits the results to government agencies and scientific groups in member countries.

In the United States, the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, the National Ocean Survey, the Geological Survey, the Bureau of the Census, the Defense Mapping Agency, and the Department of Defense, through its Inter-American Geodetic Survey, as well as numerous private groups and universities have participated in the activities of the Institute.

Through participation in PAIGH, the United States frequently receives scientific and technical data that would be difficult to obtain on a bilateral basis. These data help solve problems in such diverse fields as transportation, national defense, agriculture, and telecommunications. For example, PAIGH programs include the preparation of standards for a geomorphological map of the Americas which will be available to member countries, and the updating of annotated indexes of aerial photograph work and topographic and natural resource maps.

SECTION 112: INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW AND THE HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

This section would provide legal authority for the United States to pay arrearages in its assessments for 1979 and 1980 and will permit full payment of anticipated assessments in 1981 and beyond. The fiscal year 1982 estimated assessment for the International Institute for the Unification of Private Law is $50,500. The estimated fiscal 1982 assessment for the Hague Conference on Private International Law is $77,100.

SECTION 113: PAN AMERICAN RAILWAY CONGRESS

This section would provide legal authority for the United States to pay its 1981 assessment, and to meet future assessments, for its participation in the Pan American Railway Congress, by lifting the existing $15,000 ceiling on U.S. annual contributions. The estimated fiscal 1982 U.S. assessment is

$22,500. This increase is the first such increase since the quota was raised to $15,000 in 1971. No program growth is projected. The increase covers salary and price increases due to the effects of inflation.

SECTION 114: UNITED STATES REPRESENTATIVE TO INTERNATIONAL ORGANIZATIONS IN VIENNA

This section would amend the U.N. Participation Act of 1945 to enable the U.S. to combine into a single mission the direction and mangement of its missions to International Organizations in Vienna. The U.S. now has representation to two units of the U.N. Secretariat, the International Atomic Energy Agency, and the U.N. Relief and Works Agency. Other UN organizations in Vienna include the UN Industrial Development Organization, the UN Fund for Drug Abuse Control, the Center for International Trade Law, and the Center for Social Development and Humanitarian Affairs.

SECTION 115: LIVING QUARTERS FOR THE STAFF OF THE UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS

This section amends the United States Participation Act of 1945 to authorize the appropriation of funds to be used for the lease or rental of living quarters for use of the staff of U.S. Representatives to the United Nations. This amendment is necessary to 1) cope effectively with the housing market 2) take advantage of the rent increase limitations imposed by the New York City Rent Stabilization Code, and 3) eliminate substantial expenses and insure that economic hardship does not adversely affect the ability of the Department to attract the best qualified individuals for service at the U.S. Mission to the United Nations. To reduce expenditure of appropriated funds, the payments made by employees to occupy these living quarters would be credited to and used by the appropriation account from which the apartment lease or rental is financed.

SECTION 116: AMENDMENTS CORRECTING PRINTING ERRORS

This section merely corrects printing errors in the 1980 printing of the Foreign Service Act of 1980.

SECTION 117: PRIVATE SECTOR REPRESENTATIVES ON UNITED STATES DELEGATIONS TO INTERNATIONAL TELECOMMUNICATIONS MEETINGS AND CONFERENCES

This section exempts from certain provisions of the Ethics and Government Act, private sector representatives who are asked to serve on U.S. Delegations to certain international telecommunications meetings and conferences. Under certain circumstances, the United States finds it useful and desirable to include representatives of the communications sector on official U.S. delegations to international meetings of such organizations as the International Telecommunications Union. Not only do these people provide needed technical expertise, but the decisions made at the international level in the area of communications are of direct concern to the U.S. private sector. However, without the exemption provided by this section, private sector representatives of such delegations, who are considered special government employees for this limited purpose, would be subject to criminal prosecution if they return to their private sector jobs after having served the government.

SECTION 118: PROCUREMENT CONTRACTS

This section authorizes the Department of State to enter into contracts for property and services on a multiyear basis for a period not to exceed 5 years. It is similar to the authority provided for ICA in section 203(b). This provision should permit cost savings to the Department.

SECTION 119: COMPENSATION FOR DISABILITY OR DEATH

This section would exempt the Department of State from paying federal workmen's compensation insurance for employees working under contract for the Department or the Foreign Service. This would permit the use of local workmen's compensation plans, which currently cover such employees.

SECTION 120: REGULATION OF FOREIGN MISSIONS

Section 120 the "Foreign Missions" provision, amends the State Department Basic Authorities Act of 1956 by adding a new title II which establishes basic policies, and grants to the Secretary of State basic authorities concerning the activities and operations of foreign missions in the United States.

This new title is designed to provide a means to remedy a serious and growing imbalance between the treatment accorded by many countries to official missions of the United States abroad, and that accorded to foreign government missions in the United States. The Department of State does not currently possess authority to enforce reciprocity in an appropriate and effective manner, while other nations use devices, often called Diplomatic Service Bureaus, to provide services to the diplomatic community and to prevent or control direct contact by diplomats with individual service organizations.

Such bureaus perform many functions in the areas of housing, personnel, and the procurement of goods and services—even the provision of tickets for cultural and athletic performances. In the Soviet Union, all services to the diplomatic community are controlled through a service bureau. Many service bureaus even provide any foreign national hires which the diplomatic community may require—under contract to the bureau and at a pay rate set by the bureau. Each bureau is controlled by its Ministry of Foreign Affairs.

The problems caused by such controls, and by other foreign government policies, are many. In an increasing number of countries, for example, the United States is denied suitable locations for U.S. missions or long-term rights to property or facilities, often resulting in diminished security, excessive or discriminatory costs, or inadequate facilities which significantly reduce the effectiveness of the missions.

In the Soviet Union and Eastern European countries, the U.S. Government is barred from purchasing office and residential properties and is required to obtain all facilities and service through government-controlled sources. In many cases, these are either inadequate, excessively costly, or both, or they may be arbitrarily denied. On the other hand, in the United States, these governments are allowed to purchase both types of property in Washington, D.C. All own either office or residential space. Indeed, the Soviet Union is much farther along in building a new embassy complex in Washington, because they have been able to use private U.S. contractors to do the work. Phase 1 of the project, including living quarters, recreational facilities, a school, and medical building, is nearly complete. In Moscow, the U.S. Embassy complex foundation has almost been completed. Close U.S. supervision is required, while delays and harassment commonly accompany the work, so that completion of the project is at least 4 years away.

In Kuwait, Bahrain, and the United Arab Emirates, the United States is allowed to purchase badly needed staff housing sites which would permit residential construction and elimination of exorbitant short-term lease charges. Yet these same governments own residential units in the U.S. capital area.

In Algeria, a prior expropriation of U.S. property remains unsettled. Present facilities used by the United States are completely inadequate. Efforts to secure long-term office and residential properties have been notably unsuccessful.

In Indonesia, the Government has decreed that the U.S. Government may no longer own its more than 20 properties and is now in the process of converting these to long-term leaseholds. The new groundrents will be considerable. Indonesia, of course, is free to buy, lease and sell property in United States.

In the Soviet Union, diplomats are changed much higher rates for hotel rooms than are other foreign citizens or Soviet citizens. In some case, charges have been as high as 10 times the normal rate. In addition, a "fee" equal to 1 night's lodging is charged to diplomats, but not to tourists or Soviet citizens, for holding hotel reservations, which are always difficult to obtain anyway due to the shortage of hotel rooms. Regardless of the duration of stay, a diplomat is thus obliged to pay for 1 extra day of lodging.

In Chile, staff personnel are not permitted to sell imported cars unless they pay import duties. In Venezuela, these employees are restricted to Venezuelan-made cars. Thus, a communicator who brings into Chile an American car on a 2-year assignment and is then reassigned to Venezuela is faced with two problems. He cannot sell his American car in Chile and cannot import it into Venezuela.

In many areas of the world, both the U.S. Government and its employees encounter serious inequities regarding the import or export of privately owned vehicles and other personal effects. Nonetheless, employees of these government's foreign missions in the United States do not face these restrictions. Problems exist, for example, in Mexico, Venezuela, Singapore, Guatemala, and at many embassies in the Near East. At the same time, these countries' missions in the United States are allowed to acquire property and goods freely, are exempt from customs duties and local taxes, and may obtain benefits and public services, often without limitation.

The problem of taxation of diplomatic personnel has been particularly vexing. For example, although the Vienna Conventions on Diplomatic Relations and on Consular Relations extend to noncommissioned diplomatic and consular personnel assigned abroad certain protections from host government customs duties and local taxes, many host governments deny such exemptions at considerable extra expense to Foreign Service members. Since many of these people are at the lower end of the Foreign Service pay scale, this adds yet another burden to overseas service.

In Chile and Malta, the U.S. Embassy is not exempt from the payment of a gasoline tax of 48 cents and 25 cents per gallon, respectively. In Yugoslavia, the U.S. Embassy is required to pay a 27.5-percent tax on heating oil.

A number of countries also require a transaction tax on certain construction materials. One example is Portugal, where the imposition of this tax may greatly increase the cost of the new Embassy being constructed in Lisbon. In New Delhi, all Embassy administrative, support, and specialized staff such as Library of Congress personnel do not receive duty-free import privileges and are not exempt from customs inspection and the imposition of certain taxes, despite their performance of official functions for the United States.

In most cases, the Department of State lacks authority to impose similar restrictions or conditions on such countries in the United States. Instead, it can only take more extreme action such as barring the mission concerned from using property it may acquire denying all tax privileges to a diplomat, or declaring some persons persona non grata. These remedies constitute a form of overkill and are not appropriate for many situations, so they are rarely used.

The new foreign missions title would remedy this situation by providing the Secretary of State with additional authority and the means to enforce reciprocity in a manner appropriate to the specific problem—to "make the punishment fit the crime." The establishment of such an Office of Foreign Missions builds on the successful experience of other countries. It permits the flexibility essential to the changing requirements of reciprocity. It is the committee's hope that enactment will result in improved reciprocity and an end to unreasonable restraints on foreign missions here and abroad.

Section 120 specifically provides a mechanism whereby the operations of foreign missions in the United States and the benefits available to them from Federal, State, and local authorities, public utilities, and private persons may be reviewed and, if necessary, regulated through a central authority. In this way, the conditions under which foreign missions operate in the United States can be made to reflect the conditions under which missions of the United States are required to operate in the countries represented by such foreign missions. As a result, the foreign governments and entities represented by missions in the United States will have an incentive to provide fair, equitable, and nondiscriminatory treatment to U.S. missions and personnel in their territories. This, in turn, will contribute to significant savings in the costs of operating U.S. missions overseas, improved morale and working conditions for U.S. personnel, and mutual respect in U.S. bilateral and multilateral relations. These new authorities may also be applied to international organizations to a limited extent where necessary to give effect to the policy of this legislation.

These new authorities will also enhance the ability of the United States to assist foreign missions in obtaining benefits to which they are entitled under appropriate international treaties and bilateral agreements. It is the committee's hope that many obstacles will now be removed which have in the past hindered the Department of State in responding effectively to the needs of foreign missions.

Foreign mission activities in the United States are presently regulated in significant ways by treaties and other international obligations of the United States, such as the 1961 Vienna Convention on Diplomatic Relations. Certain mission activities are now subject to domestic regulation under existing Federal laws such as the 1978 Diplomatic Relations Act and the 1976 Foreign Sovereign Immunities Act. Foreign missions and their personnel are admitted into the United States only with the approval of the U.S. Government, and may be required at any time to depart the United States.

Thus, foreign missions and their personnel do not possess the status of private persons or organizations within the United States. In some cases their rights may be greater, and in some cases more limited.

The privileges of entry into the United States, and the authority to conduct activities in the United States, which clearly may be withheld altogether, will be subject to a wide range of conditions under the proposed legislation. Such regulation of foreign missions is squarely within the foreign relations power of the United States and, therefore, a proper subject for federal legislation.

The committee notes that, while this title is replete with discretionary authorities, they are intended to provide the flexibility, which the Department of State has not heretofore possessed, to enable the Secretary to decide which sanction or other response is most appropriate to solve a specific problem. These authorities are not to be used as an excuse for ignoring a problem for fear of affecting U.S. bilateral relations adversely. That consideration certainly never enters into the discriminatory treatment accorded the United States by certain other countries. The committee therefore expects the Secretary of State, acting through this Office of Foreign Missions, to use these authorities meaningfully and effectively. In this way, the United States will make it abundantly clear that it views seriously the international obligations of all states.

The committee also notes that this legislation is not intended to affect those protective services provided to the diplomatic community by the United States, including those provided by the U.S. Secret Service under the authority of section 202 of title 3, U.S. Code, with respect to foreign diplomatic missions, or under section 3056 of title 18 U.S. Code, with respect to a visiting head of a foreign state or government or certain distinguished foreign visitors. It is not the intention of this legislation to change in any way the authority or procedures of the U.S. Secret Service, nor to affect the basic policy of providing protection at a level which is commensurate with the need.

Section 120(a) designates the existing provisions of the State Department Basic Authorities Act of 1956 as "Title I—Basic Authorities Generally."

Section 120(b) provides for a new title II of that act to be designated "Authorities Relating to the Regulation of Foreign Missions." The remainder of section 120(b) contains the extent of the new title II, which consists of 12 sections:

SECTION 201—DECLARATION OF FINDINGS AND POLICY

Section 201 sets forth congressional findings and policies concerning the operations, activities, and obligations of foreign missions in the United States, and the international legal obligation of nations to provide assistance to missions within their territories.

Section 201(a) restates the established jurisdiction of the Federal Government over the operation in the United States of foreign missions and public international organizations and official missions to such organizations. Many aspects of the operations of such missions and organizations are already governed by Federal law, including the Diplomatic Relations Act (22 U.S.C. 254a-254c) and the foreign missions title represents a further exercise of Federal jurisdiction in this regard.

Section 201(b) enunciates U.S. policy to support and facilitate the secure and efficient operation of U.S. missions abroad and of foreign missions and international organizations in the United States. It further declares U.S. policy to assist in obtaining appropriate benefits, privileges, and immunities for foreign missions and international organizations in the United States and to require them to observe corresponding obligations in accordance with international law. These statements do not represent a new policy. Rather, they reflect the purpose of this provision to improve the ability of the Secretary of State to give effect to existing policy.

Section 201(c) mandates the consideration of benefits, privileges, and immunities accorded to U.S. missions abroad in determining the assistance to be accorded to foreign missions in the United States in the specific application of the general policy enunciated in subsection (b). This element is reciprocity, while not necessarily determinative in all cases, is a key feature of the system envisioned by the foreign missions provision. The concept requires the Secretary of State to be cognizant of the treatment of U.S. missions and personnel in foreign countries and to take that treatment into account in determining how foreign missions are to be treated in the United States.

SECTION 202—DEFINITIONS

Section 202 defines terms used in the foreign missions title and specifies the role of the Secretary of State in determining their interpretation and applicability.

Subsection 202(a)(1) defines "benefit" to a foreign mission as any acquisition or authorization for an acquisition in the United States by or for a foreign mission, including such benefits as real property, public services, supplies, including maintenance and transportation, local staff, travel and related services, and protective services. The committee stresses that this enumeration is merely illustrative and not exhaustive. In fact, this provision explicitly grants the Secretary of State authority to designate what constitutes a "benefit" for purposes of this title. The committee notes that the term "utility" should be broadly construed to include gas, electricity, oil, telephone, trash disposal, water and sewer services, and the like.

Section 202(a)(2) defines a "chancery" as the principal offices of a foreign mission used for diplomatic or related purposes (e.g., consular functions), as well as annexes, ancillary offices, support facilities, and any building site for such purposes. This means, for example, that residences, recreational facilities, and warehouses acquired by a foreign mission would not be included in the term "chancery." It is intended that the term be construed to include only those structures, facilities, and sites used by a foreign mission to conduct its business in the United States.

Section 202(a)(3) defines "Director" as the Director of the Office of Foreign Missions in the Department of State. That office is established under section 203(a) below.

Section 202(a)(4) defines a "foreign mission" as any official mission to the United States involving diplomatic, consular, or other governmental activities of a foreign government or another foreign organization (other than an international organization) which has been granted privileges and im-

munities under U.S. law. In addition to traditional diplomatic and consular establishments, this term includes such special missions as that of the Commission of the European Communities and diplomatic liaison offices which have been granted privileges and immunities pursuant to special legislation (22 U.S.C. 288h). It could also be applicable to state trading organizations operated by some governments, to the extent that the trading organization performs governmental functions. The term includes both the personnel and property of the mission.

Section 202(a)(5) defines the term "real property" to include any right, title, or interest in or to, or the beneficial use of, any real property in the United States. This would include situations where property has been acquired, for example, by a separate corporation controlled by a foreign mission, or by an organization which intends to make such property available for activities of a foreign mission. The term not only includes rights acquired by purchase, but also interests acquired by lease.

Section 202(a)(6) defines "Secretary" to mean the Secretary of State.

Section 202(a)(7) defines "sending state" as the foreign government, territory, or political entity represented by a foreign mission. This is the term commonly used in international agreements concerning foreign missions, such as the 1961 Vienna Convention on Diplomatic Relations (23 U.S.T. 3227, TIAS 7502) and the 1963 Vienna Convention on Consular Relations (21 U.S.T. 77, TIAS 6820).

Section 202(a)(8) defines "United States" to mean the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States. This definition outlines the geographic application of the provision to make clear that it is intended to cover foreign missions situated in any such location and activities carried out in any such location.

Section 202(b) commits the interpretation and application of the terms defined in subsection (a) to the discretion of the Secretary of State. The provision is intended to avoid conflicting interpretations by different government agencies and courts and potential litigation that might detract from the efficient implementation of this title or might adversely affect the management of foreign affairs. A determination, for example, as to what constitutes diplomatic, consular, or related official activity, may affect similar determinations by foreign states concerning functions of U.S. missions abroad. Such determinations might also affect implementation of multilateral treaties. Accordingly, they should not be left open to diverse interpretations under the foreign missions title.

SECTION 203—OFFICE OF FOREIGN MISSIONS

Section 203 provides for establishment of a new office in the Department of State to administer the foreign missions provisions.

Section 203(a) directs the Secretary of State to establish the Office of Foreign Missions as an "independent office" in the Department of State. This Office is to be headed by a Director appointed by the Secretary, who will perform under the Secretary's supervision and direction. The Secretary is prohibited from delegating supervisory authority over the Director to any official below the rank of Under Secretary.

This organizational structure seeks to reconcile two competing policy interests. On the one hand, regulation of the operation of foreign missions in the United States is an important aspect of the conduct of foreign affairs and should be directly under the supervision of the Secretary of State. On the other hand, this responsibility should not be imposed on the operating bureaus in the State Department which deal with foreign missions on substantive issues on a day-to-day basis. These concerns will be met effectively by placing responsibility in the State Department and, at the same time, precluding its exercise by the operating bureaus.

This new Office will also relieve the Office of Protocol of its often-conflicting responsibilities vis-a-vis foreign missions in the United States, and will enable it to discharge its proper responsibilities more efficiently and effectively. The committee expects, in particular, that certain responsibilities will be moved from the Office of Protocol to the Office of Foreign Missions, including such matters as: (1) The determination of eligibility and issuance of credentials of diplomatic, consular, and other foreign government officers and employees with respect to rights, privileges, and immunities; (2) advising and acting as liaison to State and local government authorities on diplomatic privileges and immunities and related matters; (3) providing certifications of the immunity status of individuals for use in court cases; (4) requesting waiver of immunity in appropriate cases; (5) assisting in the negotiations of consular conventions and other treaties and agreements involving rights, privileges, and immunities of foreign government missions and personnel; and (6) providing advice and assistance to diplomatic missions.

In certain areas, the Secretary may find it appropriate to permit sharing of responsibilities between the two Offices, but the committee expects the new Office to resolve the inherent conflict between protocol duties and those duties involving regulation of foreign mission activities. Appropriate liaison between the offices should assure that conflicts are minimized.

Section 203(b) identifies the major responsibilities that the Secretary may delegate to the Director, and authorizes the Secretary to assign other functions to the Director as the Secretary may determine necessary in furtherance of the policy of the foreign missions provision. The two specific responsibilities of the Director identified in this subsection are those of assisting Federal, State, and municipal agencies in ascertaining and according benefits, privileges, and immunities to foreign missions, and of providing or assisting in the provision of benefits to foreign missions. The manner of such assistance is dealt with in section 204 below.

SECTION 204—PROVISION OF BENEFITS

Section 204 contains the key provisions empowering the Secretary of State to implement the policy of the foreign missions provision by setting terms and conditions upon which benefits may be provided for any foreign mission. Additional specific authority to impose conditions on or to regulate the acquisition or use of real property is set forth in section 205 below. The committee does not intend either section to limit the authorities granted in the other.

Section 204(a) specifically provides authority for the Director to assist foreign missions, at their request, to obtain benefits. The Secretary of State may approve terms and conditions for such benefits.

The committee notes that this authority is intended both to enable the United States to exercise more effective control over the granting of privileges, immunities, and other benefits to foreign missions and to enhance the ability of foreign missions to conduct their representational duties in the United States.

Section 204(b) authorizes the Secretary to require a foreign mission to comply with such terms as the Secretary may establish in order to obtain or utilize any benefits or to take certain other actions. Alternatively, this subsection empowers the Secretary to require a foreign mission to obtain benefits from or through the Office of Foreign Missions. The Secretary is authorized to impose substantive and procedural constraints on the basis of reciprocity or otherwise, in accordance with the criteria set forth in paragraphs (1) through (4) of this subsection. These criteria include such matters as facilitating U.S. diplomatic relations, protecting the interests of the United States, assisting in the resolution of disputes affecting U.S. interests, or adjusting for costs and procedures imposed on missions of the United States abroad.

The committee notes that flexibility is desirable and necessary in the operation of this Office. Therefore, the committee has not mandated the concept of a quid pro quo for each individual case. Nevertheless, the committee stresses its intent that the new Office of Foreign Missions recognize and utilize the concept of reciprocity effectively.

Section 204(c) sets forth certain conditions which the Secretary may impose on foreign missions in order for them to obtain benefits. Section 204(c)(1) provides that a requirement may be imposed for a surcharge to be paid to the Director by a foreign mission for the receipt of any specified benefit, regardless from whom the benefit is obtained. This provision will enable the United States to adjust for the often arbitrary imposition of costs overseas, or to provide leverage in cases where exact reciprocity may not be available, or may be insufficient to induce appropriate treatment of U.S. interests abroad. The surcharge would be paid directly to the Office of Foreign Missions, over and above any other costs or conditions set by any contractor or other party with whom the foreign mission is involved in acquiring the benefit in question. Payment of the surcharge would be a condition precedent for the mission to be allowed to obtain or retain specified benefits from private or public sources. Thus, there would generally not be any direct effect on the terms or conditions set in private contracts or by persons providing benefits to such missions.

Section 204(c)(2) provides for a waiver of recourse by a foreign mission generally against any governmental authority, entity providing public services, or other person in connection with any action (including an omission) determined by the Secretary to be in furtherance of the purposes of the title. In the absence of such a provision, public agency officials, private party contractors, or persons acting for publicly regulated utilities, among others, could be exposed to suits challenging their authority to carry out such actions, or to suits for damages for complying with a requirement of the Secretary under the foreign missions title. Section 208(b), discussed below, provides further protection against suit in this regard.

Section 204(d) provides that the Secretary may designate the Director of the Office of Foreign Missions, or any other Officer of the Department of State, as the agent of a foreign mission for the purpose of executing the required waiver. This authority is necessary to assure that the U.S. person acting in

response to the Secretary's direction will not incur liability to a foreign mission.

Section 204(e) prevents the State Department from certifying the diplomatic status of more than two applicants per foreign mission who are seeking diplomatic license plates from local motor vehicle departments.

SECTION 205—PROPERTY OF FOREIGN MISSIONS

Section 205 recognizes that the location and use of foreign missions facilities in the United States and the process by which those facilities in the United States and the process by which those facilities are obtained, clearly affect the Federal interest, and have a direct impact on the security and adequacy of treatment of U.S. missions abroad.

Section 205(a)(1) authorizes the Secretary to require, in those cases in which he finds it appropriate, that a foreign mission provide notice prior to any acquisition, alteration, sale, or other disposition of any real property (as defined in sec. 202(a)(5)). The notice requirement could cover any beneficial usage of property, regardless of the means by which such right of usage is acquired, or whether acquired by the mission directly or by an employee or agent thereof, or by a third party. The Secretary then has 60 days within which to disapprove the proposed action and may establish conditions which, if met, will remove the disapproval. The Secretary may, in his discretion, shorten the 60-day period.

This procedure predates any further approvals which may be necessary from State or municipal authorities regarding zoning and related matters. The committee notes that this review procedure will be useful to State and municipal authorities as an additional indication of the acceptability of the proposed action. In view of the significant Federal interest involved, section 206 further governs the process by which location approvals are made in the Nation's capital.

Section 205(a)(2) defines acquisition for purposes of the section to include any action relating to real property such as acquisitions, alterations, additions, or changes in the purpose for which the property is used.

Section 205(b) authorizes the Secretary to restrict a foreign mission from using, or retaining, real property interests which are not acquired in accordance with this section, or which exceed limitations placed on real property available to the United States abroad. This subsection, together with section 204, is designed to provide necessary discretion for the Secretary to adjust enforcement provisions in order to take into account the many differing legal and political systems in other countries, as well as the necessary flexibility to take into account treatment accorded U.S. missions and personnel on related bilateral issues. In many countries, for example, foreign governments are not able to acquire title to property. The United States in such a case could obtain sufficient long-term lease rights for U.S. mission facilities in exchange for permitting the acquisition of property in the United States. Alternatively, the Secretary could require a foreign mission to limit its property interests in the United States to a specific term of years, or in some cases provide a right of reversion to the United States of such property, in the event that U.S. property rights or interests in the sending state were reduced or rendered less effective by acts or omissions of that state.

The committee wishes to stress in the strongest possible terms that, in its view, the United States should seriously consider a blanket prohibition on the ownership of real property in the United States by any foreign mission whose country prohibits U.S. ownership of property. If the United States has no choice but to pay the higher costs of long-term or short-term leaseholds overseas because it is prohibited from purchasing property, the committee believes that the same treatment should certainly be reciprocated. Such a prohibition should apply to property owned on the date of enactment of this foreign missions title, as well as to future acquisitions.

The enforcement provisions of this section which may be applied against the foreign mission include the divesting of property or forgoing use of the property. The inclusion of specific enforcement provisions in this section, as compared with the general authority to impose conditions on foreign governments under section 204, is intended to assure that State and local real property laws not be construed to accord procedural or substantive rights which preclude implementation of the foreign missions title.

Section 205(c) is designed to assure that the Federal Government will be able to protect and preserve property of foreign governments under circumstances when a protecting power or other agent does not assume responsibility. In addition, this subsection authorizes the Secretary to dispose of such property after the expiration of a 1-year period from the date such foreign mission has ceased using the property for official activities. The right of disposition is intended to be exercised only in unusual cases where resumption of official activities is not likely to occur within a reasonable period of time, or where, for other reasons, the Secretary determines that it is not in the Federal interest to continue to preserve such property. Considerations such as the status of U.S. property interests in the country involved might also enter into such determinations.

SECTION 206—LOCATION OF FOREIGN MISSIONS

Section 206 will strike an effective balance between the interests of the federal government and the District of Columbia government in determining appropriate locations for foreign missions in the Nation's capital. The section provides for the establishment of the "District of Columbia Foreign Missions Commission," with members representing both the federal and city governments, and set forth criteria which promote a balancing of interests.

Section 206(a) recognizes that the location, replacement or expansion of foreign missions in the Nation's capital, and the procedures involved in determining these matters, has a substantial impact on Federal interests both in the United States and abroad. International legal obligations requiring each country to facilitate the acquisition of appropriate facilities for accredited foreign missions in the capital city of the host country cannot be subject to negation by the acts or omissions of local authorities.

Section 206(b)(1) creates the District of Columbia Foreign Missions Commission, comprised of the five members of the District of Columbia Zoning Commission and two additional members, who shall be the chairperson of the National Capital Planning Commission and a representative of the Secretary of Defense, in order to reflect the concerns of the Congress that decisions affecting important federal interests are made through a process which appropriately balances federal and municipal interests.

Section 206(b)(2) provides for appropriate compensation for the Chairman of the National Capital Planning Commission during the period that individual is performing his or her duties on the Commission. The other members of the Commission are employees either of the District of Columbia or federal governments and therefore receive no additional compensation.

Section 206(b)(3) provides that personnel, space and facilities will be provided by the District of Columbia Government, as the Commission is a District of Columbia Government agency.

Section 206(c) requires establishment of areas within the District of Columbia in which chanceries may be located as a matter of rights, as is the case with many uses in current zoning practice. Security, representation and related factors necessitate that chancery uses be located in lesser density areas and generally in proximity to each other where possible. Security and representational functions also preclude in most cases general usage of higher density structures, such as office buildings, except for additional space needed from time to time to accommodate official activities which cannot fit into the main chancery facilities. The Committee also notes that areas devoted to higher density commercial or residential uses are in most cases inappropriate for low density chancery uses, and are well beyond the financial reach of 85 percent of the foreign nations accredited to the United States, and from whom the United States must seek appropriate space within their capitals.

Section 206(c) also specifically precludes discriminatory treatment of chanceries vis-a-vis other non-residential uses, by prohibiting limitations on chancery uses which are greater than those placed on other non-residential uses. For example, existing regulations in some cases preclude chancery uses while at the same time permitting all other office uses to locate as a matter of right without exception or limitation.

Section 206(d) requires that rulemaking procedures under the District of Columbia Administrative Procedure Act will be applicable to such determinations. Among other things, this insures notice and opportunity to be heard for interested members of the public.

Section 206(e) sets forth the criteria to be applied to determinations by the Foreign Missions Commission. The Committee notes that these criteria are in general usage today, but that in order to provide for effective implementation of this section, it is desirable to enumerate the criteria specifically.

Paragraphs (1) through (8) of subsection (e) set forth the criteria applicable to chanceries and chancery annexes which are intended to balance Federal and municipal interests. These criteria take into account the Federal interest, which involves international obligations of the United States and the accompanying security requirements involved as well as concern for the impact on local matters such as transportation, housing, and environment.

Subsection (e)(1) sets forth the standard of "adequate and secure facilities" which reflects one of the fundamental purposes of the Office of Foreign Missions and the international obligations of the United States.

Subsection (e)(2) reflects the need to continue to locate such missions in existing mixed-used areas, in which current uses already include institutions, commercial, or governmental activities, and residential uses. The obligation to provide security for

foreign missions dictates the need to locate these missions in proximity to each other and in areas of lesser density. The Committee notes that areas in which current uses are entirely residential would not become available for chancery use under this amendment, except for medium-high density or high-density apartment zones.

Section 206(e)(3) assures the continued application of historical preservation measures to facilities of foreign missions under regulations issued by the new Commission.

Sections 206(b)(4) through (6) relate to transit, parking, public facilities and services, and special security requirements. Section 206(b)(4) also constitutes a recognition that special security factors affect parking requirements, and that similar considerations are taken into account in connection with the location of United States facilities abroad.

Sections 206(b)(7) and (8) specifically provide for determinations of the general municipal and federal interests by the Mayor of the District of Columbia and the Secretary of State, respectively. Finally, the Commission is required to apply the criteria of Federal and municipal interests, historical preservation, the need for adequate and secure facilities, and adequacy of protection to other official property uses by foreign governments covered by this section.

Section 206(f) is intended to preserve the existing relationship between the National Capital Planning Commission and municipal authorities with regard to land use.

Section 206(h) is intended to assure that unreasonable burdens are not placed on chancery applicants, and that such applicants are not subjected to a process inconsistent with the conduct of official relations between nations.

Section 206(i) is intended to assure the establishment of an expeditious decisionmaking process, which will preclude overlapping and time-consuming proceedings which can result under existing law and regulations. It also emphasizes the Congressional purpose in enacting this section to assure proper facilities for foreign governments consistent with international obligations.

Section 206(j) places an obligation on the Secretary to promote compliance with reasonable code requirements, taking into account special security, communications and other factors involved in foreign government facilities in the United States, as well as with United States facilities abroad.

Section 206(k) is intended to clarify the right of the United States to intervene or bring an action concerning the activities of the new Commission, either on its own behalf or on behalf of a foreign government.

Section 206(l) provides "grandfather" rights with regard to existing chancery locations or uses. This subsection is necessary to protect rights and uses which were acquired prior to enactment of this section.

SECTION 207—PREEMPTION

Section 207 declares the preemptive effect of the exercise of Federal jurisdiction with regard to the conferring or denying of benefits (including the location or use of real property) which are regulated by this title. The exercise of Federal jurisdiction embodied in section 206 and the other applicable provisions of this title preempts the application of any other provision of law, to the extent that such other law is inconsistent. The committee wishes to emphasize, however, that the requirements of section 205 do not preempt municipal zoning and related requirements so long as those requirements do not interfere with the exercise of the Secretary's authority under that section.

The language of section 207 would also have the effect of rendering unenforceable any rules or regulations of any Federal agency, to the extent that such rules or regulations would confer or deny benefits contrary to this title.

SECTION 208—GENERAL PROVISIONS

Section 208 contains general administrative provisions to enable the Office of Foreign Missions to operate as an adjunct of the Department of State, not affected by the day-to-day operations of the Department. It also provides protection for persons against liability for actions taken in good faith under this title. Protection is also accorded assets of or under the control of the Office of Foreign Missions.

Section 208(a) authorizes the Secretary to issue regulations to implement the policy of the title. These regulations will be controlling in determining the application of this title.

Section 208(b) provides protection against liability for persons acting in good faith to implement the title. This is intended particularly as a protection to private companies and individuals who would, in the normal course of doing business with foreign missions, be liable for breach of contract or other violations of duly constituted agreements. In all cases involving actions under this title by the Office of Foreign Missions, and good-faith compliance by any persons involved, it is the committee's intent that no liability should attach to those persons. Any problem which may be of concern to foreign missions in this connection, as in all others involving a country's bilateral relations with the United States, is to be directed to the Department of State.

The committee notes that the term "person" is intended to cover any juridical person, including any corporation or organization, as well as individuals. "Direction" by the Secretary is intended to include any official request for action or inaction.

This provision is derived from the Trading with the Enemy Act and the International Emergency Economic Powers Act and is to be construed as broadly as the corresponding provisions of those acts.

Section 208(c) provides the necessary authorities to hire personnel and acquire necessary services in order to meet the atypical needs of administering this title. The functions and personnel requirements of the Office of Foreign Missions may require a variety of employee services beyond the position descriptions generally available to the Department of State, and which could be required on an intermittent or temporary basis. Examples include property and zoning specialists, individuals to perform specialized liasion activities with State and local authorities or public utilities, or to provide travel or other services to implement constraints on foreign missions, and the like.

These services may be required on very short notice (e.g., 24 hours) as the need arises in reviewing activities of foreign government offices (such as consulates) which are located in a number of cities in the United States. Authority to respond rapidly is therefore basic to effective implementation of this title and to the efficient operations of the Office of Foreign Missions.

The committee wishes to stress that the effectiveness of this new Office will depend greatly on its structure and staffing patterns. It is vital that the Office be structured to be directly responsive to problems of U.S. missions abroad and domestic national security issues, and it should therefore be staffed to reflect these requirements. The committee expects that, to the extent practicable, members of the Foreign Service and individuals with related experience will be assigned to this Office. It is not, however, the committee's intention to place individual Foreign Service members in an awkward or hazardous position with regard to service in this Office and future assignments overseas.

Section 208(c)(1) authorizes the use of Federal employee services from other agencies with or without reimbursement. It is expected that available resources in the Federal Government will be used to the extent possible to reduce operating costs and maximize benefits. The committee encourages other Federal agencies to assist the Secretary to the maximum extent possible, consistent with the workload of the concerned agency. In many cases, such a detail or assignment (e.g., a zoning specialist from the Department of Housing and Urban Development asked to assist the Office of Foreign Missions with a matter in San Francisco) could prove to be useful experience for the employee, and therefore for the employee's agency.

Section 208(c)(2) provides authority necessary to acquire technical or professional services which may not reasonably be obtainable on a timely basis, or may not exist at all, within the Federal Government. This authority to obtain services is necessary due to the unusual personnel needs of this Office and the lack of adequate position descriptions to cover such personnel. The committee notes that such positions are lacking in the Federal Government because they are generally not needed on a long-term basis. The committee expects this authority to be used sparingly for temporary or intermittent services when they cannot otherwise be obtained within the Federal Government in a timely manner.

Section 208(d) provides authority for contracts for supplies and services, including personal services. This subsection contains flexible contracting authority necessary to meet the requirements of this title, which in some cases may not be covered by standard procedures for supplies and services for general office purposes. Furthermore, these needs cannot always be anticipated in time to permit the operation of normal advertising and procurement processes. In addition, security requirements may necessitate special procurement procedures in some cases.

The committee notes that the procurement laws generally applicable to government agencies are intended to cover the needs of those agencies for supplies and services at the taxpayers' expense. By contrast, the Office of Foreign Missions will, on many occasions, procure supplies and services for foreign missions which will be paid for by those missions. Unlike present practice, where the Secretary of State exercises little or no control over procurement of supplies and services for foreign missions, this new procedure will permit such control. An example of such a requirement would be the need to find a local employment service which a foreign mission would be required to use to hire local employees. The authority of this subsection will be used sparingly and will permit these unusual requirements to be met in a timely manner.

Section 208(e) provides authority to the Office of Foreign Missions to obtain property or services from, or provide services or as-

sistance to, other Federal agencies. This is intended to maximize interagency cooperation and to increase the efficiency and effectiveness of the Office of Foreign Missions.

Section 208(f) provides assurance that any assets held by or under the control of the Office of Foreign Missions will be exempt insofar as attachment, execution, and judicial process are concerned. This is necessary to assure that the functions of a foreign mission may not be interrupted by judicial process as a result of the Office's involvement with the interests of a foreign mission in the discharge of the Office's duties and responsibilities under this title.

Section 208(g) parallels the provisions of section 202(b) with respect to the authority of the Secretary to make determinations. This is necessary in order to avoid inconsistent interpretations or policies. This provision would not affect regulatory functions placed under this title in other agencies, such as the NCPC.

Aside from the proceedings before the Commission, which necessarily involve full public participation, actions and determinations under this title are in most cases political in nature, involving considerations of foreign policy and national security. Therefore, this subsection also provides that, except for the procedural requirements under section 206(b) in connection with hearings and other proceedings before the National Capital Planning Commission, determinations otherwise required under the title shall be limited to a requirement to adhere to appropriate administrative processes established by the Department, or by other agencies or officials vested with such responsibility.

Section 208(h) provides that fiscal needs of the Office of Foreign Missions and funding procedures for implementation of this title will be managed by the Secretary of State as part of the Department's working capital fund, established by section 13 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2684). This method of funding and audit control under established procedures of the working capital fund is appropriate for activities for which procurement and fiscal requirements cannot be anticipated in advance or on a scheduled basis. In addition, the committee believes that because the funds received from foreign missions will be used to provide benefits to foreign missions, the use of the working capital fund offers a practical way for the Office of Foreign Missions to be responsive to changing requirements. Therefore, this subsection provides for the use of the fund in lieu of otherwise applicable procedures concerning receipts and expenditures by the Government. The committee will continue to monitor the operations of the working capital fund, as it has done in the past.

SECTION 209—APPLICATION TO PUBLIC INTERNATIONAL ORGANIZATIONS AND OFFICIAL MISSIONS TO SUCH ORGANIZATIONS

Section 209 grants authority to the Secretary to apply provisions of this title to international organizations or official missions thereto, where it is deemed appropriate to carry out the purposes of this title. This section recognizes the special relationship of the United States to the international organizations with headquarters in this country, and the separate international agreements applicable to that relationship.

Section 209(a) specifically authorizes the Secretary of State to make any provision of this title applicable to an international organization to the same extent that it applies to a foreign mission. The Secretary's determination will be made after consultation with the international organization.

The term "international organization" is defined in section 209(b) as a public international organization designated as such pursuant to the International Organizations Immunities Act or other law. For the most part such organizations are identified in Executive Order 9698, and subsequent Executive orders (22 U.S.C. 288 note). This definition also includes missions to international organizations which, although they usually represent individual sending states, are dealt with primarily in the context of relations between the United States and the international organizations. Because of the special responsibilities assumed by the United States as host to a number of international organizations, the general application of this to such organizations would be inappropriate. Nonetheless, the committee expects that particular provisions of the title will be applied to particular organizations if it is deemed necessary in order to carry out the policy of this legislation. The international obligations of the United States to assist and regulate the operations of international organizations are equally as important as the obligations attaching to missions of sending states accredited to the United States.

SECTION 210—PRIVILEGES AND IMMUNITIES

This section declares that nothing in this title, including the congressional declaration of findings and policy in section 201, is intended to amend or supersede international obligations undertaken by the United States or other obligations required by U.S. law in connection with the conduct of activities by foreign missions and international organizations. Constraints placed pursuant to this title upon the conduct of foreign missions in the United States are not to be incompatible with permission granted by the Federal Government to conduct diplomatic and related activities in the United States. It is expected that implementation of this title will encourage a proper balancing of treatment of the foreign missions involved and will, in fact, enhance the ability of the United States to discharge its international treaty and other legal obligations. Finally, the last sentence of this subsection prevents a waiver of immunity by implication, in a manner consistent with the Foreign Immunities Act of 1976 and the Vienna Convention on Diplomatic Relations.

SECTION 211—ENFORCEMENT

Section 211 applies to parties dealing with foreign missions, and limits enforcement by the Federal Government generally to equitable or other appropriate relief through the Federal courts. This section also provides notice to third parties of the possible invalidity or impairment of contract provisions entered into in violation of this title. In view of the large number of circumstances which could arise, it is necessary to leave to applicable judicial remedies the resolution of questions with respect to the enforceability and effect of contracts or performance thereunder which the Secretary finds are in violation of this title. The committee fully expects the Secretary of State to minimize the need for judicial remedy by making it clear that foreign missions should, as a normal practice, consult with the Office of Foreign Missions before making commitments or taking steps which may be reviewed by the Office. Since the process of consultation by a foreign mission with the Department is an integral aspect of bilateral relations today, this places no real burden on foreign missions. Instead, it will afford greater protection to their operations, and should result in improvement of their representational activities.

SECTION 212—SEVERABILITY

Section 212 contains a standard severability clause. Inclusion of this clause is appropriate in view of the new authorities granted the Government and the resulting possibility of litigation. The foreign missions title is remedial in nature and is intended to provide redress in areas in which the Secretary of State finds that the Federal interest has been adversely affected. Thus, if a particular provision of the title or its application in a given case in held to be invalid, the remainder of the title or the application of its provisions will not be affected thereby. This will provide greater flexibility for a reviewing court to interpret broadly the provisions of the title in order to carry out its purposes.

Section 119(c) of the bill amends section 13 of the State Department Basic Authorities Act of 1956 to include the relevant functions in the foreign missions title as part of the State Department's working capital fund authorities.

The committee notes the receipt of favorable comments by the Department of State on the foreign missions title. The letter from Hon. Richard Fairbanks, Assistant Secretary of State.

DEPARTMENT OF STATE,
Washington, D.C., May 12, 1981.

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: In response to your request, I am transmitting the comments of the Department of State on a proposed amendment to the fiscal year 1982 Foreign Relations Authorization Bill concerning the regulation of foreign missions.

The Department strongly supports this legislative proposal. The amendment would authorize the Secretary of State to regulate activities of foreign missions in the United States on the basis of an assessment of treatment received by United States missions abroad, as well as a review of national security issues. This will assist our country to redress the current imbalance that sometimes exists between treatment of United States missions abroad and foreign government activities here. This authority to regulate the conduct of foreign missions and their personnel in the United States is clearly within the Federal jurisdiction, and will contribute to the effective conduct of foreign relations.

Moreover, in a time of declining Federal budgetary resources, arbitrary or unreasonable increases in costs of operating United States missions abroad, imposed or permitted by foreign governments, increasingly limit the ability of our missions to perform their functions. In such cases, the ability to place restraints on foreign missions here in the United States may enable our government to deal more effectively with such problems.

In addition, the ability of the United States to meet its important obligation to assist foreign missions to obtain adequate and secure locations in the United States, as well as the need to obtain comparable treatment abroad, would be enhanced by the proposed legislation. An important link in this process is to strengthen the Federal role in determining acceptable locations for foreign missions within our country, and most importantly in the Nation's Capital. We be-

lieve this legislation carefully balances the need to accommodate the Federal interest with a process that weighs the municipal concerns as well.

Furthermore, interests of other federal agencies involved in ensuring the foreign mission activities in the United States remain within appropriate limits will also be enhanced by this proposed legislation.

The Department proposes several changes to the draft bill. These changes are not intended to alter the basic thrust of the legislation, but would enhance its implementation or provide clarification of the authorities therein.

First, we suggest that the term "independent" be eliminated from the first sentence of Section 203(a). That subsection with other sections of the bill, sets forth the authority to establish the Office of Foreign Missions and specifies the functions of the office. The term "independent" does not grant additional authority or limit the application of any other provisions of this proposed legislation, and is therefore unnecessary.

We believe Section 208(c)(1) should be modified by eliminating the clause "under contracts which may be renewed annually", and subsection (c)(2) eliminated in its entirety. These authorities are unnecessary, because the Secretary of State obtain necessary personal services under remaining Sections of the bill either through assignment or detail of federal employees, or by the employment of experts and consultants under the remaining portions of subsection (c)(1) and (3).[1]

Finally, Section 208(h)(2) should be modified to eliminate the clause "Notwithstanding any other provisions of law". The remainder of that section provides specific statutory authority with regard to the disposition of revenues obtained under the bill. The "notwithstanding" clause is therefore unnecessary, and could raise difficult questions as to the effect on other laws concerning audit and fiscal control which are not intended to be affected by this provision.

In addition, we note that there are minor variations between this draft legislation and S. 854, a comparable bill introduced in the Senate. In particular, sections 204 (b) and (c) of the Senate bill have been combined in the House bill in order to make the criteria set forth in subsection (b) applicable in like manner to the authority granted the Secretary in subsection (c). We believe the text of the House bill will clarify and make consistent the criteria under which the authority granted the Secretary under Section 204 can be exercised.

The Office of Management and Budget has advised that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary
for Congressional Relations.

Section 120(d) contains amendments clarifying certain provisions of the Diplomatic Relations Act, which was reported by the Committee on Foreign Affairs and enacted by the Congress in 1978.

Section 120(d)(1) amends the definition of "members of a mission" in section 2(1)(A) of the Diplomatic Relations Act to add explicit reference to members who, although not "diplomatic staff" (as that term is used in the Vienna Convention on Diplomatic Relations), have been granted equivalent status pursuant to law. This will avoid any questions about the rights and corresponding obligations under the act of the senior staff of nondiplomatic missions who, under special legislation, are accorded the same privileges and immunities as the senior staff of a diplomatic mission.

Section 120(d)(2) adds explicit reference to the mission itself in section 3(b) of the Diplomatic Relations Act which specifies that the Vienna Convention on Diplomatic Relations shall be the governing standard in the United States with respect to privileges and immunities for nonparties to the Vienna Convention. As presently worded, section 3(b) does not specifically refer to privileges and immunities such as inviolability of premises, which apply to the mission rather than to any individual member thereof.

Section 120(d)(3)(A) similarly adds an explicit reference to the mission itself in section 4 of the Diplomatic Relations Act, which authorizes more favorable or less favorable treatment in the United States on the basis of reciprocity. Like section 3(b), discussed above, section 4 of the Diplomatic Relations Act presently refers only to individuals, giving rise to the same questions of interpretation. These amendments to section 3(b) and 4 of the act are in accord with the State Department's interpretation of the present law and are merely designed to correct an earlier drafting oversight.

Section 120(d)(3)(B) also amends section 4 of the Diplomatic Relations Act to delete the reference to "any sending state." This will assure that section 4 applies to missions or entities other than "sending states," such as that of the Commission of the European Communities, which are also intended to be covered by the Diplomatic Relations Act.

Section 120(d)(4) amends title 28 of the U.S. Code, by making applicable thereto the definition of "mission" contained in the Diplomatic Relations Act, rather than the definition contained in the Vienna Convention on Diplomatic Relations. This broadening of the definition will eliminate the present unintended disparity between the "missions" which are obliged to maintain liability insurance under section 6 of the Diplomatic Relations Act and the "missions" whose insurers may be named as defendants in direct actions by accident victims.

Section 120(e) contains conforming amendments to sections 6 and 16 of the act of June 20, 1938 (Public Law 684, 75th Cong., 62 Stat. 797), in order to carry out the purposes of section 206 of the foreign missions title (sec. 119(b) above). That section vests authority in the National Capital Planning Commission over the location of foreign missions, under provisions similar to those applicable to the location of Federal buildings under section 16 of the 1938 act.

SECTION 121: REOPENING OF CERTAIN U.S. CONSULATES

This section defers the use of State Department funds for the establishment or operations of any new U.S. consulates overseas until certain specified consulates (Turin, Italy; Salzburg, Austria; Goteborg, Sweden; Bremen, Germany; Nice, France; Mandlay, Burma; and Brisbane, Australia) are reopened. The provision would not affect ongoing construction or maintenance and security measures with regard to U.S. diplomatic facilities abroad. It would, however, delay the opening of new consulates for the People's Republic of China and Brunei.

SECTION 122: UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATIONS

This section expresses the sense of the House and its concerns over proposed activities of UNESCO which threaten the free press and the free flow of information without denouncing UNESCO's entire program or jeopardizing the continued funding of beneficial programs.

TITLE II—INTERNATIONAL COMMUNICATION AGENCY

SECTION 201: SHORT TITLE

This section provides a short title for the International Communication Agency provisions.

SECTION 202: AUTHORIZATIONS OF APPROPRIATIONS

This section provides authorization of $494,034,000 for fiscal year 1982 and $482,340,000 for fiscal year 1983 to carry out the functions and responsibilities of the International Communication Agency.

SECTION 203: CHANGES IN ADMINISTRATIVE AUTHORITIES

This section amends the U.S. Information and Education Act of 1948 to provide for certain changes in ICA administrative authorities.

Section 203(a) would enable the Director of the Agency to authorize the assignment of non-citizen as well as citizen employees of the U.S. to a foreign government at the request of that government.

Section 203(b) would authorize the Agency to enter into contracts for property and services on a multi-year basis for a period not to exceed five years when economies may be realized through long-term contracting. The section restricts the terms of any such contract to a maximum of five years and requires cancellation if Congress does not appropriate funds for the contract in subsequent years, with a cancellation payment to reimburse a contractor for the unrecouped portion of items such as startup costs that originally were to be prorated over the contract period. It is expected that this authority will result in significant cost savings to the Agency.

Section 203(c) would allow the Agency to acquire security vehicles or equipment which would help alleviate or meet terrorist threats against USICA employees and property overseas. This authority brings ICA's in line with authority previously granted to the Department of State.

Section 203(d) would grant ICA the authority to purchase a special "errors and omissions" insurance policy to meet any potential liability. Insurance rates are typically low for coverage relating to rights in creative or intellectual property. Current federal practice prohibits the Agency from signing standard indemnification agreements which most film studios and music companies require when granting ICA the use of film clips or recorded music, because of the uncertain and unfunded potential liability. Such agreements would protect the large studios from claims on further royalties resulting from ICA's use of the film.

Section 203(e) provides authority to the Associate Director's principal assistant to continue the duties of the Associate Director should he or she die, resign, become sick or absent, until a successor is appointed or until the Associate Director resumes the duties of the office.

[1] The subsections referred to in this paragraph have been revised subsequent to the committee's receipt of this letter. Former subsec. 208(c)(1) has been eliminated, 208(c)(3) revised, and 208(c)(3) renumbered as 208(c)(1).

Normally, the principal assistant does assume these duties on an acting basis in such circumstances. However, the Comptroller General has questioned the validity of actions taken by officials who occupy positions normally filled by Presidential nomination, unless legal authority is provided. This section would alleviate doubts surrounding the acting Associate Director's authority.

Section 203(f) would exempt USICA from pay federal workmen's compensation insurance for employees working on ICA's exhibits and performing arts exchanges.

As a result of a recent court decision, the law providing compensation for disability or death to employees at military bases outside the U.S. is applied to U.S. Government grants and service contracts—even when the contract is not related to the national defense. Therefore, performing arts groups on ICA-sponsored tours overseas must be insured under the more expensive Longshoremen's and Harbor Worker's Compensation Act, rather than using state or local worker's programs for which they already have coverage.

By exempting exchanges and international fairs or expositions from the label of "public works", they fall outside the purview of the Defense Base Act and the compensation program mandated by that Act.

Section 203(g) will allow funds to be appropriated to ICA (currently $33 million) in order to liquidate notes held by ICA as a result of the Informational Media Guaranty program. This will involve no budget outlays.

SECTION 204: DISTRIBUTION WITHIN THE UNITED STATES OF THE FILM ENTITLED "REFLECTIONS: SAMUEL ELLIOTT MORISON"

This section would allow for the dissemination within the United States of this ICA film, provided that ICA is reimbursed for any expenses involved.

SECTION 205: DISTRIBUTION WITHIN THE UNITED STATES OF THE FILM ENTITLED, "AND NOW, MIGUEL"

This section provides for the release in the United States of an ICA film entitled "And Now Miguel".

SECTION 206: REDESIGNATION OF THE INTERNATIONAL COMMUNICATION AGENCY AS THE U.S. INFORMATION AGENCY

This section changes the name of the United States International Communication Agency to the United States Information Agency.

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

SECTION 301: SHORT TITLE

This section provides a short title for the Board for International Broadcasting provisions.

SECTION 302: AUTHORIZATIONS OF APPROPRIATIONS

This section provides an authorization of $100,300,000 for fiscal year 1981, $86,519,000 for fiscal year 1982 and $98,317,000 for fiscal year 1983 for the operations of the Board for International Broadcasting. The supplemental request for fiscal year 1981 is actually only $600,000 in authorization due to the provisions of the continuing resolution for fiscal year 1981 which provided the remaining authorization.

TITLE IV—MISCELLANEOUS PROVISIONS

SECTION 401: INTER-AMERICAN FOUNDATION

This section provides $10,560,000 in authorization for fiscal year 1982 and $12,800,000 for fiscal year 1983 for the operation of the Inter-American Foundation.

Subsection (b) provides, for the Board of the Foundation, the same authority possessed by other agencies to set travel expenses, including per diem, in accordance with civil service practice. The current restriction on the Board of the Inter-American Foundation is $50 per day, which is unrealistic.

SECTION 402: SCIENTIFIC EXCHANGE ACTIVITIES WITH THE SOVIET UNION

This requires a report from the Administration, before it resumes the traditional scientific conference exchanges and other scientific activities (suspended after the invasion of Afghanistan), analyzing the national security risks which might be involved in the resumption of these exchanges. Secondly, this provision seeks to assure the mutuality of any exchange between the United States and the Soviet Union.

SECTION 403: REPORT TO CONGRESS ON REFUGEE COSTS

This section requires that the President prepare and transmit to Congress within 60 days a report which would evaluate the costs to federal, state, and local governments involved in the efforts to assist refugees, and Cuban/Haitian entrants within the United States and abroad.

SECTION 404: CODE ON INFANT FORMULA

This section expresses the sense of the House in support of the implementation of the World Health Organization Voluntary Code on Infant Formula.

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1. Bill Number: H.R. 4814.

2. Bill Title: To authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes.

3. Bill Status: As introduced by Congressman Fascell on October 22, 1981.

4. Bill purpose:

TITLE I—DEPARTMENT OF STATE

Section 102 authorizes the appropriation of:

(1) $1,245,637 thousand in fiscal year 1982 and $1,248,059 thousand in fiscal year 1983 for Administration of Foreign Affairs;

(2) $503,462 thousand in fiscal year 1982 and $514,436 thousand in fiscal year 1983 for International Organizations and Conferences;

(3) $19,808 thousand in fiscal year 1982 and $22,432 thousand for fiscal year 1983 for International Commissions, and

(4) $504,100 thousand in fiscal year 1982 and $460,000 thousand for fiscal year 1983 for Migration and Refugee Assistance.

Section 107 authorizes the annual appropriation of $3,700 thousand for each fiscal year 1982 and 1983 for Bilateral Science and Technology Agreements.

Section 108 authorizes the appropriation of such sums as may be necessary to offset adverse fluctuations in foreign currency exchange rates.

Section 109 changes the fees associated with the issuance of a passport from $10 to a level determined by the Secretary of State. The section also extends the period for which a passport is valid from five to ten years.

Sections 111-114 amend legislation which permanently authorizes the appropriation of funds to various international organizations.

Section 120 establishes an Office of Foreign Missions as an independent office within the Department of State and details the operations of the office. The section further authorizes the Secretary of State to transfer such amount, available to the Department of State, as may be necessary for operation of the office to the working capital fund.

Other sections of Title I further amend the Department of State Authorization Act, Fiscal Years 1980 and 1981, and other acts which govern the activity of the Department of State.

TITLE II—INTERNATIONAL COMMUNICATION AGENCY

Section 202 authorizes the appropriation of $494,034 thousand in fiscal year 1982 and $482,340 thousand in fiscal year 1983 for the International Communication Agency.

Section 203 (f) provides for the liquidation of the Informational Media Guaranty Fund.

Other sections of Title II further amend the U.S. Information and Educational Exchange Act of 1948 and other acts which govern the activity of the International Communication Agency.

TITLE III—BOARD FOR INTERNATIONAL BROADCASTING

Section 302 authorizes the appropriation of $86,519 thousand for fiscal year 1982, and of $98,317 thousand for fiscal year 1983.

TITLE IV—MISCELLANEOUS PROVISIONS

Section 401 authorizes the appropriation of $10,560 thousand in fiscal year 1982 and of $12,800 thousand in fiscal year 1983 for the Inter-American Foundation.

5. Cost estimate:

[By fiscal year, in millions of dollars]

	1982	1983	1984	1985	1986
Title I—Department of State					
Budget function 150:					
Authorization	2,256.9	2,226.2	(1)	(1)	(1)
Estimated outlays	1,685.1	2,164.1	506.9	112.1	10.0
Offsetting receipts:					
Authorization	−73.2	−83.2	.....	.....	.....
Estimated outlays	−73.2	−83.2	.....	.....	.....
Budget function 300:					
Authorization	19.8	22.4	.....	.....	.....
Estimated outlays	18.7	22.1	1.4	(1)	.....
Budget function 600:[2]					
Authorization	73.2	83.2	.....	.....	.....
Additional revenues	−35.3	−47.0	−47.0	−47.0	−47.0
Title II—International Communication Agency					
Budget function 150:					
Authorization	494.0	482.3	.....	.....	.....
Estimated outlays	349.4	476.7	114.2	36.1	.....
Title III—Board for International Broadcasting					
Budget function 150:					
Authorization	86.5	98.3	.....	.....	.....
Estimated outlays	83.9	95.4	.....	.....	.....
Title IV—Miscellaneous provisions					
Budget function 150:					
Authorization	10.6	12.8	.....	.....	.....
Estimated outlays	6.2	9.7	4.2	2.4	.8
Total:					
Authorization	2,867.8	2,842.1	(1)	(1)	(1)
Estimated outlays	2,143.3	2,768.0	626.7	150.6	10.8
Additional revenues	−35.3	−47.0	−47.0	−47.0	−47.0

[1] Less than $500,000.

[2] The $73,200,000 and $83,200,000 and authorizations for fiscal years 1982 and 1983, respectively, represent part of the Federal contribution to the Foreign Service Retirement and Disability Fund. Payments from the fund are independently determined and are not directly related to specific contributions.

6. Basis for estimate: This estimate assumes the enactment of this legislation by November 30, 1981, and the provision of the full amount authorized in subsequent appropriation acts.

Section 109 of Title I permits the Secretary of State to set fees on passports, which

are credited to miscellaneous receipts of the Treasury. This estimate assumes the Secretary will increase fees from the current level of $10 to $25, increasing revenues by $35.3 million in fiscal year 1982 and $47 million in each fiscal year 1983-1986. In addition to amounts explicitly authorized in the title, Sections 111-114 increased permanent authorization levels by approximately $100 thousand in each fiscal year 1982-86. Because the Committee authorized specific amounts for these accounts in fiscal years 1982 and 1983, the authorized level is not affected in these two years. Although Section 121 establishes a new Office of Foreign Missions, within the Department of State, the Section does not authorize the appropriation of funds for the office. The office will operate on less than $1 million in funds transferred from other accounts in the department of State. Outlays for the title were estimated by applying historical disbursement rates.

Amounts explicitly authorized to the International Communication Agency in Title II are estimated to outlay in historical patterns. Section 203 terminates outstanding financial liabilities associated with activity of the Informational Media Guarantee Fund prior to fiscal year 1967. This section liquidates $12,767 thousand in principal and $11,950 thousand in interest but has no net budget impact. Amounts explicitly authorized to the Board for International Broadcasting in Title III and to the Inter-American Foundation in Title IV are estimated to outlay at historical rates.

7. Estimate comparison: None

8. Previous CBO estimate: On May 12, 1981, CBO prepared a cost estimate for a Senate unnumbered bill, to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes. CBO prepared a cost estimate for H.R. 3518 as ordered reported by the House Foreign Affairs Committee on May 15, 1981 and as reported by the House Committee on District of Columbia on June 19, 1981.

9. Estimate prepared by: Joe Whitehill (6-2840), Willie Bradford (6-2686).

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

U.S. International Communication Agency: Detailed Impact of 12 Percent Across-the-Board Fiscal Year 1982 Cut

The recently transmitted budget amendment reduced USICA's fiscal year 1982 estimates by $67.4 million as follows:

	Fiscal year 1982 estimate	House appropriation bill	Amendment	Amended estimate
Salaries and expenses	$453,286	$448,286	$-54,394	$398,892
Salaries and expenses [1]	10,352	9,800	-1,242	9,110
East-West Center	16,880	16,500	-2,026	14,854
Radio construction	80,884	25,000	-9,706	71,178
Total	561,402	499,586	-67,368	494,034

[1] Special foreign currency.

The International Communication Agency, the U.S. Government's most vital weapon in the arsenal of ideas, plays a strategic role in America's security. This "weapon of ideas" must be used effectively so that the alternative, military weapons, are not put to use. In this context, following a USICA presentation to the President and the NSC on August 17, 1981, the President directed the Agency to proceed immediately with "Project Truth," a program to counter the extensive propaganda and disinformation campaign of the Soviet Union. Notwithstanding this and other important Agency national security responsibilites, the present budget emergency requires the Agency to reduce its activities in fiscal year 1982.

Over the last 15 years, USICA's funds have decreased by 30 percent in constant dollars. Even more damaging has been the decline in staff, our most critical resource, which has dropped by 35 percent from 11,604 to an authorized level of 7,513, over the same period. In the long term we do not believe that the Agency can, at the currently planned 1982 level, effectively carry out its enhanced national security role. Thus, in this present budget situation we have prioritized Agency programs to preserve to the maximum extent possible our staff resources and our basic program mechanisms, particularly the Voice of America, our field presence overseas, the Wireless File, and other support for the field. In the brief period of time available to consider resource alternatives, we have applied the reductions so that the Agency's basic structure is not permanently affected.

Therefore, as an emergency measure, we have allocated a major share of the reduction to the exchange program on the assumption that a significant part of this very valuable grant program can be deferred for a year or two and be rebuilt more readily than our more staff intensive programs. We regret the circumstances that necessitate this action, but feel it is preferable to a generalized cut back of many already weakened programs.

Even with this approach other programs are also affected adversely. We have applied reductions to field operations, principally to cut back on library operations and some smaller posts so that fixed costs can be reduced. Other reductions have been applied to planned technology improvements and transmission back-up systems and program support activities of the Voice of America. A substantial cut has been made in film and television programs, exhibits, and performing arts presentations.

Unfortunately, our accumulated reduction, which will now take USICA below $500 million, have been in inverse relationship to the resources that the Soviets have been spending on the weapons of ideas, now in excess of $2 billion per year. The pending amendment cuts heavily into our operating resources at a time when USICA's role has become more compelling.

Prior to the transmission of the September budget amendments, the House has passed the fiscal year 1982 appropriations bill, reducing USICA's request by $61.8 million. As noted on the chart on page one, the House applied most of the cut, $55.9 million, to the Radio Construction account inasmuch as those funds will not be required until fiscal year 1983.

The specific program cuts and their impact by program element follow:

Salaries and Expense (including Special Foreign Currency) ($-55.6 million; -87 positions).

1. Overseas Missions ($-3.4 million; -73 positions)

A total reduction of $3,384,000 and 73 positions will be applied to our overseas missions as follows:

Area	Positions	Funds
East Asia and Pacific	4	$325,000
Africa	19	1,017,000
North Africa, Near East, and South Asia	15	1,080,000
American Republics	18	605,000
Europe	17	357,000
Total	73	3,384,000

As a result of these cuts, we will close: (1) four country programs in Iraq, Mauritania, Benin, and Rwanda; (2) six branch posts in Chile, Ecuador, Venezuela, Colombia, and Brazil; and (3) the reading room in Auckland, New Zealand, the American center and library in Stockholm, Sweden, and six minimum distribution outlets in Africa. In total, 73 positions will be eliminated. Taken together, these and other program reductions in our overseas missions will further weaken our efforts to reach the successor generation and will curtail our operations in developing nations of the third world, a group that the Administration is very concerned about.

2. Voice of America ($-1.8 million).

The Voice of America's staff and program broadcast schedule will be maintained intact. However, VOA will be required to eliminate its high-frequency signal transmissions which presently back up the satellite circuits that feed programming to VOA's overseas transmitters. Subsequently, should a disruption in the satellite circuit occur, VOA literally would be off the air to major geographic regions of the world until the satellite circuits could be restored or until VOA could reactivate the high-frequency transmissions from one of its U.S.-based stations. Such disruptions could be critical to U.S. national interests in times of any international crisis or major world event. In addition, VOA will have to make major resource cuts in its central news and feature operations which service all of VOA's English and foreign-language broadcast operations. Program quality will suffer.

3. Exchanges ($- 44.4 million)

As indicated above, the major portion of the fiscal year 1982 cut will be applied to grant-funded exchange programs in order to preserve essential Agency core-program operations. Specifically, the academic program will be cut by 53 percent ($25,600,000); the International Visitor program, by 58 percent ($11,500,000); and Private Sector programs, by 70 percent ($5,400,000). Library and book programs, support to American schools overseas, and program direction will also be reduced by $1,900,000.

The full impact of cuts of this magnitude, applied to institutions and individuals after the fiscal year has begun, is not possible to gauge at this time. The private organizations that perform the detailed exchange work for the Agency would be severely damaged. Some, in all probability, would not survive.

(a) Academic programs: A 53 percent cut in funds available for the Fulbright academic program will eliminate support for all but programs administered by Binational Commissions and programs with those countries, primarily in East Europe, with which the United States has bilateral agreements. Even binational commission programs will face reductions of some magnitude. We will retain active programs in only 59 of the 120 countries in which we now operate.

This cut will increase tremendously the ever-widening disparity between the number of academic scholarships awarded by the Soviet Union and the United States Governments, particularly in Third World coun-

tries. As a direct result of these cuts, the number of academic program grantees will be reduced by at least 40 percent. In addition, host country contributions to the program, currently at $9 million, are expected to fall off sharply in response to the diminished American commitment, leading to a further significant decrease in the number of scholars exchanged. Important diplomatic relationships and goodwill built up over three decades will be damaged. This reduction in funds will eliminate the International Student Exchange (Georgetown) Project and the Humphrey Fellowship Program. Programs in 27 private organizations with many long term relationships will be dissolved. Funding for six major program agencies will be eliminated. This could cause as many as five of these agencies to close, with major impact on parent organizations such as the American Council on Education and the Institute of International Education. All Student Support Services to the more than 300,000 foreign students in the United States without U.S. Government financial support (such as counseling, orientation, and other programs to enrich their U.S. experience) will be terminated. The American Studies Program will be reduced to minimal materials support to Fulbright Commissions. Assistance to overseas schools will be drastically reduced with severe impact on the effectiveness of these schools as showcases of American educational philosophy and practice.

(b) International visitor program: The number of funded International Visitor program grantees will be halved from 1,500 to 750. In past decades, this program has been instrumental in introducing 33 current heads of state and government and many leaders in other fields to the United States in the formative stages of their careers. Programs in some 75 countries will be eliminated entirely and reduced substantially in the remaining 45. This will necessitate the elimination of support to 13 private agencies that arrange programs for individual grantees. We believe that three of these agencies will probably be forced to close.

Program support to the 1,600 visitors who travelled to the United States last year on non-U.S. Government funds will be eliminated entirely.

A network of some 750,000 volunteer, private sector, locally financed "citizen diplomats" in every part of the nation and nearly 100 U.S. communities has developed over three decades to assist the people who come under the auspices of our International Visitor program. Their programming and hospitality assistance make this a combined citizen-government effort, a contribution-in-kind that has been estimated at $15.5 million per annum. Without our catalytic role for these organizations and with the curtailment of visitor inflow, these volunteer organizations will begin to dissolve and will not be available again for future IV programming.

(c) Private sector program: The Private Sector Program's commitments under existing bilateral agreements and executive orders to such organizations as the National Committee on U.S.-China Relations, Asia Society, and the Council on Scholarly Communication with the PRC, will be reduced to 50 percent of the current level with significant implications on the ability of these organizations to achieve their objectives. Core private sector programs, such as Operations Crossroads Africa, American Council of Young Political Leaders, and Council on International Programs who play a significant role in promoting citizen-to-citizen exchanges, will be reduced from half to two-thirds with support for some of the organizations being completely terminated. Overall, people-to-people exchanges will be reduced from 2,000 to less than 600. The Agency has made a general nation-wide solicitation of private non-profit organizations to participate in new projects and exchange initiatives which support U.S. foreign policy goals and objectives. All funds for these initiatives will be eliminated. USICA Private Sector grants provide "seed money" for these organizations to obtain private support, estimated by these organizations at a 5 to 10 fold effect.

4. PROGRAM AND MANAGEMENT SUPPORT ($−3.4 MILLION, −14 POSITIONS)

Exhibits, fine and performing arts, films acquired to support our posts, and TV programs, reduced heavily in March, will be cut back again. Our in-house audio-visual production now is limited to videotape products covering current events and subjects relevant to the support of worldwide U.S. foreign policy interests and goals, with emphasis on the following USICA global themes: U.S. political and security policies, the U.S. economy and the world economic system, solving the energy problem, America in a changing world, and the arts, humanities, and sciences in America. The added cuts will significantly curtail this effort and will totally eliminate those dealing with American political and social values and products in support of USICA's cultural presentation program. Other cuts will eliminate fine arts exhibitions or performing arts tours in 30 countries and delay the showing of a major exhibition on the American Theatre.

In addition, efforts to update the Agency's technological base with text-editing, minicomputers, word processors and other advanced computer and communication technology will be curtailed or deferred.

These cuts will deprive both our Washington operations and field posts of valuable program and management support and make their tasks more difficult.

In addition to the specific program cuts outlined above, we will apply net built-in savings of $2.6 million to the overall $55.6 million Salaries and Expenses cut. These savings derive from international exchange rate gains, partially offset by added inflationary costs and other mandatory requirements for Agency activities.

East-West Center ($−2.0 million)

Support to the East-West Center in Hawaii will be cut by over $2.0 million. This would force substantial retrenchment within this valuable center of multi-national education, study and research. Specifically, the cut will result in substantial decreases in research efforts, dissemination efforts through the Asian/Pacific region, numbers of participants involved in our programs (cut 300 participants) and in financial contributions from the governments of Asia and Pacific Islands. More broadly, the reduction will weaken our effort to strengthen relations and understanding with the influential people of Asia and Pacific at the time when it is to the national interest to build and strengthen these cooperative relationships with the United States.

Radio Construction ($−9.7 million)

The fiscal year 1982 construction requirements for the Botswana and Sri Lanka facilities, for which equipment valued at $5.7 million has been procured, can be accommodated within the amendment cut of $9.7 million since these funds will not be required until fiscal year 1983.

Mr. WOLPE. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to my distinguished colleague, the gentleman from Michigan (Mr. WOLPE), chairman of the Subcommittee on Africa.

Mr. WOLPE. I thank the gentleman for yielding.

Mr. Speaker, I welcome the assurances that the gentleman from Florida has given with respect to the intentions of the full committee as we move this legislation through the conference committee process and the relevant appropriations committee.

With the gentleman's permission, though, I think it is important to lay out precisely what is at stake if in fact we fail in the effort to correct what the administration is now proposing.

Mr. FASCELL. I would welcome the gentleman doing that, and for that purpose I will be glad to yield the gentleman such time as he needs to make that point in the RECORD.

Mr. WOLPE. Very briefly, the $44 million reduction in the educational and cultural program would mean a reduction in the number of foreign leaders and officials who are invited here as guests of the U.S. Government from 1,500 to 750; it would require the eliminaton of educational and cultural exchange programs in 61 out of 120 states around the world where the United States has previously maintained programs; it would virtually terminate American funding for the prestigious Fulbright scholars program in all but a handful of states and countries; it would terminate all support services for over 300,000 foreign students who need them in this country; it would force a number of very excellent and long-established private nonprofit service organizations in this country which administer and arrange schedules and programs for foreign visitors to sharply curtail their operations or to go out of business entirely.

As chairman of the Subcommittee on Africa, I am particularly disturbed, that these cuts would have the greatest impact and fallout in Africa.

Under the criteria that have been drawn up by the International Communications Agency, three of the four ICA operations which are slated to be closed around the world are in Africa. All of Africa's valuable Fulbright exchange programs would be closed down. Approximately 36 of the 40 U.S. educational and cultural exchange programs now operating in Africa would be completely eliminated. At least four of America's most important and respectable nonprofit organizations which are responsible for arranging these kinds of educational and cultural programs will either have to drastically cut back their operations or literally go out of business. I am refer-

ring to the African American Institute, the Phelps-Stokes Foundation, Operation Crossroads Africa, which may well have to shut down completely, and the Southern African education program, which is affiliated with the highly respected International Institute of Education.

In the past 3 years two examples demonstrate how our exchange programs have benefited the foreign policy objectives of this country.

In Zimbabwe, which achieved its independence less than 19 months ago, 5 of that country's 15 cabinet members were trained in this country under the very exchange programs which are being eliminated. Moreover there are some 25 other senior Zimbabwean members who have benefited and were no doubt influenced by their ability to spend some time in this country at a very modest cost to U.S. taxpayers. It has paid off with the creation of a moderate pro-Western government in Zimbabwe.

In Nigeria, which returned to civilian rule after 13 years of military government, our educational and exchange programs have also served us well. That nation's leaders adopted a constitution almost exactly like our own—in part because of the experience many of the drafters of Nigeria's constitution had while visiting this country, this Congress, and this House as official visitors of the U.S. Government.

I cannot think of any course of action that is more incongruent with American interests in Africa and throughout the Third World than the kinds of cutbacks that are now contemplated by the administration. I certainly hope that the chairman will be successful in his efforts in the conference committee and in his conversations with the administration to correct what I regard as a terribly grievous national mistake.

Mr. FASCELL. I want to thank the distinguished chairman of the Subcommittee on Africa. I agree with his assessment totally. I think it is not only unconscionable, I think it would be foolhardy to cut these programs to the extent that has been suggested. I would welcome his continued assistance both in the conference on this bill and in the conference on the appropriations bill, to make sure that these programs are preserved.

Mr. WOLPE. I thank the gentleman.

Mr. GRAY. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Pennsylvania.

Mr. GRAY. Mr. Speaker, I am equally disturbed, as my colleague, the gentleman from Michigan and the Subcommittee Chairman for Africa, particularly in terms of the impacts of these cuts that provide opportunities for Africans and Americans to come together.

I think that the prioritization of these cuts is absolutely against our best interest in the continent of Africa. I hear what the gentleman from Florida is saying, that he would like to change these priorities. The question that I have is: Knowing that the Senate has already earmarked $100 million in this area, what guarantees or what assurances can we have, those of us who share the kinds of concerns articulated by the gentleman from Michigan, that the priorities that have been listed by ICA will not be followed, whereas the concerns of Congress and our best interest in foreign policy will be followed? What guarantees do we have that that will take place?

Mr. FASCELL. I welcome the gentleman's inquiry, and I appreciate and fully understand his concern.

What we would intend to do in the conference is to write language in the statement of managers on the authorization bill to carry out what the gentleman is asking for.

The other thing that we need to do is to be sure that the conferees on the appropriations bill agree to the language that is already in the Senate report, so that it comes out of conference that way. I welcome the interest and the concern, and I ask the help of the Black Caucus in getting this message across also to the administration, so that we not only have the Congress directing it, but that we get the administration willingly to accept that direction.

Mr. GRAY. So what the gentleman is saying is that he will go with the Senate figure, the higher figure, and write specific language into that report that makes it very clear of the concerns for these programs that provide the opportunity for the exchange and for the cross-fertilization between our Nation and the developing nations of the world?

Mr. FASCELL. I tell my colleague, just speaking for myself—I cannot commit the conferees to anything, the gentleman can appreciate that—that I intend to work with the Senate figures in arriving at a program which will save these particular education and cultural exchange programs. We will suggest language in the statement of managers to save these programs.

Mr. GRAY. I think this becomes a very important point to those of us who historically have supported the State Department authorization bill, as well as the foreign assistance bill, and we see a movement that is cutting back on programs with regard to relations between this country and the developing countries of the world and, as the distinguished subcommittee chairman on Africa has pointed out, targeting primarily Africa.

Mr. FASCELL. I am opposed to that, too.

Mr. GRAY. As if there is a desire that there not be any relationship between Black Africa and America.

Mr. FASCELL. That would be extremely injurious.

Mr. GRAY. I think that would be absolutely disastrous.

Mr. FASCELL. Let me suggest this: The conferees are probably all right here, on the House side. We will work together to see that it gets done.

Mr. GRAY. I certainly would say that those are my reservations, and I know that many of my colleagues have those reservations. I would certainly hope that some mechanism could be devised so that those misguided priorities are not set in place.

Mr. FASCELL. Absolutely.

Mr. GRAY. And that the Department is clearly instructed that it is the desire of Congress not to have the allocation in this way, even though I understand what the process is, that we are selling the ceilings, but that we somehow clearly say to the ICA that we do not like these priorities, because otherwise I think that there will be those of us who cannot support this.

Mr. FASCELL. Let me commend the gentleman from Pennsylvania and to say that I also want to congratulate the Black Caucus for being so quick in picking up on this issue. We welcome their support. What the gentleman is saying is exactly why I cannot support the motion to commit by my distinguished friend, the gentleman from Illinois, who wants to do the same thing, simply because even if we change the numbers around, there is no guarantee that the internal allocation of the cuts would be affected. What we have to do, in short, is to lock it into the appropriations bill, as well as write our own instructions in the conference report on the authorization bill.

Mr. GRAY. In light of the fact that the appropriations bill has already been passed on this side, the only place we can do that now, as I understand it, is in the conference.

Mr. FASCELL. They have already done it in the subcommittee there. It is a conferenceable issue, just as it will be in the authorization bill.

Mr. GRAY. So, thus, the only place we can redirect these priorities, then, is in the conference committee on the authorization side and on the appropriation side.

Mr. FASCELL. And to that effort I look for the gentleman to help us get that done.

Mr. GRAY. Certainly the gentleman knows my commitment to these programs, and some of the other Members' commitments to these programs; however, I would want to say very clearly that we must have assurances that these programs are put in place and that the priorities that we see coming from the administration,

which are misguided as all the world could possibly have, do not take place.

Mr. FASCELL. I agree with the gentleman, and I give him my assurance verbally, I have done it in writing, and I will do it any other way I can.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. For the purposes of debate only, I yield to the gentlewoman from New Jersey.

□ 1315

Mrs. FENWICK. I thank my colleague for yielding and, I, too, rise to express distress about the cuts, in the scholarships particularly. I think that probably nothing has been more beneficial to the United States for a relatively small expenditure and more benefit to those who are paying for the whole thing, than have these scholarships. They have provided sympathetic leaders in different countries of the world, when we have very much needed such sympathetic leaders, among whom I may say was President Sadat himself.

I think that the bill provides a shortsighted division of the funds. I noticed that the scholarships will be cut by some $67 million and it is one of the heavies cuts in the whole appropriation. If I may, Mr. Speaker, at this point I would like to include in the RECORD some editorials, one from the New York Times and one from the Boston Globe on this subject.

I would like to refer also to the words of the distinguished dean of the Woodrow Wilson School of Public and International Studies at Princeton University, Dean Donald Stokes.

He told us:

These programs have brought this country more influence and good will in the world than any comparable outlay in taxpayer dollars since World War II. I am constantly struck in my contacts with government leaders in Europe, Asia, and Latin America, by how wide a reservoir of understanding these programs have built up over the years. We would be foolish in a time of increasing danger to buy so small a budget saving at so high a price in future good will.

The articles follow:

[From the New York Times, Oct. 28, 1981]

AMERICA SURRENDERS

The United States is about to launch a policy of unilateral disarmament in the worldwide contest of ideas. The Administration proposes cuts in the revised State Department authorization bill that would devastate educational and cultural exchange.

Like most departments, the International Communication Agency has been asked to absorb an additional cut of 12 percent in its 1982 budget. But instead of protesting or looking to its bureaucracy, it proposes that virtually the entire amount come out of educational and cultural programs.

Funds for exchange of students and scholars, for example, would be reduced from an already inadequate $79 million to $22 million. Academic exchanges with 61 countries would be eliminated altogether.

There would be no further support services for the more than 300,000 foreign students who require them to remain enrolled in American universities. The 35-year-old Fulbright fellowships would end except in a few countries with special agreements.

And the number of promising leaders brought here by the International Visitor program would decline from 1,500 to 750, eliminating 75 countries entirely. This is the program that first showed American life in all its variety to 33 current heads of government.

All in all, the cuts would leave the Soviet Union the unrivaled champion of education and culture for most of the poorest nations of the world.

What a travesty for an Administration determined to spread its might and influence abroad. To so shortchange contacts and communication—including the export of books, art, music, theater and drama—will have serious enough consequences in the short term. In the long run, the loss in understanding and human ties would be devastating. The trashing of these programs proclaims a policy of brawn without brain.

[From the Boston Globe, Oct. 27, 1981]

INTERNATIONAL EXCHANGES

The idea that there is a national interest in encouraging programs for scholars and other cultural exchanges would seem to be nonpolitical and nonideological. The United States can best understand the thinking in other nations by sending skilled observers and by encouraging those countries to put their cultural exhibits on display here.

It is from this commonsense perspective that the proposal of the Reagan Administration to reduce radically the budgets for such exchanges in the next fiscal year seems so foolish.

Under the Reagan plan, spending on the justifiably acclaimed program of Fulbright scholarships would be reduced from $48.1 million to $22.5 million. Further, the program, which for 35 years has been administered by two private, nonprofit groups, would be brought directly under the wing of the federal government, a change which at some time in the future is certain to raise questions about the purpose of the scholarships.

The immediate consequence of the funding change, according to those who work with the program, will be a 40 percent reduction in the number of grants and the elimination of most programs in developing countries. Richard Berendzen, president of American University, told the New York Times that the cutbacks and restructuring "is coming very close to ending the Fulbright program."

Other exchanges are also sharply reduced by the Administration's proposed budget for the International Communications Agency which oversees such efforts. The agency's own international visitors program would be reduced 58 percent and assistance for international tours by students would be eliminated as would a new program to bring professionals from developing countries to the United States for advanced training. Funding for private exchange programs, such as Operation Crossroads Africa, would be slashed 70 percent, according to congressional aides who have studied the budget.

The State Department authorization bill which contains these cutbacks is scheduled to reach the House floor this week. The Reagan proposals for reductions in exchange programs should be rejected and, in fact, an effort should be made to secure a reasonable increase in authorized spending levels for such ventures.

President Reagan has said repeatedly in recent weeks that the United States is a model for how other nations, particularly those in the developing world, ought to structure their economies. Further, he has offered to send Americans anywhere in the world to see whether US knowhow can be applied there. He should be leading the charge to encourage international exchanges so Americans can better understand how other nations work and so that visitors can better appreciate the American model.

Mr. FASCELL. Mr. Speaker, let me thank the gentlewoman from New Jersey. She is a very valuable member of our committee and I agree with her comments and the comments of the editorials. I think it would be most unfortunate for the brunt of the necessary budget adjustments in ICA to be borne by our educational and cultural programs. I do not know of any finer programs anywhere for the dollar. They are of tremendous value to the U.S. Government.

Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I rise in strong support of the motion of the gentleman from Florida, the distinguished chairman of the Subcommittee on International Operations, and I commend him for his untiring efforts in behalf of the legislation that is before us.

The gentleman from Florida has already ably explained the purpose of his motion and the provisions of the proposed House amendment to the Senate bill. Many of our colleagues have asked me why we are following this procedure and why we did not bring the new version of the bill before the committee and to the floor for full debate under regular order.

As the gentleman from Florida has explained, the purpose of this procedure is to expedite the passage of essentially the same bill as the House considered last month in the form of H.R. 3815. This way we can go to conference with the Senate and come back with an authorization which will enable the Congress to urge the executive branch to restore the unfair cuts that it proposes to make in educational and cultural exchange programs.

Given this administration policy toward the Soviet Union, I cannot imagine a more incongruous defeatist attitude in the battle for the minds of the people around this world than the bureaucratic decision to reduce drastically, and in some cases eliminate, several vitally important educational and cultural exchange programs, particularly with African and other Third World countries. To that end, I have been joined by other members of the Foreign Affairs Committee protesting

this arbitrary and inadvisable budgetary action to the President, and will include a copy of that letter at the end of my remarks today.

Because the gentleman from Florida has ably explained the bill, I will not take the time of the House to review the provisions of H.R. 4814, which are essentially the same as those contained in H.R. 3518, as amended, on the House floor subsequent to its defeat on September 17.

Mr. Speaker, as far as the motion to recommit to be made by the gentleman from Illinois, Mr. Speaker, I basically agree with what he is trying to do, but commiting the bill with his proposed amendment will not achieve his purpose which is to force the agency to restore the cuts allocated to the programs in question. The way to accomplish his purpose is to support the motion of the gentleman from Florida so that we can go to conference with the Senate, and work with the higher numbers for the ICA contained in the Senate version of the bill.

Therefore, I urge that the Members vote against the gentleman's motion to recommit with instructions and urge the Members on both sides of the aisle to support the motion of the gentleman from Florida.

The letters follow:

COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., October 28, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to protest strenuously the Administration's proposed cuts in education and cultural exchange programs, funded under the budget for the International Communication Agency.

As you know, the Soviet Union has spent billions of dollars in the war for people's minds around the world. The budget for the International Communication Agency is less than one-half billion dollars, and the programs in education and cultural affairs total less than $100 million. Furthermore, since 1967 the actual dollar value of those programs has decreased substantially due to inflation and exchange rate fluctuations. We can conceive of no more effective way of undermining the United States effort in this vital area. However, your comments in the past lead us to believe that you would find such a policy completely unacceptable and dangerous to the security of the United States.

As you know, this Committee is preparing to support your revised budget request for the Department of State, the International Communication Agency, and the Board for International Broadcasting for the next fiscal year. That budget request, in the view of many of our members, is insufficient to conduct an effective foreign policy effort which will protect U.S. national interests. However, recognizing your wish to bring the Federal Budget under control we are reluctantly supporting these figures at this time. We cannot however condone a bureaucratic decision to undercut the remaining strength of these congressionally mandated educational exchange programs. There are areas within the International Communication Agency budget which can absorb your additional 12 percent agency cut which will not further decrease the already inadequate numbers of personnel, force the Agency to close posts, undermine the education and cultural exchange programs, or affect the Voice of America.

We therefore urge you to reconsider the allocation of this cut in a way which will avoid the destruction of a crucial area of our national security and relationships with other countries.

With best wishes, we are,

Sincerely,

WILLIAM S. BROOMFIELD,
Ranking Minority Member,
Committee on Foreign Affairs.
EDWARD J. DERWINSKI,
Ranking Minority Member,
Subcommittee on
International Operations.
CLEMENT J. ZABLOCKI,
Chairman, Committee on
Foreign Affairs.
DANTE B. FASCELL,
Chairman, Subcommittee on
International Operations.
HOWARD WOLPE.
BENJAMIN A. GILMAN.
LARRY WINN, Jr.
L. H. FOUNTAIN.

Mr. FASCELL. Mr. Speaker, I yield 5 minutes, for the purposes of debate, to the distinguished minority member of the Foreign Affairs Committee, the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I want to associate myself with the remarks made not only by the chairman of the Foreign Affairs Committee, the gentleman from Wisconsin (Mr. ZABLOCKI), but by the chairman of the subcommittee, the gentleman from Florida (Mr. FASCELL).

First of all, I would like to thank both of them and the leadership for working so diligently with the minority leadership in bringing this bill to the floor today.

A lot of effort has gone into this compromise and I join in the opposition to the motion to recommit the bill. At this time I would like to advise my colleagues that I received a letter from Secretary of State Haig just moments ago, and I will read it.

The letter says:

THE SECRETARY OF STATE,
Washington, D.C., October 29, 1981.

Hon. WILLIAM BROOMFIELD,
House of Representatives.

DEAR BILL: I want you to know that it is the uniform position of the Administration that we are strongly in support of passage of the State Department Authorization bill as it is now presented before the House today. We are, therefore, opposed to a recommittal with instructions. This is the view of not only this Department, but also of the international broadcasting entities and of the White House.

As this legislation moves toward final passage in the Congress, and during the course of the fiscal year, we will, however, consider the concerns for funding priorities within the international broadcasting agencies and make such adjustments as might be necessary administratively.

With warm regards.

Sincerely,

ALEXANDER M. HAIG, Jr.

Mr. Speaker, I want to indicate to the Members of the House that I share the same concern as the gentleman from Illinois (Mr. DERWINSKI). However, as was pointed out by the gentleman from Florida, it is the responsibility of the administration through administrative procedures to make necessary adjustments among the various programs. Many of these areas have been sharply reduced at a time when we ought to be beefing them up.

I, therefore, oppose the motion to recommit and rise in support of the legislation as presented before the House today.

Mr. Speaker, the bill reflects the revised executive branch budget request, as agreed upon by the respective agencies affected and OMB. You will notice that the authorization amounts for both fiscal 1982 and 1983 are below the levels previously submitted to the House several weeks ago. The new amounts represent significant cuts for State, ICA, and BIB. Of great importance is that the bill is within the administration's overall budget limit. In fact, the bill is shockingly austere. It not only holds the line on needed new programs, but it cuts into existing functions to a degree that will severely strain the agencies to fulfill their objectives.

While I would prefer to see some growth in several areas, such as increased resources devoted to political and economic reporting by the State Department, I also realize that no department or agency can be exempt from shouldering its share of the burden if we are to reduce Government spending to overall sensible levels. It is, therefore, encumbent upon all of us to support the bill in its present form.

There is one area, however, concerning cuts in ICA, that I feel must be mentioned. This does not effect the bill's overall spending limits per se. It is, strictly speaking, an internal matter that concerns how ICA will implement their cuts. I share with the gentleman from Illinois (Mr. DERWINSKI,) his concern over cuts in the programs for Radio Free Europe, Voice of America, and Radio Liberty. There is another area that equally concerns me.

ICA has decided to severely cut back its exchange program. This program involves an academic component called the Fulbright program, an international visitor program, and a private sector program. I urge the Director of ICA to review the cuts he plans to implement in this area, with a view to more equitable sharing of the overall cutback burden. These exchange programs not only afford foreign policymakers, students, and busi-

ness leaders an opportunity to visit America and gain exposure to our way of thinking on crucial issues, and our broad philosophical approach to the world, but involve the voluntary input of some 750,000 Americans. This volunteer spirit, at no cost to the taxpayer, has made the program effective. It reinforces the President's own philosophy that much can and should be achieved in America through voluntary activity, rather than through Government mandate. At a time when the Soviet Union is spending many times this amount to influence foreigners with similar programs, at a time when the Third World is still fertile ground for ideas that foster either freedom or totalitarianism, I believe it is not in America's best interests for the Director of ICA to cut back our activities in these exchange programs.

On the broader questions of supporting House Report 4814, I fully endorse the bill, knowing that it represents significant cuts in line with the administration's program and in line with what we have been doing with other authorization bills. I encourage my colleagues to endorse the bill as well.

Mr. FASCELL. Mr. Speaker, I yield 20 minutes for debate purpose only to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. I thank the gentleman.

Mr. Speaker, at this time, I yield 5 minutes to the gentleman from California. (Mr. BURGENER).

Mr. BURGENER. Mr. Speaker, I want to speak about Radio Free Europe and Radio Liberty. I guess there are three ways to get at this to fund it properly. One would be the conference committee—and I am not sure how much latitude the conferees will have.

Another way would be the Derwinski motion to recommit.

Perhaps a third way would be a supplemental with proper authorization. The House will work its will on that a little later this afternoon.

But a tragic event occurred last February in a bombing in Munich, and this money to repair damage and provide security is essential, most essential. It is not a great deal of money. It is $10 million in fiscal year 1982 and $5 million in fiscal year 1983. Let me explain my involvement in this subject matter.

I am a member of the North Atlantic Assembly, appointed by the leadership of this House, along with some of my colleagues, and we have met our European counterparts on several occasions. I was elected Vice Chairman of the Committee on Education, Cultural Affairs and Information of the North Atlantic Assembly.

In the European meetings we deal with the free flow of information, part of which involves radio broadcasting. The three countries that are involved in this are the United States—we have Radio Free Europe and Radio Liberty, DeutschWelle in Germany—they do broadcasting behind the Iron Curtain—and BBC, British Broadcasting Corp.

In Munich, just a few weeks ago, my colleagues and I spent a full day at Radio Free Europe and Radio Liberty. It is a most impressive organization with 1,000 employees.

They broadcast in 21 different languages and into the Soviet Union alone they broadcast in Russian and 14 other nationality languages that are spoken there. They broadcast 469 hours a week to the Soviet Union and 555 hours a week to Eastern Europe.

The Helsinki Accords demanded and the Soviets agreed to the free flow of information. Of course, they promptly negated their commitment and did not live up to the agreement.

The Soviets also broadcast all over the world. They broadcast far more hours than we do, and we do not jam or interfere with that. It is so ponderous and so dull and so heavily propagandized and slanted that almost nobody listens to it.

But who listens to ours and how do we know that? We have a pretty stable audience. Since 1977, about 40 million people per week or 15 million people a day, of which 4 million people are in the Soviet Union. How do we know this? Well, we know it because we interview visitors who come out of the Soviet Union, come out of the Warsaw Pact countries, and we interview them professionally and we ask questions and they are very sophisticated and very candid about what they hear and how important it is to them.

Now the Soviets are jamming these broadcasts and it is costing them a lot of money. The Soviets are paying $250 million a year. It takes a lot of electricity, a lot of energy, and this next thing I am going to relate might interest the Members about what occurred in Poland just a few weeks ago.

There was a large sign in Poland during the Solidarity labor movement. The sign said, "Save energy, stop jamming Radio Free Europe."

Very, very important. We are getting through.

One Warsaw Pact country figured out how to stop us from doing this one time some years ago. It was in Czechoslovakia in 1968 before the Soviet tanks rolled in there. The way they stopped the Voice of America and Radio Free Europe and Radio Liberty was they broadcast the truth.

□ 1330

While the lid was off and they had the opportunity to broadcast the truth, the straight news as it was, there was no need, therefore, for anybody to listen to ours. That is fine. We would be delighted not to broadcast anywhere if people would tell the truth. Well, unfortunately, they do not.

We are fairly low key with all this. We do not go into editorial comment. We present straight news. We broadcast straight news and music and it is very, very much listened to. What it does, among other things, it keeps the other world honest. You know, they did not even used to report incidents like an airplane crash in their own countries; but we report it. We do not say who was at fault or editorialize. We report that it happened. Now they are having to report some things that happened. They dare not fail to report.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 additional minute to the gentleman.

Mr. BURGENER. One of the reasons that we need full funding is because on February 21 a tragic event occurred. We have been doing this broadcasting for 30 years without incident until we had a bombing of our facility in Munich. Luckily, mercifully, no one was killed. Three people were seriously injured. It cost $1½ million in immediate damage to the facility; but it is going to take $3 to $4 million to make these facilities secure. All these thousands of people, our employees, mostly are Europeans, of course, very fluent in all of these 21 languages that they speak with fluency, and they are entitled to protection. They are entitled to be safe in the very important work that they do on our behalf; so full funding for this purpose is absolutely essential. How we accomplish it, I am not prepared to say; but in fiscal year 1982 and in fiscal year 1983 I believe we absolutely must, because the truth shall make us free and hopefully, eventually, all of them.

Mr. BROOMFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. COLEMAN).

Mr. COLEMAN. Mr. Speaker, I rise in support of S. 1193.

Today we are considering passage of funding for the prime instrumentalities of U.S. foreign policy. It is a bill sharply reduced from the one which we considered several weeks ago. The State Department, as have all of our Government agencies, has felt the budget ax.

We have before us a streamlined bill, pared of fat. I urge support of this measure for two reasons: First, it meets the budgetcutting criteria; and second, it is needed more than ever in this time of increased global tension.

There are a number of specific points I would like to make about this bill:

First, this bill is not the foreign aid bill. We will deal with this controversial bill separately at a later time.

Second, I, am however, concerned about the limited funding proposal contained in this legislation for the Board of International Broadcasting and the International Communication Agency. These agencies are the prime means that we in America have to share our views with people in the Communist nations. The Voice of America, Radio Free Europe, and Radio Liberty are all funded in this bill. These radios are invaluable in America's efforts to spread the truth to the people of the Soviet Union and Eastern Europe. In these times of increased Soviet propaganda, disinformation, and in many cases outright lies, these stations are more important than ever.

If one has been reading the newspaper reports about the so-called peace demonstrations in Europe, one is immediately struck by how aggressive the Soviet propaganda effort has been—and perhaps more disturbingly, how many of these half truths and and untruths have been believed by some Europeans. We must combat this campaign to discredit the United States. These radios are one of the most important ways to do this.

Finally, I would also like to note that while I support this bill, and support the budgetcutting philosophy which has been applied to it, I must admit that I am also very disturbed by the major cuts made in our Nation's international education exchange programs. For all the reasons I have noted already, I feel that there is an urgent need to dispel the fabrications being sowed by the Soviet Union about the United States of America. A most important way of doing this is through international exchange programs which give foreign students and scholars an opportunity to travel to the United States and learn for themselves exactly what life is like in the United States. These programs also offer American students the opportunity to go abroad and learn about foreign cultures and societies. This knowledge is invaluable to America, whose concerns and interests are global in nature.

Despite these problems, I nevertheless support S. 1193 because I feel that its passage is vitally important to our Nation and its national interest.

Mr. FASCELL. Mr. Speaker, I yield 5 minutes for purposes of general debate to the distinguished gentleman from Michigan (Mr. CROCKETT).

Mr. CROCKETT. Mr. Speaker, when the debate on this bill began, it was my position that I would oppose the bill and that I would vote in support of any motion to recommit.

I am opposed to the administration's proposal that we cut another 12 percent from the appropriation for the State Department and I am opposed to what I understand is the administration's position that the entire 12 percent should be taken out of the cultural and educational aspects of the State Department appropriation.

I have listened, however, very carefully to the presentation made by the chairman of my Foreign Affairs Committee, the gentleman from Wisconsin, and by the chairman of my subcommittee, the gentleman from Florida, and by the chairman of my second subcommittee, the gentleman from Michigan. Based on their assurances that every effort is going to be made at a conference in order to protect the interests that I feel the American people have and should continue to have in expanding our cultural and educational contacts, particularly with Africa, I want to identify myself and to associate myself with the comments made by my three chairmen.

Mr. BROOMFIELD. Mr. Speaker, I yield 4 minutes to the gentleman from Delaware (Mr. EVANS).

Mr. EVANS of Delaware. Mr. Speaker, I rise in strong support of this bill to authorize funding for the State Department for fiscal years 1982 and 1983.

I think it is appropriate to note that our Nation's foreign policy is beginning to turn away from a rather inconsistent, incoherent, and often erratic past, and is moving toward a new era of firmness and clarity which has already resulted in greater respect for America around the world.

It also strengthens greatly the cause of peace and stability in the world when we are more consistent. I do not mean to imply that we have reached Utopia, by any stretch of the imagination, but we are, I believe, heading in the proper direction.

It is important to note here, too, that this legislation does provide necessary funding to carry out the administration of our foreign policy by the State Department. There are some in this body and many around the United States, I feel, that probably do not think we ought to have a State Department. Some feel that we could put up a wall around the United States of America and exist in isolation. This is totally impractical but suffice it to say that in the increasingly smaller and interdependent world in which we live it is extremely important to promote better understanding rather than less.

I believe that is vital if we are to strengthen the cause of peace and security in the world.

Communications is the key to that better understanding, personal communications where it can be effective, and where this is not possible, communications by Radio Free Europe and Voice of America and Radio Liberty. That is one of the reasons why this bill is so critically important, because it does contain funding for these all important international broadcasting efforts.

I believe it would be incredibly foolish in these times for us not to increase our efforts in getting our message across.

I think at times we do not fully comprehend what we mean to freedom-loving people all over this globe.

Let me share with you an occasion that happened in June 1980. I had just introduced an amendment to increase funding for the Voice of America. I was called to the side door here and a gentleman who was a graduate student at one of our universities here, came up with tears in his eyes. He said, "Congressman, you don't know what it means to us and to my countrymen to know that America cares about our freedom."

There are other places on the globe that are having difficult times today, and I think it would be spectacularly ill-timed if we do not proceed with funding for our broadcast efforts now. I speak, of course, of our friends in Poland. We need to send them a message of hope, a message that we care about their struggle for freedom, a message that the people of America, I know, fully support.

I would like to also say that these broadcast efforts are an integral part of our national defense program. President Reagan, when he was campaigning in Illinois on March 17, 1980, said as Governor Reagan then, that we needed to reemphasize our efforts on behalf of Radio Free Europe, Radio Liberty, and Voice of America.

The SPEAKER pro tempore. The time of the gentleman from Delaware has expired.

Mr. FASCELL. Mr. Speaker, I yield 30 additional seconds to the gentleman.

Mr. EVANS of Delaware. Mr. Speaker, I think it is also important to point out that we have a force within these broadcasts, a force which is a lot more powerful than arms. It is a force that totalitarian regimes fear the most. It is the force of our ideas. We need to effectively utilize the weapon of ideas.

As Lenin once said, "Ideas are more fatal than guns." That is why the Soviet Union is spending so much time and money jamming our programs. They are afraid of the truth and it is important today to send a message to freedom-loving people all over the world that we care in the United States of America.

I hope all my colleagues will strongly support this bill.

Mr. FASCELL. Mr. Speaker, just a brief comment first before I yield.

I agree with the last two gentlemen who spoke in the well with regard to radios. As one who was intimately involved in saving the radio, so to speak, and getting the necessary mechanisms and funding for those radios and keep-

ing them alive and improving their capability, I can certainly understand what our previous speakers have been saying.

With respect to the bomb damage, let me just briefly state that we had in the fiscal year 1981 budget $3½ million for the bomb damage to be repaired. Despite the cuts, some readjustments will have to be made internally, but they can do that.

but I still agree they need more money and we need to put more emphasis on those radios. I will be joining the gentleman in every way I know how to see that that policy is implemented.

Mr. EVANS of Delaware. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Delaware.

Mr. EVANS of Delaware. Mr. Speaker, I thank the distinguished gentleman for yielding.

I really do not care how we send that message or that signal to people all over the world that America cares, because it is in our national security interests to do so.

Mr. FASCELL. Absolutely.

Mr. EVANS of Delaware. Whether we do it through recommittal or whether we do it administratively, and I certainly do not want to jeopardize this bill on recommittal, but there is one thing for certain that we ought to make absolutely clear in this administration and this Congress, that we do care about other other people and that we care about the impact of these international broadcasts and we are going to do everything we possibly can to give them adequate funding in the future.

Mr. FASCELL. Mr. Speaker, I agree with the gentleman very strongly.

Mr. Speaker, I yield 3 minutes for purposes of general debate only to the distinguished gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Speaker, I thank the gentleman from Florida (Mr. FASCELL) for yielding to me. As everyone who is familiar with this Congress knows, I am not a member of this committee.

I kind of hate to intrude into its business, but I was shocked the other day when the House killed the authorization bill for the State Department.

I know when I came to the Congress about 20 years ago, it was fashionable then if you were dissatisfied with all the world's problems to take it out on the State Department, and I have got to admit that I was probably guilty of some of that.

As I began to exercise my responsibilities under the Ways and Means Committee having to do with international trade, I became better acquainted with the State Department. I can tell you from personal experience that the people in the State Department work hard. They are well qualified. They do a terrific job and sometimes under very adverse and dangerous circumstances.

We should not be here talking about cutting back in this area. We ought to be here talking about expanding in this area. The State Department is doing a job in a bigger world today with fewer people than they have had in a long, long time, and our problems are much more complex.

I hope that Members when thinking about this authorization bill will think about the challenges that are out there that must be met, about our responsibility to meet those challenges, and I hope they will take my word for it as one who has been there and seen, we have got good people representing us overseas. We have got good people who work and will work hard on weekends and holidays and every other time. I have never yet had one of them complain to me about the demands that are made upon them, not only by our Government, but by other governments.

□ 1345

They are loyal Americans, they work hard, they should be cheered, and we should be augmenting them. We certainly should not take out our piques about the problems of the world by voting against the State Department authorization bill.

Mr. FASCELL. I thank my distinguished colleague for those very appropriate remarks.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. I thank the distinguished ranking member for yielding to me.

Mr. Speaker, this bill is an example of how the House can insure that we stay within the President's budget figures and still provide the President the resources he needs to run a lean, effective Government.

I voted against the bill earlier because it was over the budget, and I do not agree totally with the gentleman from Florida who preceded me here in the well, from whom I have the utmost respect, when he says we should not be talking about cutting back. I just cannot accept that. We do need to look toward keeping the State Department down in its expenditures just as we do everything else around here. That has been done with this bill. After the bill was defeated earlier, administration officials, the ranking members on the committee, and the distinguished chairman of the committee, got together and worked out an agreement as to the figures that should be in this bill.

It is within the President's budget request. I think that all concerned should be commended for the compromise they worked out. I realize some of the Members do not think we should have defeated it earlier, but the fact is that it was over the President's budget request.

We have made some savings here. That is what we have been trying to do in every other area and it has been done. There has been a major savings. We have reached a final agreement now and I think we should try to live up to this compromise.

I am going to vote for it because I do think we need the State Department authorization and I do think we need to have foreign aid authorizations. But I also think we should be just as conscious of what the costs are in this area, as we are in other areas of the budget.

So I urge my colleagues, let us support this compromise in its present form. Vote for this bill on final passage. Let us not break up the compromise that has been reached and tinker with the numbers that have been agreed to, and we can get this behind us and move on to what needs to be done in other areas.

Mr. Speaker, I do want to thank all of those who worked on this bill for their patience and cooperation.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I voted against this bill when it was before us before. It was over the President's budget in its second year. However, under the agreement, that has been taken care of and the bill is well within the budgetary constraints.

While I certainly agree with the view of those who would like to increase funding for the radios, I think we can find some other way to do that. But the important thing today is to pass this bill the way it is, and to get on with the business. We have a State Department, and whether or not we agree with everything it does, whether we agree with all the personnel that are there, it is our State Department. It is our vehicle for carrying out foreign policy.

I would say particularly to those on my side of the aisle that this is our President's foreign policy, and this is his State Department, peopled by people he has appointed. I think if we are going to have a coherent, credible foreign policy we certainly have to fund that Department.

Mr. BROOMFIELD. Mr. Speaker, will the gentleman from Florida yield me 3 additional minutes?

Mr. FASCELL. I would be glad to.

Mr. BROOMFIELD. I thank the gentleman.

Mr. Speaker, at this time I yield 2 minutes to the gentleman from Wisconsin (Mr. ROTH).

Mr. ROTH. I thank the gentleman from Michigan for yielding.

Mr. Speaker, I agree with the speakers who have spoken here this afternoon on the power of an idea and the

power of public diplomacy. But I hope we would not fall in the trap of saying if we just throw more dollars at the agency, or any other agency, it is going to solve all our problems. I think, yes, dollars have to be appropriated. Dollars are important. But I think it is a commitment that these agencies have to their programs that are very important, too.

Recently I had a gentleman in my office from Czechoslovakia, Victor Sefcick. I asked him what kind of experience he has had with Radio Free Europe and Radio Liberty. He said their experiences have been very good; that they religiously listen to those broadcasts at 6 in the morning, 6 at night, not only to get the world news but also to find out what is happening in Czechoslovakia, their own country. But he did say that many times they have a hard time understanding the news because the Czechoslovakian that is being spoken is not the best.

I think this is one example, that we can fall in the trap of just saying if we throw more and more money at the agency, the problems are going to be solved. I think there has to be a certain amount of dedication and commitment in the agency itself.

As I see it, what we are arguing about here is an issue of where we are going to spend more money, with the elite or with the people, the masses. I think it is very important that we stressed that we sell the story of America, our programs, and so on, to all the people of the country, not just to the elite. I think if we have to make choices because we only have *x* number of dollars, we must always come down on the side of the people of those countries, not only the elite.

I feel the ICA does some of the most important work being done in this country, but it should not be a travel and tourism agency. I think what we have to do is spend the money on the radios and the people working in those areas so they can speak the language properly and we can get our message across.

The SPEAKER. The Chair will state that the gentleman from Florida (Mr. FASCELL) has 2½ minutes remaining, and the gentleman from Michigan (Mr. BROOMFIELD) has 5½ minutes remaining.

Mr. FASCELL. Does the gentleman from Michigan desire more time?

Mr. BROOMFIELD. Yes, I have two more speakers.

Mr. FASCELL. I will be glad to yield the balance of my time to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, this measure is the renewed authorization bill for the State Department, the International Communication Agency (ICA) and the Board for International Broadcasting (BIB). As it stands, it drastically cuts funds for the ICA and BIB. My motion to recommit is intended to correct these dubious budget allocations.

I recommend that within the total spending limits, specific adjustments be made to support our foreign information agencies—ICA and BIB.

ICA, of course, manages the Voice of America and our exchanges and cultural programs, while BIB supervises Radio Free Europe and Radio Liberty. We are involved in an information war, a clash of ideas, a struggle of the truth of a free society against totalitarian propaganda. It is necessary to improve our foreign broadcast capability, and reinforce our radios. VOA broadcasts world news and particularly news about the United States to many areas of the world which would not otherwise have objective news sources. RFE and RL are our means of reaching the people of the Soviet Union and those of the Eastern European Communist countries.

Through our exchange programs, on the other hand, we have a chance to see other countries as they are and give the people of foreign nations an understanding of the real America. A significant part of the threat posed to the United States by the increasing contentiousness of the Soviet Union lies in the area of political and propaganda activity. Mass communication is used by the Soviets to indoctrinate, mislead, and confuse peoples throughout the world; the influence and strategic positions of the United States are weakened in the process.

The Soviet Union maintains an iron grasp on the Russian people and on the captive nationalities of its empire. Its strategic military strength shields its conquests. Nonetheless, the Soviet empire is vulnerable. Its economic system is inefficient, its agriculture a shambles. Its population, and those of the captive nations, are shamelessly exploited to support a corrupt regime. It is of special interest that RFE and RL often assist the forces of internal dissent in the U.S.S.R. and the satellite countries in frustrating the Communist secret police by broadcasting smuggled dissident papers and messages.

The role of the radios has been succinctly described by a former Director of the RFE Polish Language Service:

> Without the Western radios in recent years, Soviet dissidents would have been deprived of one of their main communication lines with the broad masses of people. The solidarity of Polish workers was made possible by Western radio, acting as a communications link between strikers in various parts of the country. Without Radio Free Europe, the authorities would have been able to isolate and suppress local strikes before the news spread to the rest of the country. Western radios remain the prime source of information about Polish developments for other countries of the Soviet Bloc. They also provide the means of comparison with life outside the Bloc necessary to generate dissatisfaction and pressure for change.

Earlier this year, a cut by the previous administration in the BIB budget for fiscal year 1982 was restored by the new administration and more added to the previous year's budget. The State Department in a report to Congress said:

> The Department of State strongly supports the maintenance of effective Radio Free Europe/Radio Liberty and VOA broadcast capabilities. In this regard, I am pleased to report that we have confirmed with the Board for International Broadcasting that the proposed $4 million cut to the Board's fiscal year 1982 budget has been restored and that a $3 million supplemental appropriation has been added to the fiscal year 1981 budget.

Instead of restoring funds for the radios, the OMB has slashed their funding.

Recently, the President directed ICA to take responsibility for coordination of a major new U.S. overseas information program in response to the Soviet Union's growing global campaign to undercut U.S. foreign policy objectives. This activity, to be called Project Truth, is a counteroffensive to reveal Soviet disinformation efforts and to spread the truth about U.S. policy and objectives. When Project Truth was proposed to the President, his reaction was that "this could be the greatest weapon of all."

Also, the administration has announced that in an effort to tell the truth to Cuba we are going to establish a radio, to be called Radio Marti, which will cost $10 million the first year. "This administration has decided to break the Cuban Government's control of information on Cuba," Richard Allen, the President's security adviser, is quoted as saying.

These are new responsibilities being undertaken by the administration. Unfortunately, in the past few years, the effectiveness of U.S. broadcasting to the Soviet Union and Eastern Europe has been systematically reduced, due to inadequate budgets. On April 1, 1981, the distinguished Republican leader, BOB MICHEL, said this about the radios and national security:

> We are in grave danger of losing the war of ideas carried on throughout the world. How close we are of losing may be debatable—what is not debatable is the unquestioned fact that the Soviet Union and its allies outspend the United States and its allies on information—and, in the Soviet case, disinformation—program.
>
> The time has come to recognize that the U.S. International Communication Agency—including its international broadcasting section, the Voice of America—and Radio Free Euorpe and Radio Liberty need to be seen as part of our national security system, as vital and as necessary to our survival and programs as weapons, manpower, and strategic concepts.

ICA'S budget has been reduced by 12 percent. To apply the OMB's cut to the Voice of America, according to ICA, would mean cutting its weekly broadcast schedule by more than 25 percent, widening the gap between Soviet and U.S. broadcasts. Moreover, the cut would mean the closing of 37 posts, many in sensitive areas. These 37 ICA posts out of 200 would include 15 country program operations and 22 posts as follows:

Country programs operations: Benin, Burundi, Iraq, Ireland, Lebanon, Lesotho, Luxembourg, Mali, Malta, Mauritania, Papua/New Guinea, Rwanda, Swaziland, Switzerland, and Upper Volta.

Branch posts: Sydney, Australia; Belo Horizonte, Porto Algere, Recife, Rio de Janerio, and Salvador, Brazil; Toronto, Canada; Valparaiso, Chile; Cali and Medellin Colombia; Guayaquil, Ecuador; New Delhi, India; Medan, Indonesia; Kwangju and Taegu, Korea; Guadalajara and Monterrey, Mexico; Davao, Philippines; Dharan, Saudi Arabia; Barcelona, Spain; Izmir, Turkey; and Maracaibo, Venezuela.

To save VOA and the overseas operation from such drastic cuts, ICA proposes to concentrate the cuts on its public diplomacy functions. To do so, however, United States/Poland and United States/Soviet exchange programs would be severely affected, a serious development at this juncture. On the other hand, recent demonstrations in London, Brussels, Paris, Rome, and Bonn against modernization of nuclear theatre forces give evidence of a vast gap between Europeans and Americans on vital issues. Our educational exchanges should not be permitted to suffer.

To shortchange our international information programs, cultural exchanges, scholarships, and foreign broadcasting would be pennywise and pound foolish. Our radios, particularly, are key elements of our security effort. We have history and truth on our side, yet the Soviets have a technological advantage. We must recognize the responsibilities and challenges we face and make the policy and budget decisions necessary to gain the technological edge we need to win.

The motion to recommit will help preserve the ICA and BIB from the misapplied calculations of OMB nonexperts. I appeal for your support of the motion to recommit.

Frankly, Mr. Speaker, when I listen with awe to my leaders, Mr. LOTT and Mr. MICHEL, who will follow me, when I see heavyweights like the chairman of the committee, the chairman of the subcommittee, the ranking member, all speaking against my position, I feel like the bastard at a family reunion. But I stand here before the Members in righteousness, knowing my position is correct.

I would like to review a few points. Let me again quote from a recent State Department report on the radios:

Without the Western radios, Soviet dissidents would have been deprived of their main communication lines with broad masses of people. The Solidarity of the Polish workers is made possible by Western radio. Without Radio Free Europe the authorities would have been able to isolate and suppress local strikes before the news spread to the rest of the country. The prime source of information about developments of other countries in the Soviet bloc comes from Radio Free Europe.

The Department of State has indicated they strongly support the radios. Yet, now they are bludgeoned into silence at the time the radio budgets are being gutted.

When my dear friend the minority leader takes the floor, I hope he will remind the House of his strong support of the radios and then try to reconcile that with his inability to accept the funds in my motion to recommit.

Then I would also like to point out to you that the ICA, which is being the most drastically cut, has recently been directed by the President to take responsibility for what they call a major new U.S. overseas information program. Now, explain to me how one can start a major new U.S. overseas program when 30 percent of one's budget is cut? Yet that is what the figures before us provide. My figures would give some flexibility to the ICA and BIB.

We have to have an understanding of just where we are cutting and who we are hurting here. For example, in the ICA, unless my motion to recommit is accepted, the items that will be cut from the budget include country program operations in Iraq—I need not tell you how sensitive a country Iraq is—Lebanon, and Lebanon is a sensitive country, Mauritania, Burundi, Rwanda, key countries in Central Africa; India, Indonesia, Saudi Arabia, which just received our AWACS, but we are going to cut out some of our programing there; Spain, Turkey, Western countries on the edge of anarchy.

And yet here we are retreating from our obligation to tell the American story there because of what I consider penny-wise and pound-foolish approaches.

When this bill was on the floor 5 weeks ago, I supported it. I would support it now if my figures are accepted.

Mr. BROOMFIELD. Mr. Speaker, I yield the balance of my time, 2 minutes, to the gentleman from Illinois, the distinguished minority leader.

Mr. MICHEL. Mr. Speaker, I obviously rise in support of this bill.

I want to first congratulate the chairman of the committee, the gentleman from Wisconsin (Mr. ZABLOCKI), the gentleman from Florida (Mr. FASCELL), and the gentleman from Michigan (Mr. BROOMFIELD) on our side, for their spirit of cooperation in bringing this bipartisan administration-supported bill to the floor.

When I came to my desk this morning, I noted, as most of you did, a "Dear Colleague" letter signed by my good friend, the gentleman from Illinois, and seven of our colleagues. The letter was in support of a motion to recommit, and here I quote, "to correct the dubious budget allocations" in the amendment now before us. I took particular interest in that letter because it quoted this Member at length. The quotation was from remarks I inserted in the RECORD early in the year in support of strengthening the U.S. International Communications Agency. I will not repeat that quotation here because of the time restaints put upon us, but the gentleman from Illinois is very clever. He is smart. He has been around a long time. There was an implied suggestion that because a motion to recommit is usually reserved for the minority a quote from the minority leader would in turn suggest to most that I supported this motion to recommit.

Let me make it abundantly clear. I am absolutely opposed to the motion to recommit of the gentleman from Illinois. He has his own little ax to grind in this particular case, and I understand his good and noble intentions.

I have to support the measure as is. This was a compromise with the other side put together in my office. It is a commitment that I am bound to keep. I stand behind it, and Members on my side particularly will have to understand that our word is only as good as our bond here. For that reason on this issue I have to oppose my friend, the gentleman from Illinois, who in most cases is on the right side of the issue, but on this one I think he has carried it a little bit too far.

Admittedly, there are adjustments, particularly in the communications agency, that ought to be made in-house. I think the subcommittee chairman, the gentleman from Florida (Mr. FASCELL) in his remarks earlier, if I followed them correctly, hit the target, and I would subscribe to the views that he expressed at that time and would urge the Members on this side, and the majority side, again to reject the motion to recommit and get on with passage of this State Department authorization bill.

Mr. FASCELL. Mr. Speaker, to conclude the debate on this side, I yield 1 minute to the distinguished chairman of the Foreign Affairs Committee, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I will only take 1 minute. May I have the attention of the gentleman from Illinois (Mr. DERWINSKI) to state the parliamentary situation as I perceive it.

What would happen if the gentleman's motion to recommit with instructions should prevail? In my opinion such an action could kill the bill because it would violate the agreement that we have on both sides regarding the content of the legislation.

Then what the gentleman desires and what we desire to accomplish is lost.

Would the gentleman agree?

Mr. DERWINSKI. No; because the chairman knows that the instructions call for the same to be reported back to the House forthwith, which means 30 seconds later.

The gentleman from Illinois (Mr. MICHEL) is going to vote for final passage regardless of the final form.

□ 1600

The SPEAKER pro tempore. Pursuant to House Resolution 257, the previous question is ordered on the amendment and on the bill.

The question is on the motion offered by the gentleman from Florida (Mr. FASCELL).

The motion was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

MOTION TO RECOMMIT WITH INSTRUCTIONS OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Speaker, I offer a motion to recommit with instructions.

The Clerk read as follows:

Mr. DERWINSKI moves that the Senate bill S. 1193 as amended be committed to the Committee on Foreign Affairs with instructions to report the same to the House forthwith with the following amendments:

Amend the amendment as follows (page and line numbers are to H.R. 4814):

On page 2: line 8, strike "$1,245,637,000" and in lieu thereof insert "$1,233,637,000";

In line 9, strike "$1,248,059,000" and in lieu thereof insert "$1,238,059,000";

In line 11, strike "$503,462,000" and in lieu thereof insert "$479,462,000";

In line 12, strike "$514,436,000" and in lieu thereof insert "$481,436,000"; and

On page 39: line 16, strike "$494,034,000" and in lieu thereof insert "$520,034,000"; and

In line 17, strike "$482,340,000" and in lieu thereof insert "$520,340,000"; and

On page 47, line 2, strike "$86,519,000" and in lieu thereof insert "$96,519,000"; and strike "$98,317,000" and in lieu thereof insert "$103,317,000".

The SPEAKER pro tempore. The gentleman from Illinois (Mr. DERWINSKI) is recognized for 5 minutes.

Mr. DERWINSKI. Mr. Speaker, at times this afternoon I have I felt like a voice shouting in the wilderness. I am amazed at some of the gyrations on the part of some of my colleagues. I wish they were as interested in the condition of foreign affairs 5 weeks ago as they are today, but even a belated convert to an appreciation of international affairs is appreciated.

Let me run through the fact of life for some Members on why this motion to recommit is in order.

First, there was a statement made that this will delay the bill. It will, for 30 seconds, just as long as it takes for us to bring it back to the House.

I believe the motion to recommit will strengthen the hand of the House conferees in conference with the Senate. What we specifically do—and I want the Members to be on record, knowing that deep in their hearts they know we are doing the right thing—is to restore a total of $64 million to the International Communication Agency for 2 years, and $15 million for the Board for International Broadcasting, which is Radio Free Europe and Radio Liberty.

Earlier my dear friend, the distinguished Republican leader, had referred to a statement he made on April 1 which he still maintains—of course, April 1 is April Fool's Day; a strange coincidence—but at the time my dear friend said as follows:

The time has come to recognize that the United States International Communications Agency, including its international section, The Voice of America and Radio Free Europe and Radio Liberty, need to be seen as part of our national security system, as vital and as necessary to our survival in programs as weapons, manpower, and strategic concepts.

Now, therefore, inspired by the oratory, I have worked hard since then to see that the misguided budget cuts coming from OMB do not damage those radio entities that my leader so nobly defends, so the Members will understand the inspiration for my position in addition to my own strongheld views.

I would also like to point out that it is fine for the gentleman from Wisconsin and the gentleman from Florida to give verbal assurances that they will do the best they can in the conference with the Senate. But the motion to recommit with instructions is the only ball game in town at this time. If Members want to have funds designated for Radio Free Europe, for the ICA, if they do not support the motion to recommit they are merely trusting negotiations with the other body, which has shown itself reluctant these days to meet the House halfway.

The other point I would like to make to my dear friend from Mississippi is that my figures merely transfer funds, and that the figures I propose are within the budget request. So, if someone is concerned about the sacredness of the budget request, we do not violate it.

Mr. SOLARZ. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I am pleased to yield to the gentleman from New York.

Mr. SOLARZ. Mr. Speaker, I thank the gentleman for yielding. Any motion offered by my good friend from Illinois is automatically deserving of the most serious consideration, and in this instance, I want to say very frankly that I am inclined to support it, but I would like to ask one question. Would the resources which this amendment would transfer out of the account for international organizations in any way put us in default of our obligations to the United Nations or any of its member agencies?

Mr. DERWINSKI. No. If the gentleman will look at the figures for the original request which was rejected 5 weeks ago, it was lower at that point than the figures that remain in the bill after my motion to recommit. In fact, after my motion to recommit there is an additional $10 million for international organizations and conferences for fiscal year 1982, and an additional $12 for fiscal year 1983.

Also, I would like to point out that the real issue here is the funds for ICA, $64 million over the 2 years, and primarily that would permit the maintenance of certain facilities, some of which I ticked off earlier—very key countries, and of course some of the exchange programs which are so valuable.

To sum up, Mr. Speaker, may I say that I do not like to tangle with the leadership as I have. But my concern is for legitimate allocation of funds in foreign affairs.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. FASCELL. Mr. Speaker, I rise in opposition to the motion to recommit. I think the issue is well known to everybody. The motion to recommit is not the only game in town. We have conferenceable issues. We are ready to go to conference. Adjustments are going to be necessary with respect to the cultural and educational programs we are going to provide for, as we have pointed out earlier.

So, I think it would be a mistake to change the pending bill by a motion to recommit. As a matter of fact, we will actually have more flexibility between the Senate bill and House bill as we go to conference to adjust these matter. I would urge my colleagues to vote down the motion to recommit.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; the Speaker pro tempore announced that the nays appeared to have it.

Mr. DERWINSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 63, nays 318, not voting 52, as follows:

[Roll No. 288]

YEAS—63

Anderson	Early	O'Brien
Annunzio	Eckart	Petri
Applegate	English	Porter
Archer	Erlenborn	Ritter
Ashbrook	Evans (DE)	Roemer
Beard	Evans (IN)	Rostenkowski
Biaggi	Fary	Roth
Broyhill	Gray	Scheuer
Burgener	Hyde	Schulze
Burton, Phillip	Kastenmeier	Shamansky
Butler	Kemp	Sharp
Carman	LaFalce	Simon
Clinger	Lantos	Solarz
Conable	LeBoutillier	Solomon
Coughlin	Lungren	Spence
Courter	Marks	Vento
Dannemeyer	McClory	Walgren
DeNardis	McDonald	Walker
Derwinski	McGrath	Watkins
Donnelly	Moore	Weaver
Dougherty	Murphy	Yates

NAYS—318

Addabbo	Dixon	Hawkins
Akaka	Dorgan	Heckler
Albosta	Dornan	Hefner
Andrews	Dowdy	Heftel
Anthony	Downey	Hendon
Aspin	Dreier	Hertel
Atkinson	Duncan	Hightower
AuCoin	Dunn	Hiler
Badham	Dwyer	Hillis
Bafalis	Dymally	Holland
Bailey (MO)	Dyson	Hollenbeck
Bailey (PA)	Edwards (AL)	Hopkins
Barnes	Edwards (CA)	Horton
Bedell	Edwards (OK)	Howard
Benedict	Emerson	Hoyer
Benjamin	Emery	Hubbard
Bennett	Erdahl	Huckaby
Bereuter	Ertel	Hughes
Bethune	Evans (GA)	Hunter
Bevill	Evans (IA)	Hutto
Bingham	Fascell	Jacobs
Blanchard	Fenwick	Jeffords
Bliley	Ferraro	Jeffries
Boggs	Fiedler	Jenkins
Boland	Fields	Johnston
Boner	Findley	Jones (OK)
Bonior	Fithian	Jones (TN)
Bonker	Flippo	Kazen
Bouquard	Foglietta	Kildee
Bowen	Foley	Kindness
Brinkley	Ford (MI)	Kogovsek
Brodhead	Ford (TN)	Kramer
Brooks	Forsythe	Lagomarsino
Broomfield	Frank	Latta
Brown (CA)	Frenzel	Leach
Brown (CO)	Fuqua	Leath
Brown (OH)	Gaydos	Lee
Byron	Gejdenson	Lehman
Carney	Gephardt	Leland
Chappie	Gibbons	Lent
Cheney	Gingrich	Levitas
Chisholm	Glickman	Livingston
Clausen	Gonzalez	Loeffler
Coats	Goodling	Long (LA)
Coleman	Gore	Long (MD)
Collins (IL)	Gradison	Lott
Collins (TX)	Gramm	Lowery (CA)
Conte	Green	Lowry (WA)
Conyers	Gregg	Lujan
Coyne, James	Grisham	Lundine
Craig	Guarini	Madigan
Crockett	Gunderson	Markey
Daniel, Dan	Hagedorn	Marlenee
Daniel, R. W.	Hall (OH)	Marriott
Danielson	Hall, Sam	Martin (NC)
Daschle	Hamilton	Martin (NY)
Davis	Hammerschmidt	Matsui
de la Garza	Hance	Mattox
Deckard	Hansen (ID)	Mavroules
Derrick	Hansen (UT)	Mazzoli
Dickinson	Harkin	McCollum
Dicks	Hartnett	McDade
Dingell	Hatcher	McEwen
McHugh	Rahall	Smith (PA)
McKinney	Rangel	Snowe
Mica	Ratchford	Snyder
Michel	Regula	Stangeland
Mikulski	Reuss	Stanton
Miller (CA)	Rhodes	Staton
Miller (OH)	Richmond	Stratton
Mineta	Rinaldo	Studds
Minish	Roberts (KS)	Stump
Mitchell (NY)	Roberts (SD)	Swift
Moakley	Robinson	Synar
Moffett	Rodino	Tauzin
Molinari	Roe	Taylor
Mollohan	Rogers	Thomas
Montgomery	Rose	Traxler
Moorhead	Rosenthal	Trible
Morrison	Roukema	Udall
Murtha	Rousselot	Vander Jagt
Myers	Roybal	Volkmer
Natcher	Rudd	Wampler
Neal	Russo	Weber (MN)
Nelligan	Sabo	Weber (OH)
Nelson	Santini	Weiss
Nichols	Savage	White
Nowak	Sawyer	Whitehurst
Oakar	Schneider	Whittaker
Oberstar	Schroeder	Whitten
Obey	Schumer	Williams (MT)
Ottinger	Seiberling	Williams (OH)
Oxley	Sensenbrenner	Winn
Panetta	Shannon	Wirth
Parris	Shaw	Wolf
Pashayan	Shelby	Wolpe
Patman	Shumway	Wortley
Patterson	Shuster	Wright
Paul	Siljander	Wyden
Pease	Skeen	Wylie
Perkins	Skelton	Yatron
Peyser	Smith (AL)	Young (AK)
Pickle	Smith (IA)	Young (FL)
Price	Smith (NE)	Young (MO)
Pritchard	Smith (NJ)	Zablocki
Pursell	Smith (OR)	Zeferetti

NOT VOTING—52

Alexander	Fazio	McCurdy
Barnard	Fish	Mitchell (MD)
Beilenson	Florio	Mottl
Bolling	Fountain	Napier
Breaux	Fowler	Pepper
Burton, John	Frost	Quillen
Campbell	Garcia	Railsback
Chappell	Gilman	St Germain
Clay	Ginn	Stark
Coelho	Goldwater	Stenholm
Corcoran	Hall, Ralph	Stokes
Coyne, William	Holt	Tauke
Crane, Daniel	Ireland	Washington
Crane, Philip	Jones (NC)	Waxman
D'Amours	Lewis	Whitley
Daub	Luken	Wilson
Dellums	Martin (IL)	
Edgar	McCloskey	

□ 1415

The Clerk announced the following pairs:

On this vote:

Mr. Mottl for, with Mr. Garcia against.

Mr. BRODHEAD and Mr. AuCOIN changed their votes for "yea" to "nay."

Mr. CARMAN changed his vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the Senate bill, as amended.

RECORDED VOTE

Mr. FASCELL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 317, noes 58, not voting 58, as follows:

[Roll No. 289]

AYES—317

Addabbo	Fenwick	Martin (NC)
Akaka	Ferraro	Martin (NY)
Albosta	Fiedler	Matsui
Andrews	Fields	Mavroules
Annunzio	Findley	Mazzoli
Anthony	Fithian	McClory
Archer	Flippo	McCollum
Aspin	Foglietta	McDade
Atkinson	Foley	McGrath
AuCoin	Ford (MI)	McHugh
Badham	Ford (TN)	McKinney
Bafalis	Forsythe	Mica
Bailey (MO)	Frank	Michel
Bailey (PA)	Frenzel	Mikulski
Barnes	Fuqua	Miller (CA)
Beard	Gaydos	Miller (OH)
Bedell	Gejdenson	Mineta
Benedict	Gephardt	Minish
Benjamin	Gibbons	Mitchell (NY)
Bennett	Gingrich	Moakley
Bereuter	Glickman	Moffett
Bethune	Gonzalez	Molinari
Bevill	Goodling	Mollohan
Biaggi	Gore	Montgomery
Bingham	Gradison	Moore
Blanchard	Gramm	Morrison
Bliley	Gray	Murtha
Boggs	Green	Myers
Boland	Gregg	Natcher
Boner	Grisham	Neal
Bonior	Guarini	Nelligan
Bonker	Gunderson	Nelson
Bowen	Hagedorn	Nowak
Brinkley	Hall (OH)	O'Brien
Brodhead	Hamilton	Oakar
Brooks	Hammerschmidt	Oberstar
Broomfield	Hance	Obey
Brown (CA)	Hansen (UT)	Ottinger
Brown (OH)	Harkin	Oxley
Broyhill	Hartnett	Panetta
Burgener	Hatcher	Parris
Burton, Phillip	Hawkins	Pashayan
Butler	Heckler	Patman
Byron	Heftel	Patterson
Carman	Hendon	Pease
Chappie	Hightower	Perkins
Cheney	Hiler	Peyser
Chisholm	Hillis	Pickle
Clausen	Holland	Porter
Clinger	Hollenbeck	Price
Coats	Hopkins	Pritchard
Coleman	Horton	Pursell
Collins (IL)	Howard	Rahall
Conable	Hoyer	Rangel
Conyers	Hubbard	Ratchford
Coughlin	Huckaby	Regula
Courter	Hunter	Reuss
Coyne, James	Hutto	Rhodes
Crockett	Hyde	Rinaldo
Danielson	Jeffords	Robinson
Dannemeyer	Jeffries	Rodino
Daschle	Jenkins	Roe
Davis	Johnston	Rogers
de la Garza	Kazen	Rose
Deckard	Kemp	Rosenthal
DeNardis	Kildee	Rostenkowski
Derrick	Kogovsek	Roth
Dicks	Kramer	Roukema
Dingell	LaFalce	Roybal
Dixon	Lagomarsino	Sabo
Donnelly	Lantos	Santini
Dorgan	Latta	Savage
Dornan	Leach	Sawyer
Dougherty	LeBoutillier	Scheuer
Downey	Lee	Schneider
Duncan	Lehman	Schumer
Dunn	Leland	Seiberling
Dwyer	Lent	Shamansky
Dymally	Levitas	Shannon
Dyson	Livingston	Sharp
Eckart	Loeffler	Shaw
Edwards (AL)	Long (LA)	Shumway
Edwards (CA)	Long (MD)	Shuster
Edwards (OK)	Lott	Siljander
Emery	Lowery (CA)	Simon
Erdahl	Lowry (WA)	Skeen
Erlenborn	Lujan	Skelton
Ertel	Lundine	Smith (AL)
Evans (DE)	Madigan	Smith (IA)
Evans (GA)	Markey	Smith (NJ)
Evans (IA)	Marks	Smith (PA)
Fary	Marlenee	Snowe
Fascell	Marriott	Snyder

Solarz	Vander Jagt	Wolf
Stangeland	Volkmer	Wolpe
Stanton	Walgren	Wortley
Staton	Wampler	Wyden
Stratton	Weber (MN)	Wylie
Studds	Weber (OH)	Yates
Swift	Weiss	Yatron
Synar	White	Young (AK)
Taylor	Whitehurst	Young (FL)
Thomas	Whitten	Young (MO)
Traxler	Williams (OH)	Zablocki
Trible	Winn	Zeferetti
Udall	Wirth	

NOES—58

Anderson	Hefner	Rousselot
Applegate	Hertel	Rudd
Ashbrook	Hughes	Russo
Bouquard	Jacobs	Schroeder
Brown (CO)	Jones (OK)	Schulze
Carney	Jones (TN)	Sensenbrenner
Collins (TX)	Kastenmeier	Shelby
Craig	Kindness	Smith (NE)
Daniel, Dan	Leath	Smith (OR)
Daniel, R. W.	Lungren	Solomon
Derwinski	McDonald	Spence
Dickinson	McEwen	Stump
Dowdy	Moorhead	Tauzin
Dreier	Murphy	Vento
Early	Paul	Walker
Emerson	Petri	Watkins
English	Ritter	Weaver
Evans (IN)	Roberts (KS)	Whittaker
Hall, Sam	Roberts (SD)	
Hansen (ID)	Roemer	

NOT VOTING—58

Alexander	Fish	Mottl
Barnard	Florio	Napier
Beilenson	Fountain	Nichols
Bolling	Fowler	Pepper
Breaux	Frost	Quillen
Burton, John	Garcia	Railsback
Campbell	Gilman	Richmond
Chappell	Ginn	St Germain
Clay	Goldwater	Stark
Coelho	Hall, Ralph	Stenholm
Conte	Holt	Stokes
Corcoran	Ireland	Tauke
Coyne, William	Jones (NC)	Washington
Crane, Daniel	Lewis	Waxman
Crane, Philip	Luken	Whitley
D'Amours	Martin (IL)	Williams (MT)
Daub	Mattox	Wilson
Dellums	McCloskey	Wright
Edgar	McCurdy	
Fazio	Mitchell (MD)	

□ 1430

The Clerk announced the following pairs:

On this vote:

Mr. Stokes for, with Mr. Mottl against.

Mr. Fountain for, with Mr. Mattox against.

Mr. Mitchell of Maryland for, with Mr. Nichols against.

Mr. Conte for, with Mr. Napier against.

Until further notice:

Mr. Richmond with Mr. Quillen.

Mr. Pepper with Mr. Railsback.

Mr. McCurdy with Mr. Tauke.

Mr. Waxman with Mr. Campbell.

Mr. Chappell with Mr. Daub.

Mr. Fazio with Mr. Corcoran.

Mr. D'Amours with Mr. Lewis.

Mr. Coelho with Mr. Daniel B. Crane.

Mr. Barnard with Mr. Ralph M. Hall.

Mr. Alexander with Mr. Philip M. Crane.

Mr. Dellums with Mrs. Martin of Illinois.

Mr. Wright with Mr. McCloskey.

Mr. Stark with Mrs. Holt.

Mr. Breaux with Mr. Fish.

Mr. Ginn with Mr. Gilman.

Mr. Fowler with Mr. Ireland.

Mr. Clay with Mr. Frost.

Mr. Beilenson with Mr. Florio.

Mr. John L. Burton with Mr. Garcia.

Mr. Jones of North Carolina with Mr. Luken.

Mr. Wilson with Mr. St Germain.

Mr. Williams of Montana with Mr. Whitley.

Mr. Washington with Mr. Stenholm.

Mr. Edgar with Mr. William J. Coyne.

So the Senate bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 1193, DEPARTMENT OF STATE AUTHORIZATION ACT, FISCAL YEARS 1982 AND 1983

Mr. FASCELL. Mr. Speaker, pursuant to House Resolution 257, I move that the House insist on its amendment to the Senate bill, S. 1193, and request a conference with the Senate thereon.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FASCELL).

The motion was agreed to.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. ZABLOCKI, FASCELL, YATRON, MICA, BROOMFIELD, DERWINSKI, and WINN.

As additional conferees, solely for consideration of proposed section 206 of the State Department Basic Authorities Act of 1956, as contained in section 120(a) of the House amendment and section 120(e) of the House amendment: Messrs. DELLUMS, FAUNTROY, and MCKINNEY.

There was no objection.

□ 1445

PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO HAVE UNTIL 5 P.M. TOMORROW TO FILE REPORT ON HOUSE JOINT RESOLUTION 349

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until 5 p.m., Friday, October 30, 1981, to file a report on the joint resolution (H.J. Res. 349) to authorize participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. WALKER. Reserving the right to object, Mr. Speaker, I do so simply to ask the gentleman from Florida whether or not this has been cleared with the minority.

Mr. FASCELL. If the gentleman will yield, yes, it has.

Mr. WALKER. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO FILE REPORT ON H.R. 3517

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on the bill (H.R. 3517) to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked to proceed for 1 minute for the purpose of inquiring of the distinguished majority whip the program for the balance of this week and next week.

Mr. FOLEY. Mr. Speaker, if the distinguished Republican leader will yield, the action just completed completes the program for today and for the week, and we will ask unanimous consent that when the House adjourn tonight it adjourn to meet at noon on Monday. But we anticipate only a pro forma session on Monday.

On Tuesday, November 3, because it is election day throughout the United States, the House will not be in session.

On Wednesday the House will meet at noon to consider 11 suspensions:

H.R. 3464, U.S.C. title X amendments re naval vessels;

H.R. 4624, U.S.C. title X amendments re DOD employees;

H.R. 4625, return of works of art to West Germany;

H.R. 4792, U.S.C. title X amendments re military justice;

H.R. 3598, Carl Albert Research and Studies Center Act;

H.R. 4543, U.S.C. title X amendments re timber produced on military installations;

HR. 4591, mineral leasing laws amendments;

H.R. 3502, U.S.C. title 38 amendments re VA and DOD shared medical facilities;

H.R. 1638, Lacey Act amendments;

H.R. 3942, commercial fisheries research and development; and

H.R. 3517, Immigration and Nationality Act amendments.

It is the intention of the leadership that all votes which may occur on these suspensions will be postponed until 4 p.m. on Wednesday. To repeat, the House will meet at noon, but it is the intention of the leadership to postpone any recorded votes occurring on suspensions until 4 p.m.

On Thursday, November 5, the House will meet at 10 a.m. and will complete consideration on H.R. 2330, Nuclear Regulatory Commission Authorizations. General debate has already been concluded. It is assumed that we will finish that legislation on Thursday, and that the House will either not meet on Friday or meet in pro forma session on Friday.

Adjournment times will be announced. Conference reports may be brought up at any time, and any further program will be announced later.

That is the schedule for next week.

Mr. MICHEL. I thank the gentleman.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, could our distinguished leader tell us if we will ever get to the second concurrent resolution. I realize that is a bad question, but I thought I would ask it anyway.

Mr. FOLEY. If the gentleman will yield, as the gentleman knows, the statute requires that the second budget resolution be completed before the sine die adjournment of the House.

Mr. ROUSSELOT. Yes.

Mr. FOLEY. And I think it is a matter that is currently under discussion on both sides of the Capitol. As far as I am aware, neither the leadership of the House nor the Senate, neither the Democratic nor the Republican Party, has reached any firm position with regard to the timing of the second budget resolution.

Mr. ROUSSELOT. When would the gentleman guess it might come up? Which week?

Mr. FOLEY. I do not think I want to hazard an opinion on that. I know that the leadership of both parties and the members of the Budget Committee of both parties have been discussing that matter. I would assume that it will come up before the 18th of December, the day on which we are scheduling the sine die adjournment of the House. Other than that, I cannot give the gentleman very much additional guidance.

Mr. ROUSSELOT. That certainly is very precise.

I thank the gentleman.

Mr. FOLEY. I would say to the gentleman that the precision is a bipartisan one. As far as I know, there is no opinion on either side of the aisle about the timing of this, not only no decision, but no opinion. If the gentleman has any information to the contrary, I would certainly like to hear it, and I know he is well informed regarding the budget.

Mr. MICHEL. Mr. Speaker, if I might respond to the gentleman, I am quite sure that there will probably be a markup initiated next week on the budget resolution. That is why the following week I think we would want to be rather flexible, depending upon Armistice Day and what work might be required on either side of that day or possible floor action on that resolution, to get it over to the other body in time so that they might consider it before that critical date of the 20th, so far as the continuing resolution is concerned. Although my understanding is that the other body is not inclined to move on the second budget resolution until sometime after we have resolved the continuing resolution. That is not what this Member would prefer, because I think the more orderly process would be completion of the second budget resolution, then a continuing resolution. But because there is the difference between this body and the other body, as the gentleman from Washington has said, we will have to work that out between the two parties and the two bodies.

Mr. FOLEY. I might also say to the gentleman, if the distinguished Republican leader would yield further, for the advance information of Members who may not have otherwise heard it, it is the intention for the House not to be in session through the entire Thanksgiving week. When we conclude business the week of November 16, we will be out of session the entire week beginning November 23. Members might make plans accordingly.

Mr. MICHEL. I thank the gentleman.

AUTHORIZING SPEAKER TO ENTERTAIN MOTIONS TO SUSPEND RULES ON WEDNESDAY, NOVEMBER 4, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to entertain motions to suspend the rules on Wednesday, November 4, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT TO MONDAY, NOVEMBER 2, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT FROM MONDAY, NOVEMBER 2, 1981, TO WEDNESDAY, NOVEMBER 4, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday next, it adjourn to meet at noon on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3364

Mr. DORNAN of California. Mr. Speaker, I ask unanimous consent to withdraw my name as cosponsor of the bill, H.R. 3364.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

FIFTY-ONE DEFERRALS TOTALING $1,260.6 MILLION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-105)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Apropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 51 deferrals totaling $1,260.6 million.

Forty-nine of the deferrals totaling $763.7 million represent the third group in a series that I am transmitting deferring fiscal year 1982 funds made available by the Continuing Resolution, P.L. 97-51. The other two deferrals, totaling $496.9 million, represent withholdings of funds carried over from 1981 that will not be needed until later this fiscal year.

The 49 deferrals of funds made available by P.L. 97-51 are being taken in accord with the stated intent of the Congress to provide minimal and tem-

porary funding for the duration of the Continuing Resolution which expires November 20, 1981. As indicated in my special message of October 20, I plan to restrain spending to insure that the Congress has the opportunity to enact regular appropriations for the entire fiscal year at levels that are consistent with my revised budget request.

Deferrals under the Continuing Resolution are included in this special message for Funds Appropriated to the President and ten departments and agencies. The deferrals of funds carried over from 1981 affect Funds Appropriated to the President and the Federal Emergency Management Agency.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 29, 1981.*

PAY CAP ENDANGERS RECRUITMENT AND RETENTION OF ARMY PERSONNEL

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HOYER. Mr. Speaker, last week I brought to the attention of my colleagues an article appearing in the Washington Post which discussed in depth the serious nature of the brain drain in the Federal Government caused by the artificial cap on pay. Today Mr. Speaker, I include in the RECORD a letter sent to me by Gen. Donald R. Keith, the commanding officer at the U.S. Army Material Development and Readiness Command. In his letter General Keith vividly describes how the pay cap is adversely affecting the recruitment and retention of top managers and professionals necessary to perform logistic support missions in the U.S. Army.

I have spoken previously on this floor of the relationship between incentives offered by the Federal Government and efficient management of the bureaucracy. General Keith's letter now describes how this pay cap endangers this country's professional and efficient management of our defense system. Only weeks ago this body voted to give our Armed Forces a well-deserved and long-overdue pay raise. I supported that pay hike, as did most of my colleagues, because it was in this country's best interest to offer adequate compensation to those who defend this Nation. Yet there remain senior level civilians and uniformed members of our armed services whose salaries are frozen. In the Army's Darcom unit, major generals receive the same compensation as brigadier generals. Mr. Speaker, I am sure you can understand the debilitating morale problems resulting from such a compression in pay.

By November 20, the House must again enact a continuing appropriations bill. That bill can serve as a vehicle to address this dangerous erosion of talent from our civil service and from our armed services. I would urge my colleagues to read General Keith's comments, and I look forward to at least a partial lifting of the pay cap during the next continuing appropriation.

HEADQUARTERS, U.S. ARMY MATERIEL DEVELOPMENT AND READINESS COMMAND,
Alexandria, Va., October 20, 1981.

HON. STENY H. HOYER,
House of Representatives.

DEAR MR. HOYER: During my visit to your office on 16 October 1981, you expressed an interest in problems associated with pay compression among senior civilian and military executives in the Federal service.

The fundamental principle in support of elimination of the current pay cap is that increased responsibility should merit increased compensation. For the corps of top executives in government service, compensation is limited to the Congressionally imposed ceiling of $50,112, although their assigned responsibilities may increase.

In DARCOM, as of 31 August 1981, there were about 1,675 civilian employees covered by the pay cap. These included 585 GS-14's; 984 GS-15's and 106 SES. Based on the government-wide projections, DARCOM will have 2,077 employees at or above the pay cap by end 1981, 3,053 by 1983 and 3,900 by 1984. In addition, all general officers are now capped at a base salary of $4,176 per month. In past years, general officers at the three and four star level have been capped. Last year's pay raise brought the two star generals under the pay cap and this year Brigadier Generals joined the group. With this situation existing, there are many instances in which as many as four levels of supervision receive the same salary despite significantly different levels of responsibility.

Under the circumstances, it should be no surprise that the private sector becomes more attractive to senior civilian executives. Consequently, the Federal sector is experiencing increasing difficulty in finding and retaining people for its jobs. Our recent recruiting efforts among prestigious universities and private corporations have resulted in comments such as, "Accordingly, I do not feel free to submit nominations for this or similar government positions until the Congress takes some sensible actions about salaries for our Senior Executive Service," and "The private sector consistently offers substantially better compensation packages, relocation allowances and other benefits than does the Federal service, and does not require extensive personal employment and financial disclosures. It is unfortunate, but clearly it is true, that for these reasons the Government service at this time does not offer competitive opportunities."

We are not only finding it more difficult to fill our higher level positions, but we are also losing key personnel. For example, we have 147 Senior Executive Service positions in DARCOM. Since January 1980, 26 have retired because of the pay cap. In addition, we have indications that SES personnel are leaving us for positions in the private sector because of salary limitations. As a result of these factors, I now have over 40 vacancies among my SES positions.

While it has long been recognize that money itself is not the prime factor for attracting and retaining the kind of people that we need for Army leadership, the present situation defies logic. I believe that it can have a very serious impact on our future. Even though the present pay cap affects only senior level civilians and military, I am concerned about the perception of economic opportunities among our future leaders. Continuation of pay compression will drive the best talent away and leave us with those who are satisfied with attaining a lower grade that pays as well as the more demanding higher positions.

With the emphasis now being placed on Defense, we must be able to recruit and retain top managers and professionals to perform our research, development, materiel acquisition and logistic support missions. I sincerely believe that the pay cap must be lifted in order to attract and keep the talent we need to do our part. Your support in this regard is appreciated.

Sincerely,

DONALD R. KEITH,
General, USA, Commanding.

1981 PRESIDENTIAL RANK AWARD RECIPIENTS

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WOLF. Mr. Speaker, as the Representative from the 10th Congresional District of Virginia, I have first-hand evidence of the dedication, integrity, and professionalism of Federal employees. Several of my constituents have recently been honored for their outstanding achievements and extraordinary service in Government. These Federal employees have received the 1981 Presidential rank, and I appreciate this opportunity to recognize their special efforts and accomplishments. The award recipients from my congressional district are: Jimmie D. Hill, Lester P. Lamm, George O. Hipps, Jr., Harvey J. Wilcox, and Alan G. Forssell.

Jimmie D. Hill of McLean, Va., is visiting the House today and I would like to inform my colleagues about his outstanding service as Director of the Office of Space Systems, Office of the Secretary of the Air Force. Jimmie Hill has key responsibility for the design, development, acquisition, and management of classified space programs established in response to vital and overriding national requirements. As the budget authority for the Office of Space Systems, he is responsible for fiscal management, budget construction, and preparation of congressional testimony for an annual program amounting to billions of dollars. Based primarily on his evaluations of their critical national importance within specified financial constraints, major space projects are initiated, modified, or discontinued. Successful and timely formulation of the Air Force's pro-

gram to improve satellite support to operational military commanders is credited to Mr. Hill's efforts. He confers regularly with high-ranking members of the defense and intelligence communities and represents the Secretary of the Air Force on several committees that have a major impact on the formulation of national space policy. Mr. Hill was awarded the rank of meritorious executive in 1980.

LESTER P. LAMM, M'LEAN, VA., EXECUTIVE DIRECTOR, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Since June 1973, Lester P. Lamm has served as Executive Director of the Federal Highway Administration. He is one of the top career officials of the agency, which administers the Federal Government's largest grants program. Mr. Lamm has successfully guided the FHWA and the federally aided highway program through a period of vast change, brought on by new legislative requirements, new national priorities, and unprecedented fiscal constraints. Mr. Lamm has led the Highway Administration in redirecting its national highway program in response to major legislation passed in 1974, 1976, and 1978, designed to meet energy, environmental, and economic needs. During his 26 years with FHWA and the Bureau of Public Roads, Mr. Lamm has progressed from his initial hiring as a highway engineer trainee through numerous diverse and demanding assignments to his present senior executive position.

GEORGE O. HIPPS, JR., ANNANDALE, VA., ASSOCIATE GENERAL DEPUTY ASSISTANT SECRETARY FOR HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

George Hipps has provided excellent management, support, guidance, and unparalleled experience in multifamily and single-family housing development for the Department of Housing and Urban Development. He is recognized as the principal underwriting official with regard to HUD mortgage insurance programs, and is an acknowledged expert on Government mortgage insurance and loan policies. He was instrumental in starting the minority business enterprises construction program. Because of his sustained record of managerial excellence, Mr. Hipps has served as a troubleshooter for many complicated program areas in HUD, inheriting problems, analyzing them, and working out successful solutions. He is nationally recognized throughout HUD and with industry groups in the housing and mortgage fields.

HARVEY J. WILCOX, ARLINGTON, VA., GENERAL COUNSEL, OFFICE OF THE GENERAL COUNSEL, DEPARTMENT OF THE NAVY

Harvey Wilcox, one of the Navy's top civilian attorneys, is a national authority on procurement law. He has overall responsibility for the professionalism and quality of legal counsel of the 260 attorneys in various command components of the Navy's Office of the General Counsel. In addition to this knowledge of all aspects of procurement law and policy, he is responsible for congressional relations, environmental and health law, antitrust law, bankruptcy, fraud claims, litigation, military and civilian personnel law, intelligence, and other sensitive areas. Mr. Wilcox has been a principal adviser in major ship claims settlements and earlier this year was involved in the successful resolution of longstanding, sensitive differences between the Navy and certain of its suppliers. He is recognized as an excellent manager who has developed a highly productive Office of the General Counsel. Mr. Wilcox was awarded the rank of meritorious executive in 1980.

ALAN G. FORSSELL, ARLINGTON, VA., DIRECTOR, SURFACE SHIP SYSTEMS COMMAND, NAVAL SEA SYSTEMS COMMAND, DEPARTMENT OF NAVY

Alan G. Forssell is credited as being the person most responsible for the nuclear propulsion plant design of the *Nimitz* class aircraft carrier, and with the successful integration of that plant with the carrier's overall design. The *Nimitz* class carriers are the largest, most advanced and complex warships in the world and are vitally important to our Nation's defense. As Director of the Surface Ship Systems Division for the past 9 years, Mr. Forssell has been responsible for the technical direction and management of research, development, design, testing, and maintenance of naval nuclear propulsion plant systems. This required not only a high degree of technical expertise, but also strong financial and personnel management abilities, which Mr. Forssell has exhibited. Mr. Forssell has been involved in sensitive naval nuclear propulsion and reactor plan work for over 25 years and has been instrumental in developing major manuals used to perform that work. Among his peers in Government and the private sector, he is highly esteemed both as an engineer and as a manager.

Actions such as these should help to reinstill the public's confidence in a capable, productive, and motivated work force. Such confidence must be reinstilled if Government is to become more effective.

Public employees too often feel that their efforts go unnoticed, that their achievements do not matter. My message to you today is very clear—civil servants are a vital part of Government. My constituents we are honoring today are examples of our Government's finest resource—the employees who meet their day-to-day obligations in service to their country.

RESOLUTIONS OF THE NAVAL ORDER OF THE UNITED STATES

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, recently I had the great pleasure of attending the Biennial Congress of the Naval Order of the United States, held in San Diego, October 19-20, 1981. The Naval Order is the oldest military support organization in the United States—Adm. George Dewey hero of Manila Bay was a cofounder some 110 years ago. It remains committed today as in the past to furthering policies which will enhance our Nation's security.

At its recent congress, the Naval Order adopted several resolutions which make clear its determination to support policies calling for increased military expenditures and a resolute stance of opposition to the predatory aggression of Soviet communism. Especially noteworthy are the Order's warnings about the spread of communism in our own hemisphere, not through the free progress of ideas, but through a systematic program of subversion and military force directed by the Soviet Union and Cuba. I hope my colleagues ponder the wise counsel of the Order's resolutions as we make daily decisions that affect the future of our great Republic.

The resolutions follow:

Whereas the Naval Order of the United States is the oldest organization for members of the U.S. Armed Forces, having been founded July 4, 1890; and,

Whereas it has a long history of support for the U.S. Navy and other maritime services from the orginal recruiting of state militia through the passage of the Naval Reserve Act and in more recent times, support for the current administration in increasing naval power; and,

Whereas the Naval Order and its members were importantly active in the organization of the Navy League as a civilian arm of the Navy and the organization of the Naval Reserve: Now, therefore, be it

Resolved, That the Naval Order does hereby extend to the Navy League its congratulations and thanks for the great progress it has made and the great support it has given and is giving to the Navy, and further, that the Naval Order proposes to said organization a joint effort on Navy Day 1982 to emphasize the importance of Naval power to the American people.

Whereas the United States Navy over the past decade has declined from a position of relative strength to a status where the relative strength compared to Soviet power marks a dangerous trend; and,

Whereas the Soviet Union has in the same period greatly increased its naval forces to a point where they now are capable of challenging U.S. naval power all over the world: Now, therefore, be it

Resolved, That the Naval Order hereby commends the present administration for its decision to support increased naval appropriations, and strongly urges the Congress to support all incentives to bring the U.S. Navy up to a 600 ship level and a comparable fighting strength at the earliest date feasible.

Whereas the Soviet Union and Cuba have been moving forward rapidly in their aims to subvert Caribbean and Central American governments through terrorism and surrogate armed intervention; and,

Whereas during the past several years they have succeeded, with little attention in the U.S. media, in overthrowing pro-American governments in Nicaragua, Grenada, St. Lucia and Dominica, and are currently attacking pro-Western governments in El Salvador, Honduras and Guatemala: Now, therefore, be it

Resolved, by the Naval Order that President Reagan be strongly urged to enunciate, in concert with other American governments a new and expanded Monroe Doctrine declaring the American continent off limits to Communism or any other form of government which denies human freedom and human rights.

Whereas the Soviet Union has exploited U.S. peace initiatives to build-up its strategic and conventional warfare capabilities; and,

Whereas this has given the Soviet Union the means to support increasingly bolder worldwide aggression; and

Whereas there is basis for concern that the Soviets may next use these forces in Pakistan, Iran, and Yugoslavia; and,

Whereas the Soviet Union has demonstrated an unwillingness to live by international law; and,

Whereas the United States is the one world power that can stop Soviet expansionism; Now therefore, be it

Resolved by the Naval Order of the United States, That the United States adopt a National Strategy of Peace Through Strength, the general principles of which would be: (1) to inspire, focus and unite the national will and determination to achieve this goal of peace and freedom, (2) to achieve overall military and naval technological superiority over the Soviet Union, (3) to create a strategic defense and a civil defense which would protect U.S. citizens against nuclear war at least as well as to Soviets defend their citizens, (4) to accept no arms control agreement which in any way jeopardize the security of the United States or its allies, or locks the U.S. into a position of military inferiority, (5) to reestablish effective security and intelligence capabilities, (6) to pursue positive non-military means to roll back the growth of communism, (7) to help our allies and other non-Communist countries defend themselves against Communist aggressions, and (8) to maintain a strong economy and protect our overseas sources of energy and other vital raw materials.

Whereas it will take the combined efforts of hundreds of organizations to achieve the adoption of a National Strategy of Peace Through Strength; Now, therefore, be it

Resolved by the Naval Order of the United States, That it will join the Coalition for Peace Through Strength to work with other organizations for the adoption of a National Strategy of Peace Through Strength: However, the Naval Order reserves to itself the right to make its own decisions as to how the principles shall be applied on individual issues.

Whereas Public attention has been focussed on our heavy dependence on Middle East oil, and its vulnerability to Soviet intervention and possible cutoff; and,

Whereas recent studies have renewed apprehension about the vulnerability of Western industrial society to shortages and stoppages of other very critical strategic raw material—such as magnesium, cobalt and aluminum, as well as nickel, zinc and tungsten. Now, therefore, be it

Resolved, That the Naval Order does hereby urge the Congress of the United States to ensure access to such strategic supplies by making certain that the United States defense forces available to defend such areas are adequate, including advanced high performance long range aircraft like the B-1, the F-14, and the A-6, and that the Navy carrier force be maintained and augmented, preferably with nuclear carriers, and that all the military services are able to recruit and retain high caliber people.

Whereas it has become apparent that the Soviet Union, Cuba and Libya are joined together in an effort through terrorism, subversion and armed intervention to subvert various governments on the African continent; and,

Whereas Communist governments have already been established in Angola and Mozambique through which guerrilla attacks continue to be made on the Republic of South Africa, an anti-communist government; and,

Whereas the Clark Amendment has prohibited aid being furnished to the pro-Western opponents of these communist governments: Now, therefore, be it

Resolved by the Naval Order, That the President, the Secretary of State and the Congress be, and they are hereby urged to repeal the Clark Amendment, and they are urged to support pro-Western opposition to all guerilla actions supported by the communist supported governments in Angola and Mozambique.

Whereas the tentative sucess of the all-volunteer military service continues to be questionable, and should in any event be reinforced by some more positive policy of recruitment; and,

Whereas most other nations of the world have provided for some sort of required military or naval service: Now therefore, be it

Resolved. That the Naval Order urge Congress to adopt some form of Universal Service system whereby the youth of our country be required to participate in some form of national service, governmental or community, military or non-military, for some prescribed period of time.

Whereas authoritative recent studies have indicated the need for more trained and ready Reservists in time of mobilization; and,

Whereas such Reserves are a cost effective addition to our nation's mobilization capability: Now therefore, be it

Resolved by the Naval Order, That Congress be urged to provide appropriate increments to bring the Naval Reserve up to validated manpower requirements, and that appropriate equipment and training be made available, including the assignment of ships needed for Naval Reserve training.

POPULATION EXPANSION CAN FOREDOOM SUCCESS OF FOREIGN ASSISTANCE PROGRAMS

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PORTER. Mr. Speaker, I have addressed the House previously as a member of the Foreign Operations Subcommittee on the question of how population control bears on the potential for success of our programs of economic development assistance.

It is no secret that many of the Third World nations represented at the recent conference at Cancun have rates of population growth that foredoom any possible assistance program from any chance of improving the economic lot of their average citizens.

President Reagan faced very powerful emotions arising from the disparities in the world between the wealthy, industrial nations and the poor, developing countries.

But just as we cannot expect economic growth in those nations which ignore sound economic policies, neither can we expect such growth to improve the quality of life for the common man where it is outraced by expanding population.

I would hope this very obvious fact is one laid on the table and fully and carefully considered in our deliberations with the leaders of those peoples for whom American aid means so much.

I insert at this point in the RECORD an extraordinarily perceptive article on this subject from the October 26, 1981 issue of Newsweek and urge my colleagues consideration of its message.

THE TOUGHLOVE SOLUTION

(By Garrett Hardin)

Why should the United States be concerned with the suffering of poor countries? Two sorts of reasons are given, one moral and the other prudential.

The prudential reasons are plausible, but basically unsound. We are told that if we don't take care of a poor nation it might attack us. Nonsense. Modern warfare is so expensive that even rich nations cannot afford it. If a poor country can't afford bread, it certainly can't afford guns. International terrorism comes cheaper, of course. So long as there is envy in the world—which is forever—terrorism will be a tempting option. The answer to terrorism is police action: this is not a perfect answer, but it is the best there is.

What about this: "If we don't take care of poor people in their own countries, won't they migrate into ours?" Unfortunately, there are 2.5 billion poor people in the world, and they are increasing by 40 million per year. We cannot possibly keep up with this need. Our responsibility is to keep our country from being overwhelmed by immigrants. The responsibility of each poor country is to keep the excess population from being produced.

Lesson: What remains are the moral reasons for helping other countries, and these are weighty. But we must remember what we have learned from domestic experiences: We can't solve social problems by blindly throwing money at them. We've had a salutary lesson in the development of India and China during the past three decades. Since 1950 India has received massive foreign aid from many countries, but China from only one country (the Soviet Union) and that only until 1957. At the outset the two countries were equally miserable and had equally poor prospects. Today? Without question the people of China are far better off. Foreign aid did not rescue India from poverty;

lack of aid did not handicap China. In fact, it may be that China did so well precisely because she was not "helped" by "aid."

Back in 1945 Mao Tse-tung committed China to a policy of "regeneration through our own efforts." Fertilizers and factories are spendid things, but far more important than technology is what is inside the heads of men and women. Foreign aid can supply technology: the people must be willing to make the social changes that will make technology work.

It is essential that we distinguish between crisis and crunch. When an earthquake killed 23,000 people in Guatemala in 1976, that was a crisis. The world responded generously, and it should have. But when thousands—or millions—of people die of starvation in an overpopulated country like Bangladesh, what we are confronted with is not a crisis but a crunch. Ninety-four million Bangladeshi live in an area the size of Iowa—which has only 3 million people. Bangladesh, with its fertile soil and a climate that permits three crops as year, is a rich country, but not rich enough to add three-quarters of an Iowa every year to a population already 30 times as large. Direct food aid to such a country merely subsidizes further destructive population growth.

Sensing that gifts are bad, we generate euphemisms to hide our tracks. "Concessionary rates of interest" is a euphemism; anyone who can borrow money at 3 percent when the going rate is 8 percent is getting a gift. A loan forgiven is certainly a gift. Poor countries ask for, and get, loan after loan. As their debt mounts, the burden of "servicing the debt"—paying the interest—becomes unbearable. Finally, since foreclosure is out of the question, the lender has no choice but to forgive the debt.

Drugs: Way back in 1953 John Foster Dulles saw the direction foreign aid was taking. "You know," he said to a friend, "aid is like opium. There are withdrawal pains when you remove it." I think we have now reached the stage when foreign-aid addicts should be subjected to the "cold turkey" treatment. Most of the world's wretchedness is caused by the crunch of overpopulation, which will only be made worse by the drug called "aid." That this drug is addictive is shown in a statement made by the President of Kenya in 1980: "No country can maintain its economic independence without assistance from the outside." What a long way from Mao, and what a curious definition it implies of "independence"!

Now that rich countries are catching on to the corruption of the word "loan," poor countries are taking a different tack: they are demanding concessions in foreign trade. They want to be paid more than market prices for their exports and to buy at less than the market—gifts under another name.

Times are changing. Notice what is happening to parenting. We are relearning what has been known for thousands of years: love must be combined with discipline. Recently, a group of American parents, driven to distraction by their children's drug taking and rampant hedonism, joined forces to lay down the law to their children—with love. These parents meet to exchange ideas, and they meet with their children to say, "Shape up or ship out." Significantly, the parents called their organization Toughlove.

Courage: Toughlove parenting is perilous, but it has at least the possibility of solving problems permissiveness has created. Toughlove takes courage. Some of the children clear out. This is hard on parents, but they accept the risk because the alternative of continuing to support irresponsible behavior is worse.

Relations among nations must be guided by Toughlove, too. Spokesmen for poor nations now threaten us with the loss of their love if we do not give them everything they demand. We must be prepared to lose their love out of genuine concern for the long-term interests of their people. Most of the poor countries are, in fact, rich—rich in natural resources. It is their governments, usually, that are poor.

To realize a country's inherent richness, a government must see to it that population matches the carrying capacity of the land. China has shown how to use incentives and disincentives to work toward this goal. China's methods may not be acceptable everywhere, but the goal should be universal. Each country must choose the means that meshes with its culture. Outsiders can furnish the technology of birth control, but population control must grow out of the will of the people, expressed through their political decisions.

There is no survival without self-reliance, which cannot be donated from the outside. Self-reliance must be generated inside each nation, by the people themselves. There is no other way.

FBI FINGERPRINT CUTBACKS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. FISH) is recognized for 10 minutes.

● Mr. FISH. Mr. Speaker, my office has recently been contacted by several constituents, including a county judge and two sheriffs, expressing great concern over the suspension, by the FBI, of certain fingerprint identification services provided under Public Law 92-544. The suspension of these services became effective on October 1, 1981.

These constituents impressed on me the ominous potential for dangerous consequences resulting from this change in policy. As I understand it, the suspension was considered necessary because of a backlog of unprocessed requests resulting from budgetary restraints, that led to a reduction in staff in the fingerprint identification division. These constraints came at a time of increasing demand for services due to the rapidly escalating crime rates in all our States. Specifically, as of September 1, the average processing time for requests had increased to 27 workdays.

According to the Department of Justice's new policy, discretionary services provided under Public Law 92-544 to consumers such as banking institutions, the securities industry, and State and local employment and licensing authorities, are suspended until a user fee system can be implemented, effective October 1, 1982.

I certainly concur with the Department's feeling that this lengthy backlog cannot be tolerated. Particularly where it interferes with prompt response to requests from law enforcement agencies. I do question whether all the services under suspension should be canceled. Although, from a technical perspective, these consumers are not law enforcement agencies, their indirect contribution to effective law enforcement in this country should not be underestimated. Indeed, without the cooperation of private concerns and State licensing agencies, our efforts to curb crime will be seriously undermined.

For instance, in New York, the decision to suspend these services has seriously interfered with effective licensing of handguns. I assume the same is true of other States which have attempted on the State level to keep handguns out of the hands of known criminals. Also, fingerprint checks of prospective employees in sensitive industries such as education, banking, and gambling prevent the infiltration of those concerns by convicted criminals.

It would seem to me that at a minimum, the Department of Justice should reevaluate its sweeping decision to suspend these services to all discretionary users. Services should be continued to institutions that make considerable contributions to law enforcement. I believe we can all see the difference between the licensing of a barber or beautician or real estate salesman, and a county judge who, under law, is required to have an FBI fingerprint check before issuing a license for firearms. Or for employment of someone in the educational system who will be dealing with our children.

In addition, I believe that the Department should attempt to institute the user fee system in advance of the current projects date, which is 1 year away.

Mr. Speaker, I mention this at this time, as I believe a majority of Members would be anxious to see that the FBI continue to assist the States in this important issue. If the Department of Justice fails to implement some modifications in its present program, I suggest that the Congress may have to consider amending Public Law 92-544 to make mandatory at least some of the more important services provided by that law.●

INTRODUCTION OF THE INTERNATIONAL JOINT VENTURE ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MCCLORY) is recognized for 30 minutes.

Mr. MCCLORY. Mr. Speaker, today I am introducing the International Joint Venture Act of 1981, a bill designed to resolve several problems which have arisen in connection with the application of the actual potential entrant antitrust doctrine to joint ventures between U.S. companies and foreign companies.

Mr. Speaker, it is not uncommon for American companies to enter into cooperative arrangements with foreign corporations which are not currently competitors in the United States but which may, under the actual potential entrant doctrine, be characterized as future potential competitors. Our American businessmen have taken these initiatives in order to obtain valuable technology, supplemental product lines, raw materials, and access to distribution, marketing, and manufacturing facilities. Such arrangements not only strengthen the U.S. companies domestically but frequently serve our broader international interest by enabling such companies to expand their export markets.

The actual potential entrant doctrine has been applied to prohibit an association between a company and a potential competitor of that company on the ground that its effect may be substantially to lessen competition, a violation of section 7 of the Clayton Act, by preventing the potential competitor from entering the marketplace on its own. As applied to agreements which are wholly between American companies, the potential entrant doctrine has been useful in encouraging and preserving a competitive domestic environment, and I have no quarrel with it. As the Federal Trade Commission has sought to apply this doctrine to joint ventures between American and foreign companies, however, our national interest has not always been well served. A joint venture arrangement may, in fact, preserve American jobs by temporarily precluding entry of a foreign competitor and providing the U.S. company with the resources it needs to remain viable and competitive. We are all aware of the domestic industries which have been grievously weakened or even entirely eliminated due to foreign competition which is unchecked or with regard to which U.S. companies have had no opportunity to negotiate agreements which would safeguard our national interest in preserving American industrial bases.

As I have indicated, the other factor now adversely affected by the application of the actual potential entrant doctrine to joint ventures between U.S. companies and foreign companies is the loss of export opportunities, which should be of particular concern to every American. Development of export markets, founded on a stronger American competitive entry and furthered by the joint venture, is a dividend we simply cannot afford to pass by.

Mr. Speaker, my interest in this matter arises from a case in which an American company from my own State of Illinois, the Brunswick Corp., was ordered by the Federal Trade Commission to sell its interest in a joint venture to a foreign corporation, Yamaha Motor Co., Ltd., with which it had entered into a joint venture agreement in 1972. That joint venture involved the sharing of technology and provided that the parties would have equal interests in an outboard motor manufacturing facility. The FTC challenged this undertaking under section 7 of the Clayton Act as well as section 5 of the FTC Act, but an administrative law judge found that the anticompetitive effects of the joint venture were outweighed by the procompetitive effects. Specifically, these were the addition of a new line of Mariner outboard motors to be sold by Brunswick in the American market and the enhancement of Yamaha's potential for future independent entry into the market at the end of the joint venture. The FTC, however, reversed the administrative law judge's decision and after additional hearings by the ALJ the Commission issued an order requiring Brunswick, Mariner, and Yamaha to rescind the joint venture agreement and collateral agreements. It also required Brunswick and Mariner to sell to Yamaha their stock holdings in the joint manufacturing facility at a set price. This decision has been upheld by the Eighth Circuit Court of Appeals.

In my judgment, this action by the Federal Trade Commission unfairly deprives an American company of a fair market price for its interest in a successful joint venture, and jeopardizes the continued supply of products from that joint venture to the American company at a reasonable cost. All of this will be very much to the advantage of the foreign company and I have never heard of an instance in which a foreign company was so treated by its own government in similar circumstances. In situations such as this, it should be our practice to act from an awareness of our broader national interest.

The bill which I am introducing today does not sanction joint venture agreements which are between American companies and which might violate the actual potential entrant doctrine. Nor does it sanction a joint venture between an American company and a foreign company if the latter is already substantially engaged in the same line of commerce in the United States as the joint venturers would propose to share. I support our present policy in these areas. It will, however, allow an American company, such as Brunswick, to join temporarily with one or more foreign companies to engage in a line of commerce in which the foreign companies do not now compete in this country even though one or more of them is a potential competitor in the United States. It requires that the joint venture be terminable at the will of any party thereto no later than 10 years after the date the joint venture is formed. This insures that while joint venture sanctioned by the bill may defer the day of entry of a foreign potential competitor, it will not preclude entry indefinitely. And any foreign company is free, of course, not to enter into a joint venture with an American company but to enter on its own into the American marketplace. My bill simply provides protection for limited-term arrangements between U.S. companies and foreign companies not presently in the American market in the same line of commerce, and by providing such protection I would hope it would encourage more such arrangements. To provide this protection appears to me to be an effective way to insure that more American companies will survive and prosper in a highly competitive world market and more jobs for Americans will be preserved.

Mr. Speaker, I am including herewith the text of the bill which I have introduced today:

H.R. 4868

A bill to clarify the application of the Clayton Act and the Federal Trade Commission Act with respect to certain joint ventures which promote the international competitiveness of U.S. businesses

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Joint Venture Act of 1981".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds the following:

(1) The health and productivity of United States businesses have become increasingly dependent upon their ability to compete effectively in world markets.

(2) To compete effectively in world markets, United States businesses find it advantageous and often necessary to enter into certain limited joint venture arrangements with foreign businesses, through which United States businesses obtain valuable technology, supplemental product lines, raw materials, access to new export markets, and access to distribution, marketing, and manufacturing facilities.

(3) United States businesses are currently discouraged from entering into such joint ventures by the application of certain antitrust laws of the United States to cooperative arrangements with foreign businesses which are not currently competitors in the United States but which may, under the "actual potential entrant" doctrine, be characterized as future potential competitors.

(4) Such application of the antitrust laws reduces the competitiveness of United States businesses in world markets and is not necessary to promote the entry of foreign competitors in the United States.

(b) It is the purpose of this Act to promote the international competitiveness of United States businesses by permitting them to participate in certain limited international joint ventures.

SEC. 3. For purposes of this Act—

(1) the term "United States person" means an individual who is a citizen of the United States, or a partnership, corporation, or other legal entity organized under the

laws of the United States or of any State or Territory of the United States, and

(2) the term "foreign person" means any person other than a United States person.

SEC. 4. Section 7 of the Clayton Act (15 U.S.C. 18) and section 5 of the Federal Trade Commission Act (15 U.S.C. 45) shall not be construed to prohibit a United States person from entering into any contract or agreement providing for the establishment, or the performance of the business of, a joint venture or to prohibit the acquisition or ownership by a United States person of stock, other capital, or assets of a joint venture if such joint venture—

(1) is formed by only such United States person and one or more foreign persons,

(2) does not engage, or is not intended to engage, in any line of commerce in the United States in which such foreign person, or any person controlling, controlled by, or under common control with such foreign person, is actually and substantially engaged in the United States at the time such joint venture is formed,

(3) is terminable at the will of any party to such joint venture no later than 10 years after the date such joint venture is formed, and

(4)(A) provides for the exchange of licenses, patents, trade secrets, or other forms of technology, or

(B) provides access to raw materials or to distribution, marketing, or manufacturing facilities.

SEC. 5. This act shall apply with respect to any proceeding which is pending on or after the date of the enactment of this Act.

Mr. PORTER. Mr. Speaker, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Illinois.

□ 1500

Mr. PORTER. I thank my distinguished colleague.

Mr. Speaker, it seems to me that the issue of effective U.S competition in world markets and the proper role of U.S. companies doing business with multinational and foreign-based concerns in American markets is one that the House is both familiar with and has attempted for sometime to reconcile.

Our intent should be to foster U.S. trade interests and lower prices for the American consumer. For that reason I share my distinguished colleague's concern on the implications of the recent Eighth Circuit Court of Appeals decision on joint ventures and the so-called actual potential entrant concept.

The court upheld the application of an FTC doctrine developed in theory that limits the kinds of agreements that U.S. companies involved in multinational trade can engage in.

In the case before the court, Brunswick Corp., an American concern and Yamaha Motor Co., Ltd., of Japan, entered into a joint venture to manufacture and market outboard motors. As part of the agreement, Brunswick bought an equal interest with Yamaha in a company called Sanshin-Kogyo Co., Ltd., limited and contributed Brunswick technology and know-how to make the venture a success.

The FTC challenged the venture on the ground that it restrained trade by preventing Yamaha from capturing a share of the U.S. market independently. In fact, Yamaha had previously attempted to penetrate the U.S. market on its own and it failed rather miserably.

Frankly, I do not believe it was ever the intent of Congress to give the FTC authority to proscribe this type of an arrangement. Nor do I see the value of an extraterritorial application of U.S. antitrust law that has no better effect than to damage U.S. business interests, to lessen competition in the marketplace and deny to U.S. consumers the lower prices that result from competition.

The court's judgment dissolves the joint venture and requires Brunswick to sell its Sanshin stock to Yamaha. The result will be to give to Yamaha a competitive edge in both the world and U.S. markets.

For these reasons, I believe that the Congress should act quickly and favorably on the International Joint Venture Act to clear up the limits on the doctrine upon which the FTC predicated its very unwise judgment.

I fully concur with my distinguished colleague from Illinois, the ranking minority member of the House Committee on the Judiciary, who has introduced legislation to correct this misreading of the act and I join him as a cosponsor in this legislation.

I would hope that the Judiciary Committee's Subcommittee on Monopolies and Commercial Law will give this issue the consideration it deserves promptly and will correct the errors inherent in the FTC's unfortunate misreading of Congress intent.

Mr. McCLORY. I thank the gentleman very much for his statement and for his support and for his excellent Japanese pronunciation and for his willingness to be a cosponsor of this legislation.

GENERAL LEAVE

Mr. McCLORY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE HUD ROCKDALE APARTMENTS FIASCO REVISITED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 10 minutes.

● Mr. LEVITAS. Mr. Speaker, 3 years ago, in February 1978, as a result of an Inspector General's report which I had requested, the Subcommittee on Housing and Community Development of the House Banking, Finance, and Urban Affairs Committee held hearings to investigate a spectacular example of mismanagement in a Department of Housing and Urban Development multifamily housing project. I was concerned that the fiasco involving that project, the Rockdale apartment project in Atlanta, might be simply one example of a broader problem in the Department's management practices.

Construction of the Rockdale apartment project began in 1968. The building was finished and the apartment complex occupied in 1972. Four years later the project had to be completely torn down—demolished by order of HUD—resulting in a total waste of almost 5 million taxpayer dollars in addition to the human and social loss of these housing facilities. Investigators looking into the project found faulty work by construction contractors, inadequate performance by the supervisory architect, improper approval of construction change orders, and, perhaps most alarming, poor performance by HUD inspectors and their supervisors. The HUD Inspector General's report further indicated that this project was not an isolated case, but indicative of a nationwide problem. As a result of these hearings, HUD promised to improve its monitoring of the construction of housing projects to catch other mismanaged ventures before they reached the disaster stage, and to prevent outrages like the Rockdale apartments from occurring again.

Today, 3 years later, we have a new report by Housing and Urban Development's Inspector General. And we find, to our disgust, that the new report yet again reveals serious mismanagement of funds in the construction and adminstration of housing projects. This new report would have, hopefully, disclosed the progress that HUD had made since the Rockdale project fiasco hearings. Regrettably that was not what the Inspector General's report revealed.

In an audit of inspection procedures and practices for 16 projects in the Atlanta region, the Inspector General found a large number of unreported deficiencies in their design and construction. According to the report, more than 600 construction deficiencies were found "that should have been but were not reported by staff or fee inspectors during their inspection." More than 100 of these deficiencies were considered "especially significant." If these especially significant weaknesses are not corrected, the results "could adversely affect the health and safety of the residents."

At a time when we are struggling to get a grip on the ever-increasing Federal budget and runaway deficit spend-

ing, and make the best possible use of every dollar we do spend, the waste that continues at HUD is inexcusable. The shoddy way in which these housing units have been constructed can only be compounded by the further expenditure of tax dollars to correct structural defects and cover higher maintenance costs.

What makes this situation so outrageous is the fact that HUD has had more than 3 years to correct these problems in oversight and management, yet has apparently done little or nothing to solve them. The problems were those identified 3 years ago, which HUD acknowledged and promised to correct, and, yet, the same abuse is still going on. Moreover, the recommendations made in the latest Inspector General's report to correct these abuses are essentially the same as those we heard in 1978—recommendations which obviously had no impact.

It is time to take more serious action on this matter, and I have contacted our colleague, Congressman HENRY GONZALEZ, who now chairs the Subcommittee on Housing and Community Development, to hold hearings to investigate it further. If the findings of the recent audit report accurately portray the manner of development and construction of multifamily housing projects in general, a great deal of the taxpayer's dollars are being wasted on these projects. The single catastrophe at the Rockdale apartments project cost the taxpayers $5 million. Three years and two IG reports later we are told that expensive alterations are necessary to salvage 16 other projects in the Southeast region. How widespread will we ultimately find this abuse to be, and how long will it be before we stop it? The time is now. If not us, then who will?●

SOLVING DEVELOPING NATIONS' ENERGY PROBLEMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. BEDELL) is recognized for 5 minutes.

● Mr. BEDELL. Mr. Speaker, in a 1-minute speech at the opening of Tuesday's session, I mentioned a hearing I cochaired last week with DICK OTTINGER. The subject of our hearing was helping the developing nations of the Third World to meet their energy needs.

More than anything else, the focal point of that hearing was the Reagan administration's opposition to the opening of an energy window at the World Bank. This is a proposal that was discussed at the U.N. Conference on New and Renewable Energy which was held in Nairobi, Kenya, this past August. The United States stands alone as the only nation in the world that actively opposes this idea.

At our hearing last week, representatives of the State Department explained that our Government's opposition to the energy affiliate is based upon the notion that this proposal would result in the creation of a new bureaucracy at the World Bank and would cost the U.S. Treasury money.

Robert S. McNamara, our former Secretary of Defense and the immediate past president of the World Bank, also testified at the hearing. He explained very clearly that creation of the proposed energy affiliate would not create any new bureaucracy. And he stated that it would not necessarily have any foreseeable impact on the U.S. Treasury.

Mr. Speaker, Mr. McNamara's remarks were very well reported by the Oil Daily, a trade paper that is widely read throughout the petroleum industry. At the conclusion of my remarks, I would like to insert in the RECORD an article that appeared in the October 22 issue of the Oil Daily.

Also, I wish to include in the RECORD an editorial that appeared in the same publication the following day.

The Oil Daily's editorial takes issue with recent suggestions by the Reagan administration that the Third World nations must solve their energy problems by themselves, without significant assistance from the developed countries such as the United States. After noting the importance and severity of the energy problem, the newspaper states, "The solution does not lie in telling Third World nations to help themselves."

The Oil Daily editorial concludes:

Energy and mineral resources in the world demand that the United States and the rest of the western industrialized sector take the economic needs of the Third World seriously. To not do so today would be to invite serious consequences 25 years from now.

Mr. Speaker, I do not agree with the view that we will have to wait 25 years to see the negative impact of the course our Government is pursuing today. I believe the consequences will be felt much more immediately, in terms of diminished export opportunities for American companies and increased demand placed on the world's limited resources of conventional fuels. Otherwise, I have no disagreement with the Oil Daily's thoughtful editorial, and I commend it to my colleagues' attention.

[From the Oil Daily, Oct. 22, 1981]

MCNAMARA SAYS WORLD BANK ENERGY AFFILIATE WON'T CREATE BUREAUCRACY

(By Donna Smith)

WASHINGTON.—A World Bank energy affiliate would not create a new bureaucracy, nor would it have much effect on the U.S. budget, Robert McNamara, former president of the bank, told a joint House panel Wednesday.

An energy affiliate could expand energy development within Third World countries "with little or no call on the U.S. federal budget," McNamara told members of the Subcommittee on Energy and Conservation of the House Energy and Commerce Committee and the Subcommittee on Energy and Environment of the House Small Business Committee.

He said the U.S. would buy itself more security by putting its marginal money into Third World development assistance than by spending it on military superiority. If the federal government cannot find a way to address the problems of development assistance, McNamara said, "then it ought to consider shifting funds.

"I am saying that as a former secretary of defense," McNamara added.

OPENING A WINDOW

McNamara said the energy affiliate at the World Bank would in reality be little more than "opening a window" devoted to energy lending and would not involve the creation of a new bureaucracy as had been argued by the Reagan administration.

The World Bank energy spending program includes adding $16 billion to the $14 billion that has been earmarked for energy loans from fiscal 1982 through 1986, McNamara said.

The money can be raised through financial markets, in which case it would not add to the U.S. budget. He told the panel the bank has never lost money on a loan because of its strict lending policies.

McNamara said he believed increased World Bank energy lending would spur private sector energy investment in developing countries. He said that at least four U.S. oil companies have talked to him about World Bank backing on loans.

McNamara said Union Oil Co. of California has talked to him about a project in Thailand, where the company was willing to assume the financial risks in developing a field but wanted the World Bank to loan money to build a pipeline to the field.

Other companies with projects who have indicated they would like World Bank protection, McNamara said, are Phillips Petroleum, for a project in the Ivory Coast, Chevron for a project in the Sudan, and Gulf Oil Co. for a project in Pakistan.

The World Bank energy affiliate will be discussed at the 21-nation economic talks scheduled to begin Thursday in Cancun, Mexico. President Reagan is likely to stand alone in opposition to development of the energy affiliate.

He is likely to argue to the leaders of the eight industrialized and 14 developing countries who will be represented at the meeting that the private sector should be relied upon in Third World energy development.

[From the Oil Daily, Oct. 23, 1981]

ENERGY AND THE THIRD WORLD

President Reagan has conveyed his administration's view that the nations of the Third World should essentially help themselves if they expect to close the gap between themselves and the industrialized countries. While the idea got a predictably frosty reception at the international conference in Cancun, Mexico, the view is understandable considering the United States' lack of success in its foreign aid efforts. The time is long past when anyone seriously believes problems of the developing nations can be solved by simply throwing money at them.

When it comes to energy and the Third World, however, it's not so easy to dismiss those countries' pleas for assistance. In contrast to industrialized nations, where the rate of increase in energy demand has al-

ready declined in recent years, developing countries' demand rates will rise more quickly than ever. The World Bank notes in its World Development Report 1981 that oil importing developing countries' energy intensities will rise between now and 1990—from 4.3 to 4.4 barrels per $1,000 of gross domestic product. That takes into consideration the impact of rising prices; without such increases, developing countries would have raised their consumption from 1980's 13.7 million barrels per day oil equivalent to 24.3 million b/d oil equivalent by the end of the decade instead of the currently projected 24 million b/d oil equivalent.

And because demand in the Third World has not declined as much as in the industrialized nations, developing countries which currently account for only 14 percent of world commercial energy demand (with a quarter of that still supplied by fuel wood and other non-commercial sources) are expected to raise their share of total world consumption to 18 percent by 1990, according to the World Bank study. It adds that rising prices will help make energy's bite out of developing countries' revenues climb from pre-1973 levels of 4 to 5 percent to a projected 1990 level of 10 to 12 percent.

Finally, the report notes, "the growing scarcity of traditional fuels is the energy crisis in much of the developing world. Shortages are not a new problem in those parts of Asia, Africa and Latin America, where population growth and the need to clear land for agricultural use have long put pressure on forests. But they are now much exacerbated as the higher prices of conventional energy raise the demand for traditional fuels, especially for charcoal in urban areas. And demand for construction materials and pulp and paper, of course, continues to grow."

The challenge raised by the Third World to the developing nations in this context is not a new one. Weeks before the opening of the Cancun conference, the importance of narrowing the economic gaps between the two sectors was raised as the major theme to be discussed. Despite the previously mentioned poor track record of U.S. foreign aid, however, the solution does not lie in telling Third World nations to help themselves.

Several Third World leaders are aware of this. In discussing the problem, they agree that money is not enough. What's needed is technical assistance from the industrialized nations to help promote developing countries' industrial growth. The commonly used phrase "technology transfer" almost implies a kind of giveaway, suggesting the United States and other western countries turn over proven management expertise to the developing nations. That, too, is simplistic.

What's needed, instead, is a partnership between the resource-rich developing countries and the technology-rich industrialized nations. Members of the Organization of Petroleum Exporting Countries often refer to a "new economic order," based on their oil influence. U.S. oil companies have not ignored the possibilities, either: Robert McNamara, a former U.S. Secretary of Defense as well as former president of the World Bank, told two House subcommittees this week that Union, Phillips, Gulf and Standard of California have each shown interest in Third World projects provided the World Bank is able to provide adequate financial safeguards. McNamara said the answer was to back plans for a World Bank energy affiliate, something the Reagan administration opposes.

Energy and mineral resources in the world demand that the United States and the rest of the Western industrialized sector take the economic needs of the Third World seriously. To not do so today will be to invite serious consequences 25 years from now.●

BENJAMIN BOGOMOLNY—THE CONGRESSIONAL VIGIL ON SOVIET JEWRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 5 minutes.

● Mr. WEISS. Mr. Speaker, as a member of the Congressional Vigil on Soviet Jewry, I want to call my colleagues' attention today to the case of Benjamin Bogomolny. Benjamin Bogomolny is a 35-year-old mathematician who was prevented from leaving the Soviet Union with his family in 1970 and subsequently has been harassed repeatedly.

Bogomolny first applied for an exit visa in 1966 along with his parents. When his parents and his three sisters received visas in 1970, Bogomolny was instead drafted into the Soviet Army. After his discharge in 1972, he reapplied for an exit visa but was refused under a Soviet law which prohibits emigration within 5 years of serving in the army. Bogomolny now has been out of the army for 9 years but still is not permitted to be reunited with his family.

In these 9 years, his apartment has been ransacked and his possessions painted red, his books on Judaism have been confiscated, and his telephone service has been disconnected repeatedly. When Bogomolny helped organize a symposium on Jewish culture in 1976, he was searched by Soviet officials and all correspondence pertaining to the symposium was confiscated. This unjust treatment violates the Helsinki Final Act and I rise today to express my very deep concern for the basic rights and the well-being of Benjamin Bogomolny.

The case I have described today is evidence that mistreatment of Jews wishing to emigrate from the Soviet Union really is not limited to the better-known cases of Anatoly Scharansky, Viktor Brailovsky, and others. As the Congressional Vigil on Soviet Jewry helps document, this tragic problem is all too common.

I want to commend all of my colleagues who participate in this vigil and who have done so much to focus attention on the many abuses we hear of. Benjamin Bogomolny and all Soviet Jews deserve nothing less than justice and freedom.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

● Mrs. COLLINS of Illinois. Mr. Speaker, I inadvertently voted for the Dickinson motion to table the Schroeder motion on S. 815. I meant to vote against this motion (rollcall No. 287) to table Representative SCHROEDER'S amendment.●

PUBLIC LANDS CONSERVATION, REHABILITATION, AND IMPROVEMENT ACT

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. SEIBERLING. Mr. Speaker, I am today introducing, with my colleagues, Mr. MOFFETT, Mr. CONTE, Mr. ROYBAL, and Mr. BEREUTER, the Public Lands Conservation, Rehabilitation, and Improvement Act of 1981.

The bill would establish a program to conserve, rehabilitate, and improve our Nation's natural and cultural resources by utilizing the untapped energies and abilities of our Nation's youth.

We have heard a great deal about the deteriorated condition of our public lands and community resources, including parks, rangelands, wildlife refuges, forests, water resources, fishery facilities, historic and cultural sites, and urban facilities. All have become subject to increasing public use and resource production demands.

The Bureau of Land Management has reported that 135 million acres of rangeland are in substandard condition, and another 63 million acres suffer from significant soil erosion. Ancient ruins standing on public lands are being ravaged by pot hunters and vandals. The General Accounting Office has reported that the National Park Service alone needs $1.6 billion to correct health and safety deficiencies in our national parks.

Indeed, recreation use has placed increasing demands on our Nation's lands and resources. The Director of the National Park Service recently testified that visitation to many of our national parks is up 20 to 25 percent this year. The Department of Agriculture estimates a 200-percent increase in land-based recreation activities in our national forests by the year 2000, and a 322-percent increase in water-based recreation by 2030. State agencies, such as the Parks Department of the State of Arkansas, have testified that many State parks have been "loved to death" by the increasing visitor load. City parks have also suffered from overuse and neglect.

At the same time that public use is growing, the backlog of needed conservation work continues to grow also—work in reforestation, timber stand improvement, rangeland management, historical and cultrual site preservation, fish culture and habitat maintenance, road and trail contruction and maintenance, erosion and flood con-

trol, fire prevention, energy conservation, reclamation of strip mined lands, and other similar activities. Such work is needed in our communities and urban centers as well, for improving waterfronts, repairing city parks and community facilities, conserving energy, and so forth.

It is clear that, with present reductions in agency budgets and personnel, the work would otherwise not be done. Yet the Federal Government has the responsibility to assure the continued productivity of our land and water resources, as well as to control Government spending. We must, therefore, find creative and economical solutions for our resource problems, to meet our human needs and to prevent the decay of our public lands.

OVERVIEW OF LEGISLATION

The bill would establish a youth conservation work program, modeled after the Civilian Conservation Corps of the 1930's. The purpose of the program would be to carry out conservation and rehabilitation projects on Federal, State, local, and Indian lands by establishing conservation centers and employing young men and women. Emphasis would be given to hiring disadvantaged youths and youths who live in areas of high unemployment.

The program would be funded through 1989 by using part of the Federal revenues generated from various leasing and permitting activities—oil and gas leasing, timber cutting, et cetera—by the Departments of the Interior and Agriculture. At least 40 percent of the funding would go to States for State-based programs.

The Secretary of the Interior would administer the program, with the cooperation of the Secretary of Agriculture. The Secretary of the Interior would provide assistance to various agencies to establish and operate residential and nonresidential conservation centers.

Conservation projects carried out through the program would include conservation of forests, fish, wildlife, rangelands, soils; revitalization of urban areas and preservation of historic and cultural sites; development and maintenance of recreational areas, roads, trails, waterfronts, ports, railroad beds, rights-of-way, and strip mined land; control of erosion, floods, pollution, and pests; and energy conservation and production of renewable resources.

Work would be done on publicly owned and Indian land, and on nonpublic land where public benefits accrue or reimbursement is obtained.

Program agencies, which may include Federal, State, local, and tribal government bodies and nonprofit organizations would apply to the Secretary to establish conservation centers to carry out projects. Centers would be selected to increase the enrollment of economically, socially, physically, and educationally disadvantaged youths and youths from areas of high unemployment.

Enrollees must be unemployed, between ages 16 and 25—for summer programs, between 15 and 21—and citizens, lawful permanent residents of the United States or lawfully admitted aliens. An enrollee's total service could not exceed 24 months. Enrollees would receive the minimum wage. No conservation center would be funded if it would displace other agency employees or impair existing contracts.

Wherever possible, enrollees would receive academic credit from educational institutions for competence developed from conservation work and training and from academic study during nonworking hours. Work skills would be certified, and enrollees would receive job guidance and placement aid.

BENEFITS OF PROGRAM

The idea of utilizing our Nation's youth to accomplish this work is, of course, not new. Previous youth conservation programs did a great deal of work, at a reasonable cost. However, the programs were not sufficiently coordinated and they lacked the focus provided in this legislation—the conservation, rehabilitation, and improvement of our public lands and resources. Nor were previous programs sufficiently directed to disadvantaged youth or areas of high unemployment.

Figures on the cost of youth unemployment speak for themselves, up to 40 percent unemployment among young people in general and up to 50 percent among minorities. Not only is this country losing the value of their labor, but crime statistics compiled by the Department of Justice show that 60 percent of all arrests made in this country are persons aged 16 to 24. The cost of incarceration for juveniles is estimated at about $24,000 per year. If only one-quarter of the young people arrested spend 60 months in detention, the direct cost to the taxpayer is $27 billion annually. These financial figures are dwarfed by the social considerations: Senior citizens who are afraid to walk the streets; families traumatized by the ravages of this crime in their very midst.

In contrast to these shocking figures on the cost of youth unemployment, we have the positive examples of those who have been enrolled in other Federal and State youth conservation work programs. A dollar spent for their service has produced needed work that would cost $1.20 or more by other means. And young people leaving these programs have demonstrated their improved work ethic, responsibility, and financial independence.

The cost of the program established by this bill would be only about $10,000 annually per youth, and that youth would in turn produce $7,500 worth of public benefits. When you count in the overall benefits, from decreased welfare and unemployment costs to increased capital assets, from activities such as reforestation, the program will actually return far more to the Treasury than it costs.

Both the Subcommittee on Public Lands and National Parks, which I chair, and the Subcommittee on Environment, Energy, and Natural Resources, chaired by Mr. MOFFETT, have held hearings on previous programs which have used youth labor. Despite certain problems, which our bill would remedy, the programs have proven tremendously productive and cost effective.

Many activities, such as reforestation projects, have returned millions of dollars to the national Treasury. In California, Mr. Reagan created a youth program which today is one of the finest in the country and recently produced the fastest emergency relief team in the State. My own State of Ohio has an excellent program, which could well serve as a model for others throughout the Nation.

This country cannot afford to continue losing the productivity of our public lands and community resources. Equally important, we cannot lose our young people to welfare or crime. And in such austere times, we need more cost-effective programs that meet our national needs.

The Public Lands Conservation, Rehabilitation, and Improvement Act would produce a workable program that would both upgrade the lands and resources so desperately in need of improvement while providing an opportunity for our young people to serve their Nation and become productive citizens. And it would do so by returning more to the Treasury than it would cost. Most important, the bill would provide a means to give back to the people of our country that which they own—our precious legacy, the lands, and cultural heritage of this Nation.

Following is a section-by-section analysis of the bill:

SECTION-BY-SECTION ANALYSIS

Section 1 provides a short title for this Act: "Public Lands Conservation, Rehabilitation, and Improvement Act of 1981."

Section 2 establishes the findings of Congress: that public lands and resources are being subjected to increased public use as well as additional demands for resources production and that this demand has produced a deteriorated condition that is beyond the funding and staff capability of government agencies to arrest or repair. The bill establishes a program to enhance and rehabilitate these public lands by providing employment opportunities for young men and women. It recognizes the need to reduce the maintenance backlog on public lands; establish a program to accomplish this work in a cost effective manner; coordinate and cooperate in this effort with State and local governments, Indian Tribes and other public and private organizations.

Section 3 defines terms used in the bill.

Section 4 authorizes the Secretary of the Interior to establish and administer a Public Lands Conservation, Rehabilitation and Improvement Program. Under this program, the Secretary shall assist Federal and State agencies, non-profit organizations and Indian tribes (defined as "program agencies") in the establishment and operation of residential and non-residential conservation centers.

Typical projects to be accomplished under this program include: forestry, rangeland conservation, recreational area improvement, historical and cultural site preservation, urban revitalization, energy conservation, and other such activities which will result in public benefit. Preference to certain projects which, among other things, will provide long-term benefits to the public. Projects are limited to public lands, except where a project on other lands will have documented public benefits or reimbursement is provided. Projects must also be consistent with other provisions of law.

In addition, section 4 requires that program agencies apply to the Secretary of the Interior for approval to operate conservation centers. Application must include comprehensive description of the goals and objectives for such a center; a description of facilities and equipment to be available for the center; an estimate of enrollees, crew leaders, duration and type of services required for support; and a management plan for the center.

The location of conservation centers will be selected in such a way as to increase the enrollment of the economically, socially, physically and educationally disadvantaged youth and youth from areas of high unemployment. the Secretary must give due consideration to the cost and means of transportation between the center and homes of enrollees. Program agencies may enter into contracts with local government agencies and non-profit organizations for the management of conservation centers.

Section 5 describes eligibility for the program, including persons who are unemployed; not less than 16 or more than 25 years of age (except for summer programs where enrollees must be not less than 15 or more than 21 years of age); citizens, lawful permanent residents of the United States or lawfully admitted aliens or refugees. Except for the summer program, persons age 16-18 may not have left school for the express purpose of enrolling in this program.

Selection of enrollees is the responsibility of the chief administrator of the program agency. Enrollees shall be selected from those qualified who have applied to or been recruited by a program agency, State employment security service, community-based non-profit organization or the sponsor of an Indian program, or migrant or seasonal farm worker program and who have been screened for eligibility and referred by the State employment security service. Selection shall give preference to economically, socially, physically or educationally disadvantaged youth and to youth in areas of substantial unemployment.

No enrollee shall be a member of this program for longer than 24 months, although the period may be taken in 2 or 3 short terms which total no more than 24 months.

No enrollee may be employed as part of this program after age 26. The program agency shall be responsible for all services, facilities and supplies for the operation of conservation centers. Whenever possible the Secretary will arrange with the Secretary of Defense for logistical support to be provided by military installations near the center. The chief administrator of the program agency shall appoint supervisory staff. Enrollees who have displayed exceptional leadership qualities may be appointed as crew leaders.

This section also authorizes funding of conservation centers through the Secretary of the Interior and places limits on the funding of certain centers. The Secretary may award grants or enter into agreements with program agencies for the operation of approved conservation centers, provided that the center will not displace otherwise employed individuals or employees in layoff status from the same or equivalent job, nor impair existing contracts for services.

A funding distribution formula is also provided. Not less than 40 percent of sums appropriated for this program shall be dispersed to State program agencies; of that amount 10 percent will be divided evenly among participating States and 90 percent will be distributed proportionally according to the total youth population of the States between the ages of 15 and 25. Not less than 25 percent of the remaining sums will be disbursed to the Department of Agriculture pursuant to agreements between the Secretary of Agriculture and the Secretary of the Interior.

Authorization for each fiscal year between 1983 and 1989 would be limited to a percentage of the amounts otherwise credited to miscellaneous receipts in the Treasury from all franchise and permit fees, leasing activities and timber sales in the Department of the Interior and the Department of Agriculture. Funding would require appropriations legislation and new budget authority would not be effective until after September 30, 1982.

Section 6 describes the Federal Employee Status of enrollees and amends Title 5 Section 8332(b) to accommodate the purposes of this Act.

Section 7 describes the Secretary of the Interior's special responsibilities with regard to setting minimum wage rates of pay for enrollees and coordination with other Federal, State, local and private activities. The Secretary is directed to submit, within a year of enactment, a study of the feasibility and desirability of allowing enrollees who have completed a two-year enrollment, to be exempt from military service and training under the Selective Service Act.

Section 8 directs the Secretary to make arrangements for the award of academic credit by educational institutions and agencies to enrollees who have attained work competencies as a result of this program.

Program agencies may provide educational materials and services for enrollees, and may enter into agreements with academic institutions to provide academic study for enrollees during non-working hours. Program agencies are directed to provide certification of skills acquired by enrollees and to provide job guidance and placement information as may be necessary.

Section 9 requires the Secretary of the Interior to make an annual report to the President and Congress on the activities of the program not later than March 1st of each year.●

PUBLIC LANDS CONSERVATION, REHABILITATION AND IMPROVEMENT ACT OF 1981

(Mr. MOFFETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. MOFFETT. Mr. Speaker, it is with great pleasure that I join today with my distinguished colleague, Mr. SEIBERLING, in introducing the Public Lands Conservation, Rehabilitation, and Improvement Act of 1981 (H.R. 4861). This legislation will:

First, reduce the backlog of conservation, rehabilitation and improvement work on the public lands and prevent the further deterioration of public lands and resources;

Second, establish a program to improve, restore, maintain, and conserve, public lands and resources in the most cost effective manner;

Third, to assist State and local governments in carrying out needed public land and resource conservation, rehabilitation, and improvement projects;

Fourth, foster conservation and the wise use of natural and cultural resources through the establishment of working relationships among the Federal, State, and local governments, Indian tribes, and other public and private organizations; and

Fifth, increase, by training and other means, employment opportunities for young men and women especially those who are economically, socially, physically, or educationally disadvantaged and who may not otherwise be productively employed.

My colleague Mr. SEIBERLING has already noted the devastating impact that increased use and neglect has had on our public parks, forests, wildlife refuges, and other public resources. I want to reemphasize that the Federal Government is responsible for the protection, conservation, and productivity of well over 1 billion acres of land. The Department of the Interior alone manages 170 million acres of rangeland, 23 million acres of commercial forest land, 398 national wildlife refuges, 346 Bureau of Land Management (BLM) recreation sites, over 800 National Park Service sites and facilities, and 91 national fish hatcheries. The U.S. Forest Service manages approximately 187 million acres of forest land. Those lands are held in trust for all Americans. They must be protected and managed in such a way as to provide the greatest benefit to all and at the lowest possible cost.

Unfortunately, over the years the pace of public investment in these resources has not kept pace with the demands on those resources. All of us have observed that our parks and recreation areas are deteriorating. Many Federal and State facilities have been forced to close or restrict their hours of operation because the funds and personnel are not available to keep trails open, repair bridges, and shelters, man visitor centers and patrol the vast areas involved. At the

same time we have seen a substantial increase in the demand for inexpensive recreation opportunities. In 1980 nearly 200 million people visited BLM recreation areas and 220 million people visited national parks. Last year alone, for example, over 9 million persons visited the Gateway National Recreation Area just outside New York City. There is no sign that this trend will slow down.

We have a special responsibility as Members of this body to preserve and protect the Nation's public natural resources in the most cost effective manner. That is what this legislation is designed to do, but this bill will do more.

The program we seek to establish here will not only restore, improve, and make more productive our public lands and waters, it is also designed to assist in the further development of America's greatest natural resource—our young people. Today many of our youths are caught in a vicious unemployment cycle. The jobless rate for youths in general is running around 40 percent. For minority youths it has hit an alltime high of 50 percent. This is an intolerable situation. While we all hope that actions taken by the Congress will improve the economy enough to provide more jobs for these nonproductive youths, I do not understand why hundreds of thousands of youths should stand idle when there is significant work to be done on our public lands and waters.

Mr. Speaker, this summer the Subcommittee on Environment, Energy and Natural Resources, which I chair, held 2 days of hearings on two youth conservation programs. We found that these programs provided valuable and cost-effective assistance to Federal and State land management agencies in their attempts to improve and conserve our public parks, forests, and other land and water resources.

In just the last 3 years these two programs, the Young Adult Conservation Corps (YACC), and the Youth Conservation Corps (YCC), have carried out conservation and improvement work for Federal and State land management agencies valued at approximately $1 billion. Specifically, the YACC program accomplished $1.20 of work for each $1 expended, while YCC produced $1.02 worth of work for each $1 expended. In my own State of Connecticut YACC crews accomplished $1.43 worth of work for each $1 invested. No other Federal conservation programs—save the original Civilian Conservation Corps upon which these two programs were modeled—can boast of such high rates of return on each tax dollar appropriated.

These programs have contributed in a major way to the improvement and conservation of public lands and parks, and have also provided meaningful employment for over 540,000 youths. Moreover, these programs have provided employment for over 80,000 youths from minority backgrounds.

Unfortunately, in the frenzy to cut the budget, both of these programs were targeted for elimination by the Reagan administration. I think the discontinuation of these programs was a mistake. The legislation we are introducing today will not, however, recreate these programs but rather it will provide a substantially improved program based on past experience. It will provide more jobs for economically disadvantaged youths and minority youths. It will provide more funds for State programs. It will provide for a more refined and focused program to improve our public natural resources. It will assure that high-priority work will be accomplished and in the most cost-effective manner.

The bill we are submitting to this body for consideration will provide meaningful work experiences for hundreds of thousands of our youths.

This is not a partisan issue. I hope that Members on both sides of the aisle will join with us and enact the Public Lands Conservation, Rehabilitation, and Improvement Act of 1981, this Congress.●

EAST-WEST TRADE POLICY HEARINGS ANNOUNCED

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. BINGHAM. Mr. Speaker, I am pleased to announce to the House and interested public that the Foreign Affairs Subcommittee on International Economic Policy and Trade, which I have the honor to chair, will commence hearings in early November to study the administration's emerging policy on East-West trade and progress made in implementing the Export Administration Act of 1979 (Public Law 96-72).

The subcommittee has requested testimony from Hon. Larry Brady, Assistant Secretary of Commerce for Trade Administration, Hon. Myer Rashish, Under Secretary of State for Economic Affairs, representatives of the Departments of Defense and Energy, and public witnesses. The subcommittee will study the administration's policy on trade with the Soviet Union, China, and Eastern Europe, the differences between these policies, and any differentiation in policy toward individual Eastern European countries. The subcommittee will also examine the U.S. position on exports to the U.S.S.R. of equipment to assist in energy resource development.

The subcommittee is particularly interested in U.S. proposals to our allies at upcoming meetings in Paris on multilateral controls on exports. The dates and agenda for these meetings, agreed to at the Ottawa Summit, are yet to be announced, but I have a number of concerns about the anticipated nature of the U.S. proposals to our allies, which I have expressed to the President in the following letter:

COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., October 27, 1981.

President RONALD REAGAN,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: I am concerned by reports reaching us that your Administration is presently formulating and expects soon to present to our COCOM allies proposals to expand existing multilateral controls on exports to the Soviet Union and Eastern Europe.

If the proposals are seen by our allies to be unrealistic or to damage commerical interests unreasonably without much benefit in terms of security, I fear that they could undermine allied cooperation on export controls and would impose an unnecessary strain on our relations with our allies at a time when crucial NATO defense decisions are pending.

Formal testimony and informal comments by representatives of the Administration suggest that the argument will be made to our allies that any industrial equipment which enhances a potential enemy's military-industrial base should not be licensed for export. I feel strongly that our allies will not accept such a radical broadening of the rationale previously agreed to with respect to the control of exports to the Soviet bloc. The allies will perceive that we are proposing severe restrictions on their exports of manufactured goods while the U.S. steps up sales of our agricultural commodities. I believe they will react especially adversely to the idea of banning energy-related technology, in view of the plausible case that can be made that the West is better off if the Soviets remain self-sufficient in energy resources.

If our proposals for multilateral export controls are to be accepted, they should be well-justified on national security grounds, emphasizing technology directly underlying advanced military capabilities, rather than end-use products or technologies that merely contribute to the industrial base.

I would note, in addition, that the Export Administration Act of 1979 authorizes "national security" controls only in those cases where the military implications are clear. The broader controls which the Administration is apparently considering would fall in the category of "foreign policy" controls, a point which our allies would no doubt be aware of.

In my view, circumvention of U.S. and multilateral export controls has contributed more to Soviet military capabilities than the technology approved for sale. I trust that the current review of multilateral export controls and the forthcoming discussions with our allies will result in stepped-up enforcement of controls and investigations of diversions.

I will be watching the progress of our discussions with our allies with great interest, and urge that any U.S. proposal for additions to the control list be limited to technologies having significant military applications.

Sincerely,

JONATHAN B. BINGHAM,
Chairman, Subcommittee on International Economic Policy and Trade.

The subcommittee will seek at its hearings detailed information about U.S. proposals in our Allies for additions and deletions to the list of goods and technologies multilaterally controlled. The subcommittee will also probe the U.S. position on construction of the Yamal pipeline and alternatives to Western European dependence on Soviet natural gas.

The subcommittee has requested from the Department of Defense a status report on the militarily critical technologies list (MCTL), mandated in the 1979 act, including plans for publication and consultation with industry. The subcommittee also wishes to know what proposals resulting from the MCTL the Department of Defense has made to State for the meetings with our allies, and to Commerce for changes in the U.S. commodity control list.

With respect to implementation of the 1979 Export Administration Act, the subcommittee has asked the Commerce Department to respond to a detailed list of questions on: Organization and staffing of the International Trade Administration, rewriting of the Export Administration regulations, status of a computerized license tracking system, capability to assess foreign availability, license application backlog within the U.S. Government and in COCOM, and interagency cooperation on enforcing the act.

The subcommittee also wishes to review the considerations underlying several recent changes in the regulations, including foreign policy controls on exports to Libya of aircraft and aircraft spare parts, and the lifting of the quota system on exports of refined petroleum products.

The subcommittee will be pleased to receive written statements for the record of the hearings. Statements should be submitted by November 15 to Ms. Carol Rovner, staff associate, Subcommittee on International Economic Policy and Trade, 702 House Annex No. 1, Washington, D.C. 20515.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FOUNTAIN (at the request of Mr WRIGHT), for today, on account of serving as a member of the President's Federalism Subcommittee on Health and Human Services.

Mr. IRELAND (at the request of Mr. WRIGHT), for today, on account of serving as a delegate to the United Nations.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. EMERSON) to revise and extend their remarks and include extraneous material:)

Mr. FISH, for 10 minutes, today.

Mr. MCCLORY, for 30 minutes, today.

Mr. COLEMAN, for 10 minutes, on November 2.

(The following Members (at the request of Mr. LEVITAS) to revise and extend their remarks and include extraneous material:)

Mr. LEVITAS, for 10 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. BEDELL, for 5 minutes, today.

Mr. WEISS, for 5 minutes, today.

Mr. SHAMANSKY, for 5 minutes, today.

Mrs. COLLINS of Illinois, for 5 minutes, today.

Mr. BAILEY of Pennsylvania, for 15 minutes, November 5, 1981.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. FASCELL, to revise and extend his remarks and include extraneous matter as part of his remarks on the Senate bill, S. 1193.

(The following Members (at the request of Mr. EMERSON) and to include extraneous matter:)

Mr. NELLIGAN in two instances.

Mr. MICHEL in two instances.

Mr. HUNTER.

Mr. DAUB.

Mr. MCCOLLUM.

Mr. CONABLE.

Mr. CONTE.

Mr. LENT.

Mr. GILMAN.

Mr. LEACH of Iowa in two instances.

Mr. RUDD.

Mr. LOWERY of California.

Mr. JEFFORDS.

Mr. EVANS of Iowa.

Mr. KEMP.

Mr. SAWYER.

Mr. WOLF.

(The following Members (at the request of Mr. LEVITAS) and to include extraneous matter:)

Mr. BARNES.

Mr. LEVITAS.

Mr. MOFFETT in two instances.

Mr. LEHMAN.

Mr. SIMON in two instances.

Mr. LUKEN.

Mr. MAZZOLI in two instances.

Mr. CORRADA in two instances.

Mr. WALGREN.

Mr. BIAGGI in 10 instances.

Mr. BONKER in two instances.

Mr. DWYER.

Mr. WILLIAMS of Montana.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 167. An act for the relief of Juan Esteban Ramirez; to the Committee on the Judiciary.

S. 174. An act for the relief of Friedrich Walter Prey; to the Committee on the Judiciary.

S. 175. An act for the relief of Puangpaka Vertrees and Puangtip Vertrees; to the Committee on the Judiciary.

S. 191. An act for the relief of Tessie and Enrique Marfori; to the Committee on the Judiciary.

S. 215. An act for the relief of Lourie Ann Eder; to the Committee on the Judiciary.

S. 220. An act for the relief of Yung Ja Byun, and her children Hye Ja Byun, Hye Sun Byun, Hye Ryung Byun, and Yung Eun Byun; to the Committee on the Judiciary.

S. 235. An act for the relief of Hyong Cha Kim Kay; to the Committee on the Judiciary.

S. 236. An act for the relief of Peter Chi Hung Kwok, doctor of medicine, and Ping Chi Chau Kwok, husband and wife; to the Committee on the Judiciary.

S. 244. An act for the relief of Dr. Joselito Sison Almario, and his wife, Leticia Almario; to the Committee on the Judiciary.

S. 278. An act for the relief of Hun Sik Sanderson; to the Committee on the Judiciary.

S. 280. An act for the relief of Yaeko Howell; to the Committee on the Judiciary.

S. 340. An act for the relief of Dr. Herman Sardjono and his wife, Erlanda Sardjono; to the Committee on the Judiciary.

S. 367. An act for the relief of Kuan Sheng Fong, also known as Pete K. S. Fong; and Shyr Yuh-Yu Fong, also known as Nancy Fong, hiw wife; and Sylvia Shueh-Wei Fong, his daughter; to the Committee on the Judiciary.

S. 555. An act for the relief of Michael Whitlock; to the Committee on the Judiciary.

S. 593. An act for the relief of Rosita N. Pacto; to the Committee on the Judiciary.

S. 1093. An act for the relief of Sandra Reyes Pellecer; to the Committee on the Judiciary.

S. 1144. An act for the relief of Maxine Ann Fricioni; to the Committee on the Judiciary.

ADJOURNMENT

Mr. LEVITAS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 10 minutes p.m.) under its previous order, the House adjourned until Monday, November 2, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2436. A letter from the Acting General Counsel, U.S. General Accounting Office, transmitting a report on the status of budget authority proposed by the President for rescission, but for which Congress failed to pass a rescission bill; to the Committee on Appropriations.

2437. A letter from the Chairperson, National Advisory Council on Vocational Education, transmitting a statement or reau-

thorization of the Vocational Education Act; to the Committee on Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BENNETT: Committee on Armed Services. H.R. 3464. A bill to amend title 10, United States Code, to provide that naval vessels of the United States may not be built in foreign Shipyards; with amendment (Rept. No. 97-305). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 4792. A bill to amend title 10, United States Code, to improve the military justice system (Rept. No. 97-306). Referred to the Committee of the Whole House on the State of the Union.

Mr. MAZZOLI: Committee on the Judiciary. H.R. 3517. A bill to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes; with amendment (Rept. No. 97-307). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced an severally referred as follows:

By Mr. SEIBERLING (for himself, Mr. MOFFETT, Mr. CONTE, Mr. ROYBAL, and Mr. BEREUTER):

H.R. 4861. A bill to provide for the conservation, rehabilitation, and improvement of natural and cultural resources located on public or Indian lands, and for other purposes; jointly, to the Committees on Education and Labor and Interior and Insular Affairs.

By Mr. MATSUI (for himself, Mr. FAZIO, Mr. CHAPPIE, Mr. DERWINSKI, Mr. DE LA GARZA, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. BONKER, Mr. GINN, Mr. GINGRICH, Mr. LANTOS, Mr. GIBBONS, Mr. HATCHER, Mr. WILSON, Mr. HARTNETT, Mr. NAPIER, and Mr. LEHMAN):

H.R. 4862. A bill to establish nationally uniform user fees for purposes of financing port development, to give the consent of Congress to the levying of duties of tonnage by State port authorities for purposes of financing certain deep-draft navigation projects, to provide for an expedited procedure for the approval of navigation projects and related landside facilities in such ports, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

By Mr. BIAGGI (for himself, Mr. BREAUX, Mr. FORSYTHE, Mr. BOWEN, Mr. SHUMWAY, Mr. HUTTO, Mr. FIELDS, Mr. TAUZIN, and Mr. HUBBARD):

H.R. 4863. A bill to modify the maritime laws applicable to the recovery of damages by certain foreign seamen; to the Committee on Merchant Marine and Fisheries.

By Mr. CORRADA:

H.R. 4864. A bill to amend the Immigration and Nationality Act with respect to preventing an adverse impact of refugee and immigration policies on distressed areas, and for other purposes; to the Committee on the Judiciary.

By Mr. COURTER:

H.R. 4865. A bill to direct the Secretary of the Interior to offer lifetime leases to certain individuals leasing dwellings in the Delaware Water Gap National Recreation Area, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DREIER:

H.R. 4866. A bill to impose an embargo on trade between Libya and the United States; jointly, to the Committees on Foreign Affairs and Ways and Means.

By Mr. LONG of Maryland:

H.R. 4867. A bill to amend the Fair Labor Standards Act of 1938 to provide that blind persons may not be employed at less than the applicable minimum wage under that act; to the Committee on Education and Labor.

By Mr. McCLORY (for himself, Mrs. MARTIN of Illinois, Mr. PORTER, Mr. BAFALIS, and Mr. PETRI):

H.R. 4868. A bill to clarify the application of the Clayton Act and the Federal Trade Commission Act with respect to certain joint ventures which promote the international competitiveness of U.S. businesses; jointly, to the Committees on the Judiciary and Energy and Commerce.

By Mr. McCOLLUM (for himself, Mr. FASCELL, Mr. HILER, and Mr. PAUL):

H.R. 4869. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income dividends and interest received by individuals who have attained age 62; to the Committee on Ways and Means.

By Mr. NELLIGAN:

H.R. 4870. A bill to amend the Internal Revenue Code of 1954 to allow the residential energy credit for certain wood or anthracite burning stoves; to the Committee on Ways and Means.

By Mr. RANGEL:

H.R. 4871. A bill to provide that the deemed waiver of exemption from social security taxes shall not apply in certain cases; to the Committee on Ways and Means.

H.R. 4872. A bill to amend the Internal Revenue Code of 1954 to allow handicapped individuals a credit for certain transportation expenses; to the Committee on Ways and Means.

By Mr. RANGEL (for himself, Mr. CLAY, Mrs. CHISHOLM, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. CROCKETT, Mr. DIXON, Mr. DELLUMS, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. FRANK, Mr. GRAY, Mr. HAWKINS, Mr. LELAND, Mr. MITCHELL of Maryland, Mr. RICHMOND, Mr. STOKES, Mr. WASHINGTON, and Mr. WEISS):

H.R. 4873. A bill to authorize the President of the United States to present on behalf of Congress a specially struck medal to the widow of Roy Wilkins; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SAWYER:

H.R. 4874. A bill to amend section 924(c) (relating to mandatory penalties for certain felonies committed with firearms) of title 18 of the United States Code to change the sentencing structure for offenses under such section, to eliminate parole for such offenses, and for other purposes; to the Committee on the Judiciary.

By Mr. WATKINS:

H.R. 4875. A bill to amend the Interstate Commerce Act to require retroreflectors on railroad cars; to the Committee on Energy and Commerce.

By Mr. WEAVER (for himself and Mr. BROWN of California):

H.R. 4876. A bill to promote forestry employment, to eliminate unneeded expenditures in vegetation management on federally managed forest lands, and for other purposes; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

By Mr. JENKINS (for himself, Mr. CONABLE, Mr. BADHAM, Mr. BAFALIS, Mr. BAILEY of Missouri, Mr. BEARD, Mr. BENEDICT, Mr. BENNETT, Mr. BEREUTER, Mr. BOWEN, Mr. BROWN of Ohio, Mr. CARMAN, Mr. CLAUSEN, Mr. COELHO, Mr. CORCORAN, Mr. CRAIG, Mr. ERDAHL, Mr. ERLENBORN, Mr. EVANS of Georgia, Ms. FIEDLER, Mr. FINDLEY, Mr. FLIPPO, Mr. FORSYTHE, Mr. GINGRICH, Mr. GINN, Mr. GRADISON, Mr. GREGG, Mr. GRISHAM, Mr. SAM B. HALL, JR., Mr. HANSEN of Idaho, Mr. HARTNETT, Mr. HEFNER, Mr. HILER, Mr. HOLLAND, Mrs. HOLT, Mr. HORTON, Mr. HUBBARD, Mr. HUTTO, Mr. JOHNSTON, Mr. KRAMER, Mr. LAGOMARSINO, Mr. LATTA, Mr. LEBOUTILLIER, Mr. LEE, Mr. LENT, Mr. LEWIS, Mr. LEVITAS, Mr. LIVINGSTON, Mr. LUJAN, Mr. MARLENEE, Mr. MARRIOTT, Mr. MARTIN of North Carolina, Mrs. MARTIN of Illinois, Mr. McDONALD, Mr. McEWEN, Mr. MITCHELL of New York, Mr. MOORE, Mr. NAPIER, Mr. PARRIS, Mr. PETRI, Mr. PICKLE, Mr. PORTER, Mr. ROBERTS of South Dakota, Mr. ROBINSON, Mr. ROTH, Mr. ROUSSELOT, Mr. RUDD, Mr. SAWYER, Mr. SCHULZE, Mr. SENSENBRENNER, Mr. SHUMWAY, Mr. SILJANDER, Mr. SMITH of Oregon, Mr. SOLOMON, Mr. STUMP, Mr. TAYLOR, Mr. TRIBLE, Mr. VANDER JAGT, Mr. WATKINS, Mr. WHITEHURST, Mr. WHITTAKER, Mr. WILSON, Mr. WINN, Mr. WOLF, and Mr. CARNEY):

H.J. Res. 350. Joint resolution proposing an amendment to the Constitution altering Federal budget procedures; to the Committee on the Judiciary.

By Mr. JACOBS:

H.J. Res. 351. Joint resolution to designate 1982 as the "Year of the Eagle"; to the Committee on Post Office and Civil Service.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1918: Mr. DWYER, Mr. GEJDENSON, and Mr. NICHOLS.

H.R. 2322: Mr. SAM B. HALL, JR., Mr. SMITH of Oregon, and Mr. DORGAN of North Dakota.

H.R. 2332: Mr. DECKARD and Mr. COATS.

H.R. 2488: Mr. FRANK, Mr. SIMON, and Mr. COLEMAN.

H.R. 3185: Mr. CORCORAN and Mr. FIELDS.

H.R. 3763: Mr. PRITCHARD.

H.R. 4147: Mr. MAVROULES, Mr. HORTON, and Mr. YOUNG of Missouri.

H.R. 4227: Mr. COLEMAN and Mrs. SCHNEIDER.

H.R. 4362: Mr. ROBERT W. DANIEL, JR., Mr. WINN, Mr. RINALDO, Mr. DAVIS, Mr. SIMON, Mr. LUJAN, Mr. ROBINSON, Mr. DAN DANIEL, Mr. LAGOMARSINO, Mr. BEVILL, Mr. HAGEDORN, Mr. WON PAT, Mr. LUNGREN, Mr. FRENZEL, Mr. DYSON, Mr. McEWEN, Mr. WEBER of Ohio, Mr. DREIER, and Mr. McKINNEY.

H.R. 4467: Mr. ANDERSON and Mr. BINGHAM.

H.R. 4486: Mr. PARRIS, Mr. MOTTL, Mr. MCDADE, Mr. DOUGHERTY, Mr. LEACH of Iowa, Mr. MINETA, and Mr. HARTNETT.

H.R. 4593: Mr. WAXMAN, Mr. FORSYTHE, Mr. LUNGREN, Mr. FAZIO, Mr. ROE, Mr. EARLY, Mr. SMITH of Pennsylvania, Mr. KASTENMEIER, Mr. AKAKA, Mr. HUGHES, Mr. SCHEUER, and Mr. MURPHY.

H.R. 4775: Mr. AUCOIN, Mr. OTTINGER, Mr. CORRADA, Mr. D'AMOURS, Mr. CONTE, Mr. ADDABBO, Mr. PEPPER, Mr. LAFALCE, Mr. BENJAMIN, and Mr. BEVILL.

H.R. 4797: Mr. FROST.

H.R. 4815: Mr. RAHALL, Mr. GAYDOS, and Mr. MURTHA.

H.R. 4833: Mr. HANSEN of Idaho and Mr. ROBERTS of South Dakota.

H.J. Res. 72: Mr. HOLLAND, Mr. LOEFFLER, Mr. HAWKINS, Mr. PICKLE, Mr. HOYER, Mr. LUKEN, Mr. CHAPPELL, and Mr. YOUNG of Missouri.

H.J. Res. 349: Mr. FOUNTAIN and Mr. ROTH.

H. Res. 126: Mr. MATSUI.

H. Res. 250: Mr. MOLLOHAN, Mr. WALGREN, Mr. ROE, Mr. GINN, Mr. MURPHY, Mr. FRANK, Mr. OBERSTAR, Ms. OAKAR, Mr. MITCHELL of Maryland, Mr. HOYER, Mr. BEVILL, Mr. SHAMANSKY, Mr. RAHALL, Mr. EDGAR, Mr. WOLPE, Mr. COELHO, Mr. BAILEY of Pennsylvania, Mr. YATRON, Mr. TRAXLER, Mr. FAZIO, and Mr. KOGOVSEK.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3364: Mr. DORNAN of California.

PETITIONS, ETC.

Under clause 1 of rule XXII,

249. The SPEAKER presented a petition of the Town Board, Stony Point, N.Y., relative to revenue sharing; which was referred to the Committee on Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3275

By Mr. SENSENBRENNER:

—Page 2, line 2, strike out "$14,000,000" and insert in lieu thereof "$10,840,000".

EXTENSIONS OF REMARKS

PROJECT TRUTH: USIA'S NEW PROGRAM, PART III

HON. ROBERT H. MICHEL
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MICHEL. Mr. Speaker, today I am inserting into the RECORD "A Case Study: The Anti-Neutron Weapon Campaign" which is part III of "Soviet Propaganda Alert" (October 15, 1981) a new publication of USIA seeking to inform us about Soviet prop- aganda trends.

This insertion completes the publication of the first issue of "Soviet Propaganda Alert." I am glad to see that the U.S. Government is at long last taking the offensive and pointing out the methods and the goals of Soviet propaganda. I would very much like to see this new publication receive as wide a distribution as possible. USIA should make each issue available to every Congressman, Senator, and high level official in the Government. I hope that the major news media receive copies so they can analyze and comment upon what USIA is doing.

At the same time, I believe that we all would like to know what USIA is doing to set the record straight on the general and specific Soviet propaganda strategies. Perhaps a companion publication to "Soviet Propaganda Alert" might be initiated, informing Congress of what USIA has been doing in various fields not only to counter Soviet lies but to tell the truth first. All in all I think "Soviet Propaganda Alert" is a welcome sign of a new positive attitude on the part of the Government concerning the war of ideas now being waged throughout the world.

At this time I wish to insert into the RECORD "A Case Study:"

III. A CASE STUDY: THE ANTI-NEUTRON WEAPON CAMPAIGN

This section describes a Soviet propaganda campaign on a specific issue to show how propaganda themes and techniques fit together in a concrete situation. The anti-neutron weapon campaign is a major effort, is current, and is typical of Soviet propaganda activity.

The Soviets have mounted an intensive worldwide propaganda offensive against the neutron weapon (ERW) in response to the recent U.S. announcement of plans to put ERW into production. The campaign began immediately after the U.S. announcement on August 6, and it has quickly grown into one of the biggest Soviet propaganda efforts in recent memory.

The Soviets' current themes and techniques are largely reminiscent of those used in their 1977-78 anti-neutron weapon campaign. Some themes, however, are given new or different emphasis, in line with present circumstances.

ERW IN THE CONTEST OF GENERAL PROPAGANDA THEMES

In addition to targeting the ERW issue directly, Soviet propaganda frequently treats it as one of many elements constituting the most important "general trends" in U.S. nuclear-strategic policy. ERW is almost always brought up in the context of discussions of these broader themes, several of which are listed below (see pp. 6-9 for general discussion of these themes):

The U.S. is initiating a costly new spiral of the arms race. The neutron weapon decision is an obvious component of this. The U.S. hopes to achieve military superiority over the USSR but this is a futile effort. Escalating the arms race can only lead to an ever more dangerous world situation and the peoples of both countries will suffer because the resources needed for butter will go for guns.

The U.S. is seeking to destabilize the world situation and to take advantage of that instability to intervene in other countries in order to further its own interests. The neutron weapon is linked to other U.S. military programs and plans geared to this goal. The neutron weapon decision, for example, is tied to U.S. preparations for nuclear aggression in the Persian Gulf-Indian Ocean area; the creation of the "Rapid Deployment Force," in combination with ERW and other things, assumes a "particularly sinister character."

MAJOR THEMES ON ERW

Most of the Soviet propaganda on ERW interweaves a variety of general, (that is, "The U.S. is not serious about arms control negotiations") and specific themes. The specific themes include:

The neutron weapon is a new type of weapon, distinct from other weapons; its introduction will significantly disturb the present military parity between the U.S.S.R. and the U.S.

By blurring the line between conventional and nuclear-strategic weaponry, the neutron weapon lowers the threshold for nuclear war and makes nuclear war more "thinkable."

The neutron weapon is a particularly "monstrous" and "barbaric" weapon. That it is designed expressly to destroy living things while leaving inanimate objects and property intact is a clear and horrifying reflection of capitalist/imperialist priorities.

The U.S. is making "nuclear hostages" of the Western Europeans. In the event of nuclear war, Europeans would become the first victims and many countries would cease to exist.

It is common knowledge that despite the present U.S. decision to store the weapons on American territory, the neutron weapon is intended primarily for use in Western Europe and deployment of the weapon on European soil can be expected before too long. The U.S. failed to consult with its allies on this decision—although it affects them directly and it continues to "trample callously" on their concerns. The U.S. thus seeks to impose its will on Western Europe regardless of strong opposition at a popular—and even to some extent official—level.

Worldwide opposition to U.S. introduction of the neutron weapon has been and continues to be fierce. Manifestation of anti-neutron weapon sentiment has been greatest in Europe, but is occurring elsewhere, too, including in the United States. Popular demonstrations have taken place, prominent figures have spoken out, letter-writing campaigns have been conducted, committees have been formed, and other activities against the neutron weapon have been undertaken.

The neutron weapon decision "complicates" and "puts off" the question of LRTNF talks, thus intensifying the overall problem of European security.

The U.S. argument that the neutron weapon is a defensive, anti-tank weapon, intended to offset Soviet tank strength in Europe, is nonsense. The weapon can be used offensively, for example, to clear the way for invading troops.

Although the U.S.S.R. opposes the production of any new types of weapons, it will respond with a "proper counterbalance" to the neutron weapon if the U.S. does not reconsider its decision to produce the weapon. The U.S.S.R. is prepared to acquire a neutron weapon or whatever is necessary to defend against the American threat.

TRENDS IN SOVIET ERW PROPAGANDA

Slight shifts in emphasis on several themes have been noted recently. Thus far, Soviet propagandists have been concentrating heavily on what the neutron weapon means for Europe. While anti-neutron weapon propaganda is not directed exclusively to a European audience, this is nonetheless the group on which it has a primary and immediate impact.

Now in mid-September it appears that the Soviets are increasingly stressing the possible opportunities for use of neutron weapons in the Third World—opportunities, they suggest, which the Pentagon is pondering. According to Soviet propagandists, the neutron weapon can be used wherever the U.S. perceives a "sphere of vital interest"—which, it is noted, appears to be anywhere and everywhere. The Persian Gulf is mentioned as one of the most likely locations for U.S. use of the neutron weapon.

Anti-ERW propaganda dealing with the European context has not been decreased, but perhaps an attempt is being made to broaden the appeal of the Soviet campaign and make everyone feel more threatened by ERW and thus inclined to protest against it.

There has also been a shift of emphasis away from the theme of "the neutron weapon as an offensive weapon for clearing the way for invading troops." Stress is increasingly being placed on the argument that radiation contamination hazard from the weapon is much longer lasting and more intense than U.S. officials contend. If the Soviets want to play up the latter theme (as they evidently do), they cannot simultaneously charge that the weapon could be used to quickly clear the way for troops to move into or through an area.

There is no indication of a perceptible reduction in the intensity or quantity of anti-ERW propaganda generated by the mass

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

media of the U.S.S.R. and Soviet bloc countries. Their rhetoric also continues to be harsh.

TECHNIQUES

The techniques used in the anti-ERW campaign are no different from those commonly used in any Soviet external propaganda actively (summarized in pp. 3-5 of this report). Different themes are played up for different audiences, or one theme is treated in a sophisticated or simple manner. Thus a Radio Moscow English broadcast targeted to North America is likely to emphasize the cost of ERW and other weapons to the American public, commenting that it would be better for ordinary American citizens if arms expenditures rather than social programs were cut. Broadcasts to Western Europe, on the other hand, stress U.S. "victimization" of Western Europe and European opposition to ERW.

Various approaches used in the anti-neutron weapon campaign include the following:

TASS statements and official statements issued by top Soviet officials giving the Soviet position on ERW. As these constitute "news," they are generally reported widely in foreign media.

Statements issued by prominent Soviet figures in fields such as medicine, science, religion (for example the Patriarch of Moscow, the head of the USSR Academy of Sciences). These usually condemn ERW on "humanitarian" grounds.

Testimony by military experts (Soviet or non-Soviet) on the military characteristics of ERW. This material is often intended to refute American information on the subject. For example, an expert may discuss (in fairly technical terms) how the long term ERW radiation hazard is much greater than U.S. specialists have disclosed.

Citation or reproduction of articles, speeches, reports, etc., appearing in non-Soviet, especially Western, mass media which support Soviet anti-ERW themes. Reference to Western sources to support Soviet positions is very common in Soviet external and internal propaganda. The Soviets may use foreign-originated material to suggest things they prefer not to state directly themselves or consider more credible to audiences if presented in non-Soviet sources. To give one example of Soviet use of foreign media items: Publicity was given to a secret ACDA study supposedly unearthed by Jack Anderson that "revealed attempts to reassure the U.S. leadership by emphasizing what would remain intact after the use of nuclear weapons." This, according to the Soviet, provided "further convincing evidence" that the U.S. is preparing for nuclear war.

Personal attacks on U.S. officials considered responsible for the ERW decision—Secretary Weinberger and Counselor Meese, for example. Their worldview in general and their motives for promoting particular policies are impugned.●

EXCHANGES EXTREMELY IMPORTANT TO THE UNITED STATES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. SIMON. Mr. Speaker, the New York Times editorial criticizing the cutback on foreign exchanges is right on the mark.

It is incredible, in my estimation, that the exchange program of this country might be cut back. Essential to maintaining peace and stability in this delicately balanced nuclear world is understanding and communication, and the administration has decided to cut back on communication and understanding.

I am appalled.

I recognize that the administration is not going to lose any votes doing this, but I also recognize that such action is unbelievably shortsighted.

[From the New York Times, Oct. 28, 1981]

AMERICA SURRENDERS

The United States is about to launch a policy of unilateral disarmament in the worldwide contest of ideas. The Administration proposes cuts in the revised State Department authorization bill that would devastate educational and cultural exchange.

Like most departments, the International Communication Agency has been asked to absorb an additional cut of 12 percent in its 1982 budget. But instead of protesting or looking to its bureaucracy, it proposes that virtually the entire amount come out of educational and cultural programs.

Funds for exchange of students and scholars, for example, would be reduced from an already inadequate $79 million to $22 million. Academic exchanges with 61 countries would be eliminated altogether.

There would be no further support services for the more than 300,000 foreign students who require them to remain enrolled in American universities. The 35-year-old Fulbright fellowships would end except in a few countries with special agreements.

And the number of promising leaders brought here by the International Visitor program would decline from 1,500 to 750, eliminating 75 countries entirely. This is the program that first showed American life in all its variety to 33 current heads of government.

All in all, the cuts would leave the Soviet Union the unrivaled champion of education and culture for most of the poorest nations of the world.

What a travesty for an Administration determined to spread its might and influence abroad. To so shortchange contacts and communication—including the export of books, art, music, theater and drama—will have serious enough consequences in the short term. In the long run, the loss in understanding and human ties would be devastating. The trashing of these programs proclaims a policy of brawn without brain.●

ADDRESS BY PROF. EDWARD LIPINSKI: POLISH PATRIOT AND VOICE OF FREEDOM

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MOFFETT. Mr. Speaker, all Americans are deeply moved as the Polish people assert their desire for freedom. It is in the nature of American history that we appreciate their struggle and respect them for their courage. This rare unification of Catholicism and socialism—a spiritually driven activism—is one of the most important movements of our time.

Although our systems and philosophies are different, Americans should pay homage to the Polish freedom movement. In that spirit, I would like to share with my colleagues the text of a speech reprinted in the New York Review of Books, November 19, 1981. It was delivered by Prof. Edward Lipinski who, on September 23, addressed Solidarity's first national congress. Professor Lipinski organized a group of Polish intellectuals in 1976 to fight for his people's human rights. That organization. KOR, has now been dissolved. In its place, the broadly based Solidarity movement has arisen to change, in a fundamental way, the structure of Polish society.

I commend to my colleagues, Mr. Speaker, the thoughtful remarks of this Polish patriot.

LIPINSKI'S FAREWELL

(Translator's Note: On the morning of September 23 in Gdansk, the ninety-year-old Nestor of Polish sciences, Professor Edward Lipinski, addressed Solidarity's first national congress. A small, white-haired figure with the bearing of a man several decades younger, Professor Lipinski spoke in a strong, clear voice and with great moral passion. He came to announce the dissolution of KOR—the Committee for the Defense of Workers—of which Professor Lipinski, a distinguished economist, was one of the founders. This small group of intellectuals came together in 1976 to aid several hundred Polish workers then being persecuted for protesting increases in food prices. Over the next four years the alliance of intellectuals and workers in KOR helped to prepare the way for the formation of Solidarity in 1980.

(A socialist for seventy-five years—he joined the Polish Socialist Party in 1906—Professor Lipinski speaks on Polish socialism with a moral and intellectual authority that no other contemporary can match. His speech was wildly applauded throughout. It was also recorded and reproduced on cassettes by Radio Solidarity and has already begun to circulate widely in Poland as a classic statement of the current situation and its dangers.)

EDWARD LIPINSKI

My heavens! I must say, I've given many a speech in my life, but never have I been as nervous before an address as I am today. Perhaps it's the circumstances under which I am to speak.

Where should I begin?

The year 1976. The threat to the nation is ever stronger. Polish society—the nation—is threatened from all sides: culturally, politically, morally, socially, economically.

The events of 1976: workers' protests; the police, the secret police, beat people, torture them. A mass of people are thrown out of work in Radom and Ursus.

The thought arises that it is necessary to protect and to care for those who have been wronged. And that is how KOR appeared: the Committee for the Defense of Workers.

The times have changed since 1976. A huge and powerful social force has arisen—Solidarity. Thus today's gathering is a phe-

nomenon entirely unique in the history of the last decades.

Conditions as well have changed for KOR's work. As a result, the moment arrived in which KOR recognized that it must conclude, as it were, its own activities, because new conditions and new forces have arrived that are working more effectively than KOR could. Therefore, allow me to read a declaration from KOR which is, in a way, also a testament of a certain kind.

[At this point Professor Lipinski read the text of KOR's declaration and the list of its signers. The declaration concludes, in part:]

"We believe that everyone who once held dear the goals of the Worker's Self-Defense Committee and then of the KOR Committee for Social Self-Defense should assist Solidarity today—as far as they are able to do so—joining its ranks or supporting it. We believe that today society is ready to bring about transformation in our country, which has been devastated by totalitarianism, corruption, and the lawlessness of the authorities. We believe that today, when the first congress and the first democratic elections to the leadership bodies of Solidarity are taking place, we should entrust the struggle for the regeneration of the Polish People's Republic to the strength and intentions of this organization.

"On the fifth anniversary of the birth of the Worker's Defense Committee we consider our activity to have come to a close."

[Before returning to his address, Lipinski asked for a moment of silence in honor of the memory of two deceased KOR members—Professor Adam Szczypiorski and Dr. Waclaw Zawadzki. The delegates rose.]

I do not want to give a long address. You have considerably more important matters to attend to. But let me still say a few words while I am at the podium.

KOR has recognized that its work has ended, and that other forces have arrived on a much more powerful scale. But the task of fighting for an independent Poland, for human and civil rights, is a fight that still must go on. Despite the agreements [with the government], despite the changes that have recently occurred, it is not possible to rid oneself of the impression, or the conviction, or the sense, that the battle is not yet over. There are still forces which seek a return to earlier conditions.

I myself was horrified this past week when, from the Party podium, I heard [Party Secretary] Kania speak of threatening bloodshed. I was horrified when I heard from General Jaruzelski [the Prime Minister] that he is prepared to mobilize the army in the defense of socialism in Poland.

What was that supposed to mean? How can the army defend socialism in Poland? The army is supposed to defend socialism in Poland by shooting people! On television we have had two programs lately with interviews of soldiers. These soldiers declared passionately that they are ready to defend socialism and are prepared to obey orders.

What kind of order is it possible for the army authorities to issue in the defense of socialism? "Fire"? That was my impression.

The defense of socialism is a matter of principles; it is a matter of theory; a matter of political points of view! How can the situation arise that the highest representatives of state authority threaten us with military intervention in the defense of so-called "threatened socialism"?

In what way is socialism threatened in Poland? What does it mean to say that socialism is threatened? What are these antisocialist and counterrevolutionary forces?

Socialism, in the classical definition of the term, is supposed to be a better economic order than capitalism; it is supposed to be broader in its freedoms than capitalism; it is supposed to solve the question of work and the liberation of the working class; it is supposed to provide the conditions under which each person can fully develop his possibilities and have free and unconstrained access to the product of culture and civilization.

However, a socialist society was created with a bad economy, and incompetent economy, a wasteful economy. Indeed this socialist economic system has led to an economic catastrophe without parallel in the course of the last one hundred or two hundred years.

Perhaps in Cambodia there are similar conditions. There a socialist system led to the death of three and a half million people in the defense of socialism. This socialism of a squandered economy—this socialism of prisons, censorship, and police—this socialism has been destroying us for some thirty years just as it destroys other nations.

I have considered myself a socialist since 1906. But this has meant precisely the fight for a better economy; for a democratic economy; for the ownership of the means of production. Not for state ownership where the property owners are a group of new, private owners of the means of production, but for social ownership of the means of production; for the democratic control of factories; for political freedom. These are the goals of every genuine socialism; as well as the destruction of censorship and the possibility for the full development of the Polish nation.

There are indeed antisocialist and counterrevoluntionary forces. But my conviction is that it is their socialism that is antisocialist and counterrevolutionary!

They threaten us with violence! Under the protection and sponsorship of the Party, publications appear, such as Reality and Screen, and some of the organs of the official, state-sponsored unions. Anti-Semitism is spreading. One may read "The Protocols of the Elders of Zion"—an anti-state, anti-Jewish creation produced by the Tsar's Okhrana even before the First World War—in the journal of what is considered to be the leading official union.

The leading publication of the Polish army, Soldier of Freedom, under the sponsorship of General Jaruzelski, is a communist-fascist paper. In one of its recent issues there was an article in which the bastards from Solidarity and KOR were attacked for still continuing to claim that Katyn was a crime of the Russians. "No," they said, "the Germans caused Katyn." They dare to spread this kind of lie in 1981. And this paper is the organ of the Polish army and is supposed to shape the mentality, the emotions, and the morals of Polish soldiers and officers.

Not everyone here is a socialist, as I am, but all of us are fighting for the same goal. In Poland there are no significant forces that want a reprivatization of the means of production—a reprivatization of the Warsaw Steelworks, or the Lenin Steelworks. There are no such forces. However, everyone understands that if it is a question of light industry and small businesses, of restaurants and crafts, then one should have private initiative, for only private initiative can guide such enterprises effectively. to socialize them means to bureaucratize them or to destroy the creative factor that can adapt to changing circumstances. In these cases private ownership is better. On the other hand, there are no counterrevolutionary forces, for only those forces would be counterrevolutionary that would seek to restore private ownership of heavy industry. There are no such forces in Poland.

There are today forces that desire freedom, that demand freedom, that demand normal conditions for the life of the Polish nation. But these forces are not antisocialist.

(Translated by Richard Spielman from the spoken text as recorded and distributed by "Radio Solidarity.")●

ENERGY PROGRESS

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. COLLINS of Texas. Mr. Speaker, America has been moving toward building energy self-sufficiency. Overdependence on OPEC oil was placing an economic burden on this country.

I have been proud of the positive results since Congress took a firm deregulation approach. But it is even more exciting when I hear my colleague from North Carolina emphasizing the progress we have made with oil.

JIM BROYHILL is the ranking Republican member on the Energy and Commerce Committee. He fought for decontrol because it was economically sound.

I was impressed with his report that just came out citing specific figures:

Exploration boomed: Completion of total new wells up 13,900 (34.1 percent in January–July 1981 versus January–July 1979).

Number of active rotary drilling rigs: Up 1,929 (86.8 percent in August 1981 versus August 1979).

Number of active seismic crews: Up 304 (74.7 percent) in July 1981 versus July 1979).

Domestic gasoline consumption was favorable as it was down 231,840,000 barrels January–July 1981 versus January–July 1980.

At the same time U.S. oil imports dropped. This is the key step of progress. The facts show we were importing 300,955,000 barrels less oil into the United States from January–July 1981 compared to January–July 1980.

JIM BROYHILL took this data from the U.S. Monthly Energy Facts of the University of Houston and from the Monthly Review published by the U.S. Department of Energy.

We need to emphasize deregulation. We need to completely deregulate gas and we need to completely deregulate oil. By continued deregulation and by the continued all-out efforts of America's oil and gas producers, we will see more and more progress. By more utilization of coal, nuclear and solar, we could have this country completely independent of foreign energy sources before 1990.●

STOP PHOSPHATE LEASE RIGHTS IN THE OSCEOLA

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. FUQUA. Mr. Speaker, last week the Subcommittee on Public Lands and National Parks of the House Interior and Insular Affairs Committee held a hearing on my bill, H.R. 9, to terminate phosphate lease rights in the Osceola National Forest in my district in Florida. I was please to have both Senator LAWTON CHILES and Senator PAULA HAWKINS appear with me at that hearing to demonstrate that all of us who represent the people in that area are totally opposed to the prospect of phosphate mining in the national forest.

The Florida Times-Union—Jacksonville Journal ran an editorial last Sunday which cogently states the arguments against mining. I insert the editorial in the RECORD at this point so that my colleagues may become better acquainted with the issue. The editorial follows:

DON'T ALLOW STRIP-MINING IN OSCEOLA NATIONAL FOREST

Leave the Osceola National Forest alone.

There is no compelling national purpose to be served by ripping it up for phosphate or any other reason.

Let the phosphate sit there for a while, in case the next generation or its successors need the mineral for national survival.

The 157,000-acre national forest lies in the counties of Baker, Union and Columbia. Phosphate companies proposed to strip-mine about 18,000 acres of this territory and the Reagan administration says it is preparing the way for them to do so.

Let the federal government compensate those mining companies it granted leases in the forest. It should never have done so. A reasonable payment is a small price for avoiding such a huge mistake as tearing up miles of forest land.

Phosphate reserves in Florida are being mined extensively, and as long as it is being done on private land, the mining areas are being reclaimed and water supplies are protected, there is little objection.

The estimate of the amount of phosphate in Florida ranges from 4.8 billion tons, on the conservative side, all the way to 10 billion.

Richard Mayberry, earlier this year when he was nearing the conclusion of a research project funded by AMAX Phosphate Inc., said the 48 million tons mined last year did not endanger supplies.

"There's no reason for concern that we're running out of reserves," he said. "We have enough for at least 200 years of mining or more."

Some will feel the findings of the study suspect because it was industry-funded. However, it certainly removes any urgency from the contemplated gouging up of a national forest which is a priceless resource in its own right.

The main excuse for mining the phosphate now is that it is there. This is not enough of an excuse.

A day after an assistant secretary in the U.S. Department of Agriculture announced that the administration was planning to draw up regulations for mining in the forest, Interior Secretary James Watt was making points in a speech that could be used as good arguments against the decision.

He told the Associated Press Managing Editors Association in Toronto that the way the United States manages its natural resources is a key element in promoting national security.

"If we have to look to unstable or hostile nations for energy and minerals basic to our economy and national security, then we invite blackmail. We invite outright aggression," he said. "Nothing would be so devastating to the environment or the economy as war."

But Watt said he did not believe as some of his environmental critics had claimed that the country should use up its natural resources as quickly as possible.

Watt can put his actions where his words are by coming out against allowing mining in the national forest simply because the phosphate is there. Let it be.

Leave it in the bank for future generations of Americans to turn to in case of an emergency and, meanwhile, allow this generation to husband its dwindling water and timber resources without putting them under yet another strain.●

IRVING ACKERMAN

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LEHMAN. Mr. Speaker, the loss of Irving Ackerman, a longtime friend and supporter, has greatly saddened me, my family, and our congressional staff.

Several years ago, our office was fortunate to have Irving Ackerman as our senior citizen intern. He was a great source of information, as he was able to relate his prior work experience in the insurance industry to many issues dealt with in the Congress. He was persistent in his research and was a pleasure to have in the office.

We were all fond of Irv, not just because he was a good intern, but because he was a very special human being. If I may paraphrase President Kennedy, Irv did not ask what others could do for him; he asked what he could do for others. He was devoted to his family and friends and he sought to serve his community and his country.

He will be missed by his loving family and by his many friends and neighbors at Point East, a condominium known for action, involvement, and caring. Our heartfelt sympathy goes to Irv's wife, Anne, and all those who were close to him.

The following excerpt from the "Friends and Neighbors" column of the "Neighbors" section of the Miami Herald will give my colleagues some idea of the kind of person Irv Ackerman was. He cannot be explained in words, however, for he transcended in spirit what can be said in print.

The article follows:

CONDO RESIDENT REMEMBERED AS CAPABLE PERSON

(By Pamela Noel)

Point East condominium residents who knew him, are still mourning the death of Irving Ackerman, 70, husband of condo activist Anne Ackerman. He died last week at Southeastern Medical Center.

Mr. Ackerman, a former manager of the Metropolitan Life Insurance Co. in Chicago, came to Miami with his wife 12 years ago. He edited the Point East News Letter and served several years as a building director.

He was a member of B'nai B'rith and Beth Torah Congregation and was active in the Jewish National Fund, Israeli Bonds, Combined Jewish Appeal and Israeli Funds.

"I met him when I was 15," Mrs. Ackerman said, "and and that was that." The Ackermans were married 47½ years.

"We had the richest quality of life that any two people could possibly have had," Mrs. Ackerman said.

Her husband, she said, always had a "wonderful smile on his face . . . I think he enriched everyone he ever touched."

Friends of the Ackermans agree.

"He was a loving gentleman," said Point East resident Arthur Miller. The newsletter Mr. Ackerman put out was well received, Miller said. "The job was done on time and very well."

Mr. Ackerman also spearheaded arrangements for the condominium's annual New Year's Eve parties, Miller said.

"He would get things done but beautifully."

"He was a fine gentleman," agreed Ernest Samuels, president of the condominium association. "He was one who was willing to volunteer, a very capable person."

Mr. Ackerman is also survived by a son, Allan; daughters, Annette Reeder and Kay Fleisher; sister Betty Berlow; and eight grandchildren.●

TAX LIMITATION/BALANCED BUDGET RESOLUTION

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. CONABLE. Mr. Speaker, my colleague, Mr. JENKINS of Georgia, and I have been joined today by more than 80 Members of the House in introducing House Joint Resolution 350, providing for a constitutional amendment to limit the growth of Government spending and taxes, and to balance the Federal budget. We believe this is now a necessary action to bring Government spending under control.

The excessive growth of Government spending and the resulting deficits are a primary cause of the inflation that is crippling our economy, fueling inflation and impairing the ability of Government and the private sector to meet the Nation's needs. The national indebtedness has just topped $1 trillion—it has jumped by $239 billion in just the past 5 years and almost half the Nation's debt has been incurred in the past decade. As a result,

more than $90 billion a year is now required to pay the interest on the national debt, about 15 percent of the entire budget. Government spending now commands almost 24 percent of the national production, a sharp rise from the traditional 18 or 19 percent of earlier times.

Despite the unparalled efforts of the President to gain control of spending and partial approval of his recommendations by Congress after fierce partisan engagement, there are dire forecasts of staggering future deficits. The 1981 budget, once forecast to be in balance, has had a $57.9 billion deficit. Given these conditions, it is clear that our efforts and methods of restraining Government spending and deficits require major change. Pressure for ever-increasing spending is apparently too great for a majority of Congress to resist, no matter how devastating the total impact on the economy. The congressional budget process, once thought so promising for restraining budgetary excesses, has failed to achieve that result. Unprecedented deficits have occurred, instead. There is clearly a need to institutionalize the necessary restraint by placing it in the Constitution. It is for that purpose that we proposed this joint resolution.

The resolution would establish a balanced budget as the normal and customary fiscal policy by requiring that Congress set expenditures each year no higher than revenues. As an added restraint, tax revenues would not be permitted to increase at a rate greater than the increase in the national income in the previous calendar year. Balancing the budget by raising taxes sharply would not benefit the American taxpayers.

If Congress wished to set aside the limitation on spending, it would take a three-fifths vote of both Houses; to raise taxes beyond the limit would require an affirmative vote by a majority of the whole number of both Houses. If a Presidental veto were employed, of course, a two-thirds vote would be needed. All provisions might be waived for any year in which a declaration of war was in effect.

Another provision would protect the States in switching increased governmental responsibility to them by requiring that Congress make funding available for any additional activities assigned the States.

Various versions of balanced budget and tax and spending limitation resolutions have been introduced in recent years by many of us—more than 200 in the last Congress. House Joint Resolution 350 attempts to combine the advantages of the several approaches in order to attract the broadest support. It is an amendment which can be effective in dealing with the serious problem which faces us. A companion resolution has been reported by the Senate Judiciary Committee with a two-thirds vote. It has the enthusiastic endorsement of many national organizations, including the National Tax Limitation Committee, the National Taxpayers Union, the American Federation of Small Business, the National Federation of Independent Business and the American Farm Bureau, among others.

Mr. Speaker, it is important that we seek more successful means of promoting a more stable economy to protect the value of savings and wages, to provide continuing opportunity, to give greater assurance and confidence to our people in planning for the future and to enable us to maintain the national security. It is clearly time to change the unsuccessful patterns of the past and implement an approach that offers greater prospect of success. I believe this balanced budget/tax and spending limitation amendment will do that, and I hope there will be broad bipartisan support for it.

H.J. RES. 350

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution if ratified by the legislatures of three-fourths of the several States within seven years after its submission to the State for ratification:

"ARTICLE

"SECTION 1. Prior to each fiscal year, the Congress shall adopt a statement of receipts and outlays for that year in which total outlays are no greater than total receipts. The Congress may amend such statement provided revised outlays are no greater than revised receipts. Whenever three-fifths of the whole number of both Houses shall deem it necessary, Congress in such statement may provide for a specific excess of outlays over receipts by a vote directed solely to that subject. The Congress and the President shall ensure that actual outlays do not exceed the outlays set forth in such statement.

"SEC. 2. Total receipts for any fiscal year set forth in the statement adopted pursuant to this article shall not increase by a rate greater than the rate of increase in national income in the last calendar year ending before such fiscal year, unless a majority of the whole number of both Houses of Congress shall have passed a bill directed solely to approving specific additional receipts and such bill has become law.

"SEC. 3. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect.

"SEC. 4. The Congress may not require that the States engage in additional activities without compensation equal to the additional costs.

"SEC. 5. Total receipts shall include all receipts of the United States except those derived from borrowing and total outlays shall include all outlays of the United States except those for repayment of debt principal.

"SEC. 6. This article shall take effect for the second fiscal year beginning after its ratification.".●

PENTAGON ACCOUNTABILITY

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MAZZOLI. Mr. Speaker, I have repeatedly cautioned, during our debates on cutting the Federal budget, that Congress must be as diligent in scrutinizing the Department of Defense budget—in cutting the fat at the Pentagon—as we have been with "people programs."

It seems to me that the Nunn amendment to the Department of Defense fiscal year 1982 authorization bill is imminently reasonable and worthwhile. All it does is require that the Pentagon report to Congress on major weapons systems cost overruns.

I commend to the attention of my colleagues the following Washington Post editorial of October 29, 1981.

[From the Washington Post, Oct. 29, 1981]

DEFENDERS OF THE OVERRUNS

You might think that the Pentagon, straining to keep whole the large increments in defense spending favored by the Reagan administration, would welcome every bit of help it could get. That it would be especially sensitive to the counsel of those legislators who were urging major defense increases long before Ronald Reagan came to town. That it would be aware that a very large part of its effort to cut the budget in civilian sectors hinges on making a good showing of readiness to control costs in defense.

You might think that, and you would be wrong. Legislation is before Congress now to strengthen the hand of those in Congress—and more important, those in the Pentagon—who realize the devastating impact that repeated swollen cost overruns have on the military budget and on the inclination of Congress and the country to keep voting big new sums for defense. The bill was authored by Sen. Sam Nunn (D-Ga.), an uncompromising strong-defense advocate, and it passed the Senate 96 to 0. No one dared vote, as Sen. John Tower (R-Tex.), a reluctant supporter, put it, "against motherhood."

But motherhood of this sort is not universally respected in the Department of Defense. The secretary opposes the amendment, and, it seems, some of his aides are working in the House, which did not act on the proposal, to defeat it in the defense authorization conference going into its final phase today.

Come on, fellows. The Nunn amendment is no blind, know-nothing attack on defense from the political left. It is a modest, informed, helpful caution originating on the center and right. It simply provides a mechanism—an obligation to report overruns on major weapons systems to Congress—that will require the Pentagon's civilian brass and the service secretaries to ride closer herd on the programs for which they are formally responsible. A skeptic might even say that all the amendment does is make the legislature a somewhat more open partner in a procurement system that is going to keep on generating overruns anyway in the absence of more basic reforms. A defense leadership that cannot learn to live with

this friendly measure is only inviting more stringent and hostile controls.●

WEST AIDS SOVIET ENERGY GROWTH

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. NELLIGAN. Mr. Speaker, recently, the Oil Daily reported on Soviet attempts to interest the West Germans in helping to develop coal liquefaction technology in the Soviet Union. If history is any precedent, the Soviet Union will receive the help it seeks. Traditionally, the West has provided a major role in developing the Soviet energy infrastructure.

Potentially, the most egregious example of Western energy aid is the proposed Yamal natural gas pipeline, which will markedly increase Western European energy dependence on the Soviet Union. European dependency on the Soviet Union could have an adverse impact on our relations with Western Europe and thus threaten NATO, which is already under stress. The effects of such dependence can be seen in the change in American foreign policy toward the Middle East since we were forced to realize how much we rely on the oil states in that region.

The Yamal pipeline is to be built using Western financing and material and technological resources. Already, a number of the "Seven Sister" oil companies are involved through their ownership of a major European gas distributor.

By aiding in the development of the Soviet energy infrastructure, we allow the Soviets to free up other resources for their military buildup. While our companies may receive some immediate benefits in aiding the Soviets, in the longer run, they, along with all Americans, are forced to pay for increased defense expenditures. I am afraid the balance lies in favor of the Soviets. Thus, American corporate involvement is shortsighted.●

OUR CENTRAL AMERICAN DILEMMA

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LOWERY of California. Mr. Speaker, El Salvador remains a divided country. The critical situation in this tiny Central American country must be seen within the context of other global political developments, particularly from the perspective of increased Soviet attempts to penetrate the Western Hemisphere.

In my judgment, the southern flank of the United States is becoming dangerously vulnerable to Soviet geostrategic efforts. If the passage of oil and ore supplies through the Caribbean is interrupted, the world's balance of power would shift dramatically. Clearly, the West's economic and political order would be seriously jeopardized.

In an effort to draw attention to the global dimension of the ongoing events in El Salvador and all Central America, I urge my colleagues to read the following editorial from the Wall Street Journal of October 19 entitled "Forgotten Trabajadores":

FORGOTTEN TRABAJADORES

Thanks to a disturbingly effective left-wing propaganda campaign, the Reagan administration has been largely stalled in its efforts to gather public support for a U.S. counterattack against the Soviet-Cuban conquest of Central America. But it is far too early to give up the fight. The propaganda lies are by now so transparent that even the most liberal Congressmen, newspaper editors and churchmen surely cannot avoid recognizing them.

For example, can anyone still doubt that Nicaragua has been a victim of a Communist takeover? The Cuban-style "neighborhood committees" are in place, the secret police are being trained, La Prensa has been told it will be closed if it continues to speak up, Archbishop Obando y Bravo is being suppressed and a spectacular military buildup is under way. The Sandinistas are creating an army and militia of over 250,000, equivalent to a full one-tenth of the population, even though the country can't feed itself or pay its debts. Heavy equipment, including 30 T-55 tanks, has been pouring in from the Soviet bloc. The combined forces of Nicaragua and Cuba soon will dwarf any army south of the Rio Grande and drive a Soviet strategic wedge between North and South America.

Little Costa Rica, once a model democracy has been destabilized and intimidated by the Nicaraguan buildup and internal subversion. The territory of Honduras is being used with impunity to funnel arms from Nicaragua to the Communist guerrilla army in El Salvador. An active terrorism campaign is under way in Guatemala, drawing the usual counter-terror from the right with its predictable additional contributions to destabilization.

In Panama, where domestic politics were thrown into disarray last summer by the air crash death of strongman Omar Torrijos, Castro's guerrillas are operating in the bush. The big prize, if they succeed, will be the Panama Canal.

The biggest current military and propaganda effort, of course, centers on El Salvador. The fighting is in the hands of the Cuban- and Soviet-supported Farabundo Marti Liberation Front (FMLN). The propaganda is being orchestrated by something called the Democratic Revolutionary Front (FDR), which has been given the undivided attention lately of communist propaganda outposts throughout the world, including some of the groups in this country that once helped break down U.S. resistance to the Soviet conquest of Southeast Asia. The techniques—marches, demonstrations and blown-up photographs of maimed bodies (all of them naturally victims of the other side—are the same ones propagandists have used for decades. Their effectiveness was demonstrated a few weeks ago when some brainwashed reporters and Congressmen came very close to publicly insulting the visiting Napoleon Duarte, Salvador's populist president, because of the sins the FDR has alleged against him.

But the Salvadoran government is proving harder to vanquish on the ground than in the North American press. We received a clue to why last week when four Salvadoran union leaders, including the secretary general of the equivalent to the AFL-CIO, and the head of the campesino or peasants union, visited New York. All are under daily threat of death and in fact have all succeeded men who were murdered. They were traveling under the auspices of the AFL-CIO but at the expense of their own unions.

Their message: The war in El Salvador did not result from an indigenous worker and peasant uprising, as Communist propaganda insists. "The war involves 10 percent of the people, with 90 percent in the middle," declared Jose Luis Grande Preza, the labor federation leader. It is true that the Salvadoran army has committed brutalities and the group would like U.S. military aid to be accompanied by greater U.S. efforts to train Salvadoran troops in combating guerrillas, so as to avoid civilian casualties. But the five had no doubt that the origin of the killing was the campaign of destruction and terror conducted by the FMLN. The FMLN and FDR, so romantic sounding to the cocktail liberals of Washington, are not loved by the trabajadores (workers) and campesinos of El Salvador who must brave their bombs and bullets each day. "They have the guns but they don't have the people," says the country director in El Salvador for the AFL-CIO's American Institute for Free Labor Development, which attempts to encourage formation of free labor unions.

There is a bitter irony in all this. The American government is not taking a more forceful role in Central America in part because so many Americans have been convinced that this would be making war on the common man. But representatives of the common man are pleading for help in driving out what they know full well is a foreign-backed army that will enslave them if it wins. As we said at the outset, the Reagan administration has an obligation to all Americans, North, Central and South, to not be so easily deflected. What's happening in Central America is by now so obvious that only knaves or fools can pretend not to understand it.●

QUEEN CITY—OPENING OF CHESSIE SYSTEM'S NEW RAIL CLASSIFICATION

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LUKEN. Mr. Speaker, lately much of our business and economic news has been negative or pessimistic. Last week in my home town of Cincinnati however there was some good news for the economy of the "Queen City"—the opening of the Chessie system's new rail classification yard which will mean better transportation service for Ohio industry.

The Chessie system railroads, a major rail subsidiary of the CSX Corp., formally dedicated its new Queensgate Yard in Cincinnati. This $71 million project represents the largest single capital improvement ever undertaken by this railroad and means that Cincinnati will have one of the world's most modern and efficient rail freight classification yard. It is significant and worthy of note that this major railroad capital improvement was done entirely from the railroad's own resources and used no Federal assistance.

Earlier this year it was my pleasure to tour Queensgate with Glen Michael, general manager of the railroad in Cincinnati. I was personally very much impressed with the complexity and size of this project which had been under construction for the past several years at the same time that the railroad was continuing to carry out operations. CSX and Chessie are indeed to be congratulated and I agree with the statement of John T. Collinson, Chessie president and chief executive officer that, "For the Queen City of Cincinnati, we have the King of railroad yards."

Chessie railroads have been doing business in Cincinnati since 1857. Industrial expansion in this bustling metropolitan area before Queensgate was announced in 1976 resulted in 10 separate Baltimore & Ohio Railroad yards and 4 separate Chesapeake & Ohio Railway yards spread out over a 25-mile operating territory. Almost all 14 yards became antiquated and either overcrowded or underutilized because of inability to balance workloads with available facilities. This meant poor service and high operating costs.

But all that has changed during the past 5 years as Queensgate was constructed on the site of five former B. & O. yards. This was accomplished with only minimum railroad traffic disruptions.

Cincinnati is Chessie's busiest interchange point with more than 1 million cars routed through the city every year. Queensgate operating techniques have virtually cut in half the average time to take a car from an inbound train and switch it to the proper outgoing train—from 21 hours to just 12 hours.

Every car classified over the yard's main hump is controlled by three sets of computerized retarders that clamp briefly against the car wheels, slowing them to the prescribed 4 miles per hour before coupling to other cars on the 50 classification tracks in the "bowl yard." Only two other railroad yards in America—both in California—have such three-point control.

Computers are everywhere in the new yard, which has a capacity of 6,000 cars, is 3.2 miles long and contains 70 miles of track. Through programing and constant control by Chessie men and women, they operate the latest developments in process control systems, closed-circuit television, and communications switching.

I want to take this opportunity to congratulate the Chessie system on the successful completion and official opening of this modern, high-capacity rail facility. The Queensgate yard shows that railroads will continue to be a vital part of our national transportation system.●

THE SENATE AWACS VOTE: ENCOURAGING DESTABILIZATION AND TERRORISM IN THE MIDDLE EAST

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LENT. Mr. Speaker, it is with a heavy heart and a sense of grave concern that I rise to address my colleagues today. I have reference to yesterday's action of the U.S. Senate in approving the sale of $8.5 billion of the most advanced aircraft and aircraft weaponry and equipment to Saudi Arabia.

As one who led the successful fight in this Chamber to disapprove the sale, I deeply regret the Senate's decision to reject the House action. I fear that the Senate has taken our country down a path which may lead to a serious crisis in the Middle East. it seems clear to me that the Senate vote gives encouragment to the forces of terrorism and destabilization in this vital area of the world. It threatens the peace and stability in the Middle East which is so vital to American interests there.

The Senate vote sets in motion the elements of a tremendous new arms race in the Middle East. We can be certain that Saudi Arabia's neighbors will be demanding weapons to match those being sold to the Saudis. And who can believe that the Saudis themselves will be satisfied with this vast new addition to their arsenal? Remember what happened in Iran, when the Shah kept buying more and more weapons. The ruling regime of Saudi Arabia will soon be back on our doorstep again, demanding more and more of American's latest weapons and military secrets.

Surely, the destabilizing influence of a new arms race in this area is contrary to American's best interests in the area. Our goal is to preserve stability and to bring peace, not warfare, to the area.

Another ominous aspect to this unfortunate Senate action is that it encourages the forces of terrorism and disruption. Yasir Arafat and his Palestine Liberation Organization cannot help but gain encouragement from the fact that an $8.5 billion American arms package is going to a nation which has been among the staunchest supporters of the PLO. We can look for new and heavier PLO attacks on Israel.

And how will the leaders of the Kremlin look upon this huge new load of American weapons pouring into Saudi Arabia? Will this not encourage the Kremlin to spur the puppet regimes under its control in the area to react to this new factor? I believe we can expect new border wars and aggressions to be encouraged by the Soviets throughout the Middle East.

Furthermore, Mr. Speaker, this outpouring of American technology, equipment, and technical training into Saudi Arabia will present a new target to the Moslem fanatics who so desperately agitate against Western technology. The Moslem religious fanatics will be encouraged to advance their own cause within Saudi Arabia by assassination and attempted revolution, using our technology to justify their violence. These are gloomy prospects, indeed.

One other very vital factor, deeply involved with American interests in this area, must be considered, Mr. Speaker. That is the grave new threat the arms sale poses to our closest friend and strongest and most dependable ally in the area—Israel. Israel's sworn enemy is now to be girded with $8.5 billion of the most advanced aircraft and aircraft weaponry which gives Saudi Arabia the capability of launching surprise air attacks on Israel.

We must give the most serious consideration to the best ways to maintain the American commitment to insure the security of Israel in the face of this new threat. Certainly it is in the best interests of the United States to make certain that Israel remains secure. We must provide sufficient economic and military aid to meet this new threat to Israel.

Summing up the situation posed by the Senate approval of the arms sale, Mr. Speaker, by any assessment it threatens damage to American interests in the Middle East. It poses the threat of mounting unrest and conflict in this most vital area of the world.

I urge my colleagues in this Chamber to monitor developments in this area most carefully. We must do everything in our power to counter the deleterious effects of this arms sale.

By so doing, we will be working in the best interests of our country.●

TRIBUTE TO THE CONSTITUTION

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. DAUB. Mr. Speaker, in 1823 Justice Johnson of the U.S. Supreme Court wrote that the U.S. Constitution was "the most wonderful instrument ever drawn by the hand of man."

Last month, this historic document became 194 years old, and throughout these many years, it has served as the strong foundation on which we have built all our achievements as a nation.

My constituent, Roy Palmquist, of Omaha, Nebr., has written a prayer in tribute to the Constitution, and I am pleased to share it with my colleagues:

Almighty God, from this mighty document of humanity, we inherit our birthright to liberty. Inscribed in the blood of those who died for such liberty. Almighty God, give us always the wisdom to safeguard it.

The Constitution is the culmination of the Magna Carta, the Declaration of Independence, and the Bill of Rights. It is the passport to human happiness and a plan of life altogether fitting and proper to truth and justice.

The Constitution is sacred. A spiritual creation conceived by God-endowed men who were deliberate and farsighted, who combined balance, flexibility, and stability to make it a useful device.

The preamble is the heart of the Constitution; destroy it and you destroy liberty.

The Constitution is the vehicle which America utilized to become the greatest nation in the world, the compass which has guided us through stress and storm, through peace and progress. By experience, it is the only way to liberty. Almighty God, I pray, keep it that way.●

LEADERSHIP ON THIRD WORLD ISSUES OFFERED BY REPRESENTATIVE JAMES SCHEUER

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. SIMON. Mr. Speaker, one of those in our midst who has shown a concern for the billions of the people on the face of the Earth who live outside our country, and who understands their impact on our country, and who has shown uncommon leadership is our colleague JAMES SCHEUER.

Members do not need to agree with every word in his statement which appears in the New York Times to recognize that our colleague confronts some issues which we must face. I urge my colleagues to read his statement. The statement follows:

[From the New York Times, Oct. 28, 1981]

PLAYING CHARADES AT CANCÚN

(By JAMES SCHEUER)

WASHINGTON.—The artificial elegance that shields the Cancún Sheraton from Mexico's population pressures, joblessness, and desperate poverty was an appropriate setting for the North-South talks. In splendid isolation, statesmen from both sides of the Equator said what they did not mean, embraced positions they knew to be absurd, and rescheduled as "global negotiations" the same pointless double-talk that has passed for a "North-South dialogue."

Anyone alive and well during the last decade cannot have failed to notice that the United Nations General Assembly has degenerated into one of history's most irrelevant, demagogic, and irresponsible "deliberative" bodies. But, with straight faces, heads of state from Austria, Canada, and France have endorsed a vast redistribution of northern wealth and power under its auspices.

It is also ironic that ruling elites from Mexico, Venezuela, Nigeria, and the Philippines presumed to speak for exploited southern masses in rejecting any compromise involving the World Bank or the International Monetary Fund in a rational readjustment of the international economic system. An internal redistribution of wealth and power is unthinkable in their own countries, where petrodollars have bought high technology and profits for the wealthy but precious little employment, health care, nutrition, and education for the poor.

President Reagan left Cancún promising that "our search for progress will continue," but until leaders of North and South deal frankly with reality, nothing will change in the lives of suffering people. Despite Mr. Reagan's faith in private capital, it is no panacea, but neither is a "New International Economic Order" that would subsidize in equal measure third-world leaders striving to fill the needs of the poor and those striving to aggrandize the comfortable and entrench the powerful. If the wealthy countries owe a responsibility to the world's neediest peoples, we are obliged to favor with most of our assistance third-world leaders who are working to ease suffering.

Take Somalia and Sri Lanka. Their per capita gross national products are among the world's lowest, but wealth within each country is distributed in very different ways. Far more revealing is the "physical quality of life index," a measurement of actual living conditions devised by the Overseas Development Council, an independent research organization.

Sri Lanka's rating is 81, Somalia's 34. Sri Lanka emphasizes primary education, and 78 percent of the people are literate. Privileged Somalian children study abroad, and half of the people can't read. Under Sri Lanka's Government-sponsored contraception program, more than a third of all women use family-planning centers, and the population-and-poverty cycle is winding down, with 26 births per 1,000 people. In Somalia, where there is no such program, 1 percent of the women practice contraception; with a birth rate of 48 per 1,000, Somalia's population will double in 25 years, frustrating all hopes for development.

Somalia's dictatorship is a cauldron of instability. Sri Lanka's parliamentarians rise and fall by the ballot, not the bullet. Somalia's development resources are largely squandered on military facilities. Sri Lanka's are devoted to health care, jobs, nutrition, and other human services.

Somalians are more destitute than Sri Lankans, but foreign governments can do nothing for people whose own governments ignore their basic needs. We should reserve most of our help for third-world leaders who use it to attack joblessness, hunger, ignorance, and disease.

Third-world elitists condemn selective foreign aid as "cultural imperialism." Nonsense. In 1979, more than 200 members of parliament from 58 countries, mostly third-world, participated in the United Nations conference on population and development. They insisted unanimously that, before multilateral progress can be made, "internal changes are necessary to assure an equitable distribution of resources and a just society within each nation." The conferees unanimously called for comprehensive health-care and family-planning programs; the deployment of paraprofessional doctors and teachers; assured access for women to education, jobs, and credit; and measures to encourage food production and labor-intensive industry in the countryside to discourage migration to overcrowded cities.

Instead of pandering to the "neo-colonial" rhetoric that the novelist V.S. Naipaul, who writes about the third world, describes as "the applauded lie," the developed countries should require southern leaders seeking foreign help to demonstrate their commitment to worthy goals. Without such commitments, the "global negotiations" endlessly discussed at Cancún can do nothing to ease the unspeakable suffering of the peoples of Asia, Africa, and South America.●

A WISE INVESTMENT IN PEACE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. DERWINSKI. Mr. Speaker, Loret Miller Ruppe, the dynamic administrator of the Peace Corps, is directing her efforts toward rejuvenating the spirit on which the Peace Corps was founded. Mrs. Ruppe's determination to effectively redevelop a viable Peace Corps program which will strengthen our foreign policy and diplomatic initiatives is shown in a recent speech she delivered in San Francisco. I wish to share her remarks which were carried in the October 22 edition of the Christian Science Monitor with you.

A WISE INVESTMENT IN PEACE

(By Loret Miller Ruppe)

There are too many people across the United States who, when Peace Corps is mentioned, say: "Oh, is that still around? I haven't heard of it in years." To say that this is a matter of concern for us would be to characterize it too lightly. It is of grave concern.

This loss of knowledge of the work of our volunteers, I fear, has made us lose several generations of potential American volunteers at a time when they are needed more than they ever were. Americans of all ages are not aware of the fact that right now there are 5,400 American volunteers working in 60 countries around the world.

They are living up to the true and basic mandate of the Peace Corps Act—promoting world peace and friendship by sharing America's talents and skills, its trained manpower, with countries who more and more are asking America for these volunteers, and who need them more now in 1981 than

in 1961 when the Peace Corps was born. They need them more because economic conditions, due to inflation, due to the energy crisis, due to growing populations and shrinking food supply, are putting world peace and survival on the line.

This is a government program that has worked. This is a cost-effective venture that you, as American taxpayers and American business people, can be proud of.

I have now had meetings with approximately 20 ambassadors, who represent extensive overseas experience. Each one has told me that they consider our Peace Corps volunteers and their work to be one of the most positive and appreciated American presences in the countries they have served in—and they ask me to keep the same number of volunteers or, better yet, send more.

Time after time, during my trip to Central and South America, identical support for the work of the Peace Corps was voiced—by presidents, ministers, local officials, health, educational, and agricultural leaders. This is truly impressive. It is a testimonial to what has been accomplished.

But when it all really hits home, is when after hours of bouncing around on dirt roads, traversing mountainsides where no such thing as a guard rail exists, you come to a small village where one or two Americans have been serving. Suddenly, the whole village assembles at the adobe schoolhouse and you join them, sitting on kindergarten chairs on a dirt floor, no glass in the window spaces, little children, old people, farmers, animals mingling as family—the entire population pours in, and a spokesperson stands up and says, "We want to thank America for this helper you have sent us. We know we are poor, but this person is helping us and our children to have a better life." How I would love to bring a film crew with me, and bring these scenes back to the American taxpayer via national television! The taxpayers deserve to know that their gift and the gift these volunteers bring is appreciated.

You'll continue to find that our program overseas has been a wise investment.

Developing countries have become the fastest growing customers of U.S. exports, tripling their purchases since 1973, and now buying more than one-third of all U.S. exports.

One out of every three acres of American farmland produces food for export, much of it to the third world. One to two million American manufacturing jobs now depend on exports to the developing countries. And conversely, developing nations currently supply us with more than 40 percent of our imports.

The U.S. is increasingly dependent on third-world countries for essential raw materials vital to our economy and security. We import from developing nations 85 percent of the bauxite required for aluminum products. We obtain 93 percent of our tin from developing countries. Our country earned more than $16 billion from our direct investments in the developing world in 1978. That same year, U.S. firms invested nearly $6 billion in that world.

Third-world development means more trade and more jobs for more Americans. When you're talking about more trade and more jobs for Americans, by helping countries develop a viable economy, which in turn makes life more livable for its citizens, then you are talking about a doubly wise investment—an economic investment and a peace investment.●

U.S.S. "LA JOLLA" COMMISSIONED

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. HUNTER. Mr. Speaker, our colleague, Congressman CLAIR BURGENER of California, recently had the honor of speaking in Groton, Conn., on the occasion of the commissioning of the U.S.S. *La Jolla*. The *La Jolla* is the Navy's newest nuclear attack submarine, and will augment the U.S. strategic umbrella serving the free world.

As ever, the gentleman from California was eloquent in his remarks to the distinguished attendees gathered in Groton. I commend his remarks to the Members of the House:

The text of Mr. BURGENER's speech follows:

REMARKS OF CLAIR W. BURGENER AT THE COMMISSIONING OF THE U.S.S. "LA JOLLA"

The commissioning of the USS La Jolla SSN 701, the nuclear powered attack submarine, is a proud day for the United States Navy—indeed for all citizens of our great nation, and an event of significance to the entire free world. It is more than a symbol, it is a product of science, engineering, and a lot of American labor, and is a vital and necessary link in the chain of defense, which we are at last forging for the defense of the free world.

A word about the name of the ship, the 14th of the Los Angeles class attack submarines. I am proud and honored to represent here today, not only the good people of La Jolla, my home town, a community which is truly "the Jewel of the Pacific," but the greater community of San Diego County, California. La Jolla is one of the most beautiful parts of the City of San Diego, a city which few would dispute is one of the great "Navy" cities of the world.

The name "La Jolla"—with Spanish pronunciation, is probably a "corruption" or "derivation" of two other Spanish words. The first is spelled "La Hoya" and means the "hollow"—a possible reference to the magnificent caves and coves along the beaches of the majestic Pacific Ocean in La Jolla. The second Spanish word is spelled "La Joya" which directly translates to "The Jewel." So, combining the two, and adding to the mix the mystery of San Diego's early Indian population, we come up with "La Jolla"—the Jewel of the Pacific. A city, a town, or community—just like a man or a woman—can spell its name any way it wants to!

I want to pay a special and richly deserved tribute to my close friend and former colleague, the Honorable Bob Wilson, former Member of Congress from San Diego, California, who is here today with his lovely wife, Shirley (who is the "sponsor" of the ship.) For Bob and Shirley this is their *third* visit to Groton for this ship, having participated in the laying of the keel, the launching, and finally today, the commissioning. Bob Wilson served with distinction for 28 years as a Member of the House Armed Services Committee, and was the ranking minority member of that important Committee, when he retired from Congress in January of this year. Not only was Bob responsible for the naming of this great ship—but far more importantly, it was his leadership that got her and a whole lot of her sister ships built. The United States Navy and the free world never had a better friend than Bob Wilson, and we all salute you, Bob, here today.

The American people, their President, and their Congress are finally giving serious attention and long overdue support to the strengthening of our military capacity—based on the very accurate perception that military strength and the will to use it if seriously provoked, is not only a route to peace—it is the only route to peace. I remember vividly my first campaign for Congress—more than a few years ago. It was a political custom in those days for the public and the press to inquire of each Congressional candidate: "Are you a hawk or a dove?" My answer: I said, "I am a dove—a heavily armed dove." The mission of the United States Navy, and all of our Armed Forces is peace—not war, and thus we have learned, I hope, from long and painful experience, that we live in a less than perfect world, and that the maintenance of peace comes with preparedness and strong alliances with other freedom loving nations of the world. As one prime example, the North Atlantic Treaty Organization, with all its historic and continuing problems, has kept the peace in Europe for more than 36 years now. That is an enviable record, and the alliance must continue and strengthen—as must our alliance with freedom loving, or freedom seeking, countries all over this rapidly shrinking world.

During my years in public office (now 23) I've had some serious discussions with people of pacifist persuasion. We disagree strongly—but hopefully have respect for each other's views. I have told them that my firm belief is that if, in 1941, this nation had been adequately prepared to defend itself, which it was *not*, we would have either:

(1) not been attacked, or

(2) could have been involved in a much shorter conflict, saving countless lives and human suffering on both sides of that tragic war.

I believe that to be true. I believe the overwhelming majority of the American people believe that to be true.

I further believe the threats to freedom are greater than ever today. One piece of evidence: When World War II ended, approximately fifty percent of this earth's people lived in what you and I would call freedom—freedom to live and work and worship and play—wherever and however one chose. Freedom to elect representatives, to assemble freely, to speak freely, to criticize one's government—and all the rest we take for granted. And today, just 36 years later, that 50 percent of the world's population who formerly enjoyed the free life has shrunk and diminished to some 20 percent. Do we really need more evidence that our way of life is seriously at risk? I believe not.

The idea is to be sufficiently strong that any possible aggressor will consider the price of attack far too high to pay—and world stability will continue.

This ship, as we all know, is costing the American taxpayers several hundred million dollars of their hard earned money. Some critics have asked me: "Wouldn't you rather spend that money on a new hospital, or schools, or any one of dozens of other more constructive purposes?" I reply, "Of course I would, but unfortunately our choices are not that simple." Because what America must and can do is build this submarine,

and the schools and the hospitals, and everything else we must have. It isn't "either/or". We have the productive capacity, the ingenuity, and the incentive system to make it all work. This great ship will help us keep not only the peace but our beloved freedom, without which peace wouldn't mean that much, and without freedom the school or the hospital would be quite a different place.

Freedom of the seas is absolutely essential to the free world. And this nation has finally recognized we really cannot keep the sea lanes open in three oceans with a one-and-a-half ocean Navy. And we need to recruit and retain—emphasis on retain—the best men and women our country has to offer, to match and maintain our incredibly successful technology. I think we have, as a Nation, finally recognized this. I hope and pray, as do all of you, there is still time.

To Captain Lang—to all the officers and men of the soon-to-be United States Ship, La Jolla—we pray fair seas—many safe cruises—and we hope you take pride and satisfaction that a grateful nation appreciates all you do for all of us.

God Speed!●

CLEAN AIR ACT

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BENEDICT. Mr. Speaker, in a third set of remarks on the Clean Air Act I submitted to my colleagues earlier this month, I pointed out the high degree of inflexibility and the maze of requirements present in the act. Pollution control requirements and specific technologies pertaining to attainment and nonattainment areas have hindered industrial growth and stability. This has happened even though many industrial plants, utilities, and businesses are capable of producing cleaner emissions if sound and reasonable pollution laws are applied.

The best example of failure to make pollution reduction progress under the present Clean Air Act involves New England Electric's conversion from imported oil to coal at their Brayton Point generating station. The present Clean Air Act requires that such a conversion, in an attainment area, is subject to preconstruction review and the applicable air pollution increment allowances. It must apply what has been determined as best available control technology (BACT) and further must achieve an additional percentage reduction in sulfur dioxide emissions through the use of scrubbers. This process and the associated technological controls would have subjected New England Electric to an estimated cost of several hundred million dollars, placing a substantial financial burden on the utility and its customers. A voluntary conversion to coal, with the associated benefits of lower emissions of sulfur dioxide and particulates and cheaper electricity, was obviously not practical under our present law.

Fortunately for the utility, its customers, and the environment, this process was avoided through exemptions to the act. Under provisions of the Energy Supply Environmental Coordination Act, the Government determined that New England Electric could replace imported oil with domestic coal. Hence the utility was mandated to convert. This mandate carries exemption to the requirements of the Clean Air Act for pollution control, although air quality standards must still be met.

By burning "washed coal" from Pennsylvania, Virginia, and West Virginia, which contains a lower average sulfur content than previously used foreign oil; utilizing electrostatic precipitators; instituting a new ash treatment system; and upgrading their coal handling equipment, the conversion was achieved, to EPA's satisfaction, at a cost of $180 million. Sulfur dioxide emissions are presently 21 percent less than before and particulate emissions have been reduced by one-third. These reductions are well within EPA's air quality standards and add significantly to improving our air quality. In addition, 12 million barrels per year of expensive foreign oil are being saved at a net savings to customers of $169 million per year.

This example clearly indicates that the demand in present law for the most advanced and costly pollution control equipment regardless of its marginal benefits for the environment actually stand in the way of this achievement. In New England Electric's conversion efforts, a move toward cleaner air and cheaper customer service came about only after a way was found to avoid the costly process and control requirements in the present Clean Air Act. New England Electric is now working to convert its South Street facility to coal. The success of this project depends on a similar exemption from the strictures of current pollution control processes and technological requirements contained in the Clean Air Act.

Current law must be changed to help facilitate this process. New construction must be encouraged and unwarranted and costly delays need to be eliminated. New source performance standards (NSPS), which are set at a level sufficient to insure progress toward cleaner air and protect public health, should remain as the basic regulation for air quality. As I mentioned in my last remarks, there is no justification, except in class I areas, for the additional requirements of the prevention of significant deterioration program in attainment areas. Preconstruction reviews and increment allowance requirements can be safely eliminated.

In dealing with nonattainment areas, the immediate need is to move as quickly as possible to modernize the industrial base. A moratorium on construction and the mechanism of offsets are self defeating because they impede the progress toward modernization and cleaner air. Since NSPS and BACT will always result in lower emissions from new, more efficient facilities, these standards should prevail. By refusing to recognize economic costs which may be exceedingly high for minimal environmental benefit, LAER in nonattainment areas has prevented useful investment in new, cleaner equipment.

Industries must be given the opportunity to modernize and expand, producing cleaner air in the process, without unreasonable and counter-productive technological constraints. Valid and acceptable alternatives to present law are available and can provide substantial progress toward our clean air goals. The need is to apply practical laws based on the demonstrated results of clean air efforts to date.●

FUTURE OF CONSUMERISM

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. GILMAN. Mr. Speaker, a conference was recently held at the University of Maryland's Center for Business and Social Policy addressing consumer issues, more specifically the "Future of Consumerism." Participation in this conference included prominent leaders of the business community, consumer groups, and interested members of the public.

One of the panels of this conference addressed the role of the business community's involvement in the area of consumer affairs. I am most pleased to insert in the RECORD an excerpt of some of the remarks of James E. Preston, executive vice president of Avon Products, Inc., which addressed many important consumer concerns, advocating cooperation and partnership between business and consumer groups.

Our 26th Congressional District of New York is proud to be the home of the oldest of the nine Avon facilities located in Suffern, N.Y., and is one of our largest private employers.

On behalf of the many Avon employees, independent representatives, and consumers who reside in my district. I am pleased to share with my colleagues the remarks of James E. Preston.

FUTURE OF CONSUMERISM

First, I must acknowledge that I am not the business community's authority or spokesperson in the field of consumer affairs. However, I am a consumer—and as such I have the same goals and concerns as everyone else in this room:

I want to be treated fairly.

I want access to adequate information regarding the products and services I use;

I expect a reasonable relationship between price and quality;

I want a guarantee expressed in plain english, and

I expect the products I use to be safe for me and the environment.

I am also a businessman, and in this role, I again have the same goals and concerns as you. We, at Avon, have a responsibility to meet the needs and expectations of the more than one and a quarter million representatives to whom we sell our products, and the more than 85 million customers they service around the world in terms of: Product safety, consumer information, quality and fair pricing, ethical and equitable personal service, guarantees, labeling, and environmental issues.

It is my view that the goals and objectives of most ethical businesses are the same as those of most consumer organizations.

Let me say that we would never attempt to influence the inner workings of any consumer organization. And, I believe our corporate self-interests are the same as the interests of our consumers; I do not see how two can be separated.

Avon, as a company, is unique in many ways. Avon's primary uniqueness is our method of distribution. As part of the direct selling industry, we have an image in the marketplace with our consumers which is subject to a different kind of scrutiny.

So, you see, it is to our advantage, as well as to our consumers', to have an educated customer, a customer who is protected from false claims, a customer who is protected from shady sales deals and techniques, a customer whose satisfaction is guaranteed. We want a marketplace which is rid of detrimental practice and charlatans.

We help, fund and support consumer groups that seek to expose frauds and fraudulent practices. In essence, we are seeking help for the benefit of our consumers, as well as for the benefit of all the reputable and ethical companies in the industry.

I will not attempt to propose guidelines for all companies and all industries to follow, but I can discuss the approach Avon has taken to support consumer organizations.

1. We have printed and distributed consumer materials. The consumer product safety commission, although not a consumer group per se, requested our help in distributing their guide on "saving energy safely". One of our consumer affairs specialists rewrote sections of their original guide, and our artists designed the layout and copy. It was agreed, up-front, that the Consumer Product Safety Commission would have final approval on the content and design of the piece. Once we received their OK, we had the piece printed and we advertised its availability through an Avon representative newsletter, which has a circulation of more than 425,000. "Saving Energy Safely" was offered free to all Representatives for their customers. To date more than 140,000 copies have been distributed. Was this project in the self interest of the Consumer Product Safety Commission? Yes. Was it in the self interest of Avon? Yes. Did it benefit Avon Representatves and customers? Yes.

2. We formed the Avon Cares Network: In September of 1980 we set up a network of consumer affairs specialists in the more than 30 countries in which we operate. Named Avon C.A.R.E.S. (the acronym for consumer and representative education specialists), the network is a formalization of the concept of consumer outreach. The Avon Cares Network specifically assigns specially trained management level individuals the responsibility for ensuring fair, equitable and prompt handling of all consumer inquiries and problems. Each specialist is linked with the Company's consumer information center at corporate headquarters in New York to ensure a consistent response to consumer questions, and access to the most current information on consumer issues. Beyond that, the specialists have the responsibility for liaison with consumer leaders in each country in which Avon does business, and are encouraged to exchange ideas and share experiences and problems. These meetings with consumer leaders have led to the formation of the Avon international consumer leader dialogues.

3. Our sponsorship of the international consumer leader dialogues: these conferences are arranged and funded by Avon, and are designed to bring together consumer leaders from various countries to discuss issues and seek solutions to consumer problems. These dialogues provide a forum for communicating on consumer issues among interested parties who are in a position to effect change.

Last year we extended an invitation to 15 West German consumer representatives to meet with U.S. consumer leaders in New York, Washington, D.C., and Ohio. The West Germans and their U.S. counterparts made all decisions regarding topics, questions and program format. Advocates of U.S. consumerism represented those from Government Agencies, Universities and the media.

Avon paid for transportation and hotel accommodations, and we functioned as the conduit for bringing the groups together.

Just last week we hosted our second international dialogue in Northampton, England, and we are making plans for two international dialogues next year: one in Mexico and one in Japan. Each dialogue has and will reflect the primary concerns of the participants.

4. Our commitment to and support of our trade association, the Direct Selling Association: The Direct Selling Association is considered one of the most progressive trade associations in terms of consumer protection and consumer education.

A very important outgrowth of the Direct Selling Association is the Direct Selling Education Foundation. Through the Foundation we participate in a number of consumer conferences in conjunction with universities and local consumer groups. These conferences, named "The Contemporary Consumer" bring together consumer educators, government, business and consumer advocates for discussions on topics of interest and concern to consumers. These conferences provide an opportunity for the four groups to get acquainted and exchange ideas.

5. We have taken membership in various consumer organizations.

6. We have supported various consumer groups' functions, such as:

Dinners and award banquets, will help raise money for the organization;

We have attended meetings and seminars. Key consumer affairs management staff have appeared on numerous consumer panels; and

We have taken exhibit booth space at consumer conventions.

7. We have given grants to support major consumer programs and events, such as national consumer education week, and the center for business and public policy at the University of Maryland.

Also, most large corporations have established foundations which have been dealing with non-profit groups for many years, and secondly, there are a number of ethical and legal guidelines we must follow regarding funding.

When we donate money to a medical school doing cancer research, we certainly do not direct or influence the researchers' work.

When we grant scholarships to students, we certainly do not tell a student what courses to take.

When we donate money to the International Red Cross, we don't tell them how to run their organizations.

Our intent and purpose is to provide a platform for communication. Any influence that Avon could have is based solely on our example, and the way we conduct ourselves. We are proud of the quality of our products, our guarantee, and the information we provide.

When working with a consumer group, or any group for that matter, we depend upon the professionalism and integrity of the individual and the organization. When we held our first international consumer leader dialogue, the U.S. consumer leaders had widely contrasting policies on the issue of funding. Some of the speakers paid all their own expenses, some required a honorarium (which also varied widely), and for some we paid their expenses.

Again, our corporate policy regarding funding is to honor the guidelines established by the consumer organizations. The answers to developing proper financial arrangements and mechanisms should rest with the consumer organization rather than the corporations.

Because Avon cares about building strong business/consumer relationships, we are reaching out to those who will join us in resolving consumer problems. We believe that in time, by bringing together those who can effect change, we will develop a blue print for action that can serve as a model for other industries.

The time for confrontation and adversarial relationships has passed. What we need now is cooperation and partnership.●

TRIBUTE TO GEORGE OTLOWSKI

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. DWYER. Mr. Speaker, New Jersey and the 15th District were privileged to have one of our own serve as grand marshal of the recent Pulaski Day festivities in New York City.

Perth Amboy Mayor George J. Otlowski held that post with distinction and grandeur, culminating a lifetime of devotion to the Polish cause. New Jerseyite can look upon his achievements with a deep sense of pride and respect.

The list of this year's grand marshal's accomplishments is a long one, including many years of dedicated service to his constituents both as

mayor of Perth Amboy and assemblyman from New Jersey's 19th District.

In his capacity as chairman of the Charitable Foundation of the Polish-American Congress, George Otlowski has been a driving force in our statewide efforts to provide badly needed medicine and food to the people of Poland during these critical months.

Pastor Robert J. Zamorski of Perth Amboy's St. Stephen's Catholic Church probably described Grand Marshal Otlowski best, commending him as a man of integrity and willingness to serve:

I have no doubt in my mind that it is because of your popularity, enthusiasm and influence that the turnout for the 1981 Pulaski Day Parade was the largest in history.

For that and much more, I rise today to join my friends in paying tribute to our good friend and statesman, George Otlowski. Pozdrowienia i dziekuje.●

LEGISLATION INTRODUCED TO AMEND LAWS ON IMMIGRATION

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. CORRADA. Mr. Speaker, today I introduced a bill which would amend the existing laws on immigration. This legislation proposes changes in refugee policies, in labor certification of legal immigrants and in the admission of third and sixth preference aliens.

The bill contains four provisions: First, it would require the Federal Government to reimburse State and local governments for the increased budgetary outlays that they are obligated to make on municipal services, such as schools, sewers, police and fire protection, due to an influx of refugees.

Second, in an effort to reduce refugee resettlement in economically distressed areas, as well as reduce the burden on those distressed areas in which such resettlement does occur, it provides the following: It requires more advance coordination and closer cooperation by the Federal Government with State and local governments; it prohibits the use of Federal funds, directly or indirectly, for the transportation of refugees to economically distressed areas; and it prohibits those voluntary religious and other nonprofit agencies engaged in refugee resettlement under Federal grant or contract from placing any refugees in such areas.

Third, it would strengthen the labor certification procedure by explicitly writing into the statute the present requirement in the regulations for a job offer from an employer in the United States as a precondition to the admission of independent nonfamily immigrants and also by including in the statute that the Secretary's certification that insufficient American workers are available for such job has to cover the entire United States, including Puerto Rico.

Fourth, it establishes a point system for the nonfamily portion of our immigration system, which would select those applicants least likely to add to any area's or indeed the Nation's economic burden. Specifically, the amendment would quantify such factors as the occupational demand for a prospective immigrant's line of work, the level of distress of the immigrant's anticipated area of residence and the immigrant's education and work experience.

Mr. Speaker, among the traditional principles of this Nation are two which are of current concern:

Our comparatively open door to those from other lands who wish to live here, and

Our compassion for those American citizens and communities suffering unusual economic hardship.

Unfortunately, these two principles come in conflict whenever new immigrants in large numbers settle in or are directed to economically distressed areas already experiencing high unemployment, high population density, and fiscally overburdened municipal services. When that happens, both future citizens and present citizens find their plight worsened and their hopes for improving their lives dimmed.

The citizens of Puerto Rico reacted last year to a proposed large-scale transfer of Cuban and Haitian refugees to our island with a mixture of compassion for those who are "tired, poor, and yearning to breathe free" and severe doubt that our island's hard-pressed communities were the best suited in the Nation to shoulder this burden of national policy. Our rate of unemployment is almost 3 times the national average, and our population density is 15 times the national average. The same dilemma has been created in many U.S. mainland communities facing substantial relocation of immigrants and refugees.

Surely, to the extent it is avoidable, no economically distressed area should be subjected to that clash of principles and additional economic strain. Congress is now reexamining our immigration laws at the President's initiative, a wise and necessary move before new immigration pressures or new waves of refugees overwhelm our present system. In order to minimize the conflict between our magnanimous tradition of immigration and our domestic economic interests, in order to better coordinate our immigration obligations with our obligation to our own unemployed, I introduced this package of immigration amendments.

This legislation would not reduce the number of legal immigrants entering the United States but would simply encourage their settlement in areas better able to offer them employment, housing, and municipal services. The Reagan administration's immigration package, which will be evaluated on its own merits, does not address this problem, but that package is in no way inconsistent with the nonpartisan legislation I am proposing.

I urge you to give this legislation your thoughtful consideration and that you will support the objectives outlined in this bill.●

ANNETTE SUSSMAN FRIEL—CUTS IN FEDERAL SUPPORT FOR HUMAN SERVICES

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. FOGLIETTA. Mr. Speaker, I wish to take this opportunity to share with my colleagues in this House a letter which I received from one of my constituents who will be unemployed as of December 31 as a result of cuts in Federal support for human service programs which we have enacted.

My office has been virtually inundated with letters protesting various budget cuts written by constituents who depend upon services which are being cut back. This letter provides a different perspective—that of an experienced and dedicated professional who is being deprived of the opportunity to make use of her skills to benefit the needy. It reads:

PHILADELPHIA, PA.,
September 27, 1981.

Hon. THOMAS FOGLIETTA,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FOGLIETTA: I have written to you several times during the past six months to register my opposition to the cuts in federal spending, particularly those affecting the human services. Having listened to President Reagan's suggestions last week for a new round of reductions in fiscal year 1982, I once again want to register my opposition.

In my previous letters I focused on the effects of the budget cutbacks on persons receiving services. In this letter, I will focus instead on the effects on the persons who have been providing these services. I will speak for myself since I have been working as a social worker for the past seven years. I am angry. I do not feel that I have been a parasite, as Mr. Reagan and his colleagues have implied, but that I have been providing a needed service to people that most of society have turned their backs upon. Now I find that I will not be able to work in my chosen field. Instead, I will be unemployed as of December 31.

I have not been passively waiting for the end of my employment. I have spent many hours sending out resumes and letters to seek other employment, particularly in the

private sector where Mr. Reagan has suggested there will be jobs to absorb people like me. The responses I have received have been few. The reactions have been that my experience in the non-profit sector does not lend itself to the private sector; that my age (32) and my sex only compound the difficulty that I will have in seeking employment. I have also been told that if I do try to make a career "change," I will have to convince a potential employer that I am willing to have to take a salary cut of nearly $10,000 in order to do so. I resent this, but I will still keep trying.

So that you may better understand my background and experience, I am enclosing my resume for reference. Perhaps you could show it to some of your colleagues. Maybe they have suggestions for people like me. I hope that they keep in mind that while I am unemployed, I will not pay taxes or be able to make purchases to help spur the economy.

Sincerely,

ANNETTE SUSSMAN FRIEL.

If any of you have any suggestions for Ms. Friel, and others in her situation, please let me know.

AMENDING IMMIGRATION LAWS

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

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Third, it would strengthen the labor certification procedure by explicitly writing into the statute the present requirement in the regulations for a job offer from an employer in the United States as a precondition to the admission of independent nonfamily immigrants and also by including in the statute that the Secretary's certification that insufficient American workers are available for such job has to cover the entire United States, including Puerto Rico.

Fourth, it establishes a point system for the nonfamily portion of our immigration system which would select those applicants least likely to add to any area's or indeed the Nation's economic burden. Specifically, the amendment would quantify such factors as the occupational demand for a prospective immigrant's line of work, the level of distress of the immigrant's anticipated area of residence and the immigrant's education and work experience.

Mr. Speaker, among the traditional principles of this Nation are two which are of current concern:

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Unfortunately, these two principles come in conflict whenever new immigrants in large numbers settle in or are directed to economically distressed areas already experiencing high unemployment, high population density and fiscally overburdened municipal services. When that happens, both future citizens and present citizens find their plight worsened and their hopes for improving their lives dimmed.

The citizens of Puerto Rico reacted last year to a proposed large-scale transfer of Cuban and Haitian refugees to our island with a mixture of compassion for those who are "tired, poor and yearning to breathe free" and severe doubt that our island's hard-pressed communities were the best suited in the Nation to shoulder this burden of national policy. Our rate of unemployment is almost 3 times the national average, and our population density is 15 times the national average. The same dilemma has been created in many U.S. mainland communities facing substantial relocation of immigrants and refugees.

Surely, to the extent it is avoidable, no economically distressed area should be subjected to that clash of principles and additional economic strain. Congress is now reexamining our immigration laws at the President's initiative, a wise and necessary move before new immigration pressures or new waves of refugees overwhelm our present system. In order to minimize the conflict between our magnanimous tradition of immigration and our domestic economic interests, in order to better coordinate our immigration obligations with our obligation to our own unemployed, I introduced this package of immigration amendments.

This legislation would not reduce the number of legal immigrants entering the United States but would simply encourage their settlement in areas better able to offer them employment, housing, and municipal services. The Reagan administration's immigration package, which will be evaluated on its own merits, does not address this problem, but that package is in no way inconsistent with the nonpartisan legislation I am proposing.

I urge you to give this legislation your thoughtful consideration and that you will support the objectives outlined in this bill.●

ARIZONA COPPER MINE VICTIM OF OVERREGULATION

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. RUDD. Mr. Speaker, the severe impact of excessive Federal regulation is felt by many industries in many regions, but today I submit to my colleagues one tragic example of the counterproductive consequences of such overregulation.

Mr. Peter Steen, president of Inspiration Consolidated Copper Co. of Phoenix, Ariz., explains in his letter to me that the heretofore productive copper smelter in Miami, Ariz., is in danger of being shut down because it cannot meet the stringent standards of the Clean Air Act even though thorough and expensive efforts have been made to comply with the law.

This is a tragedy, not only for the company and the workers in Miami, but for our Nation, as we struggle to get our economy out of the red. Inflexible and often inappropriate regulations are stifling our economic growth and the ability of our industries to compete in the world market. Mr. Steen makes some excellent suggestions for modification of the Clean Air Act. I wish to share these with my colleagues and urge thorough review of the act to remedy this situation:

INSPIRATION CONSOLIDATED COPPER CO.,
Phoenix, Ariz., October 21, 1981.

Hon. ELDON RUDD,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN RUDD: It is my intention in this letter to bring to your attention a matter which involves the economic survival of the Inspiration Copper smelter situated in Miami, Arizona.

In order to give you a clear picture of the situation and the serious economic consequences that could occur should corrective action not be taken, I will have to sacrifice brevity, and I hope you will understand and appreciate the need for such a detailed explanation.

Before Congress enacted the Clean Air Act Amendments of 1970, Inspiration Consolidated Copper Company profitably oper-

ated a custom smelter at its property in Miami, Arizona. With the passage of the amendments, it became clear that the then existing smelter, although quite functional as a production unit, would not be capable of meeting the requirements in the Act for air quality, specifically for the control of sulfur dioxide. It was also determined that modification to the existing smelter would be technically and economically infeasible.

Other copper smelters also faced this dilemma. Most others chose the "wait and see" approach and decided to accept temporary reduction of their production in order to minimize or postpone completely the major expense of installing pollution control equipment. Inspiration chose a different course and elected to construct a completely new and costly smelter using the best technology available at that time, designed specifically to meet the requirements of the Clean Air Act. A major factor in Inspiration's decision was Inspiration's belief that it would thereby be able to maintain its production cost at a competitive rate.

The new smelter, which cost $67 million, was commissioned in 1974 with a capacity of 160,000 tons of copper per annum. This capacity was necessary to enable Inspiration to remain competitive as a toll smelter. It was designed to covert 98 percent of the sulfur contained in the furnace and converter gases into plus 93 percent sulfuric acid, and thereby comply with the Clean Air Act.

In fact, the new Inspiration smelter has not enabled the Company to meet the requirements of the Clean Air Act. Despite the fact that the smelter uses the latest technology for the collection and treatment of gases, Inspiration because of internal processing changes brought about by economic necessity and the impact of the regulations has been forced to reduce its annual output from the smelter by 37 percent, or 60,000 tons of copper per year in order to comply with the federally-imposed, state-enforced air standards. In addition, it has had to spend $22,186,000 to date in additional modifications to the plant to maintain these standards.

In order to comply with the later mandate of the Clean Air Act Amendments of 1977 to meet the air standards "by constant controls alone" and to recover the capacity lost due to present state-imposed curtailment, (i.e., 160,000 t.p.a. design capacity vs. the current capacity of 100,000 t.p.a.), Inspiration will have to spend a further $102 million.

The Inspiration smelter depends heavily on toll material to maintain the required feed of concentrates to the furnace. Two major Arizona toll customers, Cities Service (Pinto Valley) and Amax, whose concentrates come from the joint Anamax operations near Tucson, make up 70% of the smelter feed requirements. The fact that the Inspiration smelter has been forced to reduce production from 160,000 to 100,000 tons of copper per annum to meet air standards has resulted in a much higher operating cost per ton, which in turn has made us one of the highest cost smelters in the country.

Both these toll customers have become dissatisfied with Inspiration's increased costs, and Amax has already served notice that it will not renew their contract after its expiration in March 1982. This material will be sent to an out of state smelter, which we know is not forced to capture any of its sulfur. This will mean a loss of 500 tons of concentrate per day to Inspiration, or 170,000 dry tons per annum.

The contract with Cities Service ends in 1984, and they have clearly indicatd that they are unhappy with current costs and are looking elsewhere for toll smelting capacity after that date. The situation with Cities Service is even more unsettling, as it is currently attempting to sell its mining operations. In the event that the Pinto Valley operations are acquired either by a foreign company which may wish to ship the concentrates to an offshore smelter or a domestic company with its own smelter, Inspiration would find it impossible to make up this loss of smelter feed from another source due to our uncompetitively high smelting costs.

Our company would also find it economically impossible to operate the smelter for our own concentrates alone, and the only alternative would be to shut the smelter operations down. This action could also jeopardize the continued operation of our rod plant. All in all 547 jobs could become redundant in the area under these circumstances.

The overall objective of the Clean Air Act is to reduce the total amount of sulfur emitted to the atmosphere, and Inspiration has done exceedingly well in this regard. In 1980 the Inspiration smelter captured 87.9% of its sulfur and converted it to sulfuric acid. This is higher than any other smelter in Arizona, and probably as high as any in the nation. It did this at an enormous cost to itself and to its toll customers who are on cost-plus contracts. It seems ironic and tragic, therefore, that an out-of-state smelter which captures none of its gases can entice certainly one, and perhaps both of our toll customers, away from us because of the fact that they are not subject to the same stringent conditions that we are.

Up until now Inspiration has not voiced its concern in this matter as we felt that by 1984 the requirements of the Clean Air Act Amendments would be enforced against all smelters so that our competitors would be forced either to follow our example or close their operations. It is apparent that these parameters may be altered by the current administration and those smelters which have not yet made any effort towards compliance may be given more time and perhaps given less stringent operating conditions.

Inspiration welcomes a more realistic application of the Clean Air Act Amendments of 1970 and 1977 and of the timing for compliance with those amendments to enable United States smelters to compete on a worldwide basis. We, nevertheless, feel that some allowance must be given to those smelters, such as Inspiration, which have made an honest effort to meet the current standards early and may have to shut down unless some relief can be provided.

So far I hope that I have been able to define the problem that Inspiration and perhaps others have regarding the Clean Air Act. I would now like to suggest what could be done to assist the Inspiration smelter, and perhaps others, stay alive. The forms of relief for individual smelters which find themselves in the same predicament that we do will tend to balance the scales and enable us to remain competitive, not only on a domestic basis but also in the world market. Briefly, these are three areas of concern to us.

1. AMBIENT AIR QUALITY STANDARDS

In the Clean Air Act, as amended, Congress has instructed the Environmental Protection Agency to review periodically each of the ambient air quality standards to assess its propriety in light of developed data. The sulfur dioxide national ambient air quality standards are now undergoing that review. While we believe that Congress intended that the review determine whether the standards are too stringent and should be relaxed, or too lenient and should be tightened, as a practical matter EPA's review focuses only on tightening. The present review is no exception and threatens to tighten the sulfur dioxide standards further. This would result in an economic disaster for Inspiration since it would result in even more stringent controls than presently exist, despite the Company's costly endeavors to meet present standards. The threatened tightening flies in the face of scientific evidence that a needlessly large margin of safety is built into the present standard. In Inspiration's view, a relaxation of the standards is needed, not a tightening.

If the air standard for sulfur dioxide is to remain at the present level or become more stringent, Inspiration should not be required to install any further controls until such time as other smelters have achieved the same degree of total sulfur capture as Inspiration does at this point in time.

2. EMISSION LIMITS TO MEET AMBIENT AIR QUALITY STANDARDS

The means established by Congress for assuring compliance with the ambient air quality standards is the stack emission limitation. The State of Arizona has proposed, and it is likely that EPA will endorse, the multipoint rollback (MPR) method of calculating emission limitations. While Inspiration has generally supported the concept of MPR, it has two serious reservations about the system. First, the standards as they are proposed for Inspiration have been improperly calculated and, if approved by EPA in their present form, would unfairly discriminate against the Company. Work of Inspiration's consultants, Rockwell International, to date indicates that arithmetical calculation errors were made in calculating Inspiration's limit and that the data used is questionable in one very critical respect. In addition, it is believed that the State did not treat Inspiration as it treated two other smelters in the State of Arizona with respect to its fugitive emissions. Although Inspiration has the worst fugitive emission problem in the state, fugitive emissions were not considered in calculating its limit. Inspiration's consultants are now performing that exercise and plan to make the results known to the State and to EPA as soon as review is complete. We are hopeful that both the state and federal agencies will favorably consider Inspiration's scientific support for recalculation of its number.

Our second reservation with respect to MPR concerns its treatment of "malfunctions." The present regulation contains no specific malfunction provision and, therefore, essentially requires that all smelters cease operations at any time when their pollution control equipment is not working properly. In fact, Inspiration and other smelters have installed some form of supplementary control system. It is a proven fact that by operating these systems during periods of pollution control equipment malfunction, these smelters are effectively able to avoid violations of the ambient air quality standards. Our record over the past year supports this argument. The money has already been spent for the control equipment,

and this capital expenditure will be wasted if smelters are forbidden to use this effective means of protecting air quality because it is not viewed as a "constant control." Any method which is effective in protecting ambient air quality standards should be endorsed by Congress.

This may be accomplished by an amendment to section 120 of the Clean Air Act to punish violations of emission limitations only when they result in a violation of the ambient air standards they are designed to protect.

3. LOCATION OF AMBIENT AIR MONITORS

Presently concentrations of pollutants in the ambient air are measured by monitors placed at points of maximum concentration. No emphasis is given to the proximity of the monitor to people, animals, or susceptible crops and plants. This fact has worked as a great hardship on the Inspiration smelter, since one monitor placed at the Jones' Ranch near Miami, Arizona, is responsible for 90% of Inspiration's lost production. That monitor is located in an uninhabited area and in an area where there are no sulfur dioxide sensitive plants. Inspiration has scientific evidence that there is no sulfur dioxide damage to the hardy desert vegetation surrounding the monitor at any time during the many years the smelter operated prior to 1972 without any means of sulfur capture whatsoever. This is amply supported by a report by Dr. Tom Barrett of A.S.U. In effect, Inspiration is being forced to lose 60,000 tons of copper production per year in order to protect hypothetical plant species which might be, but are not, grown in the area.

Inspiration would like to see monitors located based upon some showing that there is something to protect in the location of the monitor. We suggest that homes, hospitals, schools, and other sensitive areas be given priority in monitor placement and that protection for hypothetical uses be postponed until better technology is available. The copper industry is struggling to survive, and Inspiration's smelting operation is in jeopardy. We ask for your assistance in developing solutions to these problems that properly balance the nation's legitimate interest in clean air with economic reality.

Inspiration is in favor of improving air quality standards and has achieved more towards the reduction of SO_2 in the atmosphere than most other smelters in the U.S. Because of this significant fact, we are merely asking for recognition of our effort and some equity and fairness in the application of the Clean Air Act Amendments of 1970.

I appreciate the opportunity to share these concerns with you, and would be willing to meet with you or your staff to discuss this matter in more detail.

I would also deem it a favor if you could arrange a brief meeting for us with Ms. Gorsuch so that we may personally bring this matter to her attention.

It is also our intention to take this matter to the State officials at the same time.

Your help in this matter would be greatly appreciated.

Sincerely,

PETER STEEN,
President.●

AMENDING HOUSE RULE XLVII OF THE RULES OF THE HOUSE OF REPRESENTATIVES RELATING TO LIMITATIONS ON OUTSIDE EARNED INCOME

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WALGREN. Mr. Chairman, during these days of belt-tightening in the budgets of all American families and at all levels of government, I think it is wrong for the House of Representatives to increase the present limit on so-called outside earnings. We acted wisely 4 years ago in putting a reasonable limit on additional earned income for Members of Congress. There is no reason to undo it now. Yesterday, I cast my vote against House Resolution 251, which would have upped the limit; and I am pleased the House rejected the measure.

A firm ceiling on the amount Members of Congress can earn by making speeches or other activities is an important part of our code of conduct. Raising this ceiling invites conflict of interest and encourages distrust by the public. When we as Representatives receive personal income from special interest groups who also lobby on various issues, no one can determine whether the money has influenced how a Representative votes. There are many factors influencing votes—from personal views, constituent contact, to lobbyists' visits. Money from any source should not be one of them. The present limit minimizes the possibility that money can influence votes.

Second, we need a limit on outside earnings so that Congressmen will not be lured away from their official duties to lucrative speechmaking or other income-generating activities, such as outside law practices. The job of a Congressman is a full-time job. The public's business, certainly the business of the people of the 18th District of Pennsylvania, demand a full-time Congressman. We should not create incentives for Members of Congress to be away from their job.

Members of Congress are elected to represent their district and to conduct the business of Government. It is a serious, public responsibility. We are not Hollywood stars for whom fame should bring fortune. Quite simply, we should not cash in on our positions. We should not exploit the public trust.

We should develop a responsible system for considering the pay increase for Members of Congress. I did not support the recent action that made pay increases automatic for Congressman and Senators without a direct, open vote. I did not support removing the ceiling on tax deductions allowed Members for away-from-home expenses. In my view, a sensible policy would include two elements. First, a direct, open, recorded vote should be required on any pay increase. Second, any pay increase should be effective only for the next succeeding Congress. Under such a system, Members would vote in the daylight of open Government and would not be voting on their own pay but that the "office"—whoever holds it in the next Congress. These are reforms that seem esential to restore the public trust in the Congress.

The issue is one of ethics. In my view, we cannot backtrack on ethics.●

THE 1981 NOBEL PEACE PRIZE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MAZZOLI. Mr. Speaker, I want to extend my congratulations to the United Nations High Commissioner for Refugees upon its receipt of the 1981 Nobel Peace Prize.

The High Commissioner's office, headed by Poul Harting, former Prime Minister of Denmark, is deserving of this highest of honors for the work it does in protecting those millions of persons who—since the office was created in 1951—have been forced from their homelands because of war, persecution, and famine. Without the High Commissioner's efforts, the suffering of those millions would be even more acute.

The High Commissioner places top priority on repatriating the displaced person back into his or her own homeland. Only where that proves totally impossible does the U.N. High Commissioner's office attempt resettlement in the country providing first asylum or into third countries.

This emphasis on repatriation is welcome by all those nations, like the United States, which have responded over the years generously in the resettlement of refugees, but which cannot continue to resettle all the refugees streaming from their homelands.

My Subcommittee on Immigration, Refugees, and International Law looks foward to a positive working relationship with the U.N. High Commissioners' office as we pursue programs and policies to ease the plight of refugees the world over.

I am including at the end of my statement, an interview with Mr. Hartling:

[From the U.S. News & World Report, Oct. 26, 1981]

AN INSIDE LOOK AT AGENCY THAT WON NOBEL PEACE PRIZE

(The scale of its humanitarian effort is mind boggling—succoring no fewer than 25 million homeless in 30 years. And, says Commissioner Hartling, it has all been done with charity—mainly from the U.S.)

Q. Mr. Hartling, how many homeless refugees are there in the world today?

A. We count 10 million. These are people outside their own countries, and the figure does not include those who are displaced in their own homelands.

Q. Where do these 10 million refugees come from?

A. The picture has changed. In 1951, when the High Commissioner's Office was established, practically all refugees were Europeans who had been displaced as a result of World War II. There were as many as 6 million—many more if you include people who left East Germany for West Germany and who are not counted in official statistics of international refugees.

By contrast, today's refugees are almost entirely from countries of the Third World—that is to say, Asia and Africa and also Latin and Central America.

Q. Have all of those post-World War II European refugees been resettled? Has that problem been liquidated?

A. Most have been integrated. Many from the East have been resettled in the Federal Republic of Germany. Many have gone to Canada, to the United States and to other countries. Some returned to their own countries. A few from the U.S.S.R. who have been in several Latin American countries 30 or 40 years are still on our rolls. And there still are a few coming from Eastern European countries whom we take care of if we're asked. But we no longer have a significant European-refugee problem.

Q. How many refugees has your office looked after since it was established 30 years ago?

A. A few months ago, I asked some of my people to see how many refugees we have helped to become settled citizens. They said a precise figure is impossible to arrive at, but they calculate that we are talking about 25 million.

Q. Why has the focus of the refugee problem shifted from Europe to the Third World?

A. When the United Nations was created in 1945, there were 51 countries. In 1960, there were exactly 100 countries. Now there are 154. That is to say, roughly 100 new countries were created in the 50's and 60's. When you create a new country, you throw out the colonial power and you have a new government—perhaps within a few years. Sometimes you have all sorts of upheavals.

Many of the new countries are not democracies. Democracies usually will not produce refugees, because a refugee by definition is a person who is persecuted for his political opinions or his race. Many new countries are in turmoil or in difficult economic situations.

Q. Where are the principal concentrations of refugees now?

A. In three or four areas. We still have many in Southeast Asia. There are still some 50,000 boat people in the area and some 24,000 refugees from Cambodia, Laos and Vietnam waiting in Thailand for a solution of their problem. There is another major concentration in Pakistan where, according to the Pakistan government, there are well over 2 million refugees from Afghanistan.

Then, in Africa, we count some 5 million refugees in different areas. Finally, there are refugees in Latin America, coming mainly now from El Salvador.

Q. What about the Palestinians in the Middle East? Don't you count them?

A. Palestinian refugees—possibly 1.8 million—are not under my jurisdiction. When my office was created, another organization—the United Nations Relief and Works Agency—was responsible for Palestinian refugees in the Middle East. It has continued to exercise that responsibility.

Q. How do you determine who is a legitimate refugee as distinct from nomads who cross frontiers freely and claim help?

A. A clear-cut distinction is difficult. But if people cannot go back to their homes and if they suffered persecution when they were there, we count them as refugees. We give them the benefit of the doubt.

On the other hand, I would not like to be the minister of social affairs for the whole world. I cannot take care of the misery in many, many countries where you have drought, all sorts of economic depression and so on.

Q. Specifically, what is your role in dealing with the world refugee problem?

A. My responsibility as United Nations High Commissioner is to protect refugees who cross an international frontier. They have no passport. they are persecuted in their own country. They may be treated as criminals or heroes when they come across the border, but they are without papers.

The U.N. has decreed that such people shall be protected and shall have an ambassador to defend them. That ambassador is the High Commissioner for Refugees.

Q. How do you look after them—short term and long term?

A. First, we try to provide protection for the rights of refugees. A U.N. 1951 convention relating to the status of refugees that 86 countries have ratified stipulates that refugees should enjoy the rights of citizenship in the country where they are settled—the right to move, to work, to put children in school, to appear before a court, to open a shop.

In 90 countries, we have small offices that try to protect those rights. If there is harassment or a denial of these rights, we can protest, go to the authorities and talk on behalf of the U.N. We can remind a government that, as a party to the convention, it has an obligation to respect refugee rights. This can be very important to enable a refugee to survive with decency.

Now, the second thing we do and which gets the most publicity is to provide relief—try to care for the starving children and the dying mothers, the boat people on the high seas and the Afghans in the mountains, and so on and so forth.

Short term, it's a question of providing blankets, tents, food and, very often, water; also medicine, nurses, and doctors. A little longer term, its a question of primary schools so that children should not live for one or two years without having any sort of schooling.

Q. Do you try to find permanent homes for refugees?

A. We always emphasize that we are not interested solely in providing relief. We look for what we call a lasting solution. The best solution is to find a way to get people back to their original homes—to their own village, their own family, their own language, their own way of eating, their own tradition.

That's normal and good if it is possible—and it is possible very often. We have brought hundreds of thousands of people back to Mozambique, Angola, Nicaragua and Burma. Last year, 250,000 were returned to Zimbabwe alone. That was wonderful.

If refugees can't be returned to their homes, the second best solution is to settle them in the country of first asylum. Our best example is Tanzania. When refugees came from Rwanda and Burundi, we cleared the bush, put up a refugee camp, gave them some seeds, some tools and all that, and they lived there. After some time, they took care of themselves. Today, 36,000 of them have their own village—not a camp. They are no longer refugees. They are naturalized Tanzanians.

The third solution, for refugees who cannot go back home or settle in the country of first asylum, is to resettle them in another country. That's what has happened with the boat people. They cannot go back to Vietnam. They cannot be allowed to stay in Southeast Asia. So we have to arrange something else. Together with refugees from Laos and Cambodia, they have come mainly to the United States, but also to many other countries.

This is really very difficult for them, because they come with an alien language, the climate is very cold and the food is strange to them. But for the most part, they integrate.

Q. Where are most of the refugees who are being found new homes being resettled?

A. These are mostly the boat people and some from other areas. Half are going to the United States and half to the rest of the world—to traditional immigration countries like Australia, Canada, New Zealand and also to Western European countries.

But most of today's 10 million refugees—the 5 million in Africa, the 2 million in Pakistan and so on—will stay where they are. They'll have to be taken care of in the region.

Q. Have any of the Communist countries, particularly the Soviet Union and the Eastern bloc, accepted any refugees for resettlement?

A. They have taken a few thousand from Chile in the 1970s. I would also like to point out that the People's Republic of China has generously taken 250,000 from Vietnam.

Q. Do you move into a refugee situation on your own initiative as High Commissioner, or must a government invite you in?

A. If there's a question of protecting refugee rights, we move in if we receive a complaint. We look into that and see what we can do.

If we are asked by a government to lend assistance with a refugee problem, we investigate and then organize a program. We provide tents and other things they need, but never cash. We don't move in if we are not invited.

Q. How much are you spending to look after refugees?

A. We have no fixed budget. We rely on voluntary contributions. We start with the problems rather than with a budget. And we ask for contributions to deal with the problems. In 1980, we spent 497 million dollars.

Q. Who are the main contributors?

A. Most contributions come from 20 countries—namely the Western industrial countries.

Q. How about the Soviet Union and the Soviet-bloc countries? Are they generous contributors?

A. Through their general contribution to the United Nations, the Soviets contribute a modest amount to our administrative costs—about 1.2 million dollars.

Q. And the United States—how much does it contribute?

A. Twenty-five percent of the total—about 126 million dollars last year. We could also say that the rest of the world—excluding the United States—carries 75 percent of the cost.

Q. Do you do anything to dissuade governments from deliberately creating refugees—as Vietnam and Cuba have done with the boat people?

A. No, no. We are absolutely humanitarian, absolutely nonpolitical. That is important. We are accepted as being humanitarian. We are accepted in Hanoi and in Peking as well as in Somalia and Ethiopia.

Q. Is this massive refugee problem a new phenomenon, or has it existed through much of history?

A. I think there have always been refugees. If you go back to the Thirty Years' War, in 1618 to 1648, or if you go back to the Bible, you will see there have always been wars and refugees and prisoners and slaves and so on. But nobody was concerned about the problem.

What is new is that a world organization—the United Nations—has said that people who are turned out of a country or forced to leave due to persecution shall be treated as human beings. There is a paradox in this. It is still nations that create the refugees, and it is also nations that take care of them. Even nations that create refugees endorse the idea that they have rights.●

BARBARA JORDAN

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. COLLINS of Texas. Mr. Speaker, I am proud to join MICKEY LELAND as cosponsor on the bill that would rename the main post office in Houston, Tex., after Barbara Jordan. My colleague from Houston took the lead in speaking for all of us when he initiated this most deserving recognition. Those of us who served with Barbara Jordan knew her and respected her. When she spoke, everyone listened. She always had a message of substance which she delivered with clarity.

Barbara has a brilliant mind. She has a lovable personality. She is honest not only with all of us, but she is honest with herself. In MICKEY LELAND'S report, he quoted a statement she made "I am neither a black politician nor a female politician." That is certainly true. Barbara never spoke as a black or a woman, but always spoke as an American. And I was so proud that she could speak as a Texan because she spoke so eloquently in behalf of all of the citizens of our fine State. Barbara referred to herself as a politician but those of us that served with her considered her a statesman.

One time I asked Barbara where she received her dedicated inspiration. She told me about her father who worked so hard and loved his family so much. It is a challenge to parents today to provide us the Barbara Jordan's of tomorrow.

Today she provides an inspiration for the young people of the Southwest, as she serves as a professor at the University of Texas at the Lyndon B. Johnson School of Public Affairs. The imprint she left on Congress will be a part of our great congressional tradition.

Texas is proud of the great statesmen that we have had represent us in Congress. History lists with pride John Nance Garner, Sam Rayburn, Lyndon B. Johnson in the years gone by. But there is no greater pride that we all share than to recognize the living Barbara Jordan who represents Texas with great distinction.●

RAILROAD LAND GRANTS: STILL AN I.O.U.

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WILLIAMS of Montana. Mr. Speaker, the Association of American Railroads has recently published a report entitled: "Railroad Land Grants: Paid for in Full." This is a continuation—almost a half-century old now—of the railroads' effort to convince the public that the enormous land grants which the railroads received are repaid. The American public does not believe it, and neither does a majority of the Members of Congress.

I and other Members requested that the Congressional Research Service of the Library of Congress conduct a legal analysis of the subject. I was specifically interested in the land grants that formed much of the basis of the present-day Burlington Northern Railroad. Congressional Research Service has now provided the completed analysis. Its conclusion is that the railroads have not proven their paid-in-full contention; and, further, the analysis suggests some possible alternatives which the Congress may wish to pursue.

Let me briefly put this into context with regard to the Burlington Northern Railroad.

Last spring, the Burlington Northern, which is the successor to the Northern Pacific Railroad and its extensive land grants, reorganized itself into a holding company structure under which was were created many separate and financially independent subsidiaries, one of which was the railroad company and one of which was an energy company. The newly formed holding company then began a program of transferring many of the railroad's remaining land grant properties to the energy subsidiary. These lands, rich in natural resources, including coal, will raise enormous revenues which, due to holding company actions, will not be available to the railroad.

I believe Congress intended the land grants be used for the benefit of the railroad, regardless of the number of years that has passed since the date of the grants. Did Congress in the 1800's envision the railroads at some future date giving away their land grant properties to another company without 1 cent of benefit for the railroad?

The railroads, especially the Burlington Northern and the Union Pacific, are pressuring this Congress to allow them to have access to Federal coal leases, which the railroads then would combine with their own coal holdings for massive mining units—stripmines. In my judgment, that would amount to a second land grant, and one that brings no benefit to the railroad itself, but only to its holding company.

At the same time they are pushing hard for this second land grant, the Burlington Northern is preparing a massive track abandonment program. The company wants to jettison thousands of miles of track throughout its vast system—more than 500 miles in my home State of Montana alone. These abandonments, if they are allowed to occur, seem to many of us in the West and Midwest to be a breach of faith, a violation of the land grant agreement.

The aforementioned Congressional Research Service analysis suggests that Congress has a number of options available if it perceives that the railroads are not operating in a manner consistent with the conditions of the land grants. The options listed by CRS include the following:

1. Congress could, as was done in 1929, set out its concerns with respect to the holding company structure of the Burlington Northern and direct the Attorney General to bring suit to determine judicially if these company actions violate the terms and provisions of the land grants.

2. Congress could find that conditions of the land grants had been violated and revest title to some or all of the lands in the United States.

3. Congress could declare that the land grants were intended to subsidize the continued operation of the railroad and that any action on the part of the Burlington Northern that results in the segregation of the income of the land grant assets or their liquidated value from the operating expenses of the lines (or from the operating of the company's railroad functions in general) is unlawful, and provide time limits within which the company must make necessary adjustments.

4. Congress could provide in some other way for a link between the income from the land assets or their liquidated values and the company's railroad functions • • •

I have introduced H.R. 4463, the Land Grant Railroad Development Act of 1981, to raise the question of the land grants, modern holding company structures, the rail line abandonments, and the possibility of a second land grant by giving railroads access to Federal coal.

I want to encourage my colleagues here in the House to consider this bill and the Congressional Research Serv-

ice's analysis. What public service obligations persist to the railroads? What effort should the Congress take to require our railroads to operate in a manner consistent with the ideals of the land grants and in a manner that guarantees a strong, lively railroad, serving the wide needs of diverse America?●

TRADE EMBARGO ON LIBYA

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. DREIER. Mr. Speaker, today I am introducing a bill which would impose a U.S. trade embargo on Libya. I believe this measure represents an important step in creating a forceful U.S. policy of combating global terrorism.

For too long, the United States has done relatively little to respond to the dramatic increase in international terrorist activity. Bombs explode, buildings crumble and the lives of innocent victims expire in the rubble while the United States turns away from the sad fact that American dollars fund a significant portion of these depredations.

Libya in conjunction with the Soviet Union and Cuba has spawned a network of violent international criminals whose sole function is to destabilize legitimate regimes and undermine Western interests. Libya's bloodied hands can be seen in the Carribean, Central America, the Middle East, and throughout the African continent. It is the sale of oil that funds these activities and 40 percent of this commerce is with the United States. This trade can and must be stopped.

The present world oil production surplus presents the United States with a unique opportunity to wean itself from its current dependence on Libyan oil. The amount of oil we import from Libya has decreased significantly in the past year. Currently only 2.9 percent of our domestic deliveries are from this source.

Increased domestic production of oil, the development of alternate energy sources and continued savings from conservation give us a chance to free ourselves once and for all from the responsibility of filling Qadhafi's coffers.

We can make an impact if we act now. Our purchases and our technological assistance keep Libyan oil fields flowing. We have a moral imperative to close the valve and stop the flow of arms to international terrorists.●

HUMAN RIGHTS POLICY SHOULD MATCH WORDS AND DEEDS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BONKER. Mr. Speaker, this is day 282 of the Reagan administration, and the Office of Assistant Secretary for Human Rights and Humanitarian Affairs remains vacant. I would like to bring to the attention of my distinguished colleagues an excellent analysis of the current administration's human rights policy or lack of same by former Ambassador Jerome J. Shestack who brilliantly served as the U.S. Representative to the United Nations Commission on Human Rights, 1979-1980.

Ambassador Shestack writing in the Philadelphia Inquirer of September 13, 1981, states:

The State Department should appoint to relevant posts persons who are knowledgeable and committed to human rights. The Ernest Lefever appointment as Assistant Secretary for Human Rights, was a fiasco. That post is still unfilled, as are other key human rights positions. Among many new appointees, the lack of human rights knowledge is appalling but the lack of commitment is tragic.

The article follows:

HUMAN RIGHTS POLICY SHOULD MATCH WORDS AND DEEDS

(By Jerome J. Shestack)

Something odd is going on in the Department of State with respect to United States human rights policy.

Recent pronouncements by the State Department on human rights sound like an echo of the Carter administration's policy. Thus, in a recent policy statement the State Department asserts that "this administration opposes the violation of human rights whether by ally or adversary, friend or foe. Our policy . . . is one of balanced and even-handed condemnations of human rights violations whenever they occur." So far, so good.

In practice, however, these admirable standards have been ignored or violated. Unfortunately, comparing the State Department's deeds with its words reveals that more is being done for hypocrisy than for human rights.

For example, the administration is openly wooing repressive regimes in Argentina, Chile, Paraguay and Uruguay. High administration spokesmen give comfort to South Africa and publicly praise repressive rulers such as General Park Chun Doo Hwan of South Korea, Gen. Jorge Rafael Viola of Argentina, and President Ferdinand E. Marcos of the Philippines. Even the grain embargo to the Soviet Union was lifted without any easing of Soviet abuses and administration spokesmen seldom speak out forcefully any more against violations of religious freedom and other abuses in Eastern Europe.

If the State Department is sincere in seeking, as it claims, to place America "in the forefront in the struggle to advance human rights," then here are a few suggestions of ways to help make such pronouncements credible.

First, the Secretary of State should disassociate from U.N. Ambassador Jeane Kirkpatrick's proposals that we go easy on regimes that violate human rights, if they are anti-Communist. She rationalizes this on the ground that dictatorships on the right are authoritarian, which is not as bad as the totalitarianism of Communist rulers.

That kind of dichotomy is simplistic. Poland and Yugoslavia, for example, seem freer today than South Korea or Paraguay. In any event, from a human rights viewpoint, abuse is abuse, torture is torture and repression is repression, no matter who are the perpetrators. Surely, it is no solace to the mother whose son was abducted and tortured in Argentina, or to the black man banned in South Africa, that the outrage was committed by an authoritarian regime rather than a totalitarian one.

Moreover, Kirkpatrick's philosophy invariably leads to a double standard on human rights. Unfortunately, her views seem to animate much of the administration's de-emphasis of human rights, notwithstanding Secretary Haig's high-minded declarations.

Second, the State Department should be candid about the human rights abuses of repressive states. The administration wants to restore military assistance to Argentina and it supports international bank loans to Chile, Paraguay, Uruguay and South Korea. To justify such changes in policy, the administration claims that human rights violations in those countries have been dramatically reduced.

That is like saying that someone's fever has gone down from 106 degrees to 101 degrees. But, when you look at the actual thermometer, it shows 105 degrees. Improvement, yes, but still highly dangerous and hardly time to stop the treatment.

If vital national interests do require our accommodation with some repressive rulers, then identify and appraise these interests. But, don't reward repressive states on the ground that their records have significantly improved when they have not.

Third, the administration should be willing to condemn gross abuses publicly. The State Department says it prefers quiet diplomacy. Quiet diplomacy is desirable but, it is most effective when accompanied with a readiness to publicly marshall world opinion against such abuses. Further, by speaking out, we encourage the oppressed and give them hope. At the State Department today, the message is not quiet diplomacy, but silent diplomacy.

Fourth, the State Department should appoint relevant posts persons who are knowledgeable and committed to human rights. the Ernest Lefever appointment, as assistant secretary for human rights, was a fiasco. That post is still unfilled, as are other key human rights positions. Among many new appointees, the lack of human rights knowledge is appalling, but the lack of commitment is tragic.

Finally, the State Department says that if we are "to show leadership in the cause of human rights, we must lead in the first instance by our own example." Quite right. And some shining examples would be to maintain legal services for the poor, enforce desegregation, endorse an ERA amendment and support programs to aid the poor and needy. For now, the administration has failed in its "own example."

By emphasizing human rights, we meld our national ideals and our national inter-

ests. This administration does not yet appreciate that concept. Perhaps, it is still "finding its way." When it does, hopefully, it will try to close the huge gulf that now exists between its pronouncements and its performance.

(Jerome J. Shestack, a Philadelphia lawyer, was U.S. representative to the United Nations Commission on Human Rights, 1979-80.)●

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Ms. OAKAR. Mr. Speaker, I rise to express my strong opposition to the Senate-passed amendment to H.R. 4331 that would reduce, dollar-for-dollar, the $122 minimum social security benefit for retired Government employees who receive civil service pensions worth more than $300 a month.

If we allow this dollar-for-dollar reduction to take effect, between 300,000 and 500,000 government retirees—Federal, State, and local—will suffer discriminatory treatment. Surely, in a time when active and retired government employees have become sitting targets for arbitrary budget cuts, we should reassure these workers that their rightfully earned benefits will be protected. To single out retirees whose pensions are more than $300 a month ignores the fact that the $300 a month threshold is below the official poverty line.

Therefore, I urge the House, when it goes to conference with the Senate, to eliminate the Senate-passed language reducing the $122 minimum social security benefit for those retired government employees whose pensions exceed $300 a month and urge the full restoration of the minimum benefit to all retirees who are entitled to it.

Thank you, Mr. Speaker.●

HUMAN RIGHTS IN GUATEMALA

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LEACH of Iowa. Mr. Speaker, in early November, the United States is scheduled to vote at the Inter-American Development Bank on a nonbasic human needs loan for Guatemala. Guatemala, as my colleagues know, has been tragically torn by wide-scale political violence in recent years, attributable both to official Government sources as well as leftwing guerrillas.

According to section 701 of the International Financial Institutions Act (Public Law 95-118), the U.S. representatives at the IDB are authorized and instructed to oppose loans to countries whose governments are engaged in a consistent pattern of gross violations of internationally recognized human rights. Just recently, the State Department provided the Subcommittee on Human Rights and International Organizations an update on its human rights report of 1980 on Guatemala. The picture it paints is a bleak one, portraying a nation where the violence of the left has been outmatched by the violence of the right, including Government security forces. Further, the Government has not tried or convicted anyone in the past 7 months for the killings of hundreds of political figures, priests, policemen, professors, businessmen, labor leaders, students, or campesinos. Two American citizens involved in church work have been killed recently as well.

Information in the State Department's report is buttressed by information in a recent report from the Inter-American Human Rights Commission, associated with the OAS, which attributes much of the slaughter in Guatemala to Government forces.

Mr. Speaker, the U.S. Government must not turn a blind eye to the climate of political murder and terror in Guatemala nor must it excuse the evident neglect of the Guatemalan Government authorities to bring to trial even one person responsible for the numerous murders and killings. Rather, the U.S. administration ought to take very seriously its legal and moral obligations to refrain from approving nonbasic human needs loans for Guatemala until the human rights conditions there improve. Any proposed U.S. security assistance to Guatemala in the future ought also be brought under the same moral and legal considerations.

Mr. Speaker, for the benefit of my colleagues, the administration's latest human rights report on Guatemala follows:

GUATEMALA UPDATE

In the first seven months of 1981 (January to July) politically related assassinations in Guatemala outnumbered the annual totals for 1979 and 1980. An average of 200 to 250 politically motivated deaths occurred each month with a high in January of 372. Reportedly, these acts were carried out by armed extremists of the left and right, and by elements of the official government security forces. Preliminary analysis of a variety of sources indicates that killings by the right exceed those of the left. A good number of deaths cannot be reliably attributed. The situation is being carefully monitored to determine whether any effective steps have been taken to halt abuses or carry out serious investigations.

In the past seven months, not one person has been tried or convicted for the killings of hundreds of political figures, priests, policemen, professors, businessmen, labor leaders, students, or campesinos. Kidnapings of members of these same groups have averaged 25 a month. Students, labor leaders, and professors are the most common kidnap victims of the right, while businessmen and/or wealthy Guatemalans or their children are the usual kidnap victims of the left. As the result of this violence, many Guatemalans from all political persuasions have gone into self-imposed exile, or spend extensive periods out of the country for security reasons.

Violence has inhibited opposition political activity. The two official left-of-center parties, the Christian Democrats (CD) and the United Revolutionary Front (FUR) have so far not decided to present presidential candidates for the March 1982 elections. They have both stated publicly that they will likely only participate in some coalition arrangement. Four other candidates are campaigning actively.

Clearly, violence and the threat of retribution have damaged or inhibited free political expression and labor organization. In the 1981 session of the International Labor Organization (ILO) in Geneva, Guatemala was again censured for failure to respond to charges of violation of freedom of assembly. The government had been so accused in 1980 and offered no response to the ILO during the course of the year. Because of the failure to respect freedom of assembly and the violent deaths or kidnapings of at least 32 labor leaders, the democratic labor movement in Guatemala is virtually at a standstill.

Over the last 7 months, Church-government relations have worsened. A recent victim was an American, Father Stanley F. Rother, who had previously left Guatemala January 28 as the result of being placed on a "death list", returned in mid-April and was murdered in his rectory July 28. The U.S. Government has requested a complete and thorough investigation of his murder, and is continuing to make every effort to obtain a satisfactory response on this matter.

During the last few months, the Guatemalan Episcopal Conference of Bishops has published criticism of the government and asked that it resolve the kidnapping and murders of the clergy and put an end to the continued violence in the country. The government has not responded to their request but, on the other hand, has begun an investigation of Catholic schools, looking for evidence of Marxist influence. The government claimed to have killed two foreign priests on July 25 in an attack of a guerrilla hideout in Guatemala City. It was subsequently revealed that Canadian Raul Joseph Leger and the Spaniard Angel Martinez Rodrigo were not priests but had been religious lay workers. The Canadian government has requested an investigation surrounding the death of Leger. As a result of the violence affecting the Church, numerous priests and nuns have left the country over the last 6 months, some under threat.

Guerrilla activites have increased considerably over the last 7 months. Clashes of a military nature between guerrillas and the army average 10 a month throughout the country. Bombings or other acts of sabotage average approximately 35 a month. Government security forces successfully raided an estimated 25 safehouses belonging to the Organization of the People in Arms (ORPA). As a result of these raids, government forces killed 50 guerrillas and captured large amounts of weapons including recoiless rifles, grenade launchers, mortars, .50 and .30 caliber machineguns, claymore mines and numerous other weapons, medi-

cal supplies, printing presses, and other equipment.

The continuing violence in the country has had serious effects on the Guatemalan economy. Tourism is down by about 50 percent since mid-1980. Reserves are down by $200 million since January, reflecting in part a great deal of capital flight. Many U.S. companies no longer have U.S. citizens heading up their operations in Guatemala.

Despite the downward economic spiral, Guatemalans have benefited materially from the substantial progress of the economy in recent years. Over 150 health posts, 35 regional hospitals, and some 200 schools have been constructed during the Lucas administration. Two hundred and forty-one thousand persons have benefited from the government's self-initiated land distribution program in the past three and one-half years. Hand-in-hand with the land program, the Lucas government has engaged in a major literacy campaign which is aimed especially at reducing rural illiteracy. According to a recent study, between 15–20 percent of Guatemala's total population belongs to the combined middle class/elite, one of the largest concentrations of middle class/elites in Central America.●

GENETIC ENGINEERING IN AGRICULTURE

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. EVANS of Iowa. Mr. Speaker, I would like to bring to the attention of my colleagues an article that appeared in today's Christian Science Monitor. It is part of a series on biotechnology and today's article focuses on genetic engineering in agriculture. This is a particularly timely and important topic to American agriculture and I was pleased to note that the author, Robert C. Cowen, utilized the recent report of the Congressional Office of Technology Assessment in his research. It is gratifying to me that Congress research arm is being utilized to stimulate private sector research and to bring technical issues such as this to the public's attention:

[From the Christian Science Monitor, Thursday, Oct. 29, 1981]

DESIGNER GENES ON THE FARM

(By Robert C. Cowen)

"Our research leaves no doubt in my mind that today's genetic engineering threshold can only be compared to the splitting of the atom," proclaims market analyst James Murray.

They think big in Chicago, capital of the U.S. agricultural heartland, where Enrico Fermi got the first atomic reactor running 39 years ago.

Last May, Policy Research Corporation, the consulting firm that Dr. Murray heads, joined with another such firm, The Chicago Group Inc., to publish what they modestly called "An Assessment of the Global Potential of Genetic Engineering in the Agribusiness Sector." It sells for the equally modest price of $1,250 a copy.

At the time, Murray told the press it was myopic to emphasize medical and pharmaceutical applications in reporting on genetic engineering. He said he is convinced that "the dollar value of the agribusiness applications . . . could be 10 times that of medical applications. Agribusiness applications have a market potential of $50 billion to $100 billion, medical applications only $5 billion to $10 billion by the year 2000.

Other prophets of agrigenetics are somewhat less sanguine.

"The potential tantalizes the imagination," says H. O. Kunkel, dean of the College of Agriculture at Texas A&M University. "But," he adds, "remember that our agricultural system has been evolving for hundreds of years and it will be a while before genetic technologly can be incorporated." His colleague Page Morgan compares current speculation about genetically engineered crop plants to thinking about going to the moon 20 years ago. "The engineers said they had the capability, but at the time they hadn't developed the equipment to make the trip possible. That's about where we are today [with genetic engineering on the farm]," he says.

As was the case when President Kennedy set the national goal of putting astronauts on the moon, some critics are downright skeptical. Thomas N. Urban, president of Pioneer Hi-bred, a major seed supplier, has said: "Genetic engineering techniques cannot simultaneously work with large numbers of genes, which is a prerequisite for most hybrid and variety improvements. Plants have some 10,000 genes, and very few of their characteristics are controlled by a single gene. The new techniques will be helpful in speeding up our work. . . . But they won't change conventional breeding methods."

Somewhere along this spectrum, between the extremes of euphoria and doubt, lies a realistic prospect for at least a minor agricultural revolution. But to what extent it will be propelled by the exotic techniques of genetic engineering rather than by more conventional breeding and how fast it will develop are at present unclear.

"The complexity of plants and animals presents a greater challenge to advances in applied genetics than that posed by microorganisms," says the congressional Office of Technology Assessment (OTA) in a major study of the new genetics released last April. "Nevertheless," it adds, "the successful genetic manipulation of microbes has encouraged researchers in the agricultural sciences. The new tools will be used to complement, but not replace, the well-established practices of plant and animal breeding."

Winston J. Brill of the University of Wisconsin at Madison, who has been a leader in research to give grain crops such as corn the ability to fix nitrogen, is equally cautious. Reviewing the prospects for the new genetics recenty in Scientific American, he notes that, while genetic engineering may eventually lead to crop improvements or entirely new crops, so far "its most important effect has probably been on industrial laboratories, which have been alerted to the possibility of applying biological methods to agriculture." He adds, "Perhaps the most significant indicator of the revolutionary nature of the work is that almost all these laboratories have been established within the past two years."

Indeed, Brill has enough faith in that "revolutionary" work to take on a second job as scientific director for the Madison laboratory of Cetus Corporation, a major genetic engineering company. Brill will split his time between industry and university, giving up formal teaching but, he says, also giving priority to maintaining contact with students.

A hint of the possible long-term payoff of this arrangement is given by the investment firm L. E. Rothschild, Unterberg, Towbin in a recent report on Cetus. It says: "Cetus Plant Genetics is one of the new venture subsidiaries . . . It is being built around Dr. Winston Brill." Noting that "the advanced techniques of genetic engineering are just being introduced to the agricultural field," the report says, "nitrogen fixation, disease resistance, extended plant tolerance to adverse temperature and soil conditions, and new plant varieties are logical areas of research."

The work on nitrogen fixation (NIF) of Brill and others illustrates the kind of challenge agrigenetics involves. If plants could pick up nitrogen from the air, it would reduce the need for chemical nitrogen fertilizer. One way to give corn, for example, the NIF characteristic, is to induce microbes that have the capacity, either naturally or artificially, to cuddle up to corn the way they do to legumes. But making microbes work in the field, if they don't already do it naturally, is far different from using them in the chemical or pharmaceutical industries where they are held in carefully controlled vats. In the field, they have to live rough and get along with their neighbors.

Brill calls this "subtle question of the interaction of microorganisms with one another and with the biosphere as a whole" one of the major stumbling blocks in agrigenetics. He recalls an early experiment in which he inoculated a soybean field with a strain of bacterium developed in the laboratory to have higher NIF ability. It failed to perform, unable to compete with the bacteria naturally present.

Brill and his coworkers have gone on to develop strains of bacteria that can work in the soil. He is trying to develop strains of NIF bacteria that will bind to corn plants. One such bacterium, Azotobacter vinelandii looks promising. Corn now grown in the U.S. won't support this bacterium. Through selective breeding of varieties from other countries, Brill's associate, Stephen W. Ela, has begun to overcome this limitation. They now have corn that can get about 1 percent of its nitrogen from the air. Brill says they are "sufficiently encouraged by our results to try to improve that percentage."

Another way to give grain crops NIF capacity might be to introduce the necessary genes to the plants themselves. This is especially difficult. There are 17 different genes that have to be transferred—and made to work together. This involves overcoming a major biological barrier. Bacteria are what are known as "prokaryotes,"—their cells have no nuclei. All higher organisms, from yeasts to humans, are "eukaryotes"—having cells with nuclei. While single genes, including human genes, have been transferred from eukaryotes to bacteria and made to work, it is uncertain that a complex of bacterial genes could be transferred across this great biological gap and be made to work in eukaryotes.

Researchers at Cornell University, the Pasteur Institute in Paris, and the University of Paris have managed to transfer all 17 NIF genes from a bacterium to a yeast. But, as of this writing, that gene complex had yet to express itself. Commenting on this in a recent review of plant genetics, E. C. Cocking and colleagues at the University of Nottingham, England, called the possibility of these NIF genes being expressed "remote."

Even if the NIF genes were able to work in yeast this is no guarantee that they could be transferred to corn or wheat and be expressed in those plants. Again, if this were accomplished in the laboratory, there still would be the challenge of turning the laboratory tissue culture into a viable crop plant.

Broadly speaking, agricultural genetic engineers have two types of technology to work with. They can fuse cells of different species to produce hybrids with a mixture of genetic characteristics. Or they can insert copies of genes directly into the genetic instructions of a target species. That is how the "sunbean," which made headlines last summer, was formed. It was an experiment in which a French bean protein gene was transferred to a sunflower.

One way to introduce such a foreign gene is to use a natural carrier. Geneticists have been studying the bacterium *Agrobacterium tumefaciens* as such an agent. It is able to infect plant cells. Biologists at the Max Planck Institute in Cologne, West Germany, last year reported using *A. tumefaciens* to implant specific genes. But they couldn't propagate whole new plants carrying the gene. Last spring, Marc Van Montagu of the Free University of Brussels announced that his laboratory had cleared that hurdle. Whole new plants carrying an inserted gene were grown.

Then on June 29, US Secretary of Agriculture John R. Block announced similar work being done by a Department of Agriculture-University of Wisconsin team led by USDA biologist John Kemp. They used *A. tumefaciens* to insert the gene that codes for a specific protein of the French bean into sunflower cells. However, noting that the payoff from such research would likely come in the next century, Secretary Block also reported that the researchers had only a mass of sunbean tissue culture. They had yet to induce this to form viable plants.

Turning plant cells into mature plants is an uncertain business. This is another major barrier to agrigenetic engineering. "In microorganisms, the changes made on the cellular level are the goals of the manipulation. With crops, changes made on the cellular level are meaningless unless they can be reproduced in the entire plant," OTA explains. It adds. "Therefore, unless single cells in culture can be grown to mature plants that have the new, desired characteristics—a procedure which, at this time, has had limited success—the benefits of genetic engineering will not be widespread."

Such are the technical difficulties that make experts cautious in predicting the impact of genetic engineering on agriculture. In animal husbandry, there is little foreseeable benefit to be gained from the exotic new genetic techniques at this time, except for new pharmaceuticals for veterinarians.

Even with crop plants, where long-term possibilities are more evident, traditional selective breeding remains the key technology. Genetic engineers will have to cooperate closely with the plant breeders. "The new technologies may provide potentially useful tools, but they must be used in combination with classical plant breeding techniques to be effective," says OTA.

That is why the International Plant Research Institute (IPRI), a genetic engineering firm, has gotten together with Davy McKee Corporation, a major breeder, to explore the commercial use of plants not now grown as crops and commercial crops that have been improved by genetic engineering. Among other projects, they will try to double the yield of the cassava (tapioca) plant without having to use fertilizers.

IPRI hopes to improve the plant's genetics, perhaps by inserting foreign genes for disease resistance, by improving protein content, or by genetically eliminating the toxic substances the plant produces and which now must be removed by special processing. Davy McKee, for its part, will design a processing plant to turn cassava starch into the sugar fructose or into ethanol.

In this venture geneticists, plant breeders, and process engineers will be working together to plan the best way to harvest some of the fruits of the new biotechnology.

Meanwhile, if classical plant breeding is so important, some biologists are concerned that its basis is being eroded as the spreading extinction of wild plants narrows Earth's genetic resources. Winston Brill points out that according to some estimates, the extinction rate is running as high as a thousand species a year. Such losses to the gene pool are not likely to be made up by genetic engineering. Moreover, mankind could be losing valuable plant traits of which it is unaware, as well as narrowing the genetic reserves to maintain the health of present crop species.

Not all experts agree with OTA's statement that "it is uncertain how much genetic variation for improvement exists" in crop species. Thomas Urban, for one, says, "We have yet to discover any legitimate research data confirming the fears that genetic potential has plateaued." Nevertheless, a wide range of genetic resources are needed. OTA notes: "A wild melon collected in India . . . was the source of resistance to powdery mildew and prevented the destruction of California melons. A seemingly useless wheat strain from Turkey . . . was the source of genetic resistance to stripe rust when it became a problem in the Pacific Northwest. Similarly, a Peruvian species contributed 'ripe rot' resistance to American pepper plants, while a Korean cucumber strain provided high-yield production of hybrid cucumber seed for U.S. farmers." Genetic engineering is not yet ready to match the natural wealth of genetic diversity, and thus, to meet such challenges.

In spite of some efforts to build seed banks, such as the U.S. National Seed Storage Laboratory at Fort Collins, Colo., experts believe that too little is being done to preserve even the gene pool of established crop plants.

Genetic engineering has opened the prospect of a dramatic new approach to crop improvement. Yet as OTA points out, Earth's "lost genetic diversity is irreplaceable." This could turn out to be the biggest genetic challenge of all.●

SENIOR CITIZENS SAVINGS PROTECTION ACT

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. McCOLLUM. Mr. Speaker, today I introduced a bill which says that individuals age 62 or older will not have to pay any Federal income tax on dividends or interest earned on savings. My bill is called the Senior Citizens Savings Protection Act, and it is designed to help a segment of our society which has very special needs—but not enough special attention.

Senior citizens who are retired find themselves living on a decreased income during a time of high inflation—at a time when they have few means to supplement their pensions. A U.S. Labor Department study released last August showed that the yearly budget for an average urban retired couple rose 10.2 percent between 1979 and 1980. By 1980, it cost the average couple $9,434 a year to live—and that amount is based on a husband and wife age 65 or older who are assumed to be in good health and able to take care of themselves. Transportation costs alone rose 15.9 percent, while medical costs rose 12.8 percent.

Many senior citizens try to protect their hard earned savings from the ravages of inflation by placing them in high-yield interest-bearing savings accounts or money instruments. Others choose to invest in corporate stocks which pay good dividends.

The average aged person saves 25 percent of his income. In 1979 over 75 percent of all persons 65 and older had savings assets of less then $10,000. Of those persons with savings assets of less than $10,000, nearly 87 percent have less than $5,000 in total saving assets.

In 1979, income from the 1976 population statistics said that 61 percent of the aged received one-fifth of their total income from savings assets. Whereas 996,000 persons age 65 and over received 90 percent or more of their income in savings assets. Yet $870 is the average income received from savings for that group.

Traditionally older savers have invested in liquid assets such as savings and checking accounts, bonds, or stocks. Smaller savers, many of whom are older persons, are at a disadvantage because they do not qualify for savings options that provide a higher rate on their money.

In most cases senior citizens do well to just break even with inflation on their savings and it is wrong to require them to pay taxes on interest and dividends earned which are no more than a hedge against inflation.

It is my hope to someday relieve all persons—of whatever age—from paying Federal taxes on dividends or interest earned on savings. The United States is the only major industrial nation in the world that requires its citizens to pay taxes on these earnings. In recent years some inroads have been made, but they are mighty small.

Under present law, individuals may exclude from income up to $200—$400 for joint returns—in dividends and interest. After 1982, only the dividend exclusion will apply—and it will drop to $100—$200 jointly. However, persons are now eligible for a $1,000 exclusion—$2,000 per couple—for inter-

est earned on all-savers certificates, and after 1985, individuals will be allowed a 15-percent net exclusion on up to $3,000 of net interest—$6,000 on a joint return.

Until Congress does enact a law exempting everyone from Federal taxes on interest and dividends, I feel it is important that we at least exempt our senior citizens from taxation on their earnings. At a time when inflation is still ravaging our Nation, and when our social security system has both short-term and long-term problems, the Government needs to send a signal to its older Americans that it is not turning its back on their problems. In addition, I see this bill as a companion measure to the bill I introduced last week—H.R. 4826—to bring down interest rates by limiting the interest which the Federal Government can pay on Treasury bills, notes, and bonds—based on inflation—and to set a national usury ceiling indexed to the rate of inflation.

This bill and the bill I introduced last week are designed to complement the President's economic recovery program, which needs our continued support and commitment. By taking careful steps to make our economy more and more stable, we can be confident of a future less and less marred with the painful economic ups and downs which have plagued our Nation in recent decades.●

CRIME AND (NON)PUNISHMENT, U.S.A.

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. KEMP. Mr. Speaker, it is no revelation that violent crime continues to be a disruptive and destructive force in American society. Despite a great deal of posturing on the issue of law and order over the past two decades, the problem persists. In many areas, American citizens walk the streets in fear and are literally unwilling to leave their homes after dark. What is more, inner-city crime is spreading to the suburbs, casting a pall over formerly safe and tranquil neighborhoods.

Some Americans are inclined to blame high crime rates on economic conditions and inequities; to be sure, programs that encourage economic growth and job opportunities may help to deter unemployed youths from straying into crime. But the fact that most crime is committed by professional criminals and repeat offenders raises another possibility, namely that our criminal justice system is not doing the job. As a recent article in Reader's Digest shows, there have been numerous instances in which judges have set bail far too low or have meted out excessively lenient sentences to hardened criminals. In Indiana, Stephen T. Judy, arrested for armed robbery, was given a reduced bail because State law prevented prosecutors from introducing previous criminal convictions as evidence; his undeserved freedom enabled him to commit the brutal murders of Mrs. Terry Chasteen and her three children. In Baltimore, a man who murdered his girl friend's child by shoving him down a garbage disposal was set free, because he was brought before a court commissioner a mere 12 minutes after a deadline. And in New York, a man who stabbed and strangled a 22-year-old victim was set free on probation because a prison sentence would, according to Manhattan Supreme Court Justice Arthur Blyn, have "no constructive results"; the convicted killer has since been arrested again for attempted murder.

These are only a few of the examples of juridicial myopia and incompetence that Reader's Digest has assembled from newspapers across the Nation. I commend this compilation to my colleagues as a useful illustration of why so many violent criminals and repeat offenders continue to terrorize our society at will.

CRIME AND (NON)PUNISHMENT, U.S.A.

("Day by day, victims of violent crime in almost any large U.S. city outnumber the casualties of all international terrorists in any given year. . . . Why do we show such indignation over foreign terrorists and such tolerance for the domestic variety?"—CHIEF JUSTICE WARREN E. BURGER)

MOORESVILLE, IND.—An Indianapolis man who has a history of vicious attacks on women has been charged with the slayings of Mrs. Terry Chasteen and her three small children.

Only days before the murders, Stephen T. Judy, 22, had been released on bond following an arrest for armed robbery. At the time he was free on parole from the Illinois State Penitentiary. He has a long criminal record, including convictions in Indiana and Illinois for offenses similar to the abduction of Mrs. Chasteen and her children.

Police say Mrs. Chasteen's auto was stopped on an interstate highway near Indianapolis. Her bound, nude body and those of her children were later discovered in a creek near the highway.

Marion County prosecutors had opposed the reduction of Judy's bond to $7,500 at a recent hearing, but Indiana law prevented them from introducing evidence of previous criminal convictions.

"It's nonsense that he was released," declared prosecutor Stephen Goldsmith. "this is sad testimony of how our criminal-justice system has failed." [Some 16 months after this tragedy, the bond law was changed.]—*Indianapolis Star*

MIAMI.—One man charged with the killing of off-duty policeman Sgt. Alfred Terrinoni had been set free on probation the previous day despite the plea of a police officer who urged that he be jailed.

Tommie Jerome Hicks, 18, a suspect in at least three similar armed robberies, is charged with murder in connection with the death of Terrinoni as he carried night deposits from a restaurant.

Metro Dade Officer Larry Gray had arrested Hicks three months earlier for petty theft. In Hick's car police found three knives, a pellet gun, and credit cards bearing various names. Gray says he warned the prosecutors that Hicks was a suspect in several armed robberies of restaurants and was dangerous.

"Terrinoni's dead because nobody listened," Gray believes.—*Miami Herald*

CHICAGO.—For many years, on the corner of Rockwell Street and Potomac Avenue, there was a drive-in drug business.

It was no secret. No business that makes $20,000 a day could be a secret. But so brazen were the drug dealers that nothing, not even police raids, slowed them down. If arrested, they had the money—from the sales of heroin, cocaine, PCP and LSD—to post bail and return to the corner.

The police department's narcotics unit and the federal Drug Enforcement Administration filmed the operation and made buys. They spent almost $60,000 on the investigation and then arrested 23 people for selling drugs to undercover police.

That was over a year ago. Now the five leaders of the drive-in drug business have been to court. According to police, all five had previous histories of drug arrests. All five pleaded guilty to the drug-selling charges. All five were put on probation by Criminal Court Judge Robert Massey.

At Roberto Clemete High School, the students know the corner of Rockwell and Potomac well. After reading that nothing happened to the operators of the drivein, students in two English classes wrote letters to the judge.

"Your Honor," began one student, "the pushers are destroying our community. They sell drugs to young kids. If they already had criminal records, why shouldn't they be kept in jail?"

A police investigator said simply, "You wonder why drugs are our No. 1 problem?"—*Column by Anne Keegan in Chicago Tribune*

BALTIMORE.—There were photographs on the desk. "Anybody want to look?" asked Bill Swisher, State's Attorney for Balitmore.

They were baby pictures, only the baby was dead. In a courtroom across the hall, James McClain, the man convicted of killing the child, had just been released.

The baby belonged to McClain's girlfriend. She was out when a friend came to the high-rise apartment and showed McClain a picture of his girl with another man.

In his confession, McClain said, "I carried [the baby] to the garbage opening, [laid] him in [it] and just let him go." McClain was convicted of killing the child and sentenced to life behind bars.

Almost 18 months after that confession, the Court of Appeals, Maryland's highest court, ruled in another case that a defendant had to be taken before a court commissioner within 24 hours of arrest, or the state could not use any subsequent confession. McClain was not taken before a commissioner until he had given his confession—24 hours and 12 minutes after arrest.

The Court of Appeals decided to make its ruling retroactive.

So James McClain is a free man.—*Column by Michael Olesker in Baltimore Sun*

ESSEX JUNCTION, VT.—Her small body, bound and gagged, was found hidden under an abandoned mattress. Melissa Walbridge, 12, had been tortured and stabbed to death. Authorities say the assailants took "calculated actions intended to cause as much pain as possible." A companion, also 12, was sexually assulted and stabbed in the chest. Miraculously, that child survived.

Police arrested two local youths—ages 16 and 15—for aggravated sexual assault and murder.

The 16-year-old is expected to be tried as an adult this fall. At the time of the murder, he was free on a one year's suspended sentence for threatening a woman with a knife.

His 15-year-old partner, however, can be charged only with delinquency for his alleged role in the sexual assault and murder. He may be sentenced to a juvenile institution, but at age 18, he will be freed.

A Vermont law—which State Attorney General John Easton called a "license to kill"—prevented prosecuting juveniles under age 16 as adults no matter how serious the crime. It also mandated that juvenile criminals be freed with a clean record upon reaching age 18.

That's what happened in July to a young man who was 15 when he shot and killed his 63-year-old aunt and stole her car. The shooting took place less than three years ago.

He still is regarded as a danger to society by psychiatrists and prosecutors familiar with the case. But there was no legal way to hold him in custody after his 18th birthday. And he is free.

[Outrage over the Essex Junction case forced the Vermont legislature to change the law last summer so that juveniles 10 and older can be prosecuted as adults for violent crimes. But juvenile offenders already in the system will be released in accordance with the previous statute.]—*Boston Globe*

SAN FRANCISCO.—The former court appointed attorney for a California man who confessed repeatedly to a multiple murder has written the U.S. Supreme Court to protest a state Supreme Court decision that invalidated his client's confessions.

Asserted respected defense attorney James Leonard Crew, "It is difficult to understand how a system of laws conceived to protect innocent people can become twisted to give freedom to a person who deliberately kills three innocent human beings, and then confesses repeatedly to the killings."

Crew's letter involved the case of Barry Floyd Braeseke, convicted of the murders of his mother, father and grandfather. The state Supreme Court threw out the confessions and reversed Braeseke's conviction. Earlier this year the U.S. Supreme Court refused to reinstate the conviction.

The ruling attracted widespread attention, in part because, following his conviction, he again confessed to the murders. Braeseke described the slayings on the CBS program "60 Minutes"—a confession which the high court has yet to consider. He contended that the drug "angel dust" made him commit the crimes. Braeseke is now scheduled to be retried. Michael Cardoza, prosecutor in the case, concedes he may have difficulty obtaining a second conviction if the courts forbid use of the confession.

The attorney's letter drew praise from Cardoza, who said, "In effect, Crew is saying to the court, 'As an attorney, I did what I was supposed to do. But your function is to do justice, not to buy spurious arguments."—*Los Angeles Times*

WASHINGTON, D.C.—It is hard to comprehend that a man accused of shooting you is back on the streets.

Just ask one victim, an attorney who requests his name be withheld because he fears reprisal. "I am outraged and disgusted," he declares. His anger is directed at the criminal-justice system.

It was "the system" that permitted the attorney's accused assailant, 23-year-old Allen Graves, to make bond and disappear just before his scheduled trial. Graves was free on bond from another case the night the attorney was shot during a robbery. Less than a month before, Graves had been arrested for the kidnapping and robbery of one Washington woman and kidnapping and assault of another.

It was "the system" that had enabled Graves to be on the streets at the time the women were kidnapped, too. Before that attack, a jury had convicted Graves for armed robbery and assault with intent to kill. But that conviction was overturned on a technicality, and Graves was allowed to plead guilty to robbery only, and was freed on bond pending sentencing.

[He was apprehended and again permitted to plea bargain for conviction on lesser charges. Finally, he was sentenced to prison.]—*Washington Star*

MIAMI.—Within hours of arrest and arraignment, suspected drug smugglers post huge bonds and return to South America, beyond the reach of U.S. law, according to complaints by the authorities trying to stop drug trafficking here.

Documenting the need to toughen bond standards, officials cite the case of Alfredo Gutierrez, whose arrest they called the biggest cocaine bust in the nation's history.

Gutierrez was arrested in Miami when undercover agents offered him $9 million in cash for 854 pounds of coca base, which is refined into cocaine. He was charged with conspiracy to import cocaine. Bond, first set at $3 million, was reduced to $1 million. Within hours the money was delivered to the court. Needless to say, Gutierrez did not appear for trial.

Authorities insist there should be no bonds for suspected major drug smugglers, especially repeat offenders. But a bill to toughen bond standards for drug offenders has yet to be enacted by Congress.—*AP*

NEW YORK.—Manhattan Supreme Court justice Arthur Blyn has sentenced a convicted killer to five years' supervised probation because a prison sentence would have no "constructive result." Blyn—in effect—ruled that the killer's life is more important than the victim's.

We don't know of any prison sentences that produce constructive results for convicts. The purpose of a sentence is to protect society and to punish people for violating the rules of civilization. And the taking of a human life, under any circumstances, demands a severe punishment.

Sure, there were special circumstances in this case. The killer, Richard Schreiner, claimed he blacked out from too much beer and marijuana and doesn't remember tying up, then stabbing and strangling his 22-year-old victim.

By treating homicide as a venial sin, the result of a "personality disorder," Blyn—and other judges—are encouraging the current epidemic of murder and violence that is claiming a record number of our citizens. Blyn's sentence is just one of countless examples of denied justice in our criminal courts.

Laws aren't enforced. Serious crimes are too frequently plea-bargained away. Crime pays. Criminals rule our streets. We have to fight back by locking up the criminals.—*An editorial in New York Daily News*

[Less than six months after Schreiner was freed on probation, he was arrested for attempted murder in the stabbing of a 15-year-old-boy. Charges against Schreiner are pending.]●

HOUSE EXPORT TASK FORCE SUPPORTS SERVICE INDUSTRIES PROMOTION

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BONKER. Mr. Speaker, the Business, Trade and Tourism Subcommittee of the Senate Commerce Committee completed hearings last week on S. 1233—the Service Industries Development Act. This act serves as a vehicle to promote U.S. service industries and gives the Department of Commerce the lead responsibility for developing and implementing policies which will enhance the competitiveness of American service industries.

To date, our service industries have been largely overlooked because our economic projections are still based on the incorrect premise that manufacturing comprises the bulk of our economic activity and provides the largest employment opportunities. In fact, the service sector is twice the size of manufacturing in this country, representing some 60 percent of our GNP. And as we become more automated, manufacturing will provide fewer jobs, resulting in an increase, as has been the case, in service-related jobs. Manufacturing also receives greater attention because this sector is generally not as healthy as the services sector.

In 1980, the services account produced an estimated $34 to $38 billion surplus, with total services trade well over $100 billion. However, the surplus remained virtually unchanged between 1979 and 1980, a fact which does not bode well for future expansion of the services sector itself and causes considerable concern in terms of our future export potential. If we are to see continued growth in service industries, we must direct greater attention and devote more resources to this area.

Services are defined as economic outputs which are not tangible goods or structures. They include, inter alia, transportation, communications, advertising, construction, design and engineering, finance, insurance, and entertainment.

That growth in the domestic service sector has been absent of late is worrisome. We must be equally concerned, however, with the fact that our international trade position in services is being challenged. The first challenge faced by U.S. service firms abroad is growing competition due to normal economic growth and activity. Many of our service industries face strong international competition from industrialized countries and advanced developing countries. Domestic service sectors are strengthening almost everywhere overseas.

A second challenge faced by U.S. service firms comes from countries where the government assists national service firms by means that amount to unfair trade practices. This has two forms: protectionism in the nation's local market and subsidization which supports a nation's service firms in third country markets.

According to the U.S. Chamber of Commerce, the United States has the world's largest domestic service economy, has the largest service labor force, and is the largest importer and exporter of services. As we face stiffer competition abroad, a number of issues will have to be addressed. International agreements will have to be established to insure fair trade practices in services and eliminate barriers to the services trade. Such bilateral and multilateral agreements, however, may be inherently more difficult to negotiate by the very nature of service and the problems associated with reciprocity as it relates to trade in services.

While growing, only minimal attention has been directed to date to services trade in the Organization for Economic Cooperation and Development (OECD) and the General Agreement on Tariffs and Trade (GATT). The United States can and must play a lead role in international fora which discuss the services trade. We must also support our service industries at home through legislation that provides incentives to export trade such as the Export Trading Companies Act, and eliminates self-imposed disincentives such as the Foreign Corrupt Practices Act.

As chairman of the House Export Task Force, I fully support and encourage the promotion of our service industries. If we are to maintain our international trade status in services, we must act now to encourage their growth, and participate in international discussions that will insure fair trade practices. Moreover, we must see that legislation is passed that promotes export trade and provides support and assistance to the American business community.●

A BILL ON MARITIME TORTS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BIAGGI. Mr. Speaker, today I am introducing legislation that will modify the rights of certain parties under the Jones Act.

It has long been recognized that it would be arbitrary and unfair to force a U.S. seaman—injured while employed on a U.S.-owned vessel—to sue in a foreign nation merely because the injury occurred while the vessel was passing through the waters of that foreign nation. The Jones Act protects American seamen who are injured in the course of their employment by giving them a right to sue for damages at law in the United States—regardless of where their injury occurs. The courts have interpreted the law to also protect foreign seamen injured on U.S.-owned vessels—regardless of factors such as the flag of the vessel or the place of injury.

The legislation I am introducing would limit Jones Act suits by foreign nationals injured while engaging in the exploration for or production of oil, gas, or other minerals in the coastal waters adjacent to and under the jurisdiction of a foreign nation. It would amend existing law to meet new conditions and circumstances not envisioned by Congess when it sought to provide for the protection and relief of merchant seamen over 60 years ago.

Generally, if a foreign employee of a U.S.-controlled foreign corporation attempts to sue his employer for a work-related injury, our courts will examine the relationship of the parties and the facts of the case to determine whether the United States is an appropriate forum for bringing the action. The Jones Act provides a jurisdictional shortcut to a foreign seamen injured on a U.S. vessel by granting him standing to bring an action in a U.S. court.

In recent years, a substantial number of foreign offshore workers—injured while working in waters under the jurisdiction of a foreign nation—have been recovering damages from U.S. companies in U.S. courts based on the theory that they are seamen covered under the Jones Act and other maritime laws.

This legislation would eliminate this jurisdictional shortcut for foreign offshore oil and gas workers and require that these workers establish the same type of relationship to their employer that an onshore foreign worker would be required to prove.

Lawsuits brought in U.S. courts often result in recoveries far in excess of what a claimant could recover under the laws of other nations. These higher recoveries—by increasing the operating costs of American offshore operators—may place U.S. companies at a competitive disadvantage. I am certain the hearings on this legislation will fully examine the impact of these lawsuits on U.S. overseas operations.

A number of factors are cited as justification for limiting the right of foreign offshore workers to bring Jones Act suits. For example, workers engaged in offshore activities along the coast of a foreign nation differ materially from traditional seamen in that offshore workers have a forum close to the site of the injury where they can assert their claim for compensation. They generally lack the close contact with the United States that warrants granting traditional seamen almost unchallenged access to the U.S. court system.

Additionally, the offshore worker—unlike the traditional seaman—does not, during the course of his employment, pass through a number of different jurisdictions with varying legal obligations and systems.

During the drafting of this legislation, I consulted with a number of interested parties—some of whom have expressed a concern that enactment of this legislation would encourage increased employment of foreign nationals and a reduction in safety standards. Any adverse impact on overseas employment of U.S. nationals or on safety standards is of vital interest. During the hearing process, I expect to see those issues fully addressed.

Enactment of this legislation will not affect existing legal remedies of the traditional merchant seaman employed on U.S.-flag vessels or U.S. beneficially owned vessels—nor will it affect existing legal remedies of American citizens or permanent-resident aliens employed in the offshore oil and gas industry. The legislation will not change, in any way, the laws governing the remedies of persons employed on the U.S. outer continental shelf.

This legislation recognizes that other nations may have established programs to protect the interests of their workers and citizens—and that the existence of those programs should serve as a bar to litigation under the Jones Act. Where there are no programs to compensate workers or their survivors for work-related injuries, the injured party would still be allowed to utilize the jurisdictional shortcut of the Jones Act to gain access to the Federal courts.

I would like to thank Congressmen FIELDS, HUTTO, BREAUX, BOWEN, TAUZIN, FORSYTHE, SHUMWAY, and HUBBARD for joining me in cosponsoring this legislation.●

THE NATIONAL DEFENSE PORT SYSTEM ACT OF 1981

HON. ROBERT T. MATSUI
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MATSUI. Mr. Speaker, today along with VIC FAZIO, GENE CHAPPIE and cosponsors from every part of the country, I am introducing the National Defense Port System Act of 1981. We would also like to acknowledge the participation of our colleague, DON CLAUSEN, who, as ranking minority member on the Public Works Committee, cannot fairly cosponsor such a major bill which will be referred to his committee. This bill is the result of 3 months of work with a group of 52 deep-water ports from every coastal area and the Great Lakes, the U.S. Port System Advocates.

With 200 years of effort, the United States has created a national port system. This system has stimulated the economy and is an important asset for our national security. Communities have invested in landside facilities which have been matched by the navigation projects of the Federal Government. New developments threaten this partnership.

It is apparent that funding for new projects may not continue in the future, or may continue at less than 100-percent Federal participation.

Also, because of the increasing payments on the construction debt of the St. Lawrence Seaway, the deep-water ports of the Great Lakes have a decreasing ability to provide important water transportation to the Midwest.

Finally, in recent years, there has been an alarming growth in long and costly delays in the environmental permitting processes for port projects.

This legislation is designed to address these three developments.

UNIFORM USER FEES

The Department of the Treasury would establish and collect a nationally uniform schedule of fees on ships and/or cargoes in ships which draw 45 feet or less, to pay for harbor and channel projects from 14 through 45 feet in depth. A Presidentially appointed task force would recommend such a schedule to the Treasury within 6 months. The five-member task force would have representatives from ports, shippers, carriers, the Corps of Engineers and the U.S. Trade Representative. Decisions on which projects to approve would continue to be individually determined by Congress. Recreational boats and marinas would be excluded from this bill.

To pay for work deeper than 45 feet, individual ports would be given authority to do the work, to borrow funds from the Government, and to repay the loans from port-specific fees to be determined by the port, and to be charged on ships and/or cargoes on ships which draw more than 45 feet.

ST. LAWRENCE SEAWAY/GREAT LAKES PORTS

To avoid a double tax in the Midwest, the Federal Government would eliminate tolls and the remaining debt on the St. Lawrence Seaway. To put the Great Lakes ports on the same footing with coastal deepwater ports, the U.S. portion of future operations, maintenance and new construction on the St. Lawrence Seaway would be paid for from the same system as the deepwater port projects.

ENVIRONMENTAL PREDICTABILITY

A timetable for steps in all Federal environmental permits for each port project would be established through the Corps of Engineers. To the extent possible, forms and reporting procedures would be standardized among Federal agencies. There is no provision for the override of State law, diminished compliance with Federal law, or restriction on judicial review of the substance of Federal law.

The current cosponsors on this legislation are: EDWIN DERWINSKI, KIKA DE LA GARZA, PARREN MITCHELL, AUSTIN MURPHY, DON BONKER, BO GINN, NEWT GINGRICH, TOM LANTOS, SAM GIBBONS, CHARLES HATCHER, CHARLES WILSON, TOM HARTNETT, JOHN NAPIER, and WILLIAM LEHMAN. We invite additional cosponsors.

The members of the U.S. Port System Advocates are: Albany; Anacortes; Bellingham; Buffalo; Camden; Canaveral; Chicago; Cleveland; Coos Bay; Delware River Ports; Detroit; Duluth; Erie; Fort Pierce; Freeport; Georgia Ports Authority, Brunswick, Savannah; Grays Harbor; Gulfport; Humboldt Harbor; Illinois Ports; Indiana Port Commission; Jacksonville; Kalama; Longview; Lorain; Miami; Milwaukee; North Carolina Ports, Morehead City, Wilmington; Ogdensburg; Olympia; Orange; Oswego; Palm Beach; Panama City; Pensacola; Philadelphia; Port Everglades; Port Manatee; Portland, Oreg.; Redwood City; Richmond; Sacramento; South Carolina Ports, Charleston, Georgetown, Port Royal; Superior; Tampa; Toledo; Vancouver; and Wilmingon, Del.

Following is a section-by-section analysis of our bill:

Introduction: Section 1, title; section 2, findings and purposes; and Section 3, definitions.

TITLE I.—NATIONAL USER FEES—45 FEET AND SHALLOWER:

SEC. 101. Establishes task force to recommend to the Secretary of the Treasury user fees on deep draft ports to finance new navigation construction and operations and maintenance. Five-member task force would have one representative each from ports, shippers, carriers, the Corps of Engineers and the U.S. Trade Representative.

SEC. 102. Requirements on the schedule of user fees. Fees may be on commodities or on vessels, but they must be nationally uniform. The fees may be for less than 100 percent of expected construction and O. & M. costs, thereby anticipating continued Federal participation from general revenues. The task force, in recommending fees (and, subsequently, the Treasury in promulgating fees) must consider: (1) the effect on international trade; (2) the potential for diversion of cargo to foreign ports; (3) the result on competition between U.S. ports; (4) the ability of the trade to bear the rate; and (5) the total anticipated need for new construction and O. & M.

SEC. 103. Subsequent to the task force recommendation, the Secretary of the Treasury shall establish by regular rulemaking procedures a nationally uniform set of user fees. They may be for less than 100 percent of expected costs, anticipating Federal participation. Once the initial fees are established, they may not be raised or lowered more than 10 percent without reconvening the task force for further recommendations. Fees will be collected by the U.S. Customs Service.

SEC. 104. Establishment and use of trust fund. User fees from section 103 will be deposited in a port system trust fund. Standard trust fund management procedures are included, such as in the inland waterways trust fund. By authorization and appropriations acts of Congress, amounts in the trust fund will be available for: (1) new navigation construction to 45 feet or shallower; (2) O. & M. for channels and harbors 45 feet and shallower; and (3) the U.S. portion of O. & M. on the St. Lawrence Seaway and connections between the Great Lakes.

SEC. 105. St. Lawrence Seaway and Great Lakes. Eliminates the remaining debt on the original construction of the seaway upon enactment. Eliminates the collection of all tolls when fees are established under section 103. Includes the U.S. portion of O. & M. on the seaway and Great Lakes for payments from the port system trust fund. Provides interim collection of tolls for O. & M. and obligations of the Seaway Corporation other than debt service.

TITLE II.—CONSTRUCTION AND FINANCING—DEEPER THAN 45 FEET

SEC. 201. The Corps of Engineers shall give priority to channel projects deeper than 45 feet if the local port authority enters into an agreement for 100 percent local cost recovery.

SEC. 202. Permits a local port authority on its own to undertake a channel project to deepen to more than 45 feet.

SEC. 203. Permits the local authority to levy a duty of tonnage on ships drawing more than 45 feet which use the channel constructed under section 201 or 202 and financed by the port under those sections to pay for the construction.

SEC. 204. The U.S. Comptroller General periodically audits operations under section 203.

SEC. 205. Sets jurisdiction over section 204 in the local U.S. district court.

SEC. 206. Sets standard enforcement provisions for collection of duties under section 204.

TITLE III.—EXPEDITED PROCEDURE FOR APPROVAL OF NAVIGATION IMPROVEMENT PROJECTS AND RELATED LANDSIDE FACILITIES PROJECTS

SEC. 301. The Corps of Engineers, in consultation with appropriate federal agencies, will publish a schedule for completion of all decisions on permits, et cetera, for new navigation projects and construction of landside facilities related to those projects. The schedule will be published 75 days after congressional authorization of the project. The

schedule will provide that all decisions be completed within 1 year after publication. Federal agencies will consolidate their proceedings. The Corps of Engineers will monitor and be able to modify the schedule.

SEC. 302. Provides consistency with obligations of other statutes.

SEC. 303. Provides a procedure for the Corps of Engineers to investigate the reasons for other agency's failure to meet the project schedule and empowers the corps to take necessary steps to see that decisions are promptly made, including, upon completion of the investigation procedure, the power of the corps to determine compliance with federal law in lieu of the defaulting agency. (No provision is made for diminished compliance with federal law, either statutes or regulations. No provision is made for override of State law.)

SEC. 304. Establishes the time and place for seeking judicial review of actions under title III.●

PRAISE FOR PUBLIC EDUCATION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BARNES. Mr. Speaker, I would like to submit for the RECORD an editorial response to the Washington Post written by Dr. Edward Andrews who is superintendent of public schools in Montgomery County, Md. While public education has been a target of considerable criticism in recent years, many of its improvements and unique achievements unfortunately have been overlooked. Dr. Andrews' comments emphasize the positive aspects of our public school system, and call to question the validity of the negative perception which is so often publicized.

Dr. Andrews' editorial response follows:

EDITORIAL RESPONSE

"American education is in a fearsome decline," states Washington Post editorial writer Jessica Tuchman Mathews in an Oct. 13 op ed piece. To the extent that is true, much of the fault lies with the professional naysayers in the public media.

A greater percentage of those who should know best the quality of public education, the parents of public school students, think more of it than the public at large. That finding is substantiated year after year by George Gallup's annual poll of the Public's Attitudes Toward the Public Schools and by similar polls in Montgomery County. I believe that a major reason for this lack of confidence among those who don't have children in public schools is the largely negative comments they see and read in the news media.

Ms. Mathews spent most of her first commentary comparing the "Soviets' compulsory curriculum (in science and mathematics) for those finishing the equivalent of high school" with some statistics about American high school graduates' science and math preparation. The source of her American statistics isn't given, but they don't correspond at all with the facts in Montgomery County, where 23 percent of its public school students take physics, 50 percent take chemistry, 93 percent take biology, and 87 percent take general science.

Behind those Soviet/American statistics is found the essence of public education in the United States. We attempt to educate the entire population to the best of its ability—resulting in 5,100 students per 100,000 inhabitants in Northern America, compared to only 1,800 students per 100,000 inhabitants in Europe and the Soviet Union, according to UNESCO data. As a result, over 95 percent of the 6-17 year olds in the United States and Canada are enrolled in school, compared with only about 80 percent of that age group in Russia.

When citizens rather than government control the educational system, and when universal not elitist education is the goal, public schools will appear to suffer by comparison with those that can select their students.

The American system of public education has produced not only history's most well-educated citizenry, its graduates have been responsible for much of the world's scientific and technological advancement.

What public education needs today is not more damning from columnists, but a little praise for its unique achievements. Some well-deserved praise would not only raise the morale and confidence of those we entrust with teaching, it might also inspire more financial and moral support from the public.

The biggest improvements in public school science and mathematics education came, as Ms. Mathews noted, when these became national priorities after Russia launched Sputnik. If Americans want better public schools—and there is not doubt that improvements could be made—what's needed is a renewed dedication and financial commitment from citizens, not more media criticism that misleads the public and erodes confidence in one of its greatest public institutions.●

THE ADMINISTRATION'S ECONOMIC RECOVERY PROGRAM IS BEING CHANGED TO REVISE YOUR LOCAL TAXES

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. LEVITAS. Mr. Speaker, I am deeply concerned about the direction the Reagan administration is taking in implementing their "new federalism" policies. I have always supported the concept behind the "new federalism" approach; that is, the concept of turning power and authority back to our State and local governments. However, the concept of "new federalism" as proposed by this administration is something quite different. It simply means raising your local taxes. And that is why I describe their idea of "new federalism" as being neo-new federalism.

It seems that what the administration means by "new federalism" is simply turning the financial burdens of Government over to the State and local governments. This means nothing more than that State and local governments would be forced to raise taxes without additional resources. I find it hard to believe that a President who came into office on the promise of providing real tax relief for the American people would support such a plan. But that is the case. The end result is that President Reagan's program will raise you local property taxes.

In hearings before the Intergovernmental Relations Subcommittee in early October, I asked Secretary of the Interior James Watt, the administration's spokesman, about the administration's view of the new federalism. He finally admitted that in the view of the administration, the "new federalism" would mean raising local property taxes to continue necessary services.

I was shocked to see this view reconfirmed in articles appearing in the Wall Street Journal and the Washington Post on October 23, 1981. These articles report that Under Secretary of the Treasury Norman Ture said that States and local governments should raise their own taxes to compensate for Federal budget cuts even if that meant ruin for the President's economic recovery plan. Ture said, the "States aren't compelled to work with the Federal Government" for the economic recovery plan. Ture said that the resource that the State and local governments should look to is the Federal tax reduction we passed earlier this year.

As one who has generally supported the President in his efforts to cut Federal spending and relieve the tax burden of the American people, I am appalled to find that what the President's plan really means is just a shift of the burdens. Our constituents, who have been crying for Federal tax relief, are the same people who pay State and local taxes. What are we going to tell them when they see the benefits of the tax cut at the Federal level simply eaten away by tax increases at the local level over the next few years?

I do not think that is what we want to see. I do not think we want this brand of neo-new federalism which sets the Federal Government working against the State and local governments and local and State taxpayers. What I believe we need is a "new federalism" which will enhance cooperation between the different levels of government and bring everyone together in efforts to cure the economic ills of our country.

I had thought that the Kemp-Roth tax cut we passed earlier this year was to relieve the heavy burden of taxes on the people who pay them and to provide the savings and investments to spur productivity in the private sector of our economy. Now we find, to our dismay, that is not the case.

Secretary Watt tells us that neo-new federalism means raising your local

property taxes. Under Secretary Ture tells us the administration's Federal tax reduction is to be used by State and local governments to raise their taxpayers bills. That means your constituents will be paying the same or higher taxes and the funds for private sector productivity will disappear.

But it seems that is what the Reagan administration has in mind. I think you will see this clearly in the following two articles reporting on Secretary Ture's remarks:

[From the Wall Street Journal, Oct. 23, 1981]

TREASURY AIDE URGES STATE, LOCAL LEADERS TO RAISE TAXES, NOT LOOK TO U.S. FOR HELP

(By Timothy D. Schellhardt)

WASHINGTON.—The Treasury's top tax expert told state and local leaders to stop looking to the federal government for aid and to raise revenues themselves to solve their financial problems.

The official, Under Secretary Norman Ture, suggested that cash-starved states should boost their own taxes even if that would subvert the intent of President Reagan's economic recovery plan. Mr. Ture acknowledged that the administration's economic program relies on its 25% cut in federal individual tax rates through fiscal 1984 to help boost savings and investment. But, he said, "states aren't compelled to work with the federal government" in that program.

Mr. Ture made his comments at a meeting with several members of the President's Advisory Committee on Federalism. The panel is exploring ways to return federal revenue sources to states and cities as they are given control of several domestic social programs.

Panel members representing state and local governments urged administration officials to continue federal revenue sharing to local governments and to consider turning back a portion of federal income-tax receipts to them. Some members suggested that a percentage of federal corporate tax receipts be sent to state and local governments for their use.

The Reagan administration has proposed a 12% cut in revenue-sharing aid to the cities, a move that Mr. Ture strongly supported. He contended that the revenue-sharing program is "very seductive" because it disguises the tax costs to taxpayers. "Citizens should see what a progam costs and decide if they want it," he asserted.

The Treasury official suggested that the federal income-tax cuts represent the only revenue the federal government should yield to the states. He said that the tax cuts through fiscal 1984 translate into an average $2.2 billion "turnback" per state, and implied that state and local government should look to that source.

Some state and local officials said they would never be elected if they raised taxes to the degree needed to deal with their financial troubles.

In his comments, Mr. Ture painted a picture of state and local governments competing for industry and for residents through their tax and fee system. He suggested the federal government shouldn't provide any financial help for services supplied by state and local governments.

"We have a very mobile country," he asserted, indicating that under the federalism he envisions, people would decide what services they wanted from a community or state and how much they were willing to pay for them, then moving to the area best filling the bill.

That description irritated Rep. Clarence Brown (R., Ohio), a member of the committee, who said the federal government has a role in helping states and local governments financially. "We never would have opened the West if we hadn't induced people to develop the Western territories," Rep. Brown asserted.

The panel is expected to submit recommendations to the President by Dec. 31. It is considering several federal taxes as candidates for returning revenues to the states and local governments including the federal estate and gift tax, motor fuel tax, liquor and tobacco taxes.

[From the Washington Post, Oct. 23, 1981]

TAX TURNBACK TO STATES IS DONE, AIDE SAYS

(By David S. Broder)

A senior Treasury Department official said yesterday that the Reagan administration has "already substantially accomplished" all it can to make new tax sources available to state and local governments, as President Reagan has periodically promised to do.

Norman Ture, the Treasury undersecretary for tax and economic affairs, said the administration had given the states and local jurisdictions this extra taxing room through last summer's federal income tax cut that he said would provide "an average per-state turnback" or $2.24 billion when fully effective in 1984.

Ture's declaration that "we can't do much more than that" to help states and localities finance federal programs being turned over to them drew expressions of astonishment and protest from members of Congress, state legislatures, county and city governments who met as the "revenue source return subcommittee" of Reagan's advisory committee on federalism.

Richard S. Williamson, Reagan's assistant for intergovernmental relations, had opened the meeting with a long list of questions about the desirability of earmarking the proceeds of various federal taxes for state-local governments or turning those tax sources over to the states and localities. Reagan has long promised to turn back both program responsibilities and the revenue sources to sustain them.

But Ture, who would help draft any legislation the administration offered in this area, put a twist on the discussion by saying that the alternative to "returning specific revenue sources" is for the federal government to "preempt less of the revenue resources." That alternative, he said, "has already been substantially accomplished" by the three-year, 25-percent tax cut passed last summer.

He conceded that state and local officials who had to raise taxes to finance programs the federal government is dropping would not be in "an enviable position" in the short run, but insisted that "true federalism" required that the same unit of government collect the taxes as spent the money.

That triggered a wave of protests. Benjamin L. Cardin, the Democratic speaker of the Maryland House of Delegates, said that the federal tax cuts were being made to "reduce taxation, not to shift taxes to state and local governments." Indianapolis Mayor William H. Hudnut III, a Republican, said that constitutional limits on local taxes made it "difficult, if not impossible" for many cities to do what Ture was suggesting.

They and several others of both parties argued strongly against the administration's proposed 12 percent cutback in general revenue sharing with the states and cities. Rep. Clarence Brown (R-Ohio) said that reduction in the no-strings federal aid program is "absolutely inconsistent" with the president's professed desire to return authority to localities.

But Ture argued that "any kind of revenue-sharing—whatever form it takes—interferes with the efficiency and rationality of decisions made when the same unit does the taxing and spending."

Sen. David Durenberger (R-Minn.) said, "I strongly disagree," because the federal tax system offers "a much fairer way" to collect and redistribute revenues.

Cardin asked Ture what he would do about financing services "in a jurisdiction that has one-fourth the fiscal resources of the neighboring jurisdiction."

"You don't do anything," Ture said. "You decide where you want to live."

Williamson told reporters after the session that the commission would meet again to frame recommendations but said it was "hard to speculate" whether the 1983 budget would contain any revenue-return measures. "The president would like to have something we can point to, something that goes beyond what Norm says we have done. Remember," he said, "Norm Ture is expressing Norm Ture's point of view."●

AWACS SALE WILL UNDERMINE WORLD PEACE AND STABILITY

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MOFFETT. Mr. Speaker, I am deeply disappointed that the Senate has acquiesced to President Reagan's request to sell AWACS surveillance aircraft and F-15 enhancements to Saudi Arabia. In so doing, that body has put itself on record as favoring the administration's policy of placating the Saudis with sophisticated weapons, rather than tackling head-on the thorny problems of energy dependence and turmoil in the Middle East. While in the short term we may see an improvement in our relations with Saudi Arabia, the long-term effects of sending AWACS and F-15 enhancements to the Saudis, in terms of peace in the Middle East and our own national security, will be disastrous.

The United States currently operates four AWACS planes over the oilfields of Saudi Arabia. The Senate vote means that these U.S.-controlled surveillance outposts will be replaced with five Saudi-owned AWACS. Furthermore, the Saudi Air Force's offensive capabilities will be dramatically improved by the provision of our high-technology AIM 9L, Sidewinder, missiles and conformal fuel tanks which will extend the range of its F-15 fighter jets. This decision will seriously undermine U.S. interests in the Middle East.

With the signing of the Camp David agreements in September 1978, the United States committed itself to a peace process in the Middle East which would guarantee Israel's right to exist in peace and security. The Saudis have consistently opposed the Camp David peace process, lending their support to the Palestine Liberation Organization and the Arab world's call for a jihad—holy war—against Israel. It is naive to think that the AWACS sale will substantially change Saudi Arabia's approach to regional politics. The Saudi regime faces increasing agitation from Moslem fundamentalists, both within Saudi Arabia and among her Arab neighbors, who wish to see increased Saudi activism in the conflict with Israel. The ruling regime will inevitably be presented with the choice of pleasing the United States or placating domestic forces which threaten its very survival. Given the precariousness of the Saudi monarchy, it is apparent that the Saudis will not go out of their way to assist the United States when such assistance would undermine the stability of their own Government.

Rather, we can expect that this transfer of our highly advanced weapons to Saudi Arabia will actually undermine the chances for lasting peace in the Middle East. It has been clear throughout the AWACS debate that the Saudis view Israel as an enemy. Outnumbered both in population and in resource wealth by her Arab neighbors, the tiny nation of Israel can be expected to respond to the proposed arms sale by escalating her own arms program. History has taught us that as more and better weapons are introduced into a tense region, the likelihood that those weapons will be used increases. As the arsenals on each side grow, so too does the value of preemptive strikes during times of crisis, and the pressure from radical forces to use those arsenals against traditional foes. Peace would best be served by stemming the flow of arms to the region.

We are also taking the chance that sensitive arms technology may fall into the hands of our adversaries. The AWACS software core and the "smart" Sidewinder missiles are important elements of our technological edge over the Soviet Union. If the Saudi regime falls and is replaced by an unfriendly government, or if a dissident pilot flies an AWACS or an enhanced F-15 to the Soviet Union, our national security would suffer a severe setback. In 1977, Congress acquiesced to President Carter's desire to sell AWACS to the Shah of Iran. Apparently, we have learned nothing from that mistake.

Through intensive lobbying efforts—which included inducements that only a President can offer—the administration has convinced the Senate to approve this shortsighted proposal. While the administration is arming a questionable regime whose reliability as a friend and ally has yet to be established, it is disarming us in the energy arena by dismantling Government efforts to promote conservation, alternative energy development, and energy independence in general. While the administration is attempting to build a strategic consensus against the Soviet Union, it is destroying any progress we have made toward a lasting peace in the Middle East—a peace which is vital to our interests in that area. I am dismayed that the Senate has not followed the House of Representatives lead in rejecting a glaring mistake in the Reagan administration's foreign policy.●

ARLINGTON CHAMBER HONORS PUBLIC SERVANTS

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WOLF. Mr. Speaker, I would like to bring to the attention of my colleagues an annual program recently begun by the Arlington County Chamber of Commerce to recognize and honor the men and women who risk their lives to protect their community. This program is a demonstration of the appreciation felt by the business community for the dedication of the community's public servants such as policemen, firemen, and paramedics.

The six men and women who were honored recently by the Chamber have demonstrated the ideals of heroism and bravery that should be recognized. I would like to bring their names and deeds to your attention:

DEPUTY SHERIFF JAMES M. ANDERSON

On the night of Saturday, February 21, 1981, Deputy Sheriff James Anderson was escorting a juvenile offender back to his cell block. After knocking Deputy Anderson to the floor, the prisoner was joined by two or three more juveniles who began kicking Anderson in the body and head.

As Anderson was defending himself, one juvenile threw a commercial strength detergent soap solution directly into his eyes.

Although immediately blinded by the solution Anderson managed to get on his feet, hang onto his control keys, back out of the cell and lock and secure the block.

Subsequent investigation of this incident revealed a preplanned escape attempt by occupants of the juvenile block. The plan called for the deputy to be overpowered, taking his keys and escaping through the public elevators to flee to Washington, D.C.

Because of Deputy Anderson's devotion to duty, while in extreme pain and blinded, the entire juvenile block was secured and several offenders were contained in jail.

For this heroic action the Arlington Chamber of Commerce is proud to present the Valour Award Medal and Plaque to Deputy Sheriff James M. Anderson.

PARAMEDIC WALLACE COCHRAN, PARAMEDIC JAMES TRAINUM

On January 9, 1981, at approximately 8:44 A.M., paramedics Wallace Cochran and James Trainum were dispatched on a call.

Upon arrival they were met by the caller who staggered backward and collapsed. Thinking this person was the victim, Cochran and Trainum began their initial assessment, noting what appeared to be classic flu symptoms. The caller informed the paramedics that they were summoned for another occupant of the apartment. At that point the other occupant walked into the room and collapsed showing similar symptoms.

Paramedics Cochran and Trainum sensed something other than flu was involved. Their professional assessment indicated carbon monoxide in the atmosphere, but a quick search of the apartment did not indicate any potential sources of that gas.

Enroute to the hospital the second victim stated that her cat had become ill at the same time. Upon arrival at the hospital, paramedic Trainum advised the emergency room staff that he suspected carbon monoxide poisoning. Paramedic Cochran called fire communications and requested that an engine company be dispatched to the victims' home. Cochran and Trainum then returned to the scene. Fire fighters searched the basement areas and found four gas hot water heaters. Their chimneys were clogged and carbon monoxide was escaping into the apartment units.

A search was begun of adjacent apartments. The first two were found to be vacant. In the next apartment, two additional carbon monoxide victims were found and transported to the hospital. A few minutes later, three more victims were found. All displayed signs of carbon monoxide poisoning. The first two victims were admitted to the hospital. All others were released after examination. One of the first victims found was admitted to the intensive care unit, but eventually recovered.

Through the conscientious actions of paramedics Wallace Cochran and James Trainum the tragic loss of several lives was averted.

For this heroic action the Arlington Chamber of Commerce is proud to present Valour Award Medals and Plaques to paramedic Wallace Cochran and paramedic James Trainum.

OFFICER RICHARD B. ALT

At approximately 9:30 p.m. on June 8, 1981 officer Richard Alt became involved in an armed robbery that had just occurred at a McDonald's restaurant.

After demanding money at gunpoint and injuring one of the restaurant employees, the subject fled the store, carrying a white paper bag filled with money. Two McDonald's employees began a foot chase. The subject turned and fired at the employees, entered the rear area of a bank, approached an individual who was sitting in his car filling out a deposit slip, robbed the individual at gunpoint and demanded that he get out of the car. The victim of the second robbery got out of the vehicle and ran behind a building.

The subject got into the victim's vehicle, backed it over a curb and blew one of the tires.

At this point, officer Richard Alt entered the parking lot and yelled "halt, come out of the car." The subject got out of the car with his back to officer Alt, turning quickly toward officer Alt with both hands in front

of him in a typical shooting posture, with a dark object in his hands.

Officer Alt had no protection. It was a case of shoot or be shot. He shot the subject twice. The subject hit the ground, and a handgun flew out of his hands. Officer Alt reached around the subject's waistband to check for other weapons and found a white paper bag full of money.

The subject was transported to Arlington Hospital where he was treated for a gunshot wound.

The suspect's pistol, a .32 caliber Smith & Wesson (which later investigation revealed had been purchased in the District of Columbia for $25 and a quantity of drugs) was recovered as was the stolen money and the second victim's automobile.

Officer Alt is to be commended for the bravery he displayed during this incident. His action resulted in protecting the personal safety of two McDonald employees, his fellow officers, as well as his own safety.

For this heroic action the Arlington Chamber of Commerce is proud to present the Valour Award Medal and Plaque to officer Richard B. Alt.

OFFICER NOEL E. HANRAHAN

At 9:50 p.m. on January 14, 1981, officer Noel Hanrahan, while on routine patrol, noticed suspicious actions of several male subjects who had entered a McDonald's restaurant. He made a U-turn and radioed his intent to investigate.

Officer Noel Hanrahan entered through a second floor entrance, confronted two suspects near the wall, and asked "What's going on here?" A customer said "One of those guys put a gun to my head." Officer Hanrahan pushed the two suspects against the wall and inquired to ascertain who had the gun. The customer pointed to a third man near the counter.

The suspect at the counter, carrying two McDonald's bags in one hand and a handgun in the other, fled down the stairs to the restaurant's lower level with officer Hanrahan in pursuit. The suspect pointed his gun at the officer upon reaching the door to the street. At this point, officer Hanrahan fired one shot striking the bags, spilling money out over the floor.

The suspect fled into the street, again pointing the gun at officer Hanrahan, who fired one shot. The suspect jumped a wall, but officer Hanrahan caught him and placed him under arrest.

As Hanrahan and an assisting officer were walking the arrestee back, they passed a parked vehicle, engine running, with no lights on. The officers found the second suspect crouched in the front seat. Officer Hanrahan placed him under arrest.

Moments later, officer Hanrahan arrested the third suspect who had been trying to get a taxi cab ride at a nearby hotel.

In this single incident, officer Hanrahan arrested three suspects at great risk to his own life while constantly maintaining patience and dedication to duty so necessary to minimize danger to citizens in the area.

For this heroic action the Arlington Chamber of Commerce is proud to present the Valour Award Medal and Plaque to officer Noel E. Hanrahan.

OFFICER SUSAN K. BEUCHERT

At 9:20 p.m. on June 12, 1981, officer Susan Beuchert responded to a call of a disorderly female destroying property. Upon her arrival, she observed a female sitting on a roof, shouting incoherently.

Officer Beuchert was advised by witnesses at the scene that the female had been drinking, but Beuchert noticed that the female responded as if she were on drugs, shouting "repent, repent" as she moved closer to the edge of the roof.

When officer Beuchert failed in her attempts to talk the subject off the roof, and when it appeared the subject was about to jump, officer Beuchert moved from a position of safety onto an extremely small roof area to prevent the woman from jumping. She tried to restrain the woman, who resisted violently. At this point, another officer came out onto the roof to assist officer Beuchert.

Although officer Beuchert was seriously bitten by the disorderly woman several times, and was nearly pulled off the roof during the struggle which ensued, she prevented the woman from jumping. With the assistance of additional officers, the woman was brought under control and removed from the scene.

Officer Beuchert is to be commended for her unwavering bravery in moving from a safe position and in unselfishly placing the welfare of a disturbed individual before her own, even under the most difficult conditions.

For this heroic action the Arlington Chamber of Commerce is proud to present the Valour Award Medal and Plaque to officer Susan K. Beuchert.●

PLIGHT OF REFUGEES

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. HUBBARD. Mr. Speaker, Rev. Bill M. Rounsaville, pastor of the United Methodist Church, North Cadiz Circuit, Cadiz, Ky., a city that I represent in Congress, has written a very thoughtful letter to me concerning the plight of refugees who are fleeing El Salvador and Haiti. I believe that Reverend Rounsaville's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR REPRESENTATIVE HUBBARD: I am concerned about the plight of refugees who are fleeing El Salvador and Haiti. As I understand the situation in those countries, these people are fleeing from repressive right wing governments, who also just happen to be our allies.

The deportation of these individuals to their own respective countries could mean death for these persons. I am writing to ask your support of a program which would provide refugee status for Haitian refugees, "extended voluntary departure" for El Salvadorians, and appointment of a Coordinator of Refugee Affairs.

These persons are persons of value who call upon us for help. As a Christian pastor, I feel these persons are people of sacred worth. The money which our government uses to deport these people and support the repressive governments in their homelands could be used to aid their needs until they can become settled in our country.

Your support of these concerns is appreciated.

Sincerely,

REV. BILL M. ROUNSAVILLE.●

AGRICULTURAL PRODUCTION: PRESENT GAIN FOR FUTURE LOSS?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. BROWN of California. Mr. Speaker, over the last few months I have been expressing my reservations about our push to expand agricultural exports. My concern arises from a belief that we are rushing down a path, looking to expand our agricultural production, without fully considering where we are going.

First let me state that I am strongly in favor of agricultural exports and the development of markets overseas for our agricultural bounty. Our agricultural exports are one of the brightest spots in our economy and work toward offsetting the cost of our imports; notably, oil imports. My own State of California benefits from agricultural exports that totaled $4 billion in the last year reported. We have an economic need and a humanitarian duty to share our agricultural production with the rest of the world.

But we must also consider our own needs. We have a need to adequately protect the soil and water resources that we disturb and deplete in growing our crops. We have a responsibility to guarantee, for ourselves and our overseas customers, our ability to continue to supply agricultural products. And, we have a charge to pass on to future generations the resources adequate for their success.

I ran across an article in a recent issue of Feedstuffs which causes me to again express my reservations about whether we fully realize where we are headed in the agriculture sector. The article, which is reprinted below, predicts a possible decline of $970 million in agricultural production in the Midwest over the next 10 years because of decreased use of irrigation in the Ogallala aquifer region. The study upon which the article is based, done at Iowa State University, concludes that declining water tables and increasing energy costs will cause irrigation agriculture to become increasingly uneconomical in parts of this region. The return to dryland farming will decrease yields and increase vulnerability to weather conditions. Also, agricultural production may shift out of this region into other regions less dependent upon irrigation.

Agricultural exports are not responsible for the decline of the Ogallala aquifer, but expanded production stimulated by the export boom has certainly required accelerated use of the region's groundwater. And the decline in production volume from this region may affect the amount of grain

available for export. In any case, absent some action today, the benefits of an expanded export market will be of little use to this region's farmers if they are forced under by water limitations.

This study reveals a decline to one part of our agricultural production base caused by a decline in one natural resource, water. Add to this increasing diversions of water to nonagricultural uses in other regions of the arid West. Add to this soil lost by wind and water erosion at rates that rival the Dust Bowl days. Add to this the production acreage lost to housing, industrial expansion, highways, and the like. Soon these individual fractional losses of production combine to become a significant national concern.

It is not very reassuring to hear the same circular series of statements being made by the Secretary of Agriculture upon the release of the RCA study. The study, mandated by the Soil and Water Resource Conservation Act of 1977, concludes that there is a soil and water conservation crisis facing us at a time when Federal funds are not available to deal with the problem. I certainly welcome the Secretary to my state of confusion, and I pledge my assistance to him in trying to find a way out of our mutual confused state.

Until I perceive a course of action that will allow us to deal with this situation, I will continue to express my doubts about our apparently undirected actions on farm policy. I hope that my colleagues will take the time to read the following article and reflect on the future of American agriculture.

When I express my reservations about unqualified calls for increased AG exports, I am not antiexport. Rather, my concern is that we are not doing enough to reinvest our export profits back into land and water resource conservation. My concern is that we don't know enough about the present state of our production base, let alone its future, to properly invest these funds even if they were available. And with budget reductions certain to continue, the existence of adequate Government funds to conduct needed resource research and conservation programs is in serious doubt.

We have always counted on the farmer to take care of our agricultural soil and water base for us. The Federal Government has provided cost-sharing funds through its conservation programs, but the farmer and county conservation committees have been the people responsible for maintaining the quality of our soil and water resources on a daily basis. But in the midst of our AG export explosion, farm incomes are dropping and farmers cannot afford to divert income from production to conservation. And even in the best of times, individual farmers could not cope with a problem of the magnitude that the Feedstuffs article details. Add to the Ogallala problem some of the other resource problems outlined above and the true scope of the task before us becomes apparent.

Profits generated by agriculture concentrate off of the farm, to people who depend on our resource base but have no direct responsibility to protect it. Railroad and trucking companies move our AG products to storage facilities, and make money from farm production. Grain elevators and warehouses, port terminals, export agents, trading companies, shipping companies, insurance and bonding companies—all of these groups make money from farm production moving in domestic and international trade. Yet none of these entities have a responsibility to invest some of their profits back on the farm to insure their continued prosperity. Who then will be making the resource base reinvestments that expanded AG production will require?

The wandering nature of this discussion mirrors the confusion that I feel. This uncertainty causes me to hesitate before giving an unqualified endorsement to expanded agricultural production, whether for domestic or international consumption. We see reports, such as the article below, about resource limitations which will be occuring in the near future. These limitations can be overcome, or at least mitigated, with proper research initiated today and expanded conservation programs being instituted to apply this research on the farm. But the money is not available to fund this expanded effort, at least in the Federal Government. And the people who profit most from our agricultural production have no responsibility to invest in the conservation of our soil and water base. Where is the solution to this complicated problem?

FARM PRODUCTION DECLINE SEEN FOR OGALLALA REGION

AMES, IOWA.—Iowa and other crop-producing states stand to benefit within 10 years as rising fuel costs and falling water tables limit irrigation in the Ogallala Aquifer region, according to a recent report.

Stretching from the Nebraska-South Dakota border to the Texas Panhandle, the region's value of farm production could decline up to $970 million in 1990 and around $212 million in 2000, based on a study by the Center for Agricultural & Rural Development at Iowa State University.

Regional impacts of groundwater mining from the Ogallala Aquifer with increasing energy prices 1990 and 2000 considers factors such as crops, prices, land, production uses, resources, fuel costs, irrigation options, population, exports, income and yields to develop a programming model. The model includes the 48 contiguous states and divides the Ogallala region into three areas—north, south and central.

The report is not a prediction or projection but instead is a comparison of results demonstrating changes in price or environment.

The findings by authors Cameron Short, Anthony F. Turhollow Jr. and Kun C. Lee, ISU graduate students, and Earl O. Heady, ISU professor of agriculture and economics include:

A decline in agriculture production in the Ogallala region because of a falling water table will result in adverse effects on farm income and economic activity in the area.

A large portion of the irrigation in the Ogallala region is a marginal activity compared with alternative methods of production possible under the present and foreseeable framework of energy prices.

Rising energy costs will require more adjustments by farmers in the region than the falling water table will cause.

Neglecting adjustment costs, farmers may benefit from rising energy prices if demands remain unchanged for agricultural commodities.

Wells into the Ogallala have withdrawn water at a rate faster than the aquifer can be recharged. In some Texas counties the withdrawal rate is 10 times the recharge rate. An additional 2 gal. of diesel fuel per year is required to spread 2 ft. of water over an acre of land as the water table declines by 10 ft. Declines of nearly 4 ft. per year have occurred in the southern high plains of Texas.

The report studies the effects of three different energy and demand scenarios for the year 1990 and two scenarios for the year 2000.

As energy prices increase in the 1990 scenario, the study showed a dramatic decline in land irrigated by water pumped from the aquifer. Ogallala irrigation would decline 43.5 percent, with non-irrigated crop production increasing 8.9 percent as farmers shift to dryland crop production.

The study and the brunt of the impact will be felt by the North Ogallala with a 66% decline. The area includes much of Nebraska, the northwestern corner of Kansas and the northeastern edge of Colorado. Irrigation in the South Ogallala, which includes northern Texas and southeastern New Mexico, will fall 44%. The Central Ogallala, which covers southwestern Kansas, the Oklahoma Panhandle and the northern tip of the Texas Panhandle, will suffer a slight loss because most wells are less than 100 ft. deep.

The trend is repeated in the year 2000 scenario, as the Ogallala region suffers a 40.9% drop in irrigated land. The South Ogallala tends to be fairly stable in 2000 scenario.

The effect on the region's economy with just a moderate energy price hike would be substantial. The value of farm production for the entire Ogallala region could plummet $978 million in the 1990 scenario. The North Ogallala would lose $578 million, the South $321.7 million and the Central $78 million. In the 2000 scenario, the Ogallala Region could lose $212 million, with the North losing $79.4 million, the South $18.7 million and the Central $114.6 million.

The energy price hike combined with water table declines could lead to the depletion of 1.05 million acres of crop irrigation, the study indicated. As water tables fall, the aquifer would be too thin or the depth too deep to support irrigation.

Farm incomes could tumble as much as $53 million as irrigation acreage shrinks, according to the report. Farmers in the South Ogallala would suffer the most because of the greater advantages of irrigation over dryland farming.

As energy prices increase, production will be transferred from the Ogallala region to

states like Iowa in both the 1990 and 2000 scenarios. Ogallala production would fall 8.7% in the 1990 scenario, while other areas would gain 4%. In the 2000 scenario, production in the Ogallala would drop about 1.9% while other regions would gain 3%.

As economic activity increased in other crop-producing regions, the Ogallala region would suffer. The impact would be pronounced because of the region's dependence on agriculture, according to the study. The decline would be greatest in 1990 when the region is using more irrigation. In the 2000 scenario the region's economy will be more like the rest of the nation, with less dependence on irrigation.

"The appropriate political response, therefore, should focus on making more efficient use of Ogallala water, reducing energy needs associated with irrigation, and encouraging alternate industries not heavily based on water to substitute for the decline in agricultural production based on irrigation," the report concluded. "The changes should be anticipated and facilitated."●

ROCCO J. MARANO, PRESIDENT OF NEW JERSEY BELL

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. MINISH. Mr. Speaker, on October 9, I was privileged to attend the annual Columbus Day dinner of the Columbian Foundation in New Jersey. That traditional occasion for those of us of Italian descent was enhanced this year by the news that Mr. Rocco J. Marano, the first Italian American to become president of a telephone company, was to be our guest of honor. Our particular pride in the achievements of one from our community was matched by the pleasure of giving recognition to a fine human being.

Mr. Marano was fortunate on this occasion to be introduced by another distinguished Italian American known for his business and his philanthropic achievements, Mr. Vincent Visceglia. I would like to preserve in the RECORD Mr. Visceglia's remarks on this occasion:

ADDRESS GIVEN BY VINCENT VISCEGLIA, CHAIRMAN OF THE BOARD OF SUMMIT ASSOCIATES INC.

Since 1941, at the annual Columbian Foundation dinner celebrating the discovery of America by the courageous Italian genius, Cristoforo Colombo, we have given an award to a man of distinction and importance. This year we are honoring Rocco J. Marano, the president of New Jersey Bell Telephone Company.

Mr. Marano is a graduate of Fordham's Business and Law Schools. Graduating in law and in business administration is a good combination in higher learning. Equipped with ample education and, coupled with his superior intelligence and a strong will to forge ahead, Mr. Marano is now one of the best executives in the country!

He began his phenomenal career with the New Jersey Telephone Company in 1953, where he had executive experience in accounting; in 1968 he became comptroller and Vice President of Personnel of New Jersey Bell; in 1974 was Vice President of Finance of the New York Telephone and two years later Chief Operating Officer. Two years ago he returned to New Jersey Bell, and last year he became the President of that company, with two and one half billion dollars of business and with over 30,000 employees.

Mr. Marano is a trustee of St. Peter's College, of Equitable Life Mortgage, a director of the New Jersey State Chamber of Commerce and of the First National State Bank of New Jersey, is a member of the New York State Bar and of the Archbishop's Committee of the Laity, Archdiocese of Newark.

Mr. Marano is a man endowed with great talent, with a mental capacity well able to be the head of a multibillion dollar company, where, being an authority in law, accounting, finance, personnel and industrial relations, makes him highly qualified as a chief executive officer.

Mr. Marano not only fulfills his great responsibilities of President of New Jersey Bell with remarkable achievements, but finds the time to do more, as for instance, when he recently accepted the State Chairmanship of the New Jersey Committee for Water Resource Bonds, and he has the care to inspire the voters to support those bonds in November, to assure plentiful and pure water supplies for our beloved State.

Mr. Marano, a humble, unassuming gentleman, is one of the most outstanding corporate national leaders, with the ability to mentally remove the fog of a difficult problem or situation and see clearly the right solution or recommendation. Not only is he able to make very good decisions, but he knows how those decisions should be implemented. And that is the real test of a top executive in business.

Mr. Marano is still young and vigorous; has the knowledge, the training, the capabilities and a personal magic of leadership to go still farther in his career, and he will. That is our wish.

It is a great privilege and honor for me to present Rocco J. Marano, the distingushed gentleman chosen to receive the 1981 Columbian Foundation award.●

DISPLAY OF TECHNOLOGY FOR THE HANDICAPPED

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WALGREN. Mr. Speaker, I would like to bring to the attention of my colleagues a unique display of computer technology for the handicapped that will be in the Great Hall of the National Academy of Sciences on this Saturday and Sunday, October 31 and November 1.

Supported in part by a grant from the National Science Foundation, the Johns Hopkins University's Applied Physics Laboratory conducted the first national search for applications of computing to aid the handicapped. The response was very enthusiastic.

Over 900 computer-based inventions, programs, devices, electromechanical aids and methods were submitted. The entries address an amazing range of needs of the blind, deaf, mentally retarded, learning disabled, those with neurological and muscular conditions, and the orthopedically handicapped.

The hours of the exhibit are from 12 noon to 4 p.m., NAS is located at 2100 C Street, Washington, D.C.

I would also like to share with my colleagues a Washington Post article describing the exhibit.

[From the Washington Post, Oct. 29, 1981]

COMPUTER WIZARDS OPEN NEW WORLD TO HANDICAPPED

(By Diane Granat)

For 49 of her 50 years, Lois, a cerebral palsy victim, could not speak a word, write a sentence or communicate a thought in any way other than flopping her head to signal 'yes' or 'no.'

Then Howard Batie, a modern-day "miracle worker," came into her life.

Batie, a self-described "Pentagon paper pusher" dabbles in computers as a hobby. So last year, when asked if he could design a system that would allow Lois to communicate via a computer screen, he was immediately intrigued.

The result is the Handi-Writer, a gadget available for less than $1,000 that allows Lois to display words and phrases on a screen by pressing five large buttons connected to a basic Radio Shack computer. The screen can display up to 72 words and an alphabet, and the buttons allow Lois to select the letters and words she needs to form a message.

"This has really opened up a world for her," said Batie, a bespectacled naval officer who dreamed up the invention in the basement of his Herndon home.

Batie's invention is one of more than 900 computer-based devices entered in a contest sponsored by the Applied Physics Laboratory at Johns Hopkins University to help the handicapped through the use of personal computers.

This weekend, Batie and 29 other finalists, several from this area, will display their creations at the National Academy of Sciences in Washington. A grand prize winner (who will receive $10,000) and runners-up will be announced Monday.

Paul L. Hazan, director of the Johns Hopkins project, said the entries used, "an amazing range" of ideas to help the blind, deaf, mentally retarded, learning disabled, physically handicapped and persons with neurological and muscular problems.

The contest, launched by the Laurel, Md., laboratory last November, was "pretty ambitious," Hazan admits, "We wanted to focus the power of this new low-cost computer technology on the needs of the handicapped. And we wanted to harness creativity on a national scale, not just from professionals in the field but from the general public too."

Like Batie's computer system, which was custom-made for Lois but could be used by many speechless, physically disabled persons, most of the inventions tried to solve practical problems of the handicapped, Hazan said.

For instance, Reuel Launey, an Arlington physicist, developed a voice-controlled computer that a quadriplegic can use to operate home appliances, a telephone, a typewriter and other office equipment.

Launey's machine, which says "Good morning, human," turns on lights and tells

him the time when he wakes up, was made-to-order for David Ward, a suburban Baltimore man paralyzed from the shoulders down.

Ward, who lost the use of his arms and legs after a fall four years ago, sells industrial equipment and was unable to turn the pages in catalogs and price lists after his accident. Launey said he plans to hook up his computer to a microfiche version of the catalogs, so Ward can use his voice to call up the information he needs to conduct his business.

Many of the inventions are new twists on old ideas. Talking computers have been around for a few years, but Deane Blazie, an electrical engineer from Forest Hill, Md., designed a terminal that reads back everything written on the screen, giving the blind easy access to a computer.

Total Talk, which sells for $6,000, has been purchased by a blind judge who uses it for legal research and a history professor who is writing a book with his machine, Blazie said. Mainly, though, it is used by blind computer programmers like Ted Henter, who works for Blazie and used to rely on Braille printouts to verify what he typed.

"It's so fast, it's like reading the information yourself," said Henter, who can understand the computer's robot-like voice at 300 words a minute, about twice the speed of normal speech.

Other examples of computer wizardry on display this weekend include:

An infrared eye tracking system that allows a nonvocal, severely physically handicapped child to audibly express words or phrases simply by glancing at them on a personal computer screen. An infrared camera associates the position of the child's eyes with a specific word and then the machine says the word in a little girl's voice.

A computer that teaches deaf children to lip read by drawing lips, a mouth and tongue on a screen, and moving them to pronounce a word.

A computer the size of a pocket calculator that a deaf person can use in a phone booth to dial home and convey a message to his personal computer at home.

After the contest ends, Hazan said, Johns Hopkins will sponsor a workshop so the inventors can meet businessmen who might want to manufacture their devices and educators who could use them.

"The bottom line," he said, "is getting these programs in the hands of the handicapped."●

NATIONAL END HANDGUN VIOLENCE WEEK

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WEISS. Mr. Speaker, since 1968, a quarter of a million American men, women, and children have been needlessly killed by handguns. Each day, 63 lives are ended by these deadly weapons. In response to this grave national tragedy, the National Coalition to Ban Handguns has designated this week as National End Handgun Violence Week. Thousands of concerned citizens across the country are participating in activities designed to educate the public about the incalculable cost of handgun violence and the increasing need for handgun control.

The proliferation of handguns in America condemns each one of us to a life of fear. As statistics on violent crime continue to rise, the public has become more adamant about the need for stricter gun control laws. A recent Gallup poll reported that 91 percent of all Americans surveyed favored restrictions on the sale of handguns. It is clear that Americans are tired of being victimized by this fatal, concealable weapon.

But despite this public opinion, rampant fear and endless violence, the Congress has not seen fit to tighten up our grossly inadequate handgun control law, which incidentally, is the weakest handgun law in the Western world. Our inertia on this critical issue defies all tests of human reason, compassion, and justice.

I sincerely hope that the events of this week serve to promote the cause of a safe America by mobilizing support for the Handgun Crime Control Act, H.R. 3200. This legislation would ban all commerce in the Saturday night special, the favorite weapon of perpetrators of crime. It would require a waiting period and a background check before handguns could be purchased, tighten controls over handgun dealerships, and impose stricter penalties in cases of handgun crime. Many of the bill's provisions are also recommended by the new task force on violent crime formed by Attorney General William French Smith.

In communities throughout this country, Americans are demanding effective and immediate protection for themselves and their loved ones. How many more lives will be sacrificed before we heed their call?

I urge my colleagues to consider the interests of our citizens and to support this effort to strengthen our handgun control law.●

WHERE ARE THE EQUITIES?

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. WYDEN. Mr. Speaker, the administration has proposed severe user fees for our Nation's waterways, fees which if implemented could cost my region in the Pacific Northwest as many as 15,000 jobs and a chance to diversify and restore our slumping economy.

One of the arguments used to defend these user fees is that waterway operators such as barge owners are receiving extraordinary subsidies—at the expense of other transportation modes, including railroads.

Therefore, I read with great interest two recent articles in the Wall Street Journal that describe the exceptional tax breaks railroad owners will get from the recently enacted Economic Recovery Act of 1981.

My point today is not to begrudge railroad owners these tax benefits. Rather, it is to note that Uncle Sam's helping hand reaches beyond waterway operators to others.

So when the debate begins on the wisdom of the administration's proposed user fees, I think we can dispose of the argument that waterway operators are unfairly subsidized. The debate should center instead on what is good national transportation policy. That's the real issue, and the only issue.

The two articles to which I referred are included below:

[From the Wall Street Journal, Oct. 27, 1981]

TAX CHANGES GIVE RAILROADS A BIG BREAK

(By John D. Williams)

NEW YORK.—The country's railroads will get flooded with hundreds of millions of dollars in cash from tax savings over the next few years.

The 1981 tax law permits the railroads to start writing off, this year, about $8 billion in rail track, some of which has been carried on the books since 1887. The write-offs will reduce or eliminate the railroads' federal tax bills. This year, in which the biggest part of the break occurs, few if any carriers will pay any federal income taxes at all.

Consequently the railroads are busy trying to decide how to use all the cash. It can go into new facilities, the repayment of high-cost debt, investment in high-yielding securities, or acquisitions of nonrailroad companies. "The cash-flow ramifications are enormous," says Jack Kawa, a securities analyst at Dean Witter Reynolds Inc.

SPECIAL BREAK

Besides gaining from tax-law changes that affect business in general, the railroads got a special break in this year's law. Under previous law and accounting policy, the railroads took deductions for the capital cost of track only as it was abandoned. Thus, the cost of much of the track now in use never was depreciated, or deducted from income, to reduce taxes.

Under the new law, the railroads can start writing off the cost of track over periods ranging from five years to 50 years. The shorter the write-off period, the bigger each year's income-tax deductions and cash flow. The more profitable railroads, which have greater income to offset with depreciation deductions, will choose the fastest write-offs. Marginally profitable or unprofitable roads will try to conserve their write-offs by stretching them out over longer periods.

A railroad choosing a five-year write-off will take 40% of it this year, 24% in 1982, 18% in 1983, 12% in 1984 and 6% in 1985.

The following table shows the book value of track owned by leading railroads at the end of 1980. It also shows how much cash the roads will keep in tax savings for the first year, 1981. The figures come from financial officers of the railroads.

[Dollars in millions]

	Track value	Cash flow
Burlington Northern	$1,100	N.A.
CSX Corp.	1,100	$220
Santa Fe Industries	550	100
Norfolk & Western	450	87
Union Pacific	440	81
Missouri Pacific	430	79
Southern Railway	400	75
IC Industries	327	60.2

Burlington Northern gave no estimate of its 1981 cash flow because it hadn't decided over how many years it would depreciate its track. Once a depreciation schedule is chosen, it can't be changed. In some cases that makes decisions difficult, because they require earnings and tax projections for years ahead.

If all railroads took the fastest, five-year track depreciation, they would get as much as $1.5 billion in tax benefits in 1981. But overall the railroads, which paid only $600 million in federal taxes last year, can't use such a huge one-time deduction.

The railroads plan to spend their cash in a variety of ways. Missouri Pacific Corp. will improve its facilities faster, completing in three years an improvement program that had been planned to take five. For one thing, a new locomotive repair shop at Little Rock, Ark., will be started early.

LESS BORROWING CUT

Robert L. Hintz, senior vice president for finance at CSX Corp., a holding company that has more tax benefits than it can use right away, says that "we won't have to call on our banks for borrowings as frequently." Frank Bregar, vice president and treasurer of Santa Fe Industries Inc., says, "The additional cash flow will permit us to reduce our borrowings while increasing our 1982 capital spending."

IC Industries Inc., which owns the Illinois Central Gulf Railroad, will use part of its write-offs to tax-shelter the earnings of newly acquired companies. "One of the reasons we were recently seeking to acquire Sunbeam Corp.," says J. P. Fagan, senior vice president for finance at IC Industries, "was to shelter Sunbeam's earnings with the tax benefits of Illinois Central." But the merger attempt failed.

Andras R. Petery, an analyst at Morgan Stanley & Co., believes the railroads' bigger cash flow will mean bigger dividends, less borrowing and more modern rail facilities to handle coal. "It's a once-in-a-lifetime opportunity for railroads," says John J. Cirigliano, vice president of Merrill Lynch's Merrill Lynch White Weld Capital Markets Group, "and most of them are pulling together all of the intelligence data they can to take advantage of it."

NORFOLK & WESTERN TO BUY TAX CREDITS TO SHELTER NET FOR 1981

NEW YORK.—Norfolk & Western Railway will soon buy tax credits from a nonrailroad concern to help N&W shelter its unusually high 1981 earnings.

John R. Turbyfill, executive vice president, said after an analysts' meeting here that the N&W had agreed to buy the 10% investment tax credits and depreciation on $125 million of assets from an unidentified nonrail company to reduce N&W's 1981 taxes.

He declined to say how much N&W is paying for the credits and depreciation, or how much the transaction would reduce N&W's 1981 taxes. But the amount is in addition to two other accounting charges—permitted in the new 1981 tax law—that will cut N&W's 1981 tax bill by $90 million. These two other changes will cut N&W's taxes by $230 million in the 1981-1985 period, he said.

N&W announced yesterday that its third quarter earnings of $92.7 million, or $2.85 a share, rose 113% from the $43.6 million, or $1.38 a share, a year earlier. They were the highest of any quarter in the company's history. Third quarter revenue advanced about 35% to $506.1 million from $375.8 million a year before.

For the first nine months, earnings were a record $197.5 million, or $6.08 a primary share, up about 31% from the $151 million, or $4.81 a share, a year earlier. Nine month revenue was $1.31 billion, up 13% from $1.15 billion in the like 1980 period.

N&W handled a record 26.5 million tons of coal in the third quarter, up nearly 26% from the 21.1 million a year before. For 1981's first nine months, however, the total fell 3% because of the second quarter coal strike.

The new federal tax measures are already having a favorable effect on N&W's financial reports. Yesterday, N&W said its working capital as of Sept. 30 rose to $357.8 million from $198.9 million a year earlier. Daniel L. Kiley, vice president, taxation, told analysts here that this year's working capital figure includes $66.5 million due to the company's decreased current tax liability.

Robert B. Claytor, N&W's president and chief executive officer, expects N&W's traffic in coal destined for export markets will continue "very good" for the balance of 1981. But he doesn't see any "significant improvement" in N&W's general merchandise traffic in the near future.

Unless the Soviet Union starts buying U.S. grain soon, one executive said, N&W's fourth quarter grain traffic will decline about 12% to 15%. For the third quarter, N&W's grain shipments declined more than 35% from the year-earlier quarter. For the first nine months of 1981, the concern's grain shipments fell 19% from the year before.●

PRESIDENT'S ANTICRIME PROPOSALS

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. SAWYER. Mr. Speaker, on Monday, September 28, President Reagan made his long-awaited address on the administration's anticrime proposals before the Convention of Police Chiefs in New Orleans. Among several important proposals, the President specifically recommended, as did the Attorney General's task force on violent crime in August, that stiffer mandatory sentences be established for criminals who use firearms in the commission of a felony.

I am today introducting H.R. 4874, which will exactly address the concerns behind the President's and task force's recommendations. This bill will amend 18 U.S.C. 924(c) and is similar to at least a dozen other bills, with one major exception, which are pending before the Subcommittee on Crime on which I am the ranking Republican. In fact, aside from one significant new proposal, H.R. 4874, is similar to a bill which I, myself, introduced earlier this session, H.R. 1444.

Both of my bills provide that criminals who use a firearm while committing a felony will receive, upon conviction, an automatic, mandatory 2-year sentence for the first offense and a 5-year sentence for second and subsequent offenses. These punishments are to be truly mandatory: There can be no suspension of the sentence, no probation given, the sentence may not run concurrently with the term of imprisonment for the felony committed, and no parole may be granted.

Since I introduced H.R. 1444, however, it has come to my attention that prosecutors can trade off the criminal penalties of section 924(c) in order to obtain a plea of guilty on the felony committed with the firearm, such as a charge of murder, robbery, or burglary. I feel this practice totally defeats the deterrent effect of section 924(c). The whole point of the statute is to punish a criminal for a felonious act and for using a gun during the act. If the use of a gun is not punished because the charge is bargained away, then there is nothing to inhibit criminals from using guns.

My new bill, H.R. 4874, seeks to address the problem by preventing all plea bargaining as to the charge of using a firearm. The prosecutor may plea bargain as to the accompanying felony, from first to second degree murder for example, but not as to the section 924(c) charge. The use of a gun, other than where the sole offense is the gun itself, such as an illegal sale, transportation, or possession, will therefore mean either 2 or 5 years in prison without any if's, and's, or but's.

As a former Michigan prosecuting attorney, it is my firm belief that if criminals know that the use of a gun will absolutely mandate their going to prison for several years, they will think twice before committing the felony at all.

My bill is a crime-control, not a gun-control bill. I feel the best way to combat gun-related crime and violence is to pass laws which directly penalize criminals. From my position on the Crime Subcommittee, I intend to make every effort for the passage of this important piece of legislation. I hope that my colleagues will join me in deterring crimes committed with firearms by supporting H.R 4874.●

DEVELOPING ADEQUATE PENSION AND SAVINGS OPPORTUNITIES FOR AMERICA'S FUTURE

HON. JAMES M. JEFFORDS
OF VERMONT
IN THE HOUSE OF REPRESENTATIVES

Thursday, October 29, 1981

● Mr. JEFFORDS. Mr. Speaker, on other occasions, I have alerted the House to the need to undertake a comprehensive review of America's retirement future. Minor modifications to our social security system may address the short-term financing problems that beset that system. However, long-term improvement in security for America's future retirees cannot be confidently assured through the social security system alone. Instead, we need a comprehensive reform that extends beyond social security by restoring the work incentive for older Americans who wish to continue in the work force and by broadening the opportunities for all Americans to earn a good pension and to have adequate opportunity and incentive to save for retirement. I wish to address pension and savings reform in my remarks today.

I. PENSION POLICY

First, let me discuss pensions. The private business sector has made substantial progress in establishing pension programs covering employees. Now, approximately 50 percent of all private sector employees and nearly 100 percent of public sector employees are covered by some type of employee pension program. However, the percentage of workers covered by pension plans has not grown significantly since the mid-1970's; and without governmental action of some type it appears unlikely that this coverage will increase. We need to address three basic problems before we can give every worker a reasonable opportunity to earn a good retirement pension; First, we must eliminate the barriers that deny 50 percent of private workers a chance to earn any pension; second we must begin to reduce the lengthy vesting requirements that keep many employees who are covered by pension programs from ever earning their benefits; and third, we must insure that those pensions that are provided for are sound and that they represent a real rather an illusory contribution to post-retirement income.

INCREASING PENSION COVERAGE

There is a substantial difference between requiring that every worker be able to earn a retirement pension and authorizing and encouraging companies to offer pension programs to their employees. One approach is coercive; the other is not. The President's Commission on Pension Policy recommended that the United States move toward establishing a mandatory minimum universal pension system, or MUPS. This requirement, like the minimum wage requirement, would establish a floor of compensation treatment for every employee. Offering and maintaining this floor would be a condition for businesses to meet before they could legally engage in commerce. Unlike the minimum wage, however, this condition for enterprise would be extremely difficult to meet, and, depending on the mechanics of its operation, it might have an extremely negative effect on both free entry into the marketplace and on the vitality of the U.S. economy in general.

One of the basic principles of capitalist economy is that new firms be given a reasonable free chance to enter the marketplace and compete for business. If these firms are to be required to independently construct pension programs and thereby make lifetime promises to the individuals they employ, an extremely large barrier would have been erected against new firms. The capital required for entering business would be substantially raised; immense amounts of paperwork and other nonproductive activity would be added to the on-going cost of doing business. And if the business failed within a year or two, as many new small businesses do, the employees might be no better off than they would have been without the program. The net effect of this type of reform would be to favor large, well capitalized companies over smaller, less well capitalized companies. This would certainly reduce competition in the business world.

A different approach, that was recommended by the President's Commission, would be to establish a national pension fund that would be managed by some instrumentality of the U.S. Government. Although this would simplify and possibly reduce the administrative burden for small firms, it would create a new, highly intrusive, Government role in the economy. If the pension fund were invested in Government securities, the price of credit in the Nation might be driven up dramatically.

If, on the other hand, the fund were to be invested in business enterprises, the Government and the political process would suddenly be interposed as an economic arbiter in a multitude of transactions. There would be immense pressure for this fund to invest in safe, large, established companies and to stay away from even slightly risky ventures. Also, the assumption of a major Federal investment role would substantially increase the likelihood that major firms would receive Federal bailouts if they ran into economic difficulties.

Given that a mandatory Federal pension system has some major flaws and might seriously disrupt the economy, the Government must rely on more subtle forms of encouragement if more private pension programs are to be established. This is a difficult task, since most major companies already have established pension programs and the remaining categories of industry that have not established programs do not seem to be likely to establish them. Although I think that this is an area in which we should move slowly, I think that the Government could encourage the further establishment of pension plans.

How good or bad our current private pension coverage system is depends on how you look at it. According to Department of Labor estimates, about 42 percent of total private sector nonagricultural workers are covered by a private pension program. However, if only primary, full-time workers between ages 25 and 64 are considered, pension coverage of the private work force is about 70 percent. The point on which there is no disagreement, however, is that these percentages have changed little over the last several years. After a period of explosive growth between 1940 and 1975, pension growth has plateaued. This phenomenon has occurred essentially because the major segments of the private sector that remain without pension coverage are those in which the establishment of pension programs is most difficult. The President's Commission on Pension Policy noted that 79 percent of those employees not covered by a pension plan were in firms of less than 100 employees. If pension coverage is to be broadened, this is the group that must be targeted.

No voluntary coverage scheme is likely to achieve total pension coverage for all small business employees. However, it should be possible to increase coverage above the current levels. I believe that this can be done by using tax incentives, reducing the paperwork burden on employers, and by clarifying our national retirement policy for employers and employees alike.

1. TAX INCENTIVES

Tax incentives for pension programs are already extensive. Indeed, this is one of the major reasons for the dramatic growth in pension plan coverage of the last four decades. Across-the-board tax reductions that fail to consider the lower tax rates faced by small businesses may give large corporations a windfall tax break, but are unlikely to represent any substantial incentive to the establishment of new plans. Several alternative approaches deserve consideration. One, recommended by the President's Commission, would be to enable small businesses to take a tax credit for their contributions to a plan; that is, allow them to subtract a percentage of their plan contributions directly from the taxes they owe rather than taking a

substantially less valuable tax deduction. The Commission suggested that this credit be 46 percent of their plan contributions, up to 3 percent of total payroll. Whether this would be an appropriate level is a legitimate issue for study. Other possible refinements to this approach would be limiting the credit to plan contributions made on behalf of employees, rather than stockholders or company owners, and offering the credit only for that portion of the pension benefit not integrated with social security.

2. REDUCED PAPERWORK BURDEN

Another key element in making pension plans attractive to small businesses is reduction in the paperwork burden which such plans impose upon these businesses. Although a small business may be able and willing to make the financial commitment necessary to begin a pension program for its employees, it may be inhibited from doing so because of the sometimes excessive documentaton, certification, and reporting requirements that are imposed by the Employee Retirement and Income Security Act (ERISA) of 1974. Although these requirements are often important and sometimes critical for the protection of employee benefit funds, they do require that employers invest considerable resources in pension plan administration. For a small firm, in which only one or two employees may handle all bookkeeping, payroll, and related duties, this extra administrative burden may make the cost of establishing an employee pension program prohibitive. I do not believe that this paperwork burden ought to be eliminated at the cost of reduced protection and security for employees. However, I think that there are ways to reduce the burden on each individual employer without sacrificing employee security. I think that this can be achieved by carefully amending ERISA to encourage small businesses to use intermediary organizations to handle both paperwork, reporting, and certification duties as well as the pension management duties which these firms already undertake on behalf of small businesses. Further, since many of these pension management intermediaries are banks, insurance companies, and other firms from extremely heavily regulated industries, it would seem reasonable to amend ERISA or the applicable regulations to allow firms in these industries to substitute other proof of responsibility, security, and reasonable management for some of those required under ERISA. Such a step would encourage small businesses to take on pension responsibilities and should, at the same time, make the small firm pension management business more attractive for financial intermediaries.

Amendments to ERISA that would establish such incentives would have to be very carefully constructed. These regulations should be written in such a way that they recognize the needs of small firms to tailor their pension plans to meet their organizational needs. However, they must not sacrifice legitimate protections merely to reduce paperwork.

3. CLARIFIED RETIREMENT POLICY

Finally, I think that pension coverage might be improved simply by clarifying our national policy on social security. By giving current workers a clearer understanding of the Government's promise to them, we can have a profound effect on both personal savings for retirement and on the pressure that employees themselves exert for the establishment of employee pension plans.

The debate over social security has dominated and overshadowed other retirement issues. I think that it would be a true disaster if we conclude our national debate on social security with a patchwork solution to our short-term financing problems. In the short run, this is a fair solution: We should not renege on our promises to the current generation of retirees and near-retirees. However, we need to make a new, realistic, and clear promise to those who will be retiring early in the next century. Barring unprecedented economic growth or a dramatic reversal in current demographic trends, this promise will constitute a reduction from benefits that are currently going to retirees. Simply by stating this reality and by enacting significant prospective changes in the social security system, the Congress can send a message to American workers that will substantially improve the climate for the growth of personal savings and will substantially increase the pressure for adequate employee pension plans.

In summary, I believe that the numbers of employee pension plans and the numbers of employees with coverage can be increased. This expansion can be encouraged by making pension plans more attractive to employers by improving tax incentives and by making regulation of these plans more flexible. Once these institutional barriers are breached, a new climate of worker expectation based on clarification of our national retirement policy can provide a forceful push to businesses that have not established adequate pension coverage.

As important as an increase in the number of employees covered by these plans is, however, this will not, in and of itself, improve America's retirement future. Concurrently with the measures that I have described, we need to make sure that more covered employees actually earn and draw their pensions. The major roadblock to this development is the restrictive vesting requirements that many plans have. It does little good to be covered by a pension plan if one is never covered long enough to earn a pension. Too frequently, pension benefits are liquidated when employees change jobs and what was intended to be future retirement income ends up as current consumption by the employee.

REDUCING VESTING REQUIREMENTS

ERISA establishes three standards that private pension plans may use in determining employee vesting rights. These are: First, full 100 percent vesting after 10 years; second, graded vesting with 25 percent vesting after 5 years, gradually accumulating to 100 percent vesting over 15 years; and third, graded vesting beginning at 50 percent when the age and length of service of the employee total 45. Full vesting after 10 years, or "cliff vesting," is by far the most common vesting standard.

There are two major problems with this standard. First of all, many employees who work under pension coverage never earn a benefit. Second, many employees who have earned a benefit are cashed out of their pension program and given their funds in a lump sum. This money is frequently turned to immediate consumption rather than invested for retirement.

Although detailed and authoritative statistics are not available, surveys conducted by the President's Commission on Pension Policy and the Department of Labor and the Social Security Administration indicate that between about one-fifth and one-quarter of workers over age 18 are vested in their current employment. A preliminary analysis by the Employee Benefit Research Institute (EBRI) indicates that only about 7 percent of covered employees can expect to leave employment after 10 years and receive a pension based on their vested status. In many cases, the value of vested benefits may be below the $1,750 minimum cash-out level established by ERISA.

There are three ways to address the vesting problem. These are: First to reduce the ERISA cash-out minimum; second, to reduce the permissible length of vesting requirements; or third, to establish incentives for the reinvestment of benefits that are cashed out to the plan participant. Reducing the ERISA cash-out minimum is probably unrealistic. Such an action would impose a substantial additional administrative burden on pension plans and would probably not result in substantially increased retirement benefits to those who remained in the retirement plans. Accelerating the schedule for vesting or treating cashed-out benefits as other than current earnings, however, might help more individuals improve their retirement status.

Lowering the vesting requirement from 10 years to 5 years could double the percentage of individuals who might expect to earn a pension—ac-

cording to ERBI, from 7 percent to 15 percent. Lowering the age further might result in even more dramatic increases in possible pension beneficiaries. However, in adjusting vesting schedules, Congress must consider not only the numbers receiving these benefits, but also the quality of the benefits themselves. Workers with less than 5 years in a pension program are unlikely to earn significant benefits. However, some compromise that maintains the 10-year, 100-percent vesting standard, but also requires earlier partial vesting, say 40 percent or 50 percent after 5 years, would give more workers a reasonable chance to earn some benefits.

We should remain alert to the limits of our national pension policy. It might be desirable if most employees had intense organizational loyalty and worked at their jobs for an average of 10 years. However, this is not characteristic in modern American society. Our pension systems should not be used as a tether to hold employees to their current jobs, but should be reformed to reflect the way Americans work and live today. The goal should be pension coverage for all Americans, not restoration of 19th century work patterns.

The danger in lowering vesting schedules is that some plans might be unable to meet the new requirements or that new plans might be discouraged from being established because of the requirement. I believe that this problem could be overcome if a new minimum vesting requirement were enacted prospectively, with a grace period for new plans that could not meet it.

Finally, the treatment of cashout benefits could encourage retirement savings. If, for instance, these benefits could receive more favorable tax treatment through short-term investment in an IRA savings account, the likelihood of long-term individual retirement savings would likewise be increased.

Many critics of the private pension system have argued that increased employee coverage and reduced vesting requirements are of little value if the pensions themselves provide employees with inadequate retirement earnings. This is the most difficult pension problem for Congress to address, but it deserves serious discussion and consideration.

PROTECTING PENSION VALUE

The major factors that can drastically undercut the value of a private pension are: First, inflation, and second, integration of the private pension benefit with social security. These can be very real problems for elderly citizens on fixed incomes and the problems do not lend themselves to simple solutions. Inflation is the most troublesome problem.

The value of a fixed dollar pension can erode very quickly under conditions of chronic inflation: 10-percent inflation over only 3 years can reduce the value of a pension by one-quarter; 6 or 7 percent inflation over a 10-year period can reduce a pension's value by about half. Unfortunately, no inflation-proof private pension can be constructed. Contributions and payments must be planned and investments undertaken over a lengthy period of time. However, it would seem appropriate for a pension plan to pass along some of the windfall that it might reap from current high interest rates. Many private pension programs, although not required to do so, do raise their benefits occasionally in response to inflation.

One alternative that has been proposed by Peter Drucker, and that has been tried by some pension plans, is to give employees an opportunity to choose a reduced annuity guarantee in exchange for an opportunity to share in the growth of the pension fund. This growth could take place either through the effects of inflation or through the real economic growth that the pension investments stimulate. This sort of dual track plan somewhat increases risks for the individual employee, but it also offers an opportunity for the employee to hedge his pension against future inflation. As a corollary to this pension risk sharing, Drucker has urged that employees gain a greater voice in the management of their pension resources. Both the two-tier pension benefit option and the establishment employee pension advisory groups are ideas that deserve consideration by Congress as it evaluates and reconsiders our national retirement policy.

Unfortunately, private pensions have been spuriously compared with inflation-proof social security. Social security is not inflation proof. Indeed, adjustments in benefits in response to inflation must be financed out of increased taxes on the working population, themselves victims of inflation. The price of maintaining the relative living standard of those on social security is one of the major factors in the current social security financing crisis confronting us. The only solution to the effects of inflation is reducing inflation itself. Stopgap benefit changes and inflation adjustments will not fully address the reduction in purchasing power brought on by inflation.

Integration of private pensions with social security is another troublesome issue, but it is more accessible to congressional remedy. Integration occurs, because IRS guidelines permit a large part of pension benefits to be offset by social security. At its worst, this could allow lower income workers to get practically nothing from their pension programs. At the other extreme, with fully nonintegrated pensions, these workers might draw more income when retired than they did when working. Any approach to this problem will entail some sort of compromise between these two extremes. I think that that compromise should recognize social security as an income floor and should provide pension benefits for lower income workers without excessive discounting. This could be achieved by a change in IRS regulations.

Most of my remarks thus far have centered on the private pension system. I have discussed alternatives that might broaden coverage, result in more earned participation, and provide for more stable benefits. As I have noted, however, I do not believe that any nonmandatory pension system can receive universal acceptance and coverage. Instead, millions of Americans must rely on the social security system and on whatever private savings they might accumulate. I believe that individual retirement accounts (IRA's) represent a significant innovation for encouraging private savings.

II. INCENTIVES FOR PRIVATE SAVINGS

As part of the Economic Recovery Tax Act of 1981, the Congress made significant changes in IRA availability and size. For individuals, the maximum yearly IRA tax deduction was raised to $2,000. Additionally, every American can now enjoy the tax advantages of an IRA. The problem with this program is that it has become primarily a tax shelter for the relatively wealthy rather than a general purpose, broadly used savings program. In 1976, for instance, 45 percent of those with adjusted gross incomes of over $50,000 took an IRA deduction, compared with only 1.6 percent of those earning incomes of less than $10,000. The broadened availability of IRA's may help somewhat, but the change is not likely to be dramatic.

Improving the utilization rates of IRA's will require an adjustment of the incentives and penalties involved in establishing or liquidating such an account. The Canadian registered retirement savings program (RRSP), after which the IRA program was modeled, has had a considerably higher utilization rate among the middle class than has the IRA program. Indeed, 20.8 percent of those earning from $15,000 to $19,999 had established an RRSP. The Canadian program does not assess the IRA 10 percent penalty for early withdrawal, but, rather, offers incentives for maintaining the account. To most middle income Americans, the 10 percent penalty may seem more likely and more discouraging than the eventual return from the account. The system should be reoriented to encourage savings rather than to discourage withdrawal.

However, even if people do not have enough money to enjoy the tax advantages of an IRA, they should at least be able to save their money without having it devalued by inflation. One way this could be accomplished is in the purchase of constant-dollar bonds. A person purchases a bond for a certain sum, and when the bond is redeemed the original purchasing power of the investment is returned, irrespective of the dollar amount. In other words, people do not lose to inflation. These bonds are being sold in England, and the results have been very encouraging. The government gains, also, for it receives short-term funds from the sales of bonds that do not require high interest expense. In England the bonds are carrying interest rates of 2 and 3 percent.

III. CONCLUSION

If we can adopt the kinds of reforms in private pension and IRA programs that I have outlined, I am confident that most Americans can be given a reasonable chance to earn a good retirement income. However, to make such programs successful, we need to also consider social security reform. We need to make clear and understandable changes in the social security system, and we need to give substantial advance notice of these changes. Earning a private pension or developing adequate personal savings for retirement takes many years and we cannot expect individuals to change their spending and savings habits overnight. We need to change the pension savings and work opportunities for Americans and we need to enact and to announce long-term changes in social security so that both the incentive to plan for retirement and the capacity to do so are in place simultaneously. Only through this kind of comprehensive reform can we successfully address America's long-term retirement future successfully.●

SENATE—*Friday, October 30, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the Honorable ROGER W. JEPSEN, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Almighty God of grace and merty, love and forgiveness, we need a special dispensation from Thee and our problem is compounded if we are unaware of our need. This has been a heavy, difficult week, full of tension and pressure, in which the eyes of the Nation and the world were fixed on the Senate. Feelings have run deep and disagreement has been wide; some have experienced profound disappointment while others were exhilarated; but we are one in allegiance and purpose. We thank Thee for the diversity that distinguishes us and for the transcendent reality that unites us.

Dear God, deliver the people from divisive reactions. Dissolve the enmity that alienates, that hardens into bitterness and hate and vindictiveness. Help the people to understand and respect the unique democratic process by which our legislative bodies operate. Sensitize them to the burden of hard decisions Senators must make which will never please everybody. Help them to see that such struggle was the crucible out from which our forebears conceived this Republic. Then let us be thankful, O God, for the magnificent legacy which is ours. In Jesus' name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 30, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROGER W. JEPSEN, a Senator from the State of Iowa, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. JEPSEN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that, at the end of the time allocated to the two leaders under the standing order, there be a brief period for the transaction of routine morning business to extend not past the hour of 11:30 a.m., in which Senators may speak for not more than 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, under the previous order, at the conclusion of the time for the transaction of routine morning business, the Senate will proceed to the consideration of the District of Columbia appropriations bill. I expect that the District of Columbia appropriations bill can be disposed of in the course of this day and, perhaps, after a relatively brief period for debate.

At the conclusion of the consideration of the District of Columbia appropriations bill under the order previously entered, the Senate will resume consideration of the agriculture appropriations bill, at which time the Mattingly amendment, No. 620, will be pending, also under the terms of the order previously entered.

Mr. President, I will expect votes throughout the day. I urge Senators to note the previous admonitions of the leadership that Friday will be a busy day. It is my hope that we can finish both of these bills today. I would expect votes throughout the afternoon.

Mr. President, I have no further need for my time under the standing order and I am prepared to yield it to any Senator.

Mr. President, I inquire of the distinguished acting minority leader if he has any requirement for additional time.

Mr. LEAHY. I have no requirement for additional time. It would be my intention to yield some of the minority leader's time to the distinguished Senator from Wisconsin, who wishes to speak. But I know of no requirement for additional time.

Mr. BAKER. I thank the Senator.

Mr. President, in light of the possibility some Senator may require additional time, I ask unanimous consent that I may reserve the remainder of my time under the standing order for the time being.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. LEAHY. Mr. President, I yield 3 minutes to the distinguished Senator from Wisconsin.

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin.

WHY NOT KEEP THE BEST?

Mr. PROXMIRE. Mr. President, an old play is now being scripted in the bureaucratic halls of the Pentagon. It is a play that comes up every 2 years. The actors basically are the same. The plot line remains constant.

It is the story of the attempts by Admiral Rickover's detractors to deny him an extension of his active duty.

As in the past, I hope that the outcome also remains the same. The reason is simple. The Nation cannot afford a change in command.

It is no exaggeration to say that no other individual has made a greater contribution to the defense of the United States than Admiral Rickover. No other.

Our most secure deterrent, the submarine fleet, is the product of one demanding executive. Without his single-minded will and discipline, it is unlikely that our Nation would be able to rest in the assurance that our submarine fleet represents the most safe and secure retaliatory force in the world.

From time to time, Admiral Rickover has told me that I was flat out wrong in my opinions about some defense issues. We disagree on nuclear aircraft carriers for example. In so doing, however, he never fails to educate, and he never fails to make a solid intellectual argument that is extremely difficult to refute.

Admiral Rickover is more than an individual. He is an institution. He is a program. He is a one-man navy.

I urge the officials of the Department of Defense to resist the petty, real, or perceived grudges held by some against Admiral Rickover and to allow our country to benefit by his continuing service.

Mr. President, I ask unanimous consent that a recent article by R. James Woolsey that appeared in the October 28 Washington Post be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

THE SURVIVOR

(By R. James Woolsey)

One of this century's unique figures is about to be in the news again. By February of even-numbered years, since time out of mind, the secretary of the Navy has had to decide whether to extend Adm. Hyman G. Rickover's active duty for yet another two years. The current secretary, John Lehman, can expect at least as much advice on this pending decision as countless of his predecessors—from such random quarters as the odd congressional committee chairman, passers-by on the street, and other casually interested folks, such as, say, the president. The decision is usually made the preceding summer or early fall, so the papers are probably in Lehman's in-box by now—sitting there staring at him.

The object of all this biennial attention is not only Washington's ultimate survivor, he is—more importantly—one of its perennial winners. The two traits are not unrelated. As the years have rolled on he has come to know more and more about the business of building and operating nuclear-powered ships. He and his staff have such a combination of institutional memory and expertise, especially compared with the civilians who come and go from the Defense Department, that they win a good many more than they lose. He has both survived because he wins and won because he has survived.

For many years he has played the Hill the way Casals played the cello, but many of his strongest congressional supporters—Pastore, Rivers, Hebert—are no longer around. And he is not the darling of the new military reform movement.

Rickover's influence, in the Navy and in the country, has spread light years beyond the construction of naval nuclear reactors. Seeing the need for better-educated officers and enlisted men to run his power plants, for example, he has become a major force in education at the Naval Academy and in the NROTC program. His "why-not-the-best" standards about nuclear ship propulsion have affected the rest of the Navy as well, to the point that generations of non-nuclear officers have gnashed their teeth at having to go to a special school on conventional propulsion before assuming their seagoing commands.

Rickover is the scourge of the conglomerate builders of nuclear-powered warships, insisting on maintaining a whip hand over his projects that leaves very little room for their corporate notions of profit, and none for the Washington lawyers who handle their claims against the government. "I treat the government's money as if it were my own" he is fond of saying. There are several corporate board rooms where they must wonder if Hyman Rickover has ever spent a nickel on himself.

In the strength of his no-nonsense personality, in the indomitability of his will, and in his—well—prickliness Rickover resembles only a few modern figures. To me the closest parallels are Charles de Gaulle and Menachem Begin. These sorts of men simply seem to have a greater specific gravity than other people. They distort the force fields around them, bending more of the world to their wills than seems possible or reasonable, especially to those who get bent. Such men can be infuriating to deal with, and when they are wrong, their mistakes can be as lasting as their triumphs.

But the de Gaulles, the Begins, and the Rickovers are the people whose impacts reach far beyond, and last long after, their own lives. You disagree with the Kindly Old Gentleman, as he is sometimes dubbed in the Pentagon, about the proper size for aircraft carriers, or any of a number of other subjects? You are one of those unfortunates who has had a major (or even minor) set-to with him and remember feeling as if you had gone 12 rounds with Ali? I understand, believe me.

Still, keep a few things in mind: There is no Soviet skipper, anywhere in the world, who sleeps soundly in his sea cabin. He can never be sure that he isn't in the cross-hairs of the periscope of one of Rickover's marvelous, quiet black attack boats. And, as we fuss with the MX and the agonizingly hard problem of fixing the vulnerability of our ICBMs, we have some breathing space—because some more of Rickover's products, carrying their Poseidon and Trident missiles, slip silently on patrol somewhere beneath the Atlantic and Pacific.

His ships are commanded and operated by some of the most extraordinarily able and professional men you will ever meet. Their standards, and those of many of their colleagues in other parts of the Navy, have been shaped directly and indirectly by Rickover's will and perfectionism.

Yes, his standards are so high that there are only two-thirds as many such nuclear-trained officers as we need, and the ships are so expensive that we can't afford nearly enough of them. But unlike much in our modern society, and much in our military establishment, they work, and they work safely and superbly.

So join the watch to see whether John Lehman signs those papers. But while you're wondering whether Rickover will retire this winter or will be sitting there in his office, growling into his telephone, in the 21st century—and whatever your preference in the matter—undertake an instructive little intellectual exercise: try to think of another living American to whom you owe more.

THE GENOCIDE CONVENTION WOULD NOT ENDANGER AMERICAN SERVICEMEN IN ANY WAY

Mr. PROXMIRE. Mr. President, consider the allegations made in the Liberty Lobby's "White Paper on the Genocide Convention": that if this treaty were ratified our officers and enlisted men are certain to be charged with genocide in the fulfillment of their duties.

Mr. President, here we have a classic example of Liberty Lobby's style of argumentation. They make this preposterous allegation—without any substantiation whatsoever. There is not one shred of evidence in this report—not one—to back up this statement.

Let us look at the facts, Mr. President.

First, what does our own Defense Department have to say about the Genocide Convention? After all, I know of no other agency of the U.S. Government which is more concerned about the impact of any treaty upon our servicemen.

And what do they say? Ratification of the Genocide Convention would be a "positive step in the national interest of our country." A positive step in our national interest, Mr. President.

That view is shared not only by the level of the Secretary of Defense but each and every branch of our Armed Forces and I ask unanimous consent that letters from each of the branches of our Armed Forces to the American Bar Association be reprinted in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. PROXMIRE. Second, the State Department shares the views of the Defense Department that this treaty poses no threat to our servicemen. As David Abshire, Assistant Secretary of State, pointed out in the 1976 hearings before the Foreign Relations Committee, the Genocide Convention "does not alter the rules of warfare or the obligations of parties to the Geneva Conventions on the treatment of prisoners of war." Nor does it "apply to civil wars."

Third, as George Aldrich, the deputy legal adviser for the State Department during the Nixon administration, made clear during the 1970 hearings: The United States has always reserved for itself exclusive jurisdiction over the actions of our servicemen during time of war.

This is a further safeguard, Mr. President, which would prevent spurious charges of genocide.

Fourth, and here is a point of commonsense, Mr. President, that cannot be emphasized enough: This treaty requires proof of intent.

Intent to eliminate in whole or in part a national group. Intent to eliminate in whole or in part a racial group. Intent to eliminate in whole or in part a religious group. Intent to eliminate in whole or in part an ethnic group. "Intent" is the key word, Mr. President.

And as Bruno Bitker, a prominent member of the American Bar Association and one of the most eloquent experts on this treaty, points out hostile actions in combat situations do not in and of themselves contain this necessary element of "intent."

In conclusion, Mr. President, the Liberty Lobby throughout its "White Paper on the Genocide Convention" has consistently strayed from the facts. Instead it has relied on innuendo and unfounded allegations to make its points. Their rhetoric has only served to underscore the weakness of their case.

Mr. President, as I have pointed out, time and again, this treaty merely seeks to extend on an international level a fundamental principle long recognized and cherished by all Americans: the right of all groups, ethnic, racial, religious, and national to exist. The precious right to live.

This treaty is perfectly consistent with our Constitution and, as our own Defense Department has pointed out, it is in our national interest.

Mr. President, we have waited far too long to ratify this important convention. Let us not wait any longer.

EXHIBIT I

GENERAL COUNSEL
OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., February 9, 1976.

HARRY A. INMAN, Esq.,
Delegate, Section of International Law, to House of Delegates, American Bar Association, Washington, D.C.

DEAR MR. INMAN: I appreciate your calling to my attention the Section's Resolution on the Genocide Convention which will be pre-

sented to the House of Delegates at its Mid-year Meeting February 16 and 17.

The Department of Defense fully supports the position of the Administration that the United States should accede to the Genocide Convention with the Understandings and Declaration which were approved by the Senate Committee on Foreign Relations in S. Exec. Report No. 93–5, 93rd Congress, 1st Sess., (1973).

Inasmuch as the Section's Resolution is in complete accord with that position, I am pleased to endorse it by this letter. I share the Section's conclusion that acceding to the Convention would be a "positive step in the national interest of our country."

RICHARD A. WILEY.

DEPARTMENT OF THE NAVY,
OFFICE OF THE
JUDGE ADVOCATE GENERAL,
Washington, D.C., February 13, 1976.

HARRY A. INMAN, Esq.,
Delegate, Section of International Law, to House of Delegates, American Bar Association, Washington, D.C.

DEAR MR. INMAN: Your letter of February 4, 1976, to Mr. Waldemar Solf concerning the Genocide Convention has been brought to my attention. I am also aware of the views expressed by Mr. Richard A. Wiley, General Counsel, Office of the Secretary of Defense, in his letter on this subject of February 9, 1976.

I share the views expressed by Mr. Wiley and endorse the resolution of the American Bar Association's Section on International Law concerning the Genocide Convention.

I support accession to the Convention subject to the Understandings and Declaration approved by the Committee on Foreign Relations of the United States Senate.

Sincerely,

WILLIAM O. MILLER,
Rear Admiral, JAGC, U.S. Navy,
Deputy Judge Advocate General.

DEPARTMENT OF THE ARMY,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, D.C., February 11, 1976.

HARRY A. INMAN, Esq.,
Delegate, Section of International Law, to House of Delegates, American Bar Association, Washington, D.C.

DEAR MR. INMAN: Mr. Solf has called my attention to your letter of 4 February 1976 requesting the support of the service Judge Advocates General for the resolution of the ABA Section on International Law concerning the Genocide Convention.

I am pleased to concur in the views expressed by Mr. Richard A. Wiley, General Counsel, Office of the Secretary of Defense, in his letter of 9 February to you. I endorse the Section's resolution and fully support accession to the Genocide Convention with the Understandings and Declaration which were approved by the Senate Committee on Foreign Relations.

Sincerely,

WILTON B. PERSONS, Jr.,
Major General, U.S.A.
The Judge Advocate General.

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., February 13, 1976.

HARRY A. INMAN, Esq.,
Delegate, Section of International Law, to House of Delegates, American Bar Association, Washington, D.C.

DEAR MR. INMAN: At the request of Air Force members of the ABA Section of International Law, I have reviewed the Section's recommendation and report concerning the Genocide Convention.

I believe reluctance by the United States to become a party to the treaty may be subject to misinterpretation in other countries. The laws of the United States under which the U.S. Air Force operates are consistent with the principles of the Convention. Accordingly, I agree with the view of the Defense Department's General Counsel that accession to the Genocide Convention, with the understandings and Declarations approved by the Senate Committee on Foreign Relations, would be a positive step.

Sincerely,

HAROLD R. VAGUE,
Major General,
The Judge Advocate General, U.S. Air Force.

Mr. PROXMIRE. Mr. President, I thank the distinguished acting minority leader. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. LEAHY. Mr. President, I ask unanimous consent that I may reserve the remainder of the leader's time while we check to see if there is anyone else who may need it.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m., during which Senators may speak for 5 minutes each.

The Senator from Alabama is recognized.

75TH ANNIVERSARY OF THE HOLY TRINITY-HOLY CROSS GREEK ORTHODOX CATHEDRAL IN BIRMINGHAM, ALA.

Mr. HEFLIN. Mr. President, on Sunday, October 11, 1981, I had the honor to participate in the grand banquet celebration of the 75th anniversary of the founding of the Holy Trinity-Holy Cross Greek Orthodox Cathedral in Birmingham, Ala.

This anniversary marked the observance of a great milestone in the history and life of this great Birmingham church. It was a beautiful and touching occasion, not only for the parish, but also for the Birmingham community and Jefferson County, to which the parish belongs.

In the early years, the majority of members immigrated from Greece in order to build a better life for themselves and their families. They were then, and are now, patriotic Americans who love and are dedicated to their country and to their church. These early immigrants wanted very much to belong and become actively involved in their new community. This involvement started with the creation of a place of worship where they could give thanks to God for enabling them to come to this great country of ours. Today, the congregation of the Holy Trinity-Holy Cross Greek Orthodox Church is still very much involved in the activities of their church and community.

Mr. President, The Holy Trinity-Holy Cross Greek Orthodox Cathedral is the largest Greek Orthodox Church in the State of Alabama, and the fifth oldest Greek Orthodox Church in the United States. This parish was first established in 1906 and was then known as the Holy Trinity Greek Orthodox Church. The first priest of this church was the Reverend Callinicos Kanellos. As the Greek Orthodox community grew, the Holy Cross Greek Orthodox Church was established in another section of the city of Birmingham in 1933, and the first priest of this parish was the Reverend Dionysios Dimitsanos. Both of these churches were united into one parish in 1953, and the first priest at the new Holy Trinity-Holy Cross Greek Orthodox Church was the Reverend Emanuel Bouyoucas.

Today, the cathedral has as its dean the Reverend Father Emanuel Z. Vasilakis. Of course all of the priests of the church were very dedicated to their church and congregation. The parish now is proud, I am sure, to have Father Emanuel as its dean, for he is not only head of his parish but he is also actively involved in the Birmingham community. Father Emanuel had the honor to be appointed this year as a delegate of the Greek Orthodox Church of America to the White House Conference on Aging.

Mr. President, this was indeed a grand and joyous occasion. I should like to bring to your attention, and to the attention of my colleagues, the people from all segments of the Birmingham community who joined in this celebration, and also to commend the members of the parish who worked very hard to make the celebration a great success.

The invocation was given by His Eminence Archbishop Iakovos, Primate of the Greek Orthodox Church of North and South America. In attendance were His Grace Bishop John of Atlanta of the Greek Orthodox Diocese of Atlanta; Reverend Father Emanuel E. Bouyoucas, and the Reverend Father Emanuel Z. Vasilakis, dean of the Greek Orthodox Cathedral of Holy Trinity-Holy Cross.

Also attending the celebration were Hon. Richard Arrington, Jr., mayor of the city of Birmingham; Miss Molly Moore, assistant to the first lady, representing Gov. and Mrs. Fob James; Hon. George D. H. McMillan, Jr., Lieutenant Governor of the State of Alabama; Hon. Dimitri Esikouris, Consul of Greece in New Orleans, La.; the Reverend Paul Rohling, Chancellor of the Catholic Diocese of Birmingham in Alabama; Dr. Neal Berte, president, Birmingham-Southern College; the Rev-

erend Dr. C. Brinkley Morton, dean of the Church of the Advent Episcopal Cathedral; Rabbi David Jeremy Zucker of the Temple Emanu-El Reform; and a representative of Hon. ALBERT LEE SMITH, JR., U.S. Representative of the Sixth District of the State of Alabama.

Mr. President, also partaking in the ceremonies were my friends Mr. Sergei Kampakis, president of the parish council, Mr. Jerry O. Lorant, the toastmaster of ceremonies, and Dr. Peter W. Morris and Mr. Gregory J. Despinakis, who both gave an enlightening history of the Greek community in Birmingham.

Mr. President, as mentioned earlier, this celebration could not have taken place without the hard work of the members of this parish. I wish to pay tribute to all who participated in this great occasion. The National Anthems of the United States and Greece were beautifully sung by Ms. Cathy Nakos; The entertainment was directed by Mrs. Peter W. Morris, and included Stephanie Bouloukos, Arthur Constantine, Gregory Constantine, Paul Constantine, Tommy Constantine, Helen Cosmas, Lynn Grammas, Mary Grammas, Alycia Gulas, Bill Gulas, and Maria Mandaleris; musical selections were performed by Miss Pauline Constantine, Dr. John G. Cocoris, Mr. Emanuel J. Vakakes, and Mr. Nick Velotas, accompanist, under the direction of Mr. Cameron P. Grammas; chamber music was performed by George Kentros, Jr. and ensemble.

Many committees were formed to organize this event. The 75th anniversary general chairmen were Mr. Sergei Kampakis, Mrs. Connie Kanakis, and the Reverend Father Emanuel Vasilakis; banquet chairman. Mrs. Ernest G. Pappas; dinner committee, Mr. Peter Gerontakis, Mr. Theodore Lafakis, Mr. Steve M. Leontis, Mr. George Sissa, and Mrs. John Dikis; decor committee, Arthur G. Garikes, Mrs. Peyton McDaniel, Ms. Linda S. Wilson; publicity committee, Miss Despina Vodantis, and Mrs. Emanuel J. Vakakes; programs committee, Miss Carol Pappas; reception committee, Mr. Deno Fifles; reservations and tickets committee, Mrs. Connie Kanakis, and Mrs. Deno Fifles; musical committee, Mr. Cameron P. Grammas, Mr. Nick Velotas; special floor show entertainment committee, Mrs. Peter W. Morris; guest accommodations committee, Mrs. Connie Kanakis; beverages committee, Mr. Sergei Kampakis.

Mr. President, I am very proud of this church, its history, and its members. I was very privileged to join them in this grand celebration.

TRIBUTE TO JOE STEWART

Mr. HEFLIN. Mr. President, it is a pleasure to join my colleagues in paying tribute to a fine individual and dedicated staff member of the U.S. Senate, Joe Stewart.

After 30 years of unyielding dedication to this body, Joe has decided to accept employment with a private concern. The Senate recently passed Senate Resolution 214 in recognition and praise of Joe Stewart and the superior service he has rendered in behalf of the citizens of the United States and the U.S. Senate.

Joe is one of the most industrious individuals I have ever known. His career with the Senate began in 1951 when he was appointed as a page to Senator Holland of Florida. Joe graduated from Capitol Page School as president of his class in 1953. He then proceeded to work diligently in a variety of capacities, including service as a staff member for the Appropriations Committee and as a legislative assistant to Senator ROBERT C. BYRD. In 1979, Joe began his distinguished tenure as secretary to the majority of the U.S. Senate. In 1981, he served as secretary to the minority of the Senate.

In addition to dedicating himself full time to the Senate, which we all know more often than not exceeds a 40-hour week, Joe managed to successfully complete his undergraduate degree as well as attain his law degree from the American University Law School in 1963. Such unyielding dedication is exemplary of Joe's outstanding service to the Senate.

Joe's energetic manner has been invaluable to us all during pressing and difficult times. He was always available to assist, and to provide valuable advice based on the knowledge and expertise he acquired over the course of his valuable career with the U.S. Senate.

Indeed, Joe has left his mark on this institution as one of its ablest and most dedicated staff members whose fine work goes unsurpassed.

I have no doubt that Joe will be tremendously successful as he ventures into the private sector. Joe, I join my colleagues in wishing you the greatest success in the years ahead.

Mr. President, I yield back the remaining portion of my 5 minutes.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EMPLOYEE GROUP BUYS GM FACILITY

Mr. LONG. Mr. President, today in Clark, N.J., an event is taking place that will, I hope, become a model for American industry. This event is the signing of legal documents that will enable the employees of the New Departure-Hyatt Bearings Division of General Motors to buy that facility through the use of an employee stock ownership plan (ESOP).

Earlier this year, it appeared that this plant would close, leaving General Motors to buy less expensive parts elsewhere, including from less costly producers abroad. Rather than permitting their employer to close, however, the employees formed a Hyatt-Clark Job Preservation Committee (comprised of union and salaried workers) and hired consultants to evaluate the feasibility of operating the facility as an independent, employee-owned business entity.

The feasibility study found that, given the right set of circumstances, the company could not only survive but possibly thrive. The circumstances involved an interplay of many factors—with each party to the transaction pitching in to make the employee buyout possible.

A crucial element in the determination of feasibility was GM's commitment to buy a large portion of the plant's ball-bearing output over the next 3 years. General Motors also agreed to sell the plant's real estate in exchange for a block of nonvoting preferred shares in the new Hyatt Industries, Inc. This partial financing, plus the guaranteed order, represent GM's commitment to the success of this venture.

Local lenders were also helpful in providing a mortgage loan and in extending credit for working capital. In addition, several distinguished individuals agreed to contribute their professional expertise by serving on the board of directors. Federal financial assistance is also being sought to replace a temporary extension of credit that was arranged in order to complete the financing package. It is my hope that this Federal assistance will soon be forthcoming.

The employees have also demonstrated their commitment to the venture. In addition to contributing more than $100,000 to determine the feasibility of the acquisition, the employees have also agreed to a salary reduction of approximately 30 percent. In exchange, the employees will (through their ESOP) receive an ownership stake in the company's future. In addition, a proposed productivity bonus plan could replace a substantial amount of the employees' otherwise reduced take-home pay. The work force was also reduced by approximately 50 percent.

The new company also plans to substantially revise its management practices, including more decisionmaking input by the rank and file—for example, inclusion on the board of directors of two leaders of local 736 of the United Auto Workers. Recognizing that long-term survivability depends on their ability to compete, those involved are determined to establish a new company spirit, a spirit of high quality workmanship and increased productivity.

Mr. President, it is hoped that this Government will see fit to make some funds available to help consummate this transaction.

This employee group is to be commended for their creativity, their persistence and their foresight in proceeding with this employee buyout. I wish everyone involved the best of success in this exciting new venture. It is my hope that this action will set the pattern both for American business and for American labor. Over the long run, I am convinced that we will have a stronger economy if more working Americans begin to share

an ownership stake in their place of employment.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Morning business is closed.

DISTRICT OF COLUMBIA APPROPRIATION ACT, 1982

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of H.R. 4522, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4522) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations.

Mr. D'AMATO. Mr. President, it is a pleasure to present to the Senate today a balanced budget for the District of Columbia. We held extensive hearings on the budget requests of the various city departments and agencies and found them to be generally well thought out and fiscally prudent.

Mr. President, the bill as reported is below the budget request, below our allocaton under the budget resoluton and reflects the provisions of the reconciliation bill passed earlier this year. In total the Federal funds equal $557.2 million. This is comprised of: $336.6 million for the Federal payment; $13.5 million for water and sewer services to Federal facilities; $52.1 million for retirement fund contributions; and $155 million for capital project loans.

The Federal payment represents an increase of $36.6 million above the House allowance. This increase was proposed by the President and included after the authorization was passed. This is the first authorized increase in the Federal payment in the 6 years since home rule. It should be noted at this time that in his September budget amendments the President made no recommended reductions in the District budget. That does not mean that the city has been immune from program reductions. Like any other local government they will feel the impact of Federal budget cuts. As of last July, as a result of the March budget proposals and reconciliation the city estimated a loss of $71 million in expected Federal funds. This does not include the impact of the September recommendations which will certainly increase that figure.

Mr. President, in addition to the Federal funds the committee also approves the entire city budget. After a thorough review we have requested approval of a $1.9 billion budget for the city, including locally generated revenues.

Mr. President, this is a good bill. We have made recommendations that are supportive of the needs of the District and also protect the Federal interest in the city. I will not take the Senate's time to itemize the provisions contained in the bill and report. I would, however, highlight the following items:

First. We have allowed 179 more police officers than requested by the city. With crime nationally on the increase these resources are most important to the security of the city's residents and visitors.

Second. For the fire department we have allowed funds to add three ambulances to the city emergency medical services.

Third. We have required that a separate fund be established to insure that no Federal funds are used to support the lottery board.

Fourth. We recommend the full budget request of $253.8 million for the public schools.

Fifth. The bill includes $2 million to assist in issuing mortgage revenue bonds to provide low- and moderate-income mortgage loans to District home buyers.

Sixth. A capital appropriation of $45.9 million for Metrorail construction.

Seventh. And $10 million as the first installment on the repayment of the general fund deficit.

Mr. President this bill deserves our support. It will continue what we hope to be a long tradition which began in 1981 of balancing the District budget. This bill is totally consistent with, and supportive of, President Reagan's efforts to help put the city on a sound financial footing so that its reliance on Federal Treasury borrowing can be diminished and that its reliance on private money markets can become a viable reality.

GOVERNMENTAL DIRECTION AND SUPPORT

For governmental direction and support we recommend $87,747,400 in fiscal year 1982. This appropriation includes funds for the operation of the 24 city departments and agencies under this heading. Included are the Council of the District of Columbia, Office of Mayor, Auditor, and the Office of the Inspector General. The Departments of Finance and Revenue and General Services. Also included in this amount is $6,393,000 to continue the implementation of the District's financial management system (FMS). This system was established pursuant to Public Law 94-399 and is designed to give city managers more current and accurate information on the financial status of the District.

The bill includes $1,100,500 and 24 positions for the Office of the City Administrator. The Mayor has designated the City Administrator as the chief administrative officer of the city and ordered all department heads to report directly to him in addition to the four Assistant City Administrators. In keeping with this expanded role, the Productivity Management Services unit has been transferred to the City Administrator from the Office of Budget and Resources Management. Also included in the bill is a $2,500 expense allowance similar to those provided for the Mayor and Council Chairman for the City Administrator. These funds will be drawn from other accounts and available for reimbursement of official expenses incurred in performance of the offices' duties.

An amount totaling $24,563,100 is provided for the Department of General Services. We are aware of a provision in the House-passed version and Senate committee bill, H.R. 4121 which exempts rental payments from section 322 of the act of June 30, 1932, as amended (40 U.S.C. 278a). We support this measure as a cost saving measure. A total of $1,348,300 is provided for the Retirement Board. These funds will be derived from the general fund in the amount of $674,000 and $674,300 from the proceeds of invested funds. The Board will use this appropriation to pay administrative, legal, and investment management fees. In addition $150,000 is provided for the startup costs of the Statehood Constitutional Convention as required by initiative, D.C. Law 3-171.

ECONOMIC DEVELOPMENT AND REGULATION

For economic development and regulation the recommended amount is $29,748,900, the same as the budget request. Of this amount $15,429,400 is recommended for the Department of Housing and Community Development. Within this budget $2,000,000 is provided to the Housing Finance Agency to assist in the issuance of $100 million in mortgage revenue bonds. The proceeds will be used to make available low to moderate income owner occupied housing. The single family unit dwelling types assisted will be new construction, condominium and tenant sponsored cooperatives.

The committee report includes an expression of concern over the effect on affordable low- and moderate-income housing of the District's rent control policy. Recent investigations have disclosed that these controls by holding return on investment down venture capital is not attracted to the market. In turn reduced rental building income leads to lower tax assessments thus lowering government revenues. In short, it appears that the experience of rent control to date has been to aggravate the problems it was intended to correct.

Also included in the bill is $628,000 and 14 positions to establish the Lottery and Charitable Games Control Board. The five-member Board was appointed by the Mayor in July 1981 following adoption of a referendum by District voters in November 1980. The bill also limits to locally generated revenues those funds which may be used in the operation of the Board. It is also expected that lottery revenues, which may total $25 million in fiscal 1983, will be used to cover the operating expenses as provided in annual budget requests and appropriations. Those revenues excess to those expenses will be available to the city for other purposes. The Board will also regulate bingo games and charity raffles.

PUBLIC SAFETY AND JUSTICE

The bill includes $365,258,900 for the public safety and justice functions of the

District of Columbia. Of this amount $113,286,900 is for the Metropolitan Police Department, this is $3,128,900 above the budget request. This increase is the result of an additional 179 police officers that has been included to bring the total to 3,800.

The amended budget request of $42,626,300 is provided for the Fire Department. Included in this amount is $948,000 to purchase three new ambulances and hire additional emergency medical personnel. We hope, and expect, that this will be only the first phase of an upgrading of the District's ambulance and emergency medical service.

The courts of the District of Columbia are allotted $39,967,100 under this heading. Of which $2.553,700 is for the Court of Appeals; $27,264,700 for the Superior Court and $5,831,500 is for the administration of the court system. The remaining amount, $4,317,200 is for the Public Defender Service and Pretrial Services Agency.

Within the Department of Corrections, $14,918,100 is for the payment due the Federal Bureau of Prisons for the per diem expenses of District prisoners held in Federal facilities. The bill also includes $3,622,000 for a new adult medium security facility to house 400 persons. The current facility at Lorton, Va., is 133 persons over capacity and this new facility will meet the need to relieve overcrowding at the central facility.

The bill also includes a representation allowance of $2,500 for the use of judges of the Appeals and Superior Courts. These funds will be drawn from other funds available to the court. From time to time foreign and domestic judicial representatives visiting the Nation's Capital on official business are entertained by the local judicial officials. Currently these expenses are paid out of pocket by individuals. This allowance would provide reimbursement for these expenses.

PUBLIC EDUCATION SYSTEM

We recommend $378,301,700 for the public education system of the District. The Board of Education portion of this amount is $253,794,400. This amount is the same as the budget request and provides for a per pupil expenditure of $2,717 for the estimated 94,300 students. The average teacher to pupil ratio is estimated to be 1 for each 25 students. The amount recommended for the teachers retirement fund is $60,220,900, this is $12 million above the House allowance due to more recent actuarial estimates and the costs of the 1980 early out program.

The fiscal 1982 recommended budget for the University of the District of Columbia is $48,937,100. The city and university are currently working on a master plan for the needs at the Van Ness and Mount Vernon Square Campuses. We look forward to receiving this plan to consolidate university functions and provide better educational services to its students.

Also recommended is restoration of the positions and funds for the Commission on the Arts and Humanities to allow increased program offerings for the handicapped. The full budget request of $9,979,300 is recommended for the Public Library. We hope that future budgets will avoid the need to reduce library services further and possibly expand this community asset.

HUMAN SUPPORT SERVICES

For human support services the bill includes $398,010,100. Of this amount $12,074,600 is for disability compensation and $8,477,000 is for the unemployment compensation fund for qualifying District workers. Concerning the former the report includes language indicating that the District has the authority to set its own disability compensation rate and program, rather than using the twice yearly increases as mandated under Federal law. We hope that this will be pursued as a potential cost saving measure.

The Department of Human Services is recommended to receive $286,163,000 and includes the budget request for the Office of Eligibility Review and 45 positions. This Office confirms the eligibility of AFDC applicants and investigates cases of fraud in the program. The Office has never been fully staffed. We are asking that if that cannot be accomplished by January 1, 1982, or if the 45-position staff is inappropriate that we be so informed by that date with a revised budget for the Office.

We have been impressed by the ability of the Board and managers of District of Columbia General Hospital to hold the city share of the hospital budget to a constant percentage figure for several years, despite increases in health care costs. In fiscal year 1982, $29,786,600 is recommended.

TRANSPORTATION SERVICES AND ASSISTANCE

For the District Department of Transportation $39,283,400 is recommended in fiscal year 1982. The DOT capital budget is $29,784,300 to repair the many miles of roads and bridges in the Washington area. This level will support efforts at a joint program to address the increasing needs to repair roads and bridges in the District between DOT officials and the National Park Service. The Park Service controls 301 miles of roads and 196 bridges in the Washington area, making their cooperation essential to addressing the infrastructure needs of the city's surface transportation system.

In addition $78,800 is provided for the Washington Metropolitan Area Transit Commission, and $84,319,400 as the District share of Metro service in 1982.

ENVIRONMENTAL SERVICES AND SUPPLY

For the general fund portion of the Department of Environmental Services $31,287,300 is recommended, together with $69,074,900 to be derived from the water and sewer enterprise fund for a total budget of $100,362,200. We have also been concerned about the state of the city's water and sewer infrastructure. Analysis indicates that fully two-thirds of the city pipes are inadequate to handle current needs and should be replaced.

PERSONAL SERVICES

For personal services the bill includes $34,801,100 to provide cost-of-living increase to District of Columbia employees. The bill also contains a cap of 32,953 on District government employment which is 2,360 below last year's level.

REPAYMENT OF LOANS AND INTEREST

We recommend $126,060,600 for the repayment of capital improvement loans to the District. These loans are repaid over a 30-year period and this amount represents the 1982 portion.

REPAYMENT OF THE GENERAL FUND DEFICIT

The bill includes $10,000,000 solely for the purpose of retiring a portion of the $388,000,000 accumulated deficit.

CONTINGENT SERVICE FUND

This fund is established with $2.4 million from the School Board budget to be available when, and if the Mayor and the Board of Education can agree on a proposal to use vacant school buildings for office space.

CONVENTION CENTER

For the convention center the bill includes $1,231,300 to be derived from the convention center enterprise fund. The center is under construction with completion expected in the fall of 1982. This appropriation will cover the anticipated staffing up of the center in preparation for the opening.

CAPITAL OUTLAY

For capital projects the bill includes a total of $211,521,100. I will not list the individual projects since they appear in Senate Report 94–254 at page 43.

In closing Mr. President, I thank the members of the District of Columbia Subcommittee, particularly the distinguished ranking member, Senator LEAHY, for his support and diligent attention to this bill at each step of our committee's process. And to the chairman of the Appropriations Committee, Senator HATFIELD, for his counsel during our deliberations. He recommended improvements in the bill in his usual quiet and effective manner.

Mr. President, I commend the majority and minority staffs and again single out Senator LEAHY for his experience and his diligence in helping us to avoid some of the pitfalls that otherwise I believe we would have had some difficulty in overcoming.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be regarded for purposes of amendment as original text, provided that no point of order shall have been considered to have been waived if the request is agreed to.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 3, strike "$300,000,000", and insert "$336,600,000";

On page 3, line 9, strike "$84,742,900", and insert "$86,747,000";

On page 3, line 11, strike "Mayor and", and insert "Mayor";

On page 3, line 12, strike "Columbia", and insert the following: "Columbia, and $2,500 for the City Administrator";

On page 4, line 3, after "That", insert "notwithstanding any other provision of law";

On page 4, line 7, strike "$312,700", and insert "$674,000";

On page 4, line 8, strike "$1,035,600", and insert "not to exceed $674,300";

On page 4, line 20, strike "$28,096,100", and insert "$29,748,900";
On page 5, line 1, strike "$1,000,000", and insert "$2,000,000";
On page 5, line 6, strike "$1,000,000", and insert "$2,000,000";
On page 5, line 14, after "payments", insert the following: ": *Provided further*, That the District of Columbia will establish a special fund to assure that any moneys available to the Lottery and Charitable Games Control Board shall be derived from District of Columbia revenues";
On page 5, line 24, strike "$363,811,900", and insert "$365,258,900";
On page 6, line 20, after "Mayor", insert the following: ": *Provided further*, That not to exceed $2,500 for the Joint Committee on Judicial Administration shall be available from this appropriation for official purposes";
On page 7, line 2, strike "$365,732,100", and insert "$378,301,700";
On page 7, line 7, strike "$48,119,200", and insert "$60,220,900";
On page 7, line 10, strike "$696,600", and insert "$809,500";
On page 7, line 12, strike "$4,115,000", and insert "$4,470,000";
On page 8, line 4, strike "$48,119,200", and insert "$60,220,900";
On page 8, line 17, strike "$394,259,300, and insert "$398,010,100";
On page 9, line 11, strike "$11,374,600", and insert "$12,074,600";
On page 9, line 14, strike the colon, through and including "expenditures" on line 19;
On page 10, line 20, strike "$19,625,800", and insert "$34,801,100";
On page 17, strike line 22, through and including line 25;
On page 18, line 1, strike "112.", and insert "111.";
On page 18, line 7, strike "32,922", and insert "32,953";
On page 18, line 8, strike "31,953", and insert "31,994";
On page 18, line 14, strike "$28,829", and insert "$28,860";
On page 19, line 8, strike "113.", and insert "112.";
On page 19, line 16, strike "114.", and insert "113.";
On page 19, line 18, strike "February 1", and insert "April 15";
On page 20, line 1, strike "115.", and insert "114.";
On page 20, line 6, strike "116.", and insert "115.";
On page 20, line 10, strike "117.", and insert "116.";
On page 20, line 14, strike "118.", and insert "117.";
On page 20, line 24, strike "119.", and insert "118.";
On page 21, line 6, strike "120.", and insert "119.";
On page 21, line 11, strike "121.", and insert "120.";
On page 21, line 14, strike "122.", and insert "121.";
On page 21, line 18, strike "123.", and insert "122.";
On page 21, line 23, strike "Virginia.", and insert the following: "Virginia, until the appropriate State agency has issued the required permits.";
On page 21, after line 23, insert the following:

"SEC. 123. Notwithstanding section 422(7) (D.C. Code, sec. 1-67(7)) and (D.C. Code, sec. 5-703(a)) the City Administrator and the board members of the Redevelopment Land Agency shall be paid at a rate established by the Mayor.".

Mr. LEAHY. Mr. President, I compliment the distinguished Senator from New York, the chairman of the D.C. Appropriations Committee, for his fine handling of the myriad requests and needs of the District of Columbia.

I speak with some experience when I say that it is not an easy job to be chairman of that subcommittee. I extend to the Senator from New York my congratulations for his fine work and my condolences for his assignment. He has handled it, however, with sensitivity, with integrity, and with competence.

By this legislation, the Senate again has demonstrated that, more and more, we are committed to the ideal of home rule and that less and less the Senate is trying to meddle in any kind of light fashion with the city. I believe that reflects credit on both the city and the U.S. Senate and reflects the realities of the day, the realities being that we have a city which long ago came of age.

So I join my distinguished colleague from New York in endorsing this measure, and I hope it will be passed.

Mr. DOMENICI. Mr. President, H.R. 4522, as reported by the Appropriations Committee, provides new budget authority of $0.6 billion for fiscal year 1982.

The bill is consistent with both the D.C. Subcommittee's allocation under the first budget resolution and the President's September budget request. The bill is also consistent with the Omnibus Reconciliation Act provision limiting the amount authorized for loans to the District for capital projects to $155 million. In addition, the bill places an outlay limitation of $145 million on these loans, as requested by the President.

The bill provides $37 million more than the House-passed bill for the Federal payment to the District. This is consistent with the increase in the authorized Federal payment ceiling enacted into law in August and the President's September request.

I commend Chairman D'AMATO and his subcommittee for the fiscal restraint reflected in this bill. It is the first appropriations bill to reach this floor tnat has been consistent with the President's latest budget request.

Mr. President, I ask unanimous consent that a table showing the relationship of the reported bill to the congressional budget and President's budget request be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

District of Columbia Subcommittee

[In billions of dollars]

	FY 1982	
	BA	O
Outlays from prior-year budget authority and other actions completed	----	0.03
H.R. 4522, as reported in Senate	0.6	0.5
Possible later requirements: None	----	----
Total for District of Columbia Subcommittee	0.6	0.5
First budget resolution level	0.6	0.6
House level	0.5	0.5
President's March request	0.6	0.6
President's September request	0.6	0.5
District of Columbia Subcommittee compared to:		
First budget resolution level	----	−0.1
House level	+0.1	----
President's March request	----	−0.1
President's September request	----	----

Mr. D'AMATO. Mr. President, I have no requests for time, and I am prepared to yield back the remainder of my time, if the Senator from Vermont has no requests for time.

Mr. LEAHY. I have no requests.

Mr. MATTINGLY. Mr. President, will the Senator from New York yield 1 minute?

Mr. D'AMATO. I yield.

Mr. MATTINGLY. Mr. President, I commend the Senator from New York, the chairman of the D.C. Appropriations Subcommittee, for the outstanding job he has done, as has every other member of that committee, to keep the committee within the guidelines of the budget process.

Senator D'AMATO and I both chair committees that have kept the reduction within the guidelines of the Federal budget, and I have submitted some amendments to bills to cut them back to the proper levels.

The Senator from New York is to be highly commended, as is the entire committee, for having put forth a proposal that not only fits within the President's guidelines but also helps the taxpayers of America.

Mr. D'AMATO. I thank my colleague from Georgia.

Mr. President, I am prepared to yield back the remainder of my time, if there are no further requests.

Mr. LEAHY. There is none on this side.

To follow what Senator MATTINGLY has said, I note that this is now the fifth year in which the District of Columbia bill has come in not only within the budget but under the budget as well. I am glad to see that precedent being followed.

I yield back the remainder of my time.

Mr. D'AMATO. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. SIMPSON). The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 4522) was passed.

Mr. D'AMATO. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and

that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. SIMPSON) appointed Mr. D'AMATO, Mr. HATFIELD, Mr. SPECTER, Mr. WEICKER, Mr. LEAHY, Mr. PROXMIRE, and Mr. BUMPERS conferees on the part of the Senate.

DEPARTMENT OF AGRICULTURE AND RELATED AGENCIES APPROPRIATIONS, 1982

The PRESIDING OFFICER. Under the previous order, following disposition of H.R. 4522, the Senate will now resume consideration of H.R. 4119, the Department of Agriculture and related agencies appropriations for 1982, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

The Senate resumed consideration of H.R. 4119.

Mr. D'AMATO. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, the fiscal year 1982 Agriculture appropriations bill is explicit in its intent in regard to the special supplemental food program for women, infants, and children (WIC), the commodity supplemental food program (CSFP), and the food stamp program. I would like to emphasize what I think is already clearly expressed in the bill and its accompanying report.

WIC

As far as the WIC program is concerned, this bill provides sufficient funding to maintain a caseload of about 2.2 million persons, the participation level when the Reagan administration came into office. This is the approximate caseload that was supposed to have been maintained throughout fiscal year 1981. Unfortunately, because of threatened cutbacks by the administration and its failure to reallocate funding during the year, the caseload fell by about 200,000 persons nationwide. This should not have happened and the funding provided by this bill is intended to rectify that situation.

In the meantime, I am seriously concerned about the administration's management of the WIC program. So far, USDA has failed to put out the funds required under the continuing resolution to maintain the caseload in this program. Its failure to provide sufficient funds has already resulted in the suspension of benefits in one State for 12 days and the near shutdown of programs in several other States. At best, USDA is now sending out mixed signals to the States as to what the funding level of the WIC program will be during the period of the continuing resolution and afterward. There is a substantial possibility that the WIC program is suffering additional injury at this very moment and that caseloads are again falling off.

Unfortunately, this is designed for women, infants, and children, for pregnant women and for postpartum women and while this should be obvious to OMB and to USDA there are no women in this country who can determine their time of delivery to fit with the schedule of OMB.

I mention that in the Chamber because while that is obvious to all of us in the Senate it certainly is not obvious to OMB and I would be glad to send them down pamphlets from various sex education courses or Planned Parenthood or whatever to point this to them because the WIC program is being operated in a manner contrary to the intent of Congress, but Congress has not had an opportunity to express its official disapproval since no deferral has been submitted even though privately and indirectly the deferral has been put in here.

That Congress strongly disapproves of the manner in which the WIC program is currently being operated is clear from a bipartisan letter sent to OMB Director Stockman on October 22, 1981. I ask unanimous consent that a copy of the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Washington, D.C., October 22, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Washington, D.C.

DEAR MR. STOCKMAN: We wish to express our urgent concern over the status of fiscal year 1982 funding for the Special Supplemental Feeding Program for Women, Infants, and Children (WIC). Failure to promptly provide funding appropriated under the Continuing Resolution (P.L. 97-51) has already resulted in the suspension of WIC benefits for 12 days in Delaware, and nearly closed programs down in several other States. We strongly urge you to immediately release the approximately $140 million provided by Congress to operate the WIC program at current services for the duration of the Continuing Resolution.

Congress has repeatedly and clearly expressed its intention that the WIC program be funded to serve approximately the same number of persons in fiscal year 1982 as were served in fiscal year 1981. This position has been supported by broad bipartisan coalitions in Congress in the budget, appropriations, and authorization processes. The legislative history of the Continuing Resolution makes explicit the intent of Congress that the WIC program continue to operate without any reduction whatsoever in the caseload served in fiscal year 1981. The statement of the managers accompanying the conference report on the Continuing Resolution provides, in pertinent part, as follows:

"The conferees wish to stress that the Continuing Resolution maintains the current levels of participation for the Special Supplemental Food Program, known as "WIC", and the Commodity Supplemental Food Program (CSFP). Any efforts to reduce funding allocations to the states, thereby affecting levels of participation, would be clearly contrary to the provisions of this joint resolution."

According to USDA officials only $50 million has been released thus far to the States to cover the period of the Continuing Resolution. We find this information most distressing. If not augmented quickly, this funding level will result in drastic reductions in the number of needy women, infants, and children being served nationwide. We have been told by responsible Federal officials that at least several, and possibly many, State programs can be expected to close down altogether if additional funding is not made available before the end of October.

We would stress that in determining the appropriate level of funding to be provided under the Continuing Resolution, the existence of carryover funds from fiscal year 1981 should not be considered as available to the States. USDA officials have repeatedly informed us that the exact whereabouts and levels of fiscal year 1981 carryover funds cannot be established at this time and will not be available until later in the fiscal year. As the experience in Delaware this month shows, carryover funds cannot be properly and promptly reprogramed to avert shortfalls in funding that occur from State to State. An assumption that carryover funds are uniformly available in all States will likely lead again to funding crises in individual States.

WIC is an exceptional program that may well save more money in future health care costs than any potential savings generated by reductions in program expenditures. Congress has unequivocally expressed its complete support for the program. We urge you to assure that the WIC program is funded in a manner consistent with the intent of Congress

Sincerely,

Walter D. Huddleston, Patrick Leahy, Roger Jepsen, Joe Biden, Carl D. Perkins, Bob Dole, Slade Gorton, Ernest F. Hollings, Thad Cochran, Ted Weiss.

George Miller, Dale E. Kildee, William D. Ford, Ike Andrews, Pat Williams, William F. Goodling, Arlen Erdahl, John Ashbrook, Lawrence J. DeNardis, Larry E. Craig, James F. Jeffords.

Mr. LEAHY. The letter makes clear that the Congress intends the WIC program to be operated in fiscal year 1982 without a drop in the caseload served in fiscal year 1981. This can only be done if the administration manages this program responsibly by providing States immediately with an amount of funding that assures a maintenance of caseload. The stop and start operating instructions the States are now receiving from USDA simply do not allow a smooth and efficient management of this program. Benefits for tens of thousands of needy women, infants, and children have unnecessarily been put in jeopardy by the administration's uneven management of this program.

CSFP

H.R. 4119 provides $30 million for the CSFP program. As in the WIC program,

this funding level requires, at a minimum, that the fiscal year 1981 caseload—about 115,000—will be maintained in fiscal year 1982. I am distressed that at least two CSFP programs that I am aware of have been directed by their States to cut caseload during the period of the continuing resolution. This should not be happening now and H.R. 4119 should assure that this does not happen later in the year.

FOOD STAMPS

This bill provides sufficient funding to assure that there will be no across-the-board benefit reductions in fiscal 1982 pursuant to section 18b of the Food Stamp Act. By providing $10.3 billion for a 10½-month period only, Congress is clearly indicating that supplemental appropriations are expected in this fiscal year. At a minimum, no benefit reduction should occur before Congress has a chance to consider supplemental funding needs, currently expected to be about $900 million.

In each of the past few years, Congress has acted late in the fiscal year to provide the funding necessary to avert across-the-board benefit reductions. Once again, the Secretary should not act to reduce benefits unless there is a clear indication from Congress that such reductions are warranted. At this point in time, we are sending the opposite message: No benefit reductions until we have had a chance to address this issue next year.

AMENDMENT NO. 620

(Purpose: To reduce by 2.6 per centum the funds appropriated in the bill for payments not required by law)

The PRESIDING OFFICER. Under the previous order, the pending question is amendment No. 620 of the Senator from Georgia, which the clerk will state.

The legislative clerk read as follows:

The Senator from Georgia (Mr. MATTINGLY) proposes a printed amendment numbered 620.

At the appropriate place in the bill insert a new section as follows:

SEC. . The total funds appropriated or otherwise made available by this Act for payments not required by law shall be reduced by 2.6 per centum: *Provided*, That the amount appropriated or otherwise made available in this Act for each appropriation account, activity and project under which payments not required by law are made may not be reduced by more than 5 per centum.

Mr. MATTINGLY. Mr. President, on Tuesday of this week, I offered an amendment to the Interior appropriations bill which was calculated to save some $380 million in an effort to move toward further fiscal responsibility. I am saddened that we did not meet that challenge and achieve the savings. As you will recall, I had proposed a mere 5-percent average reduction in a bill that was some 15 percent above our September target.

Undaunted, however, by my earlier disappointment, I rise again to offer my colleagues yet another opportunity to go on record in opposition to continued increases in Federal deficit spending. This amendment that I offer provides another chance for us to chip away at inflation and high interest rates, another realistic proposal which will allow us to keep faith with the expectations and hopes of the American people.

I commend Senator COCHRAN and Senator EAGLETON who as chairman and ranking minority member respectively on the Agriculture Subcommittee have made truly remarkable progress toward meeting our goals in this bill.

It trimmed something like $1.1 billion from the original appropriation. But even this tremendous effort by them has left us some $512 million, just over one-half billion dollars, over our target. This figure represents about 2.6 percent of the approximately $20 billion in discretionary funding, a far cry from the 15 percent which we faced in the Interior bill.

Yet I feel we have a real obligation to keep our commitment to the people by eliminating even this 2.6 percent, and by realizing a $500 million savings.

My amendment simply provides that we lower funding of all discretionary accounts, activities, and projects, by the average of 2.6 percent.

It further provides that in reaching this 2.6 percent that no one account activity or project would be reduced by more than 6 percent. Mandated or entitlement programs, such as child nutrition, are exempted from any reduction. They will not be impacted whatsoever.

Thus the amendment provides some much needed flexibility in achieving the 2.6-percent average reduction while providing us with the means of reducing deficit spending by striking over one-half billion dollars.

As I said on Tuesday, we have made a lot of progress in our efforts, and we have indeed raised the hopes and expectations of our people, the American people. We have before us another chance to prove that we intend to do more than just talk a good game when it comes to the principles of fiscal restraint and budget reform.

I hope that we, as Members of the Senate, will adopt this amendment so that we can tell the people back home that we really are committed to fighting inflation and lowering the interest rate. I hope we can show the average citizen of this land that we have his best interests in mind and that we are truly dedicated to fiscal responsibility.

We have the means at hand, with the adoption of this amendment, to begin keeping our promises of a revitalized economy and increased opportunities for the men and women of America.

I urge my colleagues not to let this golden opportunity slip through our hands. Let us not snatch defeat from the jaws of victory in this effort to create a new beginning for our country.

I just briefly summarize that the amendment provides for a mere 2.6-percent average reduction, not an across-the-board reduction but just an average reduction, in discretionary budget authority, that not more than 6 percent be trimmed from any one activity or account.

It is time for us to face up to our responsibility, and it is time to be counted. I urge the adoption of this measure, and I call for the yeas and nays on the amendment, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. MATTINGLY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, I have a very high regard and warm personal friendship for the Senator from Georgia. In a very short time he has distinguished himself as one of the ablest of the new Members of the Senate, and has been a conscientious and effective Senator in working for implementation of the economic recovery program of our new President.

He and I share a concern that the Federal spending habits here in Washington have gotten out of hand, and that this new Government and this Senate have a mandate from the American people to change the way the Government has been operating in order to put the Government on a sounder fiscal basis, to get the budget under control, and to eliminate spending for wasteful and ineffective Government programs. For his efforts in assuring that this mandate is carried out, he should be congratulated.

I regret, therefore, that I have to oppose the amendment that is being offered, not because of the motivation behind it, because I think that is good and I applaud that motivation, but because of the fact that it might be implemented by the administration in a way that is not consistent with the intent of this Senate, nor of the Appropriations Committee in setting priorities and determining how best to approach the programs in terms of funding that are provided for in this legislation.

I remind the Senate that this bill was brought out by the Subcommittee on Agricultural Appropriations back in July at a time when we were able to reduce funding in this legislation to a level of $600 million below the President's budget request.

Since that time there were new estimates made by CBO taking into consideration new economic conditions, and we had also the September request from the President for additional cutbacks in discretionary spending.

In response to the President's request, our subcommittee went back to the bill that it had completed work on in July and reduced the funding provided for in the legislation by an additional $1.1 billion in budget authority.

In doing so, virtually every program and every account in this legislation was

scrutinized in a very careful and sensitive manner, Mr. President, to insure that those programs which provided essential services, nutrition assistance, and the like, to those members of our society who are not able to adequately provide for their own needs were protected, and that those essential services of the Department of Agriculture, the Food and Drug Administration, the regulatory responsibilities of the Commodity Futures Trading Commission, and other agencies would also be funded at levels that would permit them to continue to operate and help protect the safety and health of the citizens of the United States.

There are two or three other aspects of this amendment, Mr. President, which trouble the Senator from Mississippi, and which force me to oppose the amendment. One is the provision that States that exempted from this across-the-board 2.6 percent cut in funding are payments that are required by law. I would be curious to know if the Senator from Georgia could tell us what accounts in this legislation amount to payments that are required by law. There is a good deal of dispute and question, for instance, over child nutrition programs, school lunch programs, the women, infants, and children nutrition program, and the food stamp program, as to whether or not these programs would fall within the exemption that seems to be provided in the amendment of the Senator from Georgia. Maybe at the appropriate time or at this time the Senator could tell us what the intent of that language is. If it is an attempt to exempt those programs, then it would leave the Secretary of Agriculture with no choice but to impose what would amount to be the maximum cut mandated of 6 percent on all the other programs provided for in this legislation.

If it does not, then it gives the Secretary the authority to, without the requirement to, impose such a drastic cut on those programs that have just been mentioned, the nutrition programs and others.

(Mr. EAST assumed the chair.)

Mr. COCHRAN. These are the programs that have already been cut, Mr. President; funding at a level $600 million below the President's request that was submitted in March, and then after the September budget requests an additional $1.1 billion was cut from these programs.

I am convinced, after working with the other members of the subcommittee, that the funding levels provided in this bill are both restrained in response to the challenge the President has given us to hold down the cost of Government, but also sensitive to the needs of the poor and the elderly who depend on some of these programs that are funded in this bill for their very survival, and that to permit the unrestrained discretion to be given to the Secretary to make additional cuts of up to 6 percent in these individual accounts would be an act of irresponsibility on the part of the Senate.

It would be like saying we ought not to even have a subcommittee on agricultural appropriations to assess, through a hearing process and review of these programs, where the money is needed the most; or where the money is being spent in an effective manner and where it is not. We would simply turn that responsibility over to the Secretary of Agriculture or the administration. That is what we are here for.

I do not think this responsibility ought to be shirked. We ought to meet that responsibility. And, in the judgment of the Senator from Mississippi, that has been done by the subcommittee and by the full committee after its careful review of this legislation.

Some might say, "Well, so what if we give the Secretary the authority? Where is he going to cut? It is up to him, he may not cut every program 6 percent."

Well, if some accounts are exempted because they amount to payments required by law or even if it does not require exemption of those accounts, the Secretary could, for instance, go in and cut the ASCS budget or account by 6 percent. That is presently an $11.5 million program. That would be a cut of $700,000, nearly a 15-percent reduction from the level provided last year.

There are people employed in that program in every county in every State providing technical assistance to farmers and administering the farm commodity programs. It would require dismissal of employees in all of these counties all over the country if such a cut were imposed. This program has already been cut.

Another example is the Farmers Home Administration, which is providing services, processing loan applications from farmers for disaster benefits and for operating loans. Senators may recall that we hear a great deal from those who have to make applications for these loans that the processing time is long and drawn out. And efforts have been made, I know, by the Agriculture Committee and other concerned Senators working individually, to try to impose upon the Department in that agency a sense of responsibility to move quicker in processing those loans. Of course, the difficulty is that there is a limitation on the number of people who can be paid at the funding levels that we have for Farmers Home Administration, and that is one of the problems in processing these loan applications.

But if a farmer cannot get his loan processed and get the proceeds in hand, he cannot plant his crop, he is out of business for the year. In the Farmers Home Administration account, if it is reduced by 6 percent, as this amendment would give the Secretary the authority to do, more than 700 county office workers who make and service loans to farmers and other rural citizens would have to be dismissed.

The Animal Plant Health Inspection Service is funded now at a level of $270.5 million. This is the service that is charged with the responsibility of conducting programs to protect the animal and plant resources of the Nation from destructive pests and diseases. If this amendment is adopted, the authority given the Secretary would permit him to reduce that level of spending by $16.2 million.

And how would that affect the operation of the service? A new wave of dismissal of employees would occur and the job that this Congress has given to that service and the mandate of the law could not be met.

Funded also in this legislation is the Agricultural Research Service, agricultural research in trying to improve the productivity of our agricultural sector. If this amendment were adopted, the Secretary would be given the authority to reduce the account for agricultural research by $28.4 million, leaving in that account $14 million less than was available last year. This involves also research on pesticide impact, pest control, human nutrition, and a wide range of important research activities that are underway now.

Mr. President, we have seen the problems that pests and diseases cause on animal and plant life. Included in this legislation are funds to help attack problems caused by such ominous creatures as fire ants—the Senator from Georgia certainly understands the complexity and difficulties presented by this pest. In the brucellosis program in the cattle industry, funding is made available to try to control this very damaging cattle disease that has plagued the whole country, but particularly the Southeast for decades. We are finally getting to the point where we can see the possibility of eradication and control. But a 6-percent reduction, which is permitted if this amendment is adopted, would mean $5.4 million cut from that program, with no hope of reaching the point where we can see total control over that problem.

The Federal Crop Insurance program, of course, is in the experimental stage. It has just been put on the books to take the place of our disaster assistance program. A 6-percent reduction here would deny 70,000 farmers across America access to the Federal Crop Insurance program and absolutely destroy the effort that is being made to provide assistance from the Federal Government to those who have been hit by disasters on a sounder and more predictable basis than we had in the past. We would have to change that provision in the law that provides for disaster assistance payments to those who do not have access to the Federal Crop Insurance payment. That could even result in more expense to the Government in many instances.

So every budget cut that is recommended in this amendment across the board is not cost-effective. This committee has undertaken its responsibilities in a very careful and deliberate manner. It has been pointed out the savings that

have been achieved in an effort to support and help implement the economic recovery program.

To adopt this amendment, Mr. President, would certainly undo the careful work that has gone before by the members of this subcommittee and the full committee. It would be an abdication of responsibility by Members of the Senate to help set priorities, to help insure that the funding which is approved by this Congress is spent doing those things and helping meet those needs which are considered critical by the Members of Congress.

Mr. President, I hope the Senate will reject the amendment.

Mr. EAGLETON. Mr. President, I yield to the Senator from Georgia.

Mr. MATTINGLY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EAGLETON. Mr. President, I shall be brief. I make, in essence, three basic points:

Point 1, the Mattingly amendment abdicates the role of Congress in making decisions on how funding should be spent. If someone believes cuts should be made, I think it would be more appropriate that he suggest specific cuts to be made in the bill, be they in the agricultural research portion of the bill, soil conservation portion, the nutrition portion, or wherever. Then, of course, we could have a vote on the merits of the specifically targeted cut.

Point 2, the bill in its present form represents a total obligational authority of $22.8 billion. That $22.8 billion is already $2.7 billion below the fiscal year 1981 funding level. It is important to emphasize that. The bill before us is $2.7 billion below the 1981 actually appropriated level. That in and of itself is a cut of 10.6 percent.

The bill before us is also $1.7 billion below the March Reagan budget, and over $1 billion in budget authority below the level originally recommended by the subcommittee.

To make the picture complete, I guess the only negative figure is that the price of this bill, $22.8 billion, is about a half billion dollars above what I would call the Reagan revised September budget proposals, which have not been embraced with any great warmth in this Chamber.

Point 3, the Senate considered this same type of amendment when working on the Interior bill on Tuesday of this week. That bill, which contained about $7.4 billion in Federal funding, was $1 billion over the President's requested September funding level, and that amendment was rejected by the Senate.

So, Mr. President, I think by every rational analysis the spending in this bill is tempered and reasonable. I repeat once again that if there are specific programs that the distinguished Senator from Georgia thinks are overfunded, he would be better served, and the Senate as a whole would be better served, if he would offer specifically targeted amendments to those line items that he finds either wasteful or excessive. We could then vote on those amendments one by one, and we could debate the policy implications of such cuts as he may propose.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. MATTINGLY. I thank the distinguished Senator from Missouri for his comments.

Let me clarify a couple of points.

One, in saying that the bill is not over by too much, the OMB figures, which are lying on every Senator's desk, show that the bill is higher than the administration's separate request by over $1 billion in budget authority and $1.1 billion in outlays. I just wanted to clarify that point.

There is something else which I think ought to be brought up. Everybody has been watching television, reading newspapers, and listening to radios with reference to the policies pursued by the Congress for several decades. I feel like the President's program, the program supported here in the U.S. Senate, is a policy mix of helping to cure inflation and limiting the price increases.

Though I believe that the new policies are going to succeed, it will be, if they do not succeed, because Congress has not brought the budget under control.

Polls already show that over 60 percent of the people of our country favor giving the President the right he has requested to veto budget items line by line. Congress is going to fight every inch of the way against giving the President that power, saying that it will curtail its own.

The comment that we are taking some authority away from a committee does not have to happen because we do not have to give the President the opportunity to veto if we do the job.

The President could take his case to the people, as he has several times. A full court press on the item veto would be a precise and effective way to pick up the challenge of the big spenders in the Congress. I do not believe the President can let the challenge go unanswered, nor would the American people want that to happen.

I can understand 2 or 3 days ago when I offered the amendment to cut 5 percent from the Interior bill that that seemed like a high figure to some people. But to look at 2.6 percent I think it is a joke that they would say this would destroy programs, 2.6 percent. That is a real figure, and we are talking about zero impact on some programs.

Of course, examples can be brought out saying that a 6-percent cut in something might be cutting something that should not have a 6-percent cut. This does give the latitude of zero to 6 percent in those programs.

We are not impacting the nondiscretionary programs but only the discretionary programs, which are almost $20 billion out of the total agricultural bill.

I think the American people want to know at what point the Congress does not flinch any more. Is 2.6 percent that point? Or is it going to be 1.6 percent? Where is it?

Today they are going to get a test. We are going to see if 2.6 is the infinitestimal percentage where no one will be hurt but a lot of people will be helped because 2.6 percent is not a smoke screen. The 2.6 percent is a small amount that will really make the agricultural bill a better bill and prevent it from the possible opportunity of being vetoed.

Mr. COCHRAN. Mr. President, I do not know of any other Senators who wish to be heard on the amendment. I think the discussion we have had up to this point has provided the Senate with information about the effect the amendment would have in a practical way on some essential and important programs funded in the legislation. The Senator from Missouri has outlined so well how the committee has brought to the floor a bill that is about $2.6 billion less than the funding level for all of these programs last year—this fiscal year. The committee has worked very hard to identify those programs and accounts where savings could be made without jeopardizing needed services or benefits that are included in the legislation. If there are additional savings that can be made in any of these accounts, of course, the bill is open for amendment at any point.

However, an across-the-board swipe at the whole array of programs that are provided for in this legislation absolutely abrogates the responsibility this body has to help determine spending priorities and where the Federal Government assitance ought to be placed, where emphasis should be placed to determine which programs are being ineffectively administered and can be reduced in cost, as the committee has done. Virtually every program and every account in this bill has been reduced to some extent or another below prior funding levels.

The Senator could, of course, offer suggestions in the form of amendments on any individual account and let the Senate work its will on whether or not there has been a sufficient cut made or a reduction made in the school lunch program, for example. The Senator may have seen, across the country, programs that are being shut down because of inadequate funding that is available to continue them in operation and the cost per student for school lunches having to be increased all over the country.

These are decisions that are having to be made because of reductions that have already occurred. To come in now and give the Secretary the authority to impose a 6-percent cut in the school lunch program would wreak havoc on the efforts being made at the local level to provide lunches in the schools of this country. There are many other examples that have already been indicated, Mr. President, and it is not the intention of the Senator from Mississippi to prolong the debate.

When I served in the other body, there was always a Representative who would

offer an amendment on every appropriations bill just before passage, cutting 5 percent across the board. It played well back in his home State, sounded good when he was on the floor. But when we really got down to seeing what would be done, most Members decided that it was not appropriate to turn to the administration and say, "We are going to cut the bottom-line number by a certain percent and let you identify the programs to be cut even further than the Congress has cut it."

I am prepared, Mr. President, to yield back the remainder of my time and go to a vote on the amendment if the Senator from Georgia is ready.

Mr. MATTINGLY. Mr. President, there is one more Senator (Mr. HELMS) who would like to speak on the amendment. He is chairman of the Committee on Agriculture, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I commend the able Senator from Georgia on his amendment. He is a distinguished member of the Appropriations Committee, and he is known for his sound judgment in economic matters and others.

Mr. President, it seems to me that the question before us is whether we are going to support the President's most recent budget figures or support the much higher spending proposal reported by the Senate Appropriations Committee.

I have the highest respect for our able colleagues on the Appropriations Committee. I think they know that. But I must say that I am a bit disappointed that the committee decided, in its wisdom, to exceed the President's lastest budget request and exceed it by something like a half-billion dollars, if my arithmetic is correct. Mr. President, if the Mattingly amendment is not approved by the Senate, I cannot support this bill.

It is my information that the distinguished committee even tacked on additional spending over and above the amounts passed by the House of Representatives. The House bill itself was already higher than the request by the President on September 24.

Having said all that, Mr. President, I want to make it clear that many of the programs which may be slightly reduced as a result of Senator MATTINGLY'S amendment are programs which I favor. However, I believe that our overriding concern today must be to reduce, at every possible point, spending by the Federal Government.

If we are to stay on course with the President's program for economic growth and reduced Federal spending, we simply must make significant reductions in Federal spending because the alternative is an invitation to exacerbate the economic difficulties we are now experiencing and which are themselves the result of years of unrestrained spending by the Federal Government, which in turn produced a trillion dollar debt that the taxpayers of this country are shouldering today.

Never a day passes that one one or more delegations from my State come to me and say, "We must do something about this economy."

I say, "Fine. What do you suggest?"

I receive all sorts of suggestions, but, generally speaking, most citizens realize that unless there is a reduction in Federal spending sufficient to send a clear signal that we are truly headed toward a balanced budget, the interest rates are not going to come down.

And unless the interest rates come down, we are not going to get this country moving again. Unless we get the country moving again, productivity is going to remain at a very low level, and unemployment will continue to rise. So we have an economic situation in which the dog is chasing its tail.

There is no easy way, no instant way out of the economic dilemma that this Government faces and, consequently, the American people face.

We simply must reduce Federal spending and the only way to do it is to bite the bullet and vote to cut Federal spending all along the line. Otherwise, there is no hope that I can see for getting this Nation stabilized.

For that reason, Mr. President, I would reiterate that unless the Mattingly Amendment is approved, I cannot in good conscience vote for this bill on final passage. I may be the only Senator to take this position. I may be misunderstood, but if we are serious about cutting Federal spending and balancing the Federal budget, we must be prepared to cast the difficult votes necessary to achieve and maintain economic stability.

The across-the-board reduction proposed in and by the amendment of the distinguished Senator from Georgia will allow the Secretary of Agriculture to determine the exact distribution of this reduction in appropriations. As I understand his amendment he is exempting the entitlement programs. The ceiling on individual cuts within specific accounts, projects, or activities will guarantee that no program will suffer a disproportionate share of the reductions to be made.

It should be noted that this approach reduces the actual appropriations to the Department of Agriculture to stay within the budget request of September 24. Unlike previous, similar across-the-board proposals, the reduction in appropriations as contemplated by Senator MATTINGLY is not held in reserve but rather withheld altogether from the Department.

I ask the Senator if this is not correct?

Mr. MATTINGLY. The Senator is correct.

Mr. HELMS. I thank the Senator.

Mr. President, I support the amendment, and I commend the distinguished Senator from Georgia for offering it.

Mr. COCHRAN. Mr. President, I know of no other Senators who want to be heard on the amendment and this Senator is prepared to go to a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), the Senator from Maryland (Mr. MATHIAS), the Senator from Oklahoma (Mr. NICKLES), the Senator from New Mexico (Mr. SCHMITT), the Senator from South Carolina (Mr. THURMOND), the Senator from Wyoming (Mr. WALLOP), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea," and, I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Washington (Mr. JACKSON), the Senator from Rhode Island (Mr. PELL), the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

On this vote, the Senator from Rhode Island (Mr. PELL) is paired with the Senator from Washington (Mr. JACKSON).

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Washington would vote "nay."

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 32, nays 51, as follows:

[Rollcall Vote No. 344 Leg.]

YEAS—32

Armstrong	East	Moynihan
Baker	Garn	Murkowski
Bentsen	Gorton	Percy
Boschwitz	Havakawa	Pro^mire
Byrd, Harry F., Jr.	Helms	Quayle
Cannon	Humphrey	Roth
D'Amato	Kasten	Simpson
Danforth	Laxalt	Symms
DeConcini	Lugar	Tower
Denton	Mattingly	Tsongas
	McClure	Warner

NAYS—51

Abdnor	Evon	Matsunaga
Andrews	Ford	Metzenbaum
Baucus	Glenn	Mitchell
Biden	Grassley	Nunn
Boren	Hart	Packwood
Bumpers	Hawkins	Pressler
Burdick	Heflin	Pryor
Chafee	Heinz	Randolph
Chiles	Huddleston	Riegle
Cochran	Inouye	Rudman
Cohen	Jepsen	Sarbanes
Cranston	Johnston	Sasser
Divon	Kassebaum	Specter
Dodd	Kennedy	Stafford
Domenici	Leahy	Stennis
Durenberger	Levin	Stevens
Eagleton	Long	Williams

NOT VOTING—17

Bradley	Hollings	Schmitt
Byrd, Robert C.	Jackson	Thurmond
Dole	Mathias	Wallop
Goldwater	Melcher	Welcker
Hatch	Nickles	Zorinsky
Hatfield	Pell	

So Mr. MATTINGLY's amendment (No. 620) was rejected.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MATTINGLY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I cannot tell you how pleased I was to see the Senate act responsibly in turning down what I thought was a most unreasonable amendment just offered.

I am somewhat distressed, though, when I recognize that the vote was as close as it was. It seems to me, Mr. President, that the U.S. Senate as a total group may not be getting the message.

Mr. President, I would like to quote from two stories that appeared in the Lincoln Star on October 12 of this year. The first item is headlined "Farm Parity Ratio Falls to the Lowest Point in 48 Years."

The farm parity ratio fell to its lowest point in 48 years in September. The index by which farmers measure their income and buying power against their prosperity in the "good old days" of 1910 to 1914 stood at its lowest point since April 1933, in the height of the Great Depression.

Likewise, on the same page of the same newspaper of the same date, under the headline, "Beef Processor Says Cattle Industry Faces Darkest Days, Changes."

There are some dark days ahead for the cattle industry, according to Gerald "Bud" Pearson, retiring head of the Spencer Beef Division of Land O'Lakes Inc.

Pearson said in an interview that many segments of the cattle industry will experience losses in five of the seven years between 1979 and 1985.

Mr. President, still another story printed in the Friday, October 30, New York Times by Seth S. King. The headline, "Recession Hitting Town in Nebraska, Farm Price Drop, Interest Rise and Federal Aid Cut Mean Job Layoffs in Beatrice."

BEATRICE, NEB.—This normally prosperous town of 13,000, depending for its well-being on a cluster of small industries and the skilled farmers in this southeastern corner of Nebraska, is already feeling the dual pressures of Federal budget cuts and a recession that began here three months ago.

On down in the story, it says what rank and file people in Nebraska are saying louder and clearer today than they have ever said before. The subheadline, Mr. President, I think highlights this: "Cut Taxes Too Much."

"The President cut taxes too much," he said. "For the average guy whose working here, it's minimal. It's not going to do us any good here for a long time and it's delaying getting that deficit down."

Mr. President, at the conclusion of my remarks, I ask unanimous consent that the three newspaper stories that I have referred to be printed in the RECORD in the order that I addressed them.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, I hope we realize and recognize that, generally speaking, a meat ax approach to the difficulties that we have with the Federal budget simply will not work. I think we all know and recognize that if we are going to get the economy of the United States of America back on track once again, we are going to have to do it with a twofold approach.

First, Mr. President, we are going to have to make additional reductions in spending. I think that is a for gone conclusion, and I suspect that overwhelmingly the Members of this body support that concept.

But, Mr. President, we are also going to have to do something else. We are going to have to at least make some changes in the massive tax cut that was enacted by this body at the recommendation of the President of the United States a few short weeks ago.

We seem to be forgetting, Mr. President, that in balancing a budget you have to look at two sides: You have to look at the expenditure side, naturally, but you also have to look at the income side of the budget.

If it is true, as I think it is, we are never going to get the economy back on track, we are never going to have a chance of licking inflation, and we are certainly not going to see any long-range, significant drop in long-term interest rates until we have a chance of balancing the Federal budget at a time certain.

Therefore, Mr. President, I hope that as we continue to discuss the farm bill that has already been emasculated, we will reject any further attempts to make reductions, as we have with the vote just taken.

Mr. President, I thank the Chair and I yield the floor.

BEEF PROCESSOR SAYS CATTLE INDUSTRY FACES DARK DAYS, CHANGES

(By Ann Toner)

There are some dark days ahead for the cattle industry, according to Gerald "Bud" Pearson, retiring head of the Spencer Beef Division of Land O'Lakes Inc.

Pearson said in an interview that many segments of the cattle industry will experience losses in five of the seven years between 1979 and 1985.

The cattle industry has traditionally had ups and downs, but never before has it experienced such an extended period of unprofitability, he said. Rather than sitting back and hoping that the next year will be better, Pearson believes all segments of the beef cattle industry should be figuring out how to cope with declining beef industry and the problems of a mature or aging rather than a growing industry.

High interest rates and inflation are the twin nooses around the cattle industry's neck, he said. Continuing losses in the cattle industry have caused many cattlemen to deplete their reserve capital, leading to an unprecedented amount of borrowing, and at record or near record interest rates.

While land values have increased enough for most cattlemen to maintain their net worth, and provide a base for borrowing, the total interest cost of raising a steer from conception to consumption is too much for the beef producer to absorb and still produce beef at a profit, Pearson said. Assuming that a commercial beef cow is worth $700, the producer could have as much as $150 in interest charges invested in the production of a calf from the time the cow is bred until the calf is weaned from the cow.

The feedlot operator or farmer feeder who buys a calf after weaning and raises it to slaughter weight pays as much as another $100 in interest costs, he said. This includes the cost of the calf and a portion of the feed cost, bringing the interest charges against a beef steer to $250 or about 20 cents a pound live weight. That translates to 35 cents per pound of carcass weight, and 40–70 cents per pound of retail cut.

Adding to beef industry woes is the state of the economy. Inflation and interest rates are cutting into the amount of discretionary dollars consumers have to spend—that's the money consumers have left over after they pay for the necessities, Pearson said.

Consumers used to spend 2 6 percent of their discretionary dollars buying beef, but they have recently cut their purchases back to 2.2 percent. Each 10th of a percent reduction in disposable income spent for beef means $3 per hundredweight less in demand to those who raised and fed that beef, he said.

Consumers say they are buying less beef, but that isn't quite true because they continue to consume all of the beef offered for sale in this country, Pearson said. Because of the cows on farms and ranches and the cattle in the beef pipeline, consumers will actually be eating more beef in the next three years than they have in the past three years, he said. The catch is the price at which consumers will be willing to buy beef. If prices remain unprofitable, the cattle industry will eventually cut their production in the future, he predicted.

If the beef industry remains unprofitable, Pearson said millions of acres of grassland could be plowed up and converted to marginal cropland. The cultivation of such highly erodible land could, in turn, render that land unproductive in 50 years through the erosion of topsoil. "The cow is a good converter of solar energy," said Pearson. "She harvests grass like a combine harvests grain."

In order for beef to regain its lost prestige and popularity with consumers, Pearson believes the industry must become more responsive to their demand for lean, palatable beef at a reasonable price. This means breeding more uniformity into beef animals to produce a longer, leaner carcass on less grain. Proposed changes in beef grades would encourage leaner choice-grading carcasses, he said.

But Pearson is also a firm believer in beef promotion. The cattle industry needs to sell consumers on the nutritional values of its products, as the pork and poultry industries have done, he said. He suggests the best way to do it is to capture a little of the romance and glamour of cowboys interwoven with the beef industry and sell that along with the steaks, roasts and hamburger.

"Beef carries the rest of the meat counter in most supermarkets," he said. "We need to work more closely with the chain stores on selling beef. If sales continue to shrink, it has to hurt them too. A healthy beef industry is in the best interests of all."

FARM PARITY RATIO FALLS TO LOWEST POINT IN 48 YEARS

(By Ann Toner)

The farm parity ratio fell to its lowest point in 48 years in September. The index by which farmers measure their income and buying power against their prosperity in the "good old days" of 1910 to 1914 stood at its lowest point since April 1933, in the height of the Great Depression.

Parity hasn't been over 100 percent of the 1910–14 base years since August 1973, when it indexed above 100 for the first time since the Korean War. The index hasn't been above the 80-mark since 1974, and was last in the 70s since 1979.

This most recent drop in parity has been attributed to lower prices for corn, cattle, soybeans, potatoes and oranges. Higher prices for milk, eggs, peaches, tobacco and apples weren't enough to offset the figures and prevent the decline. None of the common agricultural crops or livestock figured into the index sold for 100 percent to parity.

Lemons were close at 98 percent of parity, but corn was 51 percent and soybeans were 50 percent of parity. But if you think that's bad, consider the plight of the lime producer who received 22 percent of parity—up from 1 percent of parity the previous month.

There's an interesting development on the meat import-export front. Imports of beef into the United States in 1981 are expected to be down 13 percent from last year to total about 1.2 billion pounds.

At the beginning of the year, USDA estimates had beef imports pegged at 1.46 billion pounds, but the estimate has been lowered each quarter as imports have come in under estimate. Shipments from the United States' biggest foreign beef supplier, Australia, were disrupted in recent months, in the flap over possible adulteration of the beef with horse or kangaroo meat.

The United States imports about 7 percent of the beef it consumes. Most of the imported beef is lean, grass-fed beef that is usually ground into hamburger or processed into other ground meat products.

U.S. meat exports are up substantially for at least the first seven months of 1981—a whopping 83 percent in tonnage and 41 percent increase in the dollar value.

During that period some 353.7 million pounds of red meat were exported, according to the U.S. Meat Export Federation. This includes 192.5 million pounds of beef worth an estimated $169.6 million; a 157 percent increase in volume; and 142.9 million pounds of pork worth $175.4 million.

Major beef importers included Greece, 100 million pounds, up 33 percent; Japan, 51 million pounds, up 22 percent; Canada, 10.5 million pounds, up 92 percent; the Bahamas, 3.7 million pounds, down 14 percent; and Mexico, 2.4 million pounds, up 69 percent.

Pork exports are up 33 percent in volume and 68 percent in dollar value. Major importers include Japan, 72.2 million pounds, up 99 percent; Mexico, 18.9 million pounds, up 41 percent; Canada, 15.3 million pounds, down 7 percent; Dominican Republic, 10 million pounds, up 133 percent; and Venezuela, 4.9 million pounds, up 11 percent.

The United States also exported 271 million pounds of variety meats.

NEBRASKA PLANS TO EXTEND AG COMPUTER CAPABILITIES

Nebraska soon will be able to extend its agricultural computer capabilities through access to the new North Central Computer Institute in Madison, Wis.

"The use of the North Central Computer Institute will extend the use of AGNET by sharing computer programs and undertaking projects which previously have been too costly for a single state to accomplish," Ken Bolen, assistant director of the Cooperative Extension Service at the University of Nebraska, said.

Nebraska has been one of the leading states in computer networks since the development of AGNET, the agricultural computer network that originated in Nebraska and serves all Nebraska counties.

The computer institute, expected to be in full operation early next year, will relate directly to the needs of land grant universities as they conduct research, extension and teaching activities. Software development and standards for software will be important objectives of the institute which will be beneficial to farmers and ranchers. The institute also will provide newsletters and service training opportunities fo staff development.

[From the New York Times, Oct. 20, 1981]

RECESSION HITTING TOWN IN NEBRASKA

(By Seth S. King)

BEATRICE, Neb.—This normally prosperous town of 13,000, depending for its well-being on a cluster of small industries and the skilled farmers in this southeastern corner of Nebraska, is already feeling the dual pressures of Federal budget cuts and a recession that began here three months ago.

Beatrice officials, now facing a loss of some or all of its Federal revenue sharing money as well as the Federal funds they depend on for special education programs, can see no immediate way to replace this income.

Falling farm prices combined with rising interest rates have stopped housing construction and sales as well as the sale of almost all retail items except food and clothing.

Although two small nonfarm industries in Beatrice are still producing at a normal pace, the town's other two major employers, which make farm equipment, are either laying off workers or reducing shifts.

What is happening in Beatrice is being repeated in scores of other small communities in the corn and wheat belts of the Middle West where the economy is largely based on sales to the nearby farmers.

LAST TWO RECESSIONS NO PROBLEM

These communities escaped the last two recessions because farm prices were unusually high and spending by farmers was uninhibited.

Larry D. McKee, president of the Beatrice Glass Company and the town's Mayor, said recently, "The recession of 1974 and 75 and even the little one the economists said we had last year, just didn't get to Beatrice.

"But we're really feeling this one already. Our people, a third of them depending on local payrolls, are really being squeezed in the pocketbook. So is the city government, with what you'd have to say are modest but, for us, real painful cuts in Federal money."

Even so, Mr. McKee said, most Beatrice residents would agree with him that these Federal budget reductions were needed and long overdue.

"I think the President had to cut our social programs," he said. "We were much to dependent on them, and we know that the only way those crippling interest rates will come down is to cut the Federal deficit."

The thing that is troubling him most, Mr McKee said, is his doubt that Mr. Reagan or anyone else can get the economy turned around in a reasonable time.

CUT TAXES TOO MUCH, HE SAYS

"The President cut taxes too much," he said. "For the average guy whose working here, it's minimal. It's not going to do us any good here for a long time and it's delaying getting that deficit down."

Beatrice functioned last year with $123,000 in Federal revenue sharing money. This year, before the Reagan budget-cutters began eyeing the revenue sharing program, the city was expecting $135,000. Now city leaders are uncertain about how much, if any, of this they will get. The community is still using $800,000 in Federal housing funds to rehabilitate substandard housing, but officials do not know whether they will get the rest of their Federal allocation to complete this program. New cuts in Federal education funds have resulted in the dismissal of several teachers and a sharp cutback in school lunches.

Welfare officials in Gage County (population 22,000, including Beatrice) have just terminated the cases of 25 families of their 170 receiving Aid to Families of Dependent Children, because the heads of the families were earning too much under the new regulations.

While the loss of $120,000 might not seem much, Mr. McKee said, it would hit Beatrice particularly hard because the city government had been using these funds to cover operating expenses.

"The problem we have is that there is no immediate way to replace that money ourselves," he said.

STATE LAW LIMITS TAX RISE

Beatrice, like other towns of its size in Nebraska, is limited by state law to a 7 percent annual rise in revenue from property taxes. The town gets some funds for education from the state. But Nebraska's income tax is based on 15 percent of the Federal taxes Nebraskans pay. So state revenues will also be reduced by the Federal tax cut.

This, officials said, leaves the town facing the possibility of having to make further cuts in its small police and firefighting forces and putting off some maintenance programs.

But the town's most pressing needs are a rise in farm prices and lower interest rates to perk up business, according to Harold Deitemeyer, president of the First National Bank of Beatrice.

"People's income just isn't keeping up with inflation," he said. "We basically depend on how well the farmers are doing and how much they are buying from Beatrice merchants. When you add those high interest rates to a big drop in farm income, you see real estate dying, retail sales slowing down, and the big items, like automobiles and farm implements, stop dead."

Mr. Deitemeyer said he believed there was still a basic strength in the local economy and that Beatrice would somehow manage.

"I'm a great believer in Reagan's philosophy and in what he's tried to do," he said. "We know things can't be turned around overnight. We just hope it won't take too long."

But if Mr. Reagan cannot persuade Congress to reduce social programs farther, Mr. Deitemeyer said, then he should seek some more "flexibility" in taxing.

"I think there are other places he can go, like higher excise taxes and I wouldn't want to postpone the July 1 cut in income taxes," he said. "And while people here want a strong defense, a lot of us think that if there's no other way to cut the Federal debt, then the President should cut back on defense spending."

Mr. McKee said that he believed Beatrice, and other small towns like it, could weather the current slowdown without too much pain if it did not last too long.

"Our people say they are ready to do with

less if it means knocking inflation and getting the economy going again," he said. "But I'm not sure they'll still feel that way when there really is less, as it looks like there will be."

The PRESIDING OFFICER. The Senator from Montana.

UP AMENDMENT NO. 551

(Purpose: To require that not less than $31,900,000 of the funds appropriated for the Foreign Agricultural Service be used for market development in foreign countries)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS), for himself, Mr. BENTSEN, Mr. HAYAKAWA, and Mr. LEAHY, proposes an unprinted amendment numbered 551.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 47, line 16, strike out the period and insert in lieu thereof a colon and the following: "*Provided further*, That not less than $31,900,000 of the funds contained in this appropriation shall be used for the purpose of market development in foreign countries.".

THE FOREIGN AGRICULTURE SERVICE

Mr. BAUCUS. Mr. President, I originally intended to offer an amendment which would have increased the Foreign Agricultural Service (FAS) budget by $4,363,000. My intention was to restore the funding of FAS to the level originally proposed by the administration and recommended by the Agriculture Appropriations Subcommittee prior to the latest round of budget revisions.

This $4,363,000 would also bring the FAS budget into line with the figure that has already been approved in the House.

I am a strong believer in the importance of agricultural exports. By improving the already sterling record of agricultural trade surpluses, we benefit our farmers through higher and more stable market prices, and we benefit our balance of trade and our economy generally.

I, therefore, am most interested in the market development portion of the FAS budget. Without losing sight of my intention to increase the total FAS budget, I shall modify my original amendment.

Mr. President, the amendment at the desk simply directs FAS to fund export market development at a minimum of $31.9 million. This is only $800,000 above the level in the present Senate bill and would add no additional funds to the total FAS budget.

I am troubled by the discrepancy between the House and Senate versions of the FAS budget and hope that the conference committee will give every consideration to the importance of agricultural exports and the role of FAS in promoting these exports.

The money we appropriate for FAS is one of the wisest investments the Federal Government makes. The mission of the Foreign Agricultural Service is to help American agriculture by maintaining and expanding foreign markets for agricultural products—exports which are vital to the U.S. economy.

Last year alone, agricultural exports totaled over $40 billion, with a surplus trade balance of over $23 billion. In fiscal year 1981, these totals are forecast at $47 billion and $29 billion, respectively. Yet, the investment the Federal Government makes in market development is only about one-tenth of 1 percent of the total of our agricultural exports.

Mr. President, I ask unanimous consent that the following table showing the levels of agricultural exports and market development expenditures of principal competing countries be printed into the RECORD at this time.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXHIBIT V

AGRICULTURAL EXPORTS AND MARKET DEVELOPMENT EXPENDITURES OF PRINCIPAL COMPETING COUNTRIES,[1] FISCAL YEARS 1977-79

Country	Fiscal year 1977			Revised fiscal year 1978			Estimated fiscal year 1979		
	Exports (billions)	Market development (millions)	Percent of exports	Exports (billions)	Market development (millions)	Percent of exports	Exports (billions)	Market development (millions)	Percent of exports
Australia [2]	$5.7	$42.1	0.74	$5.9	$54.1	0.92	$6.6	$65.4	0.99
Canada [3]	4.2	7.8	.19	4.5	6.4	.14	5.3	5.5	.10
Denmark [4]	2.6	15.7	.60	3.4	23.1	.68	3.9	26.6	.68
France [4]	9.6	16.5	.17	12.6	17.0	.13	15.6	18.0	.12
Israel [5]	.53	8.5	1.60	.58	6.5	1.12	.78	7.2	.92
Netherlands [3 5]	10.9	26.9	.25	13.5	31.4	.23	14.9	37.2	.25
New Zealand	2.5	17.2	.69	2.7	25.2	.93	3.0	27.8	.93
South Africa [3]	1.5	2.4	.83	1.8	13.7	.76	1.7	14.8	.87
Total	37.5	147.1	.39	45.0	177.4	.39	51.8	202.5	.39
United States [6]	24.0	25.1	.10	27.3	30.0	.11	32.0	34.2	.11

[1] Exchange rate sources are: Treasury Reporting Rates of Exchange, Department of the Treasury Fiscal Service, Bureau of Government Financial Operations, the June or December quarter.
[2] July-June year.
[3] Export data based on calendar year, market development expenditures on fiscal year.
[4] Data based on calendar year.
[5] Information from Embassy.
[6] Includes Foreign Agricultural Service funds and contributions of U.S. market development cooperators.

Source: USDA/FAS/Program Planning and Evaluation.

Mr. BAUCUS. Mr. President, this table shows how the U.S. expenditures for developing our export markets compare with those of Australia, Denmark, the Netherlands, New Zealand, and other competing countries. Australia invests almost 1 percent of their total agricultural dollar exports to market development. New Zealand invests 0.93 percent and Denmark about 0.68 percent.

The United States spends only about 0.11 percent of our total agricultural exports on market development. I do not think we can afford to lag behind on an area like this—that is so important to the health of our agricultural sector, our balance of trade, and our economy generally.

Look at agricultural exports from another perspective. Domestic prices to our farmers are so low—so far behind the increasing costs of production—that many farmers are hard pressed to continue their operations.

Over 28,000 farms went out of business between 1977 and 1981. The trend is not improving. There is only one bright spot in our agricultural outlook—and that is expanded agricultural exports.

During the Senate's consideration of the farm bill, the overriding concern was the budget—not America's farmers. At every step along the way, support prices were decreased to meet budget considerations.

The administration and Congress then made a promise to farmers to aggressively pursue the expansion of export markets. I certainly cannot see where cutting the FAS budget is following up on that commitment. I know we are failing to take advantage of a golden investment opportunity.

I think it is important to understand how the export promotion program under FAS works. The program has been cited as a model export promotion program. It provides a unique example of profitable cooperation between Government and the private sector.

Literally every commodity and livestock group participates in the program. Market development money from FAS is matched by private money from these agricultural groups.

Among the cooperators are: Cotton Council International, American Soybean Council, U.S. Wheat Associates, U.S. Rice Council, U.S. Feed Grains Council, U.S. Meat Export Federation, California Almond Growers, California Cling Peaches, Florida Department of Citrus, and the National Forest Products Association.

I ask unanimous consent that the following complete list of cooperators be printed in my statement at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

American Angus Association, American Brahman Breeders Association, American Hereford Association, American International Charolais Association, American Polled Hereford Association, American Quarter Horse Association, American Seed Trade Association, Inc., American Soybean Association, Appaloosa Horse Club, Inc., Brown Swiss Cattle Breeders Association, Inc.

California Almond Growers Exchange, California Avocado Commission, California Cling Peach Advisory Board, California Table Grape Commission, Cotton Council International, Dairy Society International, D-N-E Sales, Inc.

Eastern U.S. Agricultural & Food Export Council, Inc., EMBA Mink Breeders Association, Holstein-Friesian Association of America, Indian River Citrus Sales, Inc., International Brangus Breeders Association, Inc., Millers' National Federation, Mohair Council of America.

National Association of Animal Breeders, National Association of Swine Records, National Forest Products Association. National Peanut Council, National Potato Promotion Board, National Renderers Association, Inc., Northwest Horticultural Council, Ocean Spray Cranberries, Inc.

Papaya Administrative Committee, Poultry and Egg Institute of America, Protein Grain Products International, Puregold, Inc., Rice Council for Market Development, Rio Del Mar Foods, Inc., San Benito Vineyards, Santa Gertrudis Breeders International, Seald-Sweet Growers, Inc., Sunkist Growers, Inc.

Southern United States Trade Association, Tanners' Council of America, Inc., Tobacco Associates, Inc., U.S. Feed Grains Council, U.S. Meat Export Federation, U.S. Wheat Associates, Inc.

Mr. BAUCUS. Mr. President, in spite of the achievements of this program, funding has not kept up with inflation and increased program costs in recent years. The original administration request for an $8.9 million addition to the FAS budget—including $3.2 million for market development—would have merely covered the cost of inflation. There would be no expansion of the market development program.

Without additional funding, no significant effort can be made to increase markets in developing countries, or develop the potential new markets in the Third World. New markets exist in China and Africa, for example, that we should be taking advantage of. I am particularly interested in seeing the completion of plans for a model bakery, an instant noodle plant and a pilot flour mill that are being developed in the People's Republic of China. A very small contribution is required from the FAS for this cooperative effort with the Chinese Government and U.S. Wheat Associates.

I want to reemphasize that my amendment does not increase the budget of the FAS. I understand the fiscal constraints that face the Appropriations Committee. But, personally, I believe that an expanded market development program would be a wise investment, and a revenue producer.

I said earlier that we have to make up for a deficient farm bill. The Senator from Nebraska was correct in pointing out that the farm bill recently adopted by the Senate is inadequate in many ways. We must allow farmers to make up lost ground by pushing for exports so farmers can get a better price and also be able to sell more bushels of wheat, bushels of feed grains, and more pounds of livestock overseas.

Mr. President, I understand the amendment is acceptable to the distinguished Senator from Mississippi, the chairman of the Subcommittee on Appropriations. Before we vote, I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I commend the Senator from Montana (Mr. BAUCUS) for his effective support of our Nation's farmers, and I am pleased to join as a cosponsor of this amendment.

NO SPENDING INCREASE

Mr. President, this amendment does not increase the level of Federal spending in this bill, but it will provide that these funds will be spent where they will do the most good in developing badly needed export markets for our agricultural products.

This amendment would specify that the funding level of the market development program of the Foreign Agricultural Service of USDA would be $31.9 million. This is the same level as the House bill and the same level requested by the administration in their original fiscal year 1982 budget request. These funds would come from other areas of the FAS budget, so there is no increase in spending either for FAS or for the Government as a whole due to this amendment.

EXPORT SUPPORT VITAL

The market development program of FAS is a vital part of our efforts to win new and expanded export markets for our farmers' products. This program helps to fund overseas market development by various commodity groups. I might point out that much of this funding for this work is provided directly by producers themselves through their commodity organizations. Our farmers and ranchers recognize the importance of developing export markets, and I believe that the Federal Government should stand behind them in this effort.

We shall never win long-term increases in sales overseas if we do not provide effective, on-the-ground support to our foreign customers. This is exactly what the cooperator program, which is funded through this market development program and through producer dollars, does. It is not flashy or spectacular. It is more of a tortoise than a hare. It is the day to day grinding work, taking care of the little problems before they become big problems, laying a solid foundation for good trade relations in the future.

I do not believe that cutbacks in such basic support for our agricultural export efforts is justifiable at this critical time. We are having massive problems overseas with unfair trade practices such as the European community's export subsidy program, which is kicking U.S. farm exports out of third country markets around the world. At home our farmers are facing very low prices and very high interest rates, and there will be fewer farmers next year than this year because of that squeeze.

Agricultural exports are recognized as being vital to our economy. Indeed, agricultural exports appear to be a central part of the administrations' farm program. The Senate Export Caucus, of which I am cochairman, met last month at my request to discuss agricultural exports with Secretary of Agriculture Block and Trade Ambassador Brock. I have asked for hearings in the International Trade Subcommittee, where I am the ranking member, on trade problems affecting our agricultural exports. I am hopeful that such hearings will be held soon, and I hope that by that time the administration may have come up with an effective overall program for addressing these trade problems and increasing our agricultural exports.

I have urged the administration to take effective steps to bring a halt to unfair trade practices, such as export subsidies, and to force adherence to previous trade agreements in certain cases, such as the EC's failure to take the agreed on 10,000 metric tons of high-quality U.S. beef.

In this atmosphere I strongly believe that we need to give our farmers active support as well as rhetorical support in promoting agricultural exports, and so I strongly support this amendment to cut less productive programs in order to maintain a reasonable level of support for our export market development efforts.

This is a very positive way in which the Senator is approaching the problem, Mr. President, and I am delighted to join the Senator on his amendment. One of the mainstays of our export will be agricultural products. We may have to continue that.

I am very pleased to be a cosponsor, Mr. President, and I congratulate the distinguished Senator from Montana for his leadership in this area.

Mr. BAUCUS. Mr. President, I thank the Senator from Texas. As the Senator ably pointed out, there are many, many reasons why we have to be more aggressive. As the Senator from Texas also pointed out. Japan and the EEC countries very heavily subsidize their agricultural producers by erecting stringent barriers to our products being imported. Certainly, if we are going to break down those barriers in other countries, the FAS can help.

Mr. President, without taking any more of the Senate's time, I yield to the distinguished chairman of the Agriculture Appropriations Subcommittee. The

Senator from Mississippi has always been a good friend of U.S. agriculture, and I know he shares my concern for the future of export market development.

Mr. COCHRAN. Mr. President, I thank the Senator from Montana for his comments and the amendment that he has offered. This Senator is sympathetic with and actually shares his views about the importance of agricultural exports for our farmers and for our entire economy.

The market development portion of the Foreign Agricultural Service budget is a cooperative program among our Government and foreign governments and private commodity groups. There is other important work that is done by the Foreign Agricultural Service and we do not want to see that work suffer by any action taken here. It is clear that in the funding level brought to the Senate by the Committee on Appropriations, we have already taken action to restore approximately $4 million for export development purposes in this budget.

In my judgment, Mr. President, the amendment of the Senator from Montana will not increase the budget level of the bill and is a worthwhile proposal. I have no objection to the amendment, Mr. President. I am willing to accept it.

Mr. LEAHY. Mr. President, I support the amendment by the Senator from Montana to provide funding for the Foreign Agricultural Service. Specifically, I support the efforts of the FAS to expand our export markets. Agricultural exports are important to our Nation's farmers and to our overall economy. Last year our agricultural exports totaled over $40 billion. These exports contributed to a surplus trade balance of over $23 billion.

The office of market development provides a valuable service to American agriculture, and I want to congratulate the Senator from Montana for his work on this amendment.

Mr. BAUCUS. Mr. President, the Senator from Vermont (Mr. LEAHY) and the Senator from California (Mr. HAYAKAWA) wish to be added as cosponsors. I ask unanimous consent to that effect.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. I move adoption of the amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 551) was agreed to.

Mr. COCHRAN. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 552

(Purpose: To increase amount relating to forestry incentives program)

Mr. HEFLIN. Mr. President, I send an amendment to the desk and ask that it be immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama (Mr. HEFLIN) proposes an unprinted amendment numbered 552.

On page 41, line 19, strike out "$11,500,000" and insert in lieu thereof "$15,000,000".

Mr. HEFLIN. Mr. President, this amendment deals with the forestry incentive program, which, in my judgment, is one of the finest programs we have pertaining to our Nation's future in relation to forests. It is a program which, in the past, has been very effective. The present item in the bill allows for $11,500,000. I wish to increase this to $15 million.

Today, with forestry being so important, this is really the incentive program to get land into forestry. We have had programs in the past in connection with our woodlands and I think today that this program needs a greater incentive. Really, it ought to be in the hundreds of millions of dollars to be an incentive for forestry. While I understand the budgetary restraints, I feel that we ought at least to go more than we did last year, which was $12,500,000.

Mr. President, I have talked to the floor managers about this amendment. They might want to enter into a discussion with me on it. I see Senator COCHRAN on the floor. I really feel this is a very important program.

Mr. COCHRAN. Mr. President, I compliment the distinguished Senator from Alabama for bringing this amendment to the floor. It does highlight the importance of the forestry incentive program, which is very helpful in our efforts to restore and develop our forestry resources throughout the country. It is an important program.

Unfortunately, Mr. President, there was, as everyone knows, a great deal of pressure to reduce the funding levels in every account across the board. The subcommittee looked very carefully at how we might try to reduce the budgetary impact of the programs funded in this legislation. For instance, no increase over last year was granted for the agricultural conservation program. Cuts were made in the waterbank program and the emergency conservation program. The rural clean water program was terminated.

Under these severe budget constraints facing the committee, throughout the bill, there is an effort to reduce spending and get our budget policies under control in an effort to promote economic development. It would be extremely difficult, Mr. President, to justify, then, support for the amendment as presented, because it would mean a significant increase over and above last year's funding level for this program, as important as it is in the State of Mississippi and Alabama and all other States in the country.

I am wondering whether the Senator would be agreeable to modifying his amendment to raise the funding level to last year's level. This would be a significant increase in funding to the amount of $12.5 million. It is not all the Senator is seeking, but it is an increase; and this Senator would be willing to recommend that the amendment be accepted if that change could be made.

Mr. HEFLIN. Mr. President, I know of the desire on the part of the Senator from Mississippi to bring about economic recovery. I know of his hard work in connection with it over a period of time.

I would reluctantly agree to it if he would make me a further commitment: if he will make me a commitment that he will fight diligently and hard in conference to see that our forestry incentive program of $12.5 million is maintained.

Mr. COCHRAN. Mr. President, the Senator certainly has the assurance of the Senator from Mississippi that every effort will be made in conference to maintain the level of funding as provided in the bill as passed by the Senate.

This is an important program. Again, I express my appreciation to the distinguished Senator from Alabama for his effort to bring this funding level up to where it really should be.

Mr. BENTSEN. Mr. President, I ask for the yeas and nays on final passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HEFLIN. Mr. President, I am willing to modify the amendment. I ask unanimous consent to modify the amendment in accordance with the suggestion of the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Alabama has a right to modify his amendment.

The amendment (UP No. 552) is so modified.

The modified amendment is as follows:

On page 41, line 19, strike out "$11,500,000" and insert in lieu thereof "$12,500,000".

Mr. COCHRAN. Mr. President, I think we are ready to have a voice vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama, as modified.

The amendment (UP No. 552), as modified, was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, I thank the distinguished Senator from Mississippi and the distinguished Senator from Missouri (Mr. EAGLETON), with whom I have discussed this matter, for this very enlightened approach that the Senate has taken toward the forestry problems of the Nation.

UP AMENDMENT NO. 553

(Purpose: To reduce the direct loan levels of insured community facility loans and insured water and sewer facility loans)

Mr. DOMENICI. Mr. President, I send to the desk an unprinted amendment on behalf of myself and Senator HELMS.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI), for himself and Mr. HELMS, proposes an unprinted amendment numbered 553.

Mr. DOMENICI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 29 strike lines 16 through 18 and insert in lieu thereof: "$300,000,000; guaranteed industrial development loans, $300,000,000; and insured community facility loans, $130,000,000."

Mr. DOMENICI. Mr. President, I have discussed this amendment with the distinguished floor manager of the bill, and I understand that he supports it.

Basically, this amendment will make the loan levels contained in this appropriation bill for the Farmers' Home Administration water and sewer and community facility loan programs consistent with the authorized levels for these programs contained in the authorizing bill known as the Omnibus Reconciliation Act of 1981 and with the levels requested by the President.

The Omnibus Reconciliation Act in this area authorized fiscal year 1982 loan levels of $300 million for the water and sewer loan program and $130 million for the community facility loan program. Loan levels in this bill exceeded that authorized amount by $25 million and $5 million, respectively.

My amendment, therefore, has loan levels for these two programs at the levels authorized in the Omnibus Reconciliation Act and $25 million and $5 million, respectively, lower than in the bill before us.

Mr. COCHRAN. Mr. President, the Senator from Mississippi appreciates the distinguished Senator from New Mexico bringing this matter to the attention of the Senate.

His amendment is consistent with the prior action in this area in reconciliation in the budget resolution. Although there is no budget authority impact in these accounts, the Senator is correct, and I am prepared to recommend that we accept the amendment of the Senator from New Mexico.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 553) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I have an amendment at the desk which will clarify congressional intent relating to the food stamp amendments of 1977. This amendment merely speaks to a technical point of procedure and in no way modifies the substance of the food stamp program itself. Briefly stated, the Federal circuit courts of appeals have differed on whether a district court, in affording a "trial de novo" under the Food Stamp Act to determine the validity of an administrative finding of a violation, can alter the administratively imposed sanction for the violation even if it finds a violation existed. *Martin* v. *United States*, 459 F.2d 300 (6th Cir. 1972), cert. denied, 409 U.S. 878 (1972); *Save More of Gary, Inc.* v. *United States*, 442 F.2d 36 (7th Cir. 1971), cert. dismissed, 404 U.S. 987 (1972); *Cross* v. *United States*, 512 F.2d 1212 (4th Cir. 1975); *Goodman* v. *United States*, 518 F.2d 505 (5th Cir. 1975).

Given this dispute, I believe that it is appropriate for the Congress which wrote the legislation to issue a clarification. I want to emphasize from the beginning, before going into further detail, that this amendment in no way mandates or prejudices what the courts must decide on the degree of the sanction. They could either increase or decrease the sanction.

An example will provide a useful context in which to understand this clarification. A food retail store which has a license to accept food stamps can only accept them for food items. If it accepts food stamps for nonfood items, and the Department of Agriculture's inspectors discover this, then the retail store may either be assessed a monetary penalty or have its license suspended for up to 3 years. The existence of a violation and the assessment of a sanction for it are determined in the first instance on the administrative level. However, the retail food store can then go to a district court for a trial de novo to determine the validity of the administrative finding of a violation.

It seems illogical to me that the Congress intended that the courts have the power to look at the validity of the administrative finding as to a violation without giving the courts the power to examine the appropriateness of the sanction tied to the violation. It is illogical to think that Congress intended that the courts could find 8 out of 10 of the alleged violations did not in fact occur but then, nevertheless, allow to go unaltered the sanction which had been imposed by the administrator who claimed that all 10 violations existed. To reason otherwise is to say that the Congress in passing the Food Stamp Act of 1977 was acting out of a spirit other than that the punishment should meet the crime.

All my amendment is designed to do is to make it clear that Congress intended that a trial de novo would involve decisions about penalties as well as involving decisions about the extent of the violations. I have discussed this amendment with the distinguished Senator from Mississippi and I wonder if he might want to comment on it at this point.

Mr. COCHRAN. I have discussed this issue with my friend from Michigan. I am not at all sure that any clarification is required, since it would seem that the court should have the ability, in a trial de novo, to address the penalty issue. To the extent, however, that the Senator from Michigan believes a clarification is needed, I would like to be able to accommodate him. Unfortunately, as we have discussed, this particular amendment would involve legislation on an appropriatons bill and, as a result, I cannot accept it.

Therefore I would encourage the distinguished Senator from Michigan to introduce the amendment as a separate piece of legislation where the full benefit of hearings can be obtained before being acted on by the full Senate.

Mr. EAGLETON. Mr. President, I think "de novo" means de novo—not partial de novo, but de novo. I do not see why an amendment should be necessary. I would be happy to consider a separate bill, if it is filed.

Mr. LEVIN. I appreciate those comments, and I understand the constraints under which my friend from Mississippi is operating. I think I have made progress, and I will not offer the amendment. I ask unanimous consent to have the amendment printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

H.R. 4119

At the appropriate place in the bill insert a new section as follows:

SEC. . Section 14 of the Food Stamp Act of 1977 (7 U.S.C. 2023) is amended by inserting after the ninth sentence the following new sentence: "If the court determines that such administrative action is valid, in whole or in part, it may modify, reduce, suspend, set aside, or affirm such action in accordance with the facts and circumstances of the case or the severity of the violation of the Act by the store, concern, or State agency.".

Mr. COCHRAN. Mr. President, the Senator from Michigan has brought up a very important point. I thank him for his initiative, and I assure him that I believe this is going to bear fruit in due course.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wish to make a few observations about the bill before we vote on it.

H.R. 4119 as reported provides $21.1 billion in new budget authority for fiscal year 1982.

The bill as reported is below the Agriculture Subcommittee's first budget resolution crosswalk allocation by $1.0 billion in budget authority and is at the allocation in outlays. With later funding requirements for food stamps and the October 1981 pay raise, the subcommittee would exceed its crosswalk allocation for outlays by $0.9 billion. Budget authority for the bill with later requirements would be under the crosswalk allocation by $0.1 billion.

After adjusting for food stamps, the President's September request represents an 8-percent cut in budget authority and 7-percent reduction in outlays from the March level. On a comparable basis the Agriculture appropriation bill cuts budget authority by 6 percent and outlays by 4 percent from the President's March request.

The reported bill is $0.5 billion in budget authority and $0.6 billion in outlays above the President's September request for programs within the Agriculture Subcommittee's jurisdiction. And I do not say that indicating that the subcommittee should or should not have complied with that very late request of September. I say it merely to put on the record what it would mean, if we were trying to comply with the very late, across-the-board, 12-percent appropriation by appropriation account cut.

The largest increase in the bill over the President's September request is $0.3 billion for the women, infant and chil-

dren's special supplemental food (WIC) program. However, the level in the bill is consistent with the level adopted in the Reconciliation Act and the first budget resolution.

Agricultural research and extension, Public Law 480—food for peace, and agricultural and soil conservation programs each exceed the President's September request by $0.1 billion.

For food stamps, the reported bill is at the level formally requested by the President in September. However, the Appropriations Committee report indicates that this funding would only be sufficient for 10½ months without further legislative changes or a significant pro rata reduction. CBO estimates support this conclusion. OMB has indicated that supplemental funding of $0.9 billion will be requested later for the food stamp program.

The committee reported bill exceeds the credit budget assumptions of the first budget resolution by $0.3 billion and these are not binding ceilings. The full committee after receiving the President's September revisions substantially reduced the credit limitations by $0.4 billion from the original subcommittee recommendations made in July, and I commend them for that.

Mr. President, I ask unanimous consent that a table showing the relationship of the reported bill, together with possible later requirements, to the congressional and President's budgets be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

AGRICULTURE SUBCOMMITTEE

[In billions of dollars]

	Fiscal year 1982	
	Budget authority	Outlays
Outlays from prior-year budget authority and other actions completed	2.3	1.9
H.R. 4119, as reported in Senate	21.1	17.8
Possible later requirements:		
Food stamps	.9	.9
October 1981 pay raise	(1)	(1)
Total for Agriculture Subcommittee	24.3	20.6
1st budget resolution level	24.4	19.7
House level	24.9	20.9
President's March request	25.8	21.6
President's September request	23.8	20.0
Agriculture Subcommittee compared to:		
1st budget resolution level	−.1	+.9
House level	−.6	−.3
President's March request	−1.5	−1.0
President's September request	+.5	+.6

[1] Less than $50,000,000.

Mr. DOMENICI. Mr. President, I thank the distinguished floor manager for his indulgence.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from New Mexico for his comments about the bill.

I wish to remind the Senate, also, that the funding levels contained in this legislation are about $2.6 billion below last year's fiscal year funding levels and that after the September budget request was submitted to our subcommittee we went back to a bill that had already been marked up and cut $1.1 billion in budget authority from that bill.

A very concerted but sensitive effort has been made to reduce spending in virtually all programs that now could sustain further cuts with this amendment—programs designed to protect the safety and health of citizens who depend upon a lot of needed benefits and programs that are funded in the bill.

THE ECONOMICS OF NOXIOUS WEED RESEARCH

Mr. BAUCUS. Mr. President, I rise today to draw the Senate's attention to the economics of weed research on a particularly noxious weed—leafy spurge. The mention of leafy spurge strikes fear into the hearts of farmers and ranchers in my home State of Montana. And well it should.

Leafy spurge is a deep-rooted perennial weed that now infests about 3 million acres of crop and grazing lands in the North-Central and Western States. The most serious infestations occur in North Dakota, Montana, Nebraska, South Dakota, and Wyoming, but infestations also are found in other States.

Moderate infestations often reduce grazing by 75 percent. Leafy spurge would not present as serious a problem if current control practices were not inadequate and the cost of control was not prohibitive. Weed scientists, who know the seriousness of the problem indicate that the 3 million acres now affected may double in the next 3 years without the development of adequate control practices. That is 6 million acres of private and public range and cropland.

The magnitude of the problem is underscored by the fact that the root systems of leafy spurge often reach a depth of 20 to 30 feet. If you think I must be exaggerating, ask any farmer, rancher or researcher that has seen the scourge of leafy spurge firsthand.

The economic impact of leafy spurge infestation is startling. The Montana legislature and the Montana Department of Agriculture estimate that the agricultural loss due to noxious weeds reaches $100 million annually in Montana alone. Leafy spurge is a major contributor to this total.

Ranchers, farmers, and the affected States are not asking the Federal Government to step in and solve this problem for them. What they are asking for is a cooperative effort to control the expansion of this economic menace. The infestations affect private, State, and Federal land. County weed boards and the States are willing to finance efforts to control the infestation. But they need and deserve the help of the Federal Government.

The current USDA research program is supported with $270,000 annually. The measure now under consideration by the Senate contributes about this level for fiscal year 1982. This falls far short of what is needed.

An intensive cooperative planning effort by State and Federal scientists, Federal land managers and private landowners has indicated that at least $2,000,000 annually is needed to support research and control for our rangelands. Again, this is a bare minimum figure.

What I am asking for today is not an increase in the budget levels for this much-needed research. I am merely asking that USDA make the control of leafy spurge one of their top priorities.

I, therefore, ask my distinguished colleague from Mississippi to join my effort to gain the attention of USDA on this important matter. I would add that my colleague from North Dakota, Mr. BURDICK, shares my concern on this problem and has been active in seeking a remedy to the crippling effects leafy spurge continues to have on the farm economy in both of our States.

Without further explanation of the seriousness of this problem, I am prepared to yield to the distinguished chairman of the Agriculture Appropriations Subcommittee.

Mr. COCHRAN. Mr. President, the distinguished Senator from Montana is entirely correct in his approach to this difficult and costly rangeland weed. The committee has been urging the Department to expand its research program toward the identification of effective biological agents which can provide lasting and inexpensive control of rangeland weed pests.

The committee discussed this particular weed pest during its hearings on the fiscal year 1982 budget when the Senator from North Dakota (Mr. BURDICK) described the magnitude of the threat posed by leafy spurge in the North-Central States.

It was made clear at that time that it is economically impossible to control this weed through mechanical or chemical methods. The only answer to this problem will be through development of a sound biological control program. I am happy to join with my colleague from Montana in urging that the Department of Agriculture make control of leafy spurge one of its top research priorities.

THE REDUCTION OF EXPENDITURES FOR PUBLIC RELATIONS, PUBLIC INFORMATION, AND ADVERTISING AT THE DEPARTMENT OF AGRICULTURE

Mr. BAUCUS. Mr. President, as many of my colleagues may remember, last year I began a campaign to reduce agency budgets for public relations, public information and advertising. Earlier this year, President Reagan joined the fight by imposing a moratorium on new Government publications and audiovisual aids.

Excesses in Government public relations is not a new problem for this Government. Concerns about abuses in the public affairs divisions of Government agencies date back at least to 1913 when the House of Representatives debated an amendment requiring a specific appropriation before an agency could hire a publicity expert.

In the last 10 years, both Houses of Congress, the Senate Governmental Affairs Committee, the General Accounting Office, the Congressional Research Service, the Office of Management and Budget, and individual agency audit and management teams have studied the problems and abuses of Government advertising and public relations. The conclusions have all been similar; excesses do exist and Government agencies do not have a handle on the problem.

Yet, during this time when report after report was being issued, public affairs budgets continued to rise. New

pamphlets were written and mailed out by the millions. Agency press releases were written and sent to newspapers on a daily basis. And films were produced and shipped to television stations across the country to be aired on late night television.

After reviewing agency budgets and after reviewing large boxes filled with pamphlets paid for by Federal tax dollars, I became convinced that the best way to encourage more sensible use of tax dollars was to begin cutting budgets. With the unanimous support of my colleagues, I offered amendments to cut 10 percent from the advertising and public relations budgets included in the Transportation, HUD, and State appropriation bills.

Mr. COCHRAN. Will my distinguished colleague from Montana yield?

Mr. BAUCUS. I will be glad to yield to my good friend from Mississippi.

Mr. COCHRAN. I share the Senator from Montana's concern about the misuse of taxpayer dollars by agency public affairs divisions. I am sure that my distinguished colleague is aware that the bill currently being considered by the Senate increases the governmental and public affairs budget for the Department of Agriculture by only $84,000 over the 1981 appropriation. Since the annual inflation rate for printing costs is somewhere in the neighborhood of 10 to 15 percent, we are actually reducing the amount of money available for new public relations material.

Mr. BAUCUS. I appreciate and agree with the distinguished chairman's efforts to hold increases to the bare minimum. I am concerned, however, with the House increase of over $600,000 over the 1981 spending level. Will the chairman hold firm in conference to assure that the Senate figures are used?

Mr. COCHRAN. I will do my best to see that the House Members agree to our level of spending. I agree with my friend from Montana that it is time we hold down the budgets so that the Department can get its public relations house in order.

Mr. BAUCUS. The Senator from Mississippi raises a good point. I would like to bring to the chairman's attention and to the attention of the other Members of this body, a Department of Agriculture report done back in 1976 for then Assistant Secretary for Administration, J. P. Boldoc. The report is entitled, "Production, Storage and Distribution of Forms and Publications in the U.S. Department of Agriculture." According to the findings of this internal report, the Department of Agriculture could save at least $1.5 million annually by consolidating and automating their publication distribution system. One would think that given the amount of money that could be saved, the report's recommendations would have been implemented long ago. Unfortunately, as is all too often the case, the report was mostly forgotten.

Someone gave me this report in June of this year, 4½ years after it was completed. I wrote to Secretary Block and asked him which of the recommendations had been implemented and which had not. According to his reply, only two of the six recommendations had been implemented. The other four recommendations appear to be in bureaucratic limbo. I do not blame Secretary Block for inaction on a report completed in 1976, but the recommendations are still valid and it is this type of common sense, no nonsense management, that this Government and, public affairs divisions in particular, need.

Mr. COCHRAN. I would appreciate receiving a copy of that report. I certainly agree with you that if plans already exist for saving money, they should be implemented.

Mr. BAUCUS. Would the good chairman use his influence with the Department of Agriculture in seeing that the recommendations in this report are carried out this year? Perhaps a joint letter from the two of us would impress upon the Agriculture officials that we are serious and expect results.

Mr. COCHRAN. I would be glad to join in a letter with you. And, I can assure my friend from Montana that if the Department of Agriculture fails to do all it can to cut unnecessary costs in this area, I will join with my distinguished colleague next year in cutting their budgets by what they should have saved.

Mr. BAUCUS. I thank the chairman for his support. Mr. President, I ask unanimous consent that my letter of June 19 to Secretary Block and his response to me of July 20 be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
June 19, 1981.

Hon. JOHN R. BLOCK,
Secretary,
Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: As you may know, for the past year I have been reviewing the advertising and publication programs of various federal agencies. My purpose is to assure that wasteful expenditures of federal tax dollars are eliminated.

I recently reviewed a Department of Agriculture report entitled "Production, Storage and Distribution of Forms and Publications in the U.S. Department of Agriculture, October-December, 1976." The report was prepared for then-Assistant Secretary for Administration, J. P. Boldoc.

The report concludes that several million dollars of the $25 million spent annually by the Department on printing, storing and distributing publications could be saved by consolidating storage and distribution facilities, reducing the amount of publications and utilizing an automated inventory system. To further my understanding of the actions taken by the Department since this report was issued, I would appreciate receiving from you a response to the following questions:

(1) Which recommendations listed in the report have been implemented? Please list each recommendation implemented, date of implementation, and estimated amount of savings.

(2) Which recommendations listed in the report have not been implemented? Please list each recommendation not implemented, the reason why it has not been implemented, and the estimated savings if the recommendation were implemented this year.

(3) What plans does the Department have to implement recommendations listed in the reports but not yet implemented? Please list each recommendation, estimated date of implementation and estimated savings.

(4) What was the estimated cost of producing this report?

Thank you for your attention to this matter.

With best personal regards, I am

Sincerely,

———.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 20, 1981.

Hon. MAX BAUCUS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BAUCUS: Thank you for your letter of June 19 to me regarding the report entitled "Production, Storage, and Distribution of Forms and Publications in the U.S. Department of Agriculture." I greatly appreciate your interest in the distribution and storage of our publications and forms.

In December 1976, a task force representing the Office of Communication, the Office of Operations, and Office of Management and Finance presented an overview of the production, storage, and distribution of forms and publications in USDA. These findings suggested changes to the system that would result in substantial savings to USDA. They are listed below in order of priority for action:

1. Develop and implement an automated inventory system at the Landover warehouse.

2. Consolidate publications storage and distribution activities within the Washington metropolitan area.

3. Eliminate overstocking by developing directives with procedures that insure austere buying practices.

4. Reduce storage and distribution costs by authorizing field offices to reproduce cut sheet forms up to 50,000 sheets.

5. Geographically regionalize the forms and publications warehouse activities.

6. Consolidate forms and publications distribution for service center agencies.

Since the report was issued, USDA has:

Implemented an automated inventory system for the Landover Forms and Publications Warehouse in November 1980. While the system is currently operational, it is still being refined and updated. The system provides participating agencies with a monthly accounting of all their forms and publications stocked at the warehouse. It gives quantities on hand, requisitions processed, and minimum and out-of-stock levels. Approximately 150 obsolete forms were eliminated from the inventory when the system was installed. Stocks are being reduced to one year's supply as a result of better management. Cost of outgoing shipments have been reduced by approximately $20,000 a year in UPS and USPS shipments alone.

Additional savings of about $60,000 a year have resulted from careful selection of the carrier for bulk shipments. The availability of additional storage space due to the rewarehousing can be translated into a savings of approximately $100,000 a year. All modifications to the existing "software" system should be completed by September 30, 1981. It should be noted that the Landover Warehouse is currently under A–76 review. Under the A–76 analysis, an effort is being made to assess the capabilities and economies of commercial firms to provide forms and publications storage and distribution services. This review will take about one year and could result in commercial firms operating that function.

Reduced the storage and distribution of cut sheets (i.e., single sheets). In order to allow field activities to reproduce forms (cut sheet) in quantities up to 5,000 copies, the Agriculture Property Management Regulations were amended in 1978. We estimate this change has resulted in an annual savings to the Department of about $500,000

a year. However, this data has not been confirmed by follow-up review.

As more information is obtained on agency cut sheet forms reproduced and stored at various locations nationwide, it is believed that additional dollar savings can be identified.

The following recommendations listed in the report have not been implemented:

Consolidate publication storage and distribution activities within the Washington metropolitan area. The bulk publication storage for many agencies which are now storing publications at approximately 10 different locations in the Washington, D.C., area could be centralized. It is estimated that between 25 to 50 percent of the space costs now required could be saved by centralization. Savings would result from proper utilization of publication storage space, centralized shipping procedures, reduced staffing, and utilization of existing packing and mailing functions at Landover.

The consolidation of a major portion of publication storage and distribution plans were shelved pending completion of the automated inventory system at the warehouse. It was envisioned that space would be available for publications when estimates could be established for maintaining the inventory system. We could then use the same packing and shipping facility for forms and thus avoid the duplication of effort. We feel the payoff at this time could be greater than previously anticipated. This effort will be continued as time allows.

Eliminate overstocking by developing headquarters and field directives that insure economical buying practices. The actual distribution of Department forms and publications, especially at field locations, has not always been properly monitored. One activity may have a surplus of a particular form or publication while another may need more. Efforts have been made by a few agencies to reduce overstocking at field offices and some success has been achieved. At the Landover Warehouse, tighter procedures are helping greatly in planning the restock levels of forms and publications and in reducing surpluses and shortages. An aggressive program aimed at reducing overstocking Departmentwide could bring about an annual savings of approximately $200,000. The Forms Management Staff, Office of Operations and Finance, will develop guidance in this area as time allows.

Regionalize the forms and publications warehouse activities. It has been recommended that a 15,000 square-foot warehouse west of the Mississippi River should be established to improve distribution to the Midwestern and Western States. Ordering would be through the Landover Warehouse with direct shipments from the printer to the warehouse.

The Regional warehouse concept will not be developed until the inventory system at Landover has been developed. The concept will be implemented as resources are available.

Consolidate forms and publications distribution for service center agencies. The Service Center operational concept calls for maximum sharing of workload, facilities, equipment, information, and personnel to provide the most economical and efficient service to farmers, ranchers, and other rural residents. The primary agencies whose local offices are colocated under the Service Center concept are ASCS, FmHA, SCS, FCIC, and ES. There is a potential for improved service and reduced operating costs by coordinating the storage and distribution of forms and publications among the major Service Center activities. No action has yet been taken on this recommendation.

The estimated cost of producing the December 1976 report was approximately $30,000.

In conclusion, let me say that the Department's task force suggestions point the way to better planning, greater economy, and improved distribution and storage of our forms and publications. We will continue to carry out the objectives of this report as resources are available.

Again, I appreciate your interest and assure you that the matter will be given appropriate priority.

Sincerely,

JOHN R. BLOCK,
Secretary.

UP AMENDMENT NO. 554

(Purpose: Technical amendments)

Mr. COCHRAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN) proposes an unprinted amendment numbered 554.

On page 45, line 8, strike "2027" and insert in lieu thereof "2028".

On page 45, line 23, strike "2027" and insert in lieu thereof "2028".

On page 27, line 10, strike "$3,195,600,000" and insert in lieu thereof "$3,275,600,000".

Mr. COCHRAN. Mr. President, these are three technical amendments to the bill. The first two correct the food stamp authorization citation to include the Puerto Rico block grant program enacted in the Omnibus Budget Reconciliation Act of 1981.

The last amendment conforms the total for subsidized housing loans in the Farmers Home Administration to the level reported by the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (UP No. 554) was agreed to.

UP AMENDMENT NO. 555

(Purpose: To assure continuation of an effective job referral program under the food stamp program)

Mr. COCHRAN. Mr. President, I have another amendment that I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN) proposes an unprinted amendment numbered 555.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 45, line 21, before the period add the following:

": *Provided further*, That not less than $65,000,000 of the amount provided herein shall be used for work registration and job search activities"

Mr. COCHRAN. Mr. President, the purpose of this amendment is to assure continuation of an effective job referral program under the food stamp program.

It has recently come to the attention of the committee that the administration plans to reduce funding of work registration and job search activities by almost half to a level of $30 million. This is contrary to congressional intent in enacting tougher work registration requirements last year and the administrative regulations adopted by the administration this spring.

If this amendment is not adopted, referral to State and local employment agencies will be reduced from 1 million down to only 800,000.

This means that 1.2 million food stamp recipients and their families will remain on public welfare and food stamps simply because there will not be funds to encourage them to get jobs to support themselves.

This amendment adds no funds to the bill. It merely requires that, of the funds appropriated for the food stamp program, $65 million be used to assist participants to obtain employment.

Mr. EAGLETON. Mr. President, I am aware of no problem with this amendment on this side of the aisle, and I am prepared to go along with it.

I point out, however, that there has been some concern in the past over the cost effectiveness of these work registration programs. Recently, though, some pilot projects on new methods of job search have shown promise. I trust Senator COCHRAN would agree that the Department should utilize the most cost-effective means of carrying out a job search program.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (UP No. 555) was agreed to.

SOY PROTEIN

Mr. EAGLETON. Mr. President, the Senator from Missouri would like to get a clarification from the distinguished subcommittee chairman.

My question relates to the expenditure of funds appropriated for use in the school lunch program by the Food and Nutrition Service (FNS). Specifically I am concerned about outdated regulations regarding the use of soy ingredients in meat products used in the program.

As I think my subcommittee chairman will agree, the first consideration in running the school lunch program should be to give the school child a quality meal. The meal should be tasty as well as nutritious.

Yet the FNS still requires that meat products with soy ingredients be formulated with the earliest and least palatable form of ingredient, known as soy flour or textured vegetable protein (TVP).

As many of us have heard, the early use of soy flour in the program resulted in a product that did not have the traditional taste and quality that people are used to. The consequence was plate wastage. School children simply dropped their meat entree into the garbage.

That was several years ago. Since that time, many companies have developed better soy ingredients. There are now on the market soy concentrate and soy protein, the latter known technically as soy protein isolate. The use of these ingredients, especially soy protein, provides a meat product that maintains traditional taste and quality as well as high nutrition.

The question I want to ask the chairman, is it his view that the FNS regula-

tion, FNS notice 219, should be designed to allow the use of soy protein and soy concentrate which provide for traditional taste, quality, and nutrition in meat products in the school lunch program?

Mr. COCHRAN. Mr. President, I thank the distinguished senior Senator from Missouri for calling this matter to my attention.

It certainly is my view that the FNS regulation should not arbitrarily restrict the use of all soy ingredients in meat products including soy protein and soy concentrate as the Senator has indicated.

As I understand, the Food and Nutrition Service has had such a change under consideration for several months and may be on the verge of making it. As the Senator said, "The first priority should be to get a good product to the schoolchild, and therefore, changes to promote this goal ought to be made as soon as possible."

This matter is especially important during this time of trying to hold down the budget. If the use of soy protein and soy concentrate in meat products in schools can economize and still provide a tasty meal, I can see no objection to it.

As I understand, Secretary Block and Assistant Secretary Jarratt have tasted ground beef and soy protein products and recognize that traditional quality and taste are better maintained than in the currently required product.

There is another aspect that is important for States such as ours where livestock and soybeans are both grown. The soy ingredient makes meat more economically competitive with other authorized substitutes. Schools can serve meat products more often and better satisfy the taste for meat in the meal. The more economical product will reduce the pressure on schools to turn to meat substitutes and, hopefully, will somewhat expand the use of meat.

Mr. EAGLETON. I thank the distinguished subcommittee chairman. I agree that the regulation change should be made at the earliest date, to allow the use of all quality products in the program, for this will facilitate getting a high quality, tasty and nutritious meal to our children.

(By request of Mr. BAKER the following statement was ordered to be printed in the RECORD:)

● Mr. DOLE. Mr. President, the Subcommittee on Agriculture Appropriations has done a commendable job in its attempts to enable Federal nutrition programs to continue to provide benefits and services at reasonable funding levels. At the same time that it establishes a realistic funding framework for these programs, this legislation has heeded the budget constraints of the fiscal environment in which the Federal Government is now forced to operate.

The Senator from Kansas would especially like to congratulate the distinguished chairman of the Agriculture Appropriations Subcommittee, Mr. COCHRAN, and the distinguished ranking minority member, Mr. EAGLETON, on their leadership throughout this difficult process.

Mr. President, the Omnibus Reconciliation Act of 1981 reduced fiscal year 1982 food stamp program costs by about $1.65 billion, and the House farm bill adds about $650 million in additional spending reductions by delaying the cost-of-living increase scheduled for April 1, 1982, to October 1, 1982. Although the administration's official fiscal year 1982 request is currently set at $10.3 billion, it is the understandng of this Senator that the administration did also agree to set the fiscal year 1982 authorization ceiling at the more realistic level of $11.3 billion.

In an October 8 letter to Representative WHITTEN, Deputy Secretary of Agriculture Lyng indicated that, although the official administration request is for $10.3 billion, another $900 million has been designated for later transmittal, pending any additional legislative changes that may be forthcoming. It is important to note that the Deputy Secretary has referred to the $11.3 billion level as an acceptable upper limit on food stamp expenditures for this fiscal year.

Mr. President, it was extremely wise for the Agriculture Appropriations Subcommittee to provide $10.3 billion for 10½ months of food stamp program funding, because this action will keep the options of the Congress open as the coming months progress. The report language included with H.R. 4119 unquestionably expresses the intent of the committee to maintain flexibility, as well as careful congressional monitoring of food stamp program funding needs. I ask that the following excerpt from the committee report be included in my statement at this point:

> The funding level provided by the Committee assumes rates of inflation and unemployment levels consistent with the administration's current projections. Should these projections prove too optimistic and should delays occur in implementation of changes made in the program by the Omnibus Budget Reconciliation Act, food stamp costs will, undoubtedly, increase. The Committee believes it would be unjust for program recipients to suffer benefit reductions due to inaccurate projections of program cost. Therefore, no action should be taken by the administration to reduce benefit levels in accordance with section 18(b) of the Food Stamp Act without the Congress being given ample opportunity to consider required supplemental funding. Upon enactment of further legislative changes, the Committee will expect an expeditious report on the impact of such changes on the funding requirements for the program.
>
> The Committee expects to be kept fully informed of all actions taken which would affect benefit levels and overall program funding needs.

While the committee did not see fit to provide appropriations up to the $1.017 billion level established in the Reconciliation Act for the special supplemental feeding program for women, infants, and children (WIC), it has still provided a reasonable level of funding to maintain close to the current level of services for program participants; $973 million, in addition to some identified carryover funds, might prove to be adequate, and the Senator from Kansas hopes that this is the case.

I was also pleased to see a full $5 million given to a less familiar program to many—nutrition education and training. Small as this program is, it has considerable merit and great potential in helping a large part of our Nation's population learn to develop better eating habits.

Again, the Senator from Kansas commends the leadership of the Agriculture Appropriations Subcommittee, as well as its members, on steering a very difficult course through budget labyrinths against a tide of demands that, before this year, were unprecedented. As chairman of the Nutrition Subcommittee, the Senator from Kansas has a great interest in the programs covered by this appropriations legislation. I am pleased to express my support for H.R. 4119, as reported from the Appropriations Committee, and I recommend that this legislation pass the Senate without amendments.●

(By request of Mr. BAKER the following statement was ordered to be printed in the RECORD:)

PEACH TREE SHORT LIFE

● Mr. THURMOND. Mr. President, as the Senate considers the fiscal year 1982 agriculture appropriations bill today, I would like to make a few comments about a matter of great importance to my State of South Carolina. Many persons are not aware of the fact that South Carolina is the second largest producer of peaches in the country, exceeded in production only by the State of California.

Like most farmers, peach producers must cope with the vagaries of the weather and with a number of plant pest problems. Recently, some of these problems have become increasingly severe, particularly for peach growers in the Southeast. Thus, because this commodity is so vitally important to the agricultural economy of my State and others in the Southeast, I asked Congress last year to initiate funding for a special research grant to develop strategies for coping with the phenomenon known as "Peach Tree Short Life." This program, developed and coordinated by Clemson University, was established to expand research that would help solve the problem of premature tree death which is plaguing growers in the Southeast.

Mr. President, I was gratified when we were able to secure $100,000 last year for funding of this much-needed research. This program, and other peach research, is vital to the industry and has helped insure the survival and profitability of peach growers across the Nation.

In this regard, I am pleased to inform the Senate that recently, breakthroughs were made by South Carolina peach researchers. These developments will make an important contribution to farm progress and the quality of life for many Americans.

These research contributions were made possible through funds that were appropriated by Congress and matched by the State of South Carolina.

Mr. President, researchers at the South Carolina Agricultural Experiment Station of Clemson University have discovered new pesticide application programs designed to reduce the number and amount of pesticides needed to produce quality peaches. This new program controls harmful diseases and insects,

thereby allowing peach growers to save energy and reduce their production cost by as much as $50 per acre.

I am pleased to inform my colleagues of this research advancement, pleased that this research has been accomplished in South Carolina, and gratified to have played a small part in this success, along with my colleagues.

Of course, this is only the beginning of urgently needed advancements and improvement in this field. Agricultural researchers can only continue to assist peach growers through improved production processes such as this so long as they have the necessary funds to do the job.

Consequently, I am extremely pleased with the decision of the Senate Agricultural Appropriations Subcommittee to allocate an additional $200,000 for the peach tree short life program this year. These funds will be wisely utilized to carry forward this essential program, and I am confident that the results of this research will be beneficial to peach growers and consumers.

Mr. President, I would particularly like to thank the distinguished Senator from Mississippi (Mr. COCHRAN) who serves so ably as chairman of the Agricultural Appropriations Subcommittee. He has been very understanding of the need for these special research grant funds and has been most helpful during this tight budget situation in seeing that this program is given the priority it deserves. The bill as passed by the House did not include funding for the peach tree short life research program.

Thus, in conference with the House, peach producers will continue to need the advocacy and assistance of Senator COCHRAN and the other Senate conferees. I hope they will do their very best to see that this $200,000 grant of research funds receives final approval. All of us interested in this project are most appreciative for the support which Senator COCHRAN and the entire Senate have given in this matter.●

● Mrs. KASSEBAUM. Mr. President, I want to take this opportunity to call the attention of my colleagues to language dealing with orphan drugs included in the report of the Senate Appropriations Committee accompanying the fiscal year 1982 agriculture, rural development, and related agencies appropriation bill. Drugs used in the treatment of rare diseases are commonly known as orphan drugs because the demand for them is too small to generate an adequate financial return on the development and related costs of their production. Due to their limited commercial value, a number of drugs which are useful in the treatment of conditions such as Huntington's disease and Tourette syndrome are simply not available.

The report language of the Appropriations Committee recognizes the pressing need to address the multiple problems associated with orphan drug development and distribution. It further directs the Food and Drug Administration to assume a leadership role in developing a coordinated and comprehensive response to the orphan drug problem.

Earlier this year, I introduced legislation (S. 1498) which would establish an office within the National Institutes of Health to address this serious problem. A bipartisan group of 15 Senators have joined in cosponsoring this legislation, including Senators COCHRAN, MATSUNAGA, KASTEN, COHEN, SARBANES, HATFIELD, STEVENS, JACKSON, HEINZ, MOYNIHAN, WILLIAMS, RANDOLPH, DECONCINI, DENTON, and CRANSTON. I am extremely pleased at the growing interest in the orphan drug issue and will continue to seek a permanent resolution of this problem.

The direction provided in this report is a step toward this goal, and I commend the Senate Appropriations Committee for its positive contribution to this effort. Particular recognition is due for the concern and initiative demonstrated by the chairman of the Agriculture Appropriations Subcommittee, Mr. COCHRAN; the ranking minority member of the subcommittee, Mr. EAGLETON; and the chairman of the full Appropriations Committee, Mr. HATFIELD. It is my hope that FDA—working in cooperation with NIH, other Federal agencies, and the private sector—can make significant progress in dealing with the complex factors now hampering orphan drug development.

Mr. President, I ask that the orphan drug report language appear in the RECORD at this point.

The report follows:

AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES APPROPRIATION BILL—1982

(Report to accompany H.R. 4119. S. Report 97-248)

ORPHAN DRUGS

The Committee is sensitive to the concerns and needs relevant to the so-called orphan drugs. These are drugs that, for one reason or another, for example, lack of interest or economic incentives for industry, are not fully developed and marketed. This is an area that has been subjected to a good deal of study, but which is apparently not being effectively addressed at this time. In view of this and because of the importance of these drugs to certain of our citizens, this Committee recommends that the Food and Drug Administration take the lead in designing a program, alone or in conjunction with other agencies, academia, or industry, to develop, test, and bring to market orphan drugs that are known and needed, and to identify and actively pursue any other such needs as they become known.

In the Committee's view this issue goes beyond the limited jurisdiction and budgetary resources of the Food and Drug Administration and should also be addressed by other agencies within the Department of Health and Human Services, especially the National Institutes of Health. The Committee expects the Department, therefore, to expeditiously develop an apportionment plan of the costs of this study which approximately utilizes the available resources of such agencies. The Food and Drug Administration is directed to undertake the required studies and report its plan of action and its interim accomplishments to this Committee prior to the Senate Appropriations Committee hearings on the FDA fiscal year 1983 budget, and in any event, no later than May 1, 1982.●

WOMEN'S, INFANTS' AND CHILDREN'S FEEDING PROGRAM FUNDING MUST BE MAINTAINED

● Mr. BIDEN. Mr. President, I support the agriculture appropriations bill, H.R. 4119. I believe that the committee has done a fine job in preserving the integrity of our basic nutrition programs.

However, I must express my concern about recent administration actions to curtail funding for the special supplemental food program for women, infants, and children (WIC). Congress has clearly expressed its intention that the WIC program be funded at a level sufficient to maintain current caseloads or approximately 2.2 million recipients. This was made clear in the continuing resolution passed by Congress earlier this year. To provide adequate funding, approximately $140 million would be required under the continuing resolution to carry the program through November 20.

The administration did not release any funds for the program until the middle of October. As a result, the State of Delaware ran out of money and for 12 days no benefits were paid out to eligible recipients. After some discussion with the Department of Agriculture, $50 million was released last week. However, for my State, a $50 million appropriation means only $101,000, barely enough to carry the program through October 31.

I have now learned that the Department of Agriculture has received clearance from the Office of Management and Budget to release another $38 million to States and to allow the reallocation of carryover funds for the duration of the continuing resolution.

Officials in my State have told me that they will require approximately $268,000 to fully fund the program through November 20 including the $101,000 already allocated. I am concerned that the additional steps by the Department of Agriculture will not be sufficient to fully fund the Delaware program for the remaining 3 weeks.

There is no good reason why Delaware WIC recipients should have to lose their benefits. Congress appropriated sufficient funds. The continuing resolution was passed October 1. Congress has made it clear that the WIC program should be maintained at current caseloads.

Playing budget politics with the WIC program is not excusable. Women and children with nutritional needs should not do without food while the Office of Management and Budget and the Department of Agriculture decide how they can spend less money for this program.

I am pleased that the committee has approved $973 million for this cost-effective program. Both the House and Senate have rejected the administration's request for only $653 million for WIC. Recent studies have shown the WIC program to be extremely cost-effective by reducing diseases attributable to malnourishment. WIC is limited to those who need it the most. Participants must be both low-income and be determined by a medical professional to be a nutritional risk.

I think it should be pointed out that all who are eligible are not being served. In Delaware there are insufficient funds to serve any children above the age of 2. We cannot even include them on the waiting lists. The program is targeted to those that need it most, that is, pregnant and nursing mothers and infants. For the administration to claim that nonneedy persons are being served by the program is not correct.

I am heartened by the committee's actions and by the statements of my colleagues on the floor on this important issue. I hope that the administration will stop trying to cripple WIC by the use of budget deferrals or by delaying the appointment of WIC funds to States.●

Mr. BAKER. Mr. President, I know of no further amendments.

Mr. EAGLETON. There are no further amendments that I know of on the Democratic side.

The PRESIDING OFFICER. Are there any further amendments? If there are no further amendments, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time. The bill was read the third time.

Mr. BAKER. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

The question is, Shall the bill pass? The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), the Senator from Oklahoma (Mr. NICKLES), the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), the Senator from South Carolina (Mr. THURMOND), the Senator from Wyoming (Mr. WALLOP), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. SCHMITT), the Senator from Vermont (Mr. STAFFORD), the Senator from South Carolina (Mr. THURMOND), the Senator from Utah (Mr. HATCH), and the Senator from Oregon (Mr. HATFIELD) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Washington (Mr. JACKSON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Rhode Island (Mr. PELL), and the Senator from Nebraska (Mr. ZORINSKY) are necessarily absent.

On this vote, the Senator from Washington (Mr. JACKSON) is paired with the Senator from Rhode Island (Mr. PELL).

If present and voting, the Senator from Washington would vote "yea" and the Senator from Rhode Island would vote "nay".

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 69, nays 15, as follows:

[Rollcall Vote No. 345 Leg.]

YEAS—69

Abdnor	Burdick	Denton
Andrews	Cannon	Dixon
Baker	Chafee	Dodd
Baucus	Chiles	Domenici
Bentsen	Cochran	Durenberger
Biden	Cohen	Eagleton
Boschwitz	Cranston	Ford
Bradley	D'Amato	Glenn
Bumpers	Danforth	Gorton
Grassley	Lugar	Quayle
Hart	Mathias	Randolph
Hawkins	Matsunaga	Riegle
Hayakawa	Mattingly	Rudman
Heinz	McClure	Sarbanes
Huddleston	Melcher	Sasser
Inouye	Metzenbaum	Simpson
Jepsen	Mitchell	Specter
Kassebaum	Moynihan	Stennis
Kennedy	Murkowski	Stevens
Laxalt	Nunn	Tower
Leahy	Packwood	Tsongas
Levin	Percy	Warner
Long	Pryor	Williams

NAYS—15

Armstrong	Exon	Pressler
Boren	Garn	Proxmire
Byrd, Harry F., Jr.	Heflin	Roth
DeConcini	Helms	Symms
East	Humphrey	
	Kasten	

NOT VOTING—16

Byrd, Robert C.	Jackson	Thurmond
Dole	Johnston	Wallop
Goldwater	Nickles	Weicker
Hatch	Pell	Zorinsky
Hatfield	Schmitt	
Hollings	Stafford	

So the bill (H.R. 4119), as amended, was passed.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table is agreed to.

Mr. COCHRAN. Mr. President, I move that the Senate insist on its amendments to H.R. 4119 and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon; and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. COCHRAN, Mr. MCCLURE, Mr. ANDREWS, Mr. ABDNOR, Mr. KASTEN, Mr. MATTINGLY, Mr. SPECTOR, Mr. HATFIELD, Mr. EAGLETON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. CHILES, Mr. BURDICK, Mr. SASSER, and Mr. PROXMIRE conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I take this opportunity to extend my congratulations to the distinguished Senator from Mississippi (Mr. COCHRAN) for an expert job in the management of an important piece of legislation.

I have been advised that this is the first major bill—perhaps the first bill—the Senator from Mississippi has managed since he came to the Senate. I mentioned that to him, and he reminded me that it is also the first bill he has managed since he came to the House, because the Republicans were never in the majority in the House during his tenure there.

I compliment him on the quality of the management of this bill, because it was expert indeed. I take this opportunity to extend to him my congratulations and my appreciation of a job well done.

Mr. COCHRAN. I thank the Senator.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, to extend not past the hour of 3 p.m., in which Senators may speak for not more than 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDRESS BY WORLD BANK PRESIDENT CLAUSEN

Mr. MATHIAS. Mr. President, several weeks ago financial leaders from around the world gathered here in Washington for the annual meeting of the World Bank and International Monetary Fund. The discussions focused on ways to revitalize the global economy—to restore noninflationary growth in both developing and developed countries.

The two most important statements on that critical subject were made by two persons who have never before served in an official capacity at a Bank Fund meeting: The President of the United States, Ronald Reagan, and the new president of the World Bank, A. W. Clausen. President Reagan's excellent speech affirming his support for the Bank and the Fund was placed in the RECORD earlier, and has received considerable attention. I wish to call Mr. Clausen's speech to the attention of my colleagues as well, because of the great importance his views have for the future economic development of all countries.

Mr. Clausen, who knows a thing or two about banks, reported to the stockholders that he finds the World Bank to be in excellent financial condition and to be a "unique and immensely productive development institution." Too often we forget that the Bank exists because of the mutual economic interests of the developed and developing countries. Mr. Clausen emphasized that "neither can prosper fully unless both prosper." The U.S. economy is increasingly dependent upon trade with developing countries. The Bank, by fostering economic development, contributes to our Nation's economic growth as well.

The World Bank cannot do the whole job of development, of course. The primary responsibility lies with each country to follow sound economic policies.

In a time of scarce capital and high interest rates, it is especially important that all the development-supporting institutions work together. As Mr. Clausen pointed out if multilateral, bilateral, the private sector, and various specialized groups, "could be linked into closer and more effective cooperation, then the possibilities for greater progress would be substantially improved." The Bank will increase its efforts to cofinance development projects with commercial banks. Mr. Clausen reports 40 projects amounting to $3.5 billion in the past 2 years.

Mr. Clausen set forth the priorities for World Bank financing in the years head: Agriculture, energy, and sub-Saharan Africa. Few will quarrel with those priorities, although the specific instrumentalities may still be open to discussion.

I was especially pleased to note Mr. Clausen's very strong support for the International Development Association.

IDA provides loans on concessional terms to the poorest countries. IDA-supported projects go through the same vigorous analysis as other Bank projects, and yield the same high rates of economic return.

The World Bank president sums up the case for IDA in terms which every citizen of the United States ought to ponder:

IDA alone cannot make the world peaceful. But it can help countries containing half of the world's population—cost of it very poor—to achieve greater self-reliance, and greater social cohesion. And that is clearly in the national self-interest of the developed nations.

Mr. President, Mr. Clausen's address, delivered on September 29, 1981, is available free of charge from the World Bank, so I will not burden the public purse by having it reprinted here. I do urge my colleagues and the general public to obtain a copy and study it. They can do so by writing to the World Bank, 1818 H Street NW., Washington, D.C. 20433, or by telephoning (202) 477–1234.

THE "ALASKA EAGLE"

Mr. STEVENS. Mr. President, I am pleased to report to the Senate regarding the status of the *Alaska Eagle* in the Whitbread Around the World Race.

On May 18, 1981, the Senate unanimously passed Senate Resolution 135, a resolution commending the *Alaska Eagle* and her crew for participating in this prestigious and world reknown race. The *Alaska Eagle*, her skipper Neil Bergt and his crew began the race on August 29, 1981. On October 10, 1981, the *Alaska Eagle* arrived safely into port at Cape Town, South Africa, thus completing the first leg of the 26,000-mile Whitbread Race. The *Alaska Eagle* was the fifth boat into port out of a total of 28 competing yachts. England's Royal Naval Sailing Association, the coordinator of the race, announced that the *Alaska Eagle* had finished in fifth place as well in the overall handicap ranking.

During the course of the first leg of the race, six boats experienced mast or rigging failure and one boat was forced to withdraw. It is therefore with utmost pleasure and with considerable pride that I congratulate Neil Bergt, the distinguished skipper of the *Alaska Eagle*, and his crew upon their succesful completion of the first part of the most challenging yacht race and wish them speed and safety during the second leg of the race which is scheduled to begin Saturday, October 31, 1981, from Cape Town, South Africa to Auckland, New Zealand.

DEPARTURE OF CANADIAN AMBASSADOR TOWE

Mr. BAUCUS. Mr. President, it is with regret that I rise today and refer to the departure of my good friend, Canada's Ambassador Peter Towe. It is our great loss that Ambassador Towe, after over 4 years of so ably representing our great neighbor, has chosen to return home to assume new, and enormously important, responsibilities in the energy field.

Ambassador Towe has provided great insight to our relations and has ably and vigorously defended Canadian interests. But most important, he has been fair and judicious as a good diplomat should be, and has directed his efforts at resolution of problems rather than at their creation. His knowledge and patience with the vagaries and eccentricities one finds on this side of the border are to be admired. Indeed, he has handled with skill and perspective the complex task of representing a country so close to ours, and has provided his country with talent at a time when talent was much needed. Ambassador Towe has had to grapple with many new elements of dealing with the United States, not the least of which has been the growing congressional feistiness in foreign affairs.

We shall miss him, and I bid him farewell with all best wishes in his new endeavor. I know we have not seen the last of Peter Towe, and I look forward to the next time. I just hope it is soon.

Mr. President, Ambassador Towe recently spoke in his usual thoughtful and fair way to the Carnegie Endowment and the American Foreign Services Association. I want to share these words of quiet wisdom with my colleagues, and therefore, I ask unanimous consent that the text of his address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS TO THE CARNEGIE ENDOWMENT AND AMERICAN FOREIGN SERVICE ASSOCIATION "FACE TO FACE LUNCHEON"

(By Peter M. Towe)

The first words I have for you today are not my own. However, in tone and in content, they are very familiar.

"The relations of few countries are as intimate and important as those between Canada and the United States. They loom far larger in the eyes of a Canadian than of an American. That is natural. . . .

". . . It may be expected that the relations between the two states will become increasingly important and that the problems arising therefrom will grow in magnitude."

Those must be the sage observations of a Canadian political figure, you might conclude. Or of an Ambassador to the United States.

They are.

Lester Pearson—who, of course, was both.

And what might be illuminating to you is that they are from a letter he wrote in January 1932.

You know, Canadian Ambassadors have been saying that sort of thing for as long as there have *been* Canadian Ambassadors here. Because it's true. We are two nations sharing a continent. We share prosperity; fears; and many values. We also share a great deal of history. Some of this history is not at all about sharing.

I enjoyed the festivities celebrating the 200th anniversary of the battle of Yorktown earlier this month. I was the one at the ceremony thinking that the American victory at Yorktown made superfluous General Washington's plan for another expedition in 1782 or 83, this one of enormous strength, to take Canada.

I was thinking, as your President exchanged toasts with President Mitterrand, of how Canada fitted 200 years ago into that triangle. The French did, of course, support the American Revolution against their English enemies. The Congressional leaders in fact expected their French allies to invade Lower Canada. But the French did not attack Canada. The official explanation was that the first priority was to assist the Americans to liberate the colonies in the Southern part of the continent. The actual policy of Versailles was to leave Canada in the hands of the British so as to drive the newly independent state into friendship and expanded trade with France.

To a large extent, French policy was foiled. General Washington, in peace negotiations with the British asked that Canada be ceded to the U.S. which, if the request had been taken seriously, would have enabled you to spend this lunch hour listening to someone else. It wasn't, but the British concessions to the new republic were meant to counter French influence—and they were made to a large extent from what eventually became Canada. Such was—and remains—the rather seamy stuff from which history is shaped.

Canada. Not yet a country. Still a colony. But with a growing number of inhabitants of many different kinds. Whose own views were mixed—Canadians in fact fought on both sides at Yorktown—and naturally, were not considered by these big powers.

Who were they? They were original French-speaking habitants. Still resentful of the British conquest but determined to survive culturally. Then, the Loyalists to the British Crown, many in fact refugees from the Revoluntionary War to the South. And there were others—in Montreal, particularly—who had been impressed by the philosophical values of the American Revolution.

In a Canadian way, these values worked their way into our own nation-building process, and became the basis of the political values we share in common, even if our political systems are in so many ways quite different.

Indeed, that nation-building process goes on today. Its effects, stemming from the very fact that we are different nations, seems to be what the present fuss in Canada-U.S. relations is all about. But its description is not so different from what Lester Pearson sensed 50 years ago.

My first posting to the Canadian Embassy here came at a time of unprecedented cooperation between us. We worked together even when the issues were difficult, through such huge undertakings as the construction of the St. Lawrence Seaway. Also, at that time, having years before dropped our defences against each other, we joined in defence against others, through the creation of the Permanent Joint Board of Defense in 1940 which led after the war to the Pinetree Line and the Dew Line, and eventually to join defence of the continent through NORAD.

During my next posting in this city, a decade and more ago, the mood was dramatically different. The U.S. was briefly and aberrationally in trade deficit with Canada. The measures taken in 1971 to protect the American dollar, measures which had a grievous, and disproportionate effect on Canada, were not the object of any prior consultations. Canadian pleas that account be taken of our historically special relationship with the USA went unheeded.

This is, I suppose, a contradiction, but it is one Canadians are used to. You were much bigger and stronger and could speak of retaliation much more credibly than we could As my historical reflections today indicate, we in Canada are aware that it was ever thus. Successive Administrations here have had, perhaps, a shorter-term view of what's been going on. There is after all a tendency here to think that history re-begins every four years.

I don't mean to suggest that as Ambassador here, or earlier, as an officer in our Embassy—where, incidentally, I've spent almost half my working career—I've been stewing in the acid of 200 years of accumulated grievance.

Far from it. Most of my time has, in fact, been spent on the things we've worked out together, in the development since the war of the most complex, and concentrated relationship which exists between any two nations.

I recall those very creative post-war years when international institutions emerged from a common sense of hope or of peril. The resolution among the three countries which had cooperated in developing the atomic bomb to see atoms used henceforth only for peace; the founding of the United Nations; and when the Cold War shocked us all into insecurity again, the creation of the Atlantic Alliance.

In these experiences, our common and enduring view of the world's perils became shaped. It became natural for Canada to think of itself as an ally of the U.S.; in responding to Secretary Acheson's special plea to send ground troops to Korea; in Canada making a special effort to respond to the Suez crisis, where Canadians could play a peacekeeping role from which the larger powers were disqualified, in a sort of complecentary to U.S. big power leadership—and one which at that time kept the good relations between the U.S. and the U.K., as well as France, on the rails.

So I preface my remarks by taking a long view. Not of antagonism. But of history, the history of two nations, each, in its way, pursuing its own aspirations.

And now I turn to today.

We are told that relations between Canada and the United States have entered a difficult and dangerous phase. Americans in both the public and private sectors bewail the so-called new nationalism of Canadian government policies. In Canada many complain loudly about recent American statements, describing them as alternately patronizing or imperialistic. Looming over all the rhetoric is the perception on both sides of the border that we are locked into an inescapable spiral of retaliation and counter-retaliation, to the eventual disadvantage of both countries.

A dramatic picture—but is it accurate? I think not. It exaggerates current tensions in a few areas at the expense of an overwhelmingly positive relationship and it implies that until recently the bilateral relationship was devoid of substantive issues and difficulties.

Quite frankly, relations between Canada and the United States are always delicate.

It is not hard to see why. Interdependence is the watchword of the present age. Academics describe it, politicians espouse it, and the common man confronts it in his daily life. Imports and exports, balance of payments, the value of the dollar, the shock of escalating energy prices—we have all become part-time international economists. The lesson is clear to us all—no nation's economy is a secure fortress. We must struggle to find accommodations with our economic partners or we will all suffer.

For Americans this is a relatively recent experience. To Canadians this "modern reality" has been a feature of our national life for generations. We have had historically to be more sensitive than most to the economic policies of foreign governments. At the present time fixed U.S. capital investment in Canada is greater than in any other country, as is Canadian investment in the U.S., where we are the third largest source of foreign investment. Trade between our two countries totals almost (Can) $100. Billion annually.

It is important, I believe, not to over stress the negative. It is not surprising to me that many commentators express real anguish over what they perceive to be a deterioration in our bilateral relations. After all, for many years relations between Canada and the U.S.A. as countries and, more importantly, between Canadians and Americans as individuals, have been warm and genuine. There is an easy familiarity between our two countries which is, perhaps, unequalled in the world. In fact, the similarities between us are so great that we often overlook the differences which make us distinct. And we do so at our peril. Our strength as nations depends not only on our shared qualities but also on those qualities which are unique and lend variety and richness to our national lives.

It is not an easy task to specify these differences: some are very obvious while others are rather abstract and difficult to define with precision. I do not want to provide an exhaustive list for you, but I would like to suggest a few items which contribute to a deeper understanding of Canada.

Our geography and population. Although Canada is larger in area than the U.S., we have a population only one-tenth as large, and almost all of it located within 100 miles of the frontier with the U.S. These facts create special problems such as the vast transportation and communications systems which must be maintained in support of a relatively small economic market.

Our bicultural and bilingual identity, the fact that Canada has two founding cultures and official languages—French and English—creates special national riches but also special and unavoidable costs.

Our federal political system. Canadian provinces exercise jurisdiction over social and economic sectors to a much greater extent than the individual states in the U.S.A. The Canadian federal government's powers are correspondingly more limited than those of its American counterpart.

These, and other factors taken together have created a distinctively Canadian political culture, a blend of our respect for and dedication to free enterprise and individual initiative with our recognition that government involvement in the economic, social and cultural life of Canada is demanded by the imperatives of our national heritage.

Canadians expect their governments to develop and execute policies which are responsive to their needs and interests. This expectation, by itself, is not unique. Americans also expect their governments to pursue policies which maintain national security, encourage social and political stability and promote economic prosperity. Bluntly put, Canadians and Americans look to their governments to articulate and defend their respective national interests.

And this is as it ought to be. To demand otherwise would be foolish and unrealistic. But it is not the end of the matter for the term "national interest" is infinitely elastic and can be stretched to justify almost any action. Therefore, Canadians and Americans make an additional demand on their governments which reflects their shared belief in democratic political principles—we demand that our governments pursue our national interests in a responsible manner.

When we look at foreign policy we see that responsible governments adjust their policies to suit changing circumstances. This is not opportunism or cynicism; rather we must continually make judgements about how best to pursue our national interests in a manner consistent with our international obligations and responsibilities. At times we must summon up the national will to act boldly while at other times prudence and patience provide the sternest tests of our national resolve.

It is balance we seek and, when I reflect on over three decades of personal involvement in the Canada-U.S.A. relationship, I am struck by the balance we have achieved in the management of this relationship. I cannot think of two other countries which have so effectively pursued their national interests in such a harmonious and mutually beneficial way.

I am deeply troubled, therefore, by the recent charges in the United States that Canada has embarked on a new—and dangerous—course of economic nationalism. Nationalism, I hasten to add, is not used by those making the charge as a neutral description of the reasonable pursuit of national interest. No, we are speaking here of a nationalism which conjures up images of folly, irresponsibility and anti-Americanism. It is our emotions which are being appealed to—not our reason. Against the backdrop of such a long and fruitful bilateral relationship, I find the invocation of the term "nationalism" entirely inappropriate.

When the United States government argues (as does Canada) in favor of fair international trading practices, it does so because it believes such practices benefit the U.S. economy. Similarly, when the Administration and Congress state they will pursue fair trading practices, even if it means "getting tough" with trading partners, they do so because they believe this is necessary to achieve vital national objectives. There is nothing wrong with this: indeed, it would be exceedingly odd if the U.S. government pursued policies which it believed were inimical to American national interests. But we should not delude ourselves into thinking that pursuit of these interests, however reasonable they may be, is cost-free; voluntary restrictions on automobile exports may be a necessary element in the revitalization of the domestic automobile industry, but they do impose a cost on Japanese producers. There have been, and continue to be, debates within the United States on the best ways to pursue trade objectives and yet, throughout these debates, I cannot recall a single reference by any of the participants to the new "nationalism" of the United States Government, not even when such blatant acts as buy-American legislation are enacted by the Congress or, increasingly, by State governments. Perhaps it is the case that one nation's "nationalism" is another nation's "patriotism".

The point is that labels, by themselves, are not really helpful and may even prove damaging. We should be prepared to look behind the labels if we wish to gain a richer understanding of each other. All nations—even Canada and the United States—make mistakes. When we do we expect you to point them out; I know we do not hesitate to point out your mistakes to you. If we cannot resolve our problems through bilateral discussions we have recourse to multilateral instruments such as the GATT, instruments we both helped to create and continue to sustain.

Historically, we have acted responsibly towards each other and we can continue to do so if we do not lose our nerve. It takes political courage to exercise patience, to calmly assess the costs and benefits of foreign policies. In the United States, President Reagan has embarked on a dramatic economic program. Its success will be vital to the recovery of the global economy. We know the measures will take some time to work through the economy and so we have refrained from excessive criticism of the program for its short-term consequences, such as high interest rates, which have a dramatic impact on Canada. Similarly, Canada's National Energy Program has as its primary objectives the achievement of energy security and, by 1990, providing for ownership by Canadians of 50 percent of our own oil and gas industry. Surely few Americans will find these goals objectionable. The Program's measures are designed not to punish foreign investors but to encourage Canadians to invest in the energy sector and to bear the costs necessary to achieve national energy objectives. Some have taken issue with the means. But it is by now I hope clear, that Canada has and will continue to implement this policy in a manner consistent with our obligations to you and our other economic partners.

If the program works—and we believe it will—Canada will be off the world oil mar-

ket by the early 1990's. This clearly serves not only Canadian interests but also global interests. Your economic recovery program and our National Energy Program are bold policies designed to meet extraordinary circumstances. Both governments agree and support the long-term objectives of both programs; we must avoid allowing our short-term anxieties to thwart the achievement of those objectives.

I also want to touch on another Canadian policy which has been frequently criticized. I want to demonstrate that this policy, once it is understood, is a most reasonable response to a difficult and precarious situation. I refer to Canada's policy on foreign investment.

Canada is a major importer of capital. Throughout our history we have actively sought foreign investment and created the domestic conditions which make Canada so attractive to investors from abroad. We would not have achieved, nor could we maintain, our high standard of living without major infusions of foreign investment capital. We have not pursued this policy for selfless reasons; we do it because it serves our interests. Similarly, foreign investors find Canada an attractive country to invest in because they make a profit. Foreign capital investment, like domestic investment, demonstrates the free enterprise maxim that pursuit of private benefit contributes to the public good.

But this is not holy scripture. All modern nations recognize that the marketplace is not perfect and some government role is necessary if market imperfections are to be prevented from becoming gross economic distortions. Antitrust laws, for example, are not predicated on the simplistic notion that big is bad but rather on the hard economic evidence that monopolies can stifle competition, encourage inefficiencies and lower general economic performance. Where natural monopolies are necessary, as in the utilities sector, we regulate them to ensure they operate in the public interest.

Foreign investment is not exempt from this type of scrutiny; if any thing, there is greater public demand in this country for your government to become involved in foreign investment issues. And the demand increases in direct proportion to increases in the level of foreign investment. To be sure, some of the complaints reflect little more than xenophobia, a belief that foreign investment is, by virtue of its origin alone, undesirable. But there are grounds for some serious worries as well. For example, are head offices in foreign countries sufficiently sensitive to domestic realities? Do they offer domestic companies a fair opportunity to bid on branch plant procurement? Or do they purchase goods and services from traditional sources located near the head office? Do decisions about corporate marketing and investment made on a global scale ignore domestic concerns such as the desire to raise the level of research and development activities of branch plants? Are subsidiaries subject to the extraterritorial application of foreign laws?

Successive Canadian governments had to face these issues at a time when foreign investment had risen to extraordinarily high levels and there were real fears in Canada that control of the economy was in foreign hands. We could have chosen to ignore this, but that would have allowed the legitimate concerns of Canadians to fester and, perhaps, explode in an unpredictable manner at some future time. It could have chosen to drive out foreign investment, even though this would have damaged severely the Canadian economy. Instead, in 1974, the government chose to steer a middle course between the two extremes of inaction and over-reaction—it established a mechanism to screen new foreign investment in Canada.

Canada requires foreign investors to demonstrate that their investment proposals confer "significant benefits" on Canada. Is this an irresponsible demand? I think not. Of course, our screening mechanism is not perfect—not everyone, even in Canada, believes it is necessary. No mechanism created by government and implemented by bureaucrats can or should claim omniscience. But minor difficulties should not be used to destroy the reasonable objectives of the policy. Canada will continue to need vast amounts of capital beyond our own ability to save; by reassuring Canadians about the economic benefits of foreign investment, the government ensures that Canada remains an open and hospitable environment for foreign investors.

I've spent a lot of time lately explaining Canadian positions but in doing so I don't want to imply that the U.S. has a monopoly on grievances—far from it. I have already referred to the proliferation of "Buy America" legislation, but there are other trade issues such as the DISC legislation where Canada has serious disagreements with American policy. On investment issues, the Jones Act and the Communications Act among others prohibit or strictly limit foreign investment in certain sectors. You too have notable exceptions to the principle of national treatment. Perhaps I don't need to recall that there was deep disappointment in Canada at the failure by the Senate to ratify a treaty which would have created an equitable joint management scheme for our East Coast fisheries. As for the environment there are a number of areas where we must develop cooperative programs if we are to avoid the destruction of irreplaceable resources in both countries. These problems—ours and yours—will not be solved by mere finger-pointing, much less exaggerated claims and counterclaims. We must strengthen our commitment at the highest level to finding appropriate solutions.

Now let me conclude by trying to project a bit into the future. I believe that your President struck a very appropriate note when early on, he stressed the importance of establishing an accord with his northern and southern neighbours. By that I don't mean—nor I think did he—that we had to build new institutions into the relationship or to depart from the multilateralism which has shaped our respective foreign economic policies. I can't speak for your President, but what I think we need to strive for is to accord to each other the respect we are due as sovereign nations.

You have global responsibilities beyond the reach of my or other foreign democratic governments and we have, historically, supported you and will continue to do so whenever possible. Indeed I venture to say that the level of understanding and support given the United States by Canada is unequaled by any other nation. We do so not out of any sense of altruism, but because of shared values and common perceptions of the world and what we want to achieve. Economically we support you as well, again not out of a sense of altruism, but as a natural outcome of the intermeshing of our economies. Canada historically runs an overall balance of payments deficit with you and this contributes to offset the imbalance you face with other countries. In turn, you are the main means of our defence, our vital market and the source of our much-needed investment capital and technology. It is a mutually rewarding relationship.

What we need to ensure is that it remains so. Early on in my remarks I noted that we are still in the process of nation-building. And that is so and will be so for many decades to come. We need space to work out our problems—to forge our destiny. Obviously I don't expect the U.S. to do other than protect and advance its interests with us as this process occurs. In the current crisis, however, if crisis it is, I do expect you to take the longer view and to accord to us the respect that is due us—recognition of our differences and of the right, even the desirability of following different paths when national interest dictates. Thank you.

TENNESSEE-TOMBIGBEE WATERWAY

Mr. PERCY. Mr. President. the Congress is being asked again by the administration to tighten the budget by reducing Federal expenditures. I agree that a balanced budget is a vital goal, and am supporting the President's efforts to achieve that goal.

As we renew our efforts to balance the budget, however, there remains one project that richly merits close scrutiny. The project is the Tennessee-Tombigbee Waterway. Remarkably, this project has escaped largely unscathed in prior budget-cutting efforts. Indeed the appropriation sought for the project this year alone equals $189 million, and if current cost projections are accurate, it will require an annual appropriation of roughly $200 million for the rest of this decade.

This is an enormous commitment of Federal dollars for a program of such dubious value to the region and the country. It is particularly enormous at a time when this country is struggling to cut back everywhere it can in order to balance the budget.

Nevertheless, being a strong supporter of our Nation's inland waterway system, I would be willing to support such an allocation if this project were meritorious. Unfortunately, it is not. It has been characterized for years as a boondoggle of the first order.

The Tenn-Tom concept has always been suspect—it attempts to parallel the Mississippi River with a waterway that is narrow and restricted by 10 separate locks. But several developments during the last 6 months have demonstrated conclusively that the project should not be built.

First, the General Accounting Office has examined the project at my request, and has issued a report which concludes that the project will create a bottleneck on the Tombigbee River which will require nearly another billion dollars to unscramble. This conclusion has been confirmed by the Corps of Engineers in its recent draft "National Waterways Study," which makes correcting the bottleneck a national priority between now and 1995. Thus it is obvious that total project costs will exceed $3 billion.

Second, the GAO also examined the predicted benefit base for the project and found that over 75 percent of those benefits have not materialized. Thus, there is a serious question whether the project, if built, will carry sufficient traffic to justify the investment.

I am today asking unanimous consent that portions of the GAO report which address these points be printed in the RECORD. In addition, I am asking unanimous consent that relevant portions of the "National Waterways Study" also be printed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TO CONTINUE OR HALT THE TENN-TOM WATERWAY? INFORMATION TO HELP THE CONGRESS RESOLVE THE CONTROVERSY

The Tennessee-Tombigbee Waterway continues to generate controversy. Ten years and $1.1 billion have been spent on construction of the project, which will link the inland waterway system with the Gulf of Mexico. Project costs are estimated to total about $2 billion when the project is completed in 1988.

GAO believes two key issues in the decision to halt or complete Tenn-Tom are:

Although more than $600 million would be saved by halting Tenn-Tom, that saving must be weighed against the loss of about $125 million in average annual benefits expected from the completed project. Average annual benefits achieved to date are roughly $12 million.

Completing Tenn-Tom will create a bottleneck on the waterway south of Demopolis, Alabama. Eliminating the bottleneck would cost about $960 million—$323 million for construction (Oct. 1979 dollars) and $637 million for inflation to the end of the estimated construction period in 1997. Continuing Tenn-Tom may be sowing the seed for this additional project.

Question: Have any of the predicted 1980 movements materialized?

Answer: The majority of the 17 movements we reviewed have not materialized,[1] although some company officials stated that they could potentially use Tenn-Tom when it is completed. The Corps' position on inclusion of movements in the benefit data base, in essence, is that (1) the purpose of interviews is to establish base year traffic, not to determine future prospects of a specific firm, and (2) some firms, over a period of 5 years, will go out of business but will be replaced by other firms. Further, the Corps considers such benefit studies to be a "snapshot in time."

The Corps also pointed out that shippers not included in Kearney's study have expressed interest in the waterway and that new movements not in the traffic base have been identified. We identified several companies not included in the traffic base that could potentially use the waterway, but we did not determine specific commodities or tonnage amounts.

However, since over 50 percent of the movements we reviewed have not occurred as projected by Kearney, their estimating practices may have been too liberal. To accurately determine this would require a thorough analysis of the Kearney study or possibly a new benefit-cost study. Either option would involve lengthy studies—possibly longer than 1 year.

We selected 17 of the largest movements, representing $77.5 million of the $116.6 million in average annual navigation benefits included in the fiscal year 1982 budget request, and 16.1 million tons, or 57 percent, of the projected 1986 tonnage for additional review. Kearney had classified 11 of these movements as current; that is, already moving by an alternate mode at the time of its study in 1975, and 6 as future movements that were expected to materialize by the end of 1980. It was anticipated that all 17 of these movements would utilize Tenn-Tom when it opens.

None of the six future movements had materialized by February 1981. Of the 11 current movements, we could not locate one company to confirm the information contained in the Kearney file and were told by officials of one other company that the movements had not occurred. In a third instance a company official told us that the movement has not occurred since 1975. Finally, one movement, while occurring, is expected to cease before Tenn-Tom opens for full navigation in 1986. We were unable to determine from Kearney's workpapers the basis for classifying the movement which has not occurred as actually moving in 1975.

A summary of these movements is presented below.

[1] We reviewed only those movements that were moving as of 1975 or expected to be moving by an alternate transportation mode by the end of 1980.

Status of movements	Number of movements	Projected 1986 tonnage	Percentage of projected 1986 tonnage	Projected average annual benefits [1]	Percentage of average annual benefits [1]	Percentage of total of sample size: Number of movements	Percentage of total of sample size: Dollar value of movements
Occurring	6	4,282,000	15	$14,895,000	13	35	19
Occurring but expected to stop before Tenn-Tom opens	1	601,000	2	843,000	1	6	1
Have not materialized	9	10,593,000	38	59,550,000	51	53	77
Shipper/receiver could not be located	1	593,000	2	2,220,000	2	6	3
Total	17	16,069,000	57	77,508,000	67	100	100

[1] Average annual benefits are based on the corps' fiscal year 1982 budget submission for Tenn-Tom.

Movements which are occurring:

In early 1981, 6 of the 17 movements, totaling 4.3 million tons of the projected 1986 tonnage and $14.9 million of the 1982 average annual navigation benefits, are being transported via rail or an alternate waterway. The six movements are described below. (Tonnages shown were amounts used in the Kearney study.)

Three chemical movements, totaling 124,000 tons each, originate in Louisiana and travel to Mississippi. These movements are being transported via rail.

Two coal movements in the amount of 1 million tons and 300,000 tons [2] originate in Illinois and travel to Florida. These movements are transported via barge on the Ohio and Mississippi Rivers.

One 225,000-ton movement of metal is transported from Louisiana and south Alabama via barge on the Mississippi, Ohio, and Tennessee Rivers to north Alabama.

Movement which is occurring but expected to stop before Tenn-Tom opens:

The Kearney study included a 450,000-ton movement of metal from Alabama to Tennessee that is presently occurring at about half the tonnage rate Kearney used and is expected to stop before Tenn-Tom opens in 1986. Kearney's workpapers show that in 1975 a company official initially declined to estimate tonnage or speculate on movements that might move on the waterway because of available alternate supply points and changing supply-demand situations. The official later provided tonnage data but cautioned that the supply point for the Alabama-to-Tennessee movement would change in 10 to 20 years (from 1975) and the movement would cease. The Kearney study included benefits for this movement from Tenn-Tom's opening in 1986 through 1991.

Company officials told GAO in April 1981 that this movement is presently occurring at about half the tonnage rate projected by Kearney in 1975 and that the movement will stop completely within the next 5 years. A company official said the movement to Tennessee will then originate on the east coast. This movement represents 601,000 tons of the projected 1986 tonnage and $843,000 of the 1982 average annual navigation benefits.

Movements which have not materialized:

We identified nine movements which have not materialized, although company officials for four of the movements said they could potentially use Tenn-Tom when it is completed. These nine movements represent 10.6 million tons of the projected 1986 tonnage and $59.6 million of the 1982 average annual navigation benefits. As discussed below, these movements have not materialized for various reasons. (Tonnages shown were amounts used in the Kearney study.)

A 1.2-million-ton coal movement from Kentucky to various locations in Alabama did not occur. The company recently filed for reorganization under chapter 11 of the Bankruptcy Act. This movement was predicated on the assumption that the company would open a mine in Kentucky, but the mine was not opened.

Another coal shipment from Illinois to Alabama has not materialized for two reasons. In 1976 the coal supplier informed the shipper that he could not supply the required contract amount of 1.4 million tons. Also, the receiver could not burn the high sulphur Illinois coal because of air pollution concerns. This company is presently receiving its coal from Alabama mines.

A 1-million-ton movement of coal was based primarily on the opening of coal reserves in Tennessee. However, a company offical said these reserves have not been developed and he would not state whether they will be developed. The official stated that he could not speculate on movements or tonnage that may move on Tenn-Tom; however, the possibility of using Tenn-Tom when completed does exist.

A 250,000-ton coal movement scheduled to move from Tennessee to Alabama has not taken place due to several business reasons. A company official would not elaborate on these reasons. He stated that the movement is still expected to take place and may be barged via Tenn-Tom, but he could not be specific about the expected date of the movement.

Kearney's study also included a 100,000-ton movement of chemicals from Alabama to Tennessee. A company official stated that this movement has not materialized due to changes in the company's long-range plans. The company, according to this official, had plans at the time of Kearney's study to build a plant in Alabama which would have provided easy access to Tenn-Tom. The official stated that, due to financial difficulties, the plant will not be built.

A 50,000-ton movement of a chemical from Minnesota to Mississippi has not occurred and a company official stated that she does not know whether it will. She also said that if Tenn-Tom were available, the company would use the waterway to barge chemicals from Florida to Alabama. Another official stated that the company is extremely optimistic that Tenn-Tom will provide new opportunities for this company. Neither official

[2] Contract amendment reduced the tonnage amount for this movement from 900,000 tons to 300,000 tons.

would attempt to identify specific movements or tonnage that may utilize the waterway.

A 287,000-ton movement of ore from Tennessee to Alabama did not materialize. A company official stated that movement of ore from Tennessee to Alabama is included in the company's long-range plans and will be barged via Tenn-Tom if the waterway is completed when the movement materializes. However, he would not speculate on the tonage amount or the anticipated date that this movement could be expected to start.

A 100,000-ton coal movement and a 2.4-million-ton coal movement which originate in Tennessee and move to Alabama and/or Louisiana were included in Kearney's traffic base. These movements will not occur as the companies are no longer in business.

Information on the remaining movement was not obtained because the shipper/receiver involved could not be located to confirm the information contained in the Kearney file. The directory assistance and chamber of commerce in the city did not have a record of this company. This movement represents 593,000 tons of the projected 1986 tonnage and $2.2 million of the average annual navigation benefits in the 1982 budget request.

Corps position on movements in Kearney study:

The Corps' navigation benefit estimate submitted to the Congress each year since 1976 has been based on the 121 movements identified by Kearney. In providing the Congress with the annual estimate of project benefits, the Corps uses the 121 movements without analyzing the current status of these movements. The Corps deletes only those movements, seven in the latest estimate,[3] which no longer show the minimum savings after transportation rates are updated—whether a movement has or has not materialized is not a factor in these calculations. The Corps also does not add any new movements that have been identified. The Corps' position on including movements in the benefit base was presented in a September 1980 report by the Subcommittee on Energy and Water Development, Senate Committee on Appropriations:

"The purpose of interviews is to establish base year traffic which might use the Tenn-Tom. It is not a marketing study of the future prospects for a specific, given firm. It is fully to be expected that some firms, over a period of 5 years, will go out of business, and some will come in; and that specific plans and opinions may change."

The report also pointed out that shippers not included in the Kearney study have expressed interest in Tenn-Tom and new movements not in the traffic base have been identified.

The Department of Transportation in a June 1980 study predicted substantial growth in both the Nation's export coal market and in the amount of export coal handled by the Port of Mobile. Since Tenn-Tom will service some of the Nation's leading coal producing areas, it would be reasonable to assume that some of this increase would impact on Tenn-Tom. We identified potential Tenn-Tom users that were not included in the Kearney base, particularly coal shippers. However, we did not attempt to determine the quantities and potential savings for these shippers, since to accurately do this would require a lengthy and extensive effort.

While the "snapshot in time" is an acceptable framework for measuring navigation benefits, one cannot assume that the movements that do not materialize will be exactly offset by new movements. This becomes especially critical when a few movements account for a large percentage of the benefits and they do not occur as projected, as was the case in the Kearney study. GAO believes when this happens the estimating practices may have been too liberal. Consequently, the study on movements would have to be completely updated to have a more recent and accurate picture of movements.

[3] The deleted movements can vary from year to year depending on changes in transportation rates. A movement could be deleted one year and reappear the next year.

AGENCY COMMENTS AND OUR EVALUATION

In this section we have summarized the major comments made by the Army and OMB on the portion of our draft report covering issues for resolution by the Congress. Their complete comments along with our response are contained in appendixes II and III.

The Army stated that completion of Tenn-Tom does not force an additional related project. The Army noted that such a project would be a separate new investment decision based on study and Presidential and congressional action. The Army commented that preliminary indications from ongoing studies show that certain modifications could improve the efficiency of the waterway; however, prediction of a recommendation to the President and the Congress is highly speculative at this time.

According to the Army, if this recommendation is ever made, it will be based on the results of completed comprehensive studies demonstrating the merit of further investment. Also, the Army concluded that the economic justification in favor of project completion no longer can be fairly challenged, when justification is considered on a basis of remaining benefits to remaining costs, and that the project should be completed. Further, the Army said that our review and report certainly lead to no other conclusion.

OMB stated that the question of developing a new Federal project to expand the existing waterway from Demopolis to Mobile is unrelated to the question of completing the Tenn-Tom project. OMB noted that if that project were authorized by the Congress, it would be subject to the same policy review and competition for scarce budget resources as any other potential new water resource project.

While we appreciate and understand the Army's and OMB's position on expansion of the waterway from Demopolis to Mobile, we do not agree that it is unrelated to the question of completing Tenn-Tom. OMB and the Army are correct, as we have noted in our report, that such a project must be authorized by the Congress. However, we feel it is critical that the Congress clearly understand that the potential traffic on the Tenn-Tom Waterway now under construction will be severely constrained by the bottleneck south of Demopolis. Eliminating this bottleneck requires a project estimated by the Corps to cost $960 million—$323 million (Oct. 1979 dollars) for construction and $637 million for inflation to the end of the estimated construction period in 1997.

We believe that if the decision is made to continue Tenn-Tom, it is likely that the Congress will be urged to approve the waterway improvement project from Demopolis to Mobile. The Corps' Director of Civil Works testified in July 1980 before the Subcommittee on Water Resources, Senate Committee on Environment and Public Works, that in his opinion the improvements are likely to be needed within 10 years and the push is going to be immense. On the other hand, if Tenn-Tom is stopped, the present waterway is considered adequate for BWTW traffic through the year 2035.

We do not agree that our report leads to any conclusion one way or the other. We answered specific questions which were not designed to reach an overall conclusion on whether the project should or should not be completed.

[From the National Waterways Study, 1976–81]

SUMMARY OF RECOMMENDED NATIONAL WATERWAYS PLAN, 1981–2013

BACKGROUND

The National Waterways Study is the first major assessment of the waterways of the United States in 70 years. The plan developed covers work underway, new work needed now, and those improvements needed in the years ahead to meet projected needs beyond the year 2000. The waterways and harbors of the United States are not only one of America's greatest natural resources, but have become through 200 years of private and public effort, one of the greatest systems of commercial navigation in the world.

The need for a careful look at the waterways system from a national perspective stems from several conditions: (1) there are now a number of serious constraints to the efficient use of our principal waterways. These are set forth in the early action phase of the national waterways plan; (2) trends in world and U.S. trade, particularly in energy and agricultural commodities, will place American waterways under an added burden of traffic; (3) much of the navigation system is an old system and requires a systematic plan for maintenance and rehabilitation. Of the 184 principal locks, the average age is 40 years. Some are approaching 80 years of service. The National Waterways Study, with its emphasis on the existing system and its capability for meeting current and projected national requirements, is an outgrowth of the concern in the Congress, among shippers and waterway carriers, as well as in the U.S. Army Corps of Engineers, that plans for future waterways improvements are not based upon a comprehensive national framework appropriate for national transportation policy decision making.

ELEMENTS OF THE NATIONAL WATERWAYS PLAN

The National Waterways Study covers the shallow draft inland waterways, the Great Lakes, and the St. Lawrence Seaway, the coastal trade routes and the inland and coastal ports which serve this system. Emphasis in the study is on the inland waterways, including the Great Lakes. Needs at selected deep water ports are included in the plan on the basis of predominance in serving waterway traffic. National Waterways Study, Map No. 1, Existing Major Waterways and Ports of the United States, (attached) displays the present system. Map I–1 shows National Waterways Study reaches and analytical segments.

SUMMARY OF RECOMMENDED ACTIONS

A. Work under construction

(1) Lock and Dam 26 (1st Lock), (Lower Upper Mississippi River).

(2) Vermilion Lock (Gulf Coast West I).

(3) Ouachita River Locks 6 and 8 (Ouachita River).

(4) Tennessee-Tombigbee Project (Tennessee-Tombigbee River).

(5) Red River Navigation Channel to Shreveport (Ouachita, Black Rivers).

B. New actions required, 1982–2013

	[1] Cost
58 locks (inc. A(1–3) above)	$4,299
4 major channel deepenings (inc. A (4) and (5) above)	1,996
3 deep draft ports	1,175
Rehabilitation	1,184
206 sites needing safety actions	1,051
Maintenance dredging	8,400
Operation and maintenance (non-dredging)	4,102
Total	22,207

[1] Total cumulative in billion of 1977 dollars.

Lock actions

The capacity and reliability of lock structures is the controlling element in traffic

handling capacity for most U.S. waterways. By the year 2000, more than 75 U.S. locks on the actively used commercial waterways will be over 60 years old. They are rapidly becoming antiquated, the products of another technological era.

Recommended lock actions for each waterways segment are shown in Table I–1, classified in three time periods, and prioritized for each segment and time period on the basis of (1) primary controlling, or (2) secondary controlling.

Under the plan, 33 U.S. locks would be replaced or supplemented before 2003, the end of the period of analysis. During this period, eight Canadian locks of the Great Lakes-St. Lawrence Seaway system fall short of handling projected capacity. Still others were found to be congested as 2003 is approached. Those are identified as needing attention in Period III, 2004–2013. The 43 U.S. locks and 15 Canadian locks identified for action are shown on Map No. I–2.

Schedules of lock actions

The 43 U.S. locks identified in Table I–1 cannot be realized as needed unless assumed actions to reduce the historical mean time between study authorization and construction completion (24.4 years average) are incorporated into the plan. Consequently, in view of the national priorities used to develop this program, the lock and system interrelationships and the present status of each lock improvements, a program to reach construction competion was established. Figure I–2 displays the results of this programming, demonstrating when the lock was needed and when, under this program, it could be completed. Also displayed with dashed lines is the completion date under the projected mean historical time. This section discusses the assumptions applied to the scheduled development. The construction sequence by segment is depicted graphically in Figure I–3. The program discussed in the following paragraphs is organized by the three planning periods and by priority within the period.

Period I—Priority 1

(A) It is recommended that the following U.S. Locks be funded for construction and that necessary Advanced Engineering and Design (AE&D) and construction work be given priority status.

Second Lock at 26—Lower Upper Mississippi River.

Gallipolis—Middle Ohio River.

Demopolis—Tombigbee River.

Seven Illinois Waterway Locks.

The Illinois Waterway locks make up a closely interrelated system. Although the sequence of needed supplemental capacity is rather orderly, extending from Period I through Period III, the AE&D and construction should be funded for the system as a whole.

(B) A program of priority treatment resulting in expedited survey reports with minimal time programmed for all subsequent steps is proposed for three Period I—Priority 1 locks:

TABLE I–1.—NATIONAL WATERWAYS STUDY SUMMARY OF RECOMMENDED PROGRAM ACTIONS AND PRIORITIES SCHEDULED INITIATION [1]

Segment	Action
UNDER CONSTRUCTION	
Locks	
Lower Upper Mississippi	Lock and dam 26 (1st lock).
Gulf Coast West I	Vermilion lock.
Ouachita-Black-Red	Ouachita locks 6 and 8.
New waterways	
Tennessee-Tombigbee	Tennessee Tombigbee project.
Ouachita-Black-Red	9 ft channel to Shreveport, La.
PERIOD I: 1982–95	
PRIORITY 1	
Locks [2]	
Lower Upper Mississippi (*)	Lock and dam 26 (2d lock).
Illinois (**)	LaGrange.
Middle Ohio (*)	Gallipolis.
Lower Ohio (**)	Lock and dam 52 and 53.
GIWW–E–1	Inner harbor.
Tombigbee-Mobile Bay (*)	Demopolis.
Great Lakes/SLS (*)	Welland locks.
St. Mary's	Sault Ste. Marie.
Channels	
Tombigbee-Mobile Bay	Widen from Demopolis to Mobile.
Deep Ports	
Mid-Atlantic	Norfolk-Hampton Roads.
Do	Baltimore.
Mississippi	Baton Rouge to Gulf.
Safety	
191 USCG actions nationally distributed.	
15 USACE actions nationally distributed.	
PRIORITY 2	
Locks	
Upper Ohio	Montgomery.
Lower Ohio	McAlpine.
Do	Uniontown.
Monongahela	3, 4, 7, and 8.
Kanawha	Winfield.
Columbia	Bonneville.
GIWW–W–1	Harvey.
Tombigbee-Mobile Bay	Oliver.
Channels	
Ohio River	Deepening from mouth to Pittsburgh.
Deep Ports	
Unspecified actions	
PERIOD II: 1996–2003	
PRIORITY 1	
Locks	
Illinois	Peoria, Starved Rock, and Marseilles.
Upper Ohio	Emsworth.
Middle Ohio	Newburgh.
Tombigbee-Mobile	Coffeeville.
PRIORITY 2	
Locks	
Upper Mississippi	Lock and dam 22.
GIWW–W–1	Algiers.
Tombigbee-Mobile Bay	Holt.
PERIOD III: 2004–13	
PRIORITY 1	
Illinois	Dresden Island, Brandon Rd., and Lockport.
Tennessee	Kentucky.
PRIORITY 2	
Upper Mississippi	Lock and dam 21, 24, and 25.
Middle Mississippi	Lock and dam 27.
Upper Ohio	Dashields.
Black Warrior	Bankhead.
Great Lakes/SLS	Seaway Locks.

[1] Initiation of action may be planning, advanced engineering and design or construction.

[2] Ordering reflects primary controlling (*) and secondary controlling (**) status for a lock as it relates to the national waterways system.

Channel modifications

The National Waterways Study plan identifies two shallow draft waterways for major channel modification: the Ohio River from Pittsburgh to the mouth, and the Tombigbee and Mobile Rivers from Demopolis to the Gulf.

The Ohio River deepening appears to be an inexpensive engineering proposition. This action, with initial dredging in the range of 5 to 15 million cubic yards, or less if one or two pools are raised, has an estimated cost of $100 million 1977 dollars. Additional maintenance dredging associated with the deeper channel would add one third to the present Ohio River dredged material volume.

From a transportation point of view, the determining selection factors in favor of deepening to provide a more efficient waterway were numerous. This deepening action will require careful studies of environmental effects, particularly in the littoral zones, mussel beds, water supplies and disposal of dredged materials. Also, private and public facilities, such as waterway crossings and terminals, will be affected. The Ohio River system ranks with the Lower Mississippi below Cairo as a "mainline" system. The Lower Mississippi has an authorized 12-foot channel that is available most of the year. Sixty percent of the Ohio traffic would be able to use depths without modification of other waterways. The system contributes significantly to three of the four national objectives. In fact it is forecasted to serve in excess of 55 percent of the domestic coal flow moving by water. Regarding economic efficiency, the action potentially could reduce the linehaul costs by 1.2 mills per ton mile. Applied to 100 billion ton miles of Ohio River traffic in year 2003 produces a saving of $120 million annually in 1977 dollars. The Ohio River deepening is given a Priority 2 ranking in Period I. Although the economics are great, this system action is controlled by several lock actions which must be constructed first, therefore a Priority 2 was applied.

The Ohio River deepening should proceed after the locks at Gallipolis, 52 and 53, are replaced on the Ohio River. Before upstream deepening to Pittsburgh, Pa., can be completed, the locks programmed for replacement in Period III in that reach must be completed. The schedule displayed in Figure I–2 involves early action for planning the entire system. However the construction sequence would involve deepening the lower and middle Ohio first, followed by the second stage in Period III to Pittsburgh.

Early action to complete Period I Ohio lock construction and study the channel deepening should be pursued in view of the substantial potential system cost reduction associated with deepening. Even the program median time is too long for both locks and deepening. Therefore it is recommended for the Ohio River that timeline components be compacted for planning, design and construction. A risk analysis associated with extreme and more moderate sets of reduction measures should accompany this effort. The environmental risks from deepening would be a major part of this analysis.

Tombigbee-Mobile Rivers from Demopolis south were assessed for width modifications sufficient to serve an eight barge flotilla. The actions required are 16 cut offs and 28 bend or channel widenings. The contributing factors supporting the inclusion of this action are the value of the system to serve energy commodities for domestic use and export, the central location of the action within a system and interrelationships with systems capable of moving larger and more efficient tows, and finally the saving of one mill per ton mile for 29 billion ton miles of 2003 traffic. Also operational efficiency of locks, existing and programmed, would be enhanced by this action. Although this modification also served the safety objective, it is ranked as an efficiency action. The action is identified as a Priority 1 action in Period I because of the immediate positive contribution to system efficiency as well as safety. The first costs of this action are estimated in 1977 dollars at $90 million, with associated maintenance estimated at $170,-

000. Recognizing that construction would not be realized even under the median time line until 1990, the price tag would rise, given the assumption of only a modest 5 percent inflation rate beginning in 1982, to over $210 million.

The Tombigbee-Mobile Rivers improvement is as much a safety action as an economic efficiency program. The widening will yield immediate returns as soon as it is completed. New equipment is not required nor is lock modification. The forecast traffic for this river reach exceeds 50 million tons in 2003, three quarters of which is coal. The median timeline is used in programming however. This will result in at least a doubling in nominal costs before the effort is begun. Therefore this schedule, too, must be carefully reassessed under a new accelerated timeline and an associated risk analysis.

A number of additional shallow draft channels were considered for deepening. These were screened using channel action criteria and were eliminated.

Upper Mississippi from Pool 26 through 12 was assessed for deepening to 10 feet. The screen responsible for its elimination was the environmental sensitivity of the segment.

The Upper Lower Mississippi between Cairo and the mouth of the Missouri River was evaluated based on a 12-foot depth. The increasing probability of inadequate future water flows due to higher priority water use on the Missouri River was the dominant factor in its elimination from the program.

Illinois Waterway from its mouth to Lockport Lock was assessed for deepening to 12 feet. Although the volume and national objective criteria weighed heavily in favor of its recommendation in Period III, the systems analysis link to the Mississippi River and the controlling decision not to recommend deepening on the Upper Lower Mississippi River, was the deciding factor in excluding this potential action.

Lower Upper Mississippi River (mouth of the Illinois to the mouth of the Missouri River) 12-foot deepening proposal was evaluated within the context of decisions made on the connecting river segments. Because of the decision on the Upper Lower Mississippi, it was therefore excluded from further consideration.

Table I–2 provides annual costs for shallow draft channel modifications:

TABLE I–2

Annual costs of recommended shallow draft channel modifications and action under construction during period I.

[In millions of 1977 dollars]

Ohio River and Tombigbee Warrior	$13.6
New waterways under construction	112.5
Other navigation under construction	16.5
Total	142.6

Mr. PERCY. Third, the Congressional Research Service has recently concluded that the Tenn-Tom project will in fact be unable to compete with the Mississippi River to attract coal traffic. Since coal traffic is the prime justification for the project, the CRS study demonstrates that the project is a very poor risk indeed.

Because it is so important to show the futility of the project, I am asking unanimous consent that the CRS study be printed in today's RECORD.

There being no objection, the story was ordered to be printed in the RECORD, as follows:

FACTORS AFFECTING COAL TRAFFIC ON THE TENNESSEE-TOMBIGBEE WATERWAY

(By Duane A. Thompson)

The Tennessee-Tombigbee Waterway (Tenn-Tom) is a combination canal/river project which would link the upper Tennessee River with the Warrior River system and ultimately the Port of Mobile, Alabama. The waterway, which is being constructed by the Army Corps of Engineers, has been proposed as a shortcut for barge traffic that would otherwise take the longer, but generally parallel Mississippi River. One of the major justifications for its construction has been projected coal shipments over the waterway.

Proponents of the project have suggested that the Tenn-Tom would be a vital link for coal mined in the Midwest and moved to the Gulf ports for export, and for coal mined in the southern Appalachian areas for use by southeastern utilities. In addition, they claim that increased mining in such States as Tennessee and Alabama would contribute to the coal being shipped on the waterway. The completion of the Tennessee-Tombigbee project would increase the total coal-carrying capability of the inland waterway system.

Any congestion on other coal transportation corridors could be reduced by whatever volumes of coal are moved on the Tenn-Tom. The magnitude of these coal movements and the problems associated with moving the coal economically, however, have not been fully examined. Furthermore, there are other coal transportation modes and corridors that may present substantial competition for the Tenn-Tom.

Other benefits to the region could accrue from the waterway. Access to navigable waters could attract industry and bolster the local economy. This paper does not provide a complete evaluation of the Tenn-Tom waterway. It briefly examines the characteristics of present and projected coal movements on the Nation's other rail and waterways in comparison to those likely on the Tenn-Tom. Problems facing the waterway in meeting competition from other transportation modes are then discussed. Finally, potential new sources of coal that might be shipped on the waterway are examined.[1]

In light of this analysis, it can be concluded that the waterway would face very stiff competition from the existing Mississippi River route, and, in the near future, from railroads. Full use of the waterway would appear to require development of coal markets yet to be created in the region.

WATER TRANSPORTATION OF COAL IN THE UNITED STATES

During recent years, the amount of coal shipped on the Nation's inland waterways has amounted to approximately 10 percent of total shipments of domestically mined coal and is roughly equivalent to the amounts of coal trucked to final destination. Most of the coal loaded along any given river system is also used along the same river. For example, during 1977, total movements of coal on the Ohio River amounted to 53.7 million tons.[2] Of this amount, 36.4 million tons was consumed by industries and and other buyers along the River. The same pattern existed elsewhere, including the Warrior River system which will ultimately become part of the Tennessee-Tombigbee complex. During the same year, the Warrior River system carried almost 8 million tons of coal, of which 7 million were used along the river system. Most of this coal appears to have come from Alabama and supplied the steel industry in the area of Birmingham.

Footnotes at end of article.

To capitalize on river shipments of coal, many consuming facilities, especially large steam-electric power plants, have been sited along navigable rivers. Coal is mined, shipped and consumed either on or very near the same river systems. According to the Coal Traffic Annual, the average length of coal waterway movements during 1977 was 285 miles per ton, a distance considerably shorter than the total length of most of the major waterway systems. The average length of shipments on the railroads was 476 miles per ton.

Proponents of the Tennessee-Tombigbee Waterway are suggesting that the length of shipments would increase significantly with the completion of the project. Most of the coal traffic moving over the waterway would originate either along the upper reaches of the Tennessee River or near the confluence of the Ohio and Mississippi Rivers, and would terminate at Mobile, Alabama. This coal would be earmarked either for export or for consumption by steam-electric power plants along the Gulf Intracoastal Waterway. The distance traveled would be considerably greater than the average distance covered in waterway movements over recent years.

COMPETITION FROM THE MISSISSIPPI AND OHIO RIVERS

One of the major problems of the Tennessee-Tombigbee Waterway is the size limitation of the barge tows that can safely negotiate certain segments of the waterway. According to estimates of the General Accounting Office,[3] certain portions of the Tombigbee River may not be able to accommodate tows containing more than four barges. This is crucial for two reasons. First, although the waterway would greatly shorten the distance between the source and destination of the coal, these smaller tows will be competing with larger ones on the Ohio and Mississippi Rivers, whose bends are more gentle and require less demanding river navigation. According to the Interim Report of the Interagency Coal Export Task Force (ICE Report)[4] the Mississippi River below St. Louis can accommodate tows of up to 25 barges and below Cairo, Illinois, the tow can be increased to 45 barges. The Ohio River can handle tows up to 15 barges per tow. Assuming that each barge carries with the standard 1,500 tons, the movement on the Tenn-Tom could be as low as 6,000 tons per tow contrasted to 67,500 tons per tow on the lower Mississippi River and 22,500 tons on the lower reaches of the Ohio.

Second, there is the general lack of constraints on the lower Mississippi River, which requires no locks and dams to maintain its pool level. Likewise, the lower portions of the Ohio River contain no major constraints. Most of the coal expected to move over the Tenn-Tom Waterway will be produced in the area of southern Illinois, southwestern Indiana, and western Kentucky and would have easy access to these lockfree waterways. The Tenn-Tom, however, would contain a series of eleven locks (from the northern entrance on the Tennessee River system to the southern end at Demopolis), each of which could detract from the overall efficiency of the waterway. (Although the table from the ICE Report states that the Tennessee River (the first leg of the Waterway) itself can accommodate tows of up to 15 barges, at some point along the route, these larger tows would have to be broken up in order to navigate the narrow and winding sections of the upper Tombigbee River.)

TABLE 5-8.—NORMAL MAXIMUM TOW SIZES ON INLAND WATERWAYS

River	Normal maximum tow size	Controlling depths
Mississippi:		
Above St. Louis	15	9 ft.
To Cairo, Ill.	25	Do.
Below Cairo, Ill.	45	Do.
Below Baton Rouge, La.	45	40 ft.
Illinois Waterway	15	9 ft.
Missouri	4-6	8 to 9 ft.
Ohio	15	9 ft.
Monongahela	4	Do.
Allegheny	12	Do.
Kanawha	9	Do.
Kentucky	1	Less than 8 ft.
Green	4	9 ft.
Cumberland	8	Do.
Tennessee	15	Do.
Arkansas	9	Do.
Ouachita	2	Less than 8 to 9 ft.
Atchafalaya	4	10 to 12.9 ft.
Morgan City—Port Allen	5	10 to 21.9 ft.
Gulf Intracoastal	5	10 to 12.9 ft.
Houston ship canal	5	40 ft.
Black Warrior system	6	9 ft.
Columbia/Snake	7	13 to 17.9 ft.

Note: Barges are in jumbo equivalents; i.e., 1,500 tons per barge.

Source: American Commercial Barge Line Co., and American River Co.

Barge operators have indicated that fuel consumption (ton-miles per gallon) for the small tows would not be considerably greater than that for the larger tows. Smaller less fuel-consuming engines could move these barges whereas the 8,000 to 10,000 horsepower engines on "lower-Mississippi" towboats would consume a comparable amount of fuel per ton-mile.

Some of this economy would be lost, however, to the larger number of towboats that would be required to move an equivalent amount of coal. Furthermore, a small tow requires almost the same number of crewmen as the large tow. Therefore, the direct labor cost of moving 6,000 or 9,000 tons of coal could approach that of moving 60,000 tons of coal down the Mississippi.

COMPETITION WITH RAIL TRANSPORTATION

The Tennessee-Tombigbee Waterway will very likely find itself also in competition with unit-train shipments to both Gulf ports and East Coast ports. One of the railroads active in the shipment of coal along the Mississippi River corridor is the Illinois Central-Gulf (ICG). Just recently, the ICG signed a contract to ship 125,000 tons of Illinois coal to New Orleans, ultimately for export to Spain.

Spokesmen for the Railroad have indicated that they feel quite comfortable competing with barge movements on the inland waterways, even the larger tows navigating the lower Mississippi. Until recently, many of the mines in the Appalachian areas experienced difficulty participating in the export markets and Southeastern utility markets because of competing rail companies and their unwillingness to connect their rail lines at a crucial link at Deane, Kentucky.

Within the last two months, however, this connection has been made, eliminating an unnecessary 265 rail miles and opening new utility markets in Florida, Georgia, South Carolina, and Alabama.[5] Some of these markets may be focal points for competition between coal moving over the proposed waterway and that shipped by rail.

MARKETS

The justification of the Tennessee-Tombigbee Waterway has also been based on expanding coal trade between the Eastern Interior Basin[6] consisting of Illinois, southwestern Indiana, and western Kentucky and overseas consumers. Increasing the demand for this coal, however, is proving difficult, even under the best of transportation circumstances. Coal from this area contains a relatively high percentage of organic sulfur which is difficult to remove prior to combustion. Domestic utility or industrial steam plants are generally required to apply fluegas desulfurization (FGD) to comply with clean air regulations.

This requirement is resulting in the loss of the market for Illinois Basin coal. For example, although the actual tonnage of coal used for electric power generation in Illinois has increased over the past ten years, the percentage of Illinois Basin coal used for electricity generation has declined from 100 percent to about 60 percent. Stimulating export demand for high-sulfur coal has been even more difficult. With the exception of the Japanese, who are generally recognized as the world leaders in the application of FGD technology, most of the coal-importing countries, especially in Europe, have taken an entirely different route to achieving clean air.

These countries have chosen to burn low-sulfur instead of scrubbing stack gases. Consequently, with the exception of a few specialized and limited markets for high-sulfur coal,[7] Illinois Basin coal must reach the coast at a price low enough to at least compensate for flue-gas desulfurization. Any additional cost in mining or shipping, including barging in small tows, detracts from the marketability of Basin coal.

The Waterway is also intended to serve other coal producing districts, including those in eastern Tennessee and Alabama. The latest Keystone Coal Industry Manual, however, shows no planned capacity expansion for Tennessee over the next several years. Although an additional 23 million tons of capacity is planned for Alabama, the greatest portion of this will be metallurgical coal not likely to use the canal portion of the Tenn-Tom.

FOOTNOTES

[1] For a more complete discussion of these issues, refer to hearings held on the Tenn-Tom by the Senate Committee on Appropriations, 96th Congress, Second Session, August 21, 1980.

[2] National Coal Association, 1979 Coal Traffic Annual, Table III-3.

[3] U.S. General Accounting Office. To continue or halt the Tenn-Tom Waterway? Information to help the Congress resolve the controversy. (B-167941) Washington: May 15, 1981.

[4] U.S. Department of Energy. Interim report of the Interagency Coal Export Task Force. (DOE/FE-0012). Washington: January 1981.

[5] Prior to the connection, coal on the L&N R.R. servicing Eastern Kentucky mines had to be routed northwest to Winchester, Ky. and around the main L&N line in order to continue southeast. The new 1200-foot connection enables L&N coal to be switched to C&O lines, then to Clinchfield lines and finally to SCL lines that service much of the southeast.

[6] Also known as the Illinois Basin.

[7] These would include shipments for use in the cement industry such as the shipments made by the Illinois Central Gulf Railroad to Spain during June, 1981.

Mr. PERCY. Fourth, the U.S. Court of Appeals for the Fifth Circuit has ruled that the Corps of Engineers violated the law in constructing parts of the project.

Accordingly, the corps is now required to submit up-to-date benefit/cost data to the Congress in any future project submissions. Given the enormous price tag of the ultimate project, a realistic cost/benefit ratio would reveal that this project is an economic Edsel that should be recalled immediately.

Because of its importance in showing that this project has proceeded unlawfully, I am today asking unanimous consent that relevant portions of the fifth circuit opinion be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. COURT OF APPEALS FIFTH CIRCUIT
UNIT A

Environmental Defense Fund and Louisville & Nashville Railroad Company, Plaintiffs-Appellants, and National Audubon Society, et al., Plaintiffs-Intervenors-Appellants, v. John O. Marsh, Jr., et al., Defendants-Appellees, and Tennessee-Tombigbee Waterway Development Authority, et al., Defendants-Intervenors-Appellees, No. 80-3915, July 13, 1981.

WATER

Federal, state, and local regulation—Statutory construction—In general (§ 28.051).

Federal, state, and local regulation—Navigable waters (§ 28.35).

Federal, state, and local regulation—Administrative agencies—Procedure before agencies (§ 28.621).

Army Corps of Engineers refusal to prepare supplemental National Environmental Policy Act environmental impact statement on major waterway project which underwent significant modifications after original EIS was filed constituted violation of corps' own regulations and NEPA, since corps, by refusing to prepare supplemental EIS, failed to make determination of whether project modifications would have significant impact upon environment.

STATUTES

Federal—National Environmental Policy Act—Impact statement preparation (§ 95.0112).

Federal—National Environmental Policy Act—Significant Impacts (§ 95.0116).

Construed.

Environmental group appeals decision of lower court granting motion for summary judgment in favor of the Government in an action challenging Army Corps of Engineers refusal to prepare a supplemental environmental impact statement on a major waterway project.

Affirmed in part and reversed in part.

John T. Brown and Stephen E. Roady, Washington, D.C., for appellant.

Lawrence A. G. Moloney, Department of Justice, Washington, D.C., for appellee.

FULL TEXT OF OPINION

Appeal from the United States District Court for the Northern District of Mississippi.

Before Skelton,* Senior Judge, and Rubin and Reavley, Circuit Judges.

Reavley, Circuit Judge:

The Environmental Defense Fund and other plaintiffs brought suit against John O. Marsh, Jr., in his capacity as Secretary of the Army, based on the claim that the Army Corps of Engineers has violated several statutes and regulations in the course of planning and constructing a major water project, the Tennessee-Tombigbee Waterway. The district court granted the government's motion for summary judgment, and the plaintiffs appealed. We affirm in part and reverse in part.

VIII. THE APPROPRIATE REMEDIES

The parties have been of little assistance to us in proposing reasonable and proportionate remedies for the violations discussed above. The plaintiffs seek to enjoin construction of the entire TTW for the slightest infringement, while the federal defendants rarely even address the question of remedies.

*Senior Judge of the United States Court of Claims, sitting by designation.

A. THE SUPPLEMENTAL EIS

When a court has found that a party is in violation of NEPA, the remedy should be shaped so as to fulfill the objectives of the statute as closely as possible, consistent with the broader public interest. An injunction of the federal action at issue is often appropriate, but the injunction should be limited by general equity principles. One beneficial effect of such injunction is to maintain the *status quo* so that the relevant decision makers and the public may still have the opportunity to choose among alternatives, as required by NEPA. Another purpose is to provide the agency with an incentive to comply with NEPA in as rapid and thorough a manner as is reasonably possible. The court should tailor its relief to fit each particular case, balancing the environmental concerns of NEPA against the larger interests of society that might be adversely affected by an overly broad injunction. *See State of Alaska* v. *Andrus*, 580 F.2d 465 (D.C. Cir. 1978), *vacated in part on other grounds sub nom. Western Oil & Gas Association v. Alaska*, 439 U.S. 922, 99 S.Ct. 303, 58 L.Ed. 2d 315 [12 ERC 1311] (1978).

On the issue of the need for a supplemental EIS, we reverse the judgment of the district court and remand the cause for entry of summary judgment for the plaintiffs. The most important remedy available is that the Corps must immediately prepare a supplementary EIS covering all of the changes in the design and economic projections for the TTW that we have discussed in parts IV.A.-D. of this opinion. The EIS must comply with all the requirements of NEPA, both procedural and substantive.

In order to encourage rapid and thorough compliance with NEPA, it is appropriate to impose some injunctive remedy until a final supplemental EIS is filed. A blanket injunction of construction on the entire TTW is not justified, however, because the bulk of this project has been discussed in a valid EIS. The injunction that would most closely fit the Corps' specific violation of NEPA is one targeted directly at some of the major post-1971 changes in the TTW that will be discussed in the supplemental EIS. We therefore direct the trial court immediately to enjoin (1) the construction or letting of contracts on the chain-of-lakes segment and the cutoffs of the Tombigbee River channel, and (2) any activity significantly affecting the environment of the land acquisitions planned after 1971.

The district court may allow specific exemptions from this injunction at the request of the Corps and after an evidentiary hearing. Such exemptions shall be granted only if the Corps demonstrates by a preponderance of the evidence that the public interest will suffer irreparable harm, but not based merely upon future increases in cost of construction. The district court shall retain jurisdiction pending the submission of a final supplemental EIS. At that time, the district court may issue whatever order it finds to be appropriate and consistent with this opinion.

B. CORRECTION OF INTEREST RATES AND CBRS

We have found that the Corps may not properly use the lower interest rate in CBR computations for the TTW, as provided in 42 U.S.C. § 1962d-17(b). We reverse the judgment of the district court and remand for entry of summary judgment for the L&N. Our holding is nevertheless limited by the rule that congressional action based upon a specific CBR forecloses judicial review of that CBR. *FDF I*, 492 F.2d at 1138-41; *Sand*, 629 F.2d at 1013. For that reason, we will not order the Corps to "correct" past submissions to Congress. But we can order the Corps to cease using the exemption provided in 42 U.S.C. § 1962d-17(b) for all relevant cost-benefit computations for the TTW.

IX. CONCLUSION

We are extremely reluctant to interfere with the construction of a project that Congress has authorized for the last ten years and that is now 55 percent complete. But the plaintiffs have established that the Corps has blatantly violated NEPA and its own regulations by refusing to prepare a supplemental EIS on the major changes in the Tennessee-Tombigbee Waterway that have occurred since 1971. Any layperson looking at a list of these changes would at once perceive that such major alterations could have significant environmental impacts. All the expert testimony offered by the parties has confirmed that lay judgment, and the Corps has been at an utter loss for evidence to justify its refusal to file a supplemental EIS. If the limited injunctive relief we have imposed seems harsh or late, the fault lies with the decision of the Corps to ignore its responsibility and to resist this lawsuit while continuing its default. We have discussed in notes 7 and 10, above, the Corps' new regulations governing the preparation of a supplemental EIS. 45 Fed. Reg. 56780 (1980) (to be codified 33 C.F.R. § 230). They embody what appears to be an accurate perception of NEPA's requirements, along with a genuine desire to implement the full spirit of that act. If that kind of clarity and intent had guided the Corps in its decisions for the Tennessee-Tombigbee Waterway from 1975 to 1979, this case would not have been necessary.

To briefly summarize our holdings, we reverse the district court's judgment as to the need for a supplemental EIS and remand with directions to enter summary judgment for the plaintiffs, except on the issue of additional spoil disposal, a holding which we join. We affirm the district court's judgment that the Corps does not yet need to file a comprehensive EIS addressed to future improvements on the Black Warrior-Tombigbee Waterway. On the issue of general statutory challenges to the cost-benefit ratios for the Tennessee-Tombigbee, we disapprove of the reasons given by the district court in denying relief, but the court's judgment stands on alternate grounds not challenged on appeal. Finally, we reverse the judgment that the plaintiff Louisville & Nashville Railroad may not obtain judicial review of the Corps' compliance with 42 U.S.C. § 1962d-17, and we direct entry of summary judgment for the plaintiff on that issue.

We direct the district court to impose a temporary injunction affecting certain segments of the waterway, pending the submission of a final supplemental EIS in accord with this opinion. The district court should retain jurisdiction of this cause until that document is submitted to the court, at which time the district court may enter a final order.

Affirmed in part and reversed in part.

Mr. PERCY. The public outcry over the continued funding of this project is overwhelming.

It is time to face the facts with respect to the Tennessee-Tombigbee Waterway. It is a wasteful project that simply cannot be funded in today's economic climate. Accordingly, when the Energy and Water Appropriations bill comes to the floor, I, along with Senator MOYNIHAN and several other of our colleagues, will offer an amendment to strike project funding. I hope that our colleagues will support our efforts.

BRAZILIAN GASOHOL PROGRAM EXPANDS RAPIDLY

Mr. PERCY. Mr. President, recently, Brazilian Finance Minister Ernane Galveas outlined the impressive steps taken by the Brazilian Government to reduce the economic burden created by the spiraling costs for imported energy.

A hallmark of that program is the national alcohol fuels program. Currently, about 375,000 new cars are operating on pure alcohol in Brazil. By the end of 1982, it is anticipated that about 12 percent of the nation's fleet of 8 million vehicles will be operating on straight alcohol, made from home-grown sugar cane.

By 1985, the program may result in about a 10-percent reduction in crude imports. Over the 20-year life of the program, the total net foreign exchange savings could total $32 billion. Already, from January to May 1981, the consumption of gasoline in Brazil had decreased by 16.3 percent.

Significantly, almost 300,000 new jobs have been created by the introduction of this new domestic energy industry.

Mr. Chairman, the Brazilian program could very well serve as the model for other nations seeking the creation of new domestic energy sources, including the United States. The Brazilian program emphasizes strong cooperative links between the private and public sectors; it has the full support of the automotive industry and petroleum distributors.

As might be expected, the program has had some difficulties. In order to reduce the cost of converting their cars to alcohol, many motorists turned to untrained mechanics who failed to make all the necessary adjustments. Those cars are performing poorly. The government has now taken steps to curtail those illegal conversions.

Despite these problems, other countries such as the United States may want to follow the lead of Brazil. In Illinois, for instance, we have abundant coal reserves that could be turned into power alcohol—methanol.

Methanol might be ideally suited for urban areas, while ethanol made from biomass might be the best alternative fuel for rural and isolated areas.

In a few weeks, the U.S. Postal Service, at my request, will place into operation a 40-vehicle fleet of alcohol-powered Ford Pintos. The fleet will initially operate in Springfield, Ill., and Denver. It includes 20 ethanol-powered and 20 methanol-powered vehicles. I am hoping that experimental use of these nonpetroleum fuels will prove the efficacy of alcohol fuels, even during the hearty Midwestern and Rocky Mountain winters.

I would like to submit for the RECORD a copy of the speech given by Mr. Galveas before a lunch sponsored by Brasilinvest. I would also like to include my own address before the same Brazilian investment group, which is so ably led by Dr. Mario Garnero.

The material follows:

ADDRESS BY MR. ERNANE GALVEAS

Brazil shows a rapid development pattern hardly paralleled in post-war Western economies. Once the foundations of political stability were laid in 1964, Brazil managed to implement—in barely three years—one of the most well-rounded and integrated sets

of structural reforms which paved the way to what would be the most prosperous phase of its history.

As a matter of fact, from 1968–1974, the gross domestic product grew at a yearly average of 11.5 percent. Inflation dropped from almost 100 percent in 1964 to around 15 percent in 1972 and 1973. Exports grew more than fourfold, from 1.4 billion dollars in 1964 to 8 billion dollars in 1974. The social and economic infrastructure was substantially expanded, thanks to huge investments in electric power, transports, communications, health, education, and welfare.

As of 1974, however, a severe blow struck the brilliant course of the Brazilian economy, namely, the fourfold hike in oil prices and the increased price of basic raw materials that followed in the wake of the energy crisis.

In the 1973–1974 period our imports grew more than 100 percent while exports grew only 28 percent, causing a relatively large deficit: 4.7 billion dollars. The negative balance of our current account operations jumped from 1.7 billion to 7.1 billion dollars, a more than fourfold increase. Inflation more than doubled, hovering around 35 percent.

This setback, however, did not discourage the Brazilian people nor the Brazilian Government. On the contrary, the whole country committed itself to a harsh work plan, this time to speed-up the structural changes that had already been taking place in the industrial sector and to bring the economy into step with the new world picture as soon as possible.

The favourable situation of liquidity and low interest rates in the international market allowed the country to begin an investment program, principally in the areas of capital goods, steel, nonferrous metals, petrochemical products, fertilizers, paper and cellulose, and cement. From 1974 through 1980, investments in these sectors were estimated at 30 billion dollars, at 1980 prices. These investments still continue in the energy sector, totaling around 20 billion dollars in hydroelectric plants, mining, domestic oil prospecting and production, and in programs of fuel substitution and rationalization, such as the alcohol program, the utilization of charcoal, and improvement of the transportation system.

Two important aspects should be pointed out in this 1974–1980 period. In spite of all the difficulties stemming from the oil crisis, the inflation rate was kept at 30–40 percent; and the trade balance deficit was substantially reduced (it was practically eliminated). At the same time, the economy continued to grow, now at a lower rate—an average of 7 percent—still a highly significant rate as compared with the rests of the world.

The Brazilian economy was in the midst of this recovery process when it was hit by a new oil blow in 1979 and 1980. And soon after, by another equally drastic blow, namely, the unusual increase in interest rates in the international market, to which was added, more directly, the valorization of the dollar and the drop in the price of the major primary exports.

These events subjected us to a heavy load and, to give an idea of the dimension of this burden, suffice it to mention that this year alone the combined effect of the increase in interest rates and the drop in farming export revenues may mean a loss of more than 3 billion dollars in the balance of payments.

Fortunately, however, the task of restructuring the industrial sector since 1974, coupled with adequate policies of incentives to exports, agriculture, mining, and energy, is making it possible to absorb these blows, with great sacrifices but certainly in such a way as to allow a certain dynamism of the economy and the adequate management of the balance of payments and of the foreign debt.

In the prevailing framework of difficulties and widespread recession in the international markets, Brazil's economic strategy had to be modified, the greatest adjustment effort being geared to increasing participation of domestic savings and to decreasing dependency on outside resources.

External savings will continue to play an important role in our development process. Our objective, however, is to bring down its large share of the gross domestic product these last years down to the levels of the years preceding the energy crisis, which stood at 2–3 percent. Thus, the foreign debt will grow at a lower rate than the gross domestic product, (in dollars) and exports in the next three years and the debt in currency will possibly start to decline as of 1985.

Combatting inflation plays a very important and decisive role in this economic policy strategy. This is why we are acting firmly and boldly to attack the causes of inflation.

Brazil's current economy policy was formulated on the basis of a cold analysis of these conditioning factors, and of the conviction that the identification and solution of the great problems of the present, particularly those represented by the limitations of an outside nature, is fundamental (if we are) to achieve again the high levels of economic and social development that characterize our economic history. And, more importantly, to do so with less dependency on external savings for its financing.

The work we are now carrying out in this area seeks to combine supply policies in selected sectors with specific actions capable of contributing towards the reduction of the growth rate of world demand. Parallelly we seek to ascribe to the market an increasing degree of responsibility in the allocation of savings and in price setting, through debureaucratization and decreased intervention of the state in private business.

Through adequate utilization of economic policy tools, the Government is striving to promote a broad program of internal and external stabilization. In the first case, to bring down the inflation rate to decisively decreasing levels. In the second, to bring about the quickest possible readjustment in the balance of payments.

On the internal front, the implementation of this strategy centers around the monetary and fiscal policy, so as to allow the growth of the money supply and of public expenditures to be compatible with the goals of combatting the basic causes of the inflationary process. The rationale of this policy is that the public sector's excessive and inflationary demand should be dealt with through fiscal policy, while credit expansion, at appropriately lower inflation rates, should ensure the normalcy of the private sector's demand, gradually reducing the pressure on prices.

On the external front, the positive effects of the monetary and fiscal policy should combine the incentives of a realistic exchange policy, favoring a progressive adjustment in the balance of payments, through accelerated exports expansion and slower increase of imports, ensuring at the same time the normal financing of current account transactions and maintenance of an appropriate foreign debt, international reserves, and imports ratio.

The first fruits of this set of measures are already being reaped, both in terms of internal equilibrium and of the external sector.

The expansion of the means of payment until August, measured on a yearly basis, reached 60 percent, as compared with approximately 82 percent in the July '79–August '80 period. A persistent drop in the growth rate of the money supply has contributed towards the progressive reduction of the inflation rate, which has already shown a decrease for five consecutive months measured on a yearly basis.

As to the trade balance, its behavior in the current year shows that we are rapidly moving towards reverting the deficit recorded since 1978. From January until August the trade balance was virtually balanced (showing a deficit of only 36 million dollars) as compared with a 2.5 billion dollars deficit in the same period last year.

The balance of payments deficit in current transactions will certainly be lower than the 1980 deficit, which reached close to 13 billion dollars. In the current year, it should level at around 11 billion dollars, which represents a significant reduction in real terms, if one takes into consideration the levels of world inflation.

Thus, we shall have achieved another of the major goals of the economic policy, namely, reducing the share of external savings in the financing of our investment process. As a matter of fact, the ratio of the current accounts deficit to the gross domestic product should drop from 5.4 percent in 1980 to 4.6 percent in 1981 (in 1974 this ratio was 6.7 percent).

These results show that Brazil is successfully managing the difficulties of the economic situations, demonstrating at the same time that we have been able to promote the external adjustment at a higher speed than after the first oil crunch. As a matter of fact, after the 1974 crisis, it took us three years to achieve the equilibrium of the trade balance, and everything indicates that this time we will quite possibly do it in a year.

These positive aspects of the stabilization policy notwithstanding, we have not been able to avoid some unfavorable effects of the slower growth of the economy—estimated at 4 percent this year—nor the impossibility to generate jobs at the rate required by the expansion of the economically active population.

We are undoubtedly living in a transition period indispensable to the reordering of the economy, the new world reality, and the restoration of the domestic monetary order and the equilibrium of foreign accounts.

Actually, we have all we need to resume—in a relatively short span—the pace of economic and social development compatible with our historic tradition.

On the one hand, the pressures from the large investments begun or stepped up as of 1974 should disappear as projects reach completion, most of them between 1982 and 1983.

On the other hand, broad perspectives open up with the utilization of the huge potential of Brazilian agriculture, including energy production, as well as of the development of the immense mineral resources, particularly in the Amazon region of Carajas.

The Carajas project could contribute with net yearly exports totalling about 10 billion dollars when it is in full operation. In 1981 its iron exports will already reach 600 million dollars. Besides iron, the Carajas project foresees reserves and export potential in connection with copper, aluminum, nickel, and manganese.

This huge potential of natural resources, however, cannot be materialized without adequate participation of outside investments. Besides offering the possibility of investments in highly feasible projects, Brazil also has one of the most stable sets of foreign capital legislation.

We Brazilians have everything to believe that the future works in our favor. What we need is to persevere in the effort we have been expending, to maintain an attitude of optimism, and, together with those who believe in Brazil, to build a solid and stable economy.

REMARKS BY SENATOR CHARLES H. PERCY

Minister, Ernane Galveas, my good friend, Ambassador Silveira, our host Dr. Mario Garnero, distinguished guests, ladies and gentlemen.

I first met Mario Garnero six months ago when he travelled to Washington to appear before a Senate Governmental Affairs Sub-

committee that I chair to testify about the ambitious Brazilian Alcohol Fuels Program. I was deeply impressed by his presentation which detailed how a developing country had decided to do something about achieving energy independence, instead of just talking about it.

That afternoon, I had the pleasure of interviewing Mario Garnero for a television show aired in Decatur, Illinois, which is the alcohol fuels capital of the United States.

Immediately following the taping, Mario invited me to speak this afternoon, and I had no problem accepting. Just as long as Mario did not throw the same tough questions at me that I asked him that afternoon!

Believe me, there is no end to the tough questions about today's energy problems (like debate on AWACS or MX missiles). The answers are difficult, controversial, and never totally satisfactory.

Brazil, with its unique, creative, bold National Alcohol Program, can give us some answers on how each nation might structure its own unique energy plan.

We all know the seriousness of the energy problem. With the current gulf of crude oil on the market, once again, regrettably it appears that too many of us have placed the energy question on the back burner—business as usual.

After the 1973 Embargo, we in the United States made the strategic mistake of not following up quickly with developing alternatives to Middle East oil. As a result, when in 1979 we lost two million barrels a day from Iran, the lines at the gas stations reappeared and the prices doubled.

Now we know that there is dissent in OPEC over pricing and production policy because of the present oil surplus. Yet, this surplus has not noticeably eased the economic burden of the oil-importing nations. The price of oil in real terms is still more than five times greater than in 1972; it is expected to increase at the rate of three percent per year until the end of this decade.

Here in the United States, according to the Library of Congress, more than $9 million an hour or $75 billion a year is leaving our nation to pay for oil imports. This is the case, despite a dramatic drop in imports—from as high as 47 percent of our supplies down now to about 36 percent. In the oil-importing developing natons, net oil imports costs are expected to double by 1990, after a ten-fold increase during the 1970s. This affects some 64 developing nations that depend on imports for more than 75 percent of their commercial oil supplies.

The IMF reported that the balance-of-payments deficits of the oil-importing countries will increase from $7 billion in 1970 to an expected $97 billion in 1981.

There can be no doubt about the seriousness of our present energy problem. None of us have any doubt that it is going to be with us for a good time to come.

That is the reason I developed my own senatorial plan for dealing with the energy crisis.

First, together with the late Senator Hubert Humphrey of Minnesota, I founded the Alliance to Save Energy. Senators, Congressmen, Cabinet officials and corporate and labor leaders serve on the advisory board. Its main philosophy is that a barrel of oil made available through increase end use efficiency is equivalent, and in some respects superior, to a barrel of newly discovered or imported oil. Here, in the United States, new fuel-efficient vehicles have resulted in impressive decreases in gasoline consumption without forcing the curtailment of necessary driving.

Second, I have consistently supported the full development of alcohol fuels from biomass and coal, two resources abundant in my own state of Illinois. Four years ago, I introduced the four-cent-a-gallon Federal highway excise tax exemption for gasohol, which is a blend of 90 percent gasoline and ten percent ethyl alcohol. I have repeatedly fought attempts to rescind the exemption because its continued existence is critical to our infant biomass energy industry. Next month, the United States Postal Service will begin, at my request, the experimental use of vehicles powered by either ethanol and methanol in Springfield, Illinois, our state capital, and Denver, Colorado. This is quite similar to the fleet experiments in Sao Paulo that laid the groundwork for the Brazilian program. I will be pleased to inform any of your governments of the results of the Postal Service work.

Third, earlier this year, I assumed chairmanship of the Governmental Affairs Subcommittee on Energy, Nuclear Proliferation, and Government Processes. Although it is not as well known as the Foreign Relations Committee, chairmanship of this subcommittee has afforded me the opportunity to promote in the national interest conservation and the use of alternative sources of energy, including alcohol fuels.

In March of this year, I chaired a hearing which featured the growing worldwide movement to develop alcohol fuels, led by Brazil. I specifically wanted to hear about the Brazilian program, because, at that time, our own alcohol fuels program was being criticized as being an unrealistic alternative to hydrocarbon energy. Although I wanted to learn of the technical details, I was equally concerned about the motivation to change in Brazil. Yes, one of the crucial variables in any alternative energy program is the willingness of a country to take the risks necessary to dramatically and quickly change the energy infrastructure. I was not disappointed by Mario's testimony. It captured the essence of the Brazilian program: steadfast commitment to change and the courage to accept criticism that is bound to be generated.

It is easy to understand why Brazil acted. Brazil suffers the fate of a number of developing oil-importing nations. Despite the ambitious export program ranging from baby shoes to commuter airplanes, one-half of the total foreign exchange Brazil earns from its exports has to be spent on oil imports. That amounted to $10.2 billion in 1980.

In a nutshell, the Brazilian program is the perfect marriage of two major problems facing the nation: perennial sugar cane surpluses coupled with a volatile international price structure and an 85 percent dependence on imported petroleum. As far back as 1929, Brazil used ethanol made from sugar cane as a blending agent with gasoline, sometimes as high as 20 percent. A 20 percent mixture can be used easily in a conventional motor vehicle without any modification. Now, it plans to go to a full 100 percent use of ethanol in specially manufactured cars.

Yet, it was the economic burden created by heavy borrowing that forced Brazil to develop new energy strategies. Like many nations, Brazil believed it could pay the higher prices for imported oil but soon found the accompanying debt burden to be onerous.

Therefore, a consensus developed to develop a National Alcohol Plan that had the support of the government, the automobile manufacturers, the petroleum distributors, and the investment community.

It is too early to tell whether the program will meet all of its ambitious goals, yet the World Bank and the International Finance Corporation have shown their confidence in the program by granting it sizable loans. For the World Bank, it is the first time it has invested in a fuel alcohol program.

With all of the experts on the Brazilian program present, I am somewhat reluctant to discuss the details, but I believe the key facts deserve mention.

As of June 30, 1981, almost 375,000 new cars were operating on almost pure alcohol. About one-third of all new vehicles manufactured in Brazil are designed to operate on ethanol. I can personally vouch for the driving qualities of the Brazilian alcohol cars.

I drove a General Motors of Brazil Chevrolet Comodoro from my Georgetown home to Capitol Hill and found it more than satisfactory. By the end of 1982, it is anticipated that about 12 percent of the nation's fleet of eight million vehicles will be operating on straight alcohol, including additonal in-use vehicles converted from gasoline use. Almost 400 plants are producing alcohol, which is being distributed to 6,400 gas stations throughout the nation.

By 1985, the program may result in about a ten percent reduction in crude imports. Over the 20-year life of the program, the total net foreign exchange savings could total $32 billion. Already, from January to May, 1981, the consumption of gasoline in Brazil has decreased 16.3 percent, compared with the same period last year.

One of the most significant aspects of the program is the development of new jobs. The Brazilian government already estimates that 300,000 new jobs have been created and more are expected. Of particular importance is that most of these jobs are in rural areas. Creation of an alcohol fuels industry may be one way of retarding migration to urban areas, which is a worldwide problem.

The Brazilian program, as one might guess, has not been without its problems. They range from cold-weather starting problems for the alcohol engine cars, to poorly done conversions of gasoline vehicles by unauthorized garages, to slow sales created by an economic slowdown, to a reduction in the government subsidized price for ethanol at the pump. Yet, all of these problems can and will be solved.

Brazil is now viewed as the model for the rest of the world as other nations try to adopt the best features of the alcohol program to their own unique needs.

The sugar-producing nations of Latin America and the Caribbean appear to be the most likely candidates for following Brazil. This effort may now take on more urgency as the Congress has recently increased the United States internal sugar price support program, that will effectively make it more difficult for these countries to market sugar here.

The Organization of American States is leading the effort to study the potential for alcohol from sugar cane and related products.

For instance, Costa Rica has started a 20 percent gasohol program in the San Jose area. It may expand the program nationally, and dedicate 25 percent of the ethanol supply to a motor vehicle fleet that would operate on straight ethanol. Rate of return on investment is calculated at 15 percent with the creation of new sugar mills and distillaries.

Columbia is hoping to produce 3.3 million liters of ethanol per day by 1991 for a 20 percent gasohol program. It may use yucca and sweet sorghum in addition to sugar-related products as the raw material.

Paraguay has been increasing its gasohol blend from 5 to 10 percent while Uruguay is holding at five percent.

In the first week of November, the OAS will be sending a special mission to the Dominican Republic to investigate a fully-integrated energy and cattle feed program. Here, sugar products would not only be used for fuel alcohol, but as cattle feed, and as a chemical feedstock for the plastics industry. Additionally, the waste steam produced at the sugar mill could generate electricity.

The OAS is also examining the potential for converting damaged bananas unsuitable for export for use as power alcohol in Central America.

In Africa, the International Finance Corporation has funded an ethanol plant in Malawi. The landlocked nation discovered

that it could save valuable foreign exchange by reducing its importation of gasoline overland by producing ethanol from molasses.

Not only will Malawi be saving $1.7 million a year in foreign exchange, it will be enhancing its national security, because supplies overland have been erratic.

Zimbabwe is producing alcohol fuels, and others are now following its lead such as Kenya, the Sudan, and Mali.

In Asia, the Philippines has a National Alcohol Program modeled after Brazil's with a 20 percent gasohol blend being used. Both Indonesia and Thailand are considering similar programs.

In Europe, Spain and Austria have announced gasohol programs with wheat and corn stalks being the raw ingredients.

The prospects for multilateral and regional cooperation have been enhanced by the favorable results of the United Nations Conference on New and Renewable Sources of Energy in Nairobi, which concluded on August 21, 1981.

Five thousand participants from 125 nations agreed to the "Nairobi Program of Action" for an orderly transition from oil to renewable sources of energy. For the first time, the world community unanimously has endorsed the use of renewable forms of energy as a legitimate and economically viable source for future heating and power needs.

The Conference has recommended the creation of an intergovernmental body in the United Nations to monitor the implementation of the program of action.

New, regional groups are forming to promote renewable sources of energy. There is one slated for West Africa. In this Hemisphere, the OAS wishes to create an Inter-American Alcohol Fuels Program.

By highlighting biomass energy, I do not want to exclude other potential sources of energy that might suit other countries such as coal, solar, thermal, and hydro-power.

Each country must select those renewable sources best suited for its needs and then develop an integrated and long-range energy plan. For instance, here in the United States we may decide to use ethanol from biomass in rural areas and methanol made from coal in urban areas.

I have no ready answers on how this energy transition is to be financed. I do know, however, that the rate of return on investment seems quite favorable and should be attractive to the private sector. I am sure Mario can more fully discuss his own experience.

The energy transition will not be easy. But we have no choice as we know the present situation is unacceptable. We can no longer tolerate the hemorrhaging of our foreign exchange. It threatens a financial crisis that will affect not only the developing nations, but the borrowing institutions in the industrialized nations.

Despite many problems, I believe that Brazil has made a wise choice in moving boldly to reduce imports. Many other countries are following the lead.

Then, perhaps, Brazil's example will set off a spark in all of the importing nations to move without further delay to create effective national energy independence plans. A series of such plans would be in the interest of each one of our nations, in all of our mutual interests, and in the long-term interest of mankind.

Thank you.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting a sundry nomination which was referred to the Committee on the Judiciary.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 12:27 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 4437. An act to promote energy conservation by providing for daylight saving time on an expanded basis, and for other purposes; and

H.R. 4603. An act to provide flexibility in the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 4437. An act to promote energy conservation by providing for daylight saving time on an expanded basis, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 4603. An act to provide flexibility in the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2145. A communication from the Acting Under Secretary of Agriculture for International Affairs and Commodity Programs transmitting, pursuant to law, the commodity and country allocation table for food assistance under Public Law 480 for fiscal year 1982; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2146. A communication from the Administrator of the Rural Electrification Administration transmitting, pursuant to law, a report on a non-REA loan guarantee of $200 million to Kansas Electric Power Cooperative, Inc. of Topeka, Kans.; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2147. A communication from the Governor of the Farm Credit Administration transmitting, pursuant to law, final amendments to the Code of Federal Regulations promulgated by the Farm Credit Administration; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2148. A communication from the Acting General Counsel of the U.S. General Accounting Office transmitting, pursuant to law, a report on the status of budget authority proposed for rescission for which Congress failed to pass a rescission bill; jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations, the Committee on the Budget, and the Committee on Energy and Natural Resources.

EC-2149. A communication from the Assistant Secretary of State for Congressional Relations transmitting, pursuant to law, a report on certain properties to be transferred to the Republic of Panama, in accordance with the Panama Canal Treaty of 1977 and related agreements; to the Committee on Armed Services.

EC-2150. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, notice of the Commission's inability to render a final decision in certain matters pending before it, and its extension of the time period until March 29, 1982; to the Committee on Commerce, Science, and Transportation.

EC-2151. A communication from the Secretary of Agriculture transmitting, pursuant to law, notice of an opportunity for the Department to receive a donation of 40 acres of land adjacent to the Alpine Lakes Wilderness Area in King County, Wash.; to the Committee on Energy and Natural Resources.

EC-2152. A communication from the Chairman of the Nuclear Regulatory Commission transmitting, pursuant to law, a report on abnormal occurrences at licensed nuclear facilities for the second calendar quarter of 1981; to the Committee on Environment and Public Works.

EC-2153. A communication from the Chairman of the Nuclear Regulatory Commission transmitting, pursuant to law, a plan for improving the technical capability of licensee personnel; to the Committee on Environment and Public Works.

EC-2154. A communication from the Assistant Secretary of the Treasury for Legislative Affairs transmitting, pursuant to law, a report on project performance audit reports of the International Bank for Reconstruction and Development, the Inter-American Development Bank, and the Asian Development Bank; to the Committee on Foreign Relations.

EC-2155. A communication from the national vice president of the National Weather Service Employees Organization, transmitting an appeal from its treatment by the National Weather Service of the National Oceanic and Atmospheric Administration, Department of Commerce, relative to the decision to contract out the Weather Service Office at Seattle-Tacoma International Airport, Seattle, Wash.; to the Committee on Governmental Affairs.

EC-2156. A communication from the Chairman of the Navy Resale and Services Support Service of the Department of the Navy transmitting, pursuant to law, actuary and auditor reports on its retirement trust; to the Committee on Governmental Affairs.

EC-2157. A communication from the Vice-Chair of the Merit Systems Protection Board transmitting, pursuant to law, a report on the results of a survey of Federal employees regarding their knowledge of illegal or wasteful activities affecting their agencies and whether they could report such activities free from reprisal; to the Committee on Governmental Affairs.

EC-2158. A communication from the Secretary of Commerce transmitting a draft of proposed legislation making it a Federal crime to kill Department of Commerce personnel engaged in censuses and surveys; to the Committee on the Judiciary.

EC-2159. A communication from the Secretary of Labor transmitting, pursuant to law, the final report on the Emergency Jobs Program Extension Act of 1976; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-547. A petition from a citizen of New York, N.Y., urging congressional cooperation with President Reagan's efforts to strengthen the military; to the Committee on Armed Services.

POM-548. A petition from a citizen of Denver, Colo., urging congressional cooperation with President Reagan's efforts to strengthen the military; to the Committee on Armed Services.

POM-549. A resolution adopted by the Mid-Ohio Valley Mayors Association, relative to the general revenue-sharing program; to the Committee on Finance.

POM-550. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on the Judiciary.

"RESOLUTION

"Whereas, scleroderma affects some three hundred thousand people in the United States, eighty per cent of whom are women of childbearing age; and

"Whereas, the cause of scleroderma is not known; and

"Whereas, scleroderma is more prevalent than muscular dystrophy, multiple sclerosis, and a host of better known ailments; and

"Whereas, not nearly enough attention has been focused on this disease and the result is a shortage of funding for research into a possible cure; and

"Whereas, eighteen United States Congressmen have co-sponsored Resolution 321 urging Congress to declare February seventh through February thirteenth, inclusive, nineteen hundred and eighty-two as National Scleroderma Week; now therefore be it

"Resolved, that the Massachusetts Senate respectfully urges his excellency, the Governor of the Commonwealth, and the Congress of the United States to declare February seventh through February thirteenth, inclusive, nineteen hundred and eighty-two as National Scleroderma Week; and be it further

"Resolved, that copies of these resolutions be transmitted forthwith by the clerk of the Senate to the presiding officers of each branch of Congress, to each Senator and Representative from Massachusetts in the Congress and to his excellency, the Governor of the Commonwealth."

POM-551. A petition from citizens of Cincinnati, Ohio, relative to the Gay Bill of Rights; to the Committee on the Judiciary.

POM-552. A resolution adopted by the Ocean County, New Jersey Board of Social Services, relative to the use of the Lakehurst Naval Air Station as a resettlement site for Cuban/Haitian refugees; to the Committee on Labor and Human Resources.

POM-553. A petition from a citizen of Goffstown, New Hampshire, relative to union violence in America; to the Committee on Labor and Human Resources.

POM-554. A petition from a citizen of Pensacola, Fla., relative to union violence in America; to the Committee on Labor and Human Resources.

POM-555. A petition from a citizen of Enterprise, Ala., relative to union violence in America; to the Committee on Labor and Human Resources.

POM-556. A petition from a citizen of Sarasota, Fla., relative to union violence in America; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MATHIAS, from the Committee on Rules and Administration, favorably without amendment:

S. Res. 210. A resolution to compile and print a history of the Committee on the Judiciary (Rept. No. 97-259).

S. Res. 225. An original resolution authorizing supplemental expenditures by the Select Committee on Intelligence for the procurement of consultants (Rept. No. 97-260).

By Mr. MATHIAS, from the Committee on Rules and Administration, favorably with an amendment:

S. Res. 222. An original resolution authorizing supplemental expenditures by the Committee on the Judiciary (Rept. No. 97-261).

H. Con. Res. 106. A concurrent resolution to provide for the printing of the brochure entitled "How Our Laws Are Made" (Rept. No. 97-262).

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, favorably with amendments:

S. Res. 218. A resolution retaining nutritional goals in the School Lunch Program (Rept. No. 97-263).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, favorably with an amendment in the nature of a substitute:

S. 1230. A bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games (Rept. No. 97-264).

By Mr. BAKER (for Mr. HATFIELD), from the Committee on Appropriations, favorably with amendments:

H.R. 4169. A bill making appropriations for the Department of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-265).

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. Res. 234. An original resolution to pay a gratuity to Gerald E. Hoots.

S. Res. 235. An original resolution to pay a gratuity to Joan C. Giannini.

S. Res. 236. An original resolution to pay a gratuity to James L. McClain, Philip W. McClain, Donald R. McClain, and John C. Dames.

S. Res. 237. An original resolution to pay a gratuity to Kenneth S. Landon, Richard J. Landon, and Thomas C. Landon.

EXECUTIVE REPORTS OF COMMITTEES

The following executive report of committee was submitted:

By Mr. BAKER, for Mr. HATCH, from the Committee on Labor and Human Resources:

Michael Joseph Connally, of Michigan, to be General Counsel of the Equal Employment Opportunity Commission for a term of four years.

(The above nomination from the Committee on Labor and Human Resources was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BAKER (for Mr. DOLE, for himself and Mr. WEICKER):

S. 1797. A bill to provide the private sector training and placement opportunities for residents of enterprise zones, emphasizing the use of community-based organizations and the involvement of small business concerns, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. SASSER (for himself and Mr. BAKER):

S. 1798. A bill to amend the Flood Control Act of May 15, 1928, to authorize improvements in the Memphis Harbor; to the Committee on Environment and Public Works.

By Mr. DECONCINI:

S. 1799. A bill to declare that the United States holds in trust for the Pascua Yaqui Tribe of Arizona certain land in Pima County, Arizona; to the Committee on Energy and Natural Resources.

S. 1800. A bill to allow an Indian tribe to enact laws relating to the descent and distribution of restricted Indian lands located within the reservation of such tribe, and for other purposes; to the Select Committee on Intelligence.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BAKER (for Mr. DOLE, for himself and Mr. WEICKER):

S. 1797. A bill to provide private sector training and placement opportunities for residents of enterprise zones, emphasizing the use of community-based organizations and the involvement of small business concerns, and for other purposes; to the Committee on Labor and Human Resources.

PRIVATE SECTOR OPPORTUNITIES ACT

● Mr. DOLE. Mr. President, I am pleased today to join the distinguished Senator from Connecticut, Senator WEICKER, in introducing legislation to modify and extend title VII of the Comprehensive Employment and Training Act.

Title VII of CETA is an innovative plan to coordinate private industry and CETA planners in an effort to solve the problem of structural unemployment. I have long believed that, given appropriate training and employment opportunities, the vast majority of the hardcore structurally unemployed could be a viable and worthwhile part of the private sector workforce. Title VII, passed as part of the Comprehensive Employment and Training Act Amendments of 1978, was a move in that direction. It was at the time a thoughtful and innovative approach to this very serious unemployment matter.

The administration of CETA programs under title VII is in the hands of private industry councils (PIC's) comprised of representatives of business, labor, community-based organizations and educational agencies and institutions. Mr. President, it was my amendment in August 1978 that mandated inclusion of community-based organizations on the private industry councils.

Community-based organizations, such as SER-jobs for Progress, OIC, the Urban League and similar groups, have been striving for years to deal with the problem of structural hardcore unemployment. One only has to review the long record of success of such groups to realize their importance to private industry council efforts to solve structural

unemployment problems. These groups with their experience and expertise in unemployment problem solving in their respective communities have provided critical input to private industry councils.

Mr. President, the legislation I am introducing today would extend the authorization for title VII through fiscal year 1985. Additionally, our proposal makes substantive changes in the method used for determining eligibility for CETA employment and training services under title VII. Under current law, individuals are eligible if they are unemployed or underemployed and economically disadvantaged. There is nothing inherently wrong with employing economic status as a criteria, and establishing a dollar cutoff level. I believe, however, that there is a better way, which we utilize in this legislation.

ENTERPRISE ZONES

Mr. President, our proposal makes eligibility contingent upon need for job training and placement, and residence in a designated enterprise zone. This legislation instructs the prime sponsors to consult with the appropriate private industry council in designating areas where the residents will be eligible for CETA title VII programs.

Local governments would be required to designate, according to specific criteria described in the bill, certain distressed area zones within their jurisdictions. Upon such designation, all employed residents would be eligible for title VII training services. Our proposal gives prime sponsors substantial discretion in designating zones. Those zones can be drawn broadly enough to include areas and individuals with substantial need for employment and training. There may be those that argue it is not fair to exclude someone just because he lives outside the boundaries of the enterprise zones. This is certainly a legitimate concern and one that should be addressed during hearings on this proposal. But I would just say that I do not think denying eligibility based on residency is any more unfair than denying eligibility because one's income exceeds a certain cutoff point.

The effect of this provision would be to loosen up the present very rigid poverty-based individual eligibility participation criteria and instead to allow participation if all unemployed residents of the hardest hit depressed areas. To be sure, the vast majority of the residents of such areas would be eligible anyway under individual-based eligibility criteria.

I would point out that by focusing our efforts on certain designated zones we can more effectively target our Federal efforts on areas and individuals most in need of improved employment opportunities.

Mr. President, the "enterprise zone" concept for redevelopment of economically impoverished and declining areas has received a great deal of attention in recent months. It is an interesting and innovative concept that deserves serious consideration. Notwithstanding that belief, this proposal should not be viewed as an endorsement of any of those proposals. They may have merit. We are only suggesting that, in determining eligibility under title VII, we should focus on areas where the need is greatest.

CBO'S AND SMALL BUSINESS

Additionally, Mr. President, this legislation requires increased consultation with community-based organizations by the private industry council. As I mentioned earlier, these community-based organizations of demonstrated effectiveness possess valuable experience which should be drawn upon in delivering Federal employment and training services.

Also, Mr. President, this proposal increases the emphasis on finding employment with small business concerns. Small business is the largest creator of new jobs in America and we must recognize that when seeking permanent employment for the hardcore structurally unemployed.

TRAINING

Our proposal also emphasizes the need for training of job applicants to help them assume a permanent position in the Nation's work force.

Mr. President, I would just like to say in conclusion that we face a diffcult task next year in rewriting and possible redefining our Nation's employment and training policy. Although the administration has not yet made its policy known in this regard, I believe they will look favorably on the program established in 1978 by title VII to CETA. As we consider our Federal employment and training effort, I hope that we will move toward more efforts to involve the private sector and create lasting permanent jobs and expand on the efforts started under title VII.

That is why I am introducing this legislation today and encourage this Senate to act rapidly for its enactment.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1797

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Private Sector Opportunities Act".

SEC. 2. Title VII of the Comprehensive Employment and Training Act is amended to read as follows:

"TITLE VII—PRIVATE SECTOR OPPORTUNITIES

"STATEMENT OF PURPOSE

"SEC. 701. It is the purpose of this title—

"(1) to demonstrate the effectiveness of a variety of approaches to increase the involvement of the business community, including small business and minority business enterprises, in employment and training activities under this Act; and

"(2) in cooperation with other Federal programs that generate employment, to increase private sector employment opportunities for unemployed or underemployed persons who are in need of job training, placement, and other appropriate private sector job-related services and who are residents of enterprise zones. Training opportunities and placement for eligible participants shall be made available by prime sponsors on an equitable basis in accordance with the purposes of this title, and shall be provided where feasible in cooperation with community-based organizations.

"DEFINITIONS

"SEC. 702. As used in this title—

"(1) The term 'community-based organizations' means private nonprofit organizations which are representative of communities or significant segments of communities and which provide employment and training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, neighborhood groups and organizations, agencies or organizations receiving assistance under the Community Service Block Grant Act, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7 (10) of the Rehabilitation Act of 1973), agencies serving youth, union-related organizations, and employer-related nonprofit organizations).

"(2) The term 'eligible participant' means an individual who (A) resides in an enterprise zone designated under this title, (B) is unemployed or underemployed and, (C) desires to work.

"FINANCIAL ASSISTANCE

"SEC. 703. (a) The Secretary shall provide financial assistance to each prime sponsor designated under section 101(c) which includes satisfactory provisions in its annual plan for title II activities for carrying out the purposes of this title.

"(b)(1) Ninety-five per centum of the funds made available for carrying out this title shall be allocated by the Secretary on an equitable basis among such prime sponsors, taking into account the factors set forth in section 202(a).

"(2) Funds available to prime sponsors under this title may be used to promote coordination with economic development activities supported by Federal, State, or local funds. Funds used for such coordinated activities shall not be taken into account in the computation of cost per participant or cost per placement for purposes of program evaluation.

"CONDITIONS FOR RECEIPT OF FINANCIAL ASSISTANCE

"SEC. 704.(a) Each prime sponsor, and each entity described in section 302(c)(1)(A) and (B), desiring to receive financial assistance under this title, as part of its plan for title II activities, shall describe its proposed private sector initiatives under this title. The description shall include—

"(1) an analysis of private sector job opportunities, including estimates by occupation, industry, and location utilizing information provided by the private industry council; and

"(2) provisions for training and placement activities in business concerns, especially in small business concerns, and for involving, where feasible, community-based organizations.

"(b) The Secretary shall provide financial assistance under this title to a prime sponsor, or an entity described in section 302(c)(1)(A) or (B), only if the Secretary determines that—

"(1) the proposed activities for which such financial assistance is to be used are consistent with the provisions of this Act and the regulations of the Secretary;

"(2) the prime sponsor or entity has designated an enterprise zone within the jurisdiction of such prime sponsor or entity in accordance with section 705;

"(3) the private industry council will undertake to make an analysis of private sector job opportunities, including estimates by occupation, industry, and location;

"(4) the private industry council has provided a copy of its proposed plan for activities under this title to the prime sponsor planning council for its review and comments and the recommendations of the prime sponsor planning council were satisfactorily con-

sidered prior to the submission of the proposed plan to the Secretary;

"(5) the proposed plan for activities under this title has been made available to appropriate labor organizations, community-based organizations, local economic development councils established under the Public Works and Economic Development Act of 1965, and educational agencies for their comments prior to submission to the Secretary; and

"(6) the prime sponsor and the private industry council have both agreed to the plan submitted to the Secretary and have provided assurances that no activity will be funded which does not have the approval of both the prime sponsor and the private industry council.

"(c) The Secretary shall establish appropriate procedures to assure that the Department of Labor will review at the national level any proposal to make payments to private for-profit employers for any activities which are not covered by regulations under section 121(1) or by regulations under other provisions of this Act, and a specific waiver by the Secretary shall be required to make payments for any such activities.

"DESIGNATION OF ENTERPRISE ZONES

"SEC. 705. (a) For the purpose of this title an enterprise zone is any area in the United States which is designated by a prime sponsor or an entity described in section 302(c)(1)(A) and (B) and which is not disapproved by the Secretary under subsection (d) of this section.

"(b)(1) No designation may be made under this section unless an application is submitted in such form and containing such information as the Secretary determines to be necessary in order to assure compliance with the provisions of this section and section 704(b)(2).

"(2) In designating any enterprise zone under this section, each prime sponsor and entity described in section 302(c)(1)(A) and (B) shall consult with the appropriate private industry council and where feasible with community-based organizations.

"(c)(1) A prime sponsor or an entity described in section 302(c)(1)(A) and (B) may designate an area under this section only if—

"(A) the area is within the jurisdiction of the prime sponsor or the entity designating such area,

"(B) the boundary of the area is continuous in the case of an area which is not a rural area, and

"(C) the area meets the requirements of paragraphs (2) and (3).

"(2) For the purpose of paragraph (1), an area meets the requirements of this paragraph if the prime sponsor or entity determines that—

"(A) the area is one of pervasive poverty, unemployment, and general distress, or

"(B) the area is located wholly within an area which meets the requirements for Federal assistance under section 119 of the Housing and Community Development Act of 1974.

"(3) An area meets the requirements of this paragraph if—

"(A) the average rate of unemployment in such area for the most recent 18-month period for which data are available was at least 1½ times the average national rate of unemployment for such 18-month period;

"(B) such area was a low-income poverty area (as determined by the Bureau of the Census during its most recent census);

"(C) at least 70 percent of the residents living in the area have incomes below 80 percent of the median income of the residents of the area within the jurisdiction of the prime sponsor or the entity designating such area (determined in the same manner as under section 119(b) of the Housing and Community Development Act of 1974); or

"(D) the area to be designated is a rural area of the United States, and the prime sponsor or entity after consideration of—

"(i) the proportion of low-income farm families to the total number of farm families residing in the area,

"(ii) the relationship of income levels of the families in the area to general levels of income in the United States,

"(iii) the extent to which rural development projects have previously been located in such area under programs administered by the Department of Agriculture,

"(iv) the current and prospective employment opportunities available in such area,

"(v) the availability of personnel in such area for supplemental employment,

"(vi) the extent of migration out of the area, and

"(vii) the proportion of the population of such area which has been receiving public assistance from the Federal Government or from the appropriate State or municipality in which the area is located,

determines that the rural area is eligible to be designated.

"(d) The Secretary shall approve the designation of an enterprise zone submitted by a prime sponsor or an entity described in section 302(c)(1)(A) or (B) under subsection (b) of this section unless the Secretary determines that the information contained in the application fails to meet the requirements of subsection (c) of this section.

"PRIVATE INDUSTRY COUNCILS

"SEC. 706. (a)(1) Any prime sponsor receiving financial assistance under this title shall establish a private industry council. The prime sponsor shall appoint members from industry and the business community (including small business and minority business enterprises), organized labor, community-based organizations, local economic development councils (such as those established under the Public Works and Economic Development Act of 1965), and educational agencies and institutions (particularly persons with expertise in on-site, industry specific vocational education) to serve on such council. Other members of the private industry council may be appointed by the prime sponsor from representatives of persons eligible to participate in activities under this title. In no event shall representatives of industry and business have less than a majority on the council, and, whenever possible, at least one-half of such industry and business representatives shall be representatives of small business. The private industry council may consist of members of existing or newly formed organizations and members of the prime sponsor planning council. Such council may be established to cover two or more prime sponsor areas pursuant to arrangements between the prime sponsors for such areas and the council.

"(2) For purposes of this subsection, the term 'small business' means any private, for-profit enterprise employing 500 or fewer employees.

"(b) The chairman of the private industry council (or the designee of the chairman) shall serve as an ex officio, nonvoting member of the prime sponsor planning council, and the chairman of the prime sponsor planning council (or the designee of the chairman) shall serve as an ex officio, nonvoting member of the private industry council.

"(c) Such council shall participate with the prime sponsor in the development and implementation of programs under this title, and shall consult with the prime sponsor with respect to other programs under this Act. In carrying out its responsibilities, such council shall utilize, to the extent appropriate, community-based organizations, labor organizations, educational agencies and institutions, and economic development programs.

"(d) The Secretary shall not, by regulation or otherwise, require that any prime sponsor, in establishing such council, give a presumptive role to any particular organization.

"PROGRAM ACTIVITIES

"SEC. 707. (a) Prime sponsors receiving financial assistance under this title shall, consistent with section 703(b), carry out private sector initiatives to demonstrate the purposes of this title. Such activities shall augment private sector-related activities under title II, including arrangemens for on-the-job training with small business concerns and other private employers. Such activities may include—

"(1) conducting, in cooperation with community-based organizations where feasible, programs of job training and placement with small business concerns and other private employers;

"(2) providing, in cooperation with community-based organizations, followup services with employees placed in private employment and small business concerns and other employers who hire recipients of services under this Act;

"(3) using direct contracts for training and employment programs with small business concerns and other private employers and private nonprofit organizations, including community-based organizations;

"(4) contracting with community-based organizations, local educational agencies, and other appropriate deliverers of private sector related services for training, and placement and other similar services;

"(5) coordinating programs of jobs and training and education enabling individuals to work for a private employer while attending an education or training program;

"(6) developing useful methods for collecting information about Federal Government procurement contracts with private employers, new and planned publicly supported projects such as public works, economic development and community development programs, transportation revitalization, alternative energy technology development, demonstration, and utilization projects, energy conservation projects, and rehabilitation of low income housing as part of a community revitalization or stabilization effort, which provide work through private sector contractors;

"(7) developing a small business intern program to provide a practical training enabling youths and other individuals to work in small business firms to acquire first-hand knowledge and management experience about small business;

"(8) developing relationships between employment and training programs, educational institutions, community-based organizations, and the private sector;

"(9) conducting innovative cooperative education programs for youths in secondary and postsecondary schools designed to coordinate educational programs with work in the private sector;

"(10) developing and marketing model contracts designed to reduce the administrative burden on the employer and model contracts to meet the needs of specific occupations and industries;

"(11) coordinating programs under this title with other job development, placement, and employment and training activities carried out by public and private agencies, including community-based organizations;

"(12) encouraging employers to develop job skill requirement forecasts and to coordinate such forecasts with prime sponsors;

"(13) providing on-the-job training subsidies on a declining ratio to wages over the period of training;

"(14) developing apprenticeship or comparable high-skill training programs for workers regardless of age in occupations where such programs do not exist presently in the area;

"(15) increasing opportunities for upgrading from entry level jobs by providing counseling and other services to employees

and employers beyond initial training periods;

"(16) providing technical assistance to private employers to reduce the administrative burden of employment and training programs;

"(17) disseminating information to private employers so that they may more fully use programs assisted under this Act; and

"(18) developing on-site, industry specific training programs supportive of industrial and economic development, in cooperation with State vocational education boards, if funds made available under this Act for such programs are supplemented, where feasible, by Federal, State, or local vocational education funds or by nongovernmental funds made specifically available for such programs, or both.

"(b)(1) The Secretary shall establish such procedures and regulations as may be necessary to assure that the total amount of administrative costs incurred by all prime sponsors in carrying out programs under this title does not exceed 20 percent of the total cost of carrying out all such programs.

"(2) The Secretary by regulation shall provide for necessary and reasonable limitations on administrative costs incurred by prime sponsors, which shall be designed to assure the effective operation of programs carried out by prime sponsors under this title, taking into account differing conditions in urban and rural areas. The administrative costs of any prime sponsor carrying out a program under this title may not exceed the limitations established by the Secretary under this paragraph, unless such excess costs are justified and documented in the approval of the prime sponsor's program.

"(c) Activities under this section may include upgrading and retraining in accordance with the provisions of part C of title II. Not more than 15 per centum of the funds available for this title may be used for programs under this subsection."

SEC. 3. Section 112 of the Comprehensive Employment and Training Act is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) There are authorized to be appropriated such sums as may be necessary for the fiscal years 1983, 1984, and 1985 to carry out the provisions of title VII.".●

● Mr. WEICKER. Mr. President, I am pleased that the Senator from Kansas and I today are introducing the "Private Sector Opportunities Act," a bill to target private sector job training opportunities at unemployed residents of distressed urban and rural areas and to focus such activities upon small business in collaboration with community-based organizations.

This bill is the product of a joint effort on the part of the Senator from Connecticut and the Senator from Kansas and grows out of our shared commitment to improve employment and training opportunities in the private business sector, particularly in small business.

Mr. President, four premises underlie the "Private Sector Opportunities Act":

First, that federally funded employment and training programs should be designed primarily to improve the opportunity of the unemployed to obtain productive jobs in the private sector of our economy, where the vast majority of jobs are located;

Second, that community based organizations (CBO's) the private, nonprofit, voluntary sector, and they are clearly defined at section 702 of our bill, are uniquely situated to assist in the delivery of private sector-oriented employment, training, and employability development services for those most in need;

Third, that small businesses, which account for 80 percent of the net new jobs created in our economy, should be the primary focus of title VII placement and job training activities; and

Fourth, that private sector job-related services ought to be concentrated on unemployed residents of areas of pervasive economic distress—"enterprise zones," if you will—located within prime sponsor jurisdictions.

EXPLANATION OF MAJOR PROVISIONS

The "Private Sector Opportunities Act" proposes to improve upon and extend the very promising concept embodied in title VII of the Comprehensive Employment and Training Act (CETA) which was enacted in 1978. That title aims to enhance private sector job training and placements through the establishment of local private industry councils (PIC's), which have the responsibility, with CETA prime sponsors, for administering Federal funds for private sector job-related activities. The PIC's are composed of representatives of local business, labor, education agencies and community-based organizations, who participate with the prime sponsor in the development and implementation of title VII programs.

Let me make clear, Mr. President, that the bill we are introducing today would maintain the existing PIC structure and responsibilities intact. I do not think it wise to make abrupt changes in that framework after less than 3 years of experience with it. Nevertheless, our bill proposes to make some changes in the thrust of the title VII delivery system and the program activities—mainly to improve the small business orientation and to place greater reliance on the community based organizations. And, of course, our approach to the determination of participant eligibility would represent a fundamental change in present law.

The "Private Sector Opportunities Act" proposes to encourage more explicitly efforts to reach out to the local small business community for job placements and on-the-job training contracts and related activities. When title VII was enacted in 1978 we did not have the benefit of the research conducted recently by Prof. David Birch of MIT, which demonstrates conclusively that small business is the engine of new net job generation in our country, particularly in the older cities. At several places in our bill, therefore, particularly with respect to the program activities, prime sponsors and private industry councils are encouraged to put their emphasis on contacts with the small business sector, by far the most fruitful source of job opportunities for those in need.

Another important change proposed in our bill is to strengthen considerably the role of community based organizations (CBO's). The CBO's would be given more responsibility for participation in the delivery of title VII program activities and services, where feasible, and would be built into the PIC planning process on a consultative basis in addition to their present membership status. Our intent is very clear in the language of the statement of purpose in section 701 and elsewhere in the bill.

This is critically important in recognition both of the exemplary record of CBO's in providing employability development services and of the necessity of having community input in the designation of the enterprise zones that are to be the basis for determining participant eligibility. Furthermore, this step would be fully consistent with the evolution of CBO's in receiving special consideration as CETA subgrantees under the Schweiker-Javits amendments and in having mandated membership on PIC's under the Dole amendment in 1978.

The Private Opportunities Act would change the method of participant eligibility determination. Under present law individuals are eligible to participate in the program if they meet a rather rigid income test as well as an unemployment test. More specifically, individuals must have earned less than 70 percent of the BLS lower living standard budget, which is akin to a "poverty" status.

As an alternative, we propose to authorize prime sponsor local governments to designate, in consultation with PIC's and CBO's, local distressed area "enterprise zones," which will be the basis of participant eligibility determination. All unemployed residents of such areas would be eligible for title VII training and placement services, thereby targeting our private sector job-related services at the most disadvantaged areas within the jurisdiction of a prime sponsor.

Since local governments at their discretion could designate several "enterprise zones," provided each met the criteria set forth in section 705 of the bill, we would insure that unemployed residents of all distressed areas served by a given prime sponsor would be eligible to participate in the program.

Once title VII services are targeted exclusively at residents of economically distressed areas, it is not necessary to have the further definement of the 70 percent income test for individuals. Accordingly, we do not propose to extend that test in this bill.

Substitution of an area test for the present individual income test would provide much needed flexibility for prime sponsors and private industry councils in selecting and referring for training eligible individuals. While the focus would continue to be on those most in need of such services, the opportunity for participation could be extended to a broader range of those in need. Moreover, area-wide eligibility determination is fully consistent with recent moves toward providing greater autonomy to local governments in the administration of certain federally funded programs.

I wish to make clear, Mr. President, that our adoption of the now-popular term "enterprise zones" does not imply approval of other legislation bearing that name, specifically the "Urban jobs and Enterprise Zone Act." While I believe the concept suggested by the sponsors of that bill is an intriguing one, I feel

it must contain a human capital dimension if it is to be of any help either to the residents of distressed areas or to businesses located in such areas. Small business requires a supply of trained workers at least as much as they need tax incentives to boost productivity.

To be sure, tax-related incentives may be of some marginal benefit to small business development in distressed areas—but they must be supplemented by human capital development efforts, such as those being suggested by Senator DOLE and me. I hope very much the sponsors of enterprise zone legislation in the House and Senate will study our bill and consider how it may accord with their own ideas.

In any event, we have decided to adopt the nomenclature because we agree that Federal policies need to be more selectively targeted at residents of economically distressed places—and the "enterprise zone" concept advances the thinking on that fundamental point.

Another reason why I believe we must consider going to area targeting is that I am deeply concerned about the effects of sharp cutbacks in economic development and employment programs during a time of rising unemployment. I think the President is right that a recession has begun and I note some projections that unemployment could reach 8 percent or higher, particularly in certain regions and cities. Moreover, there is a good chance that the recession could persist well into 1982, putting great hardships on residents of the more seriously affected areas, at the same time as other Federal aid programs are cut back.

Even if the macroeconomic strategy and long-term goals of the recovery program succeed, there may be a very large window of vulnerability for the at-risk populations and it may exist for some time. For this reason, we must put in place a program that at the very least will prepare unemployed residents of distressed areas to take part in the job opportunity growth of this decade. And, if the administration's program does not measure up to the expectations, and unemployment increases too sharply, in the inner cities and elsewhere, we will have another string for our bow, so to speak, to ameliorate the adverse consequences.

In sum, Mr. President, we are seeking a 3-year extension and some modification of title VII of CETA. We know the administration will be submitting its own CETA reauthorization bill, which will no doubt go considerably beyond the scope of this legislation. We do not suggest that the Dole-Weicker bill is the final word on CETA or on title VII, but we do hope its basic premises will be given careful consideration by the administration and by the Senator from Indiana and the Senator from Ohio, chairman and ranking minority member respectively of the Subcommittee on Employment. And we invite our colleagues to join with us in support of the Private Sector Opportunities Act.●

By Mr. SASSER (for himself and Mr. BAKER):

S. 1798. A bill to amend the Flood Control Act of May 15, 1928, to authorize improvements in the Memphis Harbor; to the Committee on Environment and Public Works.

MEMPHIS HARBOR LEGISLATION

Mr. BAKER. Mr. President, I am today joining my distinguished colleague from Tennessee in introducing legislation to authorize navigation improvements at Memphis, Tenn. These improvements of the Port of Memphis are consistent with recommendations made by the Mississippi River Commission in its report dated May 24, 1977.

The Port of Memphis handles more than 12 million tons of freight each year. Current projections indicate a steady increase in traffic over the next 20 years and the Memphis harbor and waterfront must be expanded to handle this growth.

The project authorized by this bill consists of constructing a new channel into President's Island and placement of dredged material to provide 1,000 acres of additional landfill for waterfront development. Currently there is almost no space left on President's Island for further development. The expansion of President's Island is necessary to allow new industrial growth and development along the Memphis waterfront.

Industrial growth is expected to be significant in Memphis in the next decade. For example, the Memphis Gas, Light, & Water synthetic fuels plant will locate on President's Island, which will spur industrial growth in the area. As that facility is constructed, the need for additional waterfront space will become ever more critical.

The bill we are introducing provides for local financial contributions to fund approximately 50 percent of the project costs. I know that the Committee on Environment and Public Works is working on legislation which may change the Federal/non-Federal funding requirements for dredging operations. When such changes are enacted, the funding approach for this project will be modified to reflect the new requirements.

The Memphis harbor improvements will enhance the Port of Memphis which is a leading port on the inland waterway system. President's Island is an important industrial and commercial asset to the mid-South and its expansion will bring significant industrial development and growth to the area.

By Mr. DECONCINI:

S. 1799. A bill to declare that the United States holds in trust for the Pascua Yaqui Tribe of Arizona certain land in Pima County, Ariz.; to the Committee on Energy and Natural Resources.

LAND HELD IN TRUST FOR THE PASCUA YAQUI TRIBE OF ARIZONA

● Mr. DECONCINI. Mr. President, I am proposing legislation that will transfer 570 acres of Bureau of Land Management land located in Pima County Ariz., to the Pascua Yaqui Tribe of Indians. This land would be held in trust by the United States for the tribe and become part of its reservation.

During the 95th Congress I introduced the Senate bill that ultimately became Public Law 95-375, which provided for Federal recognition of the tribe, created a 202-acre reservation to be held in trust by the United States, and provided a process for establishing a tribal government. During consideration of the statute, it was projected that the reservation would accommodate approximately 600 tribal members. However, presently there are nearly 1,000 enrolled members living within the 202 acres. Because of the limited amount of land, the tribe has been forced to house two and sometimes three families in one dwelling, which needless to say can create any number of problems. Further, a considerable number of tribes 5,000-plus enrolled members would prefer to join the 1,000 members already living on the reservation. Thus, enactment of this bill would enable these widely scattered tribal members to unite with their tribe and benefit from the job opportunities and other social and economic advantages now largely restricted to those who live on the reservation.

This 570 acres of BLM land consists of two separate parcels—one of 10 acres, and one of 560 acres. The 10-acre parcel is bounded on the east and the south by the existing reservation. The 560-acre parcel has a quarter mile common boundary with the reservation on the west. The tribe will use this additional land for housing, governmental and community services, and commercial, agricultural and industrial development.

The tribe is presently establishing a small commercial landscape nursery on existing reservation land. In order to accomplish this a baseball field had to be dismantled. The additional land will permit the tribe to expand its economic base by taking advantage of various light industries that have expressed an interest in locating on the reservation which would provide employment for tribal members. The Pascua Yaqui people have demonstrated a desire and ability to help themselves, passage of this bill will further enhance their efforts.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1799

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subject to all valid existing rights, all right, title, and interest of the United States in the following described tracts of lands shall be held by the United States in trust for the Pascua Yaqui Tribe of Arizona and shall be a part of the reservation of such tribe:

(1) the southeast quarter northeast quarter northwest quarter of section 24;

(2) the southwest quarter northwest quarter of section 24;

(3) the northeast quarter northeast quarter south half northeast quarter north half southeast quarter south half northwest quarter and southwest quarter of section 23; and

(4) the east half southeast quarter of section 22,

all in township 15 south, range 12 east, Gila and Salt River meridian.

SEC. 2. The State of Arizona shall exercise criminal and civil jurisdiction over such lands as if it had assumed jurisdiction pursuant to section 7 of the Act of August 15, 1953 (67 Stat. 588), as in effect prior to its

repeal by the Act of April 11, 1968 (82 Stat. 79). ●

By Mr. DECONCINI:

S. 1800. A bill to allow an Indian tribe to enact laws relating to the descent and distribution of restricted Indian lands located within the reservation of such tribe, and for other purposes; to the Select Committee on Indian Affairs.

ENACTMENT OF LAWS RELATING TO DISTRIBUTION OF INDIAN LANDS

● Mr. DECONCINI. Mr. President, I am proposing legislation to enable Indian tribes to adopt codes of laws relating to heirship, probate administration, and prevention of fractionation of interest with regard to trust or restricted property within reservation boundaries.

This bill will enable Indian tribes, who elect to do so, and subject to the approval of the Secretary of the Interior, to adopt a code of laws to, first, govern the inheritance or descent and distribution of trust or restricted property within the tribe's reservation; second, to provide for the administration and probate of estates including such property; and third, to provide a mechanism to restrict the devise or inheritance of uneconomically and unmanageably small fractional interests in such property.

Generally, rules governing descent and distribution and the administration of decedents' estates have been determined at the local level where particular cultural and normative values are best recognized and understood. The probate laws which have been enacted by the United States with regard to Indian people do not take into account the particular differences among Indian tribes.

Nor do they recognize the right of Indian tribes and communities to make their own laws and be governed by them in regard to a particularly significant event in the lives of people. How land is to be owned, to whom it is to be distributed, the power of a person to make heirship determinations within the scope of his cultural understanding, are all problems that ought to be resolved at a tribal level.

As the United States does not make probate rules and procedures for the governance of the people of any particular State, or for people of all States, so it should not make rules and procedures regarding the probate of estates of Indian people in circumstances where the Indian tribes are willing and able to undertake this governmental function.

I would assume that not all Indian tribes are prepared to undertake the enactment and administration of rules of descent and distribution and the probate of a decedent's estate. However, those tribes that are prepared to undertake such responsibility should be allowed to proceed.

The administration of probate estates would, in most cases, involve mere ministerial acts of marshaling and distributing assets to those entitled to them under the laws of descent and distribution or by the terms of the decedent's will. Only in the rare case where conflict arises between parties to a probate administration would it be required that the dispute be placed before the tribal court for adjudication. Thus, in my view, few cases would need to be referred to a judge.

Many tribes have codes of laws which provide the procedures for the administration of probate estates exclusive of trust or restricted property. There should be no significant increase of complexity in such procedures by adding trust and restricted property to the authority of the administrator and the judge.

The general policy of the United States as expressed in Public Law 93–638, that Indian tribes should be able to determine their own destiny and govern their own lives has, to the extent it has been implemented, been successful. The almost exclusive control of the United States in matters that involve the rules of descent and distribution and the probate of decedent's estates is one of those areas where the policy of Indian self-determination has not been practiced. If the national goal of self-determination and self-sufficiency for Indian tribes is to be achieved, the tribes should have the authority to enact codes of laws regarding heirship, probate administration and prevention of fractionation of land.

The General Allotment Act of 1887 provided the legal framework by which discrete parcels of land within Indian reservations were given over to individual Indian ownership under the trust of the United States. Pursuant to this policy, land in eight Indian reservations located within the State of Arizona was allotted to individual Indian ownership (see exhibit A).

The Salt River Pima-Maricopa Indian Community in Arizona is a perfect example of how this allotment policy impacted Indian reservations and the respective tribal governments. Between 1911 and 1922 47 percent of the land within the Salt River Pima-Maricopa Indian Community's reservation was allotted.

At the time of the issuance of those allotments, there were 943 original allottees and 943 original interests. By 1980 the number of owners of the original allotments had reached 2,323 and the number of interests had increased to 26,300.

Over a period of approximately two generations the allotted land of the Salt River Pima-Maricopa Indian Community has become fractionated to such an extent that ownership of many of the interests is nominal. This phenomenon results from the fact that Indian people have rarely used the will-making device and thus land goes by intestate succession to all of the heirs as tenants in common.

Land interests, no matter how small, are held by the owners because of the difficulty of disposition during life and at death the process is repeated so that there begins to appear a geometric progression of fractionation of land interests. That process is operating within the Salt River Pima-Maricopa Indian Community and in other Indian communities.

Exhibit B provides an example of the effect such fractionation has on an allotment of slightly over 10 acres. The largest owner of the approximately 240 owners of the allotment owns just over 1¼ acres. The smallest owner owns just under 1¼ square feet. If the land were valued at $2,000 an acre, the smallest owner's interest would be worth just in excess of 5 cents.

There are 1,340 owners within the Salt River Indian Community who own 1 percent or less of an allotment. Together they own 7,034 interests in allotments for a total of 361 acres (exhibit C). As the generations go forward, there will be additional and smaller parcels of land in individual ownership.

As the interests in land become smaller, the ability to manage the land becomes more difficult. If the land is to be productive, it must be accumulated into one interest either through a lease or an agreement of the allottees.

A great burden is placed upon allotted landowners who seek to utilize their land when they must locate owners of small fractionated interests and persuade them to agree to developing land in which they have virtually no interest.

Approval of landowners is essential to securing unity of action in regard to land use and the cost of administering land use agreements becomes greater as fractionation becomes greater. The process of securing consent for the Secretary of the Interior to allow rights-of-way across allotted land likewise becomes more and more difficult.

By the 1950's, it became virtually impossible for an individual Indian landowner to farm the land he owned. As a result, there is now on the Salt River Indian Reservation only one or two small plots of land which are commercially farmed by the owner of the land.

All the other irrigated acreage on the reservation is farmed by nonowners who have, with the help of the Land Management Department of the Salt River Indian Community, accumulated the interests of land in a lease so that it may be economically farmed.

Approximately 50 percent of irrigated land within the Salt River Indian Community is now farmed by community members with the balance being farmed by non-Indians. In the non-Indian world one of the major benefits of land ownership is the ability to use the land, but in the Indian world. on allotted land, that benefit is often illusory.

Approximately 1 year ago the Salt River Indian Community undertook a major study of land fractionation on the Salt River Reservation. Some of the results of that study are incorporated in the previously mentioned exhibits.

The study undertook not only to find the data relevant to land fractionation, but to determine the views of members of the community in regard to the problem of fractionation. As a result of the accumulation of the data and the discussions among community members, the community council has determined that further fractionation of land interest should be limited and there ought to be a minimum percentage of any allotment which is owned by any single individual.

Thus, this proposed legislation is an effort to enable the Salt River Indian Community and other Indian tribes and communities who see a need, to limit fractionation of interests to areas no less than 1 percent of the original allotment.

Under this proposal any Indian com-

munity or tribe could adopt a code of laws which would provide that any interest devised to any one distributee which amounted to 1 percent or less of the original allotment would be sold to the other landowners of that allotment, thus increasing their interest in the allotment. If the allottees with larger interests in the allotment did not undertake the purchase of the interest of 1 percent or less, it would be sold to the Indian tribe or community in whose reservation the allotment is located.

As a result the number of very small interests in allotments would decrease until there was no interest in an allotment less than 1 percent of the size of the original allotment, and there would be established a minimum size of interest in an allotment that could be devised to any one distributee.

This bill is not intended to divest individual ownership. Rather it is intended to limit the number of very small interests in allotments for the purpose of increasing the benefit and use of land interests among allotted landowners. It is hoped that other cotenants in an individual allotment would increase their interests through the purchase of the very small interests that would be sold.

Upon enactment of this bill, Indian tribes would be able to take charge of the entire probate procedure, subject to uniform Federal regulation. This process would allow the tribes to educate members in the making of wills so that interests in allotments could be devised in large enough shares to avoid the loss of the interest to any distributee.

This educational process can best be dealt with at the local level by tribal members counseling other tribal members. The failure of the Federal effort in this regard is apparent from the data which reveal that fractionation has increased unabated through the years, ever decreasing the utility of land ownership to Indian people.

Further, the proposed legislation provides for secretarial approval of any code of laws dealing with the subject matter. Such approval would be pursuant to regulations adopted by Secretary of the Interior.

Mr. President. I ask unanimous consent that exhibits A, B, and C and the bill be printed in the RECORD at this point.

There being no objection, the bill and exhibits were ordered to be printed in the RECORD, as follows:

S. 1800

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Congress hereby finds that—

(1) Indian lands held in trust or subject to restrictions on alienation are subject to increasing diminution of utility as a result of increasing fractionalization of interest in such land through the processes of descent or devise;

(2) the administration or the probate of any estate of a decedent which includes within the assets of such estate trust or restricted property located within Indian reservations is performed by agencies of the United States in derogation of the right of Indian tribes and communities to exercise the normal powers of self-government within the special relationship between the United States and the various Indian tribes and communities; and

(3) various Indian tribes and communities and their members have a variety of cultural and normative concerns regarding the descent and devise of trust or restricted property which are neither uniform among the various Indian tribes of applicable Federal and communities nor satisfied by the uniformity or State statutes which may govern descent and devise within such Indian tribes and communities.

(b) The Congress hereby declares that it is the policy of the Congress to affirm to Indian tribes and communities the right to enact laws—

(1) relating to—

(A) the testamentary disposition or descent and distribution of any Indian land held in trust or subject to restrictions on alienation which is located within the boundaries of an Indian reservation, and

(B) the administration and probate of any estate of a decedent which includes such land among the assets of such estate, and

(2) which restrict the fractionization of interests in trust or restricted land within the boundaries of an Indian reservation.

Sec. 2. (a) Section 4 of the Act of June 18, 1934 (48 Stat. 985; 25 U.S.C. 464), as amended, is further amended—

(1) by striking out "Except" and inserting in lieu thereof "(a) Except", and

(2) by adding at the end thereof the following new subsections:

"(b)(1) Notwithstanding subsection (a) and any other provision of law, the recognized governing body of any Indian tribe may adopt any law which, if approved by the Secretary of the Interior, shall apply to—

"(A) the testamentary disposition or descent and distribution of any Indian land held in trust or subject to any restriction on alienation, or

"(B) the administration and probate of any estate of a decedent which includes such land among the assets of such estate.

"(2) Except as provided in subsection (c), no law shall be adopted under this subsection which, for the purpose of preventing the fractionization of interests in Indian land held in trust or subject to restrictions on alienation, prevents the transfer by descent or devise of an interest in such land.

"(c) For the purpose of consolidating interests in any Indian land held in trust or subject to restrictions on alienation, the recognized governing body of any Indian tribe may, with the approval of the Secretary of the Interior, adopt a law which requires any person holding a limited interest in such land to sell such interest to one of the following (in the order of preference indicated) who offers to purchase such interest at a price which equals or exceeds the fair market value of such interest:

"(1) All the other co-owners of such land.

"(2) Any co-owner of such land.

"(3) The Indian tribe on whose reservation such land is located.

"(d) (1) For purposes of this section, the term 'limited interest' means an interest in land which is equivalent to the entire fee interest in a number of acres of the original allotment of which such land is a part which is less than 1 percent of the total acreage of such original allotment.

"(2) (A) The Secretary of the Department of the Interior shall prescribe regulations regarding the procedures to be followed by the Secretary in determining whether to grant approval of any law proposed by the recognized governing body of an Indian tribe under subsection (b) or (c).

"(B) If any law proposed by the recognized governing body of any Indian tribe and submitted to the Secretary of the Interior for approval under this section is neither granted nor denied approval within 90 days after the date on which such proposed law was so submitted, such proposed law shall be treated, for purposes of subsections (b) and (c), as having been approved by such Secretary.".

(b) The Secretary shall prescribe the regulations required under section 4(d)(2) of such Act of June 18, 1934, within 180 days of the date of enactment of this Act.

EXHIBIT A

State of Arizona Indian allotted trust lands

Tribe and reservation	Number of acres allotted	Percent of reservation
Yavapai and Apache, Camp Verde	80	12
Mohave and Chemehuevi, Colorado River	5,958	2
Pima and Maricopa, Gila River	94,467	26
Navajo, Navajo	722,854	5
Papago, Papago	41,003	1
Pima and Maricopa, Salt River	24,306	47
Apache, San Carlos	960	1
Yavapai, Yavapai	160	10

EXHIBIT B

Salt River Pima-Maricopa Indian Community fractionated allotment, SR-678

Ownership comparison, SR-678	Largest	Smallest
	$190,512,000	$8,575
Fractionated interest	3,048,192,000	3,048,192,000
Percent interest	.0625	.00000281314
Square feet of land owned (if partitioned)	27,497.25	1.2377
Square yards of land owned (if partitioned)	3,055.25	.1375
Lease payment received per year	40.79	.0018
Dollar ownership (at $2,000/acre)	1,262.50	.0568

EXHIBIT C

LANDOWNER, INTERESTS AND ACRES AS A PERCENT OF ALLOTMENT

Percentage of interest of allotments	Number of owners	Number of interests	Number of acres	Accumulated number of owners	Accumulated number of interests	Accumulated number of acre
5.75 plus to 6.00	4	16	12	1,999	16,181	3,384
5.50 plus to 5.75	11	280	187	1,995	16,165	3,372
5.25 plus to 5.50	6	46	33	1,984	15,885	3,185
5.00 plus to 5.25	8	36	24	1,978	15,839	3,152
4.75 plus to 5.00	59	724	461	1,970	15,803	3,128
4.50 plus to 4.75	2	150	80	1,911	15,079	2,667
4.25 plus to 4.50	6	113	68	1,909	14,929	2,586
4.00 plus to 4.25	41	623	345	1,903	14,816	2,518
3.75 plus to 4.00	20	199	98	1,862	14,193	2,173
3.50 plus to 3.75	20	345	153	1,842	13,994	2,075
3.25 plus to 3.50	22	362	146	1,822	13,649	1,922
3.00 plus to 3.25	42	541	207	1,800	13,287	1,776
2.75 plus to 3.00	23	526	181	1,758	12,746	1,569
2.50 plus to 2.75	8	75	24	1,735	12,220	1,388
2.25 plus to 2.50	56	921	291	1,727	12,145	1,363
2.00 plus to 2.25	49	583	155	1,671	11,224	1,072
1.75 plus to 2.00	33	431	101	1,622	10,641	918
1.50 plus to 1.75	67	770	157	1,589	10,210	816
1.25 plus to 1.50	56	841	141	1,522	9,440	660
1.00 plus to 1.25	126	1,065	152	1,466	8,599	519
0.75 plus to 1.00	140	1,040	120	1,340	7,534	367
0.50 plus to 0.75	192	1,498	118	1,200	6,494	248
0.25 plus to 0.50	347	1,897	89	1,008	4,996	130
0.00 plus to 0.25	661	3,099	41	661	3,099	41

ADDITIONAL COSPONSORS

S. 1634

At the request of Mr. COCHRAN, the Senator from South Carolina (Mr. HOLLINGS), the Senator from Idaho (Mr. MCCLURE), the Senator from Nevada (Mr. CANNON), and the Senator from Arizona (Mr. GOLDWATER) were added as cosponsors of S. 1634, a bill to incorporate the National Federation of Music Clubs.

S. 1698

At the request of Mr. DENTON, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1698, a bill to amend the Immigration and Nationality Act to provide preferential treatment in the admission of certain children of U.S. Armed Forces personnel.

SENATE RESOLUTION 234—RESOLUTION TO PAY A GRATUITY TO GERALD E. HOOTS

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 234

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gerald E. Hoots, widower of Sharon L. Hoots, an employee of the Senate at the time of her death, a sum equal to two months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 235—RESOLUTION TO PAY A GRATUITY TO JOAN C. GIANNINI

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 235

Resolved, That the Secretary of the Senate is authorized and directed to pay, from the contingent fund of the Senate, to Joan C. Giannini, widow of John J. Giannini, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 236—RESOLUTION TO PAY A GRATUITY TO JAMES L. MCCLAIN, PHILIP W. MCCLAIN, DONALD R. MCCLAIN, AND JOHN C. DAMES

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was referred placed on the calendar:

S. RES. 236

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to James L. McClain, Philip W. McClain, Donald R. McClain, and John C. Dames, sons of Edna M. Dames, an employee of the Senate at the time of her death, a sum to each equal to one-fourth of one year's compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 237—RESOLUTION TO PAY A GRATUITY TO KENNETH S. LANDON, RICHARD J. LANDON, AND THOMAS C. LANDON

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 237

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Kenneth S. Landon, Richard J. Landon, and Thomas C. Landon, sons of Angioletta M. Landon, an employee of the Senate at the time of her death, a sum to each equal to one-third of one year's compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

NOTICES OF HEARINGS

SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

Mr. PACKWOOD. Mr. President, the Subcommittee on Taxation and Debt Management of the Senate Finance Committee held a hearing this morning at 9:30 a.m. I scheduled three bills for this hearing. The three bills are:

S. 1035, introduced by Senator MATHIAS, to provide an income tax check-off for contributions to the National Endowment for the Humanities and the National Endowment for the Arts.

S. 1595, introduced by Senators INOUYE and STEVENS, to provide an income tax check-off for the Olympics.

S. 1745, introduced by Senators ARMSTRONG and HART, to provide an exemption from the divestiture requirements of the excess business holdings rules applicable to private foundations.

The purpose of this statement is to briefly explain the issues raised by these bills. This may help you chart the progress to tax legislation before the Taxation Subcommittee. It also helps assure greater public awareness of tax bills coming before hearings.

S. 1035—INCOME TAX CHECKOFF FOR CONTRIBUTIONS TO THE NATIONAL ENDOWMENT FOR THE HUMANITIES OR THE NATIONAL ENDOWMENT FOR THE ARTS

S. 1035, introduced by Senator MATHIAS, provides an income checkoff for contributions to the National Endowment for the Humanities or the National Endowment for the Arts. S. 1035 provides that any taxpayer who files an income tax return can elect to designate any portion of a refund due to be paid to either the National Endowment for the Arts or the National Endowment for the Humanities or payable equally to both. The bill also requires that the income tax return forms fully inform taxpayers of this new procedure. Funds contributed pursuant to this bill reduce the refund the taxpayer receives and do not reduce income tax payments.

Under S. 1035, in addition to designating a portion of an income tax refund for this purpose, a taxpayer can also forward a cash contribution with his income tax return to be used by either the National Endowment for the Arts or the National Endowment for the Humanities.

S. 1595—INCOME TAX CHECKOFF FOR THE OLYMPICS

S. 1595, introduced by Senators INOUYE and STEVENS provides an income tax checkoff for the U.S. Olympic Development Fund. S. 1595 provides that taxpayers could elect to contribute $1 of their income tax refund for the U.S. Olympic Development Fund. The bill also provides that a taxpayer could forward a $1 cash contribution for the U.S. Olym-

pic Development Fund with the income tax return.

Unlike the Presidential Election Campaign Fund the checkoff provided in S. 1595 reduces the refund the taxpayer would receive rather than taxes to be paid.

S. 1745—EXEMPTION FROM THE DIVESTITURE REQUIREMENTS OF THE EXCESS BUSINESS HOLDINGS PROVISIONS FOR THE EL POMAR FOUNDATION

S. 1745, introduced by Senators ARMSTRONG and HART, provides a limited exemption from the divestiture requirements of the excess business holdings rules applicable to private foundations. Under the excess business holdings rules, if, on May 26, 1969, the combined holdings of a business by a private foundation and disqualified persons exceed 50 percent, then divestiture of the excess business holdings is required over a stated transitional period. The transitional period applicable to the El Pomar Foundation of Colorado Springs, Colo., requires the El Pomar Foundation to reduce its holdings in the Broadmoor Hotel, in Colorado Springs, to 50 percent by 1989 and 35 percent by 2004. S. 1745 exempts this foundation from the divestiture requirements.

The El Pomar Foundation of Colorado Springs, Colo., is the intended beneficiary of the bill. However, any private foundation that meets the requirements of the bill would also qualify.

Mr. President, I request unanimous consent that the witness list for today's hearing be inserted in the RECORD following my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FINANCE—SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT

(Public hearing on miscellaneous tax bills, Friday, October 30, 1981, 9:30 a.m.)

WITNESS LIST

The Honorable Ted Stevens (R.-Alaska).

The Honorable Daniel K. Inouye (D.-Hawaii).

The Honorable Charles McC. Mathias, Jr. (R.-Maryland).

The Honorable John E. Chapoton, Assistant Secretary of the Treasury for Tax Policy.

S. 1595—U.S. OLYMPIC DEVELOPMENT FUND CHECKOFF ACT OF 1981

A panel consisting of: On behalf of the United States Olympic Committee:

Robert Kane, Past President of the United States Olympic Committee, of New York and Florida.

Chris Knepp, Chairman of the Athletic Advisory Council to the United States Olympic Committee, of Texas.

Donna deVarona, Olympic athlete, of New York.

Accompanied by Edwin Moses, Olympic athlete, of California.

S. 1745

William J. Hybl, Vice President and Executive Director of El Pomar Foundation of Colorado Springs, Colorado.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON INVESTIGATION AND GENERAL OVERSIGHT

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Investigations and General Oversight, of the Labor and Human Resources Committee, be authorized to hold a hearing on oversight of the National Cancer Institute, during the session of the Senate on Friday, November 6 at 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the permanent Subcommittee on Investigations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate on Monday, November 2 at 9:30 a.m., to discuss labor-management corruption.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate permanent Subcommittee on Investigations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate on Tuesday, November 3 at 9:30 a.m., to discuss labor-management corruption.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INVESTIGATIONS AND GENERAL OVERSIGHT

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Investigations and General Oversight, of the Labor and Human Resources Committee, be authorized to hold a hearing on oversight of the National Cancer Institute, during the session of the Senate on Tuesday, November 3 at 9 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE CONSTITUTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on the Constitution of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 5, to hold a hearing on Senate Joint Resolutions 110, 117, 118, and 119, resolutions dealing with abortion.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

CONGRESSIONAL RESTRAINTS ON THE JUDICIARY

● Mr. EAST. Mr. President, I wish to bring to the attention of my colleagues an interesting article from the summer 1981 issue of Modern Age, a quarterly review published under the auspices of the Intercollegiate Studies Institute. The Intercollegiate Studies Institute is one of the leading conservative intellectual organizations in the Nation and its publication, Modern Age, features some of the best in current conservative thinking.

The article which I commend to your attention is entitled "Chaining the Court to the Constitution." As the author points out, "The Federal Judiciary has been courting constitutional disaster by reading its own social predilections into the Nation's foundational document." The purpose of the article is to discuss the appropriate checks on the judicial usurpation of power.

The analysis contained in the article leads to the following conclusion:

The Framers of the Constitution forged a strong chain to bind the Supreme Court down to its circumscribed role in constitutional government. That chain, the power to make exceptions in and regulate federal court appellate jurisdiction, will only restrain, however, if laid on the Court's shoulders. Congress must execute its duty.

Mr. President, I believe that this article represents a significant scholarly contribution to the public dialog on the problem of restraining the activist Federal judiciary, and I ask that it be printed in the RECORD.

The article follows:

CHAINING THE COURT TO THE CONSTITUTION

(By Randall R. Rader)

Has the Supreme Court acted unconstitutionally? If this nation's highest court is the sole arbiter of whether actions legally comply with the Constitution, what prevents the Court itself from acting beyond constitutional limits? This is not an idle hypothetical question. In its 1938 decision, *Erie Railway Company v. Tompkins*,[1] the Supreme Court branded its own course of conduct for nearly a century as unconstitutional. In fact, the Court called its own doctrine "an unconstitutional assumption of power by courts of the United States which no lapse of time or respectable array of opinion should make us hesitate to correct."[2] If the Court, by its own admission, had unconstitutionally assumed power for nearly 100 years, perhaps other high judicial dogma need constitutional review.

If the Supreme Court has confessed one instance of stepping beyond the bounds of the Constitution, we are justified in asking what it may not have yet admitted. For instance, a single amendment to the Constitution has been stretched by the Court into several popularly questioned opinions.

The words "equal protection" in that amendment have been used to wrest from states and localities the decision of which school a child should attend.[3] The same words have been construed to permit programs favoring one race over another[4] and to overturn more than 150 years of exclusive state power over apportionment of congressional districts.[5] On occasion, this judicial body has not even bothered to interpret the Constitution itself, but only its "penumbras," to declare that children are not persons before birth.[6]

These interpretations are not defended as the intent of those who drafted the Constitution. Instead they are proclaimed as evidence that, in the hoary words of Chief Justice John Marshall, "[The Constitution must] be adapted to the various crises of human affairs."[7] Raoul Berger probably responded to this argument most succinctly by stating that "at best Marshall's dictum represents a self-serving claim of power to amend the Constitution.[8]

The Framers of the Constitution did not pretend that their work was infallible. On the contrary, they provided within the document itself a framework for amendment. Article V, however, does not include a provision for five out of nine men on the Supreme Court to restructure the Constitution. Nonetheless a mere majority of the Court has been rewriting the Constitution for decades under the guise of interpretation. Washington was the first to warn against this in his Farewell Address:

"If in the opinion of the People, the dis-

Footnotes at end of article.

tribution or modification of the Constitutional powers be in any particular wrong, let it be corrected by an amendment in the way in which the Constitution designates. But let there be no change by usurpation; for though this in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed." [9]

The "People" may change the constitution by the Article V method, but other revisions, such as by an interpreting tribunal, are "usurpations" in Washington's mind. Yet today the Supreme Court claims the right to disregard the express or implied intent of the Framers of the Constitution, leaving only a constitutional amendment by the prescribed Article V method as a sufficient means to alter the doctrines promulgated by five of nine men in black robes.

This calls forth our original question: Is there no effective check on usurpations of constitutional authority by the Supreme Court? Surely the approval of two-thirds of Congress and three-fourths of the states is not the only way to prevent the Court from overstepping its bounds. Indeed the framers of the Constitution did provide a more effective check on the judiciary. They authorized Congress to withdraw particular subjects or cases from the appellate jurisdiction of federal courts.

ARTICLE III, SECTION 2

Article III of the Constitution gives Congress authority over the appellate jurisdiction of federal courts. Section 2 lists the original jurisdiction of the Supreme Court and then proceeds: "In *all* the other cases before mentioned, the supreme court shall have appellate jurisdiction, *with such exceptions, and under such regulations as the Congress shall make,*" (Emphasis added.) Congress, therefore, is fully empowered by the Constitution to both "make exceptions" in and "regulate" Supreme Court jurisdiction in "all" cases beyond its original jurisdiction. With this language, the Constitution authorized Congress to decide which disputes were to be settled by state and local governments.

Under Article III, Congress may carve out narrow exceptions in Supreme Court appellate jurisdiction to prevent "unconstitutional assumptions of power." Congress could decide, for example, to deny the Court any jurisdiction to hear appeals in cases involving busing of school children, or reapportionment, or abortion, or voluntary prayer in public buildings. The resolution of these disputes would then be left to state and local courts.

The plain meaning of the constitutional language, however, is not the only indication that the Framers of the Constitution intended to give Congress this power to check the Supreme Court. Alexander Hamilton summarized the federal judicial power in the *Federalist Pavers* and simultaneously reassured those who feared its reach:

"From this review of the particular powers of the federal judiciary, as marked out in the Constitution, it appears that they are all conformable to the principles which ought to have governed the structure of that department and which were necessary to the perfection of the system. If some partial inconveniences should appear to be connected with the incorporation of any of them into the plan it ought to be recollected that the national legislature will have ample authority to make such *exceptions* and to prescribe such regulations as will be calculated to obviate or remove these inconveniences," Emphasis original) [10]

In Hamilton's estimation a mere "inconvenience" would warrant an exception in federal court appellate jurisdiction.

Acting within the letter and spirit of the Constitution and Hamilton's explanation of the congressional check on the judiciary Congress passed the monumental Judiciary Act of 1789. This Act created the lower federal courts and concurrently limited the appellate jurisdiction of all federal tribunals, including the Supreme Court. Congress specified that the Supreme Court could only accept appeals in civil cases if more than $2,000 was in contention. Moreover, Congress denied the Supreme Court any authority to hear appeals in criminal cases—an exception not altered by Congress until 1889. The Judiciary Act of 1789 was carefully crafted to ensure that most cases and controversies would be handled in state courts.

The Supreme Court itself has shown a clear understanding of its complete reliance on Congress for appellate jurisdiction. For instance, Chief Justice Oliver Ellsworth, a member of the Constitutional Convention Committee on Detail and later an author of the Judiciary Act of 1789 stated in *Wiscart* v. *D'Auchy*:

"Here, then, is the ground, and the only ground, on which we can sustain an appeal. If Congress has provided no rule to regulate our proceedings, we cannot exercise our appellate jurisdiction; and if the rule is provided, we cannot depart from it. The question, therefore, on the constitutional point of appellate jurisdiction, is simply, whether Congress has established any rules for regulating its exercise." [11]

This eminent authority on the meaning of Article III made it undeniably clear that the Supreme Court hears appeals only with the permission of Congress.

Chief Justice Ellsworth was not alone in his reading of Article III. Chief Justice John Marshall, who seven years earlier delivered the opinion in *Marbury* v. *Madison*,[12] concurred with Ellsworth's sweeping analysis of the exceptions clause:

"The appellate powers of this Court are not given by the judicial act. They are given by the constitution. But they are limited and regulated by the judicial act, and by such acts as have been passed on the subject. When the first legislature of the Union proceeded to carry the third article of the constitution into effect, they must be understood as intending to execute the power they possessed of making exceptions to the appellate jurisdiction of the Supreme Court." [13]

The Supreme Court accepts as well today as one hundred years ago the principle that Congress rules with respect to the Court's appellate jurisdiction. Chief Justice Earl Warren affirmed in 1957 that "the existence of appellate jurisdiction in a specific federal court over a given type of case is dependent upon authority expressly conferred by statute." [14]

This review of comments on the meaning of Article III demonstrates that the words "exceptions and under such regulations as Congress shall make" have been construed with remarkable uniformity for the nearly two hundred years they have been in effect. To question a congressional withdrawal of appellate jurisdiction would require a constitutional interpretation far beyond the plain meaning or consistent historical understanding of those words. Congress has the power to hold the federal judiciary in check.

RECENT ATTEMPTS TO WITHDRAW JURISDICTION

During recent sessions, Congress has entertained several bills to limit federal court appellate jurisdiction. While these bills have occasionally been approved by one house of Congress, they have only rarely been enacted.

In the 96th Congress, the Senate passed a bill withdrawing federal court appellate jurisdiction over voluntary prayer in public buildings. When the House Judiciary Committee scheduled hearings on the measure, the Justice Department took it upon itself to send a memorandum criticizing the bill as unconstitutional. Despite the plain intent of Article III, the Justice Department found an innovative interpretation (Is not this the problem in the first place?) of those precise words in the writings of Professor Henry M. Hart, Jr.

Professor Hart contends that the word "exceptions" implies that Congress could not authorize "exceptions which engulf the rule." [15] In other words, Professor Hart argues that when the Constitution says that Congress can make "exceptions" to the appellate jurisdiction of the Court, it implies that there must be some aspect of the jurisdiction which Congress could not touch. While we might agree that Congress could not completely extinguish all federal court appellate jurisdiction when making "exceptions," we have to wonder how the Justice Department could conclude that the specific jurisdiction under consideration by the Committee must be just those kind of cases that the Framers of the Constitution meant to be beyond the power to except.

Even if we accept the Justice Department's reading between the lines of the Constitution, we surely should not fail to read the rest of the clause that Professor Hart and the Department seemed to overlook. The Constitution states that Congress may not only "make exceptions," but may also "regulate" appellate jurisdiction. The word "regulate" grants Congress the power to contract as well as expand appellate jurisdiction in the federal judiciary. Federal regulations in this day and age manage to take nearly everything away from many struggling businessmen. Surely the power of congressional regulation will encompass taking away jurisdiction over narrowly circumscribed classes of cases, such as those concerning busing of school children or voluntary prayer.

The Supreme Court itself parts company with the Justice Department's reading of the exceptions clause. In addition to the cases already mentioned, the Court acknowledged the congressional power to limit its appellate jurisdiction when it happened in 1867. This was the famous *McCardle* case. In this instance, a Southern editor held in military custody appealed from a denial of habeas corpus and threatened to undermine Congress' post-Civil War reconstruction program by challenging the constitutionality of the Military Reconstruction Act. Congress was acting to prevent a constitutional ruling by the Supreme Court. Despite the questionable motives of the bill, the Supreme Court could only dismiss the case for want of jurisdiction:

"We are not at liberty to inquire into the motive of the legislature. We can only examine into its power under the Constitution, and the power to make exceptions to the appellate jurisdiction of this Court is given by express words. What, then, is the effect of the repealing act upon the case before us? We cannot doubt as to this. Without jurisdiction the Court cannot proceed at all in any cause. Jurisdiction is the power to declare the law, and when it ceases to exist, the only function remaining to the Court is that of announcing the fact and dismissing the cause." [16]

The Supreme Court apparently takes exception to the Justice Department's reading of the exceptions clause.

The Justice Department's memorandum cited *U.S.* v. *Klein* [17] in an attempt to bolster their argument that the Supreme Court did not always honor the congressional prerogative to regulate appellate jurisdiction. *Klein* dealt with the validity of Lincoln's pardon of Confederates. Congress attempted to remove jurisdiction over cases pertaining to the pardon. The Court was not dealing with the exceptions clause alone, but also the pardoning power of the President in Article II of the Constitution. Also, unlike the *McCardle* case, Congress was trying to dictate the outcome of a case by eliminating some of the evidence—a matter peculiarly

Footnotes at end of article.

within the judicial province. Finally the Court in *Klein* stated unequivocally that "If it [the Congress] simply denied the right of appeal in a particular class of cases, there could be no doubt that it must be regarded as an exercise of the power of Congress to make such exceptions from the appellate jurisdiction as it should seem expedient. . . ." [18]

Klein would have no application to a congressional withdrawal of appellate jurisdiction to hear busing or abortion or reapportionment cases. These specific restrictions do not tamper with evidential matters preeminently within the scope of judicial activity. Moreover they are specific limitations on the "right of appeal in a particular class of cases." Therefore, to quote the *Klein* reasoning, "there can be no doubt that it must be regarded as an exercise of the power of Congress to 'make exceptions.'"

Finally, we should consider the logical implications of the Justice Department's reasoning. The Justice Department argues that abridging appellate jurisdiction, while perhaps permissible in statutory cases, could not be permitted in cases with constitutional issues. If Congress accepted the Justice Department distinction between cases springing from the Constitution and cases springing from federal statutes, the Supreme Court could defeat a jurisdiction removal simply by invoking the Constitution. In effect, the Court would enjoy the heady position of determining the extent of its own "power to declare the law." In other words, the Justice Department would make the Article III, Section 2, exceptions clause meaningless surplusage in the Constitution. The check on the Supreme Court would be lost. While the Justice Department may have no qualms about writing out of our nation's supreme document after 200 years a critical check on the judiciary, Congress should recognize, with Hamilton, Ellsworth, Marshall, Warren, and the rest, that the exceptions clause means what it says.

Before eliminating this check on federal court supremacy, the Justice Department should recall that the Supreme Court once ruled that a black man is not a person similar to the ruling about unborn children) and could be regarded as property.[19] More recently the Court allowed Japanese-Americans to be incarcerated during World War II on the basis of their national origin.[20] If a future federal court wanted to return to these precedents, we would all be more secure knowing that Congress could halt the legal abrogation of rights.

The beauty of our Constitution is that no branch of government is unlimited. Each branch has the constitutional responsibility to monitor the others to prevent what Hamilton euphemistically called "inconveniences" in his *Federalist Papers* essay. If the Justice Department wants to eliminate a key congressional check on the judiciary, it had better recommend a constitutional amendment rather than just sending a memorandum to the Judiciary Committee chairman. Furthermore Congress should not sit comfortably back and let an Executive Branch memorandum tell it to quietly ignore its constitutional powers. Congress has every right to inform the Executive Branch that this is none of its business.

Congress simply should not avoid confrontation by allowing the Supreme Court unrestricted power to declare what the Constitution means. Congress has the authority and the implied obligation within the Constitution, specifically found in the exceptions clause, to let the Court know how the representative branch of government interprets the document. Congress has done so in the past, not only in the *McCardle* situation, but on other occasions it has stepped forward to abridge the Court's voice on specific problems. In 1839, Congress removed from federal court jurisdiction the decisions of the Secretary of Treasury on tax disputes.[21] In 1867, Congress provided that "no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court." [22] In 1932, Congress structured the Norris-LaGuardia Act to deprive lower federal courts of the power to issue injunctions in certain labor disputes.[23] In 1934, Congress used the Johnson Act to qualify the power of the courts to enjoin public utility rates ordered by state agencies.[24] In 1942, Congress limited injunctions under the Emergency Price Control Act to an emergency court of appeals.[25] In 1974, Congress barred court challenges to the Alaska pipeline for crude oil based on environmental grounds.[26] While several of these restrictions apply solely to lower federal courts, the same principle applies to constitutional review by the Supreme Court as illustrated by the *McCardle* case. Congress needs a little more constitutional backbone. Another successful removal of appellate jurisdiction would supply a good stiff shot of calcium to Congress rather gelatinous constitutional vertebrae.

UNFOUNDED FEARS

The prospect that an Article III exception might be made in federal court jurisdiction has aroused unfounded fears about its effect. Actually such an exception would be a simple statute. Because it is a statute, Congress has a unique ability to monitor its effect. If, in the opinion of Congress, the Supreme Court's jurisdiction over busing or abortion appeals should be restored at some future date, another simple statute will achieve that objective. Congress has the power to state what cases the Court hears on appeal from State courts.

Critics also fear that an exception would result in each state interpreting constitutional pronouncements uniquely, that fifty states could reach fifty different conclusions on the question of abortion or reapportionment. Frankly, this is precisely the result contemplated by the Constitution when it vested in Congress the exceptions power. The Framers of the Constitution trusted Congress to ensure that state and local consensus is respected.

The possibility of differing state interpretations of past Supreme Court rulings should not trouble us. In the words of Thomas Jefferson, "I consider the foundation of the Constitution to be laid on this ground—that all powers not delegated to the United States, by the Constitution, nor prohibited by it to the states, are reserved to the states or to the people. To take a single step beyond the boundaries thus specifically drawn . . . is to take possession of a boundless field of power, no longer susceptible of any definition." [27] Nowhere in the Constitution is education policy specifically delegated to the Federal Government. Nowhere in the Constitution is authority given to the Federal Government to dictate suffrage qualifications or to apportion representatives. These are matters left to the states by the Tenth Amendment to the Constitution. In other words, there cannot be fifty different interpretations of the Constitution on these questions, as some fear, because no constitutional issue is involved. The states and localities should be free to address those policy decisions left to them by the Constitution. Congress, by employing its exceptions power, could restore that balance to national policy. Congress could return to states that which is constitutionally theirs anyway. The Tenth Amendment to the Constitution, which reserves to the states and the people all matters not specifically delegated by the Constitution to the national government, would be restored to its proper role in the American constitutional framework.

IN CONCLUSION

THE FEDERAL JUDICIARY has been courting constitutional disaster by reading its own social predilections into the nation's foundational document. The Supreme Court is the body charged with policing the confines drawn by the Constitution. When the policeman becomes a violating criminal, a higher authority must undertake enforcement. In this instance, the Constitution itself is the higher authority and has outlined the means to prevent the Supreme Court from revising the document. Jefferson provided the most graphic expression for this situation:

"It is jealousy and not confidence which prescribes limited constitutions to bind down those whom we are obliged to trust with power. . . . In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution." [28]

The Framers of the Constitution forged a strong chain to bind the Supreme Court down to its circumscribed role in constitutional government. That chain, the power to make exceptions in and regulate federal court appellate jurisdiction, will only restrain, however, if laid on the Court's shoulders. Congress must execute its duty.

FOOTNOTES

[1] 304 U.S. 64 (1938).
[2] *Erie Railway Company v. Tompkins*, supra at 79.
[3] *Brown et al. v. Board of Education of Topeka et al.*, 347 U.S. 483 (1954).
[4] *United Steelworkers of America, AFL-CIO-CLC v. Weber et al.*, 443 U.S. 193 (1979).
[5] *Baker et al. v. Carr et al.*, 369 U.S. 186 (1962).
[6] *Roe et al. v. Wade, District Attorney of Dallas County*, 410 U.S. 113 (1973).
[7] *M'Culloch v. Maryland*, 17 U.S. (4 Wheat) 316 (1819) at 407.
[8] Raoul Berger, *Government by Judiciary, The Transformation of the Fourteenth Amendment* (Cambridge, Mass., and London, England: Harvard University Press., 1977).
[9] 35 G. Washington, *Writings* 228–229 (J. Fitzpatrick ed. 1940).
[10] Alexander Hamilton, John Jay, James Madison, *The Federalist Papers* (The New American Library of World Literature, 1961), see number 81.
[11] *Wiscart v. D'Auchy*, 3 Dall. 321, 326.
[12] *Marbury v. Madison*, 5 U.S. (1 Cranch) 137 (1803).
[13] *Durousseau v. U.S.*, 6 Cranch 307, 313.
[14] *Carroll v. U.S.*, 354 U.S. 394, 399 (1957).
[15] *The Power of Congress to Limit the Jurisdiction of Federal Courts: An Exercise of Dialectic*, 66 *Harvard Law Review* 1362, 1364 (1953).
[16] *Ex Parte McCardle*, 7 Wall, 506, 514–515.
[17] *U.S. v. Klein*, 13 Wall, 128.
[18] *U.S. v. Klein*, supra at 142.
[19] *Dred Scott v. Stanford*, 60 U.S. 393 (1857).
[20] *Korematsu v. U.S.* 323 U.S. 214 (1944).
[21] Fifth United States Statutes at Large, p. 339.
[22] Fourteenth United States Statutes at Large, p. 475.
[23] Title 29, United States Code, Section 107.
[24] Title 28, United States Code, Section 1341.
[25] Title 50, United States Code Appendix, Section 901.
[26] Title 43, United States Code, Section 1651.
[27] Thomas Jefferson, "Opinion on the Constitutionality of the Bank." [February 15, 1791]. *Documents of American History*, 8th ed., Henry Steele Commager (New York, 1968), pp. 159–160.
[28] Jonathan Eliot, *Debates in the Several State Conventions on the Adoption of the Federal Constitution* 543 (1836).

REMEMBERING THE HOLOCAUST

● Mr. KENNEDY. Mr. President, this past Tuesday I had the honor and privilege of attending the International Liberators Conference sponsored by the U.S. Holocaust Memorial Council. This conference, the first gathering ever of those

who were liberated with those who liberated them from the holocaust, was an important and extremely moving event.

In his eloquent welcoming address, Elie Wiesel, the chairman of the U.S. Holocaust Memorial Council, spoke of both the history of the holocaust and the importance of working today to guarantee that such horror and suffering will never occur again. As Mr. Wiesel stated:

It would have been so easy to allow ourselves to slide into melancholy resignation. We chose differently, we chose to become spokesmen for man's quest for generosity and his need and capacity to turn his—or her—suffering into something productive, something creative.

We had hoped then that out of so much torment and grief and mourning a new message would be handed down to future generations—a warning against the inherent perils of discrimination, fanaticism, poverty, deprivation, ignorance, oppression, humiliation and injustice, and war—the ultimate injustice, the ultimate humiliation.

Mr. President, there is no place in our country for words or deeds which breed hatred. Today, let us rededicate ourselves to building a world of true and lasting freedom. Let us also rededicate ourselves to the commitment of which Elie Wiesel spoke "to voice our concerns and our hopes, not for our own sake but for the sake of humankind. Its very survival may depend on its ability and willingness to listen.

"And to remember."

Mr. President, I ask that Elie Wiesel's welcoming remarks at the International Liberators Conference be printed at this point in the RECORD.

The speech follows:

WELCOMING ADDRESS—"MEETING AGAIN"

(By the Honorable Elie Wiesel)

Monsieur le Ministre des Anciens Combattants, Excellencies, Distinguished guests, delegates and friends:

As Chairman of the United States Holocaust Memorial Council, it is my privilege to welcome you and thank you for having accepted our invitation to join us as we undertake a unique pilgrimage into history and its darkest, convulsive nightmare.

Thirty-six-and-seven years ago, we experienced, together, a moment of destiny without parallel—never to be measured—never to be repeated; a moment that stood on the other side of time, on the other side of existence.

When we first met, at the threshold of a universe struck by malediction, we spoke different languages, we were strangers to one another, we might as well have descended from different planets. And yet—a link was created between us, a bond was established. We became not only comrades, not only brothers; we became each other's witnesses.

I remember—I shall always remember the day I was liberated; April 11, 1945. Buchenwald. The terrifying silence terminated by abrupt yelling. The first American soldiers. Their faces ashen. Their eyes—I shall never forget their eyes, your eyes. You looked and looked, you could not move your gaze away from us; it was as though you sought to alter reality with your eyes. They reflected astonishment, bewilderment, endless pain, and anger—yes, anger above all. Rarely have I seen such anger, such rage—contained, mute, yet ready to burst with frustration, humiliation and utter helplessness. Then you broke down. You wept. You wept and wept uncontrollably, unashamedly; you were our children then, for we, the 12-year-old, the 16-year-old boys in Buchenwald and Theresienstadt and Mauthausen knew so much more than you about life and death. You wept; we could not. We had no more tears left: we had nothing left. In a way we were dead and we knew it. What did we feel? Only sadness.

And also: gratitude. And ultimately, it was gratitude that brought us back to normalcy and to society. Do you remember, friends? In Lublin and Dachau, Stuthoff and Nordhausen, Ravensbruck and Majdanek and Belsen and Auschwitz you were surrounded by sick and wounded and hungry wretches, barely alive, pathetic in their futile attempts to touch you, to smile at you, to reassure you, to console you and most of all to carry you in triumph on their frail shoulders; you were heroes, our idols: tell me, friends, have you ever felt such love, such admiration?

One thing we did not do: We did not try to explain; explanations were neither needed nor possible. Liberators and survivors looked at one another—and what each of us experienced then, we shall try to recapture together, now, at this reunion which to me represents a miracle in itself.

At this point, allow me to say a few words about the Council whose Chairman I am privileged to be.

Created by the President of the United States and enacted into law by the unanimous act of both the House of Representatives and the Senate of the United States, our Council is essentially non-political. It has not been used and shall not be used by any administration for any other purpose than to make our citizens—and people everywhere, aware of the unspeakable crimes perpetrated systematically, and officially, against the Jewish people and humanity.

Our activities are manifold in nature and in scope. The International Relations Committee, which coordinated this conference, is but one of the committees functioning within the Council.

Another committee is in charge of gathering pertinent archives; another is preparing educational programs for elementary and secondary schools and universities. There is a Committee to prepare the annual Remembrance Day ceremonies, another to plan the Museum, and yet another is engaged in raising funds to finance all these activities. What we all have in common is an obsession; not to betray the dead we left behind or who left us behind. They were killed once; they must not be killed again through forgetfulness.

This conference has its own history. Moscow, 1979. Members of a Presidential delegation met with certain high-ranking Red Army officers. One of them in particular meant much to us: General Petrenko had liberated Auschwitz. It was an extraordinary encounter. We exchanged stories. He told us of the preparations to break through the German lines and I told him of the last day in camp, the last roll call, the last night, the last consultations among inmates, friends, fathers and sons; what should one do? Hide? Where? The Red Army was so near, so near. We prayed, I told General Petrenko. We prayed for you and your men and no believer ever prayed to his or her God with more fervor.

And so—while General Petrenko and I were telling each other tales of courage and despair, I suddenly had the idea of bringing together liberators from all the allied forces. To listen to you and to thank you. And—why not admit it? —to solicit your help. Our testimony is being disputed by morally deranged Nazis and Nazi-lovers; your voices may silence them. You were the first men to discover the abyss, just as we were its last inhabitants. What we symbolized to one another then was so special that it remained part of our very being.

Well—here you are, friends from so many nations, reunited with those who owe you their lives, just as you owe them the flame that scorched your memories.

On that most memorable day, the day of our liberation—whether it took place in 1944 or in 1945, in Poland or in Germany—you incarnated for us humanities noblest yearning to be free, and even more; to bring freedom to those who are not.

For us, you represented hope. True, six million Jews have been annihilated, millions of brave men and women massacred by the Nazis and their collaborators, but we are duty-bound to remember always that to confront the Facist criminal conquests, a unique alliance of nations, gigantic armies, transcending geo-political and ideological borders, were raised on five continents, and they went to war on behalf of Humankind.

The fact that millions of soldiers wearing different uniforms united to fight together, be victorious together and, alas, sometimes die together, seemed to justify man's faith in his own humanity—in spite of the enemy. We thought of the killers and we were ready to give up on man; but then we remembered those who resisted them—on open battlefields as well as in the underground movements in France, Norway, Holland, Denmark and the U.S.S.R.—and we reconciled ourselves with the human condition. We were—can you believe it?—naive enough to think that we who had witnessed, for a while, the domination of evil would prevent it from surfacing again. On the very ruins of civilization, we aspired to erect new sanctuaries for our children where life would be sanctified and not denigrated, compassion practiced, not ridiculed.

It would have been so easy to allow ourselves to slide into melancholy resignation. We chose differently, we chose to become spokesmen for man's quest for generosity and his need and capacity to turn his—or her—suffering into something productive, something creative.

We had hoped then that out of so much torment and grief and mourning a new message would be handed down to future generations—a warning against the inherent perils of discrimination, fanaticism, poverty, deprivation, ignorance, oppression, humiliation and injustice, and war—the ultimate injustice, the ultimate humiliation.

Yes, friend; we were naive.

And perhaps we still are.

Oui, nous sommes naifs. Ensemble, nous exprimons une souffrance humaine étouffée qui n'a de nom ni de fond; invoquons-la pour écarter d'autres souffrances. Ensemble nous avons le droit et le devoir de lancer un appel auquel nul ne pourra demeurer sourd: un appel contre la haine, contre la degradation de l'homme, contre la violence et contre l'oubli.

Nous avons vu ce que nul ne verra; la condition humaine bafouée, diminuée; nous avons vu a quoi le fanatisme peut aboutir; à la cruaute, à l'emprisonment, à la tuerie à l'echelle de l'Etat—et de la planéte.

Nous avons vu la metamorphose de l'Historie, et il nous incombe d'en temoigner; quand on voue un peuple a la mort, tous les autres sont vises; quand on jette l'opprobre sur un groupe humain, c'est l'humanité tout entiere qui est menacée. Les plans hitleriens pour aneantir le peuple juif, puis pour décimer les peuples slaves, portaient en eux le germe d'une fin totale; on tuait les Juifs et c'est l'humanite qu'on assassinait.

Vous, amis liberateurs, avez arrêté ce processus; soyez-en fiers, soyez-en remerciés.

Si nous unissons nous souvenirs et nos volonté, comme nous l'avons fait jadis, tout demeure possible. L'oubli mene a l'indifference et l'indifference a la complicité, donc au deshonneur.

Amis, je m'addresse a vous comme a des frères; les liens qui nous unissent sont puissants et durables; nous formons une communauté à nulle autre pareille. Elle diminue de jour en jour. Qui de nous sera le dernier messager? Le jugement que nous portons sur les evenements passés et presents, nous ne

pouvons pas ne pas le formuler; notre dignité en dépend. Eh oui, nous sommes contre les prisons, contre la dictature, contre la peur, contre l'affrontement nucléaire ou autre; nous incarnons une preuve vivante, vibrante, qu'il est possible à des hommes de s'unir pour affirmer le droit à viore et à rêver en paix.

Je suis naif peut-etre, mais je crois de tout mon coeur que si nous parlons assez fort, la Mort reculera.

To paraphrase Nietzsche, we looked deep into the abyss—and the abyss looked back at us. No one comes close to the kingdom of night and goes away unconcerned. We told the tale—or, at least, we tried. We resisted all temptations to isolate ourselves and be silent. Instead we chose to affirm our desperate faith in testimony. We forced ourselves to speak—however inadequately, however poorly. We may have used the wrong words—but then there are no words to describe the ineffable. We spoke in spite of language, in spite of the limits that exist between what we say and outsiders hear. We spoke and . . . explosions in Paris, bombs in Antwerp, murderous attacks in Vienna. Is it conceivable that Nazism could dare come back into the open so soon—while we are still alive, while we are still here to denounce its poisonous nature as illustrated in Treblinka?

Again we must admit our naivete. We thought we had vanquished what Brecht called the beast, but no: it is still showing its claws. At best, what a gathering such as this could do is to shame the beast into hiding.

If we here succeed—and I hope and pray that we shall—in rising above politics, above the usual recriminations between East and West, above simplistic propaganda, and simply tell the world what both liberators and liberated have seen, then something may happen; the world may choose to pay more attention to what hangs as threat to its very future.

If we succeed—and I hope and pray that we shall—in putting aside what divides us—and what divides us is superficial—if we dedicate ourselves not only to the memory of those who have suffered but to the future of those who are suffering today, we shall be serving notice on mankind that we shall never allow this earth to be made into a prison again, that we shall never allow war to be considered as a solution to any problem—for war is the problem. If we succeed, then our encounter will be recorded as yet another of our common victories.

If we do not raise our voice against war—who will? We speak with the authority of men and women who have seen war; we know what it is. We have seen the burnt villages, the devastated cities, the deserted homes. we still see the demented mothers whose children are being massacred before their eyes, we still follow the endless nocturnal processions to the flames rising up to the seventh heaven—if not higher . . .

We are gathered here to testify—together. Our tale is a tale of solitude and fear and anonymous death—but also of compassion, generosity, bravery and solidarity. Together, you the liberators and we the survivors represent a commitment to memory whose intensity will remain. In its name we shall continue to voice our concerns and our hopes not for our own sake, but for the sake of humankind its very survival may depend on its ability and willingness to listen.

And to remember.●

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

● Mr. STAFFORD. Mr. President, I wish to place two items in the RECORD relating to deliberations now occurring at the Architectural and Transportation Barriers Compliance Board.

The first item is a letter to the chairman of the Barriers Board from eight Senators, including myself, and dated September 18, 1981.

The second item is a letter addressed 2 days earlier to the board from the American National Standards Institute containing its comments in response to the board's proposed rulemaking, which were published in the Federal Register August 4, 1981 (46 FR 39764).

The ANSI comments urge the board to withdraw the minimum guidelines completely in favor of its own guidelines. This Senator, along with the others who signed our September 18 letter to the board, do not endorse this position. The ANSI guidelines and comments, however, are the product of much consideration and experience and deserve respectful attention and the body of the ANSI letter reflects this Senator's view about the relationship of the ANSI standards, to the guidelines required by Congress.

My purpose is to give these materials exposure in the RECORD for the benefit of the Senate and other interested parties who are closely following the actions of the board.

The letters follow:

U.S. SENATE,
Washington, D.C., September 18, 1981.

Mr. MASON ROSE,
Chairman, Architectural and Transportation Barriers Compliance Board, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to provide you with comments on the Architectural and Transportation Barriers Compliance Board's (A&TBCB's) July 10, 1981, Notice of Proposed Rulemaking (Federal Register, August 4, 1981, p. 39764) on Minimum Guidelines and Requirements for Accessible Design.

Section 502(b)(7) of the Rehabilitation Act of 1973, as amended, requires the A&TBCB to issue minimum guideline and requirements for accessibility and usability by physically disabled persons of federal and federally funded buildings and facilities. This requirement was enacted to provide an impetus toward and more uniform measurement of compliance with the Architectural Barriers Act of 1968, as amended. The persistent failure of federal departments and agencies to achieve the level of accessibility required in the Architectural Barriers Act has twice recently been pointed out by the Senate Environment and Public Works Committee—in the committee report on S. 2080 last Congress (May 15, 1980), Senate Report No. 96-771, pages 33-39, and more recently in its report, Senate Report No. 97-48, pages 32-36, on S. 533, as passed by the Senate on May 6, 1981.

In our judgment, the rescinding of the A&TBCB's minimum guidelines would leave the mandate of section 502(b)(7) of the Rehabilitation Act entirely unfulfilled and would represent a most regrettable erosion of the federal commitment to help disabled citizens overcome their handicaps and, to the maximum extent possible, lead productive, independent lives in their communities.

We are aware that significant concerns have been expressed that parts of the guidelines issued by the Board on January 6, 1981, are unduly demanding. Many of these concerns appear legitimate in light of the intended scope of section 502(b)(7) about which some of us wrote you on November 20, 1980, and efforts should be undertaken by the Board to modify the particular provisions involved. But these concerns provide no justification for abandonment, through complete rescission of the guidelines, of the Board's mandated responsibilities.

Moreover, it is our understanding that no effort has been made by any of the current federal members on the Board to achieve modifications of the guidelines even after repeated attempts on the part of several other Board members to achieve a revised approach. We find such a refusal to enter into discussions in order to reach mutually agreeable modifications of the January guidelines to be most unacceptable in view of the Board's statutory mandate.

To remedy this situation in an appropriate manner, we urge that the Board immediately extend the comment period on the rulemaking process with the objective of providing sufficient time for members of the general public to express substantive comments on specific modifications of the January guidelines. The focus should be on the elimination or modification of particular, unduly burdensome provisions and not on the issue of whether the Board should issue guidelines at all.

In addition, we urge the Board to identify in the notice of such extension those aspects of the requirements that are perceived of as troublesome and to propose revisions in those specific aspects of the guidelines for purposes of generating public comment during the extended period.

We thank you for your attention to our views.

Sincerely,

ALAN CRANSTON.
DONALD W. RIEGLE, JR.
EDWARD M. KENNEDY.
ROBERT T. STAFFORD.
LOWELL P. WEICKER, JR.
HARRISON A. WILLIAMS, JR.
DAVID PRYOR.
JENNINGS RANDOLPH.

AMERICAN NATIONAL
STANDARDS INSTITUTE, INC.,
Washington, D.C., September 16, 1981.

(Comments of the American National Standards Institute concerning Minimum Guidelines and Requirements for Accessible Design.)

Mr. CHARLES GOLDMAN,
General Counsel Rulemaking Docket 81-G-1, Washington, D.C.

DEAR MR. GOLDMAN: These comments are submitted as requested in the Federal Register of August 4, 1981 (46 FR 39764).

The American National Standards Institute serves as coordinator for the U.S. voluntary standards system and provides procedures for development of national consensus standards. One of the finest committees operating under these procedures is American National Standards Committee A117, which has worked for many years on development of a practical and feasible standard for making buildings accessible to the handicapped. The standard which they prepared, ANSI A117.1, was originally issued in 1961 and was reaffirmed in 1971. A revised version, based on two years' research sponsored by the U.S. Department of Housing and Urban Development, appeared in 1980.

ANSI urges the A&TBCB to withdraw the minimum guidelines for building accessibility which were adopted on January 6, 1981. As we stated in testimony to the House Subcommittee on Public Buildings and Grounds and in our memorandum to the A&TBCB of May 29, 1981, issuance of the guidelines actually represented a disservice to the very people it was intended to assist. This is because there exists our already widely-accepted voluntary consensus standard, ANSI A117.1-1980. By promulgating rules which differ from ANSI A117.1, the A&TBCB has generated considerable confusion among de-

signers, architects, public planners and others concerned with implementing accessibility regulations. Designers familiar with ANSI A117.1 due to its widespread adoption by states, local authorities and building code groups are now faced with a conflicting set of federal regulations, a situation which can only harm the cause of increased accessibility. Although the A&TBCB guidelines are in certain respects compatible with ANSI A117.1, there is no denying that the extent of their differences is confusing and unwarranted.

ANSI A117.1 was prepared in accordance with due process requirements by the balanced A117 committee on which all concerned national interests, including government agencies, were represented. HUD, the National Easter Seal Society and the President's Committee on Employment of the Handicapped serve as secretariats of the committee. Unlike the A&TBCB guidelines, the ANSI standard was developed on the basis of data acquired through extensive research. It was supported by a consensus of the committee, and was submitted to public review. All comments from both committee members and the public were considered, and all objections answered. The result is a true national consensus standard.

ANSI A117.1 is a general guideline document. It was purposely written in guideline form to allow federal, state and local bodies to add their own specific requirements as they saw fit. It is generally conceded that the work product of the A117 Committee is the best that can be accomplished with existing technology and experience. As noted above, the standard was developed through open, consensus procedures. Over the years it has been adopted by numerous governmental bodies and recognized by the major building code groups. It would therefore seem logical that this guideline standard should be adopted by federal agencies—especially since the concerned agencies participated in the recent revision.

The A&TBCB standard was published on 6 January 1981 to be effective immediately. Representatives of the A&TBCB did participate in the A117 meetings. In the meantime, they were apparently preparing their own standard. The proposed draft was published in the 18 August 1980 Federal Register and a total of between 300 and 400 comments were received. Most of these comments were negative. The Board never answered any of the negative comments. Included in these comments was a letter from the four members of the Senate Subcommittee on the Handicapped dated 20 November 1980 which expressed considerable concern about the Board's action.

Serious questions have arisen concerning the legality of the original Board action in this matter and we enclose a memorandum on this subject.

As stated in the Federal Register the A&TBCB standard was never subject to cost benefit review by the Board under Executive Order 12044 or Executive Order 12291, and we understand that the Board has made no attempt to ascertain costs. This aspect should be carefully studied before reissuing a rule.

As you know a special Interagency Task Force including the four standards setting agencies—GSA, HUD, DOD and the Postal Service—has been working to prepare a uniform federal standard. When we met with them on 20 August, they informed us that the standard they were preparing would be based on ANSI A117.1–1980. This is all the more reason that the A&TBCB standard should be rescinded and the ANSI A117.1 standard used.

In conclusion ANSI strongly recommends that the A&TBCB standard be rescinded. Until there is one uniform national standard, the cause of accessibility will suffer. ANSI and the A117 committee will welcome the opportunity to work with the concerned agencies to achieve uniformity.

Sincerely,

ELIZABETH A. BRIDGMAN,
Director, Technical Affairs.

A TRIBUTE TO WILLIAM O. WALKER

Mr. GLENN. Mr. President, it is with great sadness that I join my fellow Ohioans in mourning the death of William Otis Walker. "W.O." Walker was a friend for whom I had tremendous respect and admiration.

W. O. Walker took over the Cleveland Call & Post in 1932 and built it into a black weekly newspaper with statewide circulation and national renown. During his tenure, the paper has been a strong and respectable black voice in this country.

W. O. Walker's contributions spanned nearly five decades and transcended the field of publishing and journalism. He was a leading black spokesman who was active in Cleveland's business, civic, and community affairs. He was also a strong supporter of minority business enterprise—the Call & Posts itself serving as an example of the success of many such enterprises.

W. O. Walker was also active in political affairs. He served as a Cleveland city councilman for 5 years. In 1963, he became the first black to serve on the cabinet of an Ohio Governor, when Governor James A. Rhodes appointed him as director of industrial relations.

We all will deeply feel the loss of this outstanding American.

Mr. President, I ask that a copy of the article appearing in today's New York times concerning the death of W. O. Walker be placed in the RECORD at the conclusion of my remarks.

The article follows:

WILLIAM O. WALKER, PUBLISHER OF BLACK WEEKLY

(By Josh Barbanel)

William Otis Walker, publisher for nearly 50 years of The Cleveland Call and Post, a black weekly newspaper, and an influential figure in Ohio politics, died yesterday after suffering a heart attack outside his office in Cleveland. He was 85 years old.

Mr. Walker, known as "W. O." to his friends and employees, took over the faltering Call and Post in 1932 at the invitation of local businessmen when its circulation had dropped to about 1,000.

In the next five decades he turned it into a prosperous and influential publication, with three editions and a circulation of 40,000. The company also prints 17 foreign-language newspapers, a large-circulation shopper in Cleveland and several specialized journals.

Mr. Walker also became an influential adviser to state and local political leaders, and was a major black figure in national Republican politics.

He served five years on the Cleveland City Council and eight years as the state industrial relations director, and was a member of numerous Federal advisory bodies. He also served as national chairman of Black Republicans for Reagan and Bush in last year's Presidential election.

William Otis Walker was born Sept. 19, 1896, in Selma, Ala., where his parents owned a grocery store, and attended public schools in Selma.

He was graduated from Wilburforce University in Ohio in 1916, and two years later was graduated from the Oberland Business College.

After working as secretary to the director of the Pittsburg Urban League, he joined the reporting staff of The Pittsburgh Courier in 1919, then a national black weekly newspaper, and was soon appointed as city editor.

In 1920 he moved on to The Norfolk (Va.) Journal and Guide as city editor, and the following year became managing editor of the newly founded Washington Tribune, which quickly became the dominant paper in the area.

In 1929, after a falling out with the owners, he became advertising manager for the Fair Department Store in Washington, and was promoted to assistant manager after a few months. According to his associates, it was Washington's first department store with an integrated staff.

In 1932 he was manager of a store in Baltimore when he was invited to take over The Call and Post.

Mr. Walker served as a Republican member of the Cleveland City Council from 1939 to 1946, and was a ward leader and member of local Republican groups for many years.

He became the first black to serve on the cabinet of an Ohio Governor in 1963, when Gov. James A. Rhodes appointed him to the industrial relations post.

SUGAR PROVISION OF THE FARM BILL

Mr. INOUYE. Mr. President, recently the House of Representatives deleted the sugar provision from the farm bill by the relatively narrow margin of 213 to 190 votes. This is a setback for those of us who have struggled to preserve our domestic sugar industry against subsidized foreign dumping and who have sought stability for the consumer in our domestic sugar market. The Senate-passed version of the Agriculture and Food Act of 1981 contains an adequate and sensible sugar provision endorsed by the Senate overwhelmingly on two occasions. It is my hope that the Senate provision will be retained intact in conference.

Mr. President, I wish to share with my colleagues an editorial published by the Honolulu Star-Bulletin on October 17 regarding the proposed sugar legislation. I ask that this editorial be printed in the RECORD.

The editorial follows:

SUGAR: DOWN BUT NOT OUT

The House of Representatives' vote deleting sugar price supports from the farm bill was obviously a blow to Hawaii's sugar industry, but not necessarily a fatal one.

Robert Hughes, president of the Hawaiian Sugar Planters Association, told us from Washington that he is reasonably hopeful that the sugar provisions will be restored to the bill in the Senate-House conference committee. The Senate version of the measure includes sugar supports.

Hughes pointed out that the two votes taken in the Senate on the sugar provisions were favorable to sugar by wide margins—61–33 and 64–30. By contrast, the vote against sugar in the House was a relatively close 213–190. So he thinks there is a good chance that the final version of the legislation will contain sugar supports.

Far from being the boondoggle painted by its critics, supports for domestic sugar merely provide a shield against the dumping of subsidized foreign sugar. Until international efforts to stabilize the highly volatile world sugar prices take hold, our Island industry sorely needs domestic legislative

support to ensure its survival. The price of sugar is currently one-third below cost.

For the moment, the legislative problem comes down to the bargaining that will ensue when the conference committee on the farm bill convenes.

PROTECTING THE NUTRITIONAL QUALITY OF THE SCHOOL LUNCH PROGRAM

● Mr. MELCHER. Mr. President, I urge the Senate to adopt unanimously Senate Resolution 218.

This resolution was unanimously reported from the Committee on Agriculture, Nutrition, and Forestry. It is straightforward. It says that despite the the budget cuts made this year—despite the belt-tightening that is going on in Washington and at the local level—the Senate of the United States believes it is essential to retain the goal that each school lunch provide children with one-third of the recommended dietary allowances of nutrients for children, as established by the National Academy of Sciences.

The maintenance of the goal does not affect Federal funding. There are many types of nutritious foods to meet the goal.

Since 1946, the National School Lunch Act has required that lunches offered by schools participating in the national school lunch program meet minimum nutritional standards prescribed by the Secretary of Agriculture. In World War II so many young men were rejected for military service that the Nation responded with a need for a child nutrition conscience. Part of that conscience consensus was the enactment of the school lunch program.

Since the inception of the program, the Secretary has applied the theory that the lunches should aim to provide, over a period of time, approximately one-third of the recommended dietary allowances. (RDA) for children as specified by the National Academy of Sciences. The determination of the goal of one-third RDA was simply derived from the assumption that lunch, as one of the three daily meals, should contribute approximately one-third of the daily food intake requirements. That goal was and is valid. It is not just a dream, it is attainable and we must not abandon it. We have achieved much—the Field Foundation study found that malnutrition has been largely eradicated. The child nutrition programs—principally the school lunch program—brought this into reality. Let us not abandon this success for coming generations of children.

To assist school personnel in planning menus that meet the program's nutritional goal, the Department of Agriculture established by regulation Federal patterns that specified minimum quantity requirements for the five basic food components of a meal—meat and meat alternates, vegetables, fruit, bread and bread alternates, and milk. The patterns have, over the years, been revised to reflect new nutritional knowledge.

The Department has, in reviewing the revising regulations in the past, expressly recognized that nutritional needs of children vary, and accordingly, that the minimum requirements must provide flexibility to school personnel providing meals under the lunch program. Most recently the Department revised meal pattern requirements in 1980 to bring them in line with revisions in the RDA. But to lower the goal now in basic nutrition language is just "pap." There is an abundance of food—indeed a variety of foods available at low cost to schools to meet the needs and continue the goal.

Since 1946, the Congress has felt it was important that America's schoolchildren receive the nutrition they need in their school lunches, in order to promote educational achievement. The two have always gone together. A hungry child without adequate nutrition will not learn up to his or her capacity.

Earlier this year, President Reagan proposed $1.9 billion in child nutrition budget cuts. Congress enacted $1.5 billion in reductions, which is a 35-percent cut in Federal contributions.

Even as modified from the President's proposals, the child nutrition cuts enacted by Congress were too deep. They have resulted in parents and children across the Nation paying significantly higher prices for less food.

USDA's proposed regulations of September 4 were an attempt to lower the costs of producing a school lunch. Many school lunch administrators fear that the cost of lunches will be so high that there will be a wholesale dropout from the program by middle-income children.

While some parts of these regulations were helpful, they went much too far:

The regulations had no nutritional basis. They were proposed only to cut costs. They were inconsistent with section 818 of the Omnibus Budget Reconciliation Act of 1981, which requires that cost savings be achieved "without impairing the nutritional value of such meals."

The regulations undermined public confidence in the nutritional value of the school lunch program. USDA admits in its regulations that the changes in crediting guidelines—such as counting ketchup and relish as vegetables—will not achieve significant savings. If this is the case, why undermine public credibility in the program? And, one of the basic missions of the program—nutrition education—will be undermined.

The regulations cut milk portions standards so that growing children would only get three-fourths of a glass of milk. Particularly with the elimination of the special milk program this year, many children may get only 4 to 6 ounces of milk in an entire school day.

The regulations had a particularly harsh effect on poor children. Studies show that poor children receive one-third to one-half of their daily nutrients from the school lunch. If portions are cut as proposed, these children will not be able to make up for the loss—especially given the deep cuts in food stamps and AFDC which have been enacted.

The regulations would have made future cuts in the school lunch programs easier to justify because the nutritional foundation of the program would have been shaken.

OMB Director David Stockman did us a favor by taking the regulations to the public press and scandalizing them. He effectively killed them.

But I do not think for a minute that Mr. Stockman has suddenly become a friend of the program. To the contrary, he has said on more than one occasion that he has plans for more cuts in the program. I think we have already cut too much.

I have done a survey of the effects on the school lunch program in Montana as a result of the cuts we have made in the program this year. That survey shows 15- to 25-percent decrease in student participation, and one school district has had a 40-percent drop.

The reduction in participation in my State is attributed directly to the reduction in Federal support and the resulting increases in the prices of meals.

The Federal Government has reimbursed the school districts for all lunches served and the reimbursement has been more for the free and reduced lunches for poor children, but the successful financing of the school lunch program in Montana has depended on the paying child.

Meals served to these children were reimbursed during the 1980–81 school year at the rate of 18.5 cents per lunch in cash and 16 cents in commodities. This school year, lunches for the nonneedy are being reimbursed at the rate of 10.5 cents in cash and 11 cents in commodities. That is a 13-cent drop in reimbursement from 34.5 cents to 21.5 cents.

The schools not only had to come up with funds to make up for the loss of the 13 cents, but they also had to make up for increased costs because of inflation. Schools in the past have provided assistance from general fund budgets but more and more school districts are finding it difficult to provide supplementary funds for the lunch program because of demands on the general fund budget from other areas.

Consequently, the paying family has had to pick up the increased costs. Increases in meal costs for this school year have ranged mainly 15 to 20 cents a meal. But Missoula Elementary reported only a 10-cent increase, apparently counting on a district subsidy of $140,000 from a mill levy and the addition of another school district which lowered fixed costs. Great Falls Elementary and High School costs to paying children increased 30 cents per meal and Ronan-Pablo 25 cents.

Another influence on the participation has been the more restrictive formula used for determining if children qualify for free or reduced-priced meals.

Traditionally, the major participants in the school lunch have been children from middle-income families. These families are finding it more and more difficult to come up with the additional 15 to 20 cents a lunch ticket.

Parents with children in the rural Ronan Pablo schools have been informed by school officials that more students must take part in the school lunch program or they will lose it.

In a memo to parents, Superintendent of Schools, K. William Henry, said the program ended the 1980–81 school year

with a $7,500 deficit. The board of trustees placed $13,612 in general fund tax moneys into the program to cover the deficit and to help with this year's program but the program is still not solvent. At an October 8 board meeting the trustees decided to pay another $20,356 in general funds into the program.

Federal reimbursement and commodity shipments have been reduced and student participation has fallen by 25 percent.

Henry wrote:

The story is simply that this cannot go on. The payments are endangering the General Fund Account. . . . School lunch is not a principal function of a school, but rather an auxiliary service. As an auxiliary service it must not be allowed to endanger the school's principal function.

The cost to the child of the reduced price meals was raised by Congress from 20 cents for the last school year to 40 cents for this year.

In the State's largest city, Billings, prices to children for meals increased by 20 cents and the average meals served per day has decreased from 10,000 last year to 7,000 this year. A school official told us that another significant price rise will put their program out of business.

In Great Falls, 60,000 population, where Anaconda closed its copper refinery operation a year ago and threw 500 out of work, meal prices went up 30 cents. Participation is down from 8,300 last year to 6,700 this year.

In Butte, where the Anaconda Co. is the largest employer and is suffering from lower copper prices, meal prices increased 20 cents this year over last. School officials called the situation touch and go, explaining that the program will have to be closed down if it does not pay its own way. They said efficiency can only accomplish so much and there is a point beyond which nothing more can be achieved.

Bozeman, home of Montana State University, increased its prices this year by 15 cents a meal. School authorities said they will need more commodities to keep costs down. They said parents grumbled at the increase, but there has been no loss of participation.

Wolf Point on the Fort Peck Indian Reservation, by a split vote of its trustees, kept its paying meal prices the same and also its reduced price meals. It subsidizes its program from other funds and says it will need continued Federal support.

In nearby Anaconda, which lost 1,200 jobs last year due to the Anaconda smelter closure, elementary and high school students pay the same meal costs as last year, 60 cents and $1 respectively. District officials said they will try to continue the high school program through this school year although participation is down by 40 percent.

The idea of substituting ketchup and relish for vegetables, cutting down on milk portions and one piece of bread without butter or margarine does not make any sense. It assures that the nutritional value of the lunches will be nowhere near 30 percent of recommended daily allowances, and it means that the quality of the lunches will be so poor—so tasteless, that more and more paying students will be driven from the program.

The American School Food Service Association, an organization of school lunch directors and child nutritionists, has found in a survey of its members that 400 schools have pulled out of the program because of Federal cutbacks.

I think it is time that we say through this resolution that in the area of child nutrition we have cut back as far as we are going to go. There is no justification to further deteriorate the Federal school lunch program by lowering our National Government's commitment to the school lunch program. There is, I repeat, an abundance of food with nutritional values that meet nutritional requirements of our Nation's school children.

I think we need to send Mr. Stockman the message that the Senate is not going to seek economic recovery at the expense of healthy school children.

Mr. President, I urge the adoption of the resolution.●

AMNESTY/LEGALIZATION

● Mr. EAST. Mr. President, at a time of distressingly high unemployment, proposals to "legalize" the status of millions of illegal aliens working in the United States must be carefully scrutinized. Yesterday a spokesman for the American Legion presented to the Subcommittee on Immigration and Refugee Policy of the Judiciary Committee a strong argument against amnesty. In order to share the American Legion's thoughtful position with my colleagues, I ask that the statement be printed in the RECORD.

The statement follows:

STATEMENT OF THE AMERICAN LEGION

(By Paul S. Egan, Assistant Director, National Legislative Commission)

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates this opportunity to present its views on the desirability of amnestying or legalizing the status of undocumented aliens residing in the United States. It is our opinion that amnesty or legalization is undesirable and we strongly oppose the idea as unworkable, impractical, and unjustifiable for a variety of reasons.

As a veterans service organization dedicated to the well-being of those having defended the nation, the American Legion is particularly concerned about the impact of both legal and illegal immigration on the nation's veterans. In that regard we are alarmed about the employment prospects of unemployed veterans, especially younger and minority veterans with unemployment rates in excess of national averages. This organization has reason to believe that very large percentages of illegals in some regions of the nation are currently displacing not only veterans but able and willing unemployed Americans generally. The American Legion regards the supplanting of veterans and other Americans with illegals as unconscionable.

In the years 1978 and 1979 the Immigration and Naturalization Service (INS) reported that of all illegals arrested, more than half were employed outside the agricultural sector and three out of five earned more than minimum wages. In late 1979 several aliens arrested in Chicago were found to be making over $9,000.00 per year in heavy industries. Also in late 1979, an INS survey indicated that aliens arrested in Los Angeles averaged 2.4 years on the job with earnings averaging $5.25 per hour. In mid summer of 1979, a foundry in Elgin, Illinois, was raided netting 69 illegals earning between $4.50 and $13.00 per hour. According to one report, it was found that illegals employed at a construction site in Virginia were making $16,000.00 per year with a foreman making even more.

These instances are startling. They are startling not only because they dispute commonly held beliefs that illegals are exploited in low paying jobs, but also because they debunk the notion that illegals are not employed in economic sectors other than exclusively agricultural sectors. Moreover, these reports still fail to adequately address the important question of how many illegals actually supplant Americans in the job market. The answer to that question is elusive in the absence of accurate figures on the number of illegals in the United States or in the absence of broad regional samples of the total economy.

However, in a recently concluded study that this organization discovered, it was found in the Houston metropolitan area that fully one third of all employees at work on construction sites are illegals. What is even more alarming, much of that construction is contracted out by the federal government. The implications of this study by Rice University Economics Professor Donald C. Huddle are remarkable if one first considers that the U.S. government is inadvertently subsidizing illegal alien employment and second that government construction sites must provide wages in accordance with the Davis-Bacon Act. Indeed, Huddle found illegals working for between $4.00 and $9.50 per hour in a city with minority and youth unemployment ranging around 20 percent.

We have not reviewed the merits of Professor Huddle's research design, but we understand that his sampling of construction sites was random, including nearly 2,000 of the estimated 150,000 construction workers in that area. The consistency of Huddle's findings with other reports from around the country suggests to us that it is credible at the very least.

In the face of all of this evidence taken together, it is clear to this organization that illegals have a profound impact on the job market in all sectors of the economy. It is also clear that very large numbers of illegals are employed in jobs making far more than minimum wages. We believe, in most of these instances that many Americans would gladly stand in line to apply for these jobs. Moreover, the argument that illegals are only occupied in jobs deemed undesirable by Americans does not appear to stand up.

We raise these points because they constitute perhaps the most salient reason for opposing amnesty. Jobs held by illegals should and could be held by Americans.

At a time in our history when the entire nation is experiencing strains associated with slow economic growth and attendant high unemployment rates, it is in the U.S. national interest to take whatever steps necessary to assure Americans the bessst possible economic relief. To say to Americans, instead, that those illegally in the country and holding jobs desired by Americans will be allowed to retain them while American workers must fend for themselves is patently unfair.

It occurs to the American Legion that with the recent recent passage of tax and spending cut legislation to spur the rebuilding of the American economy, consistency of policy requires every effort to address American unemployment problems as the President's program for economic recovery is given an opportunity to work. Importantly, consistency of policy in this regard is appropriate whether or not the Administration's program works and whether or not we agree with its premises.

A second reason that we oppose amnesty

or legalization is that it creates an injustice for those wishing to emigrate legally. For those having waited long periods of time as a consequence of pursuing proper channels in efforts to immigrate legally, amnesty can only be seen as a signal that the U.S., electing to repudiate its own laws, is willing to reward the undocumented at the expense of the law abiding. Our estimation, in this event, is that further waves of illegal immigration subsequent to an amnesty would be encouraged. The sense of betrayal by those legals having waited patiently as illegals have reaped the economic rewards of U.S. residency will undoubtedly resemble that of many Americans having been drafted into the military during the Vietnam war. The sense of betrayal by Vietnam veterans having served their obligation in the face of amnesty for those who refused is undeniable and may yet cause serious problems in the event of another national emergency requiring mobilization.

In that regard we hear on occasion the question of whether the amnesty for draft evaders of the Vietnam War worked. If the answer is yes then it is assumed that amnesty for illegals is justifiable. We submit that this type of rationale confuses prospective policy success with appropriate policy wisdom. The question properly asked is whether or not in the face of potential future mobilization problems resulting from the Vietnam amnesty experience, it is advisable to create the same incentive for would-be illegals to violate our immigration laws in a post amnesty period.

While it is impossible to predict what if any problem would arise in the event of a mobilization in the future, it should be kept in mind that the post World War II baby boom became the Vietnam generation and are the parents of tomorrow. If mobilization becomes necessary or if the nation returns to conscription, what will the children of this generation be advised? The correlatives of this question are what will would-be legal immigrants advise their children and what will legalized undocumented advise their relatives and friends outside of the U.S.

Yet another reason The American Legion opposes amnesty or legalization is that it would naively legitimize transgressions of U.S. law. In our view the merits of amnesty proposals beg the question of long range solutions to the problem of illegal immigration. Amnesty for illegals makes no more sense to us than solving problems of prison overcrowding by releasing all prisoners with a view toward starting with a clean slate. Illegals will continue to enter the country as long as potent economic incentives exist and for as long as they are permitted to get away with it just as the criminally disposed will continue to prey on society for as long as they are free to do so with impunity.

Importantly, we employ this analogy not for the purpose of comparing the seriousness of one transgression with another. The force of our analogy rests instead with what we regard as axiomatic of civilized democratic societies. As citizens under laws promulgated by legitimate representative government, we voluntarily bend dejure compliance. Necessarily as citizens we have a right to expect reciprocal defacto enforcement. Anything less in our view is a dangerous breach of faith in fundamental relationships of citizen to state and state to citizen. We are well advised to impart the seriousness with which we as a nation regard these relationships to would-be immigrants.

In a more practical sense, we believe the INS to be incapable at present to handle the administration of an amnesty. Even if amnesty were a good idea, the record keeping and management of such a program would create nearly impossible problems for INS—already hard pressed to adequately handle current responsibilities.

In summary, The American Legion opposes amnesty because jobs held by illegals should be made available to Americans, because new waves of illegals will be encouraged, because amnesty is unfair to those would-be immigrants having abided the law and waited their turn, because it is bad public policy to repudiate U.S. law by legitimizing the transgressions of those having violated U.S. law and because the administrative burden on INS would be too great even if amnesty were a good idea. For the above reasons, The American Legion opposes amnesty in all forms however truncated.

Thusfar we have outlined our objections to amnesty. These objections are based in both principle and what we regard as sound public policy. It is our belief that immigration policies regarding the legals or illegals should stem from a sound assessment of U.S. national interests. Many of the arguments employed to justify amnesty fail either to properly define or recognize the importance of the national interest.

One such argument bemoans the cost of finding and repatriating illegals. It is said that the dollar and social cost of finding and repatriating illegals is so great as to justify amnesty. We submit that the dollar and social costs of criminal law enforcement, for example are also great, but not so great as to justify ceasing to enforce criminal laws altogether. Moreover the dollar and social cost to Americans in the absence of immigration law enforcement are at least as great as those in the absence of criminal law enforcement. The number of well-paid jobs held by illegals but desirable by American workers is satisfactory proof in our judgement. A similar argument that since all illegals cannot be found and that the problem is therefore unsolvable fails equally as a justification for amnesty.

Perhaps the most appealing argument favoring amnesty postulates that illegals are exploited and since they are exploited legalization is necessary in the interest of justice. It is difficult to counter the emotionalism and sense of fair play in which this argument is couched. Nevertheless, it is necessary in the national interest to look with equal compassion upon the plight of supplanted Americans desiring to work.

It is undeniable that illegals are exploited. What is perhaps a revellation to some, however, is that the kind of exploitation is different from what is stereotypically portrayed. With large numbers of illegals employed in all economic sectors making much more than minimum wages, the emotional power of the exploitation argument loses much of its force. In the Huddle study cited earlier, illegals on construction sites in Houston were exploited, but not in the same fashion as one might expect. Illegals there were paid using the same salary scales as Americans. They were exploited by foremen exacting fees in exchange for jobs. The point here is not that some types of exploitation are acceptable as against others. The American Legion simply takes the position that our greatest policy concerns ought to employ greater compassion for Americans than for those having violated our immigration laws. In our judgment the same reasoning ought to apply to those illegals having been in violation of the law for so long that they have even become productive members of their respective communities.

The American Legion takes the view that policing U.S. borders is a sovereign right. As a nation we must seriously regard immigration, legal or illegal, with a sense of national interest. Where immigration is concerned, this nation has always been and can continue to be the most generous in the world. We submit that American immigration generosity is something this nation has given the world, a gift which we can all be proud of. To adopt amnesty or some other form of legalization for the undocumented, however, is an unsupportable forfeiture of sovereign control over precisely how generous we as a nation can afford to be.

The subject of this statement has been confined to our position on amnesty. This statement however, would be incomplete if some alternative were not offered. We have an alternative which we submitted to this Subcommittee in the form of a statement on the subject of employer sanctions and worker identification. It is our conclusion that even in the absence of accurate estimates on the number of illegals in this country, a preponderance of evidence exists suggesting that the problem is large enough to justify the severity of a nationwide employer sanction/tamper-proof identification system. Importantly, we regard the employer sanction/identification program as a policy appropriately adopted instead of amnesty, rather than along with amnesty.●

AFTER AWACS

● Mr. HART. Mr. President, in a perceptive analysis the Wall Street Journal today examines some of the lessons to be learned from the administration's successful effort to win approval of the AWACS sale. Criticizing the administration's failure to put the sale into the context of America's strategic interests, the Journal points out that the critical question about the sale has still not been answered: How does it better protect the oilfields or deepen our relations with the Saudis to leave the planes behind and bring the American crews home?

I commend the Journal for calling on the administration to begin some conceptual thinking about foreign policy and for emphasizing the need for foreign policy decisions to be related to one another. So far President Reagan has failed to outline a broad foreign policy into which individual decisions either fit or make sense. As a result there has been a serious failure in building consensus in this country on foreign policy issues vital to the United States. I ask that the editorial be printed in the RECORD.

The editorial follows:

AFTER AWACS

The big potential danger in the administration's victory on the AWACS sale to Saudi Arabia lies in the administration's own reaction. Flush with elation over pulling the political chestnuts out of the fire, it may forget that as a whole the AWACS episode was an exceedingly bad show.

The problem with the sale is that it makes no particular sense in terms of American strategic interests. The AWACS planes are already in Saudi Arabia, which in light of the Iraqi-Iranian war swallowed its Islamic pride and invited in the U.S. Air Force. The question that has dogged the administration's case, and is still not answered, is this: How does it better protect the oil fields or deepen our relations with the Saudis to leave the planes behind and bring the American crews home?

It is of course true that as the situation developed defeat of the sale would have been an enormous irritant in our relations with the Saudis, probably even larger than the irritant its approval will be in our relations with Israel. But if anyone in the administration had been paying attention, plenty of alternatives were available. The simplest of these would have been to offer the Saudis their choice of the AWACS with joint command or outright sale of the E2–C, somewhat less capable but serviceable for these pur-

poses. Since precedent exists for both of these arrangements, unlike the outright sale of the AWACS, the sale would never have become a symbolic cause celebre.

Instead, the administration involved itself in a major legislative battle through inadvertence. The sale was promised by the Joint Chiefs in the fading days of the Carter administration and adopted by the Reagan Pentagon before it had even staffed itself up. In the end, such matters as defense of the Persian Gulf became almost irrelevant to the argument. The best argument for the sale was that its defeat would be a serious blow to the President's credibility. And the best argument against the sale was that its defeat would send the message, don't ever come up here again with this kind of no-win proposition.

We can hope that the administration will learn the lesson even without the crippling punishment, and that the Awacs episode could be written off as merely an early mistake. But we wish this hope will be backed by more confidence. With the exception of a thoughtful set of strategic weapons decisions, there is not much evidence the administration's national security apparatus is working much better now than when it signed on for Awacs. Nor in discussion of the sale have we seen any particular indication that the administration recognizes it made any mistake except not starting to lobby soon enough.

What in general is needed is some conceptual thinking about foreign policy. About the last thing we mean by this is one grand foreign policy speech full of abstractions. What we do mean is a sense that the administration's major foreign policy decisions have passed through the same mind, so that one is related to another, so that they are something more than the random outcome of bureaucratic infighting. This probably requires a single dominant personality, which probably means the President laying hands on the reins himself.

The Awacs sale could become the starting point of this process, if it could now be turned into one part of a plausible defense of the Persian Gulf. It would look much different if it were integrated with Awacs in Egypt and Turkey, and if there were forces which could be called upon if it detected some actual threat. Any serious analysis will find that there is no substitute for American ground forces somewhere in the region; while the precise modalities are not clear, this is the problem on which the administration ought to be working.

Perhaps the most galling thing about the Awacs sale is that the Saudis have been working against any American presence. The administration promises us that the Awacs sale will make them more forthcoming; we hope it can deliver. It may ask too much for the Saudis to join the Camp David process or to allow American bases on their own soil. But surely we could ask them to drop their hostility to Egypt, Oman and any other Arab state that does choose to side more openly with the U.S.

The administration has a right to congratulate itself on the Awacs victory; it played the political game well, and this come-from-behind victory ought to help in other battles like budget-cutting. But we hope that in the cold light of post-game analysis, the administration recognizes that the whole drama was created by mistakes that should not be repeated.●

HIGH INTEREST RATES

● Mr. BOREN. Mr. President, while our attention has been focused elsewhere in the past several days, the economic news on nearly all fronts has continued to be of grave concern.

The composite index of leading economic indicators fell 2.7 percent last month. The Commerce Department reports that is the largest monthly decline since last year's recession, and the fourth decline in the last 5 months. In addition, the 2.7 percent drop was the largest since the 4 percent drop in April of 1980. It is worth noting that the index had fallen five-tenths of 1 percent in August, after rising three-tenths of 1 percent in July.

It is further evidence that the recession declared by the administration is in fact in place and continuing. Still further depressing was the statement by administration economists yesterday that it is hard to believe that the United States can have rapid growth next year. Such was the assessment of Robert Dederick, Assistant Secretary of Commerce for Economic Affairs. Even though Dederick said the recession would, in his opinion, moderate by early 1982, his assessment that the recovery was unlikely to be as brisk as earlier forecasts is not good news.

The administration's economic recovery program has as a cornerstone rapid economic recovery. We have been told from the beginning that the combination of spending cuts and tax cuts would lead to the kind of stimulating economic activity that would reduce inflation and be the base of economic recovery.

Now, we have an administration spokesman telling us that the recovery will not be as bright as projections had indicated.

Savings and loan institutions are in deep financial trouble still, and we in the Congress are being asked to consider further measures to keep this important segment of our financial structure afloat. At the same time, the Chairman of the Federal Reserve Board, Paul Volcker, continues to say that the Fed's prescription for success is more of the same tight money policy which they have pursued since last year.

If there is one bright note on the economic horizon, it is that the prime rate has been reduced to 17½ percent by the Continental Illinois National Bank & Trust Co. of Chicago, the Nation's seventh largest bank, and predictions are that other financial institutions will follow and that further reductions in the prime may be expected.

But, over all, the economic news is not pleasant. The Chrysler Corp. third quarter loss was set at $149.3 million. The loss is blamed on high interest rates and generally poor economic conditions.

Mr. President, now that we have decided the AWACS issue, we must again turn our attention to its previous focus—the economic health of our country.

In that regard, I compliment the minority leader, the distinguished Senator from West Virginia, Senator BYRD, for his appointment of a task force to address the problem of high interest rates. I am proud to serve as a member of that task force and I express the hope that its deliberations can lead to some constructive suggestions on how to reduce interest rates that can best be described as confiscatory.

I urge the administration to undertake the same kind of review and employ the tools at their command to achieve the same goal. Victories for the President in the foreign policy area will ring hollow if his domestic initiatives are undercut by inattention to the threat posed by high interest rates.●

OIL POWER

● Mr. HART. Mr. President, in an editorial this morning the Washington Post calls on the United States to stop subsidizing Libyan terrorism by eliminating all imports of Libyan oil. The editorial points out that Libya continues to be a major threat to the stability and peace of its region because of the enormous oil revenues that it commands. The purchase of Nigerian oil would be a much better alternative.

Two weeks ago I offered an amendment to prohibit all further imports of Libyan oil. Although the Senate narrowly defeated my amendment, sooner or later our Government will have to confront the fundamentally moral issue of continued financing of Qadhafi's terrorism. I intend to offer the amendment again at the appropriate time. The Post editorial firmly supports the need for this measure. I ask that the editorial be printed in the RECORD and urge my colleagues to carefully consider the arguments for ending U.S. purchases of Libyan oil.

The editorial follows:

OIL POWER

OPEC's agreement on oil prices represents the success of a strategy that Saudi Arabia has been pursuing implacably for nearly three years. It has been an awesome demonstration of economic power. Now the question is what the Saudis will choose to do next.

The struggle within OPEC has been between the Saudis and a group of governments—Iran and the Africans—who were the leaders in the push for larger and faster oil price increases. To force the high-pricers to conform to Saudi price policy, the Saudis have been selling their oil a little below other countries', and they have produced a little more of it than customers wanted. They have drowned their competitors in Saudi oil.

That's what created the present slight surplus of oil on world markets—the alleged glut. Although that glut is genuine, the thing to remember is that the Saudis alone created it, and they can eliminate it whenever they please. The Saudis have hinted that, after imposing a unified OPEC price, they would take the responsibility for seeing that prices don't decline further. That means a little tightening to end the present downward trend. Do they mean to maintain the price in dollars? Or will they maintain it in real terms—that is, dollars adjusted for inflation? Don't count on the market's staying soft much longer.

But the Saudis' exercise of oil power has implications beyond pricing. It has created an interesting opportunity for them, in cooperation with the United States and the European governments, to deal with Libya. Now is the time for the United States to pull all American citizens out of Libya and, with the Europeans, stop buying Libya's oil. There will be no oil shortage.

Nigeria was one of the high pricers and, because of it, has lost most of its customers. From last December to August, its production fell by two-thirds. If Libya's present customers swung to Nigeria, the Nigerians could supply them immediately with plenty of capacity to spare. Nigeria is a democracy, with a large population and urgent needs for de-

velopment capital. Unlike Libya, Nigeria does not use its oil revenues to run assassination squads, or to invade its weaker neighbors, or to instigate subversion in other countries.

With the AWACS vote, the Senate supported President Reagan in a policy of—everyone hopes—working with Saudi Arabia toward greater stability and peace in that region. Libya is a major threat to that stability and peace because of the enormous oil revenues that it commands. The United States and Saudi Arabia are now in a position, with a little European assistance, to turn off the Libyans' oil money.●

A NEW STRATEGY FOR RETIREMENT POLICY

● Mr. HART. Mr. President, in coming months we will be searching for solutions to the shortrun and longrun financial problems of the social security system. Our goal is to provide a decent standard of retirement living for American workers without diminishing the overall performance of our economy. Achieving this requires that we look beyond social security and consider the whole range of public and private pension and retirement programs that have been established in the last 45 years.

In a recently released study, "A New Strategy for Retirement Policy," the Committee for Economic Development has put forth a thoughtful, farsighted set of proposals. While I do not fully agree with all of their recommendations, I commend this study to my colleagues for its careful considerations of these difficult issues.

I ask that a summary of the report from the October 1981 issue of Financier magazine be read into the RECORD.

The summary follows:

A NEW STRATEGY FOR RETIREMENT POLICY

(By Research and Policy Committee, CED)

Over the last 45 years, the US has built a huge and diversified assortment of pension and retirement programs designed to provide a decent standard of retirement living for US workers and their dependents, the Subcommittee on Retirement Policy of the Committee for Economic Development affirmed.

But it found that efforts to attain this goal have too often been uncoordinated and shortsighted and have failed to recognize that changes in some retirement programs affect the growth of personal saving as a source of retirement income, as well as the overall performance of the economy.

Consequently, unless changes are made, this nation faces a future in which the cumulative effects of all these decisions could prove disastrous, it warned.

Yet with the proper changes, the Subcommittee declared, the US can evolve retirement policies that society can afford, that satisfy the diverse needs of the elderly, and that support a healthy and expanding economy.

An edited version of the Introduction and Summary of the Report follows:

Progress in extending retirement benefits has been substantial. Throughout the '60s and '70s, the proportion of the elderly living in poverty, as measured by cash income, declined from about 35 percent to 14 percent, which is only slightly higher than the percentage for the entire population.

Improvement in the income security of the elderly has resulted from the rapid economic growth that occurred during the '60s, the expansion of private pensions, and the growth of Federal expenditure programs for the elderly, including higher Social Security benefits and the expansion of in-kind benefits such as Medicare and food stamps. In fact, when in-kind benefits are included in their income, poverty among the elderly falls below the incidence for the rest of the population.

But if public and private retirement systems continue to promise more improvements, especially in benefits during periods of economic slowdown, there is strong reason to believe that neither Government nor business will be able to ensure that these new obligations will be met.

By late 1982, low productivity, persistent unemployment, and high inflation will cause a financing crisis for the Social Security system, which will have insufficient funds to meet mandated retirement benefits. Congress can be expected to take action to solve the immediate financing problem, but such a solution would only be temporary.

Demographic projections indicate that by the early part of the next century, almost one in five Americans will be over 65 years of age, compared with one in ten in the mid-'60s, when Government programs for the elderly were expanded.

DISASTER ON THE WAY

These basic trends suggest that a retirement disaster is on the way early in the 21st century. Action is needed now to avert it because Social Security is widely regarded as a long-term commitment that cannot easily be changed.

Social Security is not the only part of the retirement system that is in trouble. Employer pensions plans for Federal employees have extremely large unfunded liabilities, and the cost to the Federal Budget of meeting benefit payments is exceptionally high given the relatively small number of workers covered by these plans. The finances of state and local governments are being strained by the rapidly increasing share of expenditures they must allocate to pension fund payments.

In contrast, the vast majority of private pension plans will generally have less difficulty meeting their obligations to future retirees because larger portions of their liabilities are funded.

In the past decade, policy makers in Congress and successive Administrations and at the state and local government levels have failed to recognize the full implications of their policies concerning retirement income for the elderly.

Public policy for retirement cannot be developed in a vacuum; rather, it must be made in the context of all programs affecting retirement income, with full recognition of the need for a growing role for private pensions and personal savings.

In the private sector, business executives, labor leaders, and various interest groups have sometimes failed to understand the potential impact of their retirement policy decisions on the future employment of workers, as well as on the economic health of their particular industries and the overall economy.

We believe that unless basic changes are begun now in the way this nation views retirement income and in the public and private systems that provide it, future working generations will bear impossible funding burdens, and future retirees will face insecurity and hardship.

POSITIVE FORCE FOR GROWTH

But we also believe that if the role of private-employer pensions and personal saving is expanded, this nation can develop a retirement system that not only cares adequately for its retirees, but also can be a positive force for noninflationary economic growth.

During the last 40 years, this nation has made a commitment to bringing America from a country that provided little protection for its elderly to one that provides a wide variety of both public and private forms of assistance.

Until now, Social Security has generally been able to adjust to changing social and economic conditions. Congress was able to increase Social Security benefits by gradually raising taxes over a period of economic growth and by bringing into the system workers previously excluded.

But if the cost of retirement programs continues to escalate at the present rate, there will be serious economic consequences for most groups in society. Between 1950 and 1977, private and public contributions (including Social Security costs) to retirement income programs increased from 2.3 percent of GNP to 8.2 percent; with additional scheduled increases in Social Security taxes, this percentage will rise even higher.

The future obligations of private pension plans are not a burden on future generations when the plans are fully funded. In contrast, the growth of Social Security is unfunded, and future obligations depend on contributions from future generations of workers.

MORE EQUITABLE BALANCE

It is inconceivable that this nation will deliberately choose to place such a burden on future generations or that future generations will, in fact, stand for it. There must be a more equitable balance between the benefits from retirement policies and the responsibility for providing these benefits.

What is needed is a comprehensive examination of all US retirement programs, as well as the role of private saving, in light of long-term social, demographic, and economic trends. Many of the problems of retirement programs are the result of a number of well-intentioned pension and benefit actions aimed at immediate needs and desires without corresponding attention to costs and long-term consequences. This has been especially true of policies affecting Social Security and public-employer pension plans.

Public-policy makers should first recognize that retirement policies have significant implications for such problems as inflation, unemployment, lagging productivity, and reduced competitiveness.

Moreover, the vast amounts of money required to finance public pension payments have, on balance, inhibited capital formation, thereby reducing investment in the productive base of the economy.

Once the economic impact of retirement policies is fully understood, the nation can take steps to restore a reasonable balance between pension benefits and other economic needs.

OPPORTUNITY AND RESPONSIBILITY

The goal of the new strategy should be the forging of policies that will assure a minimum level of retirement income for all workers and their families and at the same time provide an environment in which individuals, both workers and employers, have the opportunity and the responsibility to meet their own retirement income goals above this minimum level of income.

The primary goal that we are recommending in this Policy Statement will not be easily achieved. The enactment of general policies that will promote a healthy, growing, productive, and noninflationary economy are prerequisites for achieving this goal.

The US must break the current vicious circle of low saving, low productivity, and high inflation. No specific reforms will succeed in solving the retirement problem without a more effective overall national commitment to greater productivity, increased saving, and noninflationary economic growth. Only a growing economy can allow the nation to increase real benefits for retired workers and correct the inequities and inadequacies in retirement policies.

We recommend the development of a broad-based, diversified retirement system, supported by a healthy economy and, in turn, supporting the productive growth of that economy.

We recommend a retirement policy strategy that encourages individuals to acquire their retirement income from three complementary tiers.

SOCIAL SECURITY FLOOR

Social Security should provide a basic floor of retirement income upon which an individual can build. We make the following recommendations.

(1) The normal retirement age for Social Security should be gradually raised to 68 and the early retirement age to 65 in steps that produce no abrupt change in the benefits of anyone about to retire. This change should begin as soon as possible, with the retirement age increasing two months a year until the higher retirement age is reached by about the year 2000. (It would, of course, also be possible to retain the current early retirement age of 65 years if Social Security benefits for those retiring before the normal retirement age were gradually lowered to reflect the longer period over which they would receive benefits and the reduced number of years in which they would contribute to the system.) This proposal is one of the most important of our recommendations for both the short-run and the long-run control of the escalating costs of the Social Security system brought about by the increasing proportion of elderly in the population. It is based on the fact that retired workers are living significantly longer and are generally in better health than their counterparts in previous decades.

(2) So that both workers and retirees will be treated fairly, increases in Social Security benefits should be linked to an appropriate price index or to the rise in average pretax wages of workers if that should turn out to rise less than the price index. For this purpose, Government should develop a supplemental price index that reflects the consumption patterns of the elderly more accurately than the currently used Consumer Price Index does. Policy makers should review past trends in Social Security benefits and wages and consider some adjustment of benefit levels, such as indexing at less than 100 percent for a period of several years, to partially correct for past increases in Social Security benefits in excess of increases in average wage rates.

(3) Employee contributions to Social Security should be excluded from current taxable income; instead, the benefits paid to the individual after retirement should be included as part of his or her taxable income at that time. This should be accomplished on a phased-in basis and should be consistent with the need for overall Budget discipline. If, and only if, these changes are made, it would be feasible to eliminate the retirement earnings test for all Social Security retirees and thereby provide a greater incentive to continue working.

(4) Given public policies that will encourage greater individual saving and broader coverage under private-employer pensions, the Social Security "replacement ratio" (the ratio of a person's initial Social Security benefits to his or her earnings level prior to retirement) should not be increased further; indeed, as the other recommendations in this statement are implemented, it should gradually decline to a lower level.

(5) Any attempt to solve Social Security financing problems should reject general revenue financing as a solution.

(6) All early retirement benefits under Government retirement systems (Social Security and Government-employer plans) should gradually be reduced actuarially from normal retirement age benefits to recognize fully the benefits that will be paid out during an average early retiree's lifetime. Retirement systems should not be used to provide severance pay, retraining, relocation allowances, hazardous-duty premiums, or other personnel benefits different from the need for income following retirement at the normal age.

(7) Federal workers and other noncovered workers should be brought into the Social Security system. As a compromise, if necessary, at least all new Government employees should be brought into the Social Security system beginning now.

IMPROVED EMPLOYER PENSIONS

Employer pensions can be improved and their coverage expanded through a number of tax and regulatory actions.

(1) A Government mandate for private-employer pensions is neither necessary nor feasible. Nevertheless, changes in the tax law would make it more attractive for more employers to establish pension plans.

(2) Employee contributions to both private and Government pension plans should be tax-deductible, and pension benefits should be included in taxable income when received. This will encourage the growth of employer pension plans in all industries, thereby enlarging this channel for saving and investment.

(3) Employers should have maximum flexibility in setting their own pension and retirement policies. They should be able to raise, gradually and voluntarily, the normal retirement ages in their pension plans, consistent with whatever changes are made in the Social Security retirement age. This and the preceding proposal will encourage more workers and employers to contribute to employer pension plans that can be tailored to the specific needs of their industrial and occupational structures.

(4) To encourage greater portability of vested pension benefits, an employee leaving an employer is now allowed to continue in that employer's plan and ultimately to receive retirement benefits from it. As an alternative, the employer could be permitted to offer the employee leaving the pension plan the option of transferring vested benefits into an Individual Retirement Account of life insurance annuity. This may be an especially attractive option when the pension plan is fully funded. Where the plan is not fully funded, a difficult problem exists with respect to providing equal treatment for those leaving and those remaining in the plan. All cash withdrawals of over $500 should be forbidden.

(5) The Federal Government should take action to require all public-employer pension plans to accurately report their unfunded liabilities, as well as their normal total annual cost, to the general public in a manner similar to the Financial Accounting Standards Board's requirement that private-employer plans accurately report unfunded liabilities.

EXPANDED PERSONAL SAVINGS

Personal savings as a source of retirement income have been greatly neglected. In fact, a number of public policies have actually discouraged saving and investment.

(1) The current maximum annual tax-deductible contributions permitted under personal retirement plans (Keogh Plans and IRAs) should be raised substantially.

(2) The recently enacted Economic Recovery Tax Act contains saving provisions that are similar to this Committee's recommendations for expanding the role of personal savings as a source of retirement income. We therefore endorse this legislation and urge that on the basis of experience, the additional personal saving incentives that we recommend be considered in the future.

(3) The appropriate goal for the combined total of tax-deductible annual contributions into all such individual and corporate retirement plans on behalf of any one individual should ultimately move much closer to the maximum currently allowed for a person under a corporate pension plan. We recognize that these liberalized limits will have to be phased in gradually in order to allow future changes in them to take account of saver response and of their effect on federal tax revenues. As an interim goal, IRA and Keogh limits could be raised to the level to which they would have risen if they had been adjusted in the same way that defined-contribution pension plan levels have been adjusted under the Employee Retirement Income Security Act of 1974. In the future, such flexible adjustment of maximum contribution levels should be applied to IRAs and Keoghs as well as to corporate defined-contribution plans.

(4) Businesses that already have pension plans should be encouraged to integrate some measure of individual saving into their benefit packages voluntarily through such measures as matching thrift programs, profit sharing, and voluntary employee contributions.

GREATER WORK OPPORTUNITIES

Suitable employment opportunities for capable elderly individuals are needed if the maximum advantages of the higher-retirement-age provisions are to be realized. Changes in job design and work schedules will be needed to take into account the capabilities and interests of older workers. Public policy should remove any existing regulations and labor market practices that inhibit flexibility in work arrangements for older workers.

Even a work-related retirement system as comprehensive as the one we are recommending may not succeed in coping with the retirement income needs of all citizens. For a variety of reasons, some elderly individuals will probably continue to receive inadequate income. The most effective way to assist this small proportion of the elderly is to rely on a supplemental system of targeted welfare-type payments, rather than to enrich Social Security benefits for everyone.

Our comprehensive recommendations for strengthening the U.S. retirement system will produce additional savings that can finance increased investment in plant and equipment. In this way, pension plans and personal savings will make an increased contribution to the economic growth that is essential to a sound retirement system in the future.●

BRING BACK THE DRAFT

● Mr. NUNN. Mr. President, our distinguished colleague, Senator BENTSEN, has written an article entitled, "Bring Back the Draft," which appeared in the fall 1981 issue of International Security Review.

Senator BENTSEN has thoroughly and insightfully analyzed some of the most pressing problems currently facing the All-Volunteer Force. His arguments are well-documented and persuasive, and I share his conclusions that the AVF has failed and that we must seek alternatives for meeting our military manpower requirements.

Mr. President, Senator BENTSEN has long been a consistent supporter of a strong national defense, and his article makes a significant contribution to the thorough national debate that is needed if we are to reach a consensus on the solutions to our critical manpower problems. I encourage each of my colleagues to take the time to study this article and give careful consideration to the solutions offered by Senator BENTSEN.

I ask that this article be printed in the RECORD.

The article follows:

BRING BACK THE DRAFT

(By Senator LLOYD M. BENTSEN, Jr.)

Over the next five years, the United States may well spend $1.5 trillion on national defense.[1] To no small degree, that figure reflects past neglect of its armed forces. It reveals a now critical need to modernize weapons and to improve overall defense posture in light of the massive Soviet military threat to this nation.

Although the majority of Americans clearly endorses an increase in their investment in national security, the amount of money the government is proposing to spend provides a very convenient target of attack for those who do not see national survival in jeopardy and who believe the U.S. should be spending still more on welfare services.

The Congress has expressed its judgment by voting to increase the Fiscal Year 1981 Defense budget by $25 billion. The Congress anticipates and will undoubtedly approve a still higher Defense budget for FY82. Most of the money in these budgets will be allocated to weapons—a new heavy bomber, 150 new ships for the Navy, an M–X missile, tanks, armored personnel carriers, and those expendable supplies most rapidly used up in today's high-attrition warfare. My concern is that in focusing on new weapons—as needed as they may be—we may overlook the most important element in our defense establishment: people.

General George Patton once commented: "Wars may be fought with weapons, but they are won by men." Right now, the U.S. has manpower problems as severe as its weapons problems, quite possibly more severe. It simply does not make sense to have an abundance of weapons and a shortage of people, or to have high-performance weapons and low-performance people.

For the past eight years America has struggled to build a credible defense founded on an all volunteer force (AVF). By virtually every account the experiment has been a dismal failure and stands as the weakest link in the U.S. chain of defense.

The all volunteer force, actually a thinly disguised form of economic conscription, is one more unfortunate legacy of Vietnam. Middle and upper class Americans, repelled by a protracted war they did not wish their sons to fight in and appalled by a draft riddled with deferments and inequities, found the AVF an equitable and attractive option to compulsory military service. After the trauma and alienation of the Vietnam war, the concept of an army serving voluntarily and enticed by comparable pay and free market incentives, had broad political appeal. When President Nixon accepted the recommendations of the Gates Commission and proposed an end to the draft and the creation of an all volunteer force in 1973, the proposal won overwhelming approval in the Congress. I was among those who voted for it.

Experience since 1973 has demonstrated conclusively, however, that the decision to abolish the draft and go with a corporate military was a dangerous mistake that places U.S. security in real jeopardy. Despite the accumulation of evidence to document the shortcomings of the AVF the public and the officials who shape defense policies have ignored America's urgent military manpower problems. It might seem to be that a return to the draft is politically unacceptable. To this argument I would respond that a continued reliance on the AVF is militarily unacceptable and morally reprehensible.

Most critics of the AVF have tended to focus on the broad issues of "quantity and quality," suggesting that the U.S. is not recruiting enough people, pointing out serious problems in the reserves, and making the case that the caliber of those recruited has been declining. These comments deserve careful analysis. However, they constitute only one part of the case against the AVF.

Theoretically, the AVF was structured to enable the U.S. to fight a war in Europe against the Soviet Union and the Warsaw Pact; it was carefully buttressed by a reverse system that would hopefully suffice until a wartime draft could produce large numbers of trained men. That the system, as currently conceived, will not work as intended or fulfill even the limited objectives set for it, is evident from the statement of General Bernard Rogers, Supreme Allied Commander, Europe: "If the United States had to go to war today in Europe, the Army would run out of trained infantrymen, artillerymen, tankers, and combat medics before the draft would take over. That is a hell of a position for the greatest country in the world."[2] General Rogers' comments highlight one of the AVF's main shortcomings—its lack of flexibility. With the AVF the United States has a static, narrowly-targeted manpower system that has minimal capacity for real growth. Assumptions made in 1973 are being used to deal with the complex and diffuse world situation of the 1980's.

Even if the U.S. were to conclude the AVF might be minimally acceptable in the event of a classic European war, the system was certainly not designed with the Rapid Deployment Force in mind; it did not foresee the current, unsettled situation in the Caribbean and Central America; it did not plan for the quantum jump in the complexity and sophistication of weapon systems; it did not take account of the emerging strategic importance of the Persian Gulf and Indian Ocean; and the AVF did not envision the vast and dramatic buildup of U.S. naval power.

During the era of the AVF the size of the U.S. military force has actually decreased by about nine percent.[3] The services have recently trumpeted their success (abetted no doubt by depressed economic conditions) in meeting numerical recruiting goals in FY80 for the first time in four years. Unanswered, however, is the question of how those goals were established in the first place. Why has the authorized strength of the armed services been reduced from 2.33 million in FY 73 to 2.065 million in FY81?

In the absence of any convincing explanation for this gradual but steady reduction, one is tempted to wonder about the extent to which authorized strength levels have become a function of the military's ability to recruit. While the U.S. may be able to get along at current force levels for some time with the AVF, there is certainly no evidence to suggest that it could increase substantially the size of its military forces within the constraints of the present system.[4] In fact, demographics will be working against the AVF for the rest of this century. As The New York Times has pointed out, "The key to recruiting is the pool of young men turning 18 years old, which numbers 2.1 million this year [1980] but will slide down to 1.8 million in 1985 and continue down to a low of 1.6 million in 1995. Of that group about 25 percent will be unavailable because they cannot pass the screening to enter the military services. Of the remaining 75 percent, about half will go to college without considering military service."[5] According to these figures, recruiters for the AVF will have to meet their quotas from a total available population of only 670,000 qualified 18 year old males in 1985.

At a time when the Reagan Administration is apparently considering bringing another quarter of a million recruits into the armed forces,[6] one must question whether the AVF can attract such numbers without a dramatic increase in the inducements it can offer and the cost of such incentives. Or will the AVF, desperate for new recruits, become a job corps with tanks and accept even lower standards for recruitment as it scrambles to meet higher quotas?

In the absence of the draft, the U.S. is almost totally lacking in flexibility for meeting military manpower needs. While the nature, origins, and dimensions of the threat to U.S. security has changed dramatically over the past eight years, the U.S. is attempting to respond to that threat with a rigid AVF system embraced at the height of its disillusionment with Vietnam and weariness with the draft. The AVF, unresponsive to changing manpower needs, may further diminish America's ability to defend itself by debasing traditional military values. The quality of recruits is reduced by the very nature of an AVF which lures individuals with the promise of training for civilian life and attempts to keep them by providing as many amenities as possible during the term of service.

Less rigorous training, with less emphasis on discipline and submission, produces an army less prepared to react automatically when under fire. Loyalty to the group, or platoon, is difficult to forge when the modern-day soldier works on base by day and then goes home each night to his family. As for pride, if the major reason for a person's enlisting was his failure to find gainful employment elsewhere, he is not likely to have a sense of self-worth. These observations are difficult to sustain with empirical evidence, but an army from which recruits can resign (and some 40 percent fail to complete their first enlistment), is not likely to foster the qualities that lead to successful military performance under fire.

Another serious problem with the AVF, one that can be documented with statistics, is that the United States is now protected by a military force ethnically, economically, and educationally atypical of the nation it defends. Blacks, for example, make up about 15 percent of the U.S. youth population, but in the first half of FY80 they accounted for 21 percent of AVF enlistees and 29 percent of the Army. Comparatively, in 1974 only 10.7 percent of our armed forces was black.[7] The AVF is increasingly staffed by rural whites and urban blacks and browns and black Army volunteers today are generally better educated than white volunteers. Blacks and Hispanics together account for about 40 percent of Army enlistments. During the Vietnam war there were understandable outcries concerning the disproportionately high number of black casualties. If the United States were to become involved in another war today under the current composition of the AVF, minority casualties would come in at staggering levels. At least in the initial stages of the fighting the middle and upper classes would be virtually untouched by the fighting.

In FY79 the 16 percent of American families with incomes under $10,000 provided 34 percent of all DoD volunteers, and 43 percent of the Army recruits. By way of contrast, the 39 percent of the families with incomes of over $26,000 provided only 17.5 percent of all recruits, and only 14 percent of Army volunteers.[8] During the same year the median income for the population was $21,500, while the median income for families of enlistees was $13,800.[9]

It would be difficult to produce more striking evidence in support of the contention that Main Street America has opted out of military service. We have become a society in which the most prosperous and educated among us—those who have benefited most from our freedoms—are apparently content to let the poorest citizens take responsibility for defending the nation. That is an unhealthy situation for America. The U.S. retreat to the AVF means that the vast majority of those who will rise to leadership positions in society—who will hold public office, teach in colleges and high schools, serve in government, and fill the corporate

Footnotes at end of article.

boardrooms—will have virtually no experience in the military.

As one who fought in World War II, my vivid memories of feelings and experiences are factored into any judgment I must make on important questions of policy and national security. Anyone who has seen combat or been part of the military has a special appreciation of what it means to go to war or to threaten military action because they have also sacrificed in the cause of freedom and democracy. That sentiment may sound trite or hollow to some, but for millions of Americans it constitutes an important and enduring bond, making them particularly aware of the American freedoms and values they risked their lives to protect. I sincerely believe that this opportunity, or requirement, for service should be shouldered equally by all elements of our society. In the era of the AVF the vast majority of Americans have no concept of what it means to serve; they have no understanding or appreciation of things military, and the nation suffers as a result.

There has been a great deal of comment, criticism, and controversy recently about the low level of education among the all volunteer force. As part of the effort to discourage the AVF from meeting recruitment goals by lowering standards, Congress has mandated higher levels of education in AVF recruits.

For the military an important gauge of education is a high school diploma. Robert Stone, Assistant Secretary of Defence for Manpower, Reserve Affairs and Logistics, pointed out to a House Subcommittee earlier this year, that a high school diploma is "a good indicator of potential to adjust to the discipline of a military environment. On the average, a graduate has about an 80 percent chance of successfully completing a three-year term of service whereas a nongraduate has about a 60 percent chance." [10]

The popular conception seems to be that the AVF has a high proportion of high school dropouts. This is not borne out by the facts. For all services, the proportion of high school graduates in 1980 was only three percent lower than in 1964.[11] One notable exception to this rule is the Army, where only 49 percent of the recruits in 1980 had completed high school. The Navy and Marine Corps, however, increased dramatically their proportion of high school graduates between 1964 and 1980, while the Air Force maintained its traditionally high level of education among recruits. While the AVF has fared relatively well in attracting high school graduates, it would be difficult to deny that the percentage of individuals with average and above average intellectual ability in the enlisted ranks has declined sharply in recent years while the proportion of below average personnel has increased dramatically. In his critique of the AVF in the Spring 1981 International Security Review, Congressman Robin Beard noted the Army's acute embarrassment when recalibration of test scores demonstrated that nearly half of its 1979 recruits were "Category IV" in mental ability; i.e., they were drawn from the lowest 30 percent of the population as a whole.

The example of the Skills Qualification Tests has been used often, but it bears repeating because it goes to the very heart of the argument against the AVF: the ultimate criticism of any military force is that it is unable, unprepared, or unwilling to fight. In 1979 the Army tested almost 200,000 individuals to determine if they were able to perform their assigned tasks. The results were alarming: of those tested, 49 percent failed. In many of the 391 skill categories failure was almost universal. Of the petroleum personnel and scout helicopter repairmen, 92 percent failed. Of the artillery crewmen, 86 percent failed. Of the tank turret and artillery repairmen, 98 percent failed, as did 90 percent of the nuclear weapons maintenance specialists.[12] There were only three skill categories in which all those tested managed to pass: one of them was bassoon playing.

Exposure to college has become almost unheard of among recruits in the AVF. In the last year of the pre-Vietnam draft, 17 percent of all draftees and 14 percent of all enlistees had some college education. Today only three percent of those who join the AVF have ever been to college.

Charges that the AVF relies too heavily on the undereducated and underprivileged would be less valid if it could be demonstrated that—despite its drawbacks—the all volunteer force is a first-class fighting machine, highly skilled and motivated, an American Janissary Corps capable of standing off an attack until mobilization can take effect. The evidence, unfortunately, does not indicate that this is the case. The U.S. may spend billions of dollars on sophisticated military equipment, but there is little optimism that the AVF is capable of using it effectively.

This general impression of an undertrained and generally incompetent AVF is reinforced by this country's lackluster performance in NATO competition.[13] Senator Sam Nunn, one of this nation's best informed and most respected experts on military manpower suggested: "Our military commanders both in NATO and Korea have testified this year [1930] on the record before the Subcommittee on Manpower and Personnel that they are noticing a definite inability of an increasing number of their people to retain their training. This means that you must retrain often, which has a huge impact on costs and readiness. We are losing the confidence of our allies. Talk to some West Germans off the record and ask them what they think of the U.S. ability to fight a war. It is very, very low." [14]

I have spoken to some West Germans on this very subject, including Chancellor Helmut Schmidt. I asked the Chancellor whether West Germany was prepared to meet fully its increased NATO obligations. After replying in the affirmative, Chancellor Schmidt noted that the United States really was not sacrificing in the cause of defense. "If you were serious," he said, "you would have a draft. And you don't." The Chancellor, of course, was perfectly correct on factual grounds and did not have to stress the point that the young men of Germany (and almost all other NATO allies) are subject to the draft. His comments, however, suggest the extent to which the United States, without a draft, can be seen even by good friends as "not sacrificing" for defense, which gives U.S. allies a ready-made retort when they are sometimes less than anxious to make the sacrifices asked of them.

When considering the relative merits of the AVF and a return to the draft, the fact that the configuration of our present military manpower system places about one-half of our combat capability in the reserve forces assumes new importance. By providing protection against conscription, the AVF has diminished incentives to join the reserves and helped create legitimate doubt about our ability to mobilize sufficient manpower in times of crisis.

Discussions of reserve force levels and functions are usually controversial, and subject to conflicting data but there is wide agreement that the system is designed to function as follows: in the event of a war the active forces, supplemented by the Selected Reserve (reservists who train regularly in organized units) would be deployed. The active forces are currently at their authorized levels (although the rationale for these levels is not clear) and the Selected Reserve is about five percent below the 1973 levels and approximately 17 percent below the Department of Defense's stated mobilization requirements.[15]

The problems in the Selected Reserve are slight compared to those apparent in the Individual Ready Reserve (former active or Selected Reserve personnel who no longer train but have time left on their military service obligation or who have volunteered to remain in the IRR). In the event of mobilization the U.S. would rely on the IRR to augment units and replace casualties. Amid the conflicting claims and statistics about the poor state of the Army IRR, two points stand out. Current Army IRR strength is 73 percent below the FY73 level; and there is an unmet requirement for somewhere between 400,000 and 600,000 Army IRR personnel. All of this means that, in the event of mobilization, the Army alone would be short almost a quarter of a million trained personnel. To compound this difficulty, the shortages would quickly be felt in some of the areas most important to combat success: infantry, armor, artillery, and combat engineers.

The experience of the past eight years strongly suggests that the AVF is a failure and is the feet of clay of the American defense effort. It does not represent the society it is charged with defending; it lacks flexibility; it will have increasing problems attracting the requisite number of qualified recruits; by its very nature it erodes the sense of discipline and shared risk essential to military success; it is unable to manage or cope with serious reserve problems; it has failed the test of combat readiness, and has, in some respects, become an employer of last resort.

A return to the draft is the only answer to the very obvious and important problems that plague the AVF. I referred to the expenditure of scarce resources on military equipment and personnel; unfortunately, a consensus on these questions begins to fade when we move away from pay and hardware, when the issue is no longer "simply money" but is the draft. Americans who are prepared to spend billions for defense are strangely reluctant to make a penny's worth of personal commitment to military service.

Despite its commitment to rebuilding America's military prowess, the Reagan Administration remains trapped in a marriage of convenience with the AVF. With the exception of Senators Hollings and Nunn, and several others on Capitol Hill, Congress has balked at taking a hard look at the draft as the best—indeed the only—acceptable answer to the troubled AVF. In 1979 when President Carter proposed legislation that would simply require young Americans to register for the draft in case mobilization was required at some future date, Congress refused to deal concretely with the issue. This reluctance is particularly puzzling since there is substantial evidence to suggest that the majority of Americans acknowledge the draft as an important part of democracy.[17] The American people perceive the problem, and they are willing to sacrifice to resolve it, but the Congress and the Administration hesitate to act. Despite indications of potential popular support for a return to the draft, there is currently little reason to believe that either the Administration or the Congress is actually prepared to consider it or to confront certain factions that steadfastly oppose the draft.

I believe the time has come to open an honest, measured, national debate on the draft. While I do not have all the answers to the complex and emotional questions about a return to universal military service, I would suggest the following as some basic concepts that should underlie a return to the draft:

1. Ideally, I would like to see the draft as one option in a program of overall national service in which every citizen, upon graduating from high school or reaching the

Footnotes at end of article.

age of eighteen, would acknowledge and accept a period of service to the country. However, the numbers involved in a program of national service are enormous. Included are almost four million young people per year (if men and women are included) with costs possibly in excess of $20 billion a year,[18] the creation of a new bureaucracy, and the difficult assignment of finding productive work for that many people each year. Obviously, a program of national service, suggested by Congressman McCloskey and Senator Nunn, among others, is still in the very earliest stages of development. With proper planning, and in a suitable economic environment, it could be a viable program in the future, but I do not see how it could be implemented with the speed required to address the current problems of the AVF.

2. At this time I would be satisfied with a symbolic commitment to national service; this could be fulfilled by requiring registration, by men and women, at age seventeen.[19] The act of registering would put our young people on record as acknowledging an obligation to the defense of America.

3. I would propose a draft without deferments or exemptions except for the handicapped. The method of selection must be fair and be perceived as fair; the birthday lottery system would meet that requirement.

4. Some have suggested that, with recruiting for the AVF running at current levels, very few people would actually have to be drafted each year, and those who were selected would feel discriminated against. As an alternative, I propose that the U.S. draft for one-half of its military requirements each year and cut back proportionally on the number of recruits taken into the AVF. This approach would have two important advantages: it would make the military more representative by increasing the proportion of draftees, and it would raise the caliber of those volunteering since there would be far fewer places to fill with recruits.

5. Individuals would be drafted both for the U.S. standing forces and for the reserve. They would be given a choice of service: an 18- to 24-month term in the regular forces, with no further commitment of any kind to national service, or six months term in the reserve with an ongoing six-year reserve obligation. Draftees would be paid a minimal salary and would not receive the same benefits accorded to recruits. Those who serve for 18 to 24 months should, when honorably discharged, be granted a one-time bonus of from $5,000 to $10,000. This would be a reward for those who had been selected and who had served their country. Draftees opting for reserve duty could receive a smaller bonus, or the bonus could be eliminated in this instance. Much would depend on whether an incentive for reserve duty would be required.

6. Those who were drafted and could demonstrate conscientious objector status should be offered alternative service, perhaps in Veterans hospitals, social service, or civil defense.

A return to the draft along the lines I have proposed would not totally solve the U.S. military manpower. It would not provide the Navy with the 20,000 Petty Officers it so urgently requires; it would not necessarily solve the problem of retaining senior and talented NCOs; it would not be perfectly "fair" since not everyone would be required to serve; and it might well bring hundreds of thousands of young men into military service who do not want to be there. Since the draft would be random, it could not select for quality.

Consider, however, what a return to the draft—for one-half of our annual military requirements and for the reserves—would accomplish.

It would contribute to correcting the disproportionate ethnic and educational composition of the AVF.

It would bring the middle and upper classes back into the American military.

It would result in significantly lower military personnel costs, and some of the savings could be used to provide higher pay for the Petty Officers and NCOs currently leaving the service in great numbers.

It would automatically raise the standards the military could demand of its recruits.

It would reduce substantially the huge, unwieldly, and costly number of dependents—currently some 293,000—that accompany the AVF in Europe.

It would enable the U.S. to expand rapidly—or contract—the number of people in our military forces.

It would solve the increasingly serious problems of undermanned reserves.

It would reduce the uncertainty that plagues the AVF, and it would help solve the demographic problem of a shrinking manpower pool.

It would force some four million young Americans and their families from all social strata each year to acknowledge that there are obligations, as well as privileges, to life in a democracy.

It would provide talented, qualified recruits with additional incentives to remain in a military career.

It would result inevitably in a more intelligent, more capable, better educated, and more representative military which was better able to defend this country and its commitments abroad.

It would achieve these objectives at less cost than the AVF.

On balance, the logic behind a return to the draft is overwhelming. But there is more involved than simple logic. There are important concepts like duty, patriotism, and equity—principles fundamental to America's success that were overlooked or rationalized away eight years ago when this country retreated to the AVF.

More than any other nation, the United States of America accords its citizens freedom and hope. Not just the freedoms spelled out so eloquently in the Bill of Rights, but the freedom to succeed and build a better life. Those freedoms are under constant attack. They have become a rarity in a world that is increasingly oppressive, authoritarian, and aggressive. It would be folly to assume that our freedom alone makes us invincible.

Almost a century and a half ago Daniel Webster suggested that, "God grants liberty only to those who love it, and are always ready to guard and defend it." Liberty has been granted to America. If the U.S. wants to preserve its freedoms, its citizens and its government must be prepared to defend the system that makes them free. We cannot rely on modern technology to do the job; we cannot contract out the responsibility to fight and die for America.

If this nation is to succeed in the decade of the 1980's, it must rekindle the spirit of patriotism and unity that sets it apart from the rest of the world. It must recognize that the privilege of democracy includes an obligation to serve in the cause of liberty.

FOOTNOTES

[1] This figure has appeared so frequently in the press (most recently in Michael Getler, "Arms Budget Battle Heats Up," *Washington Post* (September 4, 1981), p. 10, that it has become conventional wisdom. In the light of looming budget deficits, the $1.5 billion outlay may have to be reduced but there is little question that the final figure will be massive by any definition.

[2] General Rogers made these candid remarks on May 27, 1981, at a press conference following his appearance at the Chicago Council on Foreign Relations.

[3] Robert L. Goldich, "Recruiting, Retention, and Quality in the All-Volunteer Force," Report No. 81-106F, Congressional Research Service, Library of Congress, June 8, 1981, p. 11.

[4] Ibid., p. 23.

[5] Richard Halloran, "Doubts Persist on Quantity and Quality of Enlistees," *The New York Times* (September 27, 1980), p. 7.

[6] Michael Gordon, "If Reagan Wants to Expand the Military He May Also Have to Revive the Draft," *National Journal* (August 22, 1981), p. 1,504.

[7] Sam Nunn "Who'll Fight for America," *Time* (June 9, 1980), p. 25.

[8] Committee on Armed Services, United States Senate, Subcommittee on Manpower and Personnel, hearing on Military Compensation, June 2, 1980, p. 26.

[9] Ibid., p. 27.

[10] Robert Stone, February 26, 1981, statement to the Military Personnel and Compensation Subcommittee of the House Armed Services Committee, p. 9.

[11] Ibid., p. 10.

[12] Senator Nunn and Congressman Beard have been in the forefront of those calling attention to the AFQT scores. See "Doubts Mounting About All Volunteer Force," *Science* (September 5, 1980) for an interesting discussion of the issue.

[13] Congressman Robin Beard, "The All Volunteer Force: It Isn't Working," *International Security Review* (Spring 1981), Volume VI, No. 1.

[14] Sam Nunn, "Who'll Fight for America," *Time* (June 9, 1980), p. 32.

[15] Goldich, "Recruiting, Retention, and Quality," p. 16.

[16] Ibid., p. 19.

[17] Dick Kirschten, "The Flap Over Draft Registration—Only the Public Seems To Like It," *National Journal* (April 19, 1980), p. 645.

[18] Halloran, "Doubts Persist on Quantity and Quality of Enlistees." All cost estimates for a program of national service are obviously tentative.

[19] The Supreme Court has ruled that women do not have to register for the draft. For that reason I would suggest a requirement for "national service," with the understanding that not everyone who registered would be called upon to serve.

ORDER FOR RECOGNITION OF SENATOR SCHMITT AND SENATOR BENTSEN ON MONDAY

Mr. BAKER. Mr. President, I ask unanimous consent that on Monday, when the Senate reconvenes, after the recognition of the two leaders under the standing order, there be special orders in favor of the distinguished Senator from New Mexico (Mr. SCHMITT) for not to exceed 15 minutes, and the distinguished Senator from Texas (Mr. BENTSEN) for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I will withhold any further announcements about the schedule of the Senate and other business, for the time being, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have a number of items that may be dealt with

by unanimous consent according to the notations in my folder today.

I invite the minority leader's attention to them in the following order.

I am prepared to ask the Chair to lay before the Senate a House message on H.R. 4608. In addition, I am prepared to ask that the Chair appoint conferees on the farm bill; to take up one matter on the Legislative Calendar, that being order No. 347, a joint resolution; and finally to deal with two items on today's Executive Calendar, those appearing on page 2 under "Corporation for Public Broadcasting."

If the distinguished minority leader is in a position to clear any or all of those items, I am prepared to ask the Senate to proceed to their consideration at this time.

Mr. ROBERT C. BYRD. Mr. President, the legislative items mentioned by the distinguished majority leader are cleared on this side of the aisle. However, the executive items have not been cleared.

Mr. BAKER. I thank the minority leader.

EXTENSION OF DEPARTMENT OF JUSTICE APPROPRIATION AUTHORIZATION ACT, 1980

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 4608.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House recede from its disagreement to the amendment of the Senate to the bill (H.R. 4608) entitled "An Act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes", and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "February 1, 1982".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

FOOD AND AGRICULTURE ACT OF 1981

Mr. BAKER. Mr. President I ask the Chair to lay before the Senate a message from the House of Representatives on S. 884.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

(The amendment of the House is printed in the RECORD of October 22, 1981, beginning at page H7684.)

Mr. BAKER. Mr. President, I move that the Senate disagree to the House amendments and agree to the conference requested by the House on the disagreeing votes of the two Houses thereon and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. HELMS, Mr. DOLE, Mr. HAYAKAWA, Mr. LUGAR, Mr. COCHRAN, Mr. HUDDLESTON, Mr. LEAHY, Mr. ZORINSKY, and Mr. MELCHER conferees on the part of the Senate.

NATIONAL HOME HEALTH CARE WEEK

Mr. BAKER. Mr. President, I ask that the Senate proceed to the consideration of Calendar Order No. 347, Senate Joint Resolution 113, a joint resolution to designate the week beginning November 8, 1981, as 'National Home Health Care Week."

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 113) to designate the week beginning November 8, 1981, as "National Home Health Care Week."

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read the second time at length, and the Senate will proceed to its consideration.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. HATCH. Mr. President, today we will consider Senate Joint Resolution 113, which designates the week of November 8 as "National Home Health Week."

When I introduced Senate Joint Resolution 113, on October 6, I stated that we have a growing poulation of older Americans in need of both chronic and acute long-term health care. Home health agencies have proven they can give cost-effective quality care as an alternative to these health care situations. Most importantly, the care is given in the home where our elderly infirm citizens and family members would prefer to remain.

A final hearing on November 10 in the Senate Labor and Human Resources Committee will hear testimony from the General Accounting Office (GAO) and other individuals concerning my bill, S. 234, the Community Health Services Act. National Home Health Week will occur simultaneously with this hearing and will honor home health organizations and the professionals who provide this most vital service. It is especially appropriate during the month of November when we honor the family and its traditions, that we highlight the work of those who help our growing population of senior citizens preserve their home lives and independence.

I urge my distinguished colleagues to consider this measure favorably and join in honoring the achievements of these unique health workers.●

The joint resolution (S.J. Res. 113) was considered. ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, is as follows:

S.J. RES. 113

Whereas organized home health care services to the elderly and disabled have existed in this country since the last quarter of the eighteenth century;

Whereas home health care is recognized as an effective and economical alternative to unnecessary institutionalization;

Whereas caring for the ill and disabled in their homes places emphasis on the dignity and independence of the individual receiving these services;

Whereas since the enactment of the medicare program including skilled nursing services, physical therapy, speech therapy, social services, occupational therapy, and home health aide services, the number of home health agencies providing these services has increased from less than five hundred to more than three thousand; and

Whereas many private and charitable organizations provide these and similar services to millions of patients each year preventing, postponing, and limiting the need for institutionalization: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning November 8, 1981, hereby is designated "National Home Health Care Week", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

ORDERS FOR TUESDAY

Mr. BAKER. Mr. President, the request I am about to make has been cleared, I believe, on both sides after a great deal of effort by a number of Senators. I hope it will be agreed to.

Mr. President, I ask unanimous consent that when the Senate completes its business on Monday, November 2, it stand in recess until the hour of 10 a.m. on Tuesday, November 3; that following the recognition of the two leaders under the standing order and any special orders provided for there be a period for the transaction of routine morning business not to extend beyond the hour of 11 a.m. with statements therein limited to 5 minutes each; that at 11 a.m. on Tuesday the Senate turn to the consideration of Calendar Order No. 348, H.R. 4209, the Department of Transportation appropriations bill; and that following the consideration of the Transportation appropriations bill the Senate turn to the consideration of Calendar Order No. 352, H.R. 4144, an act to make appropriations for energy and water development.

Mr. President, before the Chair acts in granting or withholding my request, let me say that at one time we had thought it might be possible to get a short time limitation on debate for the Department of Transportation appropriations bill. I believe it is probably not possible to include that time limitation in the request this afternoon. Hence, I have not done so.

But I hope Senators will address their attention to that and will permit the leadership on Monday to consider a time agreement which would suit the convenience of Senators and would be assured under the circumstances that permit.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair and I thank the minority leader and all Senators who participated in these negotiations.

ORDER EXTENDING ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended until no later than 4 p.m., and that the time limitation for Senators to speak therein be removed.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, NOVEMBER 2, 1981

ORDER FOR ADJOURNMENT UNTIL MONDAY, NOVEMBER 2, 1981

Mr. BAKER. Mr. President, I further ask unanimous consent that at the conclusion of the remarks to be made by the distinguished minority leader, the Senate stand in adjournment until the hour of 12 o'clock meridian on Monday, November 2.

ORDER DISPENSING WITH READING OF THE JOURNAL, THE CALL OF THE CALENDAR; AND RECOGNITION OF SENATORS SCHMITT AND BENTSEN

Mr. BAKER. Mr. President, I further ask unanimous consent that when the Senate reconvenes following its adjournment, the reading of the Journal be dispensed with, with no resolutions coming over under the rule; that the call of the calendar be dispensed with; and that following the recognition of the two leaders under the standing order, there be special orders in favor of those Senators named before, that is to say, the Senator from New Mexico (Mr. SCHMITT) and the Senator from Texas (Mr. BENTSEN) under the terms and conditions previously stated.

ORDER FOR A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that following the two special orders there be a period for the transaction of routine morning business not to exceed 20 minutes with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader state the program for Monday, and as far into next week as he can at this time foresee?

Mr. BAKER. Mr. President, I thank the minority leader.

The Senate has done a remarkable thing this week. It has acted with great dispatch and promptness in the consideration and disposition of appropriation bills to the point where it has created a high-class problem for the leadership, that is to say, we finished the agriculture appropriations bill one full day before it was scheduled, and that is good news. The bad news is we are a little hard put to find out what we are going to do on Monday.

S. 1086, THE OLDER AMERICANS ACT

I would hope, Mr. President, that on Monday after we convene at noon we will be able to consider S. 1086, the Older Americans Act. That is not yet cleared, I understand, on both sides, but I would ask Senators to consider the possibility of taking up and dealing with that act at that time.

DEPARTMENT OF TRANSPORTATION APPROPRIATIONS BILLS ON TUESDAY

Mr. President, further I would point out that on Tuesday, after the Senate reconvenes at 10 o'clock, we will proceed to the consideration of the Department of Transportation appropriations bill at 11 o'clock.

ENERGY AND WATER DEVELOPMENT ACT

Following that, Mr. President, we will proceed to the consideration of the Energy and Water Development Act.

STATE, JUSTICE, COMMERCE APPROPRIATIONS ACT

Beyond that, Mr. President, there are a number of other appropriations bills, including the possibility of State, Justice, Commerce for later in the week on Thursday or Friday.

I reiterate the Senate is making good progress on appropriation bills, and I hope we continue that. If we do, I think it is not likely that the Senate will hit a roadblock on the completion of our responsibility on the consideration of money measures.

So, Mr. President, in answer to the minority leader I expect next week to be a busy week. If we stay on schedule it will not, however, be a late week. We will be in session each day next week including Friday, and votes will occur on each day I expect. Beyond that, Mr. President, the schedule is less clear, and I will have a further announcement the following week.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

THE UNITED STATES SENATE

THE SENATE IN THE "ERA OF SUSPENSE": 1825–1828

Mr. ROBERT C. BYRD. Mr. President, my most recent statement on the Senate's history concluded with the year 1825. The so-called "Era of Good Feelings," along with the second administration of James Monroe, had just ended on a decidedly sour note. Any remaining good will among statesmen had been drained away by the presidential election of 1824, a contest so close that it had to be resolved in the House of Representatives. Today I would like to examine the next four years of the Senate's history, the Nineteenth and Twentieth Congresses, covering the period 1825–1828.

As they had hoped it would, the hard-won Missouri Compromise brought the senators and representatives a respite from the nagging problem of slavery in the territories that had plagued the Congress throughout the preceding decade. All, however, was far from tranquil. New crises arose which threatened to dissolve the Union. Unlike the beginning of Monroe's eight years in the presidency, there was no "honeymoon" between the new president and the Congress. John Quincy Adams' administration got off to an extremely inauspicious start.

Adams was elected president by the House of Representatives on February 9, 1825. In the end, he owed his victory to Alexander Hamilton's brother-in-law, the elderly Federalist, New York Representative Stephen Van Rensselaer, who cast the deciding vote with the crucial New York delegation. The last of the great Hudson River patroons, Van Rensselaer was reportedly undecided between candidates Andrew Jackson, then a senator from Tennessee, and William Crawford, former senator and Secretary of Treasury.

As he shared a boardinghouse with the persuasive Senator Martin Van Buren of New York and other Crawford partisans, it was assumed that his vote would finally go to Crawford.

On the morning of February 9, Van Rensselaer assured his fellow lodgers over breakfast that nothing could induce him to vote for Adams. But when he arrived at the Capitol, he was set upon by Henry Clay and Daniel Webster, who suggested strongly that a victory for anyone but Adams would have grave consequences for the security of Van Rensselaer's own property. In his autobiography, Van Buren described what happened next:

> He (Van Rensselaer) took his seat fully resolved to vote for Mr. Crawford, but before the box reached him, he dropped his head upon the edge of his desk and made a brief appeal to his Maker for his guidance in the matter—a practice he frequently observed on great emergencies—and when he removed his hand from his eyes he saw on the floor directly below him a ticket bearing the name of John Quincy Adams. This occurrence, at a moment of great excitement and anxiety, he regarded as an answer to his appeal, and taking up the ticket he put it in the box.[1]

When the results were announced by the House tellers, Daniel Webster and John Randolph, Randolph remarked loudly, "It is impossible to win the game, gentlemen. The cards were packed." Soon both Webster and Randolph would move from the House to the Senate and the new president would have no peace from either of them.

To be indirectly elected by the House of Representatives was not the happiest way of becoming president. While Adams, of course, accepted the close decision, in private, he confided that the election had not taken place in "a manner satisfactory to pride or to just desire; not by the unequivocal suffrage of a majority of the people; with perhaps two-thirds of the whole people adverse to the actual result."[2]

This shaky beginning did not augur well for the new administration. When Adams soon afterwards named Speaker of the House Clay to be Secretary of State, Jackson men, who branded Clay

Footnotes at end of article.

the "Judas of the West," vowed revenge. The charge of "corrupt bargain," though repeatedly denied by Adams and Clay, irreparably hurt both men. It tarnished Adams' administration and haunted Clay all his life, following him into the Senate and crippling his many attempts to win the Presidency for himself.

In his relations with Congress, Adams was doomed from the start. Clay was of some help to him in the House, but the president seemed friendless in the Senate. Part of his problem was not of his own making but due to the changing position of the Senate. For the first time, this body was beginning to challenge the House as the principal legislative forum of the nation.

Due to increases in population and the admission of new states, the membership of the House rose to more than two hundred with the 1820 census.[3] The burgeoning of membership forced the House to adopt rules that inhibited opportunities for debate and showmanship. In the Senate, however, by 1825, membership had grown to forty-eight, making it a more lively and rewarding forum for those who wanted to be seen and heard. In addition, the equality of state representation in the Senate, and the increasing concern over the importance of divisions between slave and free states, underscored by the Missouri dilemma, heightened the Senate's role as an arena where Southerners could block the actions of a hostile House majority. As Webster, on the verge of leaving the House for the Senate chamber, said of it, the Senate was "a body of equals, of men of individual honor and personal character, and of absolute independence."[4]

The Senate soon set out to prove Webster right on his point of "absolute independence." As I noted in my earlier remarks on committees, prior to 1823, Senate committees had been named by ballot, but in that year the chamber conferred the authority on its presiding officer. Thus, Vice President John C. Calhoun, in the first of what Adams construed as his many acts of treachery, assumed the right to name committees and their chairmen. So brazenly did Calhoun pack the committees with the president's foes, "Jackson men," that at last the Senate in disgust voted to strip the vice president of his appointing power, and of his supervision over the *Senate Journal*.[5] The action was not due to the fact that the Senate loved Adams more but that, at the time, it loved Calhoun's high-handedness much less. Though Calhoun's plan backfired, it made clear to all that the supporters of Jackson, some of them in Adams' own cabinet, were conspiring to ensure that the president would serve only one term.

Perhaps no vice president of that era presided over the Senate with more dignity, poise, and courtesy than John C. Calhoun, but it is clear that no man ever more successfully tortured two presidential administrations—Adams' and Jackson's—than he did.

As early as 1826, Calhoun wrote a colleague that if he and his friends did not openly support Adams, they would be denounced as in opposition: "We must pledge support to Mr. Adams' re-election, and recommend all of those principles for which we have ever contended." Yet, almost simultaneously, he was writing of the administration he served that, "because of the way it came to power . . . (it) must be defeated at all hazards, regardless of its measures."[6]

That Calhoun was deep in intrigue, many senators suspected. His very presence as presiding officer was proof. Since the days of Aaron Burr, vice presidents had frequently not even come to Washington during the sessions of Congress, much less making themselves outstanding personalities in the Senate chamber. Calhoun piously protested that he could not accept his pay without fulfilling the duties of his office, but his driving ambition was too well known for that explanation to satisfy. This was a man who was sowing the seeds for his political future.

In the face of an antagonistic vice president, an emergent Senate, and his own uncertain mandate, President Adams sent to Congress, in December 1825, an annual message that one historian has characterized as "suicide by manifesto." It was the violent reaction to this first presidential message that hinted at the extent of the president's troubles with the Senate. Though written with the purest of motives, it was interpreted as concealing the most devious of plans.

Adams' message stressed the importance of internal improvements, the advocacy of which, as he had said in his Inaugural Address, was to constitute the main policy of his administration.

He recommended the building of public roads and canals, establishment of a national university, and the building of an astronomical observatory—a "lighthouse of the skies." Even Henry Clay, the champion of internal improvements, shuddered. It was not the idea of improvements, however, that gave Clay pause, but in Adams' enumeration of the purposes of the improvements and the powers of Congress that he saw the gravest danger. He "approved the general principles, but scrupled a great part of the details."[7]

Indeed, it was hardly tactful of Adams to warn the senators and representatives against being "palsied by the will of our constituents," when a great many of their constituents already believed their own will had been palsied by Adams' election. Nor was it politic of the president to warn senators and representatives, some of whom had fought in the Revolution, that failure to do so as he wished amounted to "treachery to the most sacred of trusts," when many believed the most sacred of trusts consisted in curbing the powers of the federal government. Nor were many in his audience, particularly the Democrats and Revolutionary patriots, impressed by Adams' argument that the monarchical governments of Europe were far ahead of the United States in internal improvements.[8]

Reaction to Adams' message was swift and dreadful. In the Senate, the most vehement assault upon the principles it set forth came on March 30, 1826. The speaker was John Randolph of Roanoke, and the speech was characteristic of his tirades—wandering, but brutal. Though he spent most of his political career in the House, during his two years in the Senate, Randolph left an indelible mark. Indeed, he was one of the most brilliant, deranged, arrogant, and pathetic men, all rolled into one, of his age. Like his contemporaries, who were mesmerized and terrorized by Randolph, I am fascinated still by this lean, haughty Virginian who used to stride into the old Senate chamber down the hall, trailed by his yipping hounds, flicking a riding crop against his boot with one hand, while grasping a cup of porter (beer) in the other.[9]

Randolph was born into a wealthy Virginia planter family in 1773. About to enter public life in his twenties, he was described as "a tall, gawky-looking, flaxen haired, stripling . . . with a complexion of a good parchment color, beardless chin, and as much assumed self-consequence as any two footed animal . . ." So youthful did Randolph look at twenty-six, when it was time for him to be sworn in for his first term in the House of Representatives, that Speaker Theodore Sedgwick reportedly asked him whether he was old enough to serve. "Ask my constituents," came the sarcastic reply.[10]

After several terms in the House, Randolph moved into the Senate in 1825 to fill a vacancy left when James Barbour became Secretary of War. By the time he arrived in the Senate, the insanity that he anticipated and dreaded was gaining on him. He had been, as he liked to say, "dying, sir, dying," for the past fifteen years, but he was still far more alive than his enemies wished. Randolph was still an electrifying speaker, and he brought to his task a great deal of genius as well as a measure of madness. His hate-filled words were punctuated by the slap of his whip on leather, and pauses to sip from the jug held by his young slave. Such arrogant behavior was guaranteed not to win friends among Northern senators when it came, as it did, from a man who owned nearly four hundred slaves.

Even if his behavior in the chamber had been less eccentric, Randolph's costumes would have brought him notice. He varied his garb from blue riding coat and buckskin breeches to a "full suit of heavy, drab-colored English broadcloth, the high rolling collar . . . almost concealing his head," and the skirts swinging about the white leather tops of his boots. Sometimes he wore a red hunting shirt, or an overcoat which dragged behind him along the carpet, and once he wore six or seven overcoats, which he peeled off, one by one, upon arrival, tossing them in a heap on the floor.[11]

Tall and slim, from a distance, even at fifty-two Randolph appeared boyish. Some unkown disease of his youth had left him impotent, beardless, and with a voice like a shrill flute. On closer inspection, his parchment face was creased with a thousand fine wrinkles. At times he resembled an ancient mummy ani-

Footnotes at end of article.

mated by some demon. Drink, drugs, disease had had their way with him. A friend described him as "more like'a disembodied spirit than a man adequately clothed in flesh and blood." In the midst of his most demonic harangues, however, there would shine forth some passage of such terrible invective, some paragraph of such exquisite construction, or some phrase so brilliantly apt, that his colleagues were reminded that though on the brink of madness, he had not lost total control. It was for these glimpses of brilliance that visitors flocked to the galleries to hear him and senators, apprehensive lest his bitter arrows be aimed at them, remained in their seats.[12]

That Randolph was intoxicated by his own rhetoric is beyond doubt. On occasion, he would begin one of his outbursts at four in the afternoon and continue unabated until ten, the chamber gradually emptying as hunger drew off his colleagues, Vice President Calhoun alone would retain his seat, seldom even changing his position, as Randolph leaped from subject to subject. In thirty minutes he might discuss the superiority of the Church of England to the Episcopal Church of America, the "revolting racial issue" in *Othello*, the military mistakes of William the Conqueror, and the "adulterous intercourse between the Dowager Princess of Wales and the Earl of Bute." Then he might veer off course to launch a missile of evil words at a colleague. Even fellow Southerner Calhoun was not immune. In one of his outbursts Randolph addressed him as "Mr. Vice-President, and would-be Mr. President of the United States, which God in his infinite mercy prevent." Calhoun remained utterly impassive, as one newspaper noted, "without once noticing the indecorum to himself or others." [13] Randolph was a tormented man whom neither his friends nor his enemies understood—so clever, so cruel, so bewildered. He lived his whole life in the flickering light of what he conceived to be the truth. And it was Randolph's perception of the truth that led to his vicious attack on Adams in the Senate.[14]

For Randolph, truth was the Old Republicanism of his youth. But his was the Old Republicanism filtered through clouded eyes. He passionately claimed allegiance to the Jeffersonian tenets of states' rights, human liberty, and resistance to centralized power. Naturally, Adams' first annual message struck him as a mass of dangerous and threatening proposals. But Randolph was also motivated to speak out on the Senate floor by his hatred of the president which exceeded even his distaste for the president's father whom he had battled in his youth. "The cub," he said, "is a greater bear than the old one." [15] Randolph also despised Henry Clay, whom he regarded, with loathing, as an ex-Virginian, a slave-holding Kentuckian who had become a renegade from the one true way of life by engineering the Missouri Compromise, and giving rise to the so-called "American System." Randolph had never forgiven Clay for eclipsing his charismatic dominance over the House. He had been plotting his revenge on both Adams and Clay, and, in March 1826, he seized the moment to strike.

The specific issue between the president and the Senate which presented Randolph with the opportunity to vent his spleen was United States' participation in the Panama Congress of South American states, called with the idea of forming a loose confederacy for military and commercial purposes. Clay had secured an invitation to the Panama Congress for the United States, and Adams had unwisely accepted without consulting the Senate. Members of the Senate were furious. Van Buren opened the battle by offering resolutions designed to annoy Adams by requesting the president to tell the senators whether or not he had truly sent them all the papers involved in the matter.[16] Van Buren had judged Adams well. The resolution goaded Adams into a tactless reply in which he questioned the honesty of the senators, angering them further.[17]

Following Van Buren, Senator John Branch of North Carolina attacked the president's assertion that he had the right to appoint ministers independently of the Senate. In his speech, Branch launched the first direct assault on Adams:

> He came into office in opposition to three-fourths of the American people, in opposition to seventeen or eighteen states out of the twenty-four. He came in by the prostration of our dearest principles. He came in by the total disregard of the right of instruction, the basis of a Republic. He came in, sir, in opposition, not only to the sovereign will of the people, but he overcame the most formidable of all difficulties: He came in in opposition to the will of the Representatives too.[18]

It was now Randolph's turn. He rose to his feet on March 30 and, his voice growing shriller and shriller, began the speech that goes on for eight tightly-packed pages in the *Register of Debates*. At first he rambled from topic to topic—the administration's internal improvements program was an attempt to buy Congress with its own money—Now that Judas had received his thirty pieces of silver, let him buy a potter's field with them in which to inter the Constitution—Old President Adams was the Apostle of Monarchy. But after what must have been an hour of general invective, Randolph began to home in on his victims, Adams and Clay.

As the other senators listened in horror, Randolph rose to new heights of maliciousness and openly compared the union between Adams and Clay to that of Bliful and Black George. Anyone familiar with Henry Fielding's novel, *Tom Jones* (and most of Randolph's contemporaries certainly were), knows how disgusting are the characters of Bliful, the canting hypocrite, and Black George, the blackguardly gamekeeper. The senators were stunned. Perhaps Randolph had not meant so vile a slander and would recant. But, no. Toward the end of the harangue, he not only uttered the same insult, but embroidered upon it. Claiming that he had been trying to save the last shreds of Jefferson's dream, Randolph shouted:

> I was defeated, horse, foot and dragoons—cut up—and clean broke down—by the coalition of Bliful and Black George—by the combination, unheard of till then, of the puritan and the black-leg.[19]

President Adams was outraged at Randolph but even more angry with his own vice president, Calhoun, who impassively presided over the Senate during Randolph's outburst, oblivious to the many appeals to call Randolph to order. Not only had Calhoun declined to call Randolph to order; he had exhibited "the most perfect indifference to whatever was said." Masking his enjoyment at the Virginian's attack on the administration, on this, as on earlier occasions, Calhoun gravely insisted that, since he was not a member of the Senate but merely its presiding officer, he had no wish to usurp its power and interfere with debate. In 1828, the Senate adopted the forerunner of our Rule XIX governing the propriety of the members' remarks so that the presiding officer, or a member, could call to order any other member casting aspersions against another senator, a member of the House, or a state, but the right to criticize the executive was carefully maintained.[20]

On May 1, the pro-Adams Washington *National Journal* carried an article bitterly attacking the vice president for not exercising a power clearly his and charging Calhoun had not done so because he was "the residuary legatee of General Jackson's pretensions to the Presidency." Signed "Patrick Henry," the style suggested that its author was the president himself. On May 20, the rival *Intelligencer* carried a response signed "Onslow." The trenchant style clearly identified it as the work of Calhoun. For the next six months, the public was treated to the spectacle of the president and his vice president slugging it out in the pages of the Washington newspapers.[21]

Randolph's insults were too much for Clay to bear in silence. He challenged Randolph to a duel, and Randolph, waiving his privilege not to be held responsible for words uttered in congressional debate, accepted. Neither man was an expert at handling arms, but nonetheless, the senator and the secretary of state met on the afternoon of April 8, 1826, in a clearing on the Virginia side of the Potomac, just above Little Falls Bridge. If he were to die, Randolph wanted to do so on the soil of his beloved native state. Randolph arrived wearing a dramatic white, flowing flannel wrapper.

In the first exchange of shots, both men missed. Senator Thomas Hart Benton of Missouri, himself no stranger to the dueling ground, had come as a spectator and conciliator and rushed from the woods to demand that the duel should cease. Clay brushed him aside. Randolph agreed to shoot again, but whispered to Benton that he did not intend to return Clay's fire. He calmly stood still while Clay fired a bullet that went through the hem of the white flannel overcoat without hurting him. Randolph then fired into the air, tossed his pistol aside, held out his hand to Clay and said, "You owe me a coat, Mr. Clay." Said a much relieved Clay, "I am glad that the debt is no greater." [22]

Footnotes at end of article.

Randolph's stay in the Senate was brief. The Virginia state legislature refused to return him in 1827, putting John Tyler in his place. His own district, however, immediately returned Randolph to the House where he continued his anti-administration maneuvers. After a brief and disastrous stint as Minister to Russia during the Jackson administration, Randolph broke down entirely in 1831. Struggling with total insanity, he used opium and drank excessively. He died in Philadelphia in 1833, while awaiting a ship to England. He was buried at his estate, "Roanoke," as he had ordered, facing west in order to keep his eye on Henry Clay.

In the turmoil that followed Randolph's March 30 speech, Adams' Panama Mission took a back seat. While the Senate debated the executive's power to appoint ministers, the House came out in support of the mission. Ironically, though the Senate yielded, nothing ever came of the enterprise. Owing to the delay, the Panama Congress, after a poorly attended session, adjourned before the representatives of the United States could arrive on the scene.[23]

Though few spoke as openly or as harshly as John Randolph, many senators in the Nineteenth Congress opposed the president and his policies. The irony was that the president, the senators, and the representatives were, in 1825, all nominally members of the same party. Though the unity this single party designation implies was chimerical, they were all ostensibly National Republicans.

When Adams took the oath of office on March 4, 1825, he had pleaded for complete and final political harmony. Few of those listening, however, really believed that the party system could or should be eliminated. Indeed, by the time Randolph spoke out in the spring of 1826, the bitterness lingering from the presidential election, the rivalries of the defeated candidates and their partisans, sectional interests, conflicting political theories, and economic changes all combined to defeat Adams' pious wish.

Adams viewed it as a Providential sign when, in one of the supreme coincidences in American history, former presidents Thomas Jefferson and John Adams both died on July 4, 1826, the fiftieth anniversary of the Declaration of Independence, which each had signed. If these two longtime foes could become reconciled through a warm correspondence in their old age, certainly the next generation could iron out their differences. But, as the president stood beside his father's grave in Quincy, there were clear signs that his administration was in danger of collapsing. As the fall elections approached in 1826, anyone looking at the Senate could have easily perceived two political groupings. On the one hand, there were the National Republicans, the followers of Adams, Clay, and Webster, and on the other, the Opposition, gathered under the banner of Jackson, and tentatively, Calhoun, and including Senators Van Buren, John Eaton of Tennessee, and Benton, which would eventually become the Democratic party.

Footnotes at end of article.

Within these opposing camps, there were some surprising and uneasy alliances. As historian Glyndon Van Deusen notes:

> Federalists, under the leadership of swarthy Daniel Webster, already the servant of the vested interests in Massachusetts, and Jeffersonian Democrats of the Clay stripe found themselves side by side in the National Republican ranks. Many high tariff men looked to Clay for leadership. A strong Western element championed internal improvements at national expense. The party was conservative, by and large, favored a vigorous national government, and sought to establish its predominance by an alliance of East and West.
>
> The Opposition was decidedly heterogeneous. There were Southerners, hating the tariff and fearing that a strong central government would endanger slavery; Northern high tariff men, who distrusted Adams or disliked Clay; states' rights advocates and strict constructionists, moved to wrath by Adams' woefully inept championship of a vast system of internal improvements at national expense; democrats and demagogues who championed the downtrodden, demanded a government free from corruption, and cried out against aristocratical successions. The Opposition had a liberal tint, but the group, as a whole, required careful handling.[24]

Obviously Randolph was a member of the Opposition. The fact that the Virginia legislature did not return him to the Senate did not obscure the fact that the winds of change had begun to blow hard and much of the South was rapidly shifting to the hard anti-national position he and other Opposition leaders espoused. These were nebulous times, when new coalitions, one of which would emerge as a major national party, were forming on every side. Historian George Dangerfield has suggested that, while Monroe's administrations have been labeled "The Era of Good Feelings," Adams' unstable times might well be called "The Era of Suspense."[25]

Martin Van Buren was one of the leading figures of this political ferment. Short, plump, beautifully dressed, he was a poised and witty companion. One of the most astute political managers in the country, he was determined to ruin his enemy Adams. Van Buren was a deadly adversary, who assassinated quietly and with a smile. In a delightfully apt phrase, John Randolph said of Van Buren that "he rowed to his object with muffled oars."[26] Calhoun, about to become one of Van Buren's victims, did not realize the treachery until after the deed was done.

Van Buren greeted enemies with a smile, suffered defeat gracefully, and played his cards close to his vest. He relished his reputation as a wily fox and gleefully told this story against himself:

> "Mr. Knower, Mr. Knower," an Albany wool merchant once said to a friend at the conclusion of one of Van Buren's tariff speeches, "that was a very able speech." "Very able," replied Mr. Knower. There was a pause. "Mr. Knower," said the wool merchant, "on what side of the tariff question was it?"[27]

Throughout 1826, Van Buren and other members of the Opposition worked feverishly to increase their ranks in Congress in the autumn elections. While the fall results were difficult to decipher, when the Twentieth Congress convened in December 1827, it was clear that the Opposition had gained strength. In the House, the pro-administration Speaker, John Taylor of New York, was replaced by the hostile Andrew Stevenson of Virginia, who gave all the important chairmanships to Jackson men.

In the Senate, John Tyler of Virginia made his debut, with the expectation that he would continue, with more discretion, Randolph's attacks on the administration. Opposition leaders were extremely annoyed when Clay published an old letter from Tyler congratulating him on his vote for Adams. The Opposition carried the day, however, when the Senate chose for its printer the ebullient Duff Green, whose Washington *United States Telegraph* was violently abusive of Adams. For the first time in their history, both the House and the Senate had majorities hostile to an administration only two years old.

Nearly every measure that came up in the Twentieth Congress was debated and voted on from the point of view of its likely effect on the 1828 presidential election. National Republicans sought to discredit Jackson while the Opposition sought to destroy Adams. A resolution was introduced by Jackson men to have one of the large, empty panels in the rotunda of this building filled with a painting of the Battle of New Orleans. Adams' partisans defeated that move. Then the president's friends offered a resolution calling for an inquiry into the court martial and execution of six Tennessee mutineers by Jackson during the War of 1812. Handbills were scattered across the country bearing six black coffins and this verse:

> Oh! Did you hear the plaintive cry
> Borne on the southern breeze?
> Saw you John Harris earnest pray
> For mercy, on his knees?

The resulting House committee report exonerated the general.[28]

Jackson's supporters then took the offensive, calling for an investigation of how the president spent the government's money. Among the documents presented was a White House inventory listing a $61.00 billiard table and a chess set costing $23.00. Cried one Southern representative, "Is it possible, Mr. Chairman, to believe that it ever was intended by Congress that the public money should be applied to the purchase of gaming tables and gambling furniture? And if it is right to purchase billiard tables and chessmen, why not, also, faro banks, playing cards, race horses, and every other article necessary to complete a system of gambling at the President's palace . . .?"[29] As a matter of fact, the inventory was incorrect. The chessmen had been purchased with private money and the billiard table had never been bought at all, but this information did not serve the Opposition's purposes and was squelched.

The most important item before the preoccupied Twentieth Congress was the tariff question. Quickly dubbed throughout the South the "Tariff of Abominations," it mirrored the political turmoil of the nation. Like all tariffs, the tariff of 1828 was a very complicated affair. Historians still debate the true intentions

of the principals involved. What is clear is that, by the time the tariff finally became law, the South was threatening to secede from the Union, John C. Calhoun had been maneuvered out of second place in the coalescing Democratic party, and, even though things had not worked out quite as he planned, Martin Van Buren had taken Calhoun's place.

Both Calhoun and Van Buren would have liked to ignore the tariff question but, by 1827, this was impossible. High-tariff propagandists had met with success in stirring up pro-tariff sentiment among farmers everywhere except in the South and Southwest. Merchants and bankers in the Northeast, particularly Massachusetts, had been converted to the cause, as was evident when Daniel Webster, still in the House, drove through a bill that gave woolen manufacturers all the protection they asked for. This woolens bill put both Van Buren and Calhoun in a terrible predicament.

Van Buren had decided that opposition to Adams, represented by Webster in this case, must be founded upon "the most natural and beneficial combination . . . that between the planters of the South and the plain republicans of the North." [30] Unfortunately for him, on this issue, planters of the South were opposed to protective tariffs while those plain republican farmers of Van Buren's own New York state favored them. What was Van Buren to do? He solved the problem by not voting at all. Long afterwards, he lamely explained that he was absent from his seat because he had "promised to accompany a friend on a visit to the Congressional Cemetary." [31]

More likely, it was his own political burial Van Buren feared. Other senators also found it convenient to disappear. When the woolens bill came up for a vote on February 28, 1827, the result was a 20–20 tie.[32] So the issue was placed squarely in the lap of Vice President Calhoun. At one point, Calhoun had been a mild advocate of protectionist tariffs, going along with Clay and other nationalists because of the plausible arguments that South Carolina and other southern states might become industrialized. But few plants had been built in the South, and now tariffs and internal improvements, most of which linked the North and West, encouraging growth in those sections rather than the South, worked to the disadvantage of the Southern states.

Calhoun was definitely caught in an impossible situation—what we would call today a Catch–22 situation. A tie-breaking vote, in either direction, was bound to hurt him as a national figure. His position in Jackson's emerging Democratic party was still insecure—especially since he had aroused the jealousy of Van Buren. Certainly, the vice president must have wished he could have gone sightseeing that day, too. But Calhoun had to make a decision. He could not vote "maybe." He had to vote "aye" or he had to vote "no," and he did.

He voted no and killed the woolens bill.[33]

Now the maneuvering began in earnest; Jackson men plotting against the president, Van Buren plotting against Calhoun. The defeat of the woolens bill roused a northern demand for a tariff that would protect all sorts of different products. And such a bill was produced in the Twentieth Congress, the Congress filled with a new influx of Jackson supporters. In the Senate, where Jackson was stronger than ever, Van Buren, Benton, and Eaton of Tennessee were among those who watched out for the General's interests, and saw in the tariff a way to embarrass President Adams.

Van Buren, however, was playing two games: trying to win support for Jackson and discredit Calhoun at the same time. First, he traveled to the South, trying to bring the Crawford Radicals into Jackson's fold. He did so by promising Crawford, who was slowly dying, that he would do everything in his power to ruin Calhoun, Crawford's great bugbear. Such a maneuver would be tricky. Calhoun was still a Jackson man, and Van Buren was far too shrewd to openly break with him at this point. But Van Buren also knew that he could never rise in the new Democratic party if Calhoun were to remain Jackson's heir-apparent. In the tariff, Van Buren saw a way to force Calhoun to cause his own fall from grace.[34]

The first draft of the new tariff bill of 1828 was hammered out in the House Committee on Manufacturers in December 1827. The smiling and cordial Van Buren was repeatedly seen "lurking" outside the committee room. He was in the habit, observed the *Massachusetts Journal*, "of calling out the Jackson members of the committee daily, and many times a day, to hold talks with them; and it is presumed that nothing important was done or has been reported without his knowledge and consent." The pro-Adams *National Journal* confirmed the report and sarcastically added: "We believe that every thing has been arranged under the superintendence of Mr. Van Euren, who, from managing the Albany legislature, has kindly taken upon himself the management of Congress, so far as relates to the tariff . . ." Duff Green, editor of the friendly *United States Telegraph*, and the official printer to the Senate, attempted to refute these claims, assuring his readers that the senator from New York "did once . . . call at the committee room, and that was done upon the request of his friend, Mr. McLane of Delaware." Green's protest notwithstanding, Van Buren was responsible for the tariff bill as eventually reported.[35]

The bill first went to the Senate Committee on Manufactures, and on May 5 was reported out. Historians disagree over just what the strategy of the Jacksonians was at this point. Many argue that they decided to play a devious and dangerous game. By joining with the Adams protectionists and loading the bill with so many outrageously high duties, they were sure Congress would kill the bill and they could then blame the Adams forces for its defeat. The intrigue bore all the marks of the work of Van Buren and his partner in the House, New York Representative Silas Wright. As the plotters would soon find out, it was one thing to devise a strategy for defeating the tariff, and another to actually carry it off.[36]

Throughout the spring of 1828, debate on the tariff filled the House and Senate. Much of it was uninspired. Representative John Taylor complained that "day after day passed without any sensible advance in the public business. One dull prosing speech after another and arguments for the fiftieth time repeated are hashed up and dished in new covers." [37] And one can picture the House as it looked to Taylor, with, as historian Arthur Schlesinger, Jr. described it, members "lolling back in armchairs, laughing, coughing, spitting, rattling newspapers, while some poor speaker tried to talk about the din." [38]

Things have not changed much.

Through the din, Jacksonians obediently set about antagonizing the northern manufacturers with a variety of bedeviling amendments increasing duties on pig iron, flax, hemp, and so forth. Everyone supposed that the New England Senators would join with the Southern anti-protectionists to kill the measure. Daniel Webster, who had moved from the House to the Senate in the autumn elections, emerged, to the consternation of many, as one of the leaders of the pro-tariff forces. On May 9, he offered an extraordinary spectacle. He stood in front of his colleagues to explain why he was about to repudiate all the free-trade arguments he had made in the House in 1824. He was not eloquent, not the "great cannon loaded to to the lips," but he was very honest. He offered no moral or intellectual justifications for the switch.

How strange to the ear of some of us, following the vote on AWACS.

He changed his mind, he said, simply because New England, his constituency, had accepted the protective system as the established policy of the government, and after 1824, had built up her manufacturing enterprises on that basis. This candid avowal of allegiance to a section was one the public would not forget and Webster would later regret.[39]

Vice President Calhoun presided over the tariff debates with an easy mind. He thought he knew just what Van Buren's plot was and he approved. He approved. Suddenly, he realized that things were going very much awry. Years later, the betrayal still rankled and he recalled:

> Relying on the assurance on which our friends acted in the House, we anticipated with confidence and joy that the bill would be defeated and the whole system overthrown by the shock. Our hopes were soon blasted. A certain individual, then a Senator, but recently elected to the highest office in the Union, was observed to assume a mysterious air in relation to the bill, very little in accordance with what, there was every reason to believe, would have been his course.[40]

That things went awry is clear, but historians still debate whether or not Van Buren, that "certain individual," was actually in control of the shift or whether he was taken by surprise and swept along with the tide just as Calhoun was. What did happen is that Jacksonian senators, while offering amendments in jest to sink the bill, seemed to be seized with the realization that it might just pass and then their

Footnotes at end of article.

own constituents might not be protected. So we have the spectacle of Thomas Hart Benton mockingly asking for a duty on indigo, but very seriously requesting a duty on furs and a duty on lead for Missourians. Suddenly, Senator Mahlon Dickerson of New Jersey, who had discovered that a solitary vermicelli factory did business in his State, wanted a fifty percent duty on imported vermicelli. The jest had turned serious. Van Buren could no longer control the forces he had set loose.

Though the bill was a bad one for all concerned, many felt it was better than *no bill* at all. To the astonishment of Jackson's supporters, the tariff bill passed the House and Senate and became law on May 19, 1828. Senator Littleton Tazewell of Virginia was among those who felt tricked. He cornered Van Buren and said, "Sir, you have deceived me once; that was your fault; but if you deceive me again the fault will be mine." [41]

The "Tariff of Abominations" was denounced on both sides. Protectionist journals like *Niles Register* repudiated it as did anti-protectionist organs such as *Richmond Enquirer*. The legislatures of South Carolina, Georgia, Mississippi, and Virginia condemned it. In Washington, the South Carolina delegation met at the home of Senator Robert Hayne to consider withdrawal from the Congress. After violent argument, it was decided to do nothing extreme until after the upcoming presidential election. Calhoun, now fully identified with southern interests, was not present at these meetings, but he influenced them. He counseled restraint. He could not, however, restrain himself from writing an anonymous and widely-circulated essay expounding the doctrine of the right of a state to nullify what it considered an unconstitutional law. The groundwork for the Nullification crisis, which would haunt the Twenty-first Congress, was laid.

In addition to the major issues of the day such as the tariff, the Senate also considered a wide variety of other more routine matters during these four years. A glance at the index to the *Register of Debates* reveals a fascinating array of resolutions introduced but not passed—nothing new to the Senate—burning issues that quickly lost their fire, familiar-sounding debates, information about incidents in this building, and the revision of the Senate rules that continue to guide us today. These events and issues help give us a sense of the day-to-day life in the early nineteenth century Senate.

No sooner had the Nineteenth Congress convened in December 1825, than Thomas Hart Benton presented a resolution "to inquire into the expediency of amending the Constitution of the United States, so as to provide for the election of the President and Vice President by a direct vote of the People." [42] Senator Robert Hayne applauded Benton and went even further, suggesting that the election of the president be removed from the intervention of the House. Senators Nathaniel Macon of North Carolina and Mahlon Dickerson of New Jersey joined Benton and Hayne in pushing these measures.

The motives behind these resolutions were quite transparent, following as they did so closely after the 1824 elections. Their promoters were all ardent Jackson men; their opponents, like Senator John Holmes of Maine, Adams' partisans. It is doubtful that the Opposition expected these resolutions to bear fruit, and in this they were realistic, but they wanted to make it clear that they felt that Jackson had been robbed of his victory, winning the popular vote only to have the House hand the presidency to Adams. What is most interesting about these debates, however, is not that nothing came of them, but how current they sound today. Benton had encouraging words of support for those who continue to seek constructive constitutional change. He said: "No great reform is carried suddenly. It requires years of persevering exertion to produce the unanimity of opinion which is necessary to a great popular reformation; but because it is difficult, it is not impossible." [43]

Another unsuccessful resolution, introduced by Senator Thomas Cobb of Georgia, was even more pointed. Cobb suggested an amendment to the Constitution which would prohibit the appointment of any senator or representative "to any office of honor, trust, or profit, under the authority of the United States," during the period for which they were elected.[44] Its intent, said Benton, was to cut off the possibility for a member to receive an appointment from "a president to whom he might have lent a subservient vote." [45] Benton had a specific member in mind. Henry Clay, the alleged co-conspirator in the "Corrupt Bargain," had resigned from the House to become Adams' Secretary of State.

And just in case the point of both of these resolutions was lost on the pro-administration senators, the Opposition introduced a third resolution, on December 19, to prohibit any president from serving more than two terms. Though they expected to defeat Adams in 1828, the Opposition obviously did not want to take the chance that the presidency would be "stolen" a third time.[46]

During this period, the Senate also recodified the rules set down in 1820. Among the significant changes was the dividing of the Committee on Commerce and Manufactures into panels for each of its named subjects and the creation of committees on agriculture and private land claims.[47]

As the eye runs down the index to the Senate debates for this period, the issues stand out that set the followers of Jackson apart from those of Adams, issues that would increase in importance as the years went by. Debates on bankruptcy, a theme dear to the hearts of anti-big-money Jacksonians, public lands, the pet of Benton and the westerners, and internal improvements like the Baltimore and Ohio Railroad and the Cumberland Road, extolled by adherents to Clay's "American System," fill the pages of these dusty volumes.

Just as the eye begins to weary of the columns of fine, faded print, an item will leap off the page and demand investigation. Such an entry appears under "O" in 1828: "Outrages in the Capitol, two resolutions laid on the table in relation to the assault made by Russell Jarvis on the president's personal secretary, and that of Duff Green on Edward Vernon Sparhawk, one of the reporters." [48] Now, I know senators sometimes have their differences with the press, but they seldom come to actual blows! Who were these men, Messrs. Green, Sparhawk, Jarvis, and the president's secretary, and what provoked the "outrages"?

Let us begin with the case of Jarvis, a journalist, and the president's private secretary, who also happened to be his son, John Adams. In April 1828, Mr. Jarvis, responding to a rude remark that young Adams had directed at him several days earlier at the White House, assaulted Adams as he was walking through the Rotunda from the House to the Senate on official business. The president was outraged, and he sent a message to both the Senate and the House asking for redress. Unfortunately, his message did not spell out the particulars of the case so we must rely on Jarvis' own communication to the Senate, which was printed in full in *Niles' Register*, a nationally-circulated Baltimore newspaper. Jarvis' letter is marvelous in its detail and I would like to read from it:

> . . . while he (Adams) was in the rotunda of the Capitol, I accosted him and asked if he had given his final answer to my note; for I still hoped that he might be induced to offer some apology or explanation. On saying that his final answer had been given, I was excited by his continued refusal, and by a recollection of the offense, to commit an assault upon his person, which consisted merely in pulling his nose and slapping one side of his face, with my open hand. In doing this I disclaim any intention of inflicting upon him any bodily injury; for I was totally unarmed, and assailed him merely in the manner above described, while he was provided with a stout cane. I also disclaim any intention of way-laying him, for our meeting at the Capitol was accidental. More especially do I disclaim any intention of infringing on the rights, or assailing the dignity of the president of the United States, of either house of Congress, or of any public functionary, or any intention of obstructing an officer of the general government in the discharge of his official duties.—When I accosted Mr. John Adams in the rotunda, I supposed he had discharged his official duties, and was on his way from the Capitol. I was not aware of his being charged with a message to the Senate, or of his being on his way to the chamber of that body. I viewed the rotunda as common ground, as a public passage, not particularly within the jurisdiction of either house of Congress, and differing in no respect, so far as it related to the rights or dignity of any public functionary, from any public street or highway I know that an assault upon an individual within the public peace, is a violation of the laws; and I regret that any indignity should have been offered to a party of ladies under my protection, and in a place where they expected, at least, the ordinary forms of civility, whereby I was impelled to an offense against the civil authority, which I hope, that I may be always disposed to maintain, as a sober and peaceful citizen. But, if either house of Congress shall consider that I have, unintentionally, or inadvertently, violated its rights or dignity, or those of the executive, by resenting, within the walls of the Capitol, a grievous insult (earlier at the White House) to the ladies of my family,

Footnotes at end of article.

and which insult I chose to consider entirely of a private character, I am ready and disposed to offer any atonement that shall be due to such body.[49]

The upshot of the incident was that both the president's message and Jarvis' epistle were laid on the table to quietly slip into history.[50]

The case of Duff Green and Edward Sparhawk was equally dramatic and suffered the same fate in the Senate. Green, as I have already noted, was the editor of the rabidly pro-Jackson Washington *United States Telegraph*, a rising star in the emerging Democratic party, and printer to the Senate. Sparhawk was apparently a reporter for the New York *American*. On January 25, 1828, the two men came to blows in a room set aside for the Senate Committee of Claims. On January 29, Sparhawk presented the Senate with a memorial, accompanied with affidavits, which

"humbly showeth, that, having been subjected to insult and violence in the roof of the Committee of Claims of the Senate of the United States, from a person called Duff Green, an officer of the Senate . . .; and having been threatened by said Green with further violence, in case your memorialist should 'ever write a line about him'—considering that said violence was not, in any manner provoked by your memorialist, and that it was committed within a room devoted to the use of the Senate; Therefore, your memorialist humbly prays that such notice may be taken of this matter as may, in the opinion of your honorable body, comport with its dignity, and extend protection to individuals while within the precincts of the Senate.[51]

The next day, Green begged to present his side of the story, and his is the only side that was printed. According to Green, Sparhawk was the author of an anonymous article which charged that Green had grossly and intentionally misrepresented remarks by John Randolph in an article in the *Telegraph*. Green, finding out that Sparhawk was the author, "felt as every honorable man would feel in his situation, as the editor of a public journal of extensive circulation." He accosted Sparhawk and demanded to know if he was, indeed, the author of the piece. According to Green's account, written in the third person, "Not receiving a satisfactory answer, he proceeded to assault Mr. Sparhawk, having no intention to offer personal injury to him, his sole object being, not to hurt, but to disgrace him." Green contended he had no intention of dishonoring the Senate, for which he had the profoundest respect, but only to chastise one who had sullied a senator's name. Sparhawk had been, Green concluded, a "profligate instrument of falsifying the reports of the proceedings of the coordinate branch of Congress," and he had taken it into his own hands to right the situation.[52]

Despite Green's pains on its behalf (and no doubt the pain of Sparhawk!), the Senate did not express its gratitude. Then again, neither did it condemn him. As with the Jarvis-Adams affair, this one was laid on the table and relegated to obscurity.

During the course of this examination of the years 1825 to 1828, I have mentioned the rise of the Democratic party. I would like to end my remarks, then, with a brief look at the origins of that party. To any of my colleagues who would like to pursue this absorbing topic further, I can heartily recommend Robert Remini's useful *Martin Van Buren and the Democratic Party* and Michael Holt's chapter on "The Democratic Party," in the series *History of the United States Political Parties*.[53]

We can trace the beginning of the Democratic party back to the early 1820's, when, as I noted earlier, the first American party system of Jeffersonian Republicans and Federalists collapsed. In its wake, during the "Era of Good Feelings," everyone was ostensibly a National Republican. This inclusiveness, however, diluted the party's ideology. To the dismay of purists like Randolph, the Old Republicanism of states' rights, strict construction, and the small government principles of the Jeffersonians, no longer prevailed. They were pushed aside by nationalistic programs advocated by younger men like Clay. These tensions were exacerbated by two events. The depression that followed the Panic of 1819 ignited working-class and agrarian hostility to paper money and to the private banking system that seemed to favor the few at the expense of the many and that caused economic fluctuations catastrophic to the little man. Secondly, the angry attacks on slavery during the Missouri debates had opened up an ominous division between the North and South.

Many Old Republicans blamed the potential sectional realignment on the fact that there was only one party, whose discipline and adherence to principle had collapsed because of lack of competition. They were certain that new men like Clay and Calhoun had corrupted the Republican party with nationalism and jettisoned the pure principles of strict construction, laissez faire, and states' rights.

The Old Republicans wanted to reconstruct their national party, to restore it to its first principles, and to drive all those nationalistic backers of the American System from their midst. They saw their chance in the aftermath of the 1824 election, stolen, in their opinion, by the evil forces of John Quincy Adams from their own virtuous candidate, Andrew Jackson. It was clear that the election in 1828 would probably come down to these two candidates once again, and this time, the opposition would be ready.[54]

The opposition was led by Senator Van Buren, and before he left the Senate in 1828 to return to New York to rally his "Bucktails" and become governor of the state, he delivered one last important speech on the Senate floor on February 12. His remarks on that particular occasion reinforced his commitment to Jeffersonian concepts. What Van Buren presents us in that speech is the creed of the Jacksonians, soon to be called "Democrats." The dogma of states' rights was the central theme. The essential conflict between Hamilton and Jefferson, at the time of the Republic's founding, was the identical struggle going on in 1828 between the friends of Jackson and those of Adams. The members of the Democratic party—the true descendants of the Patriots of 1776—in Van Buren's view, were mindful of the causes and the history of this long-standing philosophical dispute. They were, therefore, averse to a national government that sought to enlarge its area of activity beyond the fixed boundaries set by the Constitution. Only through the continued existence of powerful states, he averred, could the liberties of the people be protected. Here, in a nutshell, were the principles behind the Democratic party.[55]

Riding and channeling the wave of resentment against the president and the enthusiasm for the hero of New Orleans, supremely talented Jacksonian managers, such as Van Buren and Senator Eaton, organized the Democratic party from the top down. Michael Holt explains their technique:

Central committees were established in Nashville by Jackson's friends and in Washington by Van Buren, Calhoun, and other Jackson cronies. These committees, and Jackson himself, corresponded voluminously with state politicians urging them to build state organizations which in turn established Jackson clubs or committees in each county and most localities. Once completed, the Democratic organization consisted of a multitude of conventions and committees built in pyramid fashion from the locality to the county to the state to the central national committees. The national committee and Jacksonian congressmen disseminated propaganda to the local committees to keep Old Hickory in the public eye. A politician of superb instincts, Jackson himself directed much of this propaganda, making sure that the public remembered he was the victim of a cynical and corrupt bargain. The politicians in Washington also raised money to support an extensive chain of newspapers they had established across the country, and these sheets brought the Jacksonian gospel to the people.[56]

The campaign of 1823 was one of personalities. Such campaigns are bound to degenerate into abuse, but the name-calling of the 1823 campaign has rarely been equalled. To call Jackson a gambler, a drunkard, and a duelist, and Adams a monarchist, a gourmandizer, and a spendthrift was one thing. But in 1827, pro-Adams newspapers began to print stories accusing Jackson of having knowingly lived in adultery with Rachel Jackson before she was divorced from her first husband. That one of the happiest and loving of marriages in the United States had been dragged into the campaign was proof of the depth to which the partisans could sink. Slander was infectious.

What a time for NPAC to have flourished. Duff Green was soon printing in his *United States Telegraph* columns a nonsensical story about premarital relations between President and Mrs. Adams. Green wrote to his hero, Jackson, "Let Mrs. Jackson rejoice, her vindication is complete." How one reputation could be vindicated by the blackening of another apparently did not disturb him.[57]

The feel of a Jackson victory, a Democratic victory, was in the air in the fall of 1828. When it came in the winter, it was a substantial one; 178 electoral votes to 83 for Adams. It was a great triumph

Footnotes at end of article.

for the "common man," particularly in the West and South, where Jackson was lionized. Under the vastly liberalized franchise laws, large numbers of Americans voted who had never done so before. The popular vote jumped from 400,000 in 1824 to more than 1.1 million in 1828 (647,276 for Jackson and 508,604 for Adams). In only two of the twenty-four states, Delaware and South Carolina, did the legislature still choose the electors. In the rest, the people now had the power.[58]

The "Era of Suspense" was over. The political turmoil of the preceding years was temporarily resolved. The forces of discontent had coalesced long enough to bring about a political revolution under the banner of the new Democratic party. The coalition that elected the hero in 1828 was too broad and heterogeneous to be stable. For example, Jackson's overwhelming popularity in the South and West camouflaged deep differences among his followers, some of which would cause defections once the northerner, Van Buren, became his successor. In 1829, there was a Jackson coalition. At the end of his administration in 1837 there would be a smaller, but more homogeneous and unified Democratic party.[59]

None of this, however, mattered to the followers of Jackson in March 1829. On March 4, all Washington saw the real contemporary meaning of the word "Democrat" as masses of farming, frontier, and working-class families swarmed into the capital to hail "Old Hickory," the symbol of a new democracy that had brought the common people of America to political power. Adams had decided that it would be unbecoming for him to attend the inauguration of a man who for three years had accused him of bargain and corruption and had quietly ridden out of town the day before. He was hardly missed by the cheering crowds massed everywhere in the city to welcome "their" president. As the delirious multitude flooded the White House, turning over buckets of punch, trampling chairs to sawdust, sober men like Daniel Webster reflected, "People have come five hundred miles to see General Jackson, and they really seem to think that the country had been rescued from some dreadful danger." Indeed they believed just that. Only time would tell whether or not they were right. What was abundently clear, from the perspective of the Senate chamber, however, was that the Age of Jackson had arrived.

FOOTNOTES TO "ERA OF SUSPENSE": 1825–1828

[1] George Dangerfield. *The Era of Good Feelings*. (New York: Harcourt, Brace and Company, 1952), pp. 341–43; Martin van Buren. *The Autobiography of Martin Van Buren*. John Fitzpatrick, ed. (Washington, DC: American Historical Association, Annual Report of the year 1919, 1920).

[2] James Richardson. *Compilation of the Messages and Papers of the Presidents* (Washington, DC: Government Printing Office, 1907), II, pp. 292–93.

[3] *Historical Statistics of the United States* (Washington: Bureau of the Census, 1975), Vol. II, p. 1085.

[4] Alvin Josephy. *The Congress of the United States* (New York: American Heritage Publishing Company, 1975), p. 168.

[5] *Register of Debates*, 20th Congress, 1st sess., 273–341.

[6] Margaret Coit. *John C. Calhoun* (Boston: Houghton Mifflin Company, 1950), p. 160.

[7] John Quincy Adams. *Memoirs*. Charles Francis Adams, ed. (Philadelphia: Lippincott and Company, 1874–1877), Vol. VII, p. 63.

[8] Richardson, II, pp. 315–16; Dangerfield, p. 349.

[9] Dangerfield, p. 354.

[10] Robert Davidoff. *The Education of John Randolph* (New York: W. W. Norton and Company, 1979), p. 25.

[11] Ben Perley Poore. *Reminiscences of Sixty Years in the National Metropolis* (Philadelphia: Hubbard Brothers, 1886), I, p. 69; Josiah Quincy. *Figures of the Past* (Boston: Little, Brown and Company, 1926), p. 213.

[12] Quincy, pp. 210–12.

[13] Coit, p. 162–63.

[14] Among the many biographies of John Randolph are: William Cabell Bruce. *John Ranolph of Roanoke* (New York: G. P. Putnam and Sons, 1922); and Henry Adams. *John Randolph of Roanoke* (Boston: Houghton, Mifflin and Company, 1898).

[15] Henry Adams, p. 26.

[16] *Register of Debates*. 19th Congress, 1st sess., 142.

[17] Richardson, II, p. 327.

[18] *Register of Debates*. 19th Congress, 1st sess., 388.

[19] *Register of Debates*. 19th Congress, 1st sess., 390–401.

[20] *Senate Journal*. 20th Congress, 1st sess., p. 160.

[21] *National Journal*. May 1, 1826 (Washington); *National Intelligencer*. May 20, 1826 (Washington); Dangerfield, pp. 363–64.

[22] Dangerfield, pp. 357–58; Glyndon Van Deusen. *The Life of Henry Clay* (Boston: Little, Brown and Company, 1937), pp. 220–23; Davidoff, pp. 255–59.

[23] Ernest Bates. *The Story of Congress* (New York: Harper and Brothers, 1936), p. 121; *Register of Debates*, 19th Congress, 1st sess., 150.

[24] Van Deusen, pp. 210–11.

[25] Dangerfield, chapter 5.

[26] Bruce, II, p. 203.

[27] Van Buren, p. 171.

[28] Van Deusen, p. 227.

[29] Bates, p. 125.

[30] Van Buren to Thomas Ritchie, January 13, 1827, quotes in Dangerfield, p. 399.

[31] Van Buren, p. 169.

[32] *Register of Debates*. 19th Congress. 2nd sess., 496.

[33] Ibid.

[34] Dangerfield, p. 402.

[35] Robert Remini. *Martin Van Buren and the Making of the Democratic Party* (New York: Columbia University Press, 1951), p. 174.

[36] Remini, chapter 6.

[37] John Taylor to Mrs. Taylor, April 3, 1828, quoted in Dangerfield, p. 406.

[38] Arthur Schlesinger, Jr. *The Age of Jackson* (Boston: Little, Brown and Company, 1946), p. 45.

[39] *Register of Debates*. 20th Congress, 1st sess., 750–70.

[40] *Speeches of John C. Calhoun*. Richard K. Cralle, ed. quoted in Dangerfield, p. 408.

[41] Remini, p. 182.

[42] *Register of Debates*. 19th Congress, 1st sess., 16–17.

[43] Thomas Hart Benton. *Thirty Years' View* (New York: Appleton and Company, 1883), p. 79.

[44] *Register of Debates*. 19th Congress, 1st sess., 19–20.

[45] Benton, p. 83.

[46] *Register of Debates*. 19th Congress, 1st sess., 19.

[47] Ibid., pp. 1–6.

[48] *Register of Debates*. 20th Congress, 1st sess., iii.

[49] *Niles' Weekly Register*. (Baltimore), April 26, 1828, pp. 145–146; *Register of Debates*. 20th Congress, 1st sess., 810.

[50] *Register of Debates*. 20th Congress, 1st sess., 810.

[51] *Niles' Weekly Register*. February 2, 1828, pp. 28–81.

[52] Ibid., p. 398.

[53] Michael Holt. "The Democratic Party, 1828–1860," in *History of U.S. Political Parties*. Arthur M. Schlesinger, Jr., ed. (New York: Chelsea House, 1973), pp. 497–536.

[54] Ibid.

[55] Dangerfield, p. 416.

[56] Holt, p. 503.

[57] Dangerfield, chapter 7; Marquis James. *The Life of Andrew Jackson* (New York: The Bobbs' Merrill Company, 1938), Vol. II, chapter 8.

[58] Josephy, p. 170.

[59] Holt, p. 504–05.

Madam President, I yield the floor.

ADJOURNMENT UNTIL MONDAY, NOVEMBER 2, 1981

The PRESIDING OFFICER (Mrs. KASSEBAUM). Under the previous order, the Senate stands adjourned until 12 noon, Monday, November 2, 1981.

Accordingly, the Senate, at 3:59 p.m., adjourned until Monday, November 2, 1981, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 30, 1981:

DEPARTMENT OF JUSTICE

William F. Weld, of Massachusetts, to be U.S. Attorney for the district of Massachusetts for the term of 4 years, vice Edward F. Harrington, resigning.

HOUSE OF REPRESENTATIVES—*Monday, November 2, 1981*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
October 28, 1981.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Monday, November 2, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, we open our hearts and souls to the bounty of Your grace. Bless all those who work for the good of others, particularly those who labor in this place. Grant strength and patience in the ordering of their lives, be with them and their families with the knowledge of Your love, and give them the assurance that what they do may contribute to the common good and so serve Your purpose on Earth. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4503. An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4503) entitled "An act to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes," and asks for a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STAFFORD, Mr. CHAFEE, Mr. DOMENICI, Mr. GORTON, Mr. RANDOLPH, Mr. MITCHELL, and Mr. MOYNIHAN to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the concurrent resolution of the House (H. Con. Res. 194) entitled "Concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 884) entitled "An act to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes," and agrees to a conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HELMS, Mr. DOLE, Mr. HAYAKAWA, Mr. LUGAR, Mr. COCHRAN, Mr. HUDDLESTON, Mr. LEAHY, Mr. ZORINSKY, and Mr. MELCHER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 4608. "An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes."

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1143. An act for the relief of Sang Sun Russo;

S. 1503. An act to authorize the President to allocate supplies of crude oil, residual fuel oil, and refined petroleum products during a severe petroleum supply shortage, and for other purposes; and

S.J. Res. 113. Joint resolution to designate the week beginning November 8, 1981, as "National Home Health Care Week."

ADMIRAL RICKOVER

(Mr. PRICE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PRICE. Mr. Speaker, a very good article summarizing Admiral Rickover's great contributions to the security of our Nation was published in the October 14 issue of the Review of the News. I am including the article at the close of my remarks since it presents the current situation on the continuation of Admiral Rickover's efforts to serve our Nation.

It was a little over 2 years ago—October 21, 1979, exactly—since Admiral Rickover was given and accepted a 2-year extension of his period of active duty. As I stated on the occasion of this extension, I was very pleased and relieved to know that Admiral Rickover agreed to continue his services and that the Defense Department took the administrative step to make this possible. My statement in this respect was printed in the October 9, 1979, issue of the CONGRESSIONAL RECORD on page 27544.

Admiral Rickover's present extension terminates on January 27, 1982. I realize there is a limit to the contributions anyone can be expected to make to the service of his Nation. I also appreciate the fact that Admiral Rickover has contributed more by far than most any other citizen of our Nation. I still hope that Admiral Rickover will agree to continue on in his critical area of work which is so vital to our national security and that the Defense Department will follow through by taking the administrative step to extend his active duty appointment. I believe it is very important to induce Admiral Rickover to serve for a while longer. Our security is so extremely dependent on the safe and reliable operation of the 131 nuclear submarine and surface vessels throughout the world. If at all possible we should take advantage of his highly disciplined approach to the development and operation of this military force.

It is particularly important that in these late stages of his illustrious career we take advantage of the services of Admiral Rickover so that he can concentrate more of his efforts on the things which must be done to facilitate the continued safe, efficient, and disciplined direction of the program by the people who must some day follow him.

As I have done every time in the previous extensions of Admiral Rickover's active duty periods, I want to express my thanks to him for all that he has

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

79-059 O-85-10 (Pt. 20)

contributed to the welfare and security of our Nation. I am sure the citizens of this Nation join me in this expression of thanks and convey to Admiral Rickover our best wishes for his continued health and vitality. The article follows:

[From the Review of the News, Oct. 14, 1981]

PROFILING THE U.S. NAVY'S AMAZING ADM. HYMAN RICKOVER

(By Robert Moss)

Admiral Hyman G. Rickover, the father of nuclear power and of America's Nuclear Navy, will soon come up for reappointment as the Director of the Energy Department's Division of Naval Reactors and there is the usual opposition to extending the 81-year-old Admiral's active duty for another two years. His few critics include not only No Nukes radicals but lobbyists for such defense contractors as the Electric Boat Division of General Dynamics, who have been sharply rebuked by Rickover for submitting huge cost-overrun claims against the government.

During 59 years as a Navy officer, Hyman Rickover has made an incalculable contribution to the military effectiveness of the U.S. Navy and the national security of the United States. This son of an immigrant Russian craftsman brought the Navy into the nuclear age with the development, over bitter opposition, of the first atomic submarine. He successfully lobbied in 1974 for congressional passage of a law specifying that all new major combat ships would have to be nuclear powered unless the President opposed the building of such ships as contrary to the national interest.

In 1976 Admiral Rickover told the Senate Armed Services Committee that only nuclear-powered ships could counter the "real and ominous" Soviet threat on the seas. He said that since the United States "has given up any possibility of matching the Soviet Navy in number of ships . . . our only hope to be able to carry out our mission in the areas of highest threat is superior ships." His attainment of this goal was confirmed recently by R. James Woolsey, a former Under Secretary of the Navy, who noted:

"There is no Soviet skipper, anywhere in the world, who sleeps soundly in his sea cabin. He can never be sure that he isn't in the cross hairs of the periscope of one of Rickover's marvelous, quiet black attack boats. And, as we fuss with the MX and the agonizingly hard problem of fixing the vulnerability of our ICBMs, we have some breathing space—because some more of Rickover's products, carrying their *Poseidon* and *Trident* missiles, slip silently on patrol somewhere beneath the Atlantic and Pacific."

Hyman George Rickover was born in Russia on January 27, 1900, and was graduated from the U.S. Naval Academy in 1922. He earned a master's degree in electrical engineering at Columbia University in 1929, qualified as a submariner in 1931, and held a variety of assignments before being attached to the atomic submarine project at Oak Ridge, Tennessee, in 1946. Since being moved to the Bureau of Ships in 1947, Rickover has devoted more than three decades to the development of nuclear warships. His first wife, Ruth Masters, died in 1972 and Hyman Rickover married Eleonore Bednowicz in 1974.

While presiding over a major technological revolution in America's defenses, Admiral Rickover has repeatedly criticized the bureaucratic procrastination and red tape in the Defense Department and once advocated firing half of the Pentagon's employees to improve efficiency. And the Admiral has often tangled with the nation's defense contractors because of their failure to provide the government with accurate cost and pricing data and for submitting bills far in excess of the original estimates.

Hyman Rickover's care and high standards have led him to interview personally all the young officers to be assigned to his department. "It is not uncommon," he has said, "for me to interview a recent graduate from a 'good' college who has received a master's degree in mathematics but who is incapable of solving a 10th grade algebra problem." The educational decline of American schools has long troubled the Admiral, and he has urged parents "to learn as much as possible about their children's schooling" and not to be "intimidated by vociferous educators."

What is wrong with many American schools, says Admiral Rickover, is that they "foster attitudes that do not prepare the students for the world's harsh realities. They promote the notion that learning must be easy and entertaining. This idea is cruel to the child and dangerous to society; children then grow up believing they need not struggle to excel. There is simply no way to combine the provision of instant happiness with the business of learning to read, write, and calculate. Learning can be interesting, rewarding, and exciting, but it requires effort. It is work. No learning takes place, just as no ditch gets dug, without work."

Expressing concern about the moral climate in America, Admiral Rickover says that "ancient wisdom has told us that it is necessary for most of us to be periodically reinstructed in moral values. I believe it is the duty of each of us to act as if the fate of the world depended on him. Admittedly, one person cannot do the entire job by himself, but one person can make a difference."

Hyman Rickover has made such a difference during a magnificent career, and his term of active duty should be extended. "Admiral Rickover is a patriot who has battled both the bureaucracy within the government and those who attempt to loot the American taxpayer with cost overruns," says Congressman Larry McDonald (D. Georgia). "For these reasons, and many more, Admiral Rickover should be allowed to continue his noble service to this nation and to the entire Free World."—J.J.D.

PERMISSION TO HAVE UNTIL MIDNIGHT TOMORROW TO FILE CONFERENCE REPORT ON S. 815, DEPARTMENT OF DEFENSE AUTHORIZATION, 1982

Mr. BENNETT. Mr. Speaker, I ask unanimous consent that the managers may have until midnight, Tuesday, November 3, 1981, to file a conference report on the Senate bill, S. 815, the fiscal year 1982 Department of Defense authorization bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

HOUSE SHOULD REJECT SENATE VERSION OF H.R. 4331, NO. 8

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, never before in the history of the social security system have we retroactively stripped a group of workers who have fulfilled the statutory requirements for coverage of their promised benefits. On the basis of this issue alone, stripping the minimum benefit, the House should reject the Senate version of H.R. 4331.

The other aspects of the Senate version of H.R. 4331, however, demand our attention. In addition to the minimum benefit provisions, the Senate has also included in its bill cuts in the other areas of social security coverage. These cuts, which have nothing to do with the halfhearted minimum benefit restoration, should give us in the House extra incentive to reject the Senate's bill.

First, the Senate has arbitrarily isolated non-U.S. residents, including U.S. citizens living abroad, and stripped them of their minimum benefit protection.

Second, the Senate has mandated that employers pay social security taxes on the first 6 months of employees' sick pay. This is merely and added expense for American business and while driving up the cost of sick pay will discourage its availability. This sets a bad precedent which could lead to employees being forced to pay social security taxes on sick pay and other types of health and welfare incomes.

Finally, the Senate bill includes a provision to implement a more restrictive limit on family social security benefits. Under this proposal, which would be the largest single cut in the social security program's history, every family with more than one dependent would suffer a benefit reduction. What is more, because of the graduated wage replacement formula under social security, the Senate's proposal would reduce spouse benefits for every retired couple with total benefits under $270 per month. And, for the retired couples, those receiving total benefits under $200 per month, spouse benefits would be completely eliminated.

I think it is ironic that the Senate leadership has chosen H.R. 4331, a bill the House passed to restore the minimum benefit, to mask further slashes in social security protection. The Senate version of H.R. 4331 makes a mockery of the intent of the House to reinstate confidence in the social security system.

NATIONAL SCHOOL LUNCH PROGRAM CANNOT STAND FURTHER CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri, (Mr. COLEMAN) is recognized for 15 minutes.

Mr. COLEMAN. Mr. Speaker, reports are circulating that the administration's task force on entitlement programs is considering further reductions to the national school lunch program.

I rise today to voice my strong opposition to any further cuts in this area.

I have surveyed a number of school districts in my home State of Missouri and have found a significant increase in the costs of meals to paying students and a significant decline in the number of participants. Because of budget cuts already enacted, the prices have gone up an average of 20 cents. Program participation has dropped anywhere from 10 percent to 30 percent. In general, the paying student has traditionally made up 63 percent of the participating population in the school lunch program. These paying students are leaving the program now at rates between 25 and 30 percent. It is this loss of money—combined with Federal assistance reductions—that threatens the very existence of many school lunch programs.

As we all can understand, a school cafeteria has many fixed costs. Add the rising cost of food, equipment, and labor, and many school districts are being forced to make an unpleasant decision, "Can we afford to feed our students?"

If Federal funds for school lunches are further reduced, this administration will be pulling the safety net out from under those who are the most truly needy. Free meals are made available to the poorest student; but if schools continue to experience a decline in paying students, they may well have to close down the lunchrooms. This leaves the poor student with no alternative whatsoever.

Mr. Speaker, as a member of the subcommittee charged with overseeing the national school lunch program, I have written OMB Director David Stockman urging him to forgo any consideration of further cutbacks in this program. Five of my Republican colleagues on the subcommittee have joined with me in this letter.

To put it bluntly, Mr. Speaker, we believe the national school lunch program has given all it can give to our common goal of balancing the budget. We have advised Mr. Stockman that any effort to make further cuts will not have our support. Our side of the aisle cannot deliver the votes necessary to win further cuts from the national school lunch program.

Mr. Speaker, so far the school districts that I have surveyed in the State of Missouri have indicated that they can cope with the cuts so far enacted; however, they are very concerned that any further reduction in Federal assistance would increase prices to a dangerous level and threaten the very existence of a school lunch program in their district.

Parents with incomes that require their children to pay for school lunches are opting out and their children are brown-bagging it. There is nothing wrong with that, certainly, but should this trend continue, the real losers will be the poor children.

Their schools may be unable to finance a cafeteria. Their parents may be unable to afford a nutritional brown-bag lunch and the Federal Government will let down the most truly needy of our society.

Mr. Speaker, I include the following material as a part of this special order.

Following is a chart which details the effects of budget cuts on several Missouri school lunch programs:

School District	Lunch price increase (cents)	Reduction in participants (percent)
Kansas City	20	5
Trenton (Adams Jr. High)	35	30
Kirksville Elementary	25	30
Brookfield Elementary	20	16
Eastgate Middle School (Kansas City)	30	20
Grant City	15	18–22
North Kansas City	30	16
Jefferson City	10	20
Independence	5	30
Columbia:		
Elementary	35	25–30
High school	40	.....
St. Louis City:		
Elementary	25	25–30
High school	30	.....
St. Louis County	25	25–30

Source: Figures provided by local school district or food service personnel.

BRUCE SUNDLUN—THE NEW ENGLAND COUNCIL'S CHAIRMAN OF THE BOARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.

● Mr. ST GERMAIN. Mr. Speaker, New England, unique in many ways, is the only region of the Nation whose business interests are represented in Washington by a nonprofit, nonpartisan organization of business leaders committed to the continued growth and economic development of the area.

The New England Council, a member-based organization of 1,200 corporations which employ over one-sixth of the working population of New England, recently elected as its chairman of the board, Bruce G. Sundlun, a Rhode Islander of enormous talents in many facets of community life and a remarkable business leader both in the State and throughout New England.

Bruce Sundlun not only has a long and distinguished career as a businessman—presently he is president and chief executive officer of the Outlet Co. in Rhode Island—he has also earned a brilliant record in Government service. He was assistant U.S. attorney from 1949 to 1951, a special assistant with the Department of Justice from 1951 to 1954, and was appointed by President John F. Kennedy as an incorporator of the Communication Satellite Corp. in 1963, where he served as a senior director.

An outstanding citizen, Bruce Sundlun is a highly decorated World War II veteran, having received the Distinguished Service Cross and the Purple Heart. In addition, Bruce Sundlun's accomplishments extend beyond the limits of our Nation as he has also received the Chevalier Legion D'Honeur from France and the Prime Minister's Medal from Israel.

A retired Air Force colonel, he has served on the advisory group of National Aviation Goals and the Air Force Academy Board of Visitors from 1978 to 1980.

Indeed, Bruce Sundlun is an individual whose description demands superlatives and whose achievements extend beyond these few examples I have given.

I commend the New England Council for its commitment to bringing the needs of the New England business community to the attention of the nation's policymakers. In particular, the council's decision to open a Washington office—just three blocks from the White House—reaffirms the commitment of New England business interests to actively pursue the goal of a vital and thriving economy for the region. In addition, I applaud the council's choice for chairman of the board, Bruce G. Sundlun.●

INTERNATIONAL BANKING FACILITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. SCHUMER) is recognized for 5 minutes.

● Mr. SCHUMER. Mr. Speaker, today I am introducing H.R. 4879, which will enable U.S.-based banking operations to compete for international business on equal terms with their counterparts based in foreign cities or offshore islands.

Congress took the first step toward restoring the international competitiveness of U.S. banks in 1978, when it passed the International Banking Act. On June 9, 1981, the Federal Reserve Board continued this process by authorizing the establishment of international banking facilities (IBF's) with U.S. boundaries.

International banking facilities are nonphysical entities which conduct purely international deposit and loan activities. These activities are currently carried on almost exclusively in for-

eign banks and U.S. branches overseas. Until recently, banks located in the United States could not compete in this highly competitive market because domestic regulations cut too deeply into the yields they could offer; they could not attract sophisticated international investors who are willing to sacrifice the security of protective yet burdensome regulations in order to receive slightly higher yields.

Although Congress, the Federal Reserve Board, and several States have taken the steps required to set up IBF's, one final obstacle remains. On February 18, 1981, the Federal Deposit Insurance Corporation interpreted its obligations under the Federal Deposit Insurance Act to require that deposits held at IBF's be subject to the FDIC insurance assessment of one-twelfth of 1 percent. On the face of it this assessment may not seem like much, but it becomes prohibitive in an arena in which almost half of the business is decided by margins of one-sixteenth of 1 percent. As long as U.S. IBF's are forced to levy the FDIC premium on their accounts they will not be able to compete effectively.

H.R. 4879 removes the last regulatory obstacle to the successful operation of international banking facilities in the United States by excluding deposits payable at IBF's from the FDIC insurance assessment. Eliminating this obstacle opens up a huge new market to U.S.-based banks. Although it is difficult to estimate the size of this market, it is safe to say that it reaches into the tens of billions of dollars.

The successful operation of U.S. IBF's will have at least three important benefits. First, it will increase business in major U.S. banking centers without taking business away from other domestic banking centers, thereby creating new jobs in banking and related businesses. Second, successful IBF's would generate U.S. Treasury revenues because taxes on profits would be paid to the Treasury rather than to foreign governments. Third, supervisory oversight of international banking would be easier when that activity takes place at home rather than abroad.

The benefits from the establishment of International Banking Facilities in the United States will be lost unless we complete the process of setting up a framework that allows our banks to compete effectively. Therefore, I urge the adoption of H.R. 4879.

Mr. Speaker, I include the bill at this point in the RECORD:

H.R. 4879

A bill to amend the Federal Deposit Insurance Act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Banking Facility Deposit Insurance Act".

INTERNATIONAL BANKING FACILITY DEPOSITS

SEC. 2. Section 3(1)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1813(1)(5)) is amended to read as follows:

"(5) such other obligations of a bank as the Board of Directors, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage, except that the following shall not be a deposit for any of the purposes of this Act or be included as part of the total deposits or of an insured deposit:

"(A) any obligation of a bank which is payable only at an office of such bank located outside of the States of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, and the Virgin Islands; and

"(B) any international banking facility deposit, including an international banking facility time deposit, as such term is from time to time defined by the Board of Governors of the Federal Reserve System in Regulation D or any successor regulation issued by the Board of Governors of the Federal Reserve System.".

EFFECTIVE DATE

SEC. 3. The amendment made by section 2 shall take effect on the date of the enactment of this Act.●

THE MISTAKE OF AWACS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman form Illinois (Mr. YATES) is recognized for 10 minutes.

Mr. YATES. Mr. Speaker, the action by the other body in approving the sale of AWACS is a most unfortunate occurrence. The hearings that we had before the Foreign Operations Subcommittee of the House showed conclusively, in my opinion, that the AWACS sale should never been permitted to occur. We heard witnesses on both sides, those who favored the sale and those who did not favor the sale, and yet when we had completed our hearing, the arguments were impressively in favor of rejecting the sale.

It is true that members of our subcommittee favored the efforts by the administration to try to build friendly relations with every nation in the Middle East and we recognized that Saudi Arabia is one of the most important nations. The fact still remains that Saudi Arabia has not been the close loyal friend to the United States that the administration represents it to be. It has dominated OPEC and, as a matter of fact, the first action taken by OPEC the day following the approval by the other body of the AWACS sale was increase the price of oil from $32 to $34. The increase was attributable to the leadership given by the Saudi Arabians at the OPEC meeting. As one columnist stated it, the Americans will be paying for the AWACS planes for Saudi Arabia through the oil price increases.

Second, the Saudis have turned against the one Arab force definitely seeking peace in the Middle East, the late President Anwar Sadat of Egypt. For President Sadat's initiative and goodwill in trying to make peace with Israel, Saudi Arabia branded him a renegade and halted its financial support to Egypt, providing instead financial and moral support to the PLO, to Syria, to Iraq, which are the most hostile and aggressive forces opposing the Camp David agreement.

I think that we should have been very hesitant to sell AWACS outright to the Saudis, even if the basic security of Israel were not involved, because the possession of a powerful weapons system such as AWACS will provide the Saudis with the strength and prestige to dominate other nations on the Arabian Peninsula. This includes Oman, which has shown a greater willingness to make itself available for U.S. military bases than Saudi Arabia or any other nation in the area, and Oman's location offers many strategic advantages. The Saudis have tried to discourage the Omanis from cooperating with the United States.

Moreover, in Oman the concern that the weapons system might fall into unfriendly hands would be minimized because of American control, a control which would be lost if the AWACS is to be sold outright to the Saudis.

The point is made that this weapons system will not be delivered for 4 years and that in that interim period, we would be able to determine whether a constructive contribution would be made toward the peace in the Middle East not only by Saudi Arabia, but other nations in the area.

The fact remains that at the present time the Camp David accords are the basis for the peace initiative of the United States in the area. Almost as the AWACS vote was taking place, the Camp David accords were totally rejected even by an official of the Saudi Arabian Government who said that Saudi Arabia would under no circumstances approve the Camp David accords. Does this mean the administration intends to turn from Camp David accords to Prince Fahd's so-called peace proposals? I would hope not, but I fear anything is possible.

Two years ago representations were made by President Carter that in order to obtain approval of the sale of F-15's to Saudi Arabia their range and power and their offensive capabilities would be limited because the bomb racks and the fuel tanks would not be made a part of the package that was being sold at that time.

The F-15's are to be supplemented by the additional fuel tanks under this sale. The promises that were made to the Congress at that time have been

forgotten. Again we are given the promise that under no circumstances will the security of Israel be compromised.

How certain are we that this kind of a promise will be maintained?

We are told that the AWACS sale will not compromise Israel's security, and yet a witness that appeared before our subcommittee, Gen. George Keegan, who was formerly the head of the U.S. Air Force Intelligence, stated to our committee:

Because of the unique technologies represented by the AWACS and the F-15 with the extension range tanks, these weapons as a system used in concert do in fact constitute the most powerful system ever developed for theatre or regional air warfare.

If those weapons are sold they will serve only to exacerbate the latent instabilities and the very fragile power balances which have existed in the Middle East for more than thirty years and have been the occasion of some five needless and terrible wars.

□ 1215

It was interesting, Mr. Speaker, during the course of those hearings, to hear the question that had been addressed by the gentleman from Louisiana (Mr. LIVINGSTON). He propounded this question:

General Keegan, I have some literature that has been sent to me by what has been called the Israeli lobby, and some literature that has been sent to me by what has been called the Saudi lobby. I am at a loss to determine which is more accurate. Could you tell me?

He read from the material he had received from what he had termed the Isareli lobby:

Combined with the F-15 fighter jet, it constitutes an almost unsuperable offensive weapon system flown well within Saudi air space, the AWACS could monitor virtually all military movement in Israel including every takeoff, landing and flight pattern; thereby jeopardizing operations like Israel's Entebbe rescue or the air strike which supplied the critical margin of victory in the Six-Day War.

Do you agree with that statement?

General Keegan replied:

The statement is an absolutely correct one, factual in every respect.

I asked Mr. LIVINGSTON to read the Saudi lobbying statement, which said:

This airplane AWACS cannot see any target on the ground. It is impossible. It is not in the physics of the system. We have tested it a great deal and it cannot detect tanks, APC's or any other vehicle. It cannot even differentiate cities and deserts.

AWACS cannot correct electronic signal intelligence data, see tanks, troops or ground targets, see much beyond 200 miles to detect low flying planes, take photos, perform jamming.

General Keegan replied:

The statements are essentially untrue, but it is a case, in my judgment, of the Pentagon playing the administration's political strategy games by making statements that on their surface are seemingly true, but which are deceptive because they are wholly irrelevant.

Mr. LIVINGSTON said:

I would have to say you are a pretty good witness.

The sale has taken place now, Mr. Speaker. I consider it a major mistake, one which will destabilize the area. The administration has stated that it is a movement toward peace in the Middle East. I would hope the administration is correct, and yet I cannot help stating my concern that it is in fact a movement in the opposite direction. It may well mark the beginning of another huge arms flow into the Middle East.

The administration has represented that it will now make available to Israel the weapons it needs in order to correct the sale of AWACS to Saudi Arabia. Jordan's King Hussein is now visiting the United States. He will be promised more armaments. The Soviets are pouring weapons into Syria, Iraq, Libya, and other countries in the area. Talk about the Middle East being a powder keg.

That is why I think the AWACS sale will be designated a major mistake. Such a policy must be deplored.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HOWARD) to revise and extend their remarks and include extraneous material:)

Mr. BINGHAM, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes.
Mr. ANNUNZIO, for 5 minutes.
Mr. ST GERMAIN, for 5 minutes.
Mr. SCHUMER, for 5 minutes.
Mr. DASCHLE, for 60 minutes, on November 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. COLEMAN) and to include extraneous matter:)

Mr. YOUNG of Florida in 10 instances.
Mr. GUNDERSON.
Mr. PORTER.
Mr. DANNEMEYER.

(The following Members (at the request of Mr. HOWARD) and to include extraneous matter:)

Mr. PEASE.
Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. ROSENTHAL in 10 instances.
Mrs. BOUQUARD in five instances.
Mr. HAMILTON in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. OTTINGER.

SENATE BILL AND JOINT RESOLUTION REFERRED

A bill and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1143. An act for the relief of Sang Sun Russo; to the Committee on the Judiciary.

S.J. Res. 113. Joint resolution to designate the week beginning November 8, 1981, as "National Home Health Care Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. VENTO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 19 minutes p.m.), under its previous order, the House adjourned until Wednesday, November 4, 1981, at 12 o'clock noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of a House committee, and delegations traveling under an authorization from the Speaker, concerning the foreign currencies and U.S. dollars utilized by them during the third quarter of calendar year 1981 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON MERCHANT MARINE AND FISHERIES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPTEMBER 30, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Fronville, Claire	7/18	7/25	England	473.20	892.00		671.00				
						13.40	[3] 25.25				1,588.25
Husing, Onno	8/24	8/28	Switzerland	856.00	400.00		1,276.00				1,676.00
Field, Hon. Jack	8/21	8/22		0	0		0				0
Lent, Hon. Norman F.	8/25	8/28		683.50	320.00		1,435.00				1,755.00
Marshall, Curtis L.	8/20	8/28		1,567.10	720.00		1,276.00				1,996.00
McCloskey, Hon. Paul N.	7/20	7/22	England		[4] 274.00		1,695.00				
						13.40	[3] 25.25				1,994.25
McClung, Robin W.	8/17	8/21	Panama		300.00		658.00				958.00
Smith, Timothy E.	8/10	8/14	Switzerland	1,223.90	560.00		1,404.00				
	8/17	8/18			[5] 80.00						2,044.00
Committee total					3,546.00		8,465.50				12,011.50

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Represents train ticket London/Brighton/London.
[4] Received $474 total per diem. Stayed only 3 days, returning $200 to State Department Via letter dated July 28.
[5] Covers one additional day per diem requested Aug. 28, 1981. U.S. Treasury check dated Sept. 25, 1981 for $80 forwarded to Smith.

WALTER B. JONES, Chairman, October 15, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO FIJI, NEW ZEALAND, AUSTRALIA, SINGAPORE, THAILAND, HONG KONG, AND TAIWAN, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN AUGUST 6 AND AUGUST 24, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Dr. James Ford	8/8	8/9	Fiji		88.00		6.61		10.95		105.56
	8/9	8/12	New Zealand		228.00				91.03		319.03
	8/12	8/15	Australia		276.00		50.00		41.24		367.24
	8/15	8/16	Singapore		106.00						106.00
	8/16	8/19	Thailand		261.00		52.74		37.94		351.68
	8/19	8/20	Hong Kong		208.00		21.88		14.53		244.41
	8/20	8/22	Taiwan		184.00		24.97		82.16		291.13
Military transportation							9,935.25				9,935.25
Total					1,351.00		10,091.45		277.85		11,720.30
Rita H. Hankins	8/8	8/9	Fiji		88.00		6.61		10.95		105.56
	8/9	8/12	New Zealand		228.00				91.03		319.03
	8/12	8/15	Australia		276.00		50.00		41.24		367.24
	8/15	8/16	Singapore		106.00						106.00
	8/16	8/19	Thailand		261.00		52.74		37.94		351.68
	8/19	8/20	Hong Kong		208.00		21.88		14.53		244.41
	8/20	8/22	Taiwan		184.00		24.97		82.16		291.13
Military transportation							9,935.25				9,935.25
Total					1,351.00		10,091.45		277.85		11,720.30

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

RITA H. HANKINS, Employee, September 22, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, JAMES E. MCDONALD, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JUNE 27 AND JUIY 7, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
James E. McDonald	6/27	6/30	Italy	L290.815	245.00					L290.815	245.00
	6/30	7/7	Germany	DM1,350.90	570.00					DM1,350.90	570.00
Committee total					815.00						815.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JAMES E. McDONALD, Employee, August 5, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, JOHN DANIEL SCHELBLE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN AUG. 20 AND AUG. 27, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
John Daniel Schelble	8/20	8/23	Jordan		[3] 252.00		779.00				1,031.00
	8/23	8/27	Israel		360.00		1,365.00				1,725.00
Committee total					612.00		2,144.00				2,756.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Amount not received as of 9/25/81; arrangements being made with State Department to forward check in this amount in near future.

JOHN DANIEL SCHELBLE, Employee, September 25, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, HON. G. WILLIAM WHITEHURST, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 4 AND JULY 8, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
G. William Whitehurst	7/5	7/8	Germany	DM926.40	384.40		1,497.00				1,881.40
Committee total					384.00		1,497.00				1,881.40

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

G. WILLIAM WHITEHURST, Member, July 27, 1981.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2438. A letter from the Acting Secretary of the Interior, transmitting notice of the proposed refund of $11,470.87 in excess royalty payments to Shell Oil Co., pursuant to section 10(b) of the Outer Continental Shelf Lands Act of 1953; to the Committee on Interior and Insular Affairs.

2439. A letter from the Attorney General, transmitting the annual report for calendar year 1980 on administration of the Foreign Agents Registration Act, pursuant to section 11 of the act; to the Committee on the Judiciary.

2440. A letter from the Fiscal Assistant Secretary of the Treasury, transmitting a report of the actual amount of revenues deposited in the Panama Canal Commission fund during fiscal year 1981, pursuant to section 1302(c)(2) of Public Law 96-70; to the Committee on Merchant Marine and Fisheries.

2441. A letter from the Director of Civil Works, Office of the Chief of Engineers, Department of the Army, transmitting the annual report of the Chief of Engineers, covering fiscal year 1980, pursuant to section 8 of the River and Harbor Act of 1888; to the Committee on Public Works and Transportation.

2442. A letter from the Comptroller General of the United States, transmitting a report on the architectual problems encountered in trying to construct or renovate buildings on Capitol Hill (PLRD-82-1, October 30, 1981); jointly, to the Committees on Government Operations and Public Works and Transportation.

2443. A letter from the Chairman, U.S. Nuclear Regulatory Commission; transmitting the plan for improving technical capability of personnel to operate licensed facilities, pursuant to section 307(a) of Public Law 96-295; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

2444. A letter from the Secretary of Transportation, transmitting a report on airport noise compatibility planning, pursuant to section 108 of Public Law 96-193; jointly to the Committees on Public Works and Transportation and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. S. 1672. A bill, to expand the membership of the U.S. Holocaust Memorial Council from 60 to 65 and for other purposes; with an amendment (Rept. No. 97-308, Pt. I). And ordered to be printed.

Mr. PERKINS: Committee on Education and Labor. H.R. 3598. A bill to authorize funds for the Carl Albert Congressional Research and Studies Center; with an amendment (Rept. No. 97-309). Referred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee on Foreign Affairs. House Joint Resolution 349. A joint resolution to authorize the participation of the United States in a multinational force and observers to implement the Treaty of Peace between Egypt and Israel (Rept. No. 97-310). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GUNDERSON:

H.R. 4877. A bill to amend the Disaster Relief Act of 1974 to direct the President to determine the Federal contribution for grants to repair and restore damaged facilities based on the facts of each major disaster, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MILLER of Ohio:

H.R. 4878. A bill to establish a Commission on More Effective Government, with the declared objective of improving the quality of government in the United States and of restoring public confidence in government at all levels; to the Committee on Government Operations.

By Mr. SCHUMER:

H.R. 4879. A bill to amend the Federal Deposit Insurance Act to clarify the treatment of international banking facility deposits for purposes of deposit insurance assessments; to the Committee on Banking, Finance and Urban Affairs.

By Mr. STUDDS:

H. Con. Res. 212. Concurrent resolution expressing the sense of the Congress with respect to scheduled Presidential elections in Honduras; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

218. The SPEAKER presented a memorial of the Senate of the Commonwealth of Massachusetts, relative to National Scleroderma Week; to the Committee on Post Offfice and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LEE introduced a bill (H.R. 4880) to direct the Administrator of Veterans' Affairs to release a reverter interest of the United States in certain real property in Canandaigua, N.Y., previously conveyed by

the United States to Sonnenberg Gardens, a nonprofit educational institution of the State of New York; which was referred to the Committee on Veterans' Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1400: Mr. JAMES K. COYNE and Mr. RATCHFORD.

H.R. 1778: Mr. MCDONALD.

H.R. 1954: Ms. OAKAR.

H.R. 2349: Mr. WALGREN.

H.R. 2439: Mr. MATSUI.

H.R. 4653: Mr. BEDELL, Mr. DASCHLE, Mr. FRANK, Mr. GLICKMAN, Mr. HUGHES, Mr. JEFFORDS, Mr. KILDEE, Mr. MCHUGH, Mr. WASHINGTON, and Mr. WILSON.

H.R. 4673: Mr. MARLENEE and Mr. DOUGHERTY.

H. Con. Res. 178: Mr. RAILSBACK, Mr. GOLDWATER, Mr. THOMAS, Mr. BEVILL, Mr. MCKINNEY, Mr. CLAUSEN, Mr. ROBERTS of South Dakota, Mr. BLANCHARD, and Mr. ROGERS.

H. Con. Res. 197: Mr. SIMON, Mr. LELAND, and Mr. GOODLING.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

250. By the SPEAKER: Petition of John R. Jay, and others, employees of the Fleet Combat Training Center, Pacific, San Diego, Calif., relative to a redress of grievances; to the Committee on Armed Services.

251. Also, petition of the City Council, Virginia Beach, Va., relative support of impact aid to school districts; to the Committee on Education and Labor.

SENATE—*Monday, November 2, 1981*

The Senate met at 12 meridian, and was called to order by the President pro tempore (Mr. THURMOND)

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Eternal God, our Heavenly Father, worthy art Thou to receive our worship and adoration. We praise Thee, we adore Thee, we magnify Thee. Holy and gracious art Thou in all Thy works and in all Thy ways.

Thy word declares:

The things that are seen are temporal, but the things that are unseen are eternal—II Corinthians 4: 18.

We look for hope in the wrong place, Lord, then wonder why life seems futile and meaningless. We put our hope in that which is seen and transient which passes away and leaves us without hope. We search again, and again put our hope in that which is transitory only again to be left hopeless as it fails. We are so easily the victims of the visible, Lord, so easily tempted by the tangible.

Teach us, dear God, that the only adequate foundation for hope is Thyself, Thy faithfulness, Thy integrity. Help us to see that real security is found only in Thee. Teach us that ultimate reality is in eternal, unseen values, and help us place our trust in Thee alone. We ask this in the name of Him who trusted Thee even on the cross. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, will the Chair recite for the Senate the order that was entered on Friday with respect to the convening of the Senate?

The PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico (Mr. SCHMITT) is to be recognized for not to exceed 15 minutes and the Senator from Texas (Mr. BENTSEN) is to be recognized for not to exceed 15 minutes. Under the previous order, there will then be a brief period for the transaction of routine morning business not to exceed 20 minutes, with statements therein limited to 5 minutes each.

Mr. BAKER. Is there a further order, may I inquire of the Chair, in respect to the reading of the Journal and matters coming over under the rule?

The PRESIDENT pro tempore. The reading of the Journal is dispensed with and no matter was to come over under the rule.

Mr. BAKER. I thank the Chair.

Mr. President, since there is already an order for the transaction of routine morning business, I will not make any further arrangements in that respect unless there is some requirement to do so by the Senate later.

Mr. President, I ask unanimous consent that the time allocated to the Senator from New Mexico (Mr. SCHMITT) be transferred to the control of the Senator from Idaho (Mr. SYMMS).

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOVEMBER HAS GREETED US

Mr. BAKER. Mr. President, leaves have now blanketed the roads, trees are left to stand on their own. November has greeted us with the warmth of spring, and for those of us fortunate enough to take a Sunday drive yesterday, Washington was perhaps never as beautiful.

Robert Penn Warren reflects the seasons in his poem, "Fear and Trembling," and I ask unanimous consent that it be placed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

FEAR AND TREMBLING

The sun now angles downward, and southward.
The summer, that is, approaches its final fulfillment.
The forest is silent, no wind-stir, bird-note, or word.
It is time to meditate on what the season has meant.
But what is the meaningful language for such meditation?
What is a word but wind through the tube of the throat?
Who defines the relation between the word sun and the sun?
What word has glittered on whitecap? Or lured blossom out?
Walk deeper, foot soundless, into the forest.
Stop, breath bated. Look southward, and up, where high leaves
Against sun, in vernal translucence, yet translate the freshest
Young tint of the lost spring. Here now nothing grieves.
Can one, in fact, meditate in the heart, rapt and wordless?
Or find his own voice in the towering gust now from northward?
When boughs toss—is it in pain and madness,
Or joy? The gold leaf—is it whirled in anguish or ecstasy skyward?
Can the heart's meditation wake us from life's long sleep,
And instruct us how foolish and fond was all labor spent?—
Us who now know that only at death of ambition does the deep
Energy crack crust, spurt forth, leap
From grottoes, dark—and from the caverened enchantment.

LEGISLATIVE SCHEDULE

Mr. BAKER. Mr. President, I think the Senate feels a sense of accomplishment as a result of last week's expeditious completion of appropriation bills, including the Interior appropriations bill, the Agriculture appropriations bill, and the District of Columbia appropriations bill, as well as the Emergency Petroleum Allocation Act and, of course, a final judgment on the President's proposal to sell AWACS aircraft and other materiel to the Kingdom of Saudi Arabia.

If the Senate continues to perform with the dispatch of last week, I feel that we will stay on schedule with appropriation bills and manage to complete the essential business of the Senate within the time remaining to us before our adjournment later this year.

Perhaps more immediately important, Mr. President, if we continue to do as well as we did last week and stay on schedule on appropriation bills that we have remaining, I do not foresee the need to ask the Senate to remain late on the evenings other than the regular late evening Thursday, nor to ask that there be a Saturday session.

Last week at this time, at the beginning of the week, I put the Senate on notice that the usual arrangement in respect to convening and closing hours of the Senate and weekend sessions would not obtain while we were in the final throes of the appropriation process. But it would appear that if we continue to make the good progress that we have made that it will not be necessary to change those arrangements nor to ask the Senate to remain late or on the weekends as might otherwise be the case.

Mr. President, today it is the intention of the leadership to ask the Senate to proceed to the consideration of S. 1086, a measure to revise and extend the Older Americans Act of 1965. It is my hope that we can arrive at a time agreement on that bill and dispose of it easily within the time available to the Senate during today.

Mr. President, under an order previously entered, tomorrow at 11 o'clock, the Senate will launch upon the consideration of H.R. 4209, the Transportation appropriations bill. A time agreement had been virtually worked out on that measure previously but was not available on Friday. I hope that Members today would give attention to that matter and during the day today would permit us to get a time agreement on the Transportation appropriations bill.

After we finish the Transportation appropriations bill, Mr. President, the Senate, under a previous order, will go to H.R. 4144, the energy and water appropriations bill. That bill will require some time for debate. But, once again, I hope that Senators directly involved with the measure and having a particular interest in it, most especially the managers of the bill on both sides, will make some effort to give us a time agreement on that measure.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Following the disposition of the water bill, Mr. President, it is expected that the Senate will proceed on Thursday to the consideration of H.R. 4169, the State, Justice, and Commerce appropriations bill.

Perhaps, Mr. President, during this week it will be possible to go to the consideration of S. 881, a bill making amendments to the Small Business Act, if that measure can be cleared.

There are other matters that must be dealt with, Mr. President, especially appropriation bills. There is Labor, HHS, and Education; Military Construction; Treasury-Post Office; and, inevitably, a continuing resolution.

My final plea, Mr. President, to Senators is this: Appropriation bills are poor vehicles to try to make legislative changes. Whether it is abortion or whether it is something else, it is not a very good forum for it. If Senators who have amendments or contemplate amendments on these bills would consult with me, I would be pleased to try to arrange some other vehicle for them to offer their amendments so that we can keep the appropriations process on track. That may not always be possible, Mr. President, but I think, in deference to the Senate's schedule, that Members should make that effort.

Mr. President, I have no need for the remainder of my time remaining under the standing order.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield for a question?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, would he hazard a guess as to a final adjournment date for this session?

Mr. BAKER. Mr. President, if we continue to make the good progress we made last week and that I hope for this week, I am of the opinion that we might improve substantially on the target date of December 18, which the Speaker and I discussed. I have not yet spoken to the Speaker and passed on to him that optimism.

December 18 is the unofficial and informal target date, but if we continue to do as we are doing now we ought to be able to beat that.

Mr. President, I yield to the Senator from Illinois.

The PRESIDING OFFICER (Mr. DURENBERGER). The Senator from Illinois.

SENATOR BOB PACKWOOD

Mr. PERCY. Mr. President, I just happened to be on the floor and overheard the question put to the distinguished majority leader by a member of the press just prior to the meeting of the Senate today about an article which appeared in the Washington Post this morning about Senator PACKWOOD.

I wish simply to say that since the AWACS vote, I have talked to a number of the top staff members at the White House and have never heard a vindictive word of any kind against Senator PACKWOOD. Obviously, they would have preferred his support rather than his opposition on this issue. But as with all issues, Senators must proceed from conviction.

At no time have I seen Senator PACKWOOD do anything other than act openly, above board, and in the best tradition of the U.S. Senate.

I think Senator PACKWOOD has performed what he felt was a function and duty consistent with the position he has taken throughout his Senate career. His seatmate, Senator HATFIELD, has also taken in this AWACS sale a position consistent with the policy that he has followed, of resisting arms sales abroad because of the involvement of this Government that that process sometimes leads to.

Certainly, the outstanding job that Senator PACKWOOD has done as chairman of the National Republican Senatorial Committee, not only now but in the past, has strengthened the two-party system and helped us come from way behind to a position where suddenly now we are the majority party in the Senate.

I think that tradition of building strength in the party has been fulfilled in an admirable way by Senator PACKWOOD.

I commend the distinguished majority leader for the strong defense that he provided this morning of his colleague and our esteemed friend, Senator PACKWOOD.

Certainly, all Members, on this side of the aisle support the Senatorial Committee of the Republican Party. I would hope that they would not hold one vote, one issue, against a Senator who has distinguished himself in the U.S. Senate, the two-party system, and the Republican Party as Senator PACKWOOD has.

Mr. BAKER. I thank the Senator. As I said during dugout chatter, as we call it, that is, meeting with representatives of the press just before we convene, I have an extraordinarily high admiration for BOB PACKWOOD. He has not only been a personal friend and a valued colleague, but also he is the chief architect of the Republican success in gaining a majority in the Senate. I do not know of a more valuable Member on this side of the aisle. I do not know of a single Member on this side who looks at BOB PACKWOOD other than as an indispensable part of this party and the Senate.

I do not believe, Mr. President, that he will take seriously any criticism or allegations in respect to his standing either with the administration or certainly with the Senate, nor should he.

I expect that he will have continuing levels of success in his debates and contributions to policies in this Senate as he has in the past. He is an extraordinary Senator, a great man, and an invaluable part in our effort.

I would say the same for the distinguished Senator from Minnesota (Mr. BOSCHWITZ). He has been here only a short time but he has been effective in proposing initiatives and in opposing issues, such as in the AWACS sale. But he is universally respected. He conducted himself, as BOB PACKWOOD, with the greatest integrity in that debate and gained the greatest respect from all of his colleagues in the Senate, and I am sure all people in the United States.

Mr. PERCY. Senator BOSCHWITZ is a very valuable Member of the Senate. He has conducted himself in the finest traditions of the U.S. Senate. He has added tremendously to the dialog. I believe he is to be commended.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the distinguished minority leader is recognized.

Mr. ROBERT C. BYRD. I yield 2 minutes to the Senator from Wisconsin.

THE LESSONS OF HISTORY

Mr. PROXMIRE. Mr. President, this week the first International Liberators Conference was held at the State Department. This was an international gathering of representatives of the nations that took part in liberating the Nazi concentration camps.

It comes after recent attempts by revisionist scholars to claim that the holocaust never happened. But one only needs to talk to this group, listen to their living history and see film clips and photographs of this slaughter to get an idea just how horrible the atrocity was.

Lynn Darling tried to capture this in her article in Monday's Washington Post. She focused on Leon Bass who, in October 1944, at the age of 19, marched into Buchenwald as a member of our infantry. The scene has haunted him ever since. He recounts that as he walked into the camp "he saw the walking dead. They had eyes devoid of any kind of light. Their bones seemed ready to break through their skin." He walked on and "saw dead bodies stacked up next to the crematorium, the matchstick arms and legs, the open eyes, the open mouths. The stench everywhere was overwhelming." He went in and saw the charred remains of rib cages and skulls.

Why does Leon Bass and others like him feel such a strong need to retell this unpleasant experience in our history?

Mr. President, they feel as I do, that we must not forget this and all other instances of genocide.

Many people today never knew the holocaust. In another few decades all those with personal memories of this atrocity will be gone. But as the American philosopher George Santayana observed, "A nation that does not know history is fated to repeat it."

Mr. President, it was the all too vivid knowledge of the holocaust that supplied the impetus for the drafting of the Genocide Convention.

Today, this convention remains the only major effort to grapple on an international basis with this ancient and persistent evil—one made increasingly more terrifying by technologies of seemingly limitless applications.

Mr. President, the United States, as the leader of the free world, has a responsibility to condemn blatant violations of human rights. The grim fact is that 32 years have passed and we have yet to ratify this most basic human rights treaty, the Genocide Convention. There is no reason to believe that this crime will cease to occur if we ignore it. History has shown us otherwise. I urge my fellow colleagues to ratify this convention without further delays.

Mr. President I ask unanimous consent that the Washington Post article on The International Liberators Conference be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A CONFERENCE TO REMEMBER THE FREEING OF THE CONCENTRATION CAMPS

(By Lynn Darling)

The Auschwitz survivor changed things for Leon Bass. She had come to speak to some of the classes at Benjamin Franklin High School in Philadelphia. It was a predominantly black school and in 1968 it was "under a state of siege," according to Bass, who was principal then, as he is now. The tide of militance had risen to the point where there was a strong effort among the students to change the school's name to Malcolm X High School. Bass came to listen to the woman, to hear what she had to say.

"She was talking about what happened," Bass says quietly. "The students were laughing. They didn't trust anybody white and they didn't believe her. I stood up and said, 'What she's telling you is true. I was there.'"

Bass remembered how he had felt staring at the horrors of Buchenwald. "At 19, I came into the feeling that I was put upon for being black, and I was," he says now. "But standing there, I realized that suffering was universal, that here were people who had this happen to them simply for being who they were."

He began to lecture to students at other schools about what he had seen. "I realized that in another 20 years, we [the liberators] will all be gone," he says. "Who's going to tell them what happened? My history books make slavery sound like a nice happy time, like I would have had a good time working on a plantation. That can't happen this time. That's why I want to make sure these kids know. Because if you don't take stock of this, you can be had, you can be used. You can become a victim, or a perpetrator."

There was a war on. That's how Walter Mietus saw it. The liberators were not there to bring comfort; that would come later. They were there to flush out the enemy and to look into faces that looked into theirs as if they were not sure the Americans were going to be treating them any differently.

"It wasn't like the officers, it wasn't like the generals. We didn't see the total picture," says Mietus. "We didn't understand. In a situation like that you become hardened. You control your emotions. You felt sorry for them, but you felt sorry for yourself. The people in the prisons could sense that some of the soldiers—you could see it in their eyes—they didn't give a damn." The soldiers had to keep a door shut, he explains, otherwise you couldn't take it, the buddy dying next to you, the constant strafing, the friend who was captured and then found dead, the gun still stuck in his mouth. By the time they entered the camps they were hollow men, emptied of everything but the will to live.

"I hope the people in those camps who remember us, I hope they forgive us," Mietus says now. "Because we had gone through hell, too."

This week, Bass and Mietus will take part in the first international gathering of representatives of the nations that took part in liberating the Nazi concentration camps. The International Liberators Conference will take place here over the next three days—under the auspices of the U.S. Holocaust Memorial Council, in the shadow of recent attempts to claim the slaughter never happened, in the light of the memories, the photographs, the testimony and the attempts to come to terms with the horror.

Attending the conference will be the generals and the diplomats, the historians and the archivists, the former members of war crimes tribunals, and the experts who have spent lifetimes searching for comprehension and context. And then there will be those, like Bass and Mietus, for whom that time was locked away for years.

The title of liberator seems to hang loosely around them, connoting conquering, compassionate heroes when they were actually just kids who stumbled in and blinked their eyes and stumbled out again—the foot soldiers, armed with cigarettes and chocolate bars, marching into history's maw.

They got married, got jobs, settled down. In some ways it is hard for them to reconcile the savagery they saw with the modest peace of their lives now, with the way they put it behind them, with the way life went on. "One of the hardest questions I was ever asked," says Bass, "came from a student who said, 'Mr. Bass you knew about this in 1945 and you didn't say anything until 1968. How come?' I did a job on myself on that. I just didn't deal with it. I was too busy trying to make a buck and raising a family. Now I think, 'Leon, you blew it. You had a chance, and you blew it.'"

Now he remembers how green the grass was, how the trees were just beginning to come out and the weather was mild and sunny. Leon Bass and the rest of his all-black company had finally shipped out in October 1944 for Southampton, arriving on the continent in time for the Battle of the Bulge. Now it was April, and he and his buddies were bivouacked in the town of Weimar. From there they went to a place he'd never heard of, a place called Buchenwald.

He remembers how, as they approached in the late morning sunlight, it looked like some beautiful suburban community to a city kid like himself, born and raised in Philadelphia. He remembers walking in and meeting a prisoner who began to show them around. To show them things that still make Leon Bass bury his face in his hands, things that force his eyes to freeze and to stare straight ahead.

"I saw the walking dead," he says. "They had eyes devoid of any kind of light." The prisoners wore striped clothing and wooden clogs; their heads were shaved and their bones seemed ready to break through the skin. They walked on. "I saw a fellow wretching out a window. I looked in windows and saw people too weak to get up from the wooden planks they were lying on. I thought, 'Oh my God, who would do this?'"

They walked on. The young man saw dead bodies stacked up next to the crematorium, the matchstick arms and legs, the open eyes, the open mouths. The stench everywhere was overwhelming. He saw the clothing piled outside the crematorium, the small frayed sweaters, the tiny shoes, children's clothes. He went in and saw the charred remains of rib cages and skulls.

On the way back, no one spoke. "I didn't want to talk," says Bass now. "No one could tell me how people could do this. No one could tell me how people could let them."

Walter Mietus had spent 400 miles slogging through the mud and the misery and the killing that had brought him from the Rhine River to Weimar. He was an infantryman, what they called a dogface then, out there on the front lines of the fighting, taking the towns one by one. When his sergeant ordered him on the truck to go with other members of his company to Buchenwald, Mietus wanted no part of it.

By that time, his company had suffered a casualty rate of 120 percent, as replacements died within hours of one another. By that time, Mietus knew what it was to a liberator. He and his buddies had marched into labor camps and prisoner-of-war camps, and they had seen the stricken faces, heard the cracked voices, listened to the pleas they could do nothing about. "They'd ask, 'What kind of things are you doing for us?'" Mietus remembers. "But I was just a foot soldier, I couldn't do anything."

After the war, Walter Mietus also forgot. "After the war I worked hard to forget," he says now, in the living room of his home in Adelphia, Md., a soft-spoken man who looks shyly from the yearbooks that are part of the memorabilia of those years, books with titles like "We Ripened Fast."

In the beginning, forgetting was easy, even though he was in Germany for eight months after the war ended. There were dreams of going home, of getting jobs, there were friends to counsel as the Dear John letters started trickling. "We were just breathing very deeply and trying to savor life," he says, "We were getting back into the flow." The stories in Stars and Stripes had names like Treblinka, Dachau, and Auschwitz in them, but the conversations among his friends did not. "People wanted to talk about the light things, how they swapped a pack of cigarettes for a camera, or a bag of flour for a Volkswagen," Mietus says.

When he came back home to Chicago, the silence grew. "I couldn't talk about it. I couldn't," Mietus says. "I felt that people wouldn't believe me. They would think I was telling them war stories." Still there were moments that would trigger the memories, moments when he would be watching a newsreel or a movie, and the images on the screen would disappear and be replaced by the lingering images in his own mind.

He had a job in a Chicago electrical company and worked his way up. Evenutlly he went back to school and received a doctorate in individual education. He teaches now at the University of Maryland and lives with his wife of 20 years in a house where the German swords and the Bronze Star and the swastika signed by all the survivors of Charley Company are put away neatly in the basement. The memories were put away as well, until a letter from Emory University came in 1978, asking him to contribute to something called "Witness to the Holocaust: An Oral History Project."

"I hadn't dealt with it at all," he says. "But I started thinking about it. Everything's changed, everything keeps changing, but which way, we don't know. That's why it's important to understand what happened. And we still don't know. We still don't have the whole picture. We say now, 'It's finished,' but it's not. There are people out there now who were part of it [the operation of the camps] and got away with it. It bothers me. It would be a real tragedy if we did not take a lesson from it."

What he saw has changed him, Mietus thinks now. "I think I look at life differently. If I got shot down in a promotion or something, if something goes wrong, it's not going to destroy me. I want to value every moment of life." It made him closer to God as well. It did not bring him closer to organized religion. "The Germans wore belt buckles," he says, "that said, 'God is with us.'"

Mr. ROBERT C. BYRD. Mr. President, I yield the remainder of my time to the Senator from Texas (Mr. BENTSEN).

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized.

A SKILLED LABOR CRISIS—LABOR FORCE PROSPECTS FOR THE 1980'S

Mr. BENTSEN. Mr. President, this is the fourth in a series of speeches in which I am reviewing the prospects for a labor shortage this decade. My third speech reviewed the employment and training outlook for a number of major occupations in the 1980's, and highlighted some 13 skilled labor occupations which face major labor shortages. In just this handful of occupations, a total of over 2.5 million skilled labor jobs are projected to go unfilled in the 1980's. Even this staggering number, based on Labor Department data, is just the tip of the iceberg for there are a number of other smaller occupations where shortages are projected, as well.

This skilled labor shortage is an immediate problem requiring a prompt and effective response. But it is not a problem we can address in isolation because there is an equally grave but more fundamental general labor shortage looming on our horizon.

BABY BOOM TO BABY BUST

My speech today on labor prospects for the 1980's is a sharp contrast to my earlier review of the 1970's. I characterized that past decade as one of labor overabundance. This decade, on the other hand, will be one of growing labor scarcity for the United States.

Unlike the 1970's, labor markets this decade will reflect the impact of a declining national birthrate. That rate hit its postwar peak in 1957 with 25.3 births per 1,000 population. It fell sharply in the following baby-bust years to a low of 14.8 by 1975.

Since then, it has risen slightly—to 16.2 in 1980, for example—as women born in the postwar baby boom enter childbearing years. This rise has been disappointingly low, however, and insufficient to maintain even zero population growth. For example, natural replacement of the population would require that each woman of childbearing age average 2.1 children. The current 1.7 rate is below that replacement level and well below the 3.7 rate attained in the peak baby boom years of the 1950's.

The so-called baby-bust generation will come of age with a vengeance this decade. The result will be a marked slowing in the growth of the working age population and of new entrants to the job market. For example, only 16 million men and women will be added to our potential labor pool—the noninstitutional population over the age of 16—this decade from which our Nation's work force is drawn. This growth is far below the 27 million added to our potential work force in the 1970's and even below the 20 million added to that pool in the 1960's.

In this speech, I will review labor force growth prospects, the outlook for a national labor shortage this decade, and then review some implications which any such shortage has for our Nation.

LABOR FORCE GROWTH PROSPECTS 1980–1990

The domestic labor force in 1980 was 104.7 million strong out of a potential working age—constitutional and nonmilitary—population of 164 million. That working age population will grow by 16 million persons through 1990, reflecting the net impacts of worker deaths and youths reaching 16 years of age.

Youth job force entry and worker deaths are not the only factors influencing labor force growth.

The other major influence on our labor force prospects is the extent to which persons already of working age choose to actively seek work and forego childbearing, leisure, or schooling on a full-time basis. In the 1970's, working mothers made this group a notable source of new labor force participants.

The Department of Labor has developed numerous projections reflecting the impact of these three factors on labor force growth. The key variable in such guesstimates is the labor force participation rate, a measure of the extent to which new and current workers choose to forego school, retirement, or childbearing or seek to continue employment.

MALE WORK FORCE PARTICIPATION

For males, the trend in labor force participation has been downward. As I mentioned in my second speech, Mr. President, male labor force participation rates have fallen almost steadily since the late 1940's. The rate did increase slightly in the boom years of 1977 and 1978, but had settled back to 77.4 percent by 1980. The declining rate reflects trends toward more schooling, which delays labor force entry and, more importantly, earlier retirement by males.

The future course of the male labor force participation rate is not known with certainty. It is reasonable to assume, however, that the trends toward more schooling and early retirements will continue during the 1980's, but perhaps at a slower pace. The pace of this decline will be affected in a significant fashion by the economy. Lagging economic growth will accelerate the decline in male participation rates while robust growth will slow this decline.

In fact, if a major boom exists for most of this decade similar to but longer than the 1976–78 experience, it is probable that expanding labor demand will temporarily reverse this downward trend; that, in fact, occured in 1977 and 1978.

Let me say, however, that there is little reason to expect a reversal in the downward march of male participation rates by 1990 because the odds are against a decade-long boom. The 1977–78 blip was the only period since 1955 when the male participation rate downward trends was reversed; it was a near-unique situation for peacetime, resulting from 3 consecutive years when real growth scored very high annual increases of 4.8 percent or more.

Our economy has duplicated that feat only when gearing up for war. While it is my hope, Mr. President, that our economy will enter a lengthy period of booming real growth this decade, that prospect is only speculative now.

If our Nation does experience periodic bursts of robust real growth in 1981–90 but not a sustained boom, male labor force participation rates will likely continue to trend downward in a manner resembling their path from 1975 to 1980. Over that period, male participation rates fell to 77.4 from 77.9 or 0.5 percentage points.

That rate may overstate the rate of decline in labor force participation likely to occur during the 1980's. Labor markets should tighten noticeably as this decade progresses for reasons discussed shortly, even if only a modest pace of economic growth occurs. The resulting rise in job opportunities and real wage levels will entice some workers to delay retirement. A tightening job market will encourage more younger males to enter or reenter the work force, rather than attending school. It will also entice youths, particularly minority youths with low participation rates presently, to join the work force rather than dropping out as they did in sizable numbers during the 1970's.

Assuming that tighter labor markets result in a tapering of the fall in participation rates, a decline of perhaps only 0.4 percentage points could occur between 1981 and 1985, and again between 1986 and 1990. Such a decline would bring the male participation rate in 1990 to 76.6. If this guesstimate is correct, it would result in a male labor force of 65.3 million in 1990, a net increase of 5.2 million from 1980.

FEMALE WORK FORCE PARTICIPATION

Female work force participation has grown each year since 1971. That growth is the result of stagnating real family incames which pushed wives into the work force in droves, and of delayed family formations. The latter factor certainly will continue in play between now and 1990, and the female work force participation rate should continue to increase over that period. In fact, with barely more than half of the potential female labor force now at work, versus 77 percent of males, substantial scope exists for further increases in that participation rate.

However, several factors suggest that the really frantic pace with which women joined the work force over the last decade may not be repeated between now and 1990. The growing maturity of the baby boom should see women departing the labor force in greater numbers than in the 1970's to establish families. And, if our Nation is able to attain robust economic growth between now and 1990 accompanied by rising real incomes, we may well see an easing of the growth in mothers seeking to earn a family's second paycheck. These two factors will tend to reduce the pace with which women enter our work force, perhaps to the rate of 3 percentage points experienced from 1970 to 1975.

If the female participation rate does, in fact, grow 3 percentage points from 1981 to 1985 and again from 1986 to 1990, the rate would reach 57.6 in 1990. The female work force then would total 54.6 million, a net increase of 10 million work-

ing women over 1980. Adding that figure to the projected growth among male workers from 1980 to 1990 will result in a total projected work force of about 120 million persons in 1990, up slightly over 15 million from 1980.

This guesstimate of the 1990 labor force is within the labor force range most recently forecast by the Department of Labor. Even so, let me critique it for a moment, Mr. President. If our economy attains only sluggish economic growth throughout much of this decade, the male work force participation rates I have noted will turn out to be high; fewer males will participate in the work force than I have suggested.

On the other hand, my guesstimate of female labor force participation may be low if we experience only sluggish growth and mothers continue to join their husbands in the work force in large numbers. In that case, even more women than I speculate will be seeking jobs this decade. In fact, if women enter the labor force in the 1980's at the same pace they did in the 1970's some 2.2 million more will be seeking work than I have speculated above.

On the other hand, if male labor force entry patterns in this decade turn out to be identical to those of the 1970's, 1.3 million fewer men will be seeking work than I have suggested, and the Nation's labor force will grow by 16 million this decade, three-quarters of them women.

LABOR FORCE PROSPECTS, 1980–90: A LABOR SHORTAGE

If my speculation is near the mark, our Nation's labor force will expand by a scant 15 million men and women this decade, with 10 million of these workers being women. I use the term "scant" because this growth would be over 30-percent less than the 22 million persons added in the last decade. It would mean that our labor force would grow an average 1.5 million persons annually this decade, down sharply from the 2.7 million men and women added annually from 1975 to 1979.

With as many as 7 million fewer workers likely to enter labor markets this decade then during the 1970's, the possibility of a significant national labor shortage exists.

Percentagewise, this prospective decline in labor force growth could be dramatic: The labor force grew 19 percent in the 1960's, and a whopping 27 percent in the 1970's. This decade, it could grow less than 15 percent, barely half the rate scored in the 1970's. And the rate of growth in the labor force may well decline as the 1980's progress.

The civilian, noninstitutional population over the age of 16 will increase by only 7.3 million persons from 1985 to 1990, compared to a projected 8.7 million persons from 1980 to 1985 and the much larger 12 million persons added to that pool from 1975 to 1980. Those statistics guarantee a major decline in our work force growth as the 1980's progress.

This looming sharp decline in growth of our Nation's labor force could significantly alter the face of our society. It will mean good news for both skilled and unskilled American workers, much shorter unemployment lines, and rising wages and productivity.

DECLINING UNEMPLOYMENT

With even mediocre economic growth this decade, unemployment should gradually fall below the atypically high levels marked up in the 1970's. The fall in unemployment levels could be quite sharp for some groups. For example, by 1990, the number of youths between the ages of 16 and 24 will decline by 1.5 million. There are 1.6 million youths aged 16 to 19 out of work now.

Even a modest rate of new job creation over this decade will eat sharply into that youth unemployment pool. Wage rates for teens and young adults could increase faster than average as a result, as service establishments and other youth employers compete for a shrinking pool of labor. Fast food outlets may never be able to remove "help wanted" signs from their windows this decade, and many service establishments will increasingly turn to older workers to fill empty jobs. Those employment barriers still facing youths, women, and minorities will be toppled this decade, as well, in the scramble for capable workers.

The likelihood of falling unemployment and labor shortages for older workers depends on our economy.

SLOW GROWTH

If our economy expands only as fast as it did in the 1970's, our Nation will confront a labor shortage that will increase in severity as the decade progresses. Some 19 million jobs were created in the 1970's despite its only spotty growth record. A similar expansion this decade would easily absorb the prospective 15-million person growth in our work force and eliminate over one-half of the existing 8 million-person pool of unemployed workers, as well. However, that pool includes sizable numbers of workers who are between jobs. Consequently, a portion of these new jobs can be filled only through delayed retirements and even more working mothers—persons who can only be enticed to work by higher real wages.

ROBUST GROWTH

If our economy expands faster this decade than in the 1970's, an acute labor shortage and rapidly rising wages will result. With the post-war transition toward labor intensive service jobs continuing across our economy, a period of robust growth could create many more than the 19 million new jobs created in the sluggish 1970's. Some of these additional jobs would likely be filled by immigrants, undocumented aliens, and delayed retirements. But an acute labor shortage would be unavoidable. It would have to be met in good measure by a greater reliance on labor-saving machines able to stretch our increasingly hard pressed supply of labor.

As real wages rise, employers will accelerate efforts to introduce labor-saving devices. Their success in this effort—the widespread adoption of computers and robots, for example—will play a major role in determining our Nation's success in overcoming any labor crunch this decade. In fact, their success in that effort may well determine the pace at which our economy expands this decade.

If private industry does not proceed at a heady pace to adopt labor-saving devices and train men and women to run them, the resulting general labor shortage may act as a noose around our economy, choking off economic expansion and becoming a runaway engine of inflation, as well.

NO GROWTH

A general labor shortage can be averted by poor economic conditions. Our skilled labor shortage would persist, however. If our economy stumbles repeatedly and real growth lags behind even the sluggish pace of the 1970's, as it has in 1981, the demand for workers will lag, as well. In that event, the slower increase in work force participants this decade may be adequate to meet employer demands for additional workers.

INCREASING PRODUCTIVITY

Labor productivity may well rise handsomely this decade even if only slow growth occurs. The savings and investment incentives in the 1981 tax cut bill have eased the path for many employers to accelerate investment in new plant and more productive equipment.

In addition, if robust economic growth does occur, tightening labor markets will force employers to adopt labor saving and more productive devices at an accelerated pace. These factors will reinforce the productivity-enhancing forces already at work in our economy, including the growing expertise of workers who surged into employment offices in the 1970's and efforts to slash Government redtape.

This increased substitution of capital for labor will reflect employers' efforts to balance input costs as real wages rise. The application of more capital in the form of new plant and equipment at the workbench will raise our capital labor ration, increase productivity, and permit employees' real wages to rise—all assuming that interest rates decline and robust economic growth occurs. It will certainly put a sharp halt to Japanese and German boasts of surpassing our standard of living this decade.

AN ECONOMIC CROSSROADS

Given the likelihood that our economy this decade will at least match the 1970's performance, our schools, colleges, business firms, and public officials must start looking down the road to minimize the impact of the resulting general labor shortage. They must start evaluating options to insure that our labor force can meet the rising demands for skills to operate labor-saving technology which that shortage will require. This evaluation should occur in conjunction with the need to determine the most efficient way to ease our skilled labor shortage.

The message to them must be crystal clear: If our economy exhibits much zest at all this decade, labor markets are going to tighten and real wages rise. At that point, our economy can go one of two ways: Employers can continue bidding up wages in competition with one another for workers, generating a great deal of inflation and little productivity, or they can both raise wages and supply workers with training and new labor saving equipment—which will fight inflation, increase productivity, and raise real income.

The first course will permit the baby bust generation to strangle our economy. The second course will permit our economy to deliver sustained real economic growth, with inflation under control, and with rising real wages and family incomes.

Let me draw an analogy to the labor market situation we face. In the past several years, an increasing number of my colleagues have pointed to Japan as a model for the type of productivity record we should strive to attain here at home. There certainly are lessons we can learn from the Japanese. Yet, the most pertinent lesson for us from Japan, I believe, has not yet been recognized.

Japan did not have a post-war baby boom. A labor shortage began to emerge there in the 1970's in line with predictions by researchers back in the 1960's. Japan's amazingly high rates of capital formation beginning in the 1960's were designed in good measure to boost productivity in order to deal with this labor shortage.

The Japanese have not been entirely successful, despite an enviable productivity record, labor shortages persist in Japan. More than 20 percent of big business firms there are suffering labor shortages, for example. And the figure among small and medium Japanese firms—typically less able to compete for workers—exceeds 45 percent, it is little wonder that robotics designed to stretch labor supplies is a mushrooming industry in Japan.

As I look along the road ahead for this country, I am concerned that we will not take this Japanese lesson to heart—that we will react too slowly to our own emerging labor shortage, just as we have already reacted too slowly to our shortage of skilled labor.

The United States can no longer afford to sit on its hands and hope to avoid a labor force crisis as a result of a poorly performing economy. We must begin to evaluate our Nation's capability to provide the increasingly skilled labor that the 1980's will demand in order to minimize the economic impact of our lagging birth rate. American working men and women must become more skilled, more productive, and able to handle the increasingly complex chores that emerging technologies will demand.

The danger for our Nation is not that too few jobs will be available in the 1980's. The danger is that too few men and women will be available to fill these jobs, and that they will not be skilled enough for those jobs required to sustain an expanding economy. The sooner we realize where our danger lies, the quicker we can deal with it.

In my next talk, Mr. President, I shall turn away from a discussion of labor shortages to review the geographic pattern of new jobs in the 1980's.

RECOGNITION OF SENATOR SYMMS

The PRESIDING OFFICER. Under the previous order, the Senator from Idaho (Mr. SYMMS) is recognized for not to exceed 15 minutes.

S. 1801—THE PRIVATE MAIL CARRIAGE ACT OF 1981

(Introduced by Mr. SYMMS for himself, Mr. SIMPSON, Mr. HELMS, and Mrs. HAWKINS.)

Mr. SYMMS. Mr. President, I thank the Chair and I thank the distinguished majority leader for making the time available.

Thomas Jefferson, from whose wisdom and foresight we still benefit, once said that Americans have always been more disposed to suffer evil while evil is sufferable than to alter arrangements to which we are accustomed. We are faced today not with an evil but certainly with a situation which fits into the circumstances described by Mr. Jefferson. Yesterday, Mr. President, we saw the end of the 18-cent stamp. At 12:01 a.m., postal rates on first class mail increased to 20 cents. Unless we act, our Nation will continue to suffer a Postal Service characterized by increased postal rates, inflexible arrangements, and no competing alternatives.

We may alter the arrangements to which we are accustomed, and to that end I am introducing the Private Mail Carriage Act of 1981.

Mr. President, the key to increased efficiency and lower cost in the delivery of mail is not in a Government-sustained monopoly, but in the competition of private enterprise. This bill permits the carriage of mail by private express or carrier, for compensation, and ends the monopoly held by the U.S. Postal Service over first-class mail.

The U.S. Post Office was organized in 1789, and though it has undergone reform from time to time, it has remained a Government monopoly. While a Government monopoly is certainly one way of delivering mail, there is no law irrevocably decreed in heaven to dictate such. Section 8, article I of our Constitution merely states that the Congress shall have power to establish post-offices and post-roads. It is not stated how Congress may establish postal service, much less dictate a Government monopoly.

Mr. President, I doubt there are many who would claim that we do not have significant problems in our National Postal Service. Unfortunately, in dealing with these problems, most people think only of reforming the mail service we currently have in place. Past experience has shown, and current realities should emphasize, that reform will not work. What is needed is the innovation that only a competitive and free market can provide.

Mr. President, I want first to state very clearly that I do not wish to detract from the hard work and diligence shown by our U.S. Postal Service employees. Since 1970, they have done much that is positive. I appreciate the progress of these past several years. They are to be applauded for their implementation of cost-saving procedures, while maintaining levels of service in the face of increasing costs. I note with much satisfaction that the Postal Service is now handling 106 billion pieces of mail each year, and is doing so with 74,000 fewer employees than it had in 1970. Many postal workers have asked me if this bill is a threat to their job security. My answer is "no"; and it might provide them the opportunity to take their labor to a competitor, for higher wages.

Who knows what might happen if the miracle of the marketplace were allowed to perform?

Mr. President, the reforms of the past have not addressed the problems that are inherent in any government monopoly. A government monopoly means that key business decisions along with a host of other details must be made in a political arena. Decisions are often not in the best interests of the postal system or its users. A government monopoly will always be ruled by political variables unrelated to providing the best possible service at the lowest possible price. A government monopoly cannot adopt business-like procedures because it is not a business. The Postal Service is subject to the many influences of Congress and the administration. These influences are political in nature and are often preemptive of sound business practices.

Mr. President, I am reminded of a Christmas season when I went to get a new pair of shoes at Joe's. His store was besieged by late evening Christmas shoppers. There were boxes everywhere. His store looked a mess and poor Joe looked like he had just run a 26-mile marathon. I went up to ask him how he was doing and he smiled and said, "This is the greatest day I've ever had! Business has never been better, Steve, and I feel great."

As soon as I completed my business at Joe's shoe store, I went down the street to the post office to mail some late Christmas cards. There were people in a long line that stretched out the door, and cards and packages were everywhere. Charlie, another friend of mine, the postman, looked at me like he was on his last legs. When I got up to the counter, I said, "Charlie, how are things going?" He said, "Steve, this is the worst day of my life."

So you can see the difference between the private enterprise shoe store owner who was besieged, busy, haggard, and thought he had the greatest day of his life; and the same type of person at the Government monopoly post office, thinking he was having the worst day of his life because he was being besieged with late mail.

Mr. President, I am proud to call Postmaster Bolger a friend of mine, and I think he has done a remarkable job. However, it did nothing to create an independent nonprofit corporation, other than to interpose an additional administrative level between mail service and political influence. The U.S. Postal Service will remain an enormous and unwieldy nationwide bureaucracy subject to political interference. To illustrate the point, we only need examine the "ZIP+4" issue.

The distinguished Presiding Officer is as aware of the ZIP+4 issue as anybody in this body. Regardless of the merits of the longer ZIP code, it has become bogged down in endless political considerations. In a private business context, the imple-

mentation of a longer ZIP code would be the decision of management; it would be implemented or rejected on its merits determined through business considerations. "ZIP+4" has unfortunately become a political issue. Mail service and the consumer cannot help but suffer, no matter which way it comes out, because it will not be decided in the marketplace. It will be decided by the whims of a few.

Mr. President, I fully understand the reasons why an earlier Congress felt it necessary to legislate against freedom to carry mail. Our country was young and sparsely settled. It was the desire of Congress to establish a service that would be available to all on equal terms and would not discriminate against those who settled in remote areas. Today, the frontier and the traditional rationale for the postal monopoly have passed away. I wonder how elbow-to-elbow our country will have to be before we realize that competition can serve and not hurt rural areas. It does not take a Government monopoly to deliver milk, butter, and eggs to my home in Idaho, which is 10 miles from town. If milk, butter, and eggs—all perishable commodities—can be delivered in rural areas of America, why cannot letters be delivered in rural areas of America by something other than a Government postman?

Competition in the delivery of first class mail will improve our national mail service. The law presently allows private companies to deliver packages and parcels. This is an area in which even though the U.S. Postal Service is subsidized, it loses money. Yet United Parcel Service, operating on the same terms as any private business and paying taxes, makes a profit. And it does this nationally while providing fast and efficient service.

I want to make it clear that this bill does not call for abolition of the U.S. Postal Service, and nothing in it precludes the U.S. Postal Service from continuing to carry mail. The bill simply repeals the private express statutes and ends the Government's monopoly on first class mail delivery. I find it ironic that the Department of Justice, which maintains a $45 million Antitrust (antimonopoly) Division, is the lawyer for the Postal Service, and is therefore charged with defending monopoly privilege. My bill will end this bothersome paradox, by recognizing the people's right to free entry into the business of first-class mail delivery.

Mr. President, at present, this bill is cosponsored by the Senator from Wyoming (Mr. SIMPSON) and the Senator from North Carolina (Mr. HELMS). We invite cosponsorship from all Members of the Senate who are interested. I ask unanimous consent that the cosponsorship of the bill be made available until the Senate closes for business today, and then we will accept cosponsors in the future. But we invite all Members of the Senate who might be listening at this point to call my office, and we will be happy to add their names today as cosponsors of the bill.

Mr. President, I ask unanimous consent that the name of the Senator from Florida (Mrs. HAWKINS) be added as a cosponsor of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD:

S. 1801

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Private Mail Carriage Act of 1981."

SEC. 2. (a) Chapter 6 of title 39, United States Code, is amended—

(1) by striking out sections 601 and 602;

(2) by redesignating section 603 through section 606 as section 601 through section 604, respectively; and

(3) by adding at the end thereof the following new section:

"S. 605. Carriage of mail by private express permitted

"Notwithstanding any other provision of law, the carriage of mail, or other licit matter, by private express or carrier for compensation, or otherwise, is expressly permitted.".

(b)(1) The table of chapters for part I of title 39, United States Code, is amended by striking out the item relating to chapter 6 and inserting in lieu thereof the following:

"6. Private carriage of mails--------- 601".

(2) The caption for chapter 6 of title 39, United States Code, is amended to read as follows:

"Chapter 6—PRIVATE CARRIAGE OF MAILS"

(c) The table of sections for chapter 6 of title 39, United States Code, is amended to read as follows:

"Sec.
"601. Searches authorized.
"602. Seizing and detaining letters.
"603. Searching vessels for letters.
"604. Disposition of seized mail.
"605. Carriage of mail by private express permitted.".

SEC. 3. (a)(1) Chapter 83 of title 18, United States Code, is amended by striking out sections 1694, 1695, 1696, 1697, and 1725.

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the items relating to sections 1694, 1695, 1696, 1697, and 1725.

(b) Section 1698 of title 18, United States Code, is amended by inserting "(other than letters or packages carried by private express)" immediately after the word "cargo".

(c) Section 1699 of title 18, United States Code, is amended by inserting "except where carried by private express and" immediately after the phrase "nearest post office," and inserting the same language immediately after the phrase "under my power or control,".

Mr. SYMMS. Mr. President. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, is there still a special order outstanding in favor of the distinguished Senator from Texas (Mr. BENTSEN)?

The PRESIDING OFFICER. Yes, there certainly is.

Mr. BAKER. May I inquire of the minority leader if he knows whether the Senator from Texas has already been given the opportunity to speak that he wished to have?

Mr. ROBERT C. BYRD. Mr. President, the Senator from Texas would like to have the order vitiated now.

Mr. BAKER. I thank the Senator. I ask unanimous consent that the special order in favor of the Senator from Texas be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 20 minutes with the statements therein limited to 5 minutes each.

BILLS AT THE DESK HAVING HAD THE FIRST READING AND PENDING THE SECOND READING

The PRESIDING OFFICER. The clerk will now read any bill that has had a first reading and is at the desk pending a second reading.

Mr. ROBERT C. BYRD. That does not come until the close of morning business. It does not occur at the beginning of morning business.

Mr. BAKER. Mr. President, I ask the Chair if there is further morning business.

The PRESIDING OFFICER. Is there further morning business?

S. 1741—A BILL TO PROVIDE THAT HUMAN LIFE SHALL BE DEEMED TO EXIST FROM CONCEPTION

The PRESIDING OFFICER. The clerk will proceed with the second reading of the bill S. 1741.

The legislative clerk read as follows:

A bill (S. 1741) to provide that human life shall be deemed to exist from conception.

Mr. BAKER. Mr. President, I object to further proceeding on this measure.

The PRESIDING OFFICER. Second reading having occurred and an objection having been heard to further consideration, the bill will be placed on the calendar.

S. 1742—A BILL TO RESTORE THE RIGHT OF VOLUNTARY PRAYER IN PUBLIC SCHOOL

The PRESIDING OFFICER. The clerk will read the second reading of any other bill.

The legislative clerk read as follows:

A bill (S. 1742) to restore the right of voluntary prayer in public schools and to promote the separation of powers.

Mr. BAKER. Mr. President, I object to further proceeding on this measure.

The PRESIDING OFFICER. Second reading having occurred and an objection having been heard to further consideration, the bill will be placed on the calendar.

S. 1743—NEIGHBORHOOD SCHOOL TRANSPORTATION RELIEF ACT OF 1981

The PRESIDING OFFICER. The clerk will report the next bill. The legislative clerk read as follows:

A bill (S. 1743) to insure equal protection of the laws as guaranteed by the fourteenth amendment of the Constitution of the United States and to deny the jurisdiction of the inferior Federal courts to order the assignment of transportation of students, and for other purposes.

Mr. BAKER. Mr. President, I object to further proceeding on this measure.

The PRESIDING OFFICER. Second reading having occurred and an objection having been heard to further consideration, the bill will be placed on the calendar.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. If there is no further morning business, morning business is closed.

BUDGET ACT WAIVER

Mr. BAKER. Mr. President, as I indicated earlier, it is the intention of the leader to ask the Senate to proceed now to the consideration of the Older Americans Act. Before I do so, I would like to address the question of the budget waiver, Calendar Order No. 207. I ask the Chair to lay before the Senate Senate Resolution 171, the budget waiver in respect to the Older Americans Act.

The PRESIDING OFFICER (Mr. COCHRAN). The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 171) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1036.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 171) was agreed to, as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1036. Such waiver is necessary to permit reauthorization of the Older Americans Act of 1965.

Section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

The authorization for the Older Americans Act expires at the end of fiscal year 1981. The Committee on Labor and Human Resources, however, was unable to comply with the May 15 deadline for reporting legislation which expires at the end of the fiscal year due to the press of legislative business resulting from reconciliation.

For the foregoing reasons, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to S. 1036, as reported by the Committee on Labor and Human Resources.

OLDER AMERICANS ACT AMENDMENTS OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate S. 1036, Calendar Order No. 219, a bill to extend and revise the Older Americans Act of 1965.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 1036) to extend and revise the Older Americans Act of 1965, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Labor and Human Resources with an amendment to strike out all after the enacting clause, and insert the following:

That (a) this Act may be cited as the "Older Americans Act Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Older American Act of 1965.

PURPOSE AND ADMINISTRATIVE AMENDMENTS

SEC. 2. (a)(1) Section 101(7) is amended by inserting after "cultural," the following: "education and training".

(2) Section 102(1) is amended by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services".

(3)(A) Section 102(6) is amended by striking out "The term" and inserting in lieu thereof "Except for the purposes of title VI of this Act, the term".

(B) Section 102(7) is amended by striking out "The term" and inserting in lieu thereof "Except for purposes of title VI of this Act, the term".

(b)(1) Section 202(a)(1) is amended—

(A) by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Health and Human Services";

(B) by striking out "all"; and

(C) by inserting after "elderly" the following: "whenever the Commissioner determines that to do so will carry out the objectives of this Act".

(2) Section 202(a)(2) is amended by striking out "serve as a clearinghouse" and inserting in lieu thereof "collect and disseminate information".

(3) Section 202(a)(12) is amended by striking out "nonprofit".

(4) Section 202(a)(16) is amended by striking out "nonprofit".

(c) Section 202(b) is amended—

(1) by inserting "and" at the end of clause (1);

(2) by striking out "; and" at the end of clause (2) and inserting in lieu thereof a period;

(3) by striking out clause (3); and

(4) by adding after clause (2) the following new sentence: "The Commissioner may review and comment on departmental regulations and policies regarding community health and social service development for the elderly.".

(d)(1) The first sentence of section 203(a) is amended by striking out "shall" and inserting in lieu thereof "may".

(2) Section 203(b)(9) is amended by adding after "1965," the following: "title I of the Higher Education Act of 1965, and the Adult Education Act".

(e)(1) Section 204 is repealed.

(2) Sections 205 through 214, and all references thereto, are redesignated as sections 204 through 213, respectively.

(f)(1) Sections 204(d)(5) (as redesignated by subsection (d)(2)) is amended by striking out ", in consultation with the National Information, and Resource Clearing House for the Aging,".

(2) Section 204(g) (as redesignated by subsection (d)(2)) is repealed.

(3) Subsection (h) of section 204 (as redesignated by subsection (d)(2)) is redesignated as subsection (g).

(4) Section 204(g) (as redesignated by subsections (e)(2) and (f)(2)) is amended to read as follows:

"(g) There are authorized to be appropriated to carry out the provisions of this section $200,000 for fiscal year 1982, $212,000 for fiscal year 1983, and $223,812 for fiscal year 1984".

(g)(1) Section 205(b) (as redesignated by subsection (e)(2)) is repealed.

(2) Subsections (c) and (d) of section 205 (as redesignated by subsection (e)(2)) are redesignated as subsections (b) and (c), respectively.

(h) Section 206(b) (as redesignated by paragraph (2) of this subsection) is amended—

(A) by striking out "under section 308 or"; and

(B) by striking out "section 208" and inserting in lieu thereof "section 207".

(i) Section 210(a) (as redesignated by subsection (e)(2)) is amended by striking out ", and of title V of the Act of October 15, 1977 (Public Law 95-134; 91 Stat. 116.".

(j) Section 212 (as redesignated by subsection (e)(2)) is amended by striking out ", where such organization demonstrates clear superiority with respect to the quality of services covered by such contract".

AUTHORIZATION FOR SOCIAL SERVICES AND NUTRITION PROGRAMS

SEC. 3. Section 303 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS; USES OF FUNDS

SEC. 303. (a)(1) There are authorized to be appropriated $280,000,000 for the fiscal year 1982, $301,000,000 for the fiscal year 1983, and $322,250,000 for the fiscal year 1984, for the purpose of making grants under part B of this title.

"(2) There are authorized to be appropriated $440,000,000 for the fiscal year 1982, $461,000,000 for the fiscal year 1983, and $482,500,000 for the fiscal year 1984, for the purpose of making grants under part C of this title.

"(b) Grants made under this title may be used for paying part of the cost of—

"(1) the administration of area plans by area agencies on aging designated under section 305(a)(2)(A), including the preparation of area plans on aging consistent with section 306 and the evaluation of activities carried out under such plans;

"(2) the development of comprehensive and coordinated systems for social services, congregate and home delivered nutrition services, the development and operation of multipurpose senior centers and the delivery of legal services; and

"(3) the purchase of commodities from the Department of Agriculture from the allotment of a State.".

ALLOTMENT

SEC. 4. (a)(1) Section 304(a)(1) is amended by striking out "From the sums appropriated under parts B and C for fiscal years 1979, 1980, and 1981," and inserting in lieu thereof "Except as provided in paragraph (3), from the sums appropriated under parts B and C for each fiscal year,".

(2) Section 304(a) is amended by adding at the end thereof the following new paragraph:

"(3) From the sums appropriated under part C for fiscal year 1982, each State shall first be allotted an amount equal to the amount of the program assistance which the

State received from the Secretary of Agriculture under section 311 for fiscal year 1981; then the remainder shall be allotted in accordance with paragraph (1).".

(b) Section 304(d)(1)(B) is amended by striking out "90 percent in fiscal years 1979 and 1980, and 85 percent in fiscal year 1981, of the cost of social services and nutrition services authorized under parts B and C" and inserting in lieu thereof "85 percent of the cost of social services and nutrition services under this title".

(c) Section 304(d)(1) is amended—

(1) by striking out "and" at the end of clause (A);

(2) by redesignating clause (B) as clause (C); and

(3) by adding after clause (A) the following new clause:

"(B) such amount as the State agency determines to be adequate for conducting its ombudsman program under section 307(a)(12) shall be available for conducting such program; and ".

STATE AGENCY RESPONSIBILITIES

SEC. 5. (a) Section 305(a)(1)(D) is amended by inserting "to the extent feasible" before "serve".

(b) Section 305(a)(1)(E) is amended by striking out "divide the State into distinct areas" and inserting in lieu thereof "divide the State into distinct planning and service areas (or in the case of a State specified in subsection (b)(5), designate the entire State as a single planning and service area)".

(c) Section 305(a)(2)(A) is amended by striking out "determine for which planning and service area an area plan will be developed, in accordance with section 306, and for each such area designate," and inserting in lieu thereof "except as provided in subsection (b)(5), designate for each such area".

(d)(1) Section 305(b)(1) is amended by striking out the second sentence.

(2) Section 305(b) is amended by adding at the end thereof the following new paragraph:

"(5) A State which on or before October 1, 1980, had designated, with the approval of the Commissioner, a single planning and service area covering all of the older individuals in the State, in which the State agency was administering the area plan, may after that date designate one or more additional planning and service areas within the State to be administered by public or private nonprofit agencies or organizations as area agencies on aging, after considering the factors specified in subsection (a)(1)(E). The State agency shall continue to perform the functions of an area agency for any area of the State not included in a planning and service area for which an area agency has been designated.".

(e) Section 305(c) is amended—

(1) by striking out "or" at the end of clause (3),

(2) by inserting "or" at the end of clause (4), and

(3) by adding after clause (4) the following new clause:

"(5) in the case of a State specified in subsection (b)(5), the State agency;".

AREA PLANS

SEC. 6. (a) The first sentence of section 306(a) is amended by striking out "for a 3-year period" and inserting in lieu thereof "for a two-, three-, or four-year period determined by the State agency,".

(b) Section 306(a)(2) is amended by striking out "at least 50 percent" and inserting in lieu thereof "a portion".

(3) Section 306(a)(6)(D) is amended by inserting "to the extent feasible" before "serve".

(d)(1) Section 306(b)(1) is repealed.

(2)(A) Paragraph (2) of section 306 is redesignated as subsection (b).

(B) Section 306(b) (as redesignated by subparagraph (A)) is amended by striking out "may" in the first sentence and inserting in lieu thereof "shall".

STATE PLANS

SEC. 7. (a) The first sentence of section 307(a) is amended by striking out "for a 3-year period," and inserting in lieu thereof "for a two-, three-, or four-year period determined by the State agency,".

(b)(1) Section 307(a)(13)(B) is amended to read as follows:

"(B) each project will provide meals in a congregate setting or provide home-delivered meals based upon a determination of need made by the recipient of a grant or contract entered into under this title, or both;".

(2) Section 307(a)(13)(C) is amended to read as follows:

"(C) each area agency on aging providing for projects for congregate meals will provide for projects for home delivered meals;".

(3) Section 307(a)(13)(D) of such Act is amended by inserting after the clause designation the following: "in the case of meals served in a congregate setting,".

(4) Section 307(a)(13)(I) is amended to read as follows:

"(I) each area agency shall establish procedures that will allow nutrition project administrators the option to offer a meal to individuals providing volunteer services during the meal hours or to individuals whose service is an integral part of the nutrition project;".

(c) Section 307(a)(16) is amended to read as follows:

"(16) provide procedures under which recipients of grants or contracts for the delivery of services under parts B and C may establish suggested scales for participant contributions for nutrition and social services, in accordance with guidelines established by the Commissioner, if (A) such scales take into consideration the income ranges of eligible individuals in local communities and other sources of income of the recipients of a grant or contract; and (B) contributions are used to provide services which are authorized under parts B and C and which benefit a majority of program participants.".

(d) Section 307(a) of the Older Americans Act of 1965 (42 U.S.C. 3027(a)) is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(17) provide assurances that, if a substantial number of the older individuals residing in any planning and service area in the State are of limited English-speaking ability, then the State will require the area agency on aging for each such planning and service area—

"(A) to utilize, in the delivery of outreach services under section 306(a)(2)(A), the services of workers who are fluent in the language spoken by a predominant number of such older individuals who are of limited English-speaking ability; and

"(B) to designate an individual employed by the area agency on aging, or available to such area agency on aging on a full-time basis, whose responsibilities will include—

"(i) taking such action as may be appropriate to assure that counseling assistance is made available to such older individuals who are of limited English-speaking ability in order to assist such older individuals in participating in programs and receiving assistance under this Act; and

"(ii) providing guidance to individuals engaged in the delivery of social services under the area plan involved to enable such individuals to be aware of cultural sensitivities and to take into account effectively linguistic and cultural differences.".

(e) Section 307(b) is amended by striking out clause (2) and by redesignating clause (3) as clause (2).

ADMINISTRATION OF STATE PLANS

SEC. 8. Section 308(b)(5) is amended to read as follows:

"(5) Notwithstanding any other provisions of this title, with respect to funds received under subsection (a) and subsection (b) of section 303, a State may elect to transfer not more than 20 per centum of the funds appropriated for any fiscal year between programs under part B and part C of this title, for use as the State considers appropriate. The State shall notify the Commissioner of any such election.".

AVAILABILITY OF SURPLUS COMMODITIES

SEC. 9. (a) Section 311(a)(4) is amended to read as follows:

"(4) Among the commodities delivered under this subsection, the Secretary shall give special emphasis to high protein foods, meat, and meat alternatives. The Secretary of Agriculture, in consultation with the Commissioner, is authorized to prescribe the terms and conditions respecting the donating of commodities under this subsection.".

(b)(1) Section 311(b) is amended by striking out "1981" and inserting in lieu thereof "1984".

(2) Section 311(b) is amended—

(A) by striking out the designation "(1)";

(B) by striking out "out of funds appropriated under this section, as determined under paragraph (3)" and inserting in lieu thereof "out of payments made by States from their allotments under title III or by Indian tribal organizations from grants and contracts under title VI";

SERVICES PROGRAM

(C) by adding at the end of such section the following new sentence: "The Secretary, in consultation with the Commissioner, is authorized to prescribe the terms and conditions respecting the purchase of commodities under this subsection."; and

(D) by striking out paragraphs (2) and (3) of such section.

(c) Section 311(c) is repealed.

SEC. 10. (a)(1) The matter preceding clause (1) of section 321 is amended to read as follows: "Each State having a State plan approved under section 307 shall carry out a program for any of the following social services:".

(2) Section 321(a)(1) is amended by striking out "continuing education" and inserting in lieu thereof "education and training".

(b) Section 321(a)(4) is amended—

(1) by inserting "(A)" after "designed";

(2) by striking out "or" and inserting in lieu thereof a semicolon and "(B)"; and

(3) by inserting before the semicolon at the end thereof the following: ", or (C) to prevent unlawful entry into residences of elderly individuals, through the installation of security devices and through structural modifications or alterations of such residences".

(c) Section 321 is amended by striking out "or" at the end of clause (11), by redesignating clause (12) as clause (13), and by inserting after clause (11) the following new clause (12):

"(12) services to encourage the employment of older workers, including job counseling and, where appropriate, job development, referral, and placement; or".

(d) The matter preceding clause (1) of section 331 is amended to read as follows: "Each State having a State plan approved under section 307 shall carry out a program for the establishment and operation of nutrition projects—".

(e) Section 336 is amended by striking out "The Commissioner shall carry out a program for making grants to States under State plans approved under section 307 for the es-

tablishment and operation of nutrition projects" and inserting in lieu thereof "Each State having a State plan approved under section 307 shall carry out a program for the establishment and operation of nutrition projects".

TRAINING, RESEARCH, AND DEVELOPMENT

SEC. 11. (a) Section 404(c) is repealed.

(b) Section 411(a) is amended—

(1) by inserting "or" after clause (4);

(2) by striking out clause (5); and

(3) by redesignating clause (6) as clause (5).

(c) Section 411(b) is amended—

(1) by inserting "and" after clause (1);

(2) by striking out "; and" at the end of clause (2)(D) and inserting in lieu thereof a period, and by striking out clause (3).

(d) Section 411(c) is amended by striking out "through the National Information and Resource Clearinghouse for the Aging".

(e) Section 411 is amended by adding at the end thereof the following new subsection:

"(d) The Commissioner shall insure the collection and dissemination, through publications and other appropriate means, of information concerning research findings, demonstration results, and other materials developed in connection with activities assisted under this section.".

DEMONSTRATION PROJECTS

SEC. 12. (a) Section 421(b) is amended to read as follows:

"(b) In making grants and contracts under this section, the Commissioner shall give special consideration to projects designed to—

"(1) assist in meeting the special housing needs of older individuals by—

"(A) providing financial assistance to such individuals, who own their own homes, necessary to enable them (i) to make the repairs or renovations to their homes, which are necessary for them to meet minimum standards, and (ii) to install security devices, and to make structural modifications or alterations, designed to prevent unlawful entry; and

"(B) studying and demonstrating methods of adapting existing housing, or construction of new housing, to meet the needs of older individuals suffering from physical disabilities;

"(2) provide mental health services to older individuals residing in the community or in nursing homes and intermediate care facilities, including the training of the employees of such homes and facilities in the provision of such services;

"(3) provide education and training to older individuals designed to enable them to lead more productive lives by broadening the education, occupational, cultural, or social awareness of such older individuals;

"(4) provide preretirement education information and relevant services (including the training of personnel to carry out such programs and the conduct of research with respect to the development and operation of such programs) to individuals planning retirement;

"(5) meet the special needs of, and improve the delivery of services to, older individuals who are not receiving adequate services under other provisions of this Act, with emphasis on the needs of low-income, minority, Indian, and limited English-speaking individuals and the rural elderly; and

"(6) develop or improve methods of coordinating all available social services for the homebound elderly, blind, and disabled by establishing demonstration projects in ten States, in accordance with subsection (c).

No funds may be obligated to carry out the provision of clause (2) of this subsection for any fiscal year if funds are appropriated to carry out section 204 of the Mental Health Systems Act.".

(b)(1) The last two sentences of section 421(c)(1) are amended to read as follows: "The Commissioner shall report to the Congress with respect to the results and findings of the demonstration projects conducted under this section at the completion of the projects.".

(2)(A) Section 421(c)(2) is repealed.

(B) Section 421(c) is further amended—

(i) by striking out "(1)";

(ii) by striking out "(A)", "(B)", and "(C)" and by inserting in lieu thereof "(1)", "(2)", and "(3)", respectively; and

(iii) by striking out "(i)" and "(ii)" and inserting in lieu thereof "(A)" and "(B)", respectively.

DISCRETIONARY PROJECTS

SEC. 13. (a)(1) Section 423(a) is amended by striking out "may" and inserting in lieu thereof "shall".

(2) Section 423(a)(1) is amended by striking out "legal research, technical assistance, training, information dissemination, and other support activities to".

(3) Section 423(c) is repealed.

(b) Section 425 is repealed.

REPEAL OF MORTGAGE INSURANCE AND INTEREST GRANTS PROGRAM

SEC. 14. Part D of title IV is repealed.

AUTHORIZATIONS FOR TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS

SEC. 15. (a) Section 451 is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

SEC. 451. (a) There are authorized to be appropriated to carry out the provisions of this title $23,200,000 for fiscal year 1982, $24,700,000 for fiscal year 1983, and $26,120,000 for fiscal year 1984.

"(b) No funds appropriated under this section—

"(1) may be transferred to any office or other authority of the Department of Health and Human Services which is not directly responsible to the Commissioner; or

"(2) may be used for any research program or activity which is not specifically authorized by this title.".

(b)(1) Title IV is amended—

(A) by striking out "PART A—TRAINING";

(B) by striking out "PART B—RESEARCH AND DEVELOPMENT PROJECTS";

(C) by striking out "PART C—DISCRETIONARY PROJECTS AND PROGRAMS";

(D) by striking out "PART E—MULTIDISCIPLINARY CENTERS OF GERONTOLOGY"; and

(E) by striking out "PART F—AUTHORIZATION OF APPROPRIATIONS".

(2) The first sentence of section 401(a) is amended by striking out "this part" and inserting in lieu thereof "sections 401 through 404 of this title".

(3) Title IV is further amended by striking out "this part" wherever it appears in such title, and inserting in lieu thereof "this title".

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

SEC. 16. (a)(1) Section 502(a) is amended by striking out "and who have poor employment prospects,".

(2) Section 507(2) of the Act is amended by striking out "and who has or would have difficulty in securing employment,".

(b) The first sentence of section 502(e) is amended to read as follows: "The Secretary, in addition to any other authority contained in this title, shall enter into agreements designed to assure second career training and the placement of individuals eligible for community service employment under this title in employment opportunities with private business concerns.".

(c)(1) Section 506(a)(2) is amended by adding after the first sentence the following: "The Secretary is awarding grants and contracts under such paragraph (1) from such 45 per centum shall, to the extent feasible, assure an equitable distribution of activities under such grants and contracts designed to achieve the allotment among the States described in paragraph (3) of this subsection.".

(2) Section 506(a)(1)(B) is amended—

(A) by striking out "may" and inserting in lieu thereof "shall"; and

(B) by striking out "not to exceed" and inserting in lieu thereof "which is equal to at least".

(3)(A) Section 506(a)(2) is amended by inserting "to the appropriate public agency of each State" after "allotted".

(B) Section 506(a)(3) is amended by striking out "for projects within each State" and inserting in lieu thereof "to an appropriate public agency of each State".

(d) Section 508 is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 508. There are authorized to be appropriated to carry out this title $277,100,000 for fiscal year 1982, $293,726,000 for fiscal year 1983 and $308,706,000 for fiscal year 1984.".

INDIAN TRIBES

SEC. 17. (a)(1) Section 604(a)(4) is amended by striking out "that a nonprofit private organization selected by the tribal organization will conduct" and inserting in lieu thereof "for".

(2) Section 604(a)(10) is amended to read as follows:

"(10) provide that any legal or ombudsman services made available to older Indians represented by the tribal organization will be substantially in compliance with the provisions of title III relating to the furnishing of similar services; and".

(b) Section 604(b) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) Each tribal organization submitting an application under this title shall take such action as may be necessary to inform each State agency on aging of the intention of the Indian tribal organization to submit such an application.".

(c) Section 605 is amended—

(1) by striking out the subsection designation "(a)", and

(2) by striking out subsection (b).

(d) Section 608(a) is amended to read as follows:

"(a) There are authorized to be appropriated $6,000,000 for fiscal year 1982, $6,400,000 for fiscal year 1983, and $6,800,000 for fiscal year 1984 to carry out the provisions of this title other than section 606.".

REPEALER RELATING TO PART C, TITLE III

SEC. 18. Section 501(b) of the Comprehensive Older Americans Act Amendments of 1978 is repealed.

AVAILABILITY OF APPROPRIATIONS FOR WHITE HOUSE CONFERENCE

SEC. 19. Sums appropriated under section 207 of the 1981 White House Conference on Aging Act for fiscal year 1981 obligation and expenditure shall remain available for the succeeding fiscal year.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DENTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, S. 1086 would reauthorize the Older Americans

Act for 3 years. Although the Budget Reconciliation Act extends the Older Americans Act through fiscal year 1982, those of us who sat on the conference committee pledged to bring S. 1086 to the floor in order to effect changes in the act which would allow aging programs to better serve their constituencies. S. 1086 was unanimously reported from the Labor and Human Resources Committee.

Although it has been said before, I think it is important to remind ourselves that the elderly not only need the Older Americans Act, they deserve it. In most cases, they have given a lifetime of support to their families—children and grandchildren. Many in their age group are volunteers, participating in RSVP, Senior Companions, Foster Grandparents, SCORE, and myriad private and individual efforts that improve other people's lives.

As an age group, I believe older Americans are the most self-reliant Americans. They have lived bravely through the Great Depression and World War II and have faced hardships in days when there were few organized social programs to help them. With families across town or across the country, inflation eating into savings and retirement income, and mobility becoming harder and harder, the Older Americans Act offers hope for continuing to live in comfort and dignity.

In spite of that famous old song, "I'm Glad I'm Not Young Anymore" and no matter how the poets romanticize the aging process, there are adjustments and difficulties which many elderly people must face, particularly those who are poor, isolated, or infirm. While the Older Americans Act cannot meet the needs of all who might seek its services, its programs touch many lives and many communities across the country. In fiscal year 1980 there were approximately 610 area agencies on aging, 1,185 nutrition service providers, and 12,556 congregate nutrition service sites.

Over 9 million older persons were social service participants. 54 percent of whom were low-income older persons, and 22 percent of whom were minority. Nutrition services participants totaled over 3 million, 62.5 percent of whom were low-income older persons and 19 percent of whom were minority. While nutrition and social services under the act are open to all older people, it specifies that steps should be taken to serve those in the greatest economic and social need. These statistics indicate that providers are pursuing that goal, and I hope they will continue those efforts.

The bill we have before us is a product of good-faith cooperation between the ranking minority member of the Subcommittee on Aging, Family and Human Services (Mr. EAGLETON), the ranking minority member of the Committee on Labor and Human Resources (Mr. KENNEDY), the chairman of the Committee on Labor and Human Resources (Mr. HATCH), and myself. It also reflects input from the leadership of the Senate Special Committee on Aging (Senators HEINZ and CHILES) and many groups and individuals concerned with the well-being of the elderly.

Under the capable leadership of the senior Senator from Missouri (Mr. EAGLETON), the 1978 amendments to the act served, in many ways, to strengthen the State and local programs for the elderly which operate under its auspices. I believe S. 1086 recognizes the expertise and capabilities which State and area agencies on aging have attained over the last few years by giving them the authority and flexibility to provide those services which are most compatible with the needs of elderly persons under their jurisdictions.

I would like to talk for a few minutes about the major features of the bill.

S. 1086 eliminates the authorization for the National Information and Resource Clearing House for the Aging. The clearing house, throughout most of its existence, has been an ineffective vehicle for collecting and disseminating information and materials on aging.

While protecting the identity of the congregate and home-delivered meals programs, the bill consolidates the separate authorizations for these programs and permits States to transfer in either direction up to 20 percent of funds between the social services and nutrition allotments. The testimony and information which the Labor and Human Resources Committee received overwhelmingly indicates that the present funding allocations into which States are locked do not allow them leeway to select the appropriate mix of services for meeting the needs of their constituencies.

S. 1086 would remove the requirement that 50 percent of social services funds be spent on access, in-home and legal services and instead directs them to spend "a portion" of their funds in this manner. While I believe that within the parameters of the rich service package the Older Americans Act offers, State agencies on aging should focus on providing some essential services in depth, the requirement for expenditure of a fixed percentage of funds may inhibit their ability to address the particular needs of their elderly citizens in the most effective manner.

Current law requires that State agencies on aging spend a specified minimum amount to operate a nursing home ombudsman program to resolve complaints regarding the health, safety, and welfare of nursing home residents. S. 1086 would retain the requirement that State agencies on aging administer such a program but eliminates the specific spending requirement. The spending prescription acts as both a ceiling and a floor. There are some small States which might be able to operate an effective program using less than the specified amount, while there are other States which might use more if the guidline were removed.

S. 1086 would make significant changes in the provisions of the act regarding the Department of Agriculture commodities program which require a somewhat lengthy explanation. It would transfer the authorization of appropriations for commodities assistance from the Department of Agriculture to the Department of HHS. These funds would be distributed as part of the States' title III nutrition program allotments, and for fiscal year 1982 only, States would receive an amount of funds equal to that which they received from the USDA in fiscal year 1981.

The bill would also eliminate the option of receiving cash in lieu of commodities under the USDA program for all or any portion of their commodities allotment and would eliminate the requirement that USDA maintain "an annually programmed level of assistance" to States. The Secretary of Agriculture would be required to purchase commodities for States which elect to use them and would be reimbursed from their title III allotments.

With regard to the senior community service employment program, the bill would require the Secretary to use at least 1 percent of the funds in excess of the 1978 funding level to demonstrate methods of training and placement of persons eligible for the program in the private sector. The Secretary was given permissive authority to implement a similar provision in the 1978 amendments to the act, but regrettably did not do so. I believe the program has much to gain by experimenting with agreements which would enhance private sector involvement in the hiring of older Americans.

The 1978 amendments gave area agencies on aging, rather than State agencies, primary authority for selecting nutrition service providers. To avoid any disruption while the area agencies were gaining expertise, a provision requiring that existing nutrition projects continue to be funded was put into the law. S. 1086 would repeal this clause. Some area agencies on aging have found it difficult and costly to discontinue contracting with poorly administered nutrition projects because of the protection afforded by this "grandfather clause." It is my belief that the vast majority of nutrition providers are reputable and competent and should be able to stand on their own merits.

S. 1086 would provide greater flexibility to Indian tribal organizations receiving funds under title VI of the act. It would remove the requirement that legal and nursing home ombudsman services be provided. It is unrealistic to continue these requirements when tribal organizations do not receive sizable enough grants to deliver adequately all the required services.

The bill would provide authority, but not additional funds, for the installation of security devices in the homes of the elderly, the provision of job counseling and referral, the provision of outreach and informational services in the native language of limited English-speaking persons, and the establishment of model projects for mental health care to the elderly.

Finally, S. 1086 would allow providers of nutrition and social services to set sliding contribution scales for program participants. This simply expands a provision in existing law which authorizes nutrition providers to solicit voluntary contributions for meals served.

I am hopeful that S. 1086 will have the support of each of my colleagues.

I note that the senior Senator from Missouri has returned. I regret he was not here as I delivered my comments commending him.

Mr. EAGLETON. Mr. President, I thank my distinguished colleague from Alabama. I have been informed of his gracious and generous remarks. I am grateful for them. I can say on my own it has been a distinct pleasure to work with Senator DENTON on this bill.

As a relatively new Member of this body, he has taken charge of this bill and I think in a thoroughly professional and, I must say, compassionate way as well. It has been a very distinct pleasure for me to work with him on this measure, as I might say it was to work with the Presiding Officer (Mr. COCHRAN) on the bill before this body last Friday.

Mr. President, S. 1086 extends the authorization for programs under the Older Americans Act of 1965 for an additional 3 years, through September 30, 1984. Although the bill makes a number of program modifications, it does not alter the basic structure of the Older Americans Act as we know it today.

The Older Americans Act, first enacted in 1965, represents the only Federal social service program solely directed toward improving the lives of our senior citizens.

Demographic data on age changes in our society dramatically highlight the need for these programs, as well as other further support from the Federal Government for the 23 million Americans who have attained 65 years of age. A higher standard of living; reduction in infant, childhood, and maternal mortality; and other advances in medical science all causing a rapid increase in Americans aged 65 and over. Today, senior citizens comprise 11 percent of our population, with that figure increasing by 1,400 each day or 500,000 each year. This phenomenon is a significantly triumph for our society, but brings with it a concomitant responsibility to assist these elderly individuals to live their lives with dignity.

It is generally agreed that the foremost concern of the elderly is income maintenance. Second to that is the need to receive decent health care at a reasonable cost. Today 57 cents of each health dollar in this country is spent on the elderly. Third, is the need for an effective service network in each community to allow seniors to maintain maximum independence. It is this third concern to which the Older Americans Act of 1965 addresses itself.

The Older Americans Act evolved as a number of separate programs designed to meet specific needs of the elderly. Title III of the act provided a wide range of services to the elderly through a "network" of State and area agencies on aging. Under this program, transportation, home health care, homemaker services, escort and shopping services, outreach, home repair, legal counseling, and other services are made available to senior citizens.

What was formerly known as the title V program provided support for acquiring, renovating, and altering facilities to be used as multipurpose senior centers. These centers, which often provide recreational, social, and health services, are focal points within the community.

Another important service is that which was previously authorized by title VII, the nutrition program for the elderly. Under this authority, nutrition projects provided meals for persons 60 years and older at churches, schools, and other nonprofit settings. In addition, home-delivered meals for the homebound elderly have comprised about 15 percent of the nutrition program.

By 1978, the area agency network was well established across the country, and Congress felt it appropriate to more closely coordinate the programs under the act by consolidating the above-mentioned service titles into a single title III, with one overall administrative structure, one allotment formula, one State administrative allocation and one system of channeling the appropriations through the State and area agency on aging network.

When the committee began its consideration of extension of the Older Americans Act early this year, the administration sought to consolidate the three separate authorizations of appropriations for social services (transportation, in-home services, legal services, residential repair, et cetera), congregate nutrition programs, and home-delivered meals programs into a block grant to the States, with no protection for any of the three categorical programs.

I was delighted that the committee did not adopt the administration's approach for a number of reasons. First, the regulations implementing the major program changes resulting from the 1978 Older Americans Act amendments were not promulgated in final form until March 30, 1980. Thus, they have been in effect for little more than a year and a half. To make further changes, as the administration would have done, would have resulted in great upheaval in the field again this year.

Second, the White House Conference on Aging will be convened in November of this year, and will have its recommendations finalized in 1982. We should have the benefit of these recommendations before making major program changes in the act.

And finally, in 1978, subsequent to passage of the 1978 amendments, the subcommittee requested the GAO to study the relationship of Older Americans Act programs with other Federal programs providing substantial services to the elderly, and the extent to which programs under the Older Americans Act affect the ability of other programs to meet the needs of older Americans. The conclusion and recommendations of this exhaustive study should be available in a couple of months, and should be an invaluable tool in discussions of any major programmatic changes under the act.

As I indicated, the bill before us does not make any significant change in the framework established in 1978. It does, however, make the following changes from the current statute:

First. The committee bill eliminates the existing requirement that 1 percent or $20,000, whichever is greater, of a State's allotment be reserved for the purpose of conducting an ombudsman program for institutionalized elderly within the State. Although the specific dollar amount of support is eliminated, the bill does not release the States from their obligation to maintain an ombudsman program meeting specified criteria.

Second. The committee bill merges the separate authorizations for congregate nutrition projects and home-delivered meal projects into a single authorization. The 1978 amendments created the separate authorizations for the home-delivered meals program, allowing each State the flexibility to transfer 20 percent of either its congregate or home-delivered nutrition funds into the other account. This separate authorization for the home-delivered meals program arose from the concern that absent a specific amount of funds, home-delivered meals would be shortchanged for the more visible and less costly congregate nutrition program. Yet, the experience of the last 3 years tells us that under the 20-percent transfer provision, home-delivered meal programs have, by and large benefited.

I believe that the home-delivered meals program is sufficiently well-established and that its essential role in helping the frail elderly to remain in their own homes is sufficiently well recognized that the time is right to allow each area agency on aging to determine the appropriate mix of congregate and home-delivered meal projects. Some protection would be provided to the home-delivered meals program by a new requirement that each area agency on aging operate both home-delivered and congregate meal projects.

Third. Prior to 1978, there was a provision that 20 percent of the nutrition funds could be used for nutrition-related social services. The 1978 amendments repealed this authority, but allowed 2 years to phase in the change. That 2-year period expired October 1, 1980.

The committee bill would allow States the flexibility to shift 20 percent of their nutrition funds to social services or vice versa. Of all the new provisions contained in the bill, this is perhaps the most important change being made.

Fourth. Existing law contains a requirement that 50 percent of each area agency on aging's allotment be spent on transportation, in-home services and legal services. This 50-percent targeting requirement was an effort to assure depth of service delivery in what are believed to be the most important social services provided under the act.

The original bill proposed by Senator DENTON sought to delete this targeting requirement altogether. I am pleased that we were able to reach an accommodation on this provision in committee which deleates the rigid 50-percent requirement, but continues to direct the area agencies to spend a portion of their funds for each of the three priority services.

At the appropriate time, I will offer an amendment to strengthen this provision by requiring that area agencies on aging devote a sufficient amount of their resources to the three priority services to

operate effective programs in all three areas.

All in all, I believe the committee bill will increase effective administration of these programs and increase the range of measures through which we seek to improve the lives of older people in this Nation.

Mrs. HAWKINS. Mr. President, I support reauthorizing the Older Americans Act, which has proven to be one of the Federal Government's most effective programs. As a Senator from the State with the fastest growing population of elderly in the country, I am aware of the special needs of the elderly and the excellent services that have been provided to this special population by the Older Americans Act. Aside from leaving social security benefits intact, retaining funding for Older Americans Act programs ranks as the highest priority of the elderly. I have received numerous letters from constituents lauding the programs under this act and relating how these programs have improved the quality of their lives.

The importance of this act has been recognized by the Labor and Human Resources Committee. Senator DENTON and Senator EAGLETON, who are managing this important bill, have worked to improve the administration of services provided under this act. Despite the over $9 billion in cuts the committee made earlier this year, funding for the Older Americans Act was given top priority and special effort was taken to insure that funding for direct services to the elderly was left untouched.

The Labor and Human Resources Committee, of which I am a member, unanimously reported this reauthorization legislation out of committee with amendments that I believe will improve services to the elderly by giving the States more flexibility in administering the programs and lessening the paperwork burden. The desire of the committee to give the States more flexibility in administering this program is reflected in the following amendments to the act:

Consolidation of home-delivered and congregate meals programs.

Allowing States to use up to 20 percent of social service program funds for nutrition services and vice versa.

Lifting the requirement that States spend a specified amount of funds for in-home services, access services, legal services, and nursing home ombudsman programs.

Allowing State agencies to use their own discretion in providing free meals to volunteers under age 60.

Placing profit- and nonprofit-making entities on equal footing in applying for grants and contracts under this act.

Instead of mandating 3-year plans by State and area agencies on aging, allow these agencies to submit 2-, 3-, or 4-year plans.

Allowing State agencies to fund additional programs out of their title III funds, such as certain employment programs and installation of security devices.

While I am pleased that the committee has accepted these and other amendments to the Older Americans Act that are designed to improve the flexibility of the State and local agencies in administering the act, I am disappointed that the Senate has chosen to drop a provision in the bill that would have increased the program's efficiency by consolidating all nutrition programs in the administration on aging.

Under current law, States are given commodities or cash by USDA based on the number of meals served to elderly either by the Older Americans Act or other Federal, State, or other moneys. This per meal reimbursement is adjusted annually for inflation and represents an uncontrollable expense. The reimbursements from the USDA's elderly commodities program has risen from $4.4. million in 1975 to $84.7 million in 1981 and is expected to reach $95.5 million in fiscal year 1982.

The separation of the nutrition programs between the Department of Agriculture and the Department of Health and Human Services no longer makes sense since the USDA's elderly commodities program has evolved into one of primarily cash instead of commodities distribution. Of the $84.7 million distributed to the States by USDA in 1981, $73.9 million was in the form of cash, and only $10.8 million was in the form of commodities. The committee's transfer provision did not eliminate the option of receiving commodities from USDA under this program, it merely consolidated all nutrition program moneys into one funding source and administrative structure. I believe this is a much more effective and efficient method of administering this program, and I am disappointed that the Senate has choosen to delete this provision from the bill.

However, I feel that both Senator DENTON and Senator EAGLETON and their staffs deserve praise for the excellent job they have done in amending and reauthorizing the Older Americans Act. I feel that the changes that they have made in the act will significantly improve its administration while retaining the excellent quality of services provided under it.

Mr. EAGLETON. If I may inquire of the Senator from Alabama, I understand he has some technical amendments he wishes to dispose of. We have some amendments we would like to have considered en bloc at a later time. When all of those matters have been settled, we can send out a search call for other Senators to see what they have on their minds. I will yield the floor at this time.

The PRESIDING OFFICER. The Senator from Alabama.

UP AMENDMENT NO. 556

Mr. DENTON. Mr. President, before we proceed with further consideration of the Older Americans Act, I ask unanimous consent that two nongermane amendments which are at the desk be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Alabama (Mr. DENTON) proposes as amendments en bloc unprinted amendment numbered 556.

Mr. DENTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To make certain technical amendments to the community services block grant)

At the end of the bill, add the following new section:

COMMUNITY SERVICES BLOCK GRANT

SEC. (a)(1) Section 673(1) of the Omnibus Budget Reconciliation Act of 1981 is amended by adding at the end thereof the following new sentence: "The term 'eligible entity' includes any limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act.".

(2) Section 675(c) of such Act is amended by adding at the end thereof the following new sentence: "The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies which meet the requirements of the second sentence of section 673(1).

(b) Section 675(c)(2)(A)(ii) of the Omnibus Budget Reconciliation Act of 1981 is amended by inserting a comma after "directly".

(Purpose: To make a technical amendment to the low-income home energy assistance program)

At the end of the bill add the following new section:

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SEC. 20. Section 2603(2) of the Omnibus Reconciliation Budget Act of 1981 is amended to read as follows:

"(2) the term 'household' means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;".

Mr. DENTON. Mr. President, these two amendments are technical committee amendments, one dealing with the community services block grant, and one with the Low-Income Home Energy Act. These programs were included in the Omnibus Budget Reconcilation Act of 1981.

The first amendment in two parts is to the community services block grant. The first part would include as eligible entities those limited purpose agencies that perform functions similar to community action agencies, but which are not technically CAA's. There are about 17 localities that do not have community action agencies, but do have limited purpose agencies serving the community. This amendment would put those 17 LPA's on the same eligibility footing as CAA's for commmunity service block grant funds.

The second part of the amendment would clarify that nonprofit private community organizations or migrant and seasonal farmworker organizations can receive funds directly from the State rather than having to get them through political subdivisions of the State. This

section of the amendment simply adds a comma to the appropriate section of the community services block grant.

The second committee technical amendment would modify the definition of household that is currently in the Low-Income Home Energy Act. The definition that is now in the Low-Income Home Energy Act does not adequately address the needs of low-income owners who have lodgers living in their homes. There was no intent of Congress to exclude these persons and this amendment would cover them by defining household as any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent.

Mr. President, I hope that the Senate will act favorably on this block of technical amendments. I reserve the remainder of my time.

Mr. EAGLETON. Mr. President, these amendments have been considered on this side and I propose that we go to a vote on them.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 556) was agreed to.

UP AMENDMENT 557

(Purpose: To provide a strengthened surplus commodities program; to reduce the authorization of appropriations for part C of title III; to assure that the State agency on aging has an adequate program for the delivery of certain services under part B; to assure an adequate amount of general funds for the long term care Ombudsman program)

Mr. EAGLETON. Mr. President, I send to the desk four amendments and ask unanimous consent that they be considered.

The PRESIDING OFFICER. The clerk will state the amendments.

The legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 557.

On page 21, line 14, after the semicolon insert "and".

On page 21, line 19, strike out "services; and" and insert in lieu thereof "ser.ices.".

On page 21, strike out lines 20 and 21.

On page 21, line 23, strike out "(1)" the first time it appears.

On page 22, line 1, strike out "Except as provided in paragraph (3), from" and insert in lieu thereof "From".

On page 22, strike out lines 3 through 10.

On page 28, beginning with line 22, strike out through line 22 on page 29 and insert in lieu thereof the following:

Sec. 9. (a) The first sentence of section 311(a)(4) is amended—

(1) by striking out "In" and inserting in lieu thereof "Subject to the authorization of appropriations specified in subsection (d), in"; and

(2) by striking out "during the three succeeding fiscal years" and inserting in lieu thereof "for each fiscal year thereafter".

(b)(1) Subsection (b) of section 311 is repealed.

(2) Subsection (c) of section 311 is redesignated as subsection (b).

(c) Section 311 (as amended by subsection (b) of this section) is amended by adding at the end thereof the following new subsection:

"(c)(1) There are authorized to be appropriated $93,200,000 for the fiscal year 1982, $100,000,000 for the fiscal year 1983, and $105,000,000 for the fiscal year 1984, to carry out the provisions of this section (other than the provisions of subsection (a)(1)).

"(2) In any fiscal year in which compliance with subsection (a)(4) of this section costs more than the amounts authorized under paragraphs (1) of this subsection for that fiscal year the Secretary of Agriculture shall reduce the cents per meal level determined pursuant to subsection (a)(4) for that fiscal year as necessary to meet the authorization of appropriation for that fiscal year.".

On page 21, line 5, strike out "$440,000,000" and insert in lieu thereof "$360,000,000".

On page 21, line 5, strike out "$461,000,000" and insert in lieu thereof "$376,200,000".

On page 21, line 6, strike out "$482,500,000" and insert in lieu thereof "$396,000,000".

On page 24, line 21, beginning with the words "by striking out" strike out through line 22 and insert in lieu thereof the following: "by striking out 'at least 50 percent of the amount allotted for part B to the planning and service area will be expended' and inserting in lieu thereof 'from the amount allotted for part B to each planning and service area, the area agency on aging has an effective system' ".

On page 22, line 25, strike out "its" and insert in lieu thereof "an effective".

Mr. EAGLETON. Mr. President, I ask unanimous consent that these amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. These amendments have been discussed with the distinguished floor manager of the bill, Senator DENTON, and they are acceptable to him.

Let me briefly describe each amendment.

First, the first amendment modifies the committee bill with respect to the nutrition commodity program for the elderly currently operated through the U.S. Department of Agriculture.

The committee bill proposes to transfer the program from USDA to the Department of Health and Human Services, place an authorization ceiling upon it by incorporating it into the overall nutrition authorization, and change the formula for distribution from its current basis of the number of meals each State serves to the relative population aged 65 or over in each State.

The amendment I propose accepts the committee position of placing a fixed authorization ceiling on the commodity program, but in every other respect keeps the program as it is, in the USDA. The authorization levels in the amendment are $93.2 million in fiscal year 1982, the same level approved in the continuing resolution under which we are now operating, $100 million in fiscal year 1983, and $105 million in fiscal year 1984. This amendment would reinstate the existing method of distribution of funds among the States based on the number of meals served, subject to the authorization ceiling, thus retaining the existing incentive for States to expand their elderly nutrition programs.

Mr. President, I wish to express my deep appreciation to the Senator from Michigan (Mr. RIEGLE) for his unstinting efforts in working out this agreement with respect to the commodities program.

Second, the second amendment modifies the authorization levels in the committee bill to reflect deletion to the USDA commodity program from the consolidated nutrition authorization, and to increase the authorization for the remaining components of title III congregate and home-delivered meals programs to the levels already agreed to by the Senate Labor/HHS/Ed Appropriations Subcommittee for these two programs.

The new authorization levels for the title III nutrition programs I propose are $360 million in fiscal year 1982, $376.2 million in fiscal year 1983, and $396 million in fiscal year 1984. After deleting the authorization level assumed for the USDA commodity program, this represents a net increase of $15 million for fiscal year 1982, $15.9 million in fiscal year 1983, and $19.3 million in fiscal year 1984 from the levels authorized in the committee bill.

Third, the third amendment, Mr. President, modifies the committee bill with respect to the priority placed on transportation, in-home and legal services.

Under current law, each area agency is required to spend at least 50 percent of its allotment on these three priority areas of social services. The committee bill deletes the 50-percent requirement, and states only that a portion of each area agency's funds be expended for these three areas of services.

The amendment I offer would modify the committee language to require that each area agency on aging, as a part of its plan, reserve a sufficient amount to operate an effective system for transportation, in-home, and legal services.

Fourth, the final amendment relates to the nursing home ombudsman program. As I stated earlier, the committee bill deletes the present set-aside for the nursing home ombudsman program, requiring only that each State reserve such amount as the State aging agency determines to be adequate for operating the ombudsman program. This amendment simply modifies the committee language to require that each State reserve an amount sufficient to conduct an effective ombudsman program.

Mr. President, it is my understanding that these amendments are acceptable to the chairman of the subcommittee, and I believe they strengthen the bill before us. I hope they can be agreed to by the full Senate.

Mr. DENTON. Mr. President, I gladly accept the distinguished minority manager's amendments. I believe they are offered in the best interests of the elderly people who depend on the services in the act. I am supportive of all the Senator's amendments, but I am particularly pleased that one of those amendments emphasizes the importance of States operating an effective nursing home ombudsman program. I believe this is a vital activity.

I also stress that in accepting the amendment to require that area agencies on aging operate an effective system for the delivery of certain priority services, I believe area agencies on aging, and not the Administration on Aging, should determine what an effective system is.

Mr. President, I yield now to the distinguished Senator from Utah, the chair-

man of the Committee on Labor and Human Resources, to whom I previously paid tribute.

Mr. HATCH. Mr. President, I thank my dear colleague from Alabama. I appreciate his leadership on our committee. There are very few committees in the history of Congress that have had seven freshman Senators on them. I happen to be one of those freshman Senators as a committee chairman, and all seven of us freshman Senators on the Labor Committee are now subcommittee chairmen or committee chairmen. I do not know of anybody who has worked more earnestly and with more good effect and more decency than my good friend, Senator DENTON of Alabama. I personally appreciate his leadership on this particular issue, along with a whole number of other issues as well.

Mr. President, we are here today to consider passage of S. 1086, the Older Americans Act. This legislation should be reauthorized. It has funded such vital services as nutrition programs, senior citizens centers, information and referral systems, and transportation. Since 1965, this particular act has touched the lives of over 9 million senior Americans, 150,000 of them in my own State.

It is essential that the Senate today also accept the proposed amendments supported by Senator DENTON, chairman of the Subcommittee on Aging of the Committee on Labor and Human Resources. This will rectify some serious oversights and will eliminate burdensome regulations which have prevented efficient utilization of funds. For example, the surplus commodities program, currently funded at $85 million, was supposed to be transferred from Agriculture to the Administration on Aging during reconciliation. That transfer, however, was not made, and unless Congress remedies this oversight a very important component of the nutrition program will be lost.

In addition, Mr. President, the current Older Americans Act does not allow for easy transferability of funds between titles. In Utah, this means that senior citizen centers often have to close their doors for a period of time each year, because funding in the transportation category runs out, even though nutrition money may remain. Thus, a surplus still exists but cannot be utilized because of the present difficulty in transferring funding allotments.

With our action today, November 1981 will go down in history as an important milestone in improving the lives of our senior citizens during the 1980's. Not only are we reauthorizing the Older Americans Act for another 3 years, but over 3,500 senior citizens will convene in Washington, D.C., for the 1981 White House Conference on Aging—an event which has occurred once each decade since 1950. I hope that today the Senate will expedite the passage of S. 1086, so that our vistors will not be disappointed at our delay, when they arrive in our Nation's Capital at the end of the month. America's aged cannot afford continued congressional postponement of legislation which takes into account the needs and hopes of one of our Nation's largest resources—our 36 million older Americans.

Again, Mr. President, I compliment the distinguished Senator from Alabama and our good friend and colleague on the minority side, the Senator from Missouri (Mr. EAGLETON), for the great leadership they have shown in this area and the good way they have been able to work together.

I, too, support the amendment of the distinguished Senator from Missouri.

Mr. EAGLETON. Mr. President, before responding to the distinguished Senator from Utah, I ask unanimous consent, Mr. President, that all pending amendments be considered as original text so as not to foreclose subsequent amendments on the same subject matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

First, the question is on agreeing to the amendment of the Senator from Missouri which is at the desk.

The amendment (UP No. 557) was agreed to.

UP AMENDMENT NO. 558

(Purpose: To authorize experimental second career and job placement projects under title V of the Act)

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON), for Mr. CHILES, proposes an unprinted amendment numbered 558.

Mr. EAGLETON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 36, strike out lines 18 through 24, and insert in lieu thereof the following:

(b) Section 502(e) is amended to read as follows:

"(e) (1) The Secretary, in addition to any other authority contained in this title, shall conduct experimental projects designed to assure second career training and the placement of eligible individuals in employment opportunities with private business concerns. The Secretary shall enter into such agreements with public agencies, nonprofit private organizations and private business concerns as may be necessary to conduct the experimental projects authorized by this subsection. The Secretary, from amounts reserved under section 506(a)(1)(B) in any fiscal year, may pay all of the cost of any agreements entered into under the provisions of this subsection.

"(2) Not later than 90 days after the date of enactment of the Older Americans Act Amendments of 1981, the Secretary shall issue criteria designed to assure that agreements entered into under paragraph (1) of this subsection—

"(A) will involve different kinds of work modes, such as flex-time, job sharing, and other arrangements relating to reduced physical exertion; and

"(B) will emphasize projects involving second careers and job placement and give consideration to placement in growth industries and in jobs reflecting new technological skills.

"(3) (A) The Secretary shall carry out an evaluation of the second training and job placement projects authorized by this subsection.

"(B) The evaluation shall include but not be limited to the projects described in paragraph (2).

"(C) The Secretary shall prepare and submit, not later than one year after the enactment of the Older Americans Act Amendments of 1981, to the Congress an interim report describing the agreements entered into under paragraph (1) and the design for the evaluation required by this paragraph. The Secretary shall prepare and submit to the President and the Congress a final report on the evaluation required by this paragraph not later than February 1, 1984, together with his findings and such recommendations, including recommendations for additional legislation, as the Secretary deems appropriate.

"(D) The Secretary shall make the final report submitted under subparagraph (C) available to interested private business concerns.

"(4) For the purpose of this subsection—

"(A) 'eligible individual' means any individual who is 55 years of age or older and who has an income equal to or less than the lower living standard income level; and

"(B) 'lower living standard income level' means the income level (adjusted for reginal, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor based on the most recent lower living family budget issued by the Secretary.".

Mr. EAGLETON. Mr. President, title V of the Older Americans Act is the employment title which provides for useful part-time opportunities in community service activities for unemployed low-income persons 55 years of age or older. The title also encourages the sponsors of employment programs to move participants from public service positions to paid positions in the private sector. However, in the several years since this legislative authority was established, little effort was made to transition participants into the unsubisidized employment called for by the act.

The 1978 amendments to the act gave the Secretary of Labor explicit authority to work with the private sector to develop suitable jobs or to place older workers in the private sector with the following statutory language:

The Secretary shall develop alternatives for innovative work modes and provide technical assistance in creating job opportunities through work sharing and other experimental methods to prime sponsors, labor organizations, groups representing business and industry and workers as well as to individual employers, where appropriate.

The 1978 amendments also authorized the Secretary of Labor to reserve an amount from the appropriations for the purpose of entering into the agreements mentioned above—agreements relating to improved transition to private employment.

As the Committee on Aging hearings have revealed, the Department of Labor has long overlooked the employment needs of older workers, and has implemented programs for older workers only when explicity directed to do so by Congress. The Older Americans Act title V program is no exception to this long-standing trend.

Since Congress did not mandate the provisions of the act quoted above, the Department of Labor has not moved to exercise leadership in the development of programs to facilitate the transition of older workers from public service jobs

to private sector employment. Consequently, it is necessary and appropriate to introduce an amendment to S. 1086, the Older Americans Amendments of 1981—

To authorize experimental second career and job placement projects under title V of the act.

This amendment will not require any new authority; it will be a mandate for the Secretary of Labor as contrasted to discretionary authority. The experimental projects will not require an increased appropriation but will be funded by existing appropriations.

Mr. President, that is my statement on behalf of Senator CHILES with respect to this amendment.

Mr. KENNEDY. Mr. President, I understand that we are operating under a time agreement.

The PRESIDING OFFICER. The Chair advises the Senator that there is no time agreement.

Mr. EAGLETON. There is no time limit, it is my understanding.

Does the Senator from Massachusetts wish to speak on the Chiles amendment?

Mr. KENNEDY. Mr. President, in regard to the amendment submitted by the Senator from Missouri, I am familiar with the amendment, as are other Members of the minority, and we support the amendment.

Mr. DENTON. Mr. President, I accept the Senator's amendment. I believe it is a beautiful addition to the demonstration project which S. 1086 requires. I share the Senator's interest in evaluating the Department's success in demonstrating ways to transition and place older workers in private sector employment.

Mr. HEINZ. Mr. President, I ask unanimous consent that my name be added as a cosponsor of the amendment of Senator CHILES.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I just want to urge the chairman and the ranking minority member of the subcommittee to accept this amendment. I believe that, ultimately, it will provide our senior citizens with additional employment opportunities in the private sector, and that is where most of the jobs are.

It is a great concern of mine that we have to do a great deal more to change the habits of the American people when it comes to how they view the coming of age, as Simon DeBeauvoir might have called it.

Not only do we have to change the habits of those people who look forward now to early retirement, by giving them other, more attractive opportunities to continue in the work force longer, but also, we have to change the habits of employers who, for a long time, have operated on the presumption that they would like to see earlier retirement for their employees.

In a very few years, we will be reaching the point at which the American people may run out of an adequate number of people in the work force. It seems rather ironic to talk about that, with unemployment around 8 percent and so many people unable to find jobs. Yet, there is every reason to believe that, as we move toward the latter part of this decade, into the next, and toward the end of this century, with the declining number of young people—the so-called baby bust being the reality it is—those people not coming into the work force, increased numbers of people retiring at earlier ages, at least if present trends continue, we will have a very detrimental employment shortage in this country.

It seems to me that if we want to maintain the standard of living in this country to which we have become accustomed, it ultimately relates to the number of people working and to the real amount of gross national product that we are able to generate. Unless we do find ways to change the employment habits of people, particularly the habits of employers, to get our country to make far better use of its human potential—its human capital, if you will—I do not see how we will ever be able to bring about the kind of standard of living and the kind of human productivity that this country is going to be challenged to come up with in the future.

I urge the committee to accept this amendment.

Mr. GRASSLEY. Mr. President, will the Senator from Pennsylvania yield?

Mr. HEINZ. I yield.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that my name be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I associate myself with the remarks of the chairman of the Special Committee on Aging, the Senator from Pennsylvania.

I wish to emphasize the importance of doing what we can, through the Older Americans Act, to help senior citizens maintain their position in the work force.

We want to encourage that, not only from the standpoint of the good it does them as individuals, but also, toward end result of fostering social cohesiveness between the generations.

Mr. HEINZ. Mr. President, I thank the Senator for his kind words. I commend him for his outstanding work on the Special Committee on Aging. He has been an outstanding member of the committee. He came to the committee very well prepared, from the House of Representatives, where he served on the House Select Committee on Aging.

I compliment the Senator from Iowa on his excellent contributions. They are indeed welcome.

● Mr. CHILES. Mr. President, I have submitted an amendment to title V, the employment title of the Older Americans Act for consideration during this 1981 reauthorization process.

The purpose of my amendment is to provide a second career and placement program under title V of the act in order to increase the productive participation of the work force which is age 55 and over.

Mr. President, first I would like to explain that this is not a new program; it is not a request for new funds but only an amendment to instruct the Department of Labor to utilize authority granted by Congress several years ago. I would further like to compliment Senator DENTON and his committee on the language in S. 1086 which places greater emphasis on the transition of eligible individuals into employment opportunities from subsidized public service jobs.

Although this emphasis is a major step in the direction of private sector employment, I feel that the provision must be implemented at the earliest possible time so that older persons will have increased opportunities for employment in the private sector. The 1978 amendments to the Older Americans Act gave the Secretary of Labor explicit authority to do the following:

Develop alternatives for innovative work modes and provide technical assistance in creating job opportunities through work sharing and experimental methods to prime sponsors, labor organizations, groups representing business and industry and workers as well as to individual employers.

Congress was concerned about the plight of the middle-aged and older worker prior to 1978 which is the reason that new language and authority was added to the 1978 amendments. The Department of Labor has not utilized this discretionary authority nor have they undertaken an aggressive leadership role in seeking new avenues of employment for unemployed or displaced older workers.

Mr. President, my amendment would provide that the Secretary carry out an evaluation of second career training and job placement programs authorized by the amendment. The evaluation would include:

First, the degree to which the economic commitment of an employer affects the success of the second career training program; second, the types of private business concerns best suited to accept older workers; third, the types of jobs best suited for older workers; fourth, the arrangements between private business concerns and the sponsor of the projects subject to the agreement which produce the best results; fifth, the economic impact of the projects subject to the agreement on individual private business concerns, the community, and Federal welfare programs; sixth, the techniques for identifying eligible individuals who will participate in the program; and seventh, evidence of barriers to effective use of older workers including statutory, administrative, physical, and geographic barriers.

When I was chairman of the Special Committee on Aging, I initiated a series of hearings on "Work After 65: Options for the 80's." One of the stated purposes of that series of hearings was to learn as much as possible about the problems facing older workers who want to continue working and to express concern about the future implications of current trends and present policies—trends which indicated that during the two decades prior to 1978, the labor force participation rate of older workers exhibited a steady decline and policies which in spite of the 1978 amendments to the Age Discrimination in Employment Act encouraged large numbers of older persons to retire early.

At the outset of those hearings, I made it clear that the committee in no way wanted to eliminate opportunities for early retirement since for many, early retirement is both necessary and viable. The concern of the committee was that there were so few work options for older Americans, and I believed that it was time to expand these options so that current trends and existing policies would begin to change.

We also examined the results of two Harris polls which were conducted in 1974 and 1979. The polls showed that increasing numbers of older persons would like to return to work. In fact, the 1979 poll found that 51 percent of those questioned said they would like to return to work.

I wish I could tell you about positive changes in employment prospects for older workers since those 1980 hearings. The only good news I have is that recent social security figures show that the rate of increase of early retirement is slowing. Some experts in the area of older worker employment think that the early retirement trend may have reversed. Workers are beginning to have second thoughts about retirement. Clearly one of the concerns of these older workers is the effects of inflation on their retirement income.

If older persons want to remain in or return to the work force, it is both inhumane and wasteful to prevent them from exercising that option. We all know about the pressures of inflation, especially on those with fixed or limited incomes. We are about to see the effects of fiscal pressures on social service programs, and there is major concern about the solvency of the social security trust fund.

We have heard testimony in the past about the limited Federal programs for older workers, programs which have of necessity served only the low-income, chronically unemployed or hard to employ.

As a result, these programs have not met the needs of many segments of the older population.

Although several private companies have initiated programs to retain, retrain or rehire the retired, or about to be retired employees, I have felt that both Federal and private sector initiatives reach only a small percentage of the eligible pool of older workers who desire further employment.

Mr. President, as a result of the information gained from the committee's hearings, and the analysis of other materials available, I have taken action to introduce this amendment so the Department of Labor may begin to better address the employment needs of older workers and to more fully develop a partnership between the public and private sectors in this endeavor.●

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment (UP No. 558) was agreed to.

Mr. DENTON. Mr. President, I ask unanimous consent that the name of the Senator from Oregon (Mr. PACKWOOD) and the Senator from New Jersey (Mr. WILLIAMS) be added as cosponsors of amendment No. 558.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I yield to the distinguished assistant majority leader for a statement, after which I have a technical amendment to dispose of.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Mr. President, the Senator from Massachusetts sought the floor.

Does the Senator have a controversial amendment? I did have just a brief amendment.

Mr. KENNEDY. No.

As the former author of the Older Americans Act, I wish to make a statement in regard to that act and in support of this legislation. I was glad to wait until the earlier amendment was disposed of. I do wish to speak in a general way about the legislation and about the principal parts of the legislation.

Mr. STEVENS. Mr. President, I have a technical amendment which will be accepted, and I came to the floor thinking I might get that done.

Mr. KENNEDY. That is fine.

Mr. STEVENS. If the Senator will yield for the time being, I shall appreciate it.

Mr. KENNEDY. I do not believe that I have the floor, although I requested recognition. I shall seek the floor at the earliest possible time.

Mr. STEVENS. Mr. President, I know the Senator will.

The PRESIDING OFFICER. The pending request is the request of the Senator from Alabama that he be permitted to yield to the Senator from Alaska and retain his right to the floor. Is that correct?

Mr. DENTON. Yes. However, I am more than happy to yield to the Senator from Massachusetts whose previous chairmanship and great effort in this area I have already alluded to in previous statements.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

UP AMENDMENT NO. 559

(Purpose: To assure flexibility in the grants for Indian tribal program under the Act in any case in which the need for nutritional services by the tribal organization is met from other sources, and for other purposes)

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) for himself, Mr. MURKOWSKI, and Mr. HAYAKAWA proposes an unprinted amendment numbered 559.

On page 38, between lines 5 and 6, insert the following new paragraph:

(2) Section 604(a)(8) is amended by inserting before the semicolon a comma and the following: "except that in any case in which the need for nutritional services for older Indians represented by the tribal organization is already met from other sources, the tribal organizations may use the funds otherwise required to be expended under this paragraph for social services".

On page 38, line 6, strike out "(2) and insert in lieu thereof "(3)".

Mr. STEVENS. Mr. President, the bill before us today increases the ability of State agencies on aging and Indian tribal organizations to provide the services which are most compatible with the needs of the older persons under their jurisdictions. My amendment furthers this worthy goal by increasing flexibility for Indian and Alaskan Native tribal organizations with regard to the nutritional requirement under title VI of the act. This amendment would allow tribal organizations to substitute another appropriate service for the elderly in their community upon a waiver from the Secretary of the Department of Health and Human Services, after demonstrating that a nutritional program is already being provided for in that community.

For instance, in Ketchikan, Alaska, a community of 10,000, a nonprofit agency—Senior Haven, provides both a congregate and a Meals-on-Wheels program to elderly Alaskan natives and nonnatives alike. Yet, under current regulations, the Ketchikan Indian Corporation must provide a nutritional program before they can offer other services to seniors, such as a homemaker service program. With the already limited Federal dollars the tribes receive, programs must be as flexible as possible without requirements that are inappropriate to the needs of the community. Current regulations thwart this effort.

A homemaker service program is badly needed in Ketchikan. There are a number of confined elderly persons that would benefit from such a program. Homemaker aides would assist the elderly in maintaining an independent living by helping the elderly with: Grocery shopping, light housekeeping, dressing, counseling, telephone reassurance and friendly visiting. In the absence of such a service, many would have to be institutionalized unnecessarily, at a great cost both in economic and psychological terms.

I was pleased to note that the committee bill has already lifted two other requirements under title VI for ombudsman and legal services. By allowing tribal organizations enough leeway to set their own priorities based on local needs, we will be allowing them to establish the most meaningful programs to address the needs of the older persons in their area. This is as it should be. As Federal funding decreases, it is imperative that we provide the greatest amount of flexibility at the local level, otherwise the limited Federal dollars may be wasted in many communities which find the federally mandated services meaningless.

I would like to commend Senator DENTON, the chairman of the Subcommittee on Aging, Family and Human Services, for rewriting this legislation in such a fashion to provide meaningful services to the elderly in this country while allowing for the greatest amount of State and local control in the administration of this Federal program. This is consistent with the administration's goals for turning over increased responsibility to the States.

I also congratulate my good friend, Senator EAGLETON, for his steadfast dedication to older Americans.

Mr. President, I urge the adoption of my amendment.

Mr. President, as the reading of the amendment indicates and my statement points out this is a technical situation where services are already performed in some areas by agencies that are already authorized, and yet this bill purports, without this amendment, to limit the expenditures of funds for purposes or for goals that are already met by existing agencies.

I believe this is technical because it does not increase the amount of money available to any one Indian agency but it gives them a little broader spectrum in applying that money to meet their needs when a portion of their needs are already met by non-Government, normally nonprofit agencies.

My staff has discussed it with the staff of the committee, and I am hopeful that it will be accepted.

Mr. DENTON. Mr. President, it is certainly acceptable to the manager of the bill, and it is my understanding that it is acceptable to the ranking minority member.

I believe that the amendment proposed by Senator STEVENS is technical and is in keeping with the increased flexibility which S. 1086 gives Indian tribal organizations receiving grants. Having visited the great State of Alaska and being aware of Senator STEVENS' compassion for and great attention to the needs of his Indian tribal organizations, I am especially grateful that he brought this up.

Mr. STEVENS. I thank the Senator very much.

Mr. President, I ask adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment (UP No. 559) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DENTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. I thank the manager of the bill and my good friend from Massachusetts.

Mr. DENTON. Mr. President, I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, let me first take this occasion is to give credit where credit is due. The Senator from Alabama who is now the new chairman of what I consider to be one of the most important subcommittees in the Senate, has worked expeditiously to bring this legislation out of committee. It is a piece of legislation which so many of our elderly people regard as the bedrock of the commitment of Congress to their needs in so many areas. The Senator from Alabama deserves great credit for his efforts, along with my colleague, the ranking minority member, Senator EAGLETON of Missouri. They worked well with the majority members and the minority members of the committee.

I think that the legislation that has come before the Senate today is a commendable piece of legislation. There are only one or two items that I wish to address in my comments.

Mr. President, 16 years ago Congress enacted the original Older Americans Act. We recognized, in 1965, that the elderly of this country are entitled to health, honor, and dignity. We recognized the tremendous debt that we owe to those who have built this country. Through the Older Americans Act, we have acknowledged and begun to make good on that debt.

Since 1965, we have considered extending the act many times. While we have sometimes modified and altered its provisions—in most cases for the better—we have always chosen to continue it.

Today, we once more consider extending the provisions of this act. As we do so, amid this new atmosphere of austerity in Government, let us not forget that the needs and desires of the elderly are still around and that our debt to them still exists today.

Like my colleagues, I recognize the need for controlling the budget, for cutting waste, for economizing. I recognize the need for eliminating for altering programs that are not effective. However, I also recognize that we must not use budget cutting and economizing as a subterfuge for eliminating effective programs or for restricting their coverage.

It is true that funding for the Older Americans Act has increased tremendously over the years—from about $7½ million in fiscal year 1966 to over $1 billion last year. However, that growth was not caused by waste or extravagance. Rather, that growth was a reflection of a growing congressional realization about the magnitude of the needs of older Americans.

The Older Americans Act has been remarkably successful at meeting these needs. By 1980, 610 area agencies on aging had been created. Over 1,100 nutrition service providers were operating at some 12,000 congregate meal sites and had provided nearly 145 million meals to the elderly. I do not think that there is a Member of this body who has not visited one of those sites. Many of them are in the churches across this country. They are sponsored with a minimum amount of overhead. What they have meant to the quality of life of millions of senior citizens has truly been extraordinary. Over 3 million elderly participated in the nutrition program in 1981; and 9 million in the social services program. In addition, the Department of Labor has created 54,000 job slots under the community service employment program.

The older American programs are not plagued by waste and mismanagement. Rather, they are effective and successful programs that have provided significant benefits to the elderly in our country. I am happy that the Labor and Human Resources Committee also concluded that this act was both necessary and useful.

Let me take this opportunity, Mr. President, to again commend the fine and diligent efforts of the distinguished floor managers—Senator DENTON and Senator EAGLETON—on behalf of this bill. The bill that we reported out and that we are considering today increases the funds available for the older American programs. There are some changes in this bill which disturb me and which I will address those later. Nevertheless, I am pleased that the bill retains the basic structure of the current act.

I am pleased that the bill retains separate authorizations for nutrition, social and employment services; that it retains the current structure for providing the services to the elderly; and that it retains the State ombudsman program and the priority status for legal services, transportation and in-house services. An amendment to be presented by the floor managers and which I will strongly support will retain the USDA commodities program as an important supplement to the nutrition program.

The Older American Act has succeeded in creating a pervasive and comprehensive system for providing the needed services to the elderly. Yet, many elderly still suffer from hunger or barely survive on snacks and junk food. Many elderly still shiver through a cold and bitter winter or broil through a hot and brutal summer. Many elderly still long for companionship and relief from isolation. They still can only dream of finding useful and fulfilling employment. They still can only dream of being needed by others and by society.

So long as those needs and dreams remain unfulfilled, the Older Americans Act must continue to grow and change—but most important—it must continue.

As we debate this bill today, let us be guided by our realization of the desperate need of the elderly for nutrition, transportation, employment and companionship. Let us be guided by our concern and respect for the elderly. Let us remember once again that unrepayable debt which we owe them. It has been said that a civilized nation can be judged by its treatment of its older citizens. Let us not fail that judgment today.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JEPSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I ask unanmious consent that Senator PERCY be added as a cosponsor to Senator CHILES' amendment 558.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I also ask unanimous consent that Senators MURKOWSKI and HAYAKAWA be added as cosponsors to Senator STEVENS' amendment (UP. No. 559).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I do have several technical amendments to S. 1086 which I now send to the desk.

Mr. HEINZ. Mr President, will the Senator withhold? I would like to make

an opening statement which will not be very long.

Mr. DENTON. I yield to the Senator from Pennsylvania.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER (Mr. WALLOP). The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the chairman of the committee for yielding. Let me say I have a very productive and fine working relationship with the Senator from Alabama. I think he is doing an extraordinary job. As chairman of the Special Committee on Aging, I am grateful to have had the opportunity to work with him, and thank him for his very open and cooperative efforts. I am pleased to be a cosponsor of the Older American Act Amendments of 1981, S. 1086, which is before us.

I am also equally pleased to have a chance to speak on behalf of this important piece of legislation. I might say, Mr. President, that, in particular, I am pleased, in spite of the mood of budget cutting, of fiscal austerity here in Washington, D.C., the bill before us today recognizes the high priority we should accord to our elderly and it does so by retaining in most instances authorization levels under the Older Americans Act that are at or above the level of 1981 appropriations.

Mr. President, it has been over 15 years since the enactment of the Older Americans Act of 1965. During that time the programs have grown from a few small social service grants and research projects to a network of 57 State units on aging, over 600 area agencies on aging, and countless community organizations providing services on both a paid and volunteer basis. The size of the Older Americans Act budget has increased from $7.5 million in 1966 to almost $961 million in the present fiscal year. The act has been amended eight times, adding major new initiatives such as the nutrition program for the elderly and the senior community service employment program. It has served over 9 million people, and I am pleased to say that over one-half million of those people are from my home State of Pennsylvania.

Mr. President, the Older Americans Act is an extraordinary legislative document. This act is not simply a collection of unrelated titles. It is a comprehensive declaration of the long-term goals of American society with regard to our elderly citizens. The act commits us as a Nation to actively work to enhance the quality of life of older Americans. Perhaps the single most important achievement of this legislation is that it has created realistic alternatives for hundreds of thousands of older Americans in delaying, and in some cases—in many cases—preventing unnecessary institutionalization—a goal, I am sure, we all ascribe to.

This coordinated system of services reaches into every community in this Nation making possible a broad range of programs including nutrition, transportation, counseling, and the more intensive home health and social services provided to the frail elderly. Millions of older Americans have benefited from these services.

In case after case, examples abound of hungry individuals being fed, loneliness being met with compassion and caring, and chronic health problems being ameliorated through concerted community efforts. This act has proven itself worthy of our continued support and its programs deserve full funding in the budget.

In the months to come, we will have several excellent opportunities to examine the impact of this legislation in meeting its goals, and to receive recommendations for new policy directions. The results of several national studies, as well as the 1981 White House Conference on Aging, will contribute to a thorough review of the Older Americans Act programs.

In anticipation of receiving these recommendations, I believe that this is not the appropriate time for a major overhaul of the act. Our experience since the most recent revisions in 1978 has shown that certain minor adjustments would contribute to streamlining this legislation. I believe that S. 1086 does this by fine tuning those sections of the act that will improve the overall efficiency of services, increase local decisionmaking, and increase the participation of older persons in the operation of programs intended to serve them.

Mr. President, earlier this year, when I became chairman of the Special Committee on Aging, I realized very quickly that the Committee on Labor and Human Resources, the authorizing committee for this legislation, would soon be considering the reauthorization of the Older Americans Act. My concern on this issue led me to submit testimony regarding my thinking to Senator DENTON's Subcommittee on Aging, Family and Human Services.

I ask unanimous consent that the text of that statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHN HEINZ

It has been over 15 years since the enactment of Older Americans Act of 1965. During that time the program has grown from a few small social services grants and research projects to a network of 57 state units on aging, over 600 area-wide agencies on aging, and countless organizations providing paid and volunteer services. The size of the budget has increased from $7.5 million in 1963 to almost $961 million in the present fiscal year. The Act has been amended nine times adding major initiatives such as the nutrition program for the elderly and incorporating the Senior Community Service Employment Program. The 1978 amendments aimed toward providing a more efficient service delivery system and increased coordination of community resources for the elderly. It consolidated the state and community planning services, nutrition and social services into one title to be funded through the area agencies on aging.

Twenty years ago the poverty rate among the elderly was 33%. There was no medicare, medicaid, T–XX or Food Stamps. A National focus on the special needs and problems of the elderly had just begun to emerge in the 1st White House Conference on Aging in 1961.

As we enter the eighties we face an era of new fiscal realities and new public policy challenges. We must be both critical and creative in our approach to public expenditures, directing them carefully to the best alternatives. The challenge we face is to set priorities, to plan carefully and to define specific goals. This is true for the programs of the Older Americans as it is for many other programs.

As Chairman of the Special Committee on Aging, I believe that our agenda for the '80s should look toward a positive change in the direction of public policy for the aged. This is an excellent time to examine the success of the OAA in meeting its goals, in achieving the changes we have hoped to accomplish.

I am recommending today that we proceed down this road with deliberation and careful thought. We should not make changes for the sake of change. However, we should set the stage for increased local decision-making and expanded control of older people in making the Older Americans Act work for them.

We will have several opportunities in the coming months to examine the success of this legislation in meeting its goals and to receive recommendations for new policy direction. In December of this year the 1981 White House Conference on Aging will recommend a comprehensive agenda for the '80s. In addition, we will have the final results of several studies including a GAO report requested by the Labor & Human Resources Committee on how well AAAs have carried out their 1973 legislative mandate to develop a comprehensive and coordinated system of services for the elderly. The Federal Council on Aging is also now completing its evaluation of the effectiveness of all of the OAA programs in achieving their goals.

The Special Committee on Aging will also have shortly the results of a GAO study which it requested of the organizational placement of the Administration on Aging within the Department of Health and Human Services.

Another concern which I certainly feel is valid is that due to the 18 month delay in issuance of final federal regulations following the 1978 amendments, the State and area agencies have not had enough experience with full implementation of the law to determine its success.

In consideration of these factors I do not believe that this is an appropriate time to completely re-write the Older Americans Act. However, we should not lose the opportunity to make those changes which would streamline and improve the efficiency of its programs, increase local flexibility to meet local needs and increase participation of older people in the operation of programs intended to serve them.

As a matter of general philosophy we should make changes which would accomplish the following:

Provide more flexibility for operation of OAA programs to meet the specific needs defined by each community.

Remove unnecessary restrictions, cumbersome red tape and meaningless paperwork.

Expand opportunity for older persons to manage, direct, plan and implement the programs intended to meet their needs.

Assure that the resources under the Act can be used most effectively to provide essential services to enable older people to live in their own homes and communities as long as possible.

Examine the organizational placement of the Administration on Aging and its authority to carry out the administration of the Older Americans Act and advocacy for the elderly at the Federal level.

Foster the selection of the most effective and efficient service providers through maximum competition and the enforcement of high standards of performance.

In this regard I would recommend consideration of the following changes:

First, I suggest an extension of the authorization for appropriation for a period of two years. I say this for several reasons. This time frame would allow ample opportunity for us to consider the recommendations of the 1981 White House Conference on Aging, as well as review in detail the reports from the General Accounting Office which I have already alluded to. An extension for any less than this time frame would create needless work within the same Congress; an extension beyond two years is too long to wait.

My second suggestion is that we should offer those operating the programs under the Older American's Act the maximum flexibility to achieve the priorities set for the elderly in their communities.

It is inappropriate and unnecessarily restrictive to set specific service goals for local communities at the Federal level. Furthermore, requiring certain specific services in the law is a contradiction of the role of Area Agencies on Aging in planning, needs assessment, and setting priorities for services.

Obviously limited dollars for services should not be so scattered as to be ineffective or spent for activities which are not a priority within the service area. Funds should be concentrated on a limited number of services but the choice of those services must evolve from the local planning process.

Third, we need to address the issue of consolidation of the Title III funding streams. The 1978 Amendments to the Older Americans Act substantially revised Title III, although there were several similarities between the revised title and the former title. The 1978 Amendments resulted in the consolidation into Title III of programs previously authorized by Title III (Social Services), Title V (Multipurpose Senior Centers), and Title VII (Nutrition Services). Additionally, it provided separate authorizations for Congregate and Home Delivered Nutrition Services.

Originally, it was hoped that the consolidation of these separate titles into one title would foster coordination of Older Americans Act programs, and allow Area Agencies on Aging greater flexibility in managing funds for social and nutrition services. Further, the consolidation was viewed as a mechanism for assisting AAAs in developing comprehensive systems of services, and increasing the visibility and significance of the area agencies' scope of operations.

Because the 1978 Amendments preserved separate authorizations for Title III, Parts B, C1 and C2, the major objective of this consolidation was not achieved. Rather, services in many cases continued to be delivered in a fragmented way. Additionally, the separate authorization did not account for local concerns and planning. It reduced local flexibility, complicated reporting requirements and created additional administrative burdens for AAAs.

A thorough consolidation could improve coordination in a substantial way, and insure access to a much wider range of services to older persons. Most importantly it would place responsibility for determining the best possible way to serve the elderly with State and local programs where it belongs.

Therefore, I would propose a true consolidation of the existing parts under Title III (Part B, Social Services; Part C1, Congregate Nutrition Services; and Part C2, Home Delivered Nutrition Services) into a single Title III grant to States and Area Agencies on Aging.

I would not envision sudden or drastic changes in the services now being provided; however, a more sensible pattern of services may evolve from the "bottom up" planning process than from a frequently changing fragmented "top down" approach.

Fourth, during the 96th Congress I expressed concern about the organizational placement of the Administration on Aging within the Department of Health and Human Services and about the authority of the Commissioner on Aging to achieve the goals of the Older Americans Act. The Act requires that the Commissioner shall be directly responsible to the Secretary and that no functions of the Commissioner should be delegated to any personnel not directly responsible to him. Specifically, it came to my attention last year that AoA no longer had authority over its budget, planning, hiring of personnel, or contracting and granting Older Americans Act discretionary funds.

At that time I was joined by several of my colleagues in informing the Carter Administration that the assumption of these administrative and policy functions by the Office of Human Development Services was an explicit violation of the legal authority of the Commissioner on Aging as stated in the Older Americans Act. I believe that the new Administration and the Committee on Labor and Human Resources should assure that the goals, intent and legal mandates of the Act are carried out by the Department.

Fifth, a major concern of the Special Committee on Aging for the coming year will be the economic condition of our older population. The Committee will examine all alternatives to assist the elderly to increase and diversify their income in order to cope with inflation and maintain self sufficiency. A number of factors are leading to the realization that we must improve employment opportunity to older persons in the public and private sector and provide increased incentives for those who are willing and able to remain in the labor force.

The Senior Community Services Employment Program authorized by Title V of the Older Americans is one of our efforts to foster increased employment for older workers.

This program has provided meaningful and dignified employment opportunities for many older persons. However, we need to explore ways of going beyond the present confines of the program to obtain expanded opportunities for permanent full-time or part-time employment, particularly in the private sector. Efforts should be targeted towards attempting to change the present hiring practices, attitudes and employment policies of private business concerns. Additionally, we need to strengthen the program and enhance the capacity of older persons to obtain employment in this sector through expanded efforts aimed at improving areas of job counseling and job development.

Sixth, in addition to the Title V program, there is a need for strengthening employment services to larger numbers of older persons in the community. The services of the Older Americans Act provided through State and area agencies and other organizations should include employment services to the elderly, efforts to promote the hiring of older persons and action to eliminate age related job discrimination.

Seventh, I believe there remain unmet opportunities to employ far more older persons as professionals in the planning and delivery of services in Older Americans Act programs. While there are no legal barriers in involving older persons in the administration and management of these programs, in practice their role often seems to be unnecessarily limited to membership on advisory councils or volunteer contributions.

Therefore, we should retain and emphasize the preference for hiring persons over sixty years of age by State and area agencies on aging, and insure that all sub-grantees of these organizations be guided by the same principle. These entities must expand their role as advocates and visible examples of the value of the older worker.

Mr. Chairman, I am suggesting these ideas today because I believe they lead us in the right direction. I am pleased that the new administration has already begun to examine these and other issues in order to strengthen the delivery of essential social services to older persons through the Act.

I deeply appreciate this opportunity to bring these suggestions to the Labor and Human Resources Committee, Chairman Hatch, and Senator Denton, Chairman of the Subcommittee on Aging, Family and Human Services. As a result of the oversight activities which the Special Committee on Aging will be undertaking during the next few weeks, I hope to offer a more specific package of recommendations. My colleagues and I on the Special Committee on Aging have pledged full support and cooperation in giving these ideas careful public review. We plan hearings to receive the views of those who administer the Act and who are affected by it. We all recognize that through this process of public comment we can refine our plan for continuing the Act and making it even more effective.

I believe it is important to retain the basic goals and the existing structure for planning, coordination, and delivery of services. This has proven an extraordinarily successful means of meeting our commitment to the continuing independence and dignity which is the right of every older American.

It is significant I think to recognize that the goals of the Older Americans Act have been altered very little during its history. I believe the suggestions I have made today for simplifying administrative and funding mechanisms of the Older Americans Act will enhance the achievement of those goals which we have set before us.

Mr. HEINZ. Mr. President, additionally, in April of this year, the Special Committee on Aging held oversight hearings on this act. At that hearing, we heard from a number of distinguished witnesses who brought with them years of firsthand experience in dealing with Older American Act programs. The distillation of hearing testimony prompted me to make several more specific recommendations to Senator DENTON's subcommittee. I ask unanimous consent that this letter be printed in the RECORD, as well.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SPECIAL COMMITTEE ON AGING,
Washington, D.C., May 8, 1981.

Hon. JEREMIAH DENTON,
Russell Senate Office Building,
Washington, D.C.

DEAR JERRY: I have received and reviewed the bill S. 1086 which you introduced April 30, 1981, and was delighted to see how close we are in our thinking. I fully support your proposals and I am pleased to see some of the points of my statement to your committee reflected in the bill. In my view, the bill would assure improved services to the nation's elderly.

Since submitting my statement to your committee for your hearing on the Older Americans Act, I have chaired an oversight hearing of the Senate Special Committee on Aging regarding the same subject. This hearing has highlighted several additional issues which I would like to bring to your attention for consideration as amendments to your bill.

The specific areas which I feel would enhance the bill are:

Strengthening the position of the Commissioner on Aging. As you know, the Special Committee on Aging requested a GAO review of the Office of Human Development Services reorganization in April 1980. Testimony before the Committee revealed that HHS violated the Older Americans Act by permitting grant and contract administration functions and financial management functions to be performed by HDS. Therefore, I recommend that section 201(a) of the Act be amended to strengthen the authority

of the Commissioner to carry out the intent of the Act. Such an amendment would permit the Commissioner on aging to report directly to the Secretary instead of to the Office of the Secretary.

Charges for services to be used to further the goals and objectives of the Older Americans Act. It is my belief that if we consolidate title III programs and provide greater flexibility in deciding which services to provide, we should also provide more flexibility in charging for services and the ways those charges are used. The current law restricts their application and use to only nutrition projects. I recommend that section 307(a)(13)(c) be amended to permit recipients of grants or contracts to set suggested scales for participant contributions for social and nutritional services and to use such charges to further the goals and objectives of the OAA.

Employment Services to Older persons through state and area agencies. As you will recall I addressed this issue in my statement to your committee. My hearings have further reflected the need for placing greater emphasis on promoting employment opportunities for the elderly. I would recommend that two additional social services be added to section 321(a). One designed to help older persons obtain employment and the other, designed to improve their opportunities for employment, for example through: job counseling, referral and placement; job development; and the the development of job seeking skills.

Preference for hiring older persons in Older Americans Programs is another area on which I have touched in my statement to your committee. I have found that the proportions of older persons who are actually employed in OAA programs is very low, particularly in management positions. Therefore, I recommend that section 307(a)(11) be amended to provide appropriate language to encourage a more aggressive posture by state and area agencies to fill staff positions with older persons.

Increased placement of Title V participants in private sector jobs. I noted your provision of at least one percent of title V funds for private sector jobs. I strongly support this approach: however, I recommend that we strengthen our commitment in this area. I recommend that up to 25 percent of these funds be used for private sector jobs. In addition, I recommend that the goal of 20 percent be established for unsubsidized employment in private sector jobs.

The above recommendations are provided with the hope that they will augment an already well developed bill. I and my staff stand ready to work closely with you or your staff to develop the appropriate language to translate these recommendations into amendments.

Warm regards,

JOHN HEINZ,
Chairman.

Mr. HEINZ. Mr. President, these recommendations were designed to provide more flexibility to area agencies in meeting community needs, remove unnecessary administrative restrictions, expand the opportunities for older persons for greater access to services, and assure that the resources under the act would be used in the most effective manner.

In my judgment, the bill before us today has incorporated the basic thinking behind these suggestions. I would be remiss, Mr. President, if I did not take this opportunity to compliment the chairman of the subcommittee, Senator DENTON, and his distinguished ranking minority colleague, Senator EAGLETON, for their attention to these matters and for their very, very careful work on all aspects of this important piece of legislation.

I believe that the provisions in S. 1086 will simplify both the administrative and funding mechanisms of the Older Americans Act and will enhance the achievement of the goals which we have set before us.

Mr. DENTON. Mr. President, I wish to acknowledge again, as I did in my opening statement, the excellence of the work of the chairman of the Special Committee on Aging and express my appreciation for the close coordination which he and his staff and other members were kind enough to provide us in assisting to develop this bill.

My friend from Pennsylvania and I share a friendship which will be suspended temporarily during the playing of the Alabama-Penn State game, but will be resumed shortly thereafter.

UP AMENDMENT NO. 560

(Purpose: To make certain technical corrections)

Mr. DENTON. Mr. President, I ask that we proceed with the consideration of the technical amendments which I have previously submitted.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Alabama (Mr. DENTON) proposes an unprinted amendment numbered 560.

Mr. DENTON. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, between lines 5 and 6, insert the following:

(2)(A) Section 203(b)(8) is repealed.

(B) Clauses (9) and (18) of section 203(b) are redesignated as clauses (8) and (9), respectively.

On page 19, line 6, strike out "(2)" and insert in lieu thereof "(3)".

On page 19, line 6, strike out "(9)" and insert in lieu thereof "(8) (as redesignated by paragraph (2)(B))".

On page 20, strike out lines 16 through 19.

On page 20, between lines 19 and 20, insert the following:

(j)(1) Section 213 (as redesignated by subsection (e)(2)) is amended by striking out "the Economic Opportunity Act of 1964" and inserting in lieu thereof "the Community Services Block Grant Act".

(2) Section 301(b)(2) is amended by striking out "the Community Services Administration,".

On page 36, between lines 14 and 15, insert the following:

(2) Section 502(b)(1)(E) is amended by striking out "whose opportunities for other suitable public or private paid employment are poor".

On page 36, line 15, strike out "(2)" the first time it appears and insert in lieu thereof "(3)".

On page 36, between lines 17 and 18, insert the following new subsection:

(b)(1) Section 502(c)(1) of the Act is amended by striking out "and the Director of the Community Services Administration".

(2) Section 505(b) of the Act is amended by striking out "the Director of the Community Services Administration, the Secretary of Health, Education, and Welfare" and insert in lieu thereof "the Secretary of Health and Human Services".

On page 36, line 18, strike out "(b)" and insert in lieu thereof "(c)".

On page 37, line 1, strike out "(c)" and insert in lieu thereof "(d)".

On page 37, line 18, strike out "(d)" and insert in lieu thereof "(e)".

Mr. DENTON. Mr. President, these amendments would eliminate a provision from S. 1086 which was already passed separately in the Budget Reconciliation Act; eliminate or change references in the Older Americans Act to the Economic Opportunity Act or the Community Services Administration, to reflect the passage of the community services block grant; and eliminate a reference in the act to the employment program serving persons with poor employment prospects, which is consistent with other similar changes S. 1086 makes. It is my understanding that these amendments are acceptable to both sides of the aisle.

Mr. EAGLETON. Mr. President, these amendments have been cleared on this side of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama (Mr. DENTON).

The amendment (UP No. 560) was agreed to.

Mr. DENTON. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks the floor?

Mr. DODD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 561

(Purpose: To provide crime prevention and victim assistance programs for the elderly)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. CHILES, Mr. GRASSLEY, Mr. PERCY, Mr. COHEN, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. HAYAKAWA, Mr. BRADLEY, Mr PRYOR, and Mr. MELCHER, proposes an unprinted amendment numbered 561.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 30, line 17, strike out "(13)" and insert in lieu thereof "(14)".

On page 30, line 18, strike out "clause (12)" and insert in lieu thereof "clauses".

On page 30, strike out line 22 and insert in lieu thereof the following:

"(13) crime prevention services and victim assistance programs for older individuals; or".

Mr. HEINZ. Mr. President, the purpose of this amendment is to authorize crime prevention services and victim assistance programs for older individuals under the social services title (title IIIB) of the Older American Act.

This amendment will allow aging service providers—the network of States and area agencies on aging set up under the Older Americans Act—to work cooperatively with law enforcement agencies, community organizations, and older volunteers in the development of crime prevention services and victim assistance programs to older citizens. No additional funding would be necessary to implement this amendment, it simply provides that anticrime activities can be one of the allowable services under the act.

Mr. President, as chairman of the Special Committee on Aging, I am extremely concerned about the devastating impact that crime and the fear of crime has on the lives of older Americans.

The special committee held a widely publicized hearings: "Older Americans: Fighting the Fear of Crime," on September 22, 1981. That hearing documented the fact that crime has radically altered the lifestyles of millions of older citizens. The fear of crime has made older people prisoners in their own homes Our hearing focused on older Americans who are locked out from participating in our society and almost literally locked into a dark age—an age of fear of crime.

Several witnesses described what it is like to be old and afraid in America. We heard from men and women, ranging from the ages of 70 to 93 who were terrorized by strong armed robbery, mugging, rape, and pursesnatching, leading to hospitalization in some cases. and to a total change of lifestyle in all cases.

The hearing highlighted the often overlooked fact that there are clearly a number of constructive services and strategies which can be employed to counter crime's impact. Crime prevention techniques, especially those techniques where neighbors look after neighbors and where youth work with seniors, can help to reduce both crime and the fear of crime among senior citizens. The evidence is also beginning to accumulate on the benefits of emergency assistance for older vitims of crime—assistance which can help them to overcome the intense fear they feel after victimization and to resume a normal life. And, perhaps most important of all, older citizens have demonstrated their capacities to take their places as volunteer and paid organizers, leaders, and workers in local efforts against crime.

Yet, anticrime service programs face hard times ahead, brought on in great part by the termination in Federal funding for criminal justice services which the Law Enforcement Assistance Administration (LEAA) provided. A large number of crime prevention and victim assistance programs face termination of Federal support at a time when their services are still inadequately developed to reach the average elderly person, much less those older citizens most in need—the isolated older person, and those living in our center cities.

In this context, the Congress must act to encourage greater coordination among service providers and a greater pooling of scarce resources. My amendment is a step in that direction, because it makes possible coordination among those who have direct contact with older citizens under the Older Americans Act and local law enforcement agencies, community mental health centers, community self-help organizations, and older volunteers.

Crime prevention services and victim assistance programs are desirable components of a comprehensive package of social services for older citizens and should be included in the Older Americans Act. This amendment has the support of those who would be directly involved in the implementation of its provisions, the National Association of State Units on Aging and the National Association of Area Agencies on Aging. It also has the strong support of the National Retired Teachers Association/ American Association of Retired Persons as well as the National Council of Senior Citizens.

This amendment is only a first step in liberating older citizens from the fear of crime. A total and comprehensive strategy is needed to attack the insidious forces that create the pervasive and debilitating fear of crime. In my view, an effective anticrime strategy must include stiffer sentencing for those unscrupulous criminals who prey upon the defenseless elderly and disabled; greater attention to the needs of victims, including specific protections incorporated in a bill of rights for victims of crime; insuring that priority be given to crime against the elderly within the Justice Department and other Federal prosecutory agencies; and a nationwide campaign to increase public involvement in crime prevention and victim assistance programs.

We have a responsibility to the older citizens of our country to combat crime and the fear of crime. As a first step, what is needed from governmental and private sources is help with promoting the idea of self-help anticrime programs for the elderly—including backup assistance and support for those who want to put similar programs into place. The amendment I offer today addresses that issue.

I would hope that this amendment is acceptable to the distinguished managers of the bill.

Mr. GRASSLEY. Mr. President and Members of the Senate, I rise in support of this amendment. I was a cosponsor of a piece of legislation that the Senator from Pennsylvania introduced on the same subject previously, and I have earlier expressed my interest in this legislation.

I think the subject matter of the legislation has been well covered so I do not want to go into any particular detail about the specific parts of the amendment itself, but I do want to point to a provision in the committee report. I think the addition of this amendment to this title will help bring emphasis to one of the aspects of the legislation that the committee is trying to accomplish.

On page 10 of the committee report, I refer to the subparagraph entitled "Social Services."

The sentence there says:

> The authorization of these activities will give States the option to offer some additional services to meet particular needs which may exist among elderly populations they serve.

That sentence is in regard to the committee's addition to the authorization, the authority to carry out programs for the installation of security devices and provisions of certain employment services, including job counseling, development, referral, and placement.

What the Senator from Pennsylvania is dong here is adding one additional authorization that can be funded. What we are doing is bringing greater flexibility to State and area agencies to provide certain services.

It could be in my State that the particular service referred to in this amendment, or any of the others mentioned here as additions to the legislation, is not needed. But they may be needed in New York, Pennsylvania, Illinois, or some other State. And there are other provisions that may be needed in my State of Iowa that may not be needed in Pennsylvania or New York. Really who is in the best position to make these policy determinations?

It is not those of us here in Washington, D.C. If we were to make some rigid determinations that every service be granted, we would have a very inflexible program. In a very real sense, we would be authorizing legislation that would create a mold here, in Washington, by which all areas of this country and all people must be poured into and all programs throughout the entire country would have to be administered in the same way.

I think the point is, Mr. President, as recognized by this committee report and by the amendment of the Senator from Pennsylvania, that this country is diverse in many ways, particularly as to some of the problems that face our senior citizens. They are very diverse and our population is very heterogeneous. Our country is geographically so vast that we cannot, in fact, have programs set here, in Washington, that must be rigidly adhered to throughout the country.

Mr. President, I think that the problem that the Senator from Pennsylvania brought up is a very real one. Even in some sections of my State, it is a very real one and needs to be addressed. I think that he is to be complimented, because he is not mandating that his amendment be rigidly adhere to through a mandate from Congress but, rather, be left to the individual States and the area agencies to make that determination. In certain sections of the country, it may be necessary to put greater resources into this program than into a lot of other programs that are needed.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. GRASSLEY. I yield to the Senator from Pennsylvania.

Mr. HEINZ. The Senator is 100-percent correct. The purpose of this amendment is simply to add to the options available—to the area agencies on aging, to the State units on aging—so that they will not be foreclosed from the opportunity of providing the kinds of services enumerated in my amendment and in my remarks on the amendment.

I thank the Senator for his remarks.

Mr. GRASSLEY. Mr. President, I thank the Senator from Pennsylvania. I

want, in closing, simply to congratulate the committee for giving greater flexibility to the State and area units in the aging network so that they can use this law to the maximum allowable to seek solutions to those great problems that face the elderly of our country.

● Mr. HAYAKAWA. Mr. President, I am pleased to join Senator HEINZ in sponsoring this amendment to the Older Americans Act which would give States the option of using title III–B money for crime prevention and victim assistance. The fear of violent crime is rampant among our senior citizens. Prevention is the key to ending this fear and assuring that our elderly can feel safe in their homes and neighborhoods.

During my visits to the Orient, I have observed a phenomenon which is missing in this country. There is a kind of profound community identity and community organization. People know, watch out for, and keep track of each other. In Japan, unlike the United States, it is safe to walk in the streets at 11 o'clock at night, just to get some air. Why, in contrast, do our senior citizens feel so unsafe in our country?

The answer is not more courts, prosecutors, police, or money, Mr. President. It is having that community identity that I observed in the Orient. The answer is recapturing certain truths in America's national consciousness: Truths like the difference between right and wrong, swift and determined punishment for those who prey on our senior citizens, and the responsibility of individuals for their actions.

I am happy to report that, in my State, there are organizations which have recaptured these attitudes of helping one's neighbors and striving for what is right. In Pasadena, the crime resistance involvement council is providing home security and victim assistance.

All of these are provided by senior volunteers for their peers in the community. In Oakland, the community safety patrol has significantly reduced violent crimes against senior citizens through systematic neighborhood meetings and patrols.

The success of such community efforts depends on a partnership among the community, government, and industry. In Oakland, for example, Kaiser Aluminum provided the initial funds for equipping the community safety patrol. The local police departments are providing technical advisers. The communities are providing senior volunteers who are enthusiastic and care about the safety of their friends and neighbors. The money made available under this amendment will enable States to assist these local efforts. It will provide walkie-talkies, radios, victim assistance materials, and crime prevention publications. It will give our senior volunteers working in crime prevention the tools they need to discourage criminals from invading their neighborhoods. As members of the Federal Government, we will be doing our part in making our streets safe once again for America's senior citizens.●

Mr. COHEN. Mr. President, I am pleased today to cosponsor the amendment offered by Senator HEINZ to the Older Americans Act to provide for crime prevention and victim assistance services to older persons.

Earlier this year, the Senate Special Committee on Aging listened to a number of witnesses discuss community programs which are now effectively fighting neighborhood crime. For older Americans, for whom the fear of crime is as big a threat as crime itself, many of these community programs have saved lives.

Older Americans are particularly vulnerable to crime. An older person stands more than 1 chance in 10 of being the victim of a crime in a 1-year period. Elderly victims are more often left alone than nonelderly crime victims. Although the victim rarely puts up any type of resistance, the offender is more apt to use force on the elderly. The older victim is also more often and more seriously hurt.

Encouragingly, studies show that a whole range of services can help reduce crime and fear of crime. Among those services and practices are: crime prevention techniques, especially those where neighbors look after neighbors; special police units, including investigative teams with links to victim service and crime prevention programs, decoy squads, to target on crimes against senior citizens in our cities; improved locks and hardware to make homes less vulnerable; and post-crime assistance to elderly victims.

The Heinz amendment would provide crime prevention services and victim assistance programs for older individuals under the social services title (title III–B) of the Older Americans Act. It would allow aging service providers to work cooperatively with law enforcement agencies, community organizations and older volunteers in the development of crime prevention services and victim assistance programs to older citizens. It is a sensible solution to a serious problem, and I urge the Senate to adopt it.

Mr. DENTON. Mr. President, I accept the amendment offered by the Senator from Pennsylvania and commend him for his authorship. I agree wholeheartedly with the analysis made by the Senator from Iowa, who quoted voluminously from the committee's report on this and I appreciate very much his commendation regarding the work of the committee.

Mr. President, it is a terrible thing to live in constant fear of becoming the victim of a crime. This amendment clearly gives aging programs the authority to permit crime prevention among the elderly.

I understand this amendment is acceptable to the distinguished Senator from Missouri, also.

Mr. EAGLETON. Mr. President, I think the amendment of the Senator from Pennsylvania is an excellent amendment and it is perfectly acceptable on this side of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 561) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. EAGLETON. Mr. President, I think there are a couple of other amendments. I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT 562

(Purpose: To reinstate the utilities and home heating costs demonstration projects)

Mr. DODD. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. DODD) proposes unprinted amendment numbered 562.

On page 34, line 24, strike out "(3)" and insert in lieu thereof "(b)".

On page 34, strike out line 25.

Mr. DODD. Mr. President, this amendment would strike the provision repealing the Secretary's authority to make grants for utility and home heating cost demonstration projects. My proposal would reinstate funding for such demonstration projects under the Older Americans Act.

Mr. President, I understand that the Administration on Aging has not to date funded a utility and home heating cost demonstration project because it feels such projects would be more suitably administered by the Department with primary expertise in the costs of energy; namely, the Department of Energy. The committee agreed that it would be more appropriate for the Department of Energy to plan and oversee such demonstrations and repealed the Secretary of Health and Human Services authority accordingly.

I have no doubt that, in theory, the Department of Energy is best equipped to conduct demonstrations to explore ways to ease the hardship which rising energy costs has placed on older homeowners in this country. However, Mr. President, we cannot forget that President Reagan, on September 24, announced publicly that he intends to abolish the Department of Energy. If this administration dismantles the Department of Energy within the next 3 years, no Department will have the authority to fund a project to examine new ways to help senior citizens cope with the ever-spiralling prices of home-heating oil and electricity.

I submit that we cannot allow this to happen. From 1973 to 1980, the average price of home-heating oil jumped from 25 cents per gallon to $1.05 per gallon. In other words, home-heating oil costs more than four times today what it did 7 years ago.

Likewise over the past 7 years, the average cost of residential electricity has doubled, shooting up from 2.61 cents per kilowatt-hour in 1973 to 5.2 cents in 1980. We all know that the majority of our

constituents have had some difficulty in paying their ever-increasing utility and heating bills. And we also know that those hardest hit by such skyrocketing bills are those on fixed incomes.

Mr. President, the largest group of Americans with fixed or partially fixed incomes are senior citizens. The limited incomes of the vast majority of retired Americans can barely keep up with ever-rising home energy costs. Yet, as economists would say, "their use of home energy is price insensitive." Translated, that means that, regardless of the price of utilities and more especially heat, older Americans have to use the same amount. Thus, many senior citizens are faced with the prospect of spending more and more of their limited incomes on heating and lighting bills and less on other essential items such as food. Home energy costs now constitute a major, ever-increasing percentage of older Americans' total income outlays.

Mr. President, we must prevent a situation wherein no department would have the authority to fund demonstrations to search for ways to soften, if not eradicate the burden of rising home energy costs on the elderly. I hope and trust that the Senate will act affirmatively on this amendment.

Mr. DENTON. Mr. President, I accept the Senator's amendment. I understand that the distinguished minority manager does, also.

Mr. EAGLETON. Mr. President, I think this is a very important and constructive amendment. In terms of the litany of matters that affect senior citizens, you would have to put on that list, certainly, income stability, health care costs, food and nutrition, but, of recent years, energy matters are every bit as significant to the quality of life for a senior citizen as some of the other matters that I have mentioned. With galloping energy prices that the whole world has experienced since 1973–74, no bill treating of the problems and needs of senior citizens would be complete without attention to their energy needs. I commend the Senator from Connecticut for his amendment.

Mr. DODD. Mr. President, if the Senator will yield, I appreciate his comments and I appreciate the support of the chairman of the subcommittee as well. I thank them both.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 562) was agreed to.

UP AMENDMENT 563

(Purpose: To authorize weatherization activities under title V)

Mr. DODD. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. DODD) proposes unprinted amendment numbered 563.

On page 37, between lines 17 and 18, insert the following:

(d) Section 507(3) is amended by inserting "weatherization activities;" after "efforts;".

On page 37 line 18, strike out "(d)" and insert in lieu thereof "(e)".

Mr. DODD. Mr. President, this amendment is designed to include "weatherization" in the definition of appropriate "community service" activities under title V of the Older Americans Act.

As we well know, senior citizens are more vulnerable to both inflationary extremes in our economy and temperature extremes in our climate. The vast majority of older Americans live in poorly insulated homes, causing them both to feel colder in the winter and hotter in the summer and to pay more for heating and air conditioning than they would if their homes were weatherized. Every summer there are stories of senior citizens dying of heat prostration and every winter there are stories of seniors freezing to death, stories which remind us of just how serious this problem is. As our energy sources become scarcer and heating and cooling costs continue to skyrocket, poorly insulated homes endanger the health and welfare of all the senior citizens forced to reside in them. This problem will only get worse unless we act upon it now.

Mr. President, as it stands now, we have some 54,000 older Americans paid by title V moneys of this act to perform part-time "community service" activities. Such activities now include social, health, welfare, and educational services. Some senior citizens so employed counsel others on tax matters. Others help restore our natural resources and clean up our neighborhoods. Why not allow some of these title V employees to weatherize the homes of their fellow senior citizens?

My amendment help would help solve a serious problem, without calling for any more funds to be expended. We already have some 54,000 senior citizens doing part-time community work under the title V program, and I think the weatherization program should be included under that title.

I ask for the approval of this amendment.

Mr. DENTON. Mr. President, I accept the amendment, and I commend the Senator for it. I think it is a thoughtful inclusion and will have a very practical benefit.

Mr. EAGLETON. Once again, Mr. President, I commend the Senator from Connecticut for this amendment, which treats with energy related matters. The remarks I made in connection with the earlier Dodd amendment apply with equal force to this amendment.

Mr. DODD. Mr. President, if the Senator will yield, I appreciate his support and the support of the committee chairman. I thank them both again.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 563) was agreed to.

Mr. MATSUNAGA. Mr. President, I strongly support the pending bill. I do so because the worth of any society can be well measured by the degree to which it cares for its elderly. The Older Americans Act has proven to be our Nation's greatest investment toward elevating our form of society above all others.

I was a Member of the House of Representatives when the House Committee on Aging was first organized, and I was fortunate enough to serve on that committee.

Prior to the enactment of the Older Americans Act, I used to see older friends of mine confined at home, rocking in chairs on the "lanai," as we refer to the veranda in Hawaii. Since the Older Americans Act was enacted, I have seen our elderly citizens learn the arts and crafts, learn to dance and sing and play musical instruments at centers for the elderly. I have seen a tremendous change for the good come over them.

As I see my older friends now, they seem to have grown younger since visiting these senior centers regularly. Many of them, widows and widowers, have met their second partners. Romance has bloomed in many cases, and elderly citizens have remarried and started a new life, and live a longer and happier life under the programs of the Older Americans Act than they had known while they were single and away from the senior centers.

So, Mr. President, I fully support the pending legislation which would extend the Older Americans Act, and I urge my colleagues to do the same.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, I wonder if I may have the attention of the chairman of the committee, the distinguished Senator from Alabama (Mr. DENTON), just to enter into a colloquy or discussion.

It had been my earlier intention to offer an amendment to restore the 1-percent set-aside as a minimum on the nursing home ombudsman program which has been in existence for some time. However, it was the decision of the committee to remove the 1-percent set-aside. Instead, the committee included in the report language, words to the effect that States should spend sufficient funds to support this ombudsman program. The report does not, however, set any specific percentage of funds that States should allocate to this program.

I would have preferred the 1-percent set-aside, but I am willing to experiment and try something different. So I will not offer that amendment

However, I hope—and this is really the question I have for the distinguished Senator—that after 2 years of this 3-year authorization we might jointly request or the committee might request that GAO conduct a study to determine whether States are spending an adequate amount of funds to support the ombudsman program. I make this request so that when this legislation comes up for renewal in 3 years, we will have a good understanding of how well the program is working.

Without trying to wed my distinguished colleague to a specific response,

we will have other options if in fact States are failing to meet their responsibility in supporting the ombudsman program. My concern is that, as the budget crunch begins to affect States and communities, they will look for ways to cut back on their own spending. I do not discourage that, but my hope is that States will remain sensitive to the ombudsman program. Because of my concern for this particular program, I think that a study of it a few years down the road, to show us how well it is working. would make sense. Then we can consider options when the legislation comes up in 3 years, if options are necessary. The program may be working well then.

That is my question to the Senator.

Mr. DENTON. Mr. President, I concur in the remarks of the Senator from Connecticut.

As he understands, we are providing flexibility without intending to diminish the effectiveness of the ombudsman program.

We may have States spending more than 1 percent on that program now. I can agree that, 2 years down the pike, we might ask GAO to make a very specific study to see that the requirement that the programs be effective is adhered to and, if not, that perhaps a set-aside be considered.

Mr. DODD. I thank the Senator very much for his response.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 564

(Purpose: To maintain the integrity of the home-delivered meals program)

Mr. KENNEDY. Mr. President, I send an amendment to the desk on behalf of myself, Mr. HEINZ, Mr. DOLE, Mr. RIEGLE, and Mr. METZENBAUM and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) for himself and others proposes an unprinted amendment numbered 564.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26, between lines 7 and 8 insert the following:

(5) Section 307(a)(13) is amended by striking out "and" at the end of subclause (H), by inserting "and" at the end of subclause (I), and by inserting after subclause (I) the following:

"(J) each state agency (i) shall, at a minimum, expend for subpart 2 of part C, relating to home-delivered nutrition services, the same amount which such state spent for subpart 2 in fiscal year 1981, and (ii) shall, to the extent practicable, establish a goal for each fiscal year for the expenditure for such subpart 2 that is at least 15 percent of the amount available for part C for that fiscal year;".

Mr. KENNEDY. Mr. President, to bring the Senate up to date in terms of the history of this particular public policy question, I would like to offer a brief explanation.

Prior to 1978, the nutrition program under the Older Americans Act had been primarily used to provide meals for elderly citizens at congregate sites. There was very little effort at that time to provide meals to those individuals who were shut ins desipte their very considerable need. Because they were ignored for so long, their needs exceeded the needs of those elderly citizens that could be served at congregate sites.

During our hearings on this act, we saw that the costs for the delivering of those meals to shut-ins were about three times as expensive as were the costs for the meals at the congregate sites. The combination of scarce resources and very considerable need caused the local community in most instances to provide for congregate-site feeding and not for the delivery of meals to the home bound elderly.

These decisions ignored the fact that in the long run, being able to provide those meals to shut-ins often kept those elderly individuals out of institutions. It ignored the fact that in most instances the elderly much preferred living at home rather than in an institution. Nevertheless, due to the scarce resources, local decisions tended to deliver meals in the particular settings where they could get more individuals actually fed than to home bound elderly.

So in 1978, with the strong support of most senior citizen groups, we made a decision in this body to provide a separate authorization for the delivery of meals to seniors in their homes and in their apartments. We authorized $120 million last year and appropriated $55 million. Thanks to that action, more than 15 percent of the Federal nutrition funds go to the Meals on Wheels program.

Under the legislation which is before us today, the separate authorization for the Meals on Wheels program is eliminated. We have tried to work with the members of the committee, and in particular with the distinguished floor managers, to see if we could not develop some means to continue to protect this very valuable and worthwhile program.

We now have an amendment before us which does that. It has essentially three parts: First, it establishes a goal of 15 percent for each State for the delivery of meals to the homebound elderly.

Second, it requires the States to maintain the current effort for the Meals on Wheels program into the future.

The current effort may be less than 15 percent and it may be more than 15 percent, but whatever effort has been developed in the past must be maintained in the future.

Finally, we permit a waiver of this requirement where the Commissioner on Aging finds that a maintenance of the current effort will be an unreasonable burden on the State. This will provide the States and the program with any flexibility that is needed.

It seems to me, Mr. President, that this is a fair way to approach this particular issue. It will maintain needed protection for this program. It will permit the States to exceed it if they make a judgment to do so. It will permit them to sink below it, if necessary. Ultimately, it will indicate a commitment by the Congress of the United States to a program for providing needed meals to seniors who are unable, through no fault of their own, to come to the congregate site.

We have talked this over with the ranking minority member of the subcommittee, Senator EAGLETON, and with the chairman of the subcommittee, Senator DENTON, and others who have been interested in this issue in the past. We have fortunately reached an agreement that I believe is acceptable to all. I would hope that the Senate will accept it.

Mr. President, I ask unanimous consent that the Senator from Connecticut (Mr. DODD), the Senator from Oregon (Mr. PACKWOOD), the Senator from Arizona (Mr. DECONCINI), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Texas (Mr. BENTSEN) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, there are a number of factors involved to this and I think it is entirely possible that we will be able to come to an agreement.

I would ask the Senator from Massachusetts, having looked this over carefully, if he would be willing in, I think it is, subparagraph (j), instead of saying expend "the same amount which such State spent for subpart 2 in fiscal year 1981," change the word "amount" to the word "percentage."

Mr. KENNEDY. Obviously, it would be the hope of the Senator from Massachusetts that we could continue the nutrition program, at least at the current level. If we were able to see the kind of commitment to this program which we have had in the past, the actual percentages would probably decrease as the overall funding increased.

However, if this program should be cut back then the kind of amendment that the Senator from Alabama has offered would make eminently good sense.

Obviously, without the Senator's amendment, a very significant reduction in the funding of this program, which I hope would occur, would distort the percentages between those that were being delivered in congregate sites and those that were being delivered at home. So I would accept the amendment of the Senator from Alabama.

Mr. DENTON. In other words, the Senator would so modify his amendment?

Mr. KENNEDY. Yes. I do so modify my amendment.

Mr. HAYAKAWA assumed the chair.

Mr. DENTON. Mr. President, for the Senator's information, we now have the percentage breakdown State by State for home-delivered meals from all sources of funds. They extend from 10 percent in Nebraska and Alaska up to 45 percent in Maine, 42 percent in Vermont, 33 percent in Utah, and so forth, without any particularly evident reason for the relatively high levels in some States and low levels in others.

As the Senator knows, the efficacy of flexibility and judgment at the State level, even the local level, is one of the advantages which accrued to the previ-

ously agreed upon committee version. But, in order to give full consideration to this amendment, I will need some time to consult further and I suggest the absence of a quorum.

Mr. HEINZ. Will the Senator withhold that request for a minute?

Mr. DENTON. Yes.

Mr. HEINZ. Mr. President, the copy of the amendment that I have been furnished from the desk ends at the beginning of page 1 with the words "available for part C for that fiscal year." I do not believe it is the intention of the Senator from Massachusetts to omit the second page of his amendment, which contains the waiver provision that we discussed earlier. I have the feeling that there has been a clerical oversight on his amendment. Is that correct?

Mr. KENNEDY. The Senator has stated the correct parliamentary situation. It is very easily remedied.

Mr. President, I move that my amendment stand corrected.

The PRESIDING OFFICER. Will the Senator from Massachusetts clarify his modification?

Mr. HEINZ. Mr. President, a parliamentary inquiry. Would it not be in order for the Senator from Massachusetts simply to send a modification of the amendment to the desk?

The PRESIDING OFFICER. Does the Senator from Massachusetts desire to send a modification to the desk?

Mr. KENNEDY. The Senator will send a modification incorporating the changes that we have worked out with the Senator from Alabama. I will suggest the absence of a quorum and make those modifications and send a new amendment to the desk. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 564, AS MODIFIED

Mr. KENNEDY. Mr. President, I send a modification of my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Senator is entitled to modify his amendment. The amendment is so modified.

The amendment, (UP No. 564) as modified, is as follows:

On page 26, between lines 7 and 8, insert the following:

(5) Section 307(a)(13) is amended by striking out "and" at the end of subclause (H), by inserting "and" at the end of subclause (I), and by inserting after subclause (I) the following:

"(J) the State agency (i) shall, at a minimum, expend for subpart 2 of part C, relating to home-delivered nutrition services, the same percentage of funds for part C as such State spent for subpart 2 in fiscal year 1981, and (ii) shall, to the extent practicable, establish a goal for each fiscal year for the expenditure for such subpart 2 that is at least 15 percent of the amount available for part C for that fiscal year;".

On page 28, line 9, insert "(1)" after "(e)".

On page 28, between lines 10 and 11, insert the following:

(2) Section 307(b) (as amended by paragraph (1)) is amended by adding at the end thereof the following:

"(3) the Commissioner in approving any State plan under this section shall waive the requirement of clause (13)(J)(i) if the Commissioner finds that the requirement of clause (13)(J)(i) would place an unreasonable burden on the ability of the State to support efficiently and effectively the nutrition program assisted under this title within the State.".

Mr. KENNEDY. The effect of this action is to incorporate the modification that has been recommended by the Senator from Alabama. That is, it changed the fixed amount, the money that a State must maintain for this program, to a percentage of the money. So the State would be guided in the distribution of its funds by the percentage of funds being expended at the present time for the Meals on Wheels program.

That change has been incorporated in the amendment.

Mr. DENTON. Mr. President, I ask unanimous consent that we temporarily lay aside the amendment, as modified, of the Senator from Massachusetts and take a few minutes on one which will be noncontroversial, to be offered by the Senator from South Dakota. That would give us a few additional minutes to get together, and perhaps we could accept the amendment of the Senator from Massachusetts.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 565

(Purpose: To provide for rural elderly transportation demonstration projects)

Mr. PRESSLER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. PRESSLER) proposes an unprinted amendment numbered 565.

On page 33, following line 25, add the following new clause: and "(7) improve transportation systems for the rural elderly.

Mr. PRESSLER. Mr. President, as a Member of the House of Representatives, I served on the authorizing committee for the Older Americans Act. I was an original cosponsor of the legislation and have always taken a great interest in how it applies in rural and smalltown areas. I have always found that it is important to have language in the Older Americans Act specifically designating rural and smalltown areas because so frequently this legislation applies to big cities and to our greater metropolitan areas.

We need our senior citizen centers in small towns, such as my hometown of Humboldt, S. Dak. We need transportation in rural areas. In my State of South Dakota, 15 percent of the people are elderly. Not everyone moves to Florida or California when they are elderly.

Indeed, increasingly, older people want to stay in their own homes, their own communities. Some form of transportation actually pays, it does not cost, for if the elderly can stay in their own homes for a longer period of time, they do not have a need to go into nursing homes or get institutional care. Increasingly, we are finding that our self-reliant people in the Midwest or throughout our country feel, if there is some form of supplemental transportation, some form of visiting nurse, or some form of congregate housing where they can take care of themselves, it is very important.

Mr. President, the amendment I am offering seeks to remedy the severe problem of transportation for our rural elderly. The purpose of my amendment is to add improved transportation systems for the rural elderly in the demonstration projects funded by the Commissioner on Aging.

Mr. President, demographic data indicate a growing concentration of aged persons in small towns of our country. Retired farmers and elderly people from urban centers are migrating to the small towns and cities of our Nation. Unfortunately, these people find themselves without adequate transportation services and thus unable to take advantage of many elderly services, not to mention their ability to get to the doctor, the pharmacist, or the grocery store.

In the rural areas, forced isolation often deprives the elderly of the ability to maintain their friendships and to keep involved in their community. Having visited many of the senior citizen centers and congregate meal sites in South Dakota, I am pleased to report that these programs are not only providing well-balanced meals for the elderly, but also the opportunity for senior citizens to spend their mealtime with other people.

My visits with South Dakota elderly and numerous letters from constituents indicate that the recent skyrocketing cost of fuel and lack of public transportation have caused many senior citizens living in rural areas to become stranded, miles from needed food and medical assistance. However, I have found that there is a lack of substantive data on this problem which precludes Congress from responding to the needs of our rural elderly.

Therefore, I am hopeful that my amendment will insure priority for grants and projects designed to study and address this problem.

Mr. President, I am a cosponsor of this legislation, which I believe is one of the most important legislative measures for the most vulnerable segment of our society. On February 5, 1981, I introduced a measure to extend the Older Americans Act for 5 years with the intent that the authorizing committee closely review all the programs in this act. I commend the committee chairman, the ranking members, and the staff for their careful study and the resulting legislation.

As a member of the Senate Aging Committee, Mr. President, I strongly believe that we must do everything we can to make the lives of the elderly, who have contributed so much to our Nation, as comfortable and secure as possible. This reauthorization of the Older Americans Act allows us to renew our commitment to the elderly.

I ask that the Senate give favorable consideration to my amendment.

The PRESIDING OFFICER. Are there

any further comments on the amendment?

Mr. DENTON. Mr. President, I am prepared to accept the amendment of the Senator from South Dakota. I understand the minority member accepts it also.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 565) was agreed to.

UP AMENDMENT NO. 564

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Massachusetts (Mr. KENNEDY), unprinted amendment No. 564 as modified.

Mr. DENTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DENTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, after discussion with the Senator from Massachusetts, I believe that I am in a position to support his amendment. May I ask for a reading by the clerk of the amendment as modified.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The legislative clerk read as follows:

On page 26, between lines 7 and 8 insert the following:

(5) Section 307(h)(13) is amended by striking out "and" at the end of subclause (H), by inserting "and" at the end of subclause (I), and by inserting after subclause (I) the following:

Mr. DENTON. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, the modifications I had in mind are about to be submitted. I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I send a modified amendment to the desk.

The PRESIDING OFFICER. The amendment is further modified.

Mr. KENNEDY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as further modified, is as follows:

On page 26, between lines 7 and 8, insert the following:

(5) Section 307(a)(13) is amended by striking out "and" at the end of subclause (H), by inserting "and" at the end of subclause (I), and by inserting after subclause (I) the following:

"(J) The State agency (i) shall, at a minimum, expend for subpart 2 of part C, relating to home-delivered nutrition services, the same percentage of funds for part C as such State spent for subpart 2 in fiscal year 1981, and (ii) shall, to the extent practicable, establish a goal for each fiscal year for the expenditure for such subpart 2 that is at least 15 percent of the amount available for part C for that fiscal year;".

On page 28, line 9, insert "(1)" after "(e)".

On page 28, between lines 10 and 11, insert the following:

(2) Section 307(b) (as amended by paragraph (1)) is amended by adding at the end thereof the following:

"(3) The Commissioner, in approving any State plan under this section shall waive the requirement of clause (13)(J)(i) if the Commissioner finds that the requirement of clause (13)(J)(i) would place a significant burden on the ability of the State to support efficiently and effectively the nutrition program assisted under this title within the State.".

Mr. KENNEDY. Mr. President, the modification includes the word "percentage" instead of a fixed dollar figure, as the Senator from Alabama has requested. Then, in the relevant provision that relates to the waiver, the change substitutes the word "significant" for "unreasonable." Those are the two changes in the amendment, and they are indicated in the amendment I have sent to the desk.

At an appropriate time, because this matter will continue to be an issue of interest to Members of Congress, I am going to ask for a yea-and-nay vote. I will ask for a yea-and-nay vote on final passage, as well.

I do not know whether there is any further debate.

Mr. DENTON. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. DENTON. Mr. President, I am prepared, personally, to accept the modified amendment. I understand that the Senator has requested the yeas and nays. Until the majority leader is consulted, I suggest the absence of a quorum.

Mr. DOLE. Mr. President, will the Senator from Alabama withhold that?

Mr. DENTON. Yes.

Mr. DOLE. Mr. President, I support the amendment offered by the distinguished Senator from Massachusetts concerning funds to be allocated for home-delivered meals under title III of the Older Americans Act. The Denton bill has combined the authorization for both congregate and home-delivered meals, whereas, under current law, there are separate authorizations for these types of meal programs.

This amendment would set a goal for each State agency to expand at least 15 percent of the total funds available on home-delivered meals. It also will allow maintenance of continued services if a State is already expending more than 15 percent of its nutrition funds on home-delivered meals. This flexibility is desirable, and yet this amendment will guarantee that States will provide a minimum level of home-delivered meal services.

In addition, the Commissioner on Aging may waive this maintenance of effort requirement in approving the State plan if this requirement would impose an unreasonable burden on a State's ability to support such nutrition programs efficiently and effectively.

The Senator from Kansas worked closely with the distinguished Senator from Massachusetts when the Older Americans Act was last considered in 1978, and, as a result, separate authorizations for congregate and home-delivered meals were adopted. The amendment before us now would satisfy the concerns of many of my colleagues that home-delivered meals would be competing for limited financial resources for elderly nutrition programs at the State level under the provisions of S. 1086.

The Senator from Kansas is pleased to be a cosponsor of this Kennedy amendment, and I recommend that my colleagues accept this amendment as modified.

● Mr. GRASSLEY. Mr. President, pertinent to this amendment is the great service provided the elderly by Meals on Wheels, Inc., that, nationwide network of nonprofit, volunteer units who for the last 30 years have provided the shut-in elderly population of this country with meals at cost. I think we in the Senate would do a disservice to this dedicated army of volunteers if we neglected to recognize the great service they have performed over the years and continue to perform today.

I would hope, Mr. President, that this amendment will in no way hinder the 115,000 Meals on Wheels volunteers who drive 40,000 miles daily delivering 100,000 meals. If these volunteers were paid just a minimum wage the cost would be $6 million annually.

I support this amendment hoping that it will augment the existing Meals on Wheels, Inc., volunteer program, not compete with it.●

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Maine (Mr. COHEN), the Senator from New York (Mr. D'AMATO), the Senator from New Mexico (Mr. DOMENICI), the Senator from North Carolina (Mr. EAST), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Iowa (Mr. JEPSEN), the Senator from Wisconsin (Mr. KASTEN), the Senator from Idaho (Mr. MCCLURE), the Senator from Delaware (Mr. ROTH), the Senator from Wyoming (Mr. SIMPSON), the Senator from Texas (Mr. TOWER), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. HATFIELD), and the Sena-

tor from New York (Mr. D'AMATO) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Alabama (Mr. HEFLIN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Tennessee (Mr. SASSER), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) and the Senator from Tennessee (Mr. SASSER) would each vote "yea."

The PRESIDING OFFICER (Mr. MURKOWSKI). Is there any Senator in the Chamber who has not voted who desires to vote?

The result was announced—yeas 72, nays 0, as follows:

[Rollcall Vote No. 346 Leg.]

YEAS—72

Abdnor	Grassley	Murkowski
Andrews	Hatch	Nickles
Armstrong	Hawkins	Nunn
Baker	Hayakawa	Packwood
Baucus	Heinz	Pell
Bentsen	Helms	Percy
Boren	Huddleston	Pressler
Bradley	Humphrey	Proxmire
Bumpers	Jackson	Pryor
Burdick	Johnston	Quayle
Byrd, Robert C.	Kassebaum	Randolph
Cochran	Kennedy	Riegle
Cranston	Lavalt	Rudman
Danforth	Leahy	Sarbanes
DeConcini	Levin	Schmitt
Denton	Long	Specter
Dixon	Lugar	Stafford
Dodd	Mathias	Stennis
Dole	Matsunaga	Stevens
Durenberger	Mattingly	Symms
Eagleton	Melcher	Thurmond
Exon	Metzenbaum	Wallop
Glenn	Mitchell	Weicker
Gorton	Moynihan	Zorinsky

NOT VOTING—28

Biden	East	Kasten
Boschwitz	Ford	McClure
Byrd, Harry F., Jr.	Garn	Roth
Cannon	Goldwater	Sasser
Chafee	Hart	Simpson
Chiles	Hatfield	Tower
Cohen	Heflin	Tsongas
D'Amato	Hollings	Warner
Domenici	Inouye	Williams
	Jepsen	

So Mr. KENNEDY's amendment (UP No. 564), as further modified, was agreed to.

Mr. DENTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KENNEDY. Mr. President, I ask that it be in order to ask for the yeas and nays on final passage.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. EAGLETON. Mr. President, earlier this afternoon the Senate adopted the Chiles amendment. I ask unanimous consent that the following Senators be added as cosponsors to the Chiles amendment:

Senators KASSEBAUM, PERCY, DURENBERGER, MELCHER, KENNEDY, PRYOR, GLENN, BRADLEY, BENTSEN, SARBANES, and RANDOLPH.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 566

(Purpose: Expressing the sense of the Senate that the 97th Congress will not adopt any budget plan which would immediately subject social security benefits to federal income taxation

Mr. ROBERT C. BYRD. Mr. President, I send an amendment to the desk and ask it be stated by the clerk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 566.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

SENSE OF THE SENATE RESOLUTION

SEC. . The Congress will not support any Social Security benefit reductions which are designed to reduce the federal deficit rather than insure the solvency of the Soial Security System; and

A budget plan which would subject Social Security benefits to federal income taxation would be tantamount to a cut in Social Security benefit payments; and

A budget plan which would federally tax Social Security benefits would constitute a precipitious and unfair Social Security benefit cut for elderly Americans, already retired and approaching retirement age, who have planned for their retirement with the full expectation of a specific level of tax-free Social Security income; and

Elderly Americans are especially burdened by inflation as the cost of basic necessities including food, fuel, and medicare care, have been rising faster than the rate of inflation; and

Social Security is the only inflation proof pension most Americans have to insure adequate retirement income; and

The prospect of federal taxation of Social Security benefits has alarmed many older Americans and may have undermined their confidence in the integrity of the Social Security System:

It is the sense of the Senate, That Social Security benefits are and should remain free from Federal taxation, and that the 97th Congress will not enact legislation to subject Social Security benefits to taxation.

Mr. ROBERT C. BYRD. Mr. President, this is a simple amendment. It expresses the sense of the Senate that social security benefits will not be taxed.

If we have learned anything over this last year, it is that the current budget crisis, which has been created largely by the Kemp-Roth tax cut, and by a failure to employ realistic economic and budgetary assumptions at the beginning of the budget process this year, leaves no program safe, no tax unthinkable, and no promise to the American people secure.

Documents which have been prepared by the majority on the Senate Budget Committee point up the peril created by this Kemp-Roth induced budget crisis. A table included as part of the markup documents for the second budget resolution entitled "Potential Tax Policy Changes" lists some of the options that the committee might undertake so as to close the Kemp-Roth budget gap. The list is replete with items which the American people will find hard to believe are being seriously considered as options in the U.S. Senate. I ask unanimous consent that this table which is contained in the revenue section of the Budget Committee documents, page 5, be printed in full at the close of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERT C. BYRD. One of the "revenue enhancements" is a proposal to tax half the social security income above $20,000 for singles and $25,000 for couples. This initiative would yield about $2.8 billion in fiscal year 1984.

Mr. President, it is difficult to believe that the majority in the Budget Committee is actively considering a tax on social security benefits. It is also hard to believe that they would be considering increasing the social security tax paid by self-employed people, or that they would be considering taxing all unemployment compensation, or that they would be considering eliminating the student exemption and the casualty deductions.

But the fact that these tax increases are even included in a list of options to be considered by the committee, points to the problems that lie ahead and the areas which may be subject to cut.

The majority on the Budget Committee, basically using the administration's economic assumptions, with the exception of its interest rate assumption, projects a budget deficit of $99.8 billion in fiscal year 1984, assuming that the as yet unidentified spending cuts are not made in fiscal year 1983 and fiscal year 1984, and the unspecified COLA, cuts in fiscal year 1982, fiscal year 1983, and fiscal year 1984 are not made.

Earlier this year, we saw an effort by the administration to severely slash social security benefits. The initiative the administration put forth in May came in spite of the repeated promises made during the 1980 Presidential campaign and subsequently in the development of the "safety net concept" by the administration. I believe we have no more reason to have faith that social security benefits will not be taxed than to believe that future efforts will not be made to cut social security benefits.

As an example of the dimension of the problem created by the Kemp-Roth tax cut, the Senate Budget Committee's markup document contains a table entitled "Comparison of Budget Outlook Under Alternative Economic Assumptions." That table lists several different alternative projections. The Congressional Budget Office projects that, in the absence of further tax increases or budget cuts, the deficit in fiscal year 1984 will be $121 billion. That same table lists a "consensus" figure of private forecasts of a $138 billion deficit in 1984 without further spending cuts or tax increases.

It is the dimension of this budget crisis which gives me grave concerns. It

is the dimension of the crisis which suggests that nothing is sacred, despite previous assurances about "safety nets." I am concerned that the fate of our most basic Government programs has been tied to budgetary decisions which are driven by the Kemp-Roth budget crisis. Any budgetary decision to tax social security benefits would constitute a precipitous and unfair benefit cut for elderly Americans who have planned for their retirement upon the promise of a specific level of social security income.

The Congress will not support changes in social security designed to reduce the Federal budget deficit rather than insure financial solvency of the social security trust funds. The purpose of this amendment is simply to reassure elderly Americans that the Congress will not support "revenue enhancers" which would balance or pretend to balance the Federal budget on the backs of aging Americans or which would amount in another form to social security cuts.

I urge all Senators to vote for the pending amendment.

EXHIBIT 1

POTENTIAL TAX POLICY CHANGES [1]

Income tax	Fiscal year— 1982	1983	1984	Total
Individuals:				
Consumer interest deduction (excluding $1,500 of auto) [2]	0.9	6.2	6.5	13.6
Employer health insurance limitation [3]	2.6	4.2	5.6	12.4
Increase self-employment tax [3]	.9	4.5	5.0	10.4
Tax half social security income above $20,000 for singles and $25,000 for couples		2.2	2.8	5.0
$5,000 home mortgage interest limitation	2.7	5.4	6.8	14.9
$10,000 home mortgage interest limitation	(.8)	(1.0)	(1.2)	(3.0)
Interest and dividend withholding	3.5	2.6	2.5	8.6
Tax all unemployment compensation		2.2	2.0	4.2
Student exemption [2]	.4	1.1	1.1	2.6
Casualty deduction [2]	.3	.8	.9	2.0
15 percent floor on medical expense	.4	2.8	2.6	5.6
State and local sales tax deduction [2]	.7	4.8	5.2	10.7
State and local personal property tax deduction [2]	.2	.6	.6	1.4
Total, individual [4]	12.6	37.2	41.6	91.4

Income tax	Fiscal year— 1982	1983	1984	Total
Business:				
DISC (including recapture) [2]	.7	2.0	2.8	5.5
Industrial development bonds	.3	.6	1.0	1.9
Pollution control bonds	.1	.2	.3	.6
Hospital bonds	.1	.2	.3	.6
Exclusion of interest on student loan bonds	.1	.2	.2	.5
Foreign tax credit	.6	.4	.5	1.5
Capital Gains:				
Timber [2]	.3	.7	.9	1.9
Coal and iron ore	.1	.1	.1	.3
Deferral of tax on shipping companies	.1	.1	.1	.3
Island possessions [2]	.6	1.3	1.4	3.3
50 percent limit on business meals and entertainment	.8	1.9	1.9	4.6
Total, business [4]	3.8	7.7	9.5	21.0
Total, individuals and business [4]	16.4	44.9	51.1	112.4

[1] Assuming a Jan. 1, 1982 effective date.
[2] Repeal.
[3] Includes social security receipts.
[4] These totals are shown despite the fact that these estimates are not additive. Repealing all of those provisions would create "interactions" which alter the total.

Mr. DENTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. DENTON. Mr. President, since the question is not within the jurisdiction of the subcommittee and was unexpected, I yield to the distinguished chairman of the Finance Committee.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas just received a copy of the sense of the Senate resolution. Earlier this year the Senate passed a resolution which indicated we would not tax social security benefits. We are now checking that so we can be certain that that is an accurate statement.

Senator HEINZ offered such a resolution in the Finance Committee and it passed unanimously. Then it was voted on on the Senate floor and passed by a vote of 98 to 0, I believe.

This resolution may be more far reaching.

Does the resolution do more than indicate that we should not tax social security benefits?

Mr. ROBERT C. BYRD. If the distinguished Senator will yield, the Senate did adopt a resolution in this respect earlier this year by a vote of 98 to 0, I believe, but that was before the Budget Committee listed this tax as an option to be considered. I feel that now that the Budget Committee has indicated that it is indeed an option, the Senate should go on record again.

Mr. BAKER. Will the Senator yield?

Mr. DOLE. I yield.

Mr. BAKER. As I understand, the minority leader is speaking of the majority staff of the Budget Committee. I do not know what the Budget Committee would do. I think the minority leader knows that I do not favor taxing social security benefits, and I will now state it again, and I do not believe the Budget Committee will recommend that. In any event, the Budget Committee is not the committee to make that decision. That is a committee to report to us whatever numbers they care to and is free to make a recommendation to the authorizing committees as to how that should be done. I suppose that is the reason for lists.

I would violate no confidence, Mr. President, when I tell you that not only, I suspect, is the majority staff making a list, but so is the minority staff. Indeed, I have talked to at least one minority member of the Budget Committee who brought to me a list a lot longer than that. My response to the minority as well as to the majority staff has been that the Budget Committee is not the committee that is going to decide that. I expect that the committee of the distinguished chairman, the Finance Committee, and the ranking member, Senator LONG, will be the one that will make a determination about that in due course, and that we, of course, I am sure, will welcome any recommendations or any list they may make.

I simply rise, Mr. President, to say that I trust I am violating no confidence when I say that both the majority and minority members of the Budget Committee—the staff, not the members—have come to me and talked about where the options lie. But that is a long way from saying that is what the Budget Committee will propose.

I would hope that the Budget Committee will make no such proposals and I would suspect that they will not.

Mr. DOLE. Mr. President, the majority leader is correct. Every day there is a new sheet coming out from the Budget Committee with the different options they are considering. We shoot some of them down and new ones come up. It is just like duck hunting. I thought I had seen all the budget recommendations, but this is one the Senator from Kansas has not seen.

I do not see any problem with the resolution, if it is, in fact, confined to not taxing social security benefits.

Taxing benefits has been recommended, the Senator from Kansas might add, by all recent Social Security Advisory Councils, the last being appointed by President Carter. I would not fault President Carter for the appointment of that committee, but I would fault the recommendations made by the committee. I find in our Finance Committee that every year there is a derby—a no-tax social security derby. Last year, the distinguished Senator from Wisconsin, Senator Nelson, was the first one to introduce a resolution saying we should not tax social security benefits. He won last year by a margin of 90-some to zero. This year Senator HEINZ was the first one in with a resolution not to tax social security benefits.

As far as the Senate Finance Committee is concerned, there is absolutely no support for and no intention to tax social security benefits. There has not been in the past, under the leadership of the distinguished Senator from Louisiana, and none now under the chairmanship of the Senator from Kansas. I do not know of any sentiment anywhere in the Senate.

If I can just study this resolution for a few moments, maybe we could all join as cosponsors and agree to it.

Mr. ROBERT C. BYRD. Mr. President, I think that would be very nice, if the Senate would adopt this amendment by a unanimous vote. It would indicate to the Budget Committee that the Senate

will not support such a proposal if the committee were to recommend this option.

The majority leader is correct, that the Budget Committee has not chosen this as an option yet, but it is at least one of the options for consideration.

Senators will note that one of the items in that table on page 5, which I earlier asked to be printed in the RECORD, states:

> Tax half of social security income of $20,000 for singles and $25,000 for couples. For FY 1983, the amount saved being $2.2 billion; in FY 1984, the "revenue enhancement" would be $2.8 billion, making a total of $5 billion.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, if I may address a question or two to the distinguished minority leader with reference to the resolution, maybe we can proceed to its passage.

I direct the minority leader's attention to the first paragraph of the resolution, which says:

> The Congress will not support any Social Security benefit reductions which are designed to reduce the federal deficit rather than insure the solvency of the Social Security System. . . .

As the Senator from West Virginia knows, we are looking for ways to insure the solvency of the system. This could mean that we might have to make changes within the system. I do not think that is inconsistent with the meaning of the Senator from West Virignia.

I assure the Senator from West Virginia that we are not looking for ways to make reductions in the social security program simply to balance the Federal deficit. I want to ask the distinguished Senator from West Virginia whether adoption of this resolution would in any way inhibit the Committee on Finance from preserving the solvency of the system by making changes within the system?

Mr. ROBERT C. BYRD. Mr. President, if the distinguished Senator will yield, the verbiage of the resolution is preeminently clear. It states as follows, and the distinguished Senator from Kansas has read it into the RECORD, also:

"The Congress will not support any social security benefit reduction"—any social security benefit reductions—"which are designed to reduce the Federal deficit" and so on.

That is the object of the subject and the verb: "any social security benefit reductions which are designed to reduce the Federal deficit" rather than insure the solvency of the social security system.

Insuring the solvency of the system is one thing. We all support whatever actions may be requisite for insuring the solvency of the system. We may disagree on what those actions are or whether such actions are necessary; we may disagree on any particular action that may be proposed, the announced purpose of which is to insure the solvency of the system. But we are talking about reductions that are designed to reduce the Federal deficit.

The reason that verbiage is used is that some of us believe—I do—that some of the proposals that have been made by the administration with respect to social security and which would result in reductions in social security benefits, we believe, were made for the purpose, primarily, of balancing the Federal budget. We do not think that we should approach the balancing of the budget in that way, Mr. President. So, as a I say, I think that language is pretty clear .

Mr. DOLE. Mr. President, without commenting on the suggestion that has been made, there are literally dozens of options on how we can preserve the integrity of the social security system, none of which has been adopted, unfortunately. On October 15, we in this body patched up the system for the next year or so—at least, we thought we patched up the system. Two days later we had new figures from the social security actuaries indicating that medicare was costing more than anticipated and the funds would be in difficulty sooner than we expected. At any rate, that measure, which included several changes, passed the Senate by a unanimous vote.

As I understand the Senator from West Virginia, as long as any changes made in the system are made for the one purpose and one purpose only of insuring the solvency of the system, rather than using it in some way to balance the general Federal budget, then the adoption of this resolution will not be a problem.

Mr. ROBERT C. BYRD. Mr. President, I would not want to say "any changes," to use the distinguished Senator's phrase. I am saying that I would not support just any old changes that are ostensibly for the purpose of insuring solvency.

What I am saying is, I think the Senator and I would agree that the solvency of the social security trust fund must be maintained. What is required to assure that solvency we may differ on. What I am saying is that Congress will not support social security benefit reductions which are designed to reduce the Federal deficit rather than insure the solvency of the social security system.

It is true, Mr. President, that this option has not yet been agreed to. The Committee on the Budget has not yet voted to propose this option. But, Mr. President, earlier this year, the President included as one of his proposals the reduction of social security benefits for Americans who elect to retire at age 62 rather than wait until age 65. The total reduction would have been 40 percent. In other words, if they elect to retire at age 62, they would get 55 percent rather than 80 percent of what they would otherwise get if they waited until 65 to retire. The Senate went on record and voted, I believe unanimously, in the final analysis, against such a proposal. So we have not heard any more about the President's proposal. That was the end of that.

Another option has now surfaced and it is in the table from page 5 of the budget document, which I have asked to be printed in the RECORD. It presents another option. It is an option that would be tantamount to a cut in social security benefit payments. If social security benefit payments are to be taxed, that is tantamount to a cut in payments. So I think, although the Senate went on record earlier this year and voted for a resolution that would do the same as this sense of the Senate resolution would do, I think that the Senate ought to go on record again, now that this option has appeared as one among other options that can be considered by the Senate Budget Committee. I think the Senate ought to go on record again, now that the option has surfaced, so that the committee will have the advice of the full Senate. Hopefully, the Senate will vote unanimously so that the Budget Committee will then know that this is an option that will not be supported on the Senate floor.

Mr. DOLE. Mr. President, I wonder if the Senator from Louisiana has had an opportunity to look at the resolution? I have no real objection.

If taxing benefits is just another Budget Committee option out there, there are a lot of them. I have seen a lot of material from the Budget Committee that I would not vote for and that the committee itself has not voted on.

If, in fact, that is a real proposal from a member of the Budget Committee, it is one that would not get many votes from the Budget Committee. Be that as it may, the Senate certainly has a right to send a message to the Budget Committee, either by resolution or by letter or by phone call.

Mr. ROBERT C. BYRD. It is more impressive and meaningful if it is done this way.

Mr. LONG. Mr. President, since I was encouraged to participate in this, I say that it is a little difficult for those of us on the committee to provide adequate financing for social security, by way of either trimming down the benefits on one hand or by adding some additional tax on the other hand, to know how our efforts will be viewed. In other words, we cannot afford to see the social security trust fund go broke. We need to build up the surplus, which has been reduced too great already. We need to protect what surplus there is in the fund.

You do not wind up on the balance just to the penny. You usually have a little over or a little below.

It seems to me that when we try to maintain the solvency, we could be subject to the charge that we are improving the budget position, when what we are trying to do is maintain the solvency of the program.

I do think, though, that if we need more revenue in the fund or if we have to further trim back on points where perhaps we can save a few dollars without doing any serious injury to anyone,

it may be necessary to do that in order to maintain the solvency of the fund

Mr. DOLE. Mr. President, so that the RECORD will be complete, I ask unanimous consent to have printed in the RECORD the debate which occurred on July 14, 1981, on the resolution of the distinguished Senator from Pennsylvania (Mr. HEINZ), which also indicated that we should not tax benefits. The Budget Committee, or at least somebody on the comm'ttee or some staff member, will be made aware of the earlier message.

Also, I ask unanimous consent to have printed in the RECORD the vote on that resolution; the vote was 98 to 0.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TAXATION OF SOCIAL SECURITY BENEFITS

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Senate Resolution 87, which will be stated by title.

The assistant legislative clerk read as follows:

"A resolution (S. Res. 87) expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits, and for other purposes."

The Senate proceeded to consider the resolution, which had been reported from the Committee on Finance, with amendments, as follows:

"On page 2, line 4, strike 'the', and insert 'their'; and

"On page 2, line 4, strike 'of American workers'."

The cosposors of the resolution are:

"Mr. Heinz, for himself, Mr. Chiles, Mr. Proxmire, Mr. Grassley, Mr. Pressler, Mr. Cohen, Mr. Percy, Mr. Melcher, Mr. Pryor, Mr. Glenn, Mr. Burdick, Mr. Bradley, Mr. Dodd, Mr. Packwood, Mr. Dole, Mr. Cannon, Mr. Williams, Mr. Moynihan, Mr. Mitchell, Mr. Sasser, Mr. Garn, Mr. Levin, Mr. Sarbanes, Mr. Roth, Mr. Simpson, Mr. Symms, Mr. Harry F. Byrd, Jr., Mr. Matsunaga, Mr. Bentsen, Mr. Riegle, Mr. Zorinsky, Mr. DeConcini, Mr. Goldwater, Mr. Bumpers, Mr. Randolph, Mr. Kennedy, Mrs. Hawkins, Mr. Weicker, Mr. Thurmond, Mr. Warner, and Mr. Robert C. Byrd."

Mr. HEINZ. Mr. President, it is my understanding that a time agreement has been entered into on this measure; that the time limitation is to be 1 hour, evenly divided between me and the minority manager of the bill, Senator MOYNIHAN. Will the Chair advise me if that is correct?

The PRESIDING OFFICER. The Senator is correct. The time is controlled by the Senator from Pennsylvania and the designee of the minority leader.

Mr. HEINZ. I thank the Chair.

Mr. President, the resolution before the Senate, Senate Resolution 87, has numerous cosponsors, including the following three cosponsors whose names I ask unanimous consent be added: The Senator from Massachusetts (Mr. KENNEDY), the Senator from Florida (Mrs. HAWKINS), and the Senator from Connecticut (Mr. WEICKER).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I submitted this resolution last March, and its purpose is, very simply, that of opposing the taxation of social security benefits.

When I submitted the resolution, in my remarks on the floor I referred to the continuing fear of social security recipients that their benefits will suddenly be subject to taxation. I also said that action on the resolution was needed to reassure those citizens that they would not face a sudden, unexpected loss of income.

Mr. President, since that time, older Americans have been bombarded on a daily basis, verbally and in print, with proposals that make sweeping, drastic changes in the social security system, changes far beyond taxation, which are causing a crisis of confidence, among our retired citizens and those who are about to retire, about our social security system.

I believe that today the Senate has an opportunity—at least, partially so—to allay those fears by strongly supporting Senate Resolution 87, by expressing the sense of the Senate that the 97th Congress will not enact legislation which would change the tax treatment of social security benefits. I urge my colleagues on both sides of the aisle, on a strong bipartisan basis—this should not be a partisan issue—to vote in favor of the resolution.

Mr. President, for many older Americans in every State, retirement income is less than adequate to meet the costs of basic necessities. That was true when we started the social security system more than 40 years ago. Regrettably, it is still true today.

The fact is that there are millions of elderly people who are struggling to keep up with inflation. Prices for food, utilities, fuel, and medical care have increased faster than the Consumer Price Index. Despite the indexing of social security benefits, the overall incomes of the elderly have not kept pace with inflation. Taking away in taxation what already has been given in benefits that have not kept up is, of course, a reduction of benefits, however we might try to disguise it.

Any decision to tax social security benefits would be grossly unfair to those who have planned their retirement with the expectation of a tax-free social security benefit.

Those already retired and people who are about to retire do not have the opportunity to change their future plans. They have already planned, and taxing their social security benefits would be pulling the rug right out from under them. It would be shredding their plan. It would be a human disaster.

We must not lose sight of the fact that social security is a vital source of income for older Americans. Over 90 percent of the families headed by an older person depend upon social security for at least a portion of their income and for two-thirds of those families social security is their major source of income.

Mr. President, our citizens are already burdened enough by heavy taxes. At the time when we are seeking to alleviate some of this tax burden, it is unwise and it is wholly inconsistent to increase taxes for those on limited incomes.

The elderly, even without taxes on social security, pay a substantial portion as it is of the total Federal income taxes collected by the Internal Revenue Service. Persons over age 65 who constitute about 11 percent of the total population pay 10 percent of all personal income taxes.

Social security, Mr. President, is the cornerstone of our Nation's retirement system. It is a system that has worked. It has worked well. It has worked well for more than 40 years.

While Congress can and must act now to restore fiscal stability to the program, and I trust we will do so this year, to spare people any further anxiety, taxation of benefits is not the solution It is not the answer, as some would have us believe, to the problems of social security.

So, Mr. President, it is my view that approval by the Senate today of Senate resolution 87, the measure before us, will be proof to the Nation's elderly that we strongly support the past commitment that we reaffirm in today's present to their economic security and well being.

Mr. President, I yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the distinguished Senator from Pennsylvania. On behalf of the Democratic cosponsors of Senate Resolution 87 I rise to express solidarity with the views that the Senator from Pennsylvania has stated and to add simply to a position that the Democratic Members of this body have sustained through the nearly half-century since passage of the Social Security Act. This resolution to express our opposition to taxing social security benefits is particularly timely and particularly important at a moment when there has been in our view an unfortunate and unnecessary effort on the part of some members of the administration to suggest that the social security system is in some grave crisis that will require extraordinary reductions in benefits from persons entering the system.

On the 12th of May the administration proposed that for persons entering the system as of January 1 benefits be reduced 10 percent across the board. For persons retiring at 62, when the majority of persons do retire, that the overall reductions be 40 percent, leaving such persons who have no other income with an average retirement benefit that is 19 percent of their average earnings in years when paying into the social security systems. This is a benefit that would keep them permanently below the Government's poverty line and would indeed leave them impoverished.

I think it important to recognize just how many people, as the Senator from Pennsylvania has said, depend utterly on social security. According to a 1976 study by the Department of Health, Education, and Welfare (as it was then called) 57 percent of the persons retiring at age 62 are ill. The evidence from the one survey taken in 1977 would have us understand that a majority of those persons have at the time of their retirement no other income. Some of them are unemployed. Many of them are ill. They entered a system which provides a source of income for when they will have none. I think it is clear that this body will not accept the administration proposals. Throughout the country there has been a tremor of concern, particularly among older persons who do not follow the specifics and the details of the actuarial estimates of what will be the ratio of beneficiaries to contributors in the middle third of the 21st century.

All they hear, as they heard from Mr. Svahn on July 6, is "crisis, crisis, bankruptcy, crisis, crisis," four crises in 2 pages of a press statement.

The persons in the system now have the right to know that their benefits are secured and will not be reduced and will not be taxed.

It is certainly the view on this side of the aisle that this will not happen and I am happy to see the degree to which this is shared on both sides of the aisle. I wish to state our complete support for this resolution at this time.

Mr. HEINZ. Mr. President, I compliment and thank my distinguished colleague from New York, Senator MOYNIHAN, for his comments on behalf of this resolution.

He was one of the Senators who joined with me very early on when I introduced this legislation in the first place.

He, as a member of the Finance Committee, has taken a special interest in the problems of our social security system, and I publicly recognize his efforts and thank him for his remarks.

Mr. President, I ask unanimous consent that Senator THURMOND be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COHEN. Mr. President, I support Senate Resolution 87, a resolution reaffirming the sense of the Senate that social security benefits should continue to be exempt from taxation.

In recent weeks we have all been made painfully aware that the economic viability of the social security system is severely threatened. There is very little dispute that the Congress must act immediately and re-

sponsibly in order to insure that the Nation's oldest and most popular social program is not allowed to drift into the throes of bankruptcy. While the task will be difficult, we have no choice but to address the problem. The most irresponsible course of action would be to simply turn our back to the problem and do nothing.

While we face a number of difficult choices for restoring health to the social security system, I do not believe that the taxation of social security benefits is necessary in order to solve our immediate short-term financing problems. As a cosponsor of this resolution, and as a supporter of the social security system, I do not believe the wise choice will be to place further tax burdens on our older Americans, who already pay 10 percent of all personal income taxes and who are the hardest hit by inflation.

Older Americans on fixed incomes, nearly two-thirds of whom try to make ends meet on social security as their major source of income, cannot tolerate further taxation. Time after time, in hearing after hearing, and in letter after letter, I have heard from the elderly residents of my State and across the country that inflation, energy costs, and spiraling interest rates threaten their daily security. For some, nearly half of their income is devoted to necessities. Can we really afford to tax the hardest hit segment of our population further?

I believe the answer to that question is an unequivocal no. As a member of the Senate Special Committee on Aging, I am pleased that hearings have been held, witnesses have been heard, and suggestions have been considered for reforming the social security system. To my knowledge, no one has recommended the taxation of social security benefits as a method of relieving the system of its financial problems.

The American public deserves our reassurance that we will follow the wisest course of action possible, and that social security benefits will not be rashly and immediately cut by exposure to further taxation.

Mr. THURMOND. Mr. President, today I am pleased to rise, as a cosponsor, to support Senate Resolution 87, which expresses the sense of the Senate that social security benefits should not be subject to Federal income taxes. This resolution could not be considered at a more opportune time.

As Congress nears completion of its annual budget process, it is imperative that those Americans who now depend on social security be assured that we here in the Senate are sensitive to their needs. People who have retired are the people who deserve the security this system offers. They have worked hard to help make this country great, and they have contributed financially to the retirement system. Now, they have a reasonable expectation of receiving this retirement income. We have a solemn duty to insure that every effort is made to protect these retirement benefits.

Just as we owe these retired Americans our diligence in guarding their individual benefits, we owe them the greater duty of protecting the whole system. The social security system must remain sound. It is not enough that social security retirement checks be sent next month; they must be available next year and the years after that. We in Congress must take every step necessary to insure that the retirement system remains fiscally sound, no matter what the political cost.

Mr. President, I believe that this resolution is one sign of our dedication to protecting those who rely on social security. For those who believe that the Federal Government only has their best interests at heart, an attempt to tax social security benefits is a rude awakening. As we now reap the results of the excesses of past administrations and Congresses in both entitlements and a slowed economy, the dollar has weakened to the point that many of our elderly citizens are losing their fight against the ravages of inflation. On top of this, there are those who would further diminish the finances of these Americans by subjecting their social security income to Federal taxation.

Last year, I joined with Senator JEPSEN and others to oppose this proposal. I am glad that the full Senate now has the opportunity to indicate its strong opposition to such taxation. This resolution should indicate our commitment to the social security system—both in protecting the benefits of currently retired Americans and in insuring the long-term existence of the system. We must act to insure the soundness of the social security system. The situation demands it, and Americans deserve no less.

DO NOT TAX SOCIAL SECURITY BENEFITS

Mr. CHILES. Mr. President, I rise in support of Senate Resolution 87 expressing the sense of the Senate that social security benefits should not be subject to Federal taxation.

Senator HEINZ and I, as chairman and ranking minority member of the Special Committee on Aging, introduced this resolution along with many of our colleagues on March 5. I am pleased that the Finance Committee has taken such timely action on the resolution, and I urge all of my colleagues here today to vote favorably on the resolution.

During the past few weeks, millions of social security beneficiaries all across the Nation have had nothing but bad news about social security. They have heard that the trust funds are going broke and that their checks may stop coming or be delayed. Many older Americans are afraid. They have heard all the bad news—and I think it is unfortunate that they have not gotten much reassurance from us here in Congress.

This is a good time to remind all social security beneficiaries that we have already gone on record—with a 96-to-0 vote—that we will not make changes to social security any more than is absolutely necessary to make sure that the checks keep coming on time. And it is a good time to point out that we have already taken some action in the budget reconciliation bill which will help make sure that social security checks will not stop and will not be delayed.

This resolution gives us another opportunity to reassure social security beneficiaries that we will not be making cuts any more than is necessary to insure the solvency of the system. Taxing social security benefits is not necessary.

I do not think my colleagues need to be talked into voting favorably on this resolution, because I think you agree with me. But I would like to point out that we will soon be taking up a tax cut bill in the Senate. We certainly do not want to be telling social security beneficiaries that we are going to ask for additional taxes from them at the same time we are cutting taxes for everyone else.

Taxing social security benefits is not even part of the answer to solving social security's problems. Social security beneficiaries need all the reassurance we can give them now, and this resolution can help give them that reassurance.

Mr. BURDICK. Mr. President, during a period of some confusion in the country as to the strength of the Federal Government's commitment to the social security system, the Senate has an opportunity today to send a clear message to older Americans: There will be no taxation of social security benefits approved by this Congress.

At a time when those dependent on social security are justifiably concerned about what changes in the program will be approved by Congress in the effort to restore it to short-term and long-term financial solvency, we can at least make it clear that the designation of social security benefits as taxable income is not one of the changes being contemplated.

This sense of the Senate resolution was introduced in March in response to a recommendation by the President's Commission on Pension Policy that social security receive the same tax treatment as other retirement programs. Since then, with both the House and Senate including elimination of the minimum social security benefit in their budget reconciliation bills and long-terms cuts in benefits being considered by the appropriate committees, it has become even more apparent that taxation of social security benefits is an economic blow that millions of older Americans should not be asked to sustain.

It is estimated that the average annual tax increase for households receiving social security benefits would be $350. The deduction of that amount of money from the disposable income of those whose only income is derived from social security benefits could make a significant difference in their ability to purchase such necessities of life as food, medicine, and clothing.

Congress faces a number of difficult decisions in its deliberations on reform of the social security system, but the vote on this resolution is not one of them. Just as the Senate voted unanimously on May 20 to reject any precipitous and unfair reduction in early retirement benefits, so today we can act to assure social security recipients that they need not worry about taxation of their benefits. I urge the Senate to give its overwhelming approval to this important resolution

SOCIAL SECURITY BENEFITS SHOULD NOT BE TAXED

● Mr. JEPSEN. Mr. President, I rise in support of the resolution offered by my distinguished colleague from Pennsylvania (Mr. HEINZ). I must say, however, that I do so reluctantly. Not because I do not agree with the intent of the resolution, but rather because I do not think it goes far enough. I believe the simplest and most straightforward thing to do would be to spell out our sentiments in law. A Senate resolution is not enough.

Contrary to conventional wisdom, public law does not provide for the tax-exempt status of social security benefits. It enjoys the much weaker and more uncertain protection of an Internal Revenue Service ruling dating from 1941. This raises the frightening possibility that benefits could become subject to Federal income tax at any time and without the prior approval of any legislative body. This resolution would not prevent this.

In 1979 the Advisory Council on Social Security published an opinion that the 1941 IRS ruling was inequitable and argued for taxation of half of social security benefits. A recent book by Mickey Levy, "The Tax Treatment of Social Security," and a series of articles in leading publications have adopted similar positions.

Several months ago, the President's Commission on Pension Policy issued a recommendation along identical lines. I mention these references to underscore a serious threat confronting older Americans. For example, in the past many of the advisory's council's proposals have ultimately become legislation. This threat is not trivial. The need for legislative response is critical.

Three powerful arguments urge immediate consideration of this reponse.

First, the taxation of social security benefits would target one of the poorest sectors of our society. The incremental burden on our elderly population would amount to $36 billion by 1985. This averages $350 per year for every affected person over 65. Approximately 10.6 million of the 42.2 million benefit recipients would be impacted. Considering that almost 20 percent of retired persons—even with social security—live below the poverty level, it is difficult to comprehend why any proposal to tax program

beneficiaries could enjoy even limited support. The idea bears frightening implications for the already depressed standard of living of America's older citizens.

Second, and this is extremely important, Mr. President, the apparent logic for taxing social security implies that the system is a welfare mechanism designed to redistribute income from the wealthy to the poor. This concept was forcefully articulated by the New York Times in an editorial last year. The paper's endorsement of the taxation of social security was based on the mistaken assumption that most beneficiaries would be unaffected because their income is so low: Only the privileged few, the article suggested, would be assessed. This line of thinking is wrong.

The social security program is a pension system to which one has a right based on the withholdings one pays into it throughout a working lifetime. It is neither a welfare mechanism nor a medium for redistributing society's assets. That is not interpretation, it is the language of the Social Security Act. I oppose any nonlegislative ruling which contradicts the original expressed purpose of Congress. I oppose turning social security into an instrument of political manipulation. The Wall Street Journal published an editorial responding to the statements that appeared in the New York Times and emphasizing the point I have just made. I urge my colleagues to read this article.

The third and final argument is one of integrity. At a time when confidence in the Federal Government is at an alltime low. I believe it would not be prudent to aggravate that cynicism further by undermining the value and purpose of social security. Inflation and interest rate instability affects older Americans more than other groups. This makes it all the more important for Congress to guarantee, by statute, the integrity of the one social program which this sector of our society depends upon most.

In closing Mr. President, I applaud my distinguished colleagues leadership on this issue. I only hope that later this year we can give the Senate an opportunity to vote on a bill that will make the tax-exempt status of social security part of permanent law so that the retirees in this country will never have to worry about the possibility that their benefits might be taxed.●

● Mr. BENTSEN. Mr. President, as an original cosponsor of Senate Resolution 87, I am pleased to speak in support of this measure which expresses the sense of the Senate that social security benefits remain exempt from Federal taxation. Social security benefits are not explicitly precluded from taxation by statute, but have remained tax free because of administrative rulings dating back to 1938. A change in this policy of long standing would defeat the underlying purposes of the social security program and I do not believe that such a change is warranted at a time when our citizens are already overburdened by heavy taxes.

It would be unconscionable, particularly during a period of high inflation, to increase the tax burden for some of this Nation's most vulnerable citizens, elderly persons on fixed incomes. While the 1979 Advisory Council on Social Security and the President's Commission on Pension Policy Report released in February of this year recommend that benefits from social security receive the same tax treatment as other retirement programs, it is clear that the administrative problems associated with taxing such benefits would be extraordinarily complex and that the information available on the effects of such a change in policy is insufficient to justify implementing these recommendations.

Mr. President, the financial integrity of the social security system is of great concern to me and will be one of the most important issues before the 97th Congress. Adoption of this resolution will not delay examination of alternative funding sources for the payment of benefits under the Social Security Act, however, it will serve as a substantial commitment to the protection of benefits now being received. I urge my colleagues on both sides of the aisle to join with me in support of this resolution.●

● Mr. PRYOR. Mr. President, I join today with Senator HEINZ and other members of the Special Committee on Aging in supporting a sense of the Senate resolution expressing the view that social security benefits should remain exempt from Federal taxation.

During these times of uncertainty within the social security system, it is imperative that we continually reassure our elderly citizens that the social security program will fulfill its original promises to the American people.

With economic unrest and high inflation, our social security beneficiaries live in a constant fear that their benefits will become subject to taxation. At the present time 25 percent of our elderly citizens are near or below the poverty line and struggle with rising costs of fuel, food, medical care, and utilities. Prices for these basic necessities have escalated far above the Consumer Price Index.

To consider taxation for moneys that have been guaranteed as tax-exempt benefits would actually serve as a re-reduction in benefits. Such a reduction through taxation would be detrimental to those people who live on fixed incomes and lack any other avenue of receiving additional benefits. Those who would be affected by such a tax already pay 10 percent of the total personal income tax paid to the IRS.

Many hearings by the Special Committee on Aging have sharpened our perception of the vital importance and extensive dependence that our elderly place on the social security program. Although there is definite need for reform in the social security system to insure its financial soundness, a tax on guaranteed benefits would prove to be an unfair and undermining factor toward the reformation of our system.

The taxation of the benefits enjoyed by 93 percent of Americans over 65, coupled with inflation, would be requiring the millions of Americans who have paid faithfully into the social security program to carry an undeserved burden for the American people.●

● Mr. GRASSLEY. Mr. President, social security owes its current tax-exempt status to Bureau of Internal Revenue rulings in 1938 and 1941, which held social security lump sum and monthly benefits to be nontaxable. The 1941 ruling was based, in part, upon the Bureau's conviction that subjecting benefit payments to income taxation would tend to defeat the underlying purposes of the Social Security Act, the most important of which is to attack the problems of insecurity by providing safeguards designed to reduce future dependency.

This sense-of-the-Senate resolution is necessary for a number of reasons. Foremost among those reasons is the concern generated among current beneficiaries by recent Advisory Council on Social Security recommendations that one-half of social security benefits be made subject to taxation. This resolution, expressing the sense of the Senate that the current tax exempt status of social security benefits not be changed, should help to assuage their fears.

This resolution is also justified on substantive grounds. It is highly likely that Congress wil be forced to take actions to alleviate the short- and long-term funding difficulties in social security this year, which will probably entail limited benefit reform. Any action by Congress or the IRS to tax benefits—especially the benefits of current recipients—this year would be ill considered.

Mr. President, I submit that the underlying purposes of the Social Security Act have not changed substantially since 1941. Logic would dictate, then, that social benefits should continue to be accorded tax-exempt status.●

● Mr. DODD. Mr. President, I believe the Senate should act affirmatively on Senate Resolution 87, expressing the sense of the Senate that the Congress not enact legislation to tax social security benefits.

On May 20, by a vote of 96 to 0, the Senate passed an amendment to the omnibus supplemental appropriations bill expressing its sense that Congress not reduce social security benefits. The Senate agreed to consider only those reforms necessary to insure the social security system remains financially sound.

Taxing social security benefits is merely a back-door means of slashing benefit payments. Whether social security benefits are taxed or cut outright, the end result remains the same; benefits are reduced.

Reducing social security benefits would break a promise made not only to senior citizens who contributed to the fund in the past but to wage earners who contribute in the present. Thus, taxing social security benefits would seriously weaken the faith all Americans have in the integrity of the social security program and its ability to protect them from the sharp drop in income which often accompanies retirement, disability, and death of a spouse.

Today, one of every nine Americans is a senior citizen. These older Americans helped to make this country what it is. They have fought wars, grown our food, worked as laborers and managers in our factories, built our roads, discovered cures for our diseases, and educated us and our children. They contributed part of their wages to the social security system during their most productive working years, confident that they would receive benefits when they needed them after retirement. Our senior citizens retired in good faith, believing that they could count upon governmental assistance if they needed it.

We cannot change the rules in the middle of the game for these seniors. They abided by the rules all their working lives, paying into social security funds year after year. How can we now decide not to pay back those who contributed to the social security program, thereby refusing to abide by the same rules we held them to?

Many of our elderly constituents made the decision to retire based upon the premise that the social security benefits due them would be paid. We cannot back out on them now without dangerously undermining not only their confidence in Congress but also the confidence of their children and their children's children.

Mr. President, this year the Congress is in the business of figuring out how best to limit, not increase, the tax burden on the American people. A number of tax reduction proposals have been floated by members of both parties, and I do not agree with all of them. For example, multiyear rate reductions of the sort proposed by the administration will probably prove inflationary and may lock us in to longer term policies without the flexibility needed to address rapidly changing economic circumstances. However, it is clear that stemming the tax burden in a manner consistent with our national economic objectives is of high priority. It is clear that imposng taxes on social security benefits not only is unfair for beneficiaries, but runs directly counter to the expressed wishes of the American people and Members of Congress of both parties. We should not inflict a double whammy on our senior citizens by simultaneously increasing taxes for them while cutting taxes for others, and imposing an arbitrary new standard which can only complicate and undermine their financial planning.

Mr. President, I urge that the Senate adopt Senate Resolution 87.●

TAX-FREE STATUS OF SOCIAL SECURITY BENEFITS

Mr. DOLE. Mr. President, I am pleased to support this resolution. I trust that there will be no opposition to this measure. It is virtually identical to Senate Resolution 432, passed by the Senate last August 4.

The resolution is very simple. It merely states that it is the sense of the Senate that social security benefits not be taxed. Recommendations by the 1979 Advisory Council on Social Security and the President's Commission on Pension Policy that social security benefits be taxed, in part, may have alarmed many Americans. This resolution will put their fears to rest. The Senate, to my knowledge, has never considered taxing social security benefits and will not start now. The amendments made, in committee, to the resolution originally referred to us are minor language changes and modifications of factual statements. There were no objections to the changes or the measure itself in committee.

This resolution may be the least controversial item regarding social security we will see for quite awhile. This Congress must face very difficult decisions regarding the social security system this year. The taxation of benefits, however, will not be one of them.

KEEPING SOCIAL SECURITY BENEFITS EXEMPT FROM FEDERAL TAXATION

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the resolution before the Senate today, which reaffirms our longstanding policy that social security benefits should not be taxed by the Federal Government.

In recent weeks, we have heard a great deal of talk about reducing the size of social security benefits to help reduce the cost of the retirement system. Taxing benefits would certainly be one means of reducing benefit levels. And, a decision to tax current benefits would constitute a precipitious and unfair benefit cut for elderly Americans who have planned for their retirement with the full expectation of tax-free benefits.

The resolution before the Senate today states that the 97th Congress will not adopt any social security financing plan which would immediately subject social security benefits to Federal taxation.

The purpose of the resolution is simply to reassure the elderly community. It seems clear that the circumstances and events of recent months call for the Congress to reassure our Nation's social security retirees and workers.

The integrity of the social security system depends upon the essential qualities of trust, confidence, and predictability. This year, there have already been too many surprises—shocks, in many instances—regarding proposed social security benefit cuts for Americans approaching retirement age, and for Americans who are already retired. These shocks have greatly disturbed the Nation's elderly and the Nation's workers. They have worked to undermine the integrity of the social security system.

The administration would like everyone to believe that it has not supported cuts in social security benefits for current beneficiaries, but that has not been the case. The administration called for a variety of such cuts, through the budget process. Its budget proposals drastically reduce disability coverage. Its budget proposals reduce and then eliminate benefits for dependents and survivors, between the ages of 18 to 21, who are attending school fulltime. Its budget proposals permanently eliminate the minimum benefit payment for both current and future retirees.

More than 500,000 Americans, age 80 or older, have been receiving the minimum payment for 15 years or longer. The administration would tell these elderly Americans, many of them widows, that they are no longer entitled to the benefits promised to them by the social security system when they made their retirement plans and that, if they need assistance, they should apply for welfare.

Many of us fought to preserve the minimum benefit payment for retired Americans. Senator RIEGLE twice offered amendments to preserve the payment for those already retired; both attempts resulted in rollcall votes, but were unsuccessful.

Reducing and eliminating social security benefits for retired Americans—through the budget process, not even a separate piece of legislation—sends a chilling message to Americans who believe in the social security system.

In May, when the administration called for major and immediate cuts in social security retirement benefits, the Senate unanimously went on record to reject the plan. At that time, I had many concerns. I was afraid that the President's advisers were misinterpreting his personal popularity as a license to unravel the social security system. I was afraid that the plan, accompanied by dire administration predictions of the social security system's imminent collapse, was causing unnecessary fear and extreme distress among Americans—both young and old.

The depth of benefit cuts in that plan went beyond what might be necessary to insure adequate future financing of retirement benefits. The plan sent rapid shock waves through the elderly community because it was completely unexpected.

In accepting the Republican nomination for the Presidency, Mr. Reagan quoted Franklin D. Roosevelt, telling the American people, "It is essential that the integrity of all aspects of social security be preserved."

Mr. Reagan continued to strongly support social security throughout his campaign and just 2 months before he was elected he said:

"This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the Social Security system will be defended by my administration."

The only benefit changes that I remember President Reagan discussing in his campaign for the Presidency were ones which would raise the cost of the system, because at that time, he supported raising the benefit levels for women.

When the President came before Congress to argue the merits of his budget plan, he said that no budget savings would be made by cutting social security retirement benefits. He said that those benefits would be preserved as part of the Nation's "safety net."

It is time for realism on social security; it is time for calm deliberation and no more surprises. The Congress should provide reassurance to our Nation's retirees and workers. The administration must also contribute to a restoration of confidence, and its officials must not prey upon our most vulnerable fears.

When OMB Director Stockman defended the administration's social security "reform" plan, he testified before a congressional committee:

"The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all less than two years hence. . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982."

Mr. Stockman said this to defend $88 billion in social security cuts over the next 5 years which would grow into a 23-percent cut in total social security benefit portection. The $88 billion in cuts would have destroyed the essential qualities of trust, confidence, and dependability in the system. The plan would have destroyed the system's integrity because the plan was cruel and inhumane. According to the administration's own economic forecasts, more than $80 billion of the "savings" in social security, proposed over the next 5 years, would not be needed to pay for benefits during this time.

In the Senate resolution disapproving the administration's social security plan, the the Senate made it clear that we will oppose social security cuts designed to balance the Federal budget, rather than to restore financial solvency to the trust funds.

Let us now have some realism from the administration. Exaggerated statements do not contribute to debate, they distort it.

I support the social security resolution before the Senate today. It is a sensible statement of the sense of the Senate regarding Federal taxation of social security benefits. It is a positive declaration intended to reassure our Nation's elderly citizens. I am proud to be a cosponsor of the resolution, and I commend Senator HEINZ, chairman, and Senator CHILES, ranking minority member, of the Special Committee on Aging, for their bipartisan cooperation on the resolution.

Mr. HEINZ. Mr. President, I wish to ask for the yeas and nays on the resolution, unless they have been previously ordered. I do not recollect that part of the order.

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. HEINZ. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HEINZ. Mr. President, I am prepared to yield back the remainder of the time.

Mr. MOYNIHAN. Mr. President, I am prepared to yield back the remainder of the time on this side of the aisle.

The PRESIDING OFFICER. All time having been yielded back, the question first is on agreeing to the amendments in the body of the resolution.

Mr. CHILES. Mr. President, I wish to join with my colleagues and say I congratulate them on the introduction of this resolution.

I think it is very important, and it is a signal that we should be sending to the retired and disabled people of this country. With all of the shocks that have occurred in regard to the social security so far, with people told that the system is going to go broke, or that benefits are going to be cut precipitously, it is important to assure people that we are not going to put a tax on social security benefits on top of all the program benefit reductions reported by the Finance Committee, and I am delighted to be a cosponsor of the legislation.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments to the resolution.

The amendments were agreed to en bloc.

Mr. HEINZ. Mr. President, we asked for the yeas and nays.

Mr. MOYNIHAN. We asked for the yeas and nays on the resolution as amended.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended. The yeas and nays have been ordered.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the resolution, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. TSONGAS) is necessarily absent.

The result was announced—yeas 98, nays 0, as follows:

Yeas—98: Abdnor, Andrews, Armstrong, Baker, Baucus, Bentsen, Biden, Boren, Boschwitz, Bradley, Bumpers, Burdick, Byrd, Harry F., Jr., Byrd, Robert C., Cannon, Chafee, Chiles, Cochran, Cohen, Cranston, D'Amato, Danforth, DeConcini, Denton, Dixon, Dodd, Dole, Domenici, Durenberger, Eagleton, East, Exon, Ford, Garn, Glenn, Goldwater, Gorton, Grassley, Hart, Hatch, Hatfield, Hawkins, Heflin, Heinz, Helms, Hollings, Huddleston, Humphrey.

Inouye, Jackson, Jepsen, Johnston, Kassebaum, Kasten, Kennedy, Laxalt, Leahy, Levin, Long, Lugar, Mathias, Matsunaga, Mattingly, McClure, Melcher, Metzenbaum, Mitchell, Moynihan, Murkowski, Nickles, Nunn, Packwood, Pell, Percy, Pressler, Proxmire, Pryor, Quayle, Randolph, Riegle, Roth, Rudman, Sarbanes, Sasser, Schmitt, Simpson, Specter, Stafford, Stennis, Stevens, Symms, Thurmond, Tower, Wallop, Warner, Weicker, Williams, and Zorinsky.

Not voting—2: Hayakawa and Tsongas.

So the resolution (S. Res. 87), as amended, was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the resolution passed.

Mr. CHAFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendments to the preamble.

The amendments to the preamble were agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the preamble as amended.

The preamble, as amended, was agreed to.

The resolution, as amended, with its preamble, as amended, is as follows:

"S. Res. 87

"Whereas social security was established to protect the income of Americans against the serious economic risks that families face upon retirement, disability, and death; and

"Whereas social security provides a monthly payment to some thirty-five million beneficiaries; and

"Whereas various bodies have recommended that social security benefits be included in taxable income for Federal income taxes; and

"Whereas for the people affected, taxing of social security benefits would be tantamount to a cut in benefit payments; and

"Whereas the elderly are especially burdened by inflation and the cost of basic necessities such as fuel, food, and medical care have risen faster than the rate of inflation; and

"Whereas the prospect of taxation of benefits has alarmed many older Americans and may have undermined their confidence in the integrity of the social security program: Now, therefore, be it

"Resolved, That it is the sense of the Senate that any proposals to make social security benefits subject to taxation would adversely affect social security recipients and undermine their confidence in the social security programs, that social security benefits are and should remain exempt from Federal taxation, and that the Ninety-seventh Congress will not enact legislation to subject social security benefits to taxation."

Mr. DOLE. Mr. President, I will be glad to join the Senator from West Virginia as a cosponsor, and I believe the Senator from Pennsylvania would like his name added as a cosponsor.

Mr. ROBERT C. BYRD. Mr. President, I appreciate the offer of cosponsorship by the distinguished Senator. I ask unanimous consent that his name and the name of the distinguished Senator from Pennsylvania (Mr. HEINZ) be added as cosponsors. I also ask unanimous consent that the names of Mr. RIEGLE, Mr. MELCHER, Mr. HATCH, Mr. DECONCINI, Mr. MITCHELL, Mr. THURMOND, Mr. FORD, and Mr. SASSER be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I am pleased to ask unanimous consent that the name of the distinguished Senator from Tennessee (Mr. BAKER), the majority leader, be added as a cosponsor, as well as the names of the Senator from New Jersey (Mr. BRADLEY) and my senior colleague from West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Maine (Mr. COHEN), the Senator from New York (Mr. D'AMATO), the Senator from New Mexico (Mr. DOMENICI), the Senator from North Carolina (Mr. EAST), the Senator from Utah (Mr. GARN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Iowa (Mr. JEPSEN), the Senator from Wisconsin (Mr. KASTEN), the Senator from Idaho (Mr. MCCLURE), the Senator from Delaware (Mr. ROTH), the Senator from Wyoming (Mr. SIMPSON), the Senator from Texas (Mr. TOWER), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. HATFIELD), and the Senator from Iowa (Mr. JEPSEN) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILE.), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Alabama (Mr. HEFLIN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Tennessee (Mr. SASSER), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) and the Senator from Tennessee (Mr. SASSER) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 72, nays 0, as follows:

[Rollcall Vote No. 347 Leg.]

YEAS—72

Abdnor	Grassley	Murkowski
Andrews	Hatch	Nickles
Armstrong	Hawkins	Nunn
Baker	Hayakawa	Packwood
Baucus	Heinz	Pell
Bentsen	Helms	Percy
Boren	Huddleston	Pressler
Bradley	Humphrey	Proxmire
Bumpers	Jackson	Pryor
Burdick	Johnston	Quayle
Byrd, Robert C.	Kassebaum	Randolph
Cochran	Kennedy	Riegle
Cranston	Laxalt	Rudman
Danforth	Leahy	Sarbanes
DeConcini	Levin	Schmitt
Denton	Long	Specter
Dixon	Lugar	Stafford
Dodd	Mathias	Stennis
Dole	Matsunaga	Stevens
Durenberger	Mattingly	Symms
Eagleton	Melcher	Thurmond
Exon	Metzenbaum	Wallop
Glenn	Mitchell	Weicker
Gorton	Moynihan	Zorinsky

NOT VOTING—28

Biden	East	Kasten
Boschwitz	Ford	McClure
Byrd, Harry F., Jr.	Garn	Roth
Cannon	Goldwater	Sasser
Chafee	Hart	Simpson
Chiles	Heflin	Tower
Cohen	Hollings	Tsongas
D'Amato	Inouye	Warner
Domenici	Jepsen	Williams

So Mr. ROBERT C. BYRD's amendment (UP No. 566) was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DENTON. I yield to the senior Senator from Wyoming.

Mr. WALLOP. Mr. President, I ask unanimous consent that I be added as a cosponsor to the preceding amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DENTON. Mr. President, I know of no other amendments, and assuming that the minority manager knows of no more, I would like to conclude my remarks by thanking briefly the members of the Labor and Human Resources Committee and those of the Special Committee on Aging, as well as the staffs on both sides of those two committees.

I want to particularly thank the chairman of my committee, Senator HATCH, and the ranking minority member, Senator KENNEDY, and to acknowledge their help and to express my gratitude to my very capable colleague, and my friend, the minority floor manager, Mr. EAGLETON.

Mr. EAGLETON. Mr. President, may I extend my thanks to Senator DENTON, as I have done earlier, for a very well-

crafted and very well-handled bill, and my sincere thanks to the staffs on both sides of the aisle who made this end result possible.

Mr. RANDOLPH addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. RANDOLPH. I think it is important for the RECORD to indicate that tomorrow in many States we will have elections, very important elections. In New Jersey and Virginia, voters will cast their ballot for Governor. In West Virginia, we have an important road bond issue.

The people who will vote in the highest percentage in these elections are the very people who have been attempting to help here today as we consider the Older Americans Act. This is the group of men and women who are at the polls throughout the country in the regular Presidential years, in the years when Governors and Members of the Congress are chosen by the electorate. They have the highest, by far the highest, voting record percentage-wise of any classification age bracket in the United States of America. Nationwide, there are 13.7 million voters who are aged 65 and older. During the November 1980 election, 62.2 percent of them went to the poll and voted.

So I express to them a tribute not only in what we do in attempting to work for and with them, but what they do by casting their ballots on election day in the manner in which I have indicated. They know that each vote is precious only in the degree to which it is cast.

● Mr. CHILES. Mr. President, I want to express my strong support for S. 1086—a 3-year reauthorization of the Older Americans Act. I also want to compliment Senator DENTON, chairman, and Senator EAGLETON, ranking minority member of the Subcommittee on Aging, Families, and Human Services for both their hard work in drafting and reporting such a fine bill and for their persistence in requesting floor consideration and reauthorization of this legislation during the first session of the 97th Congress. Further, I would like to say to my colleagues that there is a critical need for the Senate to reaffirm its commitment to the dignity and well-being of the older people of our Nation and passage of this bill will afford such an opportunity.

Our older citizens have been unduly alarmed by recent discussion of the need to reform and strengthen the social security system, and the need to consolidate or reduce funding for service programs as we have attempted to contain Federal spending and reduce budget deficits. Older persons are becoming increasingly fearful that their social security benefits will be decreased or terminated, that their health coverage will be curtailed or that copayments beyond what they can afford without deprivation in housing, utilities, or food will be required; or that community-based service programs such as transportation, hot meals, or home health care will be discontinued.

With consideration of S. 1086, we have an opportunity to reassure our older Americans that the citizens of this great country have not forsaken them in their golden years and that this great and caring country can and will continue to provide for their well-being with opportunities for self-help or dignified assistance when needed.

Mr. President, S. 1086 does not substantially alter the present legislation. It retains the focus of the titles—social service and senior centers, nutrition, employment, training and research and direct grants to Indian programs. What this legislation does is add flexibility by increasing the ability of State agencies on aging and Indian tribal organizations to provide the services which are compatible with the needs of the older persons within their State or jurisdiction.

Although I believe that Congress and the Federal Government have a responsibility to provide the necessary funds and general program direction for this act and other legislative initiatives, I strongly feel that Governors, directors of State offices on aging, mayors, and other local decisionmakers should have the privilege and authority to determine how best to deliver services in their States or localities.

In my own State of Florida, we have some of the finest nutrition projects, senior centers and home care programs in the entire United States—all operating under the general guidance of the Older Americans Act and with Older Americans Act funds. I might add that I am particularly pleased over the innovative use of State funds to provide community care for our older Floridians.

I urge my colleagues to support this bill, thereby giving their assurance to all older Americans that this body is sensitive to and concerned about their needs.●

● Mr. DURENBERGER. Mr. President, last August I conducted hearings throughout Minnesota on social security and aging issues. Those hearings provided a unique opportunity to speak with elderly Minnesotans and administrators of aging programs to hear firsthand their concerns and their ideas. Those ideas covered topics as diverse as the minimum social security benefit, medicare, health care and inflation.

During the course of these hearings I felt the fear and frustration of many senior citizens who do not know what the future holds. They do not have enough information and they do not know which information to trust when they do see something. It is not enough for those of us in Congress to say we care about older Americans. What we do is more important than what we say. The bill we are about to consider provides each of us with a unique opportunity to convey the sincerity of our concern by an act that will have a deep and significant impact on the lives of millions of senior citizens.

The Older Americans Act, first passed in 1965, represents our commitment to the needs of America's senior citizens. The act creates a framework for many necessary programs—hot lunches, transportation services, legal assistance—but it also articulates our belief that older Americans are a vital part of our country. The objectives for the Older Americans Act underscore our belief that elderly citizens deserve a high quality of life. We want to assist our older people to secure equal opportunity to the full and free enjoyment of life, whether it is through adequate income, suitable housing, opportunity for employment or quality health care. The purpose of the Older Americans Act is to help translate these goals into realities.

Even at its best, the Older Americans Act does not address all the needs of elderly Americans. It seeks to help seniors in a number of essential areas, but it is not a panacea for all the problems of senior citizens. I support the reauthorization as the single largest legislative effort directly aiding seniors.

But our job as advocates and representatives for senior citizens does not end with the Older Americans Act. It sets the benchmark that we will do no less for seniors, and we want to do more. We need to address the problems of income security and access to quality health care. We need to eliminate the fear and vulnerability of growing older. We need to nourish programs, both public and private, that allow each year of age to build richness and experience to lives well lived without fear of growing old. The Older Americans Act is just the beginning.

I would like to share with all of you what senior citizens in Minnesota told me over and over during the August hearings: The Older Americans Act is important; the senior programs it supports are essential. Not many seniors are familiar with numbers like S. 1086, as so many of the well-greased lobbying groups are. But I have heard their requests in softer, more compelling ways. Seniors stopping me at the State fair told me how important it is that they have an opportunity to eat with their friends and have a place to come together.

The Older Americans Act supports these senior nutrition programs, and the senior citizen centers where older Americans can feel welcome and at home. I have had the privilege of visiting dozens of senior citizen centers.

I have eaten many a noon meal. I have felt the camaraderie and friendship. I have seen seniors helping one another to the table. Through these experiences, I have come to recognize the Older Americans Act as one federally supported program that works and works well. With the growing use of volunteers, it has also proven to be a very cost-effective program.

I support the efforts today to fine-tune the act by encouraging private sector involvement in senior employment. I support the inclusion of crime victim assistance and crime prevention as an allowable service. Indeed, through hearings in the Senate Special Committee on Aging on which I serve we know that these two efforts are only an initial effort to meet the employment and safety needs of older Americans.

At the end of this month the 1981 White House Conference on Aging will convene. Over 2,000 delegates and 1,500 observers will meet in Washington, D.C., to draft recommendations for policies affecting every part of a senior citizen's

life. I look forward to these recommendations and will work to translate the White House Conference's recommendations into legislation.

We have before us the opportunity to continue our efforts toward a better life for all seniors. The Older Americans Act is good preventive medicine and a strong starting point. I am proud to cosponsor this measure and I urge my colleagues to support its reauthorization.●

(By request of Mr. BAKER the following statement was ordered to be printed in the RECORD:)

● Mr. JEPSEN. Mr. President, I support the reauthorization of the Older Americans Act. I would also like to commend Senator DENTON for his leadership on this issue. I am well acquainted with his deep concern for the quality of life enjoyed by our older citizens.

As many of my colleagues know, Iowa ranks third in the Nation in the number of elderly as a percentage of its total population. Consequently, any changes in this law will have a tremendous impact on my State.

You may recall, Mr. President, that Iowa was one of the first States to create a statewide commission on aging. Shortly after Congress enacted the Older Americans Act of 1965, the 61st General Assembly of Iowa acted quickly and passed chapter 249B of the code of Iowa creating the Iowa Commission on Aging.

Subsequent changes in the law added nutrition services and the establishment of multipurpose senior centers as key parts of the overall program. In addition, it was decided in 1973 that States should be required to divide the entire State into distinct planning and service areas. This requirement brought about the creation of the area agencies on aging found throughout the country.

We have come a long way from the original Older Americans Act. In 1966, Iowa received a total Federal grant for Older Americans programs of $94,000. Last year, Iowa received in excess of $7 million from the Federal Government for these programs. The bill before us today, Mr. President, continues us down a path which recognizes the important contributions made to this country by its older citizens.

But money alone will not even come close to solving the unique problems encountered by the elderly. An army of dedicated professionals and volunteers, working toward a common goal: The improvement of the quality of life enjoyed by all older Americans, is the real answer.

In Iowa, we have been fortunate to attract an excellent group of dedicated people to this program. Mr. President I shall submit for the RECORD a list which contains the names of the Iowa Commissioners on Aging, the 13 area agency directors and the 16 State advisory committee members. At the top of this list is the name of the man responsible for making sure that everything runs smoothly, Glenn Bowles, executive director of the Iowa Commission on the Aging.

While this list does not include the name of every Iowan involved in the Older Americans program, it lists some of those who have made a significant contribution to the health and well-being of all older Iowans. It goes without saying, Mr. President, that older Americans in general, and older Iowans, in particular, have been well served by this act and these people.

As you may know, Mr. President, I testified before the Subcommittee on Aging, Family and Human Services when they held hearings last spring on the reauthorization of the Older Americans Act. I wanted the committee to know of my wholehearted support for reauthorization but I also wanted to express my desire to see some necessary changes made in the program.

In particular, I was concerned about the direction in which past administrations were leading the nutrition program. As many of my colleagues will recall, in 1979 the Commission on Aging attempted to enact regulations which would have had the practical effect of closing down many small, locally run Meals on Wheels programs. In leading the fight to have these regulations withdrawn, I was concerned that the administration was about to reverse a long-standing tradition of the program which provided for local authority.

Fortunately, the commissioner recognized the potential problems with his proposed regulations and had them withdrawn. In order to insure that future administrations cannot lead the program astray, I offered legislation to the committee which would protect locally run Meals on Wheels programs. I am pleased that Senator DENTON has included this provision in the committee passed bill.

Another area of the bill I had hoped the committee might address deals with elderly employment and elderly crime. The legislation I proposed to the committee would have provided special employment opportunities to the elderly and also provide assistance to the elderly for the installation of security devices in their residences.

At a time when this country's natural resources seem to be shrinking, it is unfortunate that we are overlooking one great national resource—the elderly. Millions of trained and experienced older Americans make up a significant reservoir of talent in this country.

America cannot afford policies that deliberately ignore people still capable of making significant contributions to the productivity of this Nation. If we do, we stand to create an even bigger problem as the number of young workers shrinks in comparison to the growing number of older dependents.

I was therefore pleased when the committee approved another proposal I put forth which deals with using older workers to make repairs around the home and installation of security devices.

Specifically, the new law would direct the Commissioner to give special consideration to projects designed to assist in meeting the special housing needs of older individuals by providing financial assistance to such individuals, who own their own homes. Thus enabling them to make repairs or renovations to their homes. In addition, the bill also targets assistance to help older individuals install security devices and to make structural modifications to prevent break-ins.

Clearly, Mr. President, the proposals I have put forth and been adopted by the committee will not solve all the housing and employment problems of the elderly, but it is a start. Once we have had a chance to see how this new approach will work, we can then come back and strengthen them. The important point is that we are sending the right signal to older Americans.

In closing, Mr. President, I want to say that I look forward to working with Chairman DENTON, the administration on aging and other interested individuals in coming up with creative solutions to the unique problems being faced by the elderly community. As a member of the Iowa State Senate and as Lieutenant Governor, I was proud to support those laws which implemented the Older Americans Act on the State level. I am just as proud today to be able to support the reauthorization of the Older Americans Act at the national level.

The list follows:

IOWA COMMISSION ON THE AGING

Glenn Bowles, Executive Director.

COMMISSIONERS

Franklin Black, Des Moines, Iowa.
Rep. Janet Carl, Grinnell, Iowa.
Florence Davidsen, Iowa City, Iowa.
Glen Haydon, Mason City, Iowa.
Rep. Betty Hoffman, Muscatine, Iowa.
Esther Hubbartt, Bloomfield, Iowa.
Sen. Emil Husak, Toledo, Iowa.
Don Nickerson, Des Moines, Iowa.
Margaret Tinsman, Bettendorf, Iowa.

AREA AGENCY DIRECTORS

I—Marion Hanson, Decorah, Iowa.
II-V-XII—Donald Ryerkerk, Fort Dodge, Iowa.
III—Richard Ambrosius, Spencer, Iowa.
IV—Rick Motz, Sioux City, Iowa.
VI-VII—Chris Harshbarger, Waterloo, Iowa.
VIII—Marguerite Carter, Dubuque, Iowa.
IX—Marvin Webb, Rock Island, Illinois.
X—Rus Proffitt, Cedar Rapids, Iowa.
XI—Dorothy Tremel, Des Moines, Iowa.
XIII—Frank Kowal, Council Bluffs, Iowa.
XIV—Lois Houston, Creston, Iowa.
XV—Shirley Baird, Ottumwa, Iowa.
XVI—Phyllis White, Burlington, Iowa.

STATE ADVISORY COMMITTEE

I—Elva Mahoney, Oelwein, Iowa.
II—C. E. Judd, Thompson, Iowa.
III—E. T. Wellhausen, Ocheyden, Iowa.
IV—George Marsh, Sioux City, Iowa.
V—Milford Mott, Pochahantas, Iowa.
VI—Gilbert Winter, Hubbard, Iowa.
VII—John Paton, Aurora, Iowa.
VIII—Agatha Funke, Greeley, Iowa.
IX—John Banker, Jr., Clinton, Iowa
X—Ed Sears, Cedar Rapids, Iowa.
XI—Maxine Graves, Boone, Iowa.
XII—Alice Witjie, Denison, Iowa.
XIII—Margaret Hemphill, Clarinda, Iowa.
XIV—Harvey Campbell, Lamona, Iowa.
XV—Frank Hamilton, Chariton, Iowa.
XVI—Emery Boerger, West Point, Iowa.●

● Mr. PRYOR. Mr. President, today the Senate considers S. 1086, a bill to reauthorize the Older Americans Act of 1965. I want to commend the distinguished managers of the bill for their attention to the prompt enactment of this reauthorization.

As we are all aware, the Older Americans Act of 1965 is probably the single most important piece of legislation for our senior citizens enacted by the Congress in the past three decades. The assistance offered through this most important piece of legislation has expanded

to include a wide range of services to our rapidly growing, graying population.

I am proud of my years of public service began at a time when our Nation was beginning to awaken to the needs of this special population. When I began my work as a State legislator in the middle 1960's, the concept of an Older Americans Act had just taken legislative shape. I was able to see firsthand the development of these programs and the great transformation they made in the lives of many elderly Arkansans.

During my years as a Congressman, the Congress made further changes in the bill in response to the changing needs of our senior citizens. Through my years as Governor of Arkansas, this trend continued, as the Congress added and revised services available under this act, and implemented an administrative network to more effectively get the job of serving older Americans done. We can all be proud of the roles we have played in serving our elderly through this and other legislation.

Mr. President, I believe it of vital importance that the Senate should be considering reauthorization of this act at this particular time. I say this because, through recent cutbacks in other services that are vital to the elderly—social services through title XX of the Social Security Act, job opportunities for older workers through the CETA program, recent cutbacks and concern over further cutbacks in social security benefits, and the like—stress the growing importance of the legislation which is being considered today.

In addition to the need to consider other budget cutting measures and their effect on our senior citizens, we must also remember that many of the amendments of the Older Americans Act which were implemented in 1978 have only recently been enacted. It is vital that we allow these changes to be implemented in order that we might pass valid judgment on their effectiveness.

For these reasons, I would like to commend the Subcommittee on Aging, Family and Human Services of the Human Resources Committee for taking prompt yet controlled action in modifying the Older Americans Act. They have refined the act to provide for the flexibility that has been long needed in these programs, while maintaining the original intent of the act.

Mr. President, it has long been my belief that future generations will not judge us on the technological advances we have made, but on the way we have treated our citizens, and particularly those citizens who are most deserving of our aid—our Nation's senior citizens. Once again, I would like to commend the managers of this bill, and the members of the committee, for their efforts on behalf of the older Americans of this country.●

● Mr. WILLIAMS. Mr. President, I would like to commend Senator DENTON, chairman of the Aging, Family, and Human Services Subcommitte for his outstanding bipartisan efforts in working with the minority to develop a comprehensive legislative package that will provide a continuum of vital services to our senior citizens.

There are more than 25 million of our citizens who are over the age of 65. They represent the fastest growing segment of the population in this country; increasing by nearly 500,000 individuals each year.

Older Americans have a vivid insight into the problems and challenges of our time. They have lived through the most dramatic technological and social changes this country has ever experienced, and they possess a broad and balanced perspective of their needs and those of society as a whole.

The problems of older Americans have always been of special concern to me. We must not fail to expand our vision beyond what exists today in Federal policy and, it seems to me, there is a far greater need to broaden services to older people than existed just a decade ago. S. 1086, with the amendments adopted today will address that need.

The administration and a majority of the Senate are committed to the task of attempting to balance the Federal budget. Following the first round of the budget cutting frenzy, we are now told that even greater cuts must be made if we are to accomplish that objective.

So, now we are embroiled in round two of the budget battle, and we must proceed with extreme caution. The need for deliberation is especially critical as we consider the legislation pending before this body today.

No group of individuals has been more adversely affected by the across-the-board cuts that administration has succeeded in imposing on the budgetary process. The reductions in employment, housing, transportation, energy assistance, retirement income, legal services, and SSI/medicaid programs have all severely impacted on this Nation's elderly.

We must carefully assess the impact of national economic policies on the well-being of older citizens.

Last fall, at hearings conducted by the Senate special Committee on Aging, a number of deep-rooted fantasies about older workers were dismantled.

Following those "work after 65" hearings, the committee summarized "facts about older workers" indicating that:

Productivity does not decrease with age. Workers hired after the age of 40 tend to attain a higher performance within a shorter period of time than those hired before the age of 30;

Labor turnover does not increase with age. Workers in the 45 to 64 age group are only half as likely to change jobs as persons in the 25 to 44 years of age group;

Absence due to illness does not increase with age. The number of days lost per 100 workdays for all reasons decreases as age increases; and

The functions of learning and memory are not significantly affected by aging. Little change occurs in the ability to learn new skills and acquire new information between the ages of 20 and 60. Vocabularly, information, and comprehensive tests show little, if any, decline with age through the sixties.

As we all remember, the comprehensive Older American Act Amendments of 1978 was a landmark reform of Federal policies and programs for the elderly.

That act consolidated all Federal policies affecting older persons under the purview of the Administration on Aging. That legislation mandated that this office serve as a visible and effective advocate for the elderly within the Federal Government.

Those amendments also made improvement in the delivery of services by providing greater coordinate and flexibility in the system of State agencies on aging and the hundreds of local county agencies.

As the Members of the Senate vote to extend the Older Americans Act for the next 3 years, we must remember that this Government's commitment to older Americans should be to build support systems in local communities that will enable the elderly to maintain their independence, dignity, and quality of life. This decade will provide us with a great challenge as a growing proportion of older people are assimilated into society.

It is a challenge that must be met so that our senior citizens have the best possible health and fitness; financial security; protection against crime, fraud, and abuse; full legal rights without suffering age discrimination; and opportunities for useful, active lives in their communities with continuing growth intelectually and culturally.

It is a challenge that we should accept willingly, because we know that the valuable resources of our senior citizens, if developed and utilized, would enrich enormously the quality of life for us all, and would secure our pride as a nation.

I wholeheartedly believe that an investment in opportunities for older workers will be an investment in this Nation's future.●

Mr. PERCY. Mr. President, since the enactment of the Older Americans Act in 1965, the improvement of the lives of older Americans has been a national priority, one that I have strongly supported as a member of the Special Committee on Aging.

Since that time, the act has been reauthorized eight times and funding for its programs has grown from a mere $7.5 million to almost $1 billion today. The Older Americans Act began with a few social service grants. Today it is a coordinated system of services to older Americans ranging from nutrition and counseling to a variety of social services administered by 57 State aging departments, 610 area agencies and countless local groups.

Mr. President, the bill before us today, S. 1086, extends for 3 more years this important piece of legislation and deserves the support of us all. For it is through the Older Americans Act and the many improvements we have made to it over the years that we have enhanced the lives of millions of elderly Americans. In 1974, I published the only book I have ever authored, entitled, "Growing Old in the Country of the Young." Many of the needs my book cited have been met by the Older Americans Act and subsequent amendments.

I am particularly pleased that the bill contains two amendments which I was proud to cosponsor, one offered by the

distinguished chairman of the Special Committee on Aging, Senator HEINZ, and another authored by the committee's ranking minority member, Senator CHILES. Both amendments are the direct result of the fine work of the Aging Committee, which under their very capable leadership, has been instrumental in the adoption of measures expressly benefiting the elderly.

The Chiles amendment makes an extremely important addition to title V, the senior community service employment program. The amendment directs the Secretary of Labor to conduct experimental projects to train older persons for second careers and place them in private sector employment. The amendment does not reduce the bill's authorization for public service jobs or other programs.

Mr. President, Senator GRASSLEY and I recently conducted a field hearing for the Aging Committee in the Quad Cities area of Illinois and Iowa—"Employment: An Option for All Ages." One of the recommendations we received at that time from State and area aging officials was for increased emphasis on private sector jobs under title V. Among their recommendations were: Development of job or skills banks that match the needs of older workers with available job openings in the private sector; waiver of the requirement that title V enrollees be placed in public sector jobs; allowing enrollees to participate in on-the-job training in private firms; training of older persons to give them needed skills; and last, training of title V program staff in job counseling for older workers.

The amendment offered by Senator CHILES will provide funds to experiment with projects such as those recommended at our hearing. These projects can also include innovative approaches to employment such as job-sharing and flex-time as well as placement in new technology and growth industries.

The second amendment, offered by Senator HEINZ, addresses another very important need of this country's older citizens. At a hearing before the Aging Committee in September, we learned that the fear of crime among older persons was reaching critical proportions in some areas of the country, including some parts of my own State of Illinois. This amendment will make crime prevention and victim assistance services an allowable activity under title IIIB of the Older Americans Act.

The testimony presented at our hearing was frightening. Many older persons live in such fear of being victimized by violent crime that they are little better than prisoners in their own homes. These hearings showed the need in some areas for assistance in preventing crime and helping the victims recover from the devastating effects of crime.

It is important to note that the amendment does not mandate these services be provided; that decision is left up to State and area agencies as it should be. But where there is a problem with crime, and the elderly fall victim to it, the older Americans should provide the resources to deal with it. The amendment offered by Senator HEINZ allows title IIIB funds to be used for this purpose.

S. 1086 also makes several changes in the act which will improve efficiency of service delivery and increase participation of the elderly in the programs designed to serve them by giving State and area agencies more flexibility to meet the needs in their communities.

S. 1086 is not a major overhaul of the Older Americans Act. This is so for two reasons. First, many of the changes we made in the act in 1978 have not been in effect for a long time and more time is needed to fully evaluate them. Second, the 1981 White House Conference on Aging will convene in Washington, D.C., in a few weeks. The purpose of this conference will be to review existing policies which affect the elderly and to make recommendations on how these policies can be strengthened and improved. Without this key conference's recommendations, it does not seem appropriate to make major changes in the Older Americans Act this year.

The 3-year extension with minor modifications will allow the administration and the Congress time to thoroughly review the recommendations of the conference and formulate measures to address these concerns.

Mr. President, I commend the leadership of the Labor and Human Resources Aging Subcommittee, Senators DENTON and EAGLETON, for their work in bringing this important reauthorization to the Senate floor, and I urge my colleagues to support it.

Mr. DODD. Mr. President, I believe the Senate should act affirmatively on S. 1086, the Older Americans Act Amendments of 1981.

First passed in 1965, the Older Americans Act established a well-designed program to improve the lives of senior citizens. Its objective was to assist older Americans troubled by health, housing, employment, retirement, and income problems. In addition, the Older Americans Act set forth the goal of finding ways to help older Americans to participate fully in civic, cultural, recreational, and community service activities.

This goal was then and remains today appropriate indeed. We can never forget that our senior citizens helped establish many of the freedoms and opportunities we take for granted today. By fighting in our wars, they helped guarantee the critical political freedoms we take for granted. By discovering cures for many diseases and vaccines to prevent others, they helped eradicate the fear of epidemics and of such crippling diseases as polio. By working in our factories, either as laborers or managers, they helped strengthen American industry and placed it in a position of worldwide prominence and importance. By working on our farms and growing our food, they helped make American agriculture the successful enterprise it is today. And last but never least, by educating us and our children, they gave us freedom from ignorance, an important freedom indeed.

Mindful of the many contributions to our society which senior citizens have made, Congress has amended the Older Americans Act eight times since it was first passed over 15 years ago in a continuing effort to improve the living conditions of older Americans. Today, we amend this act yet again and reauthorize it for the next 3 years.

The bill before us reauthorizes social services programs, nutrition programs, programs for research and training, and an employment program. All of these programs are essential to improving the quality of lives led by older Americans in this country.

I found it necessary to offer proposals to amend the bill's provisions with respect to several of these programs. S. 1086 would have repealed the authority of the Secretary of Health and Human Services to conduct utility and home-heating cost demonstrations on the premise that the Department of Energy is better equipped to oversee such projects. I agree that the DOE has the expertise to handle such projects. However, President Reagan has several times announced plans to abolish the Department of Energy. Thus, my amendment to reauthorize utility and home-heating cost demonstration projects under the Older Americans Act was unanimously agreed to.

I also offered a proposal to define weatherization activities as an appropriate employment activity under the title V, community service employment program. Under the Older Americans Act, we now have some 54,000 senior citizens funded by title V to work part time at jobs ranging from tax counseling to library work to keeping neighborhood parks clean. My amendment, unanimously accepted, will allow some of these 54,000 older individuals to weatherize the poorly insulated homes of many of their elderly friends and neighbors.

I have reservations about the provision within this bill to abolish the minimum spending requirement for independent State nursing home ombudsmen programs. I understand that the bill calls for States to spend enough to make such programs effective. Nonetheless, I asked the committee to call for a GAO study in 2 years to insure that States are spending enough to make the ombudsman programs what they should be: The guardians of the health, safety, and welfare of those seniors forced by frailty and poor health to reside in nursing homes.

Mr. President, in urging my colleagues to act affirmatively on S. 1086, I would like to remind them of the contributions which seniors have made with respect to this bill and others relating to their concerns. Throughout my tenure in the House of Representatives and during my first 10 months in the Senate, my senior constituents in Connecticut have continued to offer me good, concrete suggestions for ways to solve the problems facing them. In this respect, Mr. President, I know that I am not alone. Recommendations from the hundreds of delegates to the White House Conference on Aging in 1961 actually led to the creation of the medicare system and the very Older Americans Act we are amending today. Delegates to the 1971 White House Conference on Aging laid the groundwork for improving the social security system, establishing supplemental security income, and establishing the national network of area agencies on aging. We should remember there prece-

dents and pay close attention to what the 1981 delegates to the White House Conference on Aging tell us when they convene in a few weeks.

Mr. President, I urge the Senate to adopt S. 1086.

Mr. RIEGLE. Mr. President, I am pleased to offer my support for S. 1086, which reauthorizes the Older Americans Act for 3 years and continues essential social and nutrition services to senior citizens across our Nation. I commend Senator EAGLETON and Senate DENTON for their cooperation in our efforts to improve the original proposal offered by the administration.

I am particularly pleased that Senator EAGLETON, with Senator DENTON's support, has agreed to offer a committee amendment restoring the commodity food program to its current status within the Department of Agriculture and retaining the current means of distributing funds based on the number of meals served rather than on the proposed per capita basis as in the original bill. Under the present system, States are given incentives to reach out and provide nutritional meals to as many older persons as possible. The proposed change would have eliminated these incentives and would have punished efficiency and rewarded inefficiency.

I am proud to say that my home State of Michigan has been among the top 10 States in the country to efficiently serve meals to its older citizens. The Michigan State Office of Services to the Aging has estimated that an additional $1.5 million would be needed to maintain current nutrition services if changes originally proposed in the commodity food program were enacted. Approximately 730,000 meals would be lost as a result—about 600 older persons now receiving meals would be cut from the program in Michigan alone.

At the same time that I appreciate the concessions made by Senator DENTON during negotiations on S. 1086, I am still concerned that a number of provisions in the bill will adversely affect those seniors in greatest need who are least able to defend themselves. My concerns include the elimination of earmarked funding for the nursing home ombudsman program and the consolidation of the Meals on Wheels and congregate meals programs into a block grant.

OMBUDSMAN PROGRAM

We have negotiated an agreement which requires the States to continue to run an "effective" ombudsman program. However, I fear that, given the state of our economy and the difficulty which nursing home residents have in making their voices heard, the ombudsman program will be shortchanged in the allocation of funds and the program itself severely threatened as a result.

I concur with the Senator from Connecticut (Mr. DODD) that ombudsman programs should be reevaluated in 2 years to determine the ability of States to run effective programs. Also, I urge members of the conference committee to consider carefully the special needs of the weakest and most frail older Americans in trying to reach final agreements on Older Americans Act reauthorization.

MEALS ON WHEELS PROGRAM

I am also concerned with the changes made by the bill in the Meals on Wheels program. During the last reauthorization of the Older Americans Act in 1978, I was a cosponsor of an amendment offered by Senator KENNEDY which had the cosponsorship of 54 Members of this body to provide a separate authorization for the Meals on Wheels program. This was a bipartisan effort on the part of the Senate to insure that individuals, both older Americans and handicapped individuals who were in real need of home-delivered meals would be able to receive them. Effective Meals on Wheels programs have been established throughout the country as a result of the action taken by the Congress in 1978.

S. 1086 proposed the consolidation of the two Meals on Wheels and congregate nutrition programs into a block grant to States. It does require that some funds be spent for home-delivered meals, but fails to specify an amount. While I am sure that consolidation would not eliminate the Meals on Wheels program, I am concerned that States may find home-delivered meals too costly and may not allocate sufficient funds for this purpose.

I am pleased, therefore, to join Senator KENNEDY in cosponsoring his amendment which requires States to maintain their current level of spending for home-delivered meals at a level not less than 15 percent of each State's nutrition allotment. This change should assure a reasonable level of support for Meals on Wheels programs. I commend Senator KENNEDY for his amendment.

WHITE HOUSE CONFERENCE ON AGING

Mr. President, the 1978 amendments provided for a White House Conference on Aging to be held this year. The time for this conference is quickly approaching and I wish to take this opportunity, while the act which authorized the conference is being considered, to express my deep concern over the rumors and stories circulating about the White House Conference. We have all read the newspaper stories about political polling of conference delegates.

There are also suggestions that the administration may be seeking ways to stifle debate and restrict the process of voting on recommendations by the delegate body. Any such action is totally unacceptable. In order to preserve the integrity of the recommendations made by the delegates the administration must allow the delegates themselves to determine the rules under which the conference will operate.

Once again, Mr. President, I thank Senators EAGLETON and DENTON for their leadership in developing this reauthorization of the Older Americans Act. I believe S. 1086 will benefit the lives of our Nation's seniors and I intend to vote in favor of the bill as amended.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays were ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Maine (Mr. COHEN), the Senator from New York (Mr. D'AMATO), the Senator from New Mexico (Mr. DOMENICI), the Senator from North Carolina (Mr. EAST), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Iowa (Mr. JEPSEN), the Senator from Wisconsin (Mr. KASTEN), the Senator from Idaho (Mr. MCCLURE), the Senator from Delaware (Mr. ROTH), the Senator from Wyoming (Mr. SIMPSON), the Senator from Texas (Mr. TOWER), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. HATFIELD), and the Senator from Iowa (Mr. JEPSEN) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Alabama (Mr. HEFLIN), the Senator from Hawaii (Mr. INOUYE), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER (Mr. ABDNOR). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 75, nays 0, as follows:

[Rollcall Vote No. 348 Leg.]

YEAS—75

Abdnor	Grassley	Murkowski
Andrews	Hatch	Nickles
Armstrong	Hawkins	Nunn
Baker	Hayakawa	Packwood
Baucus	Heinz	Pell
Bentsen	Helms	Percy
Boren	Hollings	Pressler
Bradley	Huddleston	Proxmire
Bumpers	Humphrey	Pryor
Burdick	Jackson	Quayle
Byrd, Robert C.	Johnston	Randolph
Cochran	Kassebaum	Riegle
Cranston	Kennedy	Rudman
Danforth	Laxalt	Sarbanes
DeConcini	Leahy	Sasser
Denton	Levin	Schmitt
Dixon	Long	Specter
Dodd	Lugar	Stafford
Dole	Mathias	Stennis
Durenberger	Matsunaga	Stevens
Eagleton	Mattingly	Symms
Exon	Melcher	Thurmond
Garn	Metzenbaum	Wallop
Glenn	Mitchell	Weicker
Gorton	Moynihan	Zorinsky

NOT VOTING—25

Biden	Cannon	D'Amato
Boschwitz	Chafee	Domenici
Byrd, Harry F., Jr.	Chiles	East
	Cohen	Ford

Goldwater	Jepsen	Tower
Hart	Kasten	Tsongas
Hatfield	McClure	Warner
Heflin	Roth	Williams
Inouye	Simpson	

So the bill (S. 1086), as amended, was passed, as follows:

S. 1086

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Older Americans Act Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Older Americans Act of 1965.

PURPOSE AND ADMINISTRATIVE AMENDMENTS

SEC. 2. (a)(1) Section 101(7) is amended by inserting after "cultural," the following: "education and training".

(2) Section 101(1) is amended by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services".

(3)(A) Section 102(6) is amended by striking out "The term" and inserting in lieu thereof "Except for the purposes of title VI of this Act, the term".

(B) Section 102(7) is amended by striking out "The term" and inserting in lieu thereof "Except for purposes of title VI of this Act, the term".

(b)(1) Section 202(a)(1) is amended—

(A) by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Health and Human Services";

(B) by striking out "all"; and

(C) by inserting after "elderly" the following: "whenever the Commissioner determines that to do so will carry out the objectives of this Act".

(2) Section 202(a)(2) is amended by striking out "serve as a clearinghouse" and inserting in lieu thereof "collect and disseminate information".

(3) Section 202(a)(12) is amended by striking out "nonprofit".

(4) Section 202(a)(16) is amended by striking out "nonprofit".

(c) Section 202(b) is amended—

(1) by inserting "and" at the end of clause (1);

(2) by striking out "; and" at the end of clause (2) and inserting in lieu thereof a period;

(3) by striking out clause (3); and

(4) by adding after clause (2) the following new sentence: "The Commissioner may review and comment on departmental regulations and policies regarding community health and social service development for the elderly.".

(d)(1) The first sentence of section 203(a) is amended by striking out "shall" and inserting in lieu thereof "may".

(2)(A) Section 203(b)(2) is repealed.

(B) Clauses (9) and (11) of section 203(b) are redesignated as clauses (8) and (9), respectively.

(3) Section 203(b)(8) (as redesignated by paragraph (2)(B)) is amended by adding after "1965," the following: "title I of the Higher Education Act of 1965, and the Adult Education Act".

(e)(1) Section 204 is repealed.

(2) Sections 205 through 214, and all references thereto, are redesignated as sections 204 through 213, respectively.

(f)(1) Section 204(d)(5) (as redesignated by subsection (d)(2)) is amended by striking out ", in consultation with the National Information, and Resource Clearing House for the Aging,".

(2) Section 204(g) (as redesignated by subsection (d)(2)) is repealed.

(3) Subsection (h) of section 204 (as redesignated by subsection (d)(2)) is redesignated as subsection (g).

(4) Section 204(g) (as redesignated by subsections (e)(2) and (f)(2)) is amended to read as follows:

"(g) There are authorized to be appropriated to carry out the provisions of this section $200,000 for fiscal year 1982, $212,000 for fiscal year 1983, and $223,812 for fiscal year 1984.".

(g)(1) Section 205(b) (as redesignated by subsection (e)(2)) is repealed.

(2) Subsections (c) and (d) of section 205 (as redesignated by subsection (e)(2)) are redesignated as subsections (b) and (c), respectively.

(h) Section 206(b) (as redesignated by paragraph (2) of this subsection) is amended—

(A) by striking out "under section 308 or"; and

(B) by striking out "section 208" and inserting in lieu thereof "section 207".

(i) Section 210(a) (as redesignated by subsection (e)(2)) is amended by striking out ", and of title V of the Act of October 15, 1977 (Public Law 95–134; 91 Stat. 1164),".

(j)(1) Section 213 (as redesignated by subsection (e)(2)) is amended by striking out "the Economic Opportunity Act of 1964" and inserting in lieu thereof "the Community Services Block Grant Act".

(2) Section 301(b)(2) is amended by striking out "the Community Services Administration,".

AUTHORIZATION FOR SOCIAL SERVICES AND NUTRITION PROGRAMS

SEC. 3. Section 303 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS; USES OF FUNDS

"SEC. 303. (a)(1) There are authorized to be appropriated $280,000,000 for the fiscal year 1982, $301,000,000 for the fiscal year 1983, and $322,500,000 for the fiscal year 1984, for the purpose of making grants under part B of this title.

"(2) There are authorized to be appropriated $360,000,000 for the fiscal year 1982, $376,200,000 for the fiscal year 1983, and $396,000,000 for the fiscal year 1984, for the purpose of making grants under part C of this title.

"(b) Grants made under this title may be used for paying part of the cost of—

"(1) the administration of area plans by area agencies on aging designated under section 305(a)(2)(A), including the preparation of area plans on aging consistent with section 306 and the evaluation of activities carried out under such plans; and

"(2) the development of comprehensive and coordinated systems for social services, congregate and home delivered nutrition services, the development and operation of multipurpose senior centers and the delivery of legal services.".

ALLOTMENT

SEC. 4. (a) Section 304(a)(1) is amended by striking out "From the sums appropriated under parts B and C for fiscal years 1979, 1980, and 1981," and inserting in lieu thereof "From the sums appropriated under parts B and C for each fiscal year,".

(b) Section 304(d)(1)(B) is amended by striking out "90 percent in fiscal years 1979 and 1980, and 85 percent in fiscal year 1981, of the cost of social services and nutrition services authorized under parts B and C" and inserting in lieu thereof "85 percent of the cost of social services and nutrition services under this title".

(c) Section 304(d)(1) is amended—

(1) by striking out "and" at the end of clause (A);

(2) by redesignating clause (B) as clause (C); and

(3) by adding after clause (A) the following new clause:

"(B) such amount as the State agency determines to be adequate for conducting an effective ombudsman program under section 307(a)(12) shall be available for conducting such program; and".

STATE AGENCY RESPONSIBILITIES

SEC. 5. (a) Section 305(a)(1)(D) is amended by inserting "to the extent feasible" before "serve".

(b) Section 305(a)(1)(E) is amended by striking out "divide the State into distinct areas" and inserting in lieu thereof "divide the State into distinct planning and service areas (or in the case of a State specified in subsection (b)(5), designate the entire State as a single planning and service area)".

(c) Section 305(a)(2)(A) is amended by striking out "determine for which planning and service area an area plan will be developed, in accordance with section 306, and for each such area designate," and inserting in lieu thereof "except as provided in subsection (b)(5), designate for each such area".

(d)(1) Section 305(b)(1) is amended by striking out the second sentence.

(2) Section 305(b) is amended by adding at the end thereof the following new paragraph:

"(5) A State which on or before October 1, 1980, had designated, with the approval of the Commissioner, a single planning and service area covering all of the older individuals in the State, in which the State agency was administering the area plan, may after that date designate one or more additional planning and service areas within the State to be administered by public or private nonprofit agencies or organizations as area agencies on aging, after considering the factors specified in subsection (a)(1)(E). The State agency shall continue to perform the functions of an area agency for any area of the State not included in a planning and service area for which an area agency has been designated.".

(e) Section 305(c) is amended—

(1) by striking out "or" at the end of clause (3),

(2) by inserting "or" at the end of clause (4), and

(3) by adding after clause (4) the following new clause:

"(5) in the case of a State specified in subsection (b)(5), the State agency;".

AREA PLANS

SEC. 6. (a) The first sentence of section 306(a) is amended by striking out "for a 3-year period" and inserting in lieu thereof "for a two-, three-, or four-year period determined by the State agency,".

(b) Section 306(a)(2) is amended by striking out "at least 50 percent of the amount allotted for part B to the planning and service area will be expended" and inserting in lieu thereof "from the amount allotted for part B to each planning and service area, the area agency on aging has an effective system".

(c) Section 306(a)(6)(D) is amended by inserting "to the extent feasible" before "serve".

(d)(1) Section 306(b)(1) is repealed.

(2)(A) Paragraph (2) of section 306 is redesignated as subsection (b).

(B) Section 306(b) (as redesignated by subparagraph (A)) is amended by striking out "may" in the first sentence and inserting in lieu thereof "shall".

STATE PLANS

SEC. 7. (a) The first sentence of section 307(a) is amended by striking out "for a 3-year period," and inserting in lieu thereof "for a two-, three-, or four year period determined by the State agency,".

(b)(1) Section 307(a)(13)(B) is amended to read as follows:

"(B) each project will provide meals in a congregate setting or provide home-delivered meals based upon a determination of need by

the recipient of a grant or contract entered into under this title, or both;".

(2) Section 307(a)(13)(C) is amended to read as follows:

"(C) each area agency on aging providing for projects for congregate meals will provide for projects for home delivered meals;".

(3) Section 307(a)(13)(D) of such Act is amended by inserting after the clause designation the following: "in the case of meals served in a congregate setting,".

(4) Section 307(a)(13)(I) is amended to read as follows:

"(I) each area agency shall establish procedures that will allow nutrition project administrators the option to offer a meal to individuals providing volunteer services during the meal hours or to individuals whose service is an integral part of the nutrition project;".

(5) Section 307(a)(13) is amended by striking out "and" at the end of subclause (H), by inserting "and" at the end of subclause (I), and by inserting after subclause (I) the following:

"(J) the State agency (i) shall, at a minimum, expend for subpart 2 of part C, relating to home delivered nutrition services, the same percent of funds for part C as such State spent for subpart 2 in fiscal year 1981, and (ii) shall, to the extent practicable, establish a goal for each fiscal year for the expenditure for such subpart 2 that is at least 15 percent of the amount available for part C for that fiscal year;".

(c) Section 307(a)(16) is amended to read as follows:

"(16) provide procedures under which recipients of grants or contracts for the delivery of services under parts B and C may establish suggested scales for participant contributions for nutrition and social services, in accordance with guidelines established by the Commissioner, if (A) such scales take into consideration the income ranges of eligible individuals in local communities and other sources of income of the recipients of a grant or contract; and (B) contributions are used to provide services which are authorized under parts B and C and which benefit a majority of program participants.".

(d) Section 307(a) of the Older Americans Act of 1965 (42 U.S.C. 3027(a)) is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting in lieu thereof "; and "; and

(3) by adding at the end thereof the following new paragraph:

"(17) provide assurances that, if a substantial number of the older individuals residing in any planning and service area in the State are of limited English-speaking ability, then the State will require the area agency on aging for each such planning and service area—

"(A) to utilize, in the delivery of outreach services under section 306(a)(2)(A), the services of workers who are fluent in the language spoken by a predominant number of such older individuals who are of limited English-speaking ability; and

"(B) to designate an individual employed by the area agency on aging, or available to such area agency on aging on a full-time basis, whose responsibilities will include—

"(i) taking such action as may be appropriate to assure that counseling assistance is made available to such older individuals who are of limited English-speaking ability in order to assist such older individuals in participating in programs and receiving assistance under this Act; and

"(ii) providing guidance to individuals engaged in the delivery of social services under the area plan involved to enable such individuals to be aware of cultural sensitivities and to take into account effectively linguistic and cultural differences.".

(e)(1) Section 307(b) is amended by striking out clause (2) and by redesignating clause (3) as clause (2).

(2) Section 307(b) (as amended by paragraph (1)) is amended by adding at the end thereof the following:

"(3) The Commissioner in approving any State plan under this section shall waive the requirement of clause (13)(J)(i) if the Commissioner finds that the requirement of clause (13)(J)(i) would place a significant burden on the ability of the State to support efficiently and effectively the nutrition program assisted under this title within the State.".

ADMINISTRATION OF STATE PLANS

SEC. 8. Section 308(b)(5) is amended to read as follows:

"(5) Notwithstanding any other provisions of this title, with respect to funds received under subsection (a) and subsection (b) of section 303, a State may elect to transfer not more than 20 per centum of the funds appropriated for any fiscal year between programs under part B and part C of this title, for use as the State considers appropriate. The State shall notify the Commissioner of any such election.".

AVAILABILITY OF SURPLUS COMMODITIES

SEC. 9. (a) The first sentence of section 311(a)(4) is amended—

(1) by striking out "In" and inserting in lieu thereof "Subject to the authorization of appropriations specified in subsection (d), in"; and

(2) by striking out "during the three succeeding fiscal years" and inserting in lieu thereof "for each fiscal year thereafter".

(b)(1) Subsection (b) of section 311 is repealed.

(2) Subsection (c) of section 311 is redesignated as subsection (b).

(c) Section 311 (as amended by subsection (b) of this section) is amended by adding at the end thereof the following new subsection:

"(c)(1) There are authorized to be appropriated $93,200,000 for the fiscal year 1982, $100,000,000 for the fiscal year 1983, and $105,000,000 for the fiscal year 1984, to carry out the provisions of this section (other than the provisions of subsection (a)(1)).

"(2) In any fiscal year in which compliance with subsection (a)(4) of this section costs more than the amounts authorized under paragraph (1) of this subsection for that fiscal year the Secretary of Agriculture shall reduce the cents per meal level determined pursuant to subsection (a)(4) for that fiscal year as necessary to meet the authorization of appropriation for that fiscal year.".

SERVICES PROGRAM

SEC. 10. (a)(1) The matter preceding clause (1) of section 321 is amended to read as follows: "Each State having a State plan approved under section 307 shall carry out a program for any of the following social services:".

(2) Section 321(a)(1) is amended by striking out "continuing education" and inserting in lieu thereof "education and training".

(b) Section 321(a)(4) is amended—

(1) by inserting "(A)" after "designed";

(2) by striking out "or" and inserting in lieu thereof a semicolon and "(B)"; and

(3) by inserting before the semicolon at the end thereof the following: "; or (C) to prevent unlawful entry into residences of elderly individuals, through the installation of security devices and through structural modifications or alterations of such residences".

(c) Section 321 is amended by striking out "or" at the end of clause (11), by redesignating clause (12) as clause (14), and by inserting after clause (11) the following new clauses:

"(12) services to encourage the employment of older workers, including job counseling and, where appropriate, job development, referral, and placement;

"(13) crime prevention services and victim assistance programs for older individuals; or".

(d) The matter preceding clause (1) of section 331 is amended to read as follows: "Each State having a State plan approved under section 307 shall carry out a program for the establishment and operation of nutrition projects—".

(e) Section 336 is amended by striking out "The Commissioner shall carry out a program for making grants to States under State plans approved under section 307 for the establishment and operation of nutrition projects" and inserting in lieu thereof "Each State having a State plan approved under section 307 shall carry out a program for the establishment and operation of nutrition projects".

TRAINING, RESEARCH, AND DEVELOPMENT

SEC. 11. (a) Section 404(c) is repealed.

(b) Section 411(a) is amended—

(1) by inserting "or" after clause (4);

(2) by striking out clause (5); and

(3) by redesignating clause (6) as clause (5).

(c) Section 411(b) is amended—

(1) by inserting "and" after clause (1);

(2) by striking out "; and" at the end of clause (2)(D) and inserting in lieu thereof a period, and by striking out clause (3).

(d) Section 411(c) is amended by striking out "through the National Information and Resource Clearinghouse for the Aging".

(e) Section 411 is amended by adding at the end thereof the following new subsection:

"(d) The Commissioner shall insure the collection and dissemination, through publications and other appropriate means, of information concerning research findings, demonstration results, and other materials developed in connection with activities assisted under this section.".

DEMONSTRATION PROJECTS

SEC. 12. (a) Section 421(b) is amended to read as follows:

"(b) In making grants and contracts under this section, the Commissioner shall give special consideration to projects designed to—

"(1) assist in meeting the special housing needs of older individuals by—

"(A) providing financial assistance to such individuals, who own their own homes, necessary to enable them (i) to make the repairs or renovations to their homes, which are necessary for them to meet minimum standards, and (ii) to install security devices, and to make structural modifications or alterations, designed to prevent unlawful entry; and

"(B) studying and demonstrating methods of adapting existing housing, or construction of new housing, to meet the needs of older individuals suffering from physical disabilities;

"(2) provide mental health services to older individuals residing in the community or in nursing homes and intermediate care facilities, including the training of the employees of such homes and facilities in the provision of such services;

"(3) provide education and training to older individuals designed to enable them to lead more productive lives by broadening the education, occupational, cultural, or social awareness of such older individuals;

"(4) provide preretirement education information and relevant services (including the training of personnel to carry out such programs and the conduct of research with respect to the development and operation of such programs) to individuals planning retirement;

"(5) meet the special needs of, and improve the delivery of services to, older in-

dividuals who are not receiving adequate services under other provisions of this Act, with emphasis on the needs of low-income, minority, Indian, and limited English-speaking individuals and the rural elderly;

"(6) develop or improve methods of coordinating all available social services for the homebound elderly, blind, or disabled by establishing demonstration projects in ten States, in accordance with subsection (c); and

"(7) improve transportation systems for the rural elderly.

No funds may be obligated to carry out the provision of clause (2) of this subsection for any fiscal year if funds are appropriated to carry out section 204 of the Mental Health Systems Act.".

(b)(1) The last two sentences of section 421(c)(1) are amended to read as follows: "The Commissioner shall report to the Congress with respect to the results and findings of the demonstration projects conducted under this section at the completion of the projects.".

(2)(A) Section 421(c)(2) is repealed.

(B) Section 421(c) is further amended—

(i) by striking out "(1)";

(ii) by striking out "(A)", "(B)", and "(C)" and by inserting in lieu thereof "(1)", "(2)", and "(3)", respectively; and

(iii) by striking out "(i)" and "(ii)" and inserting in lieu thereof "(A)" and "(B)", respectively.

DISCRETIONARY PROJECTS

SEC. 13. (a)(1) Section 423(a) is amended by striking out "may" and inserting in lieu thereof "shall".

(2) Section 423(a)(1) is amended by striking out "legal research, technical assistance, training, information dissemination, and other activities to".

(b) Section 423(c) is repealed.

REPEAL OF MORTGAGE INSURANCE AND INTEREST GRANTS PROGRAM

SEC. 14. Part D of title IV is repealed.

AUTHORIZATIONS FOR TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS

SEC. 15. (a) Section 451 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 451. (a) There are authorized to be appropriated to carry out the provisions of this title $23,200,000 for fiscal year 1982, $24,700,000 for fiscal year 1983, and $26,120,000 for fiscal year 1984.

"(b) No funds appropriated under this section—

"(1) may be transferred to any office or other authority of the Department of Health and Human Services which is not directly responsible to the Commissioner; or

"(2) may be used for any research program or activity which is not specifically authorized by this title.".

(b)(1) Title IV is amended—

(A) by striking out "PART A—TRAINING";

(B) by striking out "PART B—RESEARCH AND DEVELOPMENT PROJECTS";

(C) by striking out "PART C—DISCRETIONARY PROJECTS AND PROGRAMS";

(D) by striking out "PART E—MULTIDISCIPLINARY CENTERS OF GERONTOLOGY"; and

(E) by striking out "PART F—AUTHORIZATION OF APPROPRIATIONS".

(2) The first sentence of section 401(a) is amended by striking out "this part" and inserting in lieu thereof "sections 401 through 404 of this title".

(3) Title IV is further amended by striking out "this part" wherever it appears in such title and inserting in lieu thereof "this title".

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

SEC. 16. (a)(1) Section 502(a) is amended by striking out "and who have poor employment prospects,".

(2) Section 502(b)(1)(E) is amended by striking out "whose opportunities for other suitable public or private paid employment are poor".

(3) Section 507(2) of the Act is amended by striking out "and who has or would have difficulty in securing employment,".

(b)(1) Section 502(c)(1) of the Act is amended by striking out "and the Director of the Community Services Administration".

(2) Section 505(b) of the Act is amended by striking out "the Director of the Community Services Administration, the Secretary of Health, Education, and Welfare" and insert in lieu thereof "the Secretary of Health and Human Services".

(c) Section 502(e) is amended to read as follows:

"(e)(1) The Secretary, in addition to any other authority contained in this title, shall conduct experimental projects designed to assure second career training and the placement of eligible individuals in employment opportunities with private business concerns. The Secretary shall enter into such agreements with public agencies, nonprofit private organizations and private business concerns as may be necessary to conduct the experimental projects authorized by this subsection. The Secretary, from amounts reserved under section 506(a)(1)(B) in any fiscal year, may pay all of the cost of any agreements entered into under the provisions of this subsection.

"(2) Not later than 90 days after the date of enactment of the Older Americans Act Amendments of 1981, the Secretary shall issue criteria designed to assure that agreements entered into under paragraph (1) of this subsection—

"(A) will involve different kinds of work modes, such as flex-time, job sharing, and other arrangements relating to reduced physical exertion; and

"(B) will emphasize projects involving second careers and job placement and give consideration to placement in growth industries and in jobs reflecting new technological skills.

"(3)(A) The Secretary shall carry out an evaluation of the second career training and job placement projects authorized by this subsection.

"(B) The evaluation shall include but not be limited to the projects described in paragraph (2).

"(C) The Secretary shall prepare and submit, not later than one year after the enactment of the Older Americans Act Amendments of 1981, to the Congress an interim report describing the agreements entered into under paragraph (1) and the design for the evaluation required by this paragraph. The Secretary shall prepare and submit to the President and the Congress a final report on the evaluation required by this paragraph not later than February 1, 1984, together with his findings and such recommendations, including recommendations for additional legislation, as the Secretary deems appropriate.

"(D) The Secretary shall make the final report submitted under subparagraph (C) available to interested private business concerns.

"(4) For the purpose of this subsection—

"(A) 'eligible individual' means any individual who is 55 years of age or older and who has an income equal to or less than the lower living standard income level; and

"(B) 'lower living standard income level' means the income level (adjusted for regional, metropolitan, urban, and rural differances and family size) determined annually by the Secretary of Labor based on the most recent lower living family budget issued by the Secretary.".

(d)(1) Section 506(a)(2) is amended by adding after the first sentence the following: "The Secretary in awarding grants and contracts under such paragraph (1) from such 45 per centum shall, to the extent feasible, assure an equitable distribution of activities under such grants and contracts designed to achieve the allotment among the States described in paragraph (3) of this subsection.".

(2) Section 506(a)(1)(B) is amended—

(A) by striking out "may" and inserting in lieu thereof "shall"; and

(B) by striking out "not to exceed" and inserting in lieu thereof "which is equal to at least".

(3)(A) Section 506(a)(2) is amended by inserting "to the appropriate public agency of each State" after "allotted".

(B) Section 506(a)(3) is amended by striking out "for projects within each State" and inserting in lieu thereof "to an appropriate public agency of each State".

(e) Section 507(3) is amended by inserting "weatherization activities;" after "efforts;".

(f) Section 508 is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 508. There are authorized to be appropriated to carry out this title $277,100,000 for fiscal year 1982, $293,726,000 for fiscal year 1983 and $308,706,000 for fiscal year 1984.".

INDIAN TRIBES

SEC. 17. (a)(1) Section 604(a)(4) is amended by striking out "that a nonprofit private organization selected by the tribal organization will conduct" and inserting in lieu thereof "for".

(2) Section 604(a)(8) is amended by inserting before the semicolon a comma and the following: "except that in any case in which the need for nutritional services for older Indians represented by the tribal organization is already met from other sources, the tribal organization may use the funds otherwise required to be expended under this paragraph for social services".

(3) Section 604(a)(10) is amended to read as follows:

"(10) provide that any legal or ombudsman services made available to older Indians represented by the tribal organization will be substantially in compliance with the provisions of title III relating to the furnishing of similar services; and".

(b) Section 604(b) is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) Each tribal organization submitting an application under this title shall take such action as may be necessary to inform each State agency on aging of the intention of the Indian tribal organization to submit such an application.".

(c) Section 605 is amended—

(1) by striking out the subsection designation "(a)", and

(2) by striking out subsection (b).

(d) Section 608(a) is amended to read as follows:

"(a) There are authorized to be appropriated $6.000.000 for fiscal year 1982, $6,400,000 for fiscal year 1983, and $6,800,000 for fiscal year 1984 to carry out the provisions of this title other than section 606.".

REPEALER RELATING TO PART C, TITLE III

SEC. 18. Section 501(b) of the Comprehensive Older Americans Act Amendments of 1978 is repealed.

AVAILABILITY OF APPROPRIATIONS FOR WHITE HOUSE CONFERENCE

SEC. 19. Sums appropriated under section 207 of the 1981 White House Conference on Aging Act for fiscal year 1981 obligation and expenditure shall remain available for the succeeding fiscal year.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SEC. 20. Section 2603 (2) of the Omnibus Reconciliation Budget Act of 1981 is amended to read as follows:

"(2) the term 'household' means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;".

COMMUNITY SERVICES BLOCK GRANT

SEC. 21. (a)(1) Section 673(1) of the Omnibus Budget Reconciliation Act of 1981 is amended by adding at the end thereof the following new sentence: "The term 'eligible entity' includes any limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act.".

(2) Section 675(c) of such Act is amended by adding at the end thereof the following new sentence: "The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies which meet the requirements of the second sentence of section 673(1).

(b) Section 675(c)(2)(A)(ii) of the Omnibus Budget Reconciliation Act of 1981 is amended by inserting a comma after "directly".

SENSE OF THE SENATE RESOLUTION

SEC. 22. The Congress will not support any Social Security benefit reductions which are designed to reduce the Federal deficit rather than insure the solvency of the Social Security System; and

A budget plan which would subject Social Security benefits to Federal income taxation would be tantamount to a cut in Social Security benefit payments; and

A budget plan which would federally tax Social Security benefits would constitute a precipitous and unfair Social Security benefit cut for elderly Americans, already retired and approaching retirement age, who have planned for their retirement with the full expectation of a specific level of tax-free Social Security income; and

Elderly Americans are especially burdened by inflation as the cost of basic necessities including food, fuel, and medicare care, have been rising faster than the rate of inflation; and

Social Security is the only inflation proof pension most Americans have to insure adequate retirement income; and

The prospect of Federal taxation of Social Security benefits has alarmed many older Americans and may have undermined their confidence in the integrity of the Social Security System.

It is the sense of the Senate, that Social Security benefits are and should remain free from Federal taxation, and that the Ninety-seventh Congress will not enact legislation to subject Social Security benefits to taxation.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONGRATULATIONS TO SENATOR DENTON

Mr. BAKER. Mr. President, I want to take this opportunity to express my congratulations to the distinguished Senator from Alabama (Mr. DENTON). I believe I am correct in saying that this is the first major bill he has managed on behalf of the majority. I want to observe that he did it with extreme competence and skill that suggested that he has a great future on this floor.

I am pleased, Mr. President, to see that our younger Members, our freshmen, have taken the responsibility which goes with floor management with such ease and skill. I especially pay my respects and express the appreciation, I am sure, of every Member to the Senator from Alabama for his fairness and impartiality, but mostly for his effectiveness in managing this piece of legislation.

Mr. ROBERT C. BYRD. Mr. President, today the Senate considered and passed unanimously S. 1086, the Older Americans Act Amendments of 1981. This measure extends a highly significant piece of legislation for an additional 3 years.

I take this opportunity to thank the Senator from Missouri (Mr. EAGLETON), manager of the bill for Senate Democrats and ranking Democratic member of the Labor and Human Resources Subcommittee on Aging, Family and Human Services, for his hard work on this measure.

He and the manager of the bill, the Senator from Alabama (Mr. DENTON), made every effort to accommodate the needs of Senators on both sides of the aisle.

Senator EAGLETON has made numerous contributions to legislation affecting senior citizens. This bill is another excellent example of the careful oversight and review of Federal programs for elderly Americans which the Subcommittee on Aging has performed. The legislation which just passed the Senate today, is not intended to—and indeed, could not hope to—address and solve all of the many pressing concerns facing elderly Americans today, but it should help to fill some needs of senior citizens, who comprise approximately one out of every nine Americans.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond the hour of 5:45 p.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

200TH ANNIVERSARY PERFORMANCE OF "HAPPY DAYS"

Mr. CRANSTON. Mr. President, Paramount Television in Los Angeles is preparing to film the 200th performance of the popular and wholesome program "Happy Days."

I join with Mayor Tom Bradley, Governor Jerry Brown, and scores of television industry and civic leaders in saluting the people who have made "Happy Days" a success.

In 200 episodes, "Happy Days" has become an important contributor to American popular culture. Fonzie's black leather jacket is one of a small handful of items from contemporary television that are on public display at the Smithsonian Institution. Henry Winkler's portrayal of "the Fonz" has created an appealing and distinctly American character that is instantly recognizable all over the world.

The series has achieved success without being coarse or violent. Producers Garry K. Marshall, Thomas L. Miller, and Edward K. Milkis have made the show an exemplar of traditional values. On "Happy Days" the family is always shown to be a strong and integral part of American society. Relationships between young and old, children and parents, are explored with warmth and understanding. Comedy is skillfully employed as a medium for conveying—especially to young viewers—the rewards of family and friendship, and the nobility of simple fairplay and human compassion.

Mr. President, I know that Henry Winkler and Tom Bosley and others connected with the show feel strongly—as I do—about the status of handicapped people in our society. They have been active in helping handicapped men and women enter and succeed at the acting profession. Scripts for "Happy Days" have made use of handicapped persons in roles that overcome stereotypes about people with physical disabilities.

Henry Winkler deserves special commendation for working so hard for so many good causes. Henry has spoken out on behalf of Vietnam veterans— a special concern of mine. He has used the appeal of "the Fonz" to campaign against alcohol and drug abuse and youth vandalism. He has given generously of his time and talents for charities directed at cerebral palsy, epilepsy, multiple sclerosis, and cancer. He is—among many other things—a founder and director of the Children's Museum of Los Angeles.

Henry Winkler's activism is one reflection of the high spirits and big hearts of many of the "Happy Days" cast and production crew. I am proud of all of them and wish them congratulations on 200 "Happy Days" and best wishes for many more still to come.

COST OF MAIL MAY BE A BARGAIN

Mr. STEVENS. Mr. President, earlier this month the Hartford, Conn., Courant printed a story regarding the operation of the U.S. Postal Service and the fact that one of the biggest bargains Americans have going for them in these inflationary times is the cost of mailing a letter.

This story outlines the tremendous progress made by the U.S. Postal Service since reorganization in 1970 and puts into perspective the rise in the cost of postage in comparison to other staple American items.

The real message of the article is the tremendous strides the U.S. Postal Service has made in the past 10 years to keep postage costs low and to improve efficiency of postal operations. As pointed out in this piece, the Postal Service has had its skeptics, including those who scoffed at the five digit ZIP code when it was introduced. Similar opposition has been voiced about the nine-digit code, but if the Postal Service's success is to continue, the new code must be used.

Mr. President, I ask unanimous consent to have the entire text of the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COST OF MAIL MAY BE BARGAIN, NOT JOKE

(By Jill Whedbee and Bill Stall)

WASHINGTON.—This may come as a surprise, but one of the biggest bargains Americans have going for them in these inflationary times is the cost of mailing a letter.

The U.S. Postal Service long has been the butt of national jokes along with the Edsel car, the Chicago Cubs and the April 15 income tax deadline. And periodically, there are stories about letters or postcards being received 30 years after they were dropped in the postal slot. It makes for a good laugh.

And everyone gasps whenever the Postal Service talks about increasing first-class postage rates. Oldtimers nod to each other and wax nostalgic about the 3-cent stamp.

It is true that the 3-cent stamp now is 18 cents and expected to go to 20 cents soon—that constitutes a six-fold increase in first class postal rates since 1940. But during the same period, the cost of a chuck roast of beef has gone up eight times, coffee 12 times, a new auto at least eight times, college tuition 13 times and movie admission 10 times.

While postal users—and virtually everyone uses the service—traditionally complain about poor service and high rates, in fact service generally is better than ever and rates are more reasonable than most other necessities of life. In fact, comparing the current 18-cent stamp with the 3-cent stamp is unfair since in 1977 the separate airmail rate was eliminated and most long distance first class mail goes by air without the surcharge that used to be required.

In fact, the 3-cent stamp remained in use until 1958. But at that time, it cost 6 cents to send a letter by air.

Further, the Postal Service now is on much more of a pay-as-you-go basis than in the past. Before the Postal Service was reorganized a decade ago, fully 25 percent of the old U.S. Post Office expenses were picked up by the taxpayer. This subsidy has fallen to just 4 percent in fiscal year 1980 out of a total postal budget of more than $19 billion.

It has now been 10 years since the Nation's postal operation has been overhauled and taken out of the thick of the political arena. The results have been impressive. Fewer postal workers handle much more mail. Costs have gone up, certainly, but postal delivery has been expanded in rural areas and expedited in urban areas. There is now Mailgram services and overnight express mail service, and further automation may speed postal delivery even more. The service also is expanding into computer communications.

Just a decade ago, the story was not as impressive.

In 1975, the last year of World War II, the Post Office ran a profit of nearly $200 million. But from then until 1979, the Nation's postal operation incurred losses of staggering proportions, hitting bottom in 1970 with a deficit of about $1.5 billion.

It was then Congress established the U.S. Postal Service as an independent branch of government with the mandate of operating on a business-like basis and the goal of financial self-sufficiency.

Until then, the Post Office was deeply involved in politics. The postmaster general often was a political crony of the president and postmasterships were political plums to be dispensed to please senators and congressmen. Postal rates and budgets were compiled within the aura of political crosscurrents in the Congress.

In 1979, for the first time since 1945, the postal service ended the fiscal year with a profit of more than $400 million. This was something of a quirk, and there was a loss in the following year.

But taking the postal service out of politics still did not take politics entirely out of the postal service. This is one federal service that goes, literally, into every home in every corner of the country. Raising postal rates still is a touchy issue, as is the proposal to increase the ZIP code from five to nine digits. Proposed increases in postal rates have been delayed and the dream of a self-sustaining postal system still is not a year-to-year reality.

Back in April 1980, with the service close to being self sufficient, it sought a five-cent increase on first class postage, to 20 cents, but got only three cents, last March, pending further study. While that study goes on, the Postal Service is falling back into the hole. Jim Finch, senior assistant postmaster general, said the service has lost $125 million since this past March because of its failure to get the full five-cent increase.

If the full increase was granted, the service could have operated in the black this year, as supposedly required by the reorganization law, Finch said. But now, the service is facing a deficit of up to $1.5 billion.

In another effort to become solvent, the service has promoted its overnight express mail service in competition with private carriers like Federal Express and Purolator Courier. Federal Express now handles about 13,000 pieces of overnight "mail" each day at a cost of $9.50 for two ounces or less. Federal Express expects the volume to grow to 40,000 pieces daily by the end of next year.

The U.S. Postal Service handles about 50,000 pieces of express mail per night, a 43-percent increase over last year. Prices at most post offices range up to $9.70 for up to one pound.

In spite of ongoing controversies about postal rates and ZIP codes, most Americans generally are pleased with the service they get.

The magic surplus of 1979 turned into a $306 million loss last year. Still, that was only half of what the Postal Service expected. One reason for the reversal was a massive increase in the amount of mail handled—106 billion pieces in all, an increase of 6.5 billion pieces the year before. It could have been worse. Productivity, measured by the number of pieces of mail handled by each postal worker on the average, increased by 5.5 percent to 156,528.

By any measure, however, the Postal Service is doing an impressive job compared with those big-deficit days back in 1970. At that time, a much larger force of postal workers handled much less mail, fewer than 85 billion pieces in 1970. In that year, each worker handled an average of about 117,000 pieces of mail, far less than today.

And, with some exceptions, most mail gets to its destination faster than it used to. The Postal Service told The Courant that 95 percent of local area mail is delivered the day after it is mailed. More than 85 percent of mail posted within a 600-mile radius gets there within two days, and cross country mail within three.

One reason for all of this is mechanization and automation.

When the USPS took over in 1971, it immediately spent millions to upgrade the obsolete sorting system which depended primarily on the traditional pigeon hole method. An employee would sit before a wall of boxed compartments and manually sort each letter into an appropriate box.

Today, letter sorting machines handle more than 70 percent of the mail compared with 20 percent a decade ago.

Presorting of mail, accounting for 11 percent of first class mail, also has improved productivity. Businesses with large mailing lists segregate mail by ZIP code before delivering to the post office. This allows such mail to bypass most sorting procedures at postal distribution centers.

The Postal Service acknowledges that it is reaching the saturation point in handling presorted mail, but a new form of automation is being implemented to provide for further improvement in the future.

One key to this is the controversial nine-digit ZIP code. The added four digits would enable mail to be sorted into segments of carrier routes such as those serving small office buildings and even specific floors of larger buildings.

Use of the expanded ZIP code would be voluntary, but USPS expects 90 percent of the mail to contain a nine-digit code by 1987. Skeptics may scoff, but they did, as well, when the original ZIP code was instituted in 1963. Today, 97 percent of the mail carries a five digit code.

ZIP-Plus-4, as the postal service calls it, would be used in conjunction with $887 million worth of automated equipment now being purchased.

EDITORIAL OPINION ON TENN-TOM COMING IN LOUD AND CLEAR

Mr. PERCY. Mr. President, rarely has an issue united the editorial pages of this country like the Tennessee-Tombigbee waterway project has. Respected newspaper after newspaper have taken a position against this monumental water project. What is most impressive and interesting about this chorus of voices is that they come from every section of the Nation. I ask that the following editorials and articles, dating from January 1981, be printed in the RECORD.

The material follows:

[From the Sun-Times, Nov. 2, 1981]

HERE'S WHERE SENATE AX BELONGS

Senators have a rare chance this week.

In one vote, they can show fiscal responsibility, concern for the environment and defiance of outdated back-scratching politics, which has characterized too many unnecessary federal projects.

The issue is the Tennessee-Tombigbee Waterway, a giant ditch expected to cost some $2 billion and disrupt water systems in northern Alabama. It has been kept alive only by misdirected regionalism and the sweet smell of a barrel full of pork.

The Tenn-Tom project, larger and costlier than the Panama Canal, has been a target of budget cutters and environmentalists for a decade. Last summer, its vast fiscal waste almost did it in: Further funding squeaked through the House in a 208–198 vote.

This week, it comes up in the Senate, which is to consider the fiscal '82 Energy and Water Development Appropriation Bill. Senators Charles H. Percy (R-Ill) and Daniel P. Moynihan (D-N.Y.) are offering an amendment to delete $189 million now included in the bill to continue Tenn-Tom construction.

We hope their amendment passes.

Percy and Moynihan make an excellent case: In a time of severe federal budget restraint, when social programs face deep and painful cuts, why continue a wasteful, massively useless construction program?

Why back a boondoggle?

It's the same question raised last month when 25 House members (including 23 Republicans) urged Senate Majority Leader Howard H. Baker, Jr. (R-Tenn.) a major Tenn-Tom backer, to back off. They asked him to re-examine his support for the project and let fiscal sanity prevail.

Sixteen freshmen have never cast a Senate vote on Tenn-Tom. Many of them campaigned on the pledge that they'd cut federal spending once they got to Washington.

Tenn-Tom is a golden chance. Stopping the project now would stop a budget hemorrhage estimated at $90 million a month.

The vote is expected to be close. We hope Percy wins: Kill it before it costs again.

[From the Shreveport (La.) Times, Mar. 11, 1981]

NOT EVERYONE IS SHARING THE LOAD

The medicine is bitter, but we will swallow. That was—and remains—our reaction to President Reagan's announced cut of all fiscal 1982 funding for the Red River navigation

project. As we said in a Friday editorial, general national benefit must be considered above regional concerns if we are to stop this breakneck government spending and its resulting inflationary backfire. But if what we read is correct, not everyone—even those closest to Mr. Reagan himself—cares to be so magnanimous.

According to *Competition*, a readable Washington-based free enterprise monthly, Energy Secretary James Edwards, former governor of South Carolina, is sympathetic to a $2 billion federal bailout of a half-completed nuclear processing plant in his home state. The facility is the Barnwell Nuclear Fuel Plant, which was halted in 1976 when owners decided that continued construction was not economical and that even at full throttle, the plan could never turn a profit.

And what is this we read about the controversial Tennessee-Tombigbee water project, replete with its miserable benefit-to-cost ratio and endless environmental problems, escaping Reagan's budget assault altogether? It's true, Tenn-Tom—a $1.4 billion government-construction behemoth spanning three states—apparently will continue guzzling inflated federal dollars because, says Budget Director David Stockman, of its support by Senate Majority Leader Howard Baker. Sen. Baker, you know, is a good Republican who hails from the project's namesake state, Tennessee.

Notwithstanding the environmental problems that have almost halted the project on at least three occasions, a friend at the Corps of Engineers tells us: "There's no way on earth the Tenn-Tom can return more than . . . $1.05 or $1.10 in benefits for every buck Uncle Sams spends . . . that's if it can even turn a profit at all." That, note, is far worse than the $1.20-to-$1 ratio of the Red River project, which, with our blessings, Mr. Reagan sacrificed on the altar of thrift last week.

Again, despite the pain, we will graciously accept the burden of the Reagan plan, but only if everyone—even weighty Reagan cronies like Mr. Edwards and Sen. Baker—is willing to share the load.

[From the Wichita Eagle-Beacon, Feb. 15, 1981]

BUTCHERING THE SACRED COWS

(By George Neavoll)

It's impossible to be against waste in government and be for many of the federal water projects that are being proposed today.

President Reagan and the Congress could, if they would, save literally billions of dollars by eliminating just the worst of these certifiable boondoggles—and I am hopeful that's precisely what the president will advocate in the budget revisions he sends Congress on Wednesday.

The problem in doing this, of course, is that water projects long have been the most sacred of sacred cows on Capitol Hill, and no president dares touch a single one of them without having to pay the political cost. I am convinced the decline of Jimmy Carter's presidency began with his deletion of 19 such projects from his Fiscal Year 1978 budget—a bold decision from which he later was forced to back largely away.

The political climate has changed since then, however, and an almost desperate economic situation is forcing everyone to rethink old priorities, and to resolve that the rate of federal spending either must be brought under control, or the American people must enter into an economic bondage from which there may be no escape.

An excellent place to begin the attack on that spending is at the congressional pork barrel, from whose largesse is funded such projects as the Tennessee-Tombigbee Waterway.

The Tenn-Tom, as it has come to be known, is the largest project ever attempted by the Army Corps of Engineers, and is is one of the most wasteful federal projects in U.S. history.

The Reagan administration, by eliminating it, could save the American taxpayers $3 billion in one fell swoop.

The project is designed to cut through a mountain ridge—moving more soil in the process than was moved for the Panama Canal—to link the Tennessee and Tombigbee Rivers in order to provide a shorter barge route to the Gulf of Mexico at Mobile.

Essentially, the Corps proposes to dig another Mississippi River, which the Tenn-Tom would parallel—raising the obvious question of what's wrong with the barge route God created?

More than cynical editorial writers are asking the question, too, as is evidenced by the fact that 60 percent of the navigation benefits claimed for the waterway is unfounded. The Tenn-Tom's few major potential customers either have gone out of business or would find it economically unfeasible to use it instead of the Mississippi.

Even if the Corps' original estimates of usage were accepted, 70 percent of the projected tonnage to be shipped on the canal was to be coal, and more than half of that was to be for export, primarily to Japan.

It's small wonder the National Taxpayers Union, in a letter drafted with several other organizations to Dave Stockman, director of the Office of Management and Budget, called the Tenn-Tom "a terribly costly project which is based largely on potential, not existing, traffic which will never materialize."

Fortunately, no one knows this better than Dave Stockman, who was a vigorous opponent of the waterway last year, while he still was in the House of Representatives.

Though the Tenn-Tom may be the worst of the water project rip-offs, it's by no means the only one. Mr. Reagan could do the taxpayers an enormous favor by applying the budgetary broadax to the following, as well:

The Dickey-Lincoln School Lakes Project on the primeval St. John River in northern Maine which would provide dubious hydroelectric benefits at a cost of up to $2 billion.

The Central Arizona Project, designed primarily to suck more water from the already overused Colorado River system for use by Phoenix and Tucson, at a cost of up to $3 billion.

The Garrison Diversion Unit on the Missouri River system in the Dakotas, which would displace almost as much productive farmland as it's intended to irrigate, at a cost of close to $4 billion.

The O'Neill Unit on the beautiful Niobrara River in north-central Nebraska, which would provide irrigation at a cost of more than a quarter million dollars a farm, for a total cost of at least $200 million.

The Columbia Dam on the Duck River in Tennessee, which would create a stagnant reservoir as a "recreation" project and destroy 29,000 acres of prime farmland in the process, at a cost of at least $150 million.

And the list goes on and on.

It used to be that any member of Congress worth his or her salt would bring at least one water project or other big federal expenditure home to his or her district during the member's tenure. Cost-benefit considerations had little to do with it.

The member's colleagues went along with it, knowing their turn at the pork barrel would come.

But those days are gone forever. The government, with one presidential administration after another working hand in hand with one Congress after another, has squandered the taxpayers' hard-earned cash outrageously over the years, and now the time of reckoning has come.

Some water projects, of course, have been eminently cost-justified, and the American people as a whole have benefited. But for every such project, there have been at least a dozen that have been boondoggles, pure and simple, unjustifiable by almost any standard.

The six listed above are representative of the latter, and deserve the closest scrutiny by the president and the Congress in the lean days ahead.

[From the St. Petersburg Times, Feb. 22, 1981]

SACRED COWS THAT THE PRESIDENT MISSED

President Reagan would have the government take food from children but continue digging a worthless, $3-billion ditch. He wants to cut food stamps, school lunches and Aid to Families with Dependent Children. Yet he would finish the Tennessee-Tombigbee Waterway.

By no stretch of the speechwriter's imagination can that equation be called even-handed. The Tennessee-Tombigbee is a classic example of waste and fraud that cries out to be stopped. So do dozens of other navigation projects that are costing the public far more than they are worth. But the President proposed no more than token postponements. The Tennessee-Tombigbee, for example, would lose only $2.9-million of this year's $204-million construction appropriation—the part representing recreational use.

The Tenn-Tom, you may recall, is to be a canal through Mississippi and Alabama, providing a shortcut from the Tennessee River to the Tombigbee at Demopolis, Ala. This essentially does nothing but parallel the Mississippi River. In presenting its "proof" that the waterway would pay for itself in savings to shippers (at the taxpayers' expense, of course) the Corps of Engineers neglected to consider either the necessity or the $1-billion cost (both of which it now admits) of dredging the Tombigbee south of Demopolis. The shipment predictions also seem to have been exaggerated. Is this how you want your taxes spent?

Reagan virtually apologized to the Congress for those few water project slowdowns, totaling $300-million a year, as he dared to recommend. "Under normal conditions of low inflation and strong economic growth," he said, "the current rate of many of these activities would be justified."

"We're saying that he cut the muscle and left the fat," replied an environmentalist spokesman.

Why? The answer is simple. Reagan did no more than admit that Washington's most powerful special interest group is the Congress itself. Congress would sooner pass up a pay increase than trim the fat out of the pork barrel. It's the public works—at least one for every district, thank you—that constitute the patronage on which they think they depend. Landowners, promoters, contractors, suppliers and labor unions all figure in the picture.

The Tennessee-Tombigbee's congressional sponsors happen to include Rep. Jamie Whitten, D-Miss., the chairman of the House Appropriations Committee. He is a key man, obviously, to the success of Reagan's entire program. One can only guess what he may have said to Reagan's budget director, David Stockman. One can only wonder what Stockman thinks when he looks in the mirror. Last year, as a House member, Stockman fought heroically to stop the Tenn-Tom.

Far, far better was the administration's recommendation to boost the four-cent-a-gallon tax on barge fuel to 30 cents by 1983. (Under present law, the new tax would peak at 10 cents in 1986.) Reagan told Congress he wants the barge tax to pay for all waterway operations—and to pay, eventually, for building new waterways as well.

There is no mistaking the significance of that. Requiring the barge companies to pay for building the costly waterways is likely to make them think twice about the necessity of building them at all. The critical

questions, of course, are these: Will they include some $5 million to $10 billion in work which has been authorized but not financed? Will the Congress be willing in the first instance to make the barge lobby pay its own way? According to a Congressional Budget Office study, full user financing of pending construction and future maintenance would require $1.30 a gallon in tax. It took a terrific struggle just to get the first four cents passed in 1978. Some combination of a phased-in tax increase and specific tolls for high-cost waterways would probably be easier—but still difficult—to pass.

Difficult or not, it's a clear choice between the public interest and private greed. So, too, is the Tenn-Tom itself. Neither Reagan nor the Congress can claim to have faced up to fraud and waste while they allow that project to go on.

[From the Chicago Tribune, Mar. 2, 1981]

UNTOUCHABLE PORK?

President Reagan has sent his budget-cutters to find another $6 billion to remove from the 1982 budget. We have a suggestion where they can find some handsome savings: water projects. While David Stockman and Company were slashing everything else right and left, they somehow overlooked the $4.5 billion the federal government spends every year on assorted dams, canals, locks, and other water-related ventures. Mr. Reagan's plans call for cutting not a nickel from water project funds for 1981 and only a token $95 million next year. Even with that reduction, spending on water projects would be 6 percent higher in 1982 than this year.

Any administration that can't find some fat in $4.5 billion worth of pork just isn't trying. Left unscathed in the Reagan budget are such fiscal and environmental disasters as the infamous Tennessee-Tombigbee project (more than $200 million in 1982, $3 billion before it's finished), the Central Arizona Project ($195 million and $2 billion), and the Bonneville unit of the Central Utah Project ($71 million and $1.6 billion). By the estimate of the Coalition for Water Project Review, merely cutting the most obvious waste could save more than $700 million next year and $1 billion in each of the succeeding four years.

The reason none of these were cut back or eliminated is politics. Jimmy Carter's initial honeymoon with Congress ended the day he released a "hit list" of 10 blatantly indefensible projects, and relations got even chiller when he followed it with a list of 14 more. Unfortunately President Carter didn't get what he wanted on most of the projects. Not only that, he never managed to dispel the will the episode created on Capitol Hill. When Hill critics complained that Mr. Carter never learned how to get along with Congress, they usually meant that he never accepted the wasteful water projects that powerful members use to keep federal money flowing into their districts.

But if President Reagan is purchasing congressional amity by keeping silent on these projects, he is paying too high a price. The failure to make any but the most trivial reductions makes a mockery of his much-touted willingness—nay, eagerness—to prove his even-handedness by making every favored constituency feel the same pain. It looks more than a little callous to trumpet the urgency of cutting food stamp payments and Medicaid while blithely throwing money down these ratholes.

No doubt the President is considering more than just congressional relations. Anyone looking at a map showing which states Mr. Reagan won last November can easily figure out why he has shied away from cutting the budget for water projects. Most of them are located in the South and West. The Sunbelt states are fond of complaining about federal programs to salvage the decaying cities of the Frostbelt. Fair enough. But one rarely hears them acknowledge the huge subsidy the Sunbelt gets in these water projects. In fact, one big spur to the anti-Washington sentiment in the West was Carter's threat to reduce the flow of federal dollars.

The leaders of the "Sagebrush Rebellion" are not against federal handouts—only against the "interference" that sometimes comes with them. But if the President is serious about making everyone share the pain, he can hardly justify leaving the water projects practically untouched. Mr. Reagan has asked the Northeast to accept its share of the sacrifice. He should give the Sunbelt the same opportunity.

[From the Los Angeles Times, Mar. 4, 1981]

THE HAT IS ON THE OTHER HEAD

Only a year ago, when he was representing a Michigan district in the House of Representatives, David A. Stockman was a vehement opponent of the Tennessee-Tombigbee Waterway. Now, as director of the Office of Management and Budget, he has the opportunity to halt the further waste of taxpayers' dollars on one of the costliest and least defensible boondoggles in the nation's history.

Yet, in the billions of dollars of cuts that Stockman is proposing in federal spending, he has yet to ask for a penny's reduction in the massive continuing appropriations for Tennessee-Tombigbee.

The waterway, whose eventual cost could reach $3 billion, would run 450 miles from southern Tennessee to the Gulf of Mexico through a series of dams, locks and canals. But, in the process of construction, it would destroy at least 100,000 acres of farms, forests and wildlife habitats.

The project would have no flood control or hydroelectric benefits; its single purpose would be to open a shorter route for the barge shipment of coal to the gulf port of Mobile. But shippers, now using southeastern railroads and the Mississippi River—only 150 miles away—to transport the coal, may or may not decide to use the alternative waterway. Even if they did use it, independent analysts say that the project would never pay its own way and that permanent government subsidies would be inevitable.

The waterway's only defenders are the Army Corps of Engineers, which is building it, and a number of powerful southern politicians, not the least of whom is Senate Majority Leader Howard H. Baker Jr. of Tennessee. Their prime interest is the infusion of federal construction funds into the economy of the region.

Although the project is one-fourth complete, all the millions already spent would not be lost if the government were to place Tennessee-Tombigbee on the top of its public-works hit list. Extensive improvements on the Tombigbee River have made it more navigable, and much of the land bought to expand the waterway could be sold.

Substantial savings are possible if President Reagan would do what Jimmy Carter should have done—slash the appropriation to zero. But Carter's budget for fiscal 1982 contains $204 million for the project, and the budget for 1981 appropriates $220 million, only a part of which has been spent.

By stopping the extravagance now, the Reagan Administration not only would save more than $300 million immediately, it also would spare the taxpayers much more in future construction funds and subsidies.

In the long, if unsuccessful, fight against the waterway, no one spoke more persuasively in opposition than David Stockman as a member of Congress. His words must haunt him now, because the odds are that the funding will continue and that the appeasement of southern politicians will take precedence over rational budget-cutting, as it did with the Carter Administration.

[From the Washington Star, Mar. 14, 1981]

SENATE PANEL RECOMMENDS ENDING WORK ON WATERWAY

(By Lance Gay)

In a move that caught Southern Democrats by surprise, the Senate Environment and Public Works Committee yesterday voted 9–4 to recommend ending work on the controversial $2.3 billion Tennessee-Tombigbee waterway between Tennessee and the Gulf of Mexico.

The vote on the project—which was originally conceived in 1810 and which critics have derisively called the federal government's effort to "clone the Mississippi"—came over the objections of Sen. John Stennis, D-Miss., who complained that he had been given no advance notice of the vote.

But environmental groups, which have been battling water projects on Capitol Hill for years, were pleased and said the action signaled a new attitude by conservative Republican senators toward so-called "pork-barrel" projects.

"It's a refreshing sign," said Brent Blackwelder, Washington representative of the Environmental Policy Center. "This is the biggest pork of them all. It's a sign that people are taking the budget-cutting seriously."

Sens. Alan Simpson, R-Wyo., and Peter Domenici, R-N.M., led the Republican effort to limit the U.S. Army Corps of Engineers budget for the barge canal to no more than $25 million—enough to finish work on existing portions of the waterway.

Last September the Senate voted 53–36 to continue funding for the barge canal that is planned to run some 445 miles parallel to the Mississippi River from Columbus, Ga., to Mobile, Ala. The initial portion of the canal between Columbus and Demopolis, Ala., has been largely completed, but little work has been done on the 217-mile stretch between Demopolis and Mobile.

Reagan administration budget cutters had spared the Tennessee-Tombigbee waterway from major cuts in fiscal year 1982 spending, and in the revised U.S. Army Corps of Engineers budget, only $2.9 million was trimmed from the Carter administration proposal to spend $204 million next year on the project.

At yesterday's committee session, Simpson initially sought to stop all funding for the project, but then went along with a proposal by Domenici to spend the $25 million to wrap up the initial portion. The committee's action was contained in budget recommendations to go to the Senate Budget Committee Monday.

[From the Hartford Courant, May 1981]

KILL THE TENN-TOM WATERWAY PROJECT

Wondrously strange is the ability of the Reagan administration to whack away at the budgets for social programs, ranging from Social Security to Medicaid, but to treat with kid gloves notoriously wasteful federal water projects.

And the most notorious of those is the Tennessee-Tombigbee waterway project, a partially completed $3 billion ditch that runs parallel to part of the Mississippi River.

The project, first proposed more than a century ago, could require $200 million a year in appropriations for the next 10 years to complete. That doesn't even include ancillary costs, like the required enlargement of the Mobile, Ala., harbor, and compensation for landowners whose wells go dry because of the waterway.

The project's economic value as a transportation route would be marginal, at best. And it would provide no flood control, water supply or power generating benefits. It would, however, cause serious environmental and social problems along the 449-mile route from Tennessee to the Gulf of Mexico.

David A. Stockman, the president's tight-

fisted budget director, must have had to swallow hard to agree to retain this fatty piece of pork in the Reagan budget proposal. Mr. Stockman opposed the project when he was just a congressman.

In those days, he didn't have to throw bones to Southern congressmen and senators so that they would support the budget as a whole.

But it strains enthusiasm for austerity in other areas when the big bucks continue to flow to boondoggles like the Tennessee-Tombigbee waterway. It should be killed.

[From the New Times, June 6, 1981]

MOST EXPENSIVE, NEEDLESS DITCH EVER

The most expensively wasteful waterway project in U.S. history continues to get a green light from the Reagan administration, in spite of the latter's claim of budget restraint and its sharp cuts in most domestic programs.

The Tennessee-Tombigbee canal project in Tennessee, Mississippi and Alabama is the U.S. Army Corps of Engineers' version of duplicating the Mississippi River for a limited amount of barge traffic which would require heavy subsidies from the federal treasury for the rest of this century and all through the 21st Century, unless the project is halted by the current session of Congress or by administration action.

The map to the right shows the small area of the country which would be served by the expenditure of $3 billion in tax dollars collected from other areas of the country, including the hard-pressed Northeast which is due to suffer disproportionately high cuts under most Reagan administration budget proposals.

(Map not printed in Record.)

But the $3 billion estimate is on the low side. It doesn't cover all the improvements which would be needed between Demopolis, Ala., and Mobile.

Nor does it cover the costs of future enlargement of Mobile harbor ($360 million is today's estimate; it probably would go over $1 billion if actually undertaken).

Nor the costs of fish and wildlife mitigation projects, which could run another $150 million.

Nor the costs of rip-rapping the canal (lining the banks with stone).

Nor the future costs of compensating landowners whose wells go dry because of the canal project.

This parallel to the Mississippi will cause railroads to fold up, throwing thousands out of work. Diversion of coal and other bulk shipments to the canal will create only a comparatively few jobs for barge crews to offset this job loss.

Construction of what amounts to the biggest government boondoggle of the 20th Century, unless Congress shuts off funding, will require moving more dirt than had to be moved for the construction of the Panama Canal.

There is no way income from users will meet the huge expense of building and operating locks to lift barges up and down mountainsides.

The Army Engineers and other backers of what would be the most expensive ditch ever dug by man have estimated all sorts of income from users. But it turns out that a large percentage of the firms said to be interested have gone out of business, cannot be located or disclaim interest in the canal.

The National Taxpayers Union, an organization of unimpeachable conservative credentials, has called for mothballing the project which it labels as "one of the most wasteful federal projects in the nation's history."

Two Republican senators, Alan Simpson of Wyoming and Peter Domenici of New Mexico, led a successful effort in the Senate Environment and Public Works Committee to recommend formally that the project be shut down after another $25 million is spent to finish existing portions.

The Chicago Tribune has labeled Tenn-Tom as "infamous" and a fiscal and environmental disaster.

A former congressman, who has become the best known American today for his budget-slashing techniques, has called building the canal the same as building a pyramid in every state because it would generate a lot of temporary jobs.

Excerpts from the statement then Congressman David Stockman made on the floor of the House a year ago appear.

Mr. Stockman, as budget director in the Reagan administration, sings a new tune this year. Or perhaps, it would be better to say he hums a new tune. He doesn't say a word against this huge waste of tax money, in keeping with the Reagan administration line that water projects in the South and West are sacrosanct and must not be cut.

The whole approach shrieks of politics—raw, naked politics.

Senate Majority Leader Howard Baker comes from Tennessee. There's a new Republican senator from Alabama, a fairly new Republican senator from Mississippi. And the administration is busy courting Democratic congressmen from the three states in an effort to get its way on tax cut legislation.

The only way the administration can clear itself of the charge of naked politics is to do what David Stockman urged a year ago—stop building a pyramid in the form of the Tenn-Tom boondoggle.

Otherwise, the administration will have to face the charge that in three southern states, its philosophy is simply "spend, spend, spend—elect, elect, elect."

[From the Springfield (Ill.) State Journal-Register, June 8, 1981]

THE BIGGEST PORK BARREL OF THEM ALL

(By Ed Armstrong)

President Reagan and his budget director, David Stockman, have taken steps to trim back federal spending in many areas, most of which are justified. Curiously, however, one project has avoided their budget trimming.

It is the Tennessee-Tombigbee Waterway, described by its opponents as a $3 billion boondoggle in Tennessee, Mississippi, and Alabama. More than $1 billion has already been committed to the project, but Congress is giving serious consideration to whether the waterway should be completed.

Proponents say it would make no sense to terminate the effort now, after it has been in progress for six years and so much money has been spent on it. But critics in and out of Congress question if it isn't a case of throwing good money after bad to continue funding.

The critics' position has been strengthened by a federal General Accounting Office report prepared at the request of several members of Congress.

Here is a brief recitation of reasons why the Tenn-Tom, as the project is called, is of dubious merit:

The waterway, which connects the Ohio River and the Gulf of Mexico by tying together the Tennessee and Tombigbee Rivers and making the entire reach navigable, parallels the Mississippi River only 150 miles east of the Mississippi. It also parallels several railroads.

The cost, estimated in 1972 to be $323 million, has grown to nearly $2 billion for the north leg of the waterway, and the GAO study says another $1 billion would have to be spent on the south leg to permit it to carry projected volumes of traffic, raising the total cost to $3 billion. Cost estimates rise yearly.

As early as 1976 the Corps of Engineers revised the benefit-cost ratio of the waterway down to 1.08 to 1, which meant it would return a benefit of $1.08 for each $1 spent on it. Now, the GAO study shows that anticipated volumes of shipping in the area—particularly coal shipping—were far higher than they are turning out to be. This indicates that benefits quite possibly will be only a fraction of cost and almost certainly will be less than cost.

The inland waterway fuel tax enacted in 1978 will not apply to users of the Tenn-Tom, so the entire cost of maintaining the waterway will fall to the federal government; none of the cost will be paid by shippers.

The Tenn-Tom is projected to have no benefits other than transportation. It will serve no flood control purpose, no water supply purpose, and it will not be the site for any hydroelectric plants. For this it will destroy 100,000 acres of farmland, forests and wildlife habitat. To build it will require moving more dirt than was moved to build the Panama Canal.

Who wants it? A few shippers who would save money shipping by barge; some people who live in the area of the Tennessee and Tombigbee Rivers and see it as good for business in their area, and others who have or hope to get construction contracts or jobs on the project. Most of all, the powerful politicians who represent them in Congress.

But who will pay for construction and operation? All the taxpayers of the United States.

We received word last week that it's unlikely the Reagan administration and Congress will continue funding of railroad relocation projects like the one long proposed here in Springfield. That's not surprising in light of the administration's stated determination to cut federal spending.

If that's a logical move, surely it would be logical also to drop the biggest pork barrel project of them all, the Tenn-Tom.

The enormous canal is only one-fourth built. Not all the money invested so far would be lost. Land acquired as right-of-way could be sold, for example.

It just makes no sense to continue to pump the nation's resources into a project that will provide much less in benefits than it will cost, and one that will continue to drain the national treasury for maintenance and operation in perpetuity.

Reagan administration people know this is true. Stockman was one of the leading critics of Tenn-Tom when he was in Congress, pointing up in House debate that some claimed benefits of the project are not really benefits but diversions of activity and resources from some other element of the economy.

Why then has the administration not deleted Tenn-Tom funding from its 1982 budget? Politics is the apparent answer. Howard Baker, Senate majority leader from Tennessee, favors the project. So do other Senators and Congressmen from the South who have helped the president on key legislation.

It appears this is one issue on which President Reagan will forgo consistency for political advantage.

Therefore, if Tenn-Tom is going to be sacked, it's up to Congress to do it. A Senate committee voted 9–4 in March to close it down, but you can bet that in coming weeks the Tenn-Tom boosters are going to call in a lot of political IOUs in an effort to preserve their pork.

If Congress really wants to serve the public interest, it will take knife in hand and butcher this biggest public works hog of all.

[From the Sacramento Bee, June 21, 1981]

HIGHWAY TO THE MOON

Remember the Tennessee-Tombigbee Waterway, America's biggest pork-barrel project? That's the 450-mile-long ditch, extending from Tennessee down to the Gulf of Mexico that was estimated in 1946 to cost $120 million, swelled to $323 million in 1970,

and at last count carried a $2 billion price tag. Now the General Accounting Office's latest estimate ups the ante by $1 billion.

The Tombigbee River, the GAO says, is being dug into a channel 300 feet wide in the 230 miles between the Tennessee River and Demopolis, Ala. But through the 220 miles from Demopolis south to the gulf, the channel will remain little more than a stream barely 200 feet wide that will create a serious bottleneck. An additional $1 billion will be required to correct that problem, the GAO said.

Tenn-Tom, one of the largest and costliest projects in the nation's history, was a dubious public works program from the start. It was supposed to offer a shorter route for coal-barge companies and shippers now using the Mississippi River, 150 miles away. Trouble is they say they don't need it and won't use it. Those who do want it are powerful Southern politicians, including Senate Majority Leader Howard Baker, R-Tenn. Its justification becomes even flimsier when one considers that the project offers no flood control and no hydroelectric benefits, that it will destroy rich farm, timber and forest land, and that it is expected to lose at least 77 cents for every dollar that will have been spent to build it. The GAO figured that the earth removed for the waterway is enough to build a two-lane highway to the moon. The waterway is about as practical.

More than $1.6 billion could still be saved if the federal government were to halt the project now. Unfortunately, the administration has already spoken on the matter: $200 million has been budgeted for next year's Tenn-Tom costs. That action hardly squares with an administration pledged to seek out and cut wasteful spending, which in this case has reached, one might say, astronomical proportions.

[From the St. Petersburg Times, July 18, 1981]

PORK-BARREL SPECIAL

The Florida members of the U.S. House of Representatives next week will have a clear choice between the public interest and private greed, that's when they will vote, along with the other House members, either to continue or to stop financing the digging of a worthless, $3-billion ditch.

The ditch is better known as the Tennessee-Tombigbee Waterway or the Tenn-Tom. It is the most expensive, wasteful and environmentally harmful project ever undertaken by the Army Corps of Engineers. The waterway would provide river traffic with a shortcut between the Tennessee River and the Gulf of Mexico.

Nobody will benefit but the builders and a few coal and barge companies. The project is pure pork-barrel politics.

The issue before the House is whether to pour another $189-million into the Tenn-Tom for the 1982 fiscal year. The House members who really represent the public interest will vote to stop that incredibly wasteful project.

The Tenn-Tom probably would cost more to complete than anyone will be able to save by using it. The corps originally told Congress that it would cost only $815-million to dig 232 miles of canal through Mississippi and Alabama. But, as the forecasts soared to almost $3-billion, the corps deliberately concealed the truth from Congress and taxpayers.

For many reasons, the members of Congress should have halted the construction of this boon-doggle long before now. The U.S. 5th Circuit Court of Appeals has given them still another justification for stopping the project. The court recently prohibited the Corps of Engineers from completing major portions of the Tenn-Tom because it had flagrantly violated its own rules.

The waterway could be stopped now, with less than $1-billion spent. Some of the taxpayers' money still could be recovered through the sale of land that was acquired for the Tenn-Tom's right of way.

Yet, the House Appropriations Committee is trying to buy the Florida delegation's support for the project. The committee added almost $1-million to the energy and water development appropriations bill to be used by the Corps of Engineers for 10 projects in Florida. Such blatant bribery is an insult to all taxpayers.

Floridians will be watching how their representatives vote. The additional money for projects by the Corps of Engineers in Florida is no justification for the House members from our state to continue supporting the Tenn-Tom.

If they do, they will be voting to throw good money after bad. That's indefensible at a time when federal budget cuts will mean that food is taken from children and health care is denied old people.

[From the Los Angeles Times, July 19, 1981]

LET'S SCUTTLE IT

The Reagan Administration budget contains $189 million more for the Tennessee-Tombigbee Waterway, perhaps the most costly and least defensible public-works project in the nation's history.

The appropriation remains in the budget for only one reason: Senate Majority Leader Howard H. Baker Jr. (R-Tenn.) and other powerful Southern legislators want the waterway built to channel federal dollars into the declining economy of the region.

An indication of their power is the obeisant role of Budget Director David A. Stockman. Only a year ago, when he was representing a Michigan district in the House of Representatives, Stockman was one of the vocal critics of the wasteful project. But in his new position he has left the $189 million intact, while slashing deeply into other and more critical domestic appropriations.

But the battle against the massive boondoggle is not yet lost. The House will vote this week on whether to strike all money for the project from the budget, and a roll call favoring the amendment would effectively thwart the efforts of Baker and other Southerners to restore it.

There is much more at stake than the eventual $3 billion cost of the project; independent analysts expect it to lose at least 77 cents in operating costs for every dollar spent to build it—a deficit that taxpayers would have to subsidize into infinity.

The waterway would run 450 miles from the coal fields of southern Tennessee to the Gulf of Mexico through a series of dams, locks and canals, and its construction would destroy at least 100,000 acres of farms, forests and wildlife habitats.

Tennessee-Tombigbee would have no flood-control or hydroelectric benefits whatever; its one purpose is to open a barge route for shipment of coal to the gulf port of Mobile. But a parallel waterway—the Mississippi River—already exists, and the available supplies of coal in the region do not justify a second route. More than that, use of the waterway to transport coal would strike a major blow to railroads in the Southeast.

Although the Army Corps of Engineers project is now 25 percent complete, the government could recoup part of the money already spent by selling off its land acquisitions, and at higher prices than were paid. In addition, extensive work already has been done to improve the navigability of the Tombigbee River, and that benefit would remain even if the corps abandoned the total project.

Apart from the extravagant waste of federal funds, the project poses major hazards to the environment of the region, and conservation organizations are unanimous in their opposition to it.

The 5th Circuit Court of Appeals in New Orleans shares that concern. Last week it issued an injunction against the Corps of Engineers, halting work on the central section of the waterway. Despite major changes in the 1971 design for the project, the corps did not submit a supplement environmental-impact statement, and that, the court said, was "a blatant violation" of the National Environmental Policy Act.

To our mind, the project also violates common sense and, certainly, mocks the Reagan Administration's pledge of fiscal responsibility.

To complete the waterway, the corps would have to move as much earth as it did to build the Panama Canal, and to what end? To relieve, temporarily, the lagging economy in three states, but at staggering present and future costs to the Treasury.

The time to scuttle Tennessee-Tombigbee is now.

[From the Washington Post, July 21, 1981]

THREE THAT DESERVE TO LOSE

Three very large government projects—the Tennessee-Tombigbee Waterway, the Clinch River breeder reactor and SRC I (the solvent refined coal project)—come before Congress this week: All richly deserve to be defeated.

What else do these projects—a canal connecting the Tennessee to the Gulf of Mexico, a breeder reactor demonstration plant, and a plant to make solid and liquid fuels from coal—have in common? All three are to be paid for entirely or largely from federal government funds. All have incurred immense cost overruns beyond expenses due to delay and inflation. All are way behind schedule. All are extremely expensive—between $3 billion and $4.5 billion. And none of the three makes economic sense.

It took 25 years from the time the Tenn-Tom was first authorized for Congress to become sufficiently persuaded of its merit to appropriate money for it. Congress was right the first 25 times. The canal's cost has ballooned from about $300 million a decade ago to $3 billion, but less than 20 percent of its projected benefits for the last five years actually materialized. Nearly everything else about the project is uncertain, including where the canal could sensibly end, which direction barge traffic on it will travel, who would use it and for what, and whether the benefits would ever exceed the costs of construction.

Since Clinch River was first proposed, the rationale for plutonium breeders have evaporated. Only a large and growing number of traditional nuclear electric plants, using up the available uranium fuel, would offset the breeder's greater cost and make it economically competitive. But in the last few years projected nuclear demand has plummeted, estimates of uranium availability have risen sharply, and the price of uranium has dropped. Meanwhile, the cost of the Clinch River plant alone has risen fivefold—to $3 billion—and construction has not even begun. Utilities lobby strongly on Clinch River's behalf, but do not put their money behind it: the private share of the cost is now down to 9 percent. European breeder programs, including the most ambitious in France, are on hold or being reevaluated.

The SRC I project is the youngest of the three, but it may already have set the record for cost overruns: up 99.8 percent in 18 months. As in the case of Clinch River, the government would bear most of the costs—up to 97 percent, depending on how successful the project is. The revenues now being projected by the principal contractor assume that the solid and low-grade liquid products will sell at the equivalent of oil priced at $76 a barrel, which is very unlikely. The project suffers from a number of basic design laws.

None of these projects will yield benefits commensurate to the government's investment. Some may yield none at all. Termina-

tion would be the best choice even if there were plenty of money available. But at a time when badly needed government programs are being cut to the bone, their presence in the budget is an affront.

[From the Baltimore Sun, July 21, 1981]

TOM-TOMS ALONG THE TENN-TOM

The federal government has got itself into a classic Catch-22 situation over the controversial Tennessee-Tombigbee Waterway project, still only half finished after ten years of construction. The idea was to link the Tennessee River with the Black Warrior-Tombigbee Waterway in Alabama, creating a shortcut for barge traffic to the Gulf of Mexico at Mobile. Thanks to powerful southern allies in Congress, the Tenn-Tom project has surmounted vociferous opposition from competing railroads and environmentalists.

So far, $1.1 billion has been spent, and another $1 billion will be needed to finish the job on time in 1988. But in the new Washington of frugality and conservatism, a Senate committee has recommended construction on the Tenn-Tom be brought to a halt. There's also a move afoot in the House to strip Tenn-Tom money from an appropriations bill later this week. That would save $600 million, a General Accounting Office study says. The catch is that what would be left of the Tenn-Tom would be a sure moneyloser.

Yet to finish the project would be doubly expensive because a completed Tenn-Tom Waterway would create a new bottleneck just to the south, requiring another $1 billion to remedy. That adds up to $3 billion for a waterway that may not be worth the effort.

What to do? The tom-toms along the Tenn-Tom are not sending clear messages. Should the project be stopped, with the government writing off its billion-dollar investment? Should work proceed in the hopes that the largest Army Corps of Engineers project ever will be worth the extra $2 billion? Will a federal court injunction against the project be upheld on appeal?

It is a can't-win situation. Even the GAO is uncertain what to do. At one point it questions the economic-benefits findings of the Corps of Engineers and a consultant concerning barge traffic that would use the new waterway instead of taking the Mississippi River or alternative transit modes. Then the GAO notes that the Tenn-Tom might become a thriving waterway because of the recent, unexpected boom in coal traffic and development of Mobile as a coal port—a point contested by a more recent Library of Congress study.

This one is a sticky wicket. But since it was the Congress that got the government into this situation, it seems only fair that it is the Congress that must find a solution—and then justify it to the voters.

[From the Washington Star, July 21, 1981]

CONGRESSIONAL STUDY CALLS TENN-TOM CANAL A WASTE

(By Lance Gay)

It is unlikely that there are enough markets for Appalachian coal to justify building the Tennessee-Tombigbee Waterway, and recent improvements in Eastern railroads will give them a competitive advantage over barge traffic, the Library of Congress' Congressional Research Service says in a new report.

In an eight-page report on the controversial waterway, the CRS says that demand for the sort of high-sulphur coal in Appalachia is declining as most European countries are purchasing low-sulphur coal that does not require the use of scrubbers to clean the coal of sulphur before it is burned.

"Consequently, with the exception of a few specialized and limited markets for high-sulphur coal, Illinois Basin coal must reach the coast at a price low enough to at least compensate for flue-gas desulfurization," the CRS report says. "Any additional cost in mining or shipping, including barging in small tows, detracts from the marketability of basin coal."

Furthermore, the CRS study said coal industry reports show that no major expansion of coal mining is planned in the parts of Appalachia that the $2 billion canal project is supposed to serve.

Construction of the canal was justified on the grounds that it would expand coal trade between Illinois, southwestern Indiana, Kentucky and overseas markets.

The CRS said no planned expansion of coal mining is projected in Tennessee for several years and the largest expansion of mining is planned for Alabama, where it is planned to mine 23 million tons.

The report was compiled for Rep. Joel Pritchard, R-Wash., who is attempting to scuttle further funding for the canal project when the House water development appropriations bill comes to the floor this week. The appropriations bill envisions spending some $189 million on the project in the next fiscal year.

The canal project, which aimed at linking the Tennessee and Tombigbee River in a canal that would stretch to the Gulf of Mexico near Mobile, Ala., is about 55 percent complete. The General Accounting Office earlier this year estimated it would cost another $1 billion to complete and that the original plan for the project will have to be changed by Congress to remove a bottleneck in the proposed waterway between Demopolis and Mobile, Ala.

The project currently under construction is a barge canal between Pickwick, Tenn., and Demopolis. The barge runs parallel to the Mississippi River.

The CRS report says that the Mississippi River can handle more barges per tow than the Tennessee-Tombigbee Waterway would be able to handle because of the more gentle bends in the Mississippi than in the waterway. The requirements for less river navigation, the CRS said, would give the Mississippi River route a competitive advantage over the Tennessee-Tombigbee Waterway.

The waterway also would face competition from railroads, which have recently connected rail lines in Deane, Ky., and removed a major bottleneck. This connection, CRS said, saved an unnecessary 265 miles of rail "and opened new utility markets in Florida, Georgia, South Carolina and Alabama" for Appalachian coal that was supposed to be shipped down the waterway.

Furthermore, unlike the Tenn-Tom project, which would have 11 locks, the Mississippi requires none and would move traffic faster and more efficiently.

[From the Philadelphia Enquirer, July 22, 1981]

SAYING NO TO PORK-BARRELISM

This week the House of Representatives will have an opportunity to commit the federal government to pay for a $3 billion water project and a $3.2 billion breeder reactor. For that $6.2 billion, the American taxpayer will receive a 232-mile waterway which has almost no economic justification and an energy project that, when completed, probably will be mothballed because it is useless.

The Tennessee-Tombigbee Waterway and the Clinch River Breeder Reactor represent pork-barrel politics at their most outrageous. They have survived close votes in Congress in past years, because they are favorites of a powerful group of Southern members of Congress. This year, which has brought drastic reductions in social and economic programs vital to millions of Americans, the House must put cronyism aside and reject more money for the two projects.

House members will be asked to approve fiscal year 1982 appropriations of $189 million for Tenn-Tom and $250 million for Clinch River. That money will go toward projects that can make the following claims:

Clinch River. The cost overruns for the breeder reactor already amount to 450 percent, making it the most expensive power project ever. A House oversight and investigations subcommittee has labeled the project a management fiasco marked by "unbelievably loose," unenforceable contracts. The plant may produce electricity by 1990, 11 years behind schedule, at a cost so high that the government will have to sell it at a loss, or shut down the plant. When the Carter administration tried to kill the Clinch River project, it won an ally in the Congress, David A. Stockman, who mantained that "no further subsidization of the Clinch River program . . . can be justified." Mr. Stockman, now President Reagan's budget director, has backed away from that position in light of the administration's support for Clinch River.

Tenn-Tom. Known as the "clone of the Mississippi River," the Tenn-Tom waterway will link the Tennessee River with the Gulf of Mexico. The General Accounting Office and the U.S. Fifth Circuit Court of Appeals recently challenged the data used by the Army Corps of Engineers to justify construction of the largest public works project currently under way in the United States. The court enjoined further construction of a major portion of the waterway, ruling that the corps had blatantly" violated federal environmental requirements and intentionally used out-dated financial statistics to make the project appear economically viable.

Rep. Robert W. Edgar (D., Pa.) long has led the fight in the House against funding Tenn-Tom, claiming that the amount earmarked to complete the waterway is more than double the federal funds allocated for all public works projects in Northeastern states. He and Rep. Joel Pritchard (R., Wash.) last year came close to winning that fight in Congress, and will mount a spirited effort again this year. The Clinch River Breeder Reactor vote also will be close.

The House has busied itself during the budget process in ferreting out waste and excess in a wide range of federal programs. It cannot allow the appropriations for two of the most wasteful and excessive to be approved.

[From the New York Times, July 22, 1981]

DISPENSABLE PORK

After cutting funds for food stamps, youth employment, Medicaid and a host of other social programs, the Reagan Administration endorsed two highly questionable multi-billion-dollar construction projects of particular interest to powerful legislators—the Clinch River breeder reactor and the Tennessee-Tombigbee Waterway.

This week the House has a chance to derail both of them. It should. An Administration and Congress asking everyone to make do with less have no right to cling to such blatant pork barrels.

The Clinch River breeder reactor, which is to be built in Tennessee, is championed by that state's Senator Baker, the majority leader. It is supposed to demonstrate the breeder's potential for using nuclear fuel more efficiently than conventional reactors. But this $3.2 billion project is apt to wind up a technological turkey. Some consider the relatively small reactor obsolescent; it might also fall short of Federal safety and environmental requirements. A House subcommittee staff recently concluded that projected costs are soaring because of lax management. And the need for even a well-conceived breeder is diminishing as demand for electricity falls and estimates of uranium supplies rise.

The Tennessee-Tombigbee Waterway, in Mississippi and Alabama, would link the Tennessee River with an existing waterway that leads south to the Gulf of Mexico. It has powerful supporters on the Appropriations Committee in two Mississippians, Jamie Whitten and Tom Bevill. About $1.1 billion

has already been spent on construction over the last decade, more than half the total estimated cost.

Even so, there may be good reason to halt the project. Tenn-Tom will create a bottleneck on the waterway to the south, and easing that problem would cost another $1 billion. Moreover, both the General Accounting Office and the Congressional Research Service question predictions that enough barge traffic will materialize to justify the linkup.

The economic case against both projects was forcefully stated by President Reagan's own budget director, David Stockman, while he was still a Congressman. Financing Clinch River, he warned, would encourage "a never-ending stream of outstretched palms" for Federal subsidies. He suggested that if Congress paid for marginal enterprises like Tenn-Tom, it ought to "go whole hog and build a pyramid in every state." The House should give both projects a pharaoh's burial.

[From the Atlanta (Ga.) Journal, July 28, 1981]

WHEN MULES WORK TOGETHER

(By Durwood McAlister)

I never did understand old man Will Sanderson's mules. From the day he bought them at Anderson's Mule Barn and brought them home to his farm they didn't get along.

Franklin D. and Cordell, named after two of Mr. Will's political heroes, couldn't even be stabled in adjoining stalls. They were that mean. They would bite, kick and charge at each other like mortal enemies.

But, remarkably, when Mr. Will led them out of the barn and put them in harness together to pull a gang plow or disc a field they worked in perfect harmony.

Stranger still, they absolutely refused to work together in peace when they were hitched to a wagon and put on a public road.

They were a strange team but, in the field, they did good work.

I don't guess Congressmen Larry McDonald and Wyche Fowler will appreciate the analogy, but I just can't help thinking how much those two have been acting like Franklin D. and Cordell.

It would be hard to find two more natural political enemies than the liberal Fowler and the superconservative McDonald; but they joined hands last week on a vote that deserves some public applause. And, it turns out, the strange alliance is not that unusual.

The question last week was on providing another year of funding for the biggest pork-barrel project of all, the Tennessee-Tombigbee waterway, a $3 billion sinkhole that is harder to kill than the Clinch River fast breeder reactor.

McDonald and Fowler both voted against it, and that was a good day's work.

It wasn't the first time the two political opposites have found themselves in harness together. They may bite and scratch over philosophical issues but they have been consistent in opposing pork-barrel water projects.

The Sierra Club, which keeps track of such things, recently issued a list of 57 members of the House of Representatives who have a clear record of voting against such projects in the last three years.

McDonald and Fowler were the only two Georgians who appeared on the list. And that's a shame.

The Tennessee-Tombigbee project squeezed through last week's test by only 10 votes, 208–198.

Only two other Georgian congressmen, Newt Gingrich and Jack Brinkley, joined Fowler and McDonald in opposing it. If the other six Georgia representatives had helped out, the monstrous taxpayer sinkhole could have been abandoned. That would have been a nice present for the taxpayers.

When the Corps of Engineers dreamed up the Tenn-Tom project in the early 1970's, they weren't thinking small. It is larger in magnitude than the Panama Canal and it has an insatiable appetite for tax dollars.

At the outset in 1972, it was expected to cost $323 million. By 1980 the estimated cost had grown to $3 billion and it keeps growing every year.

More than $200 million will have to be appropriated each year throughout the 1980s to keep it going.

That's a steep price to pay for a questionable alternative to the Mississippi River.

It is apparent that what we need are a few more mules like Fowler and McDonald when it comes to the job of killing boondoggles like the Tennessee-Tombigbee.

As far as I am concerned they can bray, bite and kick to their hearts' content, as long as their votes are joined in the public interest.

Actions truly speak louder than words.

[From the Arizona Republic, July 28, 1981]

THREE-BILLION DOLLAR DITCH

The U.S. House has voted to pour another $189 million down what some day will be the biggest rathole in the world, the Tennessee-Tombigbee waterway, familiarly known as Tenn-Tom.

On completion Tenn-Tom will run 450 miles from the coal fields of southern Tennessee into the Gulf of Mexico through a series of dams, locks and canals.

Constructing it will necessitate the destruction of 100,000 acres of farmland, forests and wildlife habitats. The final cost is estimated at $3 billion.

The anticipated revenues never will meet the cost of maintenance and operation. Tenn-Tom will be a constant, endless drain on the Treasury.

This is probably the least defensible public-works project in history.

Tenn-Tom will provide no flood-control or hydroelectric benefits whatever. It merely will serve as a barge route to Mobile, Ala., for southern Tennessee coal operators.

The coal operators don't need such a route. They've been able to move all the coal they produce for decades by railroad and by a waterway that didn't cost the government a penny, the Mississippi River.

In fact, Tenn-Tom has been called "a clone of the Mississipi."

Old Man River needs a clone like the Sahara needs sand.

When he was in the House, David Stockman could get positively eloquent in denunciation of the waste that Tenn-Tom represents.

Why then, as director of the Office of Management and Budget did he include the $189 million for Tenn-Tom in the administration's fiscal '82 budget?

The answer is that Senate Majority Leader Howard Baker, Jr. of Tennessee demanded it.

Baker and several other powerful Southern senators want Tenn-Tom because constructing it has been providing employment for economically depressed areas in their states.

Also, a bonanza for contractors.

A majority of the members of the Senate and now of the House went along with them because the Golden Rule on Capitol Hill is, You vote for my water project and I'll vote for yours—no matter how ridiculous.

[From the Wall Street Journal, July 29, 1981]

FLOWING RIVERS

Prominent among the excuses for not cutting taxes is the if-if-if argument: If the tax bill fails to simulate the economy, if the budget isn't cut further in future years, if deficits induce the Federal Reserve to print more money, then the tax cut will be inflationary. It's hard to pin down this kind of argument, but for now let's just take the notion that there is nothing in the budget left to cut. Only last week the House committed more than $4 billion over the next several years for two projects, the Clinch River breeder reactor and the Tennessee-Tombigbee Waterway.

President Carter labored for four years to try to kill the Tennessee nuclear project, but he only managed to get the start of construction delayed. Then-Congressman David Stockman said in 1977 that the program "is totally incompatible with our free-market approach to energy policy." But now as Director of the Office of Management and Budget, Mr. Stockman and the rest of the administration bent to the fierce lobbying of Senate Majority Leader Howard Baker o. Tennessee and backed the demonstration reactor, which is estimated to cost at least $3.2 billion.

The Clinch River project was conceived 10 years ago, when it was thought that the world supply of uranium was rapidly dwindling and a more fuel-efficient means of producing nuclear power was needed. Breeder technology was the preferred solution, because as a byproduct of electricity production it converted low-grade uranium into high-grade plutonium suitable for reuse in nuclear reactors.

The alarm over uranium fuel supplies has since turned out to be false. At the start of the U.S. nuclear program in 1944, it was reckoned that the earth's crust contained about 20,000 tons of workable uranium. The current estimate is around 20 million tons—a 1,000-fold increase. At the current low prices for uranium and given the abundance of supply, breeder technology is uneconomic for the production of electricity and probably won't become economic until around the years 2030 to 2050.

Similarly, the plan to continue building the $2 billion canal to link the Tennessee and Tombigbee Rivers is economic nonsense. Engineers will move more dirt than was required to construct the Panama Canal in order to provide a parallel waterway to the wider Mississippi River. Studies by the General Accounting Office and the Congressional Research Service concluded that the new waterway may not much be used by its intended traffic, coal barges, which will probably prefer the Mississippi or area railways.

Nonetheless, the House approved another $189 million for the waterway project in addition to the $1 billion that has been invested since 1972. The Senate has yet to consider the measures—which are part of a $13.2 billion appropriations bill for some 250 energy and water development projects—but Sen. Baker's strong endorsement is thought to guarantee approval.

During today's tax debate, Congressmen should recall Clinch River and Tennessee-Tombigbee and ask themselves the question: Have we really run out of ideas for cutting the budget, or are the rivers of needless expense still flowing?

[From The Miami Herald, Aug. 3, 1981]

STOP BEATING THE DRUMS FOR WASTEFUL TENN-TOM

Words such as "boondoggle" and "pork-barrel project" were invented to describe taxpayer ripoffs such as the Tennessee-Tombigbee Waterway, which has been called many derogatory things in its time. No name is more apt than "a $3 billion ditch."

The "Tenn-Tom" waterway, as it is known, is an environmental and economic disaster that the U.S. Army Corps of Engineers and a gang of powerful politicians insist should be purchased by American taxpayers. It is utterly without merit. Yet Congress cynically refuses to kill it. The latest test vote came last month in the House. Tenn-Tom survived, thanks in no small part to Florida's delegation.

Only Clay Shaw, L. A. "Skip" Bafalis, and C. W. "Bill" Young, three Republicans, broke ranks in the 15-member Florida delegation and voted to end funds for the project. The move lost by 10 votes, 208–198, and Florida's other 12 votes more than made the differ-

ence Dade County's three congressmen—Claude Pepper, Dante Facell, and William Lehman, all Democrats—voted for the project and against the public interest.

The Tenn-Tom waterway is to be a 232-mile-long canal, stretching from south Tennessee to the Gulf of Mexico at Mobile, Ala. Congress first approved money for it in 1970 when its cost was projected to reach $323 million. In 1979, the total estimate had grown to $1.8 billion. Now it's up to $3 billion—and rising.

Building the waterway will require moving more dirt than did the Panama Canal. It would destroy at least 100,000 acres of farms, forests, and wildlife habitats. Up to one million acres might have to be bought.

A recent decision by the U.S. Fifth Circuit Court of Appeals ordered work halted on a major portion of the project. The court ordered a new environmental-impact statement, saying the Corps "blatantly" had violated Federal environmental standards.

The Corps assumed a ludicrously low interest rate of 3.25 percent in calculating construction costs vis-a-vis presumed economic benefits, the court concluded. The General Accounting Office has concluded that the project would result in a barge-traffic bottleneck at Demopolis, Ala., that would require an extra $1.6 billion to straighten out.

Proponents of the project say it would stimulate shipment of Appalachian coal, but several independent studies have concluded that most shippers presumed to be future users of the waterway wouldn't use it. The main reason is that the Tenn-Tom path lies just 150 miles east of the Mississippi River, which works just fine already. Congress Joint Economic Committee concluded that the waterway at best would return 30 cents for each dollar invested.

Despite all the talk about cutting Federal fat, the Reagan Administration supports Tenn-Tom, too. Pork-barrel politics works that way. Politicians scratch each others' backs, and the taxpayers be damned. Fortunately, the fight isn't over. Opponents soon will try to kill the project in the Senate. Floridians will be watching, Mr. Chiles and Mrs. Hawkins.

[From the State Journal-Register, Aug. 11, 1981]

WATERWAY UNJUSTIFIED

The Tennessee-Tombigbee Waterway is a federal make-work project masquerading as a barge canal. It should never have been started, and it shouldn't receive another cent of taxpayers subsidy.

This did not stop the House from voting a $189 million appropriation for the waterway last month. And, if Sen. Howard Baker, R-Tenn., and some of his southern colleagues have their way, the Senate will fall in line and approve the appropriation.

It took parochial interests 25 years to persuade Congress to build the waterway. It would run 450 miles from the coal fields of southern Tennessee to the Gulf of Mexico through a chain of dams, locks and canals, and its construction would destroy 100,000 acres of farms and forests.

Its only purpose is to open a barge route for the shipment of coal to the Gulf port of Mobile, even though a parallel waterway—the Mississippi River—already exists. The limited supplies of coal in this region simply do not justify a second route.

Consequently, the Tennessee-Tombigbee will never be self-supporting. Independent analysts expect it to lose 77 cents for every dollar spent in operating costs—a continuing deficit the taxpayers will have to absorb on top of the $3 billion in projected construction costs.

To be sure, the Army Corps of Engineers project is 25 percent complete. But if it were halted now, the government could recoup part of the money already spent by selling off its land acquisitions and emerge way ahead. The Tennessee-Tombigbee Waterway defies commonsense, violates the Reagan administration's pledge of fiscal responsibility, and affronts the taxpayers who will have to foot the bill.

If the Senate does not defy regional political pressures and defeat this pork barrel appropriation, as appears unlikely, President Reagan should veto it.

[From the Houston Post, Aug. 23, 1981]

BENEFIT-COST RATIO MAY FORCE TENN-TOM TO BE DITCHED

Although many Americans are not even aware of it, a ditch rivaling the Panama Canal is being gouged through the back-country hills and farms of Mississippi and Alabama.

It is the Tennessee-Tombigbee Waterway, the most expensive water project ever set in motion by the Army Corps of Engineers and congressional pork-barrelers.

Originally approved by Congress with a price tag of $323 million, the half-finished project now is expected to cost $2 billion.

Tenn-Tom, first conceived in the frantic days of World War II but not started until 1971, would link the Tennessee and Tombigbee rivers with an 84-mile channel and canal requiring more excavation than the Panama Canal.

The idea was to provide a shortcut to the Gulf of Mexico for shipments of Tennessee and Kentucky coal—traffic that now uses the Mississippi River.

Despite hard evidence the Tenn-Tom will never pay for itself, despite its enormous environmental disruption, the House the other day interrupted its Reagan-inspired budget cutting to vote $240 million to keep building Tenn-Tom for another year.

However, the close House vote (208–198 with 26 absent) reflected growing congressional doubts about the project, even with more than $1 billion already spent on it.

To their credit, Houston-area Republican Reps. Bill Archer and Ron Paul joined with Democratic Rep. Mickey Leland in voting against the Tenn-Tom funding. Freshman Rep. Jack Fields voted for it.

At about the same time, a federal appeals court issued a ruling that may scuttle Tenn-Tom for good.

A Sierra Club lobbyist, Jim Clarke, commented pithily on the House vote:

"It's hard to believe that with budget cuts that threaten everything from the elderly to food for children, this Congress could appropriate several dollars for this clone of the Mississippi River."

A Tenn-Tom backer, Rep. David Bowen, D-Miss., said abandoning the project would leave behind "the largest swamp in America."

But Rep. Dan R. Coats, R-Ind., derided Tenn-Tom as "the ultimate $3 billion effort to build a man-made river when the good Lord has already given us free passage to the Gulf, namely the Mississippi River."

And Rep. Jim Leach, R-Iowa, observed that "the Tenn-Tom project is bigger than the Panama Canal, but the potential usage is trivial by comparison."

The Corps of Engineers, in justifying the project, had said in 1976 that several dozen shippers were interested in using Tenn-Tom.

However, the General Accounting Office reported in May that it had recontacted 17 of the biggest potential shippers, and only half are still interested.

The Congressional Research Service in a separate study concluded Tenn-Tom will offer little real advantage to shippers now using the Mississippi.

Although the distance will be shorter, the study found, 10 time-wasting canal locks on Tenn-Tom will make travel slower than on the Mississippi.

Also, because of the locks and winding narrow channel, Tenn-Tom tows will be limited to four to six barges. The Mississippi can take tows of up to 45 barges.

Railroads, which have joined with environmentalists in fighting Tenn-Tom, will also offer "very stiff competition," the research service reported.

A benefit-cost ratio of more than 1-to-1 is legally required to build such projects, and Tenn-Tom is marginal and falling.

The corps in 1971 put the ratio of benefits and costs at 1.7-to-1, but by 1976 that had skidded to 1.08-to-1. The project's opponents say even that is a pipe dream.

That wilting benefit-cost ratio is what may kill the project under a decision handed down by the 5th U.S. Circuit Court of Appeals in New Orleans.

The court for one thing ordered the corps to halt work on major segments of the project until it produces a supplemental environmental impact statement on changes made in the project.

(At one point the corps increased the authorized channel width of 170 feet to 300 feet—without bothering to clear it with Congress.)

But more important, the court ordered the corps, in figuring its benefit-cost ratio, to use a 7.5 percent interest rate instead of the 3.5 percent the corps had been using.

The 7.5 percent, while still far below actual current interest rates, apparently will make Tenn-Tom impossible to justify, even with the corps' elastic mathematics.

[From the Gazette Telegraph, Sept. 16, 1981]

A WASTEFUL WATERWAY

The Tennessee-Tombigbee Waterway is a federal make-work project, masquerading as a barge canal. It should never have been started, and it shouldn't receive another cent of taxpayer subsidy.

This did not stop the House back in July from voting a $189 million appropriation for the waterway. And, if Sen. Howard Baker, R-Tenn., and some of his southern colleagues have their way, the Senate will fall in line and approve the appropriation.

It took parochial interests 25 years to persuade Congress to build the waterway. It would run 450 miles from the coal fields of southern Tennessee to the Gulf of Mexico through a chain of dams, locks and canals, and its construction would destroy 100,000 acres of farms and forests. Its only purpose is to open a barge route for shipment of coal to the Gulf port of Mobile, even though a parallel waterway—the Mississippi River—already exists.

The limited supplies of coal in this region simply do not justify a second route.

Consequently, the Tennessee-Tombigbee will never be self-supporting. Independent analysts expect to lose 77 cents for every dollar spent in operating costs—a continuing deficit the taxpayers will have to absorb on top of the $3 billion in projected construction costs.

To be sure, the Army Corps of Engineers project is 25 percent complete. But if it were halted now, the government could recoup part of the money already spent by selling off its land acquisitions and emerge way ahead. The Tennessee-Tombigee Waterway defies common sense, violates the Reagan administration's pledge of fiscal responsibility, and affronts the taxpayers who will have to foot the bill.

If the Senate does not defy regional political pressures and defeat this pork barrel appropriation, as appears unlikely, President Reagan should veto it.

[From Business Week, Oct. 26, 1981]

THE GROWING CLAMOR TO HALT THE TENN-TOM

"It's the granddaddy of the pork barrels," says one environmentalists. The $1.7 billion Tennessee-Tombigbee Waterway, stretching for 232 mi. from the Tennessee River to Demopolis, Ala., has survived years of con-

troversy, lawsuits, and congressional attempts to cut funding. But now it is in trouble again.

As budget cuts pare thousands of programs, Tenn-Tom, as it is called, has stirred enough renewed unrest in Congress that the Administration's fiscal 1982 request for $200 million to continue building the project barely got through the House last month. And it faces growing opposition in the Senate. Senator Charles H. Percy (R-Ill.) is leading the move to eliminate all funding for the waterway. "It's a boondoggle public works project at a time when we have to reexamine all federal expenditures," he says. Yet Tenn-Tom is not on the hit list of the Reagan Administration, whose major rationale for funding the waterway is that it is already 64 percent complete.

A SHORTER PASSAGE

Tenn-Tom, running roughly parallel to the Mississippi River, represents an idea that has been discussed since the 18th century, when the area was still controlled by France. A waterway connecting the Tennessee River with the Tombigbee River would link the northern Ohio River with the Gulf of Mexico, creating a much shorter passage than that provided by navigating the Ohio and Mississippi rivers to the Gulf.

Congress finally authorized construction of this huge inland waterway in 1946 but did not allocate funding until 1971. A powerful contingent of Southern senators and representatives pushed the money through with strong backing from then-President Richard M. Nixon, who was courting Southern conservative support for his reelection bid. The rationale was, and still largely is, that Tenn-Tom provides a more economical route for transporting bulk commodities out of the U.S. heartland. The booming interest in coal exports from Appalachian fields is now fueling this argument.

Senate Majority Leader Howard H. Baker Jr. (R-Tenn.) cannot afford to oppose a project that could increase trade through his state, say Senate staffers. And a longtime backer of Tenn-Tom, former Senate Armed Services Committee chairman and now ranking minority member John C. Stennis (D-Miss.), has helped save the project many times and is in a position to do so again. In the House, both Appropriations Committee Chairman Jamie L. Whitten (D-Miss.) and Tom Bevill (D-Ala.), chairman of the energy and water development subcommittee, represent districts that Tenn-Tom crosses.

ILL-CONCEIVED

But opponents are marshaling their arguments. "The (U.S. Army) Corps of Engineers is trying to clone the Mississippi," grumbles Senator Daniel P. Moynihan (D-N.Y.). Environmental groups, including the Environmental Policy Center (EPC) and the National Audubon Society, argue that the waterway is ill-conceived. They say that traffic projections, especially for coal, are extremely optimistic; that the system is too narrow to handle long barge tows; and that the project will be hurt by competition from the much wider Mississippi as well as from the railroads.

Moreover, opponents say the Tombigbee River, from Demopolis to the port of Mobile, Ala., will have to be straightened out at a cost of more than $1 billion. The General Accounting Office and the Congressional Research Service reach many of the same conclusions.

One of the Administration's defenses of the project is that it could be paid for by its users through fees. But even this assumption is challenged. "The Corps hasn't calculated the real cost of competition and if, with all its other shortcomings, Tenn-Tom has these high fees, no one will want to use it," says Brent Blackwelder, the EPC's Washington representative.

Still, the Reagan Administration holds to its reasoning that the $1.1 billion spent on Tenn-Tom so far would be wasted if the project is simply halted. "From the standpoint of current investment, the project is cost-effective," says an official at the Office of Management & Budget. Major General E. R. Heiberg III, the Corps of Engineers' civil works director, is even more optimistic, despite a court order to prepare a new environmental impact statement. The cost-benefit ratio required by law will stand, he says, adding: "We feel strongly that with the project over 60 percent complete, it just makes sense to complete it."

UNITED STATES–CANADA INVESTMENT POLICIES

Mr. PRESSLER. Mr. President, I rise today to express my deep concern about a problem which is becoming more and more serious. This problem is the disparity of treatment of American investors overseas compared to foreign companies' efforts to invest in American assets.

In the November 2, 1981, Washington Post, there is a fine article written by Mr. Walter Annenberg, president of TV Guide, Inc., entitled "Canada's Unfairness Doctrine." I should like to submit this article for the RECORD. And as chairman of the Senate Business, Trade and Tourism Subcommittee, I would like to take a few moments to comment on the problems facing American companies in their attempts to invest in overseas business endeavors.

Mr. Annenberg's article very succinctly describes the difficulties encountered by American manufacturing and service industries in their efforts to maintain Canadian investments. For instance, the Canadian Government recently announced its new national energy program which, among other things, would provide extensive tax incentives to Canadian energy companies. This radical policy change would obviously be detrimental to American companies which have made large investments over a long period of time in order to do the costly initial exploration of mineral resources. This obvious financial advantage clearly gives Canadian companies an unfair competitive edge over their American counterparts.

The Canadian Parliament has also passed the Foreign Investment Review Law. This measure requires the Canadian Government to review and approve all incoming foreign investors. Frequently, an American investor will be required to do all his research and development in Canada or he must set up all data processing facilities for his investment in Canada.

Recently I chaired hearings in my Business, Trade and Tourism Subcommittee on legislation to assist American service industries. In the course of these hearings, I heard from representatives of the American banking community, the telecommunications industry and insurance companies involved in the international market. Over and over again, the complaint arises that American companies are being discriminated against in overseas markets.

For example, in attempting to open overseas branches, American banks are the subject of obvious discrimination. In many cases, these U.S. branches must maintain a reserve against their liabilities which is much higher than that required of domestic banks. Many countries have established quota restrictions on loans in foreign and domestic currencies and have prohibited retail deposits in U.S. branches.

In testimony before my subcommittee, a representative of the U.S. Chamber of Commerce said that there is widespread interference with American overseas investments: interference w.th access to the market, with transactions and the financial structure of the companies, and with marketing policies. In the international insurance industry alone, the U.S. share in worldwide premium income has dropped from 63 to 48 percent over the past several years while our foreign competitors' income has increased proportionately.

Even as American companies are the victims of discriminatory restrictions and prohibitions abroad, foreign investors find the United States to be a friendly business climate. In the area of agricultural real estate, which is of great concern to my home State of South Dakota, overseas investors are increasing at an alarming rate with few requirements or barriers to stop them. The Department of Agriculture does keep a record of foreign investment in farmland. However, there is only a patchwork effort on the State level to monitor and control the evergrowing number of real estate transactions involving foreign investors.

The few legal requirements imposed by our Government are easily circumvented. For example, South Dakota has a law which limits the amount of land available for direct foreign purchase to 160 acres. However, this limit is easily avoided by purchasing the land through an indirect investment.

Mr. President, this friendly business environment is also evident in the highly competitive cable industry. Canadian cable companies have begun to bid for and actually win franchise rights to provide cable service in American cities. At the same time, Canada is imposing more and more restrictions on the amount of American programing and American investment in the Canadian broadcasting industry.

An even more disturbing trend is the enforcement of regulations on American businesses in this country which are not applied equally to foreign investors who come here. An American bank, for example, cannot lend more than 10 percent of its assets to one borrower.

However, Canadian branches in this country are not required to operate under this limitation. Here is a situation where we are making it difficult for an American businessman to compete effectively in his own country.

This past month I chaired a meeting of the United States-Canada Interparliamentary Group on International Wheat Marketing. In talking to various members of the Canadian Parliament, I gained additional information on the problems of trade reciprocity between our countries.

However, at this same meeting, I was

impressed by the willingness displayed by all participants in an effort to come to agreements which are mutually satisfactory. At this meeting, we discussed the similar agricultural economies of our countries, specifically in the area of wheat production.

Cost of production, prices and many other agricultural issues are virtually identical in the two nations, even though the marketing systems may differ. The group concluded that both Canada and the United States are exporting their wheat at prices which are below the cost of production for farmers. Cooperation between our two countries is essential if wheat export prices are to be increased.

Meetings such as this one convince me that international trade issues can be solved whenever there is an honest willingness to proceed. I am very concerned about the problems facing Americans in their efforts to operate in Canadian markets.

But I am also hopeful that these two traditional allies, with a common heritage and philosophy, can work together to solve these problems. With this in mind, I am sending a letter to the Canadian Ambassador, expressing my hope that our two nations will not escalate any kind of trade war but will instead work together for our mutual benefit.

Mr. President, I ask unanimous consent that the article I referred to be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 2, 1981]

CANADA'S UNFAIRNESS DOCTRINE

(By Walter H. Annenberg)

Prime Minister Pierre Trudeau's crusade to "Canadianize" his country's culture and economy at the expense of the United States is bogging down in political and financial quicksand. It is a crusade that, in the course of gaining easy victories over American broadcasting and publishing and battering our energy companies, has managed to exacerbate Ottawa's bitter conflict with the Western provinces, force sorely needed Canadian investment money into the United States, depress the Canadian dollar to a 50-year low and bring the American Congress to the brink of retaliatory legislation that would give Canada a taste of its own restrictive medicine.

"Canadianization" has a ring of bureaucratic idealism that well might appeal to a nation most of whose industries and natural resources are controlled by outsiders. That the outsiders—chiefly Americans—were urgently invited to build factories and explore for oil and gas and minerals and that American investment helped Canada prosper and grow were forgotten or ignored by political sloganeers demanding "Canadianization".

Perhaps the Trudeau crusade would have been more successful if it had not coincided with—or perhaps been the cause of—a surge of Canadian business expansion into the United States:

The largest Canadian banks had for years maintained offices in American cities. Now they became more active, establishing new branches, buying some local banks, competing with American banks for big loans.

Canadian cable companies that provide television reception for some 56 per cent of Canadian households began bidding for—and winning—franchise rights to wire American cities.

Instead of supporting Trudeau by spending their money to buy out American interests in Canada, cash-rich Canadian companies are scrambling to buy American companies in the United States.

Canadian oil companies found it profitable to do business in the United States and began investing heavily in buying American companies and engaging in exploration free of "Canadianization" incentives—and restrictions.

Ordinarily such signs of confidence in the American economy would be welcome. Unfortunately, they served only to highlight the unfairness of Canadian regulations, which prevent Americans from competing equally in Canada.

For years American banks operated under severe controls in Canada. Now, under new regulations, they may compete on an equal footing, but only up to a point. The Trudeau government limits the assets of all foreign banks to eight per cent of the domestic assets of all banks in Canada—which effectively curtails growth of American and other foreign banks there.

Canadian banks face no such size limitations in the United States. Indeed, they are able to circumvent some of the strict Federal controls that govern American banks here. For example, an American bank may not lend more than 10 per cent of its assets to one borrower. It also may not lend money for a stock purchase unless the borrower pays cash for at least 50 per cent of the securities' market value. Canadian lenders, not bound by such rules, have a distinct competitive advantage.

One of the first steps taken by the Trudeau government to support Canadian culture was to make it illegal for a Canadian company to include money spent for advertising on an American television station or in an American publication as a business expense for tax purposes. It placed a 50-per-cent limitation on the amount of foreign programming that could be carried by Canadian stations in prime time and then authorized Canadian cable systems to eliminate many network commercials from American shows. Finally, foreigners were prohibited from owning more than 20 per cent of a cable system, and all directors of cable companies had to be Canadians.

There are no such limitations in the U.S. One Canadian cable operator, Ted Rogers, recently paid $152 million for control of an American cable company that has systems in 15 states. Rogers says he spends $3 million a year applying for new American franchises; and his holdings already include systems in Portland, Ore; Syracuse, N.Y.; Los Angeles County and suburban Minneapolis. Canadian publisher Maclean Hunter owns systems serving a potential 500,000 households in New Jersey and in the suburbs of Detroit. Another Canadian company, Cablecasting, serves a potential 500,000 households in Atlanta and its suburbs and in California's San Fernando Valley.

American cable operators object vehemently to what amounts to a prohibition on their doing business in Canada while Canadians are free to bid against them for profitable franchises in the United States.

The Canadian Radio-television and Telecommunications Commission is now accepting applications for the first pay-television network there. So far, some 54 companies have submitted proposals. No American firm even bothered to apply.

Apparently the Prime Minister had hoped to pacify Western Canada, especially the important oil province, Alberta, with a National Energy Program that would reduce foreign ownership of Canadian oil and gas companies from 72 per cent to 50 per cent by 1990. The plan provided tax incentives to Canadian-owned companies for exploration and development, awarded the rights to 25 per cent of new production on federally owned "Canada Lands" to a government-owned company, set low oil and gas prices and increased taxes on energy.

American companies were especially hard hit. The Sun Company had invested $500 million to pioneer a method of extracting oil from Alberta tar sands. Syncrude, a Canadian company owned in part by the government, promptly set up shop close by, using the Sun process. The National Energy Program specifically ruled that Sun could charge no more than what amounted to half the going oil price for its product, but there were no such restrictions placed on Syncrude.

Nor did the plan suit Alberta, which produces 85 per cent of Canada's oil and gas and is restless under rules made by a government it doesn't like or support. That province, incensed over the low energy prices and high taxes in the National Energy Program, implemented a 10-per-cent reduction in oil production in order to force Eastern Canada to pay high OPEC prices for imported oil. After more than a year of bitter contention, Ottawa announced it would lift the controversial tax on natural-gas exports and permit oil prices to rise—including prices on Sun's tar-sands oil. Alberta then increased its oil production. There is now an uneasy peace between Alberta and Ottawa, but for how long, no one knows.

The long energy controversy and the economic uncertainty it brought about prompted many Canadian independent oil companies to begin looking to the United States for their future operations. Home Oil of Calgary is reported to be willing to spend as much as $1 billion for an American oil company. Other Canadian companies are prepared to spend hundreds of millions for American bases. They are opening offices in Denver and Houston, moving drilling rigs south and investing in land leases.

So much money is fleeing "Canadianization" that Ottawa has had to ask investors to slow down in order to permit the Canadian dollar to recover from its 50-year low.

Meanwhile, American oil companies that have huge investments in Canada admit they are being "squeezed," but most are hanging on—at least for the time being. One American company, however, Marathon Oil, said it was going to sell two of its subsidiaries that operate oil, gas, coal and mineral properties in Canada. Publicly the company said it had "determined that its current investment and any future expenditures in Canada might be more profitably utilized elsewhere."

The frustration of American broadcasters, bankers, cable operators, oil companies and others hit by a "Canadianization" campaign that denies them freedom to do business in Canada as freely as Canadians do business in the United States inevitably must be reflected in Congressional action. So far, although bills are pending, Congress has resisted doing unto Canada as Canada does unto us, and wisely so; for in such a controversy, retaliation can lead only to escalation—although it is a temptation when Canada's Minister of Energy Marc Lalode presumes to warn the United States: "If anti-Americanism is agitated, it will not be by us. It will be the result of some extreme actions or statements by officials or congressmen in Washington."

Congress has, however, so far held up its approval of the $30–50-billion Alaskan gas pipeline, most of which would traverse Canada on its way from Prudhoe Bay to Illinois. Ostensibly, the reason for the delay is Congressional reluctance to provide all the financial guarantees demanded by Wall Street. At least some of the legislators, though, must be hesitant to relinquish control of what will amount to five percent of the Nation's gas supply to a country that vacillates between the courageous friendship it required to spirit American diplomats out of Iran and the virtual confiscation of Amer-

ican property by a government that frequently resorts to demagogy in its treatment of free enterprise. Certainly it would seem safer to liquefy the Alaskan gas and ship it south by tanker rather than send it through a vulnerable pipeline that could be plugged at any time by Ottawa.

The Canadians are our closest allies and our most important trading partners—as we are theirs. Prime Minister Trudeau is fond of saying, "Living next to the United States is in some ways like sleeping with an elephant. No matter how friendly and even-tempered is the beast, one is affected by every twitch and grunt."

Acid rain pouring from U.S. factories into Canadian forests and waters and U.S. reluctance to conclude a fishing agreement or to renegotiate an automotive free-trade pact are twitches and grunts that should long since have been quieted. That they have not been is deplorable.

The Trudeau "Canadianization" policy is, of course, Canada's affair, but it does become a matter for our concern—and action—when we feel its impact so severely. If Canada is to halt the flight of Canadian money to the United States and once again attract the foreign capital the country requires to maintain its standard of living, our northern neighbor might find it prudent to consider a more equitable way to attain its goals.

THE PASSAGE OF THE AGRICULTURAL APPROPRIATIONS BILL—FRIDAY, OCTOBER 30

Mr. ZORINSKY. Mr. President, I commend the chairman of the Agriculture Appropriations Subcommittee, Mr. COCHRAN, and the senior minority member, Mr. EAGLETON, for their outstanding leadership in bringing the Agriculture appropriations bill to the floor.

These Senators and members of the Appropriations Committee have demonstrated a sense of priority in distributing funds under the constraints of the budget reconciliation process.

The committee has reduced spending $2.7 billion from the 1981 fiscal year, a cut of 10.6 percent. I believe the committee acted judiciously, however, in making adjustments in the administration's so-called September budget cuts. Even with the rejection of some of the proposed cuts, the total appropriation is only about one-half billion dollars above the recommended level.

It is my hope that in the administration of funds appropriated for conservation that great progress will result. Secretary of Agriculture Block testified recently before the Senate Agriculture Committee as to the urgency of our soil and water problems. The Secretary's testimony described some of these problems:

A potential for tremendous pressure on America's soil and water resources now and in the future, caused by substantial increases in demand for agricultural products, both for domestic and export markets.

Soil erosion that is reducing productivity on 141 million acres of cropland, one of every 4 acres we farm. Over the next 50 years, this productivity loss could equal the output from 25 to 62 million acres of cropland. Stated another way, this means that we would give up forever the production of 50 to 75 million metric tons of grain every year. That's half the grain we exported last year.

Projected steadily increasing upstream flood damages to cropland, pasture, and urban lands, which could reach $2.3 billion by the year 2000. These damages affect rural people and communities that can least afford the damage.

On 60 percent of the Nation's nonfederal rangeland, erosion and other deterioration are damaging the resource base, sharply reducing its productive capacity. This land is producing forage at less than half its potential. That means that potentially 600 to 800 million pounds of red meat aren't being produced every year.

A considerable amount of ground water withdrawn for irrigation is not renewable. In some areas, water is being withdrawn much faster than recharge can take place naturally. This so-called "ground water mining" is depleting the Nation's water supply at a rate of 21 billion gallons per day. In some areas, ground-water levels are falling 7 to 10 feet per year.

These problems must be addressed if we are to keep agriculture viable and protect and maintain a resource base that is able to provide food and fiber for future generations.

Another urgent need is to step up programs of market development. In this connection, I appreciate the reference made by the Senator from Montana (Mr. BAUCUS) regarding my efforts at improving the farm bill. The Senator has acted wisely in his amendment to expand funds for market development.

I agree that in the absence of adequate price support protection, we must provide greater marketing opportunity for the Nation's farmers. I am glad Senator BAUCUS succeeded in getting Senate approval of his amendment.

Another area of budget concern is in the lending programs of the Farmers Home Administration. Assuming that we are to be in a period of severe budget austerity for the immediate years ahead, the emphasis should be upon channeling available loan funds or guarantee authority toward loan activities related to farm-ownership and operation.

I regret seeing any of the existing FmHA loan programs eliminated or scaled back. But if priorities must be established, farmownership, operating, and emergency loans should take precedence over business and industry, community facilities, recreation, and housing.

It is a serious mistake to allow the economic emergency loan program to lapse and to cut back by 60 percent on the funding for emergency, disaster, loans. The emergency loans are an important means of retaining farmers in business. These are last resort loans and have made the difference in recent years for hundreds of thousands of farmers in difficulty through no fault of their own.

The economic emergency loan program was a lifesaver for those farmers. With typical farm loans now at near to 18-percent interest rates, the economic emergency loan program will be needed more desperately than ever in the coming months.

The Carter administration's budget for fiscal year 1982 contemplated a loan level of $1.5 billion each for farmownership and farm operating loans. The funding was intended to authorize 16,400 individual farmownership loans and $4,420 operating loans.

In cutting the farmownership loans to $700 million, the Reagan administration intends that only 7,650 ownership loans will be made. In cutting farm operating loans to $1,325 million, the intention is that only 39,240 operating loans will be made.

Again, Mr. President, I want to commend and thank the members of the Agriculture Appropriations Subcommittee for their efforts in bringing a well balanced bill before the Senate.

EVERETT McKINLEY DIRKSEN

Mr. PERCY. Mr. President, many in this body had the privilege of knowing my former colleague and friend, the distinguished minority leader of the Senate, Everett McKinley Dirksen. Even though his passing was 12 years ago, as I travel throughout Illinois I continue to recall instances of his life that bring back fond recollections and memories. He has devoted admirers and friends throughout the State, and throughout the Nation.

One of them, Tom Roeser, vice president of Quaker Oats and president of the City Club of Chicago, has written an article entitled "Mulling the Loss of Everett Dirksen, Superstar," that appeared in the Chicago Sun-Times, September 9, 1981, that is a sensitive piece and that will bring back fond memories of the style and charm of a real "superstar."

I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times, Sept. 9, 1981]

MULLING THE LOSS OF EVERETT DIRKSEN, SUPERSTAR

(By Thomas F. Roeser)

September is the anniversary month of Everett M. Dirksen's death, a 12-year loss over which I often brood.

To the misinformed, he was a wheezy old bore, a cartoon more appropriate to the entertainment industry than to public policy. But the comic instinct that made him parody his own excesses sprang from bedrock honesty. Once when he was seeking re-election to the Senate during a perilous era in foreign policy, he appeared at a private fund-raising luncheon in an exclusive club with a tall man who wore dark glasses.

"You are entitled to know," mischievously intoned the Wizard of Ooze, "that I do not know who this man is. He joined me this morning at breakfast in Vermilion County and has been with me all day. All I know is that he awaits a phone call I pray God will never come. If the phone in this room would suddenly ring"—and here he pointed with a flourish to the wall phone, which we alarmingly noticed was bright yellow—"this man would spring forward to answer it. And the voice on the other end would be that of . . ." (here he raised a water glass to his lips and drank thirstily while suspense built) "the president."

With the call, he went on, President Kennedy would direct him to leave immediately (the guard in smoked glasses leading the way) to the elevator, which would descend without interruption down, down, down to the street level. There they would enter a limousine surrounded by police cars that would scream through the traffic to O'Hare, where Dirksen and mysterious aide would board a Jetstar that would land in Washington an hour and a half later.

Then Dirksen would be whisked to the White House where, he told the startled contributors, he would sit "side by side with this young Democratic president for whom I have

great affection and with whom, heedless of partisanship, we juggle the awful issues of war and peace, survival or combustion."

A terrifying picture, but an enduring one. I assure you the audience of wealthy contributors sat gape-mouthed. "Now," declared Dirksen, "obviously I cannot campaign in the usual partisan sense. Nor can I reveal secret information about the terrible confrontation with our enemies. But I can respond to a question or two about domestic programs. Are there any?"

Obviously there would be none from an audience that had just been informed of the possibility of nuclear incineration. Gravely, but with the cultivated presence-management that denotes a superstar, the senator headed for the door, gripping hands of the fearful faithful along the way.

Then a contributor approached timidly with a check. Dirksen gripped his elbow and pulled him aside, whispering into his ear noiselessly and moistly. The contributor's eyes roved the room to be sure all were aware he was being thus favored. When Dirksen dropped the contributor's elbow and turned, a forest of checks were proffered from trembling hands. He plucked them efficiently.

Then he stalked out, the tall man with dark glasses leading the way. A stunning performance.

Stunning, even though it was discovered that the man with dark glasses was a volunteer driver (technically, Dirksen had never said otherwise), and it was recalled that the yellow phone was in-house, hooked up to the club kitchen.

Why did political audiences love him so? Because when a foreign crisis loomed, it was an immense relief that one as resourceful as Dirksen would be utilized by a John Kennedy or Lyndon Johnson as a back-up broker. Innately, Americans sense what Aristotle taught, that ethics and politics, while related, are diverse. Ethics seeks to find the good life, politics to build and protect the good society. Innocence helps create the good life, but guile is a necessity to protect the good society from the Brezhnevs who would bluff, bluster and bamboozle us out of it.

Did the master of the oil can have ethics? Of course. A politician as brilliant as Dirksen could not live solely on pragmatism. One idealistic strain was civil rights. No civil rights bill of the 1960s could have passed without his assent and draftsmanship, yet he knew in return he would receive few black votes, back-of-the-hand sneers from white liberals and rebukes from his own conservative constituency.

And, as Dirksen recognized, although the liberals needed his support for civil rights, they were unwilling to help him fight the incursions of the Supreme Court into legislative reapportionment, mandated school busing and denial of the right to read the Bible in public schoolrooms.

Dirksen's idealism should have triumphed after Richard Nixon was inaugurated and GOP leadership moved from Dirksen's desk to the White House. But in place of an idealist without illusions, the nation received a mediocare illusionist without ideals.

Now, in September, his beloved marigolds are in full bloom, but Dirksen is forgotten. Not by me.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that on October 26, 1981, he had approved and signed the following acts:

S. 1191. An act to extend for three additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes.

S. 1224. An act to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

BILLS READ SECOND TIME AND PLACED ON CALENDAR

The following bills, which were introduced and read the first time on October 15, 1981, were read the second time, pursuant to the provisions of rule XIV, paragraph 4, and placed on the calendar:

S. 1741. A bill to provide that human life shall be deemed to exist from conception;

S. 1742. A bill to restore the right of voluntary prayer in public schools and to promote the separation of powers; and

S. 1743. A bill to insure equal protection of the laws as guaranteed by the 14th amendment to the Constitution of the United States and to deny the jurisdiction of the inferior Federal courts to order the assignment or transportation of students, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SYMMS (for himself, Mr. SIMPSON, Mr. HELMS and Mrs. HAWKINS):

S. 1801. A bill to amend title 39, United States Code, to eliminate certain provisions relating to private carriage of mail, to permit free competition in the delivery of mail, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BENTSEN:

S.J. Res. 118. Joint resolution to authorize and request the President to designate the month of January 1982, as "National Cerebral Palsy Month"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SYMMS (for himself, Mr. SIMPSON, Mr. HELMS, and Mrs. HAWKINS).

S. 1801. A bill to amend title 39, United States Code, to eliminate certain provisions relating to private carriage of mail, to permit free competition in the delivery of mail, and for other purposes; to the Committee on Governmental Affairs.

(The remarks of Mr. SYMMS on this legislation appear earlier in today's RECORD.)

By Mr. BENTSEN:

S.J. Res. 118. Joint resolution to authorize and request the President to designate the month of January, 1982, as "National Cerebral Palsy Month"; to the Committee on the Judiciary.

NATIONAL CEREBRAL PALSY MONTH

● Mr. BENTSEN. Mr. President, there are some 700,000 people in this country affected by an incurable condition called cerebral palsy. Cerebral palsy is caused by damage to the brain and central nervous system and can occur before, during or shortly after birth. Since it is not a disease, cerebal palsy cannot be "cured" in the accepted sense of the word.

However, it is important to understand that recent advances in medical science have yielded a variety of techniques and treatments that have enabled thousands of individuals with cerebral palsy to continue to lead active, productive lives.

Despite this welcome progress in relieving the symptoms of the condition, it is a sad fact that each year approximately 10,000 infants are born with cerebral palsy or acquire the condition in early childhood.

As part of our effort to understand the causes and effects of cerebral palsy, and to help focus national attention on a condition that affects more than half a million Americans, I am introducing Senate Joint Resolution 118 designating the month of January 1982 "National Cerebral Palsy Month."

Over the years America has consistently demostrated a scientific and technological capability that is the wonder of the world. We have led the fight against disease; we have sent men to the moon; we have provided most of the breakthroughs in areas such as genetics, medicine. and physics. Our potential for creative accomplishment is limitless, and it is my hope that this resolution will help make us more aware of the need to devote our enormous talent and resources toward the treatment of cerebral palsy.

I would hope that Senate Joint Resolution 119 will remind a sensitive and compassionate America of the various barriers that confront millions of our citizens who are handicapped or disabled.

To the extent that we can break down those barriers and continue to probe the frontiers of science for treatments, therapies, and cures we will serve the interests of the handicapped, and we will build a stronger, more productive America. We will give hundreds of thousands of individuals the opportunity to live a productive, fulfilling life. We can offer hope in place of despair.

Mr. President, I urge my colleagues to support this effort by joining with me in making January 1982, "National Cerebral Palsy Month."●

ADDITIONAL COSPONSORS

S. 604

At the request of Mr. MATHIAS, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a man-

ner which permits their use by persons with hearing impairments.

S. 1086

At the request of Mr. DENTON, the Senator from Florida (Mrs. HAWKINS), and the Senator from Minnesota (Mr. DURENBERGER) were added as cosponsors of S. 1086, a bill to extend and revise the Older Americans Act of 1965, and for other purposes.

S. 1215

At the request of Mr. PROXMIRE, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1498

At the request of Mrs. KASSEBAUM, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1498, a bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence.

S. 1773

At the request of Mr. DANFORTH, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 1773, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to direct the Secretary of Transportation to require all car manufacturers to install automatic crash protection in new passenger cars on the same effective date.

SENATE RESOLUTION 218

At the request of Mr. MELCHER, the Senator from Nebraska (Mr. ZORINSKY), the Senator from Maine (Mr. MITCHELL), and the Senator from Rhode Island (Mr. CHAFEE) were added as cosponsors of Senate Resolution 218, a resolution retaining nutritional goals in the School Lunch Program.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON LABOR

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, November 4, at 9 a.m. to hold a hearing on S. 1541, Retirement Income Incentives and Administrative Simplification Act (ERISA).

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

LUD ASHLEY'S TRIBUTE TO MIKE DISALLE

● Mr. KENNEDY. Mr. President, all of us who knew Mike DiSalle were saddened by his death last month. Mike DiSalle was one of the truly great American public figures of this century. As mayor, Governor, and adviser of Presidents, he was a powerful force for progress and social justice.

One of the most eloquent memorials to Mike DiSalle and his extraordinary career in public service was the tribute delivered at the memorial service in his hometown of Toledo by his friend Lud Ashley, who served for many outstanding years as the Congressman from that district.

I believe that Lud Ashley's tribute to Mike DiSalle will be of interest to all of us, and I ask that it may be printed in the RECORD.

The tribute follows:

TRIBUTE TO MICHAEL V. DISALLE

(By Thomas Ludlow Ashley)

We're here today for a very special favorite son who has come home to stay.

For his family and friends, the occasion is sad, for the loss is irreparable, and as one close to the family for many years I offer my heartfelt sympathy.

But for Mike, this homecoming wouldn't be sad because—given the circumstances—it's one that he would've wanted and one that he knew awaited him.

This is where he'd want to be and we're the people he'd want to be with.

Toledo was always very special to Mike DiSalle because this was the city that offered opportunity to his parents—it's where he grew up and got his own start—and of course it's where he and Myrtle raised the family that always meant so much to both of them.

Toledo was always home to Mike—a home he helped to build and strengthen as City Councilman, Mayor, community leader and as Governor of Ohio and it was no less home later on when he practiced law in Columbus and Washington.

The first time I met Mike was the year I graduated from college. At the time Mike was one of the first mayors in the nation to propose—successfully as it turned out—a city income tax to pay for public improvements that Mike then felt were essential to Toledo's future.

When he put me to work in that campaign, he told me people were willing to pay higher taxes to invest in the betterment of their community if they had the facts and trusted city hall.

That was 33 years ago but Mike's commitment to progress and confidence in people never varied through all the years.

Mike was the product of political currents that evolved out of the Great Depression and World War II with their focus on good government and on social and economic progress.

And what a force he was—not only in terms of all he achieved—but all that he influenced for the good as well.

The standard of excellence that Mike set in public life has served as an example at every level of government—in Lucas County and far beyond—for more than 3 decades, and the legacy continues.

The measure of success in Mike's book, was not how high the office a person might hold but how honestly he served and how much he contributed to his community and his country.

His greatest regret, as he often said, was that he only had one political life to give the nation.

One of the wonderful things that always clearly guided Mike was his abiding interest and faith in young people. On a personal note I can say without fear of contradiction that 30 years ago he saw a spark of potential in a few of us that somehow escaped the notice of others on the political scene.

That was because he was never too busy to reach out, to take an interest, to advise and encourage.

I've always thought that Mike's greatest triumphs were the victories of others for whom he cared.

He was a great teacher because he had extraordinary patience, a sense of humor that was legendary, and because he never talked up or down to anybody.

He was a man of conversation but I never heard him raise his voice or insist that he was right.

His way was to discuss—not to argue—and to do it late into the night.

Mike's wit was perfect for politics and vice versa.

Some of you will remember a dispute that arose toward the end of my first term in Congress that involved the baiting of duck blinds on Lake Erie.

Baiting of course was illegal and the issue was now strictly the federal law should be enforced.

I never shot a duck in my life so I supported strict penalties. Senator Bricker and others took the opposite view—they thought duck hunters were being unnecessarily harassed—and so this great national issue was joined with much attendant publicity. Finally, after several weeks I got a telegram from Mike which said:

"If ducks vote in upcoming election, your election assured. Suggest massive registration drive!"

He was a man of many parts:

A national political figure;

Author, lecturer, teacher, sportsman, raconteur, humorist, philosopher, coin collector and a 4-star chef who specialized exclusively in one particular cuisine; and

All these facets and many more.

But first, last and always Mike DiSalle was a humanitarian. He genuinely loved people—whatever their circumstances—and I suspect his compassion was responsible for his political victories and political defeats alike.

Mike had more real friends than anyone I ever met and the mutual loyalty and love involved was rare and precious. He was a man who touched the lives of all of us.

Now the final returns are in. What a great race! What a splendid victory! ●

INADEQUATE MONITORING OF ANTICANCER DRUGS

● Mr. NICKLES. Mr. President, I would like to call attention to the recent series of articles in the Washington Post which reported that the National Cancer Institute has failed to adequately monitor the use of potentially fatal anticancer drugs. The 1-year study by the Post documented 620 cases in which experimental drugs were implicated in the deaths of cancer patients. These deaths, the articles said, amount to only a fraction of the thousands of people who have died or suffered in cancer experiments in recent years.

I would like to cite an example of one such cancer patient, Jerry McClennan, whose case was documented in the October 20 issue of the Post. McClennan became part of a phase I study, an experiment whose main purpose, the Post discerned, was "not to treat the cancer, but to observe the side effects of the drug and to establish the proper dose to be used in further tests." McClennan, at that time, understood none of these purposes and endured the terribly painful side effects of the experimental drug in hopes that his cancer might be cured. Three weeks ago, on the morning of September 30, Jerry McClennan died at Miami Veterans' Administration Hospital.

If allegations are correct, I am incensed at such insensitive experimentation with human life. The National Cancer Institute must provide an effective program for monitoring the use of experimental anticancer drugs.

I would like to commend Senator HAWKINS for her prompt scheduling of oversight hearings on this matter in the Senate Labor and Human Resources Investigations Subcommittee. Hearings, to be held during the mornings of November 3 and 6, will address allegations against the National Cancer Institute's experimental drug program.

Due to increased scientific discovery and understanding, triumph over cancer seems closer today than ever before. On the eve of success, the fight against cancer must not be diminished but strengthened. Yet, the Federal Government cannot continue to pour billions of dollars into the National Cancer Institute without adequately insuring that funds are used for effective scientific research and in the best interests of cancer patients.

I urge my colleagues to join me in watching with great care the progression of these investigations.●

AUTO SAFETY

● Mr. DANFORTH. Mr. President, on October 26, I introduced S. 1773, legislation to reinstate the Federal motor vehicle safety standard which required the installation of airbags or automatic seat belts in automobiles.

It is my intention to move forward with this legislation as soon as possible. On November 9, the Subcommittee on Surface Transportation, which I have the privilege to chair, will hear testimony on this matter of vital interest. The hearing will begin at 9:30 a.m. in room 235, Russell Senate Office Building.

I am pleased to note that the chairman of the Commerce Committee, Senator PACKWOOD, has joined as a cosponsor of 1773. I look forward to working with the chairman to see to the passage of this legislation.

Mr. President, I ask that an editorial which appeared in the October 27, 1981, Kansas City Times appear at this point in the RECORD. The editorial recognizes the importance of taking advantage of technology which can save thousands of lives every year.

The editorial follows:

ON A COLLISION COURSE

It was an astonishing action for a government official whose title is head of the National Highway Traffic Safety Administration. Raymond Peck, in announcing that the federal mandate for installation of automatic passenger restraints—either automatic seat belts or air bags—in new cars beginning next year is being rescinded, voiced concern that too many motorists would circumvent the restraints so they wouldn't work. This contravenes experience, which shows that 80 percent of the belts, which enfold a passenger as the car door is closed, are utilized in the Volkswagen Rabbits which have them. But much worse, this is an act of surrender to the certainty of thousands of preventable crash fatalities and injuries.

The grim, compelling fact is that present conventional seat belts in motor vehicles, which could do the protection job, are not being buckled up for a variety of excuses which make little sense. Surveys now show only an 11.4-percent utilization rate. The alternative has to be passive restraints—requiring no overt action by the motorist—either the automatic belts or the bags stowed in the instrument panel which inflate on crash impact to cushion riders against a second blow. The car makers had been under order to install one or the other in a three-year phase-in starting with the 1983 model large cars.

Detroit has been fighting off passive restraints for more than a decade, since 1970 when the government first ordered them into effect in 1973. During the subsequent postponements of the standard, the industry's cost estimates for the devices have risen to $700 to $1,100 a car for air bags and $75 to $100 on the belts. The insurance industry and safety organizations which have campaigned vigorously for the restraints think it could be done a lot more cheaply. And even Mr. Peck's own statisticians and technical experts believe the devices could avert between 2,050 to 8,750 fatalities a year.

The supposed safety chief admitted that the ailing auto industry's estimated $1 billion additional cost to install restraints was a factor in the decision. He reportedly put down support within the agency for the mandate by characterizing it as a "billion-dollar social experiment" with no assured results. If this is what the Reagan administration means by "cost-effective" federal regulation, the cost in human suffering in this case is much too high.●

ORDER OF PROCEDURE TOMORROW

Mr. BAKER. Mr. President, I believe there is an order for the convening of the Senate at 10 a.m. tomorrow. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. And there is an order as well that the Senate will proceed to the consideration of the transportation bill, H.R. 4209, at 11 a.m. tomorrow?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. And time for the transaction of routine morning business already has been provided for, not to exceed 5 minutes. Is that correct?

The PRESIDING OFFICER. That is correct.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, I have a request for three special orders tomorrow.

I ask unanimous consent that on tomorrow—I have consulted with the distinguished minority leader in this respect, and I believe he concurs in my request—the time allocated to the two leaders under the standing order be reduced to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the reason for that is to provide time for three special orders which have been requested and to fit the remaining provisions for a convening hour, for the transaction of routine morning business, and for the commencement of the consideration of the transportation bill.

I now ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, the Senator from Wisconsin (Mr. PROXMIRE) be recognized on a special order for not to exceed 15 minutes; that following the recognition of the Senator from Wisconsin, the distinguished minority leader, the Senator from West Virginia (Mr. ROBERT C. BYRD), be recognized on special order for not to exceed 15 minutes; that the distinguished Senator from Arkansas (Mr. PRYOR) be recognized on special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM AND ORDERS FOR TUESDAY

Mr. BAKER. Mr. President, to recapitulate: On tomorrow the Senate will convene at 10 a.m.

The time for the two leaders under the standing order has been reduced to 5 minutes each.

Three Senators will be recognized on special orders, not to exceed 15 minutes each.

There is time for the transaction of routine morning business of 5 minutes.

Mr. President, I change that. I ask unanimous consent that time remaining after the recognition of the three Senators under the special orders be that period from the expiration of the time on special orders not past 11 a.m., in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. On tomorrow, after the recognition of the two leaders for not more than 5 minutes each and the recognition of three Senators on special orders, there will be a brief period for the transaction of routine morning business, to extend not past 11 a.m.

At 11 a.m., the Senate will proceed to the consideration of H.R. 4209, the Department of Transportation appropriations bill. I believe there is now an agreement in respect to the consideration of the Department of Transportation appropriations bill, cleared on both sides, and I will state it at this time, for the consideration of the minority leader and other Senators.

UNANIMOUS-CONSENT AGREEMENT—TRANSPORTATION APPROPRIATIONS BILL

Mr. BAKER. Mr. President, I ask unanimous consent that the following time agreement on the Department of Transportation appropriations bill obtain: 1 hour on the bill, equally divided between the Senator from North Dakota (Mr. ANDREWS) and the Senator from Florida (Mr. CHILES); 30 minutes on amendments in the first degree; 15 minutes on amendments in the second degree; 10 minutes on debatable motions, appeals, or points of order, if so submitted to the Senate; and that the agreement be in the usual form with respect to division and control of time.

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That at 11:00 a.m. on Tuesday, November 3, 1981, the Senate proceed to the consideration of H.R. 4209 (Order No. 348), the Transportation Appropriations Bill, and that debate on any amendment in the first degree be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, debate on any

amendment in the second degree be limited to 15 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and debate on any debatable motion, appeal, or point of order which the Chair submits or on which the Chair entertains debate be limited to 10 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from North Dakota (Mr. Andrews) and the Senator from Florida (Mr. Chiles): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

ORDER FOR RECESS UNTIL 9:45 A.M. TOMORROW

Mr. BAKER. Mr. President, I am advised now that there is another request for a special order.

I ask unanimous consent that the time for the convening of the Senate be advanced to 9:45 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ZORINSKY TOMORROW

Mr. BAKER. Mr. President, I amend the request for special orders to include, in sequence, the distinguished Senator from Nebraska (Mr. ZORINSKY) for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, after the Senate completes consideration of the Department of Transportation appropriations bill, it is anticipated that we will proceed to the consideration of the energy and water development appropriations bill. There is no time agreement on that bill.

I urge Senators involved in the management of the measure and others who have particular interest in it to confer with the leadership and representatives of the leadership on both sides, to explore the possibility of arranging a time agreement on that measure as well.

THE CALENDAR

Mr. BAKER. Mr. President, there are a number of items on the legislative calendar which are cleared for action by unanimous consent on this side of the aisle. I am going to read the list and inquire of the distinguished minority leader if he is in a position to proceed to the consideration of some or all of the following items: Calendar Nos. 337, 338, 339, 340, 341, 359, 360, 361, and 362.

Mr. ROBERT C. BYRD. Mr. President, there is no objection to proceeding with the aforementioned measures.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate proceed to the consideration of those measures.

The PRESIDING OFFICER. Without objection, it is so ordered.

REINSTATEMENT AND VALIDATION OF OIL AND GAS LEASE ES 20644

The bill (S. 1605) to provide for the reinstatement and validation of U.S. oil and gas lease numbered ES 20644, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1605

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered ES 20644 shall be held not to have terminated by operation of law or otherwise on July 1, 1980, but shall be deemed to be in full force and effect and the terms of said lease extended for a period equal to the unexpired portion of the lease remaining on July 1, 1980, and so long thereafter as oil or gas is produced in paying quantities: *Provided*, That within thirty days after the receipt by the last leaseholder of record of said lease of written notice from the Secretary of the Interior of the amount of rental then accrued to the United States under said lease and unpaid by said leaseholder, said leaseholder shall tender payment of said amount of rental. Notice shall be given by the Secretary within thirty days after the effective date of this Act.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REINSTATEMENT AND VALIDATION OF A CERTAIN OIL AND GAS LEASE

The Senate proceeded to consider the bill (S. 383) to provide for the reinstatement and validation of U.S. oil and gas lease numbered M 16402 (ND) Acq., which had been reported from the Committee on Energy and Natural Resources with an amendment:

On page 2, line 4, strike "a period", through and including "1980," on line 6, and insert the following: "two years from the date on which the lessee received notice that the lease expired for nonpayment of rent"

So as to make the bill read:

S. 383

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered M 16402 (ND) Acq. shall be held not to have terminated by operation of law or otherwise on October 1, 1980, but shall be deemed to be in full force and effect and the terms of said lease extended for two years from the date on which the lessee received notice that the lease expired for nonpayment of rent, and so long thereafter as oil and gas is produced in paying quantities: *Provided*, That within thirty days after the receipt of written notice from the Secretary of the Interior of the amount of rental then accrued to the United States under said lease and unpaid by the last recordholder of said lease, said recordholder shall tender payment of said amount of rental. Notice shall be given by the Secretary within thirty days after the effective date of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REINSTATEMENT AND VALIDATION OF A CERTAIN OIL AND GAS LEASE

The Senate proceeded to consider the bill (S. 466) to provide for the reinstatement and validation of United States oil and gas lease numbered M–15450 (ND), which had been reported from the Committee on Energy and Natural Resources with an amendment:

On page 2, line 4, strike "a period", through and including "period," on line 9, and insert the following: "two years from the date on which the lessee received notice that the lease expired for nonpayment of rent."

So as to make the bill read:

S. 466

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered M–15450 (ND) shall be held not to have terminated by operation of law or otherwise on July 1, 1980, but shall be deemed to be in full force and effect and the terms of said lease extended for two years from the date on which the lessee received notice that the lease expired for nonpayment of rent, and so long thereafter as oil and gas is produced in paying quantities: *Provided*, That within thirty days after the receipt of written notice from the Secretary of the Interior of the amount of rental then accrued to the United States under said lease and unpaid by the last recordholder of said lease, Amoco Production Company, doing business in Denver, Colorado, its successors or assigns said recordholder shall tender payment of said amount of rental. Notice shall be given by the Secretary within thirty days after the effective date of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REINSTATEMENT OF OIL AND GAS LEASE OR–13713

The Senate proceeded to consider the bill (S. 1457) to reinstate oil and gas lease numbered OR–13713, which had been reported from the Committee on Energy and Natural Resources with amendments, as follows:

On page 2, line 9, strike "Fay", and insert "Faye"; and

On page 2, line 14, strike "Fay", and insert "Faye".

So as to make the bill read:

S. 1457

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered OR–13713 shall be held not to have terminated by operation of law or otherwise on October 1, 1976, but shall be deemed to have continued in full force and effect from that date, and the term of said lease shall be extended to October 1, 1985, and so long thereafter as oil or gas is produced in paying quantities: *Provided,* That within thirty days after the effective date of this Act, the Secretary of the Interior shall give notice to the last recordholder of lease OR–13713, Faye Reuth, and to her assignee, Reichhold Energy Corporation, doing business in Tacoma, Washington, said notice to indicate the amount of rental then accrued to the United States under lease OR–13713 and unpaid, and that within thirty days of receipt of the aforesaid notice from the Secretary of the Interior, Faye Reuth or Reichhold Energy Corporation shall tender payment of said amount of rental.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REINSTATEMENT AND VALIDATION OF OIL AND GAS LEASE W–46102

The Senate proceeded to consider the bill (S. 651) to provide for the reinstatement and validation of U.S. oil and gas lease numbered W–46102. which had been reported from the Committee on Energy and Natural Resources with amendments, as follows:

On page 2, line 2, after "operation", insert the following: "of law or otherwise on August 31 1979, but shall deemed to be";

On page 2, line 6, strike "1980", and insert "1979"; and

On page 2, line 6, strike "and", and insert "or".

So as to make the bill read:

S. 651

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered W–46102 shall be held not to have terminated by operation of law or otherwise on August 31, 1979, but shall be deemed to be in full force and effect and the terms of said lease extended for a period equal to the unexpired portion of the lease remaining on August 31, 1979, and so long thereafter as oil or gas is produced in paying quantities: *Provided,* That within thirty days after the receipt of written notice from the Secretary of the Interior of the amount of rental then accrued to the United States under said lease and unpaid by the last recordholder of said lease, said recordholder shall tender payment of said amount of rental. Notice shall be given by the Secretary within thirty days after the effective date of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO GERALD E. HOOTS

The resolution (S. Res. 234) to pay a gratuity to Gerald E. Hoots, was considered, and agreed to, as follows:

S. RES. 243

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gerald E. Hoots, widower of Sharon L. Hoots, an employee of the Senate at the time of her death, a sum equal to two months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO JOAN C. GIANNINI

The resolution (S. Res. 235) to pay a gratuity to Joan C. Giannini, was considered and agree to, as follows:

S. RES. 235

Resolved, That the Secretary of the Senate is authorized and directed to pay, from the contingent fund of the Senate, to Joan C. Giannini, widow of John J. Giannini, an employee of the Senate at the time of his death, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

GRATUITY TO JAMES L. McCLAIN, PHILIP W. McCLAIN, DONALD R. McCLAIN, AND JOHN C. DAMES

The resolution (S. Res. 236) to pay a gratuity to James L. McClain, Philip W. McClain, Donald R. McClain, and John C. Dames, was considered, and agreed to, as follows:

S. RES. 236

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to James L. McClain, Philip W. McClain, Donald R. McClain, and John C. Dames, sons of Edna M. Dames, an employee of the Senate at the time of her death, a sum to each equal to one-fourth of one year's compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RELIEF OF KENNETH S. LANDON, RICHARD J. LANDON, AND THOMAS C. LANDON

The resolution (S. Res. 237) to pay a gratuity to Kenneth S. Landon, Richard J. Landon, and Thomas C. Landon, was considered and agreed to, as follows:

S. RES. 237

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Kenneth S. Landon, Richard J. Landon, and Thomas C. Landon, sons of Angioletta M. Landon, an employee of the Senate at the time of her death, a sum to each equal to one-third of one year's compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, there are three items on today's Executive Calendar which are cleared on this side of the aisle for consideration—the two nominations under Corporation for Public Broadcasting and the one under "New Reports," Equal Employment Opportunity Commission.

I inquire of the minority leader if he is in a position to clear all or some of those nominations.

Mr. ROBERT C. BYRD. The minority is ready to proceed with the nomination under "Equal Employment Opportunity Commission."

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering the nomination appearing under "New Reports," Equal Employment Opportunity Commission, Michael Joseph Connally, of Michigan, to be General Counsel.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The legislative clerk read the nomination of Michael Joseph Connally, of Michigan, to be General Counsel.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT REFERRAL OF A NOMINATION

Mr. BAKER. Mr. President, I ask unanimous consent that the nomination of Reynaldo Philip Maduro, to be Assistant Director of the ACTION Agency, be jointly referred to the Committee on Foreign Relations and the Committee on Labor and Human Resources.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I am advised that the distinguished Senator from New Mexico (Mr. SCHMITT) has a requirement for a special order in the morning. I ask unanimous consent that the time for the convening of the Senate be advanced to 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION SENATOR SCHMITT TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, the distinguished Senator from New Mexico (Mr. SCHMITT) be recognized on special order for not to exceed 15 minutes, to follow in sequence after those previously provided for.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY AND WATER RESOURCES APPROPRIATIONS

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. STENNIS. I did not hear all that the Senator said about the consideration of the bill pertaining to energy and water resources. The Senator is going to call up that bill following the transportation bill?

Mr. BAKER. Yes.

I say to the distinguished Senator from Mississippi that it would appear that, barring unforeseen circumstances, with the time agreement we now have, we should be able to finish the transportation appropriations bill between 12 and 12:30 tomorrow. Immediately after that, I hope we can go to the consideration of the energy and water resources bill. There is no time agreement on that bill. However, I hope that overnight and in the course of the day tomorrow, we may be able to arrange a time agreement on that measure. That is the next bill in sequence.

Mr. STENNIS. Mr. President, if the Senator will yield further, that bill, as he knows, has a good many items in it on energy and water matters. There may be an amendment on one of the water items that would require a little more time than usual.

Let me put it this way: I judge that we would not get to an amendment that would require, say, 2 hours to each side before Wednesday. I am thinking about the possibility of the Tennessee-Tombigbee matter. I think we need a little notice about probably when it will come up. Some Senators are away who wish to be here.

Mr. BAKER. Those of us who are staunch supporters of that project would hope there is no amendment at all.

Mr. STENNIS. I understand. I am not suggesting an evil like that. But we wish to be prepared.

Mr. BAKER. I do not quite know how to answer the Senator. It is certainly not my purpose to hurry the consideration of that measure. On the other hand, having been taught and tutored at the knee of the distinguished minority leader, I have a voracious appetite for passing appropriation bills at the first available moment.

Mr. President, I guess that at some time around 12:30 p.m. tomorrow we would get to opening statements on the energy and water resources bill and that by the time we get down to serious amendments on that or other controversial issues we would be late in the day perhaps on Wednesday.

Mr. STENNIS. Yes.

Mr. BAKER. I do not expect to ask the Senate to remain in late tomorrow, barring unforeseen circumstances.

Mr. STENNIS. All right. We will be ready if called on to agree to a time limitation like that or whatever the leader may wish. I thank the Senator for his assurances.

Mr. BAKER. I thank the Senator.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I see no other Senator seeking recognition. I have no further business to transact.

I inquire of the minority leader if he has any further business to transact.

Mr. ROBERT C. BYRD. Mr. President, I have none, and I thank the distinguished majority leader.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:30 a.m. on tomorrow.

There being no objection, the motion was agreed to and, at 5:41 p.m., the Senate recessed until Tuesday, November 3, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 2, 1981:

DEPARTMENT OF JUSTICE

Joseph P. Stadtmueller, of Wisconsin, to be U.S. attorney for the eastern district of Wisconsin for the term of 4 years vice Joan F. Kessler, resigned.

John Robert Byrnes, of Wisconsin, to be U.S. attorney for the western district of Wisconsin for the term of 4 years vice Frank M. Tuerkheimer, resigned.

COPYRIGHT ROYALTY TRIBUNAL

Edward W. Ray, of California, to be a Commissioner of the Copyright Royalty Tribunal for the unexpired term of 5 years from September 27, 1977, vice Clarence L. James, Jr., resigned.

FARM CREDIT ADMINISTRATION

W. Proctor Scarboro, of North Carolina, to be a Member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987, vice David C. Waldrop, term expired.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Bobby Jack Thompson, of New York, to be Administrator of the U.S Fire Administration, vice Gordon Vickery, resigned.

ACTION AGENCY

Reynaldo Philip Maduro, of Maryland, to be an Assistant Director of the ACTION Agency, vice Mary Frances Cahill Leyland, resigned.

U.S. COAST GUARD

The following Regular officers of the U.S. Coast Guard for promotion to the grade of captain:

Irving G. Sauer	John L. Patterson
Domenic A. Calicchio	William A. Anderson
Robert W. Davis	Kenneth E. Wagner
Gerald F. Corcoran	Samuel J. Cavallaro
Eugene J. Hickey, Jr.	Adam J. Shirvinski
James W. Haugen	Joseph S. Anderson, Jr.
Richard T. Hess	Robert J. Swain
James F. Coen	Robert F. Blackburn
Aylmer R. Trivers	James S. Billingham
Kenneth H. Cary, Jr.	George E. Gaul
John L. Linnon, Jr.	David A. Worth
Leonard F. Alcantara	Joseph C. Beima
Lloyd C. Burger	Leonard V. Dorrian
David L. Folsom	Paul E. Versaw
John R. Wallace	Robert F. Muchow
Stephen P. Leane	Robert A. Ferguson
Robert C. Eddy	William B. Steinbach III
James L. Shanower	Anthony B. Ford
Robert H. Cassis, Jr.	Peter L. Collom
Peter A. Joseph	Donald J. Aites
Douglas C. Odonovan	William C. Donnell
Joseph L. Crowe, Jr.	Homer A. Purdy
Billy D. Lovern	William A. Doig
Jerome P. Foley	Roger D. Williams
Donald R. Casey	John L. Bailey
Walter R. Wilkinson	Edward W. Wiegand
John A. Randell	Arthur E. Henn
Robert L. Ashworth	

CONFIRMATION

Executive nomination confirmed by the Senate November 2, 1981:

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Michael Joseph Connally, of Michigan, to be General Counsel of the Equal Employment Opportunity Commission for a term of 4 years.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSION OF REMARKS

APARTHEID IS DESTROYING SOUTH AFRICA

HON. RICHARD L. OTTINGER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an important article by Mr. Alan Paton, author of the international best seller, "Cry the Beloved Country," and perhaps South Africa's most noted author. Mr. Paton is uniquely qualified to explore the origins of the decision to institute "separate development" in South Africa, which is a polite term for brutally consigning South Africa's black population to nonarable "homelands" where they cannot survive.

Mr. Paton believes very strongly, as do I, that apartheid is destroying South Africa. His article provides excellent insight into one dimension of the repugnant policy of apartheid, and I commend the article to the attention of my colleagues:

VERWOERD

Life in South Africa in 1981 is uncertain and the future is unpredictable. The alienation between white and black is greater than at any time in our history. I admire those women who work for peaceful change, but the prospects for peaceful change are darker than they have ever been. Be patient, reader, I am not writing a tale of woe, I am writing the tale of Dr. Hendrik Frensch Verwoerd. For our uncertainty, our alienation, our dark prospects are due more to him than to any other actor in our long and tumultuous history. I never met him, but in one important sense, he influenced my life more than any other person.

Although born in Holland, he became totally an Afrikaner. The maintenance and survival of Afrikanerdom became his supreme passion. He was in no sense a man of the world, and only in the narrowest of senses was he a South African. He was a man of commanding intellect, but he was ruled by his supreme passion. His intellect, like some magnificant and powerful steed, ran between the shafts, but passion drove the chariot. It was a passion created by the arrogance of the British and the menace of the blacks, and no doubt by other secret forces not yet revealed to us.

How could Afrikanerdom survive? He knew the answer. Apartheid was already part of his inheritance, but he knew that by itself it was not enough. He knew that the white supremacy, the baasskap of his predecessor Mr. J. G. Strijdom, was not enough either. Although he was proud, he knew that apartheid and baasskap by themselves would invite the hostility of the entire world. So he enunciated the new doctrine that was to save Afrikanerdom, the doctrine of Separate Development.

Dr. Verwoerd must be giving the credit for turning Nationalist Afrikanerdom away from Apartheid and naked baasskap. He must be given the credit for giving the churchmen and the academics something to still their troubled consciences. But this must not prevent us from recognising that the child Separate Development had the blood of its parents running strongly in its veins.

What was the Great Plan? It was based on highly moral considerations. White South Africa had achieved total political independence. But now every other racial group in South Africa (except two) was to have its own territory and its own institutions, was to be enabled to preserve its own language and its own culture, was to control its own education, and was to be able, finally and irrevocably, to achieve total political independence.

Dr. Verwoerd did not envisage the total political independence of the black homelands until he became Prime Minister in 1958. In fact as late as March 1959 his eminent co-architect, Dr. W. M. Eiselen, stated that political independence was never intended. However later in the year Dr. Verwoerd repudiated this statement, and Dr. Eiselen prudently retracted. Dr. Verwoerd's hold on his cabinet and his party was absolute, and has never been equalled in our political history. Even co-architects knew their place.

It would appear that Dr. Verwoerd's confidence in himself and his Great Plan was also absolute. He was once asked by an interviewer how he slept at night, with all the problems and the challenges that confronted him every day. He replied that he slept like a child because he knew that what he was doing was right. He was convinced that the homelands would not only become politically independent, but that they, with white South Africa, would become members of "what I call a commonwealth", enjoying a healthy economic interdependence. In this commonwealth there would "be no danger of hostile Bantu states." It was nothing less than Utopia that he was planning, a commonwealth of peace, where racial friction and racial hatred and racial fear would die away.

So compelling was he in Parliament, so lucid in debate, so confident of himself, that even some of his political opponents fell under the spell, and wondered if he could possibly be right. The sight of grand passion driving great intellect presumably overawed them. I am sure that Margaret Ballinger and Helen Suzman were not amongst these opponents.

Dr. Verwoerd's confidence in the Great Plan was such that he risked a tremendous prophecy. He predicted that in twenty years' time the black tide to the cities would turn and that it would begin to flow back to the homelands. It is commonly accepted that the predicted date was 1978. By that time life in the states of the future commonwealth would have become so attractive, the chances for employment so many, the air of independence so heady, that black people would be leaving the delights of Johannesburg and Cape Town and Durban for the deeper satisfactions of their ancestral homes.

But it hasn't happened. The Great Plan hasn't worked. The Great Plan never will work. Black people won't stream back to the homelands. There is nothing to stream back to. The wealth and the work of South Africa is to be found in the "white" cities, not in Umtata or Ulundi or that sad country Bophuthatswana, where the main source of wealth is Mr. Sol Kerzner.

Therefore those of us who are not Afrikaner Nationalists observe with a mixture of frustration and fascination that the great brains of the party, Dr. Gerrit Viljoen and Dr. Piet Koornhof, and the great warriors Mr. P. W. Botha and Mr. Pik Botha, still believe in the doctrine of Separate Development. They believe, or seem to believe, that the black people of Ciskei and Transkei go to Cape Town, not because they are hungry and workless, but because they are wicked, or at least because they do not respect law and order, those two gods whom Mr. B. J. Vorster used to shout about over the loudspeakers. And Dr. Piet Koornhof, who was reputedly so brilliant at Oxford, is forced to blame the Black Sash and the Council of Churches and the Women for Peace, who are just as loyal South Africans as he is, and a good deal more compassionate.

Dr. Koornhof is a Christian and so am I, and I would not dream of debating which of us is the better one. But in no circumstances could I give an order for public servants to smash down the pitiful shelters that desperate people have erected to protect themselves from the cold and the rain. Dr. Koornhof might well say to me, it is easy for you to talk like that, you are not a Minister of State, you have no responsibility. And I would say to him, I thank God that I am not a Minister of State, that I have never been caught in the web of the Party and the Broederbond and the Cabinet, the web from which it appears that you are powerless to escape. And I would say to him, when I go to the Church of the Holy Spirit in the Valley of a Thousand Hills, or the Church of St. Wendolin, the hundred year old settlement which your government proposes to demolish in the name of Separate Development, then I marvel that black people still go humbly into a Christian church, and I can only suppose that they find something in their faith that is hidden from the high and the mighty, something which is called compassion or love or justice, words which are to be found in the gospels but not in any of the statutes of Separate Development.

Why is Dr. Verwoerd's Great Plan falling to pieces about our ears? Mr. Henry Kenney, in his splendid book Architect of Apartheid, says that one of the reasons was that Dr. Verwoerd was an economic illiterate. In other words he had no conception of the limitations of ideology or of rigid systematism. He tried to force one of the most complex of human societies, with a most complex history of conquest, great migrations, the discovery of fabulous wealth, the confinement of a black majority to small pieces of land so that they could never become agriculturists, and finally the growth of white industrial cities that are now two-thirds black—he tried to force this complex society into a master mould conceived in his own mine. And when the society and its peoples proved recalcitrant, he cherished the foolish notion—this highly in-

telligent man—that the powers of the State and the law and the police and the bulldozers could bring them to heel.

This is the heritage that he bequeathed to us. It was intended to safeguard the future of Afrikanerdom, but unless Afrikanerdom gets rid of it, the white tenancy in this rich and beautiful country will come to an end. So long as Mr. P. W. Botha and Mr. Pik Botha and Dr. Viljoen and Dr. Koornhof regard themselves first and foremost as Afrikaners, we, and they, have no future at all.

There is another part of this heritage that must be got rid of Dr. Verwoerd did great damage to the rule of law. Detention without charge or trial or access must go too. In this work of destruction he had as his right-hand man Mr. B. J. Vorster, the Minister of Justice. These two men imperilled the future of Afrikanerdom more than any others. But it is Dr. Verwoerd who bears the main responsibility.

Good luck to the Women for Peaceful Change. But there won't be any peaceful change until our rulers discard forever the notion that the magical year is coming when the homelands are going to work.●

VOLUNTARISM—CAPITOL HILL STYLE

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. PEASE. Mr. Speaker, today marks the start of the fund-raising efforts in the U.S. House of Representatives for the Combined Federal Campaign. During this week, we as Members of the House and our employees will be asked to pledge contributions to support 237 human service organizations serving the greater metropolitan Washington, D.C., area. Our performance in the past in giving to the Combined Federal Campaign is a shocking disgrace.

More than 18,000 people work in the House and the Senate, but last year only 8 percent of the Senate employees and only 7 percent of the House employees made voluntary contributions to the Combined Federal Campaign.

The per capita gift last year was $3.45 as a result of only $28,687 being raised from the Senate and only $34,762 being raised from the House.

Fewer than 80 of the 435 congressional offices contributed anything to the Combined Federal Campaign. More than 50 of those contributions come from Democratic offices, while less than 20 Republican congressional offices bothered to contribute at all.

The same niggardly attitude prevailed on the Senate side last year with approximately 35 of 100 offices contributing to the Combined Federal Campaign. Approximately 25 Democratic offices made contributions compared with approximately 10 Republican offices.

Our miserable support on Capitol Hill for the United Way, the United Black Fund, and scores of national and international service agencies funded through the Combined Federal Campaign is embarrassing. In part, it may be due to House employees not being familiar with the Combined Federal Campaign. Others may not have been contacted in past years. But these are lame excuses more often than not. Improved efforts are being made this year to make certain that all of our offices receive background information and pledge forms. This should insure that everyone has an opportunity to give to the Combined Federal Campaign.

Earlier this year, the Congress enacted dramatic cuts in the Federal budget. More are in the offing. This has predictably resulted in reduced funding for various humanitarian services and social programs for many disadvantaged people. If these vital services are to continue in some way, it will depend upon our compassion and generosity.

Last year one out of every three people (more than 1 million persons) in our Nation's Capital was served by one or more of the 237 agencies supported by the Combined Federal Campaign. We ought to exercise leadership with our own staff employees to encourage participation this year, since 93 percent of them did not give a dime last year. Each of us ought to set an example through personal contributions.

Voluntarism is supposed to be a revived community ethic throughout America. This is our week in the House to substitute contributions for empty admonitions.●

CROCKETT CELEBRATES ITS 100TH YEAR

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. MILLER of California. Mr. Speaker, the city of Crockett, Calif., located in my district, is celebrating its 100th anniversary this year. Simultaneously, the California and Hawaii Sugar Co., founded in Crockett, is celebrating its 75th anniversary.

Crockett has a long and colorful history. Named for a former California Supreme Court Justice, Joseph B. Crockett, the waterfront town was first surveyed and laid out in 1881 by Thomas Edwards, Sr., and John Loring Heald. Twenty-five years later, the California and Hawaii Sugar Co. began its operations in Crockett, and since then has been Crockett's principal industry.

Crockett celebrated its anniversary on September 5 with the dedication of the Crockett Historical Museum, a festive occasion which I was privileged to attend. The 4,000 residents of Crockett have much to be proud of, and I congratulate them on their city's accomplishments. I also want to congratulate the Crockett Historical Society for their fine work that resulted in the Crockett Historical Museum.

I am including in the RECORD at this point the remarks made at the commemoration by Robert Nagle, the recently retired president of C and H Sugar, and a short history of both Crockett and C and H from the Contra Costa Development Association:

REMARKS OF ROBERT O. NAGLE

Thank you Dan, Mrs. James, members of the Edwards and Rolph families, and other distinguished guests.

What a great day and a great crowd this is. I want to compliment everyone who has had a hand in planning this historic occasion. Once again you have proven that nobody tops Crockett when it comes to throwing a birthday party.

Obviously, the spirit that has made Crockett unique is literally everywhere today. It is the spirit of great men and strong women, the spirit of pioneers, of dreamers, of people who were doers, people who did things others said could never be done.

There are symbols of this spirit all around us.

Take a moment and try to think of this place as it was a little more than a century ago. Thomas Edwards Sr. and his courageous wife Mary may have stood right where we are standing today as they decided that the house they would build should look over the waters of the Carquinez Strait.

Within a few hundred feet from here, materials which had been brought around Cape Horn were unloaded from a sailing schooner to build this solid old homestead.

Some of the magnificant trees that tower above us were planted by Mother Mary and the Edwards boys.

The Edwards and railroad land agents sat in the parlor of this historic home and negotiated the right of way on which rails would be laid to become the main line of the Southern Pacific Railroad.

This home and the hospitality of the Edwards family were shared with many of the giants of the 1800's who built empires and shaped the develpment of California and the West.

To name but a few.

John Loring Heald, inventor, engineer and foundryman. He and the Edwards sons surveyed and laid out the town of Crockett.

California supreme court justice Joseph B. Crockett, for whom they named the town.

Abraham DuBois Starr, who set out to build the west's greatest flour mill.

Pioneer educator, John Swett and naturalist, John Muir, who was the father of America's national parks. The grain king who wanted to grow sugar beets, George McNear.

They were all friends and associated with Thomas Edwards and his five stalwart sons in building the town of Crockett.

Then there was "Count" Joseph Kohn, the Bohemian chemical engineer who lived with the Edwards family while he mastermineded rebuilding of the Starr Flour Mill as a sugar factory. In May of 1898, the "Count" knocked on the old homestead door to present one of the first packages of

sugar produced at Crockett as a wedding anniversary gift for Emma and Hugh Edwards.

In 1905 young George M. Rolph shared with the Edwards brothers the Hawaiian sugar growers plans to develop their mainland sugar refinery here.

This was the beginning of a mutual love affair between the town of Crockett, its people and George M. Rolph. We can see the home on top of the hill to the east that Rolph built for his family. Although appropriately known as the father of C and H, George Rolph was more than that. His lifetime also was devoted to helping the Edwards family fulfill their dream for his adopted home town, the town the Edwardses had founded a quarter century before.

As more than three thousand gather here today, we are honoring not only these two great men and their families but also honoring the families of other working men and women who followed them, had faith in their vision and worked with Thomas Edwards and George Rolph to build this town.

This grand celebration is being called a birthday party for Crockett, C and H, Lloyd's Bank and the local Lion's Club. But it also, is a unique family reunion, or more accurately a reunion of Crockett families. As many as four generations of those families not only helped build this town, but they have been the life blood of C and H Sugar for 75 years.

As a representative of C and H, I salute the Edwards and the Rolphs, and I salute you and your families. I wish this town and its people a second century that will be even more gratifying than the first.

Although Crockett has been erroneously called a company town, I can assure you that we intend and hope C and H will still be considered as the town's company another 100 years from now.

Thank you for your warm welcome and for permitting us to join you in commemorating the birth of our company, C and H, and our home town, Crockett.

The history of C&H goes back to the beginnings of Crockett. In 1883-1884, an enormous flour mill was built by A. D. Starr. The mill was never a success, and with the decline of northern California grain production and the unstable economics of 1893, the facility was finally closed. Rebuilt into a sugar refinery in 1897 for beet and some cane sugar, it was used in this capacity until 1903.

During this time, cane production was growing in Hawaii, but refining and distribution took place on the East Coast of the U.S. This required sailing the raw sugar around the horn—a 16,000 mile, 130-day journey. Often the shipment would arrive at East Coast refineries only to have the price slashed far below the market by the, then legal, Sugar Trust.

By 1905, the growers were being forced to accept a $12.50 discount per ton on their raw sugar. That same year, they decided to get together. Representing 87 percent of the Island's production, they formed what may have been the first farmers' coop and bought the Crockett refinery.

On March 10, 1906, they produced the first pound of pure cane sugar from Hawaii. The first year, they refined 67,000 tons of sugar and employed 490 people. Four years later, production was doubled. By 1915, it had tripled. Expansion and modernization continued, and by 1920, more than 400,000 tons of raw sugar were being processed annually.

That same year, however, the sugar market fell on hard times, and prices plunged from 23 cents to 6 cents a pound. In 1921, the company was forced to restructure and refinance. By the late 1920s, the last outside investor had been bought out. Since then, the refinery has been operated exclusively by the Hawaiian growers, with all the proceeds, above operating expenses, returned to them.

Employment is now almost 1,300 at the Crockett refinery, with another 250 working in the San Francisco headquarters and terminals and sales offices in Los Angeles, Portland, Phoenix, Seattle and Hawaii. The C&H payroll will be about $40 million in 1981.

C&H refines almost all the sugar cane harvested and milled in Hawaii. Approximately 860,000 tons of raw sugar come into the port of Crockett every year, making it second in tonnage only to oil among San Francisco Bay ports.

And there is no end in sight to increasing production. Hawaii expects to ship 1,100,000 tons annually in the next few years.

Neil Pennington, vice president, refining for C&H, says, "We can accommodate the increase with very little expansion. During the last decade, we have computerized quite a bit of our operation and this, along with productivity improvement programs, have resulted in an annual savings of $14.4 million. Fuel used per ton of sugar produced has been cut by 22 percent since 1975."

An average of $5.5 million in capital investment is returned annually to the plant for modernization, maintenance, cost reduction programs, packaging and equipment.

Pennington, a former research chemist, stated that $400,000 a year is spent for research at C&H. This includes development of specialized products, such as Gelgrain, a minute-sized granulation created for gelatin manufacturers. Research also includes process development, to help reduce costs of labor, materials and, especially, energy.

It is nearly impossible to speak of C&H and not mention Crockett, and vice versa. Although Crockett is celebrating its 100th anniversary and C&H its 75th, their history is tightly interwoven.

The town and mill were barely established when C&H arrived, and the company immediately became involved in Crockett's development in order to help create an attractive community for its employees.

"We are not and never wanted to be a company town," C&H vice president Neil Pennington affirms. Rather than renting homes to employees or other such paternal activities, C&H has chosen to contribute land inexpensively for developers to provide affordable housing for refinery employees.

Transportation to the plant was a major problem for employees during the first several years. The only way in was by railroad or a rough, winding road. It was natural for a town to develop around the refinery. People could walk to work. Families settled in, children and their children grew up and went to work at C&H as a matter of course.

Thomas Edwards' family built the first homestead in the area, which still stands as a state historical monument. His good friend, Joseph B. Crockett, owned an 1800-acre parcel of land on the Carquinez Strait. Crockett persuaded Edwards to help him settle the land, and in 1876 they sold a 100-foot strip of land through the property to the Central Pacific Railroad. This strip of land, from Richmond to Port Costa, became part of the first transcontinental railroad, which later became the Southern Pacific Railroad.

In 1881 the Edwards hired John Loring Heald to survey 31 acres of the ranch property and laid out the township of Crockett. In payment for his work and to encourage establishment of a foundry, Heald was granted a franchise on the waterfront. The Heald Foundry became the town's first industry.

In 1882 another Edwards franchise was sold to Abraham Dubois Starr for $1,000. In 1883, Starr began construction on the Starr Flour Mill which, in 1906 became C&H Sugar Refinery.

So begins the alliance between the town of Crockett and C&H. Over the years the refinery has made substantial contributions to the community. It has donated land for a swimming pool, been heavily involved in the United Way, celebrated and mourned with the townspeople and provided 75-80% of the tax base for the school district.

C&H and Crockett have a unique agreement for operating the community's wastewater treatment facility. In 1978, C&H needed to build a water treatment facility to comply with Bay Area Water Control District regulations. At the same time, the Crockett-Velona Sanitary District needed to upgrade its treatment facilities. It was agreed that C&H would contribute the capital investment to build the facility at the refinery, while the District would contribute a small amount of capital as well as the operating costs for treatment of the District's outfall. This was the first joint operation of its kind in the nation. C&H owns and operates the treatment plant. As the area grows, expansion will be made through C&H.

There is little doubt that the area will grow. New homes now being built on the hillside overlooking the town will provide housing for about 500 people.●

EFFECTIVE DISASTER RELIEF, NOT ADMINISTRATIVE ROADBLOCKS

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. GUNDERSON. Mr. Speaker, we cannot predict when a major disaster will strike. However, we know that, regardless of its source, a major disaster leaves personal tragedy and financial ruin in its wake.

In most cases, only the Federal Government has the resources to adequately respond to a major disaster. The financial loss is simply beyond the means of State and local governments.

Yet, since May of 1980, the Federal Emergency Management Agency (FEMA) has by fiat imposed a cost-sharing formula on State and local governments. Under this formula, if a State or local government does not agree to fund 25 percent of the costs eligible for reimbursement, FEMA withholds any Federal contribution whatsoever to disaster relief efforts.

As an example, on July 15, 1980, the northern part of my district had the worst windstorm in at least a century. The storm did over $160 million in damage. Of this figure, only $3 million was eligible for Federal disaster relief.

Yet, instead of providing immediate Federal financial assistance to those

who were eligible to receive it, FEMA held those Federal funds hostage until the Governor signed an agreement that the State would fund 25 percent of the eligible costs. Thus, despite the fact that the State was already funding a large proportion of the disaster relief, it also had to pay for a predetermined portion of those costs that were, in fact, eligible for "complete" Federal assistance.

This is not an isolated occurrence; rather, it has happened in every major disaster since May 1980. In over 20 instances, State or local governments have been forced to contribute this predetermined share of the costs eligible for Federal disaster relief. In many cases, it was more than these governmental units could reasonably afford to pay.

In response to this highly questionable practice, I am today introducing legislation to prohibit FEMA from continuing to use this cost-sharing formula that has neither congressional approval nor administrative recognition. My bill would simply require that Federal disaster relief be calculated by the President on a case-by-case basis rather than using a rigid cost-sharing formula.

It would also require the President to reexamine those cases that occurred after May 1980 to see if, in fact, State and local governments were required to contribute more than a reasonable amount for disaster relief. If they were, the bill authorizes their reimbursement.

Simply stated, those touched by major disasters deserve effective Federal relief efforts, not administrative roadblocks.●

THE NEW ENGLAND COUNCIL ELECTS BRUCE SUNDLUN AS CHAIRMAN OF THE BOARD

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mrs. SCHNEIDER. Mr. Speaker, the New England Council, a business interest group representing 1,200 corporations doing business throughout the six State region, recently elected, as its chairman of the board, a Rhode Island community leader of outstanding accomplishment.

Bruce G. Sundlun, soon to head the prestigious New England Council, is well known throughout the Rhode Island and the New England area for his active participation in the realms of commerce and cultural affairs, among others.

Bruce Sundlun was born and raised in Rhode Island and received his education at Williams College and Harvard Law School. He is currently president and chief executive officer of the Outlet Co. in Rhode Island and in addition to using his considerable business acumen in business ventures, he has lent his talents to the arts, serving as president of the Ocean State Performing Arts Center in 1978 and director of Trinity Square Repertory Theater in 1980.

Bruce Sundlun has further distinguished himself in the field of business by serving as the president of the Greater Providence Chamber of Commerce. He is tireless in his commitment to others and willingly shares his valuable insights: Not only is he a vital link in the Rhode Island business community, but he stands as a symbol of spirited community involvement, having assisted on many local government projects.

Truly, few individuals have Mr. Sundlun's broad range of experience and ardent enthusiasm for challenge. The more difficult the problem, the more willing is Bruce Sundlun to engage himself in finding a solution.

Now, more than ever before, when the goals and hopes of Americans are so closely tied to decisionmaking in the private sector, we need the leaders of our business community to contribute their know-how, time, and expertise to the task of helping solve the problems that confront the New England region and the Nation.

The New England Council, with its recently established Washington Office, affords New England business men and women an opportunity to play a vital role in legislative processes at the highest level, and the council is fortunate to have Bruce Sundlun in a key policy position within the organizational structure.

I congratulate the New England Council and Bruce Sundlun as its new chairman of the board. He joins a remarkably talented and successful group of board members and other New England business leaders working with a dedicated and knowledgeable management team in Boston and Washington.

I also welcome the opportunity to bring to the attention of my colleagues this most recent success of a proud son of Rhode Island, Bruce G. Sundlun.●

TIMOTHY J. FINAN IN BRAZIL

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. UDALL. Mr. Speaker, I take this opportunity to commend the University of Arizona and one of its faculty, Timothy J. Finan, on a piece of work that is a fine expression of U.S. foreign assistance.

We hear of the need for direct, organization-to-organization assistance, as opposed to passing taxpayers' funds through the U.S. apparatus overseas and through the host government's delivery system. We hear of the need for technical assistance, as opposed to loans or grants or gifts or military equipment. We hear of the need to get more U.S. citizens involved in foreign assistance, instead of leaving it to the bureaucrats. This work of Dr. Finan in Brazil, I believe, fills the bill.

Northeast Brazil is plagued with droughts, and farmers generally find it tough to make a living. Anything that will offer production credit tailored to their needs and repayment abilities, that will save them money on fertilizer, pesticides, and other inputs, or that will assure them a better price for such commercial crops as cotton, corn, and beans will help. Their cooperatives are trying.

In the State of Ceara—which is typical of the whole northeast—the World Bank, cognizant of the need, has mounted a $168 million rural development project. One percent of this money is earmarked for development of farmers cooperatives there, and the Bank has asked the organization of cooperatives, Organizacao das Cooperativas do Estado do Ceara, to choose 12 cooperatives to participate in the project.

OCEC, having neither the staff nor the experience to make this choice among its 46 member cooperatives, decided to ask U.S. cooperatives for help. They came to Volunteer Development Corps, a small private, nonprofit organization U.S. cooperatives created 11 years ago to provide short-term, technical help to cooperatives in developing countries at their request.

VDC asked my constituent, Dr. Finan, to volunteer his services to do the job. Dr. Finan is an odds-on candidate for such an assignment, since he spent 4 years in Ceara as a Peace Corps volunteer working with these same farmers and another 2 years there studying agricultural marketing for his doctoral dissertation. He is married to a Brasilian and speaks Portuguese like a native.

While Dr. Finan was willing to volunteer his services, he needed leave-without-pay from the University of Arizona, where he serves as associate professor of anthropology. William Stini, head of his department, asked the university to grant such leave, and I am happy to say the university complied.

VDC paid Dr. Finan's travel to Ceara and return, his lodging costs, his meals, and other project related expenses, and Dr. Finan donated his time.

Dr. Finan helped OCED develop tentative criteria for choosing the 12 cooperatives. These included acceptance of professional management, uniform accounting, and expanded services to

meet the needs of even the poorest farmers. He then tested these criteria by interviewing directors of most of the co-ops in Ceara and recommended OCEC choose from among 22. OCEC officials have since then completed the task.

Dr. Finan also recommended that OCEC restructure its assistance to member co-ops. Instead of OCEC's hiring a manager or a bookkeeper for several co-ops that felt they could not afford it, he argued, OCEC should hire a technical staff to advise member co-ops and require them to stand on their own feet as business entities. OCEC officials have agreed to do so.

Most of the money VDC used to pay Dr. Finan's expenses came from the U.S. Agency for International Development. VDC's most important resource, however, is not money but the volunteered skills of highly qualified men and women like Dr. Finan.

I recall that President Truman, in launching this Nation's foreign assistance effort, made the same point. in his inaugural address in 1949, he said:

The material resources we can afford to use for the assistance of other people are limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.

VDC handles 35 such projects each year with its small staff of six and an almost limitless corps of specialists willing to volunteer their know-how. VDC has $650,000 grant from AID for this year—hardly enough to attract congressional attention. Yet it is just such small programs as this that should be the heart and soul of U.S. foreign assistance. This is what really counts.

I congratulate my constituent, the University of Arizona, and others who had a hand in this project. When we debate these appropriations again, I would like to hear more about this sort of assistance.●

LEON BASS AND A CONFERENCE TO REMEMBER

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 2, 1981

● Mr. GRAY. Mr. Speaker, last week in our Nation's Capital City an extremely important gathering took place, one which merits the attention of the Members of Congress and people of conscience everywhere.

The meeting brought together the soldiers, diplomats, academicians and clergyman who either bore witness to, or have studied, the genocide against some 12 million Europeans during World War II.

The purpose, in essence, was to remember the full, unspeakable scope of those crimes against humanity, in the hope that by remembering, we can avert another holocaust, and give meaning to the one which took place.

Among the participants in the International Liberators Conference was a fellow Philadelphian, Mr. Speaker, who was present at Buchenwald when that death camp was liberated.

Mr. Leon Bass, the principal at Philadelphia's Benjamin Franklin High School, is a highly respected educator in my home city. In fact, I am fortunate to count him among the teachers under whom I learned as a youngster in the Philadelphia school system.

I mention this, Mr. Speaker, because I believe that Mr. Bass' words have a special meaning for all of who are moved by the inhumanity of the holocaust. In describing his feelings as his combat unit arrived at Buchenwald, Mr. Bass states:

At 19, I came into the feeling that I was put upon for being black, and I was. But standing there, I realized that suffering was universal, that here were people who had this happen to them simply for being who they were.

Mr. Bass goes on to explain why he has lectured to so many students about his experiences:

I realized that in another 20 years, we (the liberators) will all be gone. Who's going to tell them what happened? My history books made slavery sound like a nice happy time, like I would have had a good time working on the plantation. That can't happen this time. That's why I want to make sure these kids know. Because if you don't take stock of this, you can be had, you can be used. You can become a victim, or a perpetrator.

Mr. Speaker, in light of the conference which was held last week, and in light of the fact that this week in Philadelphia the Seventh Annual Conference on the Holocaust will take place, chaired by Sister Gloria Coleman, director of the Archdiocese of Philadelphia's Office of Ecumenical and Interreligious Affairs, I would like to commend to the attention of my colleagues the following article from the Washington Post of October 26, 1981:

A CONFERENCE TO REMEMBER: THE FREEING OF THE CONCENTRATION CAMPS

(By Lynn Darling)

The Auschwitz survivor changed things for Leon Bass. She had come to speak to some of the classes at Benjamin Franklin High School in Philadelphia. It was a predominantly black school and in 1968 it was "under a state of siege," according to Bass, who was principal then, as he is now. The tide of militance had risen to the point where there was a strong effort among the students to change the school's name to Malcolm X High School. Bass came to listen to the woman, to hear what she had to say.

"She was talking about what happened," Bass says quietly. "The students were laughing. They didn't trust anybody white and they didn't believe her. I stood up and said, 'What she's telling you is true. I was there.'"

Bass remembered how he had felt staring at the horrors of Buchenwald. "At 19, I came into the feeling that I was put upon for being black, and I was," he says now. "But standing there, I realized that suffering was universal, that here were people who had this happen to them simply for being who they were."

He began to lecture to students at other schools about what he had seen. "I realized that in another 20 years, we [the liberators] will all be gone," he says. "Who's going to tell them what happened? My history books made slavery sound like a nice happy time, like I would have had a good time working on a plantation. That can't happen this time. That's why I want to make sure these kids know. Because if you don't take stock of this, you can be had, you can be used. You can become a victim, or a perpetrator."

There was a war on. That's how Walter Mietus saw it. The liberators were not there to bring comfort; that would come later. They were there to flush out the enemy and to look into faces that looked into theirs as if they were not sure the Americans were going to be treating them any differently.

"It wasn't like the officers, it wasn't like the generals. We didn't see the total picture," says Mietus, "We didn't understand. In a situation like that you become hardened. You control your emotions. You felt sorry for them, but you felt sorry for yourself. The people in the prisons could sense that some of the soldiers—you could see it in their eyes—they didn't give a damn." The soldiers had to keep a door shut, he explains, otherwise you couldn't take it, the buddy dying next to you, the constant straffing, the friend who was captured and then found dead, the gun still stuck in his mouth. By the time they entered the camps they were hollow men, emptied of everything but the will to live.

"I hope the people in those camps who remember us, I hope they forgive us," Mietus says now. "Because we had gone through hell, too."

This week, Bass and Mietus will take part in the first international gathering of representatives of the nations that took part in liberating the Nazi concentration camps. The International Liberators Conference will take place here over the next three days—under the auspices of the U.S. Holocaust Memorial Council, in the shadow of recent attempts to claim the slaughter never happened, in the light of the memories, the photographs, the testimony and the attempts to come to terms with the horror.

Attending the conference will be the generals and the diplomats, the historians and the archivists, the former members of war crimes tribunals, and the experts who have spent lifetimes searching for comprehension and context. And then there will be those, like Bass and Mietus, for whom that time was locked away for years.

The title of liberator seems to hang loosely around them, connoting conquering, compassionate heroes when they were actually just kids who stumbled in and blinked their eyes and stumbled out again—the foot soldiers, armed with cigarettes and chocolate bars, marching into history's maw.

They got married, got jobs, settled down. In some ways it is hard for them to reconcile the savagery they saw with the modest peace of their lives now, with the way they put it behind them, with the way life went on. "One of the hardest questions I was ever asked," says Bass, "came from a student who said, 'Mr. Bass you knew about this in

1945 and you didn't say anything until 1968. How come?' I did a job on myself on that, I just didn't deal with it. I was too busy trying to make a buck and raising a family. Now I think, 'Leon, you blew it. You had a chance, and you blew it.'"

Now he remembers how green the grass was, how the trees were just beginning to come out and the weather was mild and sunny. Leon Bass and the rest of his all-black company had finally shipped out in October 1944 for Southampton, arriving on the continent in time for the Battle of the Bulge. Now it was April, and he and his buddies were bivouacked in the town of Weimar. From there they went to a place he'd never heard of, a place called Buchenwald.

He remembers how, as they approached in the late morning sunlight, it looked like some beautiful suburban community to a city kid like himself, born and raised in Philadelphia. He remembers walking in and meeting a prisoner who began to show them around. To show them things that still make Leon Bass bury his face in his hands, things that force his eyes to freeze and to stare straight ahead.

"I saw the walking dead," he says. "They had eyes devoid of any kind of light." The prisoners wore striped clothing and wooden clogs; their heads were shaved and their bones seemed ready to break through the skin. They walked on. "I saw a fellow wretching out a window. I looked in windows and saw people too weak to get up from the wooden planks they were lying on. I thought, 'Oh my God, who would do this?'"

They walked on. The young man saw dead bodies stacked up next to the crematorium, the matchstick arms and legs, the open eyes, the open mouths. The stench everywhere was overwhelming. He saw the clothing piled outside the crematorium, the small frayed sweaters, the tiny shoes, children's clothes. He went in and saw the charred remains of rib cages and skulls.

On the way back, no one spoke. "I didn't want to talk," says Bass now. "No one could tell me how people could do this. No one could tell me how people could let them."

Walter Mietus had spent 400 miles slogging through the mud and the misery and the killing that had brought him from the Rhine River to Weimar. He was an infantryman, what they called a dogface then, out there on the front lines of the fighting, taking the towns one by one. When his sergeant ordered him on the truck to go with other members of his company to Buchenwald, Mietus wanted no part of it.

By that time, his company had suffered a casualty rate of 120 percent, as replacements died within hours of one another. By that time, Mietus knew what it was to be a liberator. He and his buddies had marched into labor camps and prisoner-of-war camps, and they had seen the stricken faces, heard the cracked voices, listened to the pleas they could do nothing about. "They'd ask, 'What kind of things are you doing for us?'" Mietus remembers. "But I was just a foot soldier, I couldn't do anything."

After the war, Walter Mietus also forgot. "After the war I worked hard to forget," he says now, in the living room of his home in Adelphi, Md., a soft-spoken man who looks up shyly from the yearbooks that are part of the memorabilia of those years, books with titles like "We Ripened Fast."

In the beginning, forgetting was easy, even though he was in Germany for eight months after the war ended. There were dreams of going home, of getting jobs, there were friends to counsel as the Dear John letters started trickling. "We were just breathing very deeply and trying to savor life," he says. "We were getting back into the flow." The stories in Stars and Stripes had names like Treblinka, Dachau, and Auschwitz in them, but the conversations among his friends did not. "People wanted to talk about the light things, how they swapped a pack of cigarettes for a camera, or a bag of flour for a Volkswagen," Mietus says.

When he came back home to Chicago, the silence grew. "I couldn't talk about it, I couldn't," Mietus says. "I felt that people wouldn't believe me. They would think I was telling them war stories." Still there were moments that would trigger the memories, moments when he would be watching a newsreel or a movie, and the images on the screen would disappear and be replaced by the lingering images in his own mind.

He got a job in a Chicago electrical company and worked his way up. Eventually he went back to school and received a doctorate in industrial education. He teaches now at the University of Maryland and lives with his wife of 20 years in a house where the German swords and the Bronze Star and the swastika signed by all the survivors of Charley Company are put away neatly in the basement. The memories were put away as well, until a letter from Emory University came in 1978, asking him to contribute to something called "Witness to the Holocaust: An Oral History Project."

"I hadn't dealt with it at all," he says. "But I started thinking about it. Everything's changed, everything keeps changing, but which way, we don't know. That's why it's important to understand what happened. And we still don't know. We still don't have the whole picture. We say now, 'It's finished,' but it's not. There are people out there now who were part of it [the operation of the camps] and got away with it. It bothers me. It would be a real tragedy if we did not take a lesson from it."

What he saw has changed him, Mietus thinks now. "I think I look at life differently. If I got shot down in a promotion or something, if something goes wrong, it's not going to destroy me. I want to value every moment of life." It made him closer to God as well. It did not bring him closer to organized religion. "The Germans wore belt buckles," he says, "that said, 'God is with us.'"●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, November 3, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 4

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on fiscal disparities within the Federal budget system, focusing on the effect of various Federal policies on the financing of State and local government.
357 Russell Building

Labor and Human Resources
*Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

9:30 a.m.
Appropriations
Military Construction Subcommittee
Closed business meeting, to mark up H.R. 4241, appropriating funds for fiscal year 1982 for military construction programs of the Department of Defense.
1223 Dirksen Building

Finance
*Estate and Gift Taxation Subcommittee
To hold hearings on S. 1695, repealing the generation-skipping transfer tax, S. 1733, providing a procedure for determining the fair market value of certain assets for estate tax purposes, and providing for declaratory judgments relating to installment payment of estate tax, and S. 1734, providing qualified use valuations for certain real property acquired by any individual from a decedent and to prevent acceleration of estate tax payments.
2221 Dirksen Building

Foreign Relations
To continue hearings on the foreign policy and arms control implications of the President's strategic weapons proposals.
4221 Dirksen Building

*Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
6226 Dirksen Building

10:00 a.m.
Armed Services
Strategic and Theater Nuclear Forces Subcommittee
To hold open and closed hearings on the implementation of the administration's proposed strategic decisions.
212 Russell Building

Budget
Business meetings, to continue markup of the proposed Second Concurrent Resolution on the Congressional Budget for Fiscal Year 1982.
6202 Dirksen Building

*Energy and Natural Resources
Business meetings, to mark up S.J. Res. 115, approving the President's recommended waiver of law to expedite the construction and initial operation of the Alaska Natural Gas Transportation System, to resume markup of S. 1484, promoting the development of oil shale resources by revising the authority to lease lands containing oil shale deposits, and other pending calendar business.
3110 Dirksen Building

Governmental Affairs
To hold hearings on proposed legislation requiring Inspectors General of certain Federal agencies to review their departments' programs.
3302 Dirksen Building

Small Business
Advocacy and the Future of Small Business Subcommittee
To resume hearings to examine effects of Government competition on small business.
424 Russell Building

Joint Economic
International Trade, Finance, and Security Economics Subcommittee
To hold hearings to examine the experience of Japan in improving business productivity.
2318 Rayburn Building

2:00 p.m.
Conferees
On S. 884, authorizing funds for fiscal years 1982 through 1985 for commodity price support programs administered by the Department of Agriculture, for agriculture research and conservation, and agriculture exports.
H-130, Capitol

3:00 p.m.
Joint Economic
To hold hearings on the Japan-United States Rail Congress' proposal to establish a high-speed passenger rail service in the United States.
2318 Rayburn Building

NOVEMBER 5

9:00 p.m.
Commerce, Science, and Transportation
To hold hearings on S. 709, requiring a refund value for certain beverage containers, and prohibiting the sale of metal beverage containers with detachable openings.
235 Russell Building

*Energy and Natural Resources
To hold oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

Governmental Affairs
To resume hearings to examine the Department of Defense's procedures for acquiring new major weapons systems and other goods and services.
3302 Dirksen Building

9:30 a.m.
*Judiciary
*Constitution Subcommittee
To continue hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the State with respect to abortion.
2228 Dirksen Building

*Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings to examine issues relating to the exploitation of children.
6226 Dirksen Building

Veterans' Affairs
To hold oversight hearings on the VA's Department of Medicine and Surgery's implementation of the Office of Management and Budget's circular A-76, providing for the contracting out of certain government services.
412 Russell Building

10:00 a.m.
Appropriations
Business meeting, to mark up H.R. 4560, appropriating funds for fiscal year 1982 for the Department of Labor, Health and Human Services, and Education.
1114 Dirksen Building

Budget
Business meeting, to continue markup of proposed Second Concurrent Resoluton on the Congressional Budget for fiscal year 1982.
6202 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on State implementation of block grant programs and to examine the impact of further budget reductions of State and local governments.
318 Russell Building

NOVEMBER 6

9:00 a.m.
*Energy and Natural Resources
To continue oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

9:30 a.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 1081, S. 1594, S. 1749, and S. 1764, miscellaneous tax proposals.
2221 Dirksen Building

Rules and Administration
Business meeting, to consider certain provisions of Title I, providing legislative and procedural changes in providing Federal assistance to State and local governments of S. 807, establishing procedures for the administration and auditing of Federal assistance programs and the requirements imposed on assistance recipients.
301 Russell Building

10:00 a.m.
Budget
Business meeting, to continue markup of proposed Second Concurrent Resolution on the Congressional Budget for fiscal year 1982.
6202 Dirksen Building

Labor and Human Resources
Investigations and General Oversight Subcommittee
To resume oversight hearings on the activities of the National Cancer Institute, examining deficiencies in the use of experimental drugs on cancer patients.
4232 Dirksen Building

Joint Economic
To hold hearings on the employment-unemployment situation for the month of October.
2359 Rayburn Building

10:30 a.m.
Judiciary
Courts Subcommittee
To hold oversight hearings on the administration of State and local court adjudication of driving while intoxicated.
2228 Dirksen Building

NOVEMBER 9

9:30 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold oversight hearings on barriers to U.S. trade.
5302 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

2:00 p.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings on S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on S. 732, providing for the disclosure of IRS information to assist with the enforcement of Federal and State criminal laws.
2221 Dirksen Building

NOVEMBER 10

8:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

9:30 a.m.
*Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation and effects of the Staggers Rail Act of 1980 (Public Law 96-448), reducing ICC regulations of the railroad industries and providing opportunities for railroads to improve their financial viability.
235 Russell Building

*Finance
Estate and Gift Taxation Subcommittee
To hold hearings on S. 649, amending current estate tax laws to ease the burden of inheritance taxes for the heirs of artists, and reversing the decline in donations of art to nonprofit institutions; S. 851 and S. 852, bills increasing the amount artists may deduct in taxes for their charitable contributions.
2221 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on international drug trafficking.
3302 Dirksen Building

Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Business meeting, to mark up H.R. 4241, appropriating funds for fiscal year 1982 for military construction programs of the Department of Defense, and proposed legislation appropriating funds for fiscal year 1982 for the Department of Defense.
1114 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

11:00 a.m.
Foreign Relations
Business meeting on pending calendar business.
4221 Dirksen Building

NOVEMBER 12

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the proposed pipeline transporting natural gas from the Soviet Union's Yamal gasfields to Western Europe, focusing on the role of U.S. export controls.
5302 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on international drug trafficking.
3302 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Judiciary
*Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on Senate Joint Resolution 111, consenting to an extension and renewal of the interstate compact to conserve oil and gas.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to mark up S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and to hold hearings on S. 1247, S. 1235, and S. 587, bills providing for the exception of certain confidential information from disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

2:00 p.m.
*Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

NOVEMBER 13

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building

Judiciary
Agency Administration Subcommittee
To hold hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.
5110 Dirksen Building

Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

NOVEMBER 16

9:30 a.m.
Judiciary
Agency Administration Subcommittee
To resume hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.
5110 Dirksen Building

Judiciary
Courts Subcommittee
To hold hearings on S. 1529, proposed National Court of Appeals Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to markup S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

*Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

NOVEMBER 17

9:00 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings on United States-Canadian trade policies, focusing on impact on border States' industries.
6226 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on international drug trafficking.
3302 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

NOVEMBER 18

9:00 a.m.
Select on Indian Affairs
To hold hearings on S. 1613, requiring the U.S. Court of Claims to consider the merits of certain claims filed by the Navaho Indian Tribe, alleging U.S. breach of legal and treaty obligations.
1318 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building

*Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
1224 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Judiciary
Juvenile Justice Subcommittee
To resume hearings on S. 1688, making it a Federal offense when a convicted criminal commits a series of crimes involving firearms, and S. 1689, providing that a convicted criminal sen-

tenced to life imprisonment under State habitual criminal statutes be incarcerated in a Federal penitentiary.
357 Russell Building

Judiciary
Security and Terrorism Subcommittee
To resume hearings to discuss the retention or destruction of certain Federal Government files.
2228 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to resume markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

NOVEMBER 19

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building

Labor and Human Resources
Business meeting, to consider the nomination of John R. Van de Water, of California, to be a member of the National Labor Relations Board.
4232 Dirksen Building

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 186, authorizing funds through fiscal year 1988 for the Department of Justice, to provide assistance to State and local governments for the improvement of the States criminal justice system.
2228 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on S. 312, a private relief bill.
357 Russell Building

NOVEMBER 23

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on certain preference requirements of the Immigration and Nationality Act
5110 Dirksen Building

10:00 a.m.
Judiciary
Security and Terrorism Subcommittee
To hold hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 24

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on State implementation of Federal regulations, focusing on standards of the Resource, Conservation and Recovery Act.
3302 Dirksen Building

10:00 a.m.
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education programs and the Comprehensive Employment and Training Act (CETA).
4232 Dirksen Building

2:00 p.m.
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 25

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

DECEMBER 4

9:30 a.m.
*Banking, Housing, and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of titanium.
5302 Dirksen Building

DECEMBER 10

9:00 a.m.
Judiciary
*Criminal Law Subcommittee
To hold hearings on S. 613, amending the Federal Criminal Code to revise the scope of, and penalties under the Hobbs Act, prohibiting interference with commerce by threat or violence.
2228 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 23, 1982

11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

CANCELLATIONS

NOVEMBER 10

10:00 a.m.
*Government Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, establishing the National Nuclear Property Insurance Corporation, and providing supplemental insurance coverage for certain cleanup costs following damage to nuclear powerplants.
Room to be announced

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 17

9:30 a.m.
Agriculture, Nutrition, and Forestry
To hold joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

Labor and Human Resources
To hold joint hearing with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

NOVEMBER 18

9:30 a.m.
Agriculture, Nutrition, and Forestry
To continue joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

Labor and Human Resources
To continue joint hearings with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

DECEMBER 1

9:30 a.m.
Labor and Human Resources
To resume oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

DECEMBER 2

9:30 a.m.
Labor and Human Resources
To continue oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

SENATE—*Tuesday, November 3, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Almighty God, sovereign Lord of the nations, who hast revealed to Thy people Thy purpose for history. Thou hast a perfect plan, a perfect economy; and only that which conforms to it will endure. Empires rise and fall, nations come and go, governments wax and wane, leaders rise to prominence then vanish into obscurity. We play our little part on the stage of history and pass from view. How temporal we are, how transitory, how impermanent, how frail. But Thou, O Lord, art the same yesterday, today, and forever. Thou failest not.

Teach us the wisdom of submission to Thy will. Deliver us from false pride which boasts in our achievements as though we made it without Thee; as though we need Thee not. Help us to know Thy will, to be involved in that which endures all the exigencies of time and circumstance. Help us to be a part of what God is doing in history. Grant us to see that we are most effective in the present situation when we are most committed to that which transcends the present. Gracious heavenly Father, may we really mean it when we pray as we have been taught: ". . . hallowed be Thy name. Thy kingdom come, Thy will be done on Earth as it is in heaven . . . For Thine is the kingdom, and the power, and the glory forever." Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, under the present order I believe the time for the two leaders has been reduced to 5 minutes each this morning; is that correct?

The PRESIDENT pro tempore. That is correct.

Mr. BAKER. After the recognition of the two leaders under the abbreviated time there are five Senators who will be recognized on special orders to be followed by a period for the transaction of routine morning business to extend not past the hour of 11 a.m.; at 11 a.m., Mr. President, am I correct in saying that there is an order to begin consideration of H.R. 4209, the Transportation appropriations bill?

The PRESIDENT pro tempore. The Senator is correct.

Mr. BAKER. Following the disposition of the Transportation appropriations bill, Mr. President, is there also an order to turn to the consideration of H.R. 4144, the energy and water development appropriations bill?

The PRESIDENT pro tempore. There is no order.

Mr. BAKER. Mr. President, it is the intention of the leadership today to ask for such an order; in any event, to ask the Senate to turn to the consideration of that measure after the disposition of the Transportation appropriations bill.

NO TRADES, DEALS, BLACKLISTS ON AWACS VOTE

Mr. BAKER. Mr. President, in the wake of the AWACS vote there have been a great number of stories in the press and comments in the public media about trades, deals, and blacklists. Mr. President, there were no such things. There were no trades at all by the President, by me, or by anybody else in exchange for a vote. There were no deals, none were undertaken, none were made, and there were no blacklists. I speak with personal knowledge, after consultation with the President and his principal advisers.

On yesterday I expressed my admiration for the Senator from Oregon (Mr. PACKWOOD) and the Senator from Minnesota (Mr. BOSCHWITZ), and my admiration for their honor, their dignity, and their effectiveness in opposition to that sale. They upheld the finest traditions of the Senate, of the Republican Party, and certainly are on nobody's blacklist nor have they diminished their stature with the President, the leadership or with anyone else of whom I am aware.

SENATOR D'AMATO

Today I wish to say the same thing of our friend and distinguished colleague from New York, Senator D'AMATO. Senator D'AMATO is on no one's blacklist. I can say with absolute personal surety that early on the Senator from New York (Mr. D'AMATO) indicated such a steadfast opposition to this sale that there was never any serious effort to change his mind, and I personally reported to the administration and to the President, that I thought that his vote was beyond recall. There was no further effort nor is there any resentment by the President or by his principal staff.

On the contrary, we have the most fervent admiration for this freshman Senator who has comported himself with dignity and effectiveness in his first months in office.

I wish to say that, Mr. President, because I believe the activities of those Senators in support of the sale and those in opposition to the sale upheld the finest and highest traditions of the Senate as a deliberative body, and I wish to publish that for all who may care to hear.

ORDER FOR THE CONSIDERATION OF H.R. 4144, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, on the question of the energy and water development bill, I ask unanimous consent that upon the conclusion of H.R. 4209, the Transportation appropriations bill, the Senate turn to the consideration of H.R. 4144, the energy and water development appropriations, 1982.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER (Mr. MATHIAS). The acting minority leader is recognized.

RECOGNITION OF SENATOR PROXMIRE

Mr. PROXMIRE. Mr. President, it is my understanding that I may use the minority leader's time in addition to the 15 minutes I have for my regular order because they follow consecutively, is that correct?

The PRESIDING OFFICER. The Senator is correct.

DO NOT GIVE UP ON BUDGET BALANCING NOW

Mr. PROXMIRE. Mr. President, many businessmen and economists as well as all-out liberals now call on those of us in the Congress to forget about the balanced budget. They want us to meet the recession head-on. They want the Fed to increase the supply of money. They want the Congress to cut taxes further to encourage private sector spending and come on with Federal job programs, public works programs to fight unemployment.

They call our attention to the biggest drop in many months in the most reliable economic indicators of future

business activity, housing starts dropping to a depression level, the farmer last month suffering the worst income squeeze since the depths of the Great Depression in 1933, unemployment in September at 7½ percent and rising—possibly to 8 percent in October. A great deal of evidence tells us we now move into the first phase of a recession.

So how do we react? With the same automatic, conditioned reflex and with just about the same intelligence as Pavlov's dog. For 50 years—during most of the adult life of even us older Senators the obvious, automatic, knee-jerk reaction when unemployment increases and the economy soured was to turn to more Government spending. That reaction became obvious and automatic because for years that reaction made sense. Today it does not.

Here is why: This economy has not fallen into retreat and recession because Government has done too little to stimulate it. Today we suffer from exactly the opposite problem. The Government has become so big it now absorbs such a huge proportion of the Nation's credit with its massive trillion dollar national debt and its immense deficits that it has driven interest rates sky high. I have a chart in the back of the room indicating the tremendous increase in that debt just in the last 4 or 5 years. It has skyrocketed, nothing ever like it. Of course, in the past, we have had increases in debt which have coincided in war periods when we have had to borrow enormous sums to finance our wars.

The biggest increase before that, of course, was during World War II when we had a huge increase. But this is an increase in peacetime. Every one of those big years of increases was in peacetime, after the Korean war, after the Vietnam war, after the war, peacetime, and never before have we had anything like this kind of explosion of borrowing in a peacetime history. Sure, short-term rates have come down slightly with private sector demand for credit collapsing. But long-term rates have stayed up because investors correctly perceive that as soon as the economy picks up interest rates will do just what they did in 1980—march right back up the hill with the prime once again exceeding 20 percent.

The investor looks at our massive debt. He hears the highly respected Director of the Office of Management and Budget, David Stockman, admitting that we may have a $100 billion deficit in 1984—the year President Reagan has pledged a balanced budget. He sees President Reagan at the peak of his power pledged, as no President in 50 years has been pledged, to balancing the budget, but helpless before the prospect of a massive and increasing budget deficit and a continued domination of the credit markets by the Federal Government.

REAGAN HELPLESS

He sees the helplessness of the same Ronald Reagan who a few months ago had the power to push immense budget cuts and tax cuts and military spending increases through the Congress, a President who only last week was able to pick up a hopelessly lost cause, beaten 3 to 1 in the House on the AWACS sale, and yet win a smashing come-from-behind victory in the Senate, and he concludes that if this powerful conservative Republican budget-balancing President must accept increases in overwhelming deficits what hope can there ever be for an anti-inflation, anti-high-interest-rate policy? The investor asks if we get this with Reagan what would the country face with a Ted Kennedy or a Fritz Mondale or anyone else?

So we have permitted this Government of ours to work the investor into a conviction that the Government, under any President, simply lacks the will or the power to get us off the big deficit, high interest rate track.

Result: The credit sensitive industries—homebuilding, automobiles, farming and small business generally have fallen into serious trouble.

SALVATION

Right here, strangely enough, lies our salvation. The present economic situation with rising unemployment and increasing bankruptcies might seem to beckon the Federal Reserve Board and the Congress to adopt the usual anti-recession nostrum: Easy money and more Federal spending. But if we adopt such policies we certainly aggravate inflation. Whatever the favorable consequence for a few months for short-term interest rates, we rivet in the assurance that interest rates will rise more sharply than ever as the economy recovers and this spells continued depression for the housing, auto and other credit sensitive industries.

So where is the salvation? Our salvation lies in the clear, common interest we now have in pursuing a conservative, budget-balancing fiscal policy, not only to fight inflation but also to revive employment in the economy.

Now, note carefully what I just said—it sounds strange and contradicting. But it makes sense. I said we should hold down spending and balance the budget—now get this—in order to provide more jobs. That is right—I said cut Federal spending to put more people to work. No, you are not dreaming. Right now—this makes sense.

HOMEBUILDING—WHY?

Take the homebuilding industry. Can there be any doubt why it has fallen flat on its back? We all know the reason: Sky-high interest rates. No way we can have a healthy homebuilding industry with 17- or 18-percent mortgage rates. With rates that high, we price most American families right out of the housing market. Now remember every housing start provides on the average 2 man-years of work. A normal recovery from the present depression level of housing starts would give us at least a million additional housing starts per year. That means 2 million additional jobs.

Could a balanced budget bring mortgage interest rates down sharply enough to give us a million additional housing starts and 2 million additional jobs? Yes; here's why: Rightly or wrongly a balanced Federal budget has become the one clear, universal signal that our Government means business about fighting inflation and high interest rates.

SPEECHES WILL NOT DO IT

The public has repeatedly found that Presidential speeches, no matter how persuasive, will not bring interest rates or prices down to stay. The clear, simple arithmetic of a balanced budget we can understand. It means at long last the Government puts its money where its mouth is. A balanced budget also means the Federal Government is getting out of the credit markets.

Consider, for instance, the difference between the $100 billion deficit Director Stockman says we may have in 1984 and a balanced budget in that year. With a balanced budget, the private sector would have $100 billion more to invest in financing homes, and autos, farm implements and other products. That additional $100 billion of available private credit would, even without the extra added credibility force of a balanced budget, help drive the price of that credit on interest rates lower. So a policy of balancing the budget will not only help us fight inflation it will also clearly help provide more jobs.

THE ANSWER—DEBT LIMIT

And yet somehow the Government seems hung up in the two actions that can get us to a balanced budget which also happens to be the two most painful political actions we can take. Those two most painful actions are, one, cutting spending—and that is painful—and, two, raising taxes—and we all know how painful that is. Most of us Members of Congress will avoid either one like the plague.

How can we bring ourselves to do both? Answer: A Presidential announcement that the President will not ask for a further increase in the debt limit, and a Presidential assertion that if the Congress passes such an increase, he will veto it. The debt limit represents the President's best balance-budget tool. He should not throw it away.

Today I start a countdown. We now have 331 days—just under 11 months until the present $1.079 trillion debt limit expires. We have 11 months to get our fiscal house in order, to put ourselves on a cash basis, not only to cut spending to the level of revenues but to stop net off-budget borrowing. We do those things and interest rates will come down and stay down. We will revive housing and the auto industry. We will begin to get inflation under control.

THE COUNTDOWN

Mr. President I expect to rise regularly in the future to remind the Congress and the President that we live under a countdown of days until the debt limit expires. I expect to get up over and over again and say that there are now 300 days or 270 days, unless, of course, the President acts to come through and say, "This is it. We are not going to increase the debt limit."

Mr. President, let me make it clear that I do not argue that balancing the budget will solve all of our problems or even our high interest rate problems. We need to increase incentives for savings so the supply of capital will grow, and the price of borrowing that capital—interest—will fall. We must recognize the constant connection between high interest rates and the inflation rate. And that calls for a comprehensive anti-inflation program.

Mr. President, with all respect for the emphatic record the administration has made in fighting inflation by cutting spending, we have ignored the sorry fact that it has done nothing else—nothing else—to fight inflation and, in fact, this Reagan administration has done plenty to make it worse. I am not saying that in a partisan way, Mr. President. I am saying that as a matter of fact.

For the first time in 20 years and 5 Presidential administrations, our country has walked away from any kind of an income policy. For the first time since 1961, the Government has no policy of restraining wages and prices.

Think of that. This inflation started to really worsen in the 1960's. All during that time we at least had a policy in place of restraining wage and price increases that would be inflationary. Now, we have walked away from that. We have no guidelines for wages, no guidelines for pricing and the announcement by the administration that there will be no jawboning of price hikes or wage hikes no matter how flagrant or inflationary they might be.

I think all of us remember when John Kennedy called attention to the inflationary price increase proposals of big steel and rolled them back. It was widely condemned and criticized, but it worked. It held down inflation.

Now, with inflation far worse, this administration says that they will not do that under any circumstances.

BACK OF THE HAND TO ANTITRUST

For the first time since the advent of the Sherman Act almost 90 years ago, we have an administration that obviously does not even go through the motions of believing in a procompetiitve antitrust policy.

Mr. President, at a time when we deregulate the economy so rapidly, how can we possibly justify a deliberate policy of turning our back on the best regulator of all—free market competition? Now that is quite a charge so let us consider its basis. This administration first indicated when the President came into office that it intended to abolish the Bureau of Competition in the Federal Trade Commission. After pressure from Senator PACKWOOD and others they threw in the sponge on that approach. But now we find in the Commerce Department budget that will come to the floor shortly, sharp cuts in the antitrust functioning of the FTC, and in the markup on that appropriations bill, the administration pushed even sharper cuts that would have virtually emasculated FTC as an antitrust enforcer.

Even worse, as Senator METZENBAUM has so brilliantly documented in a New York Times article a week ago last Sunday, the administration's principal antitrust official, William Baxter, Chief of the Department of Justice's antitrust division, has made it very clear that not only will he carry out the administration's big is beautiful conviction in the way he enforces the merger policy of this administration, or I should say—not enforces the antimerger law—but he will actually intercede on the side of the monopolists against the Government, drop the Department's biggest antitrust suits, and support price fixing at the retail level by manufacturers. Some anti-inflation policy.

NIX TO FREE TRADE

And on top of all this the administration will resist the most effective anti-inflation force we have in our big industries: free trade. In concentrated American industries such as steel and automobiles, the prime quality and price competition comes from abroad. Without vigorous foreign competition, domestic price leadership and monopoly will require consumers to pay billions more in higher prices.

Mr. President, the common theme of every policy I propose is sacrifice. And without sacrifice we simply will not get interest rates or inflation under control. All of us who run for public office want support so we find it far easier to tell our constituents that all we need to achieve a better economy is to straighten out the Congress or the Federal Reserve Board, stop waste and fraud, and maybe make someone else suffer a sacrifice or two. Well, Mr. President, the fact is that we cannot bring down interest rates, we cannot stem inflation, without pain, without sacrifices all of us will have to make. And we must do them all.

SUMMARY

In summary, here they are: We must cut spending and cut it further. We must increase taxes, and increase them now. We must restrain wage increases and price increases for all Americans. We must restore a vigorous procompetition, antitrust policy. We must welcome the painful pressure of free trade and foreign competition.

The keystone of all this is the balanced budget. Without a balanced budget, the remainder of our low interest. anti-inflation policy will have no credibility. And the way to achieve that balanced budget is to limit the debt to the present $1.079 trillion. We have just 331 days and counting until that debt limit expires. Let us get to work.

THE NEED FOR WORLD CONSENSUS ON THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, Idi Amin Dada dropped out of sight in April 1979. During the 8 years he tormented Uganda, Amin awarded himself high praise and many titles. Yet for all these self-presented and self-serving accolades, we remember him really for only one thing—killing his fellow countrymen. He carried this out with gusto, enthusiasm, and imagination.

Lacking any significant ideological base, popular support or even the excuse of hasty modernization to sanction his killing, Amin, among recently deposed tyrants, clearly illustrates the need for an international Genocide Convention recognized by the whole world.

Reports over the last 2 years have placed Amin first in Iraq, then in Libya, and today it is rumored he is in Saudi Arabia.

Fortunately, Amin's associates have been easier to find. Forty-seven have now gone on trial in Uganda for crimes committed while in his service. Of course the Ugandan Government would like to put Amin on trial as well. But the Ugandans have been unable to secure his extradition. One major problem in their efforts is the fact that they never ratified the Genocide Convention.

Mr. President, holdouts from this Convention contribute to the inability of the whole international community to fashion formal mechanisms to deal with the kind of crimes Amin committed. Even after Hitler and the sorry spectacle of human life so casually destroyed, it is still a fact that international law is limited in its ability to bring men such as Amin to justice.

I might remind my colleagues that this is a man who openly boasted of killing thousands. The most recent figures from the International Commission of Jurists estimate the number of dead during Amin's reign at between 25,000 and 250,000, while the present government in Uganda estimates the figure at 300,000.

Mr. President, mass murder is an exercise of evil power that the world cannot safely tolerate. Nations as well as individuals must speak out against great evil and make clear that there are bounds beyond which humanity will not allow inhuman actions—such as genocide—to occur. All nations must clearly resolve, in accordance with their own and international law, that perpetrators of these horrors will be brought to trial no matter where they flee. This is why I strongly urge the Senate to ratify the Genocide Convention.

RECOGNITION OF SENATOR PRYOR

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. Mr. President, it is my understanding that the minority leader had time reserved which he intended to yield to the extent that the Senator from Arkansas needed the time. I yield whatever time the Senator may require.

Mr. PRYOR. I thank the Senator from Wisconsin.

DOING SOMETHING ABOUT THE ARMS RACE

Mr. PRYOR. Mr. President, the past several weeks have not witnessed a world atmosphere encouraging to world peace. The brutal assassination of the

great leader Anwar Sadat, coupled with Presidential decisions on defense commitments for America, are events that concern us all. They underline once again how fragile the world is, how potentially lethal our situation has become, and how thoroughly sheer madness threatens to become the rule rather than the exception.

We have been reminded once again, during this past month, of the distance that apparently separates us from a true commitment to world peace. More than 250,000 people demonstrated in London on October 25 against a resurgence of nuclear weapons. It matched in fervor an earlier disarmament rally in West Germany and a simultaneous demonstration in Rome. Furthermore, this outpouring of fear signaled others still to come in Europe during United Nations Disarmament Week.

Mr. President, this was the biggest rally of its kind since 1960. Was it made up of "Peaceniks" held over from 20 years ago? I think not. I find today a very deep, genuine concern, not only in Europe but throughout the United States, and among people in all walks of life, at all social and economic levels and of diverse political persuasion. People are petrified to put it simply. This fear—often rising to the level of anxiety—must result in immediate moves toward a reasonable and rational control of arms.

During the past several months, I have spelled out a deep concern over defense spending, most of it in the context of cost overruns and contract abuse. It harkens back to President Dwight D. Eisenhower, when he warned us of the military-industrial complex. Defense decisions today are being prompted by economic pressures that simply make no sense and, more important, have not helped our national defense posture. They are issues that I hope the Congress will address in specific legislation before the conclusion of this session.

The matter is of primary urgency and, in fact, poses the major threat to the President's entire program of cutting costs and reducing budget deficits. Cost overruns of $47 billion on certain weapons systems in the last quarter of 1980 more than wipe out all of the savings from President Reagan's 1981 domestic budget cuts. And there are now indications that the B–1 bombers projected at $200 million each—and for which there is a questionable need in the first place—are in all probability going to cost twice that amount when completed.

The General Accounting Office just last week stated that the Defense Department is hiding the actual cost figures from the Congress. So what do we do?

We now begin a second bomber—the Stealth, another $25 billion commitment by the taxpayers of this country. We are building two invisible bombers, Mr. President. The Stealth is invisible to the Russians while the B–1 is invisible to the Congress.

Actually, the MX missile and the B–1 decisions announced by the President in October were applauded only by the defense contractors and consultants. This was another classic example of our policy to "buy now and decide later." Even the Chairman of the Joint Chiefs of Staff and the Secretary of Defense found themselves in open and public disagreement.

There is a larger question I see behind the issue of defense and technology. That question is survival. And today the old definitions and rationales no longer hold true, as they did in 1960 or even in 1970. The American defense budget has acquired such enormous proportions, and the national stakes are so high, that we are forced to face up to new realities.

While domestic programs are being drastically cut back—some with good reason, I would add—the Pentagon's appetite for dollars is insatiable. Defense decisions are not merely economic or environmental or educational or even regional—affecting one part of the country or another. We are not talking about the 20-cent postage stamp, or Saturday mail delivery. Questions in defense are global decisions. They affect all of civilization. And they deal not with lifestyle but with the survival of life itself.

For this reason, an apparently chance remark by the President to a group of visiting editors takes on major implications. Mr. Reagan commented recently that he did not think the use of tactical nuclear weapons on the battlefield would inevitably lead to a "pushing the button" action in Moscow or Washington. Naturally, these statements send shudders throughout the European nations, since it is on their soil that a limited war would take place. I cannot help remembering the old quote: "Let's you and him fight." A British official commented recently: "When the Americans talk about 'limited war,' they mean 'limited to us.' "

The President's comment—which he later clarified by explaining that nobody would benefit from nuclear war—might not have stirred such alarm in Europe but for the fact that our Government has developed the perception of becoming "trigger-happy" by Europeans. This perception may not be accurate, but unfortunately the signals we send out solidify that image.

Two weeks ago, Gen. Robert Schweitzer, also of the N.S.C. staff, indicated that the Russians are on the march and ready to strike. General Schweitzer was shuffled back to a Pentagon desk—not for what he said, but for speaking without permission. If this represents the administration's thinking, Americans and our European allies do have good reason to be alarmed, and so does the rest of the world, as we bite our fingernails and pray.

While European countries, with lower defense costs, and Japan, with practically none, concentrate their resources on making better civilian products and capturing world markets, there is another country—a major world power—that is sacrificing human and social programs in order to meet defense demands. It has seen a steadily declining economy, low productivity, a shortage of skilled labor, and a sagging morale among the work force. Its agriculture program is in shambles. It suffers from rampant inflation and an inaccessibility of raw materials. While its national leadership pushes for military strength, its standard of living suffers on every level.

That country, Mr. President, is the Soviet Union—but it might be the United States as well. In both world powers, we find a race toward bigger and more powerful weapons, a rush toward oblivion at a pace we have not seen since the cold war. The Soviet Union and the United States are different from each other in most respects, but we have one thing in common: We seem determined to spend ourselves into bankruptcy—to exhaust our resources—in pursuit of a maddening race no one can win.

According to one economic analysis published this year, we see in Russia today a leveling off of all production, sluggish technological progress, and the drain of massive military spending.

Another recent story shows that health conditions in the U.S.S.R. have steadily worsened since the midsixties and that the deterioration shows no sign of stopping. Life expectancy in the Soviet Union is 6 years less than in Europe; infant mortality is three times as high. The conclusion of this study, in fact, is that measured by the health of its people, the Soviet Union is no longer among the developed nations of the World.

Let me quote from a statement made this last July before the Subcommittee on Trade, International Finance and Economics of the Joint Economic Committee. It was made by Maj. Gen. Richard X. Larkin and Edward M. Collins, respectively Deputy Director and Vice Director of the Defense Intelligence Agency. I quote:

> The Soviet economy has steadily slowed its rate of advance from a very high peak during the recovery from the Second World War to very low growth rates at present. . . . Soviet leaders face difficult choices in this environment: a continued high priority for military power conflicts directly with securing economic growth at rates that will fulfill both domestic and foreign resource requirements. There has been no change in the rising trend of Soviet military outlays to date, even though the economic impact of those outlays is increasing. Judging by the draft guidelines for the Eleventh Five-Year Plan (1981–1985), the Soviet leadership has apparently opted for further growth in military strength as the standard of living of the population stagnates and even declines in some areas. The minor economic reforms being carried out at this time will improve the economic situation at the margin, but there is little prospect that growth can return to its former rates without major economic realignment. Soviet resource allocation priorities continue to reflect the tradition stress on military power, while the consumer has little chance for an improvement in living standards.

Soviet specialists in the Library of Congress, in addition, have analyzed the 26th Soviet Communist Party Congress last February and March. They conclude that the Soviets have no intention of

reducing defense spending, despite their poor economy. On the contrary, in response to our administration's planned defense buildup, Soviet spokesmen have proclaimed their determination to keep pace with any Western intensification of the arms race.

We can never be sure, Mr. President, how much the Soviet Union spends on defense. And since we have never believed their figures—and have no reason to—the $26 billion quoted for 1980 defense is surely too low. Some observers would place a more accurate figure at six or eight times that much, or about $200 billion.

Whatever the amount, it is a major mistake for the United States to base its own military spending on very uncertain guesses as to what the Russians are spending. For one thing, procurement and manpower costs are not even related to each other in the two countries. For another, they have different security requirements: The Russians face both NATO on the west and China on the east—with hostile satellites in between.

The real test in any case of a sound national security policy is not how much we are spending, but what we are getting for it. The present administration is now making the same mistake in defense policy that it accused previous Democratic administrations of making in domestic policy: It is "throwing money at the problem." We are now trying to spend so much on defense that we will create the illusion of strength. Are we, like the Soviets, to become victims of our own propaganda?

The proper test of our national defense is not how much it costs, but whether it serves effectively to advance the Nation's foreign policy, to make the Nation secure against real threats, to reduce the danger of war, and to improve our chances of winning if war is thrust upon us. I submit that today we are failing that test. We spend more, Mr. President, on military bands—close to $90 million—than we spend on arms control—about $20 million. This is more than four times as much on the provision of military music over the determination to limit nuclear weapons.

Another example: We spend $138 million on military base for bowling, golf, tennis, and softball.

Yes, we have fallen into a familiar trap. We are devising a 5-year plan for defense spending, but we have no 5-year plan for national defense.

Mr. President, my record in support of a strong national defense for America has been consistent and unswerving through three terms in the House of Representatives and during my first term in the Senate. It is frustrating to me—and to others in this country and abroad—that so little priority is given by present leadership toward the genuine pursuit of arms control. The President must now formulate and clarify a policy of arms limitation or arms reduction. And it should go beyond the simple distinctions currently being made between SALT and START—whether we have arms limitation or arms reduction. There must be a substantive goal, and today, I suggest that there is none. The President, in claiming that arms control is important has not gone far enough.

The Los Angeles Times columnist Robert Scheer wrote a month ago this trenchant analysis of the present administration. He said:

> In a significant break with Presidents from Harry S. Truman to Jimmy Carter, the emphasis of the new Administration seems to be less one of preserving a delicate post-World War II peace and more that of preparing for a possible World War III.

It is with considerable dismay that I read the statement of Eugene Rostow, currently the Director of U.S. Arms Control, that "We are living in a pre-war and not a post-war world." And only last week, Joseph Kraft, in an article entiled "Storm Clouds in Europe," referred to the "genuine danger" we face in the world today.

Sentiments of this kind are by no means limited to the experts or the political observers we read in the press. I received a letter recently from an 83-year-old constituent, a farmer in Grady, Ark., in the southern part of my State, who made two points in this connection. The first was that "professionals want to practice their profession." This much is simple and obvious. And today we see professional military people and professional defense contractors practicing their professions—their stock in trade—together, in an incestuous relationship.

The second point my friend made was this:

> Because of their willing cooperation—and their egging each other on—we're now committing everything we have, as fast as we can, to annihilating ourselves—and civilization as well.

I have a sense that we are entering today, Mr. President, a period of sheer madness. It is a time when the unthinkable is becoming thinkable, and all too common and familiar. We talk about limited nuclear warfare, but there is no such thing. I saw a bumper sticker recently that read, "Nuclear War * * * When You've Seen One, You've Seen Them All."

The other day I met with a group of environmentalists who expressed concern over a number of endangered species in our country—the fat pocketbook pearly mussel, the snail darter, the bald eagle. And it kept occurring to me, throughout that session, that unless there is a change in our international mentality, you and I—and our children—are the truly endangered species.

Mr. President, I am also concerned with the administration's cursory dismissal of those in Europe who peacefully take to the streets to voice their fears and support nuclear nonproliferation. In a statement I believe to be antithetical to this country's interests, White House Counselor Edwin Meese III—a man I respect very much, by the way—declared that these concerns will have no impact on decisions this Nation makes with regard to the deployment of medium-range nuclear missiles in Western Europe.

Let me make it clear, Mr. President, that I do not trust the Russians. None of us trusts the Russians. But what is the alternative to serious and genuine efforts at arms limitations? Given the basic truth that we are suspicious and distrustful, do we then spend ourselves into exhaustion—in pursuit of weapons that could destroy us all?

The truth, Mr. President? We all know it: Neither side can purchase invulnerability.

We do not need a SALT agreement with the British or the French, even though they have nuclear weapons. We need it with the superpower whose aims are in so many ways hostile to our own. And if they cannot be trusted, the answer lies not in refusing to talk with them at all, but in trying all the harder to pursue a verifiable agreement. To do less would be unforgivable.

My concern today might be expressed in one simple and time-worn term: Escalation. We harden the silos, and the Russians build bigger missiles with larger loads. The dog chases its tail. Inevitably, we face a catastrophic result.

President Reagan must try for another arms treaty—now, before it is too late. He has the credibility and the perception of strength with our people—and the Soviets—that past administrations have lacked. The SALT II Treaty as signed in 1979 now seems to be history. But there is no use letting that failure dictate our future course of action. The stakes are so high—and the risks are so great—that we can do no less than exert our best efforts to meet the greatest obligations we have to our people: To turn once again to the bargaining table, to begin serious arms talks with the people we fear and distrust the most. Not to pursue this course of action is unthinkable.

I respectfully urge the President to pursue this course in good faith, and to make arms control America's first priority. When President Reagan took office, President Brezhnev suggested an early summit meeting. It is understandable that a new President would not have felt prepared for a summit in his first weeks in office. But Mr. Reagan has now been in office for over 9 months.

He is perceived by the Soviets to be tough. Our own people believe him to be fair, and they respect him. He has proved his negotiating skills and his ability to persuade Congress. He has recently won a significant victory in the AWACS arms sale. Now he must ride this crest to a personal meeting with President Brezhnev. The time has now arrived to bring President Reagan's impressive talents to bear on the most formidable adversary of all.

Almost 4 years ago, the late Anwar Sadat shocked the world by announcing his desire to go to Jerusalem. He went, and his dramatic trip broke the 30 years' stalemate in the Middle East. A simple game of ping-pong is attributed to a major breakthrough with China. And now, before it is too late, President

Ronald Reagan should seize upon this rarest of historic opportunities to personally extend an invitation to President Brezhnev back to the negotiating table.

If it takes a statement of willingness for our President to go to Moscow, then let it be made—or to Geneva, or Vienna, or wherever. It could be a simple, direct message from our President to theirs, saying, "Let's talk." The where and the how are irrelevant—the when is crucial. A Reagan offer and a Brezhnev acceptance could once again open a dialog that is now nonexistent. We both know our respective and opposing positions—now let us find our common interests. Conceivably, such a meeting would demonstrate that measure of willingness essential for ultimate and meaningful negotiations for a mutually verifiable arms limitation treaty.

The theory that "the shortest distance between two points is a straight line" must be put to work. Anwar Sadat practiced it. This would be no summit in the usual sense—no agenda, no diplomatic formalities. It would be a personally delivered invitation to reopen communications, the lack of which only insures increased tension and probabilities of miscalculation which could lead to the maddening destruction of all living beings.

Truly, Mr. President, this would become Ronald Reagan's greatest legacy for all mankind.

Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the New York Times Monday, November 2, 1981, by Anthony Lewis.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OH WOULD SOME POWER

(By Anthony Lewis)

When Soviet spokesmen say United States policy is militaristic or threatening, most Americans dismiss the comments as propaganda. We know that we do not want war with the Soviet Union. We see the threat to peace in its arms buildup, its invasion of Afghanistan, its proxy forces in the third world.

But in matters of war and peace between the superpowers it is essential to try to see things as the other side does. Difficult as it is, we must consider whether the leaders in Moscow might actually perceive our policies as threatening. For however much we detest Soviet tyranny, we do not want nuclear war—and fearful perceptions increase the risk of such a disaster.

If we manage to see ourselves as the Russians may, we have to recognize that there is some reason for genuine concern in Moscow these days. Consider, for example, President Reagan's recent decision to build 100 MX missiles and deploy them in silos now used for older Titan and Minuteman missiles.

The MX decision was in one view a restricted one. Mr. Reagan abandoned the vast Carter plan for 200 missiles moving around underground racetracks. He continued to talk about a "window of vulnerability," but in practice he ignored that concept. And he delayed the decision on a final MX basing method, leaving open the possibility that there may never be further deployment.

But in another view the MX decision is threatening. In old silos, even if reinforced, the missiles will be vulnerable to Soviet attack. Hence they cannot be regarded as retaliatory weapons. They can be seen rather, as American first-strike weapons designed to take out Soviet missiles.

Some American strategic experts criticized the MX decision for just that reason. Herbert Scoville, Jr., former Deputy Director of the C.I.A., wrote: "Deploying the 'counter-ICBM' MX in silos known to be vulnerable can only signal to the Russians that we plan to launch them in a first strike before their own attack could wipe them out. . . . Thus we are giving the Soviet Union strong incentives to launch a pre-emptive strike in time of crisis."

Immediate Soviet comment on the Reagan decision saw it in those terms. Tass said the MX was "designed not for deterrence but for launching the first strike and waging a nuclear war."

Whether the MX will in fact provide first-strike capability will depend on many factors: the number built, the final basing decision and so on. Soviet leaders may take a more measured view than the Tass commentary. On the other hand, they may really be apprehensive that the Reagan decision marks a new turn in the arms race: one that increases the risk of miscalculation and the early launching of nuclear missiles.

Of course the MX question cannot be considered in isolation. The idea of such a weapon arose in response to the development of huge Soviet missiles, each able to carry large numbers of independently targeted warheads (MIRV's). The United States has reasons for apprehension about Soviet strategic deployments.

The point is that in the nuclear arms field nothing done by either superpower can be viewed by it solely in its own terms. The way the other side may perceive a development cannot safely be ignored, because the consequences are too serious.

We learned that, to our great cost, when we pressed the development of MIRV's in the 1960's and 1970's—refusing to negotiate a MIRV ban. We had a technological advantage, we thought, and we did not want to give it up. But as some of the U.S. officials involved now say with regret, the Russians viewed the American MIRV program as genuinely threatening. They reacted accordingly, building those giant missiles; and the U.S. paid heavily, in money and the sense of security.

Rhetoric matters, too, in the sensitive area of nuclear weapons. The loose words from the White House lately are examples of how not to speak: Gen. Robert Schweitzer's provocative talk about Soviet intentions, and President Reagan's slip about fighting a nuclear war in Europe.

Then the President repeated the cliché that Soviet leaders believe a nuclear war "is winnable." To the contrary, in recent years the top leadership in Moscow has emphasized that everyone would lose in a nuclear war. Leonid Brezhnev's own doctor has led a doctors' campaign warning of its horrors. And Mr. Brezhnev said the other day: "Only he who has decided to commit suicide can start a nuclear war with the hope of emerging a victor from it."

The danger of misperception is one reason for strategic arms negotiations. Communicating on the realities of nuclear weapons is desirable in itself. The Reagan Administration's slowness in taking any view on SALT talks is thus an unsettling fact—not to Moscow alone but to the NATO allies.

The political conflicts between the United States and the Soviet Union are realities, never easy to resolve. But we share the goal of survival. In the nuclear age that requires that we each measure what we say and try to be sensitive to how others perceive what we do.

Mr. PRYOR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DURENBERGER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR ZORINSKY

The PRESIDING OFFICER. Under the previous order, the Senator from Nebraska (Mr. ZORINSKY) is recognized for not to exceed 15 minutes.

Mr. ZORINSKY. Thank you, Mr. President.

THE DEPLORABLE STATE OF THE U.S. FARM ECONOMY

Mr. ZORINSKY. Mr. President, recent Senate recesses have given me the chance to talk with farmers from one end of Nebraska to the other. And I can report that they are deeply concerned about the deplorable state of the U.S. farm economy.

There is a growing feeling that declining farm prices, skyrocketing operating costs, and record crops soon will bring a serious depression to agricultural mid-America.

And we do not have to take the word of the producers that there is trouble down on the farm. A respected national research firm, Data Resources Inc., recently found the U.S. farm economy to be on the brink of a depression reminiscent of the 1930's.

In 1980 and 1981, total net farm income, adjusted for inflation, will be below $10 billion. Not since 1934 have farmers received less in net return.

Since January of this year, the national average price farmers receive for corn has dropped 80 cents per bushel. Milo has dropped $1.43 per cwt. The decline in the overall parity level for major crops—to 59 percent—is the lowest in 50 years.

And Washington is doing painfully little about it.

Mr. President, Nebraska is noted for highly efficient, high technology farms and for independent, hard-working farm families. They want to earn a profit in the marketplace.

The current administration says a "free market oriented" farm economy will give them that profit. But our Nations' farmers and ranchers are not producing in a truly free market—not when Washington dictates everything from what wages they can pay their workers to which foreign countries can buy their products.

This year also brings record production levels beyond the control of producers. This bonanza for grocery store customers

causes nothing but problems for the farmer and rancher.

The opening up of the farmer-held reserve for 1981 corn, milo, and barley crops was long overdue in the face of tight money and high interest rates, record production and declining market prices.

But the administration failed to use the authority given it by Congress to curb excessive production of feed grains and wheat through either a set-aside or land diversion program.

As a result, the October USDA forecast of corn production was a record high 8.08 billion bushels—up 22 percent over 1 year ago. In Nebraska, the forecast as of the same date was 786.6 million bushels—33.1 percent above 1980 and the State's second largest corn crop on record.

Grain sorghum and soybean production likewise are up and wheat production is forecast at record high levels.

Nebraska farmers, reeling from these figures and the sagging prices they foretell, can take little comfort in the new farm bill Congress is forging.

The Senate Agriculture Committee spent 6 months fashioning a bill that few of us liked but that many felt was an acceptable compromise under the budget constraints we faced.

Unfortunately, this fall, all our work was undone in the space of a few hours by a small group of Senators responding to administration calls for still more budget cuts.

My own attempt to return to more realistic commodity price supports and target-price levels was thwarted here on the Senate floor. And the votes of Midwestern State senators, acting under the guise of Reaganomics, made the difference.

As a Senate conferee on the farm bill, I will be working to achieve greater protection for our farmers through higher price support levels. Unfortunately, even the best price support levels will not give the farmer the protection he really needs.

Mr. President, there is no question the American farmer is willing to sacrifice so that the Nation can achieve the long-sought-after goal of a balanced Federal budget.

But, with the 1980 grain embargo, drastic cuts in farm loans and now this antifarm farm bill, Washington has gone to the agricultural well once too often. The farmer has suffered more than his fair share of budget cuts and made more than his fair share of sacrifices for our Nation's foreign policy goals.

Agriculture is and always has been the backbone industry of America. Without it, our balance of payments problem would have reached catastrophic proportions long ago.

But American agriculture is in trouble—economic trouble—today. Only when more of those in Washington realize this—and some politicians stop voting as if they do not eat food—can we look forward to a bright new day for the American farmer.

RECOGNITION OF SENATOR SCHMITT

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico (Mr. SCHMITT) is recognized for not to exceed 15 minutes.

SHOWCASE FOR TECHNOLOGY

Mr. SCHMITT. Mr. President, last week the State of New Mexico played host to a unique group of public and private sector representatives. At my invitation, this particularly talented group of men and women gathered in Alouquerque for a 3-day "Showcase for Technology," the primary purpose of which was to explore the means and methods by which modern technology—the creation of which was financed by the American taxpayer—can be moved more rapidly into today's marketplace.

While the State of New Mexico is well known for its rugged beauty and rich multicultural heritage, it is also becoming even more well known for its sophisticated research and development community. One cannot overestimate the value of contributions that Los Alamos National Laboratory, White Sands Missile Range, the Department of Energy and the State's universities have made to our national defense and technological foundations.

These organizations, along with the Federal Laboratory Consortium and a great many other New Mexicans from various fields of technological endeavor, joined me in sponsoring the "Showcase for Technology." The 3-day conference was a unique and exciting look at the potential for the transfer of technology from the public to the private sector through Federal laboratory-industry-university cooperation in commercial innovation.

Many scientists from the cosponsoring organizations and representatives from American industry pooled their resources and talents over the past several months to develop a conference program which I believe took an important step in making laboratory-industry-university cooperation a continuing and productive enterprise. In this regard, I would particularly like to express my appreciation for the roles played by:

James M. Beggs, Administrator of the National Aeronautics and Space Administration;

Dr. George A. Keyworth II, Director of the Office of Science and Technology Policy in the Executive Office of the President;

Gerald R. Mossinghoff, Commissioner for Patents and Trademarks, U.S. Department of Commerce;

Dr. John B. Slaughter, Director of the National Science Foundation; and Dr. Simon Ramo.

The future leadership of the United States in an increasingly complex world will depend heavily on the Nation's collective will and talent for developing and disseminating technology for the greater benefit of all the people of the world. Because of the importance of this task, my colleagues may be interested in reviewing portions of the Digest of Proceedings of the "Showcase for Technology."

Therefore, Mr. President, I ask unanimous consent that the Showcase Digest report entitled, "Moving Technology Into the Marketplace" be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MOVING TECHNOLOGY INTO THE MARKETPLACE

(An Overview of the Institutional Efforts in New Mexico to Identify, Pursue, and Establish Productive Liaison with Industry)

Each New Mexico institution, in light of its own unique mission, has clear motivation and commitment to work closely with industry: this cooperation is creating an atmosphere for producing important results for the Nation. Our combined expertise can provide new technology for the future that will address the needs of industry and the American people and strengthen the Nation's defense.

THE POTENTIAL

Over one billion dollars of Federal research and development funds are spent in New Mexico each year. For nearly 40 years, institutions in New Mexico have brought together expert scientists and engineers and built the most modern facilities to create a unique atmosphere for research and development of high technology. Many technologies of enormous importance to mankind have come from this intense concentration of scientific expertise; computer technology, heat pipes, nuclear reactor technology, nuclear instrumentation, advanced laser technology, pion radiotherapy, numerous contributions to petroleum geology and engineering, and agricultural sciences are only a few. Many of the projects that will have great influence in the near future as well as in the long term are described in the Showcase; others remain to be recognized in the basic research being done in New Mexico.

Defense Department Laboratories in New Mexico have worked with industry primarily in major research and development contracts and in systems acquisition.

Department of Energy National Laboratories were directed almost exclusively toward development of nuclear weapons and nuclear energy until the early 1970s, but during the past decade, their charters and activities have expanded to include not only basic researhch but also research and development for civilian applications in areas ranging from earth sciences, to energy research, to life sciences. Parallel advances in industry caused the Laboratories to realize that important contributions might come from their traditional fundamental areas of expertise, such as explosives, materials, and computer modeling. Therefore, the Laboratories developed numerous mechanisms to cooperate with both industry and universities to create an interchange of expertise, ideas, and perspectives.

New Mexico's technical universities have made important contributions in science and engineering and in establishing ways to promote applications of their technology.

THE METHODS

The mechanisms for technology transfer and institutional cooperation vary greatly, depending on the area of technology, its research status, degree of novelty, the technical and financial risks, and particularly on the characteristics of the cooperating organizations.

A common set of requirements makes this process work:

Recognition of opportunities,
Efficient identification of contacts,
Person-to-person collaboration, and
A deliberate effort to make the transfer work, both in exploiting opportunities and alleviating any barriers.

A well-known protocol comprises the usual professional channels of communication, but these channels seldom focus on commercial potential for industry need and do not address fully the common requirements above.

Special mechanisms and efforts intended primarily for this purpose include:

Exchanges of personnel, such as Sandia's Resident Engineer program and the Industrial Staff Member program at Los Alamos. Similarly, the Universities offer visiting faculty opportunities, and resident faculty may consult with or work for industry for fixed periods of time. These programs stress communication of personal know-how and development of detailed perspectives on technical programs, as well as infusion of new ideas and perspectives.

Cooperative Research Programs, whereby university, industry, and Laboratory personnel collaborate formally or informally to provide complementary activities that take advantage of each institution's unique strengths.

Special Seminars/Conferences/Short Courses.—Although this Showcase is the largest conference of its kind ever held, more effective transfer of detailed information often occurs at small meetings that focus on a single topic. Programs on heat pipes for energy conservation, on various aspects of solar energy, or on new particle accelerator technology are typical of these vehicles. An important followup to the Showcase will be specialized seminars in areas in which the Showcase attendees express particular interest.

Technical Assistance.—Under some circumstances, the Laboratories and Universities provide free consultation with industry to help provide answers to specific questions or needs.

Movement of Technical Staff.—Because of the importance of personal know-how, the movement of key people from the Universities or Laboratories into industry or their initiation of new business ventures is a direct and effective means of moving technology into industry. Several high-technology companies have been founded in New Mexico in this manner; several others have located some operations here to take advantage of this resource of unique talent. The Technical Innovation Center, described later, is enhancing the environment for new high-technology ventures in New Mexico.

Addressing Industry's Needs.—Beyond the known technology applications, numerous important individual or generic needs of industry might be addressed by the unique expertise of our Universities and Laboratories. We hope that the possibilities for collaboration discussed here will identify and address these needs.

Licensing of Patents.—This mechanism is used primarily by the University, typically through patent brokers.

University Programs.—In addition to their technology and degree programs, the Universities are involved in student cooperative programs that involve industrial and executive training. They perform research, test, and development for industry and undertake public service activities.

The National Aeronautics and Space Administration's Technology Application Center (TAC). Tac is operated for NASA by the Institute of Applied Research Services at the University of New Mexico. It is one of seven nonprofit industrial application centers located across the Nation whose purpose is to promote wider use of NASA's vast technological resources by providing information resulting primarily from space-related projects. The technical information retrieval services provided by TAC are offered to the private sector on a cost-recovery, nonprofit basis.

THE FEDERAL LABORATORY CONSORTIUM FOR TECHNOLOGY TRANSFER (FLC)

All four Federal Laboratories participating in the Showcase are members of the FLC, which comprises more than 200 laboratories and research and development centers from 11 Federal agencies. Its primary roles in the context of this topic are brokerage, development of technology, transfer mechanisms, and identification and alleviation of barriers to technology transfer.

Through the brokerage function of any of the six FLC regional coordinators, potential users of Federal technology have access to all member laboratories, and many others as well. The coordinator will match the potential users with the technology source by personal contacts, experience, and a directory of laboratory expertise.

The FLC supports the development and duplication of technology transfer mechanisms. The Showcase, a result of earlier FLC-sponsored meetings aimed at industry and governmental audiences, is expected to be a model for future meetings organized by geographical area or by technology area.

By aggregating the experiences of many different laboratories, the FLC identifies and seeks solutions to the barriers to technology transfer. One important aspect is the sharing of success, problems, and solutions by the member laboratories and agencies.

SOME NEW INITIATIVES

In many areas, the investment of effort in the Showcase represents a major new commitment to effective cooperation with industry. We hope the attendees will want to follow up with further discussion and action. Through the FLC, detailed information on the organization and results of Showcase will be provided to other laboratories interested in holding similar events.

With financial support from the State, the University of New Mexico has established the Technical Innovation Center to promote and assist in technical entrepreneurship in New Mexico. The Center provides courses that give students hands-on experience in the business aspects of technical entrepreneurship. It also provides assistance to potential entrepreneurs in evaluating their ideas for technical soundness and market potential, in preparing business plans, and in seeking financial backing.

UNIVERSITY-ASSOCIATED INDUSTRIAL PARKS

The New Mexico Institute of Mining and Technology has recently set aside land for a high-technology industrial park. This will provide an opportunity for companies to work directly with the Institute staff and to take advantage of unique testing facilities. One of the first areas for development will involve explosive metallurgy for forming and hardening, as the beginning of a national center for explosive-shock research and development. This site concept will allow cooperation between New Mexico Tech staff and industry in the design and manufacture of explosively fabricated and/or modified components and related products, the definition of basic parameters controlling such processes, and research and development for advanced concepts in explosives technology applied to manufacturing industries. This center will encompass military, civilian, industrial, and scientific aspects of explosives technology and shock-wave interaction with materials. Industrial partners are being sought for participation in this project.

New Mexico State University is considering the establishment of a research park to bring together university and industrial research. In this connection, the establishment of a new satellite relay ground station at White Sands Test Facility to support the space shuttle and other space and defense programs will increase the need for such a research park.

The 1981 New Mexico Legislature created the New Mexico Border Commission and charged it with facilitating the establishment of twin plants along the New Mexico-Chihuahua, Mexico border. NMSU houses and administers the Border Commission in the University's Joint Border Research Institute. The newly established Border Business Development Center in the NMSU College of Business Administration and Economics is responsible for all economic research for the Border Commission and has a variety of research projects under way to assist industry in the New Mexico border region.

New Mexico State University recently acquired the Primate Research Institute from Albany Medical College in New York. This Institute has the largest captive breeding colony of chimpanzees in the world. Major work under way at the center in reproductive biology is providing toxicological and biological research support to the government and to chemical and drug industries. NMSU offers graduate-level academic programs in environmental toxicology.

The Southwest Residential Experiment Station is now one year old. Located on the NMSU campus, it has contracts with eight large US industrial firms for photovoltaic generation of electricity for home use.

In line with its policy of encouraging the development of alternative energy, NMSU has built four major buildings that are heated and cooled by solar energy. We are adding geothermal heating of water to 11 major buildings. The campus is developing into a showcase for alternative energy use.

SPACE SHUTTLE "COLUMBIA"

Mr. SCHMITT. Mr. President, on another but related subject, I call the attention of the Senate to the upcoming historic flight, second flight, of the Space Shuttle *Columbia*. This is the first time that any spacecraft has been used twice in our exploration of and utilization of the unlimited frontier of space.

The world thrilled to the first flight of the *Columbia*, not only to another spectacular launch but to a very successful test flight and an even more spectacular landing in which hundreds of millions of people once again around the world started to realize how much closer they were to the frontier of space than they had been previously.

The flight of the Shuttle rests on the unprecedented base of technology, which, in turn, rests on the scientific endeavors of hundreds of thousands of Americans through the decades and in fact through the centuries.

SCIENCE AND TECHNOLOGY: THE PAST

We have evolved into the most scientifically and technically advanced and scientifically and technically dependent Nation in the world. Science and technology have not only brought us unprecedented prosperity, but has become our critical advantage in national security and in economic competition, vis-a-vis the rest of the world.

Let me give you a few examples from our past to illustrate this point:

The Transcontinental Railroad opened up a continent and perserved the destiny of a new nation.

The automation of manufacturing laid the foundation for our early economy and the defense of freedom in two world wars.

The on-going agricultural revolution not only has fed our people and spurred their economic growth, but has fed much of the world.

The science and technology of oil and gas exploration provided the energy base for our modern national growth through previous decades.

The construction of the Panama Canal established the United States as the dominant maritime and trading nation of the world as well as created new technology for our industry.

The harnessing of nuclear energy, although incomplete, ended a war, prevented other wars, and could provide inexhaustible energy for mankind if we are wise enough to handle it.

The electronics revolution has drawn the people of the world together with a potential for good unmatched in history.

The vast base of technology from our space endeavors supplies a continuous stream of new services in an infinite number of areas including health care, communications, computers, energy efficiency, consumer products, and environmental protection.

There are many more examples which, on close examination, show that new policy options were created by science and technology for the expansion, growth, and protection of the Nation and the vast improvement of the well-being of its citizens. Once created by the Founding Fathers, the Nation's milestones have been carved by science and technology. True, through ignorance or neglect there have been adverse consequences from these new technologies, but the total benefits far outweigh the costs, and I know of few who would turn back the clock.

SCIENCE AND TECHNOLOGY: THE PRESENT

"America is losing its technological leadership" are words that now have a familiar ring. The debate on the validity of this statement continues, but what is clear is that we have begun to feel the effects of our decrease in funding levels and priorities in science and technology that began in the late 1960's. The reservoir of knowledge needed to just maintain our existing employment and production is getting lower.

Our pressing national problems will only be solved through the application of well-managed science and engineering. If you doubt this statement, just consider our concerns about:

Innovation, productivity, and competitiveness;

Preventive medicine and health care;

Energy and mineral supplies;

Environmental conservation and water supply;

Relief of poverty, ignorance, disease, and hunger in developing worlds;

National defense; and

Gaining the benefits of space and the oceans.

In all of these areas, and many more, it is the base of science and technology that will provide the solution, provided we have the wisdom to reach out and grasp those solutions politically.

We have finally recognized the crisis in runaway Federal spending and the attendant inflation and high interest rates.

We have finally recognized the crisis in national security as a result of inattention for over a decade.

But we are on the verge of precipitating a crisis in science and technology that will make German threats in World War II and the Sputnik threat of the late 1950's and early 1960's look like child's play.

I submit we do have a choice that would move us away from this impending danger.

SCIENCE AND TECHNOLOGY: THE FUTURE

Let me take you down some of these paths which are our options by elaborating on four areas of new science and technology which will illustrate the significance of the policy options potentially available to the Nation.

First, basic biological research is opening windows to vistas of preventive medicine never before imagined. As in the 1930's when the accumulation of a century of medical observations made possible the successful treatment and cure of many diseases through antibiotics, now fundamental understanding of biological and biochemical processes is making possible the prevention of many diseases and the cure of many others.

The prevention of disease must be the ultimate goal we can imagine for medical science. The deciphering of 4 billion years of biotechnology involved in the human body is the key. The understanding of genes and how they work or do not work; the understanding of chemical and electrical communications within the body; the understanding of the effects and workings of carcinogenic substances, including viruses; and the understanding of the functioning of the cardiovascular system are just a few of the scientific breakthroughs that are in progress. The potential of such breakthroughs are unlimited when combined with the capabilities of the new technologies of recombinant DNA, electromagnetic sensing, synthetic biochemical production, artificial microelectronic biosystems, computerized axial tomographies (CAT) scanners, ultrasonic scanners, computer processing, and many other marvels of the age.

Science and technology in medicine is opening up the new option of disease prevention and cure, rather than costly treatment and is only the eventual alternative to ever-rising medical bills and unaffordable insurance.

Second, laser technology is providing spectacular options for chemical processing and for national defense. On the one hand, lasers that can be tuned to the characteristic frequency of molecules and isotopes make possible both the efficient separation of useful materials from waste and the destruction of harmful chemical compounds before they enter man's environment.

An obvious application of laser chemical separation is in the management of nuclear wastes. Such wastes can become resources available at low cost and low risk while at the same time helping to reopen the nuclear power energy option for the country.

Laser chemical destruction is equally valuable in the cleanup of toxic chemicals before their possible introduction into the environment. Again, at low cost and low risk, technologies that could otherwise harm the environment can become servants of our economy.

Laser technology also opens up the possibility of shifting the emphasis of our strategic defense policy from one of massive retaliation or mutually assured destruction to a policy of mutually assured protection. High power ground- or space-based laser systems, properly integrated with detection, communication and control systems, may permit the surgical destruction of attacking missiles before there is a need to consider retaliation.

Science and technology in lasers is mutually assured protection. The transition to this policy must begin if mankind is to have any long-term hope for avoiding war and perpetuating freedom on Earth.

Third, information systems technology, in the broadest sense, makes it possible to rationally imagine the gradual elimination of hunger, disease, poverty, and ignorance in the underdeveloped portions of the world. These four horsemen of disaster are rushing down on mankind and freedom at unparalleled speeds. However, for the first time in human history, we can consider technically realistic means of stopping their onslaught and using that capability as the foundation of our foreign policy toward the underdeveloped nations of the world.

The foundations for this new foreign policy lie in the gathering, analysis, distribution, and use of information.

The collection and distribution of information on a worldwide basis via satellite has provided a distinct change in the course of human history. The most graphic demonstration of this change came when, on Christmas Eve, 1968, hundreds of millions of human beings throughout the world, simultaneously had a new thought about a familiar object in the night sky—the Moon. The men of Apollo 8 were there, and the Moon would never be the same for anyone. Now, we realize that the world will never be the same; that there are solutions to those age-old problems of the human condition on Earth. There are solutions if we are wise enough to reach out and grasp them.

Through technology, we can and should create programs aimed at permanent services for worldwide communications, weather and ocean forecasting, Earth resources discovery or monitoring, societal services, and prediction of nat-

ural events of disastrous human consequences.

Through technology we can and should help underdeveloped nations create agricultural, health, resource, and educational systems that permit their entry into the 21st century.

It is know-how they need, not just financial assistance. Science and technology information is a developing nation's foreign policy for the United States.

Finally, space science and technology provides the foundation for the movement of our civilization of freedom into space. The space policy for the decades of the 1980's and 1990's should provide for the creation of the permanent facilities of our civilization in space, recognizing our historically inevitable competition there, as well as on Earth, with the Soviet-dominated civilization of oppression.

These Earth-orbit facilities will utilize and augment this unique research, service and manufacturing environment. The weightlessness, the vacuum, the unique view of the Earth, Sun, and stars provide unparalleled opportunities.

Permanent facilities in orbit will provide capabilities that relate directly to current and growing problems facing this Nation. In addition, the now real possibility of careers in space has caught the imagination of millions of young Americans. Let us not disappoint them, or the future.

In the first decade of the 21st century, a space policy for our civilization should initiate a second solar system exploration decade. Bases and settlements on the Moon, missions of exploration to Mars and Venus, and the beginnings of the establishment of a Martian settlement, all are what these dreams are made of. The parents of the first Martians are looking over our shoulders as they work and dream their way through elementary school, high school, and college. They dream of taking part in this next great expansion of the human race and its civilization.

I have painted a picture of hope, a future to be excited about, and dreams within our reach; but in our reach only if we build and maintain our science and technology foundations.

Following over a decade of reduction in support of science and technology, our long-term future is at the edge of an abyss. Our fall is only now a matter of time if we continue these years of benign neglect.

With the administration's March budget request, it looked like we could survive another year or two. However, with the revised budgets of September, the foundations of our material greatness and of our survival as a free country, will begin to crumble.

In the absence of strong private and Federal support for science and technology, we risk losing the base from which solutions to fundamental problems will rise as surely as we will lose our economy and defense if they go unrepaired.

Inadequate and untargeted advanced research and education programs will only aggravate the annual shortfall of 10,000 to 15,000 engineers and scientists necessary to address broad national needs;

Continued neglect of technology development will accelerate the loss of markets throughout our industrial and agricultural base;

Ignoring development of domestic resources and resource substitutes will further undermine U.S. and the free world's foreign and defense policies;

Sacrifice of basic biomedical research will delay and possibly prevent the creation of affordable health care based on prevention and cure rather than ever more expensive treatment;

Shortsighted curtailment of research and technology development in energy related fields will expose the United States and the free world to continued threats of embargoes of essential energy supplies;

Failure to apply science and technology to the balanced use and conservation of our environment will impose an unacceptable legacy of pollution, resource depletion and global danger on future generations;

Retrenchment of basic research in physics and chemistry will not only erode our total base of policy options, but will expose the national defense to potentially catastrophic consequences; and

Abandonment of space science and applications will leave to the enemies of freedom the dominant role of expanding civilization's reach into space and with that dominant role will come the final loss of freedom's options here on Earth.

We still do have a choice, but time is running out. Indecision paves the road to chaos.

As never before, the Nation's science and engineering community and its associated industrial and service base, must educate the opinion makers in the Halls of Government and in the media about the essential role of knowledge and its application in solving the fundamental problems of the Nation and mankind. If we fail in this effort, the success of the economic and defense policies, for which I and others are working so hard, will be short lived indeed.

We stand as a nation on a three-legged tower, above the sea of danger, high above any other society. The platform of this tower is freedom. The legs are a strong defense, a strong economy, and an expanding base of knowledge.

The loss of any one of these legs will pitch us and our civilization of freedom into the junk heap of history.

We have no choice but to preserve.

Mr. President, I ask unanimous consent that an article entitled "The Potential for Harm in Reduced Support of Civilian Space Research," by R. L. Walquist, vice president, TRW, Inc., be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE POTENTIAL FOR HARM IN REDUCED SUPPORT OF CIVILIAN SPACE RESEARCH

(By R. L. Walquist)

We at TRW applaud the general intent and aggressive mechanization of the President's economic recovery program. In his letter to the President on April 27, R. F. Mettler, chairman of the board and chief executive officer of TRW, pledged full support of the program in all its aspects. I feel that part of that support is to call attention to the unfortunate potential of protracted reductions in federal support of U.S. space technology. Continued reduction in these activities for the next several years will harm America's economic position and further erode our nation's prestige in the world.

The deferral or cancellation of many major space science missions is by default a policy to withdraw support from U.S. space-related technological growth. It is important that the consequences of this policy be weighed carefully before world leadership is abdicated. According to Dr. George Keyworth, the President's science and technology adviser-designate:

"There are certain projects . . . where the government's support continues throughout research, development and demonstration because of the broader national interest at stake."

The important choice facing the nation now is to recognize which projects in space research entail this broader national interest. Unless we are willing openly to abandon specific goals in national prestige and economic advantage, we should exercise great care before we diminish the federal support of civilian space technology.

The importance of science and technology to the economy is an accepted fact of our modern society. But the past several years have seen a significant and continuing reduction in the funding devoted to advancing our non-military capability in space. Even our military budgets have stressed operations over new technology. It is clear that in time this trend will erode our technological position in the world.

In contrast to the approach taken by the United States, the Russians and Japanese have developed a consistent long range policy to advance their capabilities in space. The activity in Europe has also been increasing steadily over the past decade. The non-military elements of these programs include materials processing, communications and earth applications (resources and weather).

For two decades the United States has profited from its position as pre-eminent in space exploration and space research. The worldwide exposure to the manner lunar landings, to the close encounters with other planets, and to the further understanding of our sun and the earth have facilitated a universal recognition of the U.S. capability for monumental technical tasks. With awareness of American pre-eminence comes more likely acceptance of U.S. roles in global affairs. Withdrawal from leadership in space exploration is to invite erosion of this acceptance and respect.

The excitment associated with scientific exploration is widely disseminated by the press and television. The American people are proud of this national capability and support the cultural changes associated with a more sophisticated society. This same awareness and pride have motivated many of our young people to enter technical careers and accept the technical challenges of the next generation.

The scientific exploration of space is driven by man's inherent curiosity to increase his understanding of the universe. In

testimony before a congressional subcommittee, author James Michener aptly described this drive and its importance:

"We risk great peril if we kill off this spirit of adventure, for we cannot predict how and in what seemingly unrelated fields it will manifest itself. A nation which loses its forward thrust is in danger, and one of the most effective ways to retain that thrust is to keep exploring posibilities. The sense of exploration is intimately bound up with human resolve, and for a nation to believe that it is still committed to forward motion is to ensure its continuance."

Other nations will continue their investigations and pursue opportunities that would normally be associated with United States expertise. The Russians, for example, are planning missions in astrophysics, using the Venera series of spacecraft. They are also planning a mission to analyze Haley's comet. Clearly if Russia is perceived as the scientific leader in the community of nations, U.S. prestige will suffer.

The USSR manned space flight now totals 132 percent of that of the U.S. The USSR plans to have a permanent space station manned continuously with engineers and scientists. We project that they will achieve this before mid-1982. On the basis of this projection, the USSR's manned space flight will be 167 percent of that of the U.S. by the end of 1984, assuming the United States maintains the present STS schedule.

The lack of United States technological achievements will cause a declining competitive capability for United States industry and products. The decline will be felt in aerospace and in the industries that have benefitted from the associated technologies. As Americans perceive a loss of American scientific leadership, we risk the loss of pride in our national capability. And it is certainly predictable that America's youth will be less inclined to enter scientifically-oriented careers.

The ability to sense and transmit vast amounts of data from extremely remote places with very high reliability represents one significant contribution that investments in space science and technology have made to United States industry. The list of contributions is very large and so broad in its effects that it is likely to be taken for granted. Largely as the consequences of space research the U.S. has led the world in computer technology, resource development, metallurgy, microelectronic devices, and health sciences, as well as communications. These contributions not only facilitate national growth through product proliferation but provide an edge to American industry when competing in international markets.

Pioneering in other areas of space research with potential commercial benefits is just beginning, notably in the area of materials processing in the microgravity of earth orbit. The commercial potential in this area, suggested by the products in the accompanying table, is very large. With 60 experiments on materials solidification and crystal growth on Salyut 6, the USSR is already pacing the U.S. by a significant margin.

Private industry cannot risk the extreme large, long-term development costs characteristic of advances in space applications. To do so, even for the largest of companies, is to risk corporate collapse. Corporate managers charged with a public trust simply cannot accept such a possibility. To maintain the U.S. at the leading edge of this technology, federal funding of the advances in the technology through flight demonstration is necessary.

In sum, it appears highly desirable that the United States examine carefully the long-term effects on the nation of its trends in space research. Clearly we are allowing our position of international pre-eminence in this area to be eroded. We face the likelihood that Russia will become the apparent world leader in space exploration and applications. We also face the loss of the dramatic technological fallout in products and skills that has been shown to follow space research. To help reverse these trends, flight demonstrations in space research and applications are necessary. Because the risk capital for these ventures is much too high for private industry, support must be provided by the federal government.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 11 a.m., with statements by Senators limited to 2 minutes each.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ORDER OF PROCEDURE

(By request of Mr. ANDREWS, the following proceedings relating to S. 1549, and also the confirmation of two nominations on the executive calendar are printed at this point in the RECORD for purposes of continuity:)

Mr. BAKER. Mr. President, will the Senator yield?

Mr. ANDREWS. I yield to the distinguished majority leader.

Mr. BAKER. Mr. President, there is another matter that I believe can be taken care of in short order, and it should be done before we proceed with this bill any further.

WAIVER OF SECTION 402(a) OF CONGRESSIONAL BUDGET ACT—CONSIDERATION OF S. 1549

Mr. BAKER. Mr. President, I ask unanimous consent, if the managers of the bill are agreeable, that the pending measure be temporarily set aside and that the Senate proceed to the consideration of Calendar No. 240, S. 1549, the Department of Energy National Security Programs Authorization Act of 1982.

I ask unanimous consent that the time for consideration and disposition of this matter not extend beyond 5 minutes, at which time the Senate will resume consideration of the pending measure.

The PRESIDING OFFICER (Mr. MATTINGLY). Is there objection?

Mr. WARNER. Mr. President, reserving the right to object, I think we need about 8 minutes.

Mr. BAKER. Ten minutes, Mr. President, to show that I am in a generous mood.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I understand there is a budget waiver in connection with this matter, and I assume that is cleared as well.

I ask unanimous consent that the Chair lay before the Senate Calendar No. 266, Senate Resolution 196, the section 402(a) budget waiver in connection with the consideration of this bill.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 196) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1549.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 196) was considered and agreed to, as follows:

S. RES. 196

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1549, a bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes.

Such waiver is necessary because section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

For the foregoing reasons, pursuant of section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to S. 1549 as reported by the Committee on Armed Services.

DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS AUTHORIZATION ACT OF 1982

The PRESIDING OFFICER. The bill will be stated by title. The legislative clerk read as follows:

A bill (S. 1549) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes.

The Senate proceeded to consider the bill.

Mr. WARNER. Mr. President, the bill before the Senate, S. 1549, is an annual authorization bill. It includes the seven Defense programs that are under the aegis of the Department of Energy. These programs are:

Naval reactors development: Admiral Rickover's ongoing work in the development, operation, and training associated with nuclear reactors that power our nuclear Navy;

Weapons activities: Those activities involving the research and development, testing, production, maintenance, and retirement of the nuclear weapons stockpile;

Nuclear materials production: The operation of nuclear reactors and chemical processing plants to produce the special nuclear materials needed in the Defense programs;

Defense waste management: The handling and storage of the byproducts of the nuclear materials production and weapons activities programs to include research and development on the long-term disposal of nuclear wastes;

Security and safeguards: Those centralized activities involving the security of nuclear weapons and other nuclear systems;

Verification and control technology: The efforts to monitor worldwide nuclear activities; and

Security investigations: The conduct of necessary personnel investigations required for the granting of security clearances.

Mr. President, the budget for these Defense programs constitutes nearly half the budget of the entire Department of Energy. For fiscal year 1982, the Armed Services Committee has recommended new budget authority of $5,165,000,000. A breakout by program is included in the committee report. The committee has recommended a slight increase over the budget request—an increase of $168,700,000 or about 3 percent to accommodate several items of special concern to the committee. These items are detailed in the committee report and I would be pleased to discuss any of these in additional detail if there are questions by any Member.

Mr. President, there is a great deal of emotion associated with these nuclear weapons programs. In addition, there are many misconceptions and some blatant inaccuracies that have surfaced in recent weeks. Let me briefly discuss three of these issues.

THE "UNPRECEDENTED BUILDUP"

First, there is the notion that the United States is involved in an "unprecedented buildup" of its nuclear arsenal. This simply is not the case. We are modernizing the nuclear stockpile as new strategic systems are introduced, but the total number of warheads in the stockpile is not going to increase significantly. For every new warhead that comes off the production line, an old warhead is decommissioned, dismantled, and its materials are recycled into new warheads to the extent possible. Perhaps a more convincing fact is that the total megatonnage in the stockpile will continue to go down; an important point not generally known by the public is that today the total stockpile megatonnage is only one-third of what it was 15 years ago.

THE "ACCIDENT/INCIDENT DANGER"

The Titan missile explosion that occurred in Arkansas in the fall of 1980, has given rise to a series of allegations that the nuclear stockpile represents a great hazard to people that might happen to be near a nuclear weapons accident or incident. In fact, the record of nuclear weapons safety has been perfect—there has never been a fatality directly related to an explosion of, or a release of radiation from, a nuclear warhead. Nuclear weapons contain the most sophisticated safeguards that technology can produce at the time the weapons are made. The nuclear weapons stockpile today is safe. Procedures for storing, handling, training and maintenance of nuclear warheads are very rigorous with safety as the primary emphasis. These procedures are constantly being tested, modified and updated to make them the best possible.

Despite the committee's conviction that the current nuclear weapons stockpile is safe, we have placed great emphasis on improving weapon safety and modernizing the existing stockpile of older weapons to incorporate the latest safeguard features. This stockpile modernization program will provide added assurance against any possible threat. While we must have confidence in the safety of our existing weapons, we must also continue to evaluate the threat of an accident or an incident and take the necessary steps to minimize the possibility of such a threat occurring.

THE "NEUTRON BOMB"

The "neutron bomb" issue is a classic case of an issue spawned by misinformation. Since the first atomic test, nuclear weapons have been improved and refined as nuclear technology has advanced. They have been made simpler, more flexible, safer, and more reliable. The "enhanced radiation" feature is just one of many technology improvements that have evolved over the years. This feature simply permits the nuclear target planner to engage his target successfully with minimum associated collateral damage caused by blast and thermal effects. Without the enhanced radiation capability, the nuclear target planner simply chooses a bigger warhead to insure that his target is successfully engaged with casualties resulting from blast and thermal effects rather than radiation. It is Draconian to suggest that the enhanced radiation warhead is "inhumane"—all nuclear and conventional warheads are inhumane. We only build them in the name of humanity—in the fervent hope that because we have them and because they will kill people, they will deter our potential adversaries from ever daring to use them first.

Many people—with great support from the Soviet propaganda machine I might add—have portrayed the "neutron bomb" as "inhumane"—an indiscriminate people killer—and as destabilizing. They are wrong on both counts. A nuclear casualty—whether caused by radiation or by blast overpressure or by heat—is still a casualty resulting from the use of a nuclear weapon. Is death by blast overpressure or heat more humane than death by radiation? I fail to see the distinction. Some will argue that enhanced radiation weapons, with the associated reduction in collateral damage will lower the nuclear threshold—since there is less damage, there will be more likelihood that they will be used. Logic persuades me that the opposite is true.

Since the enhanced radiation weapons are more effective against potential Warsaw Pact armored targets, their deterrent effect is increased. There is less likelihood that the Warsaw Pact or any other aggressor will launch a conventional attack when faced with enhanced radiation weapons; this reduces the likelihood that a conventional conflict will occur which might erupt into a nuclear exchange. The cornerstone of nuclear deterrence has been the possession of a credible, flexible nuclear arsenal; the enhanced radiation warhead increases the flexibility of our arsenal and as a consequence, the deterrent value of our arsenal is enhanced.

Mr. President, I urge my colleagues to support this important bill.

Mr. President, I yield to the distinguished Senator from Washington, the ranking minority member of the Senate Subcommittee on Strategic Warfare.

Mr. JACKSON. Mr. President, I am pleased to join Senator WARNER in bringing S. 1549 to the floor for consideration by my colleagues. This bill provides the authorization for fiscal year 1982 for the national defense programs of the Department of Energy. The Department of Energy's activities in this area are vital to our national defense, and this bill provides the requisite funding to strengthen it through research, development, testing, and production of both tactical and strategic nuclear weapons.

The Committee on Armed Services acted to amend the President's proposed budget in numerous respects to better reflect what we believe to be the priorities of our Nation's defense. A critical aspect of our amendments was to support the construction of new facilities to replace facilities which are becoming outdated and outmoded, to meet our defense production needs.

In particular, I am pleased that the committee authorized a new project for the initiation of a new production reactor. It is clear that there will be production requirements for tritium and plutonium for the foreseeable future. Our existing production reactors are sufficiently close to the end of their useful lives that we must now begin in a serious way the evaluation and design of replacements. The Committee on Armed Services added $40 million to the President's budget to accomplish this objective.

There is a consideration being given in the Department of Energy to the possibility of using commercial spent nuclear fuel as a potential source of plutonium for the nuclear weapons program. While this idea is only in the earliest stages of evaluation, I think it is important that the Department of Energy place a low priority on this potential option for meeting our plutonium production requirements.

It is clear to me that we should be willing to incur some considerable cost to procure our plutonium needs by alternative means. I seriously question the wisdom of the linkage between the nuclear energy and nuclear weapons programs, unless it is the only option left to meet our national defense needs. The potential is too great for damage to our nuclear weapons program, as well as the nuclear energy program in both the United States and abroad.

The committee adopted two amendments dealing with environmental impact statements and protection of sensitive information during its consideration of the bill. I understand that the objections that were raised by interested parties have been addressed with mutually agreeable amendments to the reported text of the bill, and that with these amendments, no significant objections to this bill have been identified by either side of the aisle.

I urge my colleagues to support passage of this bill, as amended, to provide the necessary funding for these important DOE programs in fiscal year 1982.

UP AMENDMENT NO. 567

Mr. WARNER. Mr. President, I send to the desk an unprinted amendment, on behalf of Senator STAFFORD.

The PRESIDING OFFICER. The amendment will be stated. The legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER), on behalf of Mr. STAFFORD, proposes an unprinted amendment number 567.

Mr. WARNER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike lines 7 through 25 on page 15 and lines 1 through 9 on page 16 and, in lieu thereof, insert the following:

"a. In addition to any other authority or requirement regarding protection from dissemination of information, and subject to subsection (b)(3) of section 552 of title 5 of the United States Code, the Secretary of Energy, with respect to atomic energy defense programs, shall prescribe such regulations, after notice and opportunity for public comment, or issue such orders, as necessary to prohibit the unauthorized dissemination of information pertaining to—

(1) the design of production facilities or utilization facilities, or security measures (including security plans, procedures, and equipment) for the physical protection of such facilities (including the nuclear material therein); or

(2) the design of atomic weapons: *Provided, however,* that the authority of paragraph (a)(2) of this section shall be limited to information declassified or removed from the Restricted Data category by the Department of Energy or its predecessor agency pursuant to section 142;

if the unauthorized dissemination of such information could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility. The Secretary, in determining whether there will be a significant increase in the likelihood of theft, diversion, or sabotage, may consider the likelihood of theft, diversion, or sabotage were the information to be withheld under this section at no time available for dissemination. The Secretary shall exercise the authority of this subsection—

(A) so as to apply the minimum restrictions needed to protect the health and safety of the public or the common defense and security, and

(B) upon a determination that the unauthorized dissemination of such information could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility.

Any person who violates any regulation adopted under this section shall be subject to the imposition by the Department of Energy of the civil monetary penalties of section 234 of the Act. Nothing in this section shall be construed to authorize the withholding of information from the appropriate committees of the Congress.

"b. For the purposes of section 223 of this Act, any regulations prescribed by the Secretary under this section shall also be deemed to be prescribed or issued under section 161b.

"c. Any determination by the Secretary concerning the applicability of this section shall be subject to judicial review pursuant to subsection (a)(4)(B) of section 552 of title 5 of the United States Code.

"d. The Secretary shall prepare on a quarterly basis a report to be made available upon the request of any interested person, detailing the Secretary's application during that period of every regulation or order prescribed or issued under this section. In particular, the report shall:

"(1) identify any information protected from disclosure pursuant to such regulation or order;

"(2) specifically state the Secretary's justification for determining that unauthorized disclosure of the information protected from disclosure under such regulation or order could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility, as specified under subsection a. of this section; and

"(3) provide justification that the Secretary has applied such regulation or order so as to protect from disclosure only the minimum amount of information necessary to protect the health and safety of the public or the common defense and security.".

Mr. STAFFORD. Mr. President, the intent of this amendment is to refine the language of section 210 of S. 1549 by clearly designating those categories of information that can be withheld under this provision.

In testimony before the Armed Services Committee, it became apparent that there are certain types of information that cannot be withheld under either Executive Order 12065 or the Atomic Energy Act, but which are nevertheless deserving of protection. The amendment recognizes that need and provides for the withholding of such information.

In addition, in order to insure proper application of this provision, the amendment contains a number of procedural protections that will govern the Department of Energy's use of this provision, including the requirement that the Secretary promulgate implementing regulations and the requirement that the Secretary prepare a quarterly report describing the Department's use of this provision.

Finally, I should note that this amendment fully satisfies concerns raised by Senator HART, a member of both the Environment and Public Works and Armed Services Committees.

Mr. President, with the minor technical changes detailed in this amendment, I am confident that the authority extended to the Department of Energy will be fully adequate to address the concerns raised, and I urge its adoption.

Mr. WARNER. Mr. President, the amendment proposed by Senator STAFFORD is a refinement of section 210 as reported by the committee and I understand it has been thoroughly coordinated at the staff level among all those committees which have an interest in this legislation. I have reviewed the amendment and am prepared to recommend, on behalf of the Armed Services Committee, that it be accepted.

The intent of the provision is straightforward. There are certain narrow categories of information that cannot be classified under current law, but which should not be made generally available to the public for reasons of national security. The specific types of information that I am talking about were enumerated by Energy Department officials during our hearings on this bill.

Mr. President, let me emphasize that this section is not blanket authority for the Energy Department to circumvent the requirements of the Freedom of Information Act. The provision is quite similar to a provision enacted last year to protect similar information under the responsibility of the Nuclear Regulatory Commission.

I thank Senator STAFFORD for his attention to this matter and we accept the amendment.

Mr. STAFFORD. Does this amendment create an alternative system of classification that the Department of Energy may invoke in lieu of present classification procedures established in the Atomic Energy Act and Executive Order 12065?

Mr. WARNER. No. This amendment, if adopted, will enable the Department of Energy, upon making the requisite finding, to withhold certain narrowly defined types of information which are not now classifiable as national security information or restricted data.

If a given piece of information is not classifiable as national security information or restricted data, the Department is to follow the procedures established in Executive Order 12065 or the Atomic Energy Act for the classification of such information. In no case will a given piece of information fall within the scope of the Atomic Energy Act or Executive Order 12065 and this provision. And finally, where questions arise concerning whether certain information is to be classified as restricted data or national security information or designated "Unclassified Information" under this provision, such questions are to be resolved in favor of formal classification.

Mr. STAFFORD. Does this provision enable the Department of Energy to withhold from dissemination reports provided by local law enforcement agencies regarding the protection of nuclear materials or facilities?

Mr. WARNER. Yes. Section (A)(1) of this amendment authorizes the Department to withhold information specifically identifying security measures for the physical protection of production and utilization facilities. Reports from local law enforcement agencies may be withheld under this provision if the Secretary determines that dissemination of such information could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such a facility.

Mr. WARNER. Mr. President, I ask unanimous consent to have printed in the RECORD an extract from the hearings, dated May 5, 1981.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

EXTRACT FROM HEARINGS, DATED MAY 5, 1981

Senator WARNER. In defense programs you are responsible for the nuclear weapons, nuclear material production, and nuclear material safeguards programs. Do you feel that

you have sufficient authority to prevent the release of information in these areas if release of the information could adversely affect the public?

Mr. MORGAN. We do have authority to withhold certain information on nuclear programs classified as Restricted Data and Formerly Restricted Data under the Atomic Energy Act, and other information classified as National Security Information in keeping with current Executive Orders. However, we feel that there are additional areas of unclassified information which should not be released and for which the DOE does not currently have the unambiguous authority to protect.

This information for example, concerns the safeguarding of nuclear materials and facilities, the production of special nuclear materials and the design or use of nuclear weapons and parts for those weapons. The release of some of the unclassified information could have adverse effects on the health and safety of the public or the common defense and security. It could facilitate the theft, diversion or sabotage of nuclear materials or facilities or the illegal production of special nuclear material or nuclear weapons.

Last year NRC sought and obtained legislation to allow withholding of certain unclassified information within their area of responsibility, e.g. regarding licensee nuclear facilities (now Section 147 of the Atomic Energy Act). In our judgment, it would be highly advisable to at least conform DOE's authority in its areas of concern. Essentially, basic responsibility for common defense and security under the Atomic Energy Act rests with the Department and, ultimately, the President.

To illustrate the kind of information we feel requires this additional authority, let us give you a few examples:

1. The DOE is responsible for the physical security of numerous nuclear facilities and nuclear materials. Certain information regarding the physical protection of these facilities cannot be classified. Examples include the physical layout of the site, general diagrams showing electrical wiring and utilities, and other information necessary to construct and operate the site, such as emergency operating procedures. We believe this kind of information should not be released to the public because it could assist in planning an attack on that facility.

2. As another example, reports are provided to us from local law enforcement agencies regarding their ability to assist us in protecting nuclear materials or facilities. This date could be useful to a terrorist or saboteur but we have no clear authority to withhold it from release.

3. Certain information concerning physical protection of small quantities of uranium and plutonium as well as other hazardous nuclear materials (e.g., Cobalt-60) is not classifiable as National Security Information but we feel it should be protected from disclosure because it could lend valuable assistance to the perpetration of acts counter to the public interest such as deliberate acts of radiological contamination.

4. There is certain Government generated information regarding nuclear weapons but which may not be appropriate for the U.S. Government to be making freely available. This information was once "restricted data" but was declassified for valid reasons at various times in the past. More recently we have seen the rise of threats, terrorism, and nuclear weapon proliferation and we are concerned that some of this unclassified material could be useful to a terrorist or an extortionist for either threatening to or fabricating an improvised nuclear explosive. In addition, such documents have been the source of design information by private individuals attempting to stimulate publication of nuclear weapons designs. We think it unwise for the government to be in a position to be required to contribute to the development of information of this nature.

5. There are certain defense related reactor designs for material production and for naval propulsion purposes which are unclassified, but which should be controlled because such designs relate closely to nuclear materials production quantites and for strategic capabilities.

To summarize, it is suggested that the public health and safety and the common defense and security are better served if the authority existed to allow the protection of information such as these examples point out.

Mr. WARNER. Mr. President, I ask for a voice vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 567) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 568

Mr. WARNER. Mr. President, I send to the desk an unprinted amendment, on behalf of Senator STAFFORD.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER), for Mr. STAFFORD, proposes an unprinted amendment numbered 568.

Mr. WARNER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike lines 3 through 25 on page 17 and lines 1 through 7 on page 18 and, in lieu thereof, insert the following:

SEC. 211. (a) No funds appropriated pursuant to an authorization of appropriations contained in this Act may be obligated or expended for the purpose of preparing any environmental impact statement not already in the process of preparation with respect to the operation of any defense facility of the Department of Energy unless the preparation of such statement is required by statute.

(b) In those instances where the cost of preparing any environmental impact statement not already in the process of preparation with respect to the operation of any defense facility of the Department of Energy shall exceed $500,000, the Secretary shall notify the Committees on Armed Services of the Senate and the House of Representatives of the intent to proceed with such a statement. The Secretary shall proceed with preparation of such a statement upon:

(1) expiration of a period of thirty days following the date of the receipt of such notice by such Committees, or

(2) receipt by the Secretary from each such Committee, before the expiration of such thirty day period, of a written notification concurring in the decision to proceed with such a statement.

Mr. STAFFORD. Mr. President, the intent of this amendment is to clarify the language of section 211 by emphasizing that, while the Department of Energy is barred under this provision from preparing environmental impact statements not required by NEPA, this provision is in no way intended to amend NEPA. After numerous discussions with the members of the Armed Services Committee, it was agreed that the wording of this amendment will convey to DOE the committee's concern that environmental impact statements not be prepared unless required by law.

At the same time, the amendment addresses concerns raised by the Environment and Public Works Committee regarding the possibility that the present version of section 211 might, in fact, amend NEPA by altering the standard to be used in determining whether to prepare an environmental impact statement.

Finally, I should note that this amendment fully satisfies concerns raised by Senator HART, a member of both the Environment and Public Works and Armed Services Committees.

This amendment will convey the committee's concern without working an amendment of NEPA, and on that basis I urge its adoption.

Mr. WARNER. Mr. President, perhaps it would be useful to provide some legislative history with respect to section 211 of the bill as reported by the committee. During its review of this bill the committee was advised that the Department of Energy would spend several million dollars in preparing an environmental impact statement covering the "ongoing operations" of the Pantex facility in Amarillo, Tex., where nuclear warheads are assembled. This EIS was to be accomplished, not because DOE felt that it was required by the National Environmental Policy Act (NEPA), but because DOE had been threatened with litigation from some environmental groups. In fact, DOE had done an environmental assessment of the Pantex operation as required by NEPA and concluded that an EIS was unnecessary.

This incident triggered the committee's concern. No department should be reacting to the threat of litigation by spending millions of dollars to write EIS's when they are not required under NEPA. At the committee's request, DOE provided information on how much it has spent to write environmental studies since NEPA was enacted. Although some of the figures are estimates, DOE calculates that it has spent more than $40 million on such studies related to defense program facilities.

Mr. President, I am not a critic of NEPA. The requirements in NEPA to understand—and to mitigate—the environmental consequences of major Federal actions has had a profound impact on the development of this Nation over the last decade. The environmental awareness that has been spawned across the country has undoubtedly served to benefit future generations. However, I do begin to be concerned when I see what I perceive to be abuses of NEPA. NEPA was meant to be applied to "major Federal actions" that would potentially result in "significant impact on the human environment." It was not meant to require costly studies of "ongoing operations" or relatively minor changes where the impact on the environment cannot even be measured. It was this concern, triggered by the Pantex case, that resulted in the committee's drafting of section 211.

I appreciate the efforts of Senator STAFFORD in drafting this proposed amendment. I think it sends the same message that the committee was seeking to convey and I am prepared, on behalf of the Armed Services Committee to accept his amendment.

Mr. STAFFORD. Is this section intended, in any way to alter the provisions of NEPA?

Mr. WARNER. No. This section is included in this bill for two reasons. First, it is the committee's intent that the preparation of environmental impact statements related to the operation of defense facilities be undertaken only when clearly required by NEPA, and not for the purpose of avoiding litigation. Second, if the preparation of such a statement will cost more than $500,000, this provision would require DOE to inform the Armed Services Committees of its intent to proceed with such a statement.

Mr. STAFFORD. Does this section in any way affect the discretion of the Secretary of Energy, now exercised under NEPA, to determine whether a given action constitutes a major Federal action significantly affecting the quality of the human environment?

Mr. WARNER. No. The responsibility for making that determination will remain with the Secretary of Energy, and his decision, subject to judicial review, will be the final word.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 568) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HART. Mr. President, I have a particular interest in a provision included in the House bill that is the companion bill to S. 1549 which we are now considering. I refer to a study which the House directed to examine the merits of building a high temperature, gas-cooled nuclear reactor at Los Alamos National Laboratory.

The House authorized this study at a cost of $1 million. This study would be a useful supplement to ongoing efforts to improve safety features at the Fort St. Vrain Nuclear Generating Station in Colorado which has the only high temperature gas-cooled reactor in the country.

Would the distinguished floor manager indicate his position on this House provision and tell me what the chances are of having the provision adopted in conference?

Mr. WARNER. The Senator from Colorado, who. I might add, is a distinguished member of the Armed Services Subcommittee on Strategic and Theater Nuclear Forces, raises a good point. In hindsight. I think it is a shame that we do not have working nuclear reactors at all of our national nuclear laboratories. It would be good for the entire nuclear industry to be able to call on their available expertise.

I am aware of the House study provision that the Senator has made reference to. I feel it has merit and when the conference committee meets I will urge the Senate to recede to the House position.

Mr. HART. I thank the distinguished chairman of our subcommittee for his attention in this matter. With his assured support in conference, I will not seek to amend the bill at this time.

Mr. DOMENICI. Mr. President, I should like to comment upon the importance of the bill which the Senate is about to address and direct some remarks to the distinguished chairman of the Subcommittee on Strategic and Theater Nuclear Forces and the manager of the bill, Senator WARNER.

S. 1549, the Department of Energy National Defense Programs Authorization Act of 1982, addresses a key aspect of our national security—the ability of this country to maintain a first rate nuclear research capability, insure the reliability of our deterrent force of strategic weapons, continue research in key areas of nuclear research and development in areas with potential national security implications, and insure modernization and safe handling of our nuclear military capabilities. The fiscal resources provided by this bill help insure that the best scientific minds in this country will be actively involved in maintaining the credibility of the U.S. deterrence capability.

Mr. President, this is often a bill which receives little attention from the standpoint of national security importance. But I would hasten to remind Members of the Senate that the approximately $18 billion currently spent each year on U.S. strategic delivery and command and control capabilities would be meaningless without the products which are the topic of this bill.

I would note here that, like the Armed Services Committees, the Budget Committee addresses DOE national defense activities as an integral part of U.S. national security and considers the defense budget with this fact in mind. Consequently, I would associate myself with the report language which urges OMB to develop some procedure for insuring that these vital national security activities are evaluated as natural elements of the defense budget and not as some secondary aspect of the DOE budget.

While the debate about MX missiles, B–1 bombers, and Trident submarines may occupy the public and the media, none of us should lose sight of the fact that the ultimate credibility of our nuclear strategic deterrence capabilities, and our tactical nuclear deterrence capabilities, rests with the nuclear weapon laboratories of the country—those places where nuclear military capabilities are carefully developed to achieve the operational requirements of the military services, where the credibility of the nuclear stockpile is assessed and maintained, and where the best scientific talents of this country work to insure that this country is never the victim of technological surprise in the critical and constantly changing field of nuclear research.

The personnel in these organizations are incredibly dedicated to their responsibilities. Those who work in the nuclear weapons programs are particularly aware of the role they play in maintaining U.S. security. And while this is an area of the most advanced scientific sophistication, these people do work under particular hardships. In particular, their facilities—buildings and equipment—are often dangerously old and obsolete. There has already been a good deal of publicity about the deteriorating shape of our nuclear weapon production infrastructure.

This decay is evident at our national nuclear weapons laboratiories—especially at Los Alamos, which was the site of our World War II nuclear weapon efforts. Nuclear weapon activities at the national laboratories are hindered in other ways. Politically imposed limitations on testing nuclear devices underground cause many uncertainties regarding weapon design effectiveness, which must be compensated for through the use of the costly, highly sophisticated facilities. There is also a serious question whether U.S. nuclear material production capabilities will be sufficient to meet planned stockpile requirements in the future.

Mr. President, the issues I have mentioned are all very important, and the Armed Services Committee has addressed them in a very effective fashion in S. 1549. I commend the committee for the exemplary work it has done in addressing this vitally important national security issue. Along this line, I would like to address some remarks and questions to the chairman of the subcommittee.

The Senate and House versions of this bill both include several initiatives above the President's request associated with weapon activity construction projects. For example, both bills include $8 million to fund a new detonator assembly facility at the Los Alamos National Science Laboratory. This facility, I can testify, is sorely needed. The existing structure—which is used to assemble and test some of the most critical components in our nuclear deterrence arsenal—is too small for current activities and is not in compliance with fire and safety codes.

The present detonator assembly structure, a World War II quonset building erected as a "temporary" structure in 1944, has caused serious problems in designing and fabricating explosive detonators for research and development efforts. Rejection of test detonators exceeds 40 percent, primarily as a result of contamination by dust and other airborne contaminants. This fact, coupled with the safety problems inherent in the current facility, makes the committees' decision a sound one.

The House version also includes a $5 million addition for a new Tritium Handling Facility at the Los Alamos Laboratory. The Senate version does not include such a provision. The laboratory's tritium handling facility is obsolete and totally inadequate for the processing, analysis, and high-pressure packaging of this radioactive gas which is vital to carrying out our major weapon

programs. The present facility, built 25 years ago and designed to meet the standards of its day, does not meet the Federal standards for radiation protection for employees nor the public.

Stack emissions, for instance, are many times those permitted by current regulations and the facility operates under an exemption. The proposed new facility, which is contained in the House version, will provide triple containment of the tritium and will be able to accommodate classified and unclassified work simultaneously—a capability not found in the existing structure.

I would like to ask the manager of the bill whether or not the committee is aware that, these health and operational considerations have resulted in the laboratory management identifying the new tritium facility as the priority construction item for fiscal year 1982.

Mr. WARNER. I assure the senior Senator from New Mexico that the committee is fully aware of and appreciates the merits of the proposal for a new tritium handling facility at the Los Alamos Laboratory.

The need is a very legitimate one. The committee worked within certain fiscal guidelines which made it difficult to accomodate all additional projects beyond the President's proposal and still provide necessary resources for all the other national defense related activities of the Department of Energy. However, as the Senator correctly notes, the tritium handling facility is contained in the House authorization. This will insure that it will be considered in conference and that its high priority will be duly considered as a final package is developed. While I can not predict the conference result, I can give the Senator my personal opinion that the clear need for such a new facility will certainly make it a leading candidate for inclusion in the final conference bill.

Mr. DOMENICI. I thank the Senator for those remarks. I would also note that the House Armed Services Committee also authorized an increase of $3 million to operate the weapons neutron research (WNR) at Los Alamos for a longer time period in 1982.

This amount would allow operation of WNR for neutron vulnerability and lethality measurements and calibration of diagnosic equipment in support of field testing as the NTS for an additional 6 to 8 weeks during fiscal year 1982. Constantly increasing utility costs have annually reduced the number of hours which the Los Alamos Meson Physics Facility, of which WNR is a part, has been in operation. The yearly drop in scheduled beam hours has been 14 percent and the proposed budget will fund only 58 percent of the optimum operational level of the facility.

Since LAMPF is currently forced to reject 75 percent of proposed experiments, the effect of utility costs on operational time not only threatens the use of the facility for national security activities, but it also threatens the facilities' viability as a national resource available readily to outside users. The House action alleviates this problem. It is my hope that the conference result might sustain the House position on this important matter.

This Senator is fully aware of the budget constraints within which all congressional action must operate. However, defense related activities is one area where the budget will grow substantially and, I might add, rightfully so. The two projects I have discussed here are, in my view, important to the well-being of our national security capabilities. Their merit appears valid to me and I would close by encouraging the manager of the Senate bill to give them his utmost and hopefully favorable consideration during the Senate/House conference.

Mr. WARNER. There is no doubt that the committee conferees will all carefully consider the points that the Senator from New Mexico has made today. For myself, his statements are compelling and I can assure him that they will certainly play a role in the final outcome of the conference on this bill.

Mr. DOMENICI. I thank the manager of the bill for his time and consideration on this matter.

UP AMENDMENT NO. 569

Mr. JACKSON. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. JACKSON), for himself, Mr. GORTON, and Mr. HOLLINGS, proposes an unprinted amendment numbered 569.

Mr. JACKSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, after line 7, insert the following new section:

PLAN FOR PERMANENT DISPOSAL OF WASTE FROM ATOMIC ENERGY DEFENSE ACTIVITIES

SEC. 212. (a) The President shall submit to the Committees on Armed Services of the Senate and of the House of Representatives not later than January 31, 1983, a report which sets forth his plans for the permanent disposal of high-level and transuranic wastes resulting from atomic energy defense activities.

(b) Such report shall include, but not be limited to, for each State in which such wastes are stored in interim storage facilities on the date of enactment of this Act—

(1) specific estimates of planned expenditures for each of the next five fiscal years and general estimates of planned expenditures for the fiscal years after such five years necessary to achieve the permanent disposal of such wastes;

(2) a thorough and detailed program management plan, including but not limited to—

(A) an explicit schedule for decisions regarding the further processing and permanent disposal of such wastes;

(B) a general description of new facilities likely to be required to achieve such permanent disposal; and

(C) identification of all major program objectives, milestones, key events, and critical path items.

Mr. JACKSON. Mr. President, I am offering this amendment because nuclear wastes generated from atomic energy defense activities have been accumulating at various sites in the country from as far back as 1944. To date, little has been done to move forward on finding a solution to the disposal of these wastes. I believe this amendment will result in a heightened priority by the administration in funding work to find acceptable solutions to this problem. It is time that we begin what very well may be a 30-year process for solving this important waste problem.

Mr. President, I now wish to explain my amendment. The amendment requires a report by the President to be submitted to the Armed Services Committees in the House and Senate. This report is required of the President rather than the Secretary of Energy to insure that the budgetary information required in the report has the full review and backing of the Office of the President, including the Office of Management and Budget, as opposed to only the Secretary of Energy's review and support.

This report is to contain a detailed program management plan for achieving the disposal of both the high-level wastes and the transuranic wastes stored in various States in the Union. The principal States in which these wastes are stored are Washington, Idaho, and South Carolina. Lesser amounts of these wastes are to be found in some other States in the Union, but these amounts are really quite small by comparison to those already accumulated in the three principal States.

An important feature of this report is to set forth, for the first time, a projected level of expenditure for the activities in each State for the next 5 years and general estimates of expenditures over the remaining time of the program to achieve the permanent disposal of these wastes. This will give the people in these States a clear idea of the level of commitment necessary to these activities and will provide a benchmark for whether the commitment required by this amendment is in fact being carried through by examining the annual budget requests to the Congress.

The report is also to contain in the detailed program management plan an explicit schedule for decisions regarding the further processing and permanent disposal of the wastes, thus decisions on when a new facility will be reqiured and which alternative for disposal of the wastes will be chosen, such as which waste form will be selected are important to the conduct of the program. These key events again provide a point for the Congress and the public to review how progress is being made with regard to this disposal problem.

For too long we have had a program without coherence. While there have been many separate activities relating to the permanent disposal question, there has been no integrated, systems analytic approach to the solution of the problem. This fragmented approach can lead to oversights of important parameters of the program and can lead to unnecessary delays due to having to find additional information through research and development.

The amendment requires a provision in the report for a general description of new facilities to be required in each State to process the waste. The report will contain a complete identification of

major program objectives, milestones, key events, and critical path items so that the program can be monitored for failing to achieve particular objectives, and the Congress can use this flow chart as a benchmark for reviewing the program. Target dates can be identified for achieving the initial disposal of wastes in each State for finishing the program for those currently existing wastes.

A key objective of this amendment is to obtain from the President a commitment to the implementation of the program plan so that these wastes can start being processed toward permanent disposal. The three States that I have mentioned already have a significant amount of this Nation's wastes from either civilian or military programs. To contemplate the construction of a civilian waste repository in these States without a concomitant decision by the President to clean up the high-level wastes and transuranic wastes from the atomic energy defense activities is in my view asking too much of the citizens of these States.

Therefore, this amendment is constructed to try to gain the commitment from the President which is necessary for aggressive action. In these very budget-constrained eras, there are clearly things that will have a higher priority on the President's list than cleaning up a problem of 40 years' duration. This is not a problem of this President's creation.

It is a problem that traces back through many presidencies, and the current President is not to be viewed as the source of the problem. Instead, he in fact may be the source of the solution because through his commitment to this effort, we can begin what will be a very long process.

Mr. President, I believe that this amendment will insure that we move forward on the solution of the military waste problem in this country as we move forward with the civilian waste. I think that it contemplates that the military problem be solved in parallel with the civilian waste problem. Specifically, I believe that this legislation, S. 1549, in conjunction with civilian waste legislation, will insure that we move progressively toward the solution of all of our Nation's nuclear waste.

Mr. President, on October 31, 1981, Senator GORTON chaired a field hearing at Richland, Wash., for the Committee on Environment and Public Works. The hearing permitted testimony to be given by individuals and organizations in the State of Washington with an interest in the pending legislation dealing with nuclear waste from civilian nuclear activities. I ask unanimous consent that my opening remarks for that hearing be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

OPENING STATEMENT BY SENATOR JACKSON FOR FIELD HEARING ON S. 1662

Today's hearing before the Senate Committee on Environment and Public Works is to address the important legislation now before the Senate on nuclear waste management policy. I commend Senator Gorton for arranging this hearing, and I am sure that he will play a key role in the development of the legislation, S. 1662, as it is considered by the Environment and Public Works Committee. I regret that a long-standing commitment in Seattle precluded my being able to attend this hearing, but I will review the transcript with interest for suggested improvements in S. 1662 which was also referred to the Energy and Natural Resources Committee on which I serve as Ranking Minority Member.

I have a few key points that I wish to make regarding the nuclear waste problem.

For many years, the Atomic Energy Defense Programs of the Department of Energy have performed crucial national security-related functions at the Hanford Reservation for acquiring special nuclear materials. An unavoidable by-product of these activities is highly radioactive waste generated in the production reactors. These high-level wastes have been stored in interim facilities which were intended for relatively short periods of storage in comparison the period of significant radioactivity found in these wastes. Typically, the tanks at Hanford for storage of liquid wastes were designed for an interim storage period of about 20 to 30 years.

While these highly radioactive wastes have been stored without any significant threat to public health and safety, in the past there have been a few incidents at the Hanford Reservation of leakage from some of the tanks storing such wastes. In recent years, a program to remove most of the liquids and selected heat-generating radioactive elements has improved the situation by reducing the likelihood and possible extent of near-term problems with these older single-shell tanks. However, the problem of the permanent disposal of these wastes remains to be solved.

The problem is a substantial one and will require careful planning to achieve possible solutions. Federal expenditure levels may be constrained over the next few years by the efforts to control federal spending. However, it is essential that a program for the disposal of these wastes in a permanent manner be initiated and carried out so that over a period of the next 15 to 25 years, the wastes currently stored in the interim facilities at Hanford are safely isolated from the biosphere for a very long period of time.

The Department of Energy will not be starting from scratch in this effort to develop a program plan for treating the military-related high-level wastes. There have been several studies and reports on how to manage these wastes. These reports describe the high-level wastes resulting from atomic energy defense activities stored at the Hanford Reservation. They also set forth alternate plans to be considered, describe various technologies that may be applied to solidifying the wastes, set forth risk assessments related to the activities connected with the permanent disposal of the wastes, and give cost estimates associated with the alternative plans.

The Hanford site has more than 60 percent of the high-level wastes resulting from atomic energy defense activities in the United States. Even when the high-level wastes that would result from reprocessing spent nuclear fuel from commercial nuclear powerplants is added to the current inventories of atomic energy defense high-level wastes, the high-level wastes stored at Hanford constitute about 50 percent of the nation's entire high-level waste inventory. In other words, the Hanford Reservation already has more than its fair share of the nation's burden of high-level waste.

It is time that we put in place a program to begin to deal with this existing problem given its long standing, dating back nearly 40 years. I am not saying that we are not doing things in the defense waste program, but rather that there is no integrated program with specific dates for making programmatic decisions and establishing detailed program milestones so that the people in the State of Washington will have some measure of the federal commitment to the disposal of these interim-stored wastes.

I believe that the people in the State of Washington have been making an important contribution to our national defense for a very long time by accepting the storage in interim facilities of the high-level wastes from atomic energy defense activities. Continued public support is important for these ongoing activities. To help maintain that support, we must begin now to ensure that a permanent solution is found for the wastes that are already stored in this state.

I also think it is important that there be equitable sharing in the national responsibility for high-level wastes. The prospect of a civilian waste repository in this state at a time when a final solution for the current high-level waste inventory is not being pursued vigorously is not apt to find broad public support. Moreover, there is an existing low-level waste facility for commercial disposal of wastes from commercial activities near Richland. It is performing a critical need, but it adds to the public perception that a sufficient contribution to the national nuclear waste problem is being made by the State of Washington.

The focus of today's hearing is on legislation primarily dealing with the civilian nuclear waste problem. The question of what can and should be done with such nuclear waste is of great concern to the general public. Thus, I believe it is important for the Congress to provide direction to the Department of Energy through legislation to assure the public that the problem is being properly addressed by the federal government.

In the last Congress along with Senators Johnston and Church, I introduced legislation aimed at resolving a number of problems relating to spent nuclear fuel and wastes from civilian nuclear activities. Unfortunately, comprehensive legislation was not enacted even though it passed both Houses. However, we were able to enact the part of the comprehensive legislation which addressed the issue of low-level waste disposal. This law permits the states to enter into compacts for regional disposal of low-level waste.

I think it is important to note that the states in the northwest have already successfully negotiated a regional compact for the disposal of low-level waste, and I believe that the Congress will turn its attention shortly to consideration of the approval of this compact.

In this Congress, Senator Johnston and I reintroduced a comprehensive nuclear waste bill, S. 637, addressing many of the same points encompassed in the legislation passed by the Senate last year. Senator McClure and others introduced S. 1662 in September which is similar to S. 637 in general concept but reflects different perspectives in certain instances based upon the policies of the Reagan Administration. Some of these changes are improvements which I endorse.

On October 21, 1981, the Committee on Energy and Natural Resources ordered S. 1662 reported with some amendments which represented language closer to the concepts in S. 637. While I believe additional changes need to be made in S. 1662 as reported, I did not object to its being reported promptly to ensure consideration by the full Senate at an early date. The Committee on Energy and Natural Resources may meet again and approve committee amendments to perfect further the bill as ordered reported.

I wish to point out an important aspect of the pending legislation. A requirement for a proposal on monitored retrievable storage facilities to be submitted to the Congress is contained in Title V of S. 1662 and Title IV of S. 637. While this approach to the long-term disposal of high-level waste is not nec-

essarily preferable to permanent geologic disposal, I believe that it deserves careful consideration. A monitored retrievable storage facility which could safely store high-level waste for the most critical period of the first 300 years is not dependent upon finding a near-perfect geologic medium. In fact, a possible approach to such storage has been tested by the facility in Gable Mountain on the Hanford Reservation.

An important point is that such a facility could be located in virtually any state in the nation. The National Governors' Association believes that it is essential to have a regional approach to the disposal of high-level wastes, just as we are trying to foster a regional solution to the low-level waste problem.

The governors have endorsed the idea of not making one or perhaps two states the recipients of the nation's high-level wastes from both military and civilian activities. The likelihood is that over time, three or four facilities for the permanent disposal of high-level waste will be required. Finding a suitable geologic medium for disposal of high-level waste in each region of the country may not be possible. In which case, it may be desirable to consider a monitored retrievable storage facility for meeting that region's needs for disposal of high-level waste.

Title VII of S. 1662 provides for a role for state participation in the development of a repository of a monitored retrievable storage facility for disposal of high-level wastes and spent fuel. It provides an equivalent role for an affected Indian tribe in a state where either type of facility is to be located. This title, along with Section 404 of the bill dealing with site characterization activities, will provide not only a meaningful role for a governor and any affected Indian tribe in the all-important period prior to the Department of Energy's application to the Nuclear Regulatory Commission for a construction permit, but also for all ensuing activity. Moreover, the Congress will provide further protection for the states and Indian tribes not only through the review process contained in the final legislation, but also through the funding of any disposal facility for which the Secretary proposes to build.

There are many facets to the civilian nuclear waste disposal issue which the Congress is trying to address.

We must resolve the problem of spent fuel storage by deciding when and if the Secretary of Energy can relieve a utility of spent fuel which is accumulating at operating nuclear powerplants.

We must address the question of whether spent fuel will be stored until a reprocessing capability is established in this country, or whether some spent fuel will be disposed of.

We must decide on how to achieve the proper balance in a schedule for disposal of high-level wastes between the competing objectives of protecting public health and safety and demonstrating that disposal of nuclear waste is possible.

We must structure the legislation in a way to ensure that no individual state believes that they have been unfairly singled out as a site for a nuclear waste disposal facility.

We must provide an opportunity for interaction with the Secretary of Energy to ensure that the concerns of the people of the affected state are properly addressed so as to maintain public acceptance of a disposal facility in that state.

We must also provide a funding mechanism for these activities where the full cost of the disposal of civilian nuclear waste is borne by those who derive the benefits from nuclear power, as opposed to taxing the general population.

These are the key issues that must be resolved by any legislation addressing the nuclear waste problem. I hope that we can enact legislation in this Congress to help solve the nuclear waste problem confronting this nation. I believe this problem must be solved in a safe way at an early time in order to maintain public acceptance for the use of nuclear power in our country. I believe that the problem is technically solvable. However, I believe that we must find solutions in a way that maintains public credibility that the nuclear waste problem is truly behind us. I also believe that there must be an equitable sharing on a regional basis for disposing of the nation's nuclear waste to ensure that no one state feels unfairly burdened.

Mr. WARNER. Mr. President, I have worked with Senator JACKSON in the preparation of his amendment and I think it is a good one. While all of the pieces of the defense waste management program are addressed in this bill, we have not asked them to put their plans together in a coherent, single report and this is what the Jackson amendment does.

On behalf of the committee, I am prepared to accept the amendment.

Mr. McCLURE. Mr. President, I strongly support Senator JACKSON's amendment requiring a plan for the permanent disposal of nuclear wastes from atomic energy defense activities. Some weeks ago, the distinguished senior Senator from the State of Washington initiated a series of discussions with me regarding his thoughts on making early progress with defense nuclear waste management. I am pleased to say today that those discussions, along with others the Senator has had, have led to this amendment today.

The Jackson amendment requires the President to submit a program plan to the Congress by January 31, 1983, setting out all of the relevant programmatic information necessary to advance the defense nuclear waste program as expeditiously as possible to permanent disposal of the wastes. It is no secret that the States which have been in the forefront of the nuclear weapons program, including Washington, Idaho, and South Carolina, among others, have had stored in the States substantial quantities of defense nuclear wastes for several decades.

Currently, the DOE program for these wastes is focused on upgrading the interim storage of these wastes at their current sites. There also is program effort looking beyond interim storage, toward permanent disposal.

For example, the waste isolation pilot project in New Mexico will be a test facility for disposal of transuranic wastes from my home State. This amendment would insure that the current program places increased emphasis on a national effort to provide permanent disposal of all of defense nuclear wastes. The amendment also will insure that the Federal program is the subject of early congressional review and action to support these objectives.

Mr. President, I commend my distinguished colleague for his leadership in focusing congressional attention on this continuing challenge and also mandating the necessary action in the executive branch to advance a prompt solution.

I want to pledge to Senator JACKSON and the Senate my strong commitment to assist him in any way possible to obtain enactment of this amendment and continued executive branch support in the Reagan administration.

Certainly, we must make certain that the defense nuclear waste program is adequately addressing the permanent disposal issue in an aggressive and responsible manner.

Each of the affected States, including my home State of Idaho, deserves to know that there will be permanent disposal of these wastes, even as we move aggressively to strengthen our strategic nuclear forces and deploy several new strategic weapons systems in the decade ahead. Thank you.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I be added as a cosponsor of Senator JACKSON's amendment (UP No. 569) to S. 1549.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I am pleased to join as a cosponsor of this amendment by Senator JACKSON. This amendment is long overdue. It would require the President to submit a report to the Committees on Armed Services of the Senate and of the House of Representatives setting forth his plans for the permanent disposal of high-level and transuranic wastes resulting from atomic energy defense activities.

Although considerable attention has been focused on our civilian waste problem, we must move forward on wastes generated from atomic energy defense activities. The amendment offered today will put us on the right track and hopefully, this administration will move swiftly to find a solution to our military waste problem.

The high-level wastes and the transuranic wastes are primarily stored in the States of Washington, Idaho, and South Carolina. In my State, at the Savannah River plant, we have over 22 million gallons of high-level liquid waste in existing tanks. The expansion program now being planned at Savannah River will certainly increase this level. With this high volume of liquid waste being stored, it is imperative that the Department of Energy have a plan for the solidification and removal of this waste from South Carolina.

Mr. President, this amendment will help us move forward on solving the problem of military waste. I am hopeful that the administration will focus on this problem and work to solve this problem. I urge the adoption of this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 569) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SIMPSON. To what extent is this amendment and, in particular, the report to be prepared by the Secretary of Energy, intended to affect the final decision on whether wastes generated by the Department of Energy are to be disposed of in a separate repository, de-

signed solely for the disposal of military wastes, or in a unified facility, designed for the receipt of both commercial and military wastes?

Mr. JACKSON. It is the clear intent of the sponsor of this amendment that the study to be prepared pursuant to this amendment shall not, in any way, prejudice the decision that the Congress must make regarding the permanent disposal of high-level and transuranic wastes resulting from atomic energy defense activities.

More specifically, while the report compiled by the Secretary will serve the very useful function of gathering and analyzing the available information on this subject, Congress must, in the final analysis, decide whether wastes generated as a result of this Nation's military programs are to be disposed of in a separate repository designed solely for the disposal of that waste, or whether such wastes should be disposed of in a unified facility, designed for the receipt of both commercial and military wastes.

Mr. WARNER. I concur in the response given by the Senator from Washington. We will have to face the issue in the future of the permanent repository for nuclear wastes.

USER COUPLED CONFIRMATION DRILLING PROGRAM

Mr. CANNON. Mr. President. I wonder if the distinguished floor manager of the bill would yield for a question or two?

Mr. HATFIELD. I would be happy to yield to my good friend, the senior Senator from Nevada.

Mr. CANNON. I thank the Senator. It is my understanding from reading the committee's report on the pending legislation that $2.7 million was included in the committee amendment for the two remaining geothermal energy projects under the Department of Energy's user-coupled confirmation drilling program.

Mr. HATFIELD. The Senator is correct. Some $2.7 million was included in our amendment for reservoir confirmation drilling work for the final two user-coupled projects—a space heating and cooling project in Reno, Nev., and an alcohol fuel plant at Vale Hot Springs in Oregon.

Mr. CANNON. Could the Senator explain for the benefit of our colleagues how the user-coupled program works?

Mr. HATFIELD. I would be happy to do that. The user-coupled confirmation drilling program is an innovative public sector cooperative effort. It was started by the DOE to encourage geothermal developers to sink wells into promising geothermal areas in order to verify the presence of economically recoverable geothermal resources for nonelectrical applications.

To obtain funding, a geothermal developer must conduct appropriate exploration activities and pay for drilling the confirmation wells. Once completed and tested, if the wells are as successful as anticipated, DOE will reimburse the developer for 20 percent of the drilling and associated cost. If the wells are less than a complete success, the Federal commitment increases on a sliding scale. The maximum Federal contribution for a totally unsuccessful project has been set at 90 percent in the past.

Mr. CANNON. The Senator said that "in the past" the maximum Federal commitment was 90 percent of the costs associated with a completely unsuccessful project. Does the present legislation change that upper limit?

Mr. HATFIELD. It would under certain circumstances. Because of other pressing budgetary priorities, the total Federal contribution for the two remaining projects is limited to $2.7 million. That means that the maximum available for either project, in the unlikely situation where both fail, would be approximately 78 percent. In other situations, the upper bound would still be set at 90 percent.

I should emphasize, however, that the Energy Department has carefully limited participation in the program to experienced companies with promising geologic sites. The final Federal expenditure for these two projects should be a lot less than the $2.7 million amount.

Mr. CANNON. I believe that the user-coupled program is a good way to stimulate the direct-heat utilization of geothermal resources with a minimal expenditure of Federal funds.

Mr. HATFIELD. I agree with the Senator. I look forward to seeing the administration move ahead promptly with the remaining two projects.

Mr. CANNON. I thank the Senator for yielding.

Mr. WARNER. Mr. President, I ask for a third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. WARNER. Mr. President, I ask unanimous consent that the Committee on Armed Services be discharged from further consideration of H.R. 3413.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WARNER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3413.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 3413) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. WARNER. Mr. President, I ask unanimous consent to strike all after the enacting clause of H.R. 3413 and substitute therefor the text of S. 1549, as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 3413) was passed, as follows:

H.R. 3413

Resolved, That the bill from the House of Representatives (H.R. 3413) entitled "An Act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes", do pass with the following amendment:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Department of Energy National Security Programs Authorization Act of 1982".

TITLE I—NATIONAL SECURITY PROGRAMS

OPERATING EXPENSES

SEC. 101. Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1982 for operating expenses incurred in carrying out national security programs (including scientific research and development in support of the armed services, strategic and critical materials necessary for the common defense, and military applications of nuclear energy and related management and support activities) as follows:

(1) For naval reactors development, $279,500,000.

(2) For weapons activities, $2,490,600,000.

(3) For verification and control technology, $50,400,000.

(4) For materials production, $632,400,000.

(5) For defense nuclear waste management, $263,328,000.

(6) For nuclear materials security and safeguards development, $44,300,000.

(7) For security investigations, $23,600,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 102. Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1982 for plant and capital equipment (including planning, construction, acquisition, and modification of facilities, land acquisition related thereto, and acquisition and fabrication of capital equipment not related to construction) necessary for national security programs, as follows:

(1) For naval reactors development:

Project 82-N-100, general plant projects, various locations, $4,000,000.

Project 82-N-111, materials facility, Savannah River, South Carolina, $15,000,000.

(2) For weapons activities:

Project 82-D-100, general plant projects, (research and development) various locations, $15,800,000.

Project 82-D-103, general plant projects, (production and surveillance) various locations, $16,300,000.

Project 82-D-104, new weapons production installations, various locations, $5,000,000

Project 82-D-106, weapon assembly facilities, Pantex Plant, Amarillo, Texas, $23,500,000.

Project 82-D-107, utilities and equipment restoration, replacement, and upgrade, Phase III, various locations, $100,000,000.

Project 82-D-108, nuclear weapons stockpile improvement, various locations, $32,200,000.

Project 82-D-109, 155-millimeter artillery fired atomic projectile (AFAP) production facilities, various locations, $35,000,000.

Project 82-D-110, exhaust plenum modifications, Rocky Flats Plant, Colorado, $12,000,000.

Project 82-D-111, interactive graphics system, various locations, $9,000,000.

Project 82-D-142, north Las Vegas Atlas facilities, Las Vegas, Nevada, $3,600,000.

Project 82-D-144, simulation technology laboratory, Sandia National Laboratory, New Mexico, $1,200,000.

Project 82-D-146, weapons production and production support facilities, various locations, $8,000,000.

Project 82-D-147, pressure test facility, Savannah River Plant, Aiken, South Carolina, $3,500,000.

Project 82-D-151, high explosives applications facility, Lawrence Livermore National Laboratory, California, $10,000,000.

Project 82-D-152, new detonator facility, Los Alamos National Laboratory, New Mexico, $8,000,000.

Project 82-D-154, weapons laboratory building, Sandia National Laboratory, California, $7,000,000.

Project 81-D-106, weaponization facilities, Ernest Orlando Lawrence Livermore National Laboratory, California, an additional sum of $1,000,000 for a total project authorization of $7,600,000.

Project 81-D-108, reactor support facilities, Sandia National Laboratories, New Mexico, an additional sum of $1,000,000 for a total project authorization of $10,000,000.

Project 81-D-115, M-X warhead production facilities, various locations, an additional sum of $30,000,000 for a total project authorization of $40,000,000.

Project 81-D-116, utilities and equipment restoration, replacement, and upgrade, Phase II, various locations, an additional sum of $10,000,000 for a total project authorization of $85,000,000.

Project 81-D-120, control of effluents and pollutants, Y-12 Plant, Oak Ridge, Tennessee, an additional sum of $3,400,000 for a total project authorization of $6,400,000.

Project 81-D-133, earthquake damage restoration, Lawrence Livermore National Laboratory, California, an additional sum of $1,000,000 for a total project authorization of $4,000,000.

Project 79-7-o, universal pilot plant, Pantex Plant, Amarillo, Texas, an additional sum of $5,200,000 for a total project authorization of $12,600,000.

Project 78-16-a, cruise missile production facilities, various locations, an additional sum of $80,700,000 for a total project authorization of $98,800,000.

Project 78-17-e, high explosive machining facility, Pantex Plant, Amarillo, Texas, an additional sum of $5,600,000 for a total project authorization of $10,600,000.

Project 77-11-c, 8-inch artillery fired atomic projectile (AFAP) production facilities, various locations, an additional sum of $3,600,000 for a total project authorization of $30,800,000.

(3) For materials production:

Project 82-D-116, general plant projects, various locations, $23,000,000.

Project 82-D-117, plant engineering and design, various locations, $1,000,000.

Project 82-D-118, N plant security and surveillance, Richland, Washington, $4,000,000.

Project 82-D-124, restoration of production capabilities, Phase II, various locations, $126,000,000.

Project 82-D-126, reactor safety and reliability, various locations, $42,900,000.

Project 82-D-127, safeguards improvements, Savannah River, South Carolina, $34,600,000.

Project 82-D-128, plant perimeter security systems upgrade, Idaho Fuels Processing Facilities, Idaho National Engineering Laboratory, Idaho, $4,400,000.

Project 82-D-136, fuel processing facilities upgrade, Idaho Fuel Processing Facility, Idaho National Engineering Laboratory, Idaho, $40,000,000.

Project 82-D-200, new production reactor, location not specified, $40,000,000 (AE only).

Project 82-D-201, special plutonium recovery facility, Savannah River, South Carolina, $2,000,000 (AE only).

Project 82-D-202, advanced isotope separation laboratory, Lawrence Livermore National Laboratory, California $21,200,000.

Project 81-D-126, pollution abatement facilities—chemical processing plants, Richland, Washington, for an additional sum of $4,300,000 for a total project authorization of $5,300,000.

Project 81-D-128, restoration of production capabilities, Phase I, various locations, an additional sum of $14,400,000 for a total project authorization of $49,400,000.

Project 81-D-142, steam transfer header, Savannah River, South Carolina, an additional sum of $1,000,000 for a total project authorization of $8,000,000.

Project 81-D-143, L-Reactor Upgrade, Savannah River, South Carolina, an additional sum of $66,000,000 for a total project authorization of $115,000,000.

Project 80-AE-3, steam generation facilities, Idaho Fuels Processing Facility, Idaho, an additional sum of $5,000,000 for a total project authorization of $28,500,000.

Project 77-13-a, fluorinel dissolution process and fuel receiving improvements, Idaho Fuels Processing Facility, Idaho National Engineering Laboratory, Idaho, an additional sum of $50,000,000 for a total project authorization of $199,400,000.

(4) For defense nuclear waste management:

Project 82-N-101, general plant projects, various locations, $11,400,000.

Project 82-N-103, waste handling and isolation facilities, Richland, Washington, $34,450,000.

Project 82-N-104, waste transfer facilities, Richland, Washington, $6,750,000.

Project 82-N-107, rail replacement/Hanford railroad, Richland, Washington, $12,000,000.

Project 81-T-105, defense waste processing facility, Savannah River, South Carolina, $20,000,000.

Project 77-13-f, waste isolation pilot plant, Delaware Basin, Southeast, New Mexico, an additional sum of $38,600,000 for a total project authorization of $157,600,000.

(5) For capital equipment not related to construction—

(A) for naval reactors development, $28,000,000;

(B) for weapons activities, $196,500,000;

(C) for verification and control technology, $1,100,000;

(D) for materials production, $73,600,000;

(E) for defense nuclear waste management, $24,712,000; and

(F) for nuclear materials security and safeguards development, $3,700,000.

TITLE II—GENERAL PROVISIONS

REPROGRAMING

SEC. 201. (a) Except as otherwise provided in this Act—

(1) no amount appropriated pursuant to this Act may be used for any program in excess of 105 percent of the amount authorized for that program by this Act or $10,000,000 more than the amount authorized for that program by this Act, whichever is the lesser, and

(2) no amount appropriated pursuant to this Act may be used for any program which has not been presented to, or requested of, the Congress,

unless a period of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than 3 calendar days to a day certain) has passed after receipt by the appropriate committees of Congress of notice from the Secretary of Energy (hereinafter in this title referred to as the "Secretary") containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or unless each such committee before the expiration of such period has transmitted to the Secretary written notice to the effect that such committee has no objection to the proposed action.

(b) In no event may the total amount of funds obligated pursuant to this Act exceed the total amount authorized to be appropriated by this Act.

LIMITS ON GENERAL PLANT PROJECTS

SEC. 202. (a) The Secretary may carry out any construction project under the general plant projects provisions authorized by this Act if the total estimated cost of the construction project does not exceed $1,000,000.

(b) If at any time during the construction of any general plant project authorized by this Act, the estimated cost of the project is revised due to unforeseen cost variations and the revised cost of the project exceeds $1,000,000, the Secretary shall immediately furnish a complete report to the appropriate committees of Congress explaining the reasons for the cost variation.

(c) In no event may the total amount of funds obligated to carry out all general plant projects authorized by this Act exceed the total amount authorized to be appropriated for such projects by this Act.

LIMITS ON CONSTRUCTION PROJECTS

SEC. 203. (a) Whenever the current estimated cost of a construction project which is authorized by section 102 of this Act, or which is in support of national security programs of the Department of Energy and was authorized by any previous Act, exceeds by more than 25 per centum the higher of (1) the amount authorized for the project, or (2) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress, construction may not be started or additional obligations incurred in connection with the project above the total estimated cost, as the case may be, unless a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three days to a day certain) has passed after receipt by the appropriate committees of Congress of written notice from the Secretary containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the action, or unless each committee before the expiration of such period has notified the Secretary it has no objection to the proposed action.

(b) Subsection (a) shall not apply to any construction project which has a current estimated cost of less than $5,000,000.

FUND TRANSFER AUTHORITY

SEC. 204. To the extent specified in appropriation Acts, funds appropriated pursuant to this Act may be transferred to other agencies of the Government for the performance of the work for which the funds were appropriated, and funds so transferred may be merged with the appropriations of the agency to which the funds are transferred.

AUTHORITY FOR CONSTRUCTION DESIGN

SEC. 205. (a)(1) Within the amounts authorized by this Act for plant engineering and design, the Secretary may carry out advance planning and construction designs (including architectural and engineering services) in connection with any proposed construction project if the total estimated cost for such planning and design does not exceed $2,000,000.

(2) In any case in which the total estimated cost for such planning and design exceeds $300,000, the Secretary shall notify the appropriate committees of Congress in writing of the details of such project at least 30 days before any funds are obligated for design services for such project.

(b) In any case in which the total estimated cost for advance planning and construction design in connection with any construction project exceeds $2,000,000, funds

for such design must be specifically authorized by law.

AUTHORITY FOR EMERGENCY CONSTRUCTION DESIGN

SEC. 206. In addition to the advance planning and construction design authorized by section 102, the Secretary may perform planning and design utilizing available funds for any Department of Energy defense activity construction project whenever the Secretary determines that the design must proceed expeditiously in order to meet the needs of national defense or to protect property or human life.

FUNDS AVAILABLE FOR ALL NATIONAL SECURITY PROGRAMS OF THE DEPARTMENT OF ENERGY

SEC. 207. Subject to the provisions of appropriation Acts, amounts appropriated pursuant to this Act for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

ADJUSTMENTS FOR PAY INCREASES

SEC. 208. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such amounts as may be necessary for increases in benefits authorized by law.

AVAILABILITY OF FUNDS

SEC. 209. When so specified in an appropriation Act, amounts appropriated for "Operating Expenses" or for "Plant and Capital Equipment" may remain available until expended.

SAFEGUARDING CERTAIN UNCLASSIFIED INFORMATION

SEC. 210. (a)(1) The Atomic Energy Act of 1954 is amended by inserting the following new section immediately after section 147:

"SEC. 148. PROHIBITION OF THE DISSEMINATION OF CERTAIN UNCLASSIFIED INFORMATION.—

"a. In addition to any other authority or requirement regarding protection from dissemination of information, and subject to subsection (b)(3) of section 552 of title 5 of the United States Code, the Secretary of Energy, with respect to atomic energy defense programs, shall prescribe such regulations, after notice and opportunity for public comment, or issue such orders, as necessary to prohibit the unauthorized dissemination of information pertaining to—

"(1) the design of production facilities or utilization facilities, or security measures (including security plans, procedures, and equipment) for the physical protection of such facilities (including the nuclear material therein); or

"(2) the design of atomic weapons: *Provided, however,* That the authority of paragraph (a)(2) of this section shall be limited to information declassified or removed from the Restricted Data category by the Department of Energy or its predecessor agency pursuant to section 142;

if the unauthorized dissemination of such information could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility. The Secretary, in determining whether there will be a significant increase in the likelihood of theft, diversion, or sabotage, may consider the likelihood of theft, diversion, or sabotage were the information to be withheld under this section at no time available for dissemination. The Secretary shall exercise the authority of this subsection—

"(A) so as to apply the minimum restrictions needed to protect the health and safety of the public or the common defense and security, and

"(B) upon a determination that the unauthorized dissemination of such information could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility.

Any person who violates any regulation adopted under this section shall be subject to the imposition by the Department of Energy of the civil monetary penalties of section 234 of the Act. Nothing in this section shall be construed to authorize the withholding of information from the appropriate committees of the Congress.

"b. For the purposes of section 223 of this Act, any regulations prescribed by the Secretary under this section shall also be deemed to be prescribed or issued under section 161b.

"c. Any determination by the Secretary concerning the applicability of this section shall be subject to judicial review pursuant to subsection (a)(4)(B) of section 552 of title 5 of the United States Code.

"d. The Secretary shall prepare on a quarterly basis a report to be made available upon the request of any interested person, detailing the Secretary's application during that period of every regulation or order prescribed or issued under this section. In particular, the report shall:

"(1) identify any information protected from disclosure pursuant to such regulation or order;

"(2) specifically state the Secretary's justification for determining that unauthorized disclosure of the information protected from disclosure under such regulation or order could reasonably be expected to result in significant adverse effect on the health and safety of the public or the common defense and security by significantly increasing the likelihood of theft, diversion, or sabotage of such material or such facility, as specified under subsection a. of this section; and

"(3) provide justification that the Secretary has applied such regulation or order so as to protect from disclosure only the minimum amount of information necessary to protect the health and safety of the public or the common defense and security.".

(2) The table of contents for such Act is amended by inserting the following new item relating to section 147:

"Sec. 148. Prohibition of the Dissemination of Certain Unclassified Information.".

(b) Section 181 of such Act is amended—

(1) to add the phrase "or information protected from dissemination under the authority of section 148" after the term "or safeguards information protected from disclosure under the authority of section 147"; and

(2) by striking out ", defense information or such safeguards information," in each other place it appears in such section and substituting ", defense information, or such safeguards information, or information protected from disclosure under authority of section 148."

ENVIRONMENTAL STUDIES AND THE NUCLEAR WEAPONS COMPLEX

SEC. 211. (a) No funds appropriated pursuant to an authorization of appropriations contained in this Act may be obligated or expended for the purpose of preparing any environmental impact statement not already in the process of preparation with respect to the operation of any defense facility of the Department of Energy unless the preparation of such statement is required by statute.

(b) In those instances where the cost of preparing any environmental impact statement not already in the process of preparation with respect to the operation of any defense facility of the Department of Energy shall exceed $500,000, the Secretary shall notify the Committees on Armed Services of the Senate and the House of Representatives of the intent to proceed with such a statement. The Secretary shall proceed with preparation of such a statement upon—

(1) expiration of a period of thirty days following the date of the receipt of such notice by such Committees, or

(2) receipt by the Secretary from each such Committee, before the expiration of such thirty day period, of a written notification concurring in the decision to proceed with such a statement.

PLAN FOR THE PERMANENT DISPOSAL OF WASTE FROM ATOMIC ENERGY DEFENSE ACTIVITIES

SEC. 212. (a) The President shall submit to the Committees on Armed Services of the Senate and of the House of Representatives not later than January 31, 1983, a report which sets forth his plans for the permanent disposal of high-level and transuranic wastes resulting from atomic energy defense activities.

(b) Such report shall include, but not be limited to, for each State in which such wastes are stored in interim storage facilities on the date of enactment of this Act—

(1) specific estimates of planned expenditures for each of the next five fiscal years and general estimates of planned expenditures for the fiscal years after such five years necessary to achieve the permanent disposal of such wastes;

(2) a thorough and detailed program management plan, including but not limited to—

(A) an explicit schedule for decisions regarding the further processing and permanent disposal of such wastes;

(B) a general description of new facilities likely to be required to achieve such permanent disposal; and

(C) identification of all major program objectives, milestones, key events, and critical path items.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WARNER. Mr. President, I ask unanimous consent that S. 1549 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WARNER. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TOWER, Mr. WARNER, Mr. THURMOND, Mr. GOLDWATER, Mr. COHEN, Mr. QUAYLE, Mr. STENNIS, Mr. JACKSON, Mr. CANNON, Mr. NUNN, Mr. HART, and Mr. EXON as conferees on the part of the Senate.

Mr. WARNER. Mr. President, I thank the Senator from Washington (Mr. JACKSON) for his cooperation and valuable assistance. I also thank the majority leader and the minority leader for enabling us to expedite this important piece of legislation.

Mr. BAKER. Mr. President, I ask unanimous consent that I may proceed for 3 minutes under the same conditions as previously noted.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I take this opportunity to thank the distinguished Senator from Virginia (Mr. WARNER), the distinguished Senators from Washington (Mr. JACKSON and Mr. GORTON), and the distinguished Senator from Vermont (Mr. STAFFORD) for their assistance and patience with regard to the National Security Programs Authorization Act of 1982.

This was a difficult and complex issue; the time agreement that was reached not only relieved the Senate's busy schedule, but also provided for a great deal of important legislation to be passed in a swift and responsible manner.

THE EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, I am advised by the minority leader there are two items cleared on today's Executive Calendar. If he is prepared I wish to consider them at this time.

Is that agreeable to the minority leader?

Mr. ROBERT C. BYRD. The two nominees whose names appear on page 2 have been cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the two nominations just identified by the minority leader.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

CORPORATION FOR PUBLIC BROADCASTING

The legislative clerk read the nominations of Sonia Landau, of New York, and R. Kenneth Towery, of Texas, to be members of the Corporation for Public Broadcasting.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Conclusion of proceedings printed at this point in the RECORD by request of Mr. ANDREWS for purposes of continuity.)

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION ACT, 1982

The PRESIDING OFFICER. Under the previous order, the hour of 11 a.m. having arrived, the Senate will now proceed to the consideration of H.R. 4209, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4209) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. ANDREWS. Mr. President, I wish to begin debate on this bill by expressing my sincere appreciation for the hard work, close cooperation and interest of each of the subcommittee members, and most especially the ranking minority member (Mr. CHILES). The Senator from Florida has made many valuable contributions to the bill which we bring to the Senate today in the spirit of bipartisan teamwork.

Ours was not an easy task, but we have been able to bring to our colleagues a bill which is $2.3 billion below the 1981 appropriated level. Although the bill is $637 million more than the September budget request, it is $688 million less than the President's March budget and $675 million less than the House total. The levels we have recommended are the minimum amounts needed to maintain the safety of our Nation's transportation network and to provide for the essential military preparedness of the Coast Guard.

Mr. President, a sound transportation system is essential to the revitalization of America's economy. The economical delivery of goods and services helps to lower costs for both producers and consumers, while opening otherwise unavailable markets to broader competition. Transportation affects the daily lives of all Americans—as passengers, consumers, employees, shippers, and investors. Transportation influences population distribution, economic development, the shape of cities, energy consumption, the balance of trade, business and farm access to markets and materials, the ability to meet national emergencies, and the pace, style, and quality of life. On the international scene, transportation is the connecting link which permits the exchange of goods and people among the nations of the world. Each year the United States spends about 20 percent of its gross national product on transportation, while one out of eight persons in the labor force is employed directly in some aspect of transportation. Prudent decisions in the transportation sector can thus form a keystone to the Nation's efforts to get the economy moving again.

Some of the major items contained in the bill include:

The appropriation of $1,337,207,000 for the operating expenses of the Coast Guard and $537,000,000 for the capital program;

The appropriation of $2,203,192,000 for the operations of the Federal Aviation Administration;

A general provision providing for obligations of not to exceed $7,700,000,000 for Federal-aid highways;

The provision of $735,000,000 for Federal grants to Amtrak;

The provision of $1,659,000,000 for the urban discretionary grant program and $1,381,000,000 for the urban formula grant program of the Urban Mass Transportation Administration;

The appropriation of $750,000,000 for interstate transfer grants;

A general provision providing for obligations of not to exceed $450,000,000 for grants-in-aid to airports; and

The transfer of $225,000,000 to provide for Conrail labor protection plus the appropriation of $50,000,000 for commuter rail service.

The committee has agreed not to restrict the Secretary's authority to work out a national airport policy. In addition, section 406 subsidies have been capped at $28 million and the House amendment on North Atlantic ratemaking has been deleted so that the conferees can address this issue. We have also made a special effort this year to make the report complete and informative on a wide range of transportation issues.

Mr. President, I highly commend this bill to my colleagues. It is responsive to the need for fiscal restraint, without abdicating our responsibility to address the many transportation problems facing our country. We have met the President more than halfway in the effort to cut the budget. We have done our fair share. We have taken a balanced and responsible approach. We now ask for the Senate's support as we proceed into conference with the House.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. ANDREWS. I am glad to yield to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the distinguished manager of the bill on his excellent statement and on the excellent skill and the supreme dedication he has brought to bear. During the course of the hearings on this bill, and the markup on this bill, he has consistently demonstrated very keen knowledge with respect to the items in it.

Mr. ANDREWS. Mr. President, I appreciate the comments of my good friend, the distinguished minority leader. I point out that he has been a valuable, most helpful member of the subcommittee, letting us share the benefit of his long-term knowledge and his expertise.

Mr. ROBERT C. BYRD. I thank the Senator very much.

Mr. CHILES. Mr. President, I concur in the comments of Senator ANDREWS, chairman of the Senate Appropriations Subcommittee on Transportation, and compliment him on the excellent job he has done in bringing this bill to the Senate floor today.

Although this is Senator ANDREWS maiden voyage in bringing a regular appropriations bill to the floor, one certainly would not know it. This may be

due in large part to Senator ANDREWS' long experience serving as a member of the Appropriations Committee in the House. In any case, Senator ANDREWS has worked in a completely bipartisan manner to accommodate the many interests of the administration, as well as the Members here in the Senate who have expressed special concerns. The bill is well within the spending constraints imposed by the first concurrent resolution and is fully consistent with the priority and policies established by the authorizing committees.

Mr. President, the bill includes over 50 percent of the spending reductions recommended by the administration in September, and is almost $700 million below the bill as passed by the House last month on September 10, 1981.

While the bill is very lean, the committee is recommending restoration of funds to several agencies of considerable priority to many Members. The Federal Highway Administration, the Federal Aviation Administration, the Urban Mass Tranportation Administration, the U.S. Coast Guard, and the Federal Railroad Administration, particularly Amtrak, are all recommended for some restoration above the levels proposed in September by the administration.

Mr. President, I believe the committee with the expert leadership of Senator ANDREWS assisted by a very able staff has crafted a well balanced bill.

Mr. President, I fully support the recommendation of the committee on this bill, and urge the other Members to lend it their support as well.

Mr. ANDREWS. Mr. President, I appreciate the kind remarks of my colleague and good friend from Florida, the ranking minority member of the subcommittee, and again extend our great thanks to him for the leadership role that he played in putting together the compromises that we bring in this bill before the Senate.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of further amendment, and that no points of order be considered as waived.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Was the last point that no points of order be considered as waived?

Mr. ANDREWS. That is right—no points of order be considered as waived.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

On page 2, line 9, strike "$35,193,204," and insert "$35,000,000";

On page 2, line 12, strike "approval", and insert "notification";

On page 3, strike line 4, through and including line 9;

On page 3, line 16, strike "$1,409,086,000", and insert "$1,337,207,000";

On page 3, line 17, after "Provided,", insert the following: "That $10,000,000 of these funds shall be reserved and made available to implement a program of recreational boat safety, designed by the Secretary pursuant to 46 U.S.C. 1475 and for the purposes set out in Public Law 97-12; *Provided further,*".

On page 4, line 14, strike "$391,000,000", and insert the following: "$537,000,000: *Provided,* That of the foregoing amount $200,000,000 shall be available only for assets deployed and dedicated in a manner to maximize their contribution to the Coast Guard's drug interdiction program."

On page 4, line 20, strike "$17,500,000", and insert "$15,000,000";

On page 5, line 6, strike "$50,900,000", and insert "$45,000,000";

On page 5, line 13, strike "$29,730,000", and insert "$22,000,000";

On page 5, line 22, strike "$9,550,000", and insert "such sums as may be necessary";

On page 6, line 7, strike "$1,500,000", and insert "$1,320,000";

On page 6, line 12, strike "$5,000,000", and insert "such sums as may be necessary";

On page 6, after line 19, insert the following:

"POLLUTION FUND

"For carrying out the provisions of subsections (c), (d), (l), and (l) of section 311 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. 1321, $1,000,000, to remain available until expended."

On page 7, line 11, after the semicolon, insert the following: "payments to lenders required as a consequence of any guaranty under Public Law 85-307, as amended;";

On page 7, line 15, strike "$2,306,200,000", and insert "$2,199,792,000";

On page 7, line 16, strike "$850,000,000", and insert "$750,000,000";

On page 8, line 10, strike "$19,000,000", and insert "$17,797,000";

On page 9, line 4, after "Provided,", insert the following: "That of the foregoing amount, $4,000,000 shall be available only for the design, engineering, construction, and equipment for an air traffic control training facility at the University of North Dakota at Grand Forks: *Provided further,*".

On page 9, line 23, strike "$80,000,000", and insert "$71,800,000";

On page 10, line 23, strike "$30,593,000", and insert "$26,922,000";

On page 11, line 10, strike "$38,900,000", and insert "$34,760,000";

On page 11, line 25, strike "total", through and including "principal" on page 12, line 2, and insert the following: "new commitments to guarantee loans shall be exclusively for the purchase of aircraft designed to have a maximum passenger capacity of sixty seats or less or a maximum payload of eighteen thousand pounds or less, and shall not exceed in the aggregate $100,000,000.".

On page 12, line 12, strike "$200,400,000", and insert "$187,440,000";

On page 12, line 23, strike "$14,500,000", and insert "$12,893,000";

On page 13, line 8, strike "$7,200,000", and insert "$6,860,000";

On page 13, line 8, strike "$1,800,000", and insert "$1,500,000";

On page 13, strike line 11, through and including line 15;

On page 14, beginning on line 4, strike "the Federal Aid Highway Act of 1970", and insert the following: "title 23, United States Code, section 322(b), to remain available until expended, $2,835,000. For necessary expenses of certain railroad-highway crossings demonstration projects as authorized by".

On page 14, line 11, strike "$18,000,000", and insert "$12,500,000";

On page 14, line 12, strike "$12,000,000", and insert "$8,325,000";

On page 14, strike line 14, through and including line 17;

On page 15, line 12, strike "$400,000,000", and insert "$200,000,000";

On page 16, line 1, strike "$85,876,000", and insert "$79,000,000";

On page 16, line 2, strike "$27,185,300", and insert "$24,785,000";

On page 16, line 4, strike "$39,664,700", and insert "$43,000,000";

On page 16, line 5, strike "$12,512,000", and insert "$13,608,000";

On page 16, line 6, beginning with "Provided", strike through and including "Center" on line 9;

On page 16, line 13, strike "Including";

On page 16, line 15, strike "necessary", through and including "for" on line 17;

On page 16, line 20, strike "$145,000,000", and insert "$150,200,000";

On page 17, line 4, strike "$4,315,000", and insert "$7,522,000";

On page 17, line 8, strike "$26,904,000", and insert "$26,676,000";

On page 17, line 13, strike "$34,000,000", and insert "$36,000,000";

On page 17, line 25, strike "$5,659,000", and insert "$14,313,000";

On page 18, line 1, strike "$9,965,000," and insert "$8,756,000";

On page 18, line 18, strike "on October 1, 1981", and insert "immediately";

On page 18, strike line 21, through and including line 2 on page 19, and insert the following:

CONRAIL LABOR PROTECTION

TRANSFER OF FUNDS

For labor protection as authorized by section 713 of the Regional Rail Reorganization Act as added by section 1143 of the Northeast Rail Service Act of 1981, and as authorized by section 1160 of the Northeast Rail Service Act of 1981, $225,000,000, to remain available until expended, to be derived from the unobligated balances of "Payments for Purchase of Conrail Securities": $85,000,000 of which shall be considered to have been appropriated to the Secretary for transfer to the Railroad Retirement Board for the payment of benefits and necessary administrative expenses under section 701 of the Regional Rail Reorganization Act of 1973, as amended, $115,000,000 of which shall be considered to have been appropriated to the Secretary, to be available for the payment of termination allowances under section 702 of that Act, and $25,000,000 of which shall have been considered to have been appropriated under section 1160 of the Northeast Rail Service Act of 1981, for purposes of that section of that Act: *Provided,* That for purposes of section 710 of the Regional Rail Reorganization Act of 1973, as added by section 1143 of the Northeast Rail Service Act of 1981, $200,000,000 shall be considered to have been appropriated under section 713 of that Act and counted against the limitation on the total liability of the United States.

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

On page 20, line 6, strike "$200,000,000", and insert "$176,000,000";

On page 20, strike line 20 through and including "565" on line 25, and insert the following: "$569,000,000 to remain available until expended, and, derived from the permanent appropriation, $166,000,000 for operating losses incurred by the Corporation, capital improvements, and labor protection costs authorized by 45 U.S.C. 565".

On page 21, line 10, after "status:", insert the following:

Provided further, That notwithstanding any other provision of law, the Corporation shall provide through rail passenger service between Washington, D.C. and Chicago, via Cincinnati:

On page 21, after line 19, insert the following:

Notwithstanding any other provision of law, none of the funds appropriated for the benefit of the Corporation pursuant to this Act or the revenues or other assets of the Corporation or any railroad subsidiary thereof shall be available for payment to any State, political subdivision of a State, or local taxing authority for any taxes or other fees levied on the Corporation.

COMMUTER RAIL SERVICE

For necessary expenses to carry out the commuter rail activities authorized by section 601(d) of the Rail Passenger Service Act (45 U.S.C. 601), as amended, $5,000,000, and for necessary expenses to carry out section 1139(b) of Public Law 97–35, $45,000,000, to remain available until expended.

On page 23, after line 2, insert the following:

PAYMENTS TO THE ALASKA RAILROAD REVOLVING FUND

For payment to the Alaska Railroad Revolving Fund for capital replacements, improvements, operations and maintenance, $6,160,000, to remain available until expended.

On page 24, strike line 3, and insert the following:

"REDEEMABLE PREFERENCE SHARES";

On page 24, line 12, beginning with ", for ", strike through and including $50,000,000" and insert the following: "for the uses authorized for the Fund in the amounts not to exceed $60,000,000";

On page 24, strike line 15, through and including line 20;

On page 25, line 4 strike "$28,300,000", and insert "$25,476,000";

On page 25, line 10, strike "$69,000,000", and insert "$61,600,000";

On page 25, line 11, strike "$66,000,000", and insert "$58,600,000";

On page 25, line 22, strike "$1,555,000,000", and insert "$1,428,000,000";

On page 26, line 13, strike "1970", and insert "1980";

On page 26, line 18, strike "$1,480,000,000", and insert "$1,381,000,000";

On page 26, line 21, strike "1970", and insert "1980";

On page 27, after line 18, insert the following:

WATERBORNE TRANSPORTATION DEMONSTRATION PROJECT

(RESCISSION)

Of the funds appropriated under this head in Public Law 96–38, Public Law 96–131 and Public Law 96–400, making appropriations for a waterborne transportation demonstration proect for fiscal years 1979, 1980, and 1981, $2,000,000 are rescinded.

On page 28, line 5, strike "$600,000,000", and insert "$550,000,000";

On page 29, line 10, strike "$29,837,000", and insert "$26,441,000";

On page 29, line 11, strike "$11,260,000", and insert "$8,703,000";

On page 29, line 13, strike "$3,618,000", and insert "$3,184,000";

On page 29, line 22, strike "$14,826,000", and insert "$13,047,000";

On page 29, line 23, strike "$9,454,000", and insert "$9,200,000";

On page 30, line 8, strike "$2,070,000", and insert "$1,821,000";

On page 31, line 2, strike "$29,280,000", and insert "$26,266,000";

On page 31, line 8, strike "$58,000,000", and insert "$65,900,000";

On page 31, line 9, after "expended", insert the following: "*Provided*, That notwithstanding any other provision of law, none of the funds appropriated by this Act shall be expended under section 406 for services provided after the date of enactment of this Act to points which, based on reports filed with the Civil Aeronautics Board, enplaned an average of eighty or more passengers per day in the fiscal year ended September 30, 1981: *Provided further*, That, notwithstanding any other provision of law, payments under section 406 shall not exceed a total of $28,000,000 in fiscal year 1982 and, to the extent it is necessary to meet this limitation, the compensation otherwise payable by the Board under section 406 shall be reduced by a percentage which is the same for all air carriers receiving such compensation.

On page 33, line 3, strike "$398,744,000", and insert "$400,754,000";

On page 33, line 6, strike "$272,000", and insert "$515,000";

On page 33, line 8, strike "Administrator", through and including the semicolon on line 10, and insert the "Administrator;";

On page 33, line 15, strike "$3,724,000", and insert "$5,450,000";

On page 33, line 20, strike "$50,000", and insert "$80,000";

On page 35, after line 4, insert the following:

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

INVESTMENT IN FUND ANTICIPATION NOTES

For the acquisition, in accordance with section 509 of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, and section 803 of Public Law 95–620, of fund anticipation notes, $60,000,000.

On page 35, line 17, after "$13,000,000", insert the following: "to remain available until expended";

On page 36, line 13, strike "$650,000,000", and insert "$450,000,000";

On page 36, line 23, strike "$100,000,000", and insert "$85,000,000";

On page 39, line 17, strike "$8,200,000,000", and insert "$7,700,000,000";

On page 41, line 8, strike "expenses and", and insert "expenses,";

On page 41, line 8, after "highways", and insert the following:

and $15,000,000 for the Bismarck-Mandan Bridge and $4,000,000 for the Steubenville-Weirton Bridge.

(e) Notwithstanding any other provision of law, obligations authorized for carrying out the provisions of section 125 of title 23, United States Code, for the fiscal year ending September 30, 1982, are increased to $150,000,000.

On page 41, strike line 15, through and including line 20, and insert the following:

SEC. 311. Notwithstanding any other provision of law, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles.

On page 45, strike line 1, through and including line 10;

On page 45, line 11, strike "323.", and insert "321.";

On page 45, line 18, strike "324.", and insert "322.";

On page 45, strike line 24, through and including line 14 on page 46, and insert the following:

SEC. 323. Notwithstanding any other provision of law, the Secretary shall, with regard to the Urban Discretionary Grant Program of the Urban Mass Transportation Administration, promptly issue a letter of intent for the Dade County, Florida, Circulator System for $73,642,666 and, in addition, shall promptly issue a letter of intent for non-rail projects in the Portland, Oregon, Metropolitan region for $76,800,000.

SEC. 324. (a) The Act entitled "An Act authorizing the State of Maryland, by and through its State Roads Commission or the successors of said Commission, to construct, maintain, and operate certain bridges across streams, rivers, and navigable waters which are wholly or partly within the State", approved April 7, 1938, and the Act of June 16, 1948 (62 Stat. 463, Public Law 654, 80th Congress), as amended by the Act of November 17, 1967 (81 Stat. 466, Public Law 144, 90th Congress) are hereby repealed.

(b) The State of Maryland, by and through the Maryland Transportation Authority or the successors of such Authority, is authorized, subject to all applicable Federal laws, (1) to continue to collect tolls after the date of enactment of this Act from its existing transportation facilities projects, as defined on the date of enactment of this Act in the laws of the State of Maryland, and (2) to use the revenues from such tolls for transportation projects of the type which the State or the Maryland Transportation Authority is authorized to construct, operate, or maintain under the laws of the State of Maryland as such laws exist on the date of enactment of this Act.

SEC. 325. (a) Notwithstanding section 16 of the Federal Airport Act (as in effect on November 25, 1947), the Secretary of Transportation is authorized, subject to the provisions of section 13 of the Surplus Property Act of 1944 (50 App. U.S.C. 1622g), and the provisions of subsection (b) of this section, to grant release from any of the terms, conditions, reservations, and restrictions contained in a deed of conveyance dated November 25, 1947, under which the United States conveyed certain property to the Greater Rockford Airport Authority for airport purposes and in deeds of conveyance dated May 28, 1948, and April 21, 1949, under which the United States conveyed certain property of the city of Liberal, Kansas, for airport purposes.

(b) Any release granted by the Secretary of Transportation under subsection (a) shall be subject to the following conditions:

(1) the Greater Rockford Airport Authority or the city of Liberal, Kansas, as the case may be, shall agree that in conveying any interest in the property which the United States conveyed pursuant to the deeds described in subsection (a), the Greater Rockford Airport Authority or the city of Liberal, Kansas, as the case may be, will receive an amount which is equal to the fair market value; and

(2) any such amount so received shall be used for the development improvement, operation, or maintenance of a public airport.

SEC. 326. (a) Notwithstanding secton 13(g) of the Surplus Property Act of 1944 (50 App. U.S.C. 1622(g)) and section 4 of the Act of October 1, 1949 (50 App. U.S.C. 1622c), the Secretary of Transportation, if requested, shall, as to the property described in subsection (f), grant a release to the Parish of East Baton Rouge, Louisiana, from all of the terms, conditions, reservations, and restrictions contained in the deed of conveyance dated August 13, 1948, under which the United States conveyed certain property to the Parish of East Baton Rouge, Louisiana, for airport purposes. The provision does not apply to the portion of the property, conveyed by that deed, that is not specified in subsection (f).

(b) In place of the terms, conditions, reservations, and restrictions released under subsection (a), the following conditions shall apply:

(1) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall submit all proposals, policies, and plans for further construction, other development, or changed operating practices (including, but not limited to, policies affecting the size and kind of the inmate population), at East Baton Rouge Parish Prison, to the Secretary for review of airport safety and security prior to such construction, other development, or changed operating practices.

(2) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall construct, develop, operate, and maintain the East Baton Rouge Parish Prison in accordance with proposals, policies, and plans submitted to, and approved by, the Secretary with respect to airport safety and security.

(3) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall construct, develop, operate, and maintain the East Baton Rouge Parish Prison in compliance with applicable Federal, State, and local laws.

(4) The City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall hold

the United States harmless for damage or injury to persons or property, in flight or on the ground, caused by any inmate who has escaped from the East Baton Rouge Parish Prison, or caused by any event occurring at the prison.

(c) Within 90 days after the enactment of this provision, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, shall demonstrate, to the satisfaction of the Secretary, that the current operating conditions at the East Baton Rouge Parish Prison meet acceptable levels of airport safety and security.

(d) Any action determined by the Secretary to be necessary to achieve acceptable levels of airport safety or security at the prison shall be accomplished by the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, as soon as practicable. Such determinations are "orders" for the purpose of judicial review under section 1006 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1486).

(e) The opinion of the Secretary concerning the airport safety and security implications of any current or proposed conditions involving the prison shall be conclusive as to those matters.

(f) Subsection (a) applies to the following described area:

One certain lot or parcel of ground together with all the buildings and improvements thereon located in the Parish of East Baton Rouge, State of Louisiana and shown by reference to the following two maps:

1. A map entitled "Airport Boundary Maps showing Ryan Airport Property Owned by the Parish of East Baton Rouge, Louisiana, Compiled from Official Records and Maps" prepared by the Department of Public Works in and for the City of Baton Rouge and the Parish of East Baton Rouge and dated October 13, 1978, and signed by Mr. Charles W. Hair, Jr., Engineer (said map being hereinafter referred to as Map numbered 1); and

2. A map entitled "Map Showing Boundary and Topographic Survey of East Baton Rouge Parish Prison Site" dated March 6, 1981, and signed by Mr. Henry K. Schott, Engineer (said map being hereinafter referred to as Map numbered 2).

Said property being more particularly described by starting at point "A" on Map numbered 1; thence proceeding north 00 degrees 27 minutes 37 seconds west a distance of 56.44 feet to a point and corner; thence proceeding east 90 degrees 00 minutes 00 seconds east a distance of 60.08 feet to the point of beginning and corner; thence proceed north 0 degrees 27 minutes 37 seconds west a distance of 549.61 feet to a point and corner; thence proceed north 88 degrees 44 minutes 42 seconds east a distance of 185.66 feet to a point and corner; thence proceed north 1 degree 01 minute 51 seconds west a distance of 222.05 feet to a point and corner; thence proceed north 88 degrees 44 minutes 42 seconds east a distance of 1,120.20 feet to a point and corner; thence proceed south 10 degrees 34 minutes 12 seconds west a distance of 816.23 feet to a point and corner; thence proceed south 89 degrees 24 minutes 21 seconds west a distance of 387.66 feet to a point; thence proceed north 70 degrees 37 minutes 59 seconds west a distance of 186.66 feet to a point; thence proceed south 86 degrees 36 minutes 21 seconds west a distance of 712.28 feet to the point of beginning; all of said measurements being more particularly shown on Map numbered 2.

UP AMENDMENT NO. 570

(Purpose: Technical amendment)

Mr. ANDREWS. Mr. President, I send a technical amendment to the desk and ask its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Dakota (Mr. ANDREWS) proposes unprinted amendment numbered 570.

On page 10, line 11, after the first comma: Insert "$481,000,000".

Mr. ANDREWS. Mr. President, this corrects an inadvertent error in printing wherein the House amount was left out of the printed bill.

I ask that the amendment be adopted.

The PRESIDING OFFICER. Do Senators yield back their time on this amendment?

Mr. ANDREWS. Mr. President, I yield back the remainder of my time on the amendment.

Mr. CHILES. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from North Dakota.

The amendment (UP No. 570) was agreed to.

POINT OF ORDER—QUESTION OF GERMANENESS

Mr. PACKWOOD. Mr. President, I make a point of order against the committee amendment on lines 10 through 13 on page 21 of the bill which directs Amtrak to provide rail passenger service between Washington, D.C. and Chicago via Cincinnati.

Mr. ANDREWS. Mr. President, under the rule I raise the question of germaneness.

The PRESIDING OFFICER. The question of germaneness having been raised, the Chair must submit the question to the Senate without debate.

Mr. PACKWOOD. I did not hear what the Chair said.

The PRESIDING OFFICER. Under the precedents of the Senate the question of germaneness having been raised the Chair must submit the question to the Senate for determination without any debate.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, Is the committee amendment specified by the Senator from Oregon germane?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Maine (Mr. COHEN), the Senator from North Carolina (Mr. EAST), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wisconsin (Mr. KASTEN), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Hawaii (Mr. INOUYE), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER (Mr. GORTON). Is there any other Senator in the Chamber desiring to vote?

The yeas and nays resulted—yea 75, nays 12, as follows:

[Rollcall Vote No. 349 Leg.]

YEAS—75

Abdnor	Grassley	Moynihan
Andrews	Hatch	Murkowski
Baker	Hatfield	Nunn
Baucus	Hawkins	Pell
Bentsen	Hayakawa	Percy
Biden	Heflin	Pressler
Boren	Heinz	Pryor
Bradley	Helms	Quayle
Bumpers	Hollings	Randolph
Burdick	Huddleston	Riegle
Byrd, Robert C.	Jackson	Roth
Chiles	Jepsen	Rudman
Cochran	Johnston	Sarbanes
Cranston	Kassebaum	Sasser
D'Amato	Kennedy	Schmitt
DeConcini	Laxalt	Simpson
Denton	Leahy	Specter
Dixon	Levin	Stafford
Dodd	Long	Stennis
Dole	Lugar	Stevens
Eagleton	Mathias	Thurmond
Exon	Mattingly	Tsongas
Garn	McClure	Wallop
Glenn	Melcher	Weicker
Gorton	Mitchell	Zorinsky

NAYS—12

Armstrong	Domenici	Proxmire
Byrd, Harry F., Jr.	Durenberger	Symms
Chafee	Humphrey	Wallop
Danforth	Nickles	
	Packwood	

NOT VOTING—13

Boschwitz	Goldwater	Metzenbaum
Cannon	Hart	Tower
Cohen	Inouye	Williams
East	Kasten	
Ford	Matsunaga	

The PRESIDING OFFICER. On this vote the yeas are 75, the nays are 12. The amendment is held to be germane, and the point of order of the Senator from Oregon is not well taken.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was held to be germane.

Mr. ANDREWS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 571

Mr. PACKWOOD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD) proposes an unprinted amendment numbered 571.

At page 21, line 10, strike the words "Provided further" and all that follows through the word "Cincinnati:" on line 13, page 21.

Mr. PACKWOOD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. PACKWOOD. Mr. President, I had hoped we could dispense with this particular provision in the bill on a point of order relating to legislating on an appropriation bill, which it clearly is. Because you can raise the technical defense of germaneness, I am not now allowed to raise the point of order about whether

this is legislating on an appropriation bill, so let me read for the Senate what the language says.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Oregon cannot be heard.

Mr. PACKWOOD. Let me read for the benefit of the Senate what this language is that I would like to strike:

Notwithstanding any other provision of law, the corporation (Amtrak) shall provide rail passenger service between Washington, D.C., and Chicago via Cincinnati.

Mr. President, this is the Cardinal train. In 1979, under the Amtrak Reorganization Act, we set down certain statutory criteria for the operation of trains. We did not have the business of saying my train and your train and everybody else's train shall be specifically named in legislation, the route specifically detailed, and that train run.

If we want to get into that business, we can all do it. We can all offer a specific amendment and say, "The train between Portland, Oreg., and Denver shall, by statute, be compelled to run regardless of whether it meets the criteria that we have set forth."

The Cardinal does not meet the criteria. It stopped running on October 1 of this year. If this train runs three times a week, it is going to cost Amtrak $4.9 million. If it runs daily, it is going to cost $10.4 million in loss.

Mr. President, Amtrak's budget has already been cut significantly. Some routes have been cut and some service within the routes have been cut. Whether or not the administration will seek another 6 or 12 percent cut in the Amtrak budget, I do not know at the moment.

But I can simply say this: For every $1 or $2 or $5 or $10 million that we designate that Amtrak is to spend on a specific money-losing train, some other service or possibly some other route is going to be cut.

I hope that this Senate is not going to get into the business of seeing who has the most power and the most clout and saying we shall designate certain routes to run regardless of the fact they do not meet the criteria we have set down of whether or not a route should run: that we are going to say a certain route should run regardless of their merits and, therefore, say certain other trains which do have merit and which meet the criteria may not run, possibly, because there will not be enough money to go around.

I think it is a bad precedent to start. We got away from this only 2 years ago, and it is the wrong route for us to start down again. I urge the Senate to strike this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield me time?

Mr. CHILES. I yield such time as the minority leader may need. Mr. President.

Mr. ROBERT C. BYRD. Mr. President, the measure before the Senate today recognizes the determination on the part of the committee that every mode of transportation should be preserved. We have the very able and experienced chairman of the Subcommittee on Transportation of the Committee on Appropriations (Mr. ANDREWS) and the very able ranking minority member (Mr. CHILES), who have demonstrated responsibility and fairness, which are reflected in the very equitable recommendations in this bill.

Recognizing the importance of the rail transportation system, the committee is recommending that Amtrak be funded at $735 million in fiscal year 1982. These funds will permit Amtrak to operate about 85 percent of the current system. This is a matter of particular interest to me, Mr. President, because Amtrak, particularly the Cardinal, serves my State of West Virginia, as well as the States of Kentucky, Indiana, Ohio, Illinois, and parts of Virginia, and the District of Columbia. Rail passenger service is important to West Virginia. Mr. President, and to a rural State like West Virginia. Considering the difficult terrain, considering the cutback in air transportation, considering the increased and increasing costs of energy, considering the fact that West Virginia is an energy-producing State, and considering the needs of the people who are served, the train provides a valuable local and regional transportation service. I think it should be looked upon as a valuable energy-saving service to the Nation. A viable rail passenger service is a very important part of the overall transportation system of the Nation, particularly, as I have pointed out, when air and auto travel are becoming increasingly less affordable for many Americans. The funding that the committee is seeking here and the language that has been included, which the Senate has now, by an overwhelming majority, adjudged to be germane, seek to preserve that service.

Railroads play an important role in the economies of cities, too, as well as in the economies of rural and small communities. This service becomes more important, as I have also alluded, when energy costs make distant towns and cities less economical to reach by car or by plane. Rail passenger service brings people into towns and small communities and aids in their transactions of business and their exchanges of commerce within those areas.

Amtrak terminated the Cardinal on October 1 of this year, because it argued that there was no legislative mandate from Congress directing it to continue operating the train. So this language was offered in the committee at my urging, and the members were kind enough to accept it. It would require that the service continue between Washington, D.C., and Chicago, Ill., via Cincinnati, Ohio.

Mr. RANDOLPH. Mr. President, I strongly support my able colleague from West Virginia, Senator ROBERT C. BYRD, in the effort to insure continuation of the Cardinal.

Many times in my career, I have had the opportunity to act on my strong commitment to serve people. The Cardinal serves our people. Its route travels through major population areas in West Virginia. It represents a transportation value that is not easily quantified and there is no comparable alternative transportation service in many areas served by this train. This rail passenger service represents a social value and one that is irreplaceable to the elderly and handicapped citizens it serves.

I firmly believe that a national transportation network demands that rural areas, such as those the Cardinal travels, be served as well as urban centers.

Proposals to discontinue the Cardinal and other rail passenger service come at a time when we need it most. Consider the rising prices at the gas pump and the oil supply problems we all know today as a fact of life. Before committing our Nation to a curtailment of rail passenger service, every endeavor should be made to respond to these energy needs. A discontinuance of vitally needed service provided by the Cardinal is not the answer.

I would urge the Senate to consider carefully the transportation needs of West Virginia and other rural States in similar circumstances.

It is gratifying that continuance of the Cardinal route has been provided for in the committee bill. I strongly hope our efforts here today to retain the Senate language on the Cardinal will be successful.

Mr. CHILES. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. CHILES. Mr. President, I wonder if the Senator realizes that the committee, in studying this problem, recognized the many instances where these problems have occurred before. And this happened to the Senator from Florida. We had a train that had run for many, many years, going from Chicago to Florida. Amtrak never saw fit to really run that train so it had a chance of succeeding. They never went to Atlanta with that train. The train took over 24 hours—in fact, it took almost 2 days—to traverse the route, and it missed some of the other major areas where the train could have picked up ridership. For the longest period of time, I kept trying to get them to operate that train so it would have even a chance of succeeding. We never could get them to do that.

In this instance, the committee is trying to lean on Amtrak as far as we possibly can. We put language in the report saying:

The Committee, therefore, believes that Amtrak should be required to retain train service along the Washington-Chicago Cardinal route. It is the Committee's belief that an aggressive effort on the part of Amtrak would result in this train continuing to meet the congressional criteria, and it has, therefore, included language to that effect in the bill. The Committee directs Amtrak to report periodically to Congress on Amtrak's efforts to operate this service within the criteria prescribed by law.

We note that the train actually, this last summer, hit the criteria that was established by Congress of 150 passenger miles per train mile. So we know it is capable of doing that. We feel that if Amtrak would aggressively pursue this, either through scheduling or through routing the train—if not every day, determining on what days they should—it is possible for them to come under the congressional criteria. Rather than say, all right, we are just going to discontinue the train, we are trying to direct Amtrak on how they ought to run a railroad.

I think that is much better policy, Mr. President, than, in every instance, say-

ing, we lose another train. When those trains are lost, they are gone. There is no Chicago-Florida route anymore, even though there was for years, because we could not get Amtrak to ever run it as they should. Now we are attempting to do that.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Florida (Mr. CHILES). I yield to the distinguished Senator from North Dakota (Mr. ANDREWS).

Mr. ANDREWS. Mr. President, I think we should point out that the committee position on this is that the Amtrak system is one that is a national railroad system. The Cardinal is a train that is now a part of the national Amtrak system. Unless we have this provision in the bill, when we go to the House in conference, there is no way that we can thrash out a number of different points. This gives us the leeway to adjust to what money we find available, to what circumstances we may find available, to a whole host of other things.

Mr. President, I hope that my colleagues in this body will give us the freedom to negotiate with the House by voting down this amendment to strike the provision allowing the continued operation of this particular train.

I yield again to my colleague from West Virginia, the minority leader, who has the train going through his State.

Mr. ROBERT C. BYRD. Mr. President, I thank Mr. ANDREWS for his supportive remarks. I point out that, as Mr. CHILES indicated, the figures indicate that the passenger miles per train-mile figure in June was 150.7. The distinguished Senator from Oregon (Mr. PACKWOOD) has indicated that the Cardinal does not meet the criteria. But what are the criteria?

One criterion is that the passenger-mile-per-train-mile ratio should be 150 passenger miles per train-mile. In June, the Cardinal exceeded that criterion by seven-tenths of 1 percent and, in July, the ratio was 164.7 passenger miles per train-mile. I think that these are impressive figures and that the Cardinal has made an impressive performance.

Another congressional criterion is 10.1 cents avoidable loss per passenger-mile. The Cardinal not only meets that figure, is well under it. The Cardinal's avoidable loss per passenger-mile is 9 cents, which is 1.1 cents less than the criterion.

So, Mr. President, we see the criteria being met and these figures show that the trend is continuing for the Cardinal.

Mr. President, I have already indicated that the Cardinal provides an important transportation network to six States and the District of Columbia. In West Virginia, it is the only train service through central and southern West Virginia. Thousands of travelers depend on it for transportation. For many of them, it is the only accessible means—certainly the most accessible means—of transportation.

I have one other thing I would like to say, Mr. President. The distinguished Senator from Oregon (Mr. PACKWOOD) says that if the Cardinal operates, it will jeopardize other trains in the system. I have been advised that this is not the case. Both the Secretary of Transportation and Amtrak President Boyd were in my office sometime ago for a discussion of Amtrak and the Cardinal. Mr. Boyd indicated that Amtrak can operate the Cardinal within this budget, $735 million, without jeopardizing other routes.

I hope that the amendment will be voted down.

Mr. HUDDLESTON. Mr. President, will the Senator yield?

Mr. PACKWOOD addressed the Chair.

Mr. ROBERT C. BYRD. I yield to the distinguished Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I associate myself with the position taken by the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) for the need for continuing the service of the Cardinal.

I think we have seen in recent months what can happen to our transportation capability when one of the various modes comes under extreme difficulty. For example, when we had a cutback in the amount of air service available to the area served by the Cardinal, we saw a dramatic increase in train ridership.

We all know that with the fragile, complex transportation system we have in this country any one of the modes could suffer a disruption virtually at any time. If that should occur now with the Cardinal not in operation then we would find a vast area of the country virtually without transportation service available to its inhabitants.

I strongly believe there are more than ample reasons for suggesting that this particular line should remain in service until a good faith and determined effort can be made, as it should be made, to increase the ridership, promote the service, and make its availability well known throughout the area.

So, the Senator from West Virginia, in my judgment, is entirely correct in opposing this amendment and in insisting that this service be continued.

I need not add that within the area of the communities along the route there is near unanimous support of it. The commercial enterprises of the area are determined to do what they can do to make the route successful. I think we would be maintaining an opportunity here to develop a line and develop a system that would provide invaluable service to the transportation needs of the entire area.

I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

Mr. PACKWOOD. Mr. President, I say again what I said before. We are starting down a track, if I might use that metaphor, that I do not think the Senate wants to go down.

Amtrak has cut out the International which is service from Seattle to British Columbia; the North Star service from Duluth to Chicago; the Inter-American service to Houston, San Antonio, and Laredo because those trains did not meet the criteria that we have set in the statute of 10 passengers per train-mile

The Senator from West Virginia cited the figures for June and July on the Cardinal which indeed indicates that it slightly exceeded 150 passengers per train-mile.

The number of passengers on all trains go up in June and July. There is nothing unusual about that. If we are going to take the 2 best months and say, "If you meet the 150 passengers per train-mile criteria in June and July, you may have your service all year," then we have a lot of trains that meet the criteria that we cut.

The Cardinal, for all of fiscal year 1980, which was the last full year we have, averaged 87 passengers per train-mile.

No matter what anyone says, if we are going to add $10 million to the cost for Amtrak to run the train system in this country, if we run the Cardinal on a daily basis and we do not increase their budget, some other service or some other train has to be cut.

I say to my fellow Senators do they wish to write into law—and they may think of their own trains in their own States—a premier train? There is no other train in this Nation that is designated by law to run. But if this amendment is not agreed to, if we keep this in the appropriations bill, we are saying there is one train that is preferred and it does not run from Los Angeles to New Orleans or from Chicago to Atlanta or from San Francisco to Denver or from Washington to Miami. It runs from Chicago to Washington, D.C., through Cincinnati and through West Virginia, at a cost of $10 million a year on a basis that does not meet any criteria that we set in statute.

It is up to this Senate. If that is the kind of favoritism Senators wish to write into law, so be it. But in writing it in let every one of them beware. Then it may be their train that goes down that does meet the criteria because some money is being cut out to run a train that does not deserve it.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ANDREWS. I yield time to the Senator.

Mr. ROBERT C. BYRD. Mr. President, I challenge that statement by the Senator from Oregon.

As I have already indicated, the Secretary of Transportation and the president of the Amtrak Board were in my office, and they indicated that Amtrak could be operated within this figure of $735 million and that its operation would not jeopardize any other route.

Mr. President, ridership on the Cardinal continues to improve; and, for example, in comparison of July 1980 to July 1981, ridership improved by more than 10 percent.

I suggest that Amtrak pursue alternatives in rerouting and that it pursue local advertising, both of which efforts would improve the ridership, and both of which efforts have been mentioned by Mr. Boyd as efforts that Amtrak would make which would improve the local ridership.

Mr. President, I am ready to vote. I hope the Senate will reject the amendment now.

Mr. ANDREWS. Mr. President, we have no further requests for time. And I yield back the remainder of my time.

Mr. CHILES. Mr. President, I yield back the remainder of our time.

Mr. PACKWOOD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time having expired or been yielded back, the question is on agreeing to the amendment of the Senator from Oregon.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Maine (Mr. COHEN), the Senator from North Carolina (Mr. EAST), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wisconsin (Mr. KASTEN), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Kentucky (Mr. FORD), the Senator from Colorado (Mr. HART), the Senator from Hawaii (Mr. INOUYE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from West Virginia (Mr. RANDOLPH) is absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay".

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 34, nays 53, as follows:

[Rollcall Vote No. 350 Leg.]

YEAS—34

Armstrong	Grassley	Packwood
Baker	Hatch	Percy
Byrd, Harry F., Jr.	Hayakawa	Pressler
Chafee	Helms	Proxmire
Danforth	Humphrey	Schmitt
Denton	Jepsen	Simpson
Dole	Kassebaum	Specter
Domenici	Laxalt	Stafford
Durenberger	Mattingly	Symms
Garn	McClure	Thurmond
Gorton	Murkowski	Wallop
	Nickles	

NAYS—53

Abdnor	Exon	Mitchell
Andrews	Glenn	Moynihan
Baucus	Hatfield	Nunn
Bentsen	Hawkins	Pell
Biden	Heflin	Pryor
Boren	Heinz	Quayle
Bradley	Hollings	Riegle
Bumpers	Huddleston	Roth
Burdick	Jackson	Rudman
Byrd, Robert C.	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cochran	Leahy	Stennis
Cranston	Levin	Stevens
D'Amato	Long	Tsongas
DeConcini	Lugar	Warner
Dixon	Mathias	Weicker
Dodd	Matsunaga	Zorinsky
Eagleton	Melcher	

NOT VOTING—13

Boschwitz	Goldwater	Randolph
Cannon	Hart	Tower
Cohen	Inouye	Williams
East	Kasten	
Ford	Metzenbaum	

So Mr. PACKWOOD's amendment (UP No. 571) was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ANDREWS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, may I be recognized for a moment?

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. May I inquire of the distinguished managers of the bill how much more there is to do on this bill?

Mr. ANDREWS. I might inform the distinguished majority leader that to the best of my knowledge there is an amendment we are prepared to accept by the Senator from New Jersey; there will be an amendment to limit spending across the board by the Senator from Georgia (Mr. MATTINGLY), as I understand it, and that is all. We have some colloquies that we are prepared to enter by means of a unanimous-consent request.

Mr. BAKER. Do I understand then that the manager of the bill thinks we will have just one more vote before final passage?

Mr. ANDREWS. One more vote before final passage if the Senator from Georgia wants that.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I would like to propose an arrangement which I have not discussed with the minority leader or with the manager of the bill.

I ask unanimous consent that any votes ordered between now and 1:45 occur at 1:45 p.m., and if there are two votes ordered, that they be back-to-back votes, with the first vote being 15 minutes and the second vote 10 minutes.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I will not object, providing the second vote begins right on the nose at 2 p.m.

Mr. BAKER. I urge all Senators to be on the floor because the regular order will be called for at the expiration of 15 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 572

(Purpose: To clarify the term "Amtrak Commuter" as used in section 502(a)(1)(B) of the Rail Passenger Service Act)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 572.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 53, between lines 2 and 3, insert the following new section:

SEC. 327. As used in section 502(a)(1)(B) of the Rail Passenger Service Act, the term "Amtrak Commuter" shall mean, with respect to the period prior to January 1, 1983, "Conrail".

Mr. BRADLEY. The Northeast Rail Services Act set up a subsidiary of Amtrak, the Amtrak Commuter Services Corp., to be available for the operation of commuter service currently operated by Conrail. The board of directors is to be composed of a majority of commuter agency representatives. This provision merely clarifies that one of the required commuter agency representatives can be seated on the board immediately.

Mr. ANDREWS. Mr. President, the amendment of our colleague from New Jersey is strictly a technical correction to the Reconciliation Act, and we have no objection to it.

Mr. CHILES. We have no objection to it on this side.

Mr. ANDREWS. I appreciate the Senator's bringing it up.

Mr. BRADLEY. I move its adoption.

The PRESIDING OFFICER. Do all Senators yield back their time?

Mr. ANDREWS. I yield back our time.

Mr. CHILES. I yield back our time.

Mr. BRADLEY. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Jersey.

The amendment (UP No. 572) was agreed to.

Mr. BRADLEY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ANDREWS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 573

(Purpose: To reduce by 4.1 per centum the funds appropriated in the bill for payments not required by law)

Mr. MATTINGLY. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. MATTINGLY) proposes an unprinted amendment numbered 573:

At the appropriate place in the bill insert a new section as follows:

SEC. . The total funds appropriated or otherwise made available by this Act for payments not required by law shall be reduced by 4.1 per centum: *Provided*, That the amount appropriated or otherwise made available in this Act for each appropriation account, activity and project under which payments not required by law are made may not be reduced by more than 7 per centum; *And provided further*, That the foregoing reductions shall not operate to reduce in any manner any funds appropriated or otherwise made available by this Act for operating expenses and capital program of the Coast Guard.

Mr. MATTINGLY. Mr. President, I again offer an amendment designed to bring our appropriations in this area into line with our September budget target in an effort to further reduce this deficit in Federal spending to combat inflation, high interest rates, which are crippling the American economy.

We have already rejected some $880 million in reductions which I offered to the Interior and Agricultural appropriations bills, and I repeat I find our failure to really stand firm in our battle to revitalize the economy very disheartening.

I can only imagine what the average

citizen must think when he or she hears that the U.S. Senate is backtracking on our promise to fight inflation and high interest rates by reducing spending.

It seems a majority in this Chamber have made up their minds that they can simply ignore the mandate of the voters and continue that notion that we in Washington know better than the people what is best for them.

I will not belabor all this today. The current amendment which I offer once again provides an opportunity to correct the signal to the financial community and to keep our promises to the American people.

I propose an average reduction in the level of discretionary funding of the current bill of 4.1 percent, with a maximum allowed cut in any one program account or activity of 7 percent.

As opportunity after opportunity has slipped away, we find it more and more difficult to achieve the savings necessary to strengthen the economy. We have missed precious chances to make cuts at levels which would not do serious harm to any one program or project.

Now I begin to hear talk of raising taxes to help pay for our lack of budgetary courage—raising taxes—just the opposite of what the American people have told us they want. Oh, pardon me, did I say "taxes"? I believe the new "sanitized" Orwellian term is "revenue enhancement." Somehow I guess we think that this change in terminology will slip past the American public undetected. Well, I can guarantee you that is not the case.

The only answer is to impose some measure of self-restraint on ourselves in Congress. When will we admit the fact that it is time to pay the piper—time to keep our promises—time to act decisively to get this economy turned around?

I said I would not drag this matter out over an extended time, and I for one will keep both that promise and my promise to the voters who sent me here as their representative to the Senate. I urge my colleagues to do likewise and adopt this measure which will save approximately $323 million. It is interesting to note that if the first two amendments which I offered had been accepted, the total from those efforts plus the savings in this amendment would by now have allowed us to save almost $1.2 billion.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There does not appear to be a sufficient second.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ANDREWS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. ANDREWS. Mr. President, I rise in opposition to the amendment. I salute my friend from Georgia in exempting the Coast Guard from his amendment. Those of us on the committee felt the Coast Guard is doing a very important and worthwhile function in our Government. Had we followed some of the Stockman recommendations, we would have found that we would have had to shut down a number of the Coast Guard search and rescue stations, we would have had to mothball some of the cutters, and we would have had to decommission some of the helicopters that are much needed for a whole host of lifesaving functions, drug interdiction functions, and all the rest.

Those of us from North Dakota, of course, do not have too much activity by the Coast Guard fleet. While we support it and it is an important national function of the transportation bill, let me point out to my colleague that those interior transportation functions, which his exemption of the Coast Guard from his 4.1-percent cutback would impose a much greater cutback on, are equally important to the future of this country and they are investments in a sound economy.

Without adequate rail service, without adequate highway service, there is no way we can move the grain to market which constitutes our largest income producer in international trade, and which goes a long way to pay for the imported oil that is doing so much damage to our economy because of the negative balance of payments.

If my colleague would cut back those interior transportation functions, it might impact on our economy far more than the few dollars that might be saved.

Mr. President, our bill is a lean bill. The subcommittee has done a great job cutting across the board where those cuts seem to be necessitated and seem to be able to be accepted, bearing in mind the challenge of preserving transportation services in this country for the future. I hope that the Senate would turn down the wholesale type of cut proposed by my colleague and good friend from Georgia.

I yield to my colleague on the subcommittee, the Senator from Florida.

Mr. CHILES. I thank the distinguished chairman of the subcommittee.

Mr. President, I felt the distinguished chairman of the subcommittee had done a good and that we had reduced this bill some $627 million below the September figures that we have been talking about. We are below the first concurrent resolution figures.

I am in a little bit of a quandary, because I have been trying to be a good soldier and I have been trying to follow what the majority party itself has been attempting to do. Evidence of this I have seen from the chairman of the Appropriations Committee and through the action of each of the respective subcommittee chairmen. Now I find that I am being castigated for being a good soldier because we have not saved enough money. I got here by following the leadership from the majority party.

But, amendments like this I have seen happen a lot since I have been here. Usually, they are proposed by someone who does not sit on the Appropriations Committee, who does not have an opportunity to hit program by program and to make their views known in the particular programs.

I think it would help us a little bit, I say to the distinguished chairman, if we had the help of our colleagues on the Appropriations Committee to find this waste, inefficiency, and fat. We need help to find programs that are not any good in the programs themselves. Thank goodness, the Coast Guard is exempted in this amendment. But there may well be some waste in the Coast Guard. If there is, I would like to know where it is.

But I have never found that across-the-board amendments actually found it, because usually the administrator of an agency is going to keep his favorite program or the parts he likes. He will cut something, but I never found in the across-the-board cuts that they cut out an inefficient program. That, I think, takes some more expertise in trying to determine where the waste is. I think that is the kind of help we need on the Appropriations Committee and on our subcommittee, in trying to find areas like that. And where we find those wasteful areas, I would like to go along and see that we do eradicate them.

In the meantime, I guess I will just have to continue to be a little confused as to what signals a good soldier should be following right now.

Mr. ANDREWS. Mr. President, certainly everyone in this body has a right to offer amendments to cut or to add wherever they might see fit. Having served in the House for a number of years before I came to this body, this amendment was known as the Bow amendment. It was offered as a 5-percent cut on appropriations, but it was offered by the minority party as a protest against the majority: in effect saying that the majority that were on the Appropriations Committee did not know what they were doing. It was a political protest, partisan protest, you might say, saying: "We do not have that much confidence in your running these committees: therefore, we want an across-the-board wholesale type of cut."

I did not support it even then as a member of the minority party and I am less inclined to support it now as a member of the majority party.

Certainly, there are specific areas that could be targeted. I feel, in deference to the subcommittee, which worked long and hard, and the full Committee on Appropriations, which approved this bill when it came to them, that a good deal of thought was put in this bill. It represents the combined best thinking of both sides of the aisle as to how we can maintain these programs for the future growth and strengthening our economy in the United States in the years ahead. It is a balanced bill and I would urge my colleagues to vote against this amendment.

Mr. President, I have no further requests for time.

Mr. MATTINGLY addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. MATTINGLY. Mr. President, I failed to, but I would like to commend the Senator for the outstanding job he has done on his committee. I think he has done an excellent job of cutting back a lot of wasteful Government spending.

Obviously, by the September target that the President sent to us, we are just not quite there yet. The alternative is to send a bill to the White House that is going to get vetoed and come back and have to cut more out or we are going to do it here on the floor of the Senate and do our job like good soldiers, as the

Senator from Florida spoke out. And that is what leadership is all about—trying to do the job here on the floor of the Senate and not let it have to go to be vetoed by the President.

The only partisanship being shown, I think, is on behalf of the taxpayer. We move around and try to approve bills funding legislation and not getting the job done and going on continuing resolutions and other technical arrangements. The financial markets remain confused about what the U.S. Senate and the House of Representatives are doing.

These are unusual times in our country, I feel. I feel that is one reason why, a year ago tomorrow, I was elected to the U.S. Senate; that the people felt that the economic times were bad and they wanted a change of policy.

This is just part of that policy change of trying to have restraint in appropriations of moneys and put them into targets that have been requested, not the March request but the September request.

This is what I am doing with these amendments that I am offering, to try to get them in those target restraints.

I, for one, am not for tax increases. I think that is a bad alternative. In fact, it is no alternative to me.

But what is an alternative is financial, fiscal restraint here in the Senate and in the House of Representatives.

I think it would be just like playing a football game. If you go out and you are not winning and you have 20 more yards to go to score, you need to make an adjustment. This is what we are trying to do in this legislation, is make an adjustment so we can go forward, get it signed, get it approved, and not only get the appropriations that will be funded in this bill approved just here in Washington, D.C., but get those funds out to America where they are needed. Otherwise we are going to have a vetoed bill that will come back to us. And I think that is a bad alternative.

All I am saying is I appreciate the Senator from Florida being a good soldier, because I think he is a good soldier or else he would not be here. But he can be against it or he can be generous. And I think we all ought to try to be generous here and step forward and try to hold the restraint in spending. And this is a restraint in spending because it is not taking the full $646 million out as an overage, but it is exempting, itemizing the Coast Guard and excluding it totally, because our biggest import in this country now is probably narcotics, which the Coast Guard is playing a tremendous part in. But also it is not specifically saying it is 4.1 percent from each item that will be listed in that budget. It ranges anywhere from zero, of being an untouched item, to going up to, I believe, 7 percent. It merely saves $325 million, which I think will encourage this bill not to be vetoed.

The PRESIDING OFFICER. Who yields time?

Mr. ANDREWS. Mr. President, I have no further requests for time against the amendment.

I yield back my time.

The PRESIDING OFFICER. Does the Senator from Georgia yield back the remainder of his time?

Mr. MATTINGLY. I yield back the remainder of my time, Mr. President.

The PRESIDING OFFICER. All time has been yielded back. Under the previous order, the vote scheduled for this amendment will take place at 1:45 p.m.

Mr. LUGAR. Mr. President, on behalf of myself and my distinguished colleague (Mr. QUAYLE), I thank my friend from North Dakota for granting me this opportunity to engage him in a colloquy regarding Amtrak's State and local tax liability.

Mr. ANDREWS. I thank the Senators from Indiana for their interest in this important matter. As chairman of the Transportation Appropriations Subcommittee, I am happy to enter into this dialog.

Mr. LUGAR. Am I correct that the Department of Transportation appropriations bill, which is before the Senate today, contains language which relieves Amtrak of all of its State and local tax liabilities?

Mr. ANDREWS. The Senator is correct, Mr. President.

Mr. LUGAR. I think it is entirely appropriate that those States receiving the benefits of Amtrak service, which also includes economic benefits, contribute to the viability of Amtrak by reducing the State and local tax owed by Amtrak under prior law.

Mr. President, I recognize that Congress has pared Amtrak down to a strict operating budget and that the $14 million saved from this tax relief will help secure the continuance of Amtrak service. This includes the resurrection of the Cardinal, which the bill directs.

I wish to bring to the subcommittee's attention that enactment of this provision would have a devastating impact on one local community in Indiana. The city of Beech Grove, Ind., is the site of one of Amtrak's larger maintenance facilities, which employs about 1,100 individuals.

As Senators know, the State of Indiana is one of the largest beneficiaries of Amtrak State and local tax payments. Under current law, Indiana could expect to take in $700,000 in Amtrak tax receipts during 1982. Beech Grove is in the extraordinary situation of receiving about 90 percent of this sum. This amounts to approximately $635,000 for 1982, no small amount of money for any city, let alone a city of 13,000 residents. In my research of this matter, I could find no other city which receives a comparable percentage of its States' Amtrak tax receipts. Indeed, the mayor of Beech Grove estimates that Amtrak's share of his city's total property tax receipts exceeds 14 percent.

Mr. President, the loss of this significant amount of money would place a severe strain on the city of Beech Grove, impairing its ability to offer essential governmental services.

Indiana's frozen tax rate makes it increasingly difficult for cities to meet their fiscal responsibilities. This provision would make it almost impossible for Beech Grove to meet its fundamental obligations to its residents.

Mr. President, I call Senator ANDREWS' attention to Beech Grove's situation because I believe that this well-intentioned provision in the legislation before us has an unexpectedly harmful impact on one city. I am hopeful that he and his colleagues on the conference committee will address this problem during the conference with the House on the transportation appropriations bill.

Mr. ANDREWS. Mr. President, I thank Senator LUGAR for bringing this to my attention. I was not aware of the severity of this situation when the bill was reported and will do my best to accommodate the city of Beech Grove when we go to conference.

THE INTERSTATE TRANSFER GRANT PROGRAM

Mr. WEICKER. Mr. President, I should like to ask Senator ANDREWS, am I correct that the Senate Appropriations Subcommittee on Transportation has designated, in its report (97–253), Hartford, Conn., as one of the 16 cities or States to which funding for the interstate transfer grant appropriations should be directed?

Mr. ANDREWS. That is correct, Mr. President.

Mr. WEICKER. Am I also correct that the distinguished Senator recognizes that there were five original contract authorities which traded in interstate segments pursuant to the 1973 Federal Aid Highway Act; that these auhorities are comprised of Boston, Mass.; Washington, D.C.; Philadelphia, Pa.; Portland, Oreg.; and Hartford, Conn.; and that furthermore, they were guaranteed obligation of their trade-ins until such authority was rescinded under Public Law 96–131, transportation appropriations for 1980?

Mr. ANDREWS. Yes, Mr. President, I am aware of that original authority and that Connecticut was one of the original five States to trade in interstate segments for substitute projects.

Mr. WEICKER. Although other cities have since traded in interstate segments, would the Senator agree that Hartford and other contract authorities should be given priority, in either directives to the Secretary or in any earmarking of funds, provided that they have projects ready?

Mr. ANDREWS. Yes. I would agree that their original authority entitles them to priority consideration.

Mr. WEICKER. Last, Mr. President, I ask Senator ANDREWS, Connecticut's trade-in represents, by the recent interstate cost-estimate, 5.8 percent of the total transit and substitute highway trade-ins by all States, yet less than 1 percent of the trade-in funds, which have been made available to all States, has gone to Hartford. Hartford has also obligated the lowest percentage of its trade-in funds, 6.9 percent, as compared to Boston, 78 percent; Washington, 87 percent; Philadelphia, 71 percent; and Portland, Oreg., 19.2 percent.

Although other States have traded in funds, would he agree that Congress support of projects in Boston, Washington, and Philadelphia now also should be directed to Oregon and Connecticut and that the Federal Government should make available to Connecticut and Oregon at least their proportional share of the total interstate transfer grant appropriations for fiscal year 1982?

Mr. ANDREWS. Yes, Mr. President, I would agree that Connecticut and Oregon, as contract authority cities, are entitled to their proportional share.

Mr. WEICKER. May I receive the Senator's assurances that he will make every effort to consider their status as original contract authorities during the conferee's deliberations over fiscal year 1982 transportation appropriations?

Mr. ANDREWS. Yes, Mr. President. I thank the Senator from Connecticut for clarifying this matter, and I pledge to make every effort to secure the proportional share due these contract authority cities.

MEMPHIS HIGHWAY

Mr. SASSER. Mr. President, I realize the need to hold down Government spending. However, I feel very strongly that we should be funding substitute interstate transfer grant highway projects in an expeditious manner. The bill before the Senate provides only $200 million for all interstate transfer grant projects nationwide. The bill also does not provide specific earmarks for particular projects. I am concerned that this puts the Senate in a very weak position in conference due to the fact that the House has provided $400 million for this program nationwide and has made specific earmarks. The House has not earmarked projects of importance to the Senate, such as the Memphis projects which require $106 million.

These funds represent funds that would normally have been expended by now, had previous projects, in this case the Interstate 40 route through Overton Park, not been withdrawn. Because a portion of the interstate as originally designed has been withdrawn in favor of other projects, communities stand to lose this funding unless the Congress provides specific funding for the substitute projects under the interstate transfer grant program.

I realize the Transportation Subcommittee has had a number of requests from other communities to add funds to this bill and make specific earmarks. And I realize the wishes of the chairman to hold down spending in general and not to have any earmarks in particular. I ask the chairman of the subcommittee, the Senator from North Dakota, whether he intends to preserve the priorities of the Senate in any earmarkings which may emerge from conference?

Mr. ANDREWS. Yes, indeed, Mr. President. I am aware of the merits of the Memphis project and would certainly hope to see it included in any earmarking by the conferees.

Mr. BAKER. Mr. President, I appreciate the intention of the distinguished Senator from North Dakota that the projects mentioned in the Senate report will be dealt with by the conference committee in a fair and equitable manner. I am most concerned that, if the conference committee decides to earmark projects, Memphis receives an earmarking along with the House projects. I just do not want this project to slip through the cracks. I think I owe it to my constituents to assure that the Memphis priorities receive equitable and fair treatment by the committee of conference.

Mr. ANDREWS. The Senator's point is well taken, Mr. President, and he has my assurance that Memphis will be treated fairly.

Mr. SASSER. Mr. President, I thank the Senator for his consideration and assurances, and will be closely monitoring the outcome of the conference.

Mr. BAKER. Mr. President, I commend the Senator from North Dakota for his evenhanded approach to the many difficult issues in the transportation appropriations bill and thank him for the interest he has shown in the Memphis project.

AVIATION POLICY

Mr. GORTON. Mr. President, comments on U.S. international aviation policy in the Appropriations Committee report on the 1982 Department of Transportation appropriations bill urge the U.S. Government "to stand up on behalf of U.S. carriers." In 1978, United Airlines received authority from the U.S. Government to provide the first competitive service from Seattle and Portland to Japan. Despite the clearly stated provisions of the United States-Japan Air Service Agreement permitting the United States to designate additional airlines, and United's compliance with all Japanese procedural requirements, the Government of Japan has failed to grant landing rights to United.

Senator PACKWOOD, chairman of the Commerce Committee—whom I am authorized to speak for—and I find the continued Japanese obstructionism to be unacceptable and detrimental to our Nation's aviation policy. Would the Senator agree with Senator PACKWOOD and me that the forthcoming air bilateral negotiations with Japan, scheduled to begin on November 17 in Honolulu, provide an opportunity to accomplish the support objective stated in the report and advance the legitimate competitive interests of a U.S. airline?

Mr. ANDREWS. Yes, I agree with the Senator to the extent that any U.S. carrier is not put to disadvantage so that an unfair competitive edge is given to a foreign carrier, Mr. President.

Mr. GORTON. Would he also agree with Senator PACKWOOD and me that the inability of United to begin service to Japan is an example of anticompetitive and discriminatory practices against U.S. carriers experienced in some instances in the international marketplace and that the administration should vigorously pursue an end to such practice?

Mr. ANDREWS. Yes, Mr. President, again, if the overall package does not economically handicap any U.S. airline, U.S. foreign airline, I would agree.

Mr. GORTON. I thank the distinguished chairman.

Mr. STEVENS. Mr. President, I should like to address a question to Senators CHILES and ANDREWS. It is my understanding that the funds set aside for drug enforcement efforts apply to the entire capital budget of $537 million. The bill stipulates that $200 million is available for this purpose and places no restriction on the remaining $337 million. Therefore, the amount available for drug interdiction is $200 million. It is my further understanding that, within the existing priority list supplied to the committee by the Coast Guard, a considerable amount of this $200 million set-aside is already satisfied. Is that correct?

Mr. ANDREWS. That is correct, Mr. President.

Mr. CHILES. This is my understanding also, Mr. President. I would like further to emphasize that we need to put these additional assets where the drug problem is so they can be of direct benefit to us in our war against drugs and drug traffickers.

Mr. ROTH. Mr. President, I view with a great deal of concern recent cuts in Amtrak passenger service between Washington and New York and their impact on transportation services for Maryland, Delaware, and New Jersey. Specifically, I refer to express service at 7 a.m., 9 a.m., and 5 p.m. northbound from Washington and 8:30 a.m., 3:30 p.m., and 5:30 p.m. southbound from New York, from which stops in Lanham, Wilmington, Newark, Metropark, and Trenton have been cut.

The effect of these cuts, in Wilmington for example, is to eliminate the ability of a great many commuters to have a functional workday in Washington. Wilmington is a growing business and commercial center with headquarters for several major chemical companies, and an expanding national banking center. Businessmen are dependent upon frequent and reliable rail service to both New York and Washington. Under the new schedule, what was a convenient commute becomes a major excursion involving early-morning departures and late-evening returns.

Further, Delaware—having no in-State air service, and having experienced consistently declining passenger rail service—now faces additional transportation cuts. The only benefits that result for the railroad are a saving of some 8 or 10 minutes and the ability to have a 3-hour run on paper.

Mr. President, Congress has made a substantial investment directed toward assisting the operation of a profitable commercial passenger rail service in the Northeast Corrider and the Nation as a whole. This investment, however, grows out of a recognition of the need for service. If it had been our intention solely to help achieve profitability we could have long ago stood by and continued to watch service cuts and railroad failures while operations were maintained on a very small segment of the national network.

I hope that the distinguished floor manager shares my concerns on this service cutback.

Mr. ANDREWS. Mr. President, I share the Senator's concern and hope that, after necessary repair work in the Balti-

more tunnel is completed. Amtrak will restore the Metroliner express stops for Wilmington, Del. Additionally, I hope that Amtrak will make no further service reductions to Wilmington during the time this track rehabilitation program is continuing.

Mr. BIDEN. Mr. President, I share Senator ROTH's concern over the 46-percent reduction in Metroliner service to Wilmington, Del., which has been inititated in the last 2 weeks. As a long-term supporter of Amtrak, such service reductions are quite disturbing. As a result of reduced Federal funding, Amtrak has had to terminate 6 midday Metroliners on the Washington to New York route. Even more disconcerting was Amtrak's arbitrary decision to discontinue stops in Wilmington on its newly inaugurated "Express Metroliner Service."

These six Metroliners—three in each direction daily—now stop only in Baltimore and Philadelphia. Why? Because Amtrak's marketing department is convinced that people will flock to the Metroliner if the New York to Washington schedule is under 3 hours. Perhaps they are right. But I doubt many more people are going to be fooled by a 2 hour and 59 minute train than those who purchase an item priced $9.99 because it had been advertised at under $10.

Alan Boyd, Amtrak's president and Chairman, explained to me that ridership on Amtrak's Metroliners has declined 19 percent during the past year. Most of this decline, according to Mr. Boyd, is directly attributable to the increased availability of low-cost service between New York and Washington. In an attempt to recapture its share of this market, Amtrak has initiated these new express Metroliners. But to do so by eliminating the Wilmington stop is shortsighted. Wilmington travelers to either New York or Washington do not have the option of flying. By reducing Metroliner service to Wilmington, those business and nonbusiness passengers who have grown to depend upon Amtrak are at a disadvantage.

When I first saw the ads appearing in both the Washington Post and New York Times announcing Amtrak's new service on October 23—2 days before it was to begin—I thought the 30-minute schedule reduction was yet another byproduct of the ongoing Northeast corridor improvment project. I did wonder why similar ads heralding the improved service had not appeared in that morning's Wilmington News Journal.

The ads read:

> Imagine this if you will. You're speeding to New York on the all-new Metroliner Express Service. Your scheduled running time: a remarkable two hours and 59 minutes. . . . But it's all happening now—speed and comfort—on Amtrak. Downtown to downtown. From Union Station three times a day, every business day. To New York. And back. (Plus there's also all-new service on our seven other Metroliner trains every day). . .

It sounded great—too great actually. I began to wonder what the other "new service on our seven other Metroliner trains" was.

Later that day I discovered that Amtrak was achieving its 2 hour and 59 minute train not because of improved performance, but rather, eliminating stops in Wilmington, Trenton, Newark, and Metropark on the northbound route, and in Newark, Trenton, Wilmington, and Lanham southbound.

I have not consistently supported funding for Amtrak and the Northeast corridor improvement project only to see service reduced. In followup communications with Amtrak, I was informed that work will soon commence to improve service through the corridor's most renowned bottleneck—the Baltimore tunnel. This work is scheduled to be completed next October.

Ironically, the inaugural run of the Express Metroliner arrived in Washington 22 minutes late because of a delay in the Baltimore tunnel.

Earlier today, Amtrak assured Senator ROTH and I that as soon as this work is completed, Wilmington will once again receive full Metroliner service. I hope so.

Mr. President, I want to thank the distinguished Senator from North Dakota, Senator ANDREWS, for the assistance he has provided us on this question. His willingness to help in this matter, along with Alan Boyd's assurances that complete Metroliner service will eventually be restored to Wilmington, have allayed my fears that this service curtailment is not a harbinger of others to come.

Mr. STEVENS. Mr. President, as the chairman is aware, we have recently granted an across-the-board pay increase of 14.3 percent for all military personnel. This increase has not been addressed in the current operating budget that is funded in his appropriations bill.

It is my understanding that he intends to address the budget impact of the pay raise in his supplemental appropriations bill. It is my further understanding that the budget impact may total up to $88 million. Does the Senator in fact intend to fund this military pay increase in the supplemental appropriations bill for transportation?

Mr. ANDREWS. Yes, Mr. President, that issue would properly be considered in the supplemental bill.

Mr. CHILES. I concur in Senator ANDREWS' views on this, Mr. President.

Mr. ANDREWS. Mr. President, I yield to the Senator from Virginia (Mr. WARNER).

METROPOLITAN WASHINGTON AIRPORTS POLICY

Mr. WARNER. Mr. President, the Department of Transportation is in the final stages of implementing a policy which addresses the longstanding problems of noise and congestion at National Airport and the underutilization of Dulles and Baltimore/Washington airports. I support these efforts.

The policy addresses noise limits on the aircraft which operate at National at night. The policy would eliminate large jet aircraft operations there after 10 p.m. with limited exceptions for aircraft delayed en route.

The Secretary has agreed to give further study, for 1 year, to the daytime noise limits that were proposed. Those controversial noise limits will not now be adopted as part of this policy. During the year, the Department will review, I am advised, the impact of its noise proposals, including the availability to the air carriers of aircraft that can comply with the standards.

The policy would limit, with a passenger cap of 16 million passengers per year, the growth of National Airport to a level only slightly above its present passenger activity of approximately 14.5 million. This limit, which is long overdue, will permit National Airport to continue its principal function—to serve this region. It will insure that the considerable growth of aviation expected in this region for the remainder of this decade and beyond will occur at Dulles and BWI.

This policy will promote more efficient use of existing facilities. It avoids costly expansion of limited facilities at National beyond what is necessary to accommodate the passenger limitation safely and comfortably.

The policy will limit air carriers to 37 scheduled operations per hour over a 15-hour day. Under existing rules, the carriers can schedule 640 operations, 40 operations an hour over a 16-hour period. Three operations per hour will be only a slight decrease from what was actually used by air carriers with slots prior to the air traffic controller strike.

Legitimate extra-section operations would continue to be allowed for all carriers, but the policy will close an existing loophole in FAA regulations which permitted some carriers to operate flights without slots in a way never intended by the FAA. This loophole must be closed; otherwise there will be no practical limit on the number of operations scheduled at National.

The reduction in scheduled operations of large aircraft has been controversial. Deep concern has been expressed by cities large and small about possible reductions in service, but the actual reduction will be minimal. It is my understanding that the Secretary is committed to handling the slot reduction to meet the demands for existing service as much as possible.

Slots are allocated by the airlines themselves, not the Department of Transportation. Under the allocating system, allocation of slots will not proceed unless all airlines are in agreement. This is protection for the airlines and the markets they serve. If airlines fail to agree and the Department of Transportation is forced to allocate slots, the Secretary is apparently willing to allocate in a way which minimizes shifts for existing service.

Cities in my own State are deeply concerned about the loss of service to National, but I believe the reduction of large air carrier operations and the enhancement of operations by commuter air carriers will benefit those seeking access to Washington, D.C., from my State.

The policy will increase the number of slots available to commuter carriers from 8 to 11 per hour. Additional commuter slots provide the best opportunity for many smaller communities, including many in the State of Virginia, to obtain air carrier service. In addition, commuter airlines generally use much quieter aircraft. There is concern expressed by commuter operators in the mid-Atlantic region regarding the availability of total daily slots for commuters.

In conversations with Secretary Lewis, I have been assured that the FAA would ultimately allocate sufficient slots to commuters. Increasing commuter use of National, while encouraging large air carriers to operate at Dulles is consistent with the roles prescribed for these airports.

National will be maintained as a short-haul and medium-haul airport under the policy. Nonstop flights up to 1,000 miles will be permitted. Long-haul nonstop flights beyond 1,000 miles will depart and arrive at Dulles and BWI.

The 1,000-mile perimeter is the single most important aspect of this policy for Dulles and BWI. For example, the so-called grandfather cities, which are between 650 and 1,000 miles from National, have approximately 90 flights each day between them and National. At Dulles, there is not one nonstop flight to these important cities. If the perimeter were expanded to allow nonstop flights to cities beyond 1,000 miles as many as 28 flights—fully one-half of the domestic flights at Dulles Airport—would move from Dulles to National Airport. Such a change would have serious impact on commuter carriers that recently began service at Dulles to provide connector service to these long-haul flights.

BWI also would lose flights to these important long-haul cities.

More than 20 years ago Congress authorized construction of Dulles Airport as the principal jetport for this region. The Department of Transportation policy, and particularly the 1,000-mile restriction on nonstop flights at National, will finally enable National and Dulles Airports to fulfill the roles that Congress envisioned for them more than two decades ago.

Dulles and BWI are more accessible and more convenient to hundreds of thousands of persons who reside and work in the great and still growing suburban areas of the Washington region. National will always be more convenient to the immediate downtown area. However, as part of the policy, the Secretary is taking steps to improve ground access to Dulles Airport. Construction of the Dulles access highway connection to Interstate 66 has been accelerated. The FAA is exploring ways to improve ground transportation to Dulles and is taking steps to improve the bus service from the central-city area to Dulles.

Finally, air carriers have been given a substantial financial incentive by the FAA. FAA has waived the landing fees and the mobile lounge fees at Dulles through 1982.

I for one believe great numbers of people would prefer to use Dulles Airport. These measures by the Department are all necessary and appropriate means of achieving a more balanced use of the region's airport facilities.

Under the policy, large, wide-body, jet aircraft will continue to be barred from National until the FAA is satisfied that all critical safety questions are answered about the operation of these aircraft on National's curved approaches and short runways. Safety at National must not be compromised. Until all safety questions are addressed, this policy will keep wide-body aircraft operating on the long runways at Dulles.

I strongly believe this policy is needed. It is the product of years of controversy between the citizens who are affected by aircraft noise and the airlines who made ever-increasing demands on National's limited facilities.

The policy is a compromise, to be sure, and like all true compromises, there is no one associated with it who is happy about all of its provisions. But the matter has been studied for years and the same solutions are always proposed.

Reasonable limits must be placed on the use of National Airport. I believe Secretary Lewis' proposal has been carefully put together. It is reasonable and must be allowed to take effect.

Mr. ANDREWS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

RECESS UNTIL 1:40 P.M.

Mr. ANDREWS. Mr. President, I move that the Senate stand in recess until 1:40 p.m.

The motion was agreed to and, at 1:02 p.m., the Senate recessed until 1:40 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HUMPHREY).

Mr. ANDREWS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 573

The hour of 1:45 p.m. having arrived, the question is on agreeing to the amendment of the Senator from Georgia. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from North Carolina (Mr. EAST), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. BOSCHWITZ) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. Cannon), the Senator from Hawaii (Mr. INOUYE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from West Virginia (Mr. RANDOLPH) is absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

The PRESIDING OFFICER (Mr. SIMPSON). Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 39, nays 52, as follows:

[Rollcall Vote No. 351 Leg.]

YEAS—39

Armstrong	Gorton	Nunn
Baker	Grassley	Proxmire
Bentsen	Hatch	Quayle
Boren	Hayakawa	Roth
Byrd, Harry F., Jr.	Heflin	Schmitt
Chafee	Helms	Simpson
Danforth	Humphrey	Specter
DeConcini	Jepsen	Symms
Denton	Kasten	Thurmond
Dole	Laxalt	Tower
Domenici	Lugar	Wallop
Eagleton	Mattingly	Zorinsky
Garn	Murkowski	
	Nickles	

NAYS—52

Abdnor	Glenn	Moynihan
Andrews	Hart	Packwood
Baucus	Hatfield	Pell
Biden	Hawkins	Percy
Bradley	Heinz	Pressler
Bumpers	Hollings	Pryor
Burdick	Huddleston	Riegle
Byrd, Robert C.	Jackson	Rudman
Chiles	Johnston	Sarbanes
Cochran	Kassebaum	Sasser
Cohen	Kennedy	Stafford
Cranston	Leahy	Stennis
D'Amato	Levin	Stevens
Dixon	Long	Tsongas
Dodd	Mathias	Warner
Durenberger	Matsunaga	Weicker
Exon	Melcher	
Ford	Mitchell	

NOT VOTING—9

Boschwitz	Goldwater	Metzenbaum
Cannon	Inouye	Randolph
East	McClure	Williams

So Mr. MATTINGLY's amendment (UP No. 573) was rejected.

The PRESIDING OFFICER. Are there further amendments? The Senator from Maine is recognized.

Mr. MITCHELL. Mr. President, this bill contains funding for the Coast Guard, an agency important to the State of Maine.

I am particularly pleased that the Committee on Appropriations saw fit to increase the level of funding requested by the administration for Coast Guard acquisition, construction, and improvements (ACI). Funds from this account finance major improvements in the Coast Guard's existing equipment and assets and permit the Department to acquire the new tools and property which are necessary for it to perform its mission.

President Reagan, in his March budget submission, asked for $375 million in ACI funding. However, the Department of Coast Guard repeatedly has stated that it will require over $700 million in ACI funds per year for 10 years if it is to continue providing the existing level of services. The Senate Commerce Committee acknowledged that the Coast Guard's increased responsibilities and past underfunding require that ACI spending in excess of the administration's March request should occur in 1982. The committee, therefore, authorized $537 million in ACI funds. The Appropriations Committee, in the bill before us today, has recommended the same amount. I applaud the Appropriations Committee for recognizing the Coast Guard's continuing need for this type of funding.

The major deficiency in this bill is the level of funding appropriated for the

Coast Guard's basic operating expenses (OE). The Appropriations Committee has recommended that we provide the Coast Guard with exactly the same amount of operating expense funding that it received last year. In my judgment, this figure is woefully inadequate. It does not take into account inflation, nor will it permit the Coast Guard to perform effectively the missions which have been assigned to it by Congress and the President.

The OE figure contained in the bill before us today is $67 million below what President Reagan requested last March, and $73 million lower than the figure approved by the House of Representatives.

Until yesterday afternoon, I expected that an amendment would be offered today which would add approximately $67 million to the committee's recommended level of OE funding. My understanding now is that the Department of Transportation has ordered the Coast Guard to oppose the additional funds which, until this week, the Coast Guard was seeking desperately. I am extremely disappointed that this effort to provide sufficient operating funds has been dropped as a result of the administration's actions.

Mr. President, let me emphasize once again that Coast Guard will not be able to fulfill all its responsibilities if its operating expense is not increased over fiscal year 1981.

To what responsibilities do I refer? Among others, they include the responsibility to:

Maintain an effective search and rescue system comprised of patrol vessels, cutters, helicopters. airplanes, and rescue coordination centers;

Provide a network of navigational aids;

Enforce marine safety statutes and regulations, and promote marine safety education;

Carry out drug interdiction efforts on the high seas and in waters over which the United States has jurisdiction;

Insure marine compliance with U.S. immigration statutes and Presidential immigration directives;

Guarantee that the Magnuson Fisheries Management and Conservation Act is upheld by both American harvestors and foreign fishing vessels licensed to operate in the 200-mile U.S. economic zone;

Prevent damage to the marine environment; and

Permit the agency to operate as part of the U.S. Navy in a time of war or national emergency.

In order to meet these responsibilities and others. the Coast Guard must possess and effectively maintain certain assets. These assets include various kinds of vehicles, a wide assortment of real property, and equipment—simple gear and that of the "high-technology" variety.

In order to do its job. the Coast Guard must also conduct training programs and must provide housing facilities for many of its uniformed personnel.

Mr. President, the Coast Guard's "operating expenses" account provides the money necessary to insure that existing assets—buildings, rescue helicopters, patrol vessels and aircraft, personnel—are available and in satisfactory condition when they are needed.

The OE funding which this bill provides will result in a degradation of Coast Guard services across the board. Among the programs which would feel the squeeze would be the search and rescue program, the drug enforcement program, the fisheries enforcement program, and the vessel traffic control program.

Apparently, the Committee on Appropriations believes either that there is "fat" in these Coast Guard programs which needs "trimming," or that the programs' goals are simply not as important as the goals of other agencies which have fared better in the budget process. The expression of this belief comes in the form of the committee's recommended appropriations level for Coast Guard operating expenses. In recommending a figure of $1,337,207,000, the committee is suggesting that the Coast Guard somehow can "get by" this year on exactly the same amount of operating expenses that it used last year.

I would welcome from the committee an explanation as to how the Coast Guard is supposed to accomplish this. The committee's report offers no clues. It does not indicate in which programs the "fat" exists, nor does it suggest which Coast Guard programs have objectives which we no longer need to seek.

I am deeply disturbed about the committee's recommended level of funding because Maine will be adversely affected in numerous ways if the committee prevails. The Coast Guard last week indicated that if the committee's figure is adopted by this body and subsequently survives in conference, the Northeast will experience a 65-percent cut in fisheries enforcement, a 5-percent cut in search and rescue spending, a 10-percent cut in vessel traffic control, and a 15-perent cut in the national security program.

These reductions are unacceptable, Mr. President. Operating budgets for the Coast Guard have already been cut to the bone.

The case of the Coast Guard groups in Portland and Southwest Harbor, Maine, illustrates my point. Earlier this year, I asked the group commander in Portland, Capt. W. J. Brogdon, Jr., and the group commander in Southwest Harbor, Capt. C. R. Smith, to review for me the problems posed by Coast Guard funding deficiencies.

Mr. President, I shall insert Captain Brogdon's response and Captain Smith's response in the RECORD at the conclusion of my remarks.

These two responses illustrate perfectly why the Coast Guard must not be forced to endure a substantial operating expense cut from the amount recommended by President Reagan in March. They document a deteriorating situation. Captain Smith's letter reveals that as of March 7, 1981, his one group had $845,000 of maintenance work that had been deferred for lack of funds, and $70,000 worth of spare parts which should have been on hand and were not.

Captain Brogdon's response reveals that offshore Coast Guard stations "have deteriorated to the point where major construction is necessary." He goes on to note that personnel in his unit's engineering support group this year "has 9,500 manhours of work above what they are able to do with available personnel."

This level of funding for Coast Guard operating expenses contained in H.R. 4209 does not solve the problems described by Captains Brogdon and Smith. If the Coast Guard is to function properly, if it is to properly carry out its numerous mandates, Congress will have to provide it with the necessary funds. There is no other alternative. While I hope the operating expense funding level contained in this bill will be increased in conference, I urge the Appropriations Committee to take a closer look at this portion of the Transportation bill during fiscal year 1983 appropriations process.

Mr. President, I ask unanimous consent to have the letters to which I referred earlier printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. COAST GUARD,
Southwest Harbor, Maine, May 7, 1981.

Hon. GEORGE MITCHELL,
U.S. Senator,
Rockland, Maine.

DEAR SENATOR MITCHELL: At the request of Mr. Tom Bertocci of your Rockland office I am providing the following information concerning Coast Guard funding deficiencies as related to Coast Guard Group Southwest Harbor.

After a careful review of all of my units, I find that a total of $3,737,000 would be required to correct existing deficiencies so that we could more safely and thoroughly do our jobs. Included in this total is a recurring annual increase of $237,000 to cover salaries for additional personnel and training deficiencies as outlined below.

The general comments contained in Captain Brogdon's letter of 1 May 1981 on this subject are applicable to Group Southwest Harbor as well as Group Portland. The major difference in the two operations is that my Industrial Shop is smaller than Captain Brogdon's Engineering Support Activity and spends very little time working on projects that are not specifically for this Group. The large number of off shore aids maintained and operated by Group Southwest Harbor require many man hours of maintenance.

The following funding shortages exist:

[In thousands of dollars]

SAR stations:	
Deferred maintenance	$595
Spare parts	50
Acquisition and improvement (presently under consideration for fiscal year 1982 to fiscal year 1984)	2,000
Training	12
Operational travel (as a result of restrictions on travel we are unable to keep up with maintenance, inspection and training requirements)	35
Light stations: (Manned) Automation projects (presently under consideration for fiscal year 1982 and fiscal year 1983	350
Light stations: (Unmanned) Deferred maintenance	100
Cutters:	
Deferred maintenance	150
Spare parts	20
Aids to navigation team:	
Additional personnel	225
Boat acquisition (presently under consideration for fiscal year 1982)	200

I appreciate very much your personal interest in our operations and needs and the

opportunity to respond to your inquiries. I hope the above information answers your questions. If you have any further questions please contact me.

Sincerely,

C. R. SMITH,
Captain, U.S. Coast Guard,
Group Commander.

U.S. COAST GUARD,
South Portland, Maine, May 1, 1981.

Senator GEORGE J. MITCHELL,
Rockland, Maine.

DEAR SENATOR MITCHELL: We are forwarding the information on Coast Guard funding and people serving Maine, including those stationed just across the river in New Hampshire. If you need anything else, we will be happy to provide it.

Respectfully,

W. J. BROGDON, Jr.,
Captain, U.S. Coast Guard,
Group Commander.

COAST GUARD OPERATIONS IN MAINE, FISCAL YEAR 1980

	Maine	New Hampshire	Vermont, Massachusetts, Rhode Island	Total
Search and rescue:				
Ships (41 percent)	7	2	8	17
Shore units (30 percent)	6	1	13	20
High endurance cutters	1	0	4	5
Groups: Bases	2	0	2	4
Buoy tenders	2	0	3	5
Aids to navigation teams	2	0	3	5
Manned lighthouses	16	1	8	25
Air stations	0	0	1	1
Approximate population (millions)	1	0.7	7	8.7
Registered boats (approximate)	114,000	16,000	220,000	350,000

	North of Maine/New Hampshire border	South of Maine/New Hampshire border	Total
Search and rescue cases (16.7 percent)	1,038	5,159	6,197
Cape Cod Air Station SAR cases (9.3 percent)	53	514	567

The workload and funding requirements that impact upon Group Portland increases by an estimated five to ten percent a year. This is due to several factors that I will review below.

A. The age of our plant is such that it is increasingly more expensive to repair and maintain our shore and floating facilities.

1. Much of our machinery is no longer in production.

2. Availability of spare parts is poor. At best the parts are expensive and have a long leadtime for replacement.

3. More capital has to be obligated to stockpile rare spare parts.

4. Ships as old as 45 years are not meeting mission requirements because funds are not available to keep them operational.

5. Shore facilities need rehabbing and retrofitting. Mixed working and living spaces in some buildings, along with inefficient and inadequate heating systems, reduces morale, productivity and costs.

B. Many of our offshore stations have been automated. Some of the military positions and funding freed by the automation project went to form a team of men centrally located in the Group and tasked with the maintenance of all unmanned aids to navigation.

1. This team is undermanned and under funded. Except for very routine maintenance, they must rely upon additional Group and District support.

2. Due to lack of proper funding, many of these stations have deteriorated to the point where major construction is necessary. These projects must compete at District level and may take years longer and thousands of dollars more than if they could have been properly maintained at the outset.

C. Undermanned trade shops in Group Portland's Engineering Support Activity (ESA) are not able to keep up with the backlog of work on search and rescue stations, light stations, or floating units.

1. In the interest of reducing project costs and completion time, the Group attempts to do all work within our technical ability rather than refer projects to higher funding levels.

2. Over the next year, ESA will have 9,500 manhours of work above what they are able to do with available personnel. Even the fully manned shops that coordinate work with undermanned shops are forced to work below their potential.

3. Base South Portland is presently expanding its mission to overhaul and refit District small boats. This task is critically straining a work force that at best can remain steady under the present hiring freeze.

4. The industrial facilities of Group Portland are increasingly looked upon by First District office as a highly productive organization. In light of this, as well as funding backlogs and reduced administrative and contractual costs at the District level, more work is being placed upon the Group for completion.

D. Funding levels, while adequate in some accounts, are drastically low in others.

1. Fuel needed to heat shops and the Boat Repair Facility is drastically underfunded due to a 30% increase in the price of oil. The deficit in the first two quarters was almost $4,000.

2. Vehicles, which are vital to the Maintenance and Repair Division of Group Portland, ESA, are underfunded. Due to GSA rate increases of 36% in this fiscal year, this activity will be short $8,500. Due to restrictive ceilings, we will have to discontinue use of vehicles or appeal for a raise in ceiling. While a raise in ceiling is desirable, this solution will deplete maintenance and repair funds.

3. Presently boat and cutter fuel funding appears to be in line with operational needs. These figures illustrate how much underway time is budgeted with present funding levels:

95' Patrol Boat (50 gal/hr), 700 Hrs.
110' Harbor Tug, 990 Hrs.
65' Harbor Tug, 800 Hrs.
56' Cable Boat (9.7 gal/hr), 410 Hrs.
46' Buoy Boat (8.1 gal/hr), 442 Hrs.
44' Motor Life Boat (SAR) (10.8 gal/hr), 525 Hrs.
41' General Utility Boat (SAR) (16 gal/hr), 525 Hrs.

USCGC *Duane* has recently been placed under a fuel ceiling that will greatly reduce her cruising speed and range. The ceiling is due to a District fuel money shortage of $200,000 a year.

E. The following figures are given to illustrate the funding backlog that Group Portland suffers:

[In thousands of dollars]

SAR stations:	
Deferred maintenance	$4,078.0
Spare parts	7.3
Acquisition and improvement	9,248.0
Light stations (manned):	
Deferred maintenance	139.1
Spare parts	4.0
Acquisition and improvement	74.9
Light stations (automated):	
Deferred maintenance	205.0
Spare parts	6.0
Acquisition and improvement	128.3
Cutters:	
Deferred maintenance	25.0
Spare parts	15.0
Acquisition and improvement	7.0
Industrial equipment and facilities:	
Deferred maintenance	12.0
Spare parts	2.0
Acquisition and improvement	14.0
USCGC *Duane:*	
Deferred maintenance	1,073.6
Spare parts	35.0
Acquisition and improvement	233.0

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is there any time limitation on the Senator from New Mexico?

The PRESIDING OFFICER. There is no time limitation.

Mr. DOMENICI. I yield myself 3 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. DOMENICI. Mr. President, H.R. 4209, as reported by the Appropriations Committee in October, provides $10.4 billion in new budget authority for fiscal year 1982 for the Department of Transportation and related agencies. The reported bill brings the Transportation Subcommittee under its first budget resolution crosswalk allocation by $1.1 billion in budget authority and $0.4 billion in outlays when possible later requirements are taken into account. The Senate bill is under the House-passed level by $0.6 billion in budget authority and $0.3 billion in outlays.

The President's September request below represents a reduction of 12 percent in budget authority and 11 percent in outlays below the March request. The Transportation appropriations bill represents a 4-percent reduction in budget authority and a 1-percent reduction in outlays below the President's March request.

The reported bill is above the President's September request by $0.9 billion in budget authority and $0.6 billion in outlays. The most significant budget authority increases in the bill over the President's September request are $0.3 billion for Coast Guard programs, $0.2 billion for Amtrak and $0.2 billion for mass transit assistance.

The Senate bill, as reported, provides budget levels that are either consistent with or below the levels in the Omnibus Reconciliation Act of 1981. The mass transit level is $0.3 billion below the level adopted in the Reconciliation Act. The obligation ceiling for the Federal-Aid Highway program is $0.5 billion below the level in the Reconciliation Act.

Although the highway obligation ceiling is $0.5 billion below the Reconciliation Act level, it is $0.5 billion above the President's September request and the level in the Federal-Aid Highway Improvement Act recently reported by the Senate Environment and Public Works Committee. The House-passed appropriation bill is $0.5 billion above the Senate appropriation bill for highway obligation limitations.

Mr. President, I ask unanimous consent that a table showing the relationship of the reported bill, together with possible later requirements, to the congressional and President's budgets be

printed in the RECORD at the conclusion of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TRANSPORTATION SUBCOMMITTEE

[In billions of dollars]

Fiscal year 1982

	BA	O
Outlays from prior-year budget authority and other actions completed	0.2	13.2
H.R. 4209, as reported in Senate	10.4	6.7
Possible later requirements:		
FAA air traffic controller package	0.1	0.1
Miscellaneous small supplementals	0.1	0.1
October 1981 pay raise	0.1	0.1
Total for Transportation Subcommittee	10.9	20.1
First Budget Resolution level	12.0	20.5
House level	11.5	20.4
President's March request	11.4	20.2
President's September request	10.0	19.5
Transportation Subcommittee compared to:		
First Budget Resolution level	−1.1	−0.4
House level	−0.6	−0.3
President's March request	−0.5	−0.1
President's September request	+0.9	+0.6

Mr. ANDREWS. Mr. President, I appreciate the kind and generous remarks by the chairman of the Senate Committee on the Budget.

Mr. STEVENS. Mr. President, today as we consider the Transportation appropriations bill I feel it is appropriate and indeed necessary for us to take a few minutes to think about the extended mission which had been placed upon the Coast Guard during the past decade and to take notice of the continuing inadequacy of the funding level for this agency.

We in Congress have passed significant legislation during the past decade which has expanded several fold the duties of the Coast Guard: In 1970 we enacted the Federal Water Pollution Control Act; in 1971, the Federal Boat Safety Act; in 1972, the Ports and Waterways Safety Act; in 1974, the Deepwater Ports Act; in 1976, the Fisheries Conservation Management Act, which as we all know extended the fisheries conservation zone from 12 to 200 miles; in 1978, the Port and Tanker Safety Act; and also in 1978, the Outer Continental Shelf Lands Act.

Additionally, in recent years the Coast Guard's responsibilities have increased in efforts to stop the illegal importation of drugs. Then there was the Cuban refugee problem; and most recently, President Reagan has asked the Coast Guard to head off the arrival of Haitian refugees on the south Florida coast. I am sure we all saw the news reports last week of the Coast Guard returning Haitian refugees to their country and also searching for the bodies of 30 Haitians who drowned in their futile effort to reach our coast. I would like to point out at this time that the Coast Guard is carrying out this vastly expanded mission with only 1,500 more military personnel than it employed in 1970, and with 500 fewer civilian employees.

Mr. President, I had intended to offer an amendment today to replace $76 million in operating expenses for the Coast Guard. However, I have been dissuaded from doing so by my good friend from North Dakota, the chairman of the Transportation Appropriations Subcommittee, whose judgment I will defer to.

I do want to present a few additional facts to all my distinguished colleagues to further support my statements about the Coast Guard's extended responsibilities and shrinking resources, which have led to dangerous, life-threatening situations in Alaska and which continue to hamper the Coast Guard's ability to effectively patrol our coasts.

In 1929 the Coast Guard operated 93 high- and medium-endurance vessels during Prohibition; in 1979, during the Vietnam conflict, they had 60 such vessels; and in 1981, they are operating 42 high- and medium-endurance vessels with an average age of 27 years. The number of aircraft has been reduced as well—from 173 in 1970, to 155 in 1981. Let us keep in mind that these reductions are occurring at a time when the Coast Guard is being required to implement many new laws.

Mr. President, I do not feel that with a total of 42 vessels and 155 aircraft to serve the entire United States and patrol the 200-mile fisheries conservation zone of our entire coast, the FCZ off Alaska's 33,000 miles of coastline cannot possibly be adequately patrolled—and foreign fishing fleets are well aware of this fact. This deplorable situation is occurring now, at a time when the fisheries in the Bering Sea are developing at a tremendous rate. Let us not forget that as our domestic fishery grows, so will a greater need for search and rescue missions.

Fuel costs are eating up the Coast Guard's operating budget—a budget which the Congressional Budget Office determined was actually reduced by some $44 million in terms of constant dollars between 1979 and 1981. Yet in 1979 fuel cost 62 cents a gallon; and in fiscal year 1981 it was $1.27 per gallon. In the 17th District, which is all of Alaska, in fiscal year 1980 fuel costs comprised 24 percent of the Coast Guard's operating budget; in fiscal year 1981 that figure had risen to 40 percent. A 210-foot vessel burns about 120 gallons of fuel per hour; and a C–130 airplane burns about 800 gallons per hour, which of course has a huge impact in Alaska because of the tremendous distances which must be covered by these planes, which fly in the worst weather imaginable. I would remind you of my recent statement about the loss of four Coast Guard helicopter crewmen's lives off Cordova, Alaska, which is located 320 miles from Kodiak, the nearest air station.

Gentlemen, even though both ship and air time have been cut in Alaska, in fiscal year 1979 the Coast Guard seized 11 vessels in Alaska for fisheries violations, resulting in a total settlement of $3,500,000 in penalties plus an estimated 12-month suspension time for foreign vessels. In fiscal year 1980, 13 vessels were seized with penalties totaling $3,200,000; and in fiscal year 1981, 8 vessels were seized in Alaska, and $900,000 has been collected from the two cases which have been adjudicated to date.

It would seem imperative, gentlemen, for us to take steps to adequately fund the Coast Guard in the future to insure that these revenues continue to flow into our General Treasury while we protect a $2 billion ocean resource. The foreign fishermen become more knowledgeable about our activities every year, and we must give the Coast Guard the tools required to fulfill its important missions.

Finally, I would raise one last point, and that is the Coast Guard's role in national defense. I think many of us tend to forget that the Coast Guard is one of our five Armed Forces, and it shares defense responsibilities with the other branches of the Armed Forces in the Department of Defense. The statistics I have already cited, considered in the light our emphasis on strengthening the Nation's defense posture, reinforce the obvious need for a more realistic level of funding for the Coast Guard.

WEIRTON-STEUBENVILLE BRIDGE

Mr. ROBERT C. BYRD. Mr. President, I wish to thank the distinguished Senator from North Dakota who is the floor manager of this bill, and my distinguished colleague from Florida who is the ranking Democrat for their inclusion at my request, of $4 million in construction funds for the Weirton-Steubenville Bridge in the fiscal year 1982 Department of Transportation and related agencies appropriation bill.

Construction of this bridge was originally proposed before 1970 to replace two existing, obsolete bridges—the Market Street Bridge and the Fort Steuben Bridge. The need for this new bridge is evident. The existing Market Street Bridge is so delapidated that vehicles no heavier than a car may pass across it. While the Fort Steuben Bridge is somewhat sturdier, it is only a total of 18 feet wide. The present situation is such that waiting periods of up to 45 minutes to cross the river are presently being experienced.

Construction of this new bridge will encourage economic development in the Weirton-Steubenville area and help protect the jobs of those presently working in the area. So this bridge represents more than simply an expenditure of Federal dollars, it is an investment in this region.

To date, $3.6 million has been expended to construct the bridge piers in the river. These piers were completed in 1979 but have stood as lonely monuments for the last 2 years because continued funding has not happened in a timely manner.

So, Mr. President, I wish to thank my distinguished colleagues for including $4 million for construction of this bridge and, in doing so, fulfilling a promise to the people of West Virginia.

Mr. SARBANES. Mr. President, I commend the managers of the Department of Transportation and related agencies appropriation bill for fiscal 1982 for the actions taken by the committee with re-

spect to interstate transfer grants for Maryland transportation projects. The committee recommended $8 million for the northwest extension of the Baltimore rapid rail system (section B), which is part of a multimodel transportation project located in the median of the Northwest Expressway in northwest Baltimore County.

The northwest transit extension is a project in which Federal, State, and local officials have been able to complete planning and environmental analysis together. The highway portion was designated part of the Interstate Highway System and funding from the Federal Highway Administration is in place. The committee's approval of the transfer of the $8 million is an important step in assuring that the project can be undertaken in the joint fashion as it was conceived. Tremendous traffic congestion and safety problems will be relieved when the project is completed.

Mr. President, the Appropriations Committee also detailed, in its report, the fact that the Baltimore area is among those requesting that interstate transfer grants be utilized for important highway projects and has stated its intent to have such funds directed to Baltimore for that use. There has been a tremendous increase in construction and repair costs for Maryland roads while existing resources are too limited to undertake them. Maryland, working with the Federal Highway Administration, has established a priority list of projects for reconstruction and the transfer authority should enable several of these projects to be undertaken.

Mr. President, I also want to commend the committee for including language in the report which directs DOT to give priority consideration to elimination of the Knecht Avenue at-grade crossing in Baltimore County. This is one of the few at-grade crossings not yet eliminated on the Northeast corridor and the State of Maryland as well as Baltimore County and the city of Baltimore have been working to eliminate it. These projects are very important and I urge my colleagues on the committee who may be conferees on this bill to support them when it goes to conference.

Mr. President, I also would like to point out the difficult funding situation which the Coast Guard is experiencing. This is particularly important in Maryland where the Coast Guard's major repair and construction facility, the Curtis Bay Yard, has been hit with reductions in force as well as reduced levels of work. The Coast Guard needs this yard in order to maintain and increase its fleet if it is to carry out the ever-increasing tasks Congress is giving it.

I therefore would urge the Senate conferees to make every effort to assure adequate resources for the Coast Guard and to limit the civilian RIF's which are causing severe morale problems and straining the Coast Guard's capabilities.

Finally, Mr. President, I want to express my support for the Washington National Airport policy which has been proposed by Secretary of Transportation Drew Lewis. This policy is a positive first step toward dealing with the current difficulties caused by overuse at National Airport. I believe that it is important to the consideration of this policy to understand that there are two major regional alternatives to National Airport.

The proposal focuses on the upgrading of Dulles as an alternative to National but it should be kept in mind that Baltimore/Washington International Airport is a desirable alternative as well. BWI has been recognized as an important site for national and international air traffic largely through the State of Maryland's efforts, dating back nearly a decade, in committing financial and management resources to building an outstanding airport facility. It would be a serious error to fail to maximize the use of this fine facility.

There are specific steps that should be taken with regard to BWI, equivalent to some of the improvements advocated for Dulles. Most important is that the BWI access road connecter be afforded the same priority clearance and 100 percent Federal funding indicated for the Dulles access road connecter. Both of these roads serve similar purposes in improving ground access to the respective airports from within the National Capital region and they are equally important to a coherent and intelligent regional airport policy.

Second, I would urge DOT to work closely with AMTRAK in expanding and upgrading the currently existing rail service which connects BWI with both Baltimore and Washington. Third, any subsidized limousine service from downtown Washington should be extended patrons of BWI as well as Dulles.

Mr. President, developing a coherent and rational policy for the management of National Airport has been a goal for the past 15 years. We now have an opportunity to move toward that goal by going forward with a responsible program designed to insure the safe and environmentally sound usage of National while maximizing the convenience and availability of BWI and Dulles.

● Mrs. KASSEBAUM. Mr. President, I am somewhat disturbed by the inclusion in the report accompanying the fiscal year 1982 DOT appropriation bill (No. 97–253) of a seven page discussion of U.S. international air transportation policy. I believe that the complex policy issues raised should be addressed by the Aviation Subcommittee of the Committee on Commerce, Science, and Transportation, the committee charged with substantive oversight of international aviation.

The International Air Transportation Competition Act of 1979, which had bipartisan support, endorses a more competitive international air transport system. While there are no doubt problems with the implementation of that policy, I believe these should be explored in such a way as to secure the views of all the affected air carriers and Government agencies. Report No. 97–253, was not, I understand, written after benefit of hearings which would have afforded such an opportunity. And it should not be considered by the Japanese or any other Government as necessarily reflecting the official views of this body.●

● Mr. WEICKER. Mr. President, I wish to commend the chairman, Senator ANDREWS, and ranking minority member, Senator CHILES, for their formidible efforts in reporting out H.R. 4209, the Department of Transportation and Related Agencies Appropriations bill, fiscal year 1982. In particular, I would at this time like to express my appreciation for the subcommittee's recognition of funding needs for the Coast Guard, the territorial highway program, Amtrak, and Conrail commuter rail services

The Coast Guard has over the years been given many new responsibilities which have placed a tremendous burden on its resources, and which, coupled with an aging fleet, have pushed the service to the breaking point. The Coast Guard's responsibilities include fishing enforcement, safety at sea, oil spill cleanup, and drug enforcement, to name a few. I frankly do not understand why the administration has proposed to cut the Coast Guard's budget in view of its great importance to the Nation. Therefore, I support strongly the subcommittee's increase of $200 million over the administration's September request for acquisition, construction annd improvements program.

It is also essential to keep the Coast Guard's technological capability in line with its responsibility. I therefore thank the chairman for including language in the bill that will provide for the continued operations of the research and development facility at Avery Point in Groton. Conn.

With regard to another program of importance to Connecticut, Conrail commuter services, the chairman has also been most helpful. Under Public Law 97–35, Conrail's commuter service obligations must by January 1983 be transferred to either an Amtrak subsidiary or individual commuter agencies in Connecticut, New York, Pennsylvania, Maryland, and New Jersey. Therefore, it is absolutely essential that the full $45 million recommended by the subcommittee be made available to the commuter agencies, if they are adequately to plan and implement such a transfer. In my State of Connecticut, the New Haven commuter rail service represents a major economic lifeline between New Haven and New York City, carrying nearly 23 million passengers in 1980. I appreciate the efforts of Senator D'AMATO in particular in arguing the importance of this appropriation.

With regard to railroad matters, I would also like to commend the subcommittee for making available to Amtrak the full $735 million requested for fiscal year 1982. I believe Amtrak has made steady progress in becoming a reliable and efficient transportation system. This is noteworthy given the devastating inflation rates and massive capital investment requirements which Amtrak has faced.

Further dismantling of the system would have wasted a significant Federal investment in Amtrak. I believe our concern now will, in the long run, favorably contribute to development of a balanced national transportation network by providing passenger rail service as an im-

portant energy efficient alternative for the American people.

Last, let me extend recognition to the chairman on an issue that is not specifically related to Connecticut but vitally important to me. As chairman of the Energy and Natural Resources Subcommittee with responsibility for the U.S. territories, it is my duty to safeguard the interests of those areas which have no representation here in the Senate. The territorial highways program, established by Public Law 95–599 in 1978, recognized the mutual benefits which would accrue to the United States as well as the offshore areas through road development and maintenance.

The intent of this legislation was to provide funding for this program at least through 1982. Past appropriations have provided $6 million for these activities which the House also recommended in its appropriations for fiscal year 1982. The administration, however, has proposed eliminating the program and transferring the responsibility for all road construction to the Department of the Interior.

Until authorizing legislation addressing this issue is considered and approved by this body I firmly urge Congress to commit funds to this program which is essential for the development of the economic independence of the territories. I thank Chairman ANDREWS for his recognition of this matter and the inclusion of language in the Senate report which addresses the territorial highways program.

In conclusion, I again extend my support to the chairman and ranking minority member for expeditious Senate action and successful deliberations during conference on the aforementioned programs, specifically, and the other Senate provisions, generally, included in H.R. 4209.●

(By request of Mr. ROBERT C. BYRD the following statement was ordered to be printed in the RECORD:)

● Mr. CANNON. Mr. President, I want to make clear that in not voicing objection to the DOT and related agencies appropriation bill of 1982, no one should make the error of assuming that I agree with the report which accompanies this bill.

The preamble to Report No. 97–253 contains seven pages of comments on our recent international aviation policy which present a very limited perspective of this policy and its results to date. Further, this editorial analysis was provided by a committee which does not have jurisdiction over international aviation policy and has not held a single hearing on this complex issue that would justify making such a sweeping analysis.

Not one mention is made in this report's critique of the benefits procompetitive bilaterals have reaped our Nation's passengers; no mention is made of the new cities of this country which finally enjoy international service; no mention is made of the complex and multiple causes for some of our international airlines economic troubles; no mention is made of the success of new airline entrants to international service; no mention is made of the success liberal bilaterals have brought in allowing U.S. carriers to capture almost half the growth in foreign-originating traffic; and no mention is made of who the Appropriations Committee heard from in forming its opinion.

I do not wish to be mistaken for defending every line of every bilateral negotiation over the past several years. The one consistent trait of bilaterals is that they are all different as sovereign nations create different market rules for the operation of transportation. But the philosophical theme of our bilateral strategy has for the first time in our history been a concentration on improving competitive opportunities for our carriers and our bilateral partners' carriers. That is a change I helped author in the International Aviation Competition Act of 1979, and it is a philosophical shift which must be pursued if we are to avoid even more restrictive bilaterals.

The international marketplace presents us with a highly imperfect arena for competition among airlines—I agree with that basic fact. However, that does not lead me to the conclusion that we must throw up our hands and give into the restrictive, tightly regulated approach to international aviation. Rather it means we must use our skills to negotiate better competitive opportunities whenever possible. Imperfect competition is highly preferable to imperfect regulation whenever we have the choice.

This report relies heavily on the poor financial performance of airlines to prove its thesis that procompetitive bilaterals are undesirable, yet it ignores the massive losses of international airlines in tightly regulated intra-Europe and other non-U.S. markets over the same period.

The Appropriations Committee report does not reflect the unanimous views of the Members of the Senate, and I do not believe it reflects the opinion of the Committee on Commerce, Science, and Transportation which has held many hearings over the years on this subject and continues to retain its jurisdiction over international aviation policy.

I am inserting an excerpt from testimony before the House by former CAB Chairman Cohen which presents a different view of our recent bilateral policies.

The excerpt follows:

STATEMENT OF MARVIN A. COHEN

PROCOMPETITIVE AVIATION POLICY—BACKGROUND

Before discussing the procompetitive policies of the past four years and their implementation, it is esssential to describe the position of the United States in international aviation from the late 1940's to the middle 1970's. Throughout the post war period, the United States has negotiated bilateral air transportation agreements from a position of world dominance. As a result most of our Bermuda I agreements (modeled on our original agreement with the United Kingdom) authorized the designation of U.S. carriers to serve from the United States to specific points in the foreign country. In addition our carriers had substantial beyond authority (known as 5th freedom) to operate and carry local traffic between foreign countries. Thus we could carry local traffic between London and Rome, or between Paris and Athens, for instance. Since most foreign countries have only one or two primary gateways the U.S. carriers held virtually all the route authority they needed. In contrast, most foreign governments had a limited number of coastal U.S. cities as their "access" to this country and, of course, could not carry local traffic between U.S. cities.

Over the ensuing years the foreign air carriers of our major trading partners had become more competitive and by the mid-70's their governments were clamoring either for access to more U.S. cities or for restrictions on U.S. carriers operations to create more balanced operating rights. Even with the general balance of route rights in favor of the U.S. our carriers lost market share to the growing European carriers throughout the entire period from 1970 to 1977.

These trends came to a head in 1976 when the U.K. renounced the Bermuda I agreement on the grounds of an imbalance of benefits. Negotiations were commenced during the Ford administration and concluded in June of 1977 under the Carter administration. Because our two North Atlantic flag carriers had all the route rights they needed our only negotiating strategy was one of containment—give up as little as possible. When the dust had cleared the U.S. had given up the absolute right of multiple designation—a cornerstone of our policy for 30 years, our beyond rights out of the U.K. and Hong Kong were restricted severely and Pan Am was forced to abandon the Boston gateway.

Despite these losses the administration at first believed the agreement to be a great victory because we could institute new (monopoly) service at new gateways over a six-year period. But as the problems of Bermuda II came to the fore, concerns arose both within and outside the government. Only three months after the signing of the agreement, the aviation subcommittees of both the House and the Senate held hearings on the agreement and on the future direction of our international air transport policy. There was a sense of urgency because negotiations with Japan then appeared imminent and there was great concern that precise guidelines were needed to avoid a second Bermuda II with the Japanese—a result that would clearly be unacceptable to the Congress.

A new international policy began to emerge in the course of the hearings—one that focused on the exchange of liberalizations instead of restrictions. This policy was perhaps inevitable because the only other road appeared to be the Bermuda II model based upon limited gateways capacity controls, loss of beyond rights and rigid prices which if adopted on a wide scale would have led to a stagnating system that would have penalized both users and providers of air transportation. The liberal approach, to the contrary, through provisions that allowed for marketing and pricing flexibility in exchange for offering new U.S. gateways to foreign carriers had the potential to benefit both consumers and air carriers by establishing greater access to foreign traffic and a greater variety of price and service option.

EFFECTS OF COMPETITIVE POLICY

Over the last three years we have entered into 19 new air transport agreements under these guidelines. They vary substantially in the breadth of their competitive freedom from a virtually open regime in the U.S.-Belgium market to a regime with the Peoples Republic of China involving limited bands of pricing flexibility plus phased in dual-U.S. carrier service. Wherever possible, we have attempted to eliminate discriminatory practices that have plagued our carriers for years or decades. The recent Philippines agreement represents an excellent example of how mutually beneficial arrangements can be achieved with a government that had

been severely critical of our competitive international air transportation policy. Before the agreement was negotiated Flying Tiger had been forced by the Philippines to close operations because the government would not accept wide-bodied freighter service. Negotiations resulted in Tiger's ability to introduce 747 freighter service. Moreover, the new agreement offers dual disapproval pricing, open intermediate and beyond rights for all-cargo service and contains a wide zone of pricing flexibility for passenger service. There is a limit on the total number of U.S. carriers, that may serve. But over a period of three years, entry is expanded somewhat and all restrictions on capacity are eliminated. In addition, we secured for our carriers the right to self handle a matter which has been one of our carriers' fundamental complaints under restrictive regimes.

In addition to providing expanded rights to our carriers liberal bilaterals have greatly benefitted consumers. Early liberal agreements and the success of the Laker "Skytrain" put pressures on the U.K. and the rest of Europe to loosen their restrictive policies. Before 1977 the North Atlantic regime was similar to the current intra-Europe situation. Historically, the Europeans have believed that scheduled air service is for the convenience of government employees, business executives and the wealthy who fly at coach and first class fares double or triple those in the U.S. while vacation travelers are relegated to high density charters. Until 1977 the same system operated on the North Atlantic although the scheduled carriers offered highly restricted "group fares" to compete with charters. Laker's Skytrain and our liberal agreements with Belgium and the Netherlands put pressure on North Atlantic service to become more responsive to the market.

The bleed-off traffic from Scandinavia. Germany and France to Belgium and Holland was a catalyst to the Germans to enter a more liberal agreement and forced France and the Scans to introduce and accept low fare offerings. In addition the British desire for low fare service by Laker led to acceptance of a defacto open pricing regime. Today we have world airlines serving London from Baltimore, Northwest as well as TWA from Boston and Pan Am and Air Florida from Miami.

Indeed, perhaps the most dramatic benefits of the competitive aviation policy are found in the wide-range of competitive prices and services available to the flying public and the availability of increased international service at existing gateways as well as the newer interior U.S. gateways like Atlanta, Houston, Dallas, St. Louis, Minneapolis, New Orleans, and Denver. Under the Bermuda II Agreement which was revised last year to expand service somewhat, a traveller between New York and London, for example, can choose among a range of price/service options from $200 to almost $2,000. Similarly, discounts of more than 50 percent (off of 1979 fares adjusted upward for cost changes) are widely available in our liberal bilateral markets. Furthermore, competition in liberal markets such as U.S.-Germany, forces competitive pricing by carriers serving more restrictive adjacent markets such as France.

Atlanta is an excellent example of the expanded service which directly results from the competitive aviation policy. In 1977, Atlanta had no direct service to Europe. Today, Atlanta is a major U.S. gateway to Europe served non-stop by two carriers to London, two to Germany, one to Belgium, and one to the Netherlands. Atlanta also enjoys increased service to Mexico, the Caribbean to Central America, and is one of three cities recently recommended by an administrative law judge for new service to Brazil.

The benefits of our policy for Atlanta and many other U.S. cities are extremely important to the development of local economies and industries. In addition, the increased competition provides large savings and enhanced convenience for the travelling public.

I have attached to my testimony exhibits showing (1) all the new international services introduced during the past three years under our competitive aviation policy, and (2) the range of prices available in representative international markets including the percentage discounts available to consumers.

Last week you were told that these benefits—more service on more airlines from more cities at different fare levels—would be short lived because of the government's policy which fails to recognize the "obvious" difference between domestic and foreign air transportation. They favorably compare U.S. carriers' performance in Latin America, a region dominated by illiberal agreements, with the North Atlantic. But unlike European travellers who often prefer their flag carriers, Latin Americans prefer to travel on U.S. carriers because they provide reliable and high quality service. In addition, the profitability of U.S. Latin American services has been strengthened substantially because many Latin Americans now double ticket through Miami in order to get to take advantage of the lower U.S.-Europe prices. In our opinion Pan Am and Braniff merely beg the question by saying they do better under our illiberal regime because comparing the North Atlantic to Latin America is like comparing apples and oranges. There are sound reasons to believe that an open regime in this region would substantially benefit consumers, improve the operating margins of Pan Am and Braniff, and create new opportunities for other U.S. carriers.

Unlike the Latin American markets the North Atlantic is served by carriers like British Airways, Air France, Lufthansa and KLM that have a reputation for high quality service and are actively patronized by their countrymen. In spite of this fact our carriers through their pricing and service initiatives have done relatively well.

Let's look at the 1977–1980 period. The attached chart shows the total changes in traffic mix and the U.S. and foreign flag shares of the traffic for the year ending 6/30/77 and for the year ending 6/30/80 for the major European markets. As you can see, in 1977 U.S. citizens represented 61.4 percent of the total market, while U.S. airlines carried 49.8 percent of the traffic. Over the next three years total traffic grew about 39 percent or 3.3 million passengers, U.S. citizen travel, grew very little. As a percent of the total traffic, U.S. originations declined 11.6 percentage points while the percent carried by our carriers declined only two percentage points. The U.S. carriers as a group picked up 45 percent of the growth in the foreign originating traffic and that was a lot of people—1.2 million. Over the next decade, foreign originating traffic will probably continue to grow at a faster rate than domestic originating traffic. And, if current trends continue, U.S. citizen travel will represent far less than half the international travel to and from the United States.

The decline in the U.S. carriers' share of total international traffic began in 1970. It bottomed in 1977 and improved slightly through 1979. I will not say that the improvement was caused solely by greater competition but I am convinced that the ability of our carriers to get a bigger share of growing foreign originating markets is directly linked to the increased operating and pricing flexibility obtained in recent bilaterals.

While the U.S. flag share of all international markets has declined overall, that decline is explained by the change in the composition of the traffic—namely the fact that the share accounted for by U.S. citizens has fallen more sharply. More importantly however, the share of traffic travelling on U.S. carriers in the countries with which we have concluded liberal bilateral agreements has risen consistently while, outside the unique case of Latin America, the unfavorable trends were concentrated in markets with countries with which we do not have liberal agreements.

On the transatlantic the big problem market for our carriers has been the U.K. which is governed by the Bermuda II agreement. While the agreement was expanded and liberalized to some degree last year, and pricing is relatively open, the loss of multiple designations and beyond rights limits our carriers' abilities to develop traffic originating on the continent. The U.K. market accounts for the largest percent of the north Atlantic traffic and between 1970 and 1980 our market share declined from 55 to 48 percent but the share of U.S. citizens in the total dropped even more from about 60 to about 44 percent. The total number of passengers carried by American carriers went up 29 percent, but traffic on U.K. carriers increased by 72 percent. These changes are explained in large part by the tremendous growth in U.K. originating traffic, introduction of service by two new British carriers, importantly the popularity of the Laker low fares services and the loss of traffic rights beyond London in Bermuda II. The overall situation could have been much worse on the north Atlantic had it not been for our liberal agreement with the Germans which resulted in a market share jump of 6 percentage points for U.S. carriers between 1978 and 1980.

These traffic figures suggest two rather important conclusions about our current policy direction. First, that liberal agreements do not necessarily lead to a drop in U.S. carrier market shares but rather in most instances enhance our carriers' share and second, that, at least in mature markets like the north Atlantic, the "soft" market access provisions of these agreements are now and in the future will be essential to our carriers' abilities to capture a growing share of foreign originating traffic.

The recent problems Northwest has had in entering Scandinavia are quite instructive. The U.S. has adequate route rights between our country and the Scandinavian countries but under a Bermuda I type agreement in which each government has a veto right over fares. Pan Am tried unsuccessfully for several years to compete against the state owned carrier SAS and in the early 70's abandoned the market. Northwest Orient entered the market two years ago. Since it is a more efficient carrier than SAS, and in order to market its services in Scandinavia, it wanted to offer fares lower than those charged by SAS. The Scan governments disapproved these lower fares. We retaliated by disapproving fare increases sought by SAS. Through hard negotiations, Northwest was ultimately allowed to offer some lower fares for group travel. Every six months for the past year and a half, we have gone through this negotiating process to get more pricing freedom for our carrier. Northwest tells us that in order to penetrate the Europe-originating market and to succeed in Scandinavia, it must have pricing flexibility—the ability to offer a lower quality service than SAS at a lower price than SAS charges. If we had a liberal agreement for these markets Northwest would be able to offer fares which would greatly improve its chances for success.

MARKET STRUCTURE

One of the underlying premises of Pan Am, TWA and Braniff is that they are not afraid of competition but that the economic structure of international air transportation is different from domestic. They suggest that vertical integration of transportation services and ticket reservation systems, pooling agreements and a bottomless pit of government money stacks the deck against the U.S. carriers. The benefits of those advantages

may come as a surprise to the IATA international carriers which had combined losses of over $2.0 billion in 1980. There are many similarities between domestic and international competition and second that the U.S. carriers have many competitive advantages in this country that tend to balance somewhat the cards. Lets look at some of these points.

1. New route authority: Listening to Pan Am you would be led to believe that foreign air carriers are flying helter skelter from every major city in the U.S. This of course is far from the truth. The British got more new points in the restrictive Bermuda II negotiation than any of our liberal partners have received for a more open regime. Germany got five points (phased in over four years.) But in return we preserved completely open entry for our carriers from any U.S. point to any point in Germany in addition to complete pricing flexibility from the U.S. The German market despite some very real and serious problems of discrimination has been one of the best for the U.S. carriers and for consumers over the past two years.

Flying Tiger contends that we have given away access to valuable rights such as New York to Korean airlines and Japan-U.S. 5th Freedom to Singapore for useless multiple authority and pricing flexibility. But as policy makers you realize fully that a year or two does not make history. We hope and expect that our agreements with these countries will be in place for at least a decade. Through Singapore, Korea and the Philippines we have created a much more open market in the Pacific. As the economies of the region expand our ease of access to those points will pay back important dividends to our carriers because they can readily expand service and offer a wide range of prices. True Braniff had difficult start up problems and did not succeed in Korea. Even on the best international route it takes two or three years—not merely 12 months—to establish a viable operation. Indeed shortly before Braniff pulled out its management told us that most of their early problems with the Koreans had been resolved. It is unfortunate that Braniff sought within a very short time frame to begin service to virtually every major city in the U.S., Europe and Asia in the year of the most significant rise in fuel costs and 17 percent interest rates. Surely such a strategy would be considered risky in the best of times.

2. U.S. carrier advantages: Listening to Pan Am, TWA and Braniff, you would believe that while they are denied fair competitive access to European travellers that foreign carriers have absolutely no problems here. In Europe our carriers contend they cannot compete very successfully for 5th freedom traffic—yet TWA has in the past three years operated very successfully carrying local traffic beyond Paris, Rome and Lisbon. In fact we have had to defend TWA against charges by the French, Italian and Portugese governments of unfair competition because of its success in these 5th freedom markets.

Yet at the same time foreign carriers complain because they have no right in our country to carry domestic fill-up traffic although the geographic area of the U.S. would encompass at least 18 European countries. In our negotiations in Europe and the Pacific we are constantly told that the cabotage prohibition seriously disadvantages foreign airlines. In the Pacific, for example, Philippine Airlines flies to Hawaii then to the West Coast. It deplanes a significant number of passengers at Honolulu, then must fly more than half empty the long leg to California because it can't take on local traffic. Our airlines, of course, drop off passengers in Honolulu and pick up local traffic for the trip to the Mainland. In our negotiations last year, the Philippine Government was most reluctant to give us traffic rights beyond Manila because we could not give full-up rights from Hawaii to the Mainland. In the context of an over-all package, though, we were able to secure some valuable beyonds.

I am not here suggesting that foreign carriers should have access to U.S. domestic markets, but it is readily apparent that our carriers' ability to carry local fill-up is a much greater advantage here than is the similar right in a European country. This domestic system also provides our carriers with a useful marketing advantage in providing convenient service to foreign originating passengers on a single U.S. carrier, e.g., visit USA fares. While foreign carriers can attempt to negotiate similar programs with other U.S. carriers they must dilute their international yields to remain competitive. The Japanese, Germans and other countries have objected to these fares as discriminatory.

Domestic route systems are not the only advantage available to our carriers. In addition, our carriers have much better access to and regular contact with agents who sell the majority of tickets in international air transportation. Foreign carriers have some problems getting terminal space at major U.S. gateways. For example, despite constant efforts it took Laker almost two years to get in to the main terminal at JFK. This made it very difficult to mount a competitive full-fare service against incumbents.

Finally, just as was pointed out by Pan Am and TWA, foreign carriers may serve many governmental purposes beyond the purview of providing air service. Carriers like Air France, JAL and Alitalia airways are used to promote employment and meet other domestic needs. They may employ two to three people for every one hired by a U.S. carrier. These requirements impose costs well in excess of U.S. carrier costs and place them at a serious competitive disadvantage. To the extent that those carriers may be aided by their governments it is to offset these extra costs and not to undercut the prices charged by U.S. carriers. We currently have one complaint of subsidy and predatory pricing pending at the board and the staff is now preparing recommendations for the board.

3. Benefits of Competition: Many U.S. companies in a variety of industries that compete either here or abroad against foreign companies complain about subsidies, guaranteed loans and discrimination. While some of these concerns are legitimate, if all the subsidies that were alleged actually were paid most foreign governments would be bankrupt. Fortunately the U.S. Government when presented with the option to restrict foreign competition has on the majority of occasions over the last decade remained true to the premise that free trade ultimately benefits consumers and leads to an efficient allocation of services to those industries where we have a comparative advantage. Just as under domestic deregulation, the pressures that low fare innovative carriers like Capital, Laker, World and Air Florida exert on the incumbents stimulate the market and force others to become more efficient.

Domestically we are seeing a revolution in how the airlines think and operate to be competitive. This same process is beginning to occur internationally as a result of our policies. Two and a half years ago, the great debate in international aviation was whether to liberalize, whether to move toward the more market-oriented system favored by the United States. Just as Laker's New York Skytrain service pressed us to liberalize, experience under our pro-competitive agreements with Belgium, Netherlands, and West Germany is encouraging acceptance of more competition within Europe. The discussion in much of Europe today is not whether to liberalize, but rather how to do so and at what pace.

More governments are recognizing the benefits that can flow to their carriers and their citizens from greater competition. The British, for example, have substantially opened up competition between Hong Kong and the United Kingdom and are advocating greater competition within the Common Market.

The U.K. has also issued a new policy statement on international aviation policy which stresses the importance of increased reliance on competition and has announced its intention to convert their British airways into a privately owned corporation. Last April the Select Committee on the European Communities of the House of Lords issued a report which concluded that the high level of European air fares "is a handicap to the movement of travellers in Europe" and that the European economic community "should promote competition in this field as it does in others and enable airlines to satisfy a demand that is known to exist." I understand that both the EEC and the European parliament are now investigating ways to promote competition in intra-European air service. Australia has retreated from its restrictive ICAP policy, is pursuing country of origin pricing arrangements with other countries and is studying domestic deregulation. Recently the Canadian government issued a report endorsing much greater competition—over the strident objection of Air Canada.

To step back from the current policy now would severly cripple this international trend toward competition. To end new entry here by foreign carriers and to stop awarding authority to our low-fare carriers would tend to remove the competitive pressures that benefit consumers and lead to greater efficiency. We do not hear carriers like Capital, World, TIA and Air Florida complain that they cannot earn a reasonable return on their investment or compete against government owned carriers. While they do occasionally complain about discriminatory practices, their major complaint is that they cannot introduce service in markets governed by restrictive Bermuda I agreements because the foreign governments either will not accept new entry or will allow entry but not at fares that make their services competitive.

Mr. Chairman, there is no doubt that there are U.S. carriers ready, willing and able to serve the North Atlantic market without any change in the competitive environment. Ten years ago, our major incumbent international airlines sought to limit competition on the North Atlantic by urging the government to restrict the operations of our charter carriers. Today these former charter and scheduled domestic carriers are providing scheduled service and the large incumbent airlines—are—under the guise of an attack on our aviation policies—still trying to limit their operations and discourage new U.S. entry into international markets.

The liberal international aviation policies of the past four years have resulted in agreements under which travel opportunities for the American public have greatly expanded. While 1980 was a difficult financial year for the airlines, it was just as difficult in restrictive markets as it was in competitive markets. And in previous recessions, before there was a pro-competitive policy, our airlines suffered losses comparable to the 1980 results. A retreat from current liberal policies would do great harm to the American public, and would not help our carriers. With the strong growth rate of foreign originating traffic, it will be increasingly important to protect our existing beyond rights and to increase our operational and marketing flexibility in international markets. The main thrust of American international economic policy since World War II has been toward free trade and more open markets. We have all benefitted from these policies.

Our aviation policy just as our overall trade policies, must continue to emphasize opportunities and competition—our exeperience to date has demonstrated that this policy best serves the needs of airlines and the travelling public.●

METROPOLITAN WASHINGTON AIRPORTS POLICY

● Mr. MATHIAS. Mr. President, I congratulate the chairman of the Appropriations Subcommittee on Transportation, the Senator from North Dakota (Mr. ANDREWS) in resisting the many pressures which were brought to bear on him to tamper with or otherwise foreclose implementation of a metropolitan Washington airports policy by the Secretary of Transportation.

Having been involved with the development of such a policy for several years now, I believe there were certain basic concerns that motivated all parties. The principal concerns were safety, excessive noise, and congestion at Washington National, and the encouragement of more use of Dulles Airport and Baltimore-Washington International Airport. A rational policy for Washington National Airport, the one of only two federally owned and operated airports in the Nation, must entail considerations of air safety, excessive noise to Washington area residents, and the capacity of an airport facility which dates from 1949 and the pre-jet era.

When the latest proposed policy was announced by the Secretary of Transportation on July 8 of this year, it contained the following operating features:

A total of 37 slots of scheduled air carrier service per hour;

An annual passenger ceiling of 16 million, counting all air carrier, commuter, and general aviation operations;

A curfew for scheduled airline operations banning them between the hours of 7 a.m. and 9:59 p.m., and

A 1,000-statute-mile, nonstop operating limit.

I believe those four features are key to an effective, rational policy and applauded the Secretary of Transportation at that time for having developed a policy which met the major concerns of each of the parties affected. Those four operating features, DOT told us, would not be subject to exemption, except for the evening curfew which would permit a 30-minute grace period to accommodate occasional delays enroute, usually due to weather conditions.

The subcommittee's report deals at length with the subject of a National Airport policy and provides useful information concerning the many constraints facing that airport and its operator, the FAA. I commend the subcommittee for its diligent efforts in this regard, and am confident that it will support the Secretary's original position.

The metropolitan Washington airports policy is long overdue. It is a step in the right direction, which we all hope will bring some modicum of noise relief to the thousands of Washingtonians, Marylanders, and Virginians who must endure daily the roar of jets overhead from early morning to late at night.

Citizens of the Washington region have been awaiting this decision for 10 years now, through court suits, public hearings, and false promises.

The proposed policy holds the promise that a long-term restructuring of air traffic to the Baltimore-Washington region can be achieved.

I need not remind the FAA of the safety limitations of National's short runways and approach route. Baltimore-Washington International and Dulles International are eminently more capable, with their jet-age runways, of accommodating the bigger planes. Both pilots and passengers will be better served by these two airports.

I look forward to a policy that recognizes the physical capacity limitations of National Airport, which clearly is stretched to its limits and has nowhere to grow.

I will continue to urge the FAA to conduct an origin and destination survey of passengers arriving and departing from National Airport. I think we will find that many people are there, not out of choice, but because they are captives of airline schedules, which brought them to National enroute to another ultimate destination.

The metropolitan Washington area's Members of Congress, I know share my concern in seeing this policy carried out and enforced by the Federal Aviation Administration and the air carriers.

We will remain vigilant in our watchdog role on this subject and will, I am sure, do all in our power to promote the use of the two fine jet-age airports in our respective States—Dulles International and Baltimore-Washington International.●

Mr. PACKWOOD. Mr. President, I am pleased that the transportation appropriations bill which we are considering generally recognizes the vital role the Coast Guard plays in the U.S. national interests. However, I am greatly concerned that this bill would provide $76 million less for Coast Guard operating expenses than proposed in the administration's March budget estimate.

This would have a serious impact on maritime drug enforcement, fisheries patrols, search and rescue activities, and marine safety. For example, it is anticipated that fisheries and drug law enforcement in the New England and mid-Atlantic States would be cut 65 percent, and the drug interdiction program on the west coast would incur a 90-percent reduction. Fisheries enforcement on the west coast and Alaska and vessel traffic control efforts nationally, already stretched to the limit, and would also be reduced.

This is not a time to slash the Coast Guard's operating expense budget. Because of its aging and overworked vessels and aircraft, the Coast Guard has to spend an ever-increasing amount on maintenance. Recently, 33 Senators voiced support for increased construction and acquisition funding to eventually replace this hard-pressed fleet. Fortunately, the Appropriations Committee agreed and included this amount in the bill we are considering now. I ask that this letter with the list of signatories be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, D.C., October 19, 1981.

Hon. MARK ANDREWS,
Chairman, Senate Appropriations Committee, Subcommittee on Transportation and Related Agencies, Washington, D.C.

DEAR MARK: As Chairman of the Subcommittee on Transportation and Related Agencies, you can play a key role in assuring long-overdue, adequate funding for the United States Coast Guard. We would like you to know of our strong support for full funding of the Coast Guard F.Y. 82 Authorization as passed by the Senate earlier this Session.

The Coast Guard is now in a crisis situation. At this point, it must either receive a large increase in funding and manpower or a considerable reduction in the number and variety of tasks it is required to perform under the law. The situation is serious enough that last month ABC Evening News presented a Special Report on the deplorable fiscal and physical state of the Coast Guard.

The Coast Guard has a critical statutory military obligation to provide coastal defenses. Yet it is appalling to learn that the United States Coast Guard fleet probably represents the oldest fleet of any navy or coastal service in the world. The average age of Coast Guard ships is 22 years old, with some over 40 years old. This both reduces the Coast Guard's ability to fulfill its statutory duties and endangers our men and women. The Cuyahoga, which sank in 1978 at a cost of 11 lives, was 52 years old. The ships are in such poor condition that the average vessel must spend two days in port for maintenance for each day at sea.

Over the past ten years, additional duties have been assigned the Coast Guard by Congress. These include fisheries enforcement, protection from drug smugglers, icebreaking, commercial vessel safety and pollution certification and control, environmental protection, illegal immigration patrol, and rescue duties to match our growing recreational and fishing fleets.

Yet, Congress has failed to appropriate sufficient funds to allow the Coast Guard to fulfill these duties. Fisheries enforcement on the East Coast has been cut by 60 percent and drug enforcement on the West Coast by 90 percent.

For years the Coast Guard, unlike other services, has not come to the Hill seeking ever-higher funding. Instead, it adopted a "can-do" attitude. This is no longer the case. As the ABC newscast indicated, the Coast Guard no longer "can-do" with obsolete, unsafe ships, equipment and facilities.

The bottom line is the need for additional cutters and aircraft. A major and sustained increase in authorizations and appropriations is needed to correct years of underfunding. The Senate Budget Committee also recognized this in the first Budget Resolution wherein it assumed a Budget Authority of $666 million for Acquisition and Construction. After in-depth hearings, the Commerce Committee reported a cumulative Coast Guard authorization of $1.99 billion. Central to this figure is the $537 million earmarked for Acquisition and Construction, which was accepted by the full Senate on May 4 of this year.

It is now up to your Subcommittee, in its mark-up of the 1982 Appropriations bill; to finally give the Coast Guard the support it needs to do the jobs we have given it. The Budget Committee, Commerce Committee, and full Senate have already confirmed their support of a higher funding level.

Cordially,

Bob Packwood, Ted Stevens, Charles McC. Mathias, Jr., Strom Thurmond, George J. Mitchell, Harrison A. Williams, Jr., Paul S. Sarbanes, William S. Cohen, Henry M. Jackson, Slade Gorton, Lowell P. Weicker, Jr., Paula Hawkins, Dennis DeConcini, Jesse Helms, John W. Warner, John Glenn, Alan Cranston, Howard W. Cannon, Claiborne Pell, Donald W. Riegle, Jr., Frank H. Murkowski, John H. Chafee, Paul E. Tsongas, Russell B. Long, Daniel K. Inouye, Lloyd Bentsen, Bill Bradley, Christopher J. Dodd, Carl Levin, Robert Byrd, S. I. Hayakawa, Edward M. Kennedy, Joseph R. Biden, Jr.

Mr. PACKWOOD. The Coast Guard is being asked by the Congress and the President to do more, not less, with its limited resources. The President has directed the Coast Guard to stop the flow of Haitian refugees now entering the United States by sea. Drug smuggling has become epidemic and the Coast Guard is expected to play an even stronger role in deterring this flourishing criminal activity. It is recognized that the protection of our coasts from smuggling activities has a direct bearing on our national security. Indeed, the U.S. Coast Guard is a multimission organization which is a key element in our Nation's defense.

It is also my understanding that the anticipated $88 million for pay raises will be funded by a supplemental appropriations bill, and not taken out of this already too lean Coast Guard appropriations bill.

I urge Senator ANDREWS and the other conferees to continue to reflect the very high level of support enjoyed by the Coast Guard in the Senate, and in conference add $76 million to the operations and maintenance budget to preserve the Coast Guard's operational capabilities. At the same time, there should be no reduction in the $537 million figure for much needed acquisition and construction.

EQUAL TREATMENT FOR BALTIMORE-WASHINGTON INTERNATIONAL AIRPORT

● Mr. MATHIAS. Mr. President, I support the appropriation for the Department of Transportation although it includes an item of $29.8 million to extend the Dulles Access Highway to Interstate 66 in Virginia. This represents full, 100-percent Federal funding for a limited access highway serving one of the two international airports in the Washington region.

While it is proper for the Department of Transportation to take steps to encourage use of Dulles International Airport, a wholly owned, operated, and Federal taxpayer-funded facility, I would remind Senators and the DOT of the inequity of providing 100 percent Federal funding for only one of the two regional international airports serving the Nation's Capital.

The other international airport, of course, is Baltimore-Washington International, a modern jet-age airport in which the State of Maryland has invested over $100 million to modernize and expand. BWI also handles more annual passenger traffic, 19 percent of the regional passenger load, than does Dulles which handles only 11 percent.

The irony to all this is that the oldest, smallest airport, dating from the prejet age, with the shortest runway, worst parking, and access, continues to be overused by the Nation's airlines and, therefore, overcrowded with passengers. Last year, Washington National Airport handled 70 percent of the region's annual passenger volumes.

The only bright spot to the air traffic controllers strike is that it forced FAA-mandated reduction in operations at National Airport, which has somewhat lessened this crazy imbalance.

The State of Maryland has made a significant investment in BWI over the years and has an aggressive marketing campaign to attract airlines to the airport. It is patently unfair, it seems to me, for BWI to have to compete against the only two federally owned and operated airports in the Nation—National and Dulles.

Those two airports are funded 100 percent by the Federal Government, including their access roads. BWI, on the other hand, has only received 75 percent Federal funding.

The Maryland Department of Transportation, which encompasses both the highway administration as well as the aviation administration, has long been planning a connector road to Baltimore-Washington International Airport from the Interstate 95 east to the Baltimore-Washington Parkway. It will soon be submitting an application to DOT to fund this roadway, which will contribute enormously to better access to BWI airport.

I would urge DOT to give this BWI connector road 100 percent funding, as it has given the Dulles access road.

As part of his announcement of the proposed Metropolitan Washington airports policy, the Secretary of Transportation proposed federally subsidized bus service between downtown Washington and Dulles.

Again, if Dulles is to benefit from low-cost bus service from downtown, then BWI should enjoy the same Federal treatment.

BWI currently provides 24 scheduled limousine trips per day from downtown Washington to BWI as well as door-to-door limousine services from Montgomery and Prince Georges Counties, and service from downtown Baltimore. In 1980, the operating deficit to the State of Maryland for this service was $500,000.

The U.S. Department of Transportation should share this cost, rather than unload it on the State of Maryland. The State of Virginia does not bear any cost for limousine service to Dulles. It is only fair that the taxpayers of Maryland should not have to bear the costs of a similar service to BWI, which serves the same market area.

I might note that 30 to 35 percent of BWI's passengers originate in the Washington area.

If these two complementary airports are to compete for airlines and passengers in a fair manner, neither should enjoy an unfair competitive advantage in the form of greater Federal support.

Another instance where Dulles is getting a "leg up" on BWI is in landing fees and mobile lounge fees. The Secretary of Transportation has waived those fees in an effort to attract more flights to Dulles. At the same time that FAA waived the Dulles landing fees, BWI was forced to increase its landing fees by over 50 percent.

This, again, puts BWI at a competitive disadvantage as it cannot waive its landing fees and maintain a financially-viable operation at the airport. I would note, for example, that the FAA realizes a net profit on National Airport of $10 million per year, while Dulles operates at a net annual loss of $3 million.

It would seem to me that the more appropriate way to discourage airlines from using the already overcrowded National Airport is to increase its landing fees, while retaining the current fees at Dulles and BWI. I call this to the attention of the FAA and urge it to reconsider what I believe is an unprecedented waiver of landing fees at a major airport that also happens to be owned and operated by the FAA.

There is no way any one State, in this case the State of Maryland, can operate its own airport successfully when the competition has the full weight of Federal funding behind it.

Fairness and equity as well as safety and efficiency demand that Baltimore-Washington International Airport receive the same funding from the Department of Transportation as National and Dulles receive.

I invite my colleagues to judge for themselves by trying BWI for their next flight home. I am sure they will find it convenient, uncongested, a time saver, and, most importantly, that they will agree with me that BWI deserves to receive equal treatment from the Federal Government.●

Mr. DECONCINI. Mr President, the issue of the existing procompetitive international aviation policy and its effects is presently under investigation by the Aviation Subcommittees of both Chambers. The spur for this investigation is the poor financial condition of some of our international carriers, an unfortunate circumstance shared by their foreign counterparts as well as many other industries hit by today's troubled economic climate. As the early record develops, only one conclusion is clear: That we have an extremely complex, difficult issue with numerous variables that impact upon the performance of our carriers.

Yet, Report No. 97-243 issued by the Appropriations Committee to accompany H.R. 4209 harshly condemns our procompetitive international aviation policy as the root of some of our carriers difficulties. I am deeply troubled by this report because to date there is simply no record sufficient enough to support either its sweeping conclusions or its stinging tone. I am unaware of any in depth investigation conducted by the Appropriations Committee, and the substantive committee is far from having created a record which could justify these findings. The report is more in the nature of a party pleading than it is reasoned analysis based upon a completed record.

There is no question that our Government and our citizens want a strong international aviation industry. I cannot think of a Member of this body that would not move immediately to create an environment that would permit our carriers to complete fairly and maximize their efficiency. But it is critical that we ascertain the causes of the difficulties before we devise far reaching cures which will have a negative impact for years to come on consumers who have enjoyed lower fares, on carriers who have had new route opportunities opened to them, and on the numerous satellite industries

that are supported by a healthy tourism trade which budgeoned under the present policies.

As a member of the Appropriations Committee, I reject the conclusions of the Report No. 97-253 and ask that we give the important issue of U.S. international aviation policy the thorough examination that it deserves. As an example of how much more study should go into this issue I offer for your consideration two recent articles from the International Herald Tribune and the London Times which indicate that the debate against a noncompetitive aviation system is not unique to the United States, but may be breaking as well within Europe as a reaction to the exorbitant inter-European air fares fixed by the carriers. The United States may be on the cutting edge of a broader, international debate. We should not react until we have given this issue extremely careful scrutiny.

The articles follow:

[From the International Herald Tribune, Oct. 10-11, 1981]

FIGHTING THE COSTLY SKIES OF EUROPE

(By Mary Blume)

LONDON.—Nicholas Bethell had just bought a club class ticket for a flight to Brussels. Sometimes he buys his tickets from a London bucket shop, or discount airline ticket counter, but bucket shops are no good for London-Brussels, and his busy schedule prevents him from getting a bargain from the airlines.

"If I could stay in Brussels Saturday night I could have the ticket at half price," Lord Bethell said. The week before, Lord Bethell, who is a member of the European Parliament, had flown from London to Strasbourg. "I paid almost as much as for a ticket to Washington," he said.

Even if operating costs are higher than in the United States, European air fares are staggeringly expensive. Lord Bethell is one of the few people trying to do something about it. He has started a campaign called Freedom of the Skies to break down what he calls the air-fares cartel and he has brought the EEC Commission before the European Court in Luxembourg for failing to enforce Articles 85 and 86 of the Treaty of Rome.

The struggle for cheaper air fares within Europe was backed by the British government Thursday when Trade Secretary John Biffen urged the European Commission to end price-fixing, to liberalize air fares and to enforce Treaty of Rome provisions guaranteeing free competition. The British statement in effect lends official support to private efforts within the Community to reduce fares, the most prominent of which is Lord Bethell's.

TAKING AIM AT IATA

Article 85 forbids restriction of competition within the Common Market countries. Lord Bethell's argument is that the national airlines fix fares and that their governments rubber-stamp the decisions. The agency through which the fixing is done, he says, is IATA, the International Air Transport Association.

"If my action succeeds," he said, "IATA will be more or less out of business."

Speaking by telephone from IATA headquarters in Geneva, spokesman David Kyd suggested that Lord Bethell was simply choosing IATA as a visable target and stated that the attempt to reduce air fares was a political move by the British government which its European partners are unlikely to accept.

Kyd denied Lord Bethell's charges of price-fixing and rubber-stamping and stated that his fare comparisons are misleading. For the present IATA argues that the treaty excludes air travel because it makes no specific mention of it.

Lord Bethell had a small victory last July when the European Commission stated, in response to his appeal, that an inquiry would be held to see whether European governments were breaking the law by simply rubber-stamping air tariffs fixed by the airlines. The commission has directed Common Market governments and airlines to reveal details of price-fixing procedures by next Friday or face a fine.

Arguing that the Commission's action was too little and too late, Lord Bethell proceeded with his court case. If the European court rules in his favor, he said, "the present system of price-fixing will be illegal, various national legislation will be illegal under European law, and the Commission will have to enforce the decision because European law takes precedence over national law."

The problem right now is financing the court case. "Specialists in Community law don't come cheap," Lord Bethell said. He is trying to raise £25,000.

On a London-Brussels flight last summer, which was happily covered by The Times of London, Lord Bethell won statements of approval from fellow passengers Gaston Thorn, president of the EEC Commission ("Fares in Europe are certainly too high"), and from Joseph Luns, secretary-general of NATO ("The Brussels fare is very expensive"). But in general he has had little active European support on this very European problem.

"I've seldom come across people who disagree with what I do, but there's a gap between agreeing intellectually and giving them time and money.

"Other parliamentarians say we would like to join you but our governments wouldn't like it. Many of them have trade union backing, which is a conservative influence, and more than a handful are consultants to the airline industry—Lufthansa, Air France, etc. And a few, I suppose, would be suspicious of what I am trying to achieve because they would detect in it a sinister British plot to corner the airline market, in which we have a good start. To which I say either we have a Common Market or we don't."

Lord Bethell, who was talking in his London home, estimates that he has spent £45,000 on air fares in his five years as a Euro MP, sometimes paying three times as much for a ticket as the person next to him.

Lord Bethell argues that if European airlines were obliged to compete as American airlines do, the consumer would benefit. At present according to his figures from last April, London-Rome costs more than three times as much as Dallas-Tampa, roughly the same distance, and on some routes it is cheaper for an American businessman to fly to a European capital than it is for his European competitor.

"It is cheaper right now," Lord Bethell said, "to fly from London to New York, or even Hong Kong, than from London to Stockholm."

According to Lord Bethell, the Belgian national airline, Sabena, uses its high-priced London-Brussels fare to subsidize flights to Zaire, the former Belgian Congo, while Air France is notoriously self-protective at a high cost to French consumers.

"The French haven't woken up to the fact that they're being taken for a ride, in more ways than one," he said. In a statement last month, French Transport Minister Charles Fiterman said, "France is very attached to the existing system of multi-company agreements."

The British have been most susceptible to Lord Bethell's arguments, partly because they are geographically more dependent on airplanes than many Europeans. It takes 2½ hours by TEE train from Paris to Brussels, more than 10 hours by surface transport from London. Also thanks to Britain's handful of independent airlines, the British have seen that fares can indeed be dramatically reduced.

ADMIRATION FOR LAKER

Lord Bethell says he admires Sir Freddie Laker, who is also attempting a court action to reduce fares: "I think what he did on the transatlantic route is fantastic. He opened up America to the British and Britain to Americans in a way that is revolutionary. I'd like to see the same easy travel to the countries of Europe."

Another beef he has against IATA is that lack of competition enables the airlines to ignore the customer's comfort. Lord Bethell, who stands 6 feet 2 and weighs 200 pounds, is especially irritated by IATA regulations on seat pitch.

"What's so iniquitous about IATA is that most trade organizations are there to police the enterprises and to lay down minimum standards from the consumer's point of view, but IATA lays down maximum standards. It says you must not have more than 34 inches between your seat and the seat in front. In other words, it's an anti-consumer organizations."

Lord Bethell hopes the European court will hear his case early next year. "It's true that it's a bit of a David and Goliath war," he said. "But I am naive enough to think justice will prevail."

[From the Times (London), Oct. 5, 1981]

AIR FARES: EEC DEADLINE ON PRICE-FIXING

(By Arthur Reed)

Governments and airlines in the European Community have been told by the European Commission that they must reveal details of price-fixing on fares and other cartel-like practices by Friday week. If they do not comply, they risk being fined.

The action is being taken after an initiative by Lord Bethell, MEP for North-West London, who is pressing through his "freedom of the skies" campaign for cheaper fares, more competition and fewer restrictive practices on European air routes. He is taking the Commission to the European Court of Justice in Luxembourg alleging that it has failed to stop such practices between governments and airlines.

In its letter to the 10 Community governments the commission asks for information on the precise practice of price-fixing procedures to be provided in such a manner to distinguish the respective roles of the airlines and the aviation authorities. It also demands information on agreements between governments on equalizing seating capacity on air routes, and authorizations to airlines to conduct pooling agreements under which the capacity and revenue on various routes are shared.

The airlines are asked to provide details of agreements with other airlines on price-fixing, capacity-sharing, pooling agreements, baggage allowances, in-flight meals, seat dimensions and prohibitions on giving publicity to concessionary fares. These, the commission's letter says, may be contrary to Article 85 of the EEC Treaty.

In his submission to the Community which led to the letters to the governments and airlines, Lord Bethell said that there was almost no competition between scheduled airlines in the Community, that there was no difference between the terms offered to the public by the airlines, and that in matters such as the distance between seats, competition was also almost non-existent.

The submission said: "We consider air fares are fixed between airlines, and that any government involvement is at most in the

nature of a rubber stamp. It does not accord with knowledge and experience to pretend that each of the exorbitant international air fares in the Common Market has been arrived at independently by one or more governments and imposed on the airlines."

Lord Bethell pointed out that a select committee of the House of Lords on air fares had concluded as one of the facts of the airline industry that European governments generally endorsed without question the tariffs agreed by their airlines through the International Air Transport Association.

Lord Bethell said yesterday: "Eight of the ten Governments of the community seem determined to preserve the status quo and high fares.

"Only the British and Dutch Governments want competition and low fares, and although I believe these two governments sympathize to a great extent with what I am trying to do, they are reluctant to upset the other eight by supporting my case.

"I believe the time has come when the British Government should come out of the closet over this and make it clear where they believe the interest of the British public lies."

The British Government is expected to make clear its position on European air fares in a statement later this week.

Mr. DENTON. Mr. President, I am pleased that the Senate Appropriations Committee deleted language from H.R. 4209, the transportation appropriations bill, which would prohibit the use of funds to enforce certain provisions in the Reagan administration's Washington National Airport policy. Included in this policy is an extension for nonstop flights to and from Washington National Airport from 650 miles to 1,000 miles. This action will allow Birmingham, Ala., to be included among the "grandfathered" cities to receive this service.

In the mid-1960's the Civil Aeronautics Board approved an agreement submitted by the Air Transport Association to limit nonstop flights to and from Washington National Airport to 650 miles, except for seven grandfathered cities. The implementation of that proposal restricted Birmingham from receiving nonstop service to Washington National, even though the city of Birmingham contended that its airport was within the 650-mile limit. I feel that this restriction placed undue hardship on the citizens of Birmingham and the State of Alabama.

Mr. President, I am hopeful that the Senate's position regarding the administration's Washington National Airport policy will prevail during consideration of H.R. 4209 in conference.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. BAKER. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from North Carolina (Mr. EAST), and the Senator from Arizona (Mr. GOLDWATER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Hawaii (Mr. INOUYE), the Senator from Ohio (Mr. METZENBAUM), and the Senator from New Jersey (Mr. WILLIAMS), are necessarily absent.

I further announce that the Senator from West Virginia (Mr. RANDOLPH), is absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH), would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 77, nays 15, as follows:

[Rollcall Vote No. 352 Leg.]

YEAS—77

Abdnor	Glenn	Murkowski
Andrews	Gorton	Nunn
Baker	Hart	Packwood
Baucus	Hatfield	Pell
Bentsen	Hawkins	Percy
Biden	Heinz	Pressler
Boren	Hollings	Pryor
Bradley	Huddleston	Quayle
Bumpers	Jackson	Riegle
Burdick	Jepsen	Rudman
Byrd, Robert C.	Johnston	Sarbanes
Chafee	Kassebaum	Sasser
Chiles	Kasten	Schmitt
Cochran	Kennedy	Simpson
Cohen	Laxalt	Specter
Cranston	Leahy	Stafford
D'Amato	Levin	Stennis
DeConcini	Long	Stevens
Denton	Lugar	Thurmond
Dixon	Mathias	Tower
Dodd	Matsunaga	Tsongas
Dole	Mattingly	Wallop
Domenici	McClure	Warner
Durenberger	Melcher	Weicker
Exon	Mitchell	Zorinsky
Ford	Moynihan	

NAYS—15

Armstrong	Grassley	Nickles
Byrd, Harry F., Jr.	Hatch	Proxmire
	Hayakawa	Roth
Danforth	Heflin	Symms
Eagleton	Helms	
Garn	Humphrey	

NOT VOTING—8

Boschwitz	Goldwater	Randolph
Cannon	Inouye	Williams
East	Metzenbaum	

So the bill (H.R. 4209) was passed.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ANDREWS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ANDREWS. Mr. President, I move that the Senate insist on its amendments and requests a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. SIMPSON) appointed Mr. ANDREWS, Mr. HATFIELD, Mr. COCHRAN, Mr. ABDNOR, Mr. KASTEN, Mr. D'AMATO, Mr. CHILES, Mr. PROXMIRE. Mr. STENNIS, Mr. ROBERT C. BYRD, and Mr. EAGLETON conferees on the part of the Senate.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1982

The PRESIDING OFFICER. Under the previous order the clerk will state H.R. 4144, the Energy and Water Development Appropriation Act of 1982.

The legislative clerk read as follows:

A bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

Mr. HATFIELD. Mr. President, I yield to the Senator from Mississippi for a statement.

Mr. STENNIS. Mr. President, I thank the Senator very much.

Mr. President, for the information of all Senators we have sent out a notice in writing to each Senator that in the Mansfield Room, which is No. 207, around the corner here, a short 10-minute film of the Tennessee-Tombigbee construction work will be shown beginning at 3:30 p.m. and every Senator, of course, is invited together with one staff member of his or her choice, and at 4 p.m. we will run that film again.

I repeat it is a 10-minute film in room 207 on this floor, in this building, just around the corner in the Mansfield Room, so-called, and that is where his portrait is. The first time is at 3:30 p.m. and the second time at 4 p.m.

I thank the Senator for yielding time to me.

Mr. HATFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. Is it necessary at this point to move that the Senate proceed to the consideration of H.R. 4144?

The PRESIDING OFFICER. That bill has already been laid before the Senate.

Mr. HATFIELD. I thank the Chair.

Mr. President, I am pleased to bring before the Senate today, H. R. 4144, the annual energy and water development appropriation bill for the fiscal year ending on September 30, 1982. The bill as recommended by the committee provides $12,418,611,000 in new budget authority for energy and water development through the activities of the Department of Energy, Corps of Engineers, Bureau of Reclamation, and several independent agencies. The amount of the reported bill is nearly $1 billion in budget authority lower than the President's original budget estimate, and $771,063,000 below the House passed version. The total for the bill is just $322.064,000 above the September revised budget estimate. Although the proposed reductions are significant, I believe we have fashioned a responsible, fair, and balanced appropriations measure.

Before proceeding with more detail, I commend all the members of the subcommittee and the full committee, but particularly the Senator from Louisiana, Senator BENNETT JOHNSTON, the ranking member of the subcommittee. As the

former chairman of this subcommittee and in his leadership role on the Energy Authorizing Committee, Senator JOHNSTON has developed an expertise and depth of understanding of these programs that is truly remarkable. I take this opportunity to express my appreciation to him and his fine staff, particularly Proctor Jones, for their extraordinary skill and devotion in developing this legislation. As in previous years, this has been a nonpartisan and harmonious working relationship which I believe results in a balanced proposal that should have overwhelming support in the Senate.

The committee recommendation is the result of long hours of testimony from agency officials and private citizens during 27 sessions of hearings and two markup sessions.

I know of no other committee that has more citizen participation—State and local government officials, conservation organization, professional groups, and hundreds of citizens at large from throughout the United States.

I believe this subcommittee would rank high in interest among Members of Congress also. The subcommittee received over 250 individual written requests from Senators and Congressmen.

While we cannot agree to support all these items, I believe we have been consistent and responsive to our colleagues' priority requests and to the urgent national priorities of energy and water development.

I must reemphasize a fact everyone is keenly aware of—that the committee is under extreme fiscal restraint this year. We also had the dubious pleasure of dealing with two separate executive branch budget proposals. After the dust settled, the committee unanimously adopted a bare-bones, but equitable, bill which reflects this fiscal restraint. It is just within the informal targets established by the full committee for this bill.

Mr. President, the recommendation before us today provides $3.7 billion for Federal water resource development programs. This includes projects and related activities of the U.S. Army Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority. This water development program provides capital investment funding—capital investments with lasting benefits to the Nation in the areas of flood control, municipal and industrial water supply, irrigation, water conservation, commercial navigation, hydroelectric power, recreation, and fish and wildlife enhancement.

Despite the impressive benefits of these projects, the process through which these capital investments are authorized and made eligible for funding has been delayed to the point of creating a slow death to the water resource development program. For example, the last major construction bill for the Corps of Engineers was enacted in 1970. This type of delay in the authorization process has now and will continue to have serious impact in the 1980's.

The Appropriations Committee is under increasing pressure to fill this void created by the lack of authorizing legislation and to provide project authorizations for some of these critical projects. As stated in the report accompanying this bill, the committee wants to underline the importance of timely authorizations for these priority, capital investment projects that contribute to the strength and vitality of this Nation.

In the energy area, the committee recommends approximately $8.1 billion for the Department of Energy. While most of the activities of the Department have been reduced substantially, there is an overall increase over fiscal year 1981 levels due to a large jump in atomic energy defense activities. There is an increase of $1 billion in the weapons program above last year's level.

The committee recommendation for these energy defense activities is about $4.7 billion, 38 percent of the amount provided in the entire bill. Total funding for the nuclear defense program is nearly twice that provided for energy supply, research, and development.

Frankly, I believe our priorities in the energy area are misplaced. I submit that energy security and independence is every bit as important to our national strength and security as is our nuclear arsenal and nuclear stockpile. It is not an either/or proposition, of course, but we must move away from our tendency to think of our national security only in terms of hardware and sophisticated weapons.

In view of these concerns, I would support further decreases in the energy defense area. But the committee felt that substantial increases were justified. The committee recommendation reflects large increases for the nuclear weapons program with some modest reductions to the budget request, totaling 3.4 percent overall, to insure more efficient use of the large increases provided.

In conclusion, Mr. President, I believe, on balance, this is a fair, responsible, and lean bill. I would hope for expeditious action by the Senate.

Mr. President, I ask unanimous consent that following these remarks there be printed in the RECORD a summary of the bill, bill highlights, and comparative table of budget authority.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF ESTIMATES AND RECOMMENDATIONS

The President's amended fiscal year 1982 budget estimates for this bill total $12,096,547,000 in new budget (obligations) authority. The recommendation of the Committee totals $12,418,611,000. This is an increase of $322,064,000 over the amended budget estimates and $771,063,000 below the House bill. The following table summarizes appropriations for fiscal year 1981, the budget estimates, the House amounts, and the Committee recommendation for fiscal year 1982:

	1981 enacted to date	1982 budget estimates	1982 House bill	Committee recommendation	Recommendation compared with—		
					1981 enacted	1982 budget estimates	1982 House bill
Title I—Department of Defense—Civil	$3,093,184,000	$3,128,400,000	$3,163,202,000	$2,891,821,000			
September budget revisions		−375,408,000					
Total	3,093,184,000	2,762,992,000	3,163,202,000	2,891,821,000	−$201,363,000	+$138,829,000	−$271,381,000
Title II—Department of the Interior	785,885,000	842,949,000	838,588,000	757,661,000			
September budget revisions		−101,155,000					
Total	785,885,000	741,794,000	838,588,000	757,661,000	−28,224,000	+15,867,000	−80,927,000
Title III—Department of Energy	7,492,674,000	8,796,363,000	8,363,425,000	8,085,855,000			
September budget revisions		−775,052,000					
Total	7,492,674,000	8,021,311,000	8,363,425,000	8,085,855,000	+593,181,000	+64,544,000	−277,570,000
Title IV—Independent agencies	969,110,000	642,575,000	824,459,000	683,274,000			
September budget revisions		−62,125,000					
Total	969,110,000	580,450,000	824,459,000	683,274,000	−285,836,000	+102,824,000	−141,185,000
Subtotal, March budget request	12,340,853,000	13,410,287,000	13,189,674,000	12,418,611,000			
September budget revisions		−1,313,740,000					
Grand total of the bill	12,340,853,000	12,096,547,000	13,189,674,000	12,418,611,000	+77,758,000	+322,064,000	−771,063,000

ATOMIC ENERGY DEFENSE ACTIVITIES

The amount recommended in the bill includes $4,680,550,000 for atomic energy defense activities. Major programs and activities include:

Inertial confinement fusion	$115,725,000
Weapons activities	2,496,550,000
Nuclear materials production	881,700,000
Defense waste management	386,600,000

ENERGY SUPPLY, RESEARCH, AND DEVELOPMENT

The bill recommended by the Committee provides a total of $2,302,119,000 for energy supply, research, development and demonstration programs including:

Solar energy	$253,350,000
Geothermal energy	64,866,000
Hydropower	3,000,000
Nuclear fission	1,042,770,000
Magnetic fusion	452,000,000
Environmental	224,800,000
Basic energy	308,111,000

GENERAL SCIENCE AND RESEARCH

The Committee recommendation also provides $534,360,000 for general science and research activities in life sciences, high energy physics and nuclear physics including:

Life science and nuclear medicine applications	$50,500,000
High energy physics research	369,600,000
Nuclear physics	112,900,000

REGULATORY AND OTHER INDEPENDENT AGENCIES

Also recommended in the bill is $877,850,000 for various regulatory and independent agencies of the Federal Government. Major programs and activities include:

Appalachian regional development programs	$83,000,000
Federal Energy Regulatory Commission	73,677,000
Nuclear Regulatory Commission	465,700,000
Tennessee Valley Authority	124,162,000
Water Resources Council	6,730,000

WATER RESOURCES DEVELOPMENT

The Committee has also recommended appropriations totaling approximately $3,700,782,000 for Federal water resource development programs. This includes projects and related activities of the U.S. Army Corps of Engineers—Civil, the Bureau of Reclamation, and the Tennessee Valley Authority. The Federal water resource development program provides lasting benefits to the Nation in the areas of flood control, municipal and industrial water supply, irrigation of agricultural lands, water conservation, commercial navigation, hydroelectric power, recreation, and fish and wildlife enhancement.

Major programs related to water resources development include:

Corps of Engineers—Civil:	
General investigations	$132,575,000
Construction activities	1,416,992,000
Operations and maintenance activities	1,074,321,000
Bureau of Reclamation:	
General investigations	30,596,000
Construction activities	551,505,000
Operations and maintenance activities	116,018,000
Tennessee Valley Authority:	
Construction activities	30,046,000
Operating expenses	17,431,000

Mr. HATFIELD. Mr. President, I yield to the distinguished ranking member of the committee, Senator JOHNSTON.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, first of all, I thank my distinguished chairman for his very kind remarks.

Mr. President, it is a pleasure for me to join with the distinguished chairman of the Committee on Appropriations, the senior Senator from Oregon, who is also chairman of our Subcommittee on Energy and Water Development Appropriations, in presenting this bill, H.R. 4144, providing appropriations for energy and water development for fiscal year 1982. We ask for your favorable consideration in approving this measure as recommended by the committee.

I join the chairman in commending the members of the subcommittee and the full committee and expressing our appreciation and thanks, and I thank our chairman, again for his kind and generous remarks and references to me. I particularly want to commend him for his vigorous leadership in the committee and subcommittee, especially under such trying conditions and circumstances as we have had to deal with this session in fashioning the budgets for the fiscal year. We appreciate even more his exemplary temperament and fairness, his strong sense of purpose, and his fidelity and responsibility to the congressional role in the budget and appropriations process.

I also want to thank and commend the members of the staff, of course, our professional staff member on this side, Proctor Jones, an old hand at this; Steve Crow, the professional staff member on the majority side, along with Dave Gwaltney, and Gloria Butland, who have been with us and who have done such a great job. We have a great team on this subcommittee. It is bipartisan. We have great leadership and a great staff, and I am proud to be a part of it.

Yes, I agree with our chairman's remarks concerning our subcommittee. As in past years, we have worked together—both members and staff—without any trace of partisanship to fashion a bill that helps meet the present and future needs of our Nation. I, particularly, concur with the remarks of the distinguished Senator from Oregon concerning our water resource development projects and activities and the concern he has expressed regarding these highly important capital investments being delayed more and more to the point of creating slow death to the program. I pledge my continued cooperation and support in helping to find some solution to this very serious institutional problem.

Mr. President, the bill before the Senate today would provide $12,418.611,000 in new budget obligational authority to the Army Corps of Engineers, the Bureau of Reclamation, the Department of Energy, and six independent agencies and commissions. Inasmuch as the distinguished chairman has already reviewed the highlights of the bill, I will not repeat the various recommendations and levels of appropriations contained in the bill.

I support H.R. 4144, as reported from the Senate Appropriations Committee. The reported bill is almost $1 billion below the March budget estimates presented to the committee; almost $800 million below the bill as passed by the House, but about $80 million over the 1981 appropriations bill. Not only did we stay within the subcommittee budget authority 302(a) allocation, but we are under our outlay allocation by almost $400 million. We are over $1 billion under our budget authority allocations.

If our economy were in better shape, Mr. President, and our budget situation were in better control, I personally would prefer to fund many of these programs at higher levels. However, these are austere times and I believe the committee's action is responsive to this need by remaining responsible to the national needs these programs represent.

When one considers that we have about a 30-percent increase over the fiscal year 1981 level for the atomic energy defense activities—the nuclear weapons program which is a defense function—over a billion dollars actual increase from fiscal year 1981 to 1982 and the fact that the bill is only $77 million total over fiscal year 1981 levels, it is not difficult to discern that we are having deep and severe cutbacks in other activities, particularly, water resources development and energy supply research and development.

This, of course, is cause for concern as these resources are this Nation's lifeblood, because only with secure supplies and careful management of these, our most important resources, can our Nation be assured of a secure, stable, and prosperous future, and the wise use, development and management of these resources for current needs and thoughtful conservation for future needs are essential.

In sum, Mr. President, with bipartisan support and cooperation, the committee has reported a responsible and responsive bill. We have made some tough decisions, but I believe that the Senate will find after close review that this is a good bill and I urge the Senate to approve it.

I yield the floor.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall have been considered to have been waived by agreeing to this request, and I do have some exceptions. These are exceptions as to agreeing to the committee amendments en bloc and which are the ones, we understand, which will have amendments offered by Members; and the exceptions are the amendments appearing on page 3, line 5; page 19, line 2; page 20, line 13; page 24, line 5; page 37, lines 15 through 17.

These are basically exceptions with respect to the Corps of Engineers, general construction; DOE operating expenses, energy supply R. & D.; DOE operating expenses, atomic energy defense activities; DOE plant and capital equipment, atomic energy defense activities; and section 507 under title V, general provisions, which relates to TVA. Those are the only ones we know of with any amendments thereto.

The PRESIDING OFFICER. Is there any objection?

Mr. JOHNSTON. Mr. President, reserving the right to object, I wonder if the distinguished chairman would amend that by stating that these are reserved from consideration, but that any of those excepted amendments may be laid aside by agreement between the majority floor manager and the minority floor manager. Absent such an agreement I think you have to have unanimous consent to

bring up anything other than those excepted amendments and in the order in which they are stated, which can be a cumbersome thing. I think it would expedite the situation to have permission to lay those aside by agreement.

Mr. HATFIELD. Mr. President, I would so amend my unanimous-consent request.

Mr. METZENBAUM. Mr. President, reserving the right to object, would the Chair be good enough to state what the unanimous-consent request was?

The PRESIDING OFFICER. That all committee amendments except those on page 3, line 5; page 19, line 2; page 20, line 13; page 24, line 5; page 37, lines 15 through 17 be agreed to and considered original text with no point of order waived.

Mr. HATFIELD. Mr. President, if the Senator will yield, we are not foreclosing any right of any Senator. This is ordinary procedure that we follow in these appropriations measures to get the committee amendments adopted en bloc. Again, as I say, this does not foreclose any rights of Senators.

Mr. METZENBAUM. What was the request?

Mr. HATFIELD. The exceptions we listed were merely to give emphasis to where we understand there will be amendments offered by Members. It merely underscores it. It is not a matter of increasing the rights or decreasing the rights, diminishing or increasing rights.

Mr. METZENBAUM. What was the import——

The PRESIDING OFFICER. May I remind the Senator that it was further provided that the two Members who are the floor managers would determine further whether the amendments would be set aside or not?

Mr. METZENBAUM. It is in that area that I am reserving my right to object, and I really have no desire to object. But why, assuming any Member would have brought up an amendment, would that amendment be set aside without his consent and upon the agreement of the majority and minority managers of the bill?

The PRESIDING OFFICER. The agreement is to allow the committee amendments to be set aside.

Mr. HATFIELD. Not floor amendments.

Mr. METZENBAUM. Did I not understand my friend from Louisiana——

Mr. JOHNSTON. May I explain?

Mr. METZENBAUM. Please.

Mr. JOHNSTON. Under the rules as long as any committee amendment is excepted from consideration, that amendment must be the next pending business and in the order in which excepted. Suppose there are three amendments excepted, A, B, and C. Then other amendments are not in order except by unanimous consent. You have to dispose of amendment A, and then after you dispose of that amendment, you dispose of amendment B.

All we are saying is that it ought to be in order to set those aside not just by unanimous consent but by agreement, the committee amendments by agreement, of the majority and minority floor managers in order that if there is a Metzenbaum amendment, it may come up, you may allow it to come up, without getting unanimous consent each time.

Mr. METZENBAUM. I did not understand. You are saying only the committee amendments could be set aside?

Mr. JOHNSTON. Yes.

Mr. METZENBAUM. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc follow:

On page 2, line 15, strike "$154,114,000", and insert "$132,575,000";

On page 2, line 16, strike the colon, through and including line 21;

On page 3, line 11, strike "$278,598,000"; and insert "$256,310,000";

On page 4, line 7, strike "$1,110,909,000", and insert "$993,355,000";

On page 4, line 15, strike "$95,440,000", and insert "$87,805,000";

On page 4, line 19, strike "$5,200,000"; and insert "4,784,000";

On page 6, strike line 7, through and including line 19;

On page 6, line 20, strike "104.", and insert "102.";

On page 7, line 1, strike "105.", and insert "103.";

On page 7, strike line 13, through and including line 21, and insert the following:

SEC. 104. Funds herein or hereinafter appropriated in this title for the Chetco River, Oregon navigation project, authorized by the 1945 River and Harbor Act, as amended and modified, shall be used to design and construct further modifications to that project in accordance with the Report of the Chief of Engineers, dated May 2, 1977.

On page 8, line 3, strike "108.", and insert "105.";

On page 8, strike line 11, through and including line 19, and insert the following:

SEC. 106. The Chief of Engineers is hereby directed to raise the dam at Lake Darling, North Dakota, by approximately four feet and to implement upstream and downstream flood control measures.

On page 9, line 14, strike "$36,744,000", and insert "$30,596,000";

On page 9, line 15, strike "$36,544,000", and insert "$30,396,000";

On page 9, line 16, after "fund", insert the following: *Provided*, That of the amount herein appropriated not to exceed $50,000 shall be available to initiate a rehabilitation and betterment program with the Farmers Irrigation District to rehabilitate facilities under the Act of October 7, 1949 (63 Stat. 724), as amended, to be repaid in full by the lands served and under conditions satisfactory to the Secretary of the Interior.

On page 10, line 3, strike "$605,258,000", and insert "$548,505,000";

On page 11, line 1, after "monument", insert the following: *Provided further*, That (i) the Secretary of the Interior is directed to proceed with construction of the initial stage of the Garrison Diversion Unit as provided by the Act of August 5, 1965 (Public Law 89-108) notwithstanding the Stipulation and Order of May 11, 1977, referred to at page 80 of Senate Report No. 95-301, and any subsequent court order in respect of the May 11, 1977 Stipulation and Order; (ii) none of the funds appropriated in this Act for the Garrison Diversion Unit shall be used for the acquisition of mitigation lands by condemnation, or for the construction of features affecting waters flowing into Canada: *Provided further*, That of the amount herein appropriated under the Central Arizona Project, $2,000,000 shall be available for preconstruction activities on distribution systems pursuant to the Distribution Act of July 4, 1955, as amended.

On page 11, line 22, strike "$128,606,000", and insert "$116,018,000";

On page 12, line 16, strike "$24,580,000", and insert "$22,614,000";

On page 12, line 20, strike "$28,888,000", and insert $26,922,000";

On page 13, line 7, strike "$43,400,000"; and insert "$39,928,000";

On page 17, line 18, beginning with "None", strike through and including "rights" on line 20, and insert the following: Appropriations in this title shall be available for acquisition of land for the McGee Creek Project, Oklahoma: *Provided*, That land required for the dam, dike, and any other authorized permanent features shall be acquired in fee title (surface and minerals): *Provided further*, That mineral and subsurface interests may be acquired in the conservation pool area of the reservoir and in the natural scenic recreation area in such a manner as to allow the mineral owner the right to explore for and extract minerals under restrictions required to protect the project: *Provided further*, That only the surface estate be acquired for any other lands required for the McGee Creek Project.

On page 18, strike line 8, through and including line 18;

On page 19, line 3, strike "Provided", through and including "96-368" on line 6, and insert the following: *Provided*, That $1,300,000 of the funds provided herein shall be for the Region X wood-derived fuels program and transferred to the Bonneville Power Administration for obligation and expenditure.

On page 20, line 7, strike "$431,060,000", and insert "$411,060,000";

On page 19, strike line 11, through and including line 2 on page 20;

On page 20, strike line 16, through and including line 23;

On page 20, line 25, beginning with "general", strike through and including "functions" on page 21, line 1, and insert the following: "departmental administration".

On page 21, line 4, after "vehicles", insert the following: "and official reception and representation expenses (not to exceed $35,000)";

On page 21, line 6, strike "$353,252,000", and insert "$375,368,000";

On page 21, line 17, strike "$185,352,000", and insert "$207,468,000";

On page 22, line 7, strike "$350,000,000", and insert "$332,200,000";

On page 22, strike line 9, through and including line 6 on page 23;

On page 23, line 17, strike "$128,300,000", and insert "$118,300,000";

On page 24, after line 16, insert the following:

URANIUM SUPPLY AND ENRICHMENT ACTIVITIES

For expenses of the Department of Energy in connection with operating expenses; the purchase, construction, and acquisition of plant and capital equipment and other expenses incidental thereto necessary for uranium supply and enrichment activities in carrying out the purpose of the Department of Energy Organization Act (Public Law 95-91), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; purchase of passenger motor vehicles (not to exceed 23 for replacement only); $1,811,000,000, to remain available until expended of which $1,805,000,000 shall be derived from revenues received from the enrichment of uranium as authorized by section 111(h) of Public Law 93-438, as amended, notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484): *Provided*, That within the limits of this appropriation, obligations may be incurred in advance of uranium enrichment revenue collections and shall be liquidated from such collections.

On page 26, line 5, strike "$1,000", and insert the following: $2,000; and for the pur-

pose of providing funds for purposes specified in the Pacific Northwest Electric Power Planning and Conservation Act (Public Law 96-501) $1,250,000,000 borrowing authority, to remain available until expended.

On page 26, line 12, strike "$2,400,000", and insert "$40,000,000";

On page 28, line 14, strike "$78,677,000", and insert "$73,677,000";

On page 28, strike line 18, through and including line 24, and insert the following:

For administrative expenses of the Geothermal Resources Development Fund, $200,000, to remain available until expended; and for carrying out the Geothermal Loan Guarantee and Interest Assistance Program as authorized by the Geothermal Energy, Research, Development and Demonstration Act of 1974 (Public Law 93-410), $2,000,000, to remain available until expended: *Provided*, That not to exceed $2,000,000 from the Fund shall be available for interest differential payments in fiscal year 1982: *Provided further*, That the amounts remaining in the Fund shall be used as a default reserve for loan guarantees to be issued pursuant to section 201 of title II of Public Law 93-410, as amended.

On page 31, line 22, strike "$200,000,000", and insert "$83,000,000";

On page 31, line 23, strike "$140,000,000", and insert "$60,000,000";

On page 33, line 7, strike "$477,534,000", and insert "$465,700,000";

On page 34, line 8, after "October 3, 1980", insert the following: or to require any State to adopt such requirements in order for the State to continue to exercise authority under State law for uranium mill and mill tailings licensing, or to reinstate NRC regulatory authority for uranium mill and mill tailings licensing in any State that has acted to exercise such authority under State law: *Provided, however*, That the Commission may use such funds to continue to regulate byproduct material, as defined in section 11 e. (2) of the Atomic Energy Act of 1954, as amended, in the manner and to the extent permitted prior to October 3, 1980.

On page 35, line 12, strike "$140,743,000", and insert "$124,162,000";

On page 35, strike line 15, through and including line 21, and insert the following:

WATER RESOURCE PLANNING

For the Water Resources Council for salaries and related expenses necessary in carrying out the provisions of the Water Resources Planning Act of 1965 (42 U.S.C. 1962-1962d-3), as amended, including services as authorized by 5 U.S.C. 3109 and 42 U.S.C. 1962a-4(5), $6,730,000 including $2,500,000 for expenses in administering the Act (42 U.S.C. 1962d(b)), $3,230,000 for preparation of assessments and plans (42 U.S.C. 1962d(c)), and $1,000,000 for the Upper Mississippi Comprehensive Management Plan (Public Law 95-502): *Provided*, That none of the funds included herein shall be used for an Independent Project Review, for expenses of River Basin Commissions, or for Grants to States.

The PRESIDING OFFICER. The clerk will report the first committee amendment excepted.

COMMITTEE AMENDMENT ON PAGE 3, LINE 5

The assistant legislative clerk read as follows:

On page 3, line 5, strike "$1,518,941,000", and insert "$1,416,992,000";

Mr. HATFIELD. Mr. President, I ask unanimous consent to lay that committee amendment aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 574

Mr. HATFIELD. Mr. President, I send two amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 574.

On page 20, line 13, strike "$3,603,228,000" and insert in lieu thereof "$3,606,228,000".

On page 24, line 5, strike "$1,077,322,000" and insert in lieu thereof "$1,083,822,000".

Mr. HATFIELD. Mr. President, I ask unanimous consent that the amendments be considered en bloc, because they are related.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, these amendments are intended to address the concerns of the administration by adding $3.5 million for work related to the upgrading of the L reactor at Savannah River; and adding an additional $3 million in operating expenses for supporting services related to the startup and standby costs of production facilities.

Mr. President, this has been cleared with the minority. I ask that the amendments be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon (Mr. HATFIELD).

The amendment (UP No. 574) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, while we are awaiting the next amendment, which, I should like to advise my colleagues, will probably be a Percy-Moynihan amendment, I wish to take this occasion to advise my colleagues of a very important decision that, I have just been advised by telephone, has been made in Geneva at GATT.

THE GATT COUNCIL MEETING

Mr. PERCY. Mr. President, recently, I learned of several serious threats to Illinois agricultural exports to Europe—not only Illinois, but other States, particularly Midwestern States. Of particular concern was soybean exports that amount to about $1 billion annually from the State that go to the European nations. I have just received some good news from Geneva, Switzerland, from a member of my staff that one of the most threatening protectionist moves has been beaten back by the Council of the General Agreement on Tariffs and Trade, or GATT.

Within the last several hours, 23 nations out of the 90 GATT members spoke out against a recommendation that the GATT approve of the practice of the Spanish Government to limit the marketing of imported soybean oil crushed from U.S. soybeans in Spain. The U.S. Government believed, as I did, that this violated our trading agreements with Spain.

This morning, such long-time allies as Canada and Australia spoke out against the adoption of this protectionist recommendation that would have severely injured Illinois soybean producers and soybean processors. They were joined by such small nations as Brazil, Pakistan, Poland, and even Hong Kong, which has a separate membership in the GATT.

As a result of today's action, our soybean markets in Europe will remain open. This protectionist report will not serve as a precedent for other nations wishing to restrict agricultural trade.

Mr. President, certainly, on behalf of all my colleagues in whose States soybeans are grown and processed, I should like to express deep appreciation to those nations which responded to my personal request to support the U.S. position.

I thank all of those witnesses from the Illinois agricultural community that helped me better understand the issue and understand the intensity of opposition that the American agricultural community rightly held as they testified at the recent hearings I chaired in Urbana-Champaign, Ill. Today's decision is a victory for free trade. As chairman of the Foreign Relations Committee I will continue to fight to maintain our overseas agricultural markets.

Certainly, when we consider that political friendships follow the tradelines, to strengthen our friendships with many countries, we need to keep our markets as free and open as possible. In reciprocity, we expect foreign markets to be left open for our own products. With one out of two agricultural jobs in Illinois dependent on exports, I have made this a very special high priority.

Mr. President, I also express appreciation to my colleagues who have worked side by side with me in achieving this victory.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1982

The Senate continued with consideration of the bill.

UP AMENDMENT NO. 575

(Subsequently numbered amendment No. 621.)

(Purpose: To prohibit the availability of funds for the Tennessee-Tombigbee Waterway, Alabama and Mississippi)

Mr. PERCY. Mr. President, I send to the desk an amendment that I offer on behalf of myself and Senators MOYNIHAN, SIMPSON, LUGAR, HUMPHREY, DURENBERGER, QUAYLE, METZENBAUM, CHAFEE, PROXMIRE, and TSONGAS, and ask for its immediate consideration.

The PRESIDING OFFICER. Under the previous order, the manager would have to set aside the previous committee's activity to accept this amendment.

Mr. PERCY. Mr. President, I advise the distinguished floor manager of the bill, we are trying to work out now a time agreement. We think we have reached agreement that we can begin our debate

this afternoon for a period of about an hour and a half and hopefully, then, ask for a time agreement to have 2 more hours of debate tomorrow from 1:30 to 3:30, and have a final vote at 3:30. We are waiting to clear this on both sides, however, before asking for such unanimous consent.

Mr. HATFIELD. Mr. President, I shall be very happy to cooperate with the Senator from Illinois on his request, but I wonder if he would yield for the purpose of clearing up the amendment that was just adopted.

Mr. PERCY. Yes, I shall be very happy to yield for that purpose.

Mr. HATFIELD. Mr. President, I understand that, on the two amendments I sent to the desk and asked unanimous consent to adopt en bloc, which were adopted, that I should have followed with another request. That is, that I ask unanimous consent to adopt the committee amendments as amended by those two amendments.

The PRESIDING OFFICER (Mr. NICKLES). Without objection, the committee amendments are agreed to en bloc as amended.

Mr. HATFIELD. I thank the Chair.

Now, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendment be set aside and that the amendment of the Senator from Illinois be considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Illinois (Mr. PERCY), for himself and Mr. MOYNIHAN, Mr. SIMPSON, Mr. LUGAR, Mr. HUMPHREY, Mr. DURENBERGER, Mr. QUAYLE, Mr. METZENBAUM, Mr. CHAFEE, Mr. PROXMIRE, and Mr. TSONGAS, proposes an unprinted amendment numbered 575:

On page 3, line 6, strike out "$1,416,992,000, to remain available until expended" and insert in lieu thereof "$1,227,992,000, to remain available until expended: *Provided*, That none of the funds appropriated under this heading may be available for the Tennessee-Tombigbee Waterway, Alabama and Mississippi".

Mr. STENNIS. Mr. President, will the Senator yield to me 1 second?

Mr. PERCY. I am happy to yield.

Mr. STENNIS. Does the Senator propose a time limitation now?

Mr. PERCY. Mr. President, the Senator is withholding that request simply so we can clear with the majority leader (Mr. BAKER), who has an interest—I might say a deep interest—in this amendment. Therefore, we shall withhold that request. I suggest that we proceed with debate now, assuming that we can reach agreement that we can debate for an hour or an hour and a half now and then 2 hours certain tomorrow, from 1:30 to 3:30, with a vote set for no later than 3:30 p.m. That is the request we are clearing first with the majority leader (Mr. BAKER) and hope to present to the floor very quickly.

Mr. STENNIS. I thank the Senator. Of course, there will be a quorum call before he makes the request. I make a request for a quorum call.

Mr. PERCY. I do want to state, Mr. President, that I have great respect for the position taken by my distinguished and beloved colleague from Mississippi (Mr. STENNIS) and certainly, by Senator BENNETT JOHNSTON, on this issue. I know how tenaciously they have fought through the years for this project, how deeply they believe in it. It is a source of deep regret that, occasionally, we just have to disagree on certain issues but always, we do so with respect for each other's positions. I certainly have a great respect for their position.

As I mentioned last night on the MacNeil-Lehrer program, this is not a regional issue, in my opinion. It could not possibly be a regional issue with me because of my own love for that particular area. It means a tremendous amount to me, with my father, his father, his father, going back through many ancestors from Mobile, Ala., and between the PERCY's of Alabama and Mississippi, that is Deep South. I am not from the South. I was born a little south geographically, in Pensacola, Fla., but I have been living most of my life in the North.

However, I have a great feeling for the economic development of that area. I certainly would not want to impede or stand in the way of what I consider cost-effective economic development. That is why we have just come to a disagreement on this over a period of years. But I will discuss the amendment in some detail and then get back to some of the points that have been raised by my distinguished colleagues.

The PRESIDING OFFICER. The Senator is advised that his amendment amends the committee amendment and the House text, and it would be required to have unanimous consent for his amendment to be ruled in order.

Mr. PERCY. I so ask unanimous consent, Mr. President.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSTON. Mr. President, a point of order. Under a unanimous-consent agreement, is it not possible for the majority and minority managers to make such an amendment in order, just to get the procedure straight?

The PRESIDING OFFICER. Not on this particular type of amendment. This amendment amends both the amendment which they have the authority to set aside and the House text.

Mr. JOHNSTON. I thank the Chair.

Mr. PERCY. Mr. President, the Senate Committee on Environment and Public Works—the same committee which recommended authorization of the Tennessee-Tombigbee waterway in 1946—voted 9 to 5 to recommend termination of the project. The committee, through the reconciliation process, further recommended to the Budget Committee that the appropriation for the project be slashed to $25 million, and that these remaining funds be used only for winding down the existing work.

We should carefully consider the meaning of this very significant action by the Senate Public Works Committee. Like so many of our constituents, the committee is signaling the Congress that enough is enough. There is simply no justifiable reason for throwing another $2 billion away on this unjustified project.

Mr. President, I offer the amendment today to delete funding for the Tenn-Tom water project with a great deal of regret. I do so with the knowledge that the Congress has addressed this question on previous occasions. Other Senators have preceded me in pressing this case with great eloquence. I offer this amendment—along with Senators MOYNIHAN, HUMPHREY, DURENBERGER, LUGAR, QUAYLE, METZENBAUM, SIMPSON, CHAFEE, PROXMIRE, AND TSONGAS—because of the new and additional information which has surfaced since our debate last year which continues to add to that large body of evidence concluding that this project is not justified for a number of reasons.

Perhaps, only if the proponents of the project would come forward with a single study supporting the need or worthiness of the project, the situation would be different. But the General Accounting Office tells us that less than 20 percent of the benefits projected by the corps have materialized.

Again I repeat, as I have stated any number of times, that there is not a single study supporting the need or worthiness of the project, which is absolutely astounding, considering the number of years this project has been in being since the first authorization in 1946.

The Congressional Research Service tells us that the waterway cannot compete adequately with the Mississippi River and railroads in that area. GAO again tells us that the corps is building a bottleneck that will take another billion dollars to rectify. The industry publication Coal Week calls the project a pipe dream. Not a single coal company has stated that they need or will use the project.

When we are talking about quotations, we not only have an authoritative source such as GAO, but also. the Miami Herald considered this a $3 billion ditch, which is what they called it in their lead editorial opposing it.

The Wall Street Journal simply asks the hypothetical question: "Has the Congress really run out of ideas as to how to cut the budget?"

Certainly, we have not run out of ideas. This is an idea whose time has come, and we simply must face up to it and take a realistic look at this project. Does it meet the standards that must now govern our budget expenditures, when we have a trillion dollar deficit? Does it meet those standards? Those standards must be the standards on which we judge an appropriation made in the year 1981.

I want to make it clear from the outset, to the Members from those areas directly affected, that I do not oppose the Tenn-Tom because it is in the South or not in my State. I oppose a project such as this because the cost-benefit ratio is negative. Let the record be clear on this point. I vigorously opposed projects in Illinois for the same reason. I recall, in particularly, Oakley Dam in Decatur, Ill.

Mr. JOHNSTON Mr. President, will the Senator yield at that point?

Mr. PERCY. I yield.

Mr. JOHNSTON. Did the Senator say that the cost-benefit ratio is negative on this project?

Mr. PERCY. It would be a negative cost-benefit ratio, certainly, in contrast with the ratios we have looked at and seen in the past.

Mr. JOHNSTON. Is the Senator aware that the Corps of Engineers, at the time that project was begun, forecast the cost-benefit ratio of 1.6 to 1?

Mr. PERCY. At the time it was built, they were using a projected interest cost of 3¼ percent, which the Fifth Circuit Court of Appeals simply said violated the law.

Mr. JOHNSTON. The Senator is wrong. The Fifth Circuit Court of Appeals did not say that 3¼ percent violated the law, and the Corps of Engineers did not say that this was a negative cost-benefit ratio.

As late as yesterday afternoon, they said that using the amount of money needed to finish—I mean, uncommitted money as opposed to the benefits—the difference between the cost to complete and the cost to terminate, it is 6.7 to 1.

I hope the Senator will get his facts correct. That is factually not correct. Everybody is entitled to his opinion, but you cannot manufacture your own facts. I do not mean to say that the Senator has any intention to misrepresent. Please understand that. I am saying that the facts are just wrong.

Mr. PERCY. Mr. President, I ask unanimous consent that the facts, as brought out by GAO and the Comptroller General in his report, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AN ANALYSIS OF THE GAO REPORT ON THE TENNESSEE-TOMBIGBEE WATERWAY

The recent report of the General Accounting Office on the Tennessee-Tombigbee Project permits a number of important conclusions regarding the future of the project. The most important of these conclusions are as follows:

1. The Corps of Engineers is constructing a severe bottleneck on the Tombigbee River. As stated by the GAO:

"Completing Tenn-Tom will create a bottleneck on the waterway south of Demopolis, Alabama. Eliminating the bottleneck would cost about $960 million. . . . Continuing Tenn-Tom may be sowing the seed for this additional project."

Accordingly, the conclusion is inescapable that the Tennessee-Tombigbee project is a $3 billion undertaking—$2 billion for the project north of Demopolis, and $1 billion for the project south of Demopolis.

2. More than $1.6 billion would be saved if the Tennessee-Tombigbee project were halted now. Of this total amount, over $600 million would be saved on the project north of Demopolis, and $1 billion on the portion of the project below Demopolis.

3. The navigation benefits used to justify the project have not materialized. The GAO scrutinized the benefits which were estimated by the Corps to arise between 1976 and 1981. These projected benefits totalled $77 million annually. Of this amount, less than $16 million had materialized between 1976 and 1981. Thus, less than 21 percent of the projected navigation benefits for the project examined by GAO have actually materialized.

At that rate, the project will be a dismal economic failure. Rather than producing $125 million in annual navigation benefits, the project will produce less than $26 million. The annualized costs of the northern half of the project alone (construction, operation and maintenance), on the other hand, will exceed $100 million. Thus, a realistic benefit-cost ratio for the project, based upon the facts as they have developed, would be 0.26 to 1.

4. The project is immense. Although over $1 billion has been committed to date, over $1.66 billion remains to be spent on the portions of the waterway above and below Demopolis. Thus, the remainder of the project would require the commitment of $200 million annually for the rest of this decade.

In terms of physical size, the project is no less massive. The Corps itself states that the amount of earth to be excavated for the project would build a 16-foot highway from the earth to the moon—a distance of 250,000 miles.

Finally, although not specifically discussed in the GAO Report, it is important to note that the Tennessee-Tombigbee Project is being built free of charge to its users. The fuel tax on inland waterways enacted in 1978 is not applicable to the project. Accordingly, the users of the project will not be obligated to repay a single dollar of the ultimate $3 billion cost of the project.

EXCERPTS FROM GAO REPORT

Status of movements	Number of movements	Projected 1986 tonnage	Percentage of projected 1986 tonnage	Projected average annual benefits [1]	Percentage of average annual benefits [1]	Percentage of total of sample size: Number of movements	Percentage of total of sample size: Dollar value of movements
Occurring	6	4,282,000	15	$14,895,000	13	35	19
Occurring but expected to stop before Tenn-Tom opens	1	601,000	2	843,000	1	6	1
Have not materialized	9	10,593,000	38	59,550,000	51	53	77
Shipper/receiver could not be located	1	593,000	2	2,220,000	2	6	3
Total	17	16,069,000	57	77,508,000	67	100	100

[1] Average annual benefits are based on the corps' fiscal year 1982 budget submission for Tenn-Tom.

MOVEMENTS WHICH HAVE NOT MATERIALIZED

We identified nine movements which have not materialized, although company officials for four of the movements said they could potentially use Tenn-Tom when it is completed. These nine movements represent 10.6 million tons of the projected 1986 tonnage and $59.6 million of the 1982 average annual navigation benefits. As discussed below, these movements have not materialized for various reasons. (Tonnages shown were amounts used in the Kearney study.)

A 1.2-million-ton coal movement from Kentucky to various locations in Alabama did not occur. The company recently filed for reorganization under chapter 11 of the Bankruptcy Act. This movement was predicated on the assumption that the company would open a mine in Kentucky, but the mine was not opened.

Another coal shipment from Illinois to Alabama has not materialized for two reasons. In 1976 the coal supplier informed the shipper that he could not supply the required contract amount of 1.4 million tons. Also the receiver could not burn the high sulphur Illinois coal because of air pollution concerns. This company is presently receiving its coal from Alabama mines.

A 1-million-ton movement of coal was based primarily on the opening of coal reserves in Tennessee. However, a company official said these reserves have not been developed and he would not state whether they will be developed. The official stated that he could not speculate on the movements or tonnage that may move on Tenn-Tom; however, the possibility of using Tenn-Tom when completed does exist.

A 250,000-ton coal movement scheduled to move from Tennessee to Alabama has not taken place due to several business reasons. A company official would not elaborate on these reasons. He stated that the movement is still expected to take place and may be barged via Tenn-Tom, but he could not be specific about the expected date of the movement.

Kearney's study also included a 100,000-ton movement of chemicals from Alabama to Tennessee. A company official stated that this movement has not materialized due to changes in the company's long-range plans. The company, according to this official, had plans at the time of Kearney's study to build a plant in Alabama which would have provided easy access to Tenn-Tom. The official stated that, due to financial difficulties, the plant will not be built.

A 50,000-ton movement of a chemical from Minnesota to Mississippi has not occurred and a company official stated that she does not know whether it will. She also said that if Tenn-Tom were available, the company would use the waterway to barge chemicals from Florida to Alabama. Another official stated that the company is extremely optimistic that Tenn-Tom will provide new opportunities for this company. Neither official would attempt to identify specific movements or tonnage that may utilize the waterway.

A 287,000-ton movement of ore from Tennessee to Alabama did not materialize. A company official stated that movement of ore from Tennessee to Alabama is included in the company's long-range plans and will be barged via Tenn-Tom if the waterway is completed when the movement materializes. However, he would not speculate on the tonnage amount or the anticipated date that this movement could be expected to start.

A 100,000-ton coal movement and a 2.4-million-ton coal movement which originate in Tennessee and move to Alabama and/or Louisiana were included in Kearney's traffic base. These movements will not occur as the companies are no longer in business.

Information on the remaining movement was not obtained because the shipper/receiver involved could not be located to confirm the information contained in the Kearney file. The directory assistance and chamber of commerce in the city did not have a record of this company. This movement represents 593,000 tons of the projected 1986 tonnage and $2.2 million of the average annual navigation benefits in the 1982 budget request.

ALTERNATIVE FINANCING IS A POSSIBILITY

We believe during this period when there is enormous pressure to reduce Federal spending, if the concern of the Congress is the remaining Federal expenditure, exploring alternative arrangements to finance the incomplete segments of Tenn-Tom may be worthwhile. While it was not within the scope of our review to examine alternative financing, we feel this is a possibility. Some methods that come to mind include:

States or others could borrow funds from the Federal Government and repay through user charges.

Alabama and Mississippi could issue long-term bonds and repay through user charges.

Alabama and Mississippi could finance portions of the project through general revenue funds.

Mr. PERCY. Mr. President, I was talking about Illinois projects, simply to make the point that this is not, as has been depicted by some news media, a regional fight between Northern or Midwestern Senators against a project simply because it is in the South. That is untrue. Exactly the same standards the Senator from Illinois is applying to Tombigbee were applied by the Senator from Illinois to any number of projects in his own State of Illinois.

With respect to the Oakley Dam, I was elected as a Senator because I strongly supported that project. I campaigned all over the Decatur area, thinking this was a worthwhile project. I accepted some of the figures that had been shown to me, as to how that reservoir and dam would pay off for that particular community.

However, having achieved a seat in the Senate and being up against requesting those funds by authorization and appropriation committees and authorizing that project, I just took the precaution of requesting the GAO to furnish a report. They analyzed and appraised it, and the figures they produced were not anywhere near the representations that had been made to me by interest groups that I had had access to before.

On the basis of the GAO reports, I opposed and successfully fought against that project in the State of Illinois.

It could have been said, "Well, you are costing Illinois jobs. After all, it does create hundreds of jobs, and so forth, and it is dollars spent in Illinois." But I simply, in good conscience, could not support a project that did not stand up.

I also bring to the attention of my colleagues the fact that I do not have to go back in history with respect to my opposition to Illinois projects. I also took a position in opposition to lock and dam 26 on the Mississippi River, until such time as we established a reasonable user's fee. Once we established that user's fee, I agreed to go ahead and vigorously supported that project. It is only because we have that user's fee in there that the project is now assured of being continued; because if it were a free ride or a free lunch, as many of these projects are, it would not stand up, even though the project is underway and contracts have been let for it.

Just recently, three Illinois deauthorizations were included in S. 1493, legislation to deauthorize certain water projects, with my support: Duplicate locks, a navigation project on the Illinois waterway, at a savings of $1 billion; Lincoln Dam and Reservoir, on the Wabash River at a savings of $131 million; and Helm Lake for a savings of $32.9 million.

Here is almost $1¼ billion this year for which I have requested the authorization and appropriation committees not to provide funds, simply because the projects did not meet the test.

As the Wall Street Journal said if we run out of ideas for cutting the budget we certainly cannot say, "Forty-nine other States have projects we can cut but do not cut Illinois." That type of approach will never get us to a balanced budget. So here is $1.25 billion.

I ask unanimous consent that a letter that I sent to the chairman of the Environment and Public Works Committee concerning these projects this year be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON
GOVERNMENT AFFAIRS,
Washington, D.C., July 23, 1981.

HON. ROBERT T. STAFFORD,
Chairman, Environment and Public Works Committee, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to take this opportunity to express my support for the deauthorization of three Illinois water projects.

The Illinois projects are:

1. The Duplicate Locks navigation project on the Illinois Waterway. Illinois and Indiana, authorized by section 101 of the River and Harbor Act of 1962 (Public Law 87-874.)

Since 1962, when this project was first authorized, the Corps has spent close to $2,265,000 on advanced engineering and design work. The estimated completion cost today is approximately one billion dollars. Congress deleted the project from the Corps' budget after 1976 when the State of Illinois declined to provide written assurances of local cooperation. In the absence of such support, there have been no further appropriations, however, the project remains on the books. As long as it remains authorized, it will effectively stymie other projects and development in the area.

2. Lincoln Dam and Reservoir, Wabash River, Illinois, authorized by section 204 of the Flood Control Act of 1965 (79 Stat 1081).

This project was authorized in 1965 and last funded in 1972. Estimated completion cost today would be more than $130 million. The proposed Lincoln Reservoir would take thousands of acres of land and displace many families. Again, a local project, in the City of Charleston, Illinois, to develop water supplies, is being held up pending disposition of this matter.

3. Helm Lake, Skillet Fork of the Little Wabash River, Illinois, authorized by section 203 of the Flood Control Act of 1968 (83 Stat. 742-743).

The Helm Lake project was originally authorized in 1968 and last funded in 1974. The estimated total cost is listed at $32.9 million. This again is a case of non-existent local and state support for the project. Deauthorization would preserve valuable farmland and wildlife habitats, and allow local alternative planning.

I would appreciate action to deauthorize these three Illinois projects.

There seems to be little economic justification for keeping them on the books any longer. Certainly in some cases the cost-benefit ratio itself is enough to justify deauthorization. This fact, coupled with an almost complete lack of community support, is more than adequate grounds for ending these projects.

Warm personal regards,

CHARLES H. PERCY,
U.S. Senator.

Mr. PERCY. Mr. President, I am in a battle, again in my home State, to bring some realism into what may turn out to be the largest public works project in this Nation's history—the tunnel and reservoir plan (TARP) in Chicago. While this is not a Corps project, there are indeed similarities between Tenn-Tom and TARP in terms of planning, cost/benefit analysis, and project benefits. The GAO calculated the real costs of this project at $11 billion by 1983.

The Tennessee-Tombigbee Waterway has cost the taxpayers of this country over $1 billion already. Unless it is stopped here and now, we will spend another $2 billion, in my judgment, of our citizens' money. That will amount to $200 million every year for the decade of the eighties. Every other worthy water project in this Nation will have to crowd into line behind the Tenn-Tom to get the crumbs from the table. Just as an example, the Tenn-Tom already consumes more money every year than is devoted to the Corps of Engineers' construction budget for the entire Northeast, including 13 States and the District of Columbia.

The supporters of the project suggest that we have gone beyond the point of no return and that we would simply be wasting the money already spent if we were to terminate the project now.

To be frank, I am much more concerned with the future than the past. The General Accounting Office, in the simplest terms and the starkest warning, has told us that it will take another $2 billion to complete this project. Even then, we are told by the Congressional Research Service, we will have a project which cannot compete economically with the huge barge fleets on the Mississippi River and the unit trains of the area railroads. We are building an economic dinosaur. This project is the Edsel of water projects.

In my judgment, the 2 billion unspent dollars are much more critical than the $1 billion we have already put into this project. These unspent resources represent vast opportunities for budget reduction, tax relief, or investment in other worthy efforts. They are hard dollars which, unless we act wisely today, will be sunk into the concrete, dams and dredge spoil of a canal which will serve only as a monument to folly.

What happens is that today as we look at this next $2 billion estimated by GAO we now have to apply interest to that because every penny of it will have to be borrowed. We do not have this money in the Treasury. We have to go out in the money market. We have to borrow that money, and we do not pay 3¼ percent which was the original cost estimate in 1946. It was $323 million at 3¼-percent

interest. That is a whale of a lot of difference than now looking at $2 billion of additional cost now estimated that will have to be provided by Congress. It is not appropriated, not authorized. But that is what GAO now estimates will be asked of Congress because of the additional $1 billion that their study shows would be a logical request that could be made of us.

But now we do not have 3¼ percent Treasury rate. We now have what, 12, 13, 14 percent—double digit, whatever it may be.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. PERCY. I yield for a question.

Mr. JOHNSTON. Mr. President, is the Senator familiar with the cost-benefit ratio method and how it is done?

Mr. PERCY. With the past history of this project, does the Senator mean?

Mr. JOHNSTON. Of any project, of the method the Corps of Engineers uses in putting together a cost-benefit ratio for the Illinois Waterway, Lock and Dam 26, any of them? Does the Senator know the terminology?

Mr. PERCY. In general terms through the years I have looked at a great many of them.

Mr. JOHNSTON. If the Senator understands how they are done, then the Senator would agree with me, would he not, that those cost-benefit ratios are inflation neutral and that the interest rate is what we call a real interest rate. That is the cost of money over and above inflation. Will the Senator not agree with that?

Mr. PERCY. We are talking in practical terms.

Mr. JOHNSTON. I am talking in practical terms.

Mr. PERCY. What I am saying is what is the real cost and that is what it costs us, the taxpayer. The taxpayer has to pay. We cannot add this phony business about just saying the real interest rate is 3¼ percent.

Mr. JOHNSTON. Does the Senator understand?

Mr. PERCY. That is what it is above inflation. That is about as unreal and unrealistic an analogy as I have ever heard.

What we are talking about is what does it cost out of the pockets of every taxpayer? That is what he understands. That is what he has to pay and when one covers it up and talks about whatever the rate is above inflation level that does not mean anything to the average person.

Mr. JOHNSTON. Does the Senator understand what I mean by "real interest rate?"

Mr. PERCY. Oh, yes. The Senator just explained it.

Mr. JOHNSTON. The 3¼ percent is a real interest rate, is it not?

Mr. PERCY. By the Senator's definition.

Mr. JOHNSTON. In fact.

Mr. PERCY. But what I mean by "real" is the interest rate we have to pay.

Mr. JOHNSTON. This is not opinion; this is fact. Is that not a fact?

Mr. PERCY. The fact is that we have to pay what the market charges, and the market is charging now double-digit interest.

Mr. JOHNSTON. No.

Mr. PERCY. And it is real dollars that we place with the contractor.

Mr. JOHNSTON. No. The market is not now charging a real interest rate of double digits. The real interest rate now is about 4 percent, the highest in many years. Robert J. Samuelson says the real interest rate is about 4 percent, does he not?

Mr. PERCY. Would the Senator be able to go out and get any money at 3 or 4 percent anyplace for any purpose today?

Mr. JOHNSTON. Yes.

Mr. PERCY. Where? Give me the name and addresss and I would like to go get it.

Mr. JOHNSTON. If it is 3 percent over and above the rate of inflation.

Mr. PERCY. They do not ever say that to me when I go to the bank. I have large loans right now. They do not talk about inflation at all. They just say, "The rate for you," and I am happy to say I do get a prime rate and it is way down today from where it was at Christmas time last year. It was 21 percent then. Now it is 17½ percent.

I never heard a banker talk to me about the rate of inflation or what it is over the rate of inflation. The 17½ percent is what they charge me. That is what I pay every month. That is what every other citizen, every small businessman, every banker, and every farmer has to pay today, and that is what we are saying the Tombigbee would have to pay on the $2 billion that it borrows to continue constructing this project.

Mr. JOHNSTON. I do not want to keep interrupting the Senator. But this is not an opinion; this is fact. The real interest rate is that over and above inflation. What does that mean in practical terms? It means for cost-benefit ratio that the benefits which will continue out for many years, 50 years perhaps, are not inflated according to the expectable rate of inflation. Those benefits are not inflated. They are discounted to today's value.

That is what we mean.

If we took the real benefits as we expect them to be, then one could use whatever interest rate he wishes, even 30 percent, and we will still be part of it. But we do not do that. Neither do they.

It is inflation neutral and in that sense would the Senator not say that is not only a fact but also fair? First of all, let us agree on the fact. Is that a fact? And second, is that fact not fair?

Mr. PERCY. The answer to both is no but let me say this: I agree with something the Senator just said. To get the exact words I would have to go back in the transcript. But the Senator did say that the benefits are inflated.

Mr. JOHNSTON. I said they are not inflated.

Mr. PERCY. What?

Mr. JOHNSTON. They are not inflated.

Mr. PERCY. Not inflated? I thought he said the benefits were inflated.

Mr. JOHNSTON. Not inflated.

Mr. PERCY. Because if he said that he would be saying a truism, because as the Senator knows in our discussion last night the Senator from Illinois quoted an estimate of the Corps of Engineers that over a period of 5 years which ended in 1981 the benefits would be $77 million but when the GAO looked to find those benefits it just looked and looked and looked and could not find them anyplace. All it found were $16 million in benefits. That is only 20 percent of the original estimate.

Mr. JOHNSTON. The Senator understands that.

Mr. PERCY. So the cost-benefit ratio on this project has been destroyed and discredited totally and completely by two facts. One fact is the cost has escalated from an original estimate of $323 million to now $3 billion by the GAO figures and the benefits have shrunk and have been reduced by 80 percent.

Those are real facts.

I would be happy to yield to my distinguished colleague from New York, the principal cosponsor of the amendment.

Mr. MOYNIHAN. I would like to confirm the point in the most factual way. This project is basically a project for diverting traffic from the Mississippi River. The Corps itself has estimated that two-thirds of the barges on this waterway would be diverted from the Mississippi River itself.

In the interval, from the time we began work at an estimate of $386 million to the most recent estimate of $1.8 billion plus $1 billion for the project south of Demopolis, making $3 million—the development of larger barge tows on the Mississippi has been quite extraordinary.

I was chairman until this year of the Subcommittee on Water Resources of the Committee on Environment and Public Works, which has voted to close this project down. I had occasion, if I can say to my distinguished friend to take a trip along the whole of the Tenn-Tom. It is a tinkertoy.

Mr. JOHNSTON. Mr. President, will the Senator yield? Did the Senator say the Committee on Environment and Public Works has voted to close this project?

Mr. MOYNIHAN. We recommended to the Budget Committee on March 15 by a vote of 9 to 5 that only $25 million be appropriated for closing the project down.

Let me finish my statement. This small waterway might take 6 barges—it is estimated it might take 10 barges, but it looks like it really would take 6. In the meantime, the great Mississippi developments, which we are all for, are getting to 60, and that is one of the things that has disastrously crashed in on the feasibility, the benefit cost ratio, that plus the fact that no coal company has exerted any interest in this project.

If I might say to the Senator from Illinois on the subject of regionalism, of regional concern, this is not the characteristic of the judgment of the Committee on Environment and Public Works. I would like to point out, for the record, in this appropriation there is $50 million for the Red River Waterway. The Red River Waterway is entirely located in Louisiana. Its total cost will be $1.6 billion.

There has been no objection to it in our committee. But if we do not close down these nonsense proposals, how will the Red River get built? We have the

Mississippi, that is our great waterway, and its effectiveness is what has destroyed the benefit-cost ratio of Tenn-Tom. Tenn-Tom is a tinkertoy. I am sorry, sir, I regret to say it, but I have looked at it. If you look at it you know it will not work.

Mr. PERCY. I thank my distinguished colleague.

Even though the project has minuscule barge traffic when you do compare it with the capability of the large traffic on the Mississippi, the cost figures are not minuscule. The cost figures are huge, and it takes, it is going to take, more dirt, more earth moving, than the Panama Canal, in fact it is five times as long as the Panama Canal.

Mr. MOYNIHAN. You know about the Texas River being a mile wide and a foot deep. This is 500 miles long and 10 feet wide, and it will not work, it just will not work.

Mr. PERCY. I concur completely with my distinguished colleague, and I appreciate his pointing this out.

The supporters of the project suggest that we have gone beyond the point of no return. They constantly say, "Well, you know the implication is if we knew what we all know now, that no coal companies asked for it, that the handling capacity of the Mississippi is demonstrated to be so much greater, why, we would not have started. But, after all, we started it, and it is 81 percent where contracts have been placed for it."

There are two problems with that. You just do not stop a project any more than the Ford Motor Co. did not stop the Edsel because they had already started it. They decided to reanalyze that car, which just would not drive, it just would not sell, that is to say, it drove but it would not drive into enough driveways to make it worthwhile, and they just dropped it flat cold and cut their losses on it.

The problem here is it is not a question of 81 percent committed at all. It is a third completed. We have only spent $1 billion—I say only—it is $1 billion down the drain.

Mr. MOYNIHAN. Two billion dollars to go.

Mr. PERCY. That is right. But it is $2 billion more to go from the best estimates we can get from GAO, and I think we just simply cannot reconcile that by saying that we would simply be wasting the money already spent, as they determine it, if we were to terminate the project now.

To be frank, I am much more concerned about the future than the past, and we all ought to be. The General Accounting Office, in the simplest terms and in the starkest warning, has told us it will take another $2 billion, as I have said, to complete this project. Even then we are told by the Congressional Research Service that we will have a project which cannot compete economically with the huge barge fleets on the Mississippi River and the unit trains of the area railroads, as the distinguished Senator from New York has pointed out.

We are building an economic dinosaur, as I have said. In my judgment, the $2 billion unspent are much more critical than the $1 billion we have already put into this project. These unspent resources represent vast opportunities for budget reduction, tax relief, or investment in other worthy efforts. They are hard dollars which, unless we act wisely today, will be sunk into the concrete dams and dredge spoil of a canal which will serve only as a monument to folly, as I have said.

Over the past several months this Congress has made severe cuts in many programs whose purposes were to revitalize American industry and provide opportunities for the Nation's poor. We have responded to the President's call for sacrifice and austerity.

Many businesses and individuals have suffered these losses with gallantry and dignity. They have asked only for equality of sacrifice, that their contribution to the Nation's future be matched with equal sacrifice by others. They deserve no less.

Yet we see the Tennessee-Tombigbee project staggering along unscathed through this entire budgetary process without a nod in the direction of equal sacrifice.

Congress should reassert its determination that all segments of the Federal budget share in the commitment toward a balanced budget and sound Federal investments. The Tenn-Tom must share that burden. It deserves no less.

Mr. President, I think this project is a tremendous tribute to the power and the influence of the distinguished Senators who have supported it. We stand in awe of their ability to support a project like this that has such a low cost-benefit ratio, year after year get the money for it, and year after year, as we have recently seen, defeat our efforts to stop this project.

A few years ago you could say, "Well, ycu have only completed such and such a percentage of it," or, "You have completed that much and, therefore, you cannot afford to stop it." We could have stopped a tremendous amount of expenditure in the past.

What we are really talking about now, and every Senator who casts a vote on this has to make a decision, is he willing in today's economic conditions, with a budget crisis facing this Nation, with a $1 trillion debt, with every single dollar that we spend on this project having to be borrowed from the Treasury, that is borrowed from the public and put into the Treasury to pay the contracts, it will amount to $20 million a month for the decade of the 1980's. That is what we are voting on. We are going to remind, if it is approved this time and this amendment is defeated, every single Senator, every single year how much more we have spent, how much more the cost has gone up, and how much greater the cost to the taxpayer is and how little the benefit is.

I would say at this time next year there still will not be a coal company, a single coal company, that will pledge they will ship their coal down the Tombigbee.

Mr. MOYNIHAN. Will the Senator yield?

Mr. PERCY. I am happy to yield.

Mr. MOYNIHAN. I made a slight misstatement of fact, but it goes precisely to the point of the Senator from Illinois.

The maximum tow on the Tenn-Tom is designed to be eight barges. It is the judgment of tugboat captains that it is really a six-barge waterway, but let us say eight.

On that basis, the Congressional Research Service, in a study of July 17, 1981—just a few months old—by Mr. Duane Thompson of the Environment and Natural Resources Division made this statement. He said that a small tow requires almost the same number of crewmen as a large tow. He said:

> Therefore, the direct labor costs of moving 6,000 or 9,000 tons of coal

On the Tenn-Tom—

> could approach that of moving 60,000 tons of coal down the Mississippi—a factor of almost 10 to 1 in labor costs.

Now the distinguished Senator from Illinois has some experience in industry and management. I would assume labor cost in transporting of this kind would be about half the total cost. The Tenn-Tom costs 10 times the labor cost of the Mississippi. You would not ship coal that way, would you?

Mr. PERCY. You certainly would not. I thank my distinguished colleague.

I would like to advise my colleagues that I have a group of Illinois constituents coming in with a problem at 3:45, so I have to leave the Senate floor for a few minutes. I would like to finish my statement.

Bearing right on the point of the distinguished Senator from New York, whose support of this amendment and his leadership I have deeply appreciated and who speaks with tremendous authority, considering the time that he has spent in committee studying this issue, in these economic times we simply have to ask ourselves: Does the return on investment justify the expenditure? Would an American businessman, for instance—at 15 to 20 percent interest rates—make a prudent decision by investing in this project? I would suggest as forcefully as I can that the answer would be absolutely no.

We should weigh very carefully those $2 billion and the opportunities they represent against the sunk cost of this project. Commonsense tells me that if we save $2 billion against the loss of a billion dollars, we will have a benefit-cost ratio of at least 2 to 1. This is far better than any which will ever be realized from the empty canal.

Mr. President, yesterday I inserted in the RECORD editorials from all over the country. Two additional editorials have come to my attention, one from the Los Angeles Times of November 3, 1981, entitled "Power and the Pork Barrel," and another from the Detroit Free Press of November 2, 1981, entitled "River of Waste: In the Face of Cutbacks, the Tenn-Tom Keeps Flowing."

And the whole question that we are going to have to face is: Will the Tenn-Tom keep flowing or will it meet the same decision that we reached on the project that I have described in the State of Illinois that had the same very low cost-

benefit ratio in which I regretfully had to take a position of opposition and simply oppose?

Mr. President, I ask unanimous consent that these editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, Nov. 3, 1981]

POWER AND THE PORK BARREL

At a time when the Reagan Administration is searching for every last dollar of savings in federal spending, the most costly and least defensible public-works project in the nation's history continues to survive the budget process. It survives for one reason only—the political power of a number of Southern politicians in Washington.

The Tennessee-Tombigbee Waterway, a 450-mile system of dams, locks and canals linking the coal fields of southern Tennessee with the gulf port of Mobile, could eventually cost the taxpayers $3 billion in construction costs, plus continuing subsidies to fund its certain operating deficits.

But the Senate will have an opportunity this week to put the project on hold for at least a year by killing a $189 million appropriation for fiscal 1982. It will be a close vote, piting Sen. John C. Stennis (D-Miss.) and other Southerners against Sens. Charles H. Percy (R-Ill.) and Daniel Patrick Moynihan (D-N.Y.), who are leading the fight against the project.

The waterway clearly would serve no long-range national or even regional interest; on the contrary, Stennis and his cohorts want it because of its short-term economic benefits to communities along its route.

All the evidence suggests that further expenditures on Tenn-Tom would be tantamount to sending good money after bad. The waterway would have no hydroelectric or flood-control benefits. Its one purpose would be to open a new route for coal barges to the gulf, but Southeastern railroads and the Mississippi River—150 miles to the west—already satisfy the coal industry's transport requirements.

Independent analysts predict that the waterway will prove to be an economic disaster, and could lose 77 cents in operating costs for every penny spent to build it.

The cost of the project has grown astronomically—from $323 million in 1960 to $1.8 billion in 1979, and now to $3 billion to complete work that was not foreseen in the original planning.

The accelerating costs and the knowledge that Tenn-Tom can never pay its own way have given many early supporters of the waterway serious second thoughts. In fact, the Senate Committee on Environment and Public Works, which originally authorized the project, voted 9 to 5 earlier this year to terminate it once and for all. The House vote in July in favor of the new appropriation was a narrow 208 to 198.

The project is now 25% complete, but the government could recover much of the money already spent by selling off its massive land acquisitions. And a Senate decision to halt financing of the project for 1982 almost certainly would lead to its eventual abandonment and to the avoidance of a long term drain on the Treasury.

It would be unconscionable if the clout of a handful of Southern politicians should keep this multibillion-dollar pork-barrel project in the budget while the Reagan Administration is cutting deeply into necessary programs and services.

[From the Detroit Free Press, Nov. 2, 1981]

RIVER OF WASTE: IN THE FACE OF CUTBACKS, THE TENN-TOM KEEPS FLOWING

While far worthier programs gasp and sputter for life, the Tennessee Tombigbee Waterway, that monument to congressional log-rolling, has survived three rounds of budget cuts and is back for another $189 million infusion from the Senate this week.

By now the Tenn-Tom, a partly completed barge canal from the Tennessee River to the Gulf of Mexico, has a history of cost overruns worthy of the pyramids. The traffic projections that were used to justify it have turned out to be fiction. And last July a federal court ordered a halt to construction until the Corps of Engineers corrects the "blatant" irregularities in its economic and environmental assessments of the waterway.

To complete the waterway will require another $1.6 billion, money that would be saved if it were terminated right now. Last year a move to delete funding was defeated when several senators who ordinarily disdain that kind of project, including Michigan's Carl Levin, voted to continue the Tenn-Tom, largely on the grounds that it was too far along to be stopped.

But the context in which the waterway must be judged has changed radically. Construction has already been halted. The federal budget is being cut in ways that are causing real human pains. If we can no longer afford half-pints of milk for school children or help for the working poor, surely we can no longer afford the sort of project the Tenn-Tom epitomizes. If cutbacks are indeed the order of the day, here's the perfect place to cut.

Mr. PERCY. Mr. President, I yield the floor.

Several Senators addressed the Chair.

Mr. STENNIS. Mr. President, will the Senator yield to me on a question of procedure?

Mr. PERCY. Mr. President, perhaps it would be best for me to yield to the distinguished minority manager of the bill.

Mr. JOHNSTON. Mr. President, if I am recognized, I would be glad to yield to the distinguished Senator from Mississippi.

Mr. STENNIS. I thank the Senator.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. I just want to make an inquiry. We said we were going to have an agreement about the time for this afternon. I think that ought to be settled as soon as we can, perhaps before the Senator leaves.

Mr. JOHNSTON. I might say, on our side of the aisle, we have put out a hotline. There is no objection to a 2-hour debate tomorrow starting at 1:30 and terminating at 3:30.

Mr. STENNIS. I thank the Senator.

While we are all here, Mr. President, I thought we could have the agreement now on the time limitation, provided the leadership is ready.

Mr. PERCY. It is my understanding that it has been cleared on both sides of the aisle and we are ready for the unanimous-consent request.

Mr. BAKER. Mr. President, that is a good arrangement. I would be prepared to make that request.

Mr. STENNIS. Shall we state it?

Mr. BAKER. If the Senator would yield, would he state to me what the arrangement is as he understands it?

Mr. JOHNSTON. The arrangement, as I understand it, is that at 1:30 p.m. tomorrow, Wednesday, November 4, we return to the consideration of the Percy amendment on the Tennessee-Tombigbee; that there be 2 hours, equally divided, on the amendment, divided between the Senator from Illinois and the Senator from Oregon or his designee; that we vote on this amendment and that a vote on the amendment occur no later than 3:30 p.m.

Mr. BAKER. Mr. President, is there any provision for amendments in the second degree or points of order or appeals if the same were submitted?

Mr. JOHNSTON. I would assume those would be in the usual form.

Mr. PERCY. Mr. President, it has been suggested also by the distinguished Senator from Mississippi that it would be well to advise Senators how late we intended to debate it this afternoon. From the standpoint of the Senator from Illinois and, I believe, the Senator from Mississippi, limiting the debate to an hour and a half—we started at 3 o'clock—and going on this afternoon until 4:30 would be satisfactory. That could be incorporated in the request.

Mr. JOHNSTON. Mr. President, over half the time has already gone by and the opponents have not had the floor.

Mr. PERCY. We have yielded the floor to the opponents of amendment. They can have the rest of the time, if that is all right with the distinguished Senator from New York.

Mr. JOHNSTON. Would the Senator from Illinois be coming back to the floor so I can straighten out some of these items of fact?

Mr. PERCY. The problem is how long my meeting with the Fiat Allis Corp. executives will be. They are waiting in my office right now. Then we have a King Hussein working session at Blair House. So I am not sure I would be back in time.

Mr. MOYNIHAN. Mr. President, if the Senator from Louisiana would wish to convey to the Senator from New York the information, I would promise to pass it on.

Mr. JOHNSTON. I will certainly be delighted to engage in that exchange. But the Senator from Illinois has, I believe, made some palpably incorrect statements of fact which I think can be easily corrected if he is here on the floor. I will read him some documents he has referred to, and I think he will be satisfied with the information.

I regret that he cannot be here, but I simply state for the RECORD that I wished he would be here because I am going to read some documents that I believe do correctly state the facts.

Mr. PERCY. I think there may be a question of interpretation of facts. I have read as many documents as I could lay my hands on on this issue. I have yet to find a study that has ever been made that supports the project, a special study.

The differences of opinion we had before I think will be clarified by the RECORD insertion that I made. However, if the distinguished Senator from New York would be able to be on the floor, I will make every effort to return before I go down to Blair House. If I cannot, then I would ask unanimous consent that the material, if we do not have it immediately available, be printed in the appropriate place in the RECORD to back up the assertion the Senator from Illinois has made.

Mr. JOHNSTON. Mr. President, could we let the time go for 1 hour today, not beyond 1 hour today, until 10 minutes to 5?

UNANIMOUS CONSENT AGREEMENT

Mr. BAKER. Mr. President, I ask unanimous consent that the debate on this measure continue until the hour of 4:50 p.m. this afternoon, to be divided according to the arrangements heretofore made, which is to say equally between the sides, and that we then temporarily lay aside this amendment and proceed to some other matter as it may be available on this bill.

I might say, parenthetically, that I expect the Senate to remain in session until approximately 6 o'clock today.

Mr. President, I ask unanimous consent, further, that at 1:30 tomorrow the Senate lay aside the pending business and resume consideration of the Percy amendment; that there be 2 hours for debate to be equally divided; and that a vote occur on or in relation to the Percy amendment at not later than 3:30 p.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Tne Senator from Louisiana.

Mr. JOHNSTON. Mr. President, if the Senator has about 60 seconds, I will go into the first fact which is incorrect.

The Senator from Illinois said according to the GAO report this was a $3 billion project. The GAO report, in fact, states, as follows, and the GAO report, as I understand it, has been put into the RECORD by the distinguished Senator from Illinois:

GAO believes the Corps' budget estimate of $1.78 billion for fiscal year 1982 is reasonably accurate. Most of this estimate, $1.4 billion, is made up of funds obligated and/or expended as of March 1981, and the remaining future fiscal year balances of awarded contracts.

Does the Senator agree that the GAO report, in fact, does say that the cost estimates of the Corps are reasonable at $1.78 billion and of that amount $1.4 billion was obligated as of March 1981? I ask him to look at page V of the GAO report which he has put into the RECORD.

Mr. PERCY. The question is, has $1.4 billion been spent to date?

Mr. JOHNSTON. This is what the GAO report states. It says most of this estimate ($1.4 billion) is made up of funds already obligated or spent——

Mr. PERCY. That is a correct figure. And is it correct that the original estimated cost for this project was $323 million?

Mr. JOHNSTON. I do not recall offhand. I know it has gone up a great degree, as has most everything else. But the point is here that the Senator said this was a $2 or $3 billion project and that the GAO report so stated. I simply wanted to clear up the record. The record is now clear on the cost, is it not?

Mr. PERCY. The record is clear to this extent: The $1.4 billion is an obligated figure; it is not a spent figure.

Mr. JOHNSTON. Does the Senator deny that on page V of the GAO report it reads as follows:

GAO believes the Corps' budget estimate of $1.78 billion for fiscal year 1982 is reasonably accurate.

Does the Senator deny that that is in the report which he put into the RECORD?

Mr. PERCY. Let us just be certain that we are talking about obligated as against spent. That is not a spent figure. That is an obligated figure.

Mr. JOHNSTON. $1.78 billion is the fiscal year 1982 budget estimated cost for this entire project; $1.4 billion was the amount obligated and/or spent as of March 1981.

That is what the GAO says and the Senator just put it into the RECORD.

Mr. PERCY. Let me answer the question this way: The Senator has, as recently as last evening, stated the project is 80 percent complete. Is that correct?

Mr. JOHNSTON. Eighty-one percent obligated.

Mr. PERCY. Eighty-one percent complete.

Mr. JOHNSTON. No, not 81-percent complete.

Mr. PERCY. Eighty-one percent obligated.

Mr. JOHNSTON. To put it another way, there would be 19 percent savings if terminated at this time.

Mr. PERCY. I think the way the question was phrased there was 80-percent committed. Is that correct?

Mr. JOHNSTON. It is 81- or 82-percent committed, which means you would make 18- or 19-percent savings.

Mr. PERCY. The Senator from Illinois feels that to state that to the general public is one thing. We understand our jargon but the general public does not. I think they would consider this sort of an unfortunate sleight of hand. It does not describe reality.

Here are the facts, and I wonder if the Senator would disagree with these facts.

As of October 1, 1981, the corps has spent $1.9 billion on the project. That is spent. The project cost is $1.9 billion. Accordingly, construction of the project above Demopolis in dollar terms is 57-percent completed. When the necessary $1 billion of work below Demopolis is properly included the project is only 37-percent completed.

Those figures I take simply from the figures of the GAO.

Mr. JOHNSTON. I asked the Senator a simple question, whether or not the GAO report which he put into the RECORD correctly stated that the total cost of the project was $1.78 billion as of March 1981, that $1.4 billion of that was obligated and/or spent as of that date. He put it into the RECORD. I think he has a copy there. I read it into the RECORD. The question is, is it correct or not correct? Does that comport with what he said? The answer is, if he refuses to answer that question, that that is what the report says and that is a fact.

Mr. President, I would like to make a few comments. I know the Senator must go. I wish he could stay here for the rest of this. He has asked me another series of questions which I do not want to get into now, which I want to get into later. That is the degree to which this project is completed. I think if we can take it step by step, if the Senator could stay on the floor——

Mr. PERCY. If the Senator will yield so the Senator from Illinois can complete that part of our discussion, the phrase 81-percent committed is the thing that I feel should be clarified. I do not think it is relevant to the question of how far along the project has progressed or whether it should be completed. Moreover, it raises serious questions about who controls the Federal budget, the Congress or the corps. If the Corps of Engineers can arbitrarily commit unappropriated funds by signing long-term construction projects and thereby bind the Congress to wasteful projects such as Tenn-Tom we have truly lost control of our constitutional responsibility in this whole Federal budget.

Mr. JOHNSTON. As I say, we can disagree as to the opinion. Does the Senator disagree with the 81 percent or, to put it another way, does the Senator disagree that there are contract terminations and land restoration costs which have been estimated at $283 million? Does he disagree with that? Yea or nay?

Mr. PERCY. I disagree completely with all the figures that have been given as to how far along this project is and what percentage of it has been committed because that does not mean we cannot cancel those contracts. The corps has many, many times renegotiated contracts and canceled them and gotten back money that we otherwise would be obligated to spend if we did not get out of those contracts as rapidly as we could. We can cut our losses, but every single year that we keep projecting this into the future we reduce the chance to cut the project and we are continuing to put good money after money that I think has been improperly spent.

Mr. JOHNSTON. Does the Senator understand what termination costs are? I think he does. Does he?

Mr. PERCY. He has engaged in many termination contracts and has been terminated on some by the U.S. Government as a private contractor through the years. He certainly understands termination costs.

When I get that notification and it says "The Government is canceling this contract. What is your cost to date?"—we certainly always have reserved that right to cancel contracts—"What is the cost to date?" I do not get all of the costs I projected for the future. I do not get the profits I was going to make on those contracts. I have to cut them off right then and there as of that date. That saves the taxpayers' money.

Mr. JOHNSTON. The Senator understands that is precisely the way these figures are calculated, does he not?

Mr. PERCY. How they are calculated?

Mr. JOHNSTON. Mr. President, if the Senator could listen for just a few moments, I will clear up these facts. These are facts.

Mr. President, let me say first of——

Mr. PERCY. I can listen for 2 minutes but I cannot keep my group waiting any longer.

Mr. JOHNSTON. I wonder if the Senator can go over——

Mr. PERCY. It takes a while to get over and back and I have to leave for a meeting at Blair House at 4:30.

Mr. JOHNSTON. We will have another 2 hours tomorrow.

Mr. PERCY. The Senator from New

York has gracefully said he would continue to stay so questions can be answered, and Senator METZENBAUM, another principal cosponsor of the amendment, said he would be happy to stay during this and listen to it. I certainly will read the RECORD very carefully when it is delivered in the morning about 6 o'clock.

Mr. JOHNSTON. Very well. If the Senator will agree to read the RECORD, I hope he will admit that some of the things I have said are factual.

Mr. President, let me begin by saying that my State of Louisiana has no interest in Tenn-Tom.

I was not here when it was started, I share none of the blame or the credit for getting it started. My State has no interest in this project. If it did, it would be a temporary interest, because the port of New Orleans, of course, to some extent, is in competition with the port of Mobile. So, as I said, I was not here when the project was started, I bear none of the blame or the credit for it.

Mr. President, in my judgment, there has been no project which has been more severely misrepresented as to the facts by my colleagues, who have been misled, who are, in good faith, misled on this whole matter of the question of fact, and by the members of the fourth estate, who continue to print fiction as if it were fact and opinion as if it were fact.

Mr. President, there may be many of my colleagues who will disagree once the facts are established and think we ought to terminate the project whatever the facts are. But we at least ought to establish some facts in this case.

Fact No. 1: The total project cost of this authorized project is $1.78 billion as of March of 1981, estimated by the corps and confirmed by GAO, according to the statement just read, $1.78 billion. Of that amount, $1.4 billion was obligated—was obligated and/or spent. So what we are dealing with is only a small increment that has not been obligated.

Is it true that some funds, once they are obligated or committed, may not be spent if a project is terminated? Of course, that is true. It is equally true that there are termination costs in connection with contracts.

What do we mean by termination costs? That means that a contractor has certain contractual rights. Obviously, if he is told he has to finish this project, he is entitled to charge severance pay. He is obligated to pay severance pay and must charge that. He has the cleanup costs of getting his equipment on and off; he has his expected profit. All of those things go into termination costs. So we recognize that there are termination benefits; there are also termination costs.

When you take the termination costs and the termination benefits and the cleanup cost on this project itself, we have a contract termination and land restoration cost estimated at $283 million. That is $283 million, Mr. President.

Then, if we proceed to complete the navigable portion below Columbus, Miss., that is an additional $45 million, which would be an absolutely necessary thing to do to get any benefit at all from the project. Then, we have a total cost to terminate—investment or sunk costs to date, contract termination, completion of that portion—of $1,437 million. That is out of a total project of $1,780 million. That figure, the $1,437 million, which is the cost to terminate, represents from 81 to 82 percent of the total project cost.

Mr. President, no one has looked at those facts and I say they are facts because they are. No one has looked at those and said that they are unreasonable. One might say that the Corps of Engineers overestimated the cost to terminate by $10 or $20 million or underestimated by $10 or $20 million, but the fact of the matter is, these are the figures they have come up with and they have not been challenged. So that means we are 81 percent plus committed on this project.

(Mr. SYMMS assumed the chair.)

Mr. JOHNSTON. Mr. President, if we withdraw from the project, we get virtually zero benefits. The distinguished Senator from Illinois, as if he were making a great revelation, said that the benefits from this project have been only 20 percent of the $145 million a year. Why is that? The project is not complete. The 20 percent is from these contracts, the labor out there, the people employed in digging the canal. Of course, we are not getting 100 percent of the project benefits.

Mr. President, I know of no project that is as frustrating as this, to hear statements made and have them believed that this project somehow is not up to snuff because it is only getting 20 percent of its estimated benefits.

Mr. President, we have heard about this 3¼-percent interest rate, and using the 3¼-percent interest rate, the project, using a cost-to-terminate over a cost-to-complete ratio, has a 6.7 to 1 cost-benefit ratio. Using 7⅜ percent, the cost-benefit ratio exceeds 3 percent.

It is important for everyone to know how we calculate a cost-benefit ratio. I ask the members of the press: They have a responsibility on this matter. This has been misrepresented to the American public. They have a responsibility to the truth.

What is the truth? Back when we first started making cost-benefit ratios, the various economists around the country testified that what we ought to do on a cost-benefit ratio, because the rate of inflation is hard to pick—it varies up and down—was that we ought to pick a neutral cost-benefit ratio. Strip out the inflation from the benefits, strip it out of the interest rate. Obviously, it is stripped out of the cost because the cost is a fixed cost. That is exactly what they did, and 3¼ percent represented their best judgment of what the real cost of money was.

As a matter of fact, 3¼ percent represents something more on the average than the real cost of money. Again, the real cost of money is inflation plus that real cost, which is what you earn on money. The distinguished economist, Robert J. Samuelson, just sometime ago, opined that, indeed, 3 percent was the real cost of money on the average. The real cost of money, or the real earnings on money, up until about the last year, has actually been negative. In other words, during about 4 years prior to the time that President Reagan was elected, you could not keep up with inflation by investing your money in a risk-free, say, savings account or long-term bond or whatever. It did not keep up with inflation. So 3¼ percent is actually a reasonable rate, actually a very good rate for the real rate of interest. Three and three-eighths percent, which the committee adopted some time ago, which is not applicable by law to this project, is a bonanza in terms of the real cost of interest.

I suspect, although I do not recall when it was done or how it was done, I suppose that Congress probably adopted that out of ignorance, out of failure to understand what the cost-benefit ratio is and out of political pressure from people who would say, "How can the Federal Government borrow money at 3¼ percent? It is preposterous." Well, their statements to that effect were made out of a lack of understanding of the cost-benefit ratio.

Mr. President, we are told some things by my colleague from Illinois. He says not a single study supports the worthiness of this project. That is not true. The project was commenced after a study done by probably the top authority in the field, a firm named Kearney—Kearney & Associates—on transportation movements. It was that firm that provided the basic information on which the cost-benefit ratio is based.

Mr. President, perhaps the biggest falsity—I should not say "falsity"; I should say "inaccuracy." I do not mean anybody is trying to mislead. I just think people do not understand this project. Perhaps the biggest inaccuracy is to make a statement such as my distinguished colleague from Illinois made when he said that this will create a bottleneck that it will take a billion dollars to rectify. Now, what is that all about?

This is a project, of course, that connects the two river systems by the connecting Tenn-Tom Waterway, which is the middle segment. It connects to an existing waterway, what we call the Mobile River system—the Black-Warrior-Tombigbee Rivers—that Mobile River system already has some traffic on it, about 14 million tons a year—or, at least, that traffic is projected to equal 14 million tons—and the opponents of this project say that it is going to create a bottleneck below the city of Demopolis because that existing part of the waterway will be so crowded as to require what they say is another billion dollars' worth of work.

First of all, that billion dollars' worth of work has actually been estimated to be, in 1981 dollars, $323 million. Excuse me—that is October 1979 dollars. The remainder, $637 million, is inflation to the end of the century.

So we are actually talking about a figure, in today's dollars, which is about one-third of the figure they are talking about.

If we are going to talk about 1997 dollars, let us talk about 1997 salaries. If I am still here, I hope we are making a quarter of a million dollars in the Sen-

ate. I hope that buck privates are making $50,000 a year. But let us be clear about what this cost would be if an additional project were authorized and if it were built. It is in those dollars, as indicated by the Comptroller General's report, which Senator PERCY put in the RECORD, $323 million.

However, the question is, will that be required? The only way that would be required is, first of all, for the Congress of the United States to authorize it, to have an authorization bill, and for that bill to be signed by the President. It has not been authorized; and I can state that probably neither that project nor any other, so far as that goes, will be authorized by this Congress.

The second question: Is that necessary in order to realize the benefits as projected here? The answer is, "Clearly not."

In the cost-benefit analysis, it was projected that in order to receive these benefits—which would now run, as I indicated, 6.7 to 1 on the cost-benefit ratio—it would take 44 million tons a year of commerce to equal those benefits, which equal $145 million in benefits a year. Of that 44 million tons, the Tenn-Tom canal that is being dredged would bear 29 million tons of that commerce.

So all you have to do in order to reach the full cost-benefit ratio is to run 44 million tons total, 29 million tons on the Tennessee-Tom canal portion. I say to the Senator from New York that the cost-benefit analysis used a six-barge tow below Demopolis as the means to achieve the cost-benefit ratio.

The only way you can be crowded below Demopolis is for these cost-benefit ratios to be exceeded—to be, indeed, vastly exceeded—because we believe that the capacity of the waterway south of Demopolis probably exceeds 55 million tons, although we used 44 million tons per year in order to fulfill the analysis.

So the opposition would like to have it both ways. On the one hand, they would like to say that the Tenn-Tom will never realize the benefits projected for it, and therefore it is a bad project. On the other hand, they would like to come in and say, "But it will be so successful and crowded with traffic that you will have to build another new waterway, not yet authorized." They go further and say that that project would cost a billion dollars, when they really are talking about 21st century dollars.

Mr. President, it is not fair. Let us be fair about it. You either have to say that it is going to be such a successful project that it will have to be increased and a new one authorized by Congress or it is not going to be crowded at all because it is not going to realize the cost-benefit ratio.

Mr. President, Mr. PERCY has stated that no coal companies have requested this project. The project was authorized back in 1946 and was commenced in 1971, and at neither time was steam coal thought to be an export item; indeed, steam coal was not used in the cost-benefit ratio to justify it.

As the GAO report put into the RECORD by Mr. PERCY indicates, steam coal is now a viable item, and it is not necessary for coal companies to request Congress to build the Tennessee-Tom. It is now authorized; it is now funded.

I can tell the Senate that there is a great deal of interest in the steam coal up and down the Mississippi River and by foreign importers. I have talked to many of them.

Mr. President, it is next said that the cost-benefit ratio is negative. I have explained that cost-benefit ratio here. It never has been negative. The cost-benefit ratio, when the project was begun, was positive. It is positive now using cost to complete and cost to terminate at 6.7 to 1, and it never has been negative.

My friend from Illinois says that this is like projects in Illinois, like the Oakley Dam. Not one spade of dirt was ever turned on the Oakley Dam. No construction was done on the Oakley Dam. It is easy to stop a project before it is begun. This project, however, is 81 percent along.

Mr. President, another note: The proponents of the amendment say "The GAO has stated that $2 billion is needed." I repeat, I repeat, I repeat: The GAO has never said that. It has never been a fact; it is not a fact now. We are 81 percent committed on this project, and the second segment below Demopolis, in my judgment, is never to be authorized.

I invite the attention of my colleagues to the same GAO report. They will find on page 125 a letter from the Office of Management and Budget, dealing with this very question. The letter says, in part:

> We also believe that the question of developing a new federal project to expand the existing Demopolis to Mobile Waterway is unrelated to the question of completing the Tennessee-Tombigbee project. Should such a project be authorized by the Congress, it would be subject to the same policy review and competition for scarce budget resources as any other potential new water resource project before being included in the Administration's budget.

I ask unanimous consent that the OMB letter from which I read be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 23, 1981.

Mr. WILLIAM J. ANDERSON,
Director, General Government Division,
U.S. General Accounting Office,
Washington, D.C.

DEAR MR. ANDERSON: This is in reply to your letter of April 6, 1981, enclosing a copy of the GAO proposed draft report entitled "Tennessee-Tombigbee Waterway—Some Answers to Help Resolve Difficult Issues." The report is a very balanced presentation of the questions which must be addressed concerning the Tennessee-Tombigbee Waterway. Our comments on the report are very brief.

The remaining benefit to remaining cost ratio is mentioned in the report on page 99. We would point out that this ratio is an analytical tool which can be used as a factor in making budget decisions on the continued funding of a large capital project like the Tennessee-Tombigbee Waterway. As noted in your report, the remaining benefit to remaining cost ratio for the Tennessee-Tombigbee Waterway is currently 3.0. The fact that this ratio supports the continued funding of the Tennessee-Tombigbee Waterway should be expressly mentioned in your report.

[GAO comment: OMB is correct in stating that the remaining benefit to remaining cost is a factor in making budget decisions on Tenn-Tom. As suggested, we have noted this in the introduction chapter rather than just in appendix I.]

We also believe that the question of developing a new federal project to expand the existing Demopolis to Mobile Waterway is unrelated to the question of completing the Tennessee-Tombigbee project. Should such a project be authorized by the Congress, it would be subject to the same policy review and competition for scarce budget resources as any other potential new water resource project before being included in the Administration's budget.

[GAO comment: See discussion on pages 88 and 89.]

I want to thank you for providing us with the opportunity to comment on this draft report.

Sincerely,

FREDERICK N. KHEDOURI,
Associate Director for Natural Resources, Energy and Science.

Mr. JOHNSTON. Mr. President, I say that this is a frustrating project because fiction is being attempted to be elevated into fact—all in very good grace and all with perfectly honest intent. But if my colleagues will just focus on what are the facts, we can argue about whether a project 81 percent committed should be completed in these days of budget stringency. That is a legitimate argument.

One can argue about whether the project should have been started in the first place, and I might have been engaged in that argument at that time. One can argue about the cost-benefit ratio and whether or not 3¼ percent is a reasonable rate, but at least concede the fact that the cost is estimated at $1.78 billion total by the GAO which has adopted as a reasonable cost $1.4 billion including the estimate of termination and restoration and sunk costs.

The cost-benefit ratio as presently estimated using the difference between the cost to complete and costs to terminate is 6.7 percent to 1. The termination savings are only $323 million. We get virtually no benefit if we terminate the project. We get an estimated $145 million a year if it is completed.

The fact of these estimates and indeed the uncontroversible fact as to what has been spent is in the RECORD.

I hope we will proceed with the debate that first accepts facts as facts if they are and then argue about opinion to the extent that it is opinion.

Mr. ABDNOR. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. ABDNOR. I thank the Senator from Louisiana for yielding.

Mr. President, I wish to express my opposition to this amendment, which proposes to delete money for the Tenn-Tom project.

As the Senator from Louisiana was saying, if we had not long ago begun construction on this project, and with the budget problems that we are now experiencing, I might be quite sympathetic to a reexamination and delay of the project.

The PRESIDING OFFICER. If the Senator from South Dakota will sus-

pend, the time controlled by the Senator from Louisiana has now expired.

Mr. MOYNIHAN. Mr. President, I am happy to yield to my distinguished chairman such time as he requires to be charged against our time.

Mr. ABDNOR. I thank the Senator and appreciate that. I thank the Senator from New York for doing that. He is very kind and fair about this.

As I started to say, if we had not started construction on this project long ago, with the problems we are experiencing with the budget today, I am sure I would be quite sympathetic to a reexamination and a delay of the project.

But the facts are that we are 70 years into the construction of the Tenn-Tom project, and we have spent more than $1 billion on the Tenn-Tom project. We are only 20 percent away from the conclusion of the Tenn-Tom project, when measured in terms of actual contract commitments.

Clearly, we have traveled too far down the Tenn-Tom road to throw away that investment now. The voters of this Nation want to halt waste; they certainly do not want us to throw away more than $1 billion invested so far, then spend millions more to fill up a 232-mile-long ditch.

But the reasons to oppose this amendment go beyond that. The Tenn-Tom project offers an alternative that will make our national system of inland waterways more productive. And I point out that our Subcommittee on Water Resources expects to consider, early next year, proposals by the administration to place the inland waterways on a more self-sustaining basis, through a system of user charges. The Senate will have an opportunity at that time to evaluate proposals that might recover a portion of the costs for the construction of the Tenn-Tom, thus transferring to the shippers some of the investment we are evaluating today.

Mr. President, I believe the amendment is unwise and wasteful. I urge the Senate to reject the amendment.

I certainly do thank my colleague, the Senator from New York, for his time.

Mr. MOYNIHAN. I thank the chairman.

Mr. President, I wish to continue the dialog that the Senator from Louisiana began so successfully and importantly. If I could ask him a question, and not meaning to have a debating point here, but did I not hear him say just now that the cost-benefit ratio of the project was 6.7 to 1?

Mr. JOHNSTON. What I said to my distinguished colleague is that if we take the termination costs the difference between the cost to complete and cost to terminate is $343 million.

Mr. MOYNIHAN. The Senator meant remaining cost?

Mr. JOHNSTON. Remaining cost, exactly, and actually what I meant was and what I said, I believe, was the difference between the cost to complete and the cost to terminate.

Mr. MOYNIHAN. Could I then make the point that the Senator did not mean the cost-benefit ratio was 6.7 to 1 because that means it would cost 6.7 times more than it would return? He meant the benefit-cost ratio.

Mr. JOHNSTON. The benefit-cost ratio, that is correct. I stand corrected. I think I have said cost-benefit ratio several times already in the debate.

Mr. MOYNIHAN. The cost-benefit ratio is 6.7 to 1 which I think is in fact the case here. But the Senator meant it the other way.

Mr. JOHNSTON. I thank the Senator for pointing out my solipsism.

Mr. MOYNIHAN. I wish then to make two points.

First, if I may, I have a brief statement.

Mr. President. I commend the distinguished chairman of the Foreign Relations Committee, Senator PERCY, for his exemplary leadership in sponsoring the amendment to delete $189 million for the Tennessee-Tombigbee Waterway. The chairman knows and understands waterways. He represents a Great Lakes State. He understands commercial transportation and he understands public investment. He knows when a mistake has been made.

The United States is "disinvesting" in public facilities. Our highways and water systems are wearing out. Billions of dollars will be needed simply to maintain that which we already have. This one fact alone should compel the Senate to stop the funding of the Tennessee-Tombigbee.

I am not against public works. Indeed, as a recent monograph published by the council of State planning agencies stated, "Well-conceived public works are not 'pork barrel.' " It is the saddest point in the debate over the continued funding of the Tennessee-Tombigbee, that this project has done so much to damage the reputation of legitimate and essential public works. The Tenn-Tom has undermined the public's confidence in Congress ability to discern a good public investment from a wasteful one.

The Tennessee-Tombigbee Waterway will compete with the 1,800-mile Mississippi River—ninth largest river in the world and the largest in the United States. According to the Corps of Engineers' own transportation consultant, A. T. Kearney, "the transportation mode that the Tennessee-Tombigbee is primarily competing against is barge." Over two-thirds of the traffic on the Tenn-Tom is presumed to be diverted from the Mississippi River.

It was wrong for the Congress to have appropriated funds for the Tennessee-Tombigbee in 1971. It is still wrong for the Congress 10 years later to continue to appropriate funds for a project without redeeming economic value. It is wrong to spend an additional $690 million to finish the authorized project. And it will be wrong to authorize and appropriate $1 billion to ease the bottleneck created by the Tenn-Tom along the Tombigbee River south of Demopolis.

There is a way out of the dilemma of leaving a half-built waterway to the elements, and that is a proposal I first advanced on May 21, 1981, in the Environment and Public Works Committee. My proposition is quite simple: Ask the affected States to put the same faith in the waterway as they ask of the Federal Government. The States should be required to pay 50 percent of the remaining costs of the project.

This seems to be an altogether fair proposition. If the waterway is indeed expected to produce the benefits claimed by the Corps of Engineers, a fraction of those benefits can surely be recovered from the users to pay for 50 percent of the remaining costs. This would amount to approximately $400 million, or 20 percent of the total cost of the authorized project.

If the States fail to participate in such a cost-sharing arrangement, then it hardly seems reasonable to me that the Federal Government should continue to shoulder the burden on its own. The project therefore would be terminated in an environmentally acceptable manner and the misguided enterprise laid to rest.

My proposal raises the issue of waterway user fees. The notion of free goods is more deeply embedded in waterborne transportation than in any other mode of transportation. When the Corps of Engineers calculates the benefits of a navigation project, those benefits correspond to savings to shippers, that is, individuals or corporations which can be identified. As such, the Federal Government—or any other public financing authority—ought to be able to capture at least some of those benefits as a means to pay for the construction and maintenance costs. For 25 years we have accepted this principle on the Federal level in the form of the gasoline tax and the highway trust fund and we accept this principle on the local and State level when we pay road and bridge tolls. New York State collected tolls to pay for the $12 million Erie Canal, an exorbitant sum in 1825. Why can we not apply such simple accounting rules to other waterways?

The facts surrounding the Tennessee-Tombigbee have been and will continue to be disputed. I submit that it is the principle of continuing to dispense free goods that the Senate ought to be debating today. Responsibility for many Federal programs have been turned over to the States. I am asking in relatively modest terms for the States which stand to benefit the most from the Tennessee-Tombigbee to make a more substantial contribution to the costs of constructing the project.

I wish to extend my statement simply to say that I rise as the sometime chairman of the Subcommittee on Water Resource of the Committee on Environment and Public Works to say we are not an institution opposed to or a body disposed against public works.

To the contrary, our dilemma is the stalemate in public works.

There has not been a serious water bill passed this Congress in a decade, as the distinguished Senator from Louisiana observed. We are probably disinvesting in public works in this country.

One of the reasons it happened was that not only the dams, as the great symbol, but also the waterways for a period in our time were in fact free goods for those who could get them. As any free

goods in any situation would be it was abused. Then as this began to be perceived, the benefits of serious public works began to be disparaged in the same mode and a whole complex of difficulties now culminating with budgetary difficulties have led to the state where we cannot do anything.

That is why Senator DOMENICI and I have worked for 3 years on water legislation which might bring us out of absolute stalemate.

I spoke earlier about the Red River Waterway, $1.6 billion, entirely in the State of Louisiana. No one is against that here. But I do not know who is going to fund it if we go ahead with this enterprise.

Of course, the Senator is right. It is a painful thing to close down such an enterprise.

But might it not be kept as a kind of national memorial to that kind of obliviousness to cost? Might it not be that newly appointed members of the committees on public works be invited to tour, to walk some of those vestiges?

Mr. JOHNSTON. Is the Senator asking me a question?

Mr. MOYNIHAN. I do ask the Senator a question in all seriousness.

Mr. JOHNSTON. First of all, how would we fund other water projects?

Mr. MOYNIHAN. By producing the political consensus that they are worthwhile to the Nation.

Mr. JOHNSTON. By the $145 million, in part at least, in the yield benefits which are projected on the Tennessee-Tombigbee waterway which would be completely lost if we do not spend that additional $343 million in order to complete it.

Mr. MOYNIHAN. I make the larger point, if I may, that if our reputation for sobriety and rigor in these matters is not sustained, this country is going to have trouble sustaining its defense program next and will never get back to supporting public works. There has been a decade of stalemate.

Might I just inform my friend of something that is coming our way? In 1978 we enacted the Inland Waterway Revenue Act. We established a fuel tax that will go from 4 cents per gallon, to 10 cents per gallon in 1985. Congress would not go any further owing to the eloquence of some of the persons on the floor at this very moment, but it did instruct the Secretary of Transportation and the Secretary of Commerce to carry out a study of the impact of waterway user taxes and charges.

I would like to say to this body and to anybody who may be listening in this Chamber that this study has now been completed. It was carried out in the main by Data Resources, Inc., and Booz, Allen, & Hamilton for the Department of Transportation.

I have here a draft executive summary. Mr. President, I ask unanimous consent that this be placed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

EXECUTIVE SUMMARY, SECTION 205 STUDY

I. INTRODUCTION

In 1978 Congress enacted the Inland Waterway Revenue Act of 1978 (Title II of P.L. 95–502) which established a fuel tax on commercial users on the inland waterways. That tax was initiated at four cents a gallon with a provision for regular increases until it reached a level of ten cents a gallon in 1985. The ten cents a gallon reflects a cost recovery level of approximately 20–25 percent. This is a fairly moderate level of cost recovery, but Congress declined to go any further without a better understanding of the impacts of higher user charges. For that reason, section 205 of P.L. 95–502 instructed the Secretaries of Transportation and Commerce to carry out a study of the impacts of waterway user taxes and charges.

This report consists of findings of the study and an executive summary. The reports of the contractors and consultants employed on the study, including summaries of their reports, are included as appendices.

The bulk of the analytical and data gathering work for this study was done under contract by Data Resources Inc. (DRI) and Booz-Allen and Hamilton (BAH). In general, the former was responsible for forecasting commodity flows, estimating changes in mode share caused by user charges and analyzing regional economic impacts. The latter was responsible for surveying shippers and carriers to develop information on their probable responses to rate increases caused by user charges and for analyzing the financial impacts of user charges on shippers and carriers. In addition, Professor Philip Baumel of Iowa State University was engaged to carry out an especially detailed analysis of the impacts of user charges on grain movements.

In addition to these contractors, consultants were engaged to write papers in the following specific areas: energy, hazardous materials, cost allocation, the history of government aid to the freight modes and the policies underlying past Federal programs of assistance to transportation.

The findings of the study are based on extensive work by contractors and consultants. Nonetheless, these findings are the responsibility of the Departments of Transportation and Commerce and not of any individual contractor or consultant. These findings are presented in the same order in which Congress asked for them. For each subsection of section 205 there is a corresponding part of the section or findings which responds to the specific issues raised by the Congress in that sub-section.

II. EXECUTIVE SUMMARY

The Congress raised a number of questions in section 205. The core questions, however, are those having to do with the economic and financial impacts of waterway user charges on barge operators, shippers, regions and other economic interests that may be affected.

Overall, perhaps the most striking general point that emerges from the analysis is the very strong future water traffic growth that is forecast, with or without user chargers. Under the maximum diversion case, a system-wide fuel tax with no rate response by the railroads, traffic in the year 2000 is estimated to be 65 percent greater than in 1977, although it is 16 percent less than it would be without user charges. An equally plausible scenario with much less diversion is segment charges (ton/mile) with a 50 percent rail rate response (i.e., rail rate increases under user charges are only 50 percent of barge rate increases). Under this scenario, year 2000 traffic would be only seven percent less than the no-user charge forecast and would be nearly double 1977 traffic.

It is this strong underlying growth trend that keeps the impact of user charges from being more severe. The more traffic there is moving on the river, the lower the user charge per ton of traffic and the less the impact of the user charge. Much of the traffic growth is in coal. In tonnage terms, coal is by far the largest single commodity moving on the waterways. It accounted for approximately 27 percent of total tons in 1977, and is forecast to be very close to 50 percent by the year 2000, with or without user charges. There is also very strong growth in corn, soybeans, fertilizer, chemicals and steel. Tables II–1–3 illustrate some of these trends.

TABLE II–1.—*Percent change in total tonnage in year 2000 compared to 1977 base under various scenarios*

Scenarios	*Percent Growth*
No tax	65.0
Systemwide fuel tax 100% recovery 0% rail response	50.4
Segment ton-mile toll 100% recovery 0% rail response	54.5
Segment ton-mile toll 100% recovery 50% rail response	56.3
Segment ton-mile toll 50% recovery 0% rail response	60.8

TABLE II–2.—*Percent change in coal, tonnage in year 2000 compared to 1977 base under various scenarios*

Scenarios	*Percent growth*
No tax	157.0
Systemwide fuel tax 100 percent recovery 0 percent rail response	153.3
Segment ton-mile toll 100 percent recovery 0 percent rail response	153.1
Segment ton-mile toll 100 percent recovery 50 percent rail response	153.2
Segment ton-mile toll 50 percent recovery 0 percent rail response	155.3

TABLE II–3.—PERCENT GROWTH CHANGE IN GRAIN TONNAGE IN YEAR 2000 COMPARED TO 1977 BASE UNDER VARIOUS SCENARIOS

Scenarios	Corn	Wheat	Soybean	Total
No tax	63.5	55.0	162.7	87.2
Systemwide fuel tax: 100 percent recovery, 0 percent rail response	43.1	44.8	138.9	68.3
Segment ton-mile toll: 100 percent recovery, 0 percent rail response	43.2	38.7	134.0	65.7
100 percent recovery, 50 percent rail response	53.7	47.6	145.8	76.1
50 percent recovery, 0 percent rail response	54.3	47.9	146.7	76.7

There are two groups that experience noticeable adverse effects from user charges. These are grain farmers and barge operators. The barge industry experiences an immediate drop-off in traffic when rates go up to reflect user charges. In four to five years, however, the underlying growth in commodity traffic brings barge traffic back to what it was before user charges were imposed and from that point onward it continues to grow.

The analysis that has been conducted almost certainly exaggerates the short-term impact on the barge industry. That is because it has been assumed that barge operators will pass through 100 percent of user charges to shippers. This is a good assumption to make because it would be very difficult to say what the pricing strategy of barge operators would actually be.

Inevitably, there will be many cases in which barge operators in actual practice would absorb some of the charges themselves in the short run in order to hold traffic and keep their barges operating. Thus, the assumption of 100 percent pass-through, while analytically sound, does exaggerate diversion.

The effects on grain farmers, especially those located near the river, are likely to be more lasting. The farmer near the river has enjoyed a definite benefit in lower shipping costs, because the general taxpayer has been covering part of those costs for him. Those

farmers that have gained the most from this support have the most to lose by its withdrawal.

As distance from the river increases the negative effect on grain farmers diminishes. There are two reasons for this. One is simply that, as the trucking component of the truck/barge move increases, there is less gain from the lower cost of the river movement and hence, less loss from the withdrawal of the subsidy.

Beyond that, however, rail shipment becomes a more viable alternative as the length of the truck haul increases. Farmers who are now on the outer edge of the river's "drawing area" may find their shipping costs reduced as it becomes economically feasible to build unit train loading facilities closer to the river than it used to be.

An important variable in the effects on farmers and barge operators is the extent to which railroads respond to user charge-induced increases in barge rates either by raising their own rates on water-competitive traffic or by keeping their rates low to increase their market share. There is no good way of predicting this behavior and, in fact, it is likely to vary over time as other conditions change.

For example, when railroads have excess supplies of hopper cars, they are likely to bid for increased market share by keeping rates down. Under tighter car supply conditions, they might go for higher rates. Since railroad response cannot be predicted, user charge impacts were analyzed under various assumptions about railroad behavior. Barge operators are helped by railroad rate increases because less traffic then moves from barges to railroads.

Most farmers are helped to the extent that railroads do not raise rates, because this reduces the cost of their alternate means of transportation. Farmers close to the river would be helped by higher rail rates, since this would keep more traffic on the river, thus reducing user charges per ton-mile.

The manner in which the user charges are implemented can also have a marked impact on the outcome. There are two basic ways to go about levying a user charge. One can do it on a system-wide basis under which all traffic pays tax at the same rate, regardless of the part of the system it is moving on.

The alternative is the segment-based charge under which traffic is charged at a rate which reflects the government's cost of operating and maintaining the river segment on which that traffic is moving. Either type of charge can take a number of forms. For the system-wide charge, a uniform ton-mile tax, a fuel tax or a uniform tow-boat license fee for tow-boats and/or barges are all possible candidates.

For a variety of reasons, the fuel tax is the most practical and feasible way of imposing a system-wide charge, and would be the type of charge most likely to be actually employed for this purpose. A segment charge could be imposed through a ton-mile tax varying with segment costs, lockage fees, variable license fees and in other ways. For purposes of the study, both ton-mile charges and lockage fees were analyzed.

For several reasons, the fuel tax and the segment ton-mile tax were selected as illustrative for analysis of the differing effects of system-wide and segment specified charges and of combinations of the two.

In comparing these two basic approaches, two striking points emerge. From this analysis, there appear to be four major river segments whose present traffic simply could not pay the full current costs of operating and maintaining these segments. These are Appalachiocola/Flint, Quachita/Red, Kentucky, and Tennessee/Tombigee.

Under full cost recovery, traffic would simply leave these segments or not move at all. The underlying reason is that there is considerable variation in the capital and operating costs of various portions of the system as well as wide differences in the traffic volumes access which the waterway's costs can be spread. As a consequence, costs per ton-mile of traffic can be far above the average on some segments. For the whole system, the average Federal cost of operating and maintaining the waterways in 1977 was 1.1 miles per ton/mile. The highest and lowest cost segments are:

Estimated implicit user charge to recover Federal operations and maintenance costs

[Mills per ton-mile]

High Cost River Segments:	
Appalachiocola/Flint	45.5
Kentucky	23.7
Quachita/Red	16.0
Arkansas	9.6
Tenn-Tom: No traffic at present.	
Low Cost River Segments:	
Ohio	.58
Lower Upp Miss	.67
Green	.79
Lower Miss	.82

Although the Arkansas is among the high-cost rivers, the analysis indicates that it is able to hold its traffic, and, as its traffic grows over time, unit ten/mile costs come down. The other high-cost river segments do not have sufficient future traffic growth projected for them to become viable under a cost recovery system based on segment specific user charges.

It should be clearly understood that the river segments that were chosen for the analysis represent some arbitrary decisions about which rivers and stretches to group together. For this reason, some of the segments which the analysis shows cannot hold their traffic contain stretches which might well hold their own. For example, the Tenn-Tom includes the Warrior River which is definitely able to hold its traffic under segment-specific charges. Another example is the Quachita River which is included with the Red and would be likely to be self-sustaining under segment-specific charges.

Total levels of diversion are lower with a segment-specific tax than they are with a system-wide fuel tax. This is because a fuel tax requires the traffic on high-volume stretches to carry some of the burden of the low-volume stretches. Under segment-specific charges, the traffic on the low-volume stretches has to carry the full costs of those segments. Thus, most (but definitely not all) traffic pays a lower user charge under a segment-specific toll than it does under a system-wide fuel tax. Thus, a segment-specific charge reduces the negative effects on the barge industry as a whole. It also reduces negative effects on shippers that use the segments that pay less under segment-specific charges than they would under fuel taxes.

In order to explore further the sensitivity of high costs rivers to segment charges, cases were analyzed in which only 50 percent of the costs of these rivers was recovered on a segment basis. In either case, the traffic on the four river segments mentioned above is still unable to bear the costs allocated to them. This is true even in the case where no charge other than the 50 percent segment charge is being collected.

Among commodities now on the waterways, those most susceptible to diversion are petroleum products and steel. Gasoline and distillates tend to experience diversion rates around four times the average and steel from two to two-and-one-half times the average. However, because the amount of these commodities that move on the river are very small in relation to the overall volumes being produced or moved, the impacts associated with these large percentage diversions are negligible.

The commodities with the least tendency to divert are coal and sand and gravel. Sand and gravel typically moves for very short distances. Moreover, in many cases there are no real alternative methods of moving the sand and gravel as it is being dredged from the river. User charges do not have a great effect on the delivered cost of coal.

Many of the utilities that receive coal by water do not have facilities for unloading trains. The incremental amount added to barge rates because of user charges would not nearly be large enough to cause one of these utilities to invest in facilities for unloading trains. For example, the average increase in the delivered cost of a ton of coal on the Ohio River from full user charges is estimated to be only cents, percent of the total delivered cost of the coal.

Analyses were performed with user charge levels set at less than full cost recovery so that the effect of reducing the charges could be estimated. At lower levels of cost recovery, the impacts would of course, be reduced. At 50 percent recovery, diversion for most commodities becomes minimal. For example, under 50 percent cost recovery employing segment specific charges, total traffic is estimated to be only three percent less than what it would have been without user charges. Under this scenario, the traffic level for no commodity falls as much as ten percent from the no-user-charge level. In other words, the impact is becoming very difficult to detect.

As noted at the outset, the two groups that do sustain noticeable negative effects are barge operators and grain farmers, temporary in the former case, permanent in the latter, at least for those farmers located near the river who now receive the largest benefit from government's financing of the waterways. These effects are not large enough in total, however, to translate into any extensive effects on regional economies. There are some negative spillover effects, but they are quite small in the context of overall regional economies. Admittedly, any negative effect is significant to the individual who experiences it. Nonetheless, any effects there are truly small when compared to total levels of income, investment or employment. The analysis of regional impacts shows that only a fraction of one percent of these totals could be affected.

There are no negative effects in terms of energy consumption or of the balance of payments. There may be some shifts in the location of the areas where grain is grown for export. The implementation of user charges may improve the competitive position of Western Iowa or South Dakota growers relative to Eastern Iowa or Illinois River growers with respect to grain exports. This simply means that areas close to the river might send a somewhat lower percentage of their production to world markets while areas farther from the river with good rail access to ports might send a somewhat higher percentage of their production to world markets.

An issue frequently raised in the context of waterway user charges is that of Federal subsidy to other modes. Review of this history reveals that, at one time or another, each of the modes has been subsidized and promoted as a means of achieving some national goal. Currently, it is the goal of the Executive Branch to eliminate all Federal subsidy to freight movement.

Before closing this executive summary, it is important to say a word about the nature of the analysis that was carried out for this study and to place the results in perspective. The basic method of the anaylsis was to forecast barge traffic growth in the absence of user charges. Then, using estimates of shippers' responses to various rate increases, the traffic flows with user charges were projected. User charges were estimated using Corps of Engineers information on the allocation of costs to navigation.

In other words, a future without user charges was projected, and an analysis then made of what that future would look like if inland waterway user charges were implemented, and nothing else in the economy changed. The underscoring is used because it is virtually certain that many changes, many of which are not now foreseeable, will occur in the next twenty years and that some of these changes are likely to have far greater effects on inland navigation than would user charges. Fuel price increases of the last five years have caused a far greater increase in barge rates than any user charge examined here. A full cost recovery fuel tax would amount to a — percent increase in 1990 barge rate compared to the — percent increase that occurred during 1976–80.

Similarly, the maximum negative effect of user charges on the most severly affected grain farmer has been estimated at 5–6 cents per bushel. Anyone who follows world grain markets knows that that is an amount that would be swamped by normal swings in the market. For example, in 19— corn prices were — cents below 19—. Within a single year, it is normal for the price of corn to swing by — to — cents per bushel.

In sum, the implementation of inland waterway user charges is unlikely to be the dominant or even a major, influence on the well-being of the parties involved over the next two decades.

Mr. MOYNIHAN. I would like to read one page, just one paragraph. There is a question as to the various basic approaches, as to how you might get a full recovery of the costs of these programs' operation and maintenance, and I quote:

In the comparing of these two basic approaches, two striking points emerge. From this analysis, there appear to be four major river segments whose present traffic simply could not pay the full current costs of operating and maintaining these segments. These are Appalachicola/Flint, Quachita/Red, Kentucky, and Tennessee/Tombigbee.

Mr. President, under instructions from this Congress the Department of Transportation and the Department of Commerce are that far from having a positive benefit-cost ratio when the $2 or $3 billion are spent. By calculating how much you can charge before there would be no traffic and optimizing those charges, you could not even get back the operating and maintenance costs of this particular project.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. MOYNIHAN. If I may make one more point, because I want to compare that with the extraordinary difference of the lower Mississippi. We are dealing with vast differences.

For the Appalachicola, the implicit user charge to cover operation and maintenance, not a penny for the steam shovels and the concrete, is estimated in mills per ton-mile to be 45.5; the Ohio is 0.58. It costs 90 times as much on the Appalachicola as it does on the Ohio.

The upper Mississippi 0.67, the same thing, 90-to-1 ratio. The lower Mississippi scarcely different, more dredging and a little more wiggling, 0.82 mill.

We have had testimony that this is an eight-barge waterway, and for what it is worth, tug captains will say it is a six-barge waterway. It will compete with a 60-barge Mississippi system.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I am happy to yield for a question.

Mr. JOHNSTON. Did I understand the Senator to say that because of the fuel tax, which is now I believe 4 or 5 cents a gallon, that it would not pay for the maintenance on this waterway, and therefore it is not a proper waterway? Is that what I understand to be the point the Senator made?

Mr. MOYNIHAN. Well, first of all, Tenn-Tom is not included in the fuel tax.

Mr. JOHNSTON. That is correct.

Mr. MOYNIHAN. Second of all, this is a study of whether any user charge could return the actual operating and maintenance cost. This is an economic calculation.

Mr. JOHNSTON. And using what figures of traffic and what figures of cost?

Mr. MOYNIHAN. The Data Resources, Inc., and Booz, Allen, and Hamilton, used a model of transportation costs. There is an optimal charge. Below that by increasing it you would get more revenue, beyond that by increasing it you get less revenue. It is called a revenue curve. It is characteristic of any business and especially characteristic of transportation.

Mr. JOHNSTON. Did they agree or disagree with the $145 million annual benefits as projected in the benefit-cost ratio?

Mr. MOYNIHAN. They did not make any judgment on that. But, sir, I say to you in the name of public works that if we go forward with this we will be disgraced. I mean this thing will not even pay the tollgate keeper's salary, and there is no toll under present law.

Mr. JOHNSTON. There are $145 million annually of benefits to be derived from this. DRI did not disagree with that. I have not seen the DRI study and I would love to see a copy of it.

Mr. MOYNIHAN. It will be in the RECORD in the morning. There was also a detailed analysis by Prof. Philip Baumel of Iowa State University.

Can I not make the point on behalf of someone committed to these enterprises that we believe in the Committee on Environment and Public Works that we are disinvesting in these public works? I come from the State of New York, and the Erie Canal is part of our history. I do not harbor any resentment of the fact that Thomas Jefferson, when asked to give the help of the Federal Government, said, "Maybe in a half century it may be feasible." I have no resentment of that at all. The Senator from Mississippi (Mr. COCHRAN) is smiling, and I thank the Senator from Mississippi.

The waterways are part of our life, and harbors are part of our life, and the export of coal is going to be part of our economic life in a way it has not been. The use of water in the high plains and what used to be the great American desert, you know, has been transformed by the Bureau of Reclamation. But we are not getting any money for new programs. We cannot get them through. The combination of a sense that they are somehow illegitimate, and the environmental opposition, now culminating with budgetary opposition, means that nothing is happening. A decade went by and we did not get a bill. So far as I know I want to see the Red River waterway built through Louisiana, but I do not think I am going to see it.

I say to you, sir, as sure as we are here today—well, not as sure, nothing can be that sure—I mean there is a very high probability that 2 years from now or 4 years from now someone is going to say, "The Red River waterway, we cannot afford it, it will not work, and it is just like the Tenn-Tom," unless we have closed down the Tenn-Tom to establish our bona fides, and we have closed down some dams, too.

Mr. JOHNSTON. May I ask the Senator——

Mr. MOYNIHAN. Please.

Mr. JOHNSTON (continuing). Does he agree with the figure of $343 million as being that which we would save by nontermination of the authorized project.

Mr. MOYNIHAN. No, sir. I mean as soon as we get that the corps will be in for the Demopolis-to-Mobile segment, and I recognize the Senator has a very powerful point in saying if it is so crowded, if it is going to be so crowded up above—if it is going to be a bottleneck from Demopolis south, how will it be so empty up above? The answer basically is that the Demopolis-to-Mobile segment is not built for eight-barge tows either.

Mr. JOHNSTON. Did the Senator know it was a six-barge tow on which the cost-benefit ratio was based?

Mr. MOYNIHAN. No, I did not. But six-barge seems more likely. I know it sure was not 60.

Mr. JOHNSTON. It has a capability of eight barges, which has been criticized by some. But the corps used six-barge tows in its calculations.

Mr. MOYNIHAN. I would not be surprised. The corps tries to be conservative in these things.

We put this benefit-cost analysis on them. It was one of the newest ideas in public administration in the 1930's, and it was attached to the legislation that provided relief after the great Ohio floods of 1935. But the Department of Transportation and the Department of Commerce are telling us there is nothing, there is going to be no benefit of any kind. You would not even be able to recoup the operating costs. You know, in New York City we suffered for many, many years, and I think quite seriously its public life was affected, under the administration of Boss Tweed. A courthouse was built just north of City Hall, and it cost more than it should have. It served as a courthouse, but it became known as the Tweed courthouse, and for 80 years, whenever there were any efforts to do anything sensible in the city of New York, they pointed to the Tweed courthouse.

The same effect is taking place here with the Tenn-Tom.

Mr. JOHNSTON. Would the Senator allow me to try to once again get my hand on this slippery fish of trying to come up with what the Senator's opinion is?

Mr. MOYNIHAN. What is the slippery fish involved?

Mr. JOHNSTON. The slippery fish is the question of what will it cost to termi-

nate, how much do you save by terminating the authorized project? Then we can argue later on about whether you or your committee are likely to authorize another part not yet authorized.

I would tell the Senator that the corps has said $343 million being the difference between the cost to complete and the cost to terminate. If that is not reasonable, what is the Senator's estimate?

Mr. MOYNIHAN. The project from Columbus, Miss., south to Demopolis is usable now.

Mr. JOHNSTON. That is $45 million yet to be spent.

Mr. MOYNIHAN. Yes. You decide not to throw good money after bad. It is a decision made by firms every day of the year. And with each year, this becomes more difficult.

As you know, we in the Committee on Environment and Public Works were prepared to move that this measure be terminated, asked the Budget Committee to allocate only $25 million to the project. That is not binding, obviously.

Mr. JOHNSTON. Did you come up with a judgment as to what you would save after you paid your termination costs, after you finished that part below Columbus and restoration of the land?

Mr. MOYNIHAN. We came up with a judgment that what we will spend to finish is just too much and there is going to be no end.

I just say that I had originally proposed, during the reconciliation discussion, that we provide that the projects could be finished by the States involved. They could impose user fees and get back their own half and the Federal Government's half would be for free. That will be a fallback position if we do not succeed here, although I think we are going to succeed.

Mr. JOHNSTON. If I may say to my colleague, I had that $343 million fish in my hand once again and it slipped out. I wish we could catch it once and for all.

Mr. MOYNIHAN. Which is that? Is that the estimated cost of 1967, which was $289 million, which slipped out in 1972 and came back at $376 million, which slipped out in 1977 and came out as $1.4 billion, and then which slipped out in 1981 and came back at $1.8 billion, a 520-percent increase over a period of 14 years? That is a pretty slippery fish, too. "Save Mississippi; fight for Louisiana."

Mr. JOHNSTON. What I am getting at is the cost of what you save by terminating. That is all. If $343 million is not the right figure——

Mr. MOYNIHAN. I would say to the Senator, with a solemn conviction, that we have spent 52 percent of the cost of the first two-thirds of the project—in other words, roughly speaking a third of the cost. I say to the Senator that there remains approximately $1.9 billion—if you do not mind the grandiosity of it, I will round that out and I will say you save $2 billion by not doing this.

Mr. JOHNSTON. I would say to the Senator that when this debate is over and he goes off by himself, try saying it—$343 million. You will not turn into a frog. It is the correct figure.

Mr. MOYNIHAN. The $343 million was almost approximately the estimate of the cost in 1972. It is now $1.8 billion, plus a billion dollars.

Mr. JOHNSTON. It happens to be what you save when you terminate now. Why do we not establish what we agree on and then go off and talk about what we disagree on? We obviously disagree about whether you are going to authorize the second section.

Mr. MOYNIHAN. Do we agree on this? That two-thirds of the traffic on the Tenn-Tom is presumed to be diverted from the Mississippi River, according to the corps study which was done by A. T. Kearney; two-thirds of the traffic, the corps said, would be diverted from the Mississippi River.

Mr. JOHNSTON. You save——

Mr. MOYNIHAN. I am not talking about saving. I am talking about diverting.

Mr. JOHNSTON. I cannot tell you exactly, but by memory, I can tell you that you save 400 miles by taking this route.

Mr. MOYNIHAN. Four hundred miles, if I may say, in six barges and one tug captain. It is like 6 boxcars on a freight train or 60. You save 400 miles, I do not doubt that. But with six barges? You would go down the Mississippi with 60.

Mr. JOHNSTON. What you probably would do is go eight barges to Demopolis and perhaps eight barges thereafter, but certainly six.

Mr. MOYNIHAN. May I make the point that the Senator has not enlightened us on what the problem below Demopolis is. It is not that there is a great jam-up around Columbus. It is that you cannot get eight barges through that snaky old river that winds its way down to Mobile. The corps says: "We told you eight barges. Well, didn't we tell you about Demopolis to Mobile?"

We know what the corps planning is. The Demopolis segment is its principal river priority should this be built.

I would like to just sum up now. I have 3 minutes remaining. I would like to thank the Senator from Louisiana, who is valiant in this cause.

Mr. JOHNSTON. I thank the Senator for yielding to me.

Mr. MOYNIHAN. He is valiant in this cause, but I want to plead with him that the larger interest of waterway commerce, of water conservation and development, and the public works generally, to a considerable degree will turn on our decision.

If we can admit to a mistake, then we can ask the American people to trust our judgment when we say we think we are right.

We have come to a stalemate in public works in this country. They have acquired a reputation that has made it impossible to assimilate the support in Congress and the Nation to bring them about.

We made a mistake. There is nothing the matter with that, if we could admit it.

And we now have this further startling information from the study we commissioned in 1978, 3 years ago, in this body, which tells us that on the Tennessee-Tombigbee, you could not impose a toll high enough to pay for the operating and maintenance costs, much less from any return to a $3 billion investment.

Mr. President, the Committee on Environment and Public Works did not vote 9 to 5 to terminate this project because we are against public works, but rather because we have seen, just as our great chairman of the Budget Committee, Senator DOMENCINI, who is also a member of the Committee on Environment and Public Works has seen, the devastation of economic prospects in the Southwest, with the cessation of water development projects, and has sought a new formula and a new approach.

I would make the plea that the Senate consider the future of the matter. One of the things that truly did make this country what it is was the development of our inland waterways. In 1850, there was more tonnage on the inland waterways in the United States than the whole British merchant fleet. But it was done by choosing optimal opportunities and it had not, by then, degenerated into folly.

Nobody is to blame. No blame is asserted. But if we lose this opportunity, blame will be laid and we will, in fact, have the blame.

Mr. President, I thank the Chair. I thank the Senator from Louisiana for his courteous and informative responses. I look forward to a further exchange tomorrow.

The PRESIDING OFFICER. The hour of 4:50 p.m. having arrived, unprinted amendment 575 is laid aside.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I thank the distinguished Senator from New York for engaging in a dialog with me and allowing me to interrupt him so many times. I hope that we are beginning to move the Senate in the direction of light on this question. On the centrality of the question, the principal point when we take away all the testimony about whether or not traffic has materialized or whether or not this figure is correct or that figure is correct—and I believe I can back up every single one I have referred to, challenging anybody to challenge any fact I have stated on this floor, but if I am wrong I will admit it; if the $343 million is the wrong figure, show me where it is wrong and I will admit it—we ought to come together on the central point that the savings to terminate is $343 million; that the estimated benefits are $145 million per year; that the 6.7-percent benefit cost ratio will not be realized, indeed, none will be realized, unless we do finish.

I say to the distinguished Senator from New York, yes, the Congress needs more credibility, or I believe he used the word sobriety, so the American public will have confidence in us.

I can tell the Senator that while I yearn for that day when the public believes and, indeed, when the Congress earns the right of credibility by the public, I yearn for that day but I can tell the Senator that that day will never come, just as the $343 million fish slipped out of our hands, it will not come because none is so blind as he who will not see.

There are some who will not see, and I

am not referring to the Senator from New York but some of our friends who either by misunderstanding or purposely have promulgated out to the American public facts which are more mythical in design than factual.

What this is really about, I tell the distinguished Senator from New York, is not the question of whether Congress has exercised sobriety or reasonableness; this is a fight between the railroads and the barges. It is an age-old fight.

The Senator is a great historian. The railroads have always wanted a monopoly. It is as American as apple pie to want a monopoly.

If you had a monopoly—well, maybe not the distinguished Senator from New York with a heart of gold—the average person, if he had a monopoly, would want to hang on to it.

The symbol of John D. Rockefeller and Standard Oil Co. is an emotion that lurks in almost every human breast. The Louisville & Nashville Railroad is no different. They have a monopoly and want to hold it.

Mr. MOYNIHAN. The Senator is saying things which are alarming facts about human nature which I have so far avoided. If the Senator will forgive me, I believe I am learning things which will disillusion me permanently about my fellow man. I thought the Rockefellers brought about the Rockefeller Foundation.

Mr. JOHNSTON. Well, this debate, I know, is rated R, and I know the Senator is only interested in PG.

I will say to the Senator before he leaves, that is what this is really about. It is really an unholy alliance between my friends the environmentalists and my friends the railroads. They are both my friends and wonderful people.

Let me tell you what they are about. They have a monopoly. They are afraid that 30 to 50 million tons of traffic will be diverted. They testified to that in court and in the committee of the Senator from New York.

They want to hold on to that. They have literally poured thousands and thousands of dollars into a consortium of environmental groups who are not only using this money to fight the project but to finance their operations.

Is that sinister, illegal, immoral? Maybe not, but it happens to be true and we ought to know that. We ought to put everybody's interests down here on the table.

The reason that we had all these experts coming in to testify, and testifying in court, in a case that has gone on almost as long as the celebrated case of Jardyce against Jardyce, the reason that is possible, is because the railroads have funded the environmental groups and in a consortium they have brought lawsuits every step of the way.

It is a repeat of the Locks and Dam 26 battle. It goes on and on without ending.

As we terminate this debate, I ask my colleagues, as they look at the record, to look at the facts, to look at what it costs in cost-benefit ratio, what it costs to terminate, and make a judgment accordingly.

Mr. President, I yield the floor.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DANFORTH. Is there an amendment pending?

The PRESIDING OFFICER. The first committee amendment is pending.

UP AMENDMENT NO. 576

(Purpose: To make available funds for the Upper Mississippi River Basin Commission necessary for the completion of a comprehensive master plan for the management of the Upper Mississippi River System)

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. JOHNSTON. Mr. President, I will agree, and my colleague will, too, to set aside the pending amendment.

Mr. HATFIELD. I ask unanimous consent, Mr. President, that we set aside the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH) proposes an unprinted amendment numbered 576.

On page 36, line 9, insert "(other than necessary expenses related to the Upper Mississippi Comprehensive Management Plan)" after "Commissions".

Mr. DANFORTH. Mr. President, this is a technical amendment, which I believe will be noncontroversial, relating to expenses of the Upper Mississipi River Basin Commission. The administration terminated all the other river basin commissions on September 30, but extended the life of the Upper Mississippi River Basin Commission until December 31 so that it could complete the comprehensive master plan for the management of the Upper Mississippi River system by the legislatively mandated deadline of January 1, 1982.

Recognizing that fact, the Appropriations Committee specifically included $1 million for completion of the master plan. However, the language of the bill also provides that no funds shall be used for expenses of river basin commissions. It is my understanding that these provisions were not meant to be contradictory, and this amendment would clarify that fact. It simply states that the general prohibition on spending by river basin commissions does not apply to the completion of the master plan.

Mr. JOHNSTON. Mr. President, the minority has no objection to this amendment.

Mr. DANFORTH. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a suffcient second? There is not a sufficient second.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I think we have worked out a satisfactory agreement with the Senator from Missouri so it will not be necessary to have a rollcall. I shall be very happy to accept the amendment. The minority has already indicated that they will accept it. I suggest, Mr. President, that we adopt the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (UP 576) was agreed to.

Mr. DANFORTH. I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I know of no other amendments that are pending. I shall shortly ask unanimous consent to go back to morning business for the purpose of discussing a measure to be introduced by Senator BENTSEN, who is on his way. We shall come back to this bill when we reconvene tomorrow. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. HATFIELD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 5:25 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered. Without objection, Senators may speak in the period of morning business.

THE ARGONNE NATIONAL LABORATORY

Mr. DIXON. Mr. President, I commend to my colleagues editorials recently published in the Chicago Tribune and the Chicago Sun-Times which comment on the possibility of significant budget cutbacks at the Argonne National Laboratory in Illinois.

Mr. President, this is another in the seemingly endless string of examples of how Federal spending policies discriminate against States of the Northeast and Midwest.

The members of the Illinois congressional delegation are hopeful the Argonne cuts will not materialize. We have begun to act to insure they will not.

But the editorials, taken together, make a number of salient points about this Nation's investment in scientific research, about Frost Belt-Sun Belt spend-

ing inequities and about budget priorities in general. I recommend them to my colleagues as interesting and important reading.

I ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Chicago Sun-Times, Oct. 30, 1981]

DON'T THREATEN ARGONNE

Argonne National Laboratory, southwest of Chicago, is one of the largest, most valuable scientific research facilities in the country.

It has done crucial work in medicine, the environment, physics—but, most of all, energy, pioneering in nuclear power, coal, solar power, biomass, better batteries and the like.

Its diversity is its strength: A discovery in one field can mean a breakthrough in another.

But its future is in doubt. President Reagan wants to scrap the Energy Department, Argonne's federal parent and the source of most of its $250 million annual budget. Further, his general budget-tightening calls for cuts of at least 12 percent for most non-defense projects. And there are rumors that Argonne's programs face disproportionate cuts—or that the lab will be closed altogether.

That must not happen.

Argonne Director Walter E. Massey fears that the Illinois congressional delegation may not fight hard enough to save Argonne's programs, because "members of the scientific and technological community ... have not been sufficiently active" in promoting the potential of research both in the Chicago area and at Argonne in particular.

We have some good news for him.

The delegation, at meetings wisely initiated by Sen. Alan J. Dixon (D-Ill.), has put support for Argonne high on its agenda. A four-member subcommittee has sent a strong letter to Energy Secretary James B. Edwards to protest the rumored slashes. Drafted by Rep. John N. Erlenborn, a west suburban Republican, the letter seeks specifics about Edwards' plans—and warns that Argonne and Fermi National Accelerator Laboratory must not suffer unfairly in the Reagan cuts.

In fact, there are good arguments that the labs' budgets shouldn't be cut at all.

Illinois leads the nation in losses to the federal government, sending $7.6 billion more to Washington every year than it gets back in projects and aid. Those billions are pumped increasingly to defense projects in Sun Belt states. Better support for vital, profitable programs at Argonne and Fermi could help correct at least a small part of that imbalance.

And, yes, scientific programs are profitable. A National Academy of Sciences meeting this week pointed out that basic research has proved to be an "investment" necessary for the success of national economic and defense goals. Sweeping, across-the-board cuts would wreak "irreversible damage," it said.

Money for several Argonne projects has already dried up. That trend must end.

[From the Chicago Tribune, Oct. 29, 1981]

ILLINOIS CLOUT CAN PROTECT ARGONNE

It is hard to say whether Argonne National Laboratory is in real danger of closing because of federal spending cutbacks on scientific research. Some officials close to the situation minimize the threat, while others say it may be imminent. Clearly, however, something is afoot, and steps should be taken immediately to counteract any danger that exists.

Walter E. Massey, Argonne director, reports there are persistent rumors in Washington that one of the major national laboratories may be closed. Argonne is said to be the most likely target, not because it is unproductive, but rather because it enjoys the least congressional support in its own bailiwick. Mr. Massey cited this in a letter to Hanna H. Gray, president of the University of Chicago, which operates Argonne for the Federal Department of Energy.

The Argonne director recalled that not long ago he attended the first meeting of the new Task Force on High Technology Development—a group which Mayor Byrne asked him to chair. Members include representatives of major industries, banks, universities, and laboratories in this area. Mr. Massey said they agreed unanimously that the scientific and technological communities here do an inadequate job of keeping the Illinois delegation informed about their activities.

There is no reason to doubt this. Still, there is no reason to think that Illinois members of Congress must be spoon-fed data about the importance of facilities like Argonne, which employs 4,600 persons, has an annual operating budget of about $250 million, and has been internationally famous for several decades.

Members of the Illinois delegation sometimes seem to be standing around with their thumbs in their ears when they should be using their considerable clout to capture and preserve federally supported research facilities in this state. They gave that impression last year when Johns Hopkins University was selected to serve as ground headquarters for the new space telescope—a federal astrophysics complex that should have been located at Fermilab, near Batavia.

After Mr. Massey's present concerns about Argonne were published in the press, the Illinois delegation was moved to send a letter to Energy Secretary James Edwards, asking him for information about the laboratory's future. That's a start, but the lawmakers can't afford to relax. The lack of hard information about Argonne's possible demise is itself ominous. The loss of the laboratory would be an unthinkable blow to the scientifically prestigious University of Chicago and to our city's eminence as a center of research.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on the Judiciary.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

A message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the bill (S. 1193) to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes with an amendment; it insists upon its amendment, and asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. ZABLOCKI, Mr. FASCELL, Mr. YATRON, Mr. MICA, Mr. BROOMFIELD, Mr. DERWINSKI, and Mr. WINN; and as additional conferees: Mr. DELLUMS, Mr. FAUNTROY, and Mr. MCKINNEY (solely for consideration of proposed section 206 of the State Department Basic Authorities Act of 1956, as contained in section 120(a) of the House amendment and section 120(e) of the House amendment) as managers of the conference on the part of the House.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATFIELD, from the Committee on Appropriations, without amendment:

S. 1802. An original bill making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-266).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. STAFFORD, from the Committee on Environment and Public Works:

John A. Todhunter, of Maryland, to be Assistant Administrator for Toxic Substances of the Environmental Protection Agency;

Carlos C. Campbell, of Virginia, to be an Assistant Secretary of Commerce; and

Robert A. Jantzen, of Arizona, to be Director of the U.S. Fish and Wildlife Service.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATFIELD (from the Committee on Appropriations):

S. 1802. An original bill making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes; placed on the calendar.

By Mr. HAYAKAWA:

S. 1803. A bill for the relief of Dick Shan Ng; to the Committee on the Judiciary.

By Mr. JACKSON:

S.J. Res. 119. Joint resolution designating the week ending on June 20, 1982, "Bicentennial Emblem Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON:

S.J. Res. 119. A joint resolution designating the week ending on June 20, 1982, Bicentennial Emblem Week; to the Committee on the Judiciary.

BICENTENNIAL EMBLEM WEEK

● Mr. JACKSON. Mr. President, Americans have always recognized the supremacy of the eagle over all other birds of the air. This mighty monarch of the skies is admired for his daring, tenacity, power, keenness of sight, speed of flight,

and his fierce protection of his young and nest.

When this country's Founding Fathers were laying out a framework for the Constitution for a new nation, there were as many as 25,000 eagles nesting in what is now known as the "lower 48" States. Proud, courageous and free, the eagle epitomized the direction of a young America. An American bald eagle, talons extended and grasping a bundle of 13 arrows and an olive branch—this is the emblem of the United States of America.

The story behind the design of the "great seal," with the American bald eagle as its central symbol, is a fascinating chapter in the history of our Nation. Soon after the signing of the Declaration of Independence in 1776, the Continental Congress appointed a committee to devise a great seal. The task proved far more difficult than anticipated and it took 6 years, three committees, and the combined efforts of 14 men before the great seal of the United States became a reality.

The Congress desired an emblem that would give visible evidence of a sovereign nation and a free people with high aspirations and grand hopes for the future. The challenge facing the committee was to translate these intangible principles and ideals into graphic symbols.

On June 20, 1782, after 6 years of deliberation, the Continental Congress finally selected the design for our Nation's emblem with the American bald eagle as the central figure.

John F. Kennedy said:

The Founding Fathers made an appropriate selection when they selected the bald eagle as the emblem of our Nation. The fierce beauty and proud independence of this great bird aptly symbolize the strength and freedom of America.

The design selected was very much like the nation it represented—simple and uncluttered yet bold—the product of free and independent minds. Symbolically, the design reflected the straightforward beliefs and spiritual values of the Founding Fathers, values they wished to pass on to their descendants.

Our national emblem, or "great seal," has an obverse and reverse side. On the face we find the escutcheon carrying the shield of the United States on the breast of an American bald eagle. The stripes of the shield represent the several States supporting a blue chief which unites the whole and represents Congress. The colors, adopted from the American flag, are white, signifying purity and innocence; red, hardiness and valor; and blue, vigilance, perseverance, and justice.

The number 13, denoting the 13 original States, is significant. It is represented in the bundle of arrows, the stripes of the shield, and the stars of the constellation. The olive branch and the arrows signify the power of peace and war. The constellation of stars symbolizes a new nation taking its place among other sovereign states.

The motto "E Pluribus Unum" (out of many, one), emblazoned across the scroll and clenched in the eagle's beak, expresses the union of the 13 States.

The reverse side of the great seal, sometimes referred to as the spiritual side of the seal, contains an unfinished pyramid with the year 1776 in Roman numerals on the base. At the summit of the pyramid is the "Eye of Providence" in a triangle surrounded by a Glory (rays of light) and above it appears the Latin motto "Annuit Coeptis" (He (God) has favored our undertakings). Along the lower circumference of the design appear the words "Novus Ordo Seclorum" (a new order of the ages), signifying the beginning of the Nation in 1776.

Our national emblem is displayed in full color above the doors of all American Embassies and consular posts throughout the world; with the encircling legend "Department of State United States of America" added, it is the official seal of the Department of State. Among other uses it appears on medals, flags, monuments, official stationery and publications, even on uniform buttons of the U.S. Army.

Today, the central symbol of our great seal and proud monarch of the skies is listed as "endangered." From a population of 25,000 two centuries ago, the numbers of eagles has declined to a scant 1,200 nesting in the lower 48 States.

To honor properly the majestic symbol of our Nation and to help bring about an awareness of the plight of the endangered bald eagle, I strongly urge that the week ending on June 20, 1982 be designated as "Bicentennial Emblem Week."●

ADDITIONAL COSPONSORS

S. 1131

At the request of Mr. DANFORTH, the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1423

At the request of Mr. HATCH, the Senator from Idaho (Mr. MCCLURE), the Senator from Idaho (Mr. SYMMS), the Senator from Nevada (Mr. LAXALT), and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of S. 1423, a bill to revise provisions of the Federal Mine Safety and Health Act of 1977, and for other purposes.

S. 1641

At the request of Mr. GRASSLEY, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 1641, a bill to extend the Reed Act and to authorize the designation of funds in State accounts as Reed Act funds in certain circumstances.

S. 1673

At the request of Mr. GRASSLEY, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 1673, a bill to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes.

S. 1758

At the request of Mr. DECONCINI, the Senator from Washington (Mr. GORTON), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 1758, a bill to amend title 17 of the United States Code to exempt the private noncommercial recording of copyrighted works on video recorders from copyright infringement.

SENATE JOINT RESOLUTION 72

At the request of Mr. HAYAKAWA, the Senator from Wyoming (Mr. WALLOP), and the Senator from Georgia (Mr. MATTINGLY) were added as cosponsors of Senate Joint Resolution 72, a joint resolution proposing an amendment to the Constitution of the United States with respect to proceedings and documents in the English language.

AMENDMENT NO. 591

At the request of Mr. D'AMATO, the Senator from Pennsylvania (Mr. SPECTER), the Senator from Maine (Mr. COHEN), the Senator from Mississippi (Mr. COCHRAN), the Senator from Michigan (Mr. LEVIN), and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of amendment No. 591 intended to be proposed to H.R. 4121, a bill making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes.

SENATE RESOLUTION 238—RESOLUTION RELATING TO DEDUCTIBILITY OF MORTGAGE INTEREST

Mr. BENTSEN (for himself, Mr. SYMMS, Mr. NUNN, Mr. BOREN, Mr. MOYNIHAN, Mr. BRADLEY, Mr. SARBANES, Mr. EXON, Mr. BUMPERS, Mr. HEFLIN, Mr. SASSER, and Mr. DECONCINI) submitted the following resolution; which was referred to the Committee on Finance:

S. RES. 238

Resolved, Whereas, the Federal Government has a fundamental and traditional commitment to provide all Americans with decent housing at an affordable price;

Whereas, this commitment was made to promote the living standards of all Americans, to encourage stability and to encourage attention to and interest in participatory government;

Whereas, this commitment has been jeopardized by the relatively low level of investment in housing in the United States compared to other nations;

Whereas, this commitment is now being jeopardized by excessive interest levels and mortgage rates which have pushed the cost of the average size family home to $14,500 annually or $1,200 per month equal to 55 percent of the typical family's income;

Whereas, these excessive mortgage rates have plunged the housing and related industries into their worst depression of the postwar period, with over 800,000 men and women out of work, bankruptcies spreading and with two of every three savings institutions insolvent;

Whereas, a key component of the federal commitment to housing is the deductibility from personal income taxes of the interest paid on residential mortgages;

Whereas, the deductibility of mortgage interest has resulted in home ownership becoming the largest, most important and most viable form of individual wealth in America; and

Whereas, the Federal Government should acknowledge and honor its commitment to decent and affordable housing and to preserve and protect the wealth of its citizens: Now, therefore, be it

Resolved, That it is the sense of the Senate, That the present home mortgage interest deduction be retained as an essential component of a fair and equitable tax system designed in part to promote a stable and productive society.

Mr. BENTSEN. Mr. President, like many of my colleagues in the Senate and millions of hardworking American homeowners I am concerned at reports that the administration is considering placing limits on the deductibility of interest on home mortgages. I can think of no tax increase—or even a revenue enhancement measure that would be more unfair to middle-class America or more damaging to important segments of our economy.

Limits on the deductibility of home mortgage interest is an idea that simply makes no sense. I am therefore submitting a sense-of-the-Senate resolution today requesting the Finance Committee not to consider this suggestion when it takes up the administration's proposals on revenue enhancement.

Mr. President, throughout our history, a home of one's own, a decent place to bring up a family, has been a cherished part of the American dream.

I remember back in the sixties, flying with President Johnson from Fort Worth back to Washington. A member of the Presidential party was looking out the window of the plane and made some disparaging remarks about the monotony of the middle-income housing development down below.

President Johnson stopped his reading, looked the staff member in the eye, and said:

Just remember one thing. For every one of those families, that home represents a step up.

Lyndon Johnson was right. He appreciated the importance of that step up. He understood that it is the ability to take that step, to improve one's situation and build for the future that has made ours the most dynamic, innovative, and prosperous Nation in the history of the world.

But today, with mortgage interest rates at 17 percent, less than 1 American family in 20 can qualify for the mortgage on a median priced home. For millions of young people in this country, the dream of home ownership has turned into a nightmare.

When mortgage rates were at 10 percent—and that was only a few years ago—the payment on a $50,000 mortgage was about $400 a month. Today, with the rate at 17 percent—and assuming the money is available—the same mortgage would cost about $700 per month.

Mr. President, unless you are wealthy, it is virtually impossible to afford to buy a home in America today. But there are millions of young couples who have invested in a home in recent years; who scrimped and saved to come up with the down payment and struggle to meet the monthly payments. For many of them, those payments run well over a thousand dollars a month, and the deductibility of the interest is a key element in their ability to survive financially.

These families have a 30-year commitment to a mortgage, but now they are beginning to hear ominous rumblings from the Treasury and from the Congress. In the name of "revenue enhancement" there is a move to change the rules of the game by placing a $5,000 or $10,000 limit on mortgage interest deductibility. I do not think the American people will stand for it, and I do not blame them one bit.

We spend a great deal of time in the Congress working on tax policy, Mr. President. Many of the issues tend to become very specialized. The vast majority of Americans do not much care about depreciation schedules or even changes in the capital gains rate. Many of them cannot even take advantage of creative programs like the all savers certificate—because they have all their capital tied up in housing.

But for millions of American families, many of them with two incomes, there is only one tax break that counts, and that is the deductibility of their interest payments on the home mortgage.

Mr. President, I believe the American people have responded admirably to our call for sacrifice in the cause of fiscal responsibility. It has not been an easy or painless process to cut more than $40 billion out of Federal spending. For years, middle-class Americans have carried a disproportionate share of the tax burden in this country. Are we now going to ask them to bear the burden of balancing the Federal budget by stripping them of full deductibility on their interest payments?

The resolution I am submitting today is designed to preclude that possibility. It is designed to lay to rest once and for all the specter of changes in a section of the Tax Code that is essential to the financial well-being of American homeowners now and in the future.

Mr. President, I am totally opposed to any limits on home mortgage interest deductibility no matter how generous they may appear at first glance. Once we start carving up mortgage interest deductibility, it will be difficult to stop. Every time the Government needs a little more revenue enhancement, Treasury will look to the homeowner and cut a little deeper. I do not want to see our tax policy move in that direction, and the resolution I am submitting today will put a roadblock in the path of those who appear determined to make homeownership an even more costly proposition for the American people. We already have the 17-percent mortgage and a full-blown depression in the housing industry. I question the need for further disincentives.

I sincerely hope, Mr. President, that we can put an end to this ill-conceived idea before it goes any further. I urge my colleagues to join me in this effort to preserve the dream of homeownership and protect the investments of millions of Americans by urging the Finance Committee not to change the current rules on interest deductibility for home mortgages.

Mr. SASSER. Mr. President, I am pleased to join with my colleague from Texas, Senator BENTSEN, in cosponsoring legislation to preserve the tax-exempt status of mortgage interest payments for this country's homeowners. Frankly it is a sad commentary on the direction of the administration's housing policies that we even have to take this step. But take it we must, and I want to commend Senator BENTSEN for his continued outstanding leadership in this area.

In the middle of the deepest and most prolonged housing slump since World War II, there is a proposal to abolish the last remaining benefit that potential homebuyers bring to their decision on whether or not they can afford to buy. Fewer than 5 percent of the estimated homebuying market can afford to buy now, Mr. President, and even that number may be wiped out if this proposal goes through.

Housing starts and resale levels are at record lows and show no signs of improvement. Unemployment in the residential construction industry, nearing 17 percent, is more than twice the national average. We are talking about new entries into the market here, when the monthly payments come to 55 percent of the average family's income.

What of those families who have barely been getting by in making their payments on a 14- to 16-percent mortgage? When they have finally managed to work out a plan to own their own home by bizarre financial packaging, or by going without many standard comforts, or both, is there any doubt that the removal of the tax exemption will throw those families into foreclosure proceedings? Mortgage delinquency rates and personal bankruptcies are at record levels, as every Member of this body knows.

Even those who are less pressed funds have planned years into their families' financial future on the understanding and the commitment that their mortgage interest would not be taxed. Mr. President, mortgage interest deductions have been part of the law since the origins of Federal tax law in this country in 1913. That is almost 70 years of history and tradition in the national commitment to homeownership. It is a commitment that we abandon at great risk.

There has never been a question, to my knowledge, about the function of homeownership in neighborhood stability, responsible citizenship, and a sense among residents that they have a stake in the future of their community. These values are at a premium in the uncertain and shifting times we live in. I believe that a reversal of the national commitment to private property ownership, in this day and age in this country, would do more short-term and long-term harm than any revenue loss resulting from the refusal to place an additional tax burden on our people.

Stepping back and looking at the big picture, as I did in hearings I held on the interest rate problem in Memphis just a few weeks ago, I would like to quote the president of the Home Builders Association of Memphis, Mr. Bob Willis:

It is indeed unfortunate that giant conglomerates can tie up billions of lending dollars while they negotiate mergers with other companies, with no thought to what inter-

est rates they must pay. Yet, at the same time, a young family making $30,000 a year cannot qualify for a $50,000 home loan.

Tennessee sales have dropped by 56,000 units since the onset of the current housing recession; the drop in the 1973–75 recession was 10,000 units. These figures translate nationwide, to builders, buyers, sellers, and suppliers alike. The most ill-advised and cost-ineffective way to attempt to reduce the deficit is to finish off an entire cycle of industries, pump up unemployment and hasten the deterioration of consumer and business confidence. That is precisely what a reversal of our 70-year commitment would do.

I would urge my colleagues to join with Senator BENTSEN in demonstrating that the sense of the Senate is that this misguided and misplaced attempt to burden homeowning taxpayers should not be put into effect.

AMENDMENTS SUBMITTED FOR PRINTING

ENERGY AND WATER DEVELOPMENT APPROPRIATION, 1982

AMENDMENT NO. 621

(Ordered to be printed.)

Mr. PERCY (for himself, Mr. MOYNIHAN, Mr. SIMPSON, Mr. LUGAR, Mr. HUMPHREY, Mr. DURENBERGER, Mr. QUAYLE, Mr. METZENBAUM, Mr. CHAFEE, Mr. PROXMIRE, and Mr. TSONGAS) propose an amendment to the bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

MILITARY CONSTRUCTION AUTHORIZATION

AMENDMENT NO. 622

(Ordered to be printed and to lie on the table.)

Mr. JACKSON (for himself, Mr. KENNEDY, Mr. CANNON, Mr. HART, and Mr. LEVIN) submitted an amendment intended to be proposed by them to the bill (S. 1408) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

NOTICES OF HEARINGS

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has scheduled an oversight hearing on the subject of "Fiscal Disparities: Payments in Lieu of Taxes." This will be the third in a series of hearings examining the problem of fiscal disparities and the effect of various Federal policies on the financing of State and local government. Among the witnesses will be Secretary of the Interior James Watt representing the administration.

The hearing will be in room 357 Russell Senate Office Building, Wednesday, November 4, 1981, starting at 9 a.m. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507 Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Larry Hunter of the subcommittee staff at 224–4718.

Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations, Committee on Governmental Affairs, has scheduled an oversight hearing to consider the plans of the States to implement block grant programs authorized by the Reconciliation Act of 1981, and further to consider the impact of additional budget reductions on State and local governments.

The witnesses will be Gov. Richard A. Snelling of Vermont, chairman of the National Governors' Association; Gov. George Busbee of Georgia, past chairman of the National Governors' Association; and Gov. Scott M. Matheson of Utah, future chairman of the National Governors' Association.

The hearing will be in room 318 Russell Senate Office Building, Thursday, November 5, 1981, starting at 10 a.m. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507 Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Jimmie Powell, staff director of the subcommittee, at 224–4718.

SUBCOMMITTEE ON INTERNATIONAL FINANCE AND MONETARY POLICY

Mr. HEINZ. Mr. President, I wish to announce that the Senate Banking Committee's Subcommittee on International Finance and Monetary Policy will hold a hearing on Monday, November 9, on the subject of nontariff barriers to the export of U.S. services.

The November 9 hearing will commence at 10 a.m. in room 5302 of the Dirksen Senate Office Building.

The subcommittee will hear from representatives of the banking, insurance, and data processing industries, as well as from administration witnesses.

Mr. President, the subcommittee is most concerned about the growing obstacles to the export of U.S. services abroad. I hope that our hearing on November 9 will provide us with a better understanding of this problem and what plans the administration is developing to deal with it.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, November 3, at 2 p.m., to hold the confirmation hearings of Robert Barry to be Ambassador to Bulgaria and Evan Galbraith to be Ambassador to France.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ENERGY CONSERVATION

● Mr. LEAHY. Mr. President, I would like to place in the RECORD today a recent editorial from the Washington Post. This editorial makes the point that energy conservation is the most effective energy policy for our Nation.

I would also like to include a brief study prepared by the Energy Conservation Coalition which clearly shows economic growth and energy conservation are essential partners of a sound program of economic recovery.

I commend these materials to my colleagues.

The material follows:

THROWING ENERGY AWAY

In the light of its own statistics, the Reagan administration's antipathy to energy conservation is, at the least, puzzling. According to the Department of Energy, energy consumption in 1980 was only 2 percent larger than in 1973, the year of the oil embargo. But in the same interval, real GNP grew by 18 percent. A little arithmetic shows that the economy required 13 percent less energy to generate a constant dollar of GNP in 1980 than it did in 1973. Most of the energy that fueled growth in these years was provided by conservation and efficiency improvements rather than by new supplies.

Despite this evidence that conservation offers the greatest opportunity for near-term energy "production," the administration wants to eliminate nearly every federal conservation program. Congress restored most of the programs in last summer's budget package. Now a second effort is being made. Internal DOE documents reveal the department's plan to allocate 2 percent of its research, development and commercialization funds for 1983 to conservation. This compares with the 20 percent share set by Congress this year. Nuclear energy would pick up the difference, raising its share to 84 percent of these funds.

Part of the inability to assess conservation's potential accurately comes from the supply-sider's gut preference for, well, supply. Another part comes from the more serious argument that the market will bring about conservation improvements as prices rise, without the need for help from the government. This is only partially true. Because of federal policies, the market is still heavily skewed toward new production. Tax expenditures, to take just one example, are 10 times greater this year for energy production than for efficiency investments.

Another factor that distorts the market is the lack of consumer information. The administration's opposition to programs designed to fill this gap is the hardest to justify. Among the programs targeted for elimination are appliance labeling standards to let consumers know the energy costs of major appliances, voluntary building energy performance standards aimed at architects, builders and newhome buyers and a residential conservation service to inform homeowners which energy improvements will save them the most money. In each case the federal cost is small and the potential marketplace payoff substantial.

Despite budgetary stringencies, Congress has so far resisted every effort to kill conservation programs through budget cuts.

This week the Republican-controlled Senate rejected by an overwhelming margin an administration amendment to eliminate the residential conservation service. Yet even if Congress continues to stand firm on funding, there is much the administration can do to nullify the programs. The best hope is that the administration will take a cue from its consistent defeats in Congress and re-examine its policy.

ENERGY CONSERVATION: THE ROAD TO NEW GROWTH IN AN ERA OF UNCERTAIN SUPPLY

INTRODUCTION

On October 20, 1973, Saudi Arabia announced a total boycott of all petroleum exports to the United States in response to the sale of U.S. arms to Israel. This event severely damaged the U.S. economy and ushered in an era of high-priced, insecure energy. On this eighth anniversary of that first oil shock, the Energy Conservation Coalition has reviewed the current status of energy supply and demand and its relationship to new growth. The conclusions of that review are contained in this report, which we are issuing today both as a reminder of our continuing vulnerability to crippling oil shocks from abroad and as solid evidence of the progress made possible by energy conservation. As the report shows, energy conservation is largely responsible for enabling the United States to increase its Gross National Product since 1973 without increasing its dependence on foreign oil. In fact, energy conservation has met 88 percent of the requirements of new growth since 1973, while energy supply accounts for only 12 percent of the requirements. This fact, not often heralded by energy analysts or policymakers, needs to be emphasized, since energy policy has frequently been fashioned on the assumption that energy conservation and new growth are incompatible.

ANALYSIS

Although the American economy is not well, its resilience in an era of oil price shocks has been surprising. Despite extremely disruptive oil shocks—first in 1973, when the Arab members of OPEC boycotted exports to the United States, and then in 1979, when revolutionary forces interrupted oil exports from Iran—the U.S. economy has managed to grow. Correcting for inflation, our Gross National Product has increased by 18 percent.

Prior to 1973, such growth in our GNP meant rising energy consumption in amounts roughly proportional to that growth. From 1960 through 1973, both GNP and energy consumption rose approximately 70 percent. This led to the widespread assumption that new growth necessarily required an increase in energy supplies to meet new consumption.

Fortunately, this assumption was wrong. In fact, in the seven years following the first run-up in OPEC oil prices, growth has continued while total energy consumption has remained virtually unchanged.

Eighteen percent economic growth has occurred with just a two percent increase in consumption—an unprecedented rupture in the pre-1973 relationship of growth and consumption. (Table 1).

TABLE 1

	GNP (trillion 1972 dollars)	Energy consumption (quadrillion Btu)
1973 average	$1.255	74.609
1970 average	$1.481	76.201
Change (percent)	+18	+2

Source: Department of Energy, "Monthly Energy Review."

How did this happen? In a million ways, and in one way. In a million ways, Americans have learned, or in some cases been forced, to get more work out of each unit of energy. More efficient cars, industrial processes, electric motors, buildings, are examples of a changing capital stock that permit growth to continue but at lower rates of energy consumption. In one way, this can be summarized in a useful index—energy consumption per GNP dollar (Table 2).

TABLE 2.—ENERGY CONSUMPTION PER GNP DOLLAR

[Thousand Btu/1972 constant dollar]

	Number	Percent
1973 average	59.4	------
1980 average	51.5	−13

Source: Department of Energy, "Monthly Energy Review."

As this index shows, the American economy now takes 13 percent less energy to generate a constant dollar of GNP. While some of that improvement has come at a real cost, most of it can fairly be attributed to increased efficiency that has permitted a high standard of living and new growth without sacrificing long-term comfort or convenience.

This "efficiency index" (energy consumption/GNP dollar) makes it possible to calculate the total new energy resources that we required in 1980 to generate an 18 percent improvement in GNP since 1973 (Table 3).

TABLE 3.—ENERGY RESOURCES FOR NEW GROWTH, 1973-80

	Quadrillion Btu
1980 consumption assuming unimproved (1973) efficiency [1]	87.971
1973 consumption	74.609
Total resources required	+13.362

[1] (1980 GNP) × (1973 energy consumption per GNP dollar).

In 1980, we would have required 13.362 new quads of energy supply to generate $1.481 (1972 dollars) of GNP at 1973's rate of efficiency. In other words, if the United States had relied solely on new supplies to generate new GNP, our supply requirements would have grown by over 13 quads. Our two major sources of new supply are new production and foreign imports. Since 1973, new production had been disappointing despite substantial real increases in energy prices. Foreign imports, meanwhile, after rising through the mid-70's, have now settled back at a level almost equivalent to the level of October, 1973, when the Arab members of OPEC first exploited our vulnerability. Overall, new supplies made only a minor 1.592 quad contribution to meeting the demand for new resources to support new growth since 1973 (Table 4A).

TABLE 4A.—MEETING THE DEMAND: RESOURCES FOR NEW GROWTH SUPPLY, 1973-80

[Quadrillion Btu]

	1973	1980	Total
U.S. production	62.433	64.748	+2.315
Imports (net)	12.659	12.074	−.585
Stock changes			−.138
Total new supply			+1.592

Source: Department of Energy, "Monthly Energy Review."

In stark contrast, energy conservation has made an overwhelming contribution to meeting the demand for new resources to support new growth. Of the total increment of 13.362 quads, 11.770 quads are attributable to energy conservation (Table 4B).

TABLE 4B.—MEETING THE DEMAND: RESOURCES FOR NEW GROWTH CONSERVATION, 1973-80

	Quadrillion Btu
1980 consumption assuming unimproved (1973) efficiency [1]	87.971
1980 consumption	76.201
Total new conservation	+11.770

[1] (1980 GNP) × (1973 energy consumption per GNP dollar).

The relative contribution of supply and conservation to meeting the energy requirements of new growth are summarized below (Table 4C).

TABLE 4C.—MEETING THE DEMAND: RESOURCES FOR NEW GROWTH SUMMARY, 1973-80

	Quadrillion Btu	Percent
Total resources required	13.362	------
Supply	1.592	12
Conservation	11.770	88

IMPLICATIONS FOR THE FUTURE

The findings made above are startling only in the magnitude of conservation's contribution. It has been obvious for years that enormous opportunities for generating new growth from less energy would be possible as inefficient machines were replaced. However, despite the progress to date, our dependence on foreign oil imports has not lessened appreciably since 1973. Our dependence on Saudi Arabia moreover, has actually doubled from a 1973 average of 486 thousand barrels of oil per day to 1.2 million barrels in 1980.

Therefore, it is important to stress that the potential for energy conservation as the primary source of new growth has hardly been tapped. The most recent comprehensive analysis of this potential concluded that between 1977 and the year 2000, the Gross National Product could increase by 80 percent if policies are adopted to accelerate the current pace of energy conservation.[1] Moreover, this new conservation will permit us not only to increase growth, but to reduce current energy use and eliminate oil imports.[2] The potential for reducing end-use demand identified in that report is summarized in Table 5.

TABLE 5.—END-USE ENERGY DEMAND POTENTIAL

[Quadrillion Btu]

	Current (1977)	Potential (2000)
Residential buildings	16.2	11.0
Commercial buildings	10.4	7.3
Industry	29.1	29.4
Agriculture	1.6	1.7
Transportation	19.4	13.3—17.4
Total	76.7	62.7—66.8

Source: SERI report.

CONCLUSION

The GNP of the United States has continued to grow even in the post-embargo era of insecure energy and energy price-inflation. This has been possible primarily as a result of energy conservation that has decreased the amount of energy needed to generate a new burst of growth. In fact, the post-embargo era reveals an emerging and dominant

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[1] Unofficial report of the Solar Energy Research Institute (SERI), *A New Prosperity: Building a Sustainable Future*, Brick House, Publishing (Andover, Mass. 1981)

[2] Ibid.

relationship—growth and energy conservation. Public and private policies for coping with an unhealthy economy and foreign energy imports would appear to be best directed at promoting energy conservation. Its maximum economic potential offers a promising road to new growth.●

A TRIBUTE TO B. GERALD CANTOR

● Mr. EAGLETON. Mr. President, as a great lover of the arts, I find we are very lucky to have in our Capital City, Washington, D.C., a museum as wonderful as the National Gallery of Art. The gallery has been the display site for some of the world's most spectacular art exhibits.

The "Rodin Rediscovered" exhibit, which is now on display in the east wing of the gallery, is by far one of the most magnificent displays of art work I have ever seen. This exhibit could not have been as impressive if not for the generosity of Mr. B. Gerald Cantor, the owner of the most comprehensive private collection of Rodin sculpture in the world today.

I cannot let it go unnoticed that a great American, Mr. Cantor, has generously loaned a substantial number of works of art to the exhibit. Unselfishly, he has let us share with him the beautiful pieces of this famous artist.

The exhibit is a magnificent display of sculpture, drawings, and memorabilia. Mr. Cantor has loaned such treasured pieces as "The Kiss," "The Thinker," and "The Burghers of Calais" to the museum. The exhibit also displays, for the first time since Rodin's own showing of it in plaster at the Universal Exposition in the spring of 1900 a bronze casting of "The Gates of Hell."

The casting, authorized by the Museé Rodin in Paris, was commissioned by Mr. Cantor. Mrs. Iris Cantor, who has been actively involved for the last 3 years in the production of a documentary on the casting of "The Gates of Hell" shares her husband's fervor for Rodin's sculpture.

I commend the Cantors for their generosity in allowing us to partake of the beauty in August Rodin's art work. I would like to have the following article about the Cantors, written by the Public Relations firm "Rogers and Cowan, Inc.," printed in full.

The article follows:

B. GERALD CANTOR

The reputation of B. Gerald Cantor as a discerning and ardent collector of 19th and 20th century painting and sculpture—particularly the works of Auguste Rodin—is equalled only by his standing in the financial community. So it is only fitting that he is opening the B. G. Cantor Sculpture Center, devoted to the works of Rodin, adjacent to the new World Trade Center offices of Cantor, Fitzgerald Group, Ltd., the financial holding company of which he is chairman.

Mr. Cantor owns the most comprehensive private collection of Rodin sculpture in the world today, but it cannot be found entirely in his homes or offices on the East and West Coasts. Following a philosophy of "art must be seen," he has made major gifts and loans from his Rodin holdings to the Los Angeles County Museum of Art (where there is a B. G. Cantor Sculpture Garden), Stanford University, the Museum of Modern Art in New York, and Cornell University. In addition, the B. G. Cantor Art Foundation sends traveling exhibitions to art institutions across America to 64 cities in 26 states. A selection of approximately 100 works will be on view beginning in May 1981 when the B. G. Cantor Sculpture Center opens to the public in the World Trade Center. The Cantor collection will also be the focal point of a major Rodin show that the National Gallery in Washington, D.C., is mounting for a July 4, 1981 opening.

Mr. Cantor's "magnificent obsession" with Rodin began in 1945, when he first saw the artist's "Hand of God" at the Metropolitan Museum of Art in New York. Eighteen months later, he acquired another version of the work which became the cornerstone of his collection. (Although the Cantor collection is dominated by Rodin, it also includes sculpture by Bourdelle, Epstein, Kolbe, Maillol and Manzu, as well as paintings of the Impressionist and German-Expressionist periods.)

Mr. Cantor's Rodin collection today encompasses all facets of the sculptor's work, from a 2½ inch head of Nijinsky to the monumental, almost 21-foot "Gates of Hell," and also includes drawings, graphics and personal memorabilia.

While spending many hours of his own on the study of Rodin and his work, Mr. Cantor has also been responsible for the wealth of research currently being done on the sculptor, through the establishment of the Cantor, Fitzgerald Rodin Research Fund at Stanford University. It is through Mr. Cantor's efforts that the research library and collection at Stanford University are the most complete in existence outside the Rodin Museum in Paris. His sculpture gifts have also sought to elucidate Rodin's creative processes: In 1974, the Museum of Modern Art received 10 bronze studies of Rodin's "Monument to Balzac" to accompany the monumental sculpture that was already in their possession.

In recent years, Mr. Cantor, whose company has subsidiaries with offices in New York City, Boston, Chicago, Dallas and Beverly Hills, has fostered research focused on the financial community, in which he has spent the past 46 years. At the University of California in Los Angeles, he established the Cantor, Fitzgerald Fund for Financial Research. Under Mr. Cantor's direction, his firm has been actively involved in all phases of hearings on the future structure of the securities market, and has maintained an active dialog with the SEC, Department of Treasury, and Members of Congress with respect to these matters.

Although Mr. Cantor commutes between the East and West Coast offices of Cantor, Fitzgerald, his roots are firmly planted in New York.

After being graduated from De Witt Clinton High School, Mr. Cantor enrolled as a pre-law student at New York University although his career goals changed abruptly when he encountered a friend who had recently been admitted to the bar, wielding a pickaxe on a W.P.A. project. He promptly found himself a job on Wall Street—"If you can't earn money, you'd better deal in money"—and continued his studies during the evening. During World War II, he served in the Army and was stationed in the South Pacific. Upon his discharge at the age of 29, Mr. Cantor formed his own firm.

Mr. Cantor is an active member of the Business Committee for the Arts, a trustee of the Los Angeles County Museum of Art, and a regent of the President's Council of the College of the Holy Cross. In May 1980 Mr. Cantor received an honorary Doctorate Degree in Fine Arts from Holy Cross College.

He is married to Iris Cantor, who shares his enthusiasm for Rodin's sculpture and has been involved for the last three years in the production of a documentary on the casting of Rodin's "Gates of Hell."●

SUBSIDY PROGRAM FOR URBAN TRANSIT

● Mr. LEAHY. Mr. President, I enthusiastically endorse actions taken last week by the Appropriations Committee on section 18, the rural transit program, and section 5 of the urban mass transit program. I urge the Senate to approve the committee's recommendations without amendments.

The section 18 program is very important in my home State of Vermont. In many cases, the rural bus lines operated under the section 18 program provide the only means of public transportation for poor, elderly, and handicapped people in isolated Vermont communities. The people in Vermont involved with the program strongly believe in it and have worked tremendously hard to make it operate effectively.

In reaction to earlier budget cuts, several of Vermont's rural buslines were forced to substantially increase their fares, sometimes by as much as 50 percent. The public response was truly encouraging as overall ridership figures actually continued to increase.

I am very pleased that I was able to work with a bipartisan group of my colleagues on the Appropriations Committee to insure that the section 18 program will continue to receive an adequate level of support.

As reported from the Appropriations Committee, the section 18 program will be funded at $72.5 million for fiscal year 1982. Although this figure represents a $2.5 million reduction from the fiscal year 1981 level. I feel it should be adequate to continue this essential and popular program in light of the many difficult budget decisions we must make.

I am also pleased that the Appropriations Committee agreed with my recommendation that newly emerging metropolitan areas be eligible for fiscal year 1982 section 5 funding. The use of 1980 census data for section 5 allocations means that growing metropolitan areas, such as Burlington, Vt., will be eligible for section 5 funding. This is a very important and necessary action as it is these very cities that have the greatest need for Federal transit support to help subsidize the substantial startup costs of urban transportation systems.

I would like to take this opportunity to express my concern with the administration's proposal to eliminate the use of section 18 funds for operating assistance in 1983 and to phase out the use of section 5 funds for operating assistance by 1985. Operating subsidies are essential to transportation programs in rural States like Vermont. I intend to oppose any effort to eliminate these subsidies.●

THE ARMING OF SAUDI ARABIA

● Mr. JACKSON. Mr. President, I want to be sure that all my congressional colleagues have the opportunity to read and reflect upon a very important paper on the implications of arming Saudi Arabia, written by Dr. J. B. Kelly, one of the world's outstanding authorities on Arabia and the Persian Gulf.

Dr. Kelly is at present a fellow at the Wilson Center in Washington, working

on a history of American-Saudi relations over the past 50 years. A New Zealander by birth, he received his Ph. D. in 1955 from the University of London, and has taught at the Universities of Oxford, Michigan, and Wisconsin. Dr. Kelly has lived and traveled in Arabia—frequently for extended periods—over the past 25 years. He has served as a special consultant to the British Foreign Office on questions pertaining to the Arabian Peninsula and the gulf, and as a political adviser to Sheikh Zayid ibn Sultan, ruler of Abu Dhabi and President of the United Arab Emirates. Dr. Kelly's books include Eastern Arabian Frontiers (London, 1964), Britain and the Persian Gulf (Oxford, 1968), and Arabia, the Gulf, and the West (London/New York, 1980).

I ask that the full text of Dr. Kelly's paper be printed in the RECORD.

The paper follows:

THE ARMING OF SAUDI ARABIA

(By J. B. Kelly)

The principal justification being offered by the Administration for the proposed sale of AWACS aircraft and supplementary F–15 weaponry to Saudi Arabia is that they are necessary both to meet the legitimate defensive needs of that country and to enable it to play its assigned role as an essential component of the strategic consenus of Middle Eastern states by which the Administration hopes to secure the defense of the Gulf region. The principal objection being advanced by opponents of the sale is that the acquisition by Saudi Arabia of the aircraft and weaponry in question would further endanger the already precarious security of Israel. While it may be taken as axiomatic that any increase in Arab military strength automatically poses a heightened threat to Israel's security, too great a concentration upon this aspect of the proposed arms sale tends to obscure other, no less serious considerations implicit in the proposal.

The more obvious of these are whether the interests of the West and of the peoples of the Gulf themselves are best served by the large-scale arming of the local powers; whether Saudi Arabia is either competent or willing to act as the linchpin of a defensive system for the region; and whether the United States would be better advised to adopt alternative means to achieve its strategic objectives in the area.

Over the past decade an immense volume of arms has been poured into the Gulf. Iraq has been armed to the teeth by the Soviet Union. Iran has been similarly accoutered by the United States, Britain and France, while the lesser Gulf states, notably Kuwait, Oman and the United Arab Emirates, have acquired quantities of military aircraft and modern weapons far in excess of their actual needs or capacity to employ them usefully. To anyone acquainted with the habits and disposition of the Gulf Arabs, with the turbulent nature of their politics, the historical pretensions of the Iranians or the mischief-making propensities of the Saudis and Iraqis, it was all too clear that sooner or later this flood of armaments would precipitate internal upheavals or clashes among the Gulf states.

The events of the past three years have amply fulfilled these expectations, as we have witnessed the overthrow of the late Shah, the descent of Iran into turmoil and the outbreak of the Iran-Iraq war. Not surprisingly the Gulf's oil industry has suffered severely from the hostilities, since both Iran and Iraq have used their air and naval power to inflict serious damage upon each other's oil installations—again as was readily foreseeable.

Since May of this year the Soviet Union has been steadily making good the losses in military materiel incurred by Iraq in its war with Iran. Now the United States is proposing to sell an arms package valued at $8.5 billion to Saudi Arabia, and the figure of $100 billion is being touted around Washington as the appropriate worth of the arms sales that can be expected to follow in the coming decade.

Advocates of the current AWACS and F–15 transaction argue that for the transaction to be halted would be tantamount to shutting the United States out from this lucrative market in the years ahead. The Saudis and the other Gulf Arabs, it is said, will turn for arms to other suppliers, even possibly, so these same advocates hint darkly, to the Soviet Union. As an argument it has little foundation and less merit.

Over the past decade, despite the anxious gratification of every Saudi whim by the United States, the Saudi government has placed, and continues to place, large orders for arms with Britain, France and other Western suppliers. The notion that the present Saudi regime would ever turn in earnest to the Soviet Union for arms is simply absurd.

For the United States and its principal allies in NATO to persist in their present policy of supplying Saudi Arabia and the lesser Gulf states with whatever weapons they desire is a prescription for certain disaster. It will almost inevitably bring about one or the other of the very catastrophes it is theoretically designed to avert—either the virtual destruction of the Gulf's oil industry or its seizure by hostile forces. It is needless to point out that the Gulf states, regardless of how lavishly they might be armed, are incapable of defending the region against the Soviet Union.

Iran and Iraq, the foremost local powers, have conclusively demonstrated (if demonstration were ever needed) their military incapacity in their year-long war with each other. The defense of the Gulf against the Soviet Union, it is equally superfluous to remark, as well as the security and tranquility of the Gulf itself, can only be assured by the actual presence of United States and NATO forces in the region.

It is the refusal of the United States and her senior partners in NATO to accept the logic of this proposition which is responsible for the demeaning position in which the United States now finds itself, of thrashing about in a desperate endeavor to devise some makeshift arrangement which will give the appearance of providing for the protection of the region while absolving the United States and its allies of the painful necessity to grasp the nettle of intervention.

The formula has been tried before, under the label of the Nixon Doctrine, when Iran and Saudi Arabia were conceived of as the twin pillars of the edifice of Gulf security, and encouraged to modernize and arm themselves in proportion to their ever-increasing oil revenues. (No matter that these two countries had been the principal troublemakers in the Gulf over the preceding century and a half.)

It came as no surprise to experienced observers of Iran that the late Shah's grandiose ambitions, his reckless expenditure of vast sums upon unrealistic projects of military and industrial expansion, and the unchecked waste and corruption which these engendered, all combined to bring about his downfall and to plunge Iran into chaos. Now that the Iranian pillar has collapsed, the new United States administration, apparently heedless of all that has gone before, is attempting to construct a new defensive structure for the Gulf, around the unlikely bulwark of Saudi Arabia.

It is perhaps fitting that the Administration's arguments in support of its policy are almost a carbon copy of those used by the former Secretary of State, Cyrus Vance, in July 1977 in an effort to secure Congressional approval for the sale of AWACS aircraft to Iran. "The Administration favors approval of this sale on two grounds," Secretary Vance told the House International Relations Committee. "It is in our national interest; it meets a legitimate Iranian defense need." Developing his argument, he went on to say, among other things:

"Iran is a strong and friendly regional power with which we share many interests."

"Iran is a source of stability in a volatile region. . . ."

"Iran places a constructive role in the Middle East. . . ."

"Iran is a major supplier of oil to Western Europe and Japan."

"To preserve our mutual confidence Iran must know that the United States will help it meet its legitimate defense requirements. In this regard, Iran should be in a position to defend itself not only against actual attack, but also against political pressure from potential adversaries in the form of threats of force."

"Iran clearly needs a modern air defense system, particularly an early warning capability to enable it to scramble its fighters in time to prevent a successful preemptive attack. Without this capability, Iran's air defense is neither effective nor useful. Some of Iran's most important industrial installations, such as the Abadan oil refinery complex at the head of the Gulf, are vulnerable targets."

"The Department of Defense has described . . . the main elements of the security plan for the AWACS that we will develop with the Iranians . . . Iran has strict security arrangements. We are unaware of any instance in which U.S.-supplied information or equipment has been compromised or lost . . . We are confident that arrangements can be devised to protect fully the aircraft and its systems."

"AWACS will be used only for defensive purposes. It will meet a legitimate defense need. All our discussions with the Iranian government have been based on its use strictly as an early warning defensive system."

Has Saudi Arabia the capacity or the inclination to act as the shield for Western interests in the Gulf? The native population of the country (the two million or so foreign workers and their dependents aside) amounts to fewer than four million souls. The armed forces number at the very most 100,000 men, of which the army, perhaps 65,000 strong, is the largest component. The majority of the population, including the rank and file of the army and the national guard, is unlettered and unschooled.

Yet Saudi Arabia now ranks sixth in the world in its expenditure upon defense, and first in per capita terms. Over the past few years it has purchased or contracted to buy hundreds of modern combat aircraft, airborne and ground-to-air missiles in their thousands, main battle tanks, armoured personnel carriers and artillery pieces in yet more thousands, dozens of transport planes and hundreds of helicopters, as well as assorted patrol boats, frigates, corvettes and destroyers. It has built or is building air bases, naval bases and entire military towns. All this in addition to a lavish civil construction programme, elaborate and ambitious industrialization projects and concurrent sweeping attempts to modernize Saudi Arabian society.

Confronted with this vast martial extravaganza, one might be forgiven for wondering whether or not he had strayed by accident into the Land of Oz, or that of Alice in Wonderland or Gulliver's Travels, so little relationship does it bear to the reality of Saudi Arabia and its people.

The Saudi armed forces have not known combat for fifty years, and their experience

of it before that time was as tribal irregulars or ikhwan (Bedouin banded together in the name of Islam) fighting Ibn Saud's wars of conquest. Since then the only occasions on which they have come to the notice of the outside world have been in 1969, when a fairly extensive conspiracy against the ruling house was uncovered in the army and air force, and in November 1979, when a few hundred fanatical tribesmen seized control of the Great Mosque at Mecca.

The fact that it took the Saudi security forces three weeks to subdue the rebels is comment enough upon their military competence. Despite the strenuous efforts that have been made by American and other military instructors to improve the level of efficiency in the Saudi armed forces, it is doubtful whether they have had any enduring success. It is common knowledge that the armies of the other Arab states look upon the Saudi army with disdain. It is perhaps equally significant that in the millions of words which have lately been uttered by the spokesmen of the Department of Defense and other interested parties in support of the AWACS and F-15 proposal there is a noticeable absence of any lengthy testimony to the technical capabilities or fighting qualities of the Saudi soldiery.

There has also been a good deal of obfuscation—at times amounting to downright misrepresentation—of the true attitude of the Saudi ruling house towards active cooperation with the United States in the defence of the Gulf.

This attitude has been, and still is, marked by a considerable degree of ambivalence towards the Soviet Union. While the Saudis entertain some apprehension about Soviet designs in the Middle East, especially since the Soviet occupation of Afghanistan, and while they also fear attempts at subversion by radical Arab states like Libya and South Yemen, or by underground groups funded or supported by the Soviet Union, they have really taken no positive steps to counter these dangers.

Instead, senior members of the royal family, like the crown prince, Fahad ibn Abdul Aziz, or the foreign minister, Saud ibn Faisal, have untiringly and repeatedly asserted that their principal enemy is not the Soviet Union but Israel. Moreover, the Saudi government's public strictures on foreign interference in the affairs of the Gulf have consistently been directed at the Western powers, and at the United States in particular. At the Islamabad conference of Muslim states in May 1980 Saudi Arabia took the lead in condemning the abortive attempt the previous month to rescue the American hostages in Tehran.

It continued at the same time to maintain an embassy in Soviet-occupied Kabul, and did not sever diplomatic relations with the puppet government of Babrak Karmal until after Secretary Haig's visit to Riyad in April 1981. Saudi Arabia still allows Soviet aircraft to overfly its territory on their regular flights to South Yemen, a courtesy which saves the Russians from the inconvenience of flying by more lengthy routes. The Saudi government has, in addition, facilitated the transshipment of Soviet war materiel to Iraq during the current war with Iran.

While Saudi Arabia has never publicly denounced the conclusion of treaties of cooperation between the Soviet Union and Arab states like Syria and Iraq, treaties which afford the Russians military, air and naval facilities in these countries, it has expressed vehement opposition to the grant of comparable facilities to the United States by other Arab countries, such as Egypt and Oman. It may or it may not be more coincidence that Crown Prince Fahad, the Saudi deputy prime minister, should have stated to a correspondent of Al Hawadith, the Lebanese newspaper, in January 1980:

"There are many states such as the Soviet Union which are only too ready to supply the kingdom with everything it wants. In other words, we could easily replace the Americans."

Whether by design or by accident, Saudi Arabia was responsible in 1978-79 for preventing the United States from responding promptly to a request from North Yemen for modern aircraft and weapons. As a result, the North Yemenis turned to the Soviet Union for the required arms, thereby enabling that power to recover the position of influence in the country it had been forced to yield up five years earlier.

Despite the fact that the Soviet Union is now linked by treaties of friendship and cooperation with Syria, Iraq and South Yemen, despite the fact that South Yemen is now for all practical purposes a Soviet colony, and despite the fact that the Russians are now firmly established in Afghanistan and Ethiopia, Saudi Arabia adamantly refuses to entertain the idea of Western bases or a Western military presence in the Arabian peninsula and the Gulf. For more than a decade past the Saudi government has insisted that the defence of the Gulf is the sole responsibility of the states around its shores, and it has been steadfastly supported in its insistence for the same length of time by the Soviet Union.

The same stand has been taken by the ruling family of Kuwait, the Al Sabah, who are habitually submissive to directives from Riyad, who have often been used by the Saudis as a stalking horse in international affairs, and who alone among the Arab Gulf states maintain diplomatic relations with the Soviet Union. When the deputy prime minister of Kuwait, Sheikh Sabah ibn Ahmed al-Sabah, visited Moscow last April he stated at the end of his visit:

"The Soviet Union shares our view that the responsibility for the security of the Gulf lies with its states only. It also shares our view of the need to keep the region free of military bases and naval fleets so that it will remain far away from any struggle between the superpowers."

The following month, at a meeting of the Gulf Cooperation Council (consisting of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman), the Saudi and Kuwaiti delegations severely rebuked the Sultan of Oman for granting facilities to the United States in his country, demanding that he rescind the grant without delay. They then went on to insert in the communique issued at the close of the meeting, not only a ritual denunciation of Israel but also a declaration similar to that uttered in Moscow concerning the exclusive responsibility of the Gulf states for the region's defence and affirming "their absolute rejection of foreign interference in the region from any source." Not a single word in the communique referred to the dominant Russian presence in South Yemen or to the Russians' naval and air facilities in Iraq.

One does not have to seek far to find the reasons for the Saudi government's refusal to allow the United States or any Western power bases in Saudi Arabia, as well as for the reasons for its objections to their location elsewhere in the Arabian peninsula. The basis of the Saudi state is religious. The authority of the Saudi ruler derives from his position as imam, or leader of the Wahhabi sect of Islam to which the great majority of the Saudi people belong.

As such, his foremost duty is to uphold the predominance of Islam in the conduct of the country's affairs, to defend the sacred soil of Islam against its foes, and to assert the primacy of Islam over all other faiths. The Al Saud also derive a certain prestige from their role as sovereign protectors of the holy cities of Mecca and Medina, although not all Muslims everywhere regard their usurpation of the guardianship of the holy places from the Hashimite dynasty half a century ago as legitimate. It follows from all this that the presence of tens of thousands of Westerners and other non-Muslim foreigners in the country places a considerable strain upon the theocratic relationship between the Saudi ruler and his subjects.

The only way in which the Al Saud can reconcile their obligations as defenders of the faith with their tolerance of large numbers of infidels within the pale of Islam, is by representing these infidels (who include, in Saudi eyes, American military support personnel) to their people as mercenaries performing tasks which are beyond the competence or beneath the dignity of the faithful to assume.

Such a pretence can be maintained so long as no significant concessions are made to these foreigners, or to their governments, which might be construed as a derogation from the Al Saud's political sovereignty. To grant to the United States the right to bases in Saudi Arabia, from which American troops under American command might operate, would be tantamount, in the eyes of the Saudi rulers and their people, to alienating a portion of the heartland of Islam to the infidel. Such a dereliction of its duties would strike a severe, perhaps even a mortal, blow to the foundations of the Saudi royal family's authority. Because they are so keenly aware of this possible eventuality the Al Saud have refused, and will continue to refuse, to concede any ground to the United States on the issue of base rights, or even the provision of operational facilities. It might be objected in reply to this contention that it ignores the fact that Saudi Arabia has in the past made such a concession, viz., by granting the United States the lease of the air base at Dhahran almost forty years ago. But the grant was made in the peculiar circumstances of the Second World War, when Saudi Arabia stood in dire need of American financial and material assistance. As soon as oil revenues began to flow in substantial quantities, as they did in the nineteen-fifties, the Saudi government terminated the lease of the Dhahran base.

Saudi Arabia's opposition to the establishment of American bases or forces elsewhere in the Arabian peninsula stems from other calculations.

Allusion has already been made both to the pressure exerted by the Saudi government upon Oman to rescind the permission given by the Omanis for the United States to utilize air and other facilities in their country, and to the Saudis' reluctance to see North Yemen equipped with modern arms and aircraft by the United States. This reluctance springs from the Al Saud's determination to ensure, if they can, that no other state in the peninsula is armed on a comparable scale to that which they are aiming to achieve. They are particularly apprehensive of North Yemen, whose population exceeds their own and whose tribesmen, as befits a mountain people, have a fierce fighting reputation as well as a lengthy and recent experience of modern warfare.

There is also the alarming prospect of the possible unification of North Yemen with South Yemen, a possibility which has existed for many years and which may become closer to realization since the Soviet Union assumed the role of arms supplier to North Yemen. The Yemenis, moreover, have in the past been forced to forfeit territory to Saudi Arabia which they would dearly love to recover.

There exists, therefore, a strong, almost obsessive, desire on the part of the House of Saud to accoutre itself with whatever quantities of advanced weaponry it may think necessary to give it military superiority over its neighbors in Arabia. Such weaponry is also needed if the Al Saud are to be able to pursue their historic territorial ambitions in the peninsula.

Space will not permit any extensive recapitulation here of the record of Saudi conquest and expansion over the past century and three-quarters. Suffice it to say that since the First World War the House of Saud has annexed either by force of arms or by duplicity the Hijaz (and the Asir to the south), the emirate of Jabal Shammar in northern Arabia, portions of Jordan, Iraq and Kuwait, slices of Qatar, Abu Dhabi and the Yemen, and the whole of the Rub al-Khali, the Empty Quarter, to which it had not a scrap of right.

Since the Second World War the Al Saud have endeavoured (and in some cases succeeded) by means of armed incursions, gunrunning and bribery on a massive scale, subversion, intimidation and attempted assassination, to acquire segments of territory, potentially or actually oil-bearing, from Qatar, Abu Dhabi and Oman, territory to which, again, they had not a shred of legitimate title. In these endeavours the Saudis were actively abetted by the Arabian American Oil Company, while the Department of State habitually looked with benign indifference upon, or at times lent surreptitious encouragement to, what it chose to regard as the fulfillment of Saudi Arabia's "manifest destiny"—to rule all Arabia from sea to sea.

The same attitude is still with us today, heightened by the Administration's evident determination to bend to every Saudi demand and to enmesh the United States in a complex relationship of ever-deepening intimacy with the House of Saud. Actuality, as well as truth, has been subordinated to the dictates of this policy. Saudi Arabia has been portrayed as the protector rather than the predator of the minor Gulf states, as the "anxious mother hen with her chickens."

A more accurate metaphor, one that did not fly in the face of historical reality, would be that of the fox and the chickens. Whether any serious thought has been given to the consequences for American relations with the minor Gulf states of the close identification of the United States with the fortunes and ambitions of the Saudi ruling house seems highly doubtful. How are Bahrain, the United Arab Emirates and the Sultanate of Oman, traditionally the victims of Saudi intimidation and aggression, likely to view the arming of Saudi Arabia by the United States on the scale now in progress?

What is Sultan Qabus of Oman, who is the only Arab ruler to have endorsed the Camp David accords, who has granted the United States facilities in his country (and has been reviled for doing so by the Saudis), and who is still contending with a longstanding Saudi demand for the surrender of territory along Oman's inner frontiers, to think of American consistency, good faith or even perspicacity? (He must also recall somewhat wryly that it was Saudi Arabia which originally instigated the rebellion in his southern province of Dhufar in the nineteen-sixties which was not suppressed until the mid-nineteen-seventies.)

It is all too plain why Saudi Arabia does not want United States or NATO bases or forces in any of the lesser Gulf states: their presence would only serve to hamper the pursuit of the Al Saud's historic designs of expansion. The Saudis remember all too well that in the past the road to conquest in eastern Arabia was always blocked by Britain, acting in its treaty capacity as the protector of the minor states and guardian of the peace of the Gulf.

Now that Britain has gone and the United States is firmly harnessed to the Saudi chariot, the Al Saud feel confident that with their vastly augmented military power they can easily overawe and eventually subjugate the minor states. The corollary to this deduction is also true. By choosing to make Saudi Arabia the keystone of a defensive structure for the Gulf, despite the Al Saud's refusal to extend the cooperation and the facilities needed to make that structure effective, the United States is virtually foregoing its options to obtain these facilities elsewhere in the Gulf region. Kuwait is a lost cause, being unstrung by wealth, by delusions of grandeur, by intense distrust of its large immigrant community and by its feverish efforts to be all things to all nations and ideologies.

Bahrain, the United Arab Emirates and Oman, on the other hand, are plagued not only by fears of the Soviet Union, of revolutionary Iran and of subversion by Marxist or other radical groups; they are also haunted by the spectre of Saudi or Iraqi plans to assert a hegemony over the Gulf. Their rulers, accustomed until recently to the presence of British troops in their territories, may not be averse to the similar stationing of American or NATO forces, and for the same reason—that it gives them an assurance of protection against their actual and potential enemies.

But while Saudi Arabia continues to coerce them into emulating its stand and refusing to countenance the introduction of Western forces into the Gulf, and while the United States continues to acquiesce feebly in every Saudi prohibition or peremptory demand, there is faint chance that the rulers of the smaller states will be induced to enter into any mutual defensive arrangements with the Western powers.

Aside from the considerations outlined in the foregoing pages, there are further grounds for questioning Saudi Arabia's reliability as an ally, and the desirability, therefore, of concluding with the Saudis what is being described as "the largest single arms sale in history". The House of Saud, as is only natural, is concerned primarily with its own survival and prosperity. It has no vital interest in the struggle between the liberal democracies of the West and the communist dictatorships of the East.

Time and again it has voiced its intention to remain neutral in the struggle, to eschew formal alliances with one side or the other. At the same time, however, it has directed a constant stream of recrimination against the West, and against the United States in particular, for its alleged transgressions, notably but by no means exclusively with respect to American policy towards Israel and the question of Palestinian irredentism.

In contrast, the Saudi government has remained remarkably reticent about the activities of the Soviet Union in the Middle East: even its comments about the invasion of Afghanistan, a fellow Muslim state, have been markedly subdued. More than that, the Saudis have gone out of their way in the past couple of years to emphasize, on numerous occasions, that they regard Israel, not the Soviet Union, as the principal threat to the Arab world and to themselves.

Much of this, of course, is rhetoric: the Saudi royal house is not so blind as not to realize that the designs of the Soviet Union are inimical to its own continued existence. But such realization does not automatically incline its members to align themselves with the West in a defensive compact.

On the contrary, they believe that they can ensure their own continuance and the enjoyment of their vast patrimony of oil riches by traditional Arab methods—by playing one adversary off against another, by judicious appeasement at one time and ostentatious bellicosity at another, by duplicity, and by the liberal distribution of bribes to the envious or discontented among their subjects or neighbours. So ingrained is this way of conducting the affairs of state that there is no incentive or disposition to contract the kind of alliances we are accustomed to in the West.

Nor is the repetitive carping at the West which issues unceasingly from Riyad and Jiddah all mere rhetoric. Much of it is animated by antipathy towards the West, towards Christendom, towards Western civilization in general. The resurgence of Islam in our day is a very real phenomenon, and the Saudi royal house, as we have observed, is nothing if it is not, and is conspicuously seen to be, zealous to excess in its promotion of the faith.

Because of the fundamentalist nature of its rule, the House of Saud must regulate its transactions with the Western world with an eye to the internal situation in Saudi Arabia. It is nagged by constant fears of subversion, and with good reason. It would be remarkable if the social and economic convulsions of the past decade were to produce no political repercussions. The kingdom has suffered a profound dislocation in recent years as a consequence of the prodigious level of oil revenues, the ceaseless carnival of consumption and construction which these have fuelled, and the extravagance, waste and corruption which they have engendered.

Add to this the influx of hundreds of thousands of foreigners, and the deep offense which their presence, and indeed the whole process of rapid Westernization, has given to the Muslim susceptibilities of the Saudi populace, and it will be readily seen that the country stands on the verge of perhaps severe domestic upheaval. The outbreak at Mecca in November 1979 was an explosion of pious outrage against the ruling family for its profligacy and its neglect of its religious duties.

The tribesmen involved came from a number of prominent tribes, including the Ataiba, the Harb, the Qahtan and the Shammar. The Ataiba were one of the fiercest of the *ikhwan* tribes who helped the late King Ibn Saud to create the kingdom, and who were ruthlessly suppressed by him fifty years ago when they rose against him in protest against his consortings with infidels.

The Shammar are the leading tribe of Jabal Shammar, the principality conquered and annexed by Ibn Saud half a century ago—who have been most shamefully neglected and ill-treated by the Al Saud ever since. Other provinces in the kingdom where resentment of Saudi rule still endures are the Hijaz, the Asir and Hasa, the oil province in the east where the population is largely Shii.

Any disruption of the central government, whether brought on by a contest for power among members of the ruling family or by an attempted *coup d'état* by ambitious army or air force officers, could easily cause this resentment to boil over into open revolt, threatening the very integrity of the kingdom.

Apologists for the Saudi regime and spokesmen for the present Administration are disposed to scoff at the possibility of revolution in Saudi Arabia, and even more so when comparisons are drawn with what has occurred in Iran.

But to anyone acquainted with the history of Arabia (or even with the immutable rules of Greek tragedy) there is an inevitability about the onset of insurrection in Saudi Arabia which cannot be blinked. How Administration officials, in the light of the sheer dearth of reliable information about the internal affairs of Saudi Arabia, can blithely dismiss the dangers of violent revolt there as purely hypothetical, is a mystery.

There was a failure of American intelligence to foresee the course of events that took place in Iran. It is equally likely that there will be a similar failure in Saudi Arabia. And if the inevitable occurs there, it will in no small measure be caused by the folly of the United States in nervelessly gratifying the Saudi regime's insensate passion for acquiring elaborate and costly armaments.

If Saudi Arabia were to be equipped according to its real defensive needs, which are in the main connected with internal security, it would not purchase anything more

than small arms, armoured cars, helicopters, transport aircraft and other matériel of a similarly modest nature. All that the present ridiculous extravaganza can achieve is to help precipitate the eventual downfall of the regime.

Much play has been made by advocates of the policy of appeasing the Saudi's appetite for advanced weapons with the argument that the Saudi government must in some way be rewarded for its "selflessness" in producing more oil than it requires to meet its financial needs, and for its "moderation" in keeping its oil prices below those charged by other members of OPEC. The exigencies of space again preclude any extended discussion here of Saudi Arabia's record in these matters. In brief, it can be said that Saudi Arabia's oil policy has been governed by pure self-interest.

This in itself is by no means reprehensible. But it is a misuse of language to suggest that a country which over a period of less than a decade has raised the price of its oil from under $2 a barrel to $32 has been practising "moderation." The fact that Saudi Arabia has lagged slightly behind its fellows in OPEC in raising its prices at periodic intervals is simply due to its desire to keep selling the maximum quantities of oil that it can.

For the Saudi government is driven by an avid hunger for revenue, which is needed to placate its constituents and thereby to maintain itself in power. The five-year development plan for the years 1975–1980 was budgeted at $142 billion. By the time it was completed the Saudis had spent some $210 billion, or 50 percent over the original budget. The new five-year plan, from 1980–1985, envisages spending some $391 billion, or two and a half times the original budget for the previous plan.

Saudi expenditures chase their revenues and sometimes overtake them; the Saudis ran a current account deficit in 1978, but were rescued by the fall of the Shah and the curtailment of Iranian oil production. Simple arithmetic dictated that oil prices should rise to cover both the current deficit and the requirements of the new five-year plan—as they did by more than $20 a barrel between the end of 1978 and the beginning of 1981.

The Saudis could have stopped such a price rise simply by raising—or threatening to raise—production, but they did not do so, and now they have discovered, to their great dismay, that the meteoric rise in price has led to a switch to non-OPEC sources of energy and to increased conservation. Demand for OPEC oil has dropped by more than a third in two years (31 m.b.d. in 1979; less than 20 m.b.d. today) and promises to drop still further as non-OPEC sources of oil increase by some 5 percent a year and demand for oil remains nearly level. That, and that alone, explains Saudi reluctance to let prices rise higher. For if prices continue to rise, demand will drop still more, and the Saudis might be left with hundreds of billions of barrels of oil, and no market, a fate they wish to avoid or postpone.

On the other side of the coin there is the Al Saud's dogged and malevolent resistance to any attempts by the Western industrial world to protect itself from arbitrary cutbacks in oil supplies by stockpiling measures.

The Saudi government has been among the foremost opponents in OPEC of the International Energy Agency's program, and it exercised a power of veto, in which the Carter Administration weakly acquiesced, over the creation of the national Strategic Petroleum Reserve in the United States. (It is worth noting that when the present Administration decided to proceed with the filling of the reserve the Saudis caved in without a word of protest.)

Sheikh Ahmed Zaki Yamani, the Saudi Minister of Petroleum, has consistently lied about his country's actual oil policy to Western audiences, though the lies themselves have largely lacked consistency. For instance, in December 1980 he publicly berated Western oil companies for storing oil in excess of their needs, because the surplus exerted a downward pressure on prices. If the oil companies did not reduce their inventories, he threatened, 'the price of oil will go to at least $60 a barrel. . . . I promise you that". By April 1981 he was claiming that Saudi Arabia had deliberately "engineered" the glut of oil on the market so as to hold prices down.

Then only last month he confessed in an interview in an Arabic newspaper that the glut had been caused by the astronomical increases in oil prices which Saudi Arabia had sanctioned in 1979–1980.

What Saudi Arabia now faces, as a consequence of its craving for additional revenues over the past three years, is the prospect of diminishing sales of oil, or lower per barrel prices, or possibly both. In any case, it portends a possible reduction in revenues, which would wreak havoc with the Saudi government's costly development program. It would also, by constricting the flow of subsidies by means of which the Saudi populace is kept in a condition of contentment, give rise to serious political disturbances.

There would be a strong temptation, in such circumstances, for the Saudi regime to use its superior military power relative to that of the minor Gulf oil states (power which can only be enhanced by the arms sale now under consideration) to compel these states to reduce their own output of oil so as to enable Saudi Arabia's production to remain at a high level. (Kuwait is now producing only 700,000 barrels a day, compared with 3 million b/d a few years ago, while Saudi Arabia has steadily enlarged its market share of OPEC from 21 percent in 1972, to 31 percent in 1978, to 40 percent in 1980, to more than 47 percent earlier this year—and has had an output this year of around 10 m.b.d.)

The temptation will become even more acute when Iranian oil again comes on stream, and when Iraq resumes full production. It is not beyond the bounds of possibility that Saudi Arabia, confronted with a financial crisis at home, might encourage Iraq to resume its conflict with Iran with the object of shutting down the Khuzistan oilfields once again. (A strong suspicion already exists that the Saudis were privy to Iraq's plans to launch an offensive against Iran in September 1980.

In early August, Saddam Husian, the Iraqi president, visited Taif in the company of the chief of the Iraqi general staff.) Saudi Arabia might itself even join in such a conflict, using its AWACS aircraft to coordinate a joint air attack against Iran with the Iraqi air force, and by directing its own F–15s to strike at obvious Iranian targets like the oil-loading terminal on Kharg Island. To Western eyes such an action would seem reckless in the extreme, but it has to be emphasized that we are not dealing here with Western modes of thinking.

At the heart of the current controversy over the provision of highly sophisticated weaponry to Saudi Arabia lies the fascination which that country and its rulers have exerted, and continue to exert, over the government of the United States. The Department of State has been infatuated with the Saudis for more than a generation now, while successive administrations have similarly been mesmerized by the House of Saud and the fair deeds it supposedly has wrought.

The process has gone so far that today Cabinet officers, Administration officials and publicists of every hue and description unblushingly and unquestioningly employ as an accepted usage the phrase "special relationship" to denote the United States' connection with Saudi Arabia, a phrase which, it might be added, was used not so long ago to signify the bond that existed between the United States and Great Britain.

It has become an article of faith in Washington that the only possible response to any Saudi demand, the only way in which to treat with the Saudi dynasty, is by respectful compliance, by obsequious accommodation and by anxious fawning. Saudi sensitivities, so the reigning consensus has it, are more tender and more delicate that those of mortal men and must therefore be accorded the gentlest of handling.

All this, one might point out, with respect to a regime whose own methods of government are notoriously rough and ready, not to say brutal at times. Little wonder that the Saudi royal house now labors under an exalted sense of its own importance, to the extent that Crown Prince Fahad could boast, in his conversation with the representative of Al Hawadith referred to earlier, that "Western civilization from A to Z chiefly relies on the kingdom".

The Administration, in its efforts to convince the Congress of the urgent need to placate the Saudi regime over the AWACS and F–15 sale, has exhibited all the signs of this peculiar obsession with the might and splendour of the House of Saud. The contortions the Administration has undergone in its efforts to win Congressional approval of the sale have provided an undignified and unedifying sight.

One day its spokesmen have been prodigal with their assurances that the Saudis will agree to the imposition of restrictions on the use of the aircraft and weaponry it is proposed to sell them—as if the Al Saud's record in the matter of honoring engagements over the past hundred years is exactly unblemished.

The next day these same spokesmen have indignantly rejected the notion of safeguards as an infringement of Saudi Arabia's national sovereignty, which the Saudis, a proud and independent people, could never abide—as if an abridgement of its sovereign rights is not the price that every member of an alliance accepts, including the European members of NATO, to whom, incidentally, the United States has not thought it politic to give sole command and control of AWACS aircraft, although it is willing to entrust them to Saudi Arabian hands.

Much has also been made in the current debate over the arms sale of its symbolic importance, both as a "litmus test" of the United States' friendship for Saudi Arabia and as proof of the reliability of the United States as an ally which honors its obligations. The whole Arab world, we are told, is awaiting with keen interest the outcome of the contest.

No doubt it is, but it is a safe bet that the Arabs are also silently convulsed with hilarity at the spectacle of Saudi Arabia, a country which, without its oil, would be of little consequence in the world, leading the greatest power on earth by the nose. It is much to be regretted that the President and the Secretary of State did not have this particular image in mind when they spoke on separate occasions of not permitting another country to make the foreign policy of the United States.

Instead, within the past few days an ex tempore, almost casual statement of policy has been made which would seem to imply an American commitment to the territorial integrity of Saudi Arabia under its present rulers. One is tempted to suggest that, instead of plunging the United States deeper into what has been from the beginning a very one-sided "special relationship", the administration might have given some consideration to the question whether the real interests of the United States in Arabia and the Gulf are necessarily bound up with the fortunes, or even the survival, of the House of Saud—especially when that dynasty refuses to extend to the United States the degree of cooperation which is essential to ensure the effective defence of the Gulf against the dangers which now threaten it.●

AWACS AND RELIGIOUS PREJUDICE

● Mr. KENNEDY. Mr. President, during the national debate on providing AWACS and other military equipment to Saudi Arabia, questions were raised regarding the patriotism of Jewish-Americans who expressed their opposition to the arms sale to Saudi Arabia. I reject absolutely such unworthy efforts to undermine the basic constitutional right to petition. Americans of all faiths and both political parties pursued their opposition to the Saudi arms sale honorably and in the best tradition of our country and our Constitution.

In a recent article in the Boston Globe, Philip Perlmutter, executive director of the Jewish Community Council of Metropolitan Boston, refutes such charges, and correctly states that efforts in the past by self-proclaimed patriots to silence ethnic or other minority groups have posed the real threat to freedom and democracy in America.

Whether real or imagined, minority group activities and thinking were never as dangerous to American democracy as the wide-ranging repressive and aggressive actions inflicted upon the individuals and groups in the name of national defense and patriotism. Unfortunately, our history as a nation has been tarnished by various alien and sedition acts, nativist riots and lynchings, Palmer raids, McCarthy witch hunts.

Mr. President. we cannot condone tactics that raise the worst specter of religious prejudice, blaming dissent over public policy on differences of religious faith. I believe that Mr. Perlmutter's observations are a valuable reminder to us all of the injustice of such charges, and of the dangers that they pose to our constitutional process, our Nation and our people, and I request that his article be printed in the RECORD.

The article follows:

SIZING UP ETHNIC INFLUENCE

History has shown that ethnic groups have never had the political power critics ascribed to them. Whenever ethnic interests conflicted with American, the latter won out.

Throughout American history various religious, racial and ethnic groups have been charged with disloyalty, dual loyalty or no loyalty. They have been criticized for any emotional, political or financial support of the "old country," for holding religious or political beliefs allegedly contrary to America's well-being, for ensnaring us in or shirking from foreign wars, for lacking the essential social, intellectual and biological makeup necessary for being a true American and even for plotting and conspiring to overthrow the government.

In recent months, criticism has been made by some rather distinguished political figures:

In a foreign affairs article, Sen. Charles Mathias Jr. of Maryland wrote that ethnic political influence has "proven harmful to the national interests" and "generated both unnecessary animosities and illusions of common interest where little or none exists."

Rep. Paul McCloskey of California was more specific, claiming that the Israeli lobby "has controlled the Congress" on Israeli issues.

These are serious charges, just as they were when articulated by earlier nativists. Unlike them, however, Mathias claims to admire "ethnicity." It's their politics which bother him. Similarly, McCloskey believes that lobbying "is not dishonorable," except in foreign affairs when done by one side only.

From the spirit and substance of both congressmen's views, it would seem that foreign policy was and is adversely determined only by ethnic groups; no mention is made of other pressure groups: industry, military, agriculture, oil, or (in the case of McCloskey) the Arab lobby. It is as if there would be no rancor or difference over what constitutes the nation's best interests, except for ethnics and descendants thereof.

For all of the questions, charges and accusations (past and present), history has shown that ethnic, religious and racial groups have never had the political power critics ascribed to them and that whenever ethnic interests conflicted with American ones, as defined by government, the latter won out.

Clearer still are the frustrations and failures of ethnic petitions, pressures and politics. The Irish could not stop American-British rapprochement at the turn of the century; nor could American-Germans keep us out of World War I; nor could American-Germans and -Italians on one hand and American-English and -French on the other keep us out of or bring us into World War II; nor could Poles, Czechs, Slovaks, Lithuanians, Latvians, Slovenes, Estonians, or Finns propel America into liberating their homelands from Russian influence or domination.

Nor could emigres and American-Cubans convince President Kennedy to remain committed to the overthrow of Castro or to maintain support of their secret military forces in Miami. Even the fate of the AWACS has not been determined solely by Jewish organizational opposition or by pro-Arab or US industrial-military support.

Historically, minorities always faced the dilemma of whether or not to speak up. In spite of the criticisms leveled against them, no ethnic or minority group has called for or formed a political party (as in other countries). They worked within the established political parties. Similarly, ethnic groups have never been all on one or another side of an issue. So it was in the Revolutionary and Civil Wars; but during wars abroad they always rallied around the flag, fighting their overseas kinsmen, even though some of their American relatives were interned, as with Japanese, Germans, Italians and Aleuts.

Whether real or imagined, minority group activities and thinking were never as dangerous to American democracy as the wide-ranging repressive and aggressive actions inflicted upon individuals and groups in the name of national defense and patriotism. Unfortunately, our history as a nation has been tarnished by various alien and sedition acts, nativist riots and lynchings, Palmer raids, McCarthy witch hunts.

The fact remains that for all of the accusations, vituperation and prejudice against religious, racial and ethnic groups, the latter have never been guilty of disloyalty, subversion, espionage, or destructive of the structures and operations of American government—even though governmental statutes and laws were often used to discriminate, exclude, restrict, and even expel them.

Unfortunately, we seem to be again reaching a point where a "patriot" is, as A. A. Milne said, one "who thinks other people are not patriots." ●

ORDERS FOR WEDNESDAY

ORDER FOR RECESS UNTIL 9:30 A.M.

Mr. HATFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m. tomorrow.

The PRESIDING OFFICER (Mr. SPECTER). Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. HATFIELD. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order on tomorrow, there be a period for the transaction of routine morning business, not to extend beyond 10 a.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT

Mr. HATFIELD. Mr. President, I ask unanimous consent that at 10 a.m. tomorrow, the Senate resume consideration of H.R. 4144, the Energy and Water Appropriations Act, 1982.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HART

Mr. HATFIELD. Mr. President, I ask unanimous consent that at 10:30 a.m. tomorrow, Senator HART be recognized to offer an amendment dealing with the reprocessing of spent nuclear fuel.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME FOR VOTE ON SENATOR PERCY'S AMENDMENT

Mr. HATFIELD. Mr. President, for the benefit of all Senators, by unanimous consent arrived at today, at 1:30 tomorrow the Senate will set aside the pending amendment and resume consideration of Senator PERCY's Tennessee-Tombigbee amendment, with the rollcall vote to occur no later than 3:30 p.m.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. HATFIELD. Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to; and at 5:12 p.m. the Senate recessed until tomorrow, Wednesday, November 4, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 3, 1981:

DEPARTMENT OF JUSTICE

Frederick N. Falk, of Wisconsin, to be U.S. Marshal for the western district of Wisconsin for the term of 4 years vice Robert M. Thompson.

William S. Vaughn, of Missouri, to be U.S. Marshal for the eastern district of Missouri for the term of 4 years vice Franklin Payne, resigning.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 3, 1981:

CORPORATION FOR PUBLIC BROADCASTING

Sonia Landau, of New York, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1986.

R. Kenneth Towery, of Texas, to be a Member of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1986.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Tuesday, November 3, 1981*

CONFERENCE REPORT ON S. 815

Pursuant to the order of November 2, 1981, Mr. PRICE submitted the following conference report and statement on the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 97-311)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve Component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Department of Defense Authorization Act, 1982".

TITLE I—PROCUREMENT

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons in amounts as follows:

AIRCRAFT

For aircraft: for the Army, $1,910,200,000; for the Navy and the Marine Corps, $9,302,500,000; for the Air Force, $13,773,698,000, of which $1,801,000,000 is available only for procurement of long-range combat aircraft.

MISSILES

For missiles: for the Army, $2,146,900,000; for the Navy, $2,567,000,000; for the Marine Corps, $223,024,000; for the Air Force, $4,186,846,000.

NAVAL VESSELS

For naval vessels: for the Navy, $8,795,900,000.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $3,251,200,000; for the Marine Corps, $281,739,000.

TORPEDOES

For torpedoes and related support equipment: for the Navy, $516,600,000.

OTHER WEAPONS

For other weapons: for the Army, $655,400,000; for the Navy, $200,200,000; for the Marine Corps, $136,344,000; for the Air Force, $3,047,000.

ARMY NATIONAL GUARD

For tracked combat vehicles and other weapons: for the Army National Guard, $50,000,000, which amount shall be in addition to any other funds authorized to be appropriated by this or any other Act.

CONTRIBUTION TO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) FOR NATO

SEC. 102. Of the funds authorized to be appropriated in this title for aircraft for the Air Force, the sum of $344,300,000 is available only for contribution by the United States as its share of the cost for fiscal year 1982 of acquisition by the North Atlantic Treaty Organization of the Airborne Warning and Control System (AWACS).

CERTAIN AUTHORITY PROVIDED SECRETARY OF DEFENSE IN CONNECTION WITH THE NATO AIRBORNE WARNING AND CONTROL SYSTEM (AWACS) PROGRAM

SEC. 103. (a) During fiscal year 1982, the Secretary of Defense, in carrying out the Multilateral Memorandum of Understanding Between the North Atlantic Treaty Organization (NATO) Ministers of Defence on the NATO E-3A Cooperative Programme, signed by the Secretary of Defense on December 6, 1978, may—

(1) waive reimbursement for the cost of the following functions performed by personnel other than personnel employed in the United States Air Force Airborne Warning and Control System (AWACS) program office:

(A) auditing;
(B) quality assurance;
(C) codification;
(D) inspection;
(E) contract administration;
(F) acceptance testing;
(G) certification services; and
(H) planning, programing, and management services;

(2) waive any surcharge for administrative services otherwise chargeable; and

(3) in connection with the NATO E-3A Cooperative Programme for fiscal year 1982, assume contingent liability for—

(A) program losses resulting from the gross negligence of any contracting officer of the United States;

(B) identifiable taxes, customs duties, and other charges levied within the United States on the program; and

(C) the United States share of the unfunded termination liability.

(b) Authority under this section to enter into contracts shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for research, development, test, and evaluation in amounts as follows:

For the Army, $3,746,299,000.

For the Navy (including the Marine Corps), $6,072,167,000.

For the Air Force, $8,686,800,000.

For the Defense Agencies, $1,899,847,000, of which $53,000,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection.

LONG-RANGE COMBAT AIRCRAFT

SEC. 202. (a) None of the funds appropriated pursuant to an authorization of appropriations in this Act may be obligated or expended for the full-scale engineering development or procurement of a long-range combat aircraft before November 18, 1981, and none of such funds may be obligated or expended for such purposes on or after such date if, before such date, the Senate and the House of Representatives have agreed to resolutions of their respective Houses expressing disapproval of the President's decision announced on October 2, 1981, regarding the development of long-range combat aircraft.

(b) For the purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the does not favor the decision of the President announced on October 2, 1981, regarding the development of long-range combat aircraft", the blank space therein being filled with the name of the resolving House.

(c) Subsections (d) through (i) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described in subsection (b), and

they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rules of the Senate.

(d) A resolution in the Senate shall be referred to the Committee on Armed Services of the Senate.

(e) If the Committee on Armed Services of the Senate has not reported a resolution referred to it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution which has been referred to the committee.

(f) A motion to discharge may be made only by a Senator favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(g) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution.

(h) When the Committee on Armed Services of the Senate has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(i)(1) Debate in the Senate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(2) Motions in the Senate to postpone, made with respect to the discharge from committee or the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(3) Appeals in the Senate from the decisions of the Chair relating to the application of the rules of the Senate to the procedure relating to a resolution shall be decided without debate.

MX MISSILE AND BASING MODE

SEC. 203. (a)(1) None of the funds appropriated pursuant to an authorization of appropriations in this Act may be obligated or expended for development of an operational basing mode for the MX missile before November 18, 1981, and none of such funds may be obligated or expended for such purpose on or after such date if, before such date, the Senate and the House of Representatives have agreed to resolutions of their respective Houses expressing disapproval of the President's decision announced on October 2, 1981, regarding the basing mode for the MX missile.

(2) Development of the MX missile system shall continue so as to achieve an initial operational capability (IOC) for the MX missile system not later than December 31, 1986.

(b) For the purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the does not favor the decision of the President announced on October 2, 1981, regarding the basing mode for the MX missile", the blank space therein being filled with the name of the resolving House.

(c) Subsections (d) through (i) are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described in subsection (b), and they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rules of the Senate.

(d) A resolution in the Senate shall be referred to the Committee on Armed Services of the Senate.

(e) If the Committee on Armed Services of the Senate has not reported a resolution referred to it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution which has been referred to the committee.

(f) A motion to discharge may be made only by a Senator favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(g) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution.

(h) When the Committee on Armed Services of the Senate has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(i)(1) Debate in the Senate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(2) Motions in the Senate to postpone, made with respect to the discharge from committee or the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(3) Appeals in the Senate from the decisions of the Chair relating to the application of the rules of the Senate to the procedure relating to a resolution shall be decided without debate.

TITLE III—OPERATION AND MAINTENANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for operation and maintenance in amounts as follows:

For the Army, $17,024,044,000.

For the Navy, $20,130,410,000.

For the Air Force, $18,898,140,000.

For the Marine Corps, $1,249,939,000.

For Defense-wide activities, $4,859,207,000.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1982 such additional sums as may be necessary (1) for increases in salary, pay, retirement, and other employee benefits authorized by law for civilian employees of the Department of Defense whose compensation is provided for by funds authorized to be appropriated in such subsection, and (2) for unbudgeted increases in fuel costs and for increases as the result of inflation in the cost of activities authorized by subsection (a).

MODIFICATION OF ANNUAL OPERATION AND MAINTENANCE REPORT

SEC. 302. Section 138(e) of title 10, United States Code, is amended by striking out paragraphs (3) and (4).

PRESERVATION OF MILITARY NATURE OF VETERINARY SUPPORT TO DEFENSE RESEARCH AND DEVELOPMENT ACTIVITIES

SEC. 303. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of converting military veterinary positions that are supporting research and development activities of the Department of Defense or of any of the Armed Forces to civilian positions.

PROHIBITION OF CONTRACTING OUT ENTIRE MEDICAL FACILITIES

SEC. 304. None of the funds appropriated pursuant to an authorization of appropriations contained in this Act may be used for the purpose of contracting out an entire medical facility.

LEASED SATELLITE COMMUNICATIONS (LEASAT) SYSTEM

SEC. 305. Of the amount authorized to be appropriated in section 301 for operation and maintenance of the Navy, $67,000,000 is available for the Leased Satellite Communications (LEASAT) system.

TITLE IV—ACTIVE FORCES

AUTHORIZATION OF END STRENGTHS

SEC. 401. The Armed Forces are authorized strengths for active duty personnel as of September 30, 1982, as follows:

(1) The Army, 780,300.

(2) The Navy, 554,600.

(3) The Marine Corps, 192,100.

(4) The Air Force, 580,800.

QUALITY CONTROL ON ENLISTMENTS

SEC. 402. (a) Section 302(a) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 10 U.S.C. 520 note) is amended by striking out "October 1, 1980" and "September 30, 1981" and inserting in lieu thereof "October 1, 1981" and "September 30, 1982", respectively.

(b)(1) Section 520 of title 10, United States Code, is amended—

(A) by inserting "(a)" before "For" in the first sentence; and

(B) by adding at the end thereof the following new subsection:

"(b) A person who is not a high school graduate may not be accepted for enlistment in the armed forces unless the score of that person on the Armed Forces Qualification Test is at or above the thirty-first percentile.".

(2) The amendments made by paragraph (1) shall take effect at the end of the 30-day period beginning on the date of the enactment of this Act.

DESIGNATION OF AIR FORCE PHYSICIAN ASSISTANTS AS COMMISSIONED OFFICERS

SEC. 403. Section 8067(f) of title 10, United States Code, is amended by inserting ", including physician assistant functions," after "functions".

REPEAL OF LIMITATION ON DEPENDENTS OVERSEAS

SEC. 404. Section 406 of title 37, United States Code, is amended—

(1) by striking out "and subsection (i) of this section" in subsection (a);

(2) by striking out "Except as provided in subsection (i) of this section, in" in subsection (h) and inserting in lieu thereof "In"; and

(3) by striking out subsection (i) and inserting in lieu thereof the following:

"(i) The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and House of Representatives a report at the end of each fiscal year quarter stating—

"(1) the number of dependents who during the preceding quarter were accompanying members of the Army, Navy, Air Force, and Marine Corps who were stationed outside the United States and were authorized by the Secretary concerned to receive allowances or transportation for dependents under subsection (a) or (h) of this section; and

"(2) the number of dependents who during the preceding quarter were accompanying members of the Army, Navy, Air Force, and Marine Corps who were stationed outside the United States and were not authorized to receive such allowances or transportation.".

CHANGE OF TITLE OF NEW PERMANENT FLAG GRADE FOR THE NAVY FROM COMMODORE ADMIRAL TO COMMODORE

SEC. 405. (a) Section 5501 of title 10, United States Code, is amended by striking out "admiral" in clause (4) after "Commodore".

(b)(1) The following sections of title 10, United States Code, are amended by striking out "admiral" after "commodore" each place it appears: 101(41), 525(a), 601(c)(2), 611(a), 612(a)(3), 619(a)(2)(B), 619(c)(2)(A)(ii), 625(a), 625(c), 634, 635, 637(b)(2), 638(a)(3), 638(b), 638(c), 645(1)(A)(ii), 5138(a), 5149(b), 5155(c), 5442, 5444, 5457(a), and 6389(f).

(2) Section 5444 of such title is amended by striking out "commodore admirals" in subsections (a) and (f) and inserting in lieu thereof "commodores".

(3) The tables in sections 5442(a) and 5444(a) of such title are amended by striking out "commodore admirals" and inserting in lieu thereof "commodores".

(4)(A) The heading of section 625 of such title is amended by striking out the last word.

(B) The item relating to such section in the table of sections at the beginning of subchapter II of chapter 36 of such title is amended by striking out the last word.

(5)(A) The heading of section 635 of such title is amended to read as follows:

"§ 635. Retirement for years of service: regular brigadier generals and commodores".

(B) The item relating to such section in the table of sections at the beginning of subchapter III of chapter 36 of such title is amended to read as follows:

"635. Retirement for years of service: regular brigadier generals and commodores.".

(6)(A) The heading of section 5442 of such title is amended to read as follows:

"§ 5442. Navy: line officers on active duty; commodores and rear admirals".

(B) The item relating to such section in the table of sections at the beginning of chapter 533 of such title is amended to read as follows:

"5442. Navy: line officers on active duty; commodores and rear admirals.".

(7)(A) The heading of section 5444 of such title is amended to read as follows:

"§ 5444. Navy: staff corps officers on active duty; commodores and rear admirals".

(B) The item relating to such section in the table of sections at the beginning of chapter 533 of such title is amended to read as follows:

"5444. Navy: staff corps officers on active duty; commodores and rear admirals.".

(8) The table in section 741(a) of such title is amended by striking out "admiral" after "Commodore".

(c) The table in section 201(a) of title 37, United States Code, is amended by striking out "admiral" after "Commodore" in the third column.

(d)(1) Section 614 of the Defense Officer Personnel Management Act is amended by striking out "admiral" after "commodore" each place it appears.

(2)(A) The heading of such section is amended to read as follows:

"TRANSITION PROVISIONS TO NEW COMMODORE GRADE".

(B) The item relating to such section in the table of contents in section 1(b) of such Act is amended to read as follows:

"Sec. 614. Transition provisions to new commodore grade.".

(e) Section 621(b) of the Defense Officer Personnel Management Act is amended by striking out "admiral" after "commodore".

(f) The amendments made by this section shall take effect as of September 15, 1981.

EXTENSION OF PILOT DEPARTMENT OF DEFENSE EDUCATIONAL LOAN REPAYMENT PROGRAM

SEC. 406. Section 902(g) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1115), is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983".

TITLE V—RESERVE FORCES

AUTHORIZATION OF AVERAGE STRENGTHS FOR SELECTED RESERVE

SEC. 501. (a) For fiscal year 1982, the Selected Reserve of the reserve components of the Armed Forces shall be programed to attain average strengths of not less than the following:

(1) The Army National Guard of the United States, 392,800.

(2) The Army Reserve, 235,300.

(3) The Naval Reserve, 87,600.

(4) The Marine Corps Reserve, 37,600.

(5) The Air National Guard of the United States, 98,600.

(6) The Air Force Reserve, 62,800.

(7) The Coast Guard Reserve, 12,000.

(b) The average strength prescribed by subsection (a) for the Selected Reserve of any reserve component shall be proportionately reduced by (1) the total authorized strength of units organized to serve as units of the Selected Reserve of such component which are on active duty (other than for training) at any time during the fiscal year, and (2) the total number of individual members not in units organized to serve as units of the Selected Reserve of such component who are on active duty (other than for training or for unsatisfactory participation in training) without their consent at any time during the fiscal year. Whenever such units or such individual members are released from active duty during any fiscal year, the average strength prescribed for such fiscal year for the Selected Reserve of such reserve component shall be proportionately increased by the total authorized strength of such units and by the total number of such individual members.

AUTHORIZATION OF END STRENGTHS FOR RESERVES ON ACTIVE DUTY IN SUPPORT OF THE RESERVES

SEC. 502. (a) Within the average strengths prescribed in section 501, the reserve components of the Armed Forces are authorized as of September 30, 1982, the following number of Reserves to be serving on full-time active duty for the purpose of organizing, administering, recruiting, instructing, or training the reserve components:

(1) The Army National Guard of the United States, 11,439.

(2) The Army Reserve, 6,285.

(3) The Naval Reserve, 208.

(4) The Marine Corps Reserve, 447.

(5) The Air National Guard of the United States, 3,312.

(6) The Air Force Reserve, 701.

(b) Upon a determination by the Secretary of Defense that such action is in the national interest, the end strengths prescribed by subsection (a) may be increased by a total of not more than the number equal to 2 percent of the total of the end strengths prescribed.

INCREASE IN NUMBER OF CERTAIN PERSONNEL AUTHORIZED TO BE ON ACTIVE DUTY IN SUPPORT OF THE RESERVE COMPONENTS

SEC. 503. Section 517 of title 10, United States Code, is amended—

(1) by striking out the table in subsection (b) and inserting in lieu thereof the following:

"Grade	Army	Navy	Air Force	Marine Corps
E-9	222	146	76	4
E-8	908	319	307	12";

and

(2) by adding at the end thereof the following new subsection:

"(c) Whenever the number of members serving in pay grade E-9 is less than the number authorized for that grade under subsection (a), or whenever the number of members serving in pay grade E-9 for duty described in subsection (b) is less than the number authorized for that grade under subsection (b), the difference between the two numbers may be applied to increase the number authorized under such subsection for pay grade E-8.".

(b) The columns under the headings "Army" and "Air Force" in the table contained in section 524(a) of such title are amended to read as follows:

"Army	Air Force
1,105	189
551	194
171	147".

DEFENSE MOBILIZATION CAPABILITY STUDIES

SEC. 504. (a) The Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than February 1, 1982, a written report containing a plan for resolving the existing shortage in pretrained military manpower required for a mobilization. The Secretary shall include in that report—

(1) a detailed explanation for the total number of pretrained personnel estimated to be needed in the event of full military mobilization;

(2) alternatives for eliminating, by September 30, 1984, the shortage in pretrained manpower needed for military mobilization during a war or other national emergency, including—

(A) approaches under which persons would be inducted for service in the Individual Ready Reserve of the reserve components of the Armed Forces, and

(B) approaches which do not provide for involuntary service in the Individual Ready Reserve; and

(3) a detailed assessment of each of the various approaches addressed, including an assessment of the extent to which each will eliminate the shortages in pretrained military manpower in the Individual Ready Reserve.

(b) The Secretary of Defense shall conduct a study of the potential impact on military capability during an emergency or mobilization of the use of Department of Defense civilian employees and of employees of private contractors who are performing work for the Department of Defense on a contractual basis who are not subject to the Uniform Code of Military Justice. The Secretary of Defense shall submit the results of such study to the Congress not later than February 1, 1982.

EXTENSION OF AUTHORITY FOR SELECTED RESERVE AFFILIATION BONUS

SEC. 505. Section 308e(e) of title 37, United States Code, is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

TITLE VI—CIVILIAN PERSONNEL

AUTHORIZATION OF END STRENGTHS

SEC. 601. (a) The Department of Defense is authorized a strength in civilian personnel, as of September 30, 1982, of 1,024,500.

(b)(1) The strength for civilian personnel prescribed in subsection (a) shall be apportioned among the Department of the Army, the Department of the Navy, the Department of the Air Force, and the agencies of the Department of Defense (other than the military departments) in such numbers as the Secretary of Defense shall prescribe. The Secretary of Defense shall report to the Congress within sixty days after the date of the enactment of this Act on the manner in which the initial allocation of civilian personnel is made among the military departments and the agencies of the Department of Defense (other than the military departments) and shall include the rationale for such allocation.

(2)(A) Of the number of civilian personnel allocated to the Department of the Army pursuant to paragraph (1), the Secretary of the Army shall use not less than 16,800 of such number to relieve military personnel for the performance of other duties. Not more than 5,000 of such 16,800 personnel may be indirect hires.

(B) The Secretary of the Army shall submit a written report to the Committees on Armed Services of the Senate and House of Representatives not later than February 1, 1982, specifying how the 16,800 civilian personnel referred to in subparagraph (A) are to be utilized. The Secretary shall also indicate in such report (i) the extent to which such civilian personnel will be used to fill positions currently held by noncommissioned officers, and (ii) the number of such noncommissioned officers who will be assigned to combat units by virtue of the use of such civilian personnel in such positions.

(c) In computing the strength for civilian personnel, there shall be included all direct-hire and indirect-hire civilian personnel employed to perform military functions administered by the Department of Defense (other than those performed by the National Security Agency) whether employed on a full-time, part-time, or intermittent basis, but excluding special employment categories for students and disadvantaged youth such as the stay-in-school campaign, the temporary summer aid program and the Federal junior fellowship program and personnel participating in the worker-trainee opportunity program. Personnel employed under a part-time career employment program established by section 3402 of title 5, United States Code, shall be counted as prescribed by section 3404 of that title. Whenever a function, power, or duty, or activity is transferred or assigned to a department or agency of the Department of Defense from a department or agency outside of the Department of Defense, or from another department or agency within the Department of Defense, the civilian personnel end-strength authorized for such departments or agencies of the Department of Defense affected shall be adjusted to reflect any increases or decreases in civilian personnel required as a result of such transfer or assignment.

(d) When the Secretary of Defense determines that such action is necessary in the national interest or if any conversion of commercial- and industrial-type functions from performance by Department of Defense personnel to performance by private contractors which was anticipated to be made during fiscal year 1982 in the budget of the President submitted for such fiscal year is not determined to be appropriate for such conversion under established administrative criteria, the Secretary of Defense may authorize the employment of civilian personnel in excess of the number authorized by subsection (a), but such additional number may not exceed 2 percent of the total number of civilian personnel authorized for the Department of Defense by subsection (a). The Secretary of Defense shall promptly notify the Congress of any authorization to increase civilian personnel strength under this subsection.

REPEAL OF REQUIREMENT FOR REDUCTION IN NUMBER OF SENIOR-GRADE CIVILIAN EMPLOYEES

SEC. 602. Section 811(a) of the Department of Defense Appropriation Authorization Act, 1978 (10 U.S.C. 131 note), is amended—

(1) by striking out paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2) and by striking out "paragraphs (1) and (2)" in such paragraph and inserting in lieu thereof "paragraph (1)".

STUDENTS EMPLOYED IN RESEARCH AND DEVELOPMENT LABORATORIES

SEC. 603. (a) Chapter 139 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2360. Research and development laboratories: contracts for services of university students

"(a) Subject to the availability of appropriations for such purpose, the Secretary of Defense may procure by contract under the authority of this section the temporary or intermittent services of students at institutions of higher learning for the purpose of providing technical support at defense research and development laboratories. Such contracts may be made directly with such students or with nonprofit organizations employing such students.

"(b) Students providing services pursuant to a contract made under subsection (a) shall be considered to be employees for the purposes of chapter 81 of title 5, relating to compensation for work injuries, and to be employees of the government for the purposes of chapter 171 of title 28, relating to tort claims. Such students who are not otherwise employed by the Federal Government shall not be considered to be Federal employees for any other purpose.

"(c) The Secretary of Defense shall prescribe regulations to carry out this section. Such regulations shall include definitions for the purposes of this section of the terms 'student', 'institution of higher learning', and 'nonprofit organization'.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2360. Research and development laboratories: contracts for services of university students.".

TITLE VII—MILITARY TRAINING STUDENT LOADS

AUTHORIZATION OF TRAINING STUDENT LOADS

SEC. 701. (a) For fiscal year 1982, the components of the Armed Forces are authorized average military training student loads as follows:

(1) The Army, 57,996.

(2) The Navy, 65,133.

(3) The Marine Corps, 18,311.

(4) The Air Force, 46,389.

(5) The Army National Guard of the United States, 7,467.

(6) The Army Reserve, 8,456.

(7) The Naval Reserve, 1,041.

(8) The Marine Corps Reserve, 2,835.

(9) The Air National Guard of the United States, 2,377.

(10) The Air Force Reserve, 1,405.

(b) In addition to the number authorized in subsection (a), the following components of the Armed Forces are authorized a military training student load to be utilized solely for one station unit training of not less than the following:

(1) The Army, 17,732.

(2) The Army National Guard of the United States, 7,070.

(3) The Army Reserve, 2,374.

(c) The average military student loads for the Army, the Navy, the Marine Corps, and the Air Force and the reserve components authorized in subsection (a) for fiscal year 1982 shall be adjusted consistent with the manpower strengths authorized in titles IV, V, and VI of this Act. Such adjustment shall be apportioned among the Army, the Navy, the Marine Corps, and the Air Force and the reserve components in such manner as the Secretary of Defense shall prescribe.

EXTENSION OF REDUCTION IN NUMBER OF STUDENTS REQUIRED TO BE IN A UNIT OF THE JUNIOR RESERVE OFFICERS' TRAINING CORPS

SEC. 702. (a) Section 602 of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1087), is amended by striking out "August 31, 1981" and inserting in lieu thereof "August 31, 1982".

(b) The amendment made by subsection (a) shall take effect as of August 31, 1981.

TITLE VIII—CIVIL DEFENSE

AUTHORIZATION OF APPROPRIATIONS

SEC. 801. There is hereby authorized to be appropriated for fiscal year 1982 to carry out the provisions of the Federal Civil Defense Act of 1950 the sum of $129,000,000.

AMOUNT AUTHORIZED FOR CONTRIBUTION FOR STATE PERSONNEL AND ADMINISTRATIVE EXPENSES

SEC. 802. Section 408 of the Federal Civil Defense Act of 1950 (50 U.S.C. App. 2260) is amended by striking out "$40,000,000" and inserting in lieu thereof "$47,000,000".

DUAL-USE POLICY

SEC. 803. (a)(1) Title II of the Federal Civil Defense Act of 1950 is amended by adding at the end thereof the following new section:

"DUAL-USE FOR ATTACK-RELATED CIVIL DEFENSE AND DISASTER-RELATED CIVIL DEFENSE

"SEC. 207. Funds made available to the States under this Act may be used by the States for the purposes of preparing for, and providing emergency assistance in response to, natural disasters to the extent that the use of such funds for such purposes is consistent with, contributes to, and does not detract from attack-related civil defense preparedness. The Administrator shall prescribe regulations to carry out the preceding sentence. Such regulations shall authorize the use for natural disaster purposes of civil defense personnel, materials, and facilities supported in whole or in part through contributions under this Act if such personnel, materials, and facilities are utilized, as determined by the Administrator, in a manner that is consistent with, contributes to, and does not detract from attack-related civil defense preparedness. Regulations prescribed under this subsection shall provide terms and conditions authorizing such use to the greatest extent consistent with the purposes of this Act as expressed in section 2.".

(2) Subsection (h) of section 205 of such Act (50 U.S.C. App. 2287) is repealed.

(3) Regulations shall be prescribed under section 207 of the Federal Civil Defense Act of 1950, as added by paragraph (1), not later than the end of the 90-day period beginning on the date of the enactment of this Act.

(4) The table of contents of such Act is amended by inserting after the item relating to section 206 the following new item:

"Sec. 207. Dual-use for attack-related civil defense and disaster-related civil defense.".

(b) Section 2 of such Act (50 U.S.C. App. 2251) is amended—

(1) by striking out ", in this thermonuclear age," in the first sentence;

(2) by inserting "and from natural disasters" after "from attack" in the second sentence; and

(3) by striking out "basic" in the fourth sentence and inserting in lieu thereof "attack-related".

(c) Section 3 of such Act (50 U.S.C. App. 2252) is amended—

(1) by redesignating paragraphs (b), (c), (d), (e), (f), and (g) as paragraphs (c), (d), (e), (f), (g), and (h), respectively;

(2) by inserting after paragraph (a) the following new paragraph (b):

"(b) The term 'natural disaster' means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, or other catastrophe in any part of the United States which causes, or which may cause, substantial damage or injury to civilian property or persons and, for the purposes of this Act, any explosion, civil disturbance, or any other manmade catastrophe shall be deemed to be a natural disaster;";

(3) by inserting "or by a natural disaster" in clause (1) of paragraph (c) (as so redesignated) after "attack upon the United States"; and

(4) by inserting "or natural disaster" after "attack" each place it appears in such paragraph after clause (1).

(d)(1) Paragraph (c) of section 201 of the such Act (50 U.S.C. App. 2281(c)) is amended by striking out "of enemy attacks to the civilian population" and inserting in lieu thereof "to the civilian population of an attack or natural disaster".

(2) Paragraph (d) of such section is amended by inserting "and natural disasters" after "effects of attacks".

(3) Paragraph (g) of such section is amended by inserting "or natural disaster" after "attack" each place it appears in such paragraph.

(e) Section 205(d)(1) of such Act (50 U.S.C. App. 2286(d)(1)) is amended by inserting "and the areas which may be affected by natural disasters" after "target and support areas".

TITLE IX—GENERAL PROVISIONS

REQUIREMENT OF ANNUAL AUTHORIZATION OF APPROPRIATIONS FOR AMMUNITION AND FOR OTHER PROCUREMENT NOT CURRENTLY SUBJECT TO ANNUAL AUTHORIZATION

SEC. 901. (a) Section 138(a) of title 10, United States Code, is amended—

(1) by striking out "or" at the end of clause (6); and

(2) by inserting after clause (7) the following new clauses:

"(8) procurement of ammunition; or

"(9) other procurement by any armed force or by the activities and agencies of the Department of Defense (other than the military departments);".

(b) The amendments made by subsection (a) shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1982.

REQUIREMENT FOR ANNUAL REPORT ON NATIONAL GUARD AND RESERVE COMPONENT EQUIPMENT

SEC. 902. Section 138(b) of title 10, United States Code, is amended—

(1) by inserting "(1)" after "(b)";

(2) by inserting "average" after "authorize the"; and

(3) by adding at the end thereof the following new paragraph:

"(2) The Secretary of Defense shall submit to the Congress each year, not later than February 15, a written report concerning the equipment of the National Guard and the reserve components of the armed forces for each of the three succeeding fiscal years. Each such report shall include—

"(A) recommendations as to the type and quantity of each major item of equipment which should be in the inventory of the Selected Reserve of the Ready Reserve of each reserve component of the armed forces;

"(B) the quantity and average age of each type of major item of equipment which is expected to be physically available in the inventory of the Selected Reserve of the Ready Reserve of each reserve component as of the beginning of each fiscal year covered by the report;

"(C) the quantity and cost of each type of major item of equipment which is expected to be procured for the Selective Reserve of the Ready Reserve of each reserve component from commercial sources or to be transferred to each such Selected Reserve from the active-duty components of the armed forces; and

"(D) the quantity of each type of major item of equipment which is expected to be retired, decommissioned, transferred, or otherwise removed from the physical inventory of the Selected Reserve of the Ready Reserve of each reserve component and the plans for replacement of that equipment.

The report required by this paragraph shall be prepared and expressed in the same format and with the same level of detail as the information presented in the annual Five Year Defense Program Procurement Annex prepared by the Department of Defense.".

DEFERRAL OF PERSONNEL END-STRENGTH LIMITATIONS DURING A NATIONAL EMERGENCY

SEC. 903. Section 138(c) of title 10, United States Code, is amended by adding at the end thereof the following new paragraph:

"(4) If at the end of any fiscal year there is in effect a war or national emergency, the President may defer the effectiveness of any end-strength limitation with respect to that fiscal year prescribed by law for any military or civilian component of the armed forces or of the Department of Defense. Any such deferral may not extend beyond November 30 of the following fiscal year. The President shall promptly notify Congress of any deferral of an end-strength limitation under this paragraph.".

PROHIBITION OF CERTAIN CIVILIAN PERSONNEL MANAGEMENT CONSTRAINTS

SEC. 904. (a) Chapter 4 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 140b. Prohibition of certain civilian personnel management constraints

"The civilian personnel of the Department of Defense shall be managed each fiscal year solely on the basis of and consistent with (1) the workload required to carry out the functions and activities of the department, (2) the funds made available to

the department for such fiscal year, and (3) the authorized end strength for the civilian personnel of the department for such fiscal year. The management of such personnel in any fiscal year shall not be subject to any man-year constraint or limitation.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"140b. Prohibition of certain civilian personnel management constraints.".

AUTHORIZATION OF MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

SEC. 905. (a)(1) Part I of subtitle A of title 10, United States Code, is amended by adding after chapter 17 the following new chapter:

"CHAPTER 18—MILITARY COOPERATION WITH CIVILIAN LAW ENFORCEMENT OFFICIALS

"Sec.
"371. Use of information collected during military operations.
"372. Use of military equipment and facilities.
"373. Training and advising civilian law enforcement officials.
"374. Assistance by Department of Defense personnel.
"375. Restriction on direct participation by military personnel.
"376. Assistance not to affect adversely military preparedness.
"377. Reimbursement.
"378. Nonpreemption of other law.

"§ 371. Use of information collected during military operations

"The Secretary of Defense may, in accordance with other applicable law, provide to Federal, State, or local civilian law enforcement officials any information collected during the normal course of military operations that may be relevant to a violation of any Federal or State law within the jurisdiction of such officials.

"§ 372. Use of military equipment and facilities

"The Secretary of Defense may, in accordance with other applicable law, make available any equipment, base facility, or research facility of the Army, Navy, Air Force, or Marine Corps to any Federal, State, or local civilian law enforcement official for law enforcement purposes.

"§ 373. Training and advising civilian law enforcement officials

"The Secretary of Defense may assign members of the Army, Navy, Air Force, and Marine Corps to train Federal, State, and local civilian law enforcement officials in the operation and maintenance of equipment made available under section 372 of this title and to provide expert advice relevant to the purposes of this chapter.

"§ 374. Assistance by Department of Defense personnel

"(a) Subject to subsection (b), the Secretary of Defense, upon request from the head of an agency with jurisdiction to enforce—

"(1) the Controlled Substances Act (21 U.S.C. 801 et seq.) or the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.);

"(2) any of sections 274 through 278 of the Immigration and Nationality Act (8 U.S.C. 1324-1328); or

"(3) a law relating to the arrival or departure of merchandise (as defined in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401)) into or out of the customs territory of the United States (as defined in general headnote 2 of the Tariff Schedules of the United States (19 U.S.C. 1202)) or any other territory or possession of the United States,

may assign personnel of the Department of Defense to operate and maintain or assist in operating and maintaining equipment made available under section 372 of this title with respect to any criminal violation of any such provision of law.

"(b) Except as provided in subsection (c), equipment made available under section 372 of this title may be operated by or with the assistance of personnel assigned under subsection (a) only to the extent the equipment is used for monitoring and communicating the movement of air and sea traffic.

"(c)(1) In an emergency circumstance, equipment operated by or with the assistance of personnel assigned under subsection (a) may be used outside the land area of the United States (or any territory or possession of the United States) as a base of operations by Federal law enforcement officials to facilitate the enforcement of a law listed in subsection (a) and to transport such law enforcement officials in connection with such operations, if—

"(A) equipment operated by or with the assistance of personnel assigned under subsection (a) is not used to interdict or to interrupt the passage of vessels or aircraft; and

"(B) the Secretary of Defense and the Attorney General jointly determine that an emergency circumstance exists.

"(2) For purposes of this subsection, an emergency circumstance may be determined to exist only when—

"(A) the size or scope of the suspected criminal activity in a given situation poses a serious threat to the interests of the United States; and

"(B) enforcement of a law listed in subsection (a) would be seriously impaired if the assistance described in this subsection were not provided.

"§ 375. Restriction on direct participation by military personnel

"The Secretary of Defense shall issue such regulations as may be necessary to insure that the provision of any assistance (including the provision of any equipment or facility or the assignment of any personnel) to any civilian law enforcement official under this chapter does not include or permit direct participation by a member of the Army, Navy, Air Force, or Marine Corps in an interdiction of a vessel or aircraft, a search and seizure, arrest, or other similar activity unless participation in such activity by such member is otherwise authorized by law.

"§ 376. Assistance not to affect adversely military preparedness

"Assistance (including the provision of any equipment or facility or the assignment of any personnel) may not be provided to any civilian law enforcement official under this chapter if the provision of such assistance will adversely affect the military preparedness of the United States. The Secretary of Defense shall issue such regulations as may be necessary to insure that the provision of any such assistance does not adversely affect the military preparedness of the United States.

"§ 377. Reimbursement

"The Secretary of Defense shall issue regulations providing that reimbursement may be a condition of assistance to a civilian law enforcement official under this chapter.

"§ 378. Nonpreemption of other law

"Nothing in this chapter shall be construed to limit the authority of the executive branch in the use of military personnel or equipment for civilian law enforcement purposes beyond that provided by law prior to the enactment of this chapter.".

(2) The tables of chapters at the beginning of subtitle A of such title and at the beginning of part I of subtitle A of such title are amended by adding after the item relating to chapter 17 the following new item:

"18. Military Cooperation With Civilian Law Enforcement Officials 371".

(b) Not later than 30 days after the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of Defense shall submit a comprehensive report to Congress on the operation through the end of such period of chapter 18 of title 10, United States Code (as added by subsection (a)). Such report shall include findings of the Secretary concerning the effect of assistance provided under such chapter.

DETERMINATION OF CHARGES FOR CHAMPUS PAYMENTS

SEC. 906. (a)(1) Subsection (h) of section 1079 of title 10, United States Code, is amended to read as follows:

"(h)(1) Payment for a charge for services by an individual health-care professional (or other noninstitutional health-care provider) for which a claim is submitted under a plan contracted for under subsection (a) may be denied only to the extent that the charge exceeds the amount equivalent to the 90th percentile of billed charges made for similar services in the same locality during the base period.

"(2) For the purposes of paragraph (1), the 90th percentile of charges shall be determined by the Secretary of Defense, in consultation with the Secretary of Health and Human Services, and the base period shall be a period of twelve calendar months. The base period shall be adjusted at least once a year.".

(2) Section 1086(f) of such title is amended by striking out "physician services" and inserting in lieu thereof "services by an individual health-care professional (or other noninstitutional health-care provider)".

(b) The amendments made by subsection (a) shall apply with respect to claims submitted for payment for services provided after the end of the 30-day period beginning on the date of the enactment of this Act.

INCREASES IN DOLLAR THRESHOLDS FOR CERTAIN DEFENSE CONTRACT REGULATIONS

SEC. 907. (a) Sections 2304(a)(3) and 2304(g) of title 10, United States Code, are amended by striking out "$10,000" and inserting in lieu thereof "$25,000".

(b) Section 2306(f)(1) of such title is amended by striking out "$100,000" each place it appears and inserting in lieu thereof "$500,000".

(c) Section 2311 of such title is amended by striking out "$100,000" and inserting in lieu thereof "$5,000,000".

PROCUREMENT OF AUTOMATIC DATA PROCESSING EQUIPMENT

SEC. 908. (a)(1) Chapter 137 of title 10, United States Code, is amended by adding at the end thereof the following new section:

§ 2315. Law inapplicable to the procurement of automatic data processing equipment and services for certain defense purposes.

"(a) Section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 795) is not applicable to the procurement by the Department of Defense of automatic data processing equipment or services if the function, operation, or use of the equipment or services—

"(1) involves intelligence activities;

"(2) involves cryptologic activities related to national security;

"(3) involves the command and control of military forces;

"(4) involves equipment that is an integral part of a weapon or weapons system; or

"(5) subject to subsection (b), is critical to the direct fulfillment of military or intelligence missions.

"(b) Subsection (a)(5) does not include procurement of automatic data processing equipment or services to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2315. Law inapplicable to the procurement of automatic data processing equipment and services for certain defense purposes.".

(b) Section 2315 of title 10, United States Code, as added by subsection (a), does not apply to a contract made before the date of the enactment of this Act.

MULTIYEAR PROCUREMENT

SEC. 909. (a) Section 2301 of title 10, United States Code, is amended—

(1) by striking out "It is" and inserting in lieu thereof "(b) It is also"; and

(2) by inserting after the section heading the following:

"(a)(1) The Congress finds that in order to ensure national defense preparedness, to conserve fiscal resources, and to enhance defense production capability, it is in the interest of the United States to acquire property and services for the Department of Defense in the most timely, economic, and efficient manner. It is therefore the policy of the Congress that services and property (including weapon systems and associated items) for the Department of Defense be acquired by any kind of contract, other than cost-plus-a-percentage-of-cost contracts, but including multiyear contracts, that will promote the interest of the United States. Further, it is the policy of the Congress that such contracts, when practicable, provide for the purchase of property at times and in quantities that will result in reduced costs to the Government and provide incentives to contractors to improve productivity through investment in capital facilities, equipment, and advanced technology.

"(2) It is also the policy of the Congress that contracts for advance procurement of components, parts, and materials necessary for manufacture or for logistics support of a weapon system should, if feasible and practicable, be entered into in a manner to achieve economic-lot purchases and more efficient production rates.".

(b) Section 2306 of such title is amended—

(1) by striking out "to be performed outside the forty-eight contiguous States and the District of Columbia" in subsection (g); and

(2) by adding at the end thereof the following new subsection:

"(h)(1) To the extent that funds are otherwise available for obligation, the head of an agency may make multiyear contracts (other than contracts described in paragraph (6)) for the purchase of property, including weapon systems and items and services associated with weapon systems (or the logistics support thereof), whenever he finds—

"(A) that the use of such a contract will promote the national security of the United States and will result in reduced total costs under the contract;

"(B) that the minimum need for the property to be purchased is expected to remain substantially unchanged during the contemplated contract period in terms of production rate, procurement rate, and total quantities;

"(C) that there is a reasonable expectation that throughout the contemplated contract period the Department of Defense will request funding for the contract at the level required to avoid contract cancellation;

"(D) that there is a stable design for the property to be acquired and that the technical risks associated with such property are not excessive; and

"(E) that the estimates of both the cost of the contract and the anticipated cost avoidance through the use of a multiyear contract are realistic.

"(2)(A) The Secretary of Defense shall prescribe defense acquisition regulations to promote the use of multiyear contracting as authorized by paragraph (1) in a manner that will allow the most efficient use of multiyear contracting.

"(B) Such regulations may provide for cancellation provisions in such multiyear contracts to the extent that such provisions are necessary and in the best interests of the United States. Such cancellation provisions may include consideration of both recurring and nonrecurring costs of the contractor associated with the production of the items to be delivered under the contract.

"(C) In order to broaden the defense industrial base, such regulations shall provide that, to the extent practicable—

"(i) multiyear contracting under paragraph (1) shall be used in such a manner as to seek, retain, and promote the use under such contracts of companies that are subcontractors, vendors, or suppliers; and

"(ii) upon accrual of any payment or other benefit under such a multiyear contract to any subcontractor, vendor, or supplier company participating in such contract, such payment or benefit shall be delivered to such company in the most expeditious manner practicable.

"(D) Such regulations shall also provide that, to the extent practicable, the administration of this subsection, and of the regulations prescribed under this subsection, shall not be carried out in a manner to preclude or curtail the existing ability of agencies in the Department of Defense to—

"(i) provide for competition in the production of items to be delivered under such a contract; or

"(ii) provide for termination of a prime contract the performance of which is deficient with respect to cost, quality, or schedule.

"(3) Before any contract described in paragraph (1) that contains a clause setting forth a cancellation ceiling in excess of $100,000,000 may be awarded, the head of the agency concerned shall give written notification of the proposed contract and of the proposed cancellation ceiling for that contract to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives, and such contract may not then be awarded until the end of a period of 30 days beginning on the date of such notification.

"(4) Contracts made under this subsection may be used for the advance procurement of components, parts, and materials necessary to the manufacture of a weapon system, and contracts may be made under this subsection for such advance procurement, if feasible and practical, in order to achieve economic-lot purchases and more efficient production rates.

"(5) In the event funds are not made available for the continuation of a contract made under this subsection into a subsequent fiscal year, the contract shall be canceled or terminated, and the costs of cancellation or termination may be paid from—

"(A) appropriations originally available for the performance of the contract concerned;

"(B) appropriations currently available for procurement of the type of property concerned, and not otherwise obligated; or

"(C) funds appropriated for those payments.

"(6) This subsection does not apply to contracts for the construction, alteration, or major repair of improvements to real property or contracts for the purchase of property to which section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) applies.

"(7) This subsection does not apply to the Coast Guard or the National Aeronautics and Space Administration.

"(8) For the purposes of this subsection, a multiyear contract is a contract for the purchase of property or services for more than one, but not more than five, program years. Such a contract may provide that performance under the contract during the second and subsequent years of the contract is contingent upon the appropriation of funds and (if it does so provide) may provide for a cancellation payment to be made to the contractor if such appropriations are not made.".

(c) Section 139(c) of such title is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(4) the most efficient production rate and the most efficient acquisition rate consistent with the program priority established for such weapon system by the Secretary concerned.".

(d) Not later than the end of the 90-day period beginning on the date of the enactment of this Act—

(1) the Secretary of Defense shall issue such modifications to existing regulations governing defense acquisitions as may be necessary to implement the amendments made by subsections (a), (b), and (c); and

(2) the Director of the Office of Management and Budget shall issue such modifications to existing Office of Management and Budget directives as may be necessary to take into account the amendments made by subsections (a) and (b).

(e) Section 810 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539), is repealed.

(f) Section 2311 of title 10, United States Code, is amended—

(1) by striking out "(1)"; and

(2) by striking out ", and (2) authorizing contracts in excess of three years under section 2306(g) of this title".

RESEARCH GRANTS

SEC. 910. Section 2358(1) of title 10, United States Code, is amended by inserting ", or by grant to," after "by contract with".

MODIFICATION OF DEFENSE CONTRACT PROFIT LIMITATION PROVISIONS

SEC. 911. (a)(1) Section 2382 of title 10, United States Code, is amended to read as follows:

"§ 2382. Contact profit controls during emergency periods

"(a)(1) Upon a declaration of war by Congress or a declaration of national emergency by the President or by Congress, the President is authorized to prescribe such regulations to control excessive profits on defense contracts as he determines are necessary during the period of such war or national emergency. Such regulations shall be prescribed only after consultation with the Secretary of Defense, the Secretary of the Treasury, and the Secretary of Commerce and shall apply to appropriate defense contracts and subcontracts (as determined by the President), and to appropriate major modifications of defense contracts and subcontracts (as determined by the President), that are entered into during such war or national emergency. Such regulations, if prescribed by the President, shall be transmitted to Congress within sixty days after the declaration of such war or national emergency. Any material amendment to such regulations shall be prescribed in the same manner and shall promptly be submitted to Congress.

"(2) Such regulations, if prescribed by the President, shall set forth standards and procedures for determining what constitutes excessive profits and shall establish thresholds for coverage of contracts and exemptions (including contracts awarded under competition and contracts for standard commercial articles and services) that will minimize administrative expenses and not impose unfair burdens on contractors.

"(3) In this subsection, 'excessive profits' means profits that are unconscionable or amount to an unjust enrichment of contractors or subcontractors, as determined under such regulations as may be prescribed by the President under subsection (a), taking into consideration all relevant circumstances, including the character of the business, complexity of the work or services performed under the contract or subcontract, the amount of assets and capital required to perform the contract or subcontract, and the extent to which profit limitations are imposed on nondefense contractors.

"(b) Regulations transmitted by the President under subsection (a) (including any material amendment to such regulations) shall take effect unless both Houses of Congress, within sixty legislative days after the date upon which the President transmits the regulations, adopt a concurrent resolution stating in substance that the Congress disapproves the regulations. For the purposes of the preceding sentence, a legislative day is a day on which either House of Congress is in session.

"(c) Regulations not disapproved by both Houses of Congress shall remain in effect for a period of not more than five years after the date on which they take effect unless they are extended by a concurrent resolution adopted by both Houses of the Congress before the date on which they would expire. Any such extension may not be for a period in excess of one year.

"(d) The United States Court of Claims shall have exclusive jurisdiction over claims arising from actions taken under this section and under regulations prescribed under this section.

"(e) The President shall transmit a report to Congress on the operation of this section at the end of each one-year period during which regulations issued under this section are in effect and at the end of any war or national emergency during which such regulations are in effect.".

(2) The item relating to section 2382 in the table of sections at the beginning of chapter 141 of title 10, United States Code, is amended to read as follows:

"2382. Contract profit controls during emergency periods.".

(b)(1) Section 7300 of title 10, United States Code, is repealed.

(2) The table of sections at the beginning of chapter 633 of such title is amended by striking out the item relating to section 7300.

(c) No regulation may be issued or other action taken for the purpose of enforcing any provision of section 2382 or section 7300 of title 10, United States Code, with respect to any contract entered into during the period beginning on October 1, 1976, and ending on the date of the enactment of this Act.

MILITARY BASE REUSE STUDIES AND COMMUNITY PLANNING ASSISTANCE

SEC. 912. (a)(1) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2391. Military base reuse studies and community planning assistance

"(a) Whenever the Secretary of Defense or the Secretary of the military department concerned publicly announces that a military installation is a candidate for closure or that a final decision has been made to close a military installation and the Secretary of Defense determines, because of the location, facilities, or other particular characteristics of the installation, that the installation may be suitable for some specific Federal, State, or local use potentially beneficial to the Nation, the Secretary of Defense may conduct such studies, including the preparation of an environmental impact statement in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), in connection with such installation and such potential use as may be necessary to provide information sufficient to make sound conclusions and recommendations regarding the possible use of the installation.

"(b)(1) The Secretary of Defense may make grants, conclude cooperative agreements, and supplement funds made available under Federal programs administered by agencies other than the Department of Defense in order to assist State and local governments, and regional organizations composed of State and local governments, in planning community adjustments required (A) by the proposed or actual establishment, realignment, or closure of a military installation, or (B) by the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, if the Secretary of Defense determines that the action is likely to impose a significant impact on the affected community.

"(2) In the case of the establishment or expansion of a military installation, assistance may be made under paragraph (1) only if (A) community impact assistance or special impact assistance is not otherwise available, and (B) the establishment or expansion involves the assignment to the installation of (i) more than 2,500 military, civilian, and contractor Department of Defense personnel, or (ii) more military, civilian, and contractor Department of Defense personnel than the number equal to 10 percent of the number of persons employed in counties or independent municipalities within fifteen miles of the installation, whichever is lesser.

"(3) In the case of the cancellation or termination of a Department of Defense contract or the failure to proceed with an approved major weapon system program, assistance may be made under paragraph (1) only if the cancellation, termination, or failure to proceed involves the loss of 2,500 or more full-time Department of Defense and contractor employee positions in the locality of the affected community.

"(4) Funds provided to State and local governments and regional organizations under this section may be used as part or all of any required non-Federal contribution to a Federal grant-in-aid program for the purposes stated in paragraph (1).

"(5) Not more than $2,000,000 in assistance may be provided under this subsection in any fiscal year.

"(c) The Secretary of Defense shall submit a report not later than December 1 of each year to the Committees on Armed Services of the Senate and House of Representatives concerning the operation of this section during the preceding fiscal year. Each such report shall identify each State, unit of local government, and regional organization that received a grant under this section during such fiscal year and the total amount granted under this section during such year to each such State, unit of local government, and regional organization.

"(d) In this section, 'military installation' means any camp, post, station, base, yard, or other installation under the jurisdiction of a military department that is located within any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, or Guam.

"(e) The authority of the Secretary of Defense to make grants under this section in any fiscal year is subject to the availability of appropriations for that purpose.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2391. Military base reuse studies and community planning assistance.".

(b) Section 610 of the Military Construction Authorization Act, 1977 (Public Law 94-431; 90 Stat. 1365), is repealed.

(c) The first report under subsection (c) of section 2391 of title 10, United States Code, as added by subsection (a), shall be submitted not later than December 1, 1982.

PROHIBITION ON USE OF FUNDS TO RELIEVE ECONOMIC DISLOCATIONS

SEC. 913. (a)(1) Chapter 141 of title 10, United States Code, is amended by adding after section 2391 (as added by section 912) the following new section:

"§ 2392. Prohibition on use of funds to relieve economic dislocations

"(a) In order to help avoid the uneconomic use of Department of Defense funds in the procurement of goods and services, the Congress finds that it is necessary to prohibit the use of such funds for certain purposes.

"(b) No funds appropriated to or for the use of the Department of Defense may be used to pay, in connection with any contract awarded by the Department of Defense, a price differential for the purpose of relieving economic dislocations.".

(2) The table of sections at the beginning of chapter 141 of such title is amended by adding after the item relating to section 2391 (as added by section 912) the following new item:

"2392. Prohibition on use of funds to relieve economic dislocations.".

(b) The Secretary of Defense may conduct a test program during fiscal year 1982 in accordance with this subsection to test the effect of exempting certain contracts of the Department of Defense from the provisions of section 2392 of title 10, United States Code (as added by the amendments made by subsection (a)), and paying a price differential under such contracts for the purpose of relieving economic dislocations. Under such test program, the Secretary of Defense may exempt from the provisions of such section any contract (other than a contract for the purchase of fuel) made by the Defense Logistics Agency during fiscal year 1982 if the Secretary determines—

(1) that the payment of a price differential under such contract will not adversely affect the national security of the United States;

(2) that there is a reasonable expectation that bids will be received from a sufficient number of responsible bidders so that the award of such contract will be made at reasonable cost to the United States;

(3) that the price differential to be paid under such contract will not exceed 5 percent; and

(4) the value of such contract, when added to the cumulative value of all other contracts awarded under the test program, will not exceed $3,400,000,000.

(c) Not later than April 15, 1982, the President shall submit a report to Congress on the implementation and results to that date of the test program authorized by subsection (b). The report shall include an assessment of the costs and benefits of the test program.

PROHIBITION AGAINST DOING BUSINESS WITH CERTAIN OFFERORS OR CONTRACTORS

SEC. 914. (a) Chapter 141 of title 10, United States Code, is amended by adding after section 2392 (as added by section 913) the following new section:

"§ 2393. Prohibition against doing business with certain offerors or contractors

"(a)(1) Except as provided in paragraph (2), the Secretary of a military department may not solicit an offer from, award a contract to, extend an existing contract with, or, when approval by the Secretary of the award of a subcontract is required, approve the award of a subcontract to, an offeror or contractor which to the Secretary's knowledge has been debarred or suspended by another Federal agency unless—

"(A) in the case of a debarment, the debarment of the offeror or contractor by all other agencies has been terminated or the period of time specified for such debarment has expired; and

"(B) in the case of a suspension, the period of time specified by all other agencies for the suspension of the offeror or contractor has expired.

"(2) Paragraph (1) does not apply in any case in which the Secretary concerned determines that there is a compelling reason to solicit an offer from, award a contract to, extend a contract with, or approve a subcontract with such offeror or contractor.

"(b) Whenever the Secretary concerned makes a determination described in subsection (a)(2), he shall, at the time of the determination, transmit a notice to the Administrator of General Services describing the determination. The Administrator of General Services shall maintain each such notice in a file available for public inspection.

"(c) In this section:

"(1) 'Debar' means to exclude, pursuant to established administrative procedures, from Government contracting and subcontracting for a specified period of time commensurate with the seriousness of the failure or offense or the inadequacy of performance.

"(2) 'Suspend' means to disqualify, pursuant to established administrative procedures, from Government contracting and subcontracting for a temporary period of time because a concern or individual is suspected of engaging in criminal, fraudulent, or seriously improper conduct.".

(b) The table of sections at the beginning of such chapter is amended by adding after the item relating to section 2392 (as added by section 913) the following new item:

"2393. Prohibition against doing business with certain offerors or contractors.".

CIVIL RESERVE AIR FLEET

SEC. 915. Chapter 931 of title 10, United States Code, is amended—

(1) by inserting after the chapter heading the following:

"Subchapter	Sec.
"I. General	9501
"II. Civil Reserve Air Fleet	9511

"SUBCHAPTER I—GENERAL"; and

(2) by adding at the end thereof the following new subchapter:

"SUBCHAPTER II—CIVIL RESERVE AIR FLEET

"Sec.
"9511. Definitions.
"9512. Contracts to modify aircraft: cargo-convertible features.
"9513. Contracts to modify aircraft: commitment of aircraft to Civil Reserve Air Fleet.

§ 9511. Definitions.

"In this subchapter:

"(1) 'Aircraft', 'citizen of the United States', 'person', and 'public aircraft' have the meaning given those terms by section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).

"(2) 'Cargo air service' means the carriage of property or mail on the main deck of a civil aircraft.

"(3) 'Cargo-capable aircraft' means a civil aircraft equipped so that all or substantially all of the aircraft's capacity can be used for the carriage of property or mail.

"(4) 'Passenger aircraft' means a civil aircraft equipped so that its main deck can be used for the carriage of individuals and cannot be used principally, without major modification, for the carriage of property or mail.

"(5) 'Cargo-convertible feature' means equipment or design features included or incorporated in a passenger aircraft that can readily enable all or substantially all of that aircraft's main deck to be used for the carriage of property or mail.

"(6) 'Civil aircraft' means an aircraft other than a public aircraft.

"(7) 'Civil Reserve Air Fleet' means those aircraft allocated, or identified for allocation, to the Department of Defense under section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), or made available (or agreed to be made available) for use by the Department of Defense under a contract made under this title, as part of the program developed by the Department of Defense through which the Department of Defense augments its airlift capability by use of civil aircraft.

"(8) 'Contractor' means a citizen of the United States (A) who owns or controls, or who will own or control, a civil aircraft and who contracts with the Secretary of the Air Force to modify that aircraft by including or incorporating cargo-convertible features suitable for defense purposes in that aircraft and to commit that aircraft to the Civil Reserve Air Fleet, or (B) who subsequently obtains ownership or control of a civil aircraft covered by such a contract and assumes all existing obligations under that contract.

"(9) 'Existing aircraft' means a civil aircraft other than a new aircraft.

"(10) 'New aircraft' means a civil aircraft that a manufacturer has not begun to assemble before the aircraft is covered by a contract under section 9512 of this title.

"(11) 'Secretary' means the Secretary of the Air Force.

§ 9512. Contracts to modify aircraft; cargo-convertible features

"(a) Subject to chapter 137 of this title, and to the extent that funds are otherwise available for obligation, the Secretary may contract with any citizen of the United States (1) for the modification of any new aircraft to be owned or controlled by that citizen by the inclusion of cargo-convertible features suitable for defense purposes in that aircraft, or (2) for the modification of any existing passenger aircraft owned or controlled by that citizen by the incorporation of cargo-convertible features suitable for defense purposes in that aircraft.

"(b) Each contract made under subsection (a) shall include the terms required by section 9513 of this title and the following terms:

"(1) The contractor shall agree that each aircraft covered by the contract that is not already registered under section 501 of the Federal Aviation Act of 1958 (49 U.S.C. 1401) shall be registered under that section not later than the completion of the manufacture of the aircraft or the completion of the modification of the aircraft under the contract.

"(2) The contractor shall agree to repay to the United States a percentage (to be established in the contract) of any amount paid by the United States to the contractor under the contract with respect to any aircraft if—

"(A) the aircraft is destroyed or becomes unusable, as defined in the contract;

"(B) the cargo-convertible features specified in the contract are rendered unusable or removed from the aircraft;

"(C) control over the aircraft is transferred to any person that is unable or unwilling to assume the contractor's obligations under the contract;

"(D) the registration of the aircraft under section 501 of the Federal Aviation Act of 1958 is terminated for any reason not beyond the control of the contractor; or

"(E) having agreed in the contract that the main deck of the aircraft will not be used for cargo air service, the contractor uses, or permits the use of, the main deck of the aircraft for cargo air service.

"(c) A contract made under subsection (a) with respect to any aircraft may include the following terms:

"(1) If the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary may agree to pay the contractor—

"(A) an amount not to exceed 100 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft, as described in subsection (a);

"(B) an amount to compensate the contractor for the loss of use of the aircraft during the time required to make such modification, such amount to be determined by taking into consideration the fair market rental cost of a similar aircraft (not including crews, ground facilities, or other support costs) for that time, the estimated loss of revenue by the contractor attributable to the aircraft being out of service during that time, and such other factors as the Secretary considers appropriate; and

"(C) in the case of an existing aircraft, 100 percent of the cost of positioning the aircraft for modification, recertification of that aircraft after modification, returning that aircraft to service, and other costs directly associated with the modification.

"(2) If the contractor does not agree that the main deck of the aircraft will not be used for cargo air service, the Secretary may agree to pay the contractor an amount not to exceed 50 percent of the cost of modifying the aircraft to include or incorporate cargo-convertible features suitable for defense purposes.

"(3) The Secretary may under the contract be authorized to contract directly with a person chosen by the contractor to perform the modification of the aircraft to include or incorporate cargo-convertible features suitable for defense purposes in that aircraft and to pay to that person chosen by the contractor—

"(A) if the contractor agrees that the main deck of that aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled under paragraph (1)(A); or

"(B) if the contractor does not agree that the main deck of that aircraft will not be used for cargo air service, an amount less than or equal to the amount to which the contractor would otherwise be entitled to under paragraph (2).

"(d) In addition to any amount the Secretary may agree under subsection (c)(1) or (c)(3)(A) to pay under a contract made under subsection (a), the Secretary may agree under such a contract that, if the contractor agrees that the main deck of the aircraft will not be used in cargo air service, the Secretary shall make a lump sum or annual payments (or a combination thereof) to the contractor to cover any increased costs of operation or any loss of revenue attributable to the inclusion or incorporation of cargo-convertible features suitable for defense purposes in the aircraft.

"(e)(1) Subject to paragraph (2), the Secretary may agree, in any contract made under subsection (a), to pay the contractor an amount for any loss resulting from the subsequent sale of an aircraft modified under that contract if the sale of that aircraft is for a price less than the fair market value, at the time of the sale, of an aircraft substantially similar to the aircraft being sold but without the cargo-convertible features.

"(2) The Secretary may not agree to make a payment under this subsection with respect to the sale of a modified aircraft unless—

"(A) the sale is within 16 years and 6 months after the modified aircraft was initially delivered by the manufacturer to its original owner, in the case of an aircraft that was modified during manufacture, or by the modifier to the owner at the time of modification, in the case of an aircraft that was modified after manufacture;

"(B) the Secretary received written notice of the proposed sale at least 60 days before the sale;

"(C) the contractor used its best efforts to obtain bids for the purchase of the aircraft;

"(D) the sale is a bona fide, arm's-length transaction made to the highest bidder for a price that is less than the fair market value of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features; and

"(E) before the sale the Secretary was given an opportunity to and refused to purchase the modified aircraft for a price equal to the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features.

"(3) Any amount that may be payable under a contract provision made under this subsection may not exceed the difference between (A) the sales price of the modified aircraft, and (B) the fair market value, at the time of the sale, of an aircraft substantially similar to the modified aircraft but without the cargo-convertible features included or incorporated into the modified aircraft under the contract.

"(4) The Secretary may use any funds appropriated for Air Force procurement for fiscal year 1982 or thereafter to pay any obligation under a contract provision made under this subsection.

"§ 9513. Conrtacts to modify aircraft; commitment of aircraft to Civil Reserve Air Fleet

"(a) Each contract under section 9512 of this title shall provide—

"(1) that any aircraft covered by the contract shall be committed to the Civil Reserve Air Fleet;

"(2) that, so long as the aircraft is owned or controlled by a contractor, the contractor shall operate the aircraft for the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet, notwithstanding any other contract or commitment of that contractor; and

"(3) that the contractor operating the aircraft for the Department of Defense shall be paid for that operation at fair and reasonable rates.

"(b) Notwithstanding section 101 of the Defense Production Act of 1950 (50 U.S.C. App. 2071), each aircraft covered by a contract under section 9512 of this title shall be committed exclusively to the Civil Reserve Air Fleet for use by the Department of Defense as needed during any activation of the full Civil Reserve Air Fleet unless the aircraft is released from that use by the Secretary of Defense.".

FACILITATION OF SELECTIVE SERVICE REGISTRATION AND OF MILITARY RECRUITING

SEC. 916. (a) Section 3 of the Military Selective Service Act (50 U.S.C. App. 453) is amended—

(1) by inserting "(a)" after "SEC. 3."; and

(2) by adding at the end thereof the following new subsection:

"(b) Regulations prescribed pursuant to subsection (a) may require that persons presenting themselves for and submitting to registration under this section provide, as part of such registration, such identifying information (including date of birth, address, and social security account number) as such regulations may prescribe.".

(b) Section 12 of such Act (50 U.S.C. App. 462) is amended by adding at the end thereof the following new subsection:

"(e) The President may require the Secretary of Health and Human Services to furnish to the Director, from records available to the Secretary, the following information with respect to individuals who are members of any group of individuals required by a proclamation of the President under section 3 to present themselves for and submit to registration under such section: name, date of birth, social security account number, and address. Information furnished to the Director by the Secretary under this subsection shall be used only for the purpose of the enforcement of this Act.".

(c) Section 15 of such Act (50 U.S.C. App. 465) is amended by adding at the end thereof the following new subsection:

"(e) In order to assist the Armed Forces in recruiting individuals for voluntary service in the Armed Forces, the Director shall, upon the request of the Secretary of Defense or the Secretary of Transportation, furnish to the Secretary the names and addresses of individuals registered under this Act. Names and addresses furnished pursuant to the preceding sentence may be used by the Secretary of Defense or Secretary of Transportation only for recruiting purposes.".

REPORTS ON UNIT COSTS OF MAJOR DEFENSE SYSTEMS

SEC. 917. (a)(1) The program manager (as designated by the Secretary concerned) for each major defense system included in the Selected Acquisition Report dated March 31, 1981, and submitted to the Congress pursuant to section 811 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 139 note), shall submit to the Secretary concerned, within seven days after the end of each quarter of fiscal year 1982, a written report on the major defense system included in such selected acquisition report for which such manager has responsibility. The program manager shall include in each such report—

(A) the total program acquisition unit cost for such major defense system as of the last day of such quarter; and

(B) in the case of a major defense system for which procurement funds are authorized to be appropriated by this Act, the current procurement unit cost for such major defense system as of the last day of such quarter.

(2) If at any time during any quarter of fiscal year 1982, the program manager of a major defense system referred to in paragraph (1) has reasonable cause to believe that (A) the total program acquisition unit cost, or (B) in the case of a major defense system for which procurement funds are authorized to be appropriated by this Act, the current procurement unit cost has exceeded the applicable percentage increase specified in subsection (b), such manager shall immediately submit to the Secretary concerned a report containing the information, as of

the date of such report, required by paragraph (1).

(3) The program manager shall also include in each report submitted pursuant to paragraph (1) or (2) any change from the Selected Acquisition Report of March 31, 1981, in schedule milestones or system performances with respect to such system that are known, expected, or anticipated by such manager.

(b)(1) If the Secretary concerned determines, on the basis of any report submitted to him pursuant to subsection (a), that the total program acquisition unit cost (including any increase for expected inflation) for any major defense system for which no procurement funds are authorized to be appropriated by this Act has increased by more than 15 percent over the total program acquisition unit cost for such system reflected in the Selected Acquisition Report of March 31, 1981, then (except as provided in paragraph (3)) no additional funds may be obligated in connection with such system after the end of the 30-day period beginning on the day on which the Secretary makes such determination. The Secretary shall notify the Congress promptly in writing of such increase upon making such a determination with respect to any such major defense system and shall include in such notice the date on which such determination was made.

(2) If the Secretary concerned determines, on the basis of a report submitted to him pursuant to subsection (a), that—

(A) the procurement unit cost of a major defense system for which procurement funds are authorized to be appropriated by this Act has increased by more than 15 percent over the procurement unit cost derived from the Selected Acquisition Report of March 31, 1981, or

(B) the total program acquisition unit cost (including any increase for expected inflation) of such system has increased by more than 15 percent over the total program acquisition unit cost for such system as reflected in the Selected Acquisition Report of March 31, 1981,

then (except as provided in paragraph (3)) no additional funds may be obligated in connection with such system after the end of the 30-day period beginning on the day on which the Secretary makes such determination. The Secretary shall notify the Congress promptly in writing of such increase upon making such a determination with respect to any such major defense system and shall include in such notice the date on which such determination was made.

(3) The prohibition contained in paragraphs (1) and (2) on the obligation of funds shall not apply in the case of any major defense system to which such prohibition would otherwise apply if the Secretary concerned submits to the Congress, before the end of the 30-day period referred to in paragraph (1) or (2), a written report which includes—

(A) a statement of the reasons for such increase in total program acquisition unit cost or procurement unit cost;

(B) the identities of the military and civilian officers responsible for program management and cost control of the major defense system;

(C) the action taken and proposed to be taken to control future cost growth of such system;

(D) any changes made in the performance or schedule milestones of such system and the degree to which such changes have contributed to the increase in total program acquisition unit cost or procurement unit cost;

(E) the identities of the principal contractors for the major defense system; and

(F) an index of all testimony and documents formally provided to the Congress on the estimated cost of such system.

(c)(1) If the Secretary concerned—

(A) on the basis of a report submitted to him pursuant to subsection (a), determines (i) that the total program acquisition unit cost (including any increase for expected inflation) for a major defense system has increased by more than 25 percent over the total program acquisition unit cost for such system reflected in the Selected Acquisition Report of March 31, 1981, or (ii) in the case of any such system for which procurement funds are authorized to be appropriated by this Act, that the current procurement unit cost of such system has increased by more than 25 percent over the procurement unit cost derived from the Selected Acquisition Report of March 31, 1981, and

(B) has submitted a report to the Congress with respect to such system pursuant to subsection (b)(3),

then (except as provided in paragraph (2)) no additional funds may be obligated in connection with such system after the end of the 60-day period beginning on the day on which the Secretary makes such determination.

(2) The prohibition contained in paragraph (1) on the obligation of funds shall not apply in the case of a major defense system to which such prohibition would otherwise apply if the Secretary of Defense submits to the Congress, before the end of the 60-day period referred to in such paragraph, a written certification stating that—

(A) such system is essential to the national security;

(B) there are no alternatives to such system which will provide equal or greater military capability at less cost;

(C) the new estimates of the total program acquisition unit cost or procurement unit cost are reasonable; and

(D) the management structure for such major defense system is adequate to manage and control total program acquisition unit cost or procurement unit cost.

(d) As used in this section:

(1) The term "total program acquisition unit cost" means, in the case of a major defense system, the amount equal to (A) the total cost for development and procurement of, and system-specific military construction for, such system, divided by (B) the number of fully-configured end items to be produced for such system.

(2) The term "procurement unit cost" means, in the case of a major defense system, the amount equal to (A) the total of all procurement funds available for such system in any fiscal year, divided by (B) the number of fully-configured end items to be procured with such funds during such fiscal year.

(3) The term "Secretary concerned" has the same meaning as provided in section 101(8) of title 10, United States Code.

(e) Section 811 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 10 U.S.C. 139 note), is amended by adding at the end thereof the following new subsection:

"(c)(1) Each report required to be submitted under subsection (a) shall include the history of the total program acquisition unit cost of each major defense system from the date on which funds were first authorized to be appropriated for such system.

"(2) As used in this subsection, the term 'total program acquisition unit cost' means the amount equal to (A) the total cost for development and procurement of, and system-specific military construction for, a major defense system, divided by (B) the number of fully-configured end items to be produced for such system.".

RECOMMENDATIONS WITH RESPECT TO THE ELIMINATION OF WASTE, FRAUD, ABUSE, AND MISMANAGEMENT IN THE DEPARTMENT OF DEFENSE

SEC. 918. (a) Not later than January 15, 1982, the Secretary of Defense shall submit to Congress a report containing such recommendations as he considers necessary or appropriate to improve the efficiency and management of, and to eliminate waste, fraud, abuse, and mismanagement in, the operation of the Department of Defense.

(b) In the report required by subsection (a), the Secretary of Defense shall—

(1) set forth each recommendation by the Comptroller General since October 1, 1980, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) provide a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and, to the extent practicable, the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and, to the extent practicable, the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

(c) Not later than January 15, 1983, the Secretary of Defense shall submit to Congress a report—

(1) that sets forth each recommendation by the Comptroller General since January 1, 1979, for the elimination of waste, fraud, abuse, or mismanagement in the Department of Defense; and

(2) that provides a statement of—

(A) which recommendations set forth pursuant to paragraph (1) have been adopted and, to the extent practicable, the actual and projected cost savings from each; and

(B) which recommendations set forth pursuant to paragraph (1) have not been adopted and, to the extent practicable, the projected cost savings from each and an explanation of why each such recommendation has not been adopted.

REPORT ON CONTRIBUTIONS TO THE COMMON DEFENSE

SEC. 919. Section 1006(c) of the Department of Defense Authorization Act, 1981 (Public Law 96-342; 94 Stat. 1120), is amended—

(1) by striking out "March 1, 1981" and inserting in lieu thereof "March 1, 1982"; and

(2) by striking out "fiscal year 1981" both places it appears and inserting in lieu thereof "fiscal year 1982".

ASSISTANCE TO YORKTOWN BICENTENNIAL CELEBRATION

SEC. 920. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized, in connection with the observance on October 19, 1981, of the two-hundredth anniversary of the surrender of Lord Cornwallis to General George Washington at Yorktown, Virginia, which date has been proclaimed by Public Law 96-414 (94 Stat. 1724) as a National Day of Observance of that historic event—

(1) to provide logistical support and personnel services for the national observance of such event;

(2) to lend and provide equipment to officials of the Yorktown Bicentennial Committee as requested by the Secretary of the Interior; and

(3) to provide such other services as the Secretary of the Interior may consider necessary and the Secretary of Defense may consider advisable.

(b) There is authorized to be appropriated to the Secretary of Defense an amount not to exceed $750,000 for the purpose of carrying out subsection (a).

(c) No funds may be obligated or expended for carrying out the purposes of subsection (a) unless such funds have been specifically appropriated for such purposes.

And the house agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

MELVIN PRICE,
CHARLES E. BENNETT,
SAMUEL STRATTON,
RICHARD C. WHITE,
BILL NICHOLS,
JACK BRINKLEY,
ROBERT H. MOLLOHAN,
DAN DANIEL,
WM. L. DICKINSON,
G. WILLIAM WHITEHURST,
FLOYD SPENCE,
ROBIN BEARD,
DON MITCHELL,
MARJORIE S. HOLT,

When differences regarding intelligence related activities are under consideration:

EDWARD P. BOLAND,
NORMAN Y. MINETA,
ALBERT GORE, JR.,
J. KENNETH ROBINSON,

Solely for consideration of section 908 of the House amendment and section 915 of the Senate bill:

BILL HUGHES,
ROMANO L. MAZZOLI,
SAM B. HALL, JR.,
HAROLD S. SAWYER,
ROBERT MCCLORY,
Managers on the Part of the House.

JOHN TOWER,
STROM THURMOND,
BARRY GOLDWATER,
J. WARNER,
GORDON J. HUMPHREY,
BILL COHEN,
ROGER W. JEPSEN,
DAN QUAYLE,
JEREMIAH DENTON,
JOHN C. STENNIS,
HENRY M. JACKSON,
HOWARD W. CANNON,
HARRY F. BYRD, JR.,
SAM NUNN,
GARY HART,
J. J. EXON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SUMMARY STATEMENT OF CONFERENCE ACTION

The Senate passed its version of the Defense Authorization Act for fiscal year 1982 in May 1981. The House passed an amendment to such bill in July 1981. The Senate/House conferees convened on July 24, 1981.

Final conference action on S. 815 was considerably delayed by an unusually-timed budget revision submitted by the Administration and by delay in receiving Administration proposals on strategic programs. The new Administration had submitted a budget amendment on March 10, 1981, which involved substantial increases in the Defense request above the original fiscal year 1982 budget received in January, and the March 10 amendment formed the basis for developing the Senate bill and the House amendment thereto which were committed to conference.

Subsequent to the start of the conference, the Administration submitted on October 2 a revision to the budget request for the Department of Defense to incorporate changes deemed necessary as a result of the Administration's revised economic forecast and also to incorporate budget changes to implement the President's decisions on strategic programs. The revised authorization request of October, $130,277.063 million, constituted a reduction of $6,214.188 million from the President's March request and involved substantial downward revisions of procurement, RDT&E and other programs.

In view of the considerable delay already experienced and recognizing that final authorization and appropriations would not be enacted until well after the new fiscal year had already started, the conferees determined that extended further delay occasioned by further hearings would be too disruptive to the authorization and appropriations process and that, therefore, the conferees should work to approving a conference report that considered, to the extent possible, the new budget revisions.

The conferees determined that failure to take into account the substantial adjustment in authorizations requested as a result of the October budget revision would be inconsistent with the obligations of the authorization process. The conferees, therefore, determined that in light of the significant fiscal restraints already imposed on the Federal budget and the revised priorities in the Administration's submission of October, reductions had to be made in S. 815. Consequently, the conferees have reluctantly agreed to an authorization level that, in a number of authorization categories, is substantially below the amounts initially contained in either the Senate bill or the House amendment.

The conferees wish to emphasize their conviction that the authorization amounts initially committed to conference more nearly reflect the long term requirements for achieving the marked improvement in national defense posture that is needed, and the conferees wish to emphasize that the reductions effected in programs previously approved are without prejudice and driven by budget realities rather than a lessening of defense needs. Moreover, the conferees believe that any significant reductions beyond those agreed to by the conferees would seriously compromise the absolute necessity to revitalize our military forces.

The conferees have thus agreed to authorizations that, in the aggregate, total $130,696.451 million, which is $419.388 million above the President's October request, $6,259.048 million below the authorization recommended in the Senate bill, and $5,833.973 million below the authorization recommended in the House amendment.

SUMMARY OF CONFERENCE ACTION ON S. 815—DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982

[Dollars in thousands]

Item	March 1981 request	October 1981 amended request	House	Senate	Conference	Net change from October 1981 request
TITLE I						
Procurement:						
Army aircraft	1,797,400	1,897,300	1,880,300	1,836,700	1,910,200	+12,900
Navy/Marine Corps aircraft	9,352,500	9,244,500	9,902,600	9,331,700	9,302,500	+58,000
Air Force aircraft	14,751,898	13,843,898	15,023,698	15,070,798	13,773,698	−70,200
Army missiles	2,842,500	2,210,200	2,745,800	2,469,100	2,146,900	−63,300
Navy missiles	2,555,000	2,567,000	2,549,800	2,555,000	2,567,000	0
Marine Corps missiles	223,024	223,024	223,024	223,024	223,024	0
Air Force missiles	4,658,246	4,204,646	4,593,246	4,731,746	4,186,846	−17,800

SUMMARY OF CONFERENCE ACTION ON S. 815—DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1982—Continued

[Dollars in thousands]

Item	March 1981 request	October 1981 amended request	House	Senate	Conference	Net change from October 1981 request
Naval vessels	10,290,100	8,475,300	10,290,100	10,118,600	8,795,900	+320,600
Army tracked combat vehicles	3,487,300	3,201,300	3,469,500	3,537,300	3,251,200	+49,900
Marine Corps tracked vehicles	281,739	281,600	281,739	281,739	281,739	+139
Torpedoes and related support equipment, Navy	516,600	516,600	516,600	516,600	516,600	0
Army other weapons	655,400	655,400	655,400	655,400	655,400	0
Navy other weapons	200,200	200,200	200,200	200,200	200,200	0
Marine Corps other weapons	136,344	136,483	136,344	136,344	136,344	−139
Air Force other weapons	3,047	3,047	3,047	3,047	3,047	0
Army National Guard	0	0	0	50,000	50,000	+50,000
Total, procurement	51,751,298	47,660,498	52,471,398	51,717,298	48,000,598	+340,100
TITLE II						
Research, development, test, and evaluation:						
Army	3,905,200	3,768,500	3,741,470	3,910,500	3,746,299	−22,201
Navy	6,086,371	5,888,571	5,699,531	6,136,401	6,072,167	+183,596
Air Force	9,398,100	8,823,400	8,833,700	9,158,100	8,686,800	−136,600
Defense agencies	1,934,400	1,842,000	1,914,797	1,954,650	1,899,847	+57,847
Total R.D.T. & E.	21,324,071	20,322,471	20,189,498	21,159,651	20,405,113	+82,642
TITLE III						
Operations and Maintenance:						
Army	17,214,744	16,864,044	17,214,044	17,474,300	17,024,044	+160,000
Navy	20,682,210	20,189,810	20,684,410	20,657,210	20,130,410	−59,400
Air Force	19,249,340	19,056,552	19,230,740	19,256,420	18,898,140	−158,412
Marine Corps	1,235,839	1,217,239	1,245,739	1,260,539	1,249,939	+32,700
Defensewide	4,900,907	4,833,607	4,901,207	4,883,851	4,859,207	+25,600
Total O. & M.	63,283,040	62,161,252	63,276,140	63,532,320	62,161,740	+488
TITLE VIII						
Civil Defense	132,842	132,842	174,000	126,842	129,000	−3,842
Total Authorization	136,491,251	130,277,063	136,111,036	136,536,111	130,696,451	+419,388

TITLE I—PROCUREMENT—AIRCRAFT, ARMY

FISCAL YEAR 1982 ARMY AIRCRAFT PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Amount change from October 1981 request
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Fixed Wing: C–12D (Huron)		0		0	12	20.9		0	6	10.5	+10.5
Rotary:											
AH–1S (Cobra/Tow)		0		0	16	67.2	20	64.4	12	55.0	+55.0
UH–60A (Blackhawk) [1]	96	(532.2)	96	(508.1)	90	(499.2)	96	(507.1)	96	(508.1)	
Less advance procurement (PY)		(−23.5)		(−23.5)		(−23.5)		(−23.5)		(−23.5)	
Net		508.7		484.6		475.7		483.6		484.6	
UH–60A advance procurement (CY) [1]		60.6		186.6		60.6		60.6		60.6	−126.0
AH–64 (Apache)	14	(415.8)	14	(415.8)	14	(415.8)	14	(415.8)	14	(489.2)	
Less advance procurement (PY)		(−50.8)		(−50.8)		(−50.8)		(−50.8)		(−50.8)	
Net		365.0		365.0		365.0		365.0		438.4	+73.4
Modification of aircraft		449.8		449.8		479.2		449.8		449.8	
AH–1S		(65.9)		(65.9)		(101.9)		(65.9)		(65.9)	
CH–47D		(273.1)		(273.1)		(266.5)		(273.1)		(273.1)	
Spares and repair parts		220.7		220.7		219.1		220.7		220.7	
UH–60A		(60.4)		(60.4)		(56.0)		(60.4)		(60.4)	
AH–1S		(10.8)		(10.8)		(13.6)		(10.8)		(10.8)	
Undistributed inflation reduction [1]		0		−2.0		0		0		−2.0	
Items not in dispute		192.6		192.6		192.6		192.6		192.6	
Total Army aircraft		1,797.4		1,897.3		1,880.3		1,836.7		1,910.2	+12.9

[1] Change in administration request.

C–12D utility aircraft

No authorization was requested for the C-12D utility aircraft. The House amendment authorized $20.9 million for procurement of 12 aircraft. The Senate bill contained no authorization for C-12D aircraft.

The conferees recommend authorization of $10.5 million for procurement of six aircraft.

AH–1S helicopter (Cobra-Tow)

No authorization was requested for the AH-1S helicopter. The Senate bill authorized $64.4 million for procurement of 20 AH-1S helicopters. The House amendment authorized $67.2 million for 16 helicopters.

The conferees recommend authorization of $55 million for procurement of 12 helicopters.

UH–60A helicopter (Black Hawk)

The March budget request contained $508.7 million for procurement of 96 UH-60A helicopters and $60.6 million for advance procurement. The October amendment contained $484.6 million for 96 UH-60A helicopters and $186.6 million for advance procurement, including $126 million to fund termination liability associated with a proposal to initiate a multiyear procurement program for the UH-60A.

The Senate bill authorized $483.6 million for procurement of 96 helicopters and $60.6 million for advance procurement.

The House amendment authorized $475.7 million for procurement of 90 helicopters and $60.6 million for advance procurement.

Because of cost uncertainties in the program, the conferees do not recommend the UH-60A as a candidate for multiyear pro-

curement at this time. The conferees recommend an authorization of $484.6 million for procurement of 96 helicopters and $60.6 million for advance procurement, a reduction of $126 million from the amended request related to multiyear procurement.

The House recedes with an amendment.

AH-64 helicopter (Apache)

The request contained $365 million for procurement of 14 AH-64 helicopters. The Senate bill and the House amendment authorized the amount requested. During conference it was determined that the AH-64 program is underfunded and the conferees agreed to recommend an authorization of $438.4 million for procurement of 14 helicopters, an increase of $73.4 million above the amount requested.

Modification of aircraft

The budget request contained $449.8 million for modification of Army aircraft including $65.9 million for AH-1 modifications and $273.1 million for CH-47 modifications. The Senate bill authorized the amount requested. The House amendment authorized $479.2 million for modification of Army aircraft, including $101.9 million for AH-1 modifications and $266.5 million for CH-47 modifications.

The House recedes.

Aircraft spares and repair parts

The budget request contained $220.7 million for Army aircraft spares and repair parts. The Senate bill authorized the amount requested. The House amendment authorized $219.1 million.

The House recedes.

Undistributed inflation reduction

The March request contained no undistributed reductions. The October amendment applied a $2 million undistributed reduction to Army aircraft anticipating a reduction in the inflation rate. Neither the Senate bill nor the House amendment contained an undistributed reduction.

The conferees recommend an undistributed reduction of $2 million.

AIRCRAFT, NAVY AND MARINE CORPS

FISCAL YEAR 1982 NAVY AND MARINE CORPS AIRCRAFT PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Change from October 1981 request, amount
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Combat aircraft:											
F-14A (Tomcat) advance procurement (CY)		159.1		159.1		202.0		159.1		180.6	+21.5
F-18 (Hornet)	63	(2,016.7)	63	(2,016.7)	84	(2,448.4)	58	(1,864.7)	63	(2,016.7)	
Less advance procurement (PY)		(−126.6)		(−126.6)		(−126.6)		(−126.6)		(−126.6)	
Net		1,890.1		1,890.1		2,321.8		1,738.1		1,890.1	
F-18 (Hornet) advance procurement (CY)		236.4		236.4		251.1		241.3		236.4	
AV-8B advance procurement (CY)		49.0		49.0		49.0		49.0		37.0	−12.0
CH-53E[1] (Super Stallion)	14	250.3	14	270.6	14	250.3	14	250.3	14	270.6	
CH-53E[1] (Super Stallion) advance procurement (CY)		22.8		2.5		22.8		22.8		2.5	
P-3C (Orion)	12	(427.1)	12	(427.1)	12	(427.1)	14	(473.1)	12	(427.1)	
Less advance procurement		(−46.9)		(−46.9)		(−46.9)		(−46.9)		(−46.9)	
Net		380.2		380.2		380.2		426.2		380.2	
P-3C (Orion) advance procurement (CY)		84.3		84.3		84.3		84.3		54.3	−30.0
SH-2F[1] (Seasprite)	18	(232.3)	18	(193.3)	12	(183.6)	18	(232.3)	18	(193.3)	
Less advance procurement (PY)		(−19.7)		(−19.7)		(−19.7)		(−19.7)		(−19.7)	
Net		212.6		173.6		163.9		212.6		173.6	
Airlift Aircraft:											
C-9 (Skytrain II)		0		0	6	27.1	12	50.0		0	
C-2 (COD) advance procurement[1]		32.0		37.0		32.0		32.0		37.0	
Trainer Aircraft: T-34C (Mentor)	60	53.2	60	53.2	45	41.0	60	53.2	60	53.2	
Modification of:											
Aircraft		977.3		977.3		1,007.5		1,007.6		977.3	
P-3A		(20.1)		(20.1)		(50.3)		(50.4)		(20.1)	
Spares and Repair Parts:[1]		1,546.9		1,529.4		1,611.3		1,546.9		1,607.9	+78.5
A-4/Oriskany[1]		(17.5)		(0)		(17.5)		(17.5)		(0)	
F-18		(343.3)		(343.3)		(397.3)		(343.3)		(343.3)	
C-9		(0)		(0)		(10.4)		(0)		(0)	
Undistributed		(0)		(0)		(0)		(0)		(78.5)	(+78.5)
Support equipment and facilities:											
Other Production charges		73.7		33.2		73.7		73.7		33.2	
Oriskany Air Wing		(40.5)		(0)		(40.5)		(40.5)		(0)	
Undistributed:											
Inflation reduction		0		−11.0		0		0		−11.0	
Consultants studies and analyses		0		−5.0		0		0		−5.0	
Items not in dispute		3,384.6		3,384.6		3,384.6		3,384.6		3,384.6	
Total Navy and Marine Corps Aircraft		9,352.5		9,244.5		9,902.6		9,331.7		9,302.5	+58.0

[1] Change in administration request.

F-14A (Tomcat) (advance procurement)

The budget request included $159.1 million for advance procurement for 24 F-14A aircraft in fiscal year 1983. The Senate bill contained an authorization in the amount requested. The House amendment contained an authorization of $202.0 million for advance procurement for 30 F-14A aircraft in fiscal year 1983. The conferees agreed to an authorization of $180.6 million to support the procurement of 27 F-14A aircraft in fiscal year 1983.

The Senate recedes with an amendment.

F/A-18 fighter/attack aircraft (Hornet)

The budget request included $1,890.1 million for the procurement of 63 F/A-18 aircraft in fiscal year 1982, $236.4 million for initial spares and repair parts. The Senate bill authorized $1,738.1 million for 58 aircraft in fiscal year 1982, $241.3 million for advance procurement, and $343.3 million for initial spares and repair parts. The House amendment authorized $2,321.8 million for 84 F/A-18 aircraft in fiscal year 1982, $251.1 million for advance procurement for 108 aircraft in fiscal year 1983, and $397.3 million for initial spares and repair parts.

In view of the overall reduction applied to the Defense budget by the President's October budget amendment, the conferees recommend an authorization of $1,890.1 million for the procurement of 63 aircraft in fiscal year 1982, $236.4 million for advance procurement, and $343.3 million for initial spares and repair parts. The conferees are concerned that the F/A-18 aircraft is not being procured in sufficient quantities to take advantage of economies of scale. Higher production rates must be attained in order to reduce unit cost. The Secretary of Defense is directed to examine closely the F/A-18 program prior to submitting the fiscal year 1983 budget request and to take steps as may be appropriate to reduce unit cost. The Secretary is encouraged to consider such possibilities as higher procurement rates.

The House recedes with an amendment.

AV-8B attack aircraft (Harrier) (advance procurement)

The budget request contained $49 million for advance procurement for 24 AV-8B aircraft in fiscal year 1983. The Senate bill and the House amendment provided authorizations in the amount requested. In view of Navy plans to restructure the AV-8B program, the conferees agreed to an authoriza-

tion of $37 million for AV-8B advance procurement.

CH-53E aircraft (Super Stallion)

The March 1981 budget request included $250.3 million for procurement of 14 CH-53 helicopters in fiscal year 1982 and $22.8 million for advance procurement. The October amended budget request included $270.6 million for the procurement of 14 CH-53E aircraft in fiscal year 1982 and $2.5 million for advance procurement. The Senate bill and the House amendment authorized the amounts requested in the March budget request. The conferees recommend authorizations of $270.6 million for the procurement of 14 aircraft in fiscal year 1982 and $2.5 million for advance procurement.

P-3C patrol aircraft (Orion)

The budget request included $380.2 million for the procurement of 12 P-3C aircraft in fiscal year 1982 and $84.3 million for advance procurement for 12 aircraft in fiscal year 1983. The Senate bill contained $426.2 million for 14 P-3C aircraft in fiscal year 1982 and $84.3 million for advance procurement. The House amendment authorized the amounts requested. The conferees recommend the authorization of $380.2 million for the procurement of 12 aircraft in fiscal year 1982 and $54.3 million for advance procurement.

The Senate recedes with an amendment.

SH-2F ASW helicopter (Seasprite)

The March budget request included $212.6 million for procurement of 18 SH-2F (LAMPS MK I) aircraft in fiscal year 1982. Based on favorable contract negotiations, the October amended request contained $173.6 million for the procurement of 18 aircraft. The Senate bill authorized $212.6 million for the procurement of 18 aircraft. The House amendment authorized $163.9 million for the procurement of 12 aircraft. The conferees recommend the authorization of $173.6 million for the procurement of 18 SH-2F aircraft.

The House recedes with an amendment.

C-9 airlift aircraft (Skytrain II)

No authorization was requested for procurement of C-9 aircraft in fiscal year 1982. The Senate bill authorized $50 million for the procurement of 12 C-9 aircraft that are excess to commercial air carriers. The House amendment authorized $27.1 million for the procurement of 6 excess C-9 aircraft and $10.4 million for spares and repair parts. In view of the proposed reduction in budget authority for defense contained in the October amended budget request the conferees recommend no authorization for C-9 aircraft procurement in fiscal year 1982.

C-2 Carrier on Board Delivery (COD) aircraft (advance procurement)

The March budget request included $32 million for advance procurement to support the production of 8 C-2 aircraft in fiscal year 1983. The October budget amendment included $37 million for advance procurement to support a multiyear contract for the C-2 aircraft program. The Senate bill and the House amendment authorized the $32 million originally requested. The conferees recommend an authorization in the amount of $37 million for advance procurement of C-2 aircraft through a multiyear contract.

T-34C trainer aircraft (Mentor)

The budget request included $53.2 million to procure 60 T-34C aircraft in fiscal year 1982. The Senate bill authorized the amount requested. The House amendment authorized $41.0 million for the procurement of 45 T-34C aircraft. The conferees recommend the authorization of $53.2 million for the procurement of 60 aircraft. The house recedes.

Modification of Navy aircraft

The budget request included $977.3 million for modification of Navy aircraft, including $20.1 million for modification of P-3A aircraft. The Senate bill authorized $1,007.6 million for aircraft modifications, including $50.4 million for P-3A aircraft modifications. The House amendment authorized $1,007.5 million for aircraft modifications, including $50.3 million for the P-3A modifications. The conferees recommend the authorization of $977.3 million for Navy aircraft modifications, including $20.1 million for P-3A modifications.

Aircraft spares and repair parts (Navy and Marine Corps)

The March budget request contained $1,546.9 million for procurement of Navy and Marine Corps aircraft spares and repair parts. Included in that amount was $17.5 million for aircraft spares to support an air wing for the aircraft carrier *Oriskany* and $343.3 million for initial spares for F/A-18 aircraft. The October amended budget request contained $1,529.4 million, deleting the $17.5 million initially requested for the *Oriskany* air wing. The Senate bill authorized the amounts requested. The House amendment authorized $1,611.3 million for aircraft spares and repair parts, including the $17.5 million associated with *Oriskany* aircraft, $397.3 million for F/A-18 spares, and $10.4 million for C-9 aircraft spares. In view of other actions recommended by the conferees with respect to reactivation of the carrier *Oriskany*, F/A-18 aircraft procurement and C-9 aircraft procurement, the conferees recommend the authorization of $1,607.9 million for Navy and Marine Corps aircraft spares and repair parts, including $343.3 million for F/A-18 spares and an undistributed increase of $78.5 million to improve aircraft readiness. No authorization is recommended for spares associated with the *Oriskany* reactivation or for C-9 aircraft spares.

Aircraft support equipment and facilities (Navy)

The March budget request contained $73.7 million for aircraft support equipment and facilities, including $40.5 million to support an air wing for the aircraft carrier *Oriskany* (proposed to be reactivated). The October amended request included $33.2 million for aircraft support equipment and facilities and deleted the amount requested for the *Oriskany* air wing. The conferees recommend the authorization of $33.2 million for aircraft support equipment and facilities, as requested.

Undistributed reductions (Navy and Marine Corps)

The October budget request included undistributed reductions of $11.0 million for anticipated reductions in inflation rates and $5.0 million for reductions in consultant services and studies. These reductions were not contained in the Senate bill or in the House amendment. The conferees recommend that the requested reductions be applied to the fiscal year 1982 Navy and Marine Corps aircraft procurement program.

AIRCRAFT, AIR FORCE, FISCAL YEAR 1982 AIR FORCE AIRCRAFT PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Change from October 1981 request, amount
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Combat aircraft:											
Strategic offensive:											
LRCA [1]		1,632.0		1,674.0		1,632.0		1,632.0		1,574.0	−100.0
LRCA advance procurement (CY) [1]		310.0		227.0		310.0		310.0		227.0	
Survivable enduring communications		0		0		0		3.5		3.5	+3.5
AFSATCOM terminal		0		0		0		10.0		10.0	+10.0
Tactical forces:											
A-7K (Corsair II)		0		0	12	143.0	12	151.6		0	
A-10 A/B (Thunderbolt II) [1]	60	(624.2)	20	(277.0)	60	(591.2)	60	(624.2)	20	(261.7)	
Less advance procurement (PY)		(−81.8)		(−27.3)		(−81.8)		(−81.8)		(−32.0)	
Net		542.4		249.7		509.4		542.4		229.7	−20.0
A-10 A/B advance procurement (CY) [1]		0		20.0		63.1		0		0	−20.0
F-15 A/B/C/D (Eagle)	42	(1,232.0)	42	(1,216.9)	30	(846.9)	42	(1,232.0)	36	(1,105.3)	
Less advance procurement (PY)		(−130.2)		(−125.1)		(−130.2)		(−130.2)		(−125.1)	
Net		1,101.8		1,091.8		716.7		1,101.8		980.2	−111.6
F-15 A/B/C/D advance procurement (CY) [1]		125.4		100.4		94.3		125.4		100.4	
F-16 A/B (multimission fighter)	120	(1,555.1)	120	(1,555.1)	160	(1,865.7)	120	(1,555.1)	120	(1,526.1)	
Less advance procurement (PY)		(−166.8)		(−223.5)		(−194.5)		(−166.8)		(−255.3)	

AIRCRAFT, AIR FORCE, FISCAL YEAR 1982 AIR FORCE AIRCRAFT PROCUREMENT REQUEST—Continued

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Change from October 1981 request, amount
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Net		1,388.3		1,331.6		1,671.2		1,388.3		1,270.8	−60.8
F–16 A/B advance procurement (CY) [1]		268.6		546.8		315.0		268.6		546.8	
Other combat aircraft:											
KC–10A (ATCA) [1]	8	437.0		0	8	437.0	8	437.0	4	220.2	+220.2
MC–130H advance procurement (CY) [1]		33.3		0		33.3		33.3		27.0	+27.0
Tactical airlift: C–130H (Hercules)		0		0	12	163.4	12	163.4	8	109.5	+109.5
Wide-bodied cargo airlift aircraft		0		0		150.0		0		50.0	+50.0
Trainer aircraft: Companion trainer Aircraft B–52 [1] advance procurement (CY)		3.9		0		3.9		1.0		0	
Helicopters: UH 60A [1]	12	63.0	6	33.0	6	31.5	12	63.0	6	33.0	
Modification of aircraft [1]		2,132.1		2,109.4		2,132.1		2,104.4		2,093.8	−15.6
a. F–106		(35.9)		(35.9)		(35.9)		(20.3)		(20.3)	(−15.6)
b. B–52 [1]		(470.9)		(438.4)		(470.9)		(458.8)		(438.4)	
c. ALCS (C–135) [1]		(10.6)		(0)		(10.6)		(10.6)		(0)	
d. EC–135 [1]		(0)		(20.4)		(0)		(0)		(20.4)	
Spares and repair parts [1]		4,266.1		4,002.5		4,177.9		4,287.1		3,889.8	−112.7
LRCA		(179.0)		(51.0)		(0)		(179.0)		(0)	(−51.0)
C–130H		(0)		(0)		(8.7)		(8.8)		(4.1)	(+4.1)
F–15		(74.7)		(74.7)		(67.7)		(74.7)		(71.7)	(−3.0)
F–16		(394.0)		(394.0)		(474.0)		(394.0)		(394.0)	
UH60A [1]		(6.0)		(4.7)		(3.0)		(6.0)		(4.7)	
B–52 [1]		(114.4)		(65.4)		(114.4)		(114.4)		(65.4)	
A–7K		(0)		(0)		(12.1)		(12.2)		(0)	
ALQ–131 [1]		(33.3)		(13.3)		(33.3)		(33.3)		(13.3)	
KC–10 [1]		(63.0)		(0)		(63.0)		(63.0)		(17.2)	(+17.2)
A–10 [1]		(8.5)		(6.2)		(8.5)		(8.5)		(6.2)	
Undistributed reduction		(0)		(0)		(0)		(0)		(−80.0)	(−80.0)
Classified program		(0)		(0)		(0)		(0)		(8.1)	[2]
Support equipment and facilities		2,041.3		2,068.0		2,033.2		2,041.3		2,018.3	−490.7
Tactical Improvements (classified) [1]		0		(27.7)		(0)		(0)		(0)	(−27.7)
Classified Program		(8.1)		(8.1)		(0)		(8.1)		(0)	(−8.1)
Common ground equipment [1]		(405.2)		(404.2)		(405.2)		(405.2)		(404.2)	
NATO AWACS		(358.2)		(358.2)		(358.2)		(358.2)		(344.3)	(−13.9)
Undistributed inflation reduction [1]		0		−17.0		0		0		−17.0	
Items not in dispute		406.7		406.7		406.7		406.7		406.7	406.7
Total Air Force aircraft		14,751.9		13,843.9		15,023.7		15,070.8		13,773.7	−70.2

[1] Change in administration request.
[2] $8.1 million in spares and repair parts for classified program is authorized within the overall limit available for spares and repair parts.

Long range combat aircraft (LRCA)

The March budget request contained $1,632.0 million for the procurement of long range combat aircraft (LRCA) described as a multirole bomber aircraft. Also requested was $310.0 million for advance procurement and $179.0 million for spares and repair parts. The October amended budget request contained $1,674.0 million for long range combat aircraft procurement, $227.0 million for advance procurement, and $51.0 million for spares and repair parts. In connection with the October budget amendment, the President advised the Congress that the long range combat aircraft for which fiscal year 1982 authorization was requested would be a variant of the B–1 aircraft.

The Senate bill and the House amendment authorized $1,632.0 million for long range combat aircraft procurement and $310.0 million for advance procurement. The House amendment provided no authorization for spares. In addition, the House amendment provided that the funds authorized to be appropriated for the long range combat aircraft would be available only for that purpose.

The conferees recommend the authorization of $1,574.0 million for long range combat aircraft procurement and $227.0 million for advance procurement. In addition, the conferees recommend no authorization for initial spares and repair parts. The conferees also recommend that the amounts authorized for long range combat aircraft procurement and advance procurement shall be used only for that purpose.

The Senate recedes with an amendment.

A–7K attack aircraft (Corsair II)

No authorization was requested for A–7K aircraft. The Senate bill authorized $151.6 million to procure 12 aircraft and $12.2 million for spares. The House amendment authorized $143.0 million to procure 12 aircraft and $12.1 million for spares. The conferees recommend no authorization for A–7K aircraft or spares.

A–10 (Thunderbolt II)

The March budget request contained $542.4 million for procurement of 60 A–10 aircraft including $33.0 million for line termination costs, because no advance procurement was requested for production of additional aircraft in fiscal year 1983. The October amendment proposed to restructure the A–10 program and included a request for $249.7 million for procurement of 20 aircraft in fiscal year 1982 and $20.0 million advance procurement for an additional 20 aircraft in fiscal year 1983.

The Senate bill authorized the amount in the March budget request. The House amendment authorized $509.4 million for procurement of 60 aircraft in fiscal year 1982, a reduction of $33.0 million from the March request associated with line termination. The House amendment also authorized $63.1 million in long-lead funding for procurement of 40 A–10 aircraft in fiscal year 1983.

The conferees recommend authorization of $229.7 million for procurement of 20 aircraft in fiscal year 1982, a reduction of $40.0 million from the amount requested in the October amendment.

The recommended reduction reflects two financial adjustments in the program. The Air Force has decided to produce only A–10A (one-seat) aircraft in fiscal year 1982, resulting in a $15.3 million reduction in the required funding. The second adjustment recognizes that the Congress had previously appropriated $81.8 million in fiscal year 1981 as advance procurement for 60 aircraft in fiscal year 1982. The October amendment requested an additional $20.0 million (for a total of $101.8 million) for procurement of 40 aircraft.

F–15 A/B/C/D fighter aircraft (Eagle)

The March budget request contained $1,101.8 million for procurement of 42 F–15 aircraft in fiscal year 1982, $125.4 million for advance procurement for 42 aircraft in fiscal year 1983 and $74.7 million for spares. The October budget amendment contained $1,091.8 million for procurement of 42 aircraft in fiscal year 1982, $100.4 million for advance procurement for 30 aircraft in fiscal year 1983 and $74.7 million for spares. The Senate bill authorized the amount in the March request. The House amendment authorized $716.7 million for procurement of 30 F–15 aircraft in fiscal year 1982, $94.3 million for advance procurement of 30 aircraft in fiscal year 1983 and $67.7 million for spares. The conferees recommend the authorization of $980.2 million for 36 F–15 aircraft in fiscal year 1982, $100.4 million for advance procurement for 30 aircraft in fiscal year 1983 and $71.7 million for spares.

The House recedes with an amendment.

F–16 multimission fighter aircraft

The March budget request contained $1,388.3 million for procurement of 120 F–16 aircraft and $268.6 million for advance procurement. The October amendment contained $1,331.6 million for procurement of 120 aircraft and $546.8 million for advance procurement, including $249.2 million to fund termination liability associated with a decision to enter into a multiyear procurement contract on the F–16.

The Senate bill authorized the amount in the March budget request. The House amendment authorized $1,671.2 million for

procurement of 160 F-16 aircraft in fiscal year 1983.

The conferees recommend $1,270.8 million for procurement of 120 F-16 aircraft—a reduction of $60.8 million from the amount requested in the October amendment—and $546.8 million requested for advance procurement for 120 aircraft and termination liability funding associated with multiyear procurement.

The conferees note that the Congress authorized $93.4 million in conjunction with the procurement of an additional 60 F-16 aircraft in fiscal year 1982. Because the Air Force has decided to pursue a multiyear procurement program of 120 F-16 aircraft beginning in fiscal year 1982, the $93.4 million will not be required for the purpose for which it was originally authorized. The Air Force proposed to rescind $65.7 million of the fiscal year 1981 appropriation and have the funds reappropriated in fiscal year 1982.

The conferees recommend that the Congress disapprove the rescission and authorize the Air Force to use those fiscal year 1981 funds to finance the restructured fiscal year 1982 program.

KC-10A advanced tanker cargo aircraft

The March budget request contained $437.0 million for procurement of 8 KC-10A aircraft and $63.0 million for spares. The October amended request contained no authorization for the KC-10A. The Senate bill and the House amendment authorized the amounts requested in the March budget request. The conferees recommend an authorization of $220.2 million for procurement of 4 KC-10A aircraft and $17.2 million for spares.

MC-130H tactical transport aircraft (Combat Talon)

The March budget request contained $33.3 million for advance procurement for 4 MC-130H aircraft in fiscal year 1983. The October amended request contained no authorization for this program. The Senate bill and the House amendment authorized the amount requested in the March budget request. The conferees recommend the authorization of $27.0 million for advance procurement to support the production of 4 MC-130H aircraft in fiscal year 1983.

C-130H tactical airlift aircraft (Hercules)

The budget request contained no authorization for C-130H aircraft. The Senate bill and the House amendment authorized $163.4 million for procurement of 12 aircraft. The Senate bill authorized $8.8 million for initial spares. The House amendment authorized $8.7 million for initial spares. The conferees recommend the authorization of $109.5 million to procure 8 C-130H aircraft in fiscal year 1982 and $4.1 million for spares.

Wide-bodied cargo airlift aircraft

The budget request contained no authorization for procurement of wide-bodied cargo airlift aircraft. The Senate bill contained no authorization for this purpose. The House amendment contained an authorization of $150.0 million for the procurement of wide-bodied aircraft to partially satisfy near-term airlift requirements through the procurement of existing aircraft such as the C-5, KC-10, 747 and other aircraft. The conferees recommended the authorization of $50.0 million for the procurement of wide-bodied cargo airlift aircraft.

As explained in the discussion under Title II of CX/Airlift Enhancement, a 30-day review period would be required before the obligation of funds authorized.

The Senate recedes with an amendment.

B-52 companion trainer aircraft (advance procurement)

The March budget request included $3.9 million for advance procurement to initiate a B-52 companion trainer aircraft program. The October budget amendment requested no authorization for this program. The Senate bill authorized $1 million for companion trainer aircraft advance procurement. The House amendment authorized $3.9 million for this purpose. The conferees recommend no authorization for companion trainer aircraft advance procurement.

UH-60A utility helicopter (Black Hawk)

The March budget request contained $63 million to procure 12 UH-60A helicopters and $6 million for spaces. The October amended request contained $33 million to procure six aircraft and $4.7 million for spares. The Senate bill authorized $63 million for procurement of 12 aircraft and $6 million for spares. The House amendment authorized $31.5 million for procurement of six aircraft and $3 million for spares. The conferees recommend the authorization of $33 million for procurement of six UH-60A aircraft and $4.7 million for spares.

The Senate recedes with an amendment.

Modification of aircraft (Air Force)

The March budget request contained $2,132.1 million for modification of Air Force aircraft. The October amended request contained $2,109.4 million for aircraft modifications. The Senate bill authorized $2,104.4 million for the modification of Air Force aircraft. The House amendment authorized $2,132.1 million for aircraft modifications as requested in the March budget.

The conferees recommended the authorization of $2,093.8 million for Air Force aircraft modifications including the following amounts for items that were in dispute: F-106 aircraft, $20.3 million; B-52 aircraft, $438.4 million; and EC-135 aircraft modifications, $20.4 million. No authorization is recommended for the Air Launched Control System (ALCS).

Aircraft spares and repair parts (Air Force)

The March request contained $4,266.1 million for aircraft spares and repair parts. The October amended request included $4,002.5 million for this purpose. The Senate bill authorized $4,287.1 million for aircraft spares and repair parts. The House amendment authorized $4,177.9 million for this purpose. The conferees recommend the authorization of $3,889.8 million for Air Force aircraft spares and repair parts. (The amounts recommended for authorization for specific aircraft and for ALQ 131 electronic warfare system spares are reflected in the foregoing table.)

The conferees recommend that an undistributed reduction in the amount of $80.0 million be applied to Air Force aircraft spares. This reduction is based on the conferees' belief that economies of at least two percent can be achieved through the consolidation of contracts for initial spares, replenishment spares and war reserve material spares. This action was recommended to the Secretary of Defense by the Defense Science Board following a 1980 study. In addition, the conferees believe that the $8.1 million requested for items associated with a classified program included in the category "support equipment and facilities" should more appropriately be authorized within the aircraft spares and repair parts account. The conferees recommend that these items be procured within the total amount recommended for authorization for aircraft spares and repair parts.

Aircraft support equipment and facilities

The March budget request contained $2,041.3 million for Air Force aircraft support equipment and facilities. The October amended request contained $2,068.0 million for this purpose including $27.7 million for tactical improvements, $8.1 million for a classified program, $404.2 million for common ground equipment, and $358.2 million for the United States' share of the fiscal year 1982 contribution to the NATO AWACS program. The Senate bill authorized $2,041.3 million for support equipment and facilities as requested in the March budget request. The House amendment authorized $2,033.2 million and provided no authorization for the $8.1 million request for a classified program.

The conferees recommend an authorization of $2,018.3 million for Air Force aircraft support equipment and facilities. This recommendation would provide no authorization for the tactical improvements program and would transfer the authorization of the $8.1 million request for the classified program to aircraft spares and repair parts. In addition, the recommendation of the conferees would authorize $404.2 million for common ground equipment and $344.3 million for the NATO AWACS program.

NATO AWACS program

The budget request contained $358.2 million for the United States' contribution to the NATO Airborne Warning and Control System (AWACS) for fiscal year 1982. The Senate bill included the amount requested within the total amount authorized for Air Force aircraft procurement and, in a separate section (Section 107), provided that the $358.2 million would be available only for the NATO AWACS contribution. The House amendment authorized the $358.2 million requested for the NATO AWACS contribution in a separate section (Section 102) and did not include that amount within the total amount authorized for Air Force aircraft procurement. The conferees recommend the authorization of $344.3 million for the United States' contribution to the NATO AWACS to be included within the total amount authorized for aircraft procurement. The conferees also recommend adoption of the language of Section 107 of the Senate bill with an amendment showing the reduction in the amount authorized.

The House recedes with an amendment.

Undistributed inflation reduction

The March budget request did not apply an undistributed inflation reduction to the Air Force aircraft procurement program. The October amended request would apply an undistributed reduction of $17.0 million based on anticipated lower inflation rates. The Senate bill and the House amendment did not apply the undistributed inflation reduction. The conferees recommend that the $17.0 million reduction be applied to the Air Force aircraft procurement program as requested.

MISSILES, ARMY, FISCAL YEAR 1982 ARMY MISSILES PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (Mar. 1981)		Revised fiscal year 1982 request (Oct. 1981)		House		Senate		Conference		Amount change from Oct. 1981 request
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Surface-to-air missiles:											
U.S. Roland [1]	795	477.0	.....	0	500	360.3	795	477.0	.....	50.0	+50.0
PATRIOT [1]	364	820.8	294	720.8	364	795.8	130	486.1	244	670.0	−50.8
Stinger	2,544	223.9	2,544	223.9	2,544	203.9	2,544	223.9	2,544	203.9	−20.0
Light weight air defense weapon	.....	0	.....	0	.....	75.0	.....	0	.....	0	.....
Air-to-surface missiles:											
Laser Hellfire	1,075	128.4	1,075	128.4	1,075	128.4	1,075	128.4	800	113.4	−15.0
Modification of missiles	.....	440.8	.....	440.8	.....	430.8	.....	440.8	.....	413.3	−27.5
Dragon	.....	(17.5)	.....	(17.5)	.....	(17.5)	.....	(17.5)	.....	0	(−17.5)
Undistributed	.....	0	.....	0	.....	(−10.0)	.....	0	.....	(−10.0)	(−10.0)
Spares and repair parts [1]	.....	234.1	.....	181.8	.....	234.1	.....	195.4	.....	181.8	.....
PATRIOT	.....	(79.7)	.....	(79.7)	.....	(79.7)	.....	(41.0)	.....	(79.7)	.....
Roland [1]	.....	(52.3)	.....	0	.....	(52.3)	.....	(52.3)	.....	0	.....
Undistributed inflation reduction [1]	.....	0	.....	−3.0	.....	0	.....	0	.....	−3.0	.....
Items not in dispute	.....	517.5	.....	517.5	.....	517.5	.....	517.5	.....	517.5	.....
Total, Army missiles	.....	2,842.5	.....	2,210.2	.....	2,745.8	.....	2,469.1	.....	2,146.9	−63.3

[1] Change in Administration request.

Roland

The March budget request contained $477 million for Procurement of 795 missiles and related equipment. The October amendment deleted the entire request of $477.0 million.

The Senate bill authorized the $477.0 million originally requested. The House amendment authorized $360.3 million for procurement of 500 missiles and related equipment.

The conferees recommend an authorization of $50 million to provide funding for a restructured Roland program consisting of 27 fire units and 595 missiles and related items funded in prior years.

Patriot

The March budget request contained $820.8 million for procurement of 12 fire units and 364 missiles. The October amendment contained $720.8 million for procurement of 9 fire units and 294 missiles.

The Senate bill authorized $486.1 million for procurement of 6 fire units and 130 missiles. The House amendment authorized $795.8 million for procurement of 12 fire units and 364 missiles.

The conferees recommend an authorization of $670 million for procurement of 9 fire units and 244 missiles.

Stinger

The budget request contained $223.9 million for procurement of 2,554 stinger missiles. The Senate bill authorized the amount requested. The House amendment authorized $203.9 million for procurement of 2,544 missiles.

The Senate recedes.

Light air defense weapon

No authorization was requested for the light air defense weapon. The House amendment contained $75 million to begin procurement of an off-the-shelf system. The Senate bill contained no authorization for such a system.

The House recedes.

Laser hellfire

The budget request contained $128.4 million for procurement of 1,075 laser hellfire missiles. The Senate bill and the House amendment authorized the amount requested.

The conferees recommend a reduction of $15 million and 275 missiles for an authorization of $113.4 million for procurement of 800 missiles.

Modification of missiles

The budget request contained $440.8 million for modification of Army missiles. The Senate bill authorized the amount requested. The House amendment authorized $430.8 million applying an undistributed reduction of $10 million.

The conferees recommend authorization of $413.3 million including the undistributed reduction of $10 million and a reduction of $17.5 million in Dragon modifications.

Spares and repair parts

The March budget request contained $234.1 million for Army missile spares and repair parts, including $79.7 million for the Patriot missile and $52.3 million for the Roland missile. The October amendment requested $181.8 million—a reduction of $52.3 million associated with the Roland program.

The Senate bill authorized $195.4 million for Army missile spares and repair parts, including $41 million for Patriot and $52.3 million for Roland. The House amendment authorized the $234.1 million in the March budget request.

The conferees recommend authorization of the $181.8 million requested in the October amendment.

Undistributed inflation reduction

The March request contained no undistributed reductions. The October amendment applied a $3.0 million undistributed reduction to Army missiles anticipating a reduction in the inflation rate. Neither the Senate bill nor the House amendment contained an undistributed reduction.

The conferees recommend an undistributed reduction of $3 million.

MISSILES, NAVY, FISCAL YEAR 1982 NAVY MISSILES PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (Oct. 1981)		House		Senate		Conference		Amount change from Oct. 1981 request
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Tactical missiles:											
AGM–84A Harpoon [1]	340	282.7	240	232.7	240	212.5	340	282.7	240	232.7	.....
FLTSATCOM advance process (calendar year)	.....	0	.....	65.0	.....	65.0	.....	0	.....	65.0	.....
Undistributed inflation reduction	.....	0	.....	−3.0	.....	0	.....	0	.....	−3.0	.....
Programs not in dispute	.....	2,272.3	.....	2,272.3	.....	2,272.3	.....	2,272.3	.....	2,272.3	.....
Total, Navy missiles	.....	2,555.0	.....	2,567.0	.....	2,549.8	.....	2,555.0	.....	2,567.0	.....

[1] Change in administration request.

AGM–84A missile (Harpoon)

The March budget request contained $282.7 million to procure 340 Harpoon missiles. The October amended request contained $232.7 million to procure 240 missiles. The Senate bill authorized $282.7 million to procure 340 missiles. The House amendment contained $212.5 million to procure 240 missiles. The conferees recommend an authorization of $232.7 million to procure 240 Harpoon missiles.

The Senate recedes with an amendment.

Fleet Satellite Communication System (advance procurement)

The March request contained no authorization for advance procurement for additional Fleet Satellite Communication satellites. The October amended request contained $65.0 million for advance procurement for three additional satellites to ensure that near-term strategic and tactical communication needs can be met. The Senate bill contained no authorization for advance procurement to support the acquisition of additional satellites. The House amendment contained $65.0 million for this purpose. The conferees believe that steps

must be taken to minimize the possibility of shortfalls in critical command, control and communication capabilities and recommend the authorization of $65.0 million for advance procurement for the Fleet Satellite Communications program.

The Senate recedes.

Undistributed inflation reduction (Navy missiles)

The October amended request would apply a $3.0 million undistributed reduction to the Navy missile program, reflecting anticipated inflation rate reductions. The Senate bill and the House amendment did not apply undistributed reductions to the Navy missile program. The conferees recommend that the requested $3.0 million undistributed inflation reduction be applied to the Navy missile program.

MISSILES, AIR FORCE, FISCAL YEAR 1982 AIR FORCE MISSILES PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Change from September 1981 request, amount
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
Ballistic missiles:											
Strategic LGM-30: Minuteman II-III		34.3		34.3		78.9		92.0		34.3	
a. MK-12A reentry vehicle		(0)		(0)		(44.6)		(44.7)		(0)	
b. MM-II-III deployment		(0)		(0)		(0)		(13.0)		(0)	
Force modernization: [1]											
ICBM C-3 integration		56.1		54.4		56.1		56.1		54.4	
ALCS		(1.7)		(0)		(1.7)		(1.7)		(0)	
Other missiles: Strategic: Emergency rocket communication system		0		0		0		6.8		6.8	+6.8
Tactical: Rapier [1]		133.0		110.1		133.0		133.0		133.0	+22.9
Modification of missiles: [1]		139.7		74.7		94.7		148.7		82.8	+8.1
a. MK-12A reentry vehicle		(0)		(0)		(0)		(9.0)		(0)	
b. MM-III silos		(45.0)		(0)		(0)		(45.0)		(35.0)	(+35.0)
c. Titan		(26.8)		(6.8)		(26.8)		(26.8)		(2.4)	(−4.4)
d. Prior year authorization transfer to fiscal year 1982		(0)		(0)		(0)		(0)		(−22.5)	(−22.5)
Spares and repair parts: [1]		203.5		194.5		203.5		203.5		203.5	+9.0
Rapier spares		(9.0)		(0)		(9.0)		(9.0)		(9.0)	(+9.0)
Other support		2,474.4		2,124.4		2,409.8		2,474.4		2,059.8	−64.6
a. NAVSTAR GPS		(73.6)		(73.6)		(0)		(73.6)		0	(−73.6)
b. Special update program		(791.3)		(441.3)		(791.3)		(791.3)		(441.3)	
c. Hybrid circuit facility		(0)		(0)		(9.0)		(0)		(9.0)	(+9.0)
Undistributed inflation reduction		0		−5.0		0		0		−5.0	
Programs not in dispute		1,617.2		1,617.2		1,617.2		1,617.2		1,617.2	
Total, Air Force missiles		4,658.2		4,204.6		4,593.2		4,731.7		4,186.8	−17.8

[1] Change in administration request.

Minuteman II/III Intercontinental Ballistic Missile program

The budget request contained $34.3 million to complete the procurement of MK-12A reentry vehicles during fiscal year 1982. The Senate bill authorized $92.0 million for the Minuteman II/III program including $79.0 million for MK-12A reentry vehicle procurement and $13.0 million for the deployment of additional MK-12A systems. The House amendment authorized $78.9 million for MK-12A reentry vehicle procurement.

The conferees agreed to delete the amount of authorization that exceeds the President's request ($53.7 million in the Senate bill and $44.6 million in the House amendment) for maintaining, for the entire fiscal year, production of MK-12A reentry vehicles for Minuteman III and MX missiles. This action was taken without prejudice to the merits of the continuation of this production. The conferees believe the Department of Defense may, after further evaluation, decide that continuation of the MK-12A production is a cost effective means for providing upgraded Minuteman III capability and for meeting MX missile requirements in view of the Administration's new policy with respect to these strategic systems. The conferees recommend that the Air Force and the Department reevaluate their requirements, and if continued MK-12A production is viewed as prudent, the Department should submit a reprogramming request or a supplemental request to achieve this end.

The conferees recommend an authorization of $34.3 million for MK-12A procurement, as requested.

The Senate recedes with an amendment.

ICBM force modernization

The March budget request contained $56.1 million for ICBM force modernization, including $1.7 million associated with the air launched control system (ALCS). The October amended request included $54.4 million for ICBM force modernization and deleted the $1.7 million previously requested for the ALCS. The Senate bill and the House amendment authorized the $56.1 million originally requested. The conferees recommend the authorization of $54.4 million for ICBM force modernization, as requested in October.

Rapier short-range air defense system

The March budget request contained $133.0 million for procurement of the Rapier short-range air defense system. The October amended request contained $110.1 million for this purpose. The Senate bill and the House amendment authorized $133.0 million for Rapier procurement. The conferees recommend the authorization of $133.0 million for procurement of the Rapier system for fiscal year 1982.

Modification of missiles (Air Force)

The March budget request contained $139.7 million for the modification of Air Force missiles. This amount included $45.0 million for the Minuteman Extended Survivable Power (MESP) program and $26.8 million for modifications of Titan II missiles and launch facilities. The October amended request contained $74.7 million for missile modifications including no authorization for the MESP program and $6.8 million for the modification of Titan II missiles and launch facilities. The Senate bill authorized $148.7 million for Air Force missile modification including $9.0 million for MK-12A reentry vehicle modifications, $45.0 million for the MESP program and $26.8 million for Titan II modifications. The House amendment authorized $94.7 million for missile modifications including $26.8 million for Titan II modifications but no authorization was provided for MK-12A reentry vehicle modification or for the MESP program.

The October amended request shows that there is $22.5 million available in the Air Force missile modification account that is excess to current requirements. This amount can be used to offset the fiscal year 1982 requirement.

The conferees recommend the authorization of $82.8 million for the modification of Air Force missiles. This recommendation includes no authorization for MK-12A reentry vehicle modification, $35.0 million for the Minuteman Extended Survivable Power program and $2.4 million for Titan II safety modifications. In addition, the conferees recommend that the $22.5 million now available from prior year appropriations for missile modifications be used for this program during fiscal year 1982.

Missile spares and repair parts (Air Force)

The March request contained $203.5 million for missile spares and repair parts including $9.0 million for Rapier system spares. The October amended request contained $194.5 million and contained no request for Rapier system spares. The Senate bill and the House amendment authorized $203.5 million including $9.0 million for Rapier spares. The conferees recommended the authorization of $203.5 million for Air Force missile spares and repair parts including $9.0 million for Rapier spares.

Air Force missiles, other support

The March request contained $2,474.4 million for Air Force other missile support including $73.6 million for procurement for the NAVSTAR Global Positioning System and $791.3 million for the special update program. No authorization was included for the construction of a hybrid circuit facility at an Air Force plant located in Tuscon, Arizona. The October amended request contained $2,124.4 million for Air Force missiles, other missile support including $73.6 million for NAVSTAR procurement and

$441.3 million for the special update program. No authorization was requested for the construction of a hybrid circuit facility.

The Senate bill authorized the amount requested in the March budget request. The House amendment authorized $2,409.8 million. The House amendment included no authorization for NAVSTAR procurement, $791.3 million for the special update program and $9.0 million for the construction of a hybrid circuit facility.

The conferees recommended the authorization of $2,059.8 million for Air Force other missile support including no authorization for NAVSTAR procurement, $441.3 million for the special update program and $9.0 million for construction of a hybrid circuit facility.

The Senate recedes with an amendment.

Undistributed inflation reduction

The October budget amendment to apply a $5.0 million undistributed reduction to the Air Force missile program based on anticipated reductions in inflation rates. The Senate bill and the House amendment did not apply this reduction. The conferees recommend the application of the $5.0 million undistributed inflation reduction as requested.

NAVAL VESSELS

The President's March budget request contained $10,290.1 million for 33 naval vessels.

The Senate bill contained an authorization of $10,118.6 million for 35 naval vessels. The House amendment contained an authorization of $10,290.1 million for 34 naval vessels.

The President's October budget revision contained $8,475.3 million for 27 naval vessels.

The conferees agreed to an authorization totaling $8,795.9 million for 26 naval vessels. In addition, the conferees agreed to authorize the transfer of $102.4 million previously authorized and appropriated.

[Amounts in millions of dollars]

Description	Amended budget request		Revised budet (October)		Senate—S. 815 passed May 14, 1981		House—H.R. 3519 as passed July 16, 1981		Conference agreement	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Naval vessels:										
Trident (nuclear) submarine	1	(1,268.6)	0	(207.8)	0	(282.8)	0	(207.8)	0	(207.8)
Less: Advance proc (PY)		(−207.8)		(−207.8)		(−207.8)		(−207.8)		(−207.8)
Net		1,060.8		0		75.0		0		0
Trident (nuclear) submarine advance proc (CY)		230.7		330.7		265.7		330.7		330.7
SSN–688	2	(1,163.5)	2	(1,103.5)	2	(1,163.5)	3	(1,681.6)	2	(1,103.5)
Less: Advance proc (PY)		(−150.4)		(−150.4)		(−150.4)		(−150.4)		(−150.4)
Net		(1,013.1)		(953.1)		(1,013.1)		(1,531.2)		(953.1)
SSN–688 advance proc (CY)		(213.9)		(213.9)		(213.9)		(213.9)		(397.9)
Total, SSN–688		1,227.0		1,167.0		1,227.0		1,745.1		1,351.0
CG–47 Aegis cruiser advance proc (CY)		20.7		20.7		20.7		120.7		20.7
Battleship reactivation (New Jersey)	1	(247.0)	1	(326.0)	1	(326.0)	1	(247.0)	1	(326.0)
Less: Advance proc (PY)		(−89.0)		(−89.0)		(−89.0)		(−89.0)		(−89.0)
Net		158.0		237.0		237.0		158.0		237.0
CV reactivation (Oriskany)	1	(503.0)	0	0	0	0	1	(503.0)	0	0
Less: Advance proc (PY)		(−139.0)						(−139.0)		
Net		364.0		0		0		364.0		0
LSD–41 landing ship dock	0	0	0	0	1	(301.0)	1	(354.0)	1	(301.0)
LSD–41 long lead proc (CY)		(34.0)		(34.0)		(107.3)		(107.3)		0
Total, LSD–41		34.0		34.0		408.3		461.3		301.0
FFG guided missile frigate	3	971.9	2	747.9	6	1,671.9	3	971.9	3	971.9
LHA/LHDX amphibious ship advance proc		0		0		0		130.0		45.0
Fast logistics ship T–AKRX (conv)	8	668.4	8	668.4	8	668.4	8	465.1	2	184.0
By transfer		0		0		0		0		(44.4)
T–AH (conversion) advance proc (CY)		10.0		0		0		10.0		0
T–ALS auxiliary lighterage (barge) ship	1	54.0	1	54.0	1	54.0	1	54.0	0	0
Maritime prepositioning ship (T–AKX)	1	(248.0)	0	0	1	(248.0)	1	(248.0)	0	0
Less: Advance proc (PY)		(−53.0)		(−53.0)		(−53.0)		(−53.0)		(−53.0)
Net		195.0		0		195.0		195.0		0
Maritime prepositioning ship (T–AKX) RO/RO (conv)	2	197.0	0	0	2	197.0	2	197.0	4	139.0
By transfer		0		0		0		0		(58.0)
Landing craft		(133.7)		(157.9)		(133.7)		(133.7)		(157.9)
Less: Advance proc (PY)		(−35.1)		(−35.1)		(−35.1)		(−35.1)		(−35.1)
Net		98.6		122.8		98.6		98.6		122.8
Post Delivery		146.5		122.3		146.5		146.5		122.3
Cost growth and escalation on prior year programs		312.0		448.0		312.0		300.7	0	−448.0
Undistributed consultants services reduction		0		−7.0		0		0		−7.0
Undistributed inflation reduction		0		−12.0		0		0		−12.0
All Other Items	13	4,541.5	13	4,541.5	13	4,541.5	13	4,541.5	13	4,541.5
Total, Naval vessels	33	10,290.1	27	8,475.3	35	10,118.6	34	10,290.1	26	8,795.9
By transfer		0		0		0		0		(102.4)

Trident ballistic missile submarine

The President's March budget request contained $1,060.8 million for the tenth Trident submarine and $230.7 million for long lead components for the eleventh and twelfth Trident submarines.

The President's October budget request contained $330.7 million for long lead components of the tenth, eleventh and twelfth Trident submarines.

The Senate bill recommended authorization of $75 million for the tenth Trident submarine and $265.7 million for long lead components of the tenth, eleventh and twelfth Trident submarine.

The House amendment recommended authorization of $330.7 million for long lead components of the tenth, eleventh and twelfth Trident submarine.

The Senate recedes.

SSN–688 nuclear attack submarine

The President's March budget contained $1,013.1 million for the SSN–688 nuclear attack submarines and $213.9 million for long lead components of two SSN–688 submarines in fiscal year 1983 and one SSN–688 submarine in fiscal year 1984.

The President's October budget request contained $953.1 million for two SSN–688 nuclear attack submarines and $213.9 million for long lead components of two SSN–688 submarines in fiscal year 1983 and one SSN–688 submarines in fiscal year 1984.

The Senate bill recommended authorization as requested in the President's March budget.

The House amendment recommended authorization of $1,531.2 million for three

SSN-688 nuclear attack submarines and $213.9 million for long lead components.

The conferees agreed to an authorization of $953.1 million for two SSN-688 nuclear attack submarines and $397.9 million for long lead components of three SSN-688 submarines in fiscal year 1983 and three SSN-688 submarines in fiscal year 1984.

The House recedes with an amendment.

CG-47 aegis cruiser (advance procurement)

The President's budget request contained $20.7 million for advance procurement of components for the Aegis cruiser.

The Senate bill recommended authorization of $20.7 million for the Aegis cruiser.

The House amendment recommended authorization of $120.7 million for advance procurement of components for the Aegis cruiser.

The House recedes.

BB-62 U.S.S. New Jersey (reactivation)

The President's March budget request contained $158 million for reactivation of the *U.S.S. New Jersey* (BB-62).

The President's October budget request contained $237 million for reactivation of the *U.S.S. New Jersey.*

The Senate bill recommended authorization of $237 million.

The House amendment recommended authorizaton of $158 million.

The House recedes.

CV-34 U.S.S. Oriskany (reactivation)

The President's March budget request contained $364 million for reactivation of the aircraft carrier *U.S.S. Oriskany* (CV-34).

The President's October budget request did not include funds for reactivation of *U.S.S. Oriskany.*

The Senate bill did not recommend authorization for the reactivation of *U.S.S. Oriskany.*

The House amendment recommended authorization of $364 million for reactivation of the aircraft carrier *U.S.S. Oriskany.*

The House recedes.

LSD-41 landing ship dock

The President's budget request contained $34 million for advance procurement for a LSD-41 class ship.

The Senate bill recommended $107.3 million for advance procurement for two LSD-41 class ships and $301 million for the procurement of one LSD-41 class ship in fiscal year 1982.

The House amendment recommended $107.3 million for advance procurement for two LSD-41 class ships and $354 million for the procurement of one LSD-41 ship in fiscal year 1982.

The conferees agreed that $301 million be authorized for procurement of one LSD-41 class ship in fiscal year 1982 and that no funds be authorized for advance procurement of LSD-41 class ships.

The House recedes with an amendment.

FFG-7 guided missile frigate

The President's March budget request contained $971.9 million for procurement of three FFG-7 guided missile frigates.

The President's October budget request contained $747.9 million for procurement of two FFG-7 guided missile frigates.

The Senate bill recommended authorization of $1,671.9 million for the procurement of six FFG-7 guided missile frigates.

The House amendment recommended authorization of $971.9 million for procurement of three FFG-7 guided missile frigates.

The Senate recedes.

LHA amphibious helicopter assault ship (advance procurement)

The President's budget request contained no funds for advance procurement for an LHA amphibious helicopter assault ship.

The Senate bill did not recommend authorization of advance procurement funds for an LHA amphibious helicopter assault ship.

The House amendment recommended authorization of $130 million for an LHA.

The conferees agreed to authorization of $45 million advance procurement for an air capable amphibious assault ship (LHA/LHDX).

The Senate recedes with an amendment.

T-AKRX fast logistic ship (acquisition and conversion)

The President's budget request contained $668.4 million for acquisition of two SL-7 container ships and conversion of eight SL-7 container ships to T-AKRX fast logistic ships.

The Senate bill recommended authorization as requested in the President's budget request.

The House amendment recommended authorization of $465.1 million for conversion of eight SL-7 container ships to T-AKRX fast logistic ships.

The conferees agreed to authorization of $184 million for acquisition and conversion of two SL-7 container ships. The conferees also agreed to authorize the transfer of $44.4 million authorized and appropriated in fiscal year 1981 for the SL-7 program, but not used, for the acquisition and conversion of two SL-7 container ships.

T-AH hospital ship (conversion)

The President's March budget request contained $10 million for advance procurement of components for the conversion of the *U.S.S. United States* to a hospital ship.

The President's October budget request contained no funds for conversion of the *U.S.S. United States* to a hospital ship.

The Senate bill did not recommend authorization of funds for conversion of the *U.S.S. United States* to a hospital ship.

The House amendment recommended authorization of $10 million for advance procurement of components for conversion of the *U.S.S. United States* to a hospital ship.

The House recedes.

T-ALS auxiliary lighterage (barge) ship (acquisition)

The President's budget request contained $54 million for acquisition of one T-ALS auxiliary lighterage (barge) ship.

The Senate bill and the House amendment recommended authorization of $54 million as requested in the President's budget.

The conferees agreed to recommend without prejudice, no authorization for the T-ALS ship.

T-AKX maritime prepositioning ship

The President's March budget request contained $195 million for the construction of a maritime prepositioning ship.

The President's October budget request did not include funds for the construction of a maritime prepositioning ship.

The Senate bill recommended authorization of $195 million for construction of a maritime prepositioning ship.

The House amendment recommended authorization of $195 million for construction of a maritime prepositioning ship.

The conferees agreed that no funds be authorized for the construction of a maritime prepositioning ship.

T-AKX maritime prepositioning ship (acquisition and conversion)

The President's March budget request contained $197 million for the acquisition of two roll-on/roll-off (RO/RO) ships and the conversion to T-AKX maritime prepositioning ships.

The President's October budget request did not contain funds for this program.

The Senate bill and the House amendment recommended authorization of $197 million for the acquisition of two RO/RO ships and conversion to T-AKX maritime prepositioning ships.

The conferees agreed to authorization of $139 million for acquisition of four ships and the conversion of these ships to T-AKX maritime prepositioning ships. The conferees also agreed to authorize the transfer of $58 million authorized and appropriated in fiscal year 1981 for the T-AKX program, but not used, for the acquisition and conversion of these ships.

Landing craft

The President's March budget request contained $98.6 million for landing craft.

The President's October budget revision contained $122.8 million.

The Senate bill and the House amendment recommended authorization of $98.6 million for landing craft.

The conferees agreed to authorization of $122.8 million.

Post delivery

The President's March budget request contained $146.5 million for post delivery costs.

The President's October budget request contained $122.3 million for post delivery costs.

The Senate bill and the House amendment recommended authorization of $146.5 million for post delivery costs.

The conferees agreed to authorize $122.3 million for post delivery costs.

Cost growth and escalation in prior program years

The President's March budget request contained $312 million for cost growth and escalation in prior year programs.

The President's October budget request contained $448 million for cost growth and escalation in prior year programs.

The Senate bill recommended authorization of $312 million.

The House amendment recommended authorization of $300.7 million.

The conferees agreed to authorization of $448 million for cost growth and escalation in prior year programs.

Undistributed inflation reduction

The President's October budget request contains an undistributed reduction of $12 million anticipating lower than projected increases in price levels (inflation).

The President's March budget request did not contain a similar reduction.

The Senate bill and the House amendment did not recommend such reduction.

The conferees agreed to an undistributed reduction of $12 million anticipating lower than projected increases in price levels.

Undistributed consultants services reduction

The President's October budget request contained an undistributed reduction of $7 million recognizing reduced contracting out for consultants, studies and analyses.

The President's March budget request contained no similar undistributed reduction.

The Senate bill and the House amendment did not recommend an undistributed reduction for consultants, studies and analyses.

The conferees agreed to an undistributed reduction of $7 million recognizing reduced contracting out for consultants, studies and analyses.

Tracked Combat Vehicles, Army

FISCAL YEAR 1982 ARMY TRACKED COMBAT VEHICLES PROCUREMENT REQUEST

[Dollars in millions]

Item	Revised fiscal year 1982 request (March 1981)		Revised fiscal year 1982 request (October 1981)		House		Senate		Conference		Amount changed from October 1981 request
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	
M2, M3 (Fighting Vehicle System)	600	$809.8	600	$809.8	600	$800.0	600	$859.8	600	$800.0	$−9.8
M88A1 [1] (Recovery Veh.)	180	153.0	172	148.0	180	153.0	180	153.0	150	123.7	−24.3
M1 tank [1]	720	(1,759.9)	665	(1,483.9)	720	(1,739.9)	720	(1,759.9)	720	1,559.9	
Less adv. Proc. (PY)		(−135.9)		(−135.9)		(−139.9)		(−135.9)		(−135.9)	
Net		1,624.0		1,348.0		1,604.0		1,624.0		1,424.0	+76.0
Field Artillery Ammo. Support Veh. Adv. Proc. (CY)		4.0		4.0		4.0		4.0		0	−4.0
Support Equipment		371.6		371.6		383.6		371.6		383.6	+12.0
Night Vision Detector Facilities		(0)		(0)		(12.0)		0		(12.0)	(+12.0)
Undistributed Inflation Reduction [1]		0		−5.0		0		0		−5.0	
Items not in Dispute		524.9		524.9		524.9		524.9		524.9	
Total, Army Tracked Combat Vehicles		3,487.3		3,201.3		3,469.5		3,537.3		3,251.2	+49.9

[1] Change in administration request.

M2,M3 fighting vehicle system

The budget request contained $809.8 million for procurement of 600 vehicles. The Senate bill authorized $859.8 million, including $809.8 million for procurement of 600 vehicles and $50 million to provide a second source for production of fighting vehicles. The House amendment authorized $800 million for procurement of 600 vehicles.

The Senate recedes.

M88A1 recovery vehicle

The March budget request contained $153 million for procurement of 180 M88A1's. The October amendment contained $148 million for procurement of 172 vehicles. Both the Senate bill and the House amendment authorized the amount contained in the March budget request.

The conferees recommend authorization of $123.7 million for procurement of 150 vehicles, a reduction of $24.3 million and 22 vehicles from the October request.

M1 tank

The March budget request contained $1,624.0 million for procurement of 720 M1 tanks. The October amendment contained $1,348.0 million for procurement of 665 tanks. The Senate bill authorized $1,624.0 million for procurement of 720 tanks. The House amendment authorized $1,604.0 million for procurement of 720 tanks.

The conferees recommend authorization of $1,424.0 million, an increase of $76.0 million over the October amendment, to restore the procurement rate to 720 tanks. The conferees determined that the 720 tanks could be procured despite the $200 million reduction from the original request because of the savings identified in fiscal year 1981 contract negotiations.

Field artillery ammunition support vehicle (FAASV)

The budget request contained $4.0 million for advance procurement for the FAASV. The Senate bill and the House amendment authorized the amount requested.

The conferees recommend that the $4 million requested be deleted.

Support equipment

The budget request contained $371.6 million for support equipment for Army tracked combat vehicles. The Senate bill authorized the amount requested. The House amendment authorized $383.6 million, including an increase of $12 million to expand production facilities for mercury-cadmium-telluride infra-red detectors.

The Senate recedes.

Undistributed inflation reduction

The March request contained no undistributed reductions. The October amendment applied a $5.0 million undistributed reduction to the Army tracked combat vehicles anticipating a reduction in the inflation rate. Neither the Senate bill nor the House amendment contained an undistributed reduction.

The conferees recommend an undistributed reduction of $5.0 million.

ARMY NATIONAL GUARD EQUIPMENT

No authorization was requested for Army National Guard equipment. The Senate bill authorized $50 million for unspecified items of equipment. The House amendment contained no authorization for Army National Guard equipment.

The conferees agreed that the leadership of the Army National Guard should allocate the $50 million to the programs which best meet the needs and priorities of the Army Guard. The conferees have been informed by the Army National Guard that they would use the funds to procure the following items: $18.0 million for 38 armored vehicle launched bridge kits; $20.7 million for 36 M-109 155mm self-propelled howitzers; $4.4 million for 27 M-577A2 command post vehicles; and $6.9 million for 42 M-125A2 mortar carriers.

The House recedes with an amendment.

OTHER PROVISIONS

Sealift funds

The Senate bill, section 103, would authorize the use of $53 million of fiscal year 1981 procurement funds for advance procurement of items for the T-AKX, maritime prepositioning ships and would prohibit use of fiscal year 1981 funds for any modification of T-AKRX, fast logistics ships that did not include roll-on, roll-off capability.

The House amendment contained no similar provision.

The Senate recedes.

Prohibition of construction of naval vessels in foreign shipyards

The House amendment, section 104, would prohibit use of funds authorized for procurement of naval vessels for construction or conversion of U.S. naval vessels in foreign shipyards.

The Senate bill contained no similar provision.

The House recedes.

Restriction on expenditure of M1 tank procurement funds

Section 104 of the Senate bill would have restricted expenditure of $577.2 million authorized for the M1 tank program until the Secretary of Defense provided written certification to the Armed Services Committees of the Senate and House of Representatives that (1) durability performance results of RAM-D testing programs do not present an unacceptable risk in terms of satisfying Army operational requirements and (2) the test results support procurement of more than 569 tanks. The House amendment contained no similar restriction.

The conferees agreed not to include the restriction in the bill. However, the Senate conferees expressed their continuing concern over the durability of the power train of the M1 tank.

The Senate recedes.

Fighting vehicle second source

Section 105 of the Senate bill would have provided that $50 million of the total funding authorized for the Fighting Vehicle Systems could be used only for the purpose of providing a second source for the Fighting Vehicle Systems and restricted second source producer eligibility to business entities in which the prime contractor has no ownership interest. The House amendment contained no similar restriction on Fighting Vehicle Systems authorization.

The conferees note that the Army has awarded contracts to study the feasibility of a second source in the Fighting Vehicle Systems program and expects the results of this analysis to be forwarded to the Committees on Armed Services of the Senate and House of Representatives not later than June 30, 1982.

The Senate recedes.

Responsibility for management and direction of the light armored vehicle (LAV) program

Section 106 of the Senate bill would have provided that $36.2 million of the total funds authorized for procurement of tracked combat vehicles would be available only for procurement of Light Armored Vehicles for the Marine Corps and further would have designated the Secretary of the Navy to be responsible for management and direction of the program for procurement of such vehicles. The House amendment contained no similar provision.

The Senate recedes.

TITLE II—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

GENERAL

The Department of Defense March budget submission requested a total authorization of $21,324,071,000 for the fiscal year 1982 Research, Development, Test and Evaluation (RDT&E) appropriations. The October revised budget request resulted in a downward adjustment in the RDT&E request to a total of $20,322,471,000. The following table summarizes the Senate and House modifications to the request:

R.D.T. & E. SUMMARY

[In thousands of dollars]

	Budget request March 1981	Revised budget request October 1981	House	Senate	Conference
Army	3,905,200	3,768,500	3,741,470	3,910,500	3,746,299
Navy [1]	6,086,371	5,888,571	5,699,531	6,136,401	6,072,167
Air Force	9,398,100	8,823,400	8,833,700	9,158,100	8,686,800
Defense Agencies	1,881,400	1,789,000	1,861,797	1,901,650	1,846,847
Director, Test and Evaluation	53,000	53,000	53,000	53,000	53,000
Total, R.D.T. & E.	21,324,071	20,322,471	20,189,498	21,159,651	20,405,113

[1] Includes $3,083,000 in special foreign currency.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION

ARMY—FISCAL YEAR 1982

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
101	Small Caliber and fire control technology	9,316	9,316	14,316	+5,000	11,500
102	Environmental quality technology	8,681	8,681	7,500	−1,181	7,500
103	RPV supporting technology	2,836	2,836	0	−2,836	0
104	NOE aviation and navigation equipment	6,292	6,292	2,348	−3,944	2,348
105	Demilitarization concepts	11,921	11,921	0	−11,921	9,500
106	Adv. rocket control systems	15,000	15,000	0	−15,000	0
107	Infantry manportable antiarmor weapon system	23,106	23,106	0	−23,106	0
108	Stinger	16,171	16,171	7,000	−9,171	16,171
109	Roland	4,000	4,000	0	−4,000	0
110	EUCOM C systems	18,028	18,028	4,000	−13,950	4,069
111	Joint service small arms program	3,529	3,529	3,529	+5,000	5,500
112	DIVAD command and control	13,134	13,134	0	−13,134	9,200
113	Joint tactical fusion program	53,547	53,547	45,547	−8,000	33,047
114	Standoff target acquisition system	69,776	69,776	5,000	−64,776	0
115	NAVSTAR Global Positioning System	21,002	21,002	0	−21,002	0
116	Field artillery cannon system	2,037	2,037	10,527	+8,500	2,037
117	Electric power modernization	0	500	0	−500	500
118	SATCOM ground environment	36,438	41,638	36,438	−5,200	41,638
	a. Multimission SATCOM	(15,313)	(16,513)	(15,313)	(−1,200)	(16,513)
	b. SATCOM ground environment	(21,125)	(25,125)	(21,125)	(−4,000)	(25,125)
119	Advanced multipurpose armored systems (light armored vehicle—mobile protected gun)	20,305	3,005	20,305	+17,300	8,000
120	Terminally guided projectile	0	0	17,000	+17,000	2,000
121	Survivable optical forward acquisition system	0	31,200	0	−31,200	0
122	Kwajalein Missile Range	140,965	139,965	140,965	+1,000	140,985
123	Tactical automation	22,006	19,006	22,006	+3,000	21,000
124	Synthetic flight simulation	7,773	3,973	7,773	+3,800	6,000
125	Defense research sciences	172,311	166,311	172,311	+6,000	166,000
126	Classified program	32,993	32,993	25,793	−7,200	25,793
127	Ballistic Missile Defense Systems Technology	301,685	301,685	301,685	.....	336,685
128	Battlefield Data System	0	0	0	.....	5,000
	Programs not in dispute	2,891,826	2,891,826	2,891,826	.....	2,891,826
	Total, Army RDT&E	3,905,200	3,910,500	3,741,470	−169,030	3,746,299

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION

NAVY—FISCAL YEAR 1982

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
201	Aircraft technology	30,198	30,198	25,000	−1,5198	25,000
202	Strike warfare weaponry technology	31,283	31,283	20,000	−11,283	21,283
203	Major surface combatants	121,000	101,000	0	−101,000	101,000
204	Directed energy technology	11,993	11,993	3,300	−8,693	8,000
205	Advanced aircraft subsystems	5,201	5,201	0	−5,201	4,500
206	Advanced nonnuclear engine (electric drive)	550	5,550	0	−5,550	0
207	High horsepower engine (Marine Corps)	0	9,460	9,500	+40	9,700
208	Advanced electronic components	1,992	1,992	0	−1,992	0
209	Trident II missile system	239,542	239,542	145,000	−94,542	239,542
210	F–14A squads	11,976	11,976	21,976	+10,000	17,000

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION—Continued

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
211	AMRAAM OUE	2,396	2,396	0	−2,396	0
212	Undergraduate jet flight training system	12,409	12,409	0	−12,409	5,000
213	Tac air IR countermeasures	4,831	4,831	0	−4,831	4,831
214	V/STOL aircraft development	14,960	14,960	0	−14,960	0
215	Air to ground weapons (IR Maverick)	19,684	−16	12,000	+12,016	8,600
216	Medium range air-to-surface missile	38,111	19,011	0	−19,011	19,000
217	Shipboard damage control	18,739	18,739	24,739	+6,000	18,739
218	Radar surveillance equipment	2,097	2,097	0	−2,097	0
219	Retract Amber	12,960	12,960	47,960	+35,000	17,960
220	Amphibious assault craft	7,340	7,340	10,840	+3,500	7,340
221	Attack submarine development	19,468	5,697	10,000	+4,303	5,697
222	Mine development (advanced)	21,484	21,484	27,284	+5,800	23,000
223	Special test systems	20,000	20,000	0	−20,000	0
224	Avionics development	15,044	15,044	8,000	−7,044	13,000
225	Ship system engineering std. (SEAMOD)	1,999	9,999	12,000	+2,001	10,000
226	(Medium Lift Helo) (V/HXM)	5,229	5,229	1,000	−4,229	5,229
227	Navy air combat fighter (F/A–18)	173,312	224,812	151,363	−73,449	190,000
228	Aircraft engine component improvement program	89,455	89,455	75,000	−14,455	84,455
229	Surface-launched weaponry system technology	57,386	57,386	70,386	+13,000	60,386
230	Ship development (engineering)	89,497	55,135	77,932	+22,797	70,000
231	Ship development (advanced)	20,642	44,601	0	−40,601	11,000
232	Fire control systems (electro-optics)	7,203	7,203	17,800	+10,597	24,000
233	Prototype carrier operational test site	4,997	4,997	0	−4,997	0
234	Navigation satellite	16,841	16,841	0	−16,841	0
235	NAVSTAR GPS user equipment	34,362	34,362	0	−34,362	0
236	ELF communications	34,874	34,874	5,000	−29,874	34,874
237	Aircraft propulsion evaluation	2,865	2,865	0	−2,865	2,000
238	Studies and analyses support (Navy)	7,893	7,893	9,893	+2,000	7,893
239	RDT&E instrumentation & material support	41,579	41,579	45,579	+4,000	45,579
240	Survivable, enduring communications (Gryphon)	22,260	25,760	22,260	−3,500	25,760
241	Airborne anti-subwarfare system (ARAPAHO)	2,895	5,895	2,895	−3,000	5,895
242	Advanced weapons concept (weaponizing prototype)	0	2,044	0	−2,044	1,000
243	I²R Harpoon	0	38,000	0	−38,000	0
244	Diesel electric submarine design	0	5,000	0	−5,000	2,500
245	Battle group AAW coordination (area air defense)	34,446	45,046	34,446	−10,600	45,046
246	Satellite communications (multi-mission SATCOM–EHF)	12,386	36,886	12,386	−24,500	36,886
247	Medical support for amphibious assaults	0	1,000	0	−1,000	0
248	Antiship torpedo defense	0	0	3,000	+3,000	500
249	Special warfare craft	0	0	2,000	+2,000	2,000
250	Surface effects ship	0	0	46,000	+46,000	5,000
251	Major caliber lightweight gun	0	0	22,000	+22,000	0
252	Gas turbine fuel efficiency improvement	0	0	7,000	+7,000	7,000
253	Aerial target system development	61,989	56,989	61,989	+5,000	60,000
254	Aviation support (attack air wings)	10,983	8,983	10,983	+2,000	10,983
255	Undistributed reduction (defensewide mission support)	0	−23,000	0	+23,000	0
256	Undistributed reduction	0	−19,000	−35,000	−16,000	0
257	Classified intelligence program	[Deleted]	+8,400	0	−8,400	+6,400
258	Classified program	24,265	24,265	10,265	−14,000	14,265
259	AV–8B+		10,000	0	−10,000	5,000
260	Tilt Fan V/STOL Technology					10,000
261	Essex Class (CV–27C) Carrier Evaluation					8,800
262	New Class Aircraft Carrier Design					10,000
263	NAVSTAR					34,000
264	LHDX					15,000
265	Chemical Warfare weapons (Bigeye bomb)	3,731	3,731	3,731		7,500
	Programs not in dispute	4,662,024	4,664,024	4,664,024		4,664,024
	Total, Navy R&D [1]	6,086,371	6,136,401	5,699,531	−436,870	6,072,167

[1] Includes $3,038 in special foreign currency.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION

AIR FORCE—FISCAL YEAR 1982

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
301	Hyper-velocity missile program	8,100	8,100	15,000	+6,900	11,000
302	Advanced ballistic reentry system	49,000	49,000	100,000	+51,000	125,000
303	Counter SUAWACS technology	10,400	10,400	0	−10,400	0
304	Advanced technology cruise missile	30,100	30,100	0	−30,100	30,100
305	B–52 CTA	21,100	11,100	3,000	−8,100	0
306	B–52 squads (EMP Hardening)	141,000	124,500	91,000	−33,500	96,000
307	Minuteman squadrons	33,000	33,000	38,500	+5,500	38,500
308	Advanced tactical fighter	10,100	10,100	0	−10,100	0
309	Combat aircraft prototype	22,100	22,100	0	−22,100	0
310	EF–111A	14,200	14,200	5,000	−9,200	9,200
311	C–X	245,700	1,000	20,000	+19,000	0
312	Night precision attack	87,600	87,600	60,200	−27,400	87,600
313	Joint tactical fusion program	9,800	9,800	6,800	−3,000	9,800
314	Chem/bio defense equipment	8,800	8,800	16,800	+8,000	12,800
115	Low altitude airfield attack system (JP–233)	60,000	60,000	0	−60,000	0
316	Defense Research Sciences	139,500	137,500	139,500	+2,000	139,500
317	Low-level laser-guided bomb	8,300	8,300	10,300	+2,000	10,000
318	PAVE MOVER	5,200	5,200	6,200	+1,000	5,700
319	Medium-range air-to-surface missile (Adv Conventional Standoff Missile)	49,100	49,100	79,100	+30,000	49,100
320	Reconnaissance equipment	13,000	13,000	11,400	−1,600	11,400
321	Protective Systems	108,900	108,900	93,900	−15,000	108,900
322	F–16 squads	42,200	42,200	18,000	−24,200	57,500
323	Simulator Validation	1,400	1,400	0	−1,400	0
324	NAVSTAR GPS user equipment	166,100	166,100	0	−166,100	166,000

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION—Continued

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
325	Development planning	3,200	2,200	0	−2,200	0
326	Advanced aerial target development	12,300	12,300	16,800	+4,500	12,300
327	Advanced warning systems	12,400	10,000	12,400	+2,400	10,000
328	SLBM radar warning system	0	3,800	0	−3,800	3,800
329	EMP Hardening—Critical Facilities	0	200	0	−200	200
330	PACCS (EMP Hardening)	9,400	11,400	9,400	−2,000	11,400
331	AF SATCOM System (EHF)	50,100	87,100	50,100	−37,000	82,100
332	MEECN (VLF/LF Imp.)	45,600	51,200	45,600	−5,600	51,200
333	Close air support weapon system (IR Maverick)	14,600	31,600	14,600	−17,000	25,000
334	Air-to-ground enhancements (F–15)	57,100	29,800	57,100	+27,300	29,800
335	Flight simulator development	26,500	16,900	26,500	+9,600	16,900
336	Utah Test and Training Range	11,800	1,800	11,800	+10,000	1,800
337	Space-based laser weapons	0	30,000	0	−30,000	0
338	Aircraft engine component improvement program	128,300	124,100	128,300	+4,200	125,000
339	Space surveillance technology	28,800	23,800	28,800	+5,000	23,800
340	Management HQ (Res/Dev)	22,900	20,900	22,900	+2,000	22,900
341	Acquisition and command support	259,400	248,400	259,400	+11,000	253,000
342	DOD common program long advance development	7,000	5,000	7,000	+2,000	7,000
343	Undistributed reduction (Defensewide mission support)	0	−23,000	0	+23,000	0
344	Classified programs	875,233	910,433	879,633	−30,800	941,833
345	Future fighter mission analysis					5,000
346	Airlift enhancements					15,000
347	M–X	2,423,200	2,423,200	2,423,200		1,875,200
348	Classified program					80,000
	Programs not in dispute	4,125,467	4,125,467	4,125,467		4,125,467
	Total, Air Force R&D	9,398,100	9,158,100	8,833,700	−324,400	8,686,800

RESEARCH, DEVELOPMENT, TEST AND EVALUATION SUMMARY OF CONFERENCE ACTION

DEFENSE AGENCIES—FISCAL YEAR 1982

[In thousands of dollars]

	Item number and description	Budget request March 1981	Senate—S. 815 as passed May 14, 1981	House—S. 815 (H.R. 3519) as passed July 16, 1981	Change from Senate	Conference action
401	Defense Map Agency	25,907	25,907	26,907	+1,000	26,907
402	OSD and OASDS	28,103	27,103	20,000	−7,103	20,000
403	Strategic Tech (DARPA)	151,431	183,431	171,931	−11,500	177,431
	a. Radius white	(9,920)	(9,920)	(28,420)	(+18,500)	(28,420)
	b. Teal Rain	(14,000)	(14,000)	(15,500)	(+1,500)	(15,500)
	c. Teal Dawn	(9,500)	(9,500)	(0)	(−9,500)	(9,500)
	d. Laser communication	(20,200)	(40,200)	(30,200)	(−10,000)	(30,200)
	e. Carbon-carbon mat	(0)	(2,000)	(0)	(−2,000)	(1,000)
	f. Space-based laser weapon	(59,200)	(79,200)	(59,200)	(−20,000)	(64,200)
	g. Strategic Tech (general)	(38,611)	(28,611)	(38,611)	(+10,000)	(28,611)
404	Materials Processing Tech (DARPA)	13,500	10,500	13,500	+3,000	13,500
405	Exper. Eval./Maj. Innov. Tech. (DARPA)	279,640	271,640	279,640	+8,000	271,640
406	National Security Agency	[deleted]	0	−8,000	−8,000	−8,000
407	Defense reconnaissance support activities	do	0	−25,000	−25,000	−26,000
408	Defense Communication Agency (long haul communications)	19,550	19,700	19,500	−150	19,700
409	Defense Nuclear Agency	[deleted]	−3,000	0	+3,000	−14,000
	Classified intelligence program	do	+3,100	0	−3,100	+2,400
	Programs not in dispute	1,416,269	1,416,269	1,416,269		1,416,269
	Total [1] Defense Agencies R. & D	1,934,400	1,954,650	1,914,797	−39,853	1,899,847

[1] Includes $53,000 for Director, Test and Evaluation.

As shown, the conferees agreed on a total authorization for RDT&E of $20,405,113,000. The details of the differences between the Senate bill and the House amendment and the positions adopted by the conferees are reflected in the following tables. It should be noted that the March budget submission is used as the request in the "Budget Request" column of these tables. The conferees agreed that with the exception of those programs specifically identified in the tables, all other programs would be approved at the authorization levels requested in the March budget submission.

ADVANCED AIRCRAFT SUBSYSTEMS

The Department of Defense requested authorization of $5.201 million for the Navy Advanced Aircraft Subsystems program.

The Senate bill authorized the full request; the House amendment denied authorization for this program.

The conferees agreed to an authorization of $4.5 million with the understanding that $1 million of this authorization is only for the development of a tri-service helicopter escape system.

ADVANCED BALLISTIC RE-ENTRY SYSTEM (ABRES)

The Department of Defense requested $49 million for the Air Force Advanced Ballistic Re-Entry System program.

The Senate bill authorized the entire request. The House amendment provided additional authorization for $51 million to maintain a stable level of effort in the ABRES program in view of the Soviet advances in strategic technology.

The conferees agreed to an authorization of $125 million consistent with the Defense Science Board Summer Study recommendation that this program serve as the development activity for concepts to ensure intercontinental ballistic missile survivability through synergism between offensive and defensive systems. Accordingly, the conferees agreed to additional authorization to continue deceptive basing efforts for land-based missiles and radars. Of the $125 million authorized, therefore, not less than $25 million shall be available for the support of such deceptive basing efforts.

ADVANCED CRUISE MISSILE TECHNOLOGY

The Air Force requested $30.1 million for the Advanced Cruise Missile Technology (ACMT) program. The Senate bill authorized the full amount requested for the ACMT program; the House amendment deleted the entire request.

The ACMT program is structured to investigate advanced concepts in cruise missile propulsion, avionics and airframe design. The conferees agreed to provide $30.1 million for this program with the understanding that none of these funds are to be used to initiate the Teal Dawn program. The conferees further agreed that high priority should be given to the development of an improved cruise missile engine with high thrust and improved fuel consumption characteristics. Accordingly, the conferees agreed that of the $30.1 million, $17.5 million should be used to continue the develop-

ment of an advanced cruise missile propulsion system. This funding is to be used only to support engineering development of the F107-14A6 engine with the objective of initiating production of that engine by mid-1984. All other ongoing ACMT engine developments should be terminated with the understanding that a second source will be qualified for production of the F107-14A6 engine.

The conferees believe that maximum benefit should be realized from development of the F107-14A6 engine and, therefore, request that the Air Force and Navy evaluate the operational benefits to be gained from incorporating this engine in the air, ground and sea launched versions of the cruise missile family.

The House recedes with an amendment.

AIR FORCE TACTICAL INITIATIVES

The Department of Defense requested authorization for several proposed Air Force initiatives directed toward improving the capabilities of our tactical fighter aircraft. Included in these initiatives were the F-16 squadrons Multi-Stage Improvement Program (MSIP), F-16E, F-15E Air to Ground Enhancements, Combat Aircraft Prototype and the Advanced Tactical Fighter.

The Department of Defense requested $42.2 million for the F-16 MSIP. This program would provide for evolutionary improvements to the F-16 that would substantially enhance the aircraft's capabilities. The Senate bill authorized the full request. The House amendment reduced the request by $24.2 million.

The conferees agreed to authorize the full MSIP requirement and approved an additional $15.3 million to be applied to the flight demonstration of the F-16E. It is the understanding of the conferees that $7 million would be required to fund the F-16E flight demonstration scheduled for the summer of 1982. The conferees believe that the higher projected gross weight of the F-16E (48,000 pounds) may require an engine with greater thrust than is currently available in the F-16. Therefore, an additional $8.3 million is provided to support a flight test evaluation of the F-16E using competitive, derivative engines.

The conferees deleted the Department's request for $27.3 million to begin development of the F-15E, the interdiction version of the F-15. This decision does not foreclose consideration of the F-15E. However, it does reflect congressional opposition to the enhancement of the F-15 in the air-to-ground role prior to receiving a comprehensive explanation of the Air Force's plan to meet its air-to-ground requirements.

The conferees also denied authorization for the combat aircraft prototype program and the advanced tactical fighter program. It was agreed that derivatives of existing fighters (e.g. F-16 and F-15) would extend our fighter capability well into the 1990's. Following a course of evolutionary improvements should provide the greatest capability at the most reasonable cost.

However, the conferees fully realize the need to maintain a viable research and development effort to insure that the capabilities of our forces are not overtaken by revolutionary improvements in the capabilities of our potential adversaries. This risk is particularly great in the development of fighter aircraft because a minimum of about 10 years is required to field a new fighter. Therefore, to insure that research is undertaking in this area, the conferees agreed to authorize $5 million for a new program entitled Future Fighter Mission Analysis. Under this program the Air Force may begin to identify the future threat and the requirements for its next generation fighter aircrafts.

AVIONICS DEVELOPMENT

The Department of Defense requested $15.044 million for the Navy's Avionics Development program of which $7.044 million was intended for the product improvement of the AYK-14 computer and the qualification of a second source for computer production.

The Senate bill provided full authorization for the program; the House amendment denied funds for AYK-14 product improvement and second source qualification.

The House action resulted from concern over the Navy plan to place responsibility for the establishment of the second source under the direction of the prime contractor. Further, it was the judgment of the House that product improvement of the AYK-14 should not be initiated until a second source has been selected.

The conferees agreed to provide authorization of $13 million predicated upon the following:

The Office of the Secretary of Defense advises the Committees on Armed Services of the Senate and House of Representatives that a cost and performance comparison of the AYK-14 and the Air Force standard military computer has been completed and that a requirement exists to procure both systems.

If the requirement for discrete systems can be demonstrated, the Navy, with the assistance of the prime contractor, shall select and qualify a second source for AYK-14 production.

Product improvement of the AYK-14 be deferred until a second source has been selected and the Navy advises the Committees on Armed Services of the Senate and House of Representatives in writing that both the prime contractor and second source will be capable of incorporating enhanced capability into the baseline and product improved computers.

BALLISTIC MISSILE DEFENSE/SOFAS

The March 1981 budget request sought authorizations of $126.8 million for the Ballistic Missile Defense (BMD) Advanced Technology program, $301.7 million for the BMD Systems Technology program and $140.9 million for support of the Kwajalein Missile Range. The Senate reduced the request for the Kwajalein Missile Range by $1 million and initiated the Survivable Optical Forward Acquisition System (SOFAS) with an addition of $31.2 million. The House amendment approved the March request for the overall Ballistic Missile Defense program. The October revised budget request recommended an additional $52 million for the BMD Systems Technology program.

The conferees agreed to the request of $140.9 million for the Kwajalein Missile Range and $126.8 million for the BMD Advanced Technology program and agreed to provide an additional $35 million to the BMD Systems Technology program resulting in a total authorization of $336.685 million for this program. The Senate reluctantly recedes on SOFAS. The Congress has requested a report that will address the Administration's recommendations on BMD technology, including an assessment of both endoatmospheric and exoatmospheric intercept systems, and the use of related technologies for non-BMD missions such as those that could be performed by the Survivable Optical Forward Acquisition System. The conferees believe that after receipt of this report the Congress will be better able to assess the desirability of reallocating and enhancing investments in BMD and BMD-derived technologies and the impact on the BMD mission of the President's decision to cancel Multiple Protective Structure basing for the MX missile.

BATTLE GROUP ANTI-AIR WARFARE COORDINATION (AREA AIR DEFENSE)

The President's March budget request contained $34.446 million for area air defense.

The Senate bill recommended authorization of $45.046 million, adding $10.6 million for battle group AAW coordination.

The House amendment recommended authorization as requested in the President's March budget.

In view of the importance of correcting problems in the fleet surrounding the poor correlation of targets between ships and improving battle management by permitting electronic response between AEGIS and non-AEGIS ships, the conferees agreed to an authorization of $45.046 million.

The House recedes.

CHEMICAL BIOLOGICAL DEFENSE EQUIPMENT

The Department of Defense requested $8.8 million for the Air Force Chemical Biological Defense Equipment program.

The Senate bill authorized the full request; the House amendment provided additional authorization of $8 million resulting in a total authorization of $16.8 million.

The conferees recognize the severity of the Soviet chemical warfare offensive threat and, accordingly, agreed to authorization of $12.8 million. The conferees intend that this authorization be used for full-scale engineering development and production of the Air Force alternate concept for chemical warfare defense. The conferees are advised that this system includes an air cooled personnel protection ensemble, shower decontamination system, an area warning system for air base alert and other subsystems that will greatly enhance the ability of our combat forces to defend against the chemical threat.

COMMAND, CONTROL AND COMMUNICATIONS INITIATIVES

The Senate authorized a series of initiatives aimed at improving the nation's command, control and communications network. The conferees agreed that these upgrades, involving the hardening of critical facilities against electromagnetic pulse effects of nuclear attack, the expansion of strategic warning capabilities, the enhancement of antijam protection for existing C^3 systems, and increased research and development funds for the acceleration of key C^3 modernization efforts are long overdue.

Subsequent to the Senate's action, the President announced, as part of his strategic force modernization decision, that he intended to embark upon an aggressive program of C^3 improvements. While the details of the Administration's strategic command, control and communications program have not yet been finalized, the conferees agreed that the Senate initiatives are consistent with and supportive of the objectives of the President's program.

The House recedes.

Details of conference action are shown in the table below.

Conference action—Command, control and communication research and development initiatives

[In millions of dollars]

Army:	
Electric Power Modernization	0.5
SATCOM Ground Environment	41.638
Navy:	
Survivable, Enduring Communications	25.76
Satellite Communications	36.886
SLBM Radar Warning System	3.8
Air Force:	
EMP Hardening—Critical Facilities	0.2
PACCS EMP Hardening	11.4
AFSATCOM System (EHF)	82.1
MEECN VLF/LF	51.2
Defense Agencies: Defense Communications Agency (Longhaul Comm.)	19.7

COUNTER-SUAWACS

The Department of Defense requested authorization for $10.4 million for the Air Force Counter-SUAWACS (Soviet Union Air Warning and Control System) program.

The Senate bill authorized the entire request; the House amendment denied the authorization for this program.

The conferees agreed to delete the Administration's request for the Counter-SUAWACS program. Several of the initiatives planned for Counter-SUAWACS are duplicated in other programs. There are, however, two elements of this program which are not being duplicated and which are fully supported by the conferees. These two elements have been identified to the Air Force. To fund these initiatives the conferees agreed to an increase of $5 million above the House amendment to the B-52 squadrons program for a total authorization of $96 million for this program.

CX/AIRLIFT ENHANCEMENTS

The President's March budget request contained $245.7 million for the research and development of the CX cargo transport aircraft.

The Senate bill provided authorization of $1 million.

The House amendment authorized $20 million in Title II for the CX and $150 million in Title I to procure existing wide-bodied cargo transport aircraft to enhance strategic mobility. The House amendment further provided that the funds authorized by Title I could, in accordance with established reprogramming procedures, be transferred to Title II if the Department of Defense could justify research and development of a new cargo transport aircraft rather than the procurement of existing aircraft.

The conferees agreed that a firm requirement exists to augment current U.S. airlift capabilities. Various alternatives for this augmentation are being considered, including existing wide-bodied aircraft and the conceptual C-17, the winner of the CX competition. The conferees, however, have not been provided with sufficient information concerning the costs and benefits of the various alternatives that would permit full authorization of this program.

The conferees agreed to an authorization of $15 million for research and development, in combination with $50 million for procurement, to initiate an airlift augmentation program. The authorization may be applied to the airlift augmentation alternatives currently under consideration, including the C-17N and C-5 aircraft. However, none of these funds or CX research and development funds remaining available from fiscal year 1981 are to be obligated until 30 days after the Department of Defense has provided to the Committees on Armed Services of the Senate and House of Representatives its recommendations for an airlift augmentation program and justification for such program.

ESSEX CLASS (CV-27C) CARRIER EVALUATION

The conferees agreed to an authorization of $8.8 million for surveys, studies and engineering assessments necessary for the preparation of a budget quality ("class C") estimate of the cost of reactivation of a ship of the Essex class (CV-27C).

EXTREMELY LOW FREQUENCY COMMUNICATION SYSTEM (ELF)

The Senate bill authorized the $34.874 million requested by the Administration for an Extremely Low Frequency communication system. The House amendment authorized only $5 million, citing the failure of the President to comply with statutory direction provided in the Defense Authorization bill for fiscal year 1981. That legislation called for a report by the President on his plans for deployment of an ELF system together with a site selection decision.

On October 8, 1981, the President announced his decision to proceed with a scaled-down version of the ELF communications system to be located in the Upper Peninsula of Michigan and in Wisconsin. The conferees agreed to provide $34.874 million to the Navy for the purpose of initiating the President's proposed ELF program.

The House recedes.

FIRE CONTROL SYSTEMS (ELECTRO-OPTICS)

The President's March budget request contained $7.203 million for the Infra-Red Search and Track (IRST) system.

The Senate bill recommended authorization of the President's request.

The House amendment recommended no authorization for the IRST system, but recommended authorization of $17.8 million for the SEAFIRE electro-optical fire-control system.

In view of the importance of these programs to the development of the Major Surface Combatant (DDGX), as well as their importance for application to a wide variety of current and future surface combatants, the conferees agreed to the authorization of $24 million to continue both programs.

The Senate recedes with an amendment.

GAS TURBINE FUEL EFFICIENCY IMPROVEMENTS

The House amendment added $7 million to the Navy research and development request to initiate a program to improve the fuel efficiency of marine gas turbine propulsion systems.

The Senate bill contained no similar increase.

The conferees agreed to an authorization of $7 million and strongly endorse this initiative, considering it to be an important adjunct to the Rankine Cycle Energy Recovery (RACER) program initiated by Congress in fiscal year 1981. The conferees are pleased that the Navy has allocated $5 million within the Advanced Ship Propulsion program to permit a fiscal year 1981 start on prototype construction of the RACER system. The conferees encourage the Navy to vigorously pursue both the RACER program and this new initiative so as to effect improved fuel efficiency in its gas turbine powered ships at the earliest possible date.

The Senate recedes.

LONG RANGE COMBAT AIRCRAFT (LRCA)

The Department of Defense requested $302 million for research and development of the Air Force Long Range Combat Aircraft (LRCA).

The Senate bill and the House amendment provided the full authorization, however, the authorization in both instances was predicated upon restrictive legislative provisions (section 901 of the Senate bill and section 202 of the House amendment.)

The House amendment limited the authorization for these funds, as well as the authorization provided in Title I, to full scale engineering development and initial procurement of the B-1 manned strategic bomber. Additionally, the House amendment provided that the Secretary of Defense was to proceed concurrently with the research, development, test and evaluation of an advanced technology bomber.

The Senate bill prohibited obligation of the authorized funds for any LRCA for a period of 60 days following the President's decision regarding selection of a LRCA and permitted expenditures thereafter only if both Houses of Congress did not adopt resolutions of disapproval during that period.

The conferees agreed to authorize $302 million for LRCA RDT&E but included the provision in section 202 that no funds authorized for appropriation by the Defense Authorization Act of 1982 could be obligated or expended full scale engineering development and procurer for LRCA before November 18, 1981, and no funds could be obligated or expended for such purpose on or after this date if, in the interim, the Senate and House of Representatives each pass a resolution of disapproval of the President's bomber decision of October 2, 1981. Additionally, the conferees agreed to retain language of a Senate provision designed to expedite consideration of a resolution of disapproval in the Senate.

MAJOR SURFACE COMBATANT

The President's March budget request contained $121 million for the design and development of the Navy's DDG-X major surface combatant ship.

The Senate bill conditionally recommended authorization of $101 million, citing insufficient definition of the specific performance and engineering goals of the program.

The House amendment recommended deletion of all funds requested for authorization, based on the assessment that the Navy's emphasis on cost to the apparent exclusion of performance would result in a ship with limited combat capability. Subsequently, the Secretary of the Navy acknowledged the concern of the Congress and advised the Committees on Armed Services of the Senate and the House of Representatives that a firm decision had been made to proceed with an 8,500-ton design that would include a steel deckhouse; chemical/biological defensive capability; the Vertical Launch System adapted for the Tomahawk, ASROC, and Standard missiles; a 5-inch gun incorporating terminally guided projectiles and the Seafire control system; a modified AEGIS AAW system, and various other important subsystems. Together, these would all help make the DDG-X a combat capable platform to greatly enhance the Navy's warfighting capability for the future.

The conferees agreed to an authorization of $101 million. Of the total authorization, $5.5 million is for research of electric drive propulsion systems, $81 million is for the platform and associated combat systems,

and the remaining $14.5 million is for the advanced lightweight sonar.

The House recedes with an amendment.

MARINE CORPS HIGH HORSEPOWER ENGINE

The Senate bill provided $9.46 million for authorization of continued research and development of a high horsepower engine for possible use in future Marine Corps vehicles. It also specified that the authorization be used to study several optional engine designs offering high power-to-weight ratios, including the stratified charge diesel rotary combustion engine but also including lightweight, high RPM diesel engines and other potential technologies. The Senate bill further directed the Marine Corps to address and report on the reliability, maintainability and logistics aspects of its prospective choice before requesting additional funds for any specific type of engine.

The House amendment provided $9.5 million for this effort and directed that the authorization be used to continue the development of the stratified charge diesel rotary combustion engine the Marine Corps has had under development for the past several years.

The conferees were informed by the Marine Corps that $9.5 million would be required in fiscal year 1982 to continue the development of the stratified charge diesel rotary combustion engine and an additional $200,000 would be needed to carry out the study directed by the Senate. The conferees, therefore, agreed to provide $9.7 million for the program, of which $9.5 million is to be used to continue development of the stratified charge diesel rotary combustion engine. The remaining $200,000 is to be used to carry out the analysis requested by the Senate. The conferees further agreed that the Marine Corps should provide a report prior to March 1, 1982 to the Committees on Armed Services of the Senate and House of Representatives on the reliability, maintainability and logistics issue raised by the Senate.

The Senate recedes with an amendment.

MEDIUM LIFT HELICOPTER

The Department Defense requested $5.229 million for the Navy's V/HXM program to develop a Marine Corps Medium Lift Helicopter.

The Senate bill authorized the full request; the House amendment reduced the request by $4.229 million.

The House action emanated from concern that the Marine Corps was being limited to the procurement of older technology off-the-shelf aircraft—an action that was not in consonance with Marine Corps requirements for its assault mission. The currently used H-46 and CH-53 A/D aircraft now comprise the Marine assault capability and were procured during the period 1962-1971.

The conferees are aware that new technologies have been proven by the National Aeronautics and Space Administration (NASA) and the Army—technologies such as the XV-15 tilt rotor that are now ready for production applications. The new systems offer deployability that is independent of ship size and refueling aircraft and present the opportunity for doctrinal changes, expanded capabilities and response times. Accordingly, the conferees agree to an authorization for $5.229 million with the understanding that the Marine Corps request for proposals for an assault system will not exclude new technology systems such as the XV-15.

MEDIUM RANGE AIR-TO-SURFACE MISSILE

The Department of Defense requested authorization for $38.111 million for the Navy's Medium Range Air-to-Surface Missile (MRASM) program and $49.1 million for the Air Force participation in this program.

The Senate bill provided authorization in the amount of $19.011 million for the Navy and the full authorization request for the Air Force. The House amendment denied all funds for the Navy program and provided a total authorization of $79.1 million for the Air Force.

The conferees agreed to the level and distribution of authorization as provided by the Senate bill with the understanding that none of these funds would be used for the Navy's Imaging Infrared Harpoon Missile. This action is in accordance with the plan submitted to the Committees on Armed Services by the Under Secretary of Defense for Research and Engineering to develop a joint MRASM for Air Force and Navy use.

MK 92 GUN FIRE CONTROL SYSTEM UPGRADE PROGRAM

The Department of Defense requested $57.38 million for the Navy's surface launched weaponry system technology program.

The Senate bill authorized the full request; the House amendment provided additional authorization for $13 million of which $10 million was authorized for acceleration of the Mk 92 upgrade program and $3 million was authorized to accelerate development of the New Threat Upgrade System.

The conferees were advised that additional authorization for the Mk 92 program was not required at this time, because the Navy has authorization remaining from fiscal year 1981. While additional authorization was not provided for fiscal year 1982, the conferees emphasize the importance of accelerating the Mk 92 upgrade program including the new phased array radar that is intended to provide a significant increase in the anti-air warfare capability of the Mk 92 equipped class of FFG-7 frigates. The additional authorization for $3 million for the New Threat Upgrade program was agreed to by the conferees providing a total authorization for the surface launched weaponry system technology program of $60.38 million.

MX MISSILE AND BASING MODE

The March 1981 Department of Defense budget request for fiscal year 1982 sought $2.4232 billion for research and development relating to the MX missile and MX missile basing program.

The Senate bill and House amendment authorized the amount requested.

In view of the Administration's March 1981 decision to review possible basing mode options for the MX intercontinental ballistic missile system, other than the Congressionally mandated deployment of 200 missiles in 4,600 shelters, the Senate bill prohibited obligation or expenditure of funds authorized for appropriation until:

The President submits to Congress a specific MX basing program;

The Secretary of Defense submits a justification for the President's decision along with a comparison of alternatives; and

Sixty days have passed during which both Houses of Congress have not adopted resolutions of disapproval.

The House amendment contained a similar provision with regard to the MX missile basing mode.

On October 2, 1981, the President announced cancellation of the Multiple Protective Shelter (MPS) basing mode for the MX missile and reduced the request for research and development funds for the MX missile and basing mode to $1.95 billion.

The conferees agreed that it is incumbent upon the Committees on Armed Services to fully investigate all aspects of the President's strategic modernization program, as announced on October 2, 1981, and further agreed to retain the legislative veto provision regarding MX basing modes provided by the Senate bill and House amendment.

Accordingly, the conferees agreed to an authorization of $1,875,200,000 for MX missile and basing development with a provision (sec. 203) that no funds authorized by the Defense Authorization Act for fiscal year 1982 could be obligated or expended for the development of an MX missile basing mode before November 18, 1981, and that none of those funds could be obligated for such purpose on or after that date, if prior to November 18, 1981, the Senate and House of Representatives agree to a resolution of disapproval of the President's decision of October 2, 1981. The conferees agreed to retain language of a Senate provision designed to expedite consideration of a resolution of disapproval in the Senate.

The conferees also agreed that no funds authorized for appropriation by the Defense Authorization Act for fiscal year 1982 could be used for research and development of an aircraft launching mode for the MX missile.

NAP-OF-THE-EARTH AVIATION AND NAVIGATION EQUIPMENT

The Department of Defense requested $6.292 million for this Army program of which $3.944 million was specifically for the development of a Joint Tactical Microwave Landing System (JTMLS). The Senate bill provided full authorization; the House amendment denied authorization for the JTMLS.

The conferees agreed to deny authorization for the JTMLS without prejudice. The conferees expressed concern that the Army was developing JTMLS to ensure landing system compatibility with general aviation as opposed to being compatible with other services. In the view of the conferees, the requirement to develop the JTMLS has not been made. The Marine Corps, for example, is procuring a tactical landing system—the Marine Remote Area Approach and Landing System (MRAALS).

The conferees intend that no authorization be provided for the development of the JTMLS at this time. A reprogramming will be considered if the Department of Defense can justify, in terms of cost and performance, the need for discrete landing systems for the services, as well as the requirement for compatibility with general aviation.

NAVSTAR GLOBAL POSITIONING SYSTEM

The Department of Defense requested $73.6 million for procurement of production satellites for the Navstar/Global Positioning System. The Department also sought $238.305 million to continue research and development of the Army, Navy and Air Force user equipment and associated hardware.

The Senate bill provided the full request and suggested that this program be considered for multi-year procurement as a means of acquiring the presently-planned 18-satellite constellation at a substantial savings. Additionally, the block-buy approach could permit a significantly larger constellation of 24 satellites to be procured for approximately the same total investment as would be required to deploy the smaller system if incrementally procured.

The House amendment deleted all funds for the GPS program and recommended that the program be terminated. The House action was prompted by the concern that the overall price for the GPS is "far too high for the additional capability it would ultimately provide if it performed as planned." The House also expressed concern about the survivability of the system in a wartime environment.

The conferees recommend authorization of $200 million in research and development funds for the GPS program and deletion of the procurement funds. The $200 million in R&D provides $166 million for the Air Force, $34 million for the Navy and no authorization for the Army. The conferees agreed that the Army could submit a reprogramming request for R&D funding for the GPS if, in the Army's view, the program is of sufficient priority to warrant such a request.

The conferees believe the Department of Defense is unnecessarily shouldering the entire burden of the GPS development, acquisition and operating costs particularly recognizing that other federal government an civil uses for the GPS would be as numerous as military uses. The conferees therefore agreed that the Department of Defense should provide to the Committees on Armed Services of the Senate and House of Representatives, not later than March 1, 1982, a comprehensive plan for recouping from other Federal government and civil users as much of the development, acquisition and operating costs of the GPS system as is deemed feasible. This plan should include recommendations for any necessary statutory authority to accomplish this cost recoupment.

The conferees are aware that the GPS has, at times, not enjoyed high priority within the services. The conferees wish to inform the Department of Defense that continuing Congressional support for this program will be contingent upon the nature of the Department of Defense priority assigned in the development and fielding of this system and that any further slippage in the currently planned Initial Operational Capability (IOC) date may result in program termination.

The House reluctantly recedes with an amendment.

NEW CLASS AIRCRAFT CARRIER DESIGN

The Senate bill recommended authorization of $23 million for the research associated with the design of a new class of aircraft carrier. The President's budget contained no funds for this purpose, and the House amendment recommended no funds for this purpose.

The conferees agreed that there are currently an insufficient number of platforms in the fleet (even with the projected 15 carrier fleet) to support sea-based aviation at a level that would satisfy the increased commitments of our naval forces. The conferees also agreed that the Navy should submit by March 15, 1982, the most operationally feasible aircraft carrier design that would (1) be approximately 40,000 tons and capable of operating conventional take-off and landing (CTOL) aircraft; (2) be capable of being built in a greater number of shipyards than is currently the case; and (3) be able to serve as an adjunct to and not a replacement for the large deck carriers that the conferees agree are and will continue to be the nucleus of the carrier battle group. The design for the carrier should be sufficiently detailed to permit decision by the Congress as to whether it should be authorized. The Navy should advise the Congress of its assessment of the design, including a recommendation as to whether the ship should be built, along with the reasons for the recommendation.

The conferees understand that approximately $10 million authorized and appropriated in fiscal year 1981 for preparation of alternate carrier designs remain available and direct that these funds be used for this purpose. In addition, the conferees agreed to an authorization of $10 million in fiscal year 1982 for a total of $20 million.

NIGHT PRECISION ATTACK

-The Department of Defense requested authorization for $87.6 million for development of the Air Force Low Altitude Navigation and Targeting Infrared for Night (LANTIRN) electro-optical pod system.

The Senate bill authorized the full request; the House amendment authorized $60.2 million, a reduction of $27.4 million.

The conference report accompanying the Department of Defense Authorization Act for fiscal year 1980 (Public Law 96-107) expressed concern over the proliferation of electro-optical pods. This report requested that the Air Force, Army and Navy devise a plan to reduce the number of types of pods being developed and procured by the services in order to achieve maximum commonality. The Air Force plan to develop a new targeting pod—the LANTIRN—for the F-16 aircraft rather than modify the Navy's F-18 pod represented a departure rather than a step toward commonality.

The conferees recognize that electro-optical pods greatly enhance the capability of tactical aircraft in the air-to-ground mission. These systems, however, are expensive, and service commonality could reduce development and procurement costs thereby allowing a greater number of aircraft to be equipped with pods.

Recognizing the requirement for an electro-optical pod for the F-16 aircraft, the House recedes. The conferees, however, agreed that the authorization is predicated upon the following conditions:

The Air Force will conduct a competitive hardware development program between the LANTIRN targeting pod and either a product improved variant of the Navy's F-18 pod or another existing electro-optical pod of similar capability that can meet the Air Force current LANTIRN development program schedule.

The target recognizer capability will be continued in the advanced development phase with full competition until such time as the technology is proven.

The Air Force will investigate various alternatives to meet the navigation requirements for the F-16 aircraft including modifications to the aircraft radar to provide terrain following capability.

SHIP DEVELOPMENT (ADVANCED)

The President's March budget request contained $20.642 million for advanced ship development, including advanced design funds for the FFX class Corvette.

The Senate bill recommended authorization of $44.601 million. This included a recommendation for an increase in funds for the LHDX air capable amphibious ship and a light carrier design, as well as the denial of funds requested for the FFX class Corvette.

The House amendment recommended no authorization.

The conferees agreed that $11 million be authorized for ship development (advanced) and specifically denied funds for the FFX class Corvette and the Light Carrier design. The conferees agreed that authorization for the LHDX and a New Class Carrier design should be included under separate and new program elements.

SHIP DEVELOPMENT (ENGINEERING)

The President's March budget request contained $89.497 million for engineering development for several classes of ships, including an FFX class Corvette.

The Senate bill recommended authorization of $55.135 million, denying authorization for the FFX, the TAH, the CGN-38(C), and the CGN-42 class designs, and the *Oriskany* reactivation.

The House amendment recommended authorization of $77.932 million, denying authorization only for the FFX design.

The conferees agreed to an authorization of $70 million and specifically denied design funds only for the FFX class Corvette. Design funds to develop better cost estimates for reactivation of Essex class carriers such as the *Oriskany* were included under a separate and new program element entitled, "ESSEX Class (CV-27C) Carrier Evaluation."

The Senate recedes with an amendment.

SHIP SYSTEMS ENGINEERING STANDARDS (SEAMOD)

The President's March budget request contained $1.999 million for the Ship Systems Engineering Standards (SEAMOD) program.

The Senate bill recommended authorization of $9.999 million, adding $8 million to continue additional work that is necessary to incorporate this critical design philosophy into the new DDG-X class guided missile destroyer and to expand its use to systems that will affect the full range of surface ships and submarines.

The House amendment recommended $12.0 million.

The conferees agreed to an authorization of $10.0 million.

SMALL CALIBER AND FIRE CONTROL TECHNOLOGY JOINT SERVICES SMALL ARMS PROGRAM

The Senate bill authorized $9.316 million and $3.529 million, as requested by the Department of Defense, for the Army's Small Caliber and Fire Control Technology and Joint Services Small Arms programs, respectively.

The House amendment provided additional authorization of $5 million for each program.

The conferees expressed concern that U.S. small arms technology and capability have seriously declined during the past decade. Additional authorization is urgently needed to develop reliable and effective handguns and rifles for our combat forces.

Accordingly, the conferees agreed to an authorization of $11.5 million for the Small Caliber and Fire Control Technology program and $5.5 million for the Joint Services Small Arms program. The conferees emphasize, however, that none of these funds are to be used for any tasks relating to the 9 mm handgun or the M-16 rifle without the prior approval of the Congress.

SPACE-BASED LASER

The Senate bill authorized an additional $20 million for the Defense Advanced Research Projects Agency (DARPA) and $30 million for the Air Force for research and development related to high energy space-based lasers. Section 207 of the Senate bill directed the Secretary of the Air Force to establish a Program Management Office for airborne and space-based laser weapon pro-

grams and directed that such office conduct a detailed systems definition of space-based laser weapon programs (including cost, schedule, and identification of risks) and submit a report of the results of such study to the Armed Services Committee. The House amendment contained no similar provision.

The conferees denied the add-on to the Air Force laser program but agreed to add $5 million to the DARPA request for research and development on space-based lasers. The conferees further agreed that the Secretary of the Air Force should provide a plan to the Committees on Armed Services of the Senate and House of Representatives for the management of future high energy laser weapon programs and a study of the feasibility, cost, schedule, and technological issues associated with space-based laser weapons.

STAND-OFF TARGET ACQUISITION SYSTEM (SOTAS)

The Army requested $69.776 million to continue the development of the Stand-Off Target Acquisition system. The SOTAS is an Army program to develop a helicopter-borne radar system to detect and locate moving targets beyond the forward edge of the battle area.

While recognizing the requirement for a SOTAS-like system, both the House and Senate expressed concern about the extreme cost growth that has occurred in the SOTAS program during the past year. Despite a reduction in procurement quantity from 24 to 16 division sets, the program cost has risen from $969 million to $2.447 billion.

The Senate bill approved the SOTAS request with the stipulation that no more than $20 million could be obligated or expended prior to the receipt by the Committee on Armed Services of an analysis by the Secretary of Defense of the cost and effectiveness of the SOTAS compared with that of other resaonable alternatives. The House amendment denied the SOTAS request and recommended that the SOTAS engineering development program be terminated. The House amendment provided $5 million for the purpose of examining lower cost alternatives to SOTAS.

Despite the extraordinary efforts recently made the Army and the Office of the Secretary of Defense to bring SOTAS costs under control, little progress has been made. The conferees believe the program is out of control and represents an expense the Army can ill afford.

The conferees, therefore, agreed that the SOTAS program be terminated and therefore no authorization is provided in this bill for SOTAS. The conferees also agreed to provide $5 million to a new program element titled "Battlefield Data System" for the purpose of allowing the Army to study lower cost alternatives to meet its battlefield surveillance requirements. Should additional fiscal year 1982 support be needed for the Battlefield Data System program, a reprogramming request will be considered.

The Senate recedes with an amendment.

STINGER MISSILE

The Department of Defense requested authorization for $16.171 million for the Army's Stinger missile program.

The Senate bill provided the full authorization request; the House amendment reduced the authorization by $9.171 million.

The conferees agreed to provide the full authorization request of $16.171 with the understanding that this authorization will complete the Stinger research and development program during fiscal year 1982.

SURFACE EFFECTS SHIP

The President's March budget request did not contain a request for authorization for the development of a large Surface Effects Ship.

The Senate bill did not recommend authorization of this program.

The House amendment recommended authorization of $46 million to continue the development of a 3,000-ton prototype Surface Effects Ship.

The conferees were advised that the Department of Defense's Congressionally Mandated Mobility Study (CMMS) recommended a continuation of research and development for a high-speed Surface Effects Ship to enhance U.S. strategic mobility. Consequently, the conferees agreed to an authorization of $5 million to be used only to initiate design of a 1,500-ton or larger prototype logistics support Surface Effects Ship.

The Senate recedes with an amendment.

UNDERGRADUATE FLIGHT TRAINING SYSTEM (VTXTS)

The Navy requested $12.409 million for the Undergraduate Jet Flight Training System (VTXTS). The Senate bill authorized the full amount requested for the VTXTS program but encouraged the Navy and Air Force to continue to explore cooperative solutions to the problem of replacing training aircraft. The House amendment deleted the entire $12.409 million requested for the program and expressed concern about the length of the proposed development program and the lack of a firm program plan for developing and procuring this new training system.

The conferees expressed concern over the Navy's inability to adequately address the concerns related to the length of the VTXTS development program, overall program costs and the relative priority of the VTXTS program vis-a-vis other Navy tactical aircraft programs. The Navy informed the conferees that it could not address these issues until after the VTXTS source selection process was completed in late 1981.

The conferees agreed to provide $5 million for the VTXTS program with the understanding that the funds would be used only to complete source selection and to prepare a VTXTS program plan. The conferees further agreed that the Navy could present a prior approval reprogramming request to Congress for additional fiscal year 1982 funds for the VTXTS program once a firm program plan is defined. The conferees wish to emphasize in providing $5 million for the VTXTS that this does not represent a commitment to the program. Future support for the program will be contingent upon the Navy adequately addressing the issues of the program schedule, affordability and priority.

The Senate recedes with an amendment.

V/STOL TECHNOLOGY/TILT FAN—AV-8B+

The Administration requested $14.96 million for the Navy's V/STOL Technology Program. The Senate authorized the request and added $10 million for the development of the AV-8B+. The House deleted the Administration's request.

The conferees expressed concern that substantial funds have already been invested in a variety of V/STOL research efforts but the program has yet to yield a production aircraft. The Navy's recent V/STOL initiatives have focused on the tilt fan technology. The conferees believe that tilt fan technology may provide a viable candidate to perform the carrier air wing support missions (Tanker, Carrier-on-Board Delivery Aircraft, Airborne Early Warning Aircraft) when it becomes necessary to replace the current inventory of support aircraft.

The conferees agreed not to authorize the Administration's request for the V/STOL technology program. However, the conferees believe ongoing efforts to develop tilt fan technology should be continued and agreed to authorize $10 million for the development of the tilt fan under a new program element. In addition, the conferees agreed to provide $5 million for the development of the AV-8B+, also under a new program element.

TITLE III—OPERATION AND MAINTENANCE

ARMY

Flying hours

The fiscal year 1982 request contained approximately $316 million for the Army flying hour program. The Senate bill authorized the amount requested. The House amendment authorized $321 million—a $5.0 million increase to provide 12,000 additional flying hours.

The House recedes.

Instructor pilot aviator course

The fiscal year 1982 request contained $116.7 million for Army instructor pilot aviator courses. The Senate bill authorized the amount requested. The House amendment authorized $122.9 million—a $6.2 million increase providing for three additional Army aviation instructor pilot courses.

The House recedes.

Supply and depot maintenance

The fiscal year 1982 request contained $563 million for selected Army supply and depot maintenance activities. The Senate bill authorized $706 million—an increase of $143 million above the amount requested. The House bill authorized $625 million for the same purpose.

The Senate recedes.

Army Reserve unit equipment

The fiscal year 1982 request contained $79.1 million for Army Reserve unit equipment. The Senate bill authorized $86.1 million—a $7 million increase above the amount requested.

The House amendment authorized $87.1 million.

The Senate recedes.

National Guard unit equipment

The fiscal year 1982 request contained $153.8 million for the procurement of Army National Guard unit equipment. The Senate bill authorized $186.8 million—a $33 million increase to the amount requested. The House amendment authorized $203.8 million—a $50 million increase above the amount requested.

The Senate recedes.

Army maintenance and repair of real property

The fiscal year 1982 request contained $1,135.9 million for real property maintenance and the reduction of the Army's backlog of maintenance and repair of real property (BMAR). The Senate bill authorized $1,235.9 million—a $100 million increase above the amount contained in the fiscal year 1982 request. The House amendment authorized the amount requested.

The House recedes.

Army Reserve maintenance and repair of real property

The fiscal year 1982 request included $84.2 million for Army Reserve real property maintenance and repair of real property.

The Senate bill authorized the amount requested. The House amendment authorized $87.7 million—a $3.5 million increase over the amount requested.

The Senate recedes.

National Guard maintenance and repair of real property

The fiscal year 1982 request contained $73.5 million for Army National Guard real property maintenance. The Senate bill authorized the amount requested. The House amendment authorized $83.5 million.

The Senate recedes.

Commercial Industrial Type Activities (CITA) authority

The March request contained $49 million to contract out 4,400 additional Commercial Industrial Type Activities (CITA). The Senate bill authorized the amount requested. The House amendment did not authorize funding for this purpose.

The October budget amendment deleted $49 million for CITA contracting-out.

The Senate recedes.

Camouflage screens

The fiscal year 1982 request included $53.1 million for the procurement of camouflage screens. The Senate bill authorized the amount requested. The House amendment authorized $38.1 million—a reduction of $15 million. The October budget amendment further reduced the amount requested for the procurement of camouflage screens to $36.2 million.

The conferees agreed to authorize $36.2 million for the procurement of camouflage screens—a reduction of $16.9 million from the March request.

Contracting out the Army hospital at Redstone Arsenal, Alabama

The fiscal year 1982 request included $9.7 million to support the contracting out of the Army hospital at Redstone Arsenal, Alabama. The Senate bill authorized the amount requested. The House amendment deleted authorization of $5.2 million associated with the contracting-out process and included language in section 304 prohibiting the use of any fiscal year 1982 funding to contract out entire military medical facilities.

The Senate recedes.

Force modernization

The fiscal year 1982 request contained $976.6 for Army force modernization. The Senate bill authorized $948.6 million—a decrease of $28 million below the amount requested. The House amendment authorized $936.6 million.

The conferees agreed to an authorization of $916.6 million—a $60 million reduction from the request.

Tactical automation/communication

The March request included $85 million for Army tactical automation/communication enhancements. The Senate bill authorized the amount requested. The House amendment authorized $60 million—a reduction of $25 million to be applied against the $45 million requested for the replacement of older switchboards within the continental United States.

The October budget amendment contained a $25 million reduction for tactical automation/communication enhancements.

The Senate recedes.

Rapid Deployment Force (RDF), Army improvements

The March request included $33 million for Army RDF improvements. The Senate bill authorized the amount requested. The House amendment authorized $23 million.

The October budget amendment contained a $10 million reduction for Army RDF improvements.

The Senate recedes.

Veterinary activities

The fiscal year 1982 request included $0.4 million associated with the civilianization of veterinary activities supporting Department of Defense research and development activities. The Senate bill authorized the amount requested. The House amendment deleted authorization for this purpose and included language in Section 303 prohibiting the use of fiscal year 1982 operation and maintenance funding for the civilianization of Army veterinary positions involved in research and development.

The Senate recedes.

Audiovisual activities

The fiscal year 1982 request contained $119.1 million for Army audiovisual activities. The Senate bill contained an authorization of $105.1 million. The House amendment authorized $110.6 million.

The House recedes.

Intelligence and communications

The fiscal year 1982 request contained $141.9 million for Army intelligence and communications activities. The Senate bill contained an authorization of $139.9 million—a $2 million reduction in the amount requested. The House amendment authorized $141.6 million.

The conferees agreed to an authorization of $139.6 million.

Civilian personnel

The fiscal year 1982 request contained $4,772 million for Army civilian personnel. The Senate bill authorized $4,766 million—a $6 million reduction from the amount requested. The House amendment authorized the amount requested.

The Senate recedes.

Combat vehicle crew uniforms

The fiscal year 1982 request contained $11.9 million for the procurement of combat vehicle crew uniforms. The Senate bill authorized $19.9 million—an $8 million increase to the amount requested. The House amendment authorized the amount requested.

The Senate recedes.

Operational testing

The fiscal year 1982 request contained $36.7 million for operational testing. The Senate bill authorized $47.7 million—an $11 million increase to the amount requested. The House amendment authorized the amount requested.

The Senate recedes.

NEW ADJUSTMENTS

Korean Won revaluation

The October budget amendment contained a revaluation of the Korean Won, changing the exchange rate from 484 to 650 per U.S. dollar. This resulted in a savings of $30 million in fiscal year 1982.

Based on the most recent Won/dollar exchange rate of 686 to 1, the conferees agreed to a reduction of $35 million.

Force structure changes

The October budget amendment contained a reduction of $27.3 million associated with the deactivation of a brigade and deferral of the planned activation of various active combat service support units in fiscal year 1982.

The conferees agreed to a reduction of $27.3 million.

Advertising activities

The October budget amendment contained a reduction of $6.7 million associated with the realignment of recruiting and advertising from the Services to an expanded joint advertising program administered by the Department of Defense.

The conferees agreed to a reduction of $6.7 million.

Purchase inflation

The October budget amendment contained a reduction of $8.5 million reflecting new inflation guidelines reducing purchase inflation for Operations and Maintenance from 8.4 to 8.2 percent.

The conferees agreed to a reduction of $8.5 million.

Currency exchange reevaluation

The October budget amendment contained a reduction of $125.8 million reflecting a reestimated fiscal year 1982 exchange rate between the German mark and U.S. dollar from 2.09 to 2.26 to 1.

The conferees agreed to a reduction of $125.8 million.

Fuel cost reestimate

The October budget amendment contained a reduction of $37.5 million reflecting a revised budgeted estimate for the cost of fuel in fiscal year 1982.

The conferees agreed to a readjustment of the Department of Defense estimate of the cost of a composite barrel of fuel from approximately $56 to $53 during fiscal year 1982. Because the fiscal year 1981 actual cost for a composite barrel of fuel was approximately $47, or $3 below the estimate for fiscal year 1981, the conferees agreed that the estimate for fiscal year 1982 is overstated and that there should be a corresponding reduction in the fiscal year 1982 estimate. The conferees believe that a composite figure of $53 a barrel is a more realistic estimate, providing for a $6 a barrel increase in fiscal year 1982. Therefore, the conferees agreed to a reduction of $46.2 million.

NAVY

Installation of aircraft modifications

The March request included $227.6 million for the installation of aircraft modifications. The Senate bill authorized the amount requested. The House amendment contained an authorization of $284 million—a $56.4 million increase to the amount requested.

The October budget amendment contained $222.6 million for the installation of aircraft modifications.

The conferees agreed to an authorization of $264 million for installation of aircraft modifications—an overall increase of $41.4 million above the October request.

Civilian personnel

The fiscal year 1982 request contained $2,226.4 million for Navy civilian personnel. The Senate bill authorized $2,221.6 million—a decrease of $4.8 million from the amount requested. The House amendment authorized $2,238.4 million—a $12 million increase to support 300 additional civilian personnel for the Naval Supply Systems Command.

The Senate recedes.

Navy maintenance and repair of real property

The March request included $750 million for real property maintenance. The Senate bill authorized the amount requested. The House amendment authorized $760 mil-

lion—a $10 million increase. Subsequently, the October budget amendment contained a $40 million reduction for Navy real property maintenance.

The conferees disapproved the reduction of funding for Navy real property maintenance and the Senate recedes.

Industrial preparedness

The fiscal year 1982 request included $4.8 million for industrial preparedness initiatives. The Senate bill authorized the amount requested. The House amendment contained an authorization of $6.8 million.

The Senate recedes.

Indicia mail

The March request included $9 million to cover increases in indicia mail rates. The Senate bill authorized the amount requested. The House amendment contained an authorization of $6 million. The October budget amendment requested an authorization of $6 million.

The Senate recedes.

Commercial Industrial Type Activities (CITA) administration

The fiscal year 1982 request included $10 million to support an increase in the number of civilian personnel required to administer the Navy Commercial Industrial Type Activities (CITA) program. The Senate bill authorized the amount requested. The House amendment authorized $6 million, and the House report recommended the reduction of 122 CITA administration positions, those personnel spaces to be reassigned to the Naval Supply Systems Command.

The Senate recedes.

Trident system operational support

The March request included $231.4 million for Trident system operational support. The Senate bill authorized the amount requested. The House amendment authorized $221.4 million—a $10 million reduction.

The October budget amendment included a request for $221.4 million for Trident system operational support.

The conferees agreed to a reduction of $30 million and recommend an authorization of $201.4 million.

Contracting out the Naval hospital at Memphis, Tennessee

The fiscal year 1982 request included $11.3 million associated with the contracting out of the Naval hospital at Memphis, Tennessee. The Senate bill authorized the amount requested. The House amendment deleted $2.1 million directly associated with the contract conversion and included language in Section 304 prohibiting the use of any fiscal year 1982 operations and maintenance funding for that purpose.

The Senate recedes.

Contract engineering technical support (CETS)

The fiscal year 1982 request included $88 million for contract engineering technical support (CETS) for aircraft rework. The Senate bill authorized the amount requested. The House amendment contained an authorization of $83 million.

The Senate recedes.

Ship alterations

The March request contained $977.1 million for ship alterations. The Senate bill authorized the amount requested. The House amendment authorized $937.1 million.

The October budget amendment contained a $897.1 million for ship alterations—a reduction of $80 million from the March request.

The conferees agreed to an authorization of $897.1 million.

Audiovisual activities

The fiscal year 1982 request contained $36.9 million for Navy audiovisual activities. The Senate bill authorized $23.9 million—a $13 million reduction from the amount requested. The House amendment authorized $30.4 million.

The House recedes.

Intelligence and communications

The fiscal year 1982 request contained $101.6 million for Navy intelligence and communications. The Senate bill authorized $102.4 million—a $0.8 million increase to the amount requested. The House amendment authorized $102 million for that purpose.

The conferees agreed to an authorization of $102.8 million—an increase of $1.2 million to the March request.

NEW ADJUSTMENTS

T-AKX

The October budget amendment contained a new request of $60 million for the initiation of a program for the conversion and charter of 12 to 15 T-AKX type transport ships to be operated under the Maritime Prepositioning Ships (MPS) concept. The decision to convert and lease these vessels instead of building or buying and converting them represents a new approach to upgrade the Navy's strategic sealift capabilities. It is designed to ensure the effectiveness of airlifted troops through the timely arrival of sealifted delivery equipment. The MPS program will ultimately provide the support for three Marine amphibious brigades in the Indian Ocean or other worldwide commitments by fiscal year 1987.

The conferees fully support the Maritime Prepositioning Ship concept and the role it will play in enhancing U.S. strategic mobility and force projection capabilities. Nevertheless, given the uncertainties surrounding the new convert-and-charter acquisition strategy as well as the Navy's inability to provide detailed budget justification prior to the completion of conference action, the conferees disapproved the $60 million increase without prejudice.

Victory ship reactivation

The October budget amendment contained a $50 million reduction associated with the reactivation of five Victory ships because current munition inventory shortages preclude their use in fiscal year 1982.

The conferees agreed to a reduction of $50 million.

Consultants, studies and analyses

The October budget amendment requested a $34 million reduction in the original request for consultants, studies and analyses as a result of management actions to improve controls over this program. The reduction is consistent with actions being planned for fiscal year 1983.

The conferees agreed to a reduction of $34 million.

Decommission nine ships

The October budget amendment contained a reduction of $15.2 million associated with the retirement of three active and six reserve ships in fiscal year 1982 vice their original scheduled decommissioning in fiscal year 1983.

The conferees agreed to a reduction of $15.2 million.

Reduction of ½ carrier battle group in the Indian Ocean

The October budget amendment contained a reduction of $74.6 million associated with the President's decision to reduce fleet deployments in the Indian Ocean by half a carrier battle group in fiscal year 1982.

The conferees agreed to a reduction of $74.6 million.

Elimination of near-term prepositioning ship exercises

The October budget amendment contained a reduction of $4 million associated with the elimination of near-term prepositioning ship exercises in fiscal year 1982 as a result of a scheduled slip in that program.

The conferees agreed to a reduction of $4 million.

Elimination of two steaming days per quarter in the Mediterranean Sea

The October budget amendment contained a reduction of $9.4 million resulting from the elimination of two steaming days per quarter in the Mediterranean Sea in fiscal year 1982.

The conferees are seriously concerned about the adequacy of the Navy training program and strenuously oppose any effort to curtail the realistic training performed by forward deployed fleets. Therefore, the conferees disapprove the reduction of $9.4 million and the elimination of two steaming days per quarter in the Mediterranean.

Elimination of two steaming days per quarter for nondeployed fleets

The October budget amendment contained a $77.8 million reduction associated with the elimination of two steaming days per quarter for the Second and Third Fleets, each home-ported in the United States.

The conferees are concerned about the adequacy of the Navy's training program and view with alarm efforts to further reduce the already constrained number of steaming days per quarter for nondeployed fleets. Therefore, conferees agreed to delete $38.9 million and limit the proposed reduction to one steaming day per quarter.

Reduced range costs for nondeployed fleets

The October amendment contained a $4 million reduction in range costs on the assumption that nondeployed fleet steaming days will be cut by two days a quarter.

In view of the foregoing decision to reduce nondeployed fleet steaming days by one day per quarter, the conferees agreed to a corresponding reduction of $2 million in range costs in fiscal year 1982.

Reduce Primary Mission Readiness by 2 percent

The October budget amendment contained a $27.8 million reduction associated with the Navy flying hour program. This reduction corresponds to a decrease of 2 percent in Primary Mission Readiness requirements for tactical air and anti-submarine forces in fiscal year 1982.

The conferees are extremely concerned about any effort to further reduce Navy Primary Mission Readiness requirements and the adverse impact such an act may have upon aircrew efficiency and fleet readiness. Therefore, the conferees disapproved the proposed reduction of $27.8 million for a two percent decrease in Primary Mission Readiness.

Reduced aircraft maintenance

The October budget amendment contained a reduction of $3.2 million reflecting reduced aircraft maintenance due to a proposed reduction in the Navy flying hour program.

In view of the foregoing disapproval of such a reduction and the two percent decrease in primary Mission Readiness, the conferees also disapproved the proposed reduction of $3.2 million in aircraft depot maintenance.

Advertising activities

The October budget amendment contained a reduction of $2.4 million due to the realignment of recruiting advertising from the services to an expanded joint advertising program administered by the Department of Defense.

The conferees agreed to a reduction of $2.4 million.

Logistics and engineering support

The October budget amendment contained a reduction of $25 million for various logistics and engineering support programs. The $25 million reduction provides for reduced engineering software support, deferral of certain aircraft modification installations and reductions in administrative-type activities.

The conferees agreed to a reduction of $25 million.

Pollution abatement

The October budget amendment contained a reduction of $11 million for pollution abatement due to the reduced emphasis currently being placed on regulatory programs.

The conferees agreed to a reduction of $11 million.

Purchase inflation

The October budget amendment contained a reduction of $14.5 million reflecting new inflation guidelines reducing inflation for operations and maintenance purchases from 8.4 to 8.2 percent.

The conferees agreed to a reduction of $14.5 million.

Fuel cost reestimate

The October budget amendment contained a reduction of $40.5 million reflecting a revision of the budget estimate for the cost of fuel in fiscal year 1982.

As previously discussed in the Army section of Title III, the conferees agreed to a readjustment of the Department of Defense budgeted estimate of the cost of a composite barrel of fuel from approximately $56 to $53 in fiscal year 1982. Therefore, the conferees agreed to a reduction of $196.7 million.

MARINE CORPS

Camouflage uniforms

The fiscal year 1982 request did not include funding for desert camouflage uniforms for the Marine Corps. The Senate bill did not authorize the procurement of this item. The House amendment authorized $8 million.

The Senate recedes.

Camouflage screens

The March request included $19.7 million for camouflage screens. The Senate bill authorized the amount requested. The House amendment authorized $17.7 million—a reduction of $2 million.

The October budget amendment contained a reduction of $2 million for camouflage screens.

The Senate recedes.

Near-term prepositioning ship program

The March request included $9.8 million to fund the first maritime prepositioned sets associated with the Near-Term Prepositioning Ship program. The Senate bill authorized the amount requested. The House amendment authorized $1.8 million—a reduction of $8 million.

The October budget amendment contained a reduction of $8 million associated with the Near-Term Prepositioning Ship program.

The Senate recedes.

Transportation associated with Landing Vehicle Tracked (LVT) program

The March request included $1 million for transportation associated with the LVT program. The Senate bill authorized the amount requested. The House amendment authorized $0.9 million.

The October budget amendment contained a $0.1 million reduction for transportation associated with the LVT program.

The Senate recedes.

Maintenance and repair of real property

The fiscal year 1982 request contained $191.8 million for maintenance and repair of real property. The Senate bill authorized $204.5—a $12.7 million increase over the amount requested. The House amendment authorized the amount requested.

The House recedes.

NEW ADJUSTMENTS

Consultants, studies and analyses

The October budget amendment requested a $0.2 million reduction in the original request for consultants, studies and analyses as a result of management actions to improve controls over this program. The reduction is consistent with actions being planned for fiscal year 1983.

The conferees agreed to a reduction of $0.2 million.

Administration, operations and training

The October budget amendment contained a $3.6 million reduction to slow the growth in this program from $86 million in fiscal year 1981 to $102.2 million in fiscal year 1982.

The conferees agreed to a reduction of $3.6 million.

Advertising activities

The October budget amendment contained a reduction of $1.7 million associated with the realignment of recruiting advertising from the services to an expanded joint advertising program administered by the Department of Defense.

The conferees agreed to a reduction of $1.7 million.

Purchase inflation

The October budget amendment contained a reduction of $0.7 million reflecting new inflation guidelines reducing inflation for operations and maintenance purchases from 8.4 to 8.2 percent.

The conferees agreed to a reduction of $0.7 million.

Fuel cost reestimate

The October budget amendment contained a reduction of $2.3 million reflecting a revision of the budget estimate for the cost of fuel in fiscal year 1982.

The conferees agreed to a reduction of $2.3 million.

AIR FORCE

Industrial preparedness

The fiscal year 1982 request included $3.1 million for industrial preparedness initiatives. The Senate bill authorized the amount requested. The House amendment authorized $8.4 million—an increase of $5.3 million.

The Senate recedes.

Chemical protective equipment

The fiscal year 1982 request included $5.1 million for the procurement of chemical protective equipment. The Senate bill authorized the amount requested. The House amendment authorized $9.6 million.

The Senate recedes.

Air Force real property maintenance

The fiscal year 1982 request included $453 million for Air Force real property maintenance. The Senate bill authorized the amount requested. The House amendment contained an authorization of $500 million—an increase of $47 million.

The Senate recedes.

Contracting out of medical specialties

The fiscal year 1982 request included $3.6 million for contracting out certain critical medical specialties to offset temporary shortages of Air Force specialist physicians. The Senate bill authorized the amount requested. The House amendment authorized $11.6 million—an increase of $8 million.

The Senate recedes.

Flying hours

The fiscal year request included $3,572 million for the Air Force flying hour program. The Senate bill authorized the amount requested. The House amendment contained an authorization for $3,591.2 million.

The conferees agreed to an authorization of $3,589.1 million—an increase of $17.1 million.

Modification of aircraft

The modification of 707-type aircraft was not included in the fiscal year 1982 request. The Senate bill contained no such authorization. The House amendment authorized $15.5 million for that purpose.

The Senate recedes.

Joint Chiefs of Staff (JCS) exercises

The March request included $371.1 million for the Air Force portion of the Joint Chiefs of Staff (JCS) exercise program. The Senate bill authorized the amount requested. The House amendment authorized $277.1 million—a reduction of $94 million.

The October budget amendment contained a reduction of $79.4 million in the JCS exercise program.

The conferees agreed to an authorization of $291.7 million for JCS exercises—a reduction of $79.4 million. However, it is the position of the conferees that the fiscal year 1983 JCS exercise program shall, at the time of submission, be balanced in terms of available units, personnel, staff support and equipment assets. In the case of airlift requirements, such exercise scheduling shall reflect sufficient flying hours in fiscal year 1983 to permit airlift and overall priorities to be adjusted to accommodate an increased JCS share of maximum available airlift.

Contracting out the hospital at Chanute Air Force Base, Illinois

The fiscal year 1982 request contained $4.9 million for the contracting out of the hospital at Chanute Air Force Base. The Senate bill authorized the amount requested. The House amendment deleted the total amount requested and included language in section 304 prohibiting the use of any fiscal year 1982 operations and maintenance funding for that purpose.

The Senate recedes.

High-Speed Anti-radiation Missile (HARM) depot support

The fiscal year 1982 request included $0.6 million for High-Speed Anti-radiation Missile (HARM) depot system. The Senate bill authorized the amount requested. The

House amendment did not contain authorization for that purpose.

The Senate recedes.

Combat rescue equipment

The fiscal year 1982 request included $5 million for combat rescue equipment. The Senate bill authorized the amount requested. The House amendment contained no authorization for that purpose.

The Senate recedes.

SAC strategic projection force modifications

The fiscal year 1982 request included $3.9 million for SAC strategic projection force modifications. The Senate bill authorized the amount requested. The House amendment contained no authorization for this initiative.

The Senate recedes.

Preservation of the military nature of veterinary support to Defense research and development activities

The fiscal year 1982 request included $0.2 million associated with the civilianization of veterinary activities supporting Department of Defense research and development activities. The Senate bill authorized the amount requested. The House amendment deleted authorization for this purpose and included language in section 303 prohibiting the use of fiscal year 1982 operations and maintenance funding to civilianize Air Force veterinary positions involved in research and development.

The Senate recedes.

Audiovisual activities

The fiscal year 1982 request contained $172.5 million for Air Force audiovisual activities. The Senate bill authorized $154.5 million—$19 million below request. The House amendment authorized $163 million.

The House recedes.

Civilian personnel

The fiscal year 1982 request contained $2,838.9 million for Air Force civilian personnel. The Senate bill authorized $2,858.1 million—a $19.2 million increase to the amount contained in the fiscal year 1982 request. The House amendment authorized the amount requested.

The Senate recedes.

Command, control, and communications enhancements

The Senate bill contained $5.9 million in Title III for Air Force command, control, and communications enhancements that were not contained in the fiscal year 1982 request. The House amendment contained no authorization for this purpose.

The House recedes.

UH-60 helicopter operating support

The October budget amendment deleted funding for the procurement of 6 UH-60 helicopters. Therefore, the $0.1 million in training support associated with that procurement is no longer required.

The conferees agreed to a $0.1 million reduction in training support of UH-60 helicopters.

B-52D retirement

The October budget amendment contained a reduction of $18.9 million associated with the retirement of three B-52D squadrons and the Combat Crew Training Squadron in the last quarter of fiscal year 1982.

The conferees agreed to a reduction of $18.9 million in Title III.

Reservations concerning B-52 phase-out

The conferees accepted the proposed reductions to the fiscal year 1982 authorization request associated with the phase-out of the B-52D force. However, conferees expressed their concern regarding the planned phase-out of the B-52D force during a period of increasing vulnerability for U.S. strategic forces. The conferees understand that the timing of the currently planned phase-out would not impair eventual continuation of the existing B-52D force should the planned phase-out be reconsidered before the end of fiscal year 1982. The conferees agreed to further study this matter in conjunction with the fiscal year 1983 budget request.

Advertising activities

The October budget amendment contained a reduction of $1.6 million associated with the realignment of recruiting advertising from the services to an expanded joint advertising program administered by the Department of Defense.

The conferees agreed to a reduction of $1.6 million.

Rapier

The October budget amendment contained a reduction of $4.9 million associated with the operations and maintenance support of Rapier missile systems to be procured for air defense of U.S. air bases in the United Kingdom. This corresponds to a slip in the missile procurement account.

In view of action by the conferees to provide additional authorization for the procurement of Rapier missile systems in fiscal year 1982, the conferees disapproved the proposed reduction in operation and support of those systems.

Purchase inflation

The October budget amendment contained a reduction of $12.1 million reflecting new guidelines reducing budgeted inflation for operations and maintenance purchases from 8.4 to 8.2 percent.

The conferees agreed to a reduction of $12.1 million.

Currency exchange revaluation

The October budget amendment contained a reduction of $13 million reflecting a reestimated fiscal year 1982 exchange rate between the German mark and the U.S. dollar from 2.09 to 2.26 to 1.

The conferees agreed to a reduction of $13 million.

Fuel cost reestimate

The October budget amendment contained a reduction of $39.9 million reflecting a revision of the estimate for the cost of fuel in fiscal year 1982.

As previously discussed in the Army section of Title III the conferees agreed to a readjustment of the Department of Defense budgeted estimate of the cost of a composite barrel of fuel from approximately $56 to $53 in fiscal year 1982. Therefore, the conferees agreed to a reduction of $293.7 million.

Korean Won revaluation

The fiscal year 1982 request contained $25.8 million based on a currency exchange rate between the Korean Won and U.S. dollar of 631 to 1. By bringing the Air Force currency exchange assumptions in line with other action taken by the conferees (using an exchange rate of 686 to 1), there would be a savings of $2.1 million.

The conferees agreed to a reduction of $2.1 million.

DEFENSEWIDE

Civilian Health and Medical Program for the Uniformed Services (CHAMPUS)

The fiscal year 1982 request included $968.7 million for CHAMPUS. The Senate bill authorized the amount requested. The House amendment contained an authorization of $977.2 million for that purpose—an $8.5 million increase over the amount requested.

The October budget amendment contained a $30 million reduction in CHAMPUS due to revised estimates extrapolated from the actual rate of expenditures during fiscal year 1981.

The conferees agreed to a reduction of $21.5 million.

Defense Logistics Agency (DLA), Defense Contract Audit Agency (DCAA), and the Office of the Secretary of Defense (OSD)

The fiscal year 1982 request contained $1,485 million for DLA, DCAA, and OSD. The Senate bill authorized $1,482 million—a $3 million reduction in the amount requested. The House amendment contained an authorization of $1,477 million—a decrease of $8 million in the amount requested.

The conferees agreed to an authorization of $1,464 million—a total reduction of $21 million from the amount requested.

Audiovisual activities

The fiscal year 1982 request contained $46.8 million for defense agencies' audiovisual activities. The Senate bill authorized $45.9 million—a reduction of $0.9 million. The House amendment authorized $46.4 million.

The House recedes.

Intelligence and communications

The fiscal year 1982 request contained $1,172.3 million for defensewide intelligence and communications. The Senate bill authorized $1,175.5 million—an increase of $3.2 million to the amount requested. The House amendment authorized $1,172.6 million.

The House recedes.

Civilian personnel

The fiscal year 1982 request contained $1,715.7 million for civilian personnel. The Senate bill authorized $1,698.9 million—a reduction of $16.8 million from the amount requested. The House amendment authorized the amount requested.

The Senate recedes.

DOD Dependents Schools

The October budget amendment contained a reduction of $26.4 million in DOD dependents schools. This would delay for a year the phased implementation of a student food service program, as well as special programs for handicapped students.

The conferees believe that a reduction in the dependents school program would represent a serious erosion in the quality of life of U.S. military personnel and their families stationed overseas. Therefore, the conferees disapproved the proposed reduction.

Joint Recruiting Advertising Program (JRAP)

The October budget amendment contained an increase of $8.2 million in the Joint Recruiting Advertising Program reflecting a realignment of recruiting advertising from the services to this Department of Defense-administered program.

The conferees agreed to an increase of $8.2 million.

Purchase inflation

The October budget amendment contained a reduction of $3.9 million reflecting new guidelines reducing inflation for operations and maintenance purchases from 8.4 to 8.2 percent.

The conferees agreed to a reduction of $3.9 million.

Currency exchange revaluation

The October budget amendment contained a reduction of $6.2 million reflecting a reestimated fiscal year 1982 budget exchange rate between the German mark and the U.S. dollar from 2.09 to 2.26 to 1.

The conferees agreed to a reduction of $6.2 million.

Fuel cost reestimate

The October budget amendment contained a reduction of $8.1 million reflecting a revision of the budget estimate for the cost of fuel in fiscal year 1982.

The conferees agreed to a reduction of $8.1 million.

OTHER PROVISIONS

Operation and maintenance accounts (Sec. 301(a))

Section 301(a) of the Senate bill would authorize funds for operation and maintenance purposes "for the Army (including the Army Reserve and the Army National Guard), for the Navy and the Marine Corps (including the Navy Reserve and the Marine Corps Reserve), for the Air Force (including the Air Force Reserve and the Air National Guard), and for the defense agencies and other activities of the Department of Defense." Section 301(a) of the House amendment would authorize funds for operation and maintenance "for the Army, for the Navy, for the Air Force, for the Marine Corps, and for defensewide activities."

The Senate recedes.

Fuel cost and inflation increase (Sec. 301(b))

Section 301 (b) of the Senate bill authorizes additional funds, as necessary, for unbudgeted increases in fuel cost and inflation. The House amendment contained no similar provision.

The House recedes.

Repeal of requirement for annual operation and maintenance report (Sec. 302)

Section 302 of the House amendment would repeal the requirement for an annual report from the Secretary of Defense on certain operation and maintenance-related activity levels, including aircraft flying hours, ship steaming days, and combat arms battalion field training days. The Senate bill contined no similar provision.

The conferees agreed only to repeal the Unit Combat Readiness reporting requirement. The conferees further agreed that while the Department of Defense currently lacks the analytical capability necessary to forecast unit combat readiness with complete accuracy, some projection of unit combat readiness remains essential to the congressional review process. Therefore, in conjunction with the annual Material Readiness Report, the Secretary of Defense is directed to prepare an overall readiness assessment that fulfills the needs of the Congress to the maximum possible extent. The Secretary is further directed to allocate those resources necessary to develop the computer-based models to make accurate resource-related projections of force readiness.

Preservation of military nature of veterinary support to Defense research and development activities (Sec. 303)

Section 303 of the House amendment would prohibit the use of operation and maintenance funding authorized by this conference report for the civilianization of military veterinary positions involved in Defense research and development activities. The Senate bill contained no similar provision.

The Senate recedes.

Prohibition of contracting out entire medical facilities (Sec. 304)

Section 304 of the House amendment would prohibit the use of operation and maintenance funding authorized by this conference report for the contracting out of entire military medical facilities. The Senate bill contained no similar provision.

The Senate recedes.

Authorization of funding for the Leased Satellite Communication System (LEASATCOM)

Section 305 of the House amendment authorized the use of $67 million of the amount authorized in Section 301 of this conference report for Navy operation and maintenance for the Leased Satellite Communications System (LEASATCOM). The Senate bill contained no similar provision.

The Senate recedes.

TITLE IV—ACTIVE FORCES

Active duty military strengths for the Army, Navy, and Air Force in the Senate bill and the House amendment differed by a total of 5,600. There was no disagreement on the Marine Corps strength. The conference agreement, which is 100 below the October Administration request, is summarized in the following table:

	House	Senate	Conference
Army	786,368	785,800	780,300
Navy	554,900	554,300	554,600
Marine Corps	192,100	192,100	192,100
Air Force	586,832	582,400	580,800
Total	2,120,200	2,114,600	2,107,800

Quality of active force recruits (Sec. 402)

The House amendment contained a provision (sec. 402) that would require the Army, in fiscal year 1982, to enlist no less than 75 percent high school graduates among its male accessions. The Army could, however, reduce this required level to as low as 65 percent high school graduates if it could recruit 10 percent of its non-high school graduate male accessions from those who score above 50 on the Armed Forces Qualifications Test (mental categories I-IIIA).

The Senate bill contained a provision (sec. 402) that would extend into fiscal year 1982 the requirement in the Defense Authorization Act for fiscal year 1981 (Public Law 96-342) that the Army enlist or induct no more than 35 percent non-high school graduates from its male accessions.

The House recedes.

The House amendment also established a requirement that no service enlist individuals who are not high school graduates and who score in category IV of the enlistment test.

The Senate bill contained no similar provision.

The Senate recedes.

Designation of Air Force physician assistants as commissioned officers (Sec. 403)

The House amendment contained a provision (sec. 403) that would require the Air Force to appoint physician assistants as commissioned officers.

The Senate bill contained no similar provision.

The Senate recedes.

Repeal of limitation on dependents overseas (Sec. 404)

The House amendment contained a provision (sec. 404) that would repeal the 325,000 limitation on the number of command-sponsored dependents overseas.

The Senate bill contained no similar provision.

The conferees observed that the number of dependents overseas has declined significantly over the past three years due in large part to the administrative actions taken by the Department of Defense to reduce the number of dependents. The conferees recognize that the U.S. presence overseas may increase gradually over the next several years and that the dependent population may follow that same trend.

The conferees agreed to repeal the ceiling on the number of dependents overseas. The conferees also agreed that the Secretary of Defense should provide quarterly reports on the number of dependents (both noncommand-sponsored and command-sponsored) to the Committees on Armed Services of the Senate and House of Representatives so that the level of dependents can be monitored.

Repeal of the ceiling should not be interpreted as approval for immediate increases in the number of dependents overseas. The conferees expect the Department of Defense to aggressively pursue administrative actions to control the number of dependents overseas. Any increases in the number of command-sponsored dependents permitted overseas should be related to the force size, readiness considerations and the impact on retention.

The Senate recedes with an amendment requiring a quarterly report on the number of dependents overseas.

Change of title of new permanent flag grade for the Navy from commodore admiral to commodore (Sec. 405)

The House amendment contained a provision (sec. 405) that would change the title for the one-star flag grade for the Navy from "commodore admiral" to "commodore."

The Senate bill contained no similar provision.

The Senate recedes.

Extension of loan forgiveness program (Sec. 406)

The House amendment contained a provision (sec. 406) that would extend for two years, until October 1, 1983, the authority for the current test of a program offering loan forgiveness in return for military service.

The Senate bill contained no similar provision.

The Senate recedes.

TITLE V—RESERVE FORCES

Average strengths for the Naval Reserve and the Coast Guard Reserve in the Senate bill and the House amendment differed by a total of 2,700. There was no disagreement on the average strength level for any other reserve component.

The conference agreement, which was 300 above the administration request, is summarized in the following table:

	House	Senate	Conference
Army National Guard	392,800	392,800	392,800
Army Reserve	235,300	235,300	235,300

	House	Senate	Conference
Naval Reserve	90,000	87,600	87,600
Marine Corps Reserve	37,600	37,600	37,600
Air National Guard	98,600	98,600	98,600
Air Force Reserve	62,800	62,800	62,800
Coast Guard Reserve	12,000	11,700	12,000

Authority to exceed end strength for reservists on full time active duty (Sec. 502)

The House amendment contained a provision (sec. 502(b)) that would allow the Secretary of Defense to increase the authorized number of reservists on full time active duty in support of the reserves by two percent of the total number of reservists authorized to be on active duty under section 502 of the legislation if he determines it is in the national interest.

The Senate bill contained a similar provision (sec. 501(d)) that would allow the Secretary of Defense to increase the authorized number of reservists on full time active duty by an amount equal to five percent of the number authorized for each reserve component if he determines it is in the national interest.

The Senate recedes.

Increase in number of certain personnel authorized to be on active duty in support of the reserve components (Sec. 503)

The Senate bill contained a provision (sec. 502) that would suspend for one year the statutory ceiling on the number of reserve personnel authorized to be on active duty in support of the reserve components in pay grades E-8 and E-9 in all services and pay grades 0-4, 0-5 and 0-6 in the Army and the Air Force and would replace those ceilings with higher ceilings during fiscal year 1982.

The House amendment contained a similar provision (sec. 503). However, the provision in the House amendment would permanently change the statutory ceilings. In addition, the provision in the House amendment would permit unused authorizations in pay grade E-9 to be "carried down" to increase the number of authorizations in pay grade E-8.

The Senate recedes.

Defense mobilization capability (Sec. 504)

The House contained a provision (sec. 504) that would direct the Secretary of Defense to submit to the Congress not later than January 15, 1982, a plan for resolving the existing shortage in pretrained military manpower. The plan would outline the actions necessary to resolve the shortage by no later than January 15, 1987.

The Senate report addressed this issue, but the Senate bill contained no similar provision.

The Senate recedes with an amendment requiring the plan submitted be designed to solve the shortage by 1984.

The House amendment would also direct the Secretary of Defense to submit by February 1, 1982, a study of the potential impact on military capability during mobilization of the use of Department of Defense civilian employees and employees of contractors.

The Senate recedes.

Extension of reserve bonus authority (Sec. 505)

The House amendment contained a provision (sec. 505) that would extend from September 30, 1981, to September 30, 1985, the authority for a bonus for reenlistment in the Individual Ready Reserve and a selective affiliation bonus for the Selected Reserve.

The Senate bill contained no similar provision.

The conferees agreed to extend the authority for a selective affiliation bonus until September 30, 1985, but not the authority for the Individual Ready Reserve reenlistment bonus.

TITLE VI—CIVILIAN PERSONNEL

The Department of Defense originally requested an end strength of 1,024,900 in March.

The Senate bill would authorize an end strength for the Department of Defense totaling 1,024,200.

The House amendment would authorize a Department-wide end strength of 1,031,900.

The conferees agreed to provide an overall Department of Defense authorization for civilian personnel of 1,024,500—the October administration request.

The conferees are aware that the Department of Defense presents its budgets to the Congress with a substantial number of civilian spaces subtracted in anticipation that proposals to convert certain functions from performance by Department of Defense personnel to performance by private contractor will prove feasible. This budget technique places undue pressure on the decision to convert to contract.

The conferees direct the Secretary of Defense to discontinue the practice of reducing civilian personnel authorization requests in anticipation of unspecified conversions to performance by private contractors.

Borrowed and diverted military manpower (Sec. 601)

The Senate bill contained a provision (sec. 601(a)(2)) that would direct the Secretary of the Army to use 16,800 of the increase in civilian personnel for the Army in fiscal year 1982 to replace military manpower performing civilian functions. The provision would further direct that no more than 5,000 of these 16,800 personnel could be indirect hires. The Secretary of the Army would also be required to submit a report by September 30, 1981, on how the 16,800 personnel were to be utilized.

The House had no similar provision.

The House recedes with an amendment changing the reporting date from September 30, 1981, to February 1, 1982.

Repeal of requirement for reduction in number of senior-grade civilian employees (Sec. 602)

The Senate bill contained a provision (sec. 910) that would repeal the requirement that the Department of Defense reduce by the beginning of fiscal year 1982 the total number of civilian employees in grades GS-13 through GS-18 by 4% from the number employed on June 30, 1977. The provision would retain the existing requirement that a 6% reduction be accomplished by the beginning of fiscal year 1983.

The House amendment contained a provision (sec. 603) that would repeal all requirements for reductions in senior-grade civilians.

The conferees agree that it is essential that civilian manpower be managed in a more efficient manner. The conferees believe that aggressive use of position management, rather than arbitrary reductions, is a more appropriate method of accomplishing this end. Such a program must include specific requirements with respect to (1) review of career ladders, (2) identifying position management as a critical element in the evaluation of first-line supervisors and managers, and (3) periodic and frequent indepth classification audits of groups of positions.

The conferees direct the Secretary of Defense to report to the Committees on Armed Services of the Senate and House of Representatives on the implementation of the position management program, including the guidelines outlined above, by December 31, 1981.

The Senate recedes.

Research and development laboratories: contracts for services of university students (Sec. 603)

The House amendment contained a provision (sec. 604) that would provide specific authorization for the Defense Department to contract for the temporary or intermittent services of college students to provide short-term technical support at Defense research and development laboratories.

The Senate bill contained no similar provision.

The Senate recedes with the understanding that the Department will not use such student service contract arrangements to circumvent civilian personnel ceilings or to provide for an increase in the civilian work force. The conferees intend that these contracts are to be entered into only for technical services and only when it can be demonstrated to be cost-effective.

Contracting out of commercial and industrial type functions

The House amendment contained a provision (sec. 602) that would require the military commander of the major command to which a commercial and industrial type activity (CITA) is assigned to certify that contracting out that function would not have a significant adverse effect on the mobilization mission assigned to the command.

The Senate bill contained a provision (sec. 602) that would exempt all commercial and industrial type functions with less than 50 employees from the existing statutory reporting requirements on proposed contracting out actions contained in section 502 of the Defense Authorization Act for fiscal year 1981 (Public Law 96-342). This provision would prohibit a reorganization of a CITA function in order to avoid the reporting requirement.

The conferees agreed to delete both provisions. Each house recedes on its separate provision.

TITLE VII—MILITARY TRAINING STUDENT LOADS

The Senate bill and the House amendment differed on military training student loads for the Army, Army National Guard, Army Reserve, and Air National Guard.

The Senate bill specifically authorized a portion of the requested student loads for the Army components for utilization solely for One Station Unit Training (OSUT). The Senate bill also contained an increase of 647 in training loads for the Air National Guard.

The House amendment contained essentially the same numbers for the Army, Army National Guard, and Army Reserve, although the training loads did not contain specific allocations for OSUT.

The House recedes with an amendment that sets the training load for the Air National Guard at 2,377, an increase of 220 over the Administration request.

One-year extension of reduction in number of students required to maintain a Junior Reserve Officers' Training Corps unit (Sec. 702)

The House amendment contained a provision (sec. 702) that would extend until August 31, 1982, a one-year extension of the provision that permits a Junior Reserve Officers's Training Corps (JROTC) unit to be maintained with a minimum enrollment of 100 students or 10 percent of the students enrolled at the institution who are at least 14 years of age, whichever is less.

The Senate bill contained no similar provision.

The Senate recedes.

TITLE VIII—CIVIL DEFENSE

The Senate bill (sec. 801) provided $126.8 million for civil defense. The House amendment (sec. 801) authorized $174 million and earmarked $44 million for the emergency management assistance (EMA) program for state and local civil defense agencies. The conferees agreed to authorize $129.0 million. Without earmarking a specific amount, the conferees expect the Federal Emergency Management Agency (FEMA) to make sufficient funds available for the EMA program in order to prevent any reoccurrence of the funding shortfalls that state and local agencies are currently experiencing.

The House amendment (sec. 801(b)) specified that the $174 million authorization be used for the first year funding of the D Prime program, a seven year funding effort to upgrade the United States civil defense system. The D Prime program is designed to implement the policies of Presidential Directive 41 of September 1978 and Title V of the Federal Civil Defense Act of 1950. These policies provide for improving population survival in the event of nuclear war by developing a comprehensive population relocation capability during times of crisis. The Senate bill contained no similar provision.

The Administration has announced its intention to develop an expanded but cost effective United States civil defense program; the House conferees, therefore, agreed to delete section 801(b). In doing so, however, the conferees wish to emphasize the importance of the program being developed in a timely fashion. In line with that decision, the conferees recommend that efforts to upgrade the civil defense program should include planning for the protection of the general population as well as promoting continuation of government and developing the means for protecting key industries and related workforces. The conferees believe that insufficient attention has been paid to the issue of industrial base protection and that the currrent posture holds out little prospect that the United States could effectively protect, much less maintain, an adequate war-related production base.

The Senate bill (sec. 802) increased the current appropriations ceiling from $40 million to $45 million for the amount of Federal support that may be contributed to the states for personnel and administrative expenses associated with civil defense. The House amendment (sec. 802) increased the ceiling to $47 million. The Senate recedes.

The House amendment (sec. 803) amends Title II of the Federal Civil Defense Act of 1950 to enable states to use funds for the preparation for and response to both attack-related and disaster-related events. The Senate bill contained no similar language.

The Senate conferees were concerned that under the House provision, funds could be expended in a manner that would not in fact permit *dual use*, i.e. that funds allocated for natural disaster preparedness would have limited or no utility in the event of a nuclear attack. Consequently, the Senate proposed a modification to the House provision, which permits dual use of attack-related civil defense resources for natural disaster preparedness as long as such use of these resources is consistent with, contributes to, and does not detract from attack-related civil defense preparedness. The conferees expect to follow closely the development and implementation of the regulations called for in this section and will consider additional statutory direction in the future should it prove necessary to do so to conform the use of funds authorized pursuant to this Act to the conferees' intent.

Senate recedes with an amendment.

TITLE IX—GENERAL PROVISIONS

Requirements for annual authorization of appropriation for ammunition and other procurement not currently subject to annual authorization (section 901)

Section 903 of the Senate bill and section 902 of the House amendment would provide for annual authorization of appropriations for ammunition and other procurement not currently subject to annual authorization effective in fiscal year 1983. The Senate and the House provisions expressed the same intent but differed slightly in the wording of the requirement.

The Senate recedes.

Annual report on National Guard and Reserve component equipment (Section 902)

Section 914 of the Senate bill would require an annual report by the Secretary of Defense concerning National Guard and Reserve component equipment in the same format and level of detail as the Five Year Defense Program procurement annex now provided to Congress.

The House amendment contained no similar provision.

The House recedes.

Deferral of personnel end strength limitations (Sec. 903)

The House amendment contained a provision (sec. 906) that would authorize the President to defer military or civilian end strength ceilings established by statute for a period of up to two months during a war or national emergency.

The Senate bill contained no similar provision.

The Senate recedes.

Prohibition on certain civilian personnel management constraints (Sec. 904)

Section 911 of the Senate bill would specify that Department of Defense civilian personnel be managed solely on the basis of workload, available funds and authorized civilian end strengths for each fiscal year. The language would also provide that the management of Department of Defense civilian personnel should not be subject to any man-year constraint or limitation.

The House amendment contained a provision (sec. 910) that would prohibit the use of any funds authorized by the bill to establish within the Department of Defense any civilian personnel management system using the full-time equivalent employee concept.

The House recedes.

Military cooperation with civilian law enforcement officials (sec. 905)

The Senate bill contained a provision (sec. 915) that would clarify authority for cooperation between military and civilian law enforcement officials. The House amendment contained a similar provision (sec. 908). After substantial discussion the conferees agreed on a compromise included in Section 905 of the conference report.

Section 905 establishes a new chapter in Part I, subtitle A of title 10, United States Code, to authorize certain military cooperation with civilian law enforcement officials. The new chapter—chapter 18—would contain eight sections which (1) permit various forms of military assistance to civilian law enforcement officials, (2) restrict the direct participation of military personnel in law enforcement activities, (3) require that furnishing assistance not adversely affect military preparedness, (4) provide for reimbursement for assistance to civilian authorities, and (5) make clear that the chapter does not limit the authority granted by existing law. The new sections and their provisions are as follows:

Use of information collected during military operations (sec. 371). Both bills clarify existing authority for the Secretary of Defense to share information collected during the normal course of military operations. The House bill contained two clarifying phrases, both of which were accepted by the Senate. First, the House bill permits such information sharing "in accordance with other applicable laws" to assure the continued application of the Privacy Act. Second, the House bill provides that information may only be given to law enforcement officials who have jurisdiction to enforce the laws connected with the disclosed information. These provisions reflect current practice.

Use of Army, Navy, Air Force and Marine Corps equipment and facilities (sec. 372). Both bills contained provisions clarifying the authority of the Secretary of Defense to make available certain military equipment and facilities. The House bill contained three clarifying provisions that were accepted by the Senate. First, the Senate bill uses the term "armed forces" in reference to the ownership of the equipment and facilities involved. But that term, as defined in 10 U.S.C. 101, includes the Coast Guard. Therefore, to avoid authorizing the Secretary of Defense to lend or otherwise dispose of Coast Guard equipment and facilities, this section is limited to the equipment and facilities of the Army, Navy, Air Force or Marine Corps. Second, the House bill includes a limitation on the loan or other disposition of equipment and facilities to situations where such action is in conformity with other applicable laws. This provision assures the continued application of existing law, such as the Federal Property and Administrative Services Act of 1949. Finally, the House bill limits the use of the military equipment and facilities to law enforcement purposes. This limitation is consistent with current practice.

Training and advising civilian law enforcement officials (sec. 373). Both bills contain provisions authorizing the use of military personnel to train civilians in the operation of military equipment. The House bill authorized training for maintenance. The Senate accepted this change. The Senate also accepted the House provision which limited the provision of training assistance to personnel of the Army, Navy, Air Force or Marine Corps.

Assistance by Department of Defense personnel (sec. 374). This section, which is not found in the Senate bill, is derived from the House bill. Under the provisions of this section military personnel are authorized, in certain limited circumstances, to operate and maintain (or assist in the operation and maintenance of) equipment made available

under proposed section 372. Assistance under this section is subject to the same procedures and requirements which apply to making equipment and facilities available under proposed section 372. The restrictions of proposed section 375 apply, as do the military preparedness considerations of proposed section 376. So do the reimbursement provisions of proposed section 377.

The assistance shall be limited to situations where the training of civilian personnel would be unfeasible or impractical from a cost or time perspective. The request for such assistance should come from the Cabinet-level official heading the Federal agency with jurisdiction to enforce the criminal provisions of the drug, customs or immigration laws.

The authority of military personnel to operate or maintain (or assist in operating and maintaining) equipment made available under proposed section 372 is granted for certain specific circumstances. First, under section 374(b), such assistance generally may be given only to the extent that the equipment is used for monitoring and communicating the movement of air and sea traffic. Indeed, this is the primary type of assistance sought and needed by Federal drug enforcement agencies.

However, the conferees recognized that there might be certain limited, emergency circumstances where it would be helpful if equipment provided under proposed section 372 and operated or maintained by Department of Defense personnel could be used for more than data collection. Therefore, section 374(c) permits the use of such equipment as a base of operations outside the land area of the United States in certain emergency situations. In these situations, such equipment can be used to move civilian law enforcement personnel so they can launch an enforcement operation on their own.

The conferees were concerned that use of military personnel in such operations had the potential for placing such personnel in confrontational situations. Therefore, certain safeguards were incorporated in this provision to assure the proper role for military personnel. The authority found in subsection (c) is limited to emergency situations, as determined jointly by the Secretary of Defense and the Attorney General, using a definition found in subsection (c)(2). That definition is intended to focus on the threat of large scale criminal activity at a particular point in time or over a finite period. It should not be construed to permit the declaration of an emergency which would permit use of this authority on a routine or extended basis. In order to clarify the role that the military personnel and equipment are authorized to play under subsection (c), that subsection also states that equipment operated by or with the assistance of military personnel may not be used to interdict or interrupt the passage of vessels or aircraft.

Subsection (c) also permits the transportation of civilian law enforcement officials in military equipment made available under section 372, and operated by Department of Defense personnel under 374(a). In connection with law enforcement operations outside the land area of the United States, such transportation may be provided to or from a base of operations, such as a naval ship, or to or from fixed sites outside the land area of the United States. For example, if the Coast Guard, in an emergency circumstance, is launching an enforcement operation out of the United States Naval Base at Guantanamo Bay, Cuba, Coast Guard or DEA personnel could be transported to or from the base—from any location—in military equipment utilizing military personnel to operate such equipment.

Although such transportation of civilian law enforcement personnel is permitted only under emergency circumstances, the conferees note, and intend, that the need to provide such transportation can itself be an important factor to consider when determining whether enforcement would be seriously impaired if the military assistance is not provided.

The existence of the required emergency must be jointly determined by the Secretary of Defense and Attorney General. The existing broad delegation authority that current law extends to both the Secretary of Defense (10 U.S.C. 133(d)) and the Attorney General (28 U.S.C. 510) should apply to the joint determination made under subsection (c). However, the conferees expect and intend that such delegation will be extended only to appropriate high level officials in the respective Departments.

Restriction on direct participation by military personnel (sec. 375). Both bills provided for restrictions on the direct participation of military personnel in law enforcement activities. The Senate bill precluded the use of military personnel in arrests, searches, seizures or other similar activities unless otherwise authorized by law. The House bill contained a similar limitation, but provided an exception which allowed military personnel to assist in arrests and seizures outside the land area of the United States under certain limited circumstances. None of the federal enforcement agencies requested or indicated a desire for such authority for military personnel Accordingly, the authority contained in the House bill for this form of direct law enforcement activity by military personnel was deleted by the conferees.

The section agreed upon by the conferees requires that the Secretary of Defense shall issue regulations to insure that the provision of any assistance under this chapter does not include direct participation by a member of the Army, Navy, Air Force or Marine Corps in an interdiction of a vessel or aircraft or in a search, seizure, arrest or other similar activity, unless such activity is otherwise authorized by law. Nothing in this section, however, limits the inherent authority of military personnel to defend themselves or to protect Federal property. Nothing in this chapter adversely affects the authority of the Attorney General to request asssistance from the Department of Defense under the provisions of 21 U.S.C. 873(b). The limitation posed by this section is only with respect to assistance authorized under any part of this chapter.

Assistance not to adversely affect military preparedness (sec. 376). Both bills provide that the assistance rendered under this chapter by the Department of Defense shall not adversely affect the military preparedness of the United States. The conferees state this general rule in the statute, and also require the Secretary of Defense to issue such regulations as may be necessary to insure that result.

Reimbursement (sec. 377). This section authorizes the Secretary of Defense to issue regulations providing that reimbursement may be a condition of the assistance to civilian law enforcement officials under this chapter. This provision was contained, in slightly different form, in both bills. The regulation should reflect sufficient flexibility to take into consideration the budgetary resources available to civilian law enforcement agencies.

Non-pre-emption of other law (sec. 378). Section 378 clarifies the intent of the conferees that the restrictions on the assistance authorized by the new chapter in title 10 apply only to the authority granted under that chapter. Nothing in this chapter should be construed to expand or amend the Posse Comitatus Act. In particular, because that statute, on its face, includes the Army and Air Force, and not the Navy and Marine Corps, the conferees wanted to ensure that the conference report would not be interpreted to limit the authority of the Secretary of Defense to provide Navy and Marine Corps assistance under, for example, 21 U.S.C. 873(b). However, nothing in this chapter was in any way intended to rescind or direct the rescission of any current regulations applying the policies and terms of the Posse Comitatus Act to the activities of the Navy or Marine Corps.

Report requirement. Subsection (b) of section 908 of the bill provides that the Secretary of Defense shall, not later than thirty days after the expiration of 180 days after the effective date of this chapter, submit a report to Congress on the assistance authority by this chapter. The report shall include findings with respect to the effect of assistance provided under this chapter.

The assistance of the military authorized by this chapter will be used primarily by the United States Department of Justice, the Coast Guard and the Customs Service. Thus, the conferees expect that the Secretary of Defense will include within this report the views of the Attorney General, the Commandant of the Coast Guard and the Secretary of the Treasury. In addition, in order to assess the relative importance of the assistance rendered by the military, the conferees expect that the report will address the desirability of expanding or contracting the scope of the assistance authorized by this chapter.

Determination of CHAMPUS payments (Sec. 906)

The House amendment contained a provision (sec. 905) that would eliminate the requirement for the use of customary charges in determining reimbursement schedules for physicians and would also provide that the 12-month base period that is currently used for determining medical charges be adjusted at least once a year.

The Senate bill contained no similar provision.

The Senate recedes.

Increase in dollar thresholds for certain defense contract regulations (Sec. 907)

The House amendment contained a provision (sec. 903) that would amend sections 2304(a)(3) and 2304(g) of title 10, United States Code, to raise the current ceiling for use of the simplified small purchase procedures from $10,000 to $25,000. The House provision would also amend section 2306(f)(1) of title 10 to increase the certification threshold for the Truth in Negotiations Act (Public Law 87-653) from $100,000 to $500,000. Further, the House provision would amend section 2311 of title 10 by increasing from $100,000 to $5 million the threshold below which the service Secretary has the power to authorize negotiation of contracts for experimental, development or research work or for making or furnishing property for experiment, test, development, or research.

The Senate bill contained no similar provision.

The conferees believe these increases will provide administrative relief in the procurement process and should thereby result in substantial cost savings.

The Senate recedes.

Procurement of automatic data processing equipment (Sec. 908)

The Senate bill contained a provision (sec. 907) that would amend chapter 137 of title 10, United States Code, by adding a new section 2315 to such title. The new section 2315 would provide that no provision of law, other than the provisions of chapter 137 (as amended) and chapter 141 of title 10, would be applicable to the procurement by the Department of Defense of any automatic data processing (ADP) equipment or services if the function, operation, or use of such automatic data processing equipment or service involves intelligence activities; cryptological activities related to national security; command and control of military forces; equipment that is an integral part of a weapon or weapon system; or equipment that is critical to the direct fulfillment of military or intelligence missions. The Senate provision would effectively exempt the procurement of these specific hardware and software items and related services from the application of section 111 of Federal Property and Administrative Services Act of 1949 (10 U.S.C. 795) which designates the General Services Administration (GSA) as the coordinating authority for the purchase, lease and maintenance of ADP by federal agencies.

The Senate provision would not apply to procurement of any automatic data processing equipment or services if such equipment or services were to be used for routine administrative and business applications such as payroll, finance, logistics, or personnel management.

The House amendment contained no similar provision.

The conferees agreed to substitute language containing technical amendments providing that procurement by the Department of Defense of automatic data processing equipment or services for intelligence activities; cryptological activities related to the national security; command and control of military forces; equipment that is an integral part of a weapon or weapon system; or equipment or services that are critical to the direct fulfillment of military or intelligence missions are not subject to the provisions of section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 795). The substitute language would be incorporated into a new section 2315 of chapter 137, title 10, United States Code.

Under the substitute language recommended by the conferees, the procurement of ADP equipment and services for the functions specifically exempted from GSA control would be subject to all other applicable procurement laws and regulations. Further, the substitute language does not include the procurement of data processing equipment or services to be used for routine administrative and business applications including payroll, finance, logistics, and personnel management applications. In addition, the substitute language would not apply to any contract made before the date of enactment of the Defense Authorization Act for fiscal year 1982.

The House recedes with an amendment.

Armed services procurement policy (Sec. 909)

The Senate bill contained a provision (sec. 905) that would amend section 810 of the Department of Defense Appropriations Authorization Act, 1976 (Public Law 94-106), relating to the obligation of funds under a multiyear procurement contract, by increasing the ceiling imposed on cancellation clauses in such contracts from $5 million to $50 million. Further, the Senate provision would have directed the Secretary of Defense to specify in Department of Defense authorization requests for each fiscal year those weapons programs that in his judgment should be procured under multiyear contracts, if the contract cancellation ceiling to be provided in such contracts would exceed $50 million. In addition, the Senate provision specified certain criteria to be considered by the Secretary of Defense prior to entering into a multiyear contract.

The House amendment contained a provision (sec. 909) that would amend section 2301 of title 10, United States Code, by providing a general policy for the procurement of property and services (including weapon systems and associated items) by the Department of Defense. Under the guidelines of the policy, property and services for the Department of Defense could be acquired by any kind of contract, other than cost-plus-a-percentage-of-cost contracts, but including multiyear contracts, that would promote the interest of the United States. The guidelines would also provide that such contracts, when practicable, provide for the purchase of property at times and in quantities that would result in reduced cost to the government, provide incentives to contractors to improve productivity through investment, and provide for the achievement of economic-lot purchases and efficient production rates.

The House provision would amend section 2306 of title 10, United States Code, to authorize multiyear contracting for the procurement of services and related items of supply to be performed within the continental United States financed by funds made available for a single year. Such services and related items of supply may now be procured by multiyear contracts outside of the continental United States pursuant to section 2306 of title 10, United States Code.

The House provision would add a new subsection 2306(h) to title 10, United States Code, authorizing the heads of military departments to make contracts for the purchase of property, including weapon systems and items and services associated with weapon systems, for periods of not more than five years if the Secretary of the department (or other designated official) finds that certain specified criteria would be met.

The provision would direct the Secretary of Defense to prescribe regulations in a manner that would permit the most efficient use of multiyear procurement. The regulations issued under the authority of the new subsection could provide for contract cancellation provisions as necessary; could include contractor recurring and nonrecurring costs recovery within contract cancellation provisions; and must provide that, to the extent practicable, multiyear contracting should be used to expand the industrial base of defense subcontractors, vendors, and suppliers. In addition, the new subsection 2306(h) would provide that the regulations should not preclude or curtail competition, or the right of the military departments to terminate a prime contract wherein performance is deficient with respect to cost, quality, or schedule.

Other provisions of the new subsection 2306(h) would:

Require that the Committees on Armed Services and Appropriations of the Senate and the House of Representatives be notified in writing 30 days prior to the award of a multiyear contract if the contract contains a cancellation clause setting forth a cancellation ceiling in excess of $100 million;

Authorize multiyear contracts for the advance procurement of components, parts and materials necessary to manufacture weapon systems, for the purpose of achieving economic-lot purchases and to achieve more efficient production rates; and

Authorize the payment of cancellation or termination costs for a multiyear contract from appropriations made for the contract concerned, from appropriations available for procurement of the type of property concerned, or from funds specifically appropriated for cancellation or termination costs.

The House provision would require the Secretary of Defense and the Director of the Office of Management and Budget to modify existing procurement regulations not later than ninety days after enactment to implement the amendments made by the new subsection 2306(h).

The House provision would exempt from the multiyear contracting authority granted by the new subsection 2306(h): (a) the Coast Guard and the National Aeronautics and Space Administration; (b) contracts for the construction, alteration or major repair or improvements to real property; and (c) contracts for the purchase of property to which section 111 of the Federal Property and Administrative Services Act of 1949 (automatic data processing equipment) applies.

The House provision would repeal section 810 of the Department of Defense Appropriation Authorization Act, 1976 (Public Law 94-106; 89 Stat. 539), which imposes a $5 million ceiling on cancellation clauses contained in multiyear defense contracts.

The House provision also makes a technical and conforming amendment to section 2311 of title 10, United States Code, relating to the delegation of authority to make determinations and decisions regarding defense contracts.

The conferees agreed to accept the House provision with amendments. The substitute language would more clearly and narrowly set forth the criteria that the head of an agency must apply to a contemplated multiyear defense contract prior to a decision to procure property by this means. The substitute language would also define the term "multiyear contract" for the purposes of the new subsection 2306(h) of title 10 as a contract for the purchase of property or services for more than one, but not more than five, program years. Further, the definition states that such a contract could provide that performance under the contract during the second and subsequent years of the contract would be contingent upon the appropriation of funds and that such a contract could provide for a cancellation payment to be made to the contractor if such appropriations are not made.

The provisions agreed to by the conferees limit the authority to enter into multiyear contracts to cases where "funds are otherwise available for obligation". This language was adopted to make clear that the provision does not, by itself, provide contract authority. Rather the authority to enter into contracts is provided subject to funds being available for obligation through other actions of the Congress or other provisions of

law. In adopting this language, the conferees did not intend to restrict the authority to enter into multiyear contracts solely to those cases where funds are appropriated for that purpose. On the contrary, the conferees envision that funds could be available for obligation for a multiyear contract from, for example, annually made appropriations, including funds made available through reprogramming or transfer; proceeds from sales of goods and services which under current provision of law would be available for obligation; and funds available for obligation in connection with foreign military sales.

The conferees do not believe that funding for the entire term of a multiyear contract is necessary. Under the Defense acquisition procedures that have been in effect for many years, the Department of Defense does not fund items being purchased during all the program years covered by the multiyear contract. Rather, the department obligates funds under a contract for items being purchased during the first program year when the contract is entered into and subsequently obligates funds under the contract for each subsequent program year of procurement when those funds have been appropriated for that year. The government is not obligated to pay the contractor for subsequent program years, nor is the contractor obligated to proceed for subsequent program years until the funds have been appropriated and the contractor has been advised that those funds are available for contract performance. Under the provisions recommended by the conferees, that practice could continue.

The conferees expect that these provisions, in conjunction with other applicable provisions of law, would allow the Department of Defense to enter into a contract, that provides for the initial program year and for up to five program years, with funds available for obligation in an amount sufficient only for the first year plus any termination liability provided for under the contract. The contract could include a cancellation ceiling that would set a ceiling on those amounts that the government would owe the contractor if subsequent program years are not ordered, that could be either funded or treated as a contingent liability.

The Senate recedes with amendments.

Modification of defense contract profit limitation provisions (Sec. 911)

The Senate bill contained a provision (sec. 904) that would repeal the profit limitation provisions of the Vinson-Trammell Act of 1934. These provisions have been codified in the United States Code in sections 2382 and 7300 of title 10. Section 2382 places fixed profit limits of 12 percent on contracts or subcontracts over $10,000 for the construction of military aircraft. Section 7300 places profit limits of 10 percent on contracts or subcontracts over $10,000 for the construction of naval vessels.

The House amendment contained a provision (sec. 911) that would extend the waiver of those provisions beyond the current expiration date of October 1, 1981 (Public Law 96-342, sec. 1005), to July 1, 1982, on any contract or subcontract of such a contract for which final payment is made before July 1, 1982. The House amendment would also prohibit the responsible agencies from implementing the Vinson-Trammell provisions before July 1, 1982.

The conferees adopted a proposal that would amend section 2382 of title 10, United States Code, and repeal section 7300 of title 10, United States Code. The amendment to section 2382 would authorize the President, upon a declaration of war or national emergency, to prescribe such regulations as he determines are necessary to control excessive profits on defense contracts. Such regulations would apply to appropriate defense contracts and subcontracts that are entered into during the war or national emergency and to major modifications of contracts or subcontracts that are issued during the war or national emergency.

The amendment to section 2382 authorizes the President to transmit to Congress, within 60 days after the declaration of war or national emergency, such regulations as he may prescribe. The regulations would take effect unless both Houses of Congress disapprove the regulations within 60 days after transmission.

That amendment provides further that such regulations as the President prescribes would remain in effect for no more than five years after the date on which they take effect unless they are extended by both Houses of Congress. Such extension could be for no more than one year.

That amendment provides also that a Court of Claims would have exclusive jurisdiction over claims arising from actions taken under the section or regulations prescribed under the section.

The President would be required to report to Congress at the end of each year concerning any regulations prescribed pursuant to this amendment and also to report to Congress at the end of any war or national emergency during which any such regulations are in effect.

In addition, the amendment language provides that no regulation may be issued or other action taken to enforce any provision of section 2382 or section 7300 of title 10, United States Code, with respect to any contract entered into between October 1, 1976, and the date of enactment.

The Senate recedes with an amendment.

Military base reuse studies and community planning assistance (Sec. 912)

Section 913 of the House amendment would extend base reuse planning language from the fiscal year 1977 Military Construction Authorization Act and would authorize the Secretary of Defense to make available grants or other funds to communities affected by base closures and realignments, or cancellation of major defense contracts. The Senate bill contained no similar provision.

Specifically, the House provision would:

Authorize the Secretary of Defense, if he determines that the installation may be suitable for another use beneficial to the nation, to conduct environmental impact, stress, and other studies to determine possible future use by federal, state and local governments of military installations that have been publicly announced as candidates for closure or that the Department of Defense has decided to close.

Authorize the Secretary of Defense to make available grants or other funds to local and state governments or regional entities for purposes of planning community adjustments required by the proposed or actual establishment, realignment, or closure of a military installation or by the cancellation of defense contracts or major weapon programs if the Secretary of Defense determines that such actions are likely to have a significant community impact.

Authorize the Secretary of Defense to provide funding assistance if (1) base expansion or new establishment would result in assignment to such base of more than 2,500 defense civilian and military personnel or more defense civilian and military personnel than ten percent of the number of employees in counties and municipalities within 15 miles of such installation, whichever is less, and (2) if no other community impact assistance is available.

Provide that financial assistance in the case of a contract cancellation or program termination may only be made if the termination results in the loss of 2,500 local jobs.

Restrict assistance to no more than $2 million during any fiscal year.

Require the Secretary of Defense to submit to Congress an annual report on the operation of this program and direct the initial report be submitted no later than December 1, 1982.

Define "military installation" as used in this provision.

The Senate recedes with an amendment to include within the definition of local workforce "contract personnel" as well as defense civilian and military personnel.

Use of funds to relieve economic dislocations (Sec. 913)

The Senate bill contained a provision (sec. 906) that would prohibit the use of Department of Defense funds to pay, in connection with any contract awarded by the department, a price differential for the purpose of relieving economic dislocations.

The Senate provision also provided for a test program to be conducted within the Defense Logistics Agency. Under the test program the aforementioned prohibition would not apply to contracts, other than contracts for fuel purchases, entered into by the Defense Logistics Agency during fiscal year 1982 if the Secretary of Defense were to make certain determinations. The Secretary would be required to determine that such contract would not adversely affect national security; that there would be a reasonable expectation that bids would be received from a sufficient number of responsible bidders so that the award of such contract would be made at reasonable cost to the United States; that the price differential to be paid under such contract would not exceed 5 percent; and that the cumulative value of all contracts awarded under this exception would not exceed $3.4 billion.

The Senate provision also directed the President to submit a report to Congress by April 15, 1982, on the implementation and results of the test program.

The House amendment contained no similar provision.

The House recedes.

Prohibition against doing business with certain contractors (Sec. 914)

The Senate bill contained a provision (sec. 921) that would prohibit the Department of Defense from soliciting a bid from, awarding a contract to, extending an existing contract with, or approving, when approval is required, the award of a subcontract to a contractor that has been debarred or suspended by another Federal agency.

The prohibition as contained in the Senate bill would apply when the Department of Defense has knowledge of such debarment or suspension. The prohibition would not apply when the debarment has expired or has been terminated or the suspension has expired. In addition, the prohibition would not apply when the Department of Defense determines there is a compelling reason to conduct business with a debarred or suspended contractor and transmits a notice to the General Services Administration describing such a determina-

tion. The provision provides further that such notices will be maintained by the General Services Administration in a file available for public inspection.

The conferees agreed that the authority and duty to file notices under this provision should rest with the service Secretary concerned.

The House amendment contained no similar provision.

The House recedes with an amendment.

Civil Reserve Air Fleet (Sec. 915)

The House amendment contained a provision that would amend Chapter 931 of title 10, United States Code, to authorize the Secretary of the Air Force to modify existing and newly manufactured civil aircraft to configurations capable of carrying outsize and bulk military cargo, and provide financial incentives for civilian participation in the Civil Reserve Air Fleet program.

The Senate bill contained no similar provision.

The Senate recedes.

Selective Service System Enforcement (Sec. 916)

The House amendment contained a provision (sec. 904) that would authorize the President to require registrants to submit social security numbers at the time of registration and to require the Secretary of Health and Human Services to furnish to the Director of Selective Service the names, dates of birth, addresses and social security numbers of individuals required to register. The information made available to Selective Service under this provision would be used only for purposes of enforcement of the Military Selective Service Act. The provision would also require the Director of Selective Service, upon request of the Secretary of Defense or the Secretary of Transportation, to provide the Secretary concerned with names and addresses of registrants for purposes of recruiting.

The Senate bill contained no similar provision.

The Senate recedes.

Unit-Cost reports (Sec. 917)

The Senate bill contained a provision (sec. 922) that would require the Secretary of the applicable service, and possibly the Secretary of Defense, to submit a report if the unit cost growth of certain major defense systems exceeds designated cost growth thresholds. The service secretary report would contain, among other things, the reasons for the cost increase, the identities of the military and civilian officials responsible for the program management, the action taken and proposed to be taken to control future cost growth, and a statement by the contractors involved explaining reasons for the cost growth. The Secretary of Defense report would include a certification as to the necessity of the systems for reasons of national security, the alternatives to such system, the reasonableness of new cost estimates and the adequacy of management structure. The provision would prohibit the obligation and expenditure of funds if the reports were not submitted within the required time frames.

The House amendment contained a provision (sec. 918) requiring the services to submit a report stating the projected total acquisition cost of each item for which funds are individually authorized and appropriated and for which funds are requested if the cost of the item is $1 billion or more.

The House recedes with an amendment that strikes the provisions prohibiting the expenditure of funds if the required report is not submitted, deletes the requirement for contractor explanations and changes from 10 percent to 15 percent of the growth in unit cost that would trigger the initial reporting requirement for systems in procurement.

Recommendations with respect to the elimination of waste, fraud, abuse and mismanagement in the Department of Defense (Sec. 918)

The House amendment contained a provision (sec. 915) that would direct the President to submit to Congress by January 15, 1982, recommendations for improving the efficiency and managment of the Department of Defense. The provision would require that a report be submitted including recommendations from the General Accounting Office contained in reports issued since January 1, 1979, together with the Department of Defense response to the GAO reports.

The Senate recedes with an amendment providing for one report on January 15, 1982, and another on January 15, 1983 to be submitted by the Secretary of Defense in lieu of the President. For the first report, because of the time constraint, the review of GAO reports only has to go back to October 1, 1980. The second report under this section must review GAO reports back to January 1, 1979.

Report on contributions to the common defense (Sec. 919)

Section 902 of the Senate bill would express the sense of Congress that the burdens of mutual defense are not being shared proportionately by the United States and some of its allies and would require the Secretary of Defense to submit a report on allied contributions to the common defense.

The House amendment contained no similar provision.

The conferees agreed to delete the sense of Congress language and to extend the reporting requirements contained in section 1006 (c) of the Department of Defense Authorization Act of 1981 (Public Law 96-342).

The House recedes with an amendment.

Assistance to Yorktown Bicentennial Celebration (Sec. 920)

The Senate bill contained a provision (sec. 917) authorizing appropriations not to exceed $750,000 to provide logistical support, personnel services, and equipment for the Bicentennial Celebration of the American victory at Yorktown. The Senate amendment also authorized such other services as the Secretary of Interior may consider necessary and the Secretary of Defense may consider advisable.

The House amendment contained a similar provision (sec. 912) but no authority for such determination by the Secretary of Interior.

The House recedes.

Requirements relating to the awarding of sole source contracts

The Senate bill included a provision (sec. 908) that would require certain actions designed to ensure that sole source procurement would not be used when competition would be more appropriate.

The conferees discussed this provision extensively and are agreed that greater effort to increase the use of competition is required in the Department of Defense. However, the House conferees were adamant that they could not accept statutory language prior to further study of the effect of such proposed provision.

The conferees, therefore, agreed to delete the language of section 908 but direct that the Secretary of Defense provide a report not later than February 1, 1982, to include the following:

An agreed upon methodology to be used by all the military departments in providing statistical data to determine the use of competitive procurement in the Department of Defense, including agreed upon definitions of action relating to competitive and noncompetitive procurement to allow a standardized procedure for reporting on such actions to the Congress.

The recommendations of the Secretary of Defense for such changes as he deems appropriate, including legislative changes if necessary, to increase the use of competitive procurement in the military departments, including the views of the Secretary regarding savings to be achieved by competitive procurement.

The conferees are further agreed that each House shall conduct hearings in its appropriate committee as soon as feasible, during this session of Congress, on the subject of sole source procurement with a view to devising legislation to reduce the use of non-competitive procedures.

The conferees also agreed that legislation, modeled on section 908 of the Senate bill, shall be introduced in each House to provide a vehicle for discussion in the planned hearings.

Contingent once-a-year adjustment of retired pay

The Senate bill contained a provision (sec. 909) that would require an annual, rather than semi-annual, adjustment to military retired and retainer pay, effective March 1 of each year, contingent on a similar change being made in the civil service retirement system.

The House amendment contained no similar provision.

The conferees observed that the objectives of the provision in the Senate bill were accomplished in conjunction with action on the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

The Senate recedes.

Liability of the United States for tort actions of National Guard Members

The Senate bill contained a provision (sec. 912) that would make the United States liable for claims for property damage, personal injury or death, caused by a member of the National Guard while performing certain duties, in the same fashion that the United States would be liable in an action brought against the United States under the Federal Tort Claims Act. (28 U.S.C. 1346; Ch. 171, title 28).

The House amendment contained no similar provision.

The Senate recedes.

The conferees recognized that the provision could be considered to be nongermane under the House rules, and it was deleted. The House Committee on the Judiciary is considering a similar bill, H.R. 3799, which was favorably reported by the Subcommittee on Administrative Law and Government Regulations on October 29, 1981.

Establishing the position of Director of the Defense Security Assistance Agency

The Senate bill contained a provision (sec. 913) that would establish the position of Director of the Defense Security Assistance Agency as a Presidential appointment requiring Senate confirmation and would define certain duties of the office.

The House amendment contained no similar provision.

The Senate recedes.

Servicemen's Group Life Insurance and Veterans' Group Life Insurance

The Senate bill contained a provision (sec. 918) that would increase the maximum coverage under the Servicemen's Group Life Insurance and Veterans' Group Life Insurance programs from $20,000 to $35,000.

The House amendment contained no similar provision.

The increases in the levels of insurance were included in separate legislation (Public Law 97-66).

The Senate recedes.

Denial of benefits for persons who fail to complete two years of an original enlistment

The Senate bill contained a provision (sec. 919) that would amend the current denial of benefits provision for persons who fail to complete at least two years of an original enlistment.

The House amendment contained no similar provision.

The Senate recedes.

Nuclear arms control talks

The Senate bill contained a provision (sec. 920) that would recite Congressional findings that: the President has stated his willingness to resume negotiations of nuclear arms control agreements with the Soviet Union; that the foreign ministers of a number of European governments have urged the government of the United States to resume nuclear arms limitation talks; and that the Secretary of State has recently negotiated a communique with the foreign ministers of NATO stating that "the allies stress the value of stabilizing, equitable and verifiable arms control through limitations on Soviet and U.S. strategic arms." The Senate provision would declare it to be the sense of the Senate that the Senate supports the reopening of nuclear arms control talks and that the Senate and the President should work together to achieve the President's goal of resuming such talks.

The House amendment contained no similar provision.

The Senate recedes.

Restriction on purchase of foreign-made administrative motor vehicles

Section 914 of the House amendment prohibited the service Secretary from purchasing administrative motor vehicles outside the United States or Canada unless the purchase involves less than $50,000 or the Congress has specifically authorized the purchase of such motor vehicles.

The Senate bill contained no similar provision.

The House recedes.

Recruitment of individuals with high school equivalency certificates

The House amendment contained a provision (sec. 916) that would prohibit during fiscal year 1982 the use of any gender-based distinctions in original enlistments in the military services based upon high school equivalency certificates except when such gender-based distinctions are necessary to maintain readiness. The Secretary of Defense would also be directed to submit a report to Congress by January 15, 1982, on the impact of such a limitation and on performance and readiness differences between certain male and female enlistees.

The Senate bill contained no similar provision.

The House recedes.

Limitation on sale of silver from the national defense stockpile

The House amendment contained a provision (Sec. 917) that would terminate the authority to dispose of silver held in the National Defense Stockpile on September 30, 1982, unless the President determines that the remaining silver authorized for disposal is excess to the requirements of the stockpile.

The Senate bill contained no similar provision.

The conferees noted that a similar provision was included in the Omnibus Reconciliation Act of 1981 (Public Law 97-35) and that inclusion in this bill would be redundant.

The House recedes.

Study of foreign language requirements

The House amendment contained a provision (sec. 919) that would direct the Secretary of Defense to study the feasibility of requiring students enrolled in the service academies and in senior ROTC programs to study a foreign language and the feasibility of providing a bonus to service members who are proficient in the native language of a foreign country in which they are stationed.

The Senate bill contained no similar provision.

The Department of Defense indicated that foreign language requirements currently exist for the Senior ROTC program and for the U.S. Military Academy and the U.S. Air Force Academy, with language courses available for students at the U.S. Naval Academy. The House conferees agreed to pursue the desirability of a bonus for foreign language proficiency through a letter to the Department of Defense.

The House recedes.

Verification of claims by West Germany

Section 920 of the House amendment would express the sense of Congress that the Secretary of the Army should strengthen his capacity to verify large claims against the United States made by the Federal Republic of Germany due to damages resulting from maneuvers and other Army activities. That section would provide that Corps of Engineers or other Army personnel be used to verify such claims.

The Senate bill contained no similar provision.

The House recedes.

The conferees agree that the Secretary of the Army should do all possible to verify the claims in question but are of the opinion that statutory language is not necessary to express the concern of Congress in this instance.

MELVIN PRICE,
CHARLES E. BENNETT,
SAMUEL STRATTON,
RICHARD C. WHITE,
BILL NICHOLS,
JACK BRINKLEY,
ROBERT H. MOLLOHAN,
DAN DANIEL,
WM. L. DICKINSON,
G. WILLIAM WHITEHURST,
FLOYD SPENCE,
ROBIN BEARD,
DON MITCHELL,
MARJORIE S. HOLT,

When differences regarding intelligence related activities are under consideration:

EDWARD P. BOLAND,
NORMAN Y. MINETA,
ALBERT GORE, Jr.,
J. KENNETH ROBINSON,

Solely for consideration of section 908 of the House amendment and section 915 of the Senate bill:

BILL HUGHES,
ROMANO L. MAZZOLI,
SAM B. HALL, Jr.,
HAROLD S. SAWYER,
ROBERT MCCLORY,

Managers on the Part of the House.

JOHN TOWER,
STROM THURMOND,
BARRY GOLDWATER,
J. WARNER,
GORDON J. HUMPHREY,
BILL COHEN,
ROGER W. JEPSEN,
DAN QUAYLE,
JEREMIAH DENTON,
JOHN C. STENNIS,
HENRY M. JACKSON,
HOWARD W. CANNON,
HARRY F. BYRD, Jr.,
SAM NUNN,
GARY HART,
J. J. EXON,

Managers on the Part of the

SENATE—*Wednesday, November 4, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Let us remember in silent prayer Senator STEVENS and his loved ones in the death of his mother and any others in our family that we know are hurting.

And let us also remember the astronauts.

Father God, who didst create man, male and female, in Thy image and united them in marriage to become one flesh; we pray for our families and homes. Forgive us when we treat marriage as the product of sociological theory which changes with cultural mores and forget that it is the creation of God subject to inviolate spiritual and moral law. Forgive us when we take the rules of the Senate more seriously than we take the law of God concerning marriage and the family.

Thy word declares that Thou art witness to the marriage vows, that they constitute a sacred, unconditional covenant sealed in heaven. Teach us to honor this foundation essential to the preservation of all social order. Secure our marriages and families, dear God, against every destructive force that alienates and poisons. Teach us that if we fail as spouses and parents no other achievement can adequately compensate. Grant that we, whose business is making laws, will not hold the law of God in contempt. Fill our homes with love for Thee and each other for the sake of Him who is love incarnate. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. TOWER. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. TOWER. Mr. President, I wish to reserve the time allotted to me at the moment and ask the distinguished acting minority leader if he wishes to use any of the leader's time allotted to him at this point.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. PROXMIRE. Mr. President, I do intend to use perhaps 3 or 4 minutes of the leadership time.

AMERICAN LIBERATORS AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, we are all proud of the soldiers who risked their lives to liberate the victims of Nazi concentration camps at the end of World War II.

Many of these men retold their stories at the International Conference of the Liberators. But these "liberators" did not reunite last week only to reflect on the horrible atrocities forever etched into their memories.

No, Mr. President, their main purpose was to remind us—who were not there—just how terrible is the crime of genocide.

President Reagan embodied the purpose of this conference in his opening letter to all the participants. He stated:

> By increasing public awareness of the holocaust, this conference serves as a stark reminder to the world's conscience of what transpired during that period of history and will strengthen our resolve to prevent mankind from sinking into that ultimate horror again.

But how resolved are we as a nation to prevent this ultimate horror from happening again? It is interesting to note that of the nine allied nations represented at the conference, eight nations have affirmed their support for the Genocide Convention. These included Belgium, Canada, France, Denmark, Yugoslavia, the U.S.S.R., Poland, and the Netherlands.

Only one nation—one, Mr. President—stands alone among her former wartime allies as having failed to ratify this convention. Of course, Mr. President, I am speaking of the United States. We not only stood alone at this conference, but we stand alone in the civilized world on this issue.

Mr. President, it is important to note that at one point in his letter President Reagan states that:

> Men of goodwill must never passively accept a great wrong but, instead, must follow the lead of those who actively contributed to stopping the murder, degradation, and tyranny of the camps as the liberators did.

But where would these liberators lead us, Mr. President? For them genocide is very real. They saw firsthand the sickening results of genocide in camps such as Buchenwald, Ebense, Bergen-Belsen, Dachau, and many others. That is why last week 51 American delegates signed a petition urging this country to ratify the Genocide Convention.

Mr. President, this is where the liberators would lead us. This is where commonsense leads us. If—as Mr. Reagan hopes—we are to avoid sinking into this ultimate horror again, I strongly urge that we ratify this convention.

Mr. President, I ask unanimous consent to have printed in the RECORD President Reagan's letter to the participants of this conference and the petition signed by our American delegation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, D.C., September 29, 1981.

I am proud to join in tribute to those who liberated the Nazi concentration camps and are attending the International Conference of the Liberators sponsored by the United States Holocaust Memorial Council.

This Conference is the first to honor members of the Allied troops who liberated the death and slave labor camps in the Spring of 1945. By joining with delegations from other allied nations, our country will help to put into clearer focus our memories of the overwhelming tragedy and unspeakable evil the liberators discovered.

Men of goodwill must never passively accept a great wrong but, instead, must follow the lead of those who actively contributed to stopping the murder, degradation, and tyranny of the camps as the liberators did. They are to be commended for their courage and determination in helping bring to an end the Third Reich's program of atrocities.

By increasing public awareness of the Holocaust, this Conference serves as a stark reminder to the world's conscience of what transpired during that period of history and will strengthen our resolve to prevent mankind from sinking into that ultimate horror again.

In this notable and most worthy event, you have my every wish for a productive and enlightening Conference and your continued progress in this important work.

Sincerely,

RONALD REAGAN.

PETITION BY AMERICAN REPRESENTATIVE LIBERATORS

We, the undersigned, participated in the liberation of the Nazi concentration camps at the close of World War II. We saw with horror and revulsion the machinery of persecution and mass extermination, and as American military personnel, were able to play a unique role in halting the wheels of Nazi genocide.

The United States, which has long been a beacon of hope to the persecuted, should now make a clear statement to the world that it is forever opposed to the heinous act of genocide, and will seek to prevent its recurrence. We therefore call upon the United States Senate to grant its long overdue advice and consent to ratification of the Convention on the Prevention and Punishment of the Crime of Genocide.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRASSLEY). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. TOWER. Mr. President, I yield the remainder of the time allotted to me under the standing order to the distinguished Senator from Missouri (Mr. DANFORTH).

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri.

AFTERMATH OF AWACS VOTE

Mr. DANFORTH. Mr. President, 1 week ago today the U.S. Senate cleared the way for the sale of AWACS and F–15 enhancement equipment to Saudi Arabia. While time will be the judge as to whether the decision was a correct one or not for the United States, it is not too early to reflect on what we hoped to achieve by letting the sale go forward and the prospects for achieving America's objectives.

Bilateral relations between nations must be two-way propositions. One nation acts. The other responds. In agreeing to the AWACS transaction, the United States acted. It met the requirements of Saudi Arabia. It passed the latest test of friendship. Now, it is Saudi Arabia's turn to respond. Saudi Arabia is now the center of America's attention, and the question is, "What did America get out of the sale?"

During the course of the AWACS debate, it was argued that America's foreign policy must be in our own interest, and not conducted as a favor to any other country. We can all agree on that. So the issue now is the way in which the sale will benefit the United States: The extent to which Saudi Arabia will reciprocate our friendship.

At the time of the F–15 sale in 1978, the transaction was portrayed as a test of American friendship toward Saudi Arabia. When the second test was administered last week, many of us looked at how well our earlier gesture of friendship had been reciprocated. We were not encouraged by what we saw.

The United States has two vital interests in the Middle East: First, to secure an adequate supply of oil at a reasonable price; second, to further regional stability through the Camp David peace process. Since America passed the first test of friendship in 1978, Saudi Arabia's response to both of these interests had been disappointing.

Saudi oil prices had more than doubled since 1978, contributing to inflation and a stagnant American economy.

The Mideast peace process had moved forward in the context of the Camp David accords—but these had been consistently denounced by Saudi leaders and undermined by them through the punishment and isolation of Egypt, support for the PLO, and anti-Israeli rhetoric.

Now that the AWACS sale has been agreed to, America's two vital interests remain the same: Reasonably priced oil in adequate supply and progress under the Camp David accords.

It is, of course, too early to prejudge the question of what America gained from the AWACS sale. But early indications of reciprocity in the area of oil are not encouraging.

One day after the Senate vote, OPEC—at Saudi instigation—reached agreement on a unified base price of $34 a barrel for oil exports. While a number of OPEC members will have to reduce their prices somewhat to meet this level, Saudi Arabia—our most important source of imported oil—will again be raising its price by $2 a barrel. This move, in conjunction with the Saudi announcement a day later to cut production by 1 million barrels a day, will result in an overall increase in the price of OPEC oil. This new price level is to be frozen through the end of 1982. While a freeze in prices is welcome, it is more than offset by a rise in Saudi prices, a cut in Saudi production and a strengthening of the OPEC cartel, all of which was announced within 48 hours of the AWACS vote.

As regards progress toward peace in the Middle East, this should be an American objective that is shared by the Saudis. Yet, to date, the only tangible progress toward peace in the region has come about through the Camp David accords—consistently scorned by Saudi Arabia. Heretofore, they have chosen to use their influence to attack, rather than promote any semblance of a constructive dialog. The so-called peace plan suggested by Saudi Arabia, based upon a separate Palestinian State, governed by the terrorist PLO and with its capital in Jerusalem, is a plan which undermines the Camp David accords and which should be summarily and totally rejected by the United States.

Mr. President, many of us were deeply troubled by the AWACS vote. That issue is now in the past. It is behind us. The issue now is not whether the United States will move forward from this point, but whether there will be forward movement by Saudi Arabia. Saudi Arabia has the opportunity to show its friendship to the United States—in oil policy and in furthering the peace process.

Twice Saudi Arabia has administered tests of friendship to the United States, and twice the United States has passed the tests. It is now our turn to administer tests, and Saudi Arabia's turn to pass them.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business, not to extend beyond 10 a.m.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ARMSTRONG). Without objection, it is so ordered.

CONFERENCE REPORT ON S. 815, FISCAL YEAR 1982 DEPARTMENT OF DEFENSE AUTHORIZATION BILL

Mr. TOWER. Mr. President, on behalf of the Senate conferees I submit the joint conference report to S. 815, the fiscal year 1982 Defense authorization bill.

While the Senate will not address the specifics of this bill immediately, I will take this opportunity to highlight several important aspects of the bill which must be kept in mind as other Senate committees begin their deliberations on defense issues.

First, this bill is only a first step toward the execution of a long-term defense recovery program. We did not arrive at our current lack of preparedness overnight; and neither will we buy back the necessary margin of safety for our forces in 1 year's time. It is essential that the Congress and the administration work toward sustaining significant defense increases through the next several years.

Second, this bill is current, up to date, and consistent with revised budget guidelines. The conferees postponed judgment on the President's strategic proposals until they were announced early in October; and the administration's budget revisions have also been reviewed and incorporated in the conference bill. The extra time taken to include the strategic package and the budget revisions has produced a conference report that is both timely and relevant to the appropriations process.

Third, while the Armed Services Committee has been responsive to most of the proposed budget revisions, reductions in defense are not being made without some penalty. Too many of my colleagues are under the false assumption that the Department of Defense is being asked to reduce its budget by only $2 billion. I will remind them that to achieve a reduction of $2 billion in outlays we were forced to make reductions totaling $6.2 billion in budget authority from the March request. Of necessity, these reductions involved a range of cutbacks including the accelerated retirement of ships and aircraft, reductions in foreign commitments, and a general curb on previously planned rates of procurement.

Working within the budget constraints imposed by the September budget, review, the conferees have nevertheless reported a bill that is balanced in its application of limited resources. We have provided for near-term improvements in readiness while at the same

time protecting, to the extent possible, the long-term modernization of our forces.

Because readiness and modernization are regarded as the most compelling defense priorities, the conferees were required to accept some reductions in foreign commitments, force structure and combat sustainability. While we accepted such cuts, we did not endorse them. However, I must caution my colleagues that the committee is confident of these priorities on strategic grounds, and that if further reductions are proposed we will insist that they come from force structure and foreign commitments.

Finally Mr. President I will remind my colleagues that there are no military grounds for the budget cuts contained in this conference report. The Secretary of Defense and the Armed Services Committees have responded to the administration's request that there be further reductions in Federal spending during fiscal year 1982. Any further reductions, proposed either here in Congress or within the administration, would have the devastating effect of short-circuiting the President's commitment to revitalize our military forces before we even get started.

The tendency to address the defense budget in a strategic vacuum—isolated from the ominous trends in international affairs and beholden to the outcome of infighting about economic theory— must be resisted and overcome. Our forces must be appropriately sized and equipped to meet the challenges of this decade and the Senate's deliberations must reflect such a commitment.

CONCLUSION OF MORNING BUSINESS

Mr. HATFIELD. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Chair advises the Senator from Oregon that morning business is closed.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1982

The PRESIDING OFFICER. Under the previous order the Senate will now resume consideration of H.R. 4144, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

The Senate resumed consideration of the bill.

UP AMENDMENT NO. 577

(Purpose: To prohibit the Department of Energy from obtaining plutonium for nuclear weapons purposes from commercial spent reactor fuel)

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Colorado (Mr. HART) proposes an unprinted amendment numbered 577:

On page 31, between lines 5 and 6, insert a new section 305 as follows:

"SEC. 305. None of the funds appropriated to the Department of Energy in this Act may be used to obtain for nuclear weapons purposes, by purchase, reprocessing, or other means, plutonium from spent fuel withdrawn from a civilian power reactor.".

Mr. HART. Mr. President, the amendment that I am offering today is an essential component of our Nation's commitment to stopping the spread of nuclear weapons.

The PRESIDING OFFICER. If the Senator will suspend for a moment, under the existing parliamentary situation, it will be necessary, before he proceeds, for one of the managers to ask for consent to set aside the pending committee amendments.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be set aside in order to entertain the amendment of the Senator for Colorado.

The PRESIDING OFFICER. Without objection, the committee amendments are set aside.

The Chair apologizes to the Senator from Colorado. He may proceed.

Mr. HART. I thank the Chair.

Mr. President, one of the greatest dangers facing the United States today is the growing possibility that a radical country such as Libya, or a terrorist organization will use a nuclear weapon against us at home or against our national interests abroad. We have only begun to realize that classical deterrence will not prevent radical countries or terrorist organizations from exploding nuclear bombs anywhere in the world—in the oil fields of Saudi Arabia, in the streets of Jerusalem, or in the subways of New York. For them, the balance of terror, which so far has restrained the United States and Soviet Union from war, has no meaning. Increasing the opportunities for them to obtain atom bombs would lead to an imbalance of terror that could destroy civilization as we know it.

One can conjure up all the grim consequences of the spread of nuclear weapons to radical countries or terrorist organizations merely by asking the question: What would have happened if the Ayatollah Khomeini had come to power 10 years later, after the United States had fulfilled its agreements with the Shah to export nuclear materials and equipment to Iran?

The growing availability of the technology and material to make atom bombs, particularly to terrorist organizations subject to few, if any, constraints against exploding a bomb, represents a clear and present danger to our national security.

Yet, published reports indicate the Department of Energy is considering a plan that would seriously undermine international efforts to control the spread of nuclear weapons. Under this plan, the Department would obtain plutonium for nuclear weapons from spent reactor fuel discharged from commercial nuclear powerplants.

Mr. President, because of the serious adverse consequences of such a plan both for our national security and for the future of commercial nuclear power in this country, I offer an amendment that would prohibit the Department of Energy from using any funds appropriated to it under this act to obtain plutonium from commercial spent fuel for producing nuclear weapons.

I am also today cosponsoring a bill, to be introduced by the Senator from Illinois (Mr. PERCY) that will prohibit the Nuclear Regulatory Commission from licensing the transfer of spent fuel from a commercial powerplant to the Department of Energy for making nuclear weapons.

Using the plutonium in spent fuel taken from civilian nuclear powerplants to make nuclear weapons is an extremely ill-considered idea for three reasons.

First, it would, in effect, turn commercial nuclear powerplants into bomb making factories. Such a step would seriously undermine U.S. efforts to halt the spread of nuclear weapons to countries that do not now have them. No longer would the United States have the credibility necessary to persuade current nonnuclear weapons countries not to use their ostensibly peaceful nuclear power programs to build atomic bombs. How could the United States expect other countries not to divert plutonium from their civilian nuclear programs when we are diverting plutonium on a grand scale?

The U.S. nuclear nonproliferation policy would become "Do as we say, but not as we do." The DOE plan would render ludicrous the historic basic assumption underlying current nonproliferation policy—that a clear distinction exists between "Atoms for Peace and Atoms for War."

Mr. President, it is estimated that, to date, civilian nuclear power reactors around the world have produced enough plutonium for 28,000 bombs similar in size to the one dropped on Nagasaki. Fortunately, the vast majority of this plutonium remains locked in spent reactor fuel. The DOE plan, however, would set a virtually irreversible precedent leading to the increased availability of this plutonium for weapons purposes and the increased risk that this plutonium would be stolen by terrorist groups or radical countries.

The International Atomic Energy Agency, the organization responsible for safeguarding civilian nuclear equipment and materials around the world against misuse for building nuclear weapons, recognizes the threat the DOE plan poses to international nonproliferation efforts. According to published reports, the American delegation attending the IAEA's general conference in September received a stern warning on the political dangers of plundering national stockpiles of civilian nuclear spent fuel for weapons-grade plutonium.

Apparently, Dr. Sigvard Eklund, IAE director-general, warned that the plan

could unleash a new wave of European hostility toward nuclear energy.

Dr. Theodore B. Taylor, a former U.S. nuclear weapons designer and an internationally respected expert on nuclear safeguards, said of the DOE plan:

(N)ations that have so far resisted such temptations (to obtain nuclear weapons) would be stimulated to follow our example.

He said, the U.S. Government—

will lose whatever remaining credibility it has regarding its avowed policies to lead the world in the directions that will sharply reduce the threat of nuclear wars.

The DOE plan to use plutonium from commercial spent fuel to make nuclear weapons has a second fundamental flaw: It would effectively militarize the entire back end of the civilian nuclear fuel cycle. If commercial spent fuel becomes the raw material for nuclear weapons, the DOE could avoid NRC licensing reviews for the transportation and storage of the resulting radioactive wastes.

Moreover, the DOE could use its plan for obtaining utility spent fuel for nuclear weapons to justify, on national security grounds, restrictions on public access to information about utility management of commercial powerplants. We could anticipate an increase in police surveillance of workers and opponents of nuclear power, as well as other infringements on civil liberties.

Finally, the DOE plan would have adverse consequences for the future of the U.S. nuclear power program. As a spokesman for the American Nuclear Energy Council commented:

This (plan) could be a public relations disaster. We've spent years reassuring the public that nuclear power is separate from the weapons program.

I have long believed the debate over the future of commercial nuclear power should focus on such issues as economics and reactor safety. The DOE plan, however, would unnecessarily inject an extremely volatile, potentially polarizing issue into that debate. It would give the opponents of nuclear power the enormous advantage of arguing that every time we flip on a light switch or turn on the television, we help to make nuclear weapons.

The DOE apparently views this plan as one of several possible options for obtaining the plutonium needed for the projected manufacture of more than 14,000 new nuclear weapons during the next 8 to 10 years. If DOE pursues this option, however, it will find itself in the ironic position of attempting to strengthen the national security with methods which, by increasing the risks of nuclear proliferation, ultimately will weaken it.

Mr. President, this amendment would not in anyway interfere with DOE plans to expand this Nation's nuclear weapons arsenal. It would foreclose just one option for building new nuclear weapons that poses risks to us and the rest of the world far exceeding any possible benefits. The DOE has several more acceptable alternatives for obtaining the plutonium it needs to build its nuclear weapons.

First, it could refurbish existing plutonium and tritium production facilities to increase their productivity and build new facilities dedicated to producing weapons-grade plutonium.

Second, it could make weapons-grade plutonium by blending super-grade plutonium with existing stocks of fuel-grade plutonium.

Finally, as a temporary measure, it could renew its agreement with Britain, maintained from 1959 to 1979, under which the United States would receive plutonium in exchange for highly enriched uranium required to fuel the Royal Navy's nuclear submarine fleet.

Mr. President, I am fully aware that DOE is still developing the laser isotope separation (LIS) technology that would enable it to carry out its fourth, unacceptable option: distilling weapons-grade plutonium from the contaminated plutonium in commercial spent reactor fuel. I recognize that it is highly unlikely that DOE will have sufficiently developed this technology to enable it to use commercial spent fuel to build nuclear weapons in this fiscal year, or even before the proposed $200 million LIS production plant comes on line in 1987.

Nevertheless, DOE in its contingency planning has already begun to weigh its various options for obtaining plutonium to build additional nuclear weapons. The decisions it makes this year will determine the course of this plan over the next 10 years.

Even if DOE cannot actually use plutonium in commercial spent fuel for nuclear weapons this year, my amendment, if accepted, would send an urgently needed signal to the DOE and the rest of the world that under no circumstances will the United States undermine international efforts to halt the spread of atomic bombs by diverting plutonium from its own commercial nuclear power program to build nuclear weapons. If the Senate—and the Congress—does not send that message today, DOE will begin to base its contingency planning on the availability of this truly unfortunate proposal, and we will have unnecessarily and tragically defeated ourselves in the ceaseless battle against nuclear proliferation.

Mr. President, I urge the managers of this bill, the distinguished Senator from Oregon and the distinguished Senator from Louisiana, to support this amendment.

Mr. HATFIELD. Mr. President, first of all, let me underscore a few simple facts.

One, there is no funding in this bill for use in this way, as outlined by the Senator from Colorado.

It is also a fact that DOE has floated the concept technology. We are years away from being able to use civilian spent fuel for this purpose.

Having stated those two simple facts, nevertheless, there is, I think, a basis for the Senator's concern.

In the atomic energy defense activities account there is funding for continuing special isotope separations research, and I underscore the term "research." Funding provided allows for continued research into the use of lasers to enrich plutonium to weapons grade quality, particularly two separate processes at two laboratories which are competing against each other at the present time. These processes remain experimental and totally unproved.

The committee has agreed with the budget request for this program.

Also, I indicate for the record that under the operating expense for materials production, on page 99 of the Senate report, the committee allows $21.8 million, as compared to the $13.8 million in fiscal year 1981, so that is an increase.

In the plant and capital account, the committee does not include House increases of $14 million for initiating the development of a module. One potential use of this process is to use it to enrich fuel grade plutonium from the DOE reactor at Hanford, Wash., as a source of breeder R. & D. fuel.

When the Senator raises the question, as he has, with respect to using the laser process to transform spent commercial fuel into plutonium for nuclear bombs, I indicate again how strongly I share the Senator's concern.

It seems that this possibility undermines the distinction between what we call a peaceful and benign use of the atom and the military, the destructive, applications on the other hand. This could exacerbate our nonproliferation problems around the world, by blurring what we call the traditional distinction between the commercial and the military uses.

Also, I think that the expansion of this program could be a public relations nightmare for the commercial nuclear industry, which already is in bad shape and is suffering from lack of public understanding.

For those reasons—and after checking with the minority leadership—the committee will accept this amendment.

I thank the Senator from Colorado for raising this matter and underscoring this concern as he has done this morning.

Mr. JOHNSTON. Mr. President, there are no funds in this bill for the purpose of using civilian spent fuel for weapons grade plutonium. Therefore, to put in language that says none of the funds can be used for that, in some ways, is a moot question, an unnecessary matter. On that ground alone, we would have no objection.

However, I think the Senator makes a point, that this is no time to let the suspicion creep in that these funds will be used for that purpose, because paranoia is rather great in the international nuclear political field.

This is the kind of assurance we can give, which perhaps will help dampen down some of the paranoia that is sweeping some of our NATO allies at this time.

So, for the minority, we have no objection.

Mr. HART. Mr. President, I thank the distinguished managers of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 577) was agreed to.

Mr. HART. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE TENNESSEE-TOMBIGBEE WATERWAY

Mr. JOHNSTON. Mr. President, I wish to say a few words about Tennessee-Tom. We will get into 2 hours of debate this afternoon, and I am sure I will repeat these matters at that time. However, I feel, in one sense, like a truth squad which is trying to set the record straight, and I want to be sure that everybody gets the record straight, because many things have been said about this project which just do not happen to add up.

Yesterday, the distinguished Senator from New York put into the RECORD a study by Data Resources which he stated proved that they did a study on Tennessee-Tom and that the user charges would not even pay the maintenance and operation charges of that waterway. That study was put into the RECORD, and I invite my colleagues and the members of the press to take a look at the study.

In the first place, it is a draft. It is not a complete study. But nevertheless this was a study made to determine what level of traffic growth there would be with or without user charges at various levels on all waterways, not just Tennessee-Tom.

The findings of the draft study were not limited at all to Tennessee-Tom, and they found, among other things, that there is very strong future water traffic growth that is forecast.

But the interesting thing is that the only reference to Tenn-Tom is back here where it has a graph on page 9 which lists various projects and states:

From this analysis there appear to be four major river segments whose present traffic simply could not pay the current cost of operating and maintaining these segments. These are,

And it lists four.

Look down at the four and we find Tenn-Tom with a statement behind it "No traffic at present."

So what this draft study has done is come up with an amazing finding that a waterway project not yet open which has no traffic does not have enough present traffic to pay the cost of maintenance and operation through a tax.

That is what that big argument was about yesterday. This great revelation of this DRI study says that a waterway not yet opened with no traffic, zero traffic, because it is not open, cannot pay its way through user taxes.

I hope my friends of the press will not take all these kind of things that are said about this project as gospel.

We were also told yesterday that not one single coal company had made a request for this project. I shall put in the RECORD this letter from the Mining and Reclamation Council of America. It represents 70 percent of the total U.S. coal production. This is a letter to Senator STENNIS from Daniel R. Gerkin, president of that organization.

They state:

The Tennessee-Tombigbee Waterway, upon completion, will provide an important transportation link to Southeastern and foreign markets for MARC members in 14 states. Although the Tennessee Tombigbee will not receive equal use by coal producers in all these states, its use will not be limited solely to producers in Alabama and Tennessee. Coal producers in the Illinois basin and the Appalachian region also anticipate benefiting from the utilization of the waterway. Of no less importance, is the existence of a link to the Gulf to complement the existing rail transportation system serving the same production regions. Although the existing rail system can service increased shipments, it is doubtful that it will be able to provide service for the substantial increase in shipments destined for the burgeoning export market.

Mr. President, I shall put that letter in the RECORD this afternoon. I wish to keep it frankly here at the desk at this time so I can read again from it.

But here we have the statement no coal company wants it. On the other hand, the organization representing 70 percent of coal producers in this country tell us it is not only a vital link but that the railroads will be incapable of furnishing the service necessary.

Mr. President, the facts in the RECORD are here, and I hope that Senators will study the matter and listen to the debate as time goes on so that the facts and the truths will emerge.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendment be further laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 578

Mr. HATFIELD. Mr. President, I send an unprinted amendment, containing three technical amendments, to the desk and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 578, en bloc.

Mr. HATFIELD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 33, line 4, insert the following: before "reim-". "official entertainment expenses (not to exceed $3,000);".

On page 33, line 7, starting with "of" strike all through "Enforcement" on line 12 and insert the following: "to remain available until expended".

On page 33, line 21, starting with "September" strike all through "1983" on line 24 and insert the following: "expended".

Mr. HATFIELD. Mr. President, these technical amendments restructure the bill language relating to the Nuclear Regulatory Commission to conform with the language presented in the fiscal year 1982 budget request.

The first amendment provides for official entertainment expense of $3,000 as requested.

The second amendment makes a recommendation of appropriate recommended appropriation to remain available until expended. It also strikes the House language which earmarks in the bill specific funding levels for the Office of the Commissioner, the Office of Nuclear Reactor Regulation, and the Office of Inspection and Enforcement.

The final amendment strikes the House language limiting the availability of funds received by the Commission for cooperative nuclear safety research programs and funds available for nuclear reactor research.

Mr. President, I ask unanimous consent that these amendments be agreed to en bloc and the text as thus amended be regarded as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, the Senator from Louisiana, the manager on the minority side, has cleared this request on these technical amendments.

Mr. JOHNSTON. Mr. President, these are cleared amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment (UP No. 578) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BREEDER REACTOR SYSTEMS

Mr. JOHNSTON. Mr. President, when our subcommittee marked up this appropriation bill, the amount agreed to by the subcommittee for the water cool breeder reactor program in the breeder reactor systems activity was $57 million, the same as the House allowance and the President's budget estimate. This amount was agreed to without any objection and Senator MCCLURE and myself offered report language concerning the shipping port LWBR operation. This language was also accepted without objection in the subcommittee.

Subsequently, when we had full committee markup and made significant large reductions throughout the bill after the President submitted his September revised budget estimate, the report language which I shall read was inadvertently dropped from the committee report when we reduced the $57 million allowance agreed to earlier down to $51 million. The report language appears on page 42 of the committee print of the energy and water development appropriation report accompanying H.R. 4144. The language should appear in the report 97–256 on page 94 after the second paragraph under the heading of Breeder Reactor Systems, as follows:

The Light Water Breeder Reactor (LWBR) concept is important as a potential future energy source. The LWBR core presently installed in the Shippingport reactor has far exceeded its original design objective, and is operating well. Valuable additional knowledge can be obtained at a relatively small incremental cost through continued operation of the Shippingport LWBR. This knowledge can only be derived from an operating LWBR and would be lost were the Shippingport plant to be shut down prematurely. Accordingly, the DOE is directed, to continue operation of the Shippingport LWBR plant as necessary to obtain all relevant technical data on the reactor's performance; demonstrate its long life potential, particularly with respect to fuel depletion; and make possible a more precise determination of LWBR breeding performance.

I want to ask my distinguished chairman, the Senator from Oregon, if that is correct.

Mr. HATFIELD. Mr. President, the Senator has stated the situation correctly, and I have no objection to this. This is report language, and he recited the correct history of this language, and I would have no objection.

Mr. JOHNSTON. I thank my distinguished colleague.

I might say for the record that this is Admiral Rickover's program, the Shippingport reactor, the LWBR. His record of success is rather outstanding, unparalleled for success in the nuclear program. I understand he is being reappointed and, indeed, his success record, I suppose, justifies that. He is one of the best watchdogs for the taxpayers' dollars that we have in Government today.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

THE GARRISON PROJECT

Mr. PRESSLER. Mr. President, I have been very concerned about the Garrison project from South Dakota's point of view. It is very possible that South Dakota could benefit greatly; it is also possible that South Dakota could suffer greatly under the Garrison project.

I have just completed a discussion with my two good friends, the Senator from North Dakota and the chairman of the Appropriations Committee (Mr. HATFIELD). It had been my intention to offer an amendment to increase from $100,000, which is in the committee report for a study of the effects of the Garrison project on South Dakota, to $175,000.

Mr. ANDREWS. If my colleague will yield, the $100,000 is in the report, and it directs the Bureau of Reclamation to spend out of funds for investigation $100,000 on the project potentialities for irrigation in South Dakota through the James River.

Mr. PRESSLER. I thank my colleague for his clarification.

There are many groups and people in South Dakota who are concerned about the environmental problems that may arise from the project. A major concern is the water quality of the return flows down the James River and if they will meet the standards for safe drinking water. Another concern is the potential flooding and dewatering of the James River which may be caused by the project. The James River presently is a meandering stream and many people feel the Garrison project may cause unwanted changes in the James River.

I commend the chairman of the committee for giving me such a good explanation of the studies.

In any event I do not want to oppose what my colleagues from North Dakota wishes to do. I do, however, want to protect the interests of my State.

As these studies go forward—it is possible that we will find there are environmental problems that we did not anticipate. We have great ground water problems in South Dakota; the well recharge rates are going down; there is pollution in certain streams and wells; there is a whole myriad of things that could arise as the studies go forward. For this reason I have decided not to offer my amendment in the hope a letter from the chairman could give us greater latitude to spend more money. I understand the money would come out of the construction money. So it will not increase spending in this bill. This understanding would allow me and groups in South Dakota to work with the Bureau of Reclamation to try to address these problems.

Let me say that the James River, where most of the Garrison return flows would go, is of great concern to South Dakota. What the Garrison project really means to the land in the James River Valley and to the water, the drinking water used by cities and towns, along the river, is of utmost concern to South Dakota and myself. I feel that $100,000 is not enough to do an adequate study, very frankly.

I know we are under budget restraints, but the funds would come not from increasing the budget but rather from construction funds. I ask my colleagues as to how this problem will be addressed, and I thank them so much for working with me on this.

Mr. ANDREWS. Might I say to my colleague from South Dakota, Mr. President, that the James River goes through some 200 miles of North Dakota, and we are interested in the soundness of that type of a project. That is why we joined with the Senator's colleague from South Dakota. Senator ABDNOR, who is a member of the Appropriations Committee, in putting into the report this $100,000 for the study so that both North Dakota and South Dakota would know the facts as the Senator has pointed out the need for them.

I think the chairman of the subcommittee, and the chairman of the full committee, has made a great suggestion in agreeing to contact the Bureau of Reclamation to direct that they go beyond the $100,000 if they find need for more studies in that area, and certainly North Dakota supports that position. I will yield to the Senator from Oregon, the chairman of the Appropriations Committee, for the clarification of his intent.

Mr. HATFIELD. Mr. President, I can only say to my colleague from South Dakota (Mr. PRESSLER) that I appreciate his concern on this matter as it relates to the potential impact on the environment in South Dakota. But I would have to also affirm the comments made by his colleague from North Dakota (Mr. ANDREWS).

The committee has on page 64 a statement in the report indicating a $100,000 earmark for the South Dakota project relating to the James River, the impact on the James River, by the Garrison unit.

We had earmarked that out of the general investigations account as a reprograming within that account without budgetary impact.

The Senator from South Dakota has indicated he would like to make that $175,000 in order to make sure that the environmental issues were included.

I really feel he would box himself in with that kind of approach, and in order to be helpful and to accommodate the Senator from South Dakota I had indicated to him that I would be very pleased to amend, in a sense, the language of the report presently with respect to the bill to indicate the deep concern I share with the Senator from South Dakota about a study being comprehensive and sufficient to include all of the potential environmental impact, and I would be a little bit hesitant to limit that to a ceiling of $175,000 because, as he knows, there are many times we get into these things and they create triggering actions to open up new avenues and new problems that have to be reviewed.

I think the Senator would find himself possibly in a box there, and I would much rather send a letter to the bureau, as the Senator from North Dakota has indicated to do, indicating our interest and urging them to proceed with this kind of study and to reprogram or to ask authority for approval for reprograming of additional money from the committee which would be foreordained as approval because of our commitment in this colloquy to the Senator, and because of our commitment to this similar objective the Senator seeks.

I really feel he would get that objective far more likely through this ap-

proach than an amendment to the bill because, let me remind the Senator, this language is not in the bill, the current $100,000; it is in the report. By amending the bill I would be forced to resist the Senator's effort because we are already $300 million over the President's figure in the September budget requests modification, and we are having to resist any and all amendments that add to the overall picture, and even though it would be seeking to amend through reprograming, there would be a budgetary impact in the accounting system of OMB with whom we have to deal. I do not want to phase that add-on or what would be considered as equivalent to an add-on into their computations in determining whether they should advise the President to sign or veto this whole bill.

Mr. PRESSLER. If my colleague will yield, I certainly concur and commend him very strongly.

I do not seek additional spending here. I am seeking a situation where there is flexibility.

We could talk circuitously for hours about this issue. For example, I am told that a University of North Dakota study of the water quality from irrigation drains in the Oakes irrigation test area found the nitrate levels to be 30 milligrams per liter to 70 milligrams per liter. The Federal safe drinking water standards set a 10 milligrams per liter level as the minimum in drinking water. I am not going to debate that study or other studies here, but the point is there is an environmental concern. The farmers and small towns along the river are certainly concerned. We want the water if it is good water and we can treat it so it can be used. We need water and we need irrigation in South Dakota but it must be clean water and managed properly.

We do not want to block a project of our sister State and of our good friends, but we do need assurances. The environmental groups have been very concerned. In fact, the environmental groups, some of them, have suggested that we join in the effort to stop the Garrison project.

That is not my purpose. I am trying to protect the interests of the James River Valley and the people who live there.

I hope the chairman will address a letter to the Bureau of Reclamation to address this problem.

Mr. BURDICK. Will the Senator yield?

Mr. PRESSLER. Yes.

Mr. BURDICK. Mr. President, I rise as a Senator from a neighboring State of South Dakota. I think Chairman HATFIELD has outlined a plausible and very reasonable approach to this problem. I think it would do South Dakota well to follow the procedure he has outlined, so I wish to associate myself with that suggestion.

Mr. PRESSLER. I thank my colleague from North Dakota. He has always been most gracious and helpful to me.

Mr. ANDREWS. Will my colleague yield?

Mr. PRESSLER. Yes, I yield.

Mr. ANDREWS. I am glad my friend from South Dakota, Senator PRESSLER, has pointed out that is a great need in the James River Valley for an adequate water supply down in South Dakota and that this is water that is very much needed.

As a matter of fact, I remember just last summer when the people in South Dakota were petitioning to North Dakotans to release more water to let it come down because they were very, very short of water in the James River. I am sure that is the spirit of cooperation that exists between the States.

Tragically, of course, we could not release the water behind the reservoirs because we had no way of refilling those reservoirs unless we have Garrison water moving into them. That is, of course, the reason for the study, so we can find out what the impact will be.

I salute the chairman of the committee, Senator HATFIELD, for the way he has offered to resolve the question raised by our colleague from South Dakota. I certainly appreciate his doing that.

Mr. PRESSLER. Mr. President, a number of my constituents in South Dakota have expressed concerns regarding the Garrison project. I would like to clarify a couple of points with my distinguished colleague from North Dakota. First, I understand that the funds to be spent in the Oakes area would be to construct the full-size pumping structure; however, an area of great concern to some South Dakotans who live along the James River is the amount of actual pumping to be done to achieve the stated purpose of irrigating 5,000 acres. Our understanding is that the Bureau would need pumping capacity of about 112 cubic feet per second to irrigate 5,000 acres. Is it the Senate's understanding that this bill will allow only that amount of pumping capacity?

Mr. ANDREWS. That is correct. That is the plan.

Mr. PRESSLER. Several farmers along the James River have expressed concern that the language regarding the May 11, 1977, court order in this bill may have an impact on future legal action that they may bring against the Garrison unit. For instance, if a farmer along the James River is damaged as a result of the Garrison unit return flows, will his legal rights be at all limited by this language in the bill. It is my understanding that the provision would not restrict a farmer or South Dakota's legal rights in any way except in respect to the May 11, 1977, court order or subsequent order on this matter.

Does the Senator have this same interpretation of the provision in question?

Mr. ANDREWS. I do have that same interpretation. We have checked it out with attorneys, both in North Dakota and in Washington, and that is the way it would work.

Mr. PRESSLER. These are important issues for my constituents along with the James River. I thank my friend from North Dakota for clearing up these two issues.

I wish to also thank Senator BURDICK, the chairman of the committee, my colleague, Senator ABDNOR, and others for their work on this matter.

Mr. ANDREWS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be temporarily set aside. As one of the managers, I understand I should make that request. I am happy to set aside the committee amendments so that the Senator from Minnesota may offer his amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. I thank the distinguished Senator from Oregon.

UP AMENDMENT NO. 579

Mr. DURENBERGER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Minnesota (Mr. DURENBERGER), for himself and Mr. PRESSLER, proposes an unprinted amendment numbered 579.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At page 11, line 8, following the word "Order;" insert the following new language: "Providing that other provisions of law shall continue to be applicable to the project;" and on line 12 following the word "Canada" strike ";" and insert the following new language, "under the authorized plan :"

Mr. DURENBERGER. Mr. President, the amendment has been discussed with the managers of the bill on both sides. I move adoption of the amendment.

The PRESIDING OFFICER. Is there further debate?

Mr. BURDICK. Mr. President I have a statement I wish to present following any colloquy on the amendment.

Mr. DURENBERGER. Mr. President, it is my intent that we engage in a brief colloquy after adoption of the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (UP No. 579) was agreed to.

Mr. DURENBERGER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ANDREWS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DURENBERGER. Mr. President, my border State of Minnesota is one of a number that shares an important and friendly border with Canada. Concerns repeatedly expressed by Canada over the Garrison project, and intensive litigation over the project throughout much

of the 1970's, have raised a number of concerns which I wish to clarify with my colleague from North Dakota.

Mr. ANDREWS. I certainly do not want any misunderstandings concerning the amendment before the Senate, and would be happy to clarify any language over which my colleague from Minnesota has questions.

I believe the amendment proposed by my colleague from Minnesota does define the thrust of what the senior Senator from North Dakota and I were attempting to do when we adopted our amendment in the Appropriations Committee.

Mr. DURENBERGER. I thank the Senator for that comment. It is my understanding that the language concerning the stipulation and order of May 11, 1977 has as its sole purpose the setting aside of that stipulation. It is not intended to have any other impact on the law affecting the project. Is that correct?

Mr. ANDREWS. That is correct.

Mr. DURENBERGER. The Government of Canada first expressed concerns over the potential impact of the Garrison project upon Canada in 1969. Those concerns accelerated to the point where Canada requested a construction moratorium in 1973. Following failure to resolve the issue through State Department channels, the issue was referred to the International Joint Commission in 1975, and in 1977 the IJC concluded that the project would cause significant injury to health and property in Canada—recommending that portions affecting Canada not be constructed at this time.

I mention this history because it is important that this body understand that the Garrison issue has evolved into a major issue between our Nation and Canada.

Mr. ANDREWS. I am aware of the concerns expressed by Canada over the project, and fully support the need to keep our actions on the project consistent with our treaty obligations to Canada.

There are some different interpretations put on the IJC report, but essentially the thrust is as my colleague pointed out. Certainly, we recognize and fully support the need to keep our actions on the project consistent with our treaty obligations with Canada.

Mr. DURENBERGER. Then those features of the authorized plan will not be constructed with these funds, if when operated in accordance with the original authorization, they would affect water flowing into Canada.

Mr. ANDREWS. That is correct.

The only features of the plan that will move ahead are those in the phase that will supply water to irrigate those lands that will drain back into the James River basin so that the Canadians can come down and take an absolute look at the actual return flows after irrigation begins to satisfy themselves that this water is of high quality.

Mr. DURENBERGER. This is an important matter, and I want to thank my good friend from North Dakota for the clarifications he has provided.

I now yield to the Senator from North Dakota.

Mr. BURDICK. I thank the Senator from Minnesota.

Mr. President, I appreciate the contributions of my colleague from Minnesota and the distinguished Senator from North Dakota in helping to clarify the intent of this amendment. I would like to add that in keeping with the Canadian Government's concerns about this project, the State has proposed, and the Interior Department is considering, a proposal for phased construction of the initial stage of the Garrison diversion unit that would be consistent with all aspects of the authorized plan.

Mr. DURENBERGER. I thank the Senator from North Dakota for his comments.

I thank Senator BURDICK and Senator ANDREWS for the very important clarifications they have added to this issue.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

Mr. BAKER. Mr. President, there are certain official functions going on in the Senate wing of the Capitol at this moment which will require the attendance, I believe, of most Senators.

In view of that, I think it would not be productive for the Senate to remain in session during that period.

RECESS UNTIL 1:30 P.M.

Mr. President, I ask unanimous consent that the Senate now stand in recess until 1:30 p.m. today.

There being no objection, the Senate, at 12:34 p.m., recessed until 1:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HATCH).

AMENDMENT NO. 621

(Purpose: To prohibit the availability of funds for the Tennessee-Tombigbee Waterway, Alabama and Mississippi)

The PRESIDING OFFICER. Under the previous order, 1:30 p.m. having arrived, the Senate will now resume consideration of amendment No. 621 of the Senator from Illinois (Mr. PERCY) which the clerk will state.

The legislative clerk read as follows:

The Senator from Illinois (Mr. PERCY) for himself, Mr. MOYNIHAN, Mr. SIMPSON, Mr. LUGAR, Mr. HUMPHREY, Mr. DURENBERGER, Mr. QUAYLE, Mr. METZENBAUM, Mr. CHAFEE, Mr. PROXMIRE, and Mr. TSONGAS, proposes an amendment numbered 621:

On page 3, line 6, strike out "$1,416,992,000, to remain available until expended" and insert in lieu thereof "$1,227,992,000, to remain available until expended: *Provided*, That none of the funds appropriated under this heading may be available for the Tennessee-Tombigbee Waterway, Alabama and Mississippi".

Mr. HATFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. I inquire as to what the parliamentary situation is.

The PRESIDING OFFICER. There will be a vote in relation to this amendment No. 621 at 3:30 p.m. today.

Mr. HATFIELD. All time is controlled by whom?

The PRESIDING OFFICER. The time is equally divided.

Mr. HATFIELD. All time is controlled between now and the time of the vote at 3:30; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. What is the time allocation on both sides for this time?

The PRESIDING OFFICER. The proponents have 1 hour and the opponents have 1 hour.

Mr. HATFIELD. Mr. President, I wonder if the Senator from Louisiana will yield me 5 minutes?

Mr. JOHNSTON. I yield 5 minutes to the distinguished Senator from Oregon.

Mr. HATFIELD. Mr. President, as I indicated last year during the floor debate on this same subject, it is difficult to understand why we must argue this issue every year. The same old challenges are being raised again this year. I hear no new arguments or fresh charges—only these same worn, recycled allegations. They have been disproven. They have been rebutted. They have been refuted, all of them, each one.

Mr. President, I have supported funding of the Tenn-Tom project since the initiation of construction, and I expect to see it through to completion. On the basis of hours of testimony that we have heard in the Senate Appropriations Committee, plus a considerable amount of material presented in other forums, and on the basis of the fact the project's statutory authorization and compliance with environmental laws was upheld after years of scrutiny by the Federal courts, I am convinced that the Tenn-Tom will provide significant benefits for the national economy. It could prove to be as important for the development of the Southeastern United States as the Columbia-Snake system has been for the Pacific Northwest.

This is especially so in view of the expected sharp increase in coal production in the Eastern United States prompted by our domestic energy policies and the policies announced by the nations of Western Europe. A significant amount of this increased production would be shipped on the Tenn-Tom Waterway by barge, which is the cheapest, most energy-efficient mode of transportation for bulk commodities.

If the project were to be terminated, as its opponents favor, over a billion dollars would have been spent with no lasting benefit to the regional or national economy. To date, approximately $877 million has been spent on the project with another $400 million under contract, for a total of $1.2 billion. By the end of fiscal year 1982, approximately 80 percent of the total project will be under contract or completed.

Total cost of the project has been estimated to be $1.7 billion. The often-cited estimate of $3 billion includes the cost of additional work on the Black Warrior-Tombigbee project which has not been authorized or funded, and is not necessary for the successful operation of the Tenn-Tom project.

If the work were to be terminated now, an additional $144 million would be required to pay claims against contractual obligations and to demobilize operations. A great deal more would be necessary if public safety measures are recommended or an attempt to restore the site to its original condition is made. Attempting to recoup some of the expenditures by selling the 90,884 acres already acquired for the project probably would not yield more than $28,825,000 out of the $46,472,000 already spent on acquisition. Finally, terminating the Tenn-Tom now would mean laying off some 3,000 contractor employees, many of whom are members of minority groups whose unemployment level is already far above the national average.

I only mention that because of the fact that it is generally assumed that in times of economic recession public works projects do more to create not only employment but add to the total and the long-term wealth of the region in which the public works may occur.

In view of these facts, it would be wasteful, unwise, and indeed foolish to terminate this important project.

Mr. President, I suggest the absence of a quorum to be charged equally to both sides.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. I yield 5 minutes to the distinguished Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Chair and I thank the Senator from Louisiana who is handling the bill for the subcommittee.

I shall speak for only part of my time now because very shortly I will have to leave the floor on this matter for something away from the floor which I will have to attend.

Mr. President, I can see the great advantage of one who has been on this committee and who has followed this or any other project that is in the bill from year to year, has seen the advancement, the development, the advent of new problems like inflation, where dollars no longer have any relative value because they are so much out of line with what the dollars were 5 or 10 years ago.

So much of this relates to basic work, the planning, the authorization and, finally, the completion of the planning, and then the appropriation.

I was particularly concerned, Mr. President, with the onslaught made at this project as a whole when it is almost completed, and the barren proposal more or less that it just be left there, a pile of junk, just left there on the hands of the people who live there, left there with bridges suspended in midair, unfinished, that the States have built, and other parts of the project for which the States have put up the money, to stop it regardless, and leave the nearly 3,000 people it employed there standing with their hands empty, with no substitute for it.

So I think that to really get the picture we have to go back and trace this undertaking and then measure the ultimate fact, which is that it will cost so much money to terminate it and pay the charges for terminating the contracts, buying out the contracts, making some kind of restoration of the grounds, the premises, some kind of justice to those who will have lost so much money and changed their position so much. We must measure that against having nothing left that is worth anything except for a very short segment, which is productive and which meets the products of the times; to have nothing left appreciably of that kind, as compared with going on and spending a relatively small amount of additional money and completing the whole project and having all of its benefits available for what I think the proof overwhelmingly shows—it is bound to be development within the next x years, who can say how much, how many years, 5, 10, 15—but what is that in the lifetime of a country or of the development of a fine project like this?

There is bound to be, according to all the proof, tremendous use of and a tremendous need for this facility that is far beyond what was realized when it was estimated with regard to coal, coal usage, coal passage there, looking for a port from which to ship it abroad.

We are dealing here not with a fly-by-night bunch of builders, we are dealing with one of the most respected professional engineering groups in the world, and I can prove that by statistics and facts. We are dealing with the U.S. Army Corps of Engineers. They are not fly-by-night people. They are not quacks. They are not guessers. You just do not find a higher type and more capable group. Those of us who have been on the committee all these years know that. We have seen it happen too much and demonstrated.

So I would like to speak at some length on those things, the facts that I know about and the capacity of these people.

You get a far, far different impression if you read the current thoughts put out by some of the media today from what the real facts have been from year to year as this matter has progressed.

Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has used 6 minutes.

Mr. STENNIS. Mr. President, when more of the membership are here, more particularly the membership who have not had a chance to be on these committees and deal with these problems, nationwide problems, year after year after year, I want to try to get their ear. I feel the minority manager of the bill, Mr. JOHNSTON, will yield me more time. I yield the floor for now.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. How much time does the Senator want?

Mr. HEFLIN. Well, at this time, maybe 10 minutes.

Mr. JOHNSTON. I yield 10 minutes to the distinguished Senator from Alabama.

Mr. HEFLIN. Mr. President, I want to address an issue which I feel some of the opponents, in all of their sincerity, are really missing the point on with respect to where we stand today on the Tennessee-Tombigbee Waterway project. The issue is environment.

There are numerous organizations that, because of their love of wildlife, their deep feeling toward ecology and toward the environment, have opposed the Tennessee-Tombigbee. Their opposition came along in a period in which we adopted a national law to protect our environment and it required, on any project that might have an insult to the environment, that there be exhaustive environmental studies.

The Tennessee-Tombigbee project went through numerous environmental studies and restudies. The purpose of any environmental impact studies is for what? We know that there is going to be an insult to the environment whenever you pave 4 feet or build and kind of man-made structure.

The purpose of an environmental impact statement is to study a proposed project, to make an evaluation of what elements of the environments are there, what wildlife is there, what soil is there, what people are there, and from the study to come up with a plan, a plan designed to mitigate the damages to the environment, a plan to move wildlife, to prevent endangered species from being destroyed, to bring about as nearly as you possibly can a restoration of the environment to where there will not be great dangers to the environment in any way whatsoever.

Now that is the basic principle behind the National Environmental Protection Act and the requirement of environmental impact studies and requirements of those statements.

Here we are in a situation where there has been an insult, if there was an insult to the environment, and I am sure it has had effects on it. You have had a tremendous change in the environment as a result of the construction of the Tennessee-Tombigbee Waterway.

What happens if you stop the Tennessee-Tombigbee Waterway now? You will be doing the greatest damage to the environment that could ever be thought of. There would be no mitigation of fish and wildlife. There would be no protection of endangered species. There would be no restoration of the original contour.

When we begin to consider what goes into an environmental impact study, there is the consideration of water quality, the protection of soils to prevent erosion the consideration of hydrology, and the consideration of vegetation and other considerations, including sociological considerations.

The Tennessee-Tombigbee Waterway, with little exception, has already been dug. The excavations are basically there. The disruption to the environment has occurred. The insult, if there be an insult in the final analysis, and I am sure that an insult has occurred.

One of the plans in the Tennessee-Tombigbee project that later became a

point in litigation as they proceeded with the divide cut was to have, instead of just a straight line of a canal, was to develop a chain of lakes, where the chain of lakes would mean more to the environment and would help the environment. And there is a long section, I do not know exactly, I would guess 75 miles or more, wherein there is low land and then there are hills and mountains over to the side. So in order to enhance the environment you have now a plan where you will have a chain of lakes, something like 45 miles, I am not sure of the distance. There is a levee on one side, and at points it may be 2 miles wide.

If we end the Tennessee-Tombigbee Waterway as envisioned by the Percy amendment, and what do you have? I suppose that one of the first battles fought pertaining to the environment dealt with surface mining and strip mining. There were a lot of reclamation issues involved, a lot of arguments back and forth, pros and cons, but I am not getting into that issue.

But I am saying to you who believe in a wholesome environment, you who believe in the protection of wildlife, if you stop this project now, you will leave a scarred landscape from the Tennessee River down nearly to Demopolis, a distance of some 230 miles. In the 27-mile divide cut the scar would be as deep as 175 feet. You will have really destroyed the potential of restoration and improvement of the environment.

There has not been an adverse environmental impact study made if the project were terminated. And in the matters dealing with the cost if the waterway were to be terminated and whatever is needed to properly restore the land, there has been no study whatsoever.

In all sincerity, the environmentalist who would vote to end the Tennessee-Tombigbee at this time has vision no farther than his nose. I say to you it would be the most horrible thing.

Mr. President, I have wondered about ending the project and to realize the ramifications if the project were terminated. We, according to the chief of the Corps of Engineers yesterday, are about 70 percent complete on the navigation facilities and 81 percent of the funds is committed. Where is 70 percent of pregnancy? I am serious about this. I think it is an illustration. It is about between 5½ and 6 months. If you had an abortion that occurred at that stage, or a miscarriage, what does it do to the health of the mother? You could have a stillborn or a deformed child at that stage. If there ever was to be murder, it would be such as the feeling of those concerning abortion.

Mr. President, will the Senator yield an additional 3 minutes?

Mr. JOHNSTON. Mr. President, I have so many requests and so little time.

Mr. HEFLIN. Will the Senator yield 3 additional minutes?

Mr. JOHNSTON. It will have to come out of someone else's time. Can the Senator sum up in 2 minutes?

Mr. HEFLIN. I will.

I ask you to think about this. This is a horrible time to leave the environmental conditions that now exist along the waterway, and it is something that I think we ought to give careful consideration to. I can tell you that every environmental agency and body ought to go back and look at this entire matter and ask whether or not they are living up to their creed.

Mr. President, it has come to my attention that the question of whether or not the Port of Mobile will be prepared to handle the increased movement of cargo upon completion of the Tennessee-Tombigbee Waterway continues to be raised by different individuals.

Parenthetically, I might add that this question is often raised by those who are opposed to the Tennessee-Tombigbee Waterway becoming a reality, rather than by a genuine concern in seeing that the Port of Mobile is prepared to handle this increase. Well, the question of the Port of Mobile preparedness is now and has been for several years one of genuine concern for the highly visionary and efficient Alabama State Docks Department. As a result of this concern, plans for the expansion and modernization of the Department's facilities has been developed with implementation following in an orderly and efficient manner as funds were or are available.

In other words, expansion and modernization is a continuing process at the Alabama State docks. Each phase of the development is geared to providing shippers with the fastest and most economical way to move their cargoes. A decade ago—beginning in 1971—the Alabama State Docks Department developed a capital improvement program designed to provide necessary port facilities to meet the projected increase in tonnage which would move through the Port of Mobile upon completion of the Tennessee-Tombigbee Waterway. The subsequent authorization of a $45-million bond issue by the State of Alabama to further the implementation of this program was—and is—additional tangible evidence of the support of the people of Alabama of the Tennessee-Tombigbee Waterway.

Mr. President, a review of the Alabama State Docks Department's records on major expenditures for expansion and modernization of the port facilities show that in the last 10 years in excess of $132 million has been invested in this program. In addition to this impressive and massive investment, proceeds of approximately $72 million from a 1981 revenue bond issue by the Alabama State Docks Department for the expansion of its coal and grain facilities will be expended by the first quarter of 1983. Incidentally, it should again be noted, if not emphasized, that coal and grain are two of the major commodities expected to be moved over the Tennessee-Tombigbee Waterway.

I should like to add that I have been advised by officials of the Alabama State Docks Department that the department will, from its own earnings, invest an additional $21 million in new and expanded port facilities between this year and 1984. Thus, we see, that the total of these aforementioned outlays amount to $225 million for port improvements and modernization for the Alabama State Docks Department's public port facilities at the Port of Mobile.

Mr. President, when we couple the outlays I have just discussed for public facilities with expenditures also being made or planned for private port faciilties at Mobile, it is readily apparent that the Port of Mobile is well on its way toward being more than capable of handling the projected increase of tonnage resulting from the completion of the Tennessee-Tombigbee Waterway.

While the Tennessee-Tombigbee Waterway will surely benefit Alabama, it will make an even greater contribution to many other States. When we tie the Tombigbee into the Tennessee, it will shorten the distance between the Port of Mobile and points on the Tennessee River and the entire midwestern waterway empire from 800 to 1,000 miles. This direct connection to the Gulf of Mexico undoubtedly will stimulate commerce, industry, and agriculture throughout the South and Midwest. The benefits to our people and to our economy will, in my opinion be incalculable.

Notwithstanding the obvious benefits which will flow to our people from this new water highway, we are again being asked to drop everything—drop $1 billion plus investment which is nearly three-fourths complete—and go charging off without taking a look to see just what we would be leaving behind.

We seem to have reached a point where, in so many instances, we have forgotten how to evaluate needs and get on with the job. Instead—and this is especially true in the case of the Tennessee-Tombigbee Waterway—we face procedures that seem calculated to create delay, vicious campaigns of obstruction and propaganda, vexatious litigation, and every other kind of dog-in-the-manger intervention.

This, in spite of the fact that before the Tennessee-Tombigbee Waterway was ever started the project was extensively surveyed, in spite of the fact that the project has been extensively studied and restudied, in spite of the fact that the project has been extensively debated in the Congress, and, most important, in spite of the fact that the Congress—with full knowledge of the facts about the project—has repeatedly appropriated funds for the project for the past 10 years.

As we know, the campaign against the Tennessee-Tombigbee Waterway is not new. It has long been enmeshed in politics and subjected to vicious attacks. These attacks have been based, in part, on misleading data, faulty reasoning and unsupported dogma. The campaign has been widespread, ranging from lobbying in the Halls of Congress down to the grassroots. With all the money, time, and talent that has been poured into the effort to distort the true benefits of the Tennessee-Tombigbee Waterway, it is small wonder that doubt has been sowed in the minds of many Members of Congress concerning the project.

Even now when the people of our Nation are crying out for programs to strengthen their enterprise, opponents of the Tennessee-Tombigbee Waterway have renewed their campaign to becloud the importance of the project to the future growth and progress of our Nation.

Make no mistake about it, Mr. Presi-

dent, the single, lethal objective of the die-hard opposition to the Tennessee-Tombigbee Waterway is to destroy the project. That is the bottom line.

Providence blessed my home State of Alabama with several great river systems. The people of Alabama learned long ago that a fundamental step to the fullest use of her resources lies in the sound and wise development of her rivers and streams. As we develop our rivers and streams, we enrich the lives and provide for the well-being of our people we are building the strength of our Nation.

The opponents of the Tennessee-Tombigbee Waterway are attempting to use the currently pending litigation concerning the waterway as a reason to oppose its further funding. This litigation is being sponsored by railroads and by their allies who identify themselves as environmental groups. Certainly, the Tennessee-Tombigbee Waterway is no stranger to litigation having survived a number of attacks brought against it in the courts. However, significantly, every decision concerning the economic and environmental merits of the waterway has been resolved in favor of its completion.

After lengthy evidentiary hearings in 1972, the district court approved the actions of the U.S. Army Corps of Engineers in the economic evaluation of the waterway and in its preparation of an environmental impact statement as fully complying with the National Environmental Policy Act. This decision was reported in 348 F. Supp. 916 and was affirmed in 1974 by the Fifth Circuit Court of Appeals in a case styled *Environmental Defense Fund* v. *Corps of Engineers*, 492 F.2d 1123.

In that decision, the court of appeals recognized that every environmental and economic aspect of the waterway had been carefully scrutinized by the Congress and that having before it all of the facts, the Congress had decided to construct the waterway and thus, that it should be completed.

In its 1972 opinion the district court quoted with approval Senator STENNIS' description of the three-phase compliance with NEPA in the planning of the Tennessee-Tombigbee project as reported by Senator STENNIS to the Senate as follows:

> The second phase of the Environmental Study, now underway, was planned to be executed as designing of the Waterway progressed. This phase consists of sustained environmental research which will allow the Corps to make ecologically desirable design changes and project modifications. The final phase of the Environmental Study is planned to be implemented as project construction proceeds and after actual operations begin. Phase One of the Study has provided comprehensive data sufficient to show that the project can be economically and ecologically desirable. Phases Two and Three of the Study—to be executed as design, construction and operation proceed—are merely parts of a continued effort to assure that the project will be implemented in a way most compatible with the natural environment of the area.

This method of NEPA compliance was specifically approved by the fifth circuit in its 1974 opinion.

The present litigation is but another effort by the same environmental opponents, plus the railroad, which candidly fears the competition of the waterway. Despite the years of litigation and the massive amounts of money spent in efforts, to enjoin the completion of this project, the opponents of the waterway have enjoyed only one small procedural success. Every other decision has gone to favor completion of the Tennessee-Tombigbee.

The present case was filed by the plaintiffs in the District Court for the District of Columbia in November 1976 alleging environmental and economic violations of laws and regulations. The D.C. District Court transferred the case to the northern district of Mississippi in April 1977, and in the same month the plaintiffs filed an amended complaint seeking, in addition to other relief, an adjudication that the waterway had been enlarged without proper authorization and that its construction should be halted on that basis. After nearly 2 years and hundreds of thousands of pages of document production and depositions taken by the plaintiffs, the district court separated the case to try first the issue of proper authorization for its construction. Again, the defendants prevailed in the district court in an opinion reported in 467 F. Supp. 885 and again the fifth circuit affirmed the district court's judgment in *EDF* v. *Alexander*, 614 F.2d 474. The plaintiffs sought unsuccessfully to petition the U.S. Supreme Court to hear the case but certiorari was denied in October 1980.

This left the environmental and cost/benefit arguments for the Court to consider on cross-motions for summary judgment. On October 3, 1980, District Judge Keady entered an opinion dismissing all the plaintiffs' remaining counts and again, adjudicating that the waterway should proceed in that it was in compliance with all existing laws and regulations.

It was from this order granting summary judgment to the Corps of Engineers and the intervenors that the plaintiffs took an appeal to the fifth circuit and obtained some partial procedural support from that Court.

On July 13, 1981, the U.S. court of appeals entered an opinion reported in 651 F.2d 983 in which the panel found that the corps was subject to its regulations requiring the issuance of a formal supplemental environmental impact statement under circumstances such as existed in the waterway where significant changes had been made in the design and environmental scope of the project. The court identified those changes as being the change from a perched canal to a chain-of-lakes in the canal section of the waterway and the inclusion of numerous cutoffs in the river section and the acquisition of land in excess of the amount planned in the 1971 environmental impact statement. The court ordered the corps to prepare and file a supplemental environmental impact statement and in order that this requirement be promptly met determined to enforce compliance by directing the district judge to issue such injunction as the district court might find appropriate to withhold work on certain features of the waterway subject to those post-1971 changes until the supplemental statement is filed by the corps.

However, the intervenors representing the States of Alabama and Mississippi went back to the fifth circuit and requested by a petition for rehearing that the district court be permitted to withhold imposing any injunction pending the filing of the supplemental environmental impact statement because of the unemployment, disruption of contracts in progress, unjustified expense and damage to the public interest that such an injunction could cause.

It is ironic that the only criticism which has been leveled at the corps or this project by the court came about because the corps attempted to reduce the environmental impacts of the perched canal design by changing it to a more natural chain-of-lakes which would have levees on only one side and follow the natural terrain on the other. This effort to improve the environmental effects of the project was the chief change cited by the court as necessitating a formal supplemental EIS.

Thereafter, the fifth circuit relented in response to the intervenor's petition and on August 17, 1981, entered an unpublished order permitting the district court to consider the costs, the damage to the parties, and the potential public harm which could result in any injunctive relief and on the basis of such determination decide whether or not an injunction would be appropriate pending the filing of the supplemental statement.

Subsequent to this holding, the district judge conducted a status conference with attorneys for all parties on September 2, 1981. During this conference, the attorneys attempted to reach some tentative agreement and announced to the court they would, with the court's permission, negotiate relative to whether or not work on certain contracts should be partly withheld until the supplemental statement is filed, making an effort to accommodate the concerns of the fifth circuit that the environmental status quo be preserved as much as practicable until the supplemental statement has been filed; at the same time recognizing that the public interest should not be impaired and workers should not be unemployed nor completion needlessly disrupted.

The district court set June 1, 1982, as the deadline for the filing of the supplemental environmental impact statement and it is my understanding that a draft of this statement will be ready for circulation this month.

Counsel for the parties have been negotiating since September with respect to a comprehensive agreement pending the period between now and the final filing of the EIS. The Corps of Engineers has agreed to withhold work on new contracts which may have environmental consequences for the short period of time until this statement is completed and filed, but it has not agreed to stop work which is now in progress and the construction is proceeding fully on schedule or ahead of schedule in every segment of the waterway.

There are some 19 construction contracts now underway and the major portion of the funds included in the present appropriation measure will go into the construction of locks in the canal section which are the same structures described in the 1971 statement and which are unaffected by the court's procedural concern. The other major funding need is for completion of the work in the divide-cut section of the waterway which the district judge determined on September 2, 1981, was not affected by the fifth circuit's opinion stating: "The divide-cut is not in controversy at all." Therefore, the money included in the present appropriation can and will all be spent on the on-going contracts which will not be adversely affected in anyway by the matters still pending in court.

I strongly urge rejection of the Percy amendment.

Mr. JOHNSTON. How much time does the junior Senator from Alabama desire?

Mr. DENTON. Ten minutes.

Mr. JOHNSTON. I do not have that much time, really. I have so many requests.

Can the Senator do with 5 minutes?

Mr. DENTON. I will do my best.

Mr. JOHNSTON. I yield 5 minutes to the Senator from Alabama.

Mr. DENTON. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Illinois.

The energy and water appropriations figures for the Tennessee-Tombigbee were arrived at judiciously after careful review as indicated by the chairman of the Appropriations Committee.

Indeed, historically, Tenn-Tom planning has been extremely deliberate and authoritative. It may be useful to remind my respected colleagues that the waters which will form the Tennessee-Tombigbee are prominently linked with the prenatal history, birth, and development of our Nation—most importantly, the obvious efficacy of linking those waters was recognized as soon as the geography of the New World became known. Hernando de Soto and his party of Spanish explorers sailed into Mobile Bay, the oceanic entry-exit for our Tennessee-Tombigbee Waterway in 1519, and in their subsequent exploring crossed the Tombigbee in the winter of 1540–41.

The concept of the need for a connection between the Tennessee and Tombigbee Rivers was pointed out on a map drawn in 1760 for Sieur de Bienville, founder of Mobile, to show to the King of France, Louis XIV highlighting the transport and communications advantages of a Tennessee-Tombigbee Waterway.

President George Washington is recorded as having been in favor of the proposal. Migrating American settlers, as well as Indians, tacitly recognized the future advantages of the waterway as they forded over the land portions which will be filled in by this project. Residents of Knox County, Tenn., today known as Knoxville, first approached Congress in 1810 with the proposal to connect the two rivers.

The first survey of the Tennessee-Tombigbee was made by the Army Corps of Engineers in 1827.

As the tremendous national and international commercial advantages of the project became increasingly evident, the Tenn-Tom earned the continuous bipartisan support of six Presidents, including Presidents Kennedy, Johnson, Nixon, Ford, Carter, and now President Reagan.

It was the 90th Congress that first made the commitment to appropriate funds for construction of the Tennessee-Tombigbee Waterway, and each succeeding Congress has, in its wisdom, continued to appropriate funds as the construction progressed.

Now this well-founded, historically appreciated project is under attack in a political football game.

The irrefutable facts are that completion will greatly enhance our prospects for increasing export trade, will improve our national defense capabilities, have a major favorable impact on our balance of trade, and will lessen our dependence on foreign oil markets.

There are those among us who have claimed that the economic benefits of the Tenn-Tom have been overstated. One has only to see, as an example, the tremendous growth of the Port of Mobile, where the Tennessee-Tombigbee terminates, to realize the economic benefits the waterway will have for our Nation. Today the Port of Mobile is the ninth busiest seaport in our Nation. When the Tenn-Tom is completed it will rank third.

The Alabama State Docks Authority has spent in excess of $125 million and will, in the next 18 months, spend an additional $100 million in providing facilities to handle the development of increased waterborne tonnage generated by completion of the Tennessee-Tombigbee Waterway.

The McDuffie Island Coal Terminal, now under construction, will have an annual handling capacity of 23.5 million tons of coal. This public facility will be one of the most modern and efficient in the entire world.

For those who have cast doubt on the projected coal movements on the waterway, let me set the record straight. The Alabama State Docks Authority projects that 15 million tons of coal will move south to Mobile for export after completion of the Tenn-Tom.

I would like to point out further that coal producers in southern Illinois, Ohio, Kentucky, and Tennessee are already interested in the expansion of the McDuffie Coal Terminal and Alabama State Docks facilities, and are now developing coal contracts with shipping dates subsequent to the completion of the expansion.

Aside from coal, the positive and extensive economic impact on the development of agriculture and forest products is substantial. Extensive soybean co-ops are locating along the waterway.

The Tenn-Tom is on schedule; the Corps of Engineers' estimate of 3.1 benefit to cost ratio will, I predict, be most conservative as the long history of their estimates on similar projects would indicate.

When completed in the mid-1980's, the 232-mile-long waterway will link the Mississippi, Missouri, Illinois, Ohio, Green, Cumberland, Tennessee, Warrior, Alabama, and Tombigbee Rivers together, in an integrated waterway system that will directly serve one-third of the Nation with interstate and international advantages to the Nation as a whole, advantages that are as open ended as those prospectively presented by the Panama Canal and the purchase of the Louisiana Territory and Alaska when they were being considered. This project is not a boondoggle, it is a boon; not a public works expenditure, but an investment certain to reap enormous returns.

The tremendous growth of the Port of Mobile, where the Tennessee-Tombigbee terminates, has anticipated in hardheaded business terms the economic benefits the waterway will have for our Nation.

Expanding world coal and agriculture markets not only offer great opportunity to the United States, but exported coal will reduce western allied dependence on OPEC energy supplies. Private investment confidence demands congressional confidence.

During my years of military experience I came to recognize yet another benefit of the Tenn-Tom. The strategic importance to our national defense posture. In times of national emergency, this waterway would serve our Nation as an alternate route between the highly technical and industrialized Middle Eastern States and deepwater gulf ports.

To finish this project which is nearly complete would indeed be keeping faith with that commitment. To terminate a project in which $1.1 billion has been invested represents an unconscionable mishandling of taxpayers' dollars. What type of return on investment does this leave the American taxpayer?

It would be pennywise for Congress to continue support for the project by authorizing the appropriations needed to complete it. I think it would be Tomfoolish to terminate a commitment that will enhance our coal and agriculture trade, and as a result, reduce our foreign trade deficit by as much as $600 million each year.

Mr. President, I ask unanimous consent that the full text of additional letters and telegrams from Alabama associations supporting the Tennessee-Tombigbee Waterway appear in the RECORD at this point in my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ALABAMA FARM BUREAU FEDERATION,
Montgomery, Ala., October 30, 1981.

Hon. JEREMIAH A. DENTON, Jr.,
U.S. Senate,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR DENTON: I am writing you on a matter of great concern to me and to the farm sector of Alabama. Since its inception, many efforts using diverse means have been made to discredit the Tennessee-Tombigbee Waterway Project. These efforts have intensified over the past several months.

Having listened to the arguments, pro and con, I would make the following observation to you. The great bulk of economic evidence presented in support of the project has been derived from the movement of coal into export through the Port of Mobile. The eco-

nomic impacts of the development of agriculture and silvaculture in the state and region have not received adequate attention.

The proposed waterway system traverses some of the most productive farmland in Alabama. The blackbelt soils of west-central Alabama and east-central Mississippi have, in recent years, become some of our most productive lands producing soybeans. The vast timber resources of southwest Alabama offer great potential for diversified development. Poultry, swine and catfish production in west-central Alabama must import large quantities of grain from the midwestern terminals. All of these contributors to the region's economy depend on economical transportation to reach their fullest potential. The accessibility of this region by barge traffic will encourage a more balanced economic development for all industry and promises major benefits to the agricultural economy.

Today, west Alabama is one of the most under-developed regions of our state. The development of strong and diversified basic agricultural industries, including the production of pork, poultry, beef, soybeans and catfish, and silvacultural industries, including pulpwood, dimension lumber, poles, plywood and chipboard, can turn this region into one of the state's most prosperous.

The Tennessee-Tombigbee will provide the catalyst for this development. The diversified agricultural and industrial development of the Tennessee Valley following river development provides a living model for long-term growth and prosperity for west Alabama. Prudent development of agricultural industries along the Tennessee-Tombigbee Waterway will provide a self-sustaining growth based upon tall trees, verdant fields and strong families and communities, linked to the land long after the last coal is exported from the Port of Mobile. This to me is sufficient reason to support the completion of the Tennessee-Tombigbee Waterway.

Sincerely,

GOODWIN L. MYRICK,
President.

THE AMERICAN NATIONAL
BANK & TRUST CO. OF MOBILE,
October 28, 1981.

Hon. JEREMIAH A. DENTON,
U.S. Senator, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR DENTON: As the annual battle over funding on Tennessee-Tombigbee becomes more of a reality, I would like to convey to you some of my thoughts concerning its importance to this region, at least as seen from the standpoint of a banker in Mobile, Alabama.

First of all, there is no doubt in my mind but that Tenn-Tom would be good for Mobile, good for Alabama, good for the Southeastern United States and as a consequence good for the United States. As you well know, my hobbies are sailing, scuba diving, water sports, hunting and fishing. I consider myself a very strong environmentalist, but I feel that the Tenn-Tom will have at the very most a negligible impact upon the environment and in my own mind one that will be indiscernible to all intents and purposes.

Economically speaking, a dramatically different situation will exist. It is true that the Tenn-Tom will not have the breadth or the size of locks to permit it to handle tows such as those which travel the Mississippi; nevertheless, it will permit tows of sufficient size to be economically sound and the savings in fuel alone because of the decreased distance to the Gulf of Mexico could be considerable. However, while most people tend to focus on the tonnage that will be carried by the waterway, I prefer to look in other directions for the primary benefits to be derived. I firmly believe that the Tenn-Tom will provide a host of superior industrial sites for industrial development of all sorts, and the added economic impact upon this area and our country is truly immeasurable. It will not happen overnight, but will slowly evolve. With specific relationship to the banking industry any developments, any transfers of funds, and any payrolls all tend to stimulate the economy. The Tenn-Tom will bring us all this and more, and significantly impact banking not just in the Port City of Alabama, but throughout the Southeastern United States in general.

I urge your continued support of the Tenn-Tom Waterway and would be more than willing to furnish you with whatever information I can assemble at your request. It is urgent and important that the Congress recognize the advantages of and yes, the need for this facility as soon as possible. As a banker, I firmly believe that it would be penny-wise and pound-foolish to abandon this project at this point in time. To compare simply dollars spent does not alone give the true picture; we should complete the project as soon as possible before inflation continues to increase its cost. Even under those circumstances I expect it to be cost-justifiable, but with the investment already made, which is now mostly idle, the sooner a return can be achieved, the better off all American taxpayers will be.

Thank you for your support of this project and please keep up the good work!

Very truly yours,

C. M. A. ROGERS, III.

MOBILE AREA CHAMBER OF COMMERCE,
Mobile, Ala., October 27, 1981.

Senator JEREMIAH DENTON,
Dirksen Senate Office Building, Capitol Hill, D.C.

It is our understanding that Senate hearings are scheduled next week on funding for the Tennessee Tombigbee waterway project. The completion of this waterway is in the national interest and will enhance our country's ability to compete on the international export market as well as the import of vital raw material for United States manufacturers. On behalf of the members of the Mobile area Chamber of Commerce, we respectfully request your continued assistance in obtaining approval of sufficient Federal funds to insure the completion of this project at the earliest possible date.

W. J. HEARIN,
President.

ALABAMA CHAMBER OF COMMERCE,
Montgomery, Ala., October 28, 1981.

Senator JEREMIAH DENTON,
Russell Senate Office Building, Washington. D.C.

The Alabama Chamber would like to go on record again in support of the Tenn-Tom waterway project. We feel that it is not only vital to the States involved, but to the entire U.S. The Tenn Tom is significantly different from most waterways because it is a connecting link between river systems that are already navigable. The project will tie together the Tennessee and Tombigbee Rivers and provide a shorter water route from 16,000 miles of inland waterways to ports along the southeastern gulf. It will make some ports as much as 800 miles closer to farm markets, more than just a navigation project, it is an area redevelopment project, embodying significant social and economic goals. Early river traffic would include such important products to Alabama's economy as coal and agricultural goods. Because of this, we believe the Tenn Tom will enhance our export markets and thereby greatly improve our trade deficit. For these reasons the Alabama Chamber urges the Congress to continue this worthwhile project.

HOLMAN HEAD,
Executive Vice President.

COOPER STEVEDORING CO., INC.,
Mobile, Ala., October 19, 1981.

Hon. JEREMIAH DENTON,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR DENTON: We are genuinely concerned about the possible curtailment or elimination of future construction, necessary for completion, of the Tennessee-Tombigbee Waterway project. This waterway project will have a lasting effect on the economy of the United States when completed and we ask your strong support in ensuring the project's completion.

It is certain to all who utilize the various transport systems of our great country that the Tennessee-Tombigee Waterway project will benefit every state east of the Rockies, and in particular, the Great Plain farmers on whom most of the world depends for food. Industry, to remain competitive, must have the high volume, low cost transport systems that our navigable waterways make available. Not only will the Tenn-Tom contribute to our national growth domestically, it will also make substantial contributions to increasing exports from the United States, and thus, materially assist in reducing our balance of payments.

Observing the projects progress over the years, we find that as of this date, construction of the navigational facilities are about 70 percent complete. The remaining benefit-to-cost ratio is 3 to 1 in favor of the project. Without Congressional support, the $1.47 billion already committed by previous Congresses will be virtually lost. All 10 of the locks and dams are under contract with 5 of the locks already finished. To complete the project would cost only $343 million more than to terminate the project. The average annual benefit of the completed waterway is $137 million and if the project is terminated, the average annual benefit would only be $17 million.

Senator, it appears there are only two choices. The first choice is to complete the waterway to provide an adequate national transportation system and a strong economic stimulant or end our national commitment and forego $120 million potential average annual benefits and have an uncompleted "bridge" going nowhere with a mere $17 million in average annual benefits to show for a $1.4 billion expenditure.

It is our conviction that the obvious answer is to continue the project and gain the benefits of the completed capital investment.

Thank you for your continued support and please keep us advised as this matter progresses to a successful conclusion.

Sincerely yours,

DAVID J. COOPER,
President.

ALABAMA STATE DOCKS DEPARTMENT,
Mobile, Ala., October 28, 1981.

Senator JEREMIAH DENTON,
Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR DENTON: Large over-all volume increases in bulk tonnages moving through the Port of Mobile requiring prior or subsequent barge transportation have been recorded by the Alabama State Docks this year.

Coal traffic moving export through the Alabama State Docks McDuffie Terminals will amount to 7 million tons for the year 1981 with 70 percent of that traffic arriving Mobile via low-cost economic barge transportation. Inbound steam coal imported at the Port of Mobile will amount to 1.5 million tons this year and 100 percent of that tonnage will have a subsequent waterborne movement by barge from the Port to the individual consuming steam generation plants.

Grain exports are projected at 3.5 million tons for the calendar year with one-third

of that tonnage arriving at the Grain Elevator via barge.

Imported iron ore tonnages moving into the Port this year will amount to 4.6 million tons and 65 percent of that traffic will have a subsequent waterborne movement via barge to steel mills in the northern part of the state.

During the calendar year 1980, the Alabama State Docks worked 4,034 barges at its own facilities representing in excess of 6 million tons of inbound and outbound cargo.

The availability of a direct all water route from coal and grain producing areas in Southern Illinois, Virginia, Kentucky, Tennessee, Northeast Mississippi, and Northwest Alabama coupled with the high volume loading capacity and energy efficiency of barge transportation will provide producers in those areas the inherent economies of marketing at the international level.

In anticipation of the completion of the Tennessee-Tombigbee Waterway the Alabama State Docks in the past four years has spent in excess of $125 million and will in the next 18 months spend an additional $100 million in providing new and renovated facilities to handle the increased tonnages projected for movement on the new Waterway.

Major construction projects are now in progress at the Alabama State Docks involving McDuffie Island Export Coal Terminals, the Public Grain Elevator, and the Bulk Material Handling Plant. The Alabama State Docks has just completed a Phase Two Expansion to its McDuffie Coal Terminals which gives the facility the export capability of approximately 10 million tons. A Phase Three Expansion is now underway and when completed the McDuffie plant will have an annual export capacity of 23.5 million tons. Phase Three Expansion includes the third barge unloader, the third stacker/reclaimer, the fifth and sixth storage pads, the second rail loop track, the second rotary car dump, a tandem dump for handling two cars per cycle, and the second ship dock with high-speed ship loading equipment.

Coal producers in Southern Illinois, Virginia, Kentucky, and Tennessee have indicated interest in the Phase Three Expansion to the McDuffie Terminals and Alabama State Docks is now maintaining an application list for a number of producers who are working on coal contracts with shipping dates subsequent to the completion of Phase Three Expansion.

Alabama State Docks projections are that some 15 million tons of coal will move south to Mobile for export after completion of the Tennessee-Tombigbee Waterway. After completion of Phase Three the Alabama State Docks will have a capital investment in the McDuffie Terminals of approximately $90 million.

The State Docks has additionally projected that in excess of 900,000 tons of food ingredients, grain and grain products, will move southbound on the Waterway System after completion originating in the States of Illinois, Missouri, Minnesota, Northeast Mississippi, and North Alabama.

A major expansion program is now in progress at the Alabama State Docks Grain Elevator. The project includes a new ship dock with two high-speed ship loaders each capable of delivering grain to a vessel at 60,000 bushels per hour, an overhead enclosed conveyer system from the newly completed $8 million Head House to the ship dock. This new expansion including Head House construction and equipment reflects a capital investment of approximately $25 million.

The expansion to the Bulk Material Handling Plant will provide a new rotary rail car dump, conveyor system and additional ground storage giving this particular handling facility export capabilities as well as its inherent import capabilities. After completion of the project the Bulk Material Plant wil be used for the handling of both export coal and coke. Expansion at the Bulk Material Handling Plant represents a $5 million investment.

Through a series of occurrences in the first quarter of 1980 involving an increase in per barrel oil prices by the OPEC cartel, labor unrest in Poland and the apparent decision of the U.S.S.R. to hold Polish coal production to the Soviet bloc and both production and rail/labor problems in Australia a new interest in American coal, both from manufacturing and steam generation aspect, was evidenced by the rush of Asian and European interest to purchase in the United States.

The United States has at this time the best chance in recent history to provide low-cost efficient coal production as an energy substitute to high-priced Mideast oil, and, at the same time, take a giant step in the eradication of the negative trade balance and payment deficit.

The Tennessee-Tombigbee Waterway System will not only provide an energy efficient economic means of transporting goods between MidAmerica and the Port of Mobile both import and export, but at the same time can act as a catalyst in helping our trading partners in a good portion of the world to become energy efficient in their own right.

Sincerely,

ROBERT M. HOPE,
Director.

The PRESIDING OFFICER (Mr. ABDNOR). The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I yield myself such time as may be required.

I spoke at some length yesterday afternoon and will only speak today in order to introduce the debate from the side of the proponents of the amendment. As they and others appear, they will speak in turn. I wish to summarize the points that were made yesterday to see if they do not continue to persuade, as I believe they have been doing.

First, perhaps, to refer to the observation of our distinguished and gallant colleague from Alabama, who remarked that George Washington was in favor of this canal, I say, well he might have been. As an 18th century canal, before the period of railroads, before the period of trucks, before the period of most modern transportation, it would have been a good canal. I lamented, I say to my good friend from Alabama, that when New York began to think of the Erie Canal, we proposed Federal assistance to Thomas Jefferson, who thought the matter just a bit too premature and wondered if, 50 years hence, it might not be reasonable.

The plain fact, Mr. President, is that this is an 18th century idea marginal enough to have taken two centuries finally to be agreed to, a great tribute to the persistence of the dream. But the reality is turning out to be so different. This is a 6-barge canal in the era of 60-barge tows. We have established in the RECORD yesterday that the labor costs on a 6-barge tow are not very different from those on a 60-barge tow; they cannot but be an enormous consequence to the choice to use the Mississippi as against the Tenn-Tom.

Yesterday, Mr. President, I put into the RECORD something I shall not do today, although I ask permission to read one paragraph of what we in the Committee on Environment and Public Works know as the section 205 study. This was the study ordained by Congress in the course of the Inland Waterway Revenue Act of 1978, when we placed the first tax on fuel used by commercial users of inland waterways. We agreed to go up to a cost recovery level of approximately a quarter, 25 percent, which is what a 10-cent-per-gallon tax would be or would have been. We then asked the Departments of Transportation and Commerce to inquire into what would be required to recover the full cost. This study was commissioned and the Data Resources, Inc., and Booz, Allen, Hamilton Econometric firms have done the work.

There was an interesting conclusion. They asked, what would be required to recover the full costs of building, operating, and maintaining these different waterways? The answer was, well, there is a range of such fees that would be required. But, they said, there are four waterways in existence or contemplated for which no user charge could ever recover even the operating and maintenance costs, quite apart from the cost of construction. They said the Apalachicola-Flint, Quachita-Red, the Kentucky, and the Tennessee-Tombigbee have the distinction of being the four on which no return on investment would be made and on which, indeed, it would not even be possible to get the pay of the lock keepers.

Mr. President, this is not yet published. We took certain liberties, perhaps, in bringing it to the floor, but it is relevant. It is the fact; it ought to be known.

Mr. President, there has been some discussion of the coal potential of the region, which we hope is great. But, Mr. President, just a year ago July, the Subcommittee on Water Resources, of which I was then chairman, of the Committee on Environment and Public Works, held hearings on, and I quote the title of our printed reports, "Transportation Needs of Increased Coal Production and the Completion of the Tennessee-Tombigbee Waterway."

We asked one of the principal producers of coal in the area, the Ashland Coal Co., which is a subsidiary of Ashland Oil and is located in Ashland, Ky., what they thought of the Tennessee-Tombigbee. We wrote them and said, "What do you think of Tenn-Tom? Do you need Tenn-Tom?"

Mr. Sanders, vice president of supply and distribution, wrote back to me a three-page letter, full of information. The only thing curious about it is that it does not mention Tenn-Tom. There is something, they said they are interested in very much, which is the Gallipolis lock on the Ohio River. So the subject of Tennessee-Tombigbee has not even entered the corporate planning of this organization, which was thought to be one of those central to the future of the project.

Finally, Mr. President, there was some discussion yesterday about the benefit-

cost ratio of completing this project. May I say that the benefit-cost ratios are often depressingly narrow in this matter. The Red River Waterway, a waterway entirely contained within the State of Louisiana, for which there is $50 million in this appropriation, has an estimated benefit-cost ratio of 1.11 to 1. Oh, that is narrow, narrow. Not since the Erie Canal has there been a 6.7-to-1 ratio—not since the Erie Canal was opened by Henry Adams' grandfather, in case anybody would like to know.

On this project, $1.1 million has been spent; checks have been written. To complete the project the first two-thirds will cost $678 million more. That is arithmetic from the Corps of Engineers, all we have.

Then, to complete the remaining third of the project, Demopolis to Mobile, water improvement will require, again according to the corps, another $960 million, for a total of $1.638 billion. We figured the waterway would take until about 1986 to finance at present schedule; another 4 years for Demopolis to Mobile. I think it is fair to say that we will be spending $1 million a day for the next decade to finance this project, which will not even pay for the cost of the lock keepers. One million dollars a day for the next decade. Anyone who votes for this can expect to find, somewhere in his or her political future, someone out there waiting to say, "You voted to waste a million dollars a day for 3,650 days."

I have just illustrated the approximate computing methods by which benefit-cost ratios are made in our town.

I can assure you that whatever is 10 times 365 is going to be the number of millions of dollars to be disappearing into this project.

As to the remaining third of the project, the Comptroller General of the United States put it this way:

> Is Congress, in approving Tenn-Tom, sowing the seed for a future project? Unless Congress is willing to accept severe traffic constraints, completion of Tenn-Tom will require major improvements in the waterways south of Demopolis.

I can do no more than say that we evade the most elementary responsibility if we do not know that this is going to be a waterway from the Pickwick Pool on the Tennessee all the way to Mobile, Ala., which will cost $3 billion, of which $1.1 billion has been spent, and the rest remains. It will never pay its way. It will never return a penny on investment. It will continue to be an expensive item to maintain.

I conclude with a plea which I think will be heard from other members of our committee today: We are pleading for the future of public works of America. We are disinvesting in public works, because the enterprise has became scandalous, and people no longer give any credence to the Government. Inside our own councils, we do not.

It has been almost a decade since a water bill has passed the U.S. Congress—a decade. The whole administration of President Carter came and went without a single water bill. The water needs are pressing. We can see the crises of continental dimension, or subcontinental dimension, awaiting us 20 and 30 years ahead. We do not want, because of Tennessee-Tombigbee, to discredit the whole of the enterprise.

Mr. President, I see my distinguished friend and fellow committee member, the Senator from Wyoming, is in the Chamber, and I wonder if he wishes to speak at this point.

Mr. SIMPSON. I thank the Senator from New York.

Mr. President, as I look about the Chamber, I see several of my colleagues who are poised to leap into the fray when the Senator from Wyoming addresses his remarks on this issue and, in a sense, sort of pounce, to perhaps come back on the less than hirsute dome of the Senator from Wyoming as he briefly comments on Tennessee-Tombigbee.

I have been here less than 3 years. I have seen several remarkable, questionable, and emotionally stimulating projects. I have listened to some pungent debate on some of those projects. Some of those projects are the Hart Office Building, the discussion about regional commissions, the Dickey-Lincoln Dam, Union Station. But I assure Senators that in my brief tenure on the committee and the subcommittee, the veritable "old man river" of such capers is the Tennessee-Tombigbee project.

I think that on a movie marquee, it might be called "Waste Revisited." We may well see that the Tenn-Tom is actually not navigable simply because it is choked with crocodile tears and combined bits of pork. [Laughter.]

Let me say this: I have the deepest regard and respect for those pressing this legislation. I deeply understand their feelings and their loyalties to this region and to this project, because I do that myself—I hope as well as they. They certainly have done well on this project.

However, in our heart of hearts on this one, when everything is out on the table, this one just will not wash—even though, obviously, the taxpayers will take a bath on it.

Others have related a litany of deficiencies in this project. A thumbnail sketch, let me cover that.

The GAO report: no user fees. There have been some last-minute corrections to correct that, to get that in proper context. Potential users have not materialized. They just are not there.

Estimating practices were defined as too liberal, which is obviously the understatement of the century. It will require at least $1 billion more to go from Demopolis south.

The benefit base has been flawed. Coal markets are not there, nor are the coal reserves. That is quite apparent.

Nine billion dollars has been spent on western water projects in the last 80 years, so I am not here pleading for western water projects. I indicate, however, that we do pay back the capital when we are given money in the Bureau of Reclamation.

The District of Columbia Metro system will take $10 billion of capital; whereas western water projects, as I say, have taken only $9 billion for the past 80 years. Now we have one project which is going to siphon up one-third of that amount.

It has been described in some cases—and I will not go into the pettiness of some of the arguments—as a highway to the Moon, because you could have built a highway 16 feet wide and 3 inches thick with the material that is being moved for the Tennessee-Tombigbee.

I suppose the thing that troubles me most—and I did some research on this—is that originally there was to be local participation in this project; and under the original law, that was very clear. At least half of it was to come from the States involved. Yet, what happened was that the ARC (Appalachian Regional Commission) gave $11.5 million, the Department of Transportation gave $90 million, and the local sponsors never coughed up their $170 million.

Then there was a little old amendment in the bill a few years ago that changed things—kind of a little story in itself. I will not belabor the Senate with the details; but, suddenly—bam—they were taken off the hook.

There really are not committed users here. Every comparison with the Mississippi waterway and this project has not matched.

When you are talking about the average speed or transportation costs or average barges in a tow, my colleagues who represent this position have covered that thoroughly. In every case, the Tennessee-Tombigbee comes in second to the "father of waters." In defining the relationship, I suppose we can refer to this as the grandfather of Union Station, except that it will cost hundreds of millions more than any other project, and certainly more than Union Station

I suppose that the argument we will hear in the remainder of the allotted time will be that we cannot stop now. I think we can. I suggest that we do that and do it in a positive way.

Let those States which benefit issue bonds to be paid by the user fees, and perhaps the Federal Government can assist after we see how that will work.

I am not insisting that the Government cease its participation. Perhaps it should stay in. But let those States bond and pull in user fees. Other States do that.

Finally, let us review the lawsuit that has just taken place and has stopped some of the project at this time. Let us review the testimony there, review the bloated figures, the Chamber of Commerce pitch, the erroneous cost-benefit ratio figures.

In actuality, I believe that if we look at that, we will find that the Corps of Engineers did more backfilling in their offices than on the project, with regard to the figures that were presented

So I suggest that it be laid to rest—RIP or TPBT I call that "the poor beleaguered taxpayer." It is going to be painful now; it is going to be more painful later.

I hope that we might see fit to enter it in its own cubic yards of corporeal economic fat.

It was never right. It was pure pork pressure folly, and perhaps we can send

out the message from this place that pork is passé.

I do not know whether that will ever come about, but it would certainly stun the citizenry if we were to do that because they still do understand commonsense.

I emphasize this is not an issue of personalities. It is not with me. Some of the people on the other side of the issue are some of the most delightful I have met in the Senate. It is not a question of colleagues or regions or even the whole issue of "now let us go hunt up one of Simpson's projects and do that one in," after this little dialog. Well, start hunting, because I did not bring a sackful of them with me when I came here and I have no press release going out when I finish these remarks. No; it is just a bad one. It leaves a bad taste. It is out of touch with the times.

The President was right in the state of the Union address when he said we can no longer afford things simply because we think of them.

I hope Senators will think of this one because surely we cannot afford it at this time. It is a type of a mastodon with mortal wounds, and I suggest we let it slip back into the ooze of another era in this place, and I hope Senators will see fit to see that it deserves to die along with the same kind of political gimcrackery that gave it birth.

I thank you, Mr. President.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. SIMPSON. I am through.

Mr. JOHNSTON. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. JOHNSTON. Mr. President, we have had an eloquent time here with eloquent inconsistencies in the defogging of the issue. Let me give the Senate the facts and invite my friend from New York and my friend from Wyoming to listen to the facts.

This GAO report has been more misquoted and misrepresented than any other document I have seen in this Chamber.

It has been suggested here that it says it takes $1.96 billion to complete this project. Does the Senate wish to know what it actually says? Let us read it. It actually says on page V:

> The GAO believes the Corps budget estimate of $1.78 billion for fiscal year 1982 is reasonably accurate. Most of this estimated $1.4 billion is made up of funds already obligated and already expended as of March 1981.

The report says not $3 billion but $1.78 billion of which $1.4 billion is spent or obligated as of 1981.

Where is the truth in this body? That is the truth. It is in the record. It has been referred to by everyone here.

As Senators fair and loyal to the truth, let us get the facts on the record.

That is fact No. 1.

Fact No. 2, and it has not been denied, is that what we save from this project is $343 million. We have put it in the RECORD. We have given to each Senator a computation of that.

Mr. President, it is a mathematical computation to figure out the cost-benefit ratio from that. If that figure of $343 million is correct, and it is not very far off, if we take the GAO study—it cannot be—the cost-benefit ratio is 6.7 to 1.

Mr. MOYNIHAN. Mr. President, will the Senator yield for one quick question?

Mr. JOHNSTON. I yield for one quick question.

Mr. MOYNIHAN. We went through this subject last night, and it is getting to absorb me. Is the Senator saying that the remaining project will cost $6.70 for every dollar in benefits that it returns?

Mr. JOHNSTON. No.

The PRESIDING OFFICER. The 3 minutes of the Senator from Louisiana has expired.

Mr. JOHNSTON. Mr. President, I yield myself 1 additional minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 1 additional minute.

Mr. JOHNSTON. It is a benefit-cost ratio, and the Senator corrected me yesterday.

The benefit-cost ratio is 6.7 to 1, with $343 million remaining.

Mr. President, there is so much that is said here that needs correcting. Let us start with the DRI report that has been referred to. You know what the DRI report says? That was spoken about here yesterday. It says this:

> From this analysis there appear to be four major river segments whose present traffic simply cannot pay the full cost of maintaining these segments.

This is a nationwide study of all waterways. It lists the waterways, and then it goes to Tenn-Tom and it has by Tenn-Tom: "No traffic at present."

So what this draft has proven is that a project incomplete, which therefore has not one iota of traffic and cannot have any traffic until it is complete, is not presently, to use their word, generating enough traffic to pay for itself.

The PRESIDING OFFICER. The Senator's additional minute has expired.

Mr. JOHNSTON. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. SIMPSON. Mr. President, if I may comment on the remarks of my good colleague from Louisiana, I also read from the GAO report which is a remarkable document and on the same page, curiously enough, I refer to because here is what we are talking about. Let us do stick with the facts. It says on page V:

> While corps officials have stated that the improvement project is not needed to economically justify Tenn-Tom—

and I am talking about Demopolis South—

> GAO believes that if Tenn-Tom is completed and corps projections are accurate the corps ultimately will have to propose this project to the Congress because without the improvements neither waterway can reach its potential.

Then I add to the debate the figures that the Senator from Louisiana is using are Corps of Engineers' estimates of the additional amount required to finish the project, and their figures reflect unrealistic assumptions of the cost to terminate.

For example, the GAO report points out that the corps assumed, and get this, that the canal section would be restored to its "preproject condition" as opposed to an environmentally sound and safe condition, a difference of about $120 million. That is from the GAO report, page 83.

In addition, the GAO, on page 84, stated that:

> The corps estimated contract termination and settlement costs are at a level higher than experience in past projects would indicate as being realistic.

And then, get this: And then they added 25 percent to the package "for contingencies."

Finally, I just suggest that if this is a project without traffic, then certainly the United States of America is getting a rough stomp because under the appropriations of operation and maintenance, I find that there is about $7 million that goes in for operation and maintenance. Here we are. On page 46 of the energy and water development appropriations bill, under Tennessee-Tombigbee operation and maintenance, $7,324,000.

I submit that this is the way the debate can continue if we had 20 hours on each side—everyone gets a whack with his own figure, and that is the way it will always be.

But somewhere in the process the emotionalism of it will pale and the reality will surface and the practicalities of it will be quite apparent to at least, I hope, this Congress.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. SIMPSON. Certainly.

Mr. JOHNSTON. Is it not a fact that in the first place you have not had a water project bill in 10 years, and certainly it is not likely that the committee on which you serve would authorize this project below Demopolis, is it?

Mr. SIMPSON. Excuse me, you saw that I was distracted.

Mr. JOHNSTON. I was saying that in view of the fact that no water projects, worthy or unworthy, and I think there are a number that even you would consider worthy, have been authorized in 10 years, no major public works bill, it is certainly not likely that this Congress or certainly not this Public Works Committee is likely to authorize this project, is it?

Mr. SIMPSON. That is an incorrect statistic. We have had water projects authorized, the last one as recently as 5 years ago.

Mr. JOHNSTON. Well, I stand corrected. I think actually that was a phase I authorization.

But is it not a fact that in order for there to be a bottleneck below Demopolis, as some have opined there would be, that traffic must equal or exceed the 44 million tons per year used by the Corps of Engineers in its benefit-cost ratio analysis? In other words, you must exceed the capacity, the present capacity, of Tombigbee south of Mobile, which is 44 million tons, in order to have this bottleneck which would impel the corps to,

in turn, ask the Public Works Committee, the Public Works Committee to ask the Senate and the House and the Congress to pass it; is that not correct?

Mr. SIMPSON. Mr. President, I would suggest that it is not opining that we are speaking of. The bottleneck is there. Only six-barge tows are able to ply the waterway south of Demopolis and eight-barge tows on the Tennessee-Tombigbee. It is not an ephemeral bottleneck, it is a quite real bottleneck.

The tows, the barge systems, of the Mississippi versus the Tennessee-Tombigbee make it a bottleneck whether you are south or whether you are north.

Mr. JOHNSTON. Well, a six-barge tow, let us be clear, is not a small tow. I mean that is an equivalent, is it not, of 90 hopper cars, a six-barge tow?

Mr. SIMPSON. The equivalent as to cars I would not be able to respond to. But I can tell you that the best comparison is to say that the Mississippi River will sustain a barge tow of 30 to 40 barges, and the north will take 8 barges, the south 6, so that is——

Mr. JOHNSTON. The Senator is correct in that, and the Mississippi flows down to the largest port in the country, New Orleans, and those are absolutely huge barge tows which are the equivalent of 10-unit trains.

These barge tows, 6-barge tows, which the Corps of Engineers uses as a basis for its benefit-cost ratio are the equivalent, I can tell the Senator, of 90 hopper cars or 90 rail cars where we are shipping grain or in the case of other products.

Mr. DENTON. Mr. President, will the Senator from Wyoming yield for a question?

Mr. SIMPSON. I will yield for a question.

Mr. DENTON. I serve with the Senator from Wyoming on the Veterans' Affairs Committee and I am deeply respectful of his honesty and candor in dealing with very difficult questions on which he does not always take the populist but, I believe, the correct stand, the popular, but he takes the correct stand.

Is the Senator aware, that the cost-benefit ratio is based on the knowledge that the Demopolis south leg would be restricted to six-barge tows? That is a recognized fact. So what is being argued about is that the improvement which might come later would be as a result of demands by the public that a further increased benefit-cost ratio would be realized by improvements south of there to allow bigger than six-barge tows. But the present benefit-cost ratios are based on the six-barge tows. Is the Senator in agreement with that?

Mr. SIMPSON. I will not respond to that. I simply say that cost-benefit ratios have been computed by the corps. The recent lawsuit disclosed that the corps has such an extraordinary misuse of computations of figures that the court saw fit to stay the operation using interest figures of 3¼ percent, which is an extraordinary aberration in these times or even 10 years ago, and so another group of substantial authority has indicated that if you really computed the cost-benefit ratio of Tenn-Tom you would find it to be about 0.23 to 1, which is quite a bit different from the one as presented by the corps.

Mr. MOYNIHAN. Mr. President, will the Senator from Wyoming yield for a question?

Mr. SIMPSON. Yes.

Mr. MOYNIHAN. Is it not the case that the maximum contemplated barge tow would be eight, and you could only use eight if you spend the extra $1 billion south of Demopolis? No one disputes that.

Mr. SIMPSON. The Senator from New York is absolutely correct.

Mr. MOYNIHAN. Is it not the case that we are informed that about two-thirds of any traffic that went down the Tenn-Tom would be diverted to the Mississippi where 60-barge tows are routine?

Mr. SIMPSON. The Senator from New York is correct.

Mr. MOYNIHAN. I thank the Senator.

Mr. SIMPSON. Mr. President, I appreciate those arguments and those figures. But I guess the real issue is if we are doing what we are doing in America, which is very painful to me as chairman of the Veterans' Affairs Committee, observing a $25 billion budget of which I am going to have to get in with a sharp knife and do perhaps $2 billion in adjustments to it, and there is not one of us on this floor involved in any kind of thing, regardless of party or what our particular objects of regard and interest are in this body, who is not at this point of decision, and it seems to me very simple that this project, in its extraordinary magnitude, is a perfect place to be very serious about budget priorities, to be very serious as to whether we see we can eliminate deficits in this country, to be very serious about changing the course of the Nation's economy.

Good people will always differ in this place, but it seems to me we ought to pull the issue back to that as we come to the last 45 minutes of debate.

I yield to the Senator from New York.

Mr. MOYNIHAN. I see the distinguished Senator from Mississippi has risen. If he wishes to speak, I would be happy to hear him.

Mr. JOHNSTON. I yield 2 minutes to the distinguished Senator from Mississippi.

Mr. COCHRAN. Mr. President, I thank the Senator from Louisiana for yielding to me.

In this bill that is before us today there is funding provided for about 200 projects around the country located in 41 States.

In reviewing these projects I was curious about the allegations that have been made about how bad the benefit-cost ratio of the Tenn-Tombigbee that the proponents of this amendment are urging upon this Senate. In looking through all these projects and analyzing the report that is received annually by the committee, focusing on total costs, total funds allocated to date, the balance of funds needed to complete, percentage of completion of the project, remaining-benefit-to-remaining-cost ratio of each project was analyzed by me and my staff, and we find that in this bill the Tennessee-Tombigbee waterway project has, according to this report that was reviewed by the committee, a better, more favorable benefit-cost ratio than 46 other projects that are funded by this legislation.

Not one word of criticism of any one of them. Why not? Because they all have favorable benefit-cost ratios, just as the Tennessee-Tombigbee project has, Mr. President.

We have discussed this project for years, we have discussed it ad infinitum and ad nauseam. The whole point is we are hearing nothing new today. Opponents of the project are continuing to dredge up old arguments, dress them up in fancy, clever words, and try to convince this Senate that the thing to do, the economical thing to do, is to stop this project.

If we stop the project today it will limit the economic benefits to about $17 million a year. It will take 83 years to recoup through economic benefits the total investment that will have been made in this project.

If funding is allowed to go forward and completion occurs on schedule average annual benefits in the amount of $137 million will accrue, meaning that in 13 years this project will have paid for itself when compared to the economic benefits it has brought, not just to one State, not just to one region, but to this Nation of ours. This is a matter of national concern.

Mr. President, if any of the Members are anxious to look at this analysis that I mentioned, which is very carefully done, it stands as clear proof that this project is justified, it is a sound investment, and we ought to continue to approve this funding so that it can be completed on schedule.

Mr. President, I am disappointed that the Tenn-Tom project has again been singled out for attack as the Senate considers our national commitment to development of our water resources. The bill before the Senate today would appropriate almost $3 billion for the development of navigation and flood control projects in fiscal year 1982. This is $201 million less than we appropriated last year. Meanwhile we have continued to delay the development of many new projects by failing to consider and act on new authorizing legislation. As a result, Mr. President, we are falling behind in our navigation and flood control efforts which are so vital to economic development and protection for the American public.

Today, we will spend a great deal of time debating and analyzing the merits of the Tenn-Tom project as we consider this amendment to terminate our long-standing commitment to this waterway. We will, again, focus all our attention on a single project, which is just one of 200 projects that will receive an appropriation for construction under the corps construction general account which totals $1.4 billion. All the projects have been reviewed by the Appropriations Committee and have been found to be justified and deserving of construction funds in fiscal year 1982.

In fact, Mr. President, the committee annually receives from the corps a detailed project justification analysis for every project recommended for funding.

These justification sheets provide the facts as to total cost, funds allocated, budget request, balance of funds needed to complete, percentage completed, interest rate, and remaining benefit to remaining cost ratio for each project.

These facts have been thoroughly reviewed in previous Senate debates as they apply to the Tennessee-Tombigbee Waterway. However, I do not recall any similar detailed debate on any of the other projects that will be receiving construction appropriations in this legislation.

For the benefit of my colleagues I want to provide a summary of the results of my own review of the justification analysis of the 200 projects located in 41 States and Puerto Rico which are funded in this bill. In reviewing the projects, I discovered there are 46 in 24 States that are less economically justified than the Tenn-Tom. By less justified, I mean those projects which have a remaining benefit remaining cost ratio of 3.0-to-1 or less and a discount rate of 3¼ percent or less.

Although we will not be discussing the merits of these projects in any detail today, it should be noted that the 46 I mentioned will receive $423,246,000 in construction funds in fiscal year 1982. More importantly, Mr. President, these 46 projects will require over $4 billion and $42 million in subsequent fiscal years.

All these projects are justified. However, none is as justified as the Tenn-Tom in a pure cost-benefit analysis. Yet, we are going to continue our support for their continued development when we enact this appropriations bill.

I hope we will also continue our support for the Tenn-Tom project which is nearing completion. A decision on this amendment to terminate the Tenn-Tom must be made in terms of what we have invested in this project, the amount to be invested in the future, the benefits which will result from this investment versus the investment that will be lost, the costs of termination, and any benefits that will result from termination.

Mr. President, through fiscal year 1981, we have invested over $1.1 billion in the Tenn-Tom project. Whether we continue or terminate the project, that number will not change. If the project is terminated, in addition to the $1.1 billion previously expended, we will have to spend an estimated $328 million to terminate contracts, restore the environment and bring the remaining small-scale waterway now open to Columbus, Miss., up to standard. Therefore, the total cost of the termination decision will be over $1,427,000,000. For this expenditure we will have a small-scale navigable waterway connecting Columbus, Miss., to the Black Warrior-Tombigbee River Waterway and the Gulf of Mexico. This investment will return approximately $17 million in average annual benefits which will allow us to recover our total investment in 84 years.

However, if we continue to move forward and fund the remainder of the Tenn-Tom project, we will have invested $1,830,000,000 of which $1.1 billion has already been spent. This investment will provide a vital navigation link for 16,000 miles of existing inland waterways to the Gulf of Mexico. This waterway will return average annual benefits of $137 million. At that rate we will recover our total investment in just over 13 years.

I am sincerely convinced, Mr. President, that the wise decision is to continue this project by defeating the amendment to kill it. I urge my colleagues to oppose this amendment.

Mr. President, I thank the Senator from Louisiana for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, I yield myself 15 minutes.

First, I would like to ask a question that I trust can be a one-word reply, if possible, because my distinguished colleague, Senator JOHNSTON, appeared on November 2 on the MacNeil-Lehrer report and I have a transcript of that program.

Senator JOHNSTON said at that time:

> First of all, there is a user fee on Tennesee-Tom. It is of recent vintage, I mean, whether it comes in, it is the law of the land now and I think you voted for it, as I did.

I could not remember that there ever was a user fee. I know we put a user fee on Lock and Dam 26 and I would not support that until we did that.

Could the Senator answer the question now, having checked the facts? Is there or is there not a user fee for the Tombigbee?

Mr. JOHNSTON. Of course, the Tombigbee is not open.

Mr. PERCY. Is there a provision in law requiring a user fee?

Mr. JOHNSTON. There is not. I was mistaken in that assertion. There is a bill introduced to that effect and I expect by the time it is opened it will be applicable and I think it should be.

Mr. PERCY. I thank my distinguished colleague for forthrightly clearing the record on that particular point, because I could remember no user fees of any kind provided. I am glad to have that clarification that there is not. I am not glad to have that—I wish there were and I would vote for it if there ever is a Tombigbee, but I hope there will not be a Tombigbee.

Mr. JOHNSTON. Will the Senator yield?

Mr. PERCY. I would have to yield on the Senator's time, because we have so few minutes remaining.

Mr. JOHNSTON. I yield myself 30 seconds.

Would the Senator also correct the record on his assertion as to what the GAO report says about the cost of the project? Does the GAO report not say the total cost of the project is $1.78 billion, in which $1.4 billion is committed?

Mr. PERCY. I will cover that completely in the statement I am about to make.

Mr. JOHNSTON. Can the Senator answer that question yes or no?

Mr. MOYNIHAN. Will the Senator allow me to anwer that? Obligated is $1.4 billion. It is not spent.

Mr. PERCY. That is right. It is not spent, it is obligated. And the obligation, obviously, if it is under contract, the Corps of Engineers is very proficient in knowing how to renegotiate those contracts.

Mr. President, during my absence from the floor yesterday, my esteemed colleague from Louisiana, Senator JOHNSTON, entered a number of statements into the RECORD. The Senator emphasized that it was important to establish facts and that reasonable men could disagree as to the interpretation of those facts. I agree with that.

Therefore, it is important to examine very carefully the statements made by the Senator from Louisiana to determine whether we are dealing with facts or, in the Senator's own words, the slippery fish of opinion.

I trust that all of our colleagues and members of the staffs who are listening who may have read the RECORD this morning would now cross check one against the other to see what the true facts are. And that is what the Senator from Louisiana and I have been trying to get in the last instance. Sometimes we are mistaken, and when we are we just have to admit it and go about correcting the Record.

Now, the Senator did state that the Tenn-Tom project was "81 percent committed." I reiterate that what the Corps of Engineers has committed by way of contractual obligation is irrelevant to the question of whether or not the project should be completed.

The fact is that as of October 1, 1981, the Corps of Engineers had spent $1.09 billion on the project, roughly, $1.1 billion. The fact is that the project will cost $1.9 billion. Any way you slice it, it means that the project north of Demopolis is 57 percent complete. When you add in the GAO estimated additional necessary expenditure of $1 billion south of Demopolis, the overall project is only 37 percent complete.

I simply refuse—and I think all Senators should refuse—to accept the contractual obligations of the Corps of Engineers as a requirement for the Senate to continue funding of the Tennessee-Tombigbee Waterway. Thus, we have, in simplest terms, a project on which $1 billion has been spent and on which another $2 billion is required, in the judgment of the Corps of Engineers, to be spent for completion.

Second, the distinguished Senator from Louisiana, Senator JOHNSTON, stated that it would cost $1.4 billion to terminate the project. I cannot accept that as fact, because it is not fact. The Comptroller General, at page 70 of the May 1981 report—and I would ask my esteemed colleague to just turn to that page—estimated that the termination cost to be $130 million—not $1.4 billion, but $130 million.

The report further stated:

> Termination costs would be offset by Government-owned land that could be sold, which had an estimated resale value of $29.6 million in March, 1981.

The Comptroller General further stated:

> In addition, a substantial portion of the estimated annual operating and maintenance costs of $11.2 million would be saved if the project were terminated.

That is on page 86.

Thus, the facts are very simple. We

have a project which will require at least $1 billion of additional taxpayer money to complete, which is three times the original estimated cost and which could be terminated at a cost of less than $100 million.

In addition, the taxpayers would save $11.2 million——

Mr. JOHNSTON. Will the Senator yield?

Mr. PERCY [continuing]. Annually for the life of the project—50 years. These savings would amount to $550 million.

Mr. JOHNSTON. Will the Senator yield?

Mr. PERCY. I am happy to yield on the Senator's own time.

Mr. JOHNSTON. Was the Senator saying that the GAO says it would take a billion dollars to complete?

Mr. PERCY. That is correct.

Mr. JOHNSTON. On what page?

Mr. PERCY. We will supply that page in just a minute. I will not take the Senator's time to provide that.

This is taken actually from a statement made by the Senator from Louisiana that it would cost $1.4 billion to terminate the project.

Mr. JOHNSTON. Sunk costs, plus termination costs, less land sales and including restoration.

Mr. PERCY. Right.

I, frankly, am at a loss, Mr. President, to explain the figures provided by the Senator from Louisiana. They are in direct conflict with the figures of the Comptroller General. If they were provided privately to the Senator by the Corps of Engineers, it would be appropriate for these new figures to be examined again by the Comptroller General. When the Comptroller General of the United States says it will cost $100 million to terminate the project, and the Senator states that it will cost $1.4 billion to terminate the project, it seems to me that we have a dispute of facts which can only be resolved by the experts.

And, in this case, I have to accept the objectivity of the Comptroller General. The Comptroller General has had oversight for the 15 years that I have been in the Senate and in the Government Affairs Committee. I have found their accuracy impeccable. I think their objectivity and their sense of obligation to the entire Senate is beyond reproach. I, therefore, consider, in this case, the Comptroller General to be the expert, unless he is proven otherwise.

Third, the Senator stated that only 20 percent of the benefits of the project had been discovered by the Comptroller General because the project was not yet opened. That simply is not the case. The GAO scrutinized the benefits which were estimated by the corps to arise between 1976 and 1981. These benefits were movements of goods which were to have arisen on other modes of transportation during that period of time and then were calculated by the corps to be transferred to the Tenn-Tom upon its opening. These projected benefits totaled $77 million annually by the Corps of Engineers.

Of this amount, less than $16 million had materialized between 1976 and 1981. In short, the traffic movements predicted by the corps to be the economic underpinning for the project simply have failed to develop. For that reason, I do not accept as fact the Senator's contention that the annual benefits of the project will be $145 million. At the rate of benefit development determined by the Comptroller General, the annual benefits of the project will be less than 20 percent of $145 million, or about $30 million annually. The annualized capital costs of the project, combined with the $11 million annual maintenance cost, will be nearly $100 million. Thus, the annual costs of the project will exceed the benefits by more than 3 to 1.

Mr. President, in 15 years in the Senate I have never had an instance, a case, where we have had to vote on a case where we have more facts that have been disputed and which are not facts. Never will we have a chance to have a vote where we will be held more accountable by more organizations, and more are being added every day.

We have, as we all know, the Conservative Caucus, the Taxpayers Union, and other notable organizations that have taken a strong, firm stand against this project. We know that we are voting today not for just the completion of the project cost, but we are talking about the possibility to finish this up, as the GAO says. We will have to be voting for $2 billion more, roughly, which is $20 million a month for about 10 years. That is an extraordinary decision that we have to make. That is what the project would require, according to GAO, to finish up.

Fourth, the Senator stated that coal companies are not here in Congress lobbying for the project because it is already authorized. I suggest that the real reason they are not here is because they do not care about this project.

We know whenever there is a project which may be endangered as this is, an endangered species. We have enough organizations sitting out in the lobby right now, all of whom are against this project, to know that anyone for this project had better come running quickly and start to marshal their forces. Yet where are the coal companies? I do not think there is a single coal company out there. They know this is an endangered project. So far as I can see, they could care less.

The Corps of Engineers estimates that the project will move 18 million tons of coal in its initial year of operation. Because that figure seemed astoundingly high, I examined the coal producing region in my State to determine whether there was any interest in using the Tennessee-Tombigbee Waterway. I was not surprised to find that not a single coal company expressed any interest whatsoever in using the Tennessee-Tombigbee. Their utter disinterest in the project was fully confirmed by the industry publication Coal Week which termed the project a pipe dream.

Coal Week is an industry publication that is an advocate of everything that benefits and helps coal.

Every one of us knows that if this project were an essential element of the Nation's transportation network, we would have coal companies, steel companies, farm co-ops, grain producers, and an infinite range of other economic interests clamoring at our door steps for its completion. What I see for the project is not economic support but political support The silence from American business is deafening.

Fifth, the Senator stated that steam coal was not an element of the benefit base for the project. That is not a fact. The Corps of Engineers, and their contractor, A. T. Kearny, included a number of steam coal shipments in the benefit base. For example, two projected movements of steam coal to Alabama Power's Greene County plant near Demopolis account for over 20 percent of the entire navigation benefits for the project. Projected by Kearney and the corps to commence in 1976 and 177, these movements of steam coal have never developed and are not likely to develop since the company plans to continue the use of barged coal for a short distance down the Warrior River to the plant. In addition, movements of steam coal to two plants operated by Gulf States Power were also improperly included in the benefit base and account for nearly $5 million in annual benefits. In the case of one of the movements no savings over the Mississippi route would accrue. In the case of the second plant, all coal requirements since 1976 have been met with South African coal under long-term contract. The company does not intend to alter that long-term contract and use coal barged on the Tennessee Tombigbee.

Three coal movements in the benefit base accounting for nearly $20 million "shipping savings" were discovered by the corps to be nonexistent. In spite of the fact that two of the companies have gone out of business, the corps continues to include these coal shipments in the benefit base for the project.

Therefore, I simply cannot accept as fact the statement of my colleague from Louisiana that the Corps of Engineers did not include steam coal in the benefit base for the project. If my colleague had said that the corps should not have used steam coal in the benefit base, then I would be happy to accept his statement as fact.

Sixth, the Senator stated that construction of the northern half of the project down to Demopolis would not create a bottleneck on the Tombigbee River, thus requiring another $1 billion project down to Mobile. The Comptroller General does not agree with the Senator from Louisiana.

He stated on page 89 of the GAO report in May 1981—and I hold in my hand a copy of this report which can be examined by any Senator—as follows:

> We feel it is critical that the Congress clearly understand that the potential traffic on the Tenn-Tom Waterway now under construction will be severely constrained by the bottleneck south of Demopolis. Eliminating this bottleneck requires a project estimated by the corp to cost $960 million.

This is the Comptroller General, an objective expert, saying this, a servant of the Congress.

> We believe that if the decision is made to continue Tenn-Tom it is likely that the Congress will be urged to approve the Waterway improvement project from Demopolis to Mobile. The Corps director of civil works

testified in July 1980 before the Subcommittee on Water Resources, Senate Committee on Environment and Public Works, that in his opinion, the improvements are likely to be needed within 10 years and the push is going to be immense.

Seventh, the Senator stated that the contractor used by the corps was one of the most respected in the field. The Comptroller General stated as follows:

Over 50 percent of the movements we reviewed have not occurred as projected by Kearney and their estimating practices may have been too liberal.

Eighth, the Senator stated that terminating the Tenn-Tom project is not comparable to terminating the Oakley project in my State of Illinois. To a degree I concur. Halting Oakley will save the taxpayers only a few million dollars. Halting the Tennessee-Tombigbee project on the other hand, will save the taxpayers more than $2 billion. In any event, this body has seen the wisdom of halting other navigation projects when their folley became apparent. In 1971 the cross Florida Barge Canal was halted after it was nearly one-third complete. Numerous locks and reservoirs had been created and the project was obviously well underway. Nevertheless, the Corps of Engineers was able to terminate the project for a minimal cost and restore and protect the completed works with a minimum of difficulty.

Ninth, the Senator from Louisiana quoted from a letter from the Office of Management and Budget, contained as appendix 3 in the GAO report, to the effect that the construction of the northern half of the Tenn-Tom project would not create the impetus for constructing the $1 billion project south of Demopolis. He failed to include in the RECORD the response of the Comptroller General to OMB. The Comptroller stated:

Page 89: while we appreciate and understand the Army's and OMB's position on expansion of the waterway from Demopolis to Mobile, we do not agree that it is unrelated to the question of completing Tenn Tom.

Tenth, the Senator stated that the benefit/cost ratio for the project was based upon the use of six barge tows. That is not correct. The benefit/cost ratio for the project north of Demopolis was based on the use of eight barge tows. However, since the river below Demopolis is too constricted to allow the use of eight barge tows, the corps assumed that the barges would be refleeting at Demopolis into six barge tows and that they would continue their journey to Mobile in such a fashion.

Thus, the benefit/cost ratio for the project was based upon the use of eight barge tows north of Demopolis and the use of six barge tows south of Demopolis. This fact underscores the conclusion of the Comptroller General that completion of the Tenn-Tom project north of Demopolis will inevitably create immense pressure to engage in the $1 billion navigation improvements down to Mobile.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I yield 2 minutes to the distinguished Senator from Michigan.

Mr. LEVIN. Mr. President, a little over a year ago, we debated in this Chamber the wisdom of an amendment similar to the one we have before us today that would cut off funding for the Tennessee-Tombigbee Waterway project. At that time, I was deeply troubled by this project and by major disputes between project proponents and opponents over basic facts. Because of these disputes, and because the Senate did not have the benefit of an independent study by the General Accounting Office (GAO), Senator JOHNSTON agreed to ask the GAO to conduct a review of the Tenn-Tom. GAO's report, released earlier this year, addressed not only some of my concerns but also the concerns of other Members of this body and the House. I want to thank the ranking minority member of the Appropriation Subcommittee on Energy and Water for his efforts in making the GAO report possible.

I have spent considerable time reviewing GAO's report, and its findings have raised serious doubts in my mind about the corps' 1976 reanalysis and treatment of benefits and costs.

GAO reviewed A. T. Kearney's 1975 navigational benefit study, used by the corps in reporting benefits to Congress each year, and found that a number of commodity movements had not materialized. Specifically, GAO reviewed 17 of the largest movements, each of which was identified by Kearney as either already moving on an alternative transportation mode in 1975 or expected to start moving on an alternative mode by 1980.

GAO found that 9 of these 17 movements, or over 50 percent, have not materialized as projected by Kearney. According to GAO, when this happens, the estimating practices used by Kearney may have been too liberal. This high percentage of "fall out" raises a "red flag" in the eyes of GAO's economists about the judgments used by Kearney in arriving at Tenn-Tom's navigation benefits.

Other troublesome aspects surround the corps benefit and cost analysis. According to GAO, Tenn-Tom traffic will have a definite impact on BWTW traffic growth. In 1973, the corps projected that without Tenn-Tom traffic and witnout any improvements south of Demopolis the Black Warrior-Tombigbee Waterway (BWTW) south of Demopolis would grow to 42.3 million tons by 2035. Corps studies also showed a 44-million-ton capacity on the BWTW which would be reached in 1991—29 million tons from Tenn-Tom and 15 million tons from BWTW.

The navigation benefits computed by Kearney reflect this capacity limitation by assuming that Tenn-Tom and BWTW traffic will remain constant at 29 million and 15 million tons, respectively, from 1991 to 2035. However, the navigation benefit calculations do not show the specific impact of Tenn-Tom traffic on BWTW. For example, when the 44-million-ton capacity of the waterway south of Demopolis is reached, there is no indication whether additional BWTW traffic will be directed to an alternate mode or will displace projected Tenn-Tom traffic.

If BWTW traffic were allowed to increase as projected by the 1973 study and if Tenn-Tom benefits were limited to remaining capacity not used by BWTW, the 1.08-to-1 benefit-cost ratio reported to the Congress in 1976 would have been reduced. Similarly, benefit-cost ratios in subsequent years also would have been reduced. Conversely, if BWTW traffic is limited to 15 million tons, as assumed in the corps' benefit calculations, substantial portions of the projected BWTW traffic would be diverted to another mode.

GAO is also saying that if the corps' estimated 44-million-ton capacity for the BWTW south of Demopolis is accurate, then projected traffic will be constrained on the BWTW in the absence of improvements south of Demopolis. Delays for shippers who continue to use BWTW will result, causing an increase in costs for those shippers. Or tonnage will be diverted to other modes or waterways, also causing increased costs. These costs were not attributed to Tenn-Tom when calculating the benefit-cost ratio in 1976 and GAO believes they should be.

These two findings—the liberal estimating practices used by Kearney, and the failure to assign costs to Tenn-Tom for crowding out BWTW traffic—cast serious doubt on the Tenn-Tom's benefit calculations. Based upon what we know, if this were 1976 and the corps' benefit-cost study were presented to me, I would oppose the project.

But, of course, the situation we face today is not the one we faced 6 years ago when the corps completed its questionable 1976 reanalysis. We now have a project that is 55 percent physically complete and the choice we face is not whether we start it but whether we finish it. I am not persuaded by the "sunk cost" argument: That is, just because we have already allocated $1.099 billion does not, in my mind, mean that we must now spend the remainder. But we are faced with this central fact: Spending the remaining $671 million needed to complete the authorized Tenn-Tom project has a remaining benefit-cost ratio of 3 to 1. While our past support of this project was not wise in light of GAO's findings, given the actions we have already taken, completing it may be. A decision to stop now will not return or recoup the bulk of the money we have already spent.

I do have a serious reservation, however—a fear that, despite past assurances, we will someday be told that since we have spent so much already to get to Demopolis that we might as well improve the BWTW south of Demopolis. In my view, such a decision would not be acceptable. I do not want to be in the same bind on the BWTW south of Demopolis that we are now in on the Tenn-Tom. The corps claims and still maintains the Tenn-Tom is economically viable on its own. I do not want to be told that because we have built Tenn-Tom, the BWTW is inadequate and must be improved.

This whole project has been characterized by shifting arguments, questionable assumptions and altered projection. While completing this waterway to Demopolis may make economic sense, my judgment change if that is not the end of the project. If the authorized Tenn-

Tom project is used to justify improvements to Mobile, then the cost-benefits shift. To be honest, I need some assurances that in voting for the authorized Tenn-Tom project today, the Senate, and specifically the Tenn-Tom proponents, do not see any circumstances in the forseable future under which we will be faced with a request to make improvements south of Demopolis.

Accordingly, I have drafted a sense of the Senate amendment which simply says that:

On page 37, between lines 14 and 15, insert the following:

SEC. 507. The Senate hereby expresses its intention not to appropriate funds for improvements on the portion of the Black Warrior-Tombigbee Waterway south of Demopolis, Alabama.

With the assurance that amendment gives, I can vote for funding this project; without that assurance, I would be compelled to vote against it. So before we vote on the Percy amendment, I would appreciate it if my colleagues could advise me about their reactions to the amendment I have mentioned here and shared with them. Is it one they agree with and would be willing to accept if in fact the Percy amendment is defeated?

My question, Mr. President, is of the sponsors of this project, the Senators from Louisiana and Alabama, whether or not they will support this sense of the Senate amendment in the event that the amendment of the Senator from Illinois is defeated.

Mr. JOHNSTON. Mr. President, I would gladly support the amendment. It is consistent with what we have been saying all along; that is, that the part from Demopolis south will not be authorized nor built nor requested.

The PRESIDING OFFICER (Mr. SPECTER). Who yields time?

Mr. HEFLIN. Mr. President, I have discussed this with a number of different people in Alabama interested in the development and improvement of the water resources of my State. We know that there is not going to be an authorization bill passed in the near future or, I would say, maybe in my lifetime, that will authorize navigation improvements south of Demopolis. I have discussed this amendment with Representatives and other people involved with the development and improvement of this river system and they recognize the authorization situation. I feel that I can support Senator LEVIN's amendment. I think it eliminates the issue of adding the cost of any needed navigation improvements south of Demopolis to the cost of the Tennessee-Tombigbee Waterway. It removes it in toto and gets away from all of the speculations which have been heretofore voiced in this Chamber and elsewhere. Under the circumstances, I would support his amendment.

Mr. JOHNSTON. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER (Mr. COHEN). The Senator from Louisiana is recognized.

Mr. JOHNSTON. Mr. President, I want to clear up one issue of what we said and what our position is, I say to the distinguished Senator from Illinois. If I said the cost to terminate was $1.78 billion, I, of course, did not mean that. I hope I did not say that. I think it was clear what I meant.

What I meant was this, and I have put on every Senator's desk what we mean by the difference between the cost to terminate and the cost to proceed.

Senators will notice the investment through fiscal year 1981 is $1.109 million. The fiscal year 1982 amount is $1.89 million. Needed after fiscal year 1982 is $482 million or a total cost of $1.78 billion.

In order to terminate the project, we have that investment which is already sunk, which now exceeds $1.109 billion. The Corps of Engineers had estimated contract termination and land restoration at $283 million.

On that issue, the Senator from Illinois disagrees as to what that cost would be. The Senator from Illinois has quoted one part of the GAO report that says it is not necessary to restore the land; leave the ugly cut in the earth. Well, we could argue about that, but what we are arguing about is not $1.4 billion or $1.6 billion. We are arguing about the difference between $283 million and something less. We simply cannot walk away from that project.

Also, that GAO language was based upon the state of the project in September 1980. Since September 1980, much land has been cleared, thereby reducing its value for resale—it does not have timber on it anymore—and much dirt has been removed, therefore exacerbating the condition of the scar.

So, Mr. President, there may be some disagreement on the margin, as to whether it is $283 million, the cost to terminate, or whether it is $250 million. They are small differences. The essential point I was making is that the sum cost, that which we cannot walk away from, is in the neighborhood of 81 percent. Maybe it is 75 percent, to take the wildest estimate you can get, but it is, nevertheless, at least three-fourths complete in terms of the estimate.

Mr. President, a couple of other points. First of all, on the statement that no coal companies are requesting this project. The Mining and Reclamation Council of America, representing 70 percent of total U.S. coal production, savs this in a letter dated October 27, 1981, in part:

The Tennessee-Tombigbee Waterway, upon completion, will provide an important transportation link to Southeastern and foreign markets for MARC members in 14 States.

They go on to say that this coal transportation cannot be made up by the railroads, which do not have capacity.

Mr. President, I ask unanimous consent that this letter, representing, as I say, 70 percent of the coal production, from the producers in this country be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MINING AND RECLAMATION
COUNCIL OF AMERICA,
Washington, D.C., October 27, 1981.

Hon. JOHN C. STENNIS,
U.S. Senate, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR STENNIS: As you are aware in the near future, the full Senate will consider H.R. 4144, the Energy and Water Appropriations Act for 1982. An item of strong interest to the membership of the Mining and Reclamation Council of America is the continued funding of the Tennessee-Tombigbee Waterway system for 1982. $201 million was originally requested for this project for 1982. The House subsequently reduced funding to $189 million in passing H.R. 4144. This reduced level of funding was recently adopted by the Senate Appropriations Committee in reporting the measure to the Senate. It is critical that funding not be further reduced during consideration in the Senate.

The Tennessee-Tombigbee Waterway, upon completion, will provide an important transportation link to the Southeastern and foreign markets for MARC members in 14 states. Although the Tennessee-Tombigbee will not receive equal use by coal producers in all these states, its use will not be limited solely to producers in Alabama and Tennessee. Coal producers in the Illinois basin and the Appalachian region also anticipate benefitting from the utilization of the waterway. Of no less importance, is the existence of a link to the Gulf to complement the existing rail transportation system serving the same production regions. Although the existing rail system can service increased shipments, it is doubtful that it will be able to provide service for the substantial increase in shipments destined for the burgeoning export market.

Delay in the construction schedule for the Tennessee-Tombigbee will result in opportunity losses for the anticipated users of the waterway and the nation in addition to increasing the completion cost of the project. MARC encourages you to support the national commitment to an adequate waterway transportation system and to oppose any efforts to reduce funding below $189 million for fiscal year 1982.

Sincerely,

DANIEL R. GERKIN,
President.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I wish to talk about this question of bottlenecks, which seems to be a very important question on the minds of Senators. I yield myself 2 additional minutes.

The only way there will be a bottleneck, Mr. President, is for the estimates to exceed the traffic contemplated by the cost-benefit ratio. The benefit-cost ratio was based upon a movement of goods of 44 million tons in scope below Demopolis. If you reach the 44 million tons a year, then, ergo, you reach the benefits as estimated by the Corps of Engineers. If there should be increased pressure over the 44 million tons, then the benefit-cost ratio is better than found here, because those are the figures upon which it was reached.

You cannot have it both ways, Mr. President, as the opponents to this project have stated. They want to tell you on the one hand that the benefits are not going to be realized, that we are not going to have 44 million tons, that that coal production is not going to show up. I might say parenthetically that the railroads, in testifying before Senator MOYNIHAN's committee, said they would lose not 30 million tons but 30 to 50 million tons, and that testimony is in the record.

So, Mr. President either it will not reach the 44 million tons as contemplated in which event there is no bottleneck, because 44 million tons is virtually agreed as being the capacity of the waterway below Demopolis, or else you

reach that goal or perhaps exceed the goal, in which event the benefit-cost ratio is better than estimated by the corps.

Mr. LONG. Will the Senator yield for a question?

Mr. JOHNSTON. Yes, I yield.

Mr. LONG. Is not the Senator saying that if a bottleneck develops, that means the project is an enormous success?

Mr. JOHNSTON. That is right.

Mr. LONG. So he is praying there will be a bottleneck, because that means the project will be an enormous success.

Mr. JOHNSTON. Mr. President, I thank the Senator from Louisiana.

Mr. LONG. I think the Senator should thank those on the other side who make that point. There could be a bottleneck. That could mean it is an enormous success.

Mr. JOHNSTON. I think the Senator's suggestion is a good one.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSTON. I yield myself 1 additional minute.

I thank the Senator from Illinois for making that excellent point. [Laughter.]

Mr. President, I have a letter from John O. Marsh. Secretary of the Army, and I am indebted to the Senator from Alabama for supplying it. The letter states, in part:

I am writing this letter to urge the Senate to accept the position of the Senate Appropriations Committee on the Tennessee-Tombigbee project.

In view of the fact that the project is so near completion and the benefits of completion so far outweigh the costs of completion, it is very important that this project go forward on schedule as set forth in H.R. 4144.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

I am writing this letter to urge the Senate to accept the position of the Senate Appropriations Committee on the Tennessee-Tombigbee project.

In view of the fact that the project is so near completion and the benefits of completion so far outweigh the costs of completion, it is very important that this project go forward on schedule as set forth in H.R. 4144.

I strongly urge the support of all members of the Senate for this provision of H.R. 4144, the Energy and Water Development Appropriations Bill for 1982.

Mr. PERCY. Mr. President, I ask unanimous consent to have printed in the RECORD a floor statement made by Representative David Stockman on the floor of the House of Representatives, last year, opposing this project.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

(Mr. STOCKMAN asked and was given permission to revise and extend his remarks.)

Mr. STOCKMAN. Mr. Chairman, I rise not because I have any particular expertise on the technical details of this project or any public works project, for that matter, but I support this amendment because I think it is about time that someone blew the whistle around here on the misguided notion that giant public works projects are unambiguously in the national interest, are an undisguised, unequivocal economic blessing just because someone comes up with a mechanical count showing the number of construction jobs, the number of permanent jobs, the amount of barge traffic, the amount of revenues that might be generated by the completion of a project of this sort, or even if they come up with an artificially contrived cost-benefit ratio demonstrating that this might be a viable idea. I would submit to this House that all of those conclusions about the worthiness of projects based on that sort of reasoning employ single-entry bookkeeping, employ ony a partial account of what the real economics are, what the real impact is of going ahead with a project of this sort.

I would like to suggest specifically to the House that that kind of analysis on which this whole project is based ignores two very important and fundamental things that have to be added to the equation if you want to come to a valid judgment as to whether or not it is viable to go ahead. I think the first thing that we have to recognize with a massive multi-billion-dollar project of this sort is that some of the jobs that will be created on construction, and permanently, some of the economic activity that will be generated by this project does not represent a net gain to the national economy in addition to the GNP. It simply represents a shift, a reallocation of reactivity away from other areas, other industries, other transportation systems, other parts of the country. Some of the barge traffic is going to displace normal traffic that would otherwise occur. Some of the barge traffic is going to displace other traffic that otherwise would move down other waterway systems, the Mississippi, obviously. Some of the economic activity that is counted up in order to justify this huge cost simply represents activity being moved from Town A to Town B, or from one industry to another, from one plant to another. In fact, I would suggest to the House that by expanding the infrastructure of the Tombigbee system in terms of a water transportation system, you are going to end up diminishing the economic activity that surrounds existing complexes today.

Now the other point is never looked at, that you have to count the opportunity costs of applying $1 billion or $3 billion worth of capital over a decade period or longer which this project would do, because it seems to me that if you spend $3 billion to build this kind of new transportation system or transportation complex, then that money is not going to be available to build steel plants, to build new auto plants that this country needs, to build synfuels plants this country is going to need over the next decade and I would suggest if we use a 3.5 percent discount rate which is the figure used to calculate the economics of this project, we are ignoring economic reality because there are no investments in our economy today for major capital purposes of this sort that promise a return——

Mr. BEVILL. Mr. Chairman, will the gentleman yield?

Mr. STOCKMAN. I would be happy to yield in a moment as soon as I finish my other point.

Mr. Chairman, I would suggest to the House, today, if we are unwilling to look at the displacement affects, just moving around economic activity, shuffling it from one part of the country to another, if you are unwilling to look at the opportunity costs of diverting huge amounts of our national resources and capital to this questionable and marginal project, then you might as well employ single-entry bookkeeping all the way, go whole hog and build a pyramid in every State because that would generate a lot of jobs, at least for a temporary period of time and if you think that is too farfetched, then do something like buying the Jefferson Avenue plant that Chrysler shut down because it was obsolete and use it to build buggy whips and mechanical cash registers and some other obsolete products which the economy does not need. It would generate jobs and economic activity.

Mr. Chairman, the point is, we cannot look at these projects in terms of their aggregate investment, in terms of what they generate in the local area. We have to look at them in terms of their marginal productivity. Do they add to the efficiency, do they add to the competitiveness, do they add to the technological advance that this economy is going to need.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. Stockman was allowed to proceed for 1 additional minute.)

Mr. STOCKMAN. I would suggest if the House were willing to look at this, Mr. Chairman, in this kind of national context, then we might have some reason to want to slow down, take a careful look at it and to say, "Given the enormous capital needs of this country, the fact that we are in a total new ball game in the 1980's—it was different in the fifties when we had funds available for this—I think we might decide we ought to take a second look."

Mr. PERCY. Mr. President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, as the Senate considers this amendment, I think we should all keep in mind that this body has spent the last 8 months working on the largest Federal budget cutbacks in recent history. Many of those cuts were most painful to swallow because they affected a broad range of valuable programs. But there is one area where a cut should have been made, the Tennessee-Tombigbee Waterway.

I strongly support the amendment offered by colleagues, Mr. PERCY and Mr. MOYNIHAN, which would delete the $189 million from the bill for the project. Last year, I offered a similar amendment because I believe the Tenn-Tom Waterway is an enormous waste of taxpayers' dollars.

I think we ought to put in focus the size of this project. I do not think people understand that this is the largest water project in the history of our country. Last year, I visited this area to get a firsthand look at the project. It is going to entail moving more earth than was moved in the construction of the Panama Canal. Do not let anyone think it is just a little canal we are digging. The authorized project is 232 miles long. In addition, there is a further 217 miles that goes from Demopolis, Ala., south to Mobile.

This project is nothing less than a budgetary and economic travesty. In 1971, the Corps of Engineers projected Tenn-Tom's cost at $323 million. The price including the two phases above and below Demopolis has since mushroomed to $3 billion and is still growing. To justify such massive expenditures, the Corps of Engineers used a very low-interest rate calculation of 3¼ percent which deflated project costs and inflated benefits.

The Corps also estimated navigation benefits of $125 million annually. But, according to a May 15, 1981, report by the U.S. General Accounting Office, fully 75 percent of the benefits estimated to develop during the 1976–81 period have not materialized.

By halting this pork-barrel project now, we would not only save the Federal Government close to $200 million per year in 1982 but could have up to $200 million a year for the next decade. These funds would be far better spent on the many sound programs we are now cutting.

Last March, we in the Environment and Public Works Committee voted 9 to 5 to limit funding for the Tenn-Tom to $25 million—an amount to be used only for termination of the project. I hope that the full Senate would follow the spirit of the committee's action by approving this amendment.

Mr. President, I have seen this project. I do not know how many of these people have seen it. I have seen it. Senator MOYNIHAN has seen it. It is a travesty.

We are going to move more earth in building this dam than we moved in building the Panama Canal. This is a $3 billion project, and it is growing.

It seems to me that when we are cutting school lunches, social welfare, and food stamps, this project should be cut, too.

Mr. PERCY. Mr. President, I yield to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I wish to express my strong support for the Tennessee-Tombigbee amendment.

For the past 8 months, we have worked to reduce Federal spending by $36 billion over the next 4 years in hopes of balancing the budget.

We have cut back social security service programs by 25 percent. Education programs have been reduced by 25 percent. Small business loan programs have been virtually eliminated. Mass transit funds have been cut. Child nutrition programs have been reduced by more than $3.5 billion. Youth employment programs have been cut by $600 million. But for some reason, we have not been able to put a dent in expenditures for water projects.

Mr. President, if there is one such project today to which we should take a good, hard look, that project is the Tennessee-Tombigbee Waterway.

The proposed cost of this project has skyrocketed. In 1969, the cost was estimated at $300 million. Today the overall cost of the waterway will be $3.3 billion. And this does not even take into account the future cost of additional improvements to the Tombigbee River and at the Port of Mobile that will be required in order to handle the traffic that completion of the waterway will generate. Those additional costs will push the price tag for this project to at least $3 billion.

Why will these additional expenditures be needed?

In a study completed in May 1981, the GAO determined that neither Tenn-Tom nor the existing Black Warrior-Tombigbee Waterway, which also feeds into the Tombigbee River at Demopolis, Ala., will be able to reach the Corps traffic projections without additional improvements to the River South of Demopolis.

According to the Corps, these improvements would cost an additional $960 million. And even this is not the end of it. According to the Director of the Alabama State Docks Department, Port of Mobile facilities are inadequate at this time to handle any of the projected traffic that will result from Tenn-Tom. He noted that the port facilities were already strained to the limit with exports of coal and grain, and several coal shippers have requested additional capacity when it becomes available.

Although future improvements to the port facilities, as such, will be financed by the State of Alabama. The Corps is now studying a project to deepen and widen the navigation channel. This project, which is under review by the Chief of Engineers, is estimated to cost about $360 million additional.

Consider the situation.

The main reason for building the Tenn-Tom in the first place was to move barge traffic another way.

But without another $1.3 billion in expenditures, the traffic will not move.

So let there be no confusion—the appropriation before us today is merely seed money for a future $1.32 billion improvement project for the Tombigbee River and the Port of Mobile.

This does not surprise me in the least. The cost of the waterway alone has been consistently understated for the past 12 years. In its 1976 cost estimate prepared for Congress in 1975, the Corps juggled the books and came up with a figure $344 million under the true estimated cost of $1.159 billion—and this even though the true cost had been reported to the Chief of Engineers a month earlier.

In the three separate congressional hearings from February to July 1975, the Corps continued to report $815 million as the true cost projection. The first time Congress was formally provided a cost estimate greater than $1 billion was in January 1976, A full 13 months after the Corps first learned of it.

Supporters of this project argue that we have already sunk over a billion dollars into it—and that we have only another $600 million to go. But that is just not the case.

What, Mr. President, are we to get from this massive commitment of our scarce resources.

Flood control? Hydropower? Water supply?

We get none of these.

The Tenn-Tom Waterway, the biggest water project in our Nation's history, is justified almost entirely on the basis of navigation benefits. Even in that area, there are real doubts about the perspective benefits.

The Corps claims that millions of dollars worth of rail-traffic will be replaced. Yet, the Corps has never analyzed the impact of the canal on railroads.

It is clear, however, that barge traffic on the Mississippi and other waterways will be displaced by the canal. That is fine, but let us not count up activity moved from A to B in order to justify the huge cost of this project.

In addition, Mr. President, Tenn-Tom is an environmental disaster.

The Tombigbee River will be altered from a free-flowing stream to a series of impoundments of poor water quality. Some of the richest wildlife habitats in North America and 100,000 acres of agriculture lands, forests, and wetlands will be eliminated by inundated, construction and disposal of excavated material. And we are not talking about a small amount of dirt—rather we are talking about more than was moved to build the Panama Canal—or enough to construct a two-lane highway to the moon.

Much has also been said, Mr. President, about the jobs this project will create. According to GAO, however, money spent on water projects creates far fewer jobs per dollar than practically any other Federal expeniture. If construction jobs are desired, then more jobs per dollar can be found constructing sewage plants or mass transition projects. In addition, GAO has determined that waterways attract a very limited number and type of industry, and do not promote economic growth in their vicinity.

An independent analysis of prospective shippers on the waterway in 1975 performed by A. T. Kearney, Inc., of Chicago found over 60 percent of the navigation benefits estimated for the project to be unfounded.

Many of the prospective shippers whose proposed shipments were relied on to justify the waterway are now either out of business or would not use the project because superior economic alternatives are available. To try to get a positive cost-benefit ratio for the project, the Corps projected 18 million tons of coal would move annually on the Tenn-Tom system, but a recent DOE–DOT study on energy transportation estimated the actual number to be less than 5 million tons. I think it would be safe, Mr. President, to say that this country does not need a second Mississippi River.

In conclusion, I find it incomprehensible that we continue to pour enormous sums of money into this project—a project whose demands on the public purse have no end in sight. I believe that we ought to call a halt and I urge the Senate to do so by supporting this amendment.

Mr. JOHNSTON. I yield myself 2 minutes.

Mr. President, it may have been true that Representative Stockman, in 1980, made a statement against the project. He has been wrong before. He is wrong on many things at present, and he will be wrong in the future.

The fact is that it is the position of OMB and it is the position of the President of the United States that this project, this year, be funded at $189 million. Let us be fair about that. The President is supporting this project, as is OMB Director Stockman.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON. For a short question, not a statement.

Mr. MOYNIHAN. Is the President of the view that the Office of Management and Budget supports this?

Mr. JOHNSTON. It is the President's budget request, yes.

Mr. MOYNIHAN. Down deep, I mean. [Laughter.]

Mr. JOHNSTON. I expect it is rather deep.

Mr. MOYNIHAN. Did the President call you up this morning?

Mr. JOHNSTON. Mr. President, this project has really been placed in a fog, but let us get down to some basics. What is it all about? Why this tremendous opposition to the project?

It can be summed up in one word—monopoly. That monopoly is presently held by the Louisville-National Railroad. As I stated yesterday, that is not an evil or even an un-American thing. It is as old as the free enterprise system. It is as current as the Sherman Antitrust Law.

The railroad enjoys a monopoly. They are afraid of losing the 30 to 50 million tons, and they said so in their testimony. The coal operators said they cannot handle it anyway.

The fact is that that is what it is all about—they want to keep the monopoly; and in spite of the fact that only 19 percent of the total cost is still to be invested in order to get the full payoff of about $140 million a year in benefits, they would have this project terminated.

Mr. President, competition in the Tennessee-Tombigbee Valley will be cut for America to the tune of $140 million a year. The L. & M. Railroad can meet the competition. I do not blame them for not wanting to, because when you are transporting coal, soybeans, or any other captive product, it is best to have a monopoly.

The essential facts have not been disputed. To the contrary, the essential facts have been maintained in this debate. The essential fact of cost is $1.78 billion. That is what the Corps of Engineers says; that is what the GAO report says.

The GAO report, which is in the RECORD, says that cost is reasonably accurate. They also say that the cost of $1.4 billion of funds already obligated or expended as of March 1981 is reasonably accurate. So our cost is an accurate cost which, if not explicitly agreed upon, is not disputed, because it cannot be disputed. Those are mathematical computations.

The next question is, what does it cost? What do you save by termination? You save, according to the Corps of Engineers, only $343 million. That could vary by a very slight amount, but not by very much.

If you use their figures, then the cost-benefit ratio is 6.7 to 1. If you use some other figures, you might have a cost-benefit ratio of perhaps 6 to 1. But the essential facts are not disputed. We are dealing with a 6.7 to 1 cost-benefit ratio of the remaining benefits to cost of completing the project, and we are virtually complete with this project.

Mr. DENTON. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. DENTON. Much humor has been evoked at the likelihood that there will be national profit from this project. It was good humor. The Reagan administration is not known for underwriting ripoffs or regarding them as comic.

I have here a letter from the U.S. Trade Representative, Washington, D.C., to me. It read as follows:

DEAR JERRY: I am writing to you in support of your efforts and those of your colleagues in defending the Administration's funding proposal for the completion of the Tennessee-Tombigbee Project.

As U.S. Trade Representative, I believe that the Tennessee-Tombigbee Project has the potential to provide important benefits for shipping interest and foreign commerce. This is especially important for U.S. coal exports. Increased shipping capacity on the Tennessee-Tombigbee or any major American waterway can do much to encourage and facilitate international trade and to strengthen our domestic economy.

Again, your support for the Administration's position on this issue is greatly appreciated.

Very truly yours,

WILLIAM E. BROCK.

No one thinks that the Tenn-Tom matches the Mississippi. Why mislead with a red herring such as that and set up a ghost to attack it?

Let us not pretend that this is an expenditure like veterans benefits, which are deserved. Much as they are deserved and much as I want to see them preserved, there is a profit to be made on this. It is not a boondoggle.

Mr. JOHNSTON. I yield myself 1 minute.

Mr. President, last year, the Senate defeated a similar motion by a vote of 52 to 37—by 15 votes—after a long and arduous debate. The only thing that has changed since last year is that more money has been spent—about $200 million additional has been spent—more dirt has been moved, and we have elected some new Senators. The political control in the Senate has changed. That is all that has changed since last year.

It means that the case is much stronger now. Last year, the percentage of commitment on this project was less than 70 percent. This year, it is 81 percent. Last year, the cost-benefit ratio was in the neighborhood of 3 to 1. Now it has risen to 6.7 to 1, as we finish these final strokes on the project.

The case is stronger this year than it was last year, when we won by 15 votes. I trust that the political change in the Senate will not alter the results.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JOHNSTON. Mr. President, I yield my remaining time to the distinguished Senator from Mississippi.

Mr. PROXMIRE. Mr. President, I rise in support of the amendment offered by Senators PERCY and MOYNIHAN to cut funding for the Tennessee-Tombigbee Waterway.

I hope this is the last time I will need to speak on this project.

I am running out of adjectives which are appropriate to describe the enormous, collossal, immense, mammoth, elephantine, fat, fat, fat waste of money which Tenn-Tom represents.

This project will ultimately cost $3 billion and not $2 billion which project advocates have claimed.

Its benefits to coal transportation are speculative.

If it is even moderately successful it will require the building of an additional $1 billion unauthorized project for the portion of the river south of Demopolis, Ala. This extra project is on the Corps of Engineers "highest poriority" list.

This one Tenn-Tom project eats up over 10 percent of the corps entire construction budget. It is the classic example of a bad project which drives out the good ones.

At a time when Congress is cutting out many useful and important projects there is no excuse for funding this watery boondoggle.

● Mr. BRADLEY. Mr. President, in this time of budget reduction I must support the amendment to delete funding for the Tennessee-Tombigbee Waterway project. The energy and water appropriations bill would authorize $189 million in fiscal year 1982 for this project. This money would have to be borrowed at high interest rates and would add to our already massive deficit. I cannot in good faith vote to increase the deficit even further, particularly since we have cut nondefense spending by $130 billion in the reconciliation bill. Water projects must absorb cuts just as have job retraining, NASA, medicaid, student loans, the Export-Import Bank, and childcare.

By deleting funding for the Tennessee-Tombigbee we will save millions of dollars since projecting for financing necessary to complete the project range from $600 million to $1 billion. Instead of spending more money we should use this opportunity to reduce our spending.

The argument has been made that construction of the project is 69 percent complete and that 81 percent of Federal funds needed have been committed so that to delete funding will waste money already expended. While that may, indeed, be a consideration, a program should not be continued simply because it is started without regard for the changed economic circumstances. The reason Congress authorizes programs each year and makes appropriations each year is to allow for a consideration of changes in national conditions and priorities in determining needed programs.

Budget deficits are at an unacceptably high level and are projected to grow. The President has asked for significant further cuts. Before we further reduce spending for important services to children and the elderly, we must look at projects which in other times might have been justified. While I fully understand the economic development potential of the project, the public treasury cannot afford to finance its ultimate completion. I have deliberated over the matter and concluded that I cannot support continued appropriations for this project.●

● Mr. RIEGLE. Mr. President, once again we are facing the issue of continued funding for the Tennessee-Tombigbee Waterway. Last year, I spent many hours examining all facets of this matter, and concluded that in the absence of solid economic justification I could not cast my vote for this project. At that time, we did not have current independent analyses of the benefits and total costs of the system.

We do have those studies today, and I do not find the solid justification that I require to support funding for Tenn-Tom. The GAO analysis, and the subsequent CRS study both raise serious questions about the Corps of Engineers' methodology, calculations, and conclusions. The benefits that the corps rests its case upon have not materialized in the period 1977–80, and the GAO had significant difficulty identifying where the benefits could be found.

Even the most conservative estimates show a savings from termination of this project now would yield more than $350 million, and I feel strongly that these funds can be used in many other worthy programs than the Tennessee-Tombigbee. I am frankly at a loss to see why this project has continued for as long as it has, and am compelled to reaffirm my opposition to this project.●

Mr. DURENBERGER. Mr. President, I am pleased to join in cosponsoring this amendment, which would eliminate funding for the Tennessee-Tombigbee Waterway from the fiscal year 1982 energy and water appropriations bill.

There are few Federal projects that have personified the "pork barrel" concept as thoroughly as the Tennessee-Tombigbee Waterway. Independent analysts have estimated that the project would lose 77 cents in operating costs for every dollar spent to build it. Approximately 100,000 acres of farmland, forests and wildlife habitats would be sacrificed to the project.

The Tennessee-Tombigbee Waterway runs 450 miles from the coalfields of Tennessee to the Gulf of Mexico, through a series of locks, dams, and canals. For decades, coal operators have moved their product over this same route via rail and the Mississippi. There is little assurance that the business and farming community would abandon their historic transportation routes. And a GAO report recently revealed that the amount of coal projected for shipment on Tenn-Tom by the project's promoters exceeds Tennessee's receivable reserve by 68 million tons.

We are at a point in time where the national transportation system is in desperate need of capital investment. Deferred maintenance on the Nation's highways now exceeds deferred maintenance on the rail system. Deep water ports need major capital investments to accommodate the increasing demand for coal exports. Essential air, rail, and waterway facilities have pressing needs that run into the tens of billions of dollars. In the face of these needs, investing hundreds of millions more of our scarce transportation resources on such a low priority project is just indefensible.

This appropriation represents nothing more than the consummation of a series of ad hoc political decisions made in decades past. The last major construction authorization legislation was signed into law almost 11 years ago in December 1970. It is a project that no longer fits with today's needs or present budgetary conditions.

Passage of this amendment would save taxpayers $189 million in fiscal year 1982, and ultimately, at least $1.6 billion in construction costs—plus untold millions in operating expenses. It will also signal that Congress is serious about reordering priorities in water resource development for future years.

This appropriation bill is $300 million over the President's budget request. The committee has recommended an 8-percent across-the-board cut in the bill, but has not allotted where the cuts will come from. Cutting $189 million from Tennessee-Tombigbee will lower the pressure for additional cutbacks in projects with a higher national priority.

We have to recognize the reality of our current economic situation. When we spent money, we have to spend it wisely, on projects of the highest national priority. This country can no longer afford the kind of pork barrel that Tennessee-Tombigbee represents. The issue here is not simply one appropriation for the one project. It is our ability—and our willingness—to choose priorities and effectively provide for the future of our priceless water resources.

Mr. FORD. Mr. President, I support the Tenn-Tom Waterway and I would like to submit for the RECORD a letter to the Tennessee-Tombigbee Waterway Authority from the Port St. Joe Port Authority. This letter outlines the movement of coal by the Seminole Electric Cooperatives to their new coal handling facility. This is yet another clear indication that the industries are lining up in anticipation for the use of the waterway.

I ask unanimous consent that the letter be printed in the RECORD, Mr. President.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PORT ST. JOE PORT AUTHORITY,
Port St. Joe, Fla., October 29, 1981.

Mr. GLOVER WILKINS,
Administrator, Tennessee-Tombigbee Waterway Authority, Columbus, Miss.

DEAR MR. WILKINS: Yesterday the City Officials, County Officials, Port Authority, and all of the civic clubs, gave a Welcome Luncheon to the Seminole Electric Cooperatives from Tampa, Florida (which represents some 26 co-ops), and Central Gulf Lines, Inc. of New Orleans, for their selecting Port St. Joe as their location for their new coal handling facility.

This coal will move down the Mississippi River from Western Kentucky and Southern Illinois to New Orleans, and then by intercoastal waterway to Port St. Joe, where it will be unloaded, put on rail cars, and transported to Palatka, Florida, where the new generating plants are being built. [This will represent some three million tons of coal annually.] In addition, Seminole Electric is planning on commencing construction of another generating plant, either on the Apalachicola River near Bristol, Florida, or in Taylor County near Perry, Florida, which will consume some three million tons of coal annually. Their plans are to utilize this new facility for that plant.

I am advised that other generating plants in Florida that are changing from oil, gas to coal, will also be looking at this facility.

The point that I am making, that with the completion of the Tennessee-Tombigbee Project, all of this coal would flow through that waterway, and would save millions of dollars in water transportation cost, which could certainly be passed on to the consumers.

We certainly hope that you will continue pushing for the completion of this important waterway.

Most sincerely,

GEORGE G. TAPPER,
Chairman.

Mr. SASSER. Mr. President, I oppose the amendments by the Senator from Illinois to delete funding for the Tennessee-Tombigbee Waterway. More than $1 billion has already been invested in this important project. It is now 70-percent complete. The Tennessee-Tombigbee Waterway has a very favorable benefit-to-cost ratio. For every $1 spent to operate the project we will receive $3 in national benefits.

Mr. President, completing Tennessee-Tombigbee is not a waste of taxpayers' dollars. Terminating the project at this late stage of development would, however, represent a serious waste of funds already invested. I admit some parochial interest in this project. Already we are witnessing growth of water-related business and industry in the region because of the Tennessee-Tombigbee Waterway development. In my home State of Tennessee, for instance, several industries have already announced business expansions which will create needed job opportunities.

But I would like to emphasize that the Tennessee-Tombigbee Waterway is not just a regional development project. It is a project that will provide clearly defined national benefits. Fourteen States will receive substantial transportation benefits. Shippers in these States will save an estimated $121 million annually in reduced transportation costs—ultimately, this is a $121 million savings to the American consumer. Also of vital importance to the national economy is the expected expansion of coal production in this country. Coal transportation needs will double by the end of the decade. The Tennessee-Tombigbee Waterway will be a major asset in the transportation of this coal for export purposes.

So, Mr. President, I believe that the Tennessee-Tombigbee Waterway should be completed. I urge that the amendment be defeated.

IN SUPPORT OF CONTINUATION OF TENNESSEE-TOMBIGBEE WATERWAY

Mr. BAKER. Mr. President, I rise in opposition to the amendment offered by Senator PERCY to prohibit funding of the Tennessee-Tombigbee Waterway project. I am supporting the Tennessee-Tombigbee Waterway not only because it is a valuable project which has positive cost-benefit ratios, but also because it has demonstrable advantages to the entire country, advantages which will produce a significant impact in terms of energy requirements of this Nation and its balance of payments.

The Tennessee-Tombigbee Waterway must be completed, and failure to do so would cause extraordinary dislocations.

Mr. President, the navigational facilities of the Waterway are 70 percent

complete as of September 30, 1981. Project funds of $1.47 billion are already committed which amounts to 81 percent of total funding for the project. The Tennessee-Tombigbee project is only 20 percent away from conclusion when measured in terms of funding commitments.

I believe we have reached the point in this project where we must see it to completion. I have often found myself in this position, Mr. President, that is, a project is conceived, authorized, and launched with initial appropriations made years ago, and then faced with challenges based on allegations and other factors which call into question the desirability of the project.

In the course of consideration of those developments, Mr. President, I have come to view such Federal projects with the awareness that we are not able to go back to the time of the original authorization of the project. Indeed, I expect there might be a very different arrangement of support and opposition to the Tennessee-Tombigbee project if we were considering it for the first time as a new project reported by the Environment and Public Works Committee.

But that is not the case. We have invested hundreds of millions of dollars in this project and the political imperative that arises to compel us to examine this issue is that at some point it becomes economically desirable to finish a project simply because it is still a necessary project.

That is the case now of the Tennessee-Tombigbee project. Surely there is a requirement that we should try to finish, to capitalize, to utilize, and to realize a benefit in the investment that we have already made together with the investment we are about to make in the future.

The Tennessee-Tombigbee Waterway is most unique among these inland waterway projects: it will link up about 16,000 miles of existing waterways in mid-America with the deepwater ports along the eastern Gulf of Mexico. The advantage of eliminating considerable distance traveled for existing barge movements will result in the Tennessee-Tombigbee becoming immediately one of the busiest waterways in the Nation.

Commerce due to the Tenn-Tom is expected to grow to about 40 million tons well before the turn of the century with savings in transportation cost averaging more than $100 million each year during the life of the project. These savings are the difference in the costs of shipping the commerce on the Tenn-Tom and those costs associated with the alternative mode of transportation.

The project will also have a number of local and regional benefits while accomplishing the national goals mandated in the congressional authorization of the project. These benefits will be most felt in 165 economically depressed counties of Alabama, Mississippi, Tennessee, and Kentucky. It is estimated that in this area, the project will result in an additional 135,000 jobs by the year 2000. These jobs will in turn produce $2.9 billion in personal income and private investment by the turn of the century. This predicted growth is expected to take place in those rural counties that desperately need a more diversified economy to help curtail outmigration and economic instability.

Another aspect of the project which is often overshadowed by the navigation concomitants of the project is the outdoor recreational benefits that will occur as an important part of the waterway development. Scores of Federal and State agencies are working cooperatively with local government and private enterprise to develop the waterway into an outdoor paradise of lakes, parks, game management, and wildlife enhancement areas.

Some 40,000 acres of lakes will be created by the waterway and the Corps of Engineers will develop 13,000 acres of land along the lakes into a variety of parks and public use areas. By comparison, the entire State park system of Mississippi includes this amount of acreage.

Included will be facilities for boating, swimming, fishing, camping, hiking, horseback and bike riding, nature study, an environmental education.

Development of the recreation facilities has already started on both ends of the project, and will be completed as lakes along the waterway are impounded.

In northeast Mississippi, Federal, State, and local efforts are planning a 100-mile-long public use area from the Tennessee River to Amory, Miss. It would include more than 100,000 acres of land for recreational purposes along the waterway.

These facilities are expected to attract about 3 million people immediately after the waterway is completed and eventually increase to over 7 million annually. This estimate does not include the local economic impact of this development such as small businesses and employment opportunities that will be generated by this activity. Since most of the counties where these recreational facilities will be located are rural and economically depressed, these new economic opportunities are most important toward stabilizing the local economy.

In conclusion, Mr. President, I support the Tennessee-Tombigbee project as a valuable and necessary project which will benefit the entire Nation, and I ask my colleagues to join with me in defeating this amendment.

Mr. STENNIS. Mr. President, what time is remaining, please?

The PRESIDING OFFICER. One minute.

Mr. STENNIS. Mr. President, I shall address the Senate later on a point that I wish to pay tribute to the men who have worked on this bill in former years.

There has been so much written, and some said, as if this project were just a kind of a deal all the way through.

I think it is time for someone in the Chamber to accept that challenge, but there is not time now.

So I yield back the 30 seconds.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the amendment of the Senator from Illinois. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mrs. HAWKINS. Mr. President, on this vote I have a pair with the Senator from Alaska (Mr. STEVENS). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, withhold my vote.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Nevada (Mr. LAXALT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to death in the family.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay".

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not yet voted and wishes to vote?

The result was announced—yeas 46, nays 48, as follows:

[Rollcall Vote No. 353 Leg.]

YEAS—46

Armstrong	Gorton	Pressler
Baucus	Grassley	Proxmire
Biden	Hart	Quayle
Boschwitz	Heinz	Riegle
Bradley	Helms	Roth
Byrd, Harry F., Jr.	Humphrey	Rudman
	Jepsen	Sarbanes
Chafee	Kassebaum	Simpson
Chiles	Kennedy	Specter
Cohen	Leahy	Stafford
Danforth	Lugar	Tsongas
Dixon	Mathias	Wallop
Domenici	Metzenbaum	Warner
Durenberger	Moynihan	Williams
Eagleton	Pell	Zorinsky
Garn	Percy	

NAYS—48

Abdnor	Exon	Mattingly
Andrews	Ford	McClure
Baker	Glenn	Melcher
Bentsen	Hatch	Mitchell
Boren	Hatfield	Murkowski
Bumpers	Hayakawa	Nickles
Burdick	Heflin	Nunn
Byrd, Robert C.	Hollings	Packwood
Cochran	Huddleston	Pryor
Cranston	Inouye	Randolph
D'Amato	Jackson	Sasser
DeConcini	Johnston	Schmitt
Denton	Kasten	Stennis
Dodd	Levin	Symms
Dole	Long	Thurmond
East	Matsunaga	Tower

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Hawkins, for.

NOT VOTING—5

Cannon	Laxalt	Weicker
Goldwater	Stevens	

So Mr. PERCY's amendment (No. 621) was rejected.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The Chamber is not in order and the Chair cannot hear the question about to be posed by the majority leader. Those Senators currently standing and conversing, please either remove yourselves from the Chamber or take your seats.

The Senate will not proceed until such time as the Senate comes to order. The Senate is not in order.

The majority leader.

PENDING AMENDMENTS

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a brief moment, what I want to do now is get some reading of where we are on this bill and try to find out how many amendments there are and what the prospects are for finishing this evening.

Mr. President, these are the amendments that I am told the managers of the bill are aware of: a Bumpers-Humphrey amendment dealing with the Clinch River breeder. I would inquire, Mr. President, if the sponsors of that amendment might be agreeable to a time limitation of perhaps an hour, equally divided.

Mr. BUMPERS. Mr. President, we have had a number of requests for speakers on this side. I just do not think it is possible to do it in that length of time. I want to accommodate the majority leader, because I know he has been discommoded on this bill considerably today and I want to cooperate.

Let me suggest that we start with a 2-hour limitation, to be equally divided, and we will do our very best to get it down to an hour and a half or an hour, depending on how many people wish to speak.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. BAKER. Mr. President, I yield to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, let me suggest also, in connection with that, if the leader is seeking a unanimous-consent request on that, that on this vote there be no amendment in the second degree and that we get an up-or-down vote on the amendment.

Mr. BAKER. Mr. President, I would be happy to do that, as far as I am concerned, on a shorter time limitation. Let me not make a request at this time and I will be pleased to talk with the distinguished Senators about that.

Mr. President, the next amendment I have been made aware of is possibly a Tower amendment. Is the distinguished Senator from Texas on the floor?

Mr. LEVIN. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. LEVIN. I do have an amendment which I spoke of before the vote which I believe can be quickly voice voted here. I would ask that the majority leader include that on his list.

Mr. BAKER. Yes; this is not a list or an effort to exclude other amendments, but rather to establish time limitations, if possible.

Mr. LEVIN. Mr. President, I believe the Senator from Louisiana agreed that this amendment would be taken up immediately after the one we just voted on, because it is related to the one we just voted on.

Mr. BAKER. That is perfectly satisfactory to me. And with that arrangement with the manager, I am sure the Senator will be accommodated.

Mr. LEVIN. I thank the Senator.

Mr. BAKER. Mr. President, there is also a Mattingly amendment. Would the distinguished Senator be agreeable to a half hour, equally divided, on that?

Mr. MATTINGLY. Yes.

Mr. BAKER. Mr. President, I put that request in the usual form.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object. I will not agree to that.

Mr. BAKER. Mr. President, I will not make that request at this time.

Mr. President, there apparently is no agreement that can be done at this time.

I see the Senator from Texas is in the Chamber now. Does the Senator from Texas intend to offer an amendment to this bill?

Mr. TOWER. I do intend to offer an amendment which would restore the cuts made to defense related functions in the bill. It was my understanding that we would still be on the bill on Friday. I will be prepared to offer it at that time and I am prepared to agree to a control time of 1 hour.

Mr. BAKER. Mr. President, I would hope that we could finish this bill today. There are 2 full hours remaining. Maybe it is a forlorn hope since we are running into requests for 2 hours or more on some amendments. But I would urge Senators to consider that if we can finish this bill today it will be a good investment of our time. I am prepared to stay a little later than ordinary in order to do that.

Would the Senator from Texas be willing to agree to an hour time limitation, equally divided, even if we can reach that amendment this afternoon?

Mr. TOWER. If we could wait until about 6 or 7 o'clock tonight and bring it up.

Mr. BAKER. I really do not know how to accommodate that, Mr. President. Let me not make a request at this time. Once again, may I urge Senators to offer their amendments as soon as possible and to debate them as briefly as possible. A little later in the afternoon I will attempt once more to get a time agreement.

Mr. HATFIELD. Will the Senator yield?

Mr. President, I thank the Senator for yielding. I would just like to make an observation. That is, we have tried very desperately to accommodate every Senator. For 2½ hours this morning, this Senate was in a continuing quorum call most of the time because Senators would not come to the floor to offer their amendments. I think it has really gone beyond reasonableness to ask the Senator to stay in late tonight merely because for 2½ hours this morning we had to wait for amendments that did not come about. I just wanted to make that observation.

Mr. BAKER. Mr. President, I see no purpose at this moment in asking for time agreements. As far as one amendment in which I have a particular interest, the Clinch River amendment, I am ready to debate that issue when and if it is called up.

The PRESIDING OFFICER. Will the Senate please be in order?

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, first of all, I would like to say, in connection with the last vote those of us who were supporting the amendment, are deeply indebted to those who stood up to intense pressure. The vote was not nearly as close as the result indicated. I have a list here of six Senators whose names I will not reveal to anyone at any time, who were willing to vote with us if we needed them. So the result is actually almost as good as it was last year. I hope this is a swansong for the Tenn-Tom opposition.

Mr. President, in connection with that debate, we indicated to the distinguished Senator from Michigan (Mr. LEVIN) that we would accept an amendment. I am prepared to yield to him at this time.

Mr. PERCY. Will the Senator yield for a brief response at this time?

Mr. JOHNSTON. I yield.

Mr. PERCY. I appreciate that very much indeed.

I consider those on the other side of the aisle on this particular amendment as some of the dearest and finest friends that I have. I leave this amendment, a good fight having been fought, filled with admiration for the way they presented, the interests they represent, which they feel is the best for their own constituency as well as the country. That is the nature of the Senate, that we sometimes disagree on these items, but it does not detract one bit for the affection and high regard that the Senator from Illinois holds for his colleagues on the other side of the aisle. I pay special tribute to Senators JOHNSTON, BAKER, and STENNIS for their consideration in this matter.

May we find the next issue to be one that we can battle together.

I do also appreciate with deep gratitude Senator MOYNIHAN, Senator SIMPSON, and other Senators who joined me in this battle.

Mr. JOHNSTON. I thank the Senator. Speaking for myself, I hold him in the highest esteem and with great affection. However inadvertently I may have misspoken, he nevertheless remains high in our respect and esteem.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be temporarily set aside in order that the Senator from Michigan may offer an amendment.

The PRESIDING OFFICER. Without objection——

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object.

Mr. President, I have no objection.

The PRESIDING OFFICER. The Senator from Michigan.

UP AMENDMENT NO. 580

(Purposes: To express the intention of the Senate not to appropriate funds for improvements on a certain portion of the Black Warrior-Tombigbee Waterway after a certain date)

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an unprinted amendment numbered 580:

On page 37, between lines 14 and 15, insert the following:

SEC. 507. The Senate hereby expresses its

intention not to appropriate funds for improvements on the portion of the Black Warrior-Tombigbee Waterway south of Demopolis, Ala.

Mr. LEVIN. Mr. President, this amendment is one that I indicated prior to the last vote, which should be supported by the proponents of the Tennessee-Tombigbee, including the Senator from Louisiana and the Senator from Alabama, if I could in good conscience vote to complete this down to Demopolis. They indicated at that time that they could support this amendment. I do not know whether there would be any objection to it. It speaks for itself.

It simply says that it is our intention not to appropriate funds for improvements on the portion of the Black Warrior-Tombigbee Waterway south of Demopolis.

This became a critical issue during the debate on the amendment. The suggestion was made that we had to consider the costs of those improvements south of Demopolis in making our decision. This expresses our intention that we are not going to appropriate funds for those improvements. At least this Senator was able to vote to complete the waterway down to Demopolis with the assurance of the two key Senators who spoke on this subject that I would have their support on this amendment.

At this time I yield to the Senator from Alabama, who, I believe, has a question.

Mr. HEFLIN. I thank the distinguished Senator from Michigan. I agree with this, though there have been some changes in language. I believe this is very clear that this involves only that portion of the Black Warrior-Tombigbee Waterway south of Demopolis, Ala. There are some minor items that have been authorized for years, and there is ongoing work and there will be continued work. Right at Demopolis, it is the Demopolis Lock and Dam. I do not want to get into a fight on what is below Demopolis, what is above Demopolis, what is parallel with Demopolis, or whether in that area. Tied in with the Tennessee-Tombigbee is the Demopolis Lock and Dam which has been authorized for many years as a part of the Warrior-Tombigbee Waterway. It has been part of the appropriations process which we shall vote today and have voted always in the past, but, I repeat, as a part of the Warrior-Tombigbee Waterway system and not as a part of the Tennessee-Tombigbee Waterway project.

The same is true of a lock and dam known as Coffeeville Lock and Dam which is a part of the Warrior-Tombigbee Waterway, but is on the Tombigbee River south of Demopolis. Funds for these projects have always been included within the same appropriations bill as we include the Tennessee-Tombigbee, but it is within the authorization of another waterway system, namely, the Warrior-Tombigbee. I just do not want to have any misunderstanding that this would cause any of the authorized activities associated with the Warrior-Tombigbee Waterway to come to a halt or that no funds be used for that particular river system as a result or the Levin amendment.

Anything that is within the authorization of Warrior-Tombigbee Waterway I assume the Senator from Michigan does not refer to. What he wants to do is to stop what all of these people have been talking about, this $1 billion more in the future for construction improvements south of Demopolis. But whatever is presently authorized and which has been appropriated annually or is within the development plan for the Warrior-Tombigbee as we know it today, will not be affected by the amendment of the Senator from Michigan. Is that the intention of the Senator?

Mr. LEVIN. I want to assure the Senator that there is no intention in this amendment to apply to specific projects which have been previously authorized. There is no such intention.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, there is nothing we find troublesome with the amendment. I have checked with the minority and it is satisfactory with the minority. I move adoption of the amendment.

Mr. SIMPSON. I have a point of inquiry.

I know what the Senator from Michigan is intending to accomplish and I support it. I wonder if it is not more appropriate to strike, then, that no further funds would be granted with regard to the activity south of Demopolis, that we take out the $950,000 which is in the current energy and water development appropriation bill for 1982. In that, it states Warrior-Tombigbee River, Senate investigations, $958,000, and the majority of that money will be used to study the reason why we should go south of Demopolis. I would appreciate having a response to that.

Mr. JOHNSTON. That is a different account. It encompasses the whole of the Black Warrior-Tombigbee which includes areas north of Demopolis as well as south. It is only a study. It does include areas not involved in the area here in dispute.

Mr. SIMPSON. I would inquire of the managers as to how much of that figure is involved in the study going south of Demopolis.

Mr. JOHNSTON. It is the whole Black Warrior which is an existing navigation facility, which has been in existence since 1960. In my judgment, so far as I know, it is not allocated to a study which would lead to the kind of project that has here been talked about. There may be some of it which talks in terms of the maintenance and the ongoing improvement, whether or not the rest of it is completed. But so far as I know, none of it is intended by us to be allocated to this kind of $1 billion project that has been debated here today.

Mr. SIMPSON. Might I inquire of the sponsor of the amendment as to whether it might be acceptable to him to include within the Levin amendment language that no study moneys in fiscal year 1982 will go toward any type of inquiry or study as to what will be done on that waterway south of Demopolis?

Mr. LEVIN. It would be, of course, agreeable to me, but I suggest that we leave that to the legislative history in light of the statements here by the Senator from Louisiana that none of the money is intended for that purpose. I am a little reluctant to change the language here, because it was carefully crafted in order to obtain the support of the Senators from Louisiana and Alabama. Other than that, I have no objection to adding that, but I think that, with the assurance of the Senator from Louisiana, in effect, we accomplished that goal. Is that the understanding of the Senator from Louisiana, also?

Mr. JOHNSTON. That is correct, Mr. President. I would be tempted to accept the language any way, save for one caveat: We have some locks and dams down below Demopolis now and they should not be precluded from looking at normal maintenance, normal kinds of restoration, which would have nothing to do with the kind of project we have here. I think our legislative history here is clear. I hope it is. Let me repeat: No one that I know of in the Senate has any intention at any time, now or in the future, of going for the $1 billion project here debated south of Demopolis. That is not our intention. To the contrary, it would be my intention to be against that project if proposed.

Mr. HEFLIN. Will the Senator yield?

Mr. SIMPSON. Yes, Mr. President, I yield.

Mr. HEFLIN. Mr. President, I think everybody is in agreement, but there are some problems that could arise. We have a situation in which the fifth circuit has made some rulings about supplemental environmental studies. I do not know whether or not, downstream, we might end up having to spend $2,000 or $3,000 or a small amount of money dealing with a matter that would pertain to the environment. I would prefer, if you would, if we could go ahead and adopt this and then sit down and see if we can work out some language. We are dealing with something that is right complicated.

I do not know all the answers at this time. I would like to get with some of my people. The intent we agree on, but I do not want to come back and say that Congress defied the court in some sort of impact study, or that there is something we are doing that could have an adverse effect on the environment or could have an adverse effect on improvements upstream or that might conflict where the courts may have spoken.

So I really think that studies should not be precluded so that we do not act haphazardly or without knowing all the facts. What I am saying is that this matter needs thorough study and consideration with all of the relevant facts available to us.

I do not know exactly where we are, but I hesitate to throw a blanket over everything, because sometimes, up under blankets, there are a few good things.

Mr. SIMPSON. Mr. President, I have no desire to impinge on the effect of the amendment of the Senator from Michigan. I certainly agree with my colleague from Alabama that one never knows what could be lurking under a blanket. I agree with that, too.

Let me say I shall work with the Senator from Alabama and the Senator from Michigan to assure that these funds do

not go toward expansion activities. If they have to go toward operation and maintenance, that is perfectly appropriate; I have no desire to intrude on that.

Mr. HEFLIN. I think, really, what we have done today is establish a pretty good colloquy and a legislative history as to the intent of the overall situation, not to disturb the previously authorized Warrior-Tombigbee, and that no construction moneys be expended toward alleged $1 billion project below Demopolis the Senator has spoken about and which Senator MOYNIHAN has spoken about. I think we have sufficient legislative history now to illustrate what we are intending and I think this amendment without the further modifying language of the Senator from Wyoming would be adequate.

Mr. SIMPSON. Mr. President, I have no intention to go further with it or to be an obstructionist but in the report, it says:

The recommended amounts provided under this heading for surveys and planning activities are shown in the following table.

I am just saying that I think we want to be careful there that we stick closely with the intent of the Levin amendment. That is, I think, that most of us agree we should not go forward with the development of Demopolis south.

I thank the Senator from Alabama and the Senator from Michigan.

Mr. LEVIN. Mr. President, I thank the Senator for his effort. I think it is a wise effort, that the intent is that most of it goes to planning and not for construction of a billion dollars or thereabouts which was discussed so prominently on the Senate floor. I thank the Senator from Wyoming and assure him I shall work with the Senator from Alabama and the Senator from Louisiana and others to make sure the intent is carried out.

Mr. SIMPSON. Mr. President, I accept that.

The PRESIDING OFFICER (Mr. WARNER). The question is on agreeing to the amendment of the Senator from Michigan.

The amendment (UP No. 580) was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, during conference on the fiscal year 1982 Energy and Water Appropriations bill, the committee will consider a $2 million appropriation approved by the House and contained in the Army Corps of Engineers Operations and Maintenance budget. That appropriation would allow the corps to begin to conduct more thorough data collection and indepth analysis of potential environmental impacts associated with a winter shipping season on the Great Lakes.

The need for more complete environmental data and analysis is as real today as when Congress authorized the demonstration program. According to my discussions with one researcher, the data obtained so far can only be described as preliminary. In particular, environmental data on potential impacts of winter shipping in the St. Mary's River on whitefish and herring spawning, both sports fish important to Michigan's $300 million per year tourism economy, is almost totally lacking. In addition, data on potential impacts to the St. Clair River system is negligible.

Given these deficiencies, the $2 million would provide the corps with the resources to complete additional research and data collection on environmental concerns important to a number of Great Lakes States.

I ask the chairman of the Appropriations Committee if, during conference, he might give a sympathetic look at this appropriation in the House bill in light of the concerns raised here?

Mr. HATFIELD. Mr. President, I appreciate knowing of the Senator's concern over the funding spent by the corps for environmental research and analysis related to winter shipping on the Great Lakes. I shall certainly consider as sympathetically as possible the information he has brought to my attention when reviewing the $2 million appropriation in conference.

Mr. President, I ask unanimous consent that the committee amendments be temporarily set aside in order to consider the amendment of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 581

(Purpose: To provide that no funds may be used to construct channel realignment work on the Ouachita and Black Rivers navigation project until a restudy is made)

Mr. PRYOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR), for himself and Mr. BUMPERS, proposes an unprinted amendment numbered 581:

On page 8 following line 23 add the following new section:

Section 107—No funds appropriated in this Act may be used to construct channel realignment work on the Ouachita and Black Rivers navigation project in Arkansas and Louisiana until such time as the Chief of Engineers has completed a restudy of the various options for navigation above Crossett, Arkansas, including the two barge abreast configuration, with a view toward reducing the number of cutoffs and bend-widenings required. The results of this restudy should be reported to the respective authorization committees of both houses of the Congress for review, and should accurately reflect the economic and environmental tradeoffs of providing greater than two-barge navigation.

Mr. PRYOR. Mr. President, I offer this amendment in behalf of my colleague (Mr. BUMPERS) and myself. It relates to only one project, which is basically in the State of Arkansas and, to some degree, in the State of Louisiana. The amendment provides that no funds appropriated in this act may be used to construct channel realinement work on the Ouachita and Black Rivers navigation project in Arkansas and Louisiana until the Chief of Engineers has completed a restudy of the various options for navigation above Crossett, Ark. This includes the two-barge-abreast configuration, with a view toward reducing the number of cutoffs and bend widenings required.

The 3 or 4 months involved in this restudy will in no way put off the objective of achieving greater barge accessibility to these waterways, Mr. President. The results will be reported to the respective authorization committees of both Houses of Congress for review, and they should accurately reflect the economic and environmental factors involved in providing greater than two-barge navigation.

The plan as presently proposed and restudied would consist of 27 channel cutoffs—two in Louisiana and 25 in Arkansas. Construction of the cutoffs, bend widenings, and dredged spoil containment areas would destroy 1,859 acres of bottomland hardwood forest in Arkansas and 52 acres in Louisiana. This alternative would require the excavation of 26,960,000 cubic yards of material throughout the project area for construction of cutoff channels and bend widenings.

The current plan with four-barge alinement would require 25 channel cutoffs in Arkansas, as opposed to the earlier three-barge alinement which would require 30 cutoffs in Arkansas. The corps has studied the two-barge alinement, which is essentially the same in configuration as the three-barge alinement, but it has not studied two barges abreast.

The total acreage required in Arkansas under the four-barge alinement would be 2,378 acres. Within the Felsenthal National Wildlife Refuge, there would be 10 cutoffs and 7 bend widenings resulting in 604 acres of forested wetlands destroyed.

For 20 years, Mr. President, I have supported Ouachita River navigation projects. I grew up on this great river, have fished its banks and traveled its lengths. I know it well. And I know how crucial it is to the development of Arkansas. What is more, I am a longtime supporter of the 9-foot channel and related projects that affect the ultimate result of increased river navigation.

I also believe, Mr. President, that the study required by this amendment will assist us in getting necessary answers. I believe it represents a responsible and prudent step in the proper direction. I urge the Senate to approve this amendment.

Mr. President, it is my understanding that the very distinguished manager of the bill (Mr. HATFIELD) and the Senator from Louisiana (Mr. JOHNSTON) have accepted the language in this amendment. I deeply appreciate their consideration.

Mr. HATFIELD. Mr. President, the Senator is correct. This matter has been discussed with the ranking minority manager of the bill, particularly that part which might impinge upon Louisiana, and he has agreed to it. I move adoption.

Mr. JOHNSTON. Mr. President, I am particularly indebted to the Senator from Arkansas for coming up with what is a very creative amendment to solve a very knotty problem. That is that navi-

gation above Monroe on the Ouachita threatens hunting and fishing. Sportsmen and conservationists in that area have been extremely concerned about going in and taking the curves out of the river, widening it, perhaps taking out some of the timber, and ruining, as they see it, the present natural state. What the Senator's amendment does is lay the groundwork for eliminating or drastically minimizing any of that work that would need to be done.

He actually thought of the creative solution of having two barges side by side, and I understand that the corps is rather enthusiastic about it as a solution. So I am personally deeply indebted to him, as are the people in the region; and we accept the amendment, with thanks.

Mr. PRYOR. Mr. President, I appreciate the remarks of the Senator from Louisiana.

I say, further, that this particular amendment does not indicate that Congress is backing away in any way from the navigation channel on the Black and Ouachita Rivers. It only indicates that we would like to look at one further option before any real realinement efforts are made on the Ouachita River project, a project that is going to be meaningful in the field of navigation for our part of the country.

I appreciate the remarks of the Senator from Louisiana and the manager of the bill, the Senator from Oregon (Mr. HATFIELD.)

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 581) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be set aside temporarily in order that the Senator from Arkansas may have an opportunity to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Arkansas is recognized.

UP AMENDMENT NO. 582

(Purpose: To terminate funding for the Clinch River breeder reactor project)

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS), for himself and Mr. HUMPHREY, proposes an unprinted amendment numbered 582.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, lines 2 and 3, strike out "$1,970,119,000, to remain available until expended:" and insert in lieu thereof "$1,790,119,000, to remain available until expended: *Provided*, That none of the funds provided herein shall be expended for the purpose of the Clinch River Breeder Reactor Project except as are necessary for the sole purpose of terminating such Project:".

Mr. BUMPERS. Mr. President, this amendment simply provides that the funds that are appropriated in this bill for 1982 for the Clinch River breeder project, sometimes known as the liquid metal fast breeder reactor, be used only to terminate the project.

This project has been around for about 12 years now. It was authorized in 1970. It was not particularly controversial the first 3 or 4 years, but since that time it has been undergoing intense scrutiny by the Senate, by the House, and by physicists and engineers across the country. But it is like Rasputin: It seems to have about 10 lives. It is difficult to kill it.

Yet, I think everybody agrees that there is a good possibility that the Clinch River Breeder is not ever going to be built, that it is an obsolete technology, and that the best thing we can finally do is which breeder technology is the best. Certainly, it is not this technology.

I emphasize at the beginning, for those who in the past have seen this debate as being for or against nuclear power, that this amendment has nothing to do with whether you are for nuclear power or against nuclear power. It has nothing to do with whether you are for breeder reactors or against breeder reactors. What it involves is this: What is the technology of this particular breeder? Is it a technology that is in the best interests of this country to build? What are the costs of termination, and what are the costs of continuing it? What are the benefits to the country in case we terminate it, and what are the benefits to the country in case we continue it? How does it affect our future uranium supplies?

I devoutly hope that this amendment and the debate on it will be confined to the hard questions of cost-benefit ratios, of the technology, and of what our future uranium supplies are and what they are likely to be when we go forward with this particular technology, as opposed to the so-called gas-cooled breeder reactor.

Let me review the history of this particular breeder. It happens to be the only one that this country is planning to build at this moment. As I said, it was authorized in 1970. In 1969, when it was first under discussion, it was projected to cost $669 million. That was 12 years ago—$669 million. By 1974, the cost had risen to $1.736 billion. By 1975, 1 year later, the project cost was $1.95 billion, almost $2 billion. Last year, in 1980, the projected cost of this project was $3.3 billion.

Mr. President, I do not think anybody here actually believes that this project can be completed even for $3.3 billion, even if you compute it in 1980 dollars.

I point out that this project is not going to be completed until at least 1990. We already have spent $1.3 billion on this project, and the first spade of dirt has not yet been turned.

President Carter tried to terminate this project in 1977, but because some deal was cut, some money was put back into it, and all we have been doing is spending hundreds of millions of dollars every year and standing still.

The $3.3 billion cost I am talking about does not include the possibility of having to move the project from Clinch River. That move would cost another $1.7 billion.

This is one of the key points, Mr. President: One of the key points is that in the beginning, the private nuclear power industry in this country, understandably, thought that breeders were the wave of the future, and they were anxious to put their own money into it. It was generally agreed here that the private sector was going to put up 40 to 50 percent of the money for this breeder. In the years that have followed, however, the same thing has happened to the private utilities that has happened to Congress: They lost their enthusiasm for it. Have they ever lost their enthusiasm for it!

Let me give some statistics as to where we have come in the spending on an annual basis, what the Government has been putting up and what the private sector has been putting up.

Far from being a 50–50 project, by the end of this fiscal year 1981, the Federal Government had put $1.31 billion into it, and the cumulative total from the private sector was $118.6 million.

Instead of being 50–50; it is 10 to 1. Why? Well, private companies are not going to put their money where their heart is not, and they do not have their heart in it. The reason they do not have their heart in it is that they know it is a technological disaster.

The PRESIDING OFFICER. If the Senator from Arkansas will indulge the Chair, the Chair is informed by the Parliamentarian, after an opportunity to examine the amendment, that there is a slight technical matter.

The Senator from Arkansas is endeavoring to amend both the committee amendment and the House text. This would require unanimous consent, before we proceed to the amendment.

Does the Chair understand the Senator from Arkansas to place before the Senate such a request?

Mr. BUMPERS. I do, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I should like to reserve the right to object at this point and allow the Senator to proceed with the debate. The distinguished Senator from Oregon is not on the floor, and we would like a chance to look at the amendment.

The PRESIDING OFFICER. Very well. The Chair rules the Senator may proceed with the stipulation that this will be brought up as soon as possible by the managers of the bill.

The Chair regrets the interruption of the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I thank the Chair.

Incidentally, I understand this same request was made of Senator PERCY's amendment just immediately preceding this one, and there was no objection. I

hope there will not be one in this case and we can get a vote on it.

Mr. President, in 1974 the U.S. Government put up $21.8 million and the private sector put up $8 million. We kept going. And in 1975 the private sector put up about 50 percent of the money, $138 million against $166 million. In 1976 the Government put up $153 million and the private sector put up $86 million, and they continued to put up anywhere from 30 to 40 percent until 1978 when we put up $491 million and they put up $99 million. In other words, the contribution of the private sector had dropped 20 percent. Then last year, in 1980, we put up $189 million, and the private sector put up $6 million. In 1979, the year before, we put up $175 million and they put up $5 million.

I would like to entice the Government into a deal. I have several things in mind. I would like to go into a cooperative venture with the Government if they are that easy.

This kind of reminds me of Lucy holding the ball for Charlie Brown every fall saying, "This time I really mean it. I am not going to pull it out from under you."

Here we have been proceeding on the happy assumption that the private sector loves breeder reactors as much as we do, and then we get the statistics out and we start looking and not since 1976 have they come up with their 50-percent share. On the contrary, since that time their share has steadily declined until now they are putting up less than 3 percent of a project which is scheduled to cost $3.3 billion, and that is a very conservative estimate.

In the Energy Committee, on which I sit, we hear the debate periodically that we are going to fall behind the French. The French are the leaders in breeder reactors. The French are now beginning to decide that they may be ahead but they do not want to proceed down the road they have started. They built the Phenix breeder, and the Phenix was completed in 1974 and started operations in 1974, but it is a better technology. It was a better technology when it went on stream in 1974 than the Clinch River project will be when it goes on stream in 1990. In other words, in 1990 when this breeder is finished and put on stream, if it is, the Phenix breeder, which is its French counterpart, will have been operating 16 years, and it is a better technology right now than the Clinch River breeder is. If we are behind, that is a good way to stay behind.

After the French completed the Phenix in 1974, they did exactly what we are planning to do. They followed it with a commercial demonstration that is called Super Phenix. The Super Phenix is supposed to be a commercial operation of a breeder reactor as a part of the French public power electrical base. They were going to build six of them.

No. 1, the Super Phenix will be completed in the fall of 1983, and the French have already announced that they are not about to build five more like it.

They also project that right now as to the power that comes out of their second breeder, the one that is supposed to prove conclusively the economics, the reliability of breeders, they have already concluded that the power cost from that breeder will be two to three times higher than the power from a light water reactor.

So no wonder the French, no wonder the French are saying, "We are not going to build the next five."

I am no fan of Dr. Edward Teller. I assume that he is a very competent physicist and certainly he is a real hawk, but he has called the Clinch River breeder technologically obsolete.

He also said it is inconsistent to build it, that to build it is inconsistent with badly-needed economy in Government.

When it comes to an economist, here is what our fearless guru, David Stockman, said about it when he was a Member of the House of Representatives. He said:

> Government should not become involved in the provision of subsidies for the commercialization of new energy technologies that cannot pass the market test of competitiveness with alternatives on a price basis. The breeder reactor will not pass this test until well into the next century, if ever.

That is what David Stockman said in 1977. He was dead right in 1977, and if he was right in 1977, he is right in spades now, because the cost has continued to escalate.

Secretary Edwards came over before our committee to testify about breeders and other alternative energy sources through our traditional petroleum, gas, and coal, and his justification for zapping virtually all the research projects in the energy budget was as follows. He said that the energy budget was intended to support only long-term, high-risk technologies.

He also testified that the French are depending upon breeder reactors to provide for their additional demand for power by the end of the decade, so breeder technologies must not be long term or high risk.

And, incidentally, at this time Secretary Edwards did not realize that the French were already giving up on breeders.

Mr. President, at one time everyone thought we could not make it through the century without breeders. We were estimating that the increased demand for power in this country was going to continue apace at 7 percent a year. That is what it was in 1970. We were increasing our electrical demand by 7 percent a year. And today we are increasing our electrical demand by 1 percent.

It was originally projected in 1974 that nuclear power by the year 2000 would provide this country with 2,000 gigawatts, and now, 7 years later, DOE has cut that projection to between 160 and 200.

We debated this matter rather extensively 2 years ago or 3 years ago—we pick up a few votes every year, and I hope we have picked up enough this year to finally stop this project—we then thought we had a shortage of uranium in this country, that we did not have nearly enough uranium to see us through the century, and now DOE says that we have enough uranium proven reserves to supply 400 light water reactors an entire lifetime.

A reactor has a 30- to 40-year life. We have 72 in operation. We only have 72 others that are in various stages of planning and production, and if every one of them went into production we would still have enough uranium to see us almost to the middle of the next century.

Mr. President, there is one other point that should be made about breeders and, as I say, I want to make this point right now. I should have said this before I said anything else. When I was talking about this not being an antibreeder amendment or a probreeder amendment, I should have pointed out that in addition to the $180 million in here for the Clinch River breeder there are almost $400 million in addition in this budget for other kinds of basic breeder research.

I am happy to vote for it. I am happy to vote for that other $400 million because I know there are better fuel cycles. I know there are safer reactor designs coming. So anybody who says, "Well, I wouldn't mind terminating this particular project but I would like to see the money go someplace else for other breeder research," bear in mind there is $400 million in here for other kinds of research.

Let me return to this particular project. The House had a subcommittee staff go down to check the Clinch River breeder and find out what was wrong. There seemed to be a lot of things wrong. The project was on dead center. They were wondering why there were cost overruns, and the investigatory staff questioned the project director about allegations of fraud and abuse. He said he had no knowledge of any such allegations even though he had spoken to the FBI about one case just the preceding week.

Competitive bidding for steam generators was canceled when Foster, Wheeler's bid of $23 million proved to be lower than the bid of Atomic International for $26.4 million, and the contract was awarded to Atomic International on a noncompetitive basis, which cost $6 million more.

Now, the contract price has grown on that to $143 million, and not even the first prototype has been delivered.

The House investigators said they were stonewalled by DOE officials who were either unable or unwilling to produce requested documents. They found that a Westinghouse employee had apparently been using the DOE computer for his own personal business use, and rather than refer this to the DOE Inspector General, as directed by the Secretary, the project director asked a project manager corporation employee to investigate it, and that employee found nothing wrong. But then it was discovered that he and the Westinghouse employee, supposedly under investigation, were close friends.

The Atomic International employees set up dummy corporations and awarded contracts to themselves at inflated levels. They had been fired, but the FBI is still investigating it.

Just this morning, the Wall Street Journal reported in a headline that "Clinch River Project Is Hit by Shakeup of Top Management. Head of Troubled $3.2 Billion Breeder Reactor Program Quits, Aide Is Reassigned."

Mr. President, I ask unanimous consent that the article in the Wall Street

Journal be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUMPERS. Burns and Roe were the engineers on this project. As early as 1973—although this did not surface until about 1978—an internal memorandum was written by Burns and Roe, by one of their employees, who was a consultant to them, saying, in effect, "We had better get out of this mess before it is too late."

Here are some of the things that internal memo said:

Most actions on the project are out of our control, and it is already clear that the project results will be extremely poor.

Somebody ought to give that guy a Congressional Medal. He saw it in 1973.

What has become so painfully apparent and obvious to even a Wall Street Journal reporter now is what is contained in this memo. He went on to say:

The PMC organization has lost much of its desire and determination to manage the project and perhaps the ability to do so.

Finally it states:

The Clinch River site selected for the LMFBR demonstration plant is one of the worst sites ever selected for a nuclear powerplant based on its topography and rock conditions.

Those are not my quotes, those are quotes from the project's consultants, Burns and Roe, the project engineers.

Mr. President, are we really behind the French? Is that what is bothering people? I hardly think so. Our Fast Flux Test Facility in Washington went critical last May and the only thing that keeps it from generating power right now is, it does not have turbines on it. The heat from it is just going up into the air. But it is there, it is a good facility and, perhaps, we can learn something from it.

But let me tell you what is really critcal in this argument. There are two things: Despite the fact that DOE has now found we probably have 3.6 million tons of uranium, much, much more than we originally thought, the most important point we can make is it does not make any difference as to how many tons we have. We ought to use it in the most efficient way possible.

You would have to have, incidentally—and DOE has backed this up—uranium at $200 a pound—the current price is $25 a pound—before a liquid metal fast breeder reactor would be as cost efficient as a light water reactor. You cannot think of any more inefficient, system than that.

I want to finally say there may be a few Senators around here who still remember the debate about how the French and British were going to get ahead of us with the Concorde, and that debate was so like AWACS here last week, and everybody just thought the United States was going to lose all the prestige it ever built up if we did not build a supersonic transport. The Boeing Corp. had practically a prototype ready to go, and there were a lot of people who were concerned about it because of the cost; a lot of people were concerned about it because of the use of energy. Finally, I believe by a single vote, this body voted not to proceed with the supersonic transport. That is one of the wisest decisions the U.S. Senate ever made.

The British and French thought they were going to own the world with that Concorde. The rest is history. The French and the British are spending over $100 million a year subsidizing 16 airplanes. They built the first 16, never got an order for another one, and had to use them themselves.

Now, Mr. President, surely there comes a time when this body is willing to face up to something not in a knee-jerk way but in an honest, objective way. This project is probably not ever going to be built. If this amendment is not adopted today, I doubt seriously if this project will ever be built, and if it is built, you can depend on it costing somewhere between $5 billion and $10 billion, completed sometime within 1990 and 1995, and obsolete the day it is finished because it is obsolete right now.

Mr. President, I yield to the Senator from New Hampshire.

EXHIBIT 1

[From the Wall Street Journal, Nov. 4, 1981]

SENS. BAKER, STENNIS LEAD FORCES IN BID TO PROVIDE FUNDING FOR TWO PET PROJECTS

(By Albert R. Hunt)

WASHINGTON.—During this year's budget battles, Senate Majority Leader Howard Baker was amazingly effective in persuading colleagues to shun parochial politics and accept difficult spending cuts.

Today, however, the Tennessee Republican will be leading the charge for what even some proponents acknowledge is a parochial project: continued federal funds for the controversial Clinch River breeder reactor.

As part of the energy and water appropriations bill, the Senate today also will vote on another huge project with a political pork barrel reputation: the Tennessee-Tombigbee waterway in Alabama and Mississippi. These forces also will be led by a powerful proponent, Sen. John Stennis, a Mississippi Democrat.

UNLIKELY ALLIES

Battling these influential lawmakers, on both issues, is an unusual coalition of liberal environmentalists and fiscal conservatives. Inside the Senate the fight against Clinch River is being led by Sen. Gordon Humphrey, a hardline conservative Republican from New Hampshire, and Sen. Dale Bumpers, a moderate Arkansas Democrat. The effort to kill the Tennessee-Tombigbee waterway is supported by such unlikely allies as liberal Sen. Daniel P. Moynihan (D., N.Y.) and conservative Sen. Robert Jepsen R., Iowa).

In fiscal 1982, the cost for Clinch River would be $254 million, while the appropriation for the waterway project is $189 million. But it is estimated that the breeder reactor will need more than $2 billion in additional federal funds if it is completed, and Tennessee-Tombigbee could require as much as $1.6 billion more. Thus, today's tests offer classic clashes pitting the pork-barrel politics of powerful Senators against the general politics of budget cutting.

The fights are expected to be close, although Senate insiders predict both projects, especially Clinch River, are slight favorites to survive.

SHOULDN'T STOP SPENDING

Adding to the irony here is that the budget-conscious Reagan administration is siding with the spenders in these fights today. Even before he took office, President Reagan, in an effort to cultivate support from Sens. Bakers and Stennis, agreed to support both the Clinch River and the Tennessee-Tombigbee waterway. The administration's support probably made the difference when both measures narrowly squeezed through the House this summer.

Proponents argue it would be counterproductive to stop either project as the federal government already has sunk more than $1 billion into each. Clinch River advocates say the power plant holds the key to nuclear development in this country. And the champions of Tennessee-Tombigbee argue it will provide a vital commercial link from the Tennessee River to the Gulf of Mexico.

But both projects have been plagued by controversies and studies suggesting they are inefficient. Congressional investigations this year found improper procurement practices at the Clinch River plant. Last summer a federal court halted construction on part of the waterway project after finding that the Army Corps of Engineers had "blatantly" violated federal environmental rules.

CLINCH RIVER PROJECT IS HIT BY SHAKE UP OF TOP MANAGEMENT

(By John R. Emshwiller)

(Head of troubled $3.2 billion breeder reactor program quits, aide is reassigned.)

On the eve of a potentially tough appropriations fight in the Senate, the troubled $3.2 billion Clinch River Breeder Reactor Project was hit by a shake up of top management.

The project's director resigned and the assistant director for engineering was reassigned to a job with fewer responsibilities.

The management changes promise to fuel the controversy over Clinch River, which is to be built near Oak Ridge, Tenn. The project is supposed to test the feasibility of breeder reactors, a type of nuclear power plant that produces more fuel than it consumes and thus holds the promise of virtually limitless energy supplies.

The project, however, is more than a decade behind schedule and several times its original cost estimate. Critics contend the project has been hurt by serious mismanagement, ranging from sloppy record keeping to poorly drawn contracts to an overwillingness of federal officials to accommodate private industry. Project officials deny such allegations.

Project director Lochin Caffey informed his staff late last week of his intention to resign, according to officials at the Energy Department, which is in charge of Clinch River. Mr. Caffey declined to comment.

Thomas Dillon, executive director of the Energy Department's office of assistant secretary for nuclear energy, declined to say whether the department asked Mr. Caffey to resign. "We've been taking a top-to-bottom look at the project," which included discussions with Mr. Caffey, he said. "Out of those discussions, Mr. Caffey decided to resign," Mr. Dillon said.

The review of the project also led to the decision to reassign Donald Riley, assistant director for engineering, he said. Mr. Riley has been offered a post as technical adviser to the project, Mr. Dillon said. Mr. Riley couldn't be reached for comment.

Mr. HUMPHREY. Mr. President, I thank my colleague from Arkansas for yielding. Certainly he is right in making the point about the Concorde SST.

As a former airline pilot for 12 years I can underscore and back up what he has to say. I do not think there is a pilot in the world whose heart is not stirred by the sight of the Concorde. It is a magnificent airplane. It is a beautiful airplane. Its speed, its ability to fly high,

far above the weather, it is a magnificent thing.

There is just one problem. Passengers do not like it nearly as well in terms of the cost of flying aboard it, and the owners do not like it either for that very same reason. So it has become a supersonic white elephant able to continue flying only because it receives government subsidies; an airplane which has failed in the marketplace, and would not be flying today were it not for those subsidies.

So it is a valid point to raise when the proponents of Clinch River in an emotional way suggest, lacking other sound reasons for their project, that we ought to build Clinch River because the French are building a nuclear breeder reactor.

Mr. President, I want for my part to emphasize that this is not an antinuclear amendment. The Senator from New Hampshire supports nuclear power, he supports the efforts of the Reagan administration to make some sense out of the regulatory morass that is the licensing procedure of today, and which has held back our efforts, particularly in the area of conventional nuclear reactors.

I am not opposed to breeder reactor technology R. & D., but I am opposed to this single project, this project called the Clinch River liquid metal fast breeder reactor. The essential problem of Clinch River is that it makes no economic sense. It is an uneconomical project. It is uneconomical today, and it will be even more so if and when it is built, and I point out, as did the Senator from Arkansas, that we have yet to break ground. notwithstanding having spent over $1 billion on this project.

Mr. Presdent, if this amendment succeeds and funds for Clinch River are eliminated from the energy and water appropriations bill, what will we lose? Well, we will lose the Clinch River breeder reactor project in the sense that it will not be built, but the R. & D., about 85 percent of which is complete as of this date, will not be lost.

I would also point out to my colleagues—and I think this is a very important point—that the Clinch River effort is not the totality of our effort in breeder reactor R. & D. in 1982 or the outyears. In fact, the totals involved in 1982 for Clinch River represent only about one-third of our effort in the area of breeder reactor research and development.

What will we gain? Well, we will gain $180 million that we are proposing to eliminate from this appropriation for fiscal year 1982, a year in which it is crucial to find every possible savings if we are to bring down the deficit and, with it, high-interest rates.

We will gain over the next 10 years $2 billion, and probably more—probably more—because the costs have been consistently underestimated and understated. Implicit in the $3.1 billion total figure anticipated for this program, implicit in that is the anticipation that Clinch River will be licensable without considerable delays.

I shall delve into that aspect a little later. It is quite likely, in fact, that Clinch River cannot be licensed as presently designed or perhaps even on that location without waiving some of the licensing provisions. It is ironic that the administration or the proponents would begin to talk about, as they are, waiving the licensing requirements when one of the stated purposes of this project is to demonstrate the licensability in a utility environment of breeder reactor technology.

Mr. President, one of the virtues of this administration, which particularly warms my heart, is its free market approach to energy. There are some who say that this administration does not have an energy policy, but they are so wrong because they are used to looking at draconian Government policies and programs for everything under the sun. We do have an energy policy. It is one that lets the marketplace make the choices, and that is the most enlightened kind of energy policy a nation could possibly have, one which stood us in good stead until we became confused decades ago and began to substitute Government decisions and dictates for the choices of the marketplace. The Clinch River breeder reactor does not fit, in any sense of the word, into the free market approach to energy, which is the cornerstone of this admiinstration's energy policy and which I so enthusiastically support.

A little background, Mr. President. Some of this will overlap what my colleague from Arkansas has already addressed.

The stated purposes of the Clinch River breeder nuclear reactor project, when it was first authorized 10 years ago, was to demonstrate a liquid metal fast breeder reactor to be licensed and operated in a utility setting. It was first authorized in 1970. It will not be complete until approximately 1990, and even that date is not firm because of the potential licensing problems to which I alluded earlier and to which I will allude in some greater detail later in my remarks.

In the early days, this project was estimated to cost $600 or $700 million, a small figure by Federal standards, and it sounded like a good investment. Surely no one could be faulted, no Member of the Congress could be faulted for supporting that investment 10 years ago and perhaps for a number of years after that, because it was relatively small investment that promised a high return.

The deal was sweetened, much, I am sure, to the pleasure of free market advocates, by the agreement of a consortium of utilities to share costs 50–50 with the Federal Government, or perhaps I should say the taxpayers. That was 11 years ago.

In the intervening time, all of that has changed. The cost has skyrocketed from $600 or $700 million to $3.2 billion today and still climbing. $1 billion has been spent to date—over $1 billion, $1.1 billion—and ground has yet to be broken.

And the clincher in the Clinch deal, if you will, Mr. President, is that the utilities who agreed to share the costs on a 50–50 basis long ago reneged on that deal. In fact, they stipulated that their maximum investment would be $257 million, irrespective of the final costs. And so they reduced their participation, effectively, from 50–50 to something in the neighborhood of 10 percent. And to make matters worse, of that $257 million contribution which was promised, they made good only on $110 million. And if you do the mathematics, $110 million, the money contributed to date—and they show no indication or no interest in contributing more—amounts to approximately 3 percent of the anticipated costs and much less in the event of overruns.

There were a number of fundamental assumptions which formed the bases of the logic behind the Clinch River project when it was first begun, assumptions which, unfortunately, for everyone involved, have proven to be false and highly inaccurate.

One of those assumptions was that breeder reactor technology would be needed by the turn of the century for the generation of electricity in this country. That, in turn, was based on the assumption that demand for electricity would continue to rise rapidly, as it had in previous decades, by a rate of 7 percent per year, consumption doubling every 10 years. And based on that assumption, it was assumed that uranium would grow scarce and very expensive. All of that has changed in 10 years. We have found that those assumptions were wildly inaccurate, however well intentioned.

In 1970, when Clinch River was first authorized, the Edison Electric Institute, the professional industry organization of utilities, projected growth at 7 percent. Edison Electric Institute today projects growth in the coming decades at 3 to 3½ percent, at least a 50-percent reduction in assumed growth, and it will probably be more based on trends.

In 1970, when Clinch River was first authorized, the Atomic Energy Commission projected a requirement of 2,000 giga-watts of nuclear generating capacity by the year 2000. That was 10 years ago. That has changed. Today, the Department of Energy projects a need for nuclear generating capability of 180 giga-watts, which is 15 percent of the assumption on which Clinch River was based.

In 1970, when Clinch River was first authorized, the Atomic Energy Commission estimated uranium reserves at 1,800,000 tons. Today, the Department of Energy estimates reserves at 3.2 million tons, at a minimum, a very considerable increase, almost a doubling of supply.

The supply has expanded, not shrunk, and, not surprisingly, the cost of uranium has gone down, not up. Two years ago the price of uranium was $40 a pound, and today it is $25.

So, Mr. President, in light of the changed facts versus assumptions, in light of the fact that assumptions turned out to be so wrong, there is today no economic justification for continuing with this project. The premises turned out to be incorrect. It is no one's fault. But surely, for that reason, it would be foolish for us to spend another $2 billion or more after having spent $1 billion already for a project which makes no economic sense, which will not be competitive when it is finished, which no utility

or consortium of utilities will seek to license or to commercialize. It will sit there on the shelf, unwanted, outdated, and regretted.

This opportunity, Mr. President, will probably be our last to terminate the Clinch River project before ground is broken and the undertaking becomes institutionalized. There is no reason to go forward today, except perhaps pressure from contractors and interests.

Let me read, Mr. President, an editorial from the Wall Street Journal, hardly an antinuclear publication, which addresses the points I have just made. This appeared in the February 13, 1981, edition, entitled "Plutonium Follies."

Nearly four years ago, President Carter announced the curtailment of nuclear-energy programs designed to use high-grade plutonium to fuel power plants. He scrapped a plutonium reprocessing plant at Barnwell, S.C., and eventually cut off funds for a demonstration breeder reactor at Clinch River, Tenn. Mr. Carter took the decision in hopes of slowing the international spread of bomb-making nuclear material. We agreed with the President's decision then; whatever the foreign policy arguments, these programs made no economic sense.

Energy Secretary James Edwards, saying "We have got to get nuclear on the move again," interrupted budget cutting Tuesday to say that the administration will seek "substantial" funding to revive the projects. Just as the programs were uneconomical then, so they remain today.

Several recent studies, done both in the U.S. and abroad, conclude that conventional nuclear power generation is far less expensive than either reprocessing or breeder technology. According to one study, uranium prices would have to double before reprocessing spent fuel would break even, and then reprocessing would only save about 2.5 percent on the cost of generating electricity. While the sources of new uranium supplies remain plentiful—and no one can foresee when they'll run out—reprocessing spent fuel is simply a waste of money.

For the breeder reactor to become commercially feasible, uranium prices would have to rise about sevenfold, though breeder technology would provide a larger cost savings than using plutonium in conventional light-water reactors. France, probably the world leader in the breeder, cannot even get its own utilities to buy the breeder because of the high expense. The main virtue of the American breeder seems to be that it is located in Senate Majority Leader Baker's home state.

Mr. President, that is the Wall Street Journal speaking, not the Senator from New Hampshire.

We agree with Mr. Edwards that the administration should give fresh impetus to nuclear power, especially in solving the technically easy but politically difficult problem of waste disposal. But plutonium energy technology won't become economically feasible until the year 2030 or so; we can wait ten or twenty years to see if uranium starts to run out. There is no need and no excuse for new subsidies for its development in the midst of a budget emergency.

The fact is, Mr. President, that Clinch River is not only not a step forward, but it is a step backward. It is actually not a positive contribution; it is an impediment in the sense that money spent on Clinch River or to be spent can much better be used elsewhere in our economy and certainly better used in our energy program.

The Department of Energy has on the drawing boards, and I understand that work is well along, a 1,000-megawatt design for a breeder reactor generating station. This is much more advanced than the Clinch River design and much larger by a factor of about three. It would be much likelier to be licensed and commercialized by utilities if it were built.

So, if anything, we are building the wrong design. If we must build prematurely, decades prematurely, let us at least build the latest design.

Mr. President, I reiterate the central fact of the matter, which is that Clinch River is an uneconomic and uncompetitive design and will be if built, licensed, and commercialized. As a matter of fact, one can determine that easily from the documents available through the Department of Energy. The Department of Energy commissioned a study completed in 1981, the spring of this year, by the Los Alamos Laboratories, which underscores the argument that the price of uranium would have to rise by a factor of 6 or 7 before breeder reactors would become competitive with current or conventional reactors.

There were five questions put to the Los Alamos Labs, the fifth of which is, "At what point is the liquid metal fast breeder reactor cost-effective?"

The conclusion of the study in response to that question is:

An equilibrium LMFBR fuel cycle system is more expensive than the current once-through cycle until U_3O_8 prices are more than approximately $165 per pound.

I remind my colleagues that the price of uranium today is $25 per pound.

I ask unanimous consent, Mr. President, to have printed in the RECORD at this point the relevant portion of the analysis conducted by the Los Alamos National Laboratories.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

ANALYSIS OF NUCLEAR POWER ECONOMICS

CONCLUSIONS

(1) The capital cost contributes about 75 percent to the total cost of nuclear power.

(2) Electricity from new nuclear power plants would be less expensive than new coal power plants if coal is more than approximately 25 dollars per ton.

(3) The most leverage regarding the cost of nuclear power is in the capital cost.

(4) Reducing the design and construction period from 10 years to 6 years would reduce the total cost of nuclear power by approximately 3 mills per kWh (ignoring inflation), but other considerations are important.

(5) At today's uranium prices, reprocessing spent fuel for thermal reactor recycle is marginally cost effective.

(6) An equilibrium LMFBR fuel cycle system is more expensive than the current once-through cycle until U_3O_8 prices are more than approximately $165 per lb. Timing estimates were not made.

Mr. HUMPHREY. Mr. President, I want to read highlights from a letter on this subject from William J. Dircks, Executive Director for Operations of the Nuclear Regulatory Commission, addressed to James L. Howard, Associate Director of the General Accounting Office, dated June 25, 1981.

The relevant portion is this:

We estimate that it would require about three years to issue a Construction Permit for Clinch River under the best of conditions. This is based on the assumptions that Congress would exempt certain NEPA issues related to the CRBR site from the licensing process and that additional NRC staffing and funding would be made available to cover anticipated requirements.

Mr. President, several times earlier I addressed the matter of licensing the Clinch River breeder reactor. I underline once again that one of the fundamental reasons for Clinch River in the first place was to demonstrate the licensability in a utility environment of a breeder reactor. It turns out, however, that Clinch River will have some considerable difficulties in that regard, such that if we are to make the 1990 target date, it is quite likely that these licensing requirements will have to be waived, that is, some of them.

It is ironic, is it not, that we are building a $3.1 billion plus project to demonstrate the licensability of a fast breeder reactor and now we are proposing to waive some of those licensing requirements?

There it is, right from the administration. In order to meet the deadline, Congress is going to be asked to waive certain licensing procedures and the NRC is going to ask Congress to provide funds to increase staffing to expedite this licensing process, even when it involves the waiving of certain criteria.

Mr. President, I ask unanimous consent that the letter of Mr. Dircks be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NUCLEAR REGULATORY COMMISSION,
Washington, D.C., June 25, 1981.

Mr. JAMES L. HOWARD,
Associate Director, U.S. General Accounting Office, Washington, D.C.

DEAR MR. HOWARD: This is in response to your June 11 questions regarding the time and costs associated with the licensing process for the Clinch River Breeder Reactor (CRBR) project. As you suggested, we discussed your request with Mr. Cliff Fowler of your staff.

We etsimate that it would require about three years to issue a Construction Permit for Clinch River under the best of conditions. This is based on the assumptions that Congress would exempt certain NEPA issues related to the CRBR site from the licensing process and that additional NRC staffing and funding would be made available to cover anticipated requirements. I must emphasize that this latter assumption concerning the availability of resources is critical. Our current request for FY 1982 does not contain adequate funding or staffing to process the CRBR license. Furthermore, since many of the critical staff skills required to process a CRBR license are currently engaged in processing a large backlog of light water reactor license applications, assembling a CRBR licensing team without further impacting other areas may prove difficult.

A minimum of three months will be necessary to establish a new licensing team. Between 50 and 60 staff years and approximately $4.0 million for technical assistance are required to issue a Safety Evaluation Report and to complete the hearing process. Further, although not directly associated with the licensing process for CBBR, between $8.0 and $21.0 million would be required annually for safety research in support of CRBR and a broader-based national breeder program.

The uncertainty in this NRC research estimate is largely the result of not knowing the extent to which DOE will provide an adequate breeder research base.

In your letter, you asked us to confirm that the licensing process would not have to start with a completely new application. That is correct. The NRC staff estimates that its technical review was about 60 percent complete when the review was suspended. Whether substantial re-review will be required in some areas depends on the nature of the applicant's response to the open issues, and assumes that the new design changes will not significantly affect the previous review provided by the applicant in responding to a number of questions which were then outstanding. We have assumed that the majority of the review that was previously conducted remains valid and that only the open issues identified in 1978, the TMI-related issues, and other new requirements will need to be resolved.

We are currently updating our resource estimates for CRBR and will continue to refine them as the present Administration position is articulated.

We hope that this will provide you adequate support to answer Representative Schneider's questions. Please let us know if we can be of further help.

Sincerely.

WILLIAM J. DIRCKS,
Executive Director for Operations.

Mr. HUMPHREY. Mr. President, again on the point of licensability and the possibility of waiving that licensing for Clinch River, I read a short part of an article from the Wall Street Journal of Friday, July 17, 1981:

One longtime goal for Clinch River was to prove that breeders could meet federal health and safety requirements by getting the plant licensed just like any other facility. Now, however, supporters are rethinking that objective. "We want to concentrate on getting the project going. If we don't go through licensing we can still justify the project," says John Kearney, a senior vice president of the Edison Electric Institute, the electric utility industry's main trade group.

Getting a license from the federal Nuclear Regulatory Commission could pose problems, including the possibility of having to build the facility at a more remote site for safety reasons. Such a move could add $1.6 billion to the cost of Clinch River and delay the project by 43 months, according to federal officials.

If that turns out to be the case, Mr. President, we will not be seeing Clinch River go on line until 1994 or 1995 and the cost will not be $3.1 billion plus, but $4.7 or $5 billion.

I ask unanimous consent that the article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE STAYING POWER OF THE CLINCH RIVER BREEDER

(By John R. Emshwiller)

Sometime next week Congress is expected to vote on appropriating about $250 million for the Clinch River Breeder Reactor project, which will eventually cost the federal government $3 billion or more. Here are some things taxpayers will get for that money:

An electric power plant that might begin producing power in 1990, 11 years behind its original schedule and at more than four times its original cost. The electricity it generates will be so expensive it will have to be sold at far below cost.

A plant that might have to circumvent federal safety and environmental rules because its backers are in a hurry to finish the project.

The chance to spend billions of dollars more on an even larger breeder still on the drawing boards.

The possibility that after all this effort there might be a commercial market for breeders sometime in the next century.

Some have concluded that Clinch River, which is billed as a nuclear demonstration project, is a demonstrably bad buy. As President Jimmy Carter tried to kill Clinch River. As a Congressman, so did David Stockman. In a 1977 letter to fellow House members, which is still considered one of the most forceful and detailed attacks on the project, Mr. Stockman maintained that "no further subsidization of the Clinch River Program . . . can be justified."

But the project has an impressive staying power as shown by the current budget battle in Congress. Opponents nearly killed it in the House, but funding was eventually included, thanks partly to strong backing from Senate Majority Leader Howard Baker, whose home state of Tennessee would be home to the project.

A less enthusiastic but stranger bedfellow lately has been Mr. Stockman, who has written letters in support of Clinch River. Mr. Stockman, of course, is now a top aide to President Reagan. And Mr. Reagan is a backer of the breeder.

Opponents' last hope this year for stopping Clinch River apparently lies on the floor of the House where an effort is being mounted to keep any money from actually being appropriated.

The project's endurance is due partly to the seemingly magical promise it holds out. Breeder reactors are designed to produce more nuclear fuel than they consume by transforming a relatively useless but common form of uranium into plutonium. Thus, breeders have the potential to vastly multiply the amount of energy available from the atom.

Nuclear advocates have been pursuing that dream since the beginning of the atomic age. Clinch River is the latest and most ambitious stage of an effort to develop breeders that dates back to the late 1940s.

Clinch River itself was born in the early 1970s when experts were predicting the U.S. would be panting for nuclear-produced electricity before the end of the century, that uranium supplies for conventional reactors would be dried up and the breeder would be the only possible alternative. But the sharp slowdown in energy demand growth in recent years and the even sharper drop in demand for conventional nuclear plants have badly tarnished the breeder's glitter. For instance, in the early 1970s government and industry studies predicted about 1,000 nuclear plants would be operating in the U.S. by the year 2000. Current Energy Department estimates are as low as about 170 reactors.

If the need for breeders is a bit fuzzy, so is the purpose of Clinch River. Backers maintain that by building and operating a relatively large-scale breeder, the government will help demonstrate to utilities the attractiveness of someday buying their own breeders. However, at least by some measures. Clinch River might well scare away prospective customers.

At an estimated price of about $3.2 billion for a 375,000-kilowatt plant, Clinch River ranks as possibly the most expensive power project ever. The Tennessee Valley Authority will be the initial purchaser of Clinch River electricity but will pay a price pegged to TVA's other plants rather than the breeder itself.

But Clinch River "was never intended to demonstrate the economics of breeders," says Wallace Behnke, chairman of Project Management Corp., which represents a consortium of 753 utilities taking part in the breeder project. Future breeder reactors should be more economical because they won't have to bear the research and development costs associated with Clinch River and will also hopefully avoid some of the costly delays and political battles the project has encountered, Mr. Behnke says. However, Mr. Behnke concedes nobody yet has reliable cost projections for future breeders.

One longtime goal for Clinch River was to prove that breeders could meet federal health and safety requirements by getting the plant licensed just like any other facility. Now, however, supporters are rethinking that objective. "We want to concentrate on getting the project going. If we don't go through licensing we can still justify the project," says John Kearney, a senior vice president of the Edison Electric Institute, the electric utility industry's main trade group.

Getting a license from the federal Nuclear Regulatory Commission could pose problems, including the possibility of having to build the facility at a more remote site for safety reasons. Such a move could add $1.6 billion to the cost of Clinch River and delay the project by 43 months, according to federal officials.

Since nobody expects Clinch River, by itself, to convince utilities to buy breeders, the Energy Department is laying plans for another demonstration plant about three times larger. The current schedule aims to get this larger breeder operating as little as three years after Clinch River starts running, says John Longenecker, director of plant development in the Energy Department's office of reactor research and technology. The current cost estimate for that plant is $3.2 billion. But that doesn't allow for inflation, adds Mr. Longenecker.

Mr. HUMPHREY. Mr. President, David Stockman is a man with—until now, at least—a great deal of credibility in the area of the functioning of the marketplace. Let us hope that his record will remain unblemished. Let me read a number of things that David Stockman had to say about the Clinch River breeder reactor when he was a Member of Congress in 1977. These remarks are excerpted from what is, in my opinion, a brilliant critical analysis of the project. According to David Stockman:

We will not need nor be able to afford the indiscriminate commercialization of every technology or process which promises to produce usable energy forms. Indeed, no technology should take its place in the energy supply system until it meets the test of competitiveness with prevailing energy prices in the marketplace.

The breeder variant of the nuclear fuel cycle will almost certainly meet this test at some point in the future; but will not do so within the time horizon contemplated in the Clinch River Development Program.

He went on to say:

The result of this premature commercialization (of the CRBR) will be billions of dollars in irretrievable loss to the economy. During the next three decades the breeder will not be the least-cost alternative for generating electricity, yet it will be the one given the overwhelming competitive advantage by virtue of having been selected as the government's choice.

That is the problem with this project, Mr. President. It is being introduced and forced along before it is able to meet the test of competitiveness. It will not be able to compete against conventional nuclear reactors for decades and decades to come.

I reiterate that I am pronuclear. In fact, I have supported the Clinch River

breeder reactor program in the past. However, having taken a fresh and comprehensive look at it, I can no longer justify it on any grounds.

Before I conclude, I wish to address several of the principal arguments of the proponents.

The first is that we need Clinch River to take advantage of the very large reserve of energy which is represented by the uranium tailings. It certainly is salutary for us to be thinking about ways to recover energy from sources where it has not been fully recovered. But if we are going to spend $2 billion, $3 billion, $4 billion, or perhaps $5 billion for recovering energy from uranium tailings, why not spend a similar amount, a similar massive amount, on recovering the huge quantities of oil which still lie in the ground, in wells where those oil reserves are difficult to extract? Why not spend several billion dollars fostering conservation in this country which represents a means of producing energy, in a sense? Of course, the answer to the question is that we should leave these matters to the marketplace.

Likewise, we should reserve to the marketplace the matter of extracting remaining energy from enrichment tailings.

Another argument made is that we should continue Clinch River because if we were to stop it now, we would compromise the long-range goals of breeder reactor research. This is not so at all. I read from a memorandum prepared by Westinghouse in 1979 for the Department of Energy's conceptual design statement:

If CRBR is, in fact, cancelled a 1,000 MWe developmental plant must still be the choice for the next plant.

Parenthetically, I point out that that is the superior design to which I referred earlier, on which a great deal of research and development has already been completed.

I continue reading:

A 1,000 MWe plant, without CRBR, will present a greater technical risk, but this risk is considered to be reasonable in view of the overall objective of developing a deployable energy option. This report should not be construed as recommending the elimination of CRBR as an important step in the progression toward the target plant. . . ."

The point is that the argument that we would compromise our research and development in the area of breeder reactors is not true, because we can leapfrog to the next generation with a risk that is considered reasonable by Westinghouse, one of the primary vendors involved in Clinch River.

Another argument is that when we stop Clinch River, we will break up the R. & D. staff. That is not true, either. I read from a letter to the editor of Popular Science magazine from Robert Staker, who was or is the Director of the Office of Reactor Research and Technology at the Department of Energy:

From my own viewpoint, as a reactor technologist, it would be comforting to have the CRBRP designed, constructed, and operating prior to the design of a larger plant; but proceeding down that path would not assure continuity of industry's key LMFBR design staff. This situation exists because the CRBRP engineering design is 80 percent complete—

Parenthetically, I point out that this is 2 years ago, and it is further along at this point. I continue reading:

and if we proceeded only with the CRBRP project, the key systems and component designers would complete their work in the very near term and the bulk of the future money spent would be on brick and mortar.

That is where we are today, Mr. President. If we go forward from this point, we will be spending money not so much on R. & D. but on brick and mortar, which does very little to advance the generation of electricity in this country.

To summarize and to conclude, the economic assumptions were wrong. The demand for electricity is not nearly as great as it was. The supply and price of uranium is great and low, respectively—that is, the supply is greater than anticipated, and the price is much lower.

There is no point in building a demonstration unit which no one will seek to license or commercialize for decades. This is a waste of scarce resources. It is unsupportable on the basis of research, in that it is outdated energy policy.

Mr. President, I will conclude by addressing one or two misconceptions. I reiterate that this is not an antinuclear amendment. I read from the May 7, 1981, New York Times editorial.

The annual vote on Clinch River has wrongly assumed a symbolic importance far beyond the merits. It is not a vote for or against nuclear power. One can favor the use of conventional nuclear reactors as part of a balanced energy system, as we do, without wanting to build Clinch River. It is not even a vote for or against breeder reactors; there is plenty of money for breeder research.

The only real issue is waste. Rarely is there better reason for both conservatives and liberals to vote against a costly project; rarely will there be more reason to remember those who vote for it.

Finally, one of the proponents of Clinch River who has circulated a "Dear Colleague" letter has asserted that the cost of terminating the project would, during the project lifetime, exceed the cost of completing it. We respectfully challenge that assertion, and I hope a case will be made for that. But, in any case, the real criterion is the cost to the economy, and on that score we are going to be wasting $2 billion, probably $4 billion or $5 billion, which could be used better elsewhere.

As a matter of fact, with regard to terminating costs and the effect on the project, the House Science and Technology Committee recently concluded that the termination costs of Clinch River would be about $44.5 million.

One last point—the matter of the technology involved: It has been stated by some, and I support this position, that Clinch River represents at this point outdated technology, that we have a better design on the drawing board. As a matter of fact, no less an enthusiastic supporter of nuclear power than Dr. Edward Teller as much as stated so in a telegram he sent to Representative CLAUDINE SCHNEIDER of the House of Representatives. I read in part from the telegram:

I continue to urge congressional support and encouragement of the American nuclear power program as it continues its development into one of the most secure, safe, and economical portions of national energy supply. However, Clinch River is technically obsolescent, and its small scale and large cost make it thoroughly inconsistent with badly needed economy in Government.

Mr. President, I ask unanimous consent that Dr. Teller's telegram be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MAY 11, 1981.

Hon. CLAUDINE SCHNEIDER,
U.S. House of Representatives,
Washington, D.C.

Congratulations on the initial success of your initiative to deauthorize the Clinch River fast breeder project. I continue to urge congressional support and encouragement of the American nuclear power program, as it continues its development into one of the most secure, safe and economical portions of national energy supply. However, Clinch River is technically obsolescent, and its small scale and large cost make it thoroughly inconsistent with badly needed economy in government.

Through review of the most effective and least expensive modern nuclear power alternatives could provide a base for congressional decisions as early as next year, emphasizing the best long-term approaches, with respect to expedited licensing and planning, nuclear power merits full congressional support. My best wishes for continued success of your present efforts to put the U.S. nuclear power program on a more sound basis.

EDWARD TELLER,
Stanford University.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have editorials published in the New York Times and the Washington Post printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 22, 1981]

DISPENSABLE PORK

After cutting funds for food stamps, youth employment, Medicaid and a host of other social programs, the Reagan Administration endorsed two highly questionable multibillion-dollar construction projects of particular interest to powerful legislators—the Clinch River breeder reactor and the Tennessee-Tombigbee Waterway.

This week the House has a chance to derail both of them. It should. An Administration and Congress asking everyone to make do with less have no right to cling to such blatant pork barrels.

The Clinch River breeder reactor, which is to be built in Tennessee, is championed by that state's Senator Baker, the majority leader. It is supposed to demonstrate the breeder's potential for using nuclear fuel more efficiently than conventional reactors. But this $3.2 billion project is apt to wind up a technological turkey. Some consider the relatively small reactor obsolescent; it might also fall short of Federal safety and environmental requirements. A House subcommittee staff recently concluded that projected costs are soaring because of lax management. And the need for even a well-conceived breeder is diminishing as demand for electricity falls and estimates of uranium supplies rise.

The Tennessee-Tombigbee Waterway, in Mississippi and Alabama, would link the Tennessee River with an existing waterway that leads south to the Gulf of Mexico. It has powerful supporters on the Appropriations Committee in two Mississippians, Jamie Whitten and Tom Bevill. About $1.1

billion has already been spent on construction over the last decade, more than half the total estimated cost.

Even so, there may be good reason to halt the project. Tenn-Tom will create a bottleneck on the waterway to the south, and easing that problem would cost another $1 billion. Moreover, both the General Accounting Office and the Congressional Research Service question predictions that enough barge traffic will materialize to justfy the linkup.

The economic case against both projects was forcefully stated by President Reagan's own budget director, David Stockman, while he was still a Congressman. Financing Clinch River, he warned, would encourage "a never-ending stream of outstretched palms" for Federal subsidies. He suggested that if Congress paid for marginal enterprises like Tenn-Tom, it ought to "go whole hog and build a pyramid in every state." The House should give both projects a pharaoh's burial.

[From the Washington Post, July 21, 1981]

THREE THAT DESERVE TO LOSE

Three very large government projects—the Tennessee-Tombigbee Waterway, the Clinch River breeder reactor and SRC I (the solvent refined coal project)—come before Congress this week. All richly deserve to be defeated.

What else do these projects—a canal connecting the Tennessee to the Gulf of Mexico, a breeder reactor demonstration plant, and a plant to make solid and liquid fuels from coal—have in common? All three are to be paid for entirely or largely from federal government funds. All have incurred immense cost overruns beyond expenses due to delay and inflation. All are way behind schedule. All are extremely expensive—between $3 billion and $4.5 billion. And none of the three makes economic sense.

It took 25 years from the time the Tenn-Tom was first authorized for Congress to become sufficiently persuaded of its merit to appropriate money for it. Congress was right the first 25 times. The canal's cost has ballooned from about $300 million a decade ago to $3 billion, but less than 20 percent of its projected benefits for the last five years actually materialized. Nearly everything else about the project is uncertain, including where the canal could sensibly end, which direction barge traffic on it will travel, who would use it and for what, and whether the benefits would ever exceed the costs of construction.

Since Clinch River was first proposed, the rationale for plutonium breeders has evaporated. Only a large and growing number of traditional nuclear electric plants, using up the available uranium fuel, would offset the breeder's greater cost and make it economically competitive. But in the last few years projected nuclear demand has plummeted, estimates of uranium availability have risen sharply, and the price of uranium has dropped. Meanwhile, the cost of the Clinch River plant alone has risen fivefold—to $3 billion—and construction has not even begun. Utilities lobby strongly on Clinch River's behalf, but do not put their money behind it: the private share of the cost is now down to 9 percent. European breeder programs, including the most ambitious in France, are on hold or being reevaluated.

The SRC I project is the youngest of the three, but it may already have set the record for cost overruns: up 99.8 percent in 18 months. As in the case of Clinch River, the government would bear most of the costs—up to 97 percent, depending on how successful the project is. The revenues now being projected by the principal contractor assume that the solid and low-grade liquid products will sell at the equivalent of oil priced at $76 a barrel, which is very unlikely. The project suffers from a number of basic design flaws.

None of these projects will yield benefits commensurate to the government's investment. Some may yield none at all. Termination would be the best choice even if there were plenty of money available. But at a time when badly needed government programs are being cut to the bone, their presence in the budget is an affront.

(The following occurred during Mr. HUMPHREY's remarks:)

Mr. HUMPHREY. Mr. President, without losing my right to the floor, I yield to the Senator from Arizona (Mr. DECONCINI).

Mr. DECONCINI. Mr. President, will the Senator from New Hampshire yield to me about 5 minutes in support of his position?

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may yield to the Senator from Arizona without losing my right to the floor.

The PRESIDING OFFICER. Before putting that question, I wish to remind the manager that there is still a unanimous-consent request to be made.

Mr. BUMPERS. Mr. President, I renew my unanimous-consent request that the amendment be in order.

The PRESIDING OFFICER. The Senator from Arkansas has renewed his request. The Chair addresses the inquiry to the Senate: Is there objection?

Without objection, it is so ordered.

The Senator from New Hampshire has a request.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may yield to the Senator from Arizona for 5 minutes without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DECONCINI. Mr. President, it is time to make some tough but realistic decisions regarding the Clinch River breeder reactor project in Tennessee.

I have supported the committee's funding of the Clinch River breeder reactor in previous bills. The promise of an electric powerplant designed to produce more nuclear fuel than it consumes, leading to unlimited future energy supplies is a worthy one. That promise justified in my mind the investment of public moneys for a research and development project.

However, we must base our decisions on available information and continuous reassessment of the costs, risks, and potential benefits. With the limited funds we have to work with, we have to decide what is practical and what is not.

Mr. President, I have previously recommended to the committee that it eliminate the requested $228 million budgeted for the Clinch River project and designate less than half of that sum, approximately $111 million, to solar and renewable resources programs at the levels approved by the House. Although the numbers have changed through committee action, the transfer of Clinch River funds to solar programs is still a good idea.

Mr. President, as my colleagues consider the arguments made both in favor and in opposition to continuing the project, I would have them take a good hard look at the one single overriding factor that has changed my mind—cost. The project costs are now estimated at more than $3.2 billion—a 450-percent increase from the original $669 million. That makes some of the overrides in defense expenditures look like nothing, and the ground has not even been broken.

The question is not on the breeder technology but on the economics and planning of this particular project. The issue is not only $180 million this year, but hundreds of millions of dollars in 1983, hundreds of millions of dollars in 1984, hundreds of millions of dollars in 1985, hundreds of millions of dollars in 1986, and so on, and so forth. We all know further increases in these estimates are inevitable.

Also, even if this 375-megawatt project is completed by 1990—again, construction has not yet started as has been pointed out by the Senator from Arkansas and others—there will still be a demand for a 1,000-megawatt demonstration plant, as the next stage of development. This will take another decade, and certainly billions more, with no guarantee of private sector support.

Mr. President, for a small fraction of this cost and with much greater private investment we can firmly establish a solar and renewable energy industry in this country. We can attain, with a fraction of these costs, renewable resources sufficient to meet the 1- to 3-percent growth in electricity demand through the 1980's and 1990's.

Mr. President, I know the distinguished floor manager has tried to bring to the floor a bill which represents the concerns of the entire committee. This has been a difficult year to be a subcommittee chairman and I commend him for the courageous job he has done. I would have offered this amendment in the full committee markup, but was unable to attend because of a previous commitment to my distinguished colleague, the senior Senator from Arizona (Mr. GOLDWATER).

However, this is a matter which requires the attention of the entire Senate, and although I have supported this technology, I believe the time has come to simply stop the project and sincerely demonstrate to the American people that we are serious in our efforts to end the waste of public funds.

Mr. President, I thank the Senator from New Hampshire.

(Conclusion of proceedings during Mr. HUMPHREY's earlier remarks.)

Mr. HUMPHREY. Mr. President, I yield to the Senator from Massachusetts.

UP AMENDMENT NO. 583

(Purpose: To set funding for the Clinch River breeder reactor project at $90,000,000 for fiscal year 1982)

Mr. TSONGAS. Mr. President, I have an amendment in the second degree which I send to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS), for himself and Mr. DURENBERGER, proposes an unprinted amendment numbered 583 to the Bumpers amendment UP 582:

At the end of the amendment add the following:

Notwithstanding any other provision of this amendment "$1,890,119,000 shall remain available until expended: *Provided*, That not to exceed $90,000,000 of the funds herein provided shall be expended for the purpose of carrying out the Clinch River Breeder Reactor Project".

Mr. TSONGAS. Mr. President, my amendment is really quite simple. The appropriation in the bill calls for $180 million to proceed with the Clinch River breeder reactor. My amendment cuts that in half, and I hope to make clear through the discussion that the purpose is to reinstitute the original concept of Clinch River, namely, cost sharing, that by the amendment the Senate would serve notice on the private sector that we intend for it to make a decision as to whether the Clinch River breeder reactor is worthwhile and should be proceeded with.

Let me state at the outset my own position on the issue. First of all, I am not antinuclear power, as most Senators know. Indeed, I have received some heat from environmentalists for that position. But that is my position.

Second, I have consistently voted for the appropriations and authorization for alternative breeder technology R. & D., which I think is important and must continue.

Finally, I am the author on the Senate side of the Magnetic Fusion Engineering Act, which passed the Senate last year and which is now the law of the land, which calls for a timetable for the development of the magnetic fusion process.

So I think that I cannot be accused of being antinuclear either in terms of the first generation light water reactor or the more advanced technologies, the breeder and particularly fusion.

The issue here is very simple, and that is that when the Clinch River project first got underway under Public Law 19–273 the project was to be a cooperative arrangement, between the private sector and the Federal Government.

The law read as follows:

That such assistance that the Commission—

This is the AEC—

undertakes specifically for this demonstration plant shall not exceed 50 percent of the estimated capital cost of such plant.

The issue that I am raising is the issue of what role the private sector has to play in making decisions.

The Wall Street Journal, as we all know, editorialized recently and said the best way to solve the energy issue is to let the free marketplace prevail and get Government out of the energy issue.

Is Clinch River worthwhile or is it not? And the debate will rage on today as it has in the past.

The argument raised in 1981 is that the best place to make that decision is in the private sector and let the marketplace prevail.

What my amendment does is very simple. It says if the marketplace, the utilities, and the various companies that produce this equipment are committed to this project, they shall cost share. If they feel it is worthwhile, if they are persuaded by those who support Clinch River, then they will put the money up as the original law intended.

If they feel that Clinch River is not worthwhile, if they prefer, for example, gas-cooled fast reactors, if they feel that light water breeders are better or heavy water breeders or even the advanced converter reactor, if they believe, as the Assistant Secretary for Nuclear Energy said, that backfittable improvements to extend nuclear fuel burned up will reduce uranium use by 23 percent, they would come to a different conclusion.

In essence, what I am asking is that we have a marketplace decision on the Clinch River breeder reactor, that Government will recognize its role and the private sector will as well.

The history has been pointed out, and that is that the 50-percent requirement that was in the original bill has been removed. And what has the industry done? The industry pledged $257 million, and yet what has remained is the actual contribution at $110 million, one-tenth of the project cost, and apparently little likelihood that they will go ahead with their involvement as long as the public sector is willing to pay for the whole thing.

There is a larger question here, and that is that we have around the country, not only in terms of the Wall Street Journal but a number of editorials, which I will have printed in the RECORD at the end of my remarks, an awareness that there is abroad in the land the notion that the private sector has a role to play and this body has been in the forefront of making that argument.

What I am giving to my colleagues is the chance to vote in support of that notion. To vote against it, to say that the private sector shall not participate, the private sector has no decisionmaking role to play violates the statements, the commitments made by most Members of this body.

If Clinch River's advocates say it is, then that must be shared obviously by the industry that will utilize it.

So what I am asking is that we go back to the 50-percent cost sharing that was contained in the original law Public Law 91–273.

There is going to be a lot of debate as to where we should put our energy dollar. Some prefer voltaics. Others prefer nuclear power, or whatever. It seems to me to be consistent with the statements made throughout this year the best place to make the argument and the best place to have it decided is in the private sector.

One of the concerns that propelled me into this amendment was the fear that in essence we are putting all our eggs into this basket. There are a number of us who feel that the Federal energy dollar, most particularly in the field of nuclear power, could better be spent on alternative breeder technology and indeed on the various nuclear fusion processes and that by putting this enormous amount of money into Clinch River we have precluded the effective use of other options and the best way, in essence, to have a determination as to what is the best alternative is, in fact, to let those people decide who are the most knowledgeable in the field.

There was a quote by Edward Teller made earlier, and let me add mine. This is a letter to Congress dated May 28 of this year in which Edward Teller said:

If the Clinch River breeder reactor and its successor reactors do not turn out to be the best way to insure perpetual availability of nuclear fuel, having chosen a less than optimum approach, the future cost to the Nation may amount to hundreds of billions of dollars.

I happen to believe that if the private sector is allowed to make a decision as to which nuclear process it wishes to pursue it will come up with a process that is far more likely to be commercialized than one which survives this body because of pressures which have nothing to do with the marketplace.

This amendment gives each Member of this body an opportunity to match by his vote and her vote the statements which we have been making for the past year: Let the marketplace prevail. Let the marketplace be the decisionmaking process and that, indeed, is consistent with what the administration has been saying and most Members of this body have been saying.

However one feels about Clinch River, whether one supports it or one is opposed to it, I think my amendment is a commonsense compromise that provides the input for the private sector that I think is so essential.

Mr. President, the amendment is cosponsored by Senator DURENBERGER of Minnesota. He has not yet arrived, so I would request—I would at this point yield the floor with the understanding that when he comes he may be given the opportunity to speak in its behalf.

Mr. JOHNSTON addressed the Chair.

Mr. HUMPHREY. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HUMPHREY. Who has the floor?

The PRESIDING OFFICER. The Chair recognizes the Senator from Louisiana.

Mr. HUMPHREY. I believe the Senator from New Hampshire had the floor and yielded to the Senator from Massachusetts.

Mr. TSONGAS. The Senator is correct.

The PRESIDING OFFICER. The Senator from Louisiana will refrain for a moment while I consult with the Parliamentarian.

The Chair wishes to inquire of the Senator from New Hampshire, since the Parliamentarian was not present at the time recognition was given to the Senator from Massachusetts, did the Senator from New Hampshire yield for the purpose of the Senator from Massachusetts presenting the amendment? I recollect he did it to the Senator from Arkansas, but I do not have a recollection of it having been done for the Senator from Massachusetts.

Mr. HUMPHREY. In any case, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. TSONGAS. Mr. President, will the Senator from Louisiana yield for 1 second? I ask for the yeas and nays on my and Senator DURENBERGER's amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TSONGAS. I thank the Chair.

Mr. JOHNSTON. Mr. President, when the issue of Clinch River is finally laid to rest, hopefully by dedicating that marvelous and technically proficient machine, it will be as if we have laid in the grave an old friend whom we have gotten to know very well, because this issue has come up each and every year as it has progressed since I have been in the Senate.

The arguments are always the same, the result is always the same. We have won this, those of us who believe, I believe, the issue is progress—those of us who believe in that progress have won by a margin of about 2 to 1 in most instances, and in some instances it has been perhaps closer. Even when the President of the United States and his Secretary of Energy strongly opposed the project we have maintained it in both Houses. I suspect the outcome is going to be essentially the same today.

Mr. President, this is not obsolete technology. The breeder reactor is recognized by all industrial countries as being on the edge of technological development. The recent IFCE, International Fuel Cycle Evaluation, from Vienna, with the International Atomic Energy Agency, all those countries made a finding that the breeder reactor is important technology.

The question is what kind of breeder, Mr. President? There are a number that can be considered. There is, for example, the gas-cooled breeder reactor. This Congress recently went on record as slashing the funding for the gas-cooled breeder reactor on the ground that its technology is not right, and we have, in effect, already chosen the right technology.

There are water-cooled breeder reactors. But, Mr. President, those are a long way from being as developed as the liquid metal fast breeder reactor. Indeed, all of the countries which are making choices for breeder reactors are going to liquid metal, that is to say, sodium-cooled breeder reactor. That is what Clinch River is, a sodium-cooled breeder reactor.

There are those who say, Mr. President, that it is obsolete because it is only 375 megawatts, and that we ought to leapfrog up to 1,200 megawatts, as the French have done in their Super Phenix program.

But, Mr. President, the French went first not from the Rhapsodie, which was 40 megawatts, to Super Phenix, 1,200, but they went to the intermediate step of Phenix which was, I recall, 260 megawatts.

Why do we and why did the French and why did the Soviets go to an intermediate-sized reactor? Because, Mr. President, the persuasive scientific view is that to scale up that far in technology is not sound scientifically or from an engineering standpoint, that you need a two-step process to go all the way to the optimum-sized breeder reactor of something over 1,000 megawatts, perhaps 1,200 as in the case of the French Super Phenix.

Mr. President, I guess, as I say, it is not obsolete, it is not as obsolete as sodium technology. The small incremental changes in heat exchangers and in pumps and in valves and in that kind of small technology, those are small incremental changes which, indeed, are learned by doing. It is only by getting this breeder reactor in operation that we learn how to improve it. It is not a whole generation of difference in technology that goes from here to 1,200; it is not different in kind. It is different only in size, and according to all of the persuasive scientific opinion we need to take this step, this intermediate step.

In the final analysis, Mr. President, I guess it is the same kind of question as we had in the SRC–1 question. In effect, are we going to eat our scientific seed corn? Do we as the United States want to continue to be on the edge of technological development or have we so lost that American spirit that says we want to lead the world that we are willing, even intentionally, to stop a program in midstream because we are too timid to commit what really in terms of the technology involved are modest dollars, to complete an ongoing project in which over $1 billion has been spent?

We have some recent examples, Mr. President, of what it means not to make those kinds of technological investments. Look at the automobile industry. Is there anybody who doubts that Japan has gotten ahead of the United States in automobiles? Look at the sales figures. Out of all the loyalty that Americans have they still rush out to buy Japanese cars and German cars. Is that because the Japanese or Germans are smarter than Americans? Oh, no. It is because they have invested in their technology, and that investment puts them ahead of us.

We saw the same thing happen in the steel industry—no investment, therefore, they are more effcient than we are.

We have seen the same thing happen with television sets. They tell me there are no radios made in the United States, none, no radios made, whatever it is, Motorola or all the rest. They are made out of the country. We let them get that technological leap on us.

In communications the same thing is true.

Now we still lead in a few areas, Mr. President. We still lead in space satellites, we still lead in computers, we still lead in aircraft, in jet engines. I mean it is the 727 that flies the world, and the Boeing 747, and all of us are thrilled when we take those rare and occasional trips abroad to see American technology in the form of aircraft.

And, you know, there is another area in which we lead, and that is nuclear power. Most of the nuclear reactors around the world are what we call the Westinghouse PWR. Some of them are licensed by the French company Farmotone, but they are American technology developed here and being sold abroad.

We are losing some orders now on the light water reactor, but we are still leading in that technology. We are falling vastly behind in breeder technology. You know we are not the only country out there in breeder technology. The French are there, the British are there, the Germans are there. They are all cooperating in a reactor much larger than this. The Russians are there with a reactor much larger than this.

This is not going to catch us up, but this keeps us in the ball game, and at least it says that America is not so timid as to withdraw from the race altogether.

I hope, Mr. President, that we will have guts enough in an age of budgetary stringency to face up to the fact that if this country is going to stay great, if we are going to stay on the top edge of technology and not fall behind, as we have in autos and radios and televisions and steel and what is becoming a long list of technologies, if we do not do that, Mr. President, we will stay on top and we will perhaps regain our lead.

We have the spirit, we have the people, and we have the brains. The question is do we have the will.

Mr. President, as I say, this is verse 5 or 10 of this same refrain. We have to go through and say the same arguments over and over again. I think the Senate is ready to vote on this matter.

So, Mr. President, if no one else absolutely insists, I am prepared to move to table the amendment.

Mr. DURENBERGER addressed the Chair.

Mr. McCLURE. Will the Senator yield briefly to me?

The PRESIDING OFFICER. The Senator from Minnesota also seeks recognition.

Mr. JOHNSTON. Mr. President, I have not yielded the floor, but I will yield the floor. This could go on all night.

Mr. President, I ask unanimous consent, therefore, to be recognized after the Senator from Minnesota and the Senator from Idaho have been recognized for the purpose of making a motion to table.

Mr. TSONGAS. I object.

The PRESIDING OFFICER. There is an objection.

Mr. JOHNSTON. Mr. President, if there is an objection, I really think, at 6 o'clock at night—we have scores of Senators who want to talk. We have discussed this for over an hour. I think the issue is ripe, Mr. President.

Mr. McCLURE. Mr. President, will the Senator yield without losing his right to the floor?

Mr. JOHNSTON. Yes.

Mr. McCLURE. Mr. President, it has been discussed all afternoon. I have been waiting for one of two people who have been talking for the last hour and a half to take a deep breath so I would have a chance to get in here. And this is the first time you breathed deeply.

Mr. JOHNSTON. Not I.

Mr. McCLURE. I would hope we would have the opportunity to at least express our opposition to the pending amendment and in support of the Senator's position.

Mr. JOHNSTON. Mr. President, I am not one to press. If the Senate wants to, at 6 p.m., continue to debate for another couple of hours, I am not going to move to table.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I rise to support the amendment that would limit the appropriation for the Clinch River breeder reactor to $90 million in fiscal year 1982. The concept behind this amendment is a good one, and although not fully implemented by the actual language of the amendment, it is one that the Senate ought to use to resolve the debate over the Clinch River project.

When the Clinch River breeder reactor project was originally conceived the Federal Government did not intend to be the primary source of funds. Rather the project was to be a partnership between the Federal Government and private industry to demonstrate this new technology. As you well know and have heard in the debate, the Federal Government was to limit its financial participation to one-half of the cost of the project. Over the years, the nature of the project has changed a good deal. It has become much more expensive to complete and it appears that the Government is now expected to put up almost the full cost of $3.2 billion. Financial contributions from the nuclear industry to date and in the long run are less than one-tenth the Government contribution.

The amendment that we consider today would move us in the other direction. It would allow Clinch River to go forward, but only if the nuclear industry would share a substantial portion of the cost of completing the project. And after all, that is the test that this administration would have us apply to all near-term energy technologies. The new energy policy, the policy initiated in the reconciliation process and reflected in this appropriations bill, says that whether the technology be alcohol plants, windmills, solar collectors, conservation retrofits, or breeder reactors, if it is near term the decision to employ it should be left to the marketplace. All that we ask in this amendment is that the policy be applied equitably to all technologies.

The breeder reactor is a near-term technology. The Federal Government has for many years supported the research and development that led to the plans for Clinch River. CRBR is a commercial demonstration of a technology that is ready for a marketplace decision. Breeder reactors are currently under construction in other nations. In these respects, breeder reactors are no different than alcohol plants or wind generators. If we are not going to provide loan guarantees for alcohol fuels, if we are not going to provide tax credits for the use of solar, wind, and other renewable resources, if we are going to leave all of these choices on our energy future to the marketplace, then we have no business paying 90 percent of the cost for a breeder reactor.

Last fall the Federal Government made many commitments to small companies to provide financial support for new plants that would produce new fuel resources from renewable feedstocks. The administration has done its very best to back out of every commitment that it could. I do not think that was right. These projects and the Federal participation were authorized by an act of Congress, the Energy Security Act. The Carter administration made commitments—signed contracts—with many of these producers and they risked substantial amounts of their own equity to begin planning and construction. I am doing what I can to make sure that these commitments are honored.

I think that we should do the same for the breeder reactor. We originally committed to 50 percent of the cost of this project. It is a commitment that we ought to fulfill. The Federal Government has already spent over $1 billion on the CRBR project. We could fulfill our commitment with modest outlays over the next several years. But we ought not to fund the entire cost of the plant. We ought to make it as clear as we can at the next opportunity to consider the authorization for Clinch River that the Government's role in financing this project will be limited. That if the project is to go forward it will take a substantial commitment from the nuclear industry—a substantial dollar commitment—to get the project finished. Only in that way can we be sure that the choice of breeders over solar or biomass or synthetic fuels is justified by the economics of each fuel resource.

Mr. President, the reason for my opposition to this issue is relatively simple. I have supported Clinch River in the previous two opportunities that I have had to speak to this issue and to vote on this issue. But today we are faced with quite a different approach to energy policy in this country. And to the degree that the administration's policy becomes the policy of this country, I think the position that we take on the Federal role in financing the Clinch River project ought to reflect that policy whether we agree with it or not.

Mr. President, I am not entirely in support of this administration's marketplace approach to energy policy. I do not believe that there is a marketplace out there that can decide between fuel resources and when they should be brought into production. In fact, there is in a sense no marketplace at all. The price of oil determines what will and will not be our energy future, because oil is such a large part of our current consumption. And the price of oil is set by Saudi Arabia and the cartel of OPEC nations. So long as we remain primarily dependent on oil and so long as we import such a large portion of our consumption, we are not—the marketplace is not—in control of our energy future. Rather we are dependent on political events in foreign nations which are completely unpredictable. In those circumstances I think it would be better to use the revenues from the windfall profit tax to subsidize near-term technologies—fuel resources that are slightly more expensive than oil now but which will be much cheaper in the long run. That policy which includes tax credits for solar and renewables, loan guarantees for synthetic fuels and projects like CRBR could insulate our Nation from future oil shocks.

But, Mr. President, that is not our policy. Our policy is to let the marketplace choose among the near term technologies. And if that is our policy we should apply it to all fuel resources including breeder reactors. So I would encourage my colleagues to vote for this amendment and to limit the role of the Government in Clinch River as we are limiting it for all other future energy resources.

Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I shall be very brief. I will make only one comment with respect to the remarks that have just been made by my good friend from Minnesota.

If, as a matter of fact, we are going to apply that test, let us apply it across the board. Let us start talking about photovoltaics, let us talk about the investment in conservation, let us talk about the investment across the board in all the energy initiatives. If, as a matter of fact, we are going to just allow the marketplace to do it, as the Senator suggests, then I would suggest to you to let us take a look at what we are going to be doing in the authorizing legislation and I will assure you there will be some changes in that authorizing legislation. I mean that very sincerely and very forcefully. Because if, as a matter of fact, we are going to adopt a segmented rationale with respect to governmental research and development on technologies that obviously have no near-term payoff, then I am going to try to apply some consistency to that argument.

Mr. President, I rise in strong opposition to the Bumpers-Humphrey amendment. I do so with all due respect for my two distinguished colleagues and friends and their obvious good intentions. But I must speak candidly and forcefully against their amendment. And, I must do so as I have had to do every year since 1976.

It is an interesting historical perspective, Mr. President, that we have been voting at least once, and often twice, a year on this project. In 1977, the main theme was President Carter's new emphasis on nuclear nonproliferation and how Clinch River, a wholly domestic energy supply project in the world's leading nuclear weapons state, would destroy the Carter nonproliferation policy.

In 1978, the main arguments reemphasized nonproliferation, but curiously started including the cost issue, suggesting dependence on foreign breeder projects. Then in 1979, after the Three Mile Island incident, the opponents of the project and the White House seized on the nuclear safety issue—even developing a White House so-called "White Paper" to document the safety issue. Next in 1980, we suffered the electricity demand reduction, decreased nuclear future and increased uranium resource arguments from the opponents and the Carter White House.

In 1978 and 1979, we were promised the magic of a so-called conceptual design study or CDS of a prototype large breeder reactor which would again prove that we did not need CRBR, but should go directly to its successor project the PLBR and would give us a design of PLBR. The CDS was to be completed

early this year, but, lo and behold, we found out that the Carter White House and Energy Department made certain that there really was not a PLBR design. Along the way, we have been told that the nonproliferation alternative systems assessment program (NASAP) in the Energy Department and the International Nuclear Fuel Cycle Evaluation (INFCE) with 66 participating nations both would prove domestically and internationally that there was no continued rationale for Clinch River or the breeder program.

We even found a year ago that the Carter White House was planning actively and secretly for an effective end to the entire breeder program, if there were a second Carter administration. So today's debate is yet another chapter in the continuing saga of Clinch River.

I must commend the Senator from Arkansas for his tenacity on this issue. He has led the opposition year after year. His work in coordination with the Carter White House against the project was never ending. In reviewing the Dear Colleague from the Senator from Arkansas and the Senator from New Hampshire, I am struck that the letter is a compendium of past arguments recycled, so to speak, to fit into today's rhetoric of fiscal austerity and free market principles.

I, also, am struck that the fiscal austerity argument regarding budgets and costs reflects the nearly 5 years delay in construction activity which has resulted directly from the opposition of the Carter White House, in concert with opponents of Clinch River in the Congress. We would not be here today debating appropriations to proceed with construction, if the Carter administration in the spring of 1977 had not derailed licensing and stopped the project. And, we would not be here today, on the other hand, if this Senate and this Congress had not defeated the several predecessor amendments of the Senator from Arkansas over the past 5 years.

For the last 4 years, the Congress rejected the Carter administration's recommendations to terminate the project. The House in considering its fiscal year 1980 DOE authorization bill (H.R. 3000) on July 26, 1979 overwhelmingly rejected (237 to 182) an attempt to kill CRBR. Similarly, on September 27, 1979 when the full Senate was given the opportunity to vote on a proposal by Senator DALE BUMPERS, Democrat of Arkansas, to delete CRBR funding from a continuing appropriations resolution (H.J. Res. 404), it was tabled by a significant 64 to 33 margin. More recently, both House and Senate versions of the Omnibus Reconciliation Act of 1981 included authorization to continue funding of the Clinch River breeder reactor project. Furthermore, in action on the fiscal year 1982 energy and water development appropriations bill, the full House voted 206 to 186 against an amendment offered by Representative LAWRENCE COUGHLIN, Republican of Pennsylvania, to delete funds for the Clinch River project; and in the Senate Appropriations Committee an amendment by Senator BUMPERS, Democrat of Arkansas, to delete CRBR funding was defeated 9 to 6.

So here we are again for yet another reconsideration and review of Clinch River, with most of the opponent's arguments premised on their success, with the Carter administration, in slowing the project and stopping construction over the last 4 years. Let us make that review, Mr. President, and I am convinced we can still show the project merits the funds in this bill.

The Reagan administration supports the project and accordingly requested $254 million in the DOE fiscal year 1982 authorization bill for its continuation. David Stockman, Director of OMB, reiterated this support in a recent letter—attached—to DOE Secretary Edwards. Mr. Stockman left no doubt that the administration strongly believes CRBR is compatible with President Reagan's free-market approach to energy. He said that:

The Clinch River breeder reactor should be constructed and operated—not as a commercialization activity or as an economical power generator—but rather as the logical next step in breeder research and development.

This position was also conveyed by Mr. Stockman in letters dated March 1981 and May 1981 to Senator EDWARD KENNEDY and Congressman LARRY WINN respectively.

The President has said as late as yesterday:

NOVEMBER 3, 1981.

DEAR HOWARD: I am concerned that efforts may be made to eliminate funding for the Clinch River Breeder Reactor when the Energy and Water Development Appropriation bill comes before the Senate. After years of indecision, it is particularly important for our nation to proceed with this demonstration of breeder reactor technology. We have already invested over $1 billion in design and fabrication of components for the Clinch River Breeder Reactor. By completing this important project, we will gain the necessary technical information for making a sound decision on future commercial use of breeder reactors to supply electricity.

I strongly support full funding of Clinch River and would urge all of your colleagues in the Senate to support continuation of the project.

Sincerely,

RON.

THE ENERGY VALUE OF BREEDER REACTORS

Breeder reactors represent a tremendous source of energy. They can extend our uranium resources by a factor of about 60 times. The energy value of uranium already mined and above ground—the byproduct of our enrichment operations that can only be used in breeders—is roughly equal to our total unmined coal resources or at least three times the total OPEC oil resources.

To walk away from demonstration of this vital energy source would be a clear signal to energy consumers and other nations that we are not serious about pursuing increased energy production to reduce worldwide shortages and to reduce our perilous and costly dependence on foreign energy sources, such as the OPEC nations.

Almost every other industrialized nation is actively engaged in a strong breeder research and development program centered on an intermediate scale demonstration plant. These nations fully recognize the dramatic resource utilization potential of breeders compared to light water reactors (60 fold increase). France, Britain, and Russia are currently operating CRBR scale plants, and the recently completed 66-nation International Nuclear Fuel Cycle Evaluation (INFCE) study strongly endorsed moving ahead with breeder development.

GENERAL ACCOUNTING OFFICE VIEW

On May 7, 1979, the General Accounting Office issued a detailed report entitled "The Clinch River Breeder Reactor—Should the Congress Continue to Fund It?" Some of its highlights are:

The Clinch River Project is not technically obsolete, and its intermediate size is a logical and prudent step in developing liquid metal fast breeder reactor technology.

Terminating the Clinch River Project accomplishes very little in the area of nonproliferation.

If the Clinch River Project is terminated, much of the $1 billion already spent on it will be wasted.

It will be difficult at best and perhaps impossible to maintain a strong liquid metal fast breeder reactor program without building the Clinch River Project.

On May 11, 1979, the Carter administration released a white paper detailing its criticism of the CRBR plant. GAO was asked to do an analysis of this document and issued its report entitled "Comments on the Administration's White Paper—The Clinch River Breeder Reactor—An End to the Impasse" concluding: GAO found that the (Carter) administration's presentation of several key issues and facts could have been more balanced and informative.

In reference to the White House paper, the GAO report is replete with words such as "misrepresentation," "omission of facts," "invalid assumption," and "highly questionable."

The GAO has not changed its view since 1979.

THE CHALLENGES TO CLINCH RIVER

A number of the allegations which have been made by opponents of the CRBR demonstration plant should be kept in perspective:

CLINCH RIVER IS THE RIGHT PLANT

After 4 years of rigorous licensing review by the Nuclear Regulatory Commission, the CRBR design has been updated to reflect safety standards consistent with conventional nuclear plants. CRBR represents a prudent 2½ times scale-up beyond the fast flux test facility and is a necessary low technological risk, high-confidence step in the development of breeder technology. The CRBR technology is advanced well beyond the capability of other international programs in many areas, such as the steam generator, primary sodium pump and the intermediate exchanger. Thirteen independent Government reviews since 1975 have confirmed that Clinch River is not technologically obsolete.

Moreover, in a June 2, 1981 letter, the technical accomplishments of the project were strongly reaffirmed by a group of 17 renowned scientists representing Scientists and Engineers for Secure Energy. Many new technological advances are being incorporated into the CRBR design such as the new heterogeneous core. Additionally, the abundant flexibility in the reactor provides the opportunity for U.S.

before, and I hope we can settle the issue definitively this year. The project has unfortunately proceeded very slowly since its inception more than a decade ago, and a variety of budgetary and economic circumstances has made it imperative to again review the wisdom of continuing this demonstration project. Mr. President, I feel that these changed circumstances indicate that the Clinch River projects should be terminated.

Before addressing the specific reasons for opposing Clinch River, I would like to emphasize that a vote against this project is not a vote against nuclear power in general nor breeder technology in particular. Along with many of my colleagues who oppose this project, I applaud the recent initiatives by the President and Secretary Edwards to renew America's nuclear industry.

I might add that the distinguished chairman of the Energy Committee, Mr. McCLURE, also deserves commendation for proposing much needed changes in line with the President's initiatives. The nuclear industry has been shackled too long by complex and time-consuming regulatory procedures. Given the 10- to 14-year lead time needed to bring a nuclear plant on line under current licensing procedures, and given the high cost of money in today's markets, an investment in a nuclear plan has become prohibitively expensive.

In the past few months we have seen a disheartening succession of plant cancellations, plants being mothballed, and huge cost overruns on construction. A major reason for these setbacks is simply the time needed to license a plant and meet the changing regulatory climate. Each day of delay in a nuclear plant now adds almost $1 million a day in interest costs alone.

So I welcome the initiatives of the Reagan administration as a start toward alleviating the problems of the nuclear industry. Regulatory streamlining should go far to cut the ruinously expensive costs facing utility investors in nuclear plants. A rational nuclear waste policy will allow utilities to operate in a more certain long-term regulatory environment. And continuing research on both current and advanced generations of nuclear plants will provide us with a variety of options for improving the fuel efficiency and costs of nuclear power.

Even though we must continue to pursue our nuclear option vigorously, I am not convinced that the Clinch River breeder reactor is a necessary part of this policy. The arguments made 15 years ago by proponents of Clinch River simply do not hold up in 1981, and will not hold up in the foreseeable future.

My colleague from New Hampshire has admirably presented the economic arguments for terminating Clinch River, so I will not belabor this point. Let me just emphasize that continuation of the project will result in yearly appropriation requests that will strain an already overburdened budget. Clinch River itself will cost at least $2.2 billion over the next 8 years, and the normal cost overruns and inflation will probably increase this figure considerably. After the project is completed we will face much larger requests for the 1,000-megawatt demonstration project which must be undertaken before private industry will begin to invest in breeder reactors.

Mr. President, we are all painfully aware of the dimensions of the budget deficits which face us this year and in coming years. In these conditions committing ourselves to untold billions of dollars for breeder demonstration plants can only be undertaken if the technology is economically and technically sound and is necessary to achieve the goal of energy independence. I do not believe Clinch River meets any of these criteria for funding in a time of budgetary restraint.

First, breeder technology is not economically competitive and probably will not be for at least 50 years. A study by the Los Alamos Scientific Laboratory this spring estimates that breeder technology will not be competitive with that of light water reactors or coal until the middle of the next century. We would achieve a greater return on our investments in energy if we were to emphasize improvements in light water reactors, improved coal generating plants, or in conservation.

Second, the Clinch River project does not use state-of-the-art technology. By the time the liquid metal fast breeder technology used at Clinch River is commercially proved, the technology will be 30 or 40 years old. The French and British are already building more advanced reactors. Termination of Clinch River, furthermore, would not in any way signal an end to our breeder program. Another $400 million in breeder research is included in this bill. This research should prepare us adequately to be able to move quickly to demonstration of the technology when it is really needed.

Third, the argument that breeder reactors are needed to replenish our diminishing supplies of fissile uranium and plutonium is no longer valid. In place of the uranium shortage predicted just 4 years ago, we now have a uranium glut. We now have enough proven uranium resources for 10 times the number of light water reactors that will be on line in the 1990's. Improvements in the current generation of light water reactors could extend our uranium supply at least until the end of the next century, if not longer.

Fourth, breeder reactors are not a panacea for producing energy independence. We import liquid fuels, not electricity. In fact, America has ample capacity to produce electricity using existing technologies and domestic energy resources. We have abundant supplies of coal, geothermal energy and hydropower to generate electricity. If we ever decontrol natural gas, I expect to see a rapidly increasing supply of this versatile resource. Additionally, we have great potential to make our buildings and factories more energy efficient. The Office of Technology Assessment estimates that cost-effective conservation investments could save us over 3 quads of energy, enough to offset the need for 50 large nuclear plants.

Mr. President, Clinch River would make more sense if we were moving more rapidly toward an electricity-based energy supply system. If more Americans were heating their homes with electricity, if we were using electricity to produce synthetic fuels such as methanol from coal or hydrogen from water, then Clinch River would represent a rational policy option. But the fact is that we are not moving in that direction.

The rate of growth of electricity consumption has halved in the last 8 years. The ratio of energy growth to GNP growth has fallen from 1.1 to 1 in the 1960's to 0.4 to 1 in the 1970's. The facts are that we are using energy more efficiently and that we can meet any need for increased generating capacity in the foreseeable future with existing technologies. Breeders simply are not needed at the present time.

Finally, Mr. President, I would like to comment on the Clinch River project as a part of our overall energy policy. The United States has been blessed with a variety of abundant energy resources which can provide us with a balanced energy supply system. We should pursue all of our promising energy options. We should continue our efforts to find environmentally sound ways to burn coal and to convert coal to liquid fuels. We should continue to pursue means to achieve greater energy efficiency in our buildings and factories. We should continue our efforts to perfect geothermal, solar and wind technologies. And finally we should continue to explore ways of improving conventional nuclear technologies as well as advanced light water reactors and fusion energy.

Mr. President, my concern is that by investing so heavily in breeder technology at a time of budgetary restraint, we will foreclose some of our other energy options. The bill we are now discussing contains a reduction in research on conventional nuclear reactors. We also are cutting in half our solar and geothermal programs. Last week in the Interior appropriations bill we drastically cut our research on advanced, clean-burning coal combustion technologies and on conservation.

My concern is not that we must cut energy research programs. We must do this to meet our budgetary goals and some of the research is merely a subsidy to uneconomic technologies anyway. My concern is that we will not be able to pursue all of our promising energy supply options. If we go ahead with Clinch River and the follow-on 1,000-megawatt breeder demonstration we will be committing ourselves to one technology inevitably at the expense of others.

I have already argued that breeders are not cost effective and are not really needed at this time. Our limited budget dollars would be better spent on technologies that better meet our short- or medium-term energy needs in a more cost-effective way.

I, therefore, think we should terminate this project so that in the future we can have the budgetary flexibility to pursue those energy supply options which best suit our needs. We might choose breeder reactors in the distant future, Mr. President, but in the immediate future we have much cheaper and much more appropriate options before us. Our budget simply cannot take massive investments in technologies which will not be useful for 20 years and will not be cost effective for half a century.

leadership in demonstrating the practicability of various fuel cycles.

CLINCH RIVER WILL BE OPERATING AT THE RIGHT TIME

Experience in licensing, building, and operating an intermediate scale breeder demonstration plant will be needed in the early 1990's if prudent decisions are to be made by utilities about the long-term need for inexhaustible energy from breeders. Even if one were to accept the argument that commercialized breeders would not be needed before 2020, as maintained by many opponents of the program, we are already late with progress on CRBR.

CLINCH RIVER CAN BE BUILT AT THE RIGHT COST

More than $1 billion has already been spent on CRBR. It has been estimated that, if canceled, the cost of CRBR to the American taxpayer would be more than $1.2 billion. This compares to an estimated completion cost for the project of less than $2.2 billion in year of expenditure dollars. The more than half a billion dollars' worth of components, prototypes and test items that have been ordered represent more than 60 percent of the estimated cost of the major equipment procurement for the project. Scrapping Clinch River and starting over on a new plant will undoubtedly cost a great deal more. The utility contribution to Clinch River is the largest commitment ever made by the industry at large, 753 utilities participating. Cancellation of the project would jeopardize the possibility of any future joint ventures involving private funds.

CLINCH RIVER IS THE RIGHT PLACE

As a result of extensive review by the Nuclear Regulatory Commission, the Clinch River site was given approval as suitable from both a public health and safety and an environmental impact standpoint. The hearings, suspended by the Carter administration, will provide the opportunity for full weighing of any remaining public concerns regarding the plant and its operation.

Mr. President, these facts would lead this Senator and has led this administration to the following conclusions:

First. From the evaluations by NASAP and INFCE of the need, timing and economics of the LMFBR, it is clear that there is the need in the major industrialized nations to be in a position to deploy the breeder around the end of the century.

Second. The U.S. LMFBR program requires an orderly development program and the CRBR is a key part of that program. The CRBR design is current, incorporating many United States and foreign technological advances. The CRBR size is an appropriate scaleup from the fast flux test facility (FFTF) and other pilot plants and represents a prudent balance of risk, cost and schedule. It can accommodate changes required to demonstrate the LMFBR system, including fuel systems. Throughout its development, the CRBR has been supported by, and has been an integral part of, a broadly based LMFBR technology program.

Third. Construction and operation of the Clinch River Plant will provide the comprehensive, sound technical base needed to move the breeder technology forward toward the goal of being able to deploy breeders around the turn of the century. The major, if not the prime, component in the technology learning curve is the experience gained in the construction and operation of complete interacting and interfacing components in total systems, such as the Clinch River breeder reactor.

The director of OMB, Mr. Stockman, has laid out the administration's strategy in his letter of June 23, 1981, to Secretary Edwards as follows:

Hon. JAMES B. EDWARDS,
Secretary of Energy,
Washington, D.C.

DEAR JIM: Thank you for your June 10, 1981, letter discussing key aspects of the current breeder program strategy. I agree that we must assure that Congress is fully informed as to the purpose of the CRBR Project and its role in the current strategy. My letters to Members of Congress have affirmed that the Administration's commitment to the economical and safe development of nuclear energy includes assuring that breeder technology is advanced sufficiently to permit the private sector to make market decisions regarding its future commercial development.

Projections of electricity demand growth have decreased substantially since the development of the original breeder commercialization program by the Atomic Energy Commission in the early 1970's. In light of this, the Reagan Administration has developed a new breeder strategy that will place full responsibility for commercialization in the private sector.

In line with this new strategy, the Administration needs to move forward with the necessary research and development work to permit a resolution of the technical uncertainties that would otherwise prevent the private sector from judging the commercial feasibility of the liquid metal fast breeder reactor.

The current breeder program as proposed by the Department of Energy is in total accord with this approach. The Clinch River Breeder Reactor should be constructed and operated—not as a commercialization activity or as an economical power generator—but rather as the logical next step in breeder research and development.

In summary, the current breeder program strategy should be clearly focused on advancing the technology *only* to the stage that permits market forces to determine future commercial deployment.

I look forward to working with you to assure that Congress is fully advised regarding the overall breeder strategy and the importance of proceeding with the Clinch River project.

Sincerely,

DAVID A. STOCKMAN,
Director.

So in the end, Mr. President it is time to finally end this issue by defeating again the Bumpers amendment before us.

Mr. JOHNSTON. Mr. President, again I hesitate to move to table, but all good things must come to an end.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays on the Humphrey amendment at this point, the Bumpers-Humphrey amendment.

The PRESIDING OFFICER (Mr. RUDMAN). Is there objection to ordering the yeas and nays on the underlying amendment? Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TSONGAS. Will the Senator yield?

Mr. JOHNSTON. If I may yield for 2 minutes without losing my right to the floor. Mr. President, I ask unanimous consent that I be allowed to yield for 2 minutes to the distinguished Senator from Massachusetts, at the conclusion of which I will again be recognized.

Mr. QUAYLE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

The Senator from Massachusetts.

Mr. TSONGAS. Mr. President, I want to make clear that the issue we are going to vote on first is the cost-share amendment. It is not up or down on Clinch River. It is the amendment offered by myself and Senator DURENBERGER, costsharing. There has been no rebuttal to the issue of costsharing. The rebuttal by my distinguished colleague from Louisiana never mentioned costsharing.

How do we come up with it? It was in the original bill. The argument is used that Clinch River is not obsolete, but what we say very simply is let the private sector decide that.

The question is raised, what kind of a breeder? We say let the private sector decide that as well.

The question is raised about the forefront of technology, what about Federal tests?

What we are saying is that consistent with the original bill, the original concept, and the discussions in 1981 about the private sector, our amendment reduces the appropriation in half and calls upon the private sector to provide the other half consistent with the original intent of the Congress.

I want to make sure that the Members understand that what they are voting on right now is not Clinch River up or down, but the larger question of cost sharing, which is important not only vis-a-vis Clinch River, but the entire argument about what the role of the private sector is in the energy issue in this day and age.

I thank the Senator from Louisiana for yielding.

Mr. QUAYLE. Will the Senator yield for a brief moment?

Mr. JOHNSTON. I will yield for a brief moment without losing my right to the floor.

Mr. QUAYLE. Mr. President, I want to commend my colleagues Mr. HUMPHREY, Mr. BUMPERS, Mr. TSONGAS, and Mr. DURENBERGER for raising this extremely important issue before the Senate. We have considered the question of the Clinch River breeder reactor many times

Mr. JOHNSTON. Mr. President, I move to table the Bumpers-Humphrey——

Mr. BUMPERS. Will the Senator yield before he moves to table?

Mr. JOHNSTON. For what purpose?

Mr. BUMPERS. Why does the Senator object to an up-or-down vote?

Mr. JOHNSTON. For one reason: it saves us two votes and, for another——

Mr. BUMPERS. You are going to move to table the Humphrey-Bumpers amendment?

Mr. JOHNSTON. Yes.

Mr. President, I move to table the amendment.

Mr. TSONGAS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TSONGAS. What is the pending business?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Massachusetts to the amendment of the Senator from Arkansas. The Senator from Louisiana has the floor.

Mr. JOHNSTON. Mr. President, I move to table the Bumpers-Humphrey amendment.

Mr. GLENN. Will the Senator withhold that request? I have a statement I wish to make. I understand a motion to table is not debatable. Is that correct?

The PRESIDING OFFICER. Does the Senator withhold his motion to table?

Mr. JOHNSTON. Mr. President, this keeps going on and on. We had 2½ hours this morning. We have been on this amendment for 2 hours this afternoon. It is after 6 o'clock. If the Senator insists, I will not move to table. I beg him not to insist. I beg him to put his statement into the RECORD. A number of Senators have said, "Please move to table."

I will put it in the Senator's hands, if he insists.

Mr. HATFIELD. If the Senator would yield for a moment, let me underscore what this Senator said a moment ago. As manager of the bill, for 2½ hours we begged this amendment to come to the floor this morning. The proponents of this amendment did not bring it to the floor. We have had 2½ hours that we sat here as managers of the bill under a continuing quorum call. At this hour of night, I think we have given ample time for consideration.

I happen to be on the side of the Senator from Arkansas, but I want to say in all deference to the other Senators who were ready to do business today, this amendment was not offered and we were asking for amendments to be offered all morning long.

Mr. GLENN. If I might make a short statement, we all have our responsibilities. I spent all morning in the Foreign Relations Committee with Secretary Haig discussing some of our foreign policy matters. I had lunch with King Hussein and came back from meeting with the King for another hour and a half just now.

It is not that I have been sitting around all day delaying things. I do not know what the problem was in bringing it up.

Mr. JOHNSTON. Maybe we can get a unanimous consent. How much time does the Senator want?

Mr. GLENN. Let me make a summary statement for 5 minutes.

Basically, my statement is this: the scale of technology that we are talking about with Clinch River is a scale of technology that several other nations have seen fit to bypass.

The PRESIDING OFFICER. Will the Senate be in order? Does the Senator from Louisiana yield the floor?

Mr. JOHNSTON. Mr. President, I ask unanimous consent that I might be allowed to yield to the Senator from Ohio for not to exceed 5 minutes, retaining my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Ohio.

Mr. GLENN. In summary let me state that while we have continued with Clinch River, other nations have gone from a smaller reactor and then gone to a large reactor. Clinch River is basically a move from a small reactor to a medium-sized reactor which other nations, quite a number of them, have seen fit to bypass.

There is no reason why we should go ahead and waste money on a scale technology that has already had its demonstration elsewhere. Rather we should move directly to the larger near-commercial scale, if we wish to continue in this particular direction.

While I am very much more in favor of breeder reactor research, I am not for the Clinch River breeder reactor because we do not need it. It is a waste of money.

If we are really going to be serious about commercializing the breeder reactor, let us go to 1,200-megawatt reactors instead of the 375-megawatt size for this one at Clinch River. We can bypass this step as the United Kingdom has planned to, and a number of other nations including France have done.

Mr. President, I think we have been pouring money down a rathole. We have talked to a number of nuclear scientists who have indicated that if we are going this route we should not be going with the Clinch River breeder reactor, we should be going to a bigger one, one that really means business. We do not need this intermediate step.

While I would have preferred to do away with all funding for Clinch River through the Bumpers amendment as it was presented, I think that, perhaps, the amendment of the distinguished Senator from Massachusetts will have the effect of doing the same thing, because, as I understand it, the scale of participation that has been asked of the commercial interests of this country is unlikely to be met; indeed, it is not even close to being met. If we ask them to meet 50 percent of the costs of this project, it will put them on line. If they want this reactor they can help fund it. If they do not want it, then we can move onto a decent-sized breeder reactor or a bigger breeder reactor. That is the same pattern that is followed by other nations that have gone ahead of us, and I think that will be a practical way to go.

Mr. President, I appreciate the Senator from Louisiana yielding time on this. I urge my colleagues to vote with the distinguished Senator from Massachusetts on his 50-percent participation amendment.

● Mr. LEAHY. Mr. President, for a number of years I have been opposed to the building of the Clinch River breeder reactor because I believe this program presents an unreasonable risk to the public health and safety, and because this facility is a waste of the taxpayers' money.

The point I will make today is simple. The Clinch River breeder reactor is the latest in a long series of nuclear white elephants which have cost the taxpayers of this Nation billions of dollars but have never provided any measurable benefits to our citizens.

During this year, we have spent more effort on reducing waste in the Federal budget than ever before. We have cut programs to fund basic human needs. We have cut scientific development. The President has asked us to slash the funding for alternative energy sources such as solar energy and energy conservation which are so important to the people of my State. Yet, while the President has been asking everyone to tighten his belt, he has increased Federal spending for nuclear power by 30 percent.

The nuclear power industry is obviously in trouble. But the nuclear industry's difficulties, any more than any other industry's, cannot and should not be solved by throwing the taxpayers' money at the problem.

Over the past three decades, the Federal Government has given the development of nuclear technology the most aggressive support of any new technology ever supported by the Federal Government. Unfortunately, in its enthusiasm to develop every aspect of nuclear technology, the Federal Government has not tempered its enthusiasm with equal fiscal vigilance. In fact, for many years, billions of dollars have been wasted by projects which appeared technologically attractive and intellectually exciting but which, again and again, have turned out to be expensive white elephants. The Clinch River breeder reactor is the latest in the long series of such projects.

To put its development in perspective, I would like to review a few of the projects which the Federal Government has funded in past years in this area.

The first of these was the nuclear-powered airplane. The concept behind this program was that the heat from a nuclear reactor could be used to provide jet propulsion. Year after year, Congress was warned that the Russians were ahead in this vital area, and year after year the Congress authorized millions to support the project.

It was soon recognized that the nuclear jet plane suffered from an insurmountable problem. If enough lead shielding were placed on the plane to protect the passengers from the radiation produced by the engine, the plane would be too heavy to get off the ground.

At one point, the Atomic Energy Commission proposed using old pilots in the planes. Since they had a shorter time to

live, a little extra radiation would do less harm.

In what would have been the most star-crossed technological combination imaginable, it was even proposed that nuclear jet engines be placed on the C–5A cargo plane.

The C–5A had the unfortunate habit of dropping engines in flight. The core of a nuclear jet engine—in a single year—would be more radioactive than a Hiroshima bomb. Imagine if the C–5A had dropped a nuclear jet engine?

This program has now been abandoned by us and the Russians, yet the American taxpayers spent over $1.5 billion supporting this project over 11 years.

Then there was the nuclear-powered buzz bomb. It was designed to use a nuclear-powered rocket to send atomic bombs on our enemies. Unfortunately, the nuclear rocket engine spewed millions of curies of radioactivity over friendly territory on its way to its target.

It, too, was abandoned—but not until after hundreds of millions were wasted.

If not a jet, if not a rocket—perhaps then a nuclear-powered spaceship. It was an intriguing idea—the ship could fly forever. It was even proposed that it could "intercept potentially hostile space vehicles." The principal problem in space flight, unfortunately, is not flying forever but getting off the ground in the first place.

Never mind that NASA thought the program was a waste of money. Over $1.5 billion in taxpayers money was wasted on this project as well. By the way, that engine was tested at a site called Jackass Flats, Nev.

If not in the air—perhaps on the sea. The idea—build a nuclear-powered merchant ship which could steam forever. Never mind that merchant ships want to call at port regularly to unload their cargo. Over $100 million was spent on this program before it was abandoned.

And then there was the proposal to use radiation to preserve food. It was abandoned after scores of millions were spent.

And then there was Project Plowshare. Nuclear bombs would be used to excavate canals and release natural gas. Over $150 million was spent on this project before it also was abandoned.

But my favorite is plutonium-powered long-johns developed to keep deep sea divers warm. Let me quote from the Atomic Energy Commission's press release:

> The device . . . warms a garment of the "long john" type worn under the diver's suit. . . . The water is warmed in a bottle-shaped heat exchanger . . . which contains four capsules of plutonium 238 fuel.

I do not know how much was wasted on plutonium-powered long johns, but there is no record they were ever popular with divers.

When all the other arguments have fallen by the wayside, it is argued that we must continue spending these huge amounts of money on breeder reactors because the French are doing it. Why our program is more expensive than the combined French, British, German, and Japanese program is never explained.

Nevertheless, Mr. President, it is argued, we cannot lose out to the French.

I did not understand the French attitude to the breeder program—which will obviously be an economic failure—until I studied the French decision to build the Panama Canal in the course of our debate on that matter.

Because Ferdinand de Lessups had built a sea-level canal at the Suez, he decided that the glory of France demanded a sea-level canal be built at Panama. Of course, there was a mountain in the way in Panama. You have all seen the pictures of the hulks of the rusting French heavy equipment which they left when they abandoned the project.

And we all know the story of how the United States—using a more practical plan—succeeded and, with this project, established its place in the world as a major economic power.

The breeder decision is really the same type of decision. We can spend our very tight research dollars to build better, more efficient uranium-powered reactors and coal plants or gamble billions on a whole new type of reactor which will be twice as expensive as our present powerplants.

The French made that gamble with their sea-level canal and lost to the United States. The French gambled on the SST and again lost to the U.S. jumbo jets.

Let them gamble again on a "white elephant" breeder while we concentrate on building more efficient coal and uranium plants. They will surely lose again.

The only purpose of a breeder reactor is to create electricity. The United States has 400 years of coal and 100 years of uranium supplies—all of which can be used to generate electricity. It makes no energy or economic sense to spend billions more to develop a substitute for coal and uranium, our most abundant domestic fuels.

In summary, Mr. President, from Jackass Flats, to the nuclear-powered C–5A, to the plutonium-powered long johns, the nuclear research program has been a parade of nuclear white elephants. I think it is time to stop making the taxpayers finance the parade. I support the cancellation of the Clinch River breeder reactor.●

Mr. KENNEDY. Mr. President, I support the amendment offered by the Senator from Massachusetts.

The administration proposal for $254 million for the Clinch River breeder reactor is a classic example of its misguided energy policy.

It is a policy that cuts promising programs by over 60 percent—like solar research—that will reduce our dependence on imported oil and increases funding for programs that will do little or nothing to reduce our energy dependence—like Clinch River—by 14 percent.

It is a policy of oil price decontrol at a cost to Massachusetts consumers of $25 billion during this decade while providing $3 billion for the Clinch River project.

The administration justifies its drastic budget cuts for solar, and other renewable sources by placing increased reliance on private market forces. What I fail to understand is why an administration that claims so deep a commitment to the free market continues to countenance vast Federal subsidies for nuclear projects like Clinch River.

Not too long ago, the present Director of OMB wrote to his Republican House colleagues to oppose funds for Clinch River. Mr. Stockman said at the time that the $3 billion Clinch River project is "totally incompatible with a free market approach to energy policy." Apparently Mr. Stockman's faith in the free market has been shaken in recent months.

This amendment walks a middle road between total elimination of the Clinch River project and full Federal funding.

If Clinch River has commercial potential, it is not unreasonable to ask private industry to shoulder half the cost.

An administration that would cut 70 percent of the solar and conservation because it believes the private sector can take over should apply the same reasoning to Clinch River.

Mr. President, the issue posed by this amendment is one of fundamental fairness. Fiscal restraint is needed but it must be fair—an administration that wants reductions for CETA job training for unemployed workers in depressed industries and inner cities should not be advocating what Mr. Stockman once termed "a large, uneconomic subsidy" that is nothing more than a CETA program for nuclear engineers.

Mr. President, I urge my colleagues to support this amendment.

Mr. BAKER. Mr. President, once again we are engaged in a debate over the future of the Clinch River Breeder reactor project. And if the script and principals in the debate have a familiar quality, it should not surprise us, because we have been through the essential arguments many times.

For at least 4 years, the Clinch River project has been attacked with a variety of arguments for termination, arguments which have, one by one, been dismissed by a resolute Congress. The Clinch River breeder reactor is a technologically advanced, necessary, and prudent step in the development of this country's breeder reactor option. It is a technology demonstration plant, and it is clearly a proper role for the Federal Government to continue its support for development of this new technology.

Since the final cost estimates were presented in early 1975, the cost escalation in the Clinch River plant has marginally exceeded the cost escalation which all of us have felt in the Consumer Price Index, and I might add, it has been a much smaller escalation than the general inflation in energy prices during that period.

More than $1 billion has been spent on the project, a project which has matured to the point of 85 percent completion in design, $500 million worth of equipment on order, and $125 million in completed components awaiting construction. The net cost of terminating the project would, over the project lifetime, exceed the cost of completing it.

Mr. President, this project can be completed by the late 1980's, according to DOE estimates, at an additional cost equivalent to 10 days of imported oil. Consider that, my friends. For the price of 10 days imported oil, this country can maintain the only proven technology capable of supplying our energy needs into the 21st century and beyond. That is a key point that we should not dismiss lightly. Some have suggested that the United States might purchase French breeder technology, but these arguments fail to deal with the fact that the French design does not currently meet U.S. licensing standards.

Mr. President, in view of the commitment which this Nation has made and will continue to make in the LMFBR program, it would be folly not to proceed with construction of a technology demonstration facility in concert with our basic research program.

Mr. President, it serves little purpose to summarize again all of the technical considerations in support of the Clinch River breeder reactor. The question I wish to discuss now is not the detail of whether the steam generator technology is the most advanced in the world—many believe it is. Nor do I wish to debate whether the loop design is better than the French pool design—most observers point out that both designs have their merits and demerits. Nor do I wish to press the point of the advanced core design which was developed during the 4-year hiatus of the past administration, even though that design was considered such a leap ahead that it prompted a French physicist to refer to the American innovation with resigned admiration as "our second Waterloo."

Mr. President, I doubt that one can find a single, high-technology issue of this nature on which experts will not disagree on one point or another. I would only point out that the substantial majority of experts in LMFBR technology continue to believe that the Clinch River breeder is an entirely appropriate step in the American development of LMFBR technology. And when distinguished panels of scientists meet, deliberate, and reach a consensus conclusion on such issues, I believe it is imperative that we listen.

I would remind my distinguished colleagues of the conclusions of the International Nuclear Fuel Cycle Evaluation Conference of 66 nations—66 nations whose experts on nuclear power in 1980 strongly reaffirmed the need for continued worldwide development of the liquid metal fast breeder reactor. The INFCE report noted that the breeder reactor has better health, environmental, and safety prospects than today's nuclear powerplants, and that the economic prospects are comparable to today's generation of plants. Scientists and engineers for secure energy, whose roster lists 900 distinguished scientists and 8 Nobel Prize winners has noted recently that—

> In view of recent political developments in certain western countries, particularly France, the Clinch River breeder project may become the only reliable technological undertaking of its kind in the free world.

Mr. President, this Nation has wisely, I believe, made a commitment to the development of LMFBR system, a commitment which France, Great Britain, Germany, Japan, and the Soviet Union have also made. They are actively and vigorously pursuing this process while we have temporized, redesigned, debated, and in the end, done nothing. I am pleased to note that the President has, in his recent policy statement committed this administration to reactivation and reinvigoration of the U.S. LMFBR program. The President has urged the rapid completion of the Clinch River demonstration plant as a key element in that program.

Mr. President, if this Nation wants to continue an LMFBR development program, then the question of economics argues in favor of the demonstration project in question. The main uncertainties concerning the LMFBR are not technical, as is the case with unproven technologies such as fusion. They are economic, but not in the sense that my distinguished colleagues who argue against this project would have us believe, because this is a technology demonstration, and an important economic demonstration. The economic questions for the LMFBR fuel cycle can only be answered by developing real-world experience in the assembly and operation of such a plant, by experiencing the actual duty cycles, observing the operation and reliability of plant components, and finally and importantly, by gaining experience with the entire breeder reactor fuel cycle.

This administration has wisely, in my judgment, committed itself to such a program. It has rededicated this country to the pursuit of all energy options now within our grasp. I believe that decision today is as wise as it was 10 years ago when the Clinch River reactor project was conceived, and I urge my colleagues to stand by this commitment and to see this project to immediate construction and rapid completion.

Mr. TSONGAS. Mr. President, I say to the Senator from Louisiana that the motion to table affects two amendments. If the motion to table succeeds, I shall come back later and raise the same question over again and take much more time. So I ask that the motion to table be withdrawn so we can have two votes on the cost-sharing amendment by myself and the Senator from Minnesota; should that fail, then the amendment by the Senators from New Hampshire and Arkansas. Should the Senator from Louisiana decide not to do it, I fully intend to bring it back and have a full discussion of the issue at that point.

It is not meant as a threat, Mr. President, but I want a clear vote on the issue of cost sharing. The Senator from Louisiana can have it now or have it with more extended debate later this evening.

Mr. JOHNSTON. Mr. President, in view of the comments of the distinguished Senator from Massachusetts, I move to lay on the table the amendment of the Senator from Massachusetts and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that it be in order to then have an immediate vote on the motion to table the Bumpers-Humphrey amendment and that those votes be separated but back to back. Mr. President, let me withhold the request for the yeas and nays.

Mr. President, I shall not make this request now, but I should like to explain it to give Senators a chance to object.

I would ask unanimous consent that we have back-to-back votes on motions to table, first, the Tsongas amendment and, second, the Bumpers-Humphrey amendment; that there be no intervening debate; and that both be 15-minute rollcalls. I shall not ask for the yeas and nays until we get it cleared through the majority leader.

Mr. BUMPERS. If the Senator will yield, why not make the second rollcall a 10-minute rollcall? Everybody will be here.

Mr. JOHNSTON. I think that is a good idea. I would not want to ask it unless the leadership agrees on that.

Mr. President, I understand that it is now cleared by the majority leader, so I ask unanimous consent that the motions to table the two amendments, with votes of 15 minutes and 10 minutes respectively, occur back to back with no intervening debate.

The PRESIDING OFFICER. Is there objection to the request by the Senator from Louisiana?

Mr. JOHNSTON. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. The yeas and nays have been ordered on the motion to table the amendment by the Senator from Massachusetts.

Mr. JOHNSTON. I ask for the yeas and nays on the other motion to table.

The PRESIDING OFFICER. It will take unanimous consent to make the motion to table the first-degree amendment.

Mr. BUMPERS. Mr. President, just a minute; I object.

The PRESIDING OFFICER. There is objection.

Mr. JOHNSTON. Mr. President, we had just gotten unanimous consent to have the two votes back to back on the motion to table.

The PRESIDING OFFICER. But the yeas and nays had not been ordered, not requested nor ordered, on the second request; only on the first request.

Mr. JOHNSTON. It is only to the question of yeas and nays that the objection was interjected. Is that right, Mr. President?

The PRESIDING OFFICER. That is correct.

Mr. BUMPERS. Mr. President, in that case, I withdraw my objection.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Chair wishes to pose a question.

Is there objection to ordering the yeas and nays on the motion of the Senator from Arkansas at this time?

Mr. BUMPERS. Mr. President, reserving the right to object, what is the par-

liamentary situation if the motion to table the amendment of the Senator from Massachusetts fails? At that point, what would be the pending business?

The PRESIDING OFFICER. At that point, the Senator will be recognized to move to table the underlying amendment by the Senator from Arkansas.

Mr. BUMPERS. Further reserving the right to object, Mr. President, as I understand the parliamentary situation at this point, the vote will be on a motion to table the Tsongas amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. A motion at this time, or the request for the yeas and nays at this time on a motion to table the underlying amendment is not in order except by unanimous consent?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. But, Mr. President, was the preceding unanimous-consent request to table both on back-to-back votes agreed to?

The PRESIDING OFFICER. The Senator is correct, it was agreed to.

Mr. BUMPERS. Then my question is this: If the Tsongas amendment is tabled, then the unanimous-consent request would control and the motion to table the Bumpers amendment would be in order, but the yeas and nays would not.

The PRESIDING OFFICER. They would have to be requested at that time.

Mr. BUMPERS. And they could be requested by anybody; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Then I object to the second part of it.

The PRESIDING OFFICER. The objection to the second part of the request has been heard.

Mr. JOHNSTON. Mr. President, I renew my motion to table the Tsongas amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to death in the family.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from Nevada (Mr. CANNON), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 43, nays 51, as follows:

[Rollcall Vote No. 354 Leg.]

YEAS—43

Abdnor	Cochran	Domenici
Andrews	D'Amato	East
Baker	Danforth	Garn
Bentsen	Denton	Gorton
Burdick	Dole	Grassley
Hawkins	Long	Stafford
Hayakawa	Mathias	Stennis
Heflin	Mattingly	Symms
Heinz	McClure	Thurmond
Helms	Murkowski	Tower
Huddleston	Pressler	Wallop
Jackson	Sasser	Warner
Johnston	Schmitt	Zorinsky
Kasten	Simpson	
Laxalt	Specter	

NAYS—51

Armstrong	Exon	Mitchell
Baucus	Ford	Nickles
Biden	Glenn	Nunn
Boschwitz	Hart	Packwood
Bradley	Hatch	Pell
Bumpers	Hatfield	Percy
Byrd, Harry F., Jr.	Hollings	Proxmire
Byrd, Robert C.	Humphrey	Pryor
Chafee	Inouye	Quayle
Chiles	Jepsen	Randolph
Cohen	Kassebaum	Riegle
Cranston	Kennedy	Roth
DeConcini	Leahy	Rudman
Dixon	Levin	Sarbanes
Dodd	Lugar	Tsongas
Durenberger	Matsunaga	Williams
Eagleton	Melcher	
	Metzenbaum	

NOT VOTING—6

Boren	Goldwater	Stevens
Cannon	Moynihan	Weicker

So the motion to table the amendment (UP No. 583) of the Senator from Massachusetts was rejected.

Mr. JOHNSTON addressed the Chair.

Mr. BAKER. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, if I understand the order that was entered previously, it was for back-to-back tabling motions. Since this motion to table was not agreed to, it would appear to me that the orderly procedure would be to go ahead and have a vote now on the Tsongas amendment. I am perfectly willing for my part to do that on a voice vote, and then we can proceed with a motion to table the Bumpers-Humphrey amendment. Mr. President, I make that request.

The PRESIDING OFFICER. Is there objection?

Mr. DECONCINI. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. What I am trying to do is just facilitate the adoption of the Tsongas amendment. There is no parliamentary device involved here. I am perfectly willing to go on with the tabling motion. But it seems to me that a voice vote in 30 seconds will dispose of this and get us to the prime issue, which is the Bumpers amendment.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. BAKER. Yes.

Mr. TSONGAS. If the Senator agrees to a voice vote on my amendment, and my amendment becomes in essence the Bumpers-Humphrey amendment, we would then have a motion to table which will be identical in fact to what we have just voted upon.

Mr. BAKER. No, it is not identical. It would be an amendment to the Bumpers-Humphrey amendment, but it would be the Bumpers-Humphrey amendment to be tabled. We are going to have a vote on that anyway because it has already been ordered.

Mr. TSONGAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TSONGAS. If there is a voice vote on my amendment, does not my amendment now modify the Bumpers-Humphrey amendment?

The PRESIDING OFFICER. The amendment of the Senator from Massachusetts is a perfecting amendment to the amendment by the Senator from Arkansas and the Senator from New Hampshire.

Mr. TSONGAS. If that amendment is agreed to, then a vote on Bumpers-Humphrey is, in fact, a vote on my amendment, which is just exactly what we did.

Mr. BAKER. Mr. President, parliamentary inquiry. Is it not true that this amendment was an add-on to the Bumpers-Humphrey amendment, an addition to it?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. It is not an identical vote. It will contain the identical material, but the tabling motion against the Bumpers amendment would include both the Bumpers-Humphrey language and the language adopted in Tsongas.

I do not press the point. We are taking more time arguing about it than we would save by doing it, so I withdraw the request, Mr. President.

Mr. JOHNSTON. Mr. President, I move to table the Bumpers-Humphrey amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the question now is on agreeing to the motion——

Mr. TSONGAS. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Massachusetts will state it.

Mr. TSONGAS. Could the Chair state what differences there are, in effect, between the upcoming vote and that which we have just voted upon?

The PRESIDING OFFICER. The Chair cannot interpret the legislative result of each vote. The Chair can only state the parliamentary situation on each vote as it occurs.

Mr. TSONGAS. Further parliamentary inquiry, Mr. President, is it not true that the vote that is going to take place now is exactly the same as the vote which just took place, which was the vote on the Tsongas amendment?

The PRESIDING OFFICER. It is the same as the Humphrey-Bumpers amendment. The Chair cannot interpret the result of the forthcoming vote. The Chair can only state that the vote at this time will be on the motion of the Senator from Louisiana to table the amendment offered by the Senator from Arkansas and the Senator from New Hampshire.

Mr. TSONGAS. As amended by——

The PRESIDING OFFICER. Will the Senator withhold?

Mr. McCLURE. Mr. President, I wonder if——

The PRESIDING OFFICER. I would like to have the Senate in order. Will

Senators please clear the aisles and take their seats since we must answer specifically parliamentary inquiries, and the Chair is unable to hear the inquiry.

The Senator from Idaho.

Mr. McCLURE. Mr. President, I think I have a copy of the Tsongas amendment, and I hope that the copy I have is the same as the one at the desk.

Is it not correct that the Tsongas amendment provides that "at the end of the amendment add the following," and that it is an addition to and not a substitution for the Bumpers-Humphrey amendment?

The PRESIDING OFFICER. The Senator has correctly stated the procedural status of the amendment.

Mr. McCLURE. The question before us then is the composite of the two, the Humphrey-Bumpers as amended by the Tsongas amendment which added language to it.

The PRESIDING OFFICER. The question is on agreeing to a motion to table the first degree amendment, the amendment offered by the Senator from Arkansas.

Several Senators addressed the Chair.

Mr. GLENN. Mr. President, parliamentary inquiry.

Mr. BUMPERS. Mr. President, I would like to make a unanimous-consent request, and I hope the leader and the distinguished floor manager will agree to it. It would essentially vitiate the previous unanimous-consent request, because I think the objection to the voice vote on Tsongas has been withdrawn.

I ask unanimous consent that we voice vote the Tsongas amendment, and then allow a tabling motion on the Bumpers amendment.

Mr. BAKER. Mr. President, I would urge that the Senate do that. That is going to get us out of this predicament, and that is precisely the way it ought to go, in my judgment.

The PRESIDING OFFICER. Is there objection?

Mr. GLENN. Mr. President, reserving the right to object, would it be in order to have the amendment read that we are going to vote on?

The PRESIDING OFFICER. This will be the Bumpers amendment—will the Senator state precisely what he would like to say?

Mr. GLENN. The motion to table has been defeated, we have not taken any action on the amendment of the Senator from Massachusetts, is that correct?

Mr. BAKER. Mr. President, what we propose in the request, as I understand by the Senator from Arkansas, and which I heartily support, is that the Tsongas amendment, which was not tabled, now be adopted by voice vote, and then that the Senate proceed to vote on a motion to table the Bumpers-Humphrey amendment, as amended.

Mr. GLENN. That would take care of my objection. I was concerned about not taking any action on the Tsongas amendment.

The PRESIDING OFFICER. Is there objection to that request? The Chair hears none, and it is so ordered.

Mr. BAKER. Now, Mr. President, is there a tabling motion pending?

The PRESIDING OFFICER. The question would now be on agreeing to the amendment of the Senator from Massachusetts (putting the question).

The amendment (UP No. 583) was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the motion to lay on the table the amendment of the Senator from Arkansas, as amended by the amendment proposed by the Senator from Massachusetts.

Mr. BUMPERS. Mr. President, parliamentary inquiry. Will this be a 10-minute rollcall as provided for?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, are the yeas and nays ordered?

The PRESIDING OFFICER. They have not been ordered.

Mr. BAKER. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from Nevada (Mr. CANNON), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 48, nays 46, as follows:

[Rollcall Vote No. 355 Leg.]

YEAS—48

Abdnor	Hatch	Packwood
Andrews	Hawkins	Pressler
Baker	Hayakawa	Randolph
Bentsen	Heflin	Rudman
Burdick	Heinz	Sasser
Cochran	Helms	Schmitt
D'Amato	Huddleston	Simpson
Danforth	Jackson	Specter
Denton	Johnston	Stafford
Dole	Kasten	Stennis
Domenici	Laxalt	Symms
East	Long	Thurmond
Ford	Mathias	Tower
Garn	Mattingly	Wallop
Gorton	McClure	Warner
Grassley	Murkowski	Zorinsky

NAYS—46

Armstrong	Durenberger	Melcher
Baucus	Eagleton	Metzenbaum
Biden	Exon	Mitchell
Boschwitz	Glenn	Nickles
Bradley	Hart	Nunn
Bumpers	Hatfield	Pell
Byrd, Harry F., Jr.	Hollings	Percy
Byrd, Robert C.	Humphrey	Proxmire
Chafee	Inouye	Pryor
Chiles	Jepsen	Quayle
Cohen	Kassebaum	Riegle
Cranston	Kennedy	Roth
DeConcini	Leahy	Sarbanes
Dixon	Levin	Tsongas
Dodd	Lugar	Williams
	Matsunaga	

NOT VOTING—6

Boren	Goldwater	Stevens
Cannon	Moynihan	Weicker

So the motion to lay on the table UP amendment No. 582 was agreed to.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, there will be no more votes this evening.

Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

Mr. BUMPERS. Mr. President, a motion to reconsider is debatable, is that not correct?

Mr. BAKER. The motion to table is.

Mr. BUMPERS. Mr. President, you recognized the majority leader and he moved to reconsider. I ask, is that not debatable?

The PRESIDING OFFICER. The Chair will inform the Senator that the motion to reconsider a vote on a nondebatable issue is nondebatable.

Mr. JOHNSTON. Mr. President, I move to lay that motion to reconsider, if it is in order, on the table.

Mr. BUMPERS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, I have already indicated that there will be no more votes tonight.

THE BARNWELL NUCLEAR FUEL PLANT

Mr. THURMOND. Mr. President, today the Senate is considering an important appropriations bill, H.R. 4144, the energy and water development appropriations bill for fiscal year 1982. I am pleased to note that the bill contains $10 million for research and development activities of the Barnwell Nuclear Fuel Plant located near Barnwell, S.C.

As most of my colleagues are aware, the Barnwell plant is the Nation's first largescale commercial reprocessing plant. It was never utilized, however, to reprocess spent light water reactor fuel because of President Carter's decision in April 1977 to indefinitely defer commercial reprocessing. Since that time, Congress has each fiscal year provided a modest amount in research funds to keep this facility from being closed.

These funds, in my opinion, have been well spent. Valuable research programs have been and are being conducted at the Barnwell plant. We have kept open the possibility of one day utilizing this national resource for its intended purpose—reprocessing of commercial spent fuel.

The time for decisionmaking with regard to the future of the Barnwell facility is at hand, however, and the convergence of several factors indicates that a decision will soon be made. President Reagan, in his policy statement on nuclear power issued on October 8 of this year, officially lifted the ban on commercial reprocessing activities in the United States. The administration has stopped short of involving the Federal Government in such reprocessing activ-

ities, and has instead emphasized that the private sector should take the lead in developing commercial reprocessing. At the same time, however, owners of Barnwell and others in the private sector have responded that reprocessing has become commercially impracticable.

They point to problems such as the possibility that a future President may reimpose the ban on reprocessing, the uncertainties and difficulties surrounding the near-term licensing of any reprocessing facility, and the absence of a program for the management of high-level waste. These considerations led to a recent decision by Allied Corp., one of the owners of the Barnwell plant, to begin to write off the facility as an asset and to take steps to shut it down. In doing so, however, these companies emphasized that their business decision did not in any way alter their commitment to carry out an R. & D. program for fiscal year 1982, if approved by Congress.

Despite these recent developments, or perhaps because of them, I believe that there are two basic reasons why the ongoing R. & D. activities at Barnwell should be continued through fiscal year 1982. First, continuation through the coming year is necessary to obtain the full benefit of such research. The fiscal year 1982 program at Barnwell will, for example, complete the development of a sophisticated nuclear safeguard system that would allow Barnwell and other reprocessing plants to operate more safely and efficiently under optimum safeguards.

This 1982 safeguards demonstration program, which involves a procedure for monitoring plutonium inventories while a plant is in operation rather than having to shut a plant down to perform that function, will include participants from a number of other countries, including Japan and Germany. Without such a demonstration at Barnwell in 1982, it is unlikely that this new safeguards system will be utilized at foreign reprocessing plants.

A second reason why continuation of the Barnwell program is necessary is that it will allow time for potential private investors to evaluate whether and under what circumstances Barnwell might be purchased and operated by the private sector. As I mentioned earlier, the current administration strongly supports reprocessing by the private sector. Also, despite the conclusion reached by the owners of Barnwell that it is commercially impracticable for them to attempt to complete and operate the plant, some interest has been expressed by private concerns in forming a consortium to purchase and operate the plant as a reprocessing center. More time is needed for this option to be explored, particularly for the Secretary of Energy to discuss with potential private purchasers how inhibiting policy and regulatory barriers might be removed or reduced.

Again, such efforts would comport with the administration's overall nuclear energy policy, the President having announced in his October 8 statement that he would pursue consistent, long-term policies concerning reprocessing and would eliminate regulatory impediments to commercial interest in reprocessing.

Also, the President has requested that the Director of Science and Technology Policy and the Secretary of Energy study the feasibility of utilizing the breeder reactor program to provide a stable market for private sector reprocessing.

Mr. President, I commend and thank the leadership of the Committee on Appropriations for including $10 million for R. & D. activities at Barnwell through fiscal year 1982. For reasons which I have just outlined, I anticipate that this will be the last fiscal year for which Congress will appropriate such funds. This is, however, a crucial decisionmaking period regarding this facility. Continuation of the research program through 1982 will allow time to explore and evaluate various ways to achieve the goal of operating the Barnwell plant as a reprocessing center.

● Mr. LEVIN. I would like to ask the Senator from Oregon (Mr. HATFIELD) about the $24.75 million that is appropriated for Three Mile Island research. As I understand the language of the committee report, this money is solely for research and development, not for cleanup. Is that correct?

Mr. HATFIELD. The Senator from Michigan is correct. The moneys for Three Mile Island are specifically appropriated for research and, as noted in our report,

> The committee is concerned, however, that the funding provided be used only for legitimate R. & D. activities and not for work expected to be performed by GPU in cleanup and restoration of the facility.

Mr. LEVIN. Many of our colleagues—as well as taxpayers—are concerned that Federal tax dollars not be used to "bail out" the Three Mile Island facility. I would like to clarify that the committee intends that this $24.75 million be used for research not for demonstration; that the committee expects the DOE will be monitoring the cleanup to assure that it is done adequately, so that the DOE's effort is in addition to the actual cleanup, which will be the sole responsibility of the utility. It is my understanding that the committee does not envision that this money fund a demonstration plan with the DOE cleaning up to show the utility how such accidents should be cleaned up. If this is the meaning of the committee's report language, what assurance do we have that this money will not be so used?

Mr. HATFIELD. The committee will request that the Department of Energy report fully to the committee and the Congress on the use of these funds and adequately record that the $24.75 million is not used for any cleanup activities that appropriately should be funded by the utility. Further, the committee will require that such assurances are adequate before considering providing any more funds for R. & D. next year.

Mr. LEVIN. I thank the Senator from Oregon for his statement and for putting the Department of Energy on notice that we will carefully check to make sure that the Department lives up to the letter and spirit of this agreement.●

● Mr. JACKSON. Mr. President, the funding for basic research in the Federal budget is crucial to insuring the long-term technical superiority of the American economy. We can never know apriori which basic research project will pay dividends to our economy at some point 15 or 20 years down the road. However, it is crucial that we maintain an adequate level of funding for basic research so that new discoveries can keep the pipeline of technological advances full.

Recently a meeting was held at the National Academy of Sciences to discuss the issue of Federal funding of research. At the conclusion of that conference, a statement was released indicating the consensus arrived at by the 100 prestigious scientists in attendance. I ask that a copy of their statement be printed in the RECORD at this point.

The statement follows:

STATEMENT

The conference on research and development was a meeting on October 26–27, 1981, of about 100 university officials, laboratory directors, industrial research executives, scientists and engineers, and individuals experienced in public policy, who were drawn together at the invitation of Dr. Frank Press, President, National Academy of Sciences. The conferees met to discuss the impact of the prospective budget reductions proposed by the Administration upon the Nation's scientific research capabilities. Officials of the Administration discussed their proposals with the group. Observers from the staff of the Congress and the press were present. The conferees reached consensus on the following:

The problems of the economy—inflation, high interest rates, industrial stagnation—have eroded research and development just as they have impacted other sectors of our society. The participants in the conference understand that the nation must pass through a period of restraint in public expenditures. Yet the proposed reductions in the President's September or Fall Budget will do irreversible damage unless longer term research, in contrast to development and demonstration, is protected.

It is the view of the conference that continued sound investments in research and development by the Federal Government are essential to our national goals, including public welfare, a strong national security, and a renewal of growth in productivity. Much of our economic growth over the last three decades is directly attributable to research and development that has been supported by both government and industry and even earlier investments in research. Because of the important relationship between research, technology and increased productivity, the expressed goals of this Administration for a strong economy and improved national security demand more, rather than less investment in basic research. Furthermore, the intrinsic relation between the performance of basic research and the training of scientists and engineers makes continuing strong support necessary to prevent future critical personnel shortages.

Within the current support by the government of research and development, nearly $40 billion, less than 15 percent represents basic scientific and engineering research. Support of scientific research is a public expenditure from which all sectors of society benefit. Basic science is a long-term investment, and depends on government support. There are no significant sources of support for such a collective benefit which can replace the Federal Government.

Instability and abrupt changes in funding have severe effects: research teams are broken up; investments in experiments involving large facilities such as accelera-

tors, spacecraft, oceanographic vessels and other instruments are poorly used. The continued flow of new researchers into our industrial and university laboratories is best maintained by their stable and continued participation in university based graduate research.

Because of low investments in research over a decade and high inflation, many fields of science are now especially sensitive to decreases or increases in funding. The conference urges that the Government plan carefully for the support of the natural sciences, engineering sciences and social sciences, and protect such plans from abrupt change.

In the March budget revisions the Administration recognized the general, long accepted principles of the Federal role in support of research and development. There is special concern for defense and renewed growth in productivity.

The proposed reductions in the President's Fall Budget Program would establish an overall percentage cut in all the various budgetary accounts. The conference strongly recommends instead that the Administration and Congress should:

View research and development across the entire government, making budgetary adjustments or reductions that maintain the basic sciences by reallocating funds between research and development;

Instruct Departments and Agencies to maintain the strength of science in agency budget allocations;

Direct a larger part of the increased budget for national security to the funding of basic research that is essential to the maintenance of that security;

Recognize that the scientific base of the nation has suffered a decade of little or no growth and must be strengthened in order to maintain competence in the nation's laboratories;

Recognize that education in the sciences is inextricably linked to research and continue graduate student support through research grants, fellowships, and traineeships;

Recognize the need to revitalize the instrumentation and facility base on which future scientific and technological advance depends;

These principles should be applied to the budget for 1982 and beyond.

A much strengthened mechanism is needed through which the scientific and engineering communities advise on resource allocations and analyze the impacts and benefits of various shorter term and longer term budget strategies for government investment in research and development.

It is timely to initiate an analysis and evaluation of the institutional system for the support of research and development including the distribution of resources, the continued need for some facilities, grant mechanisms, etc. There should be input into this review from the scientific and engineering communities in universities, the national laboratories and industry. Further, review must look across Departments and Agencies to achieve the most productive allocation of resources.

The strength of the nation depends on the continued supply of scientists and engineers. A large number of the best young people must be attracted into these disciplines for careers in industry, the government, and universities. Policies at all levels of government to insure the continued flow of scientists and engineers must be developed. The education of the nation's youth in science and engineering requires priority attention not only by the Federal Government, but also by citizens and officials at the state and local levels and also by the private sector.

The growing relation between universities and industry are laudible and the nation can only benefit from these partnerships. Yet such a relation cannot become a substitute for the strong government-university partnership in support of basic research which now exists. The industrial members of the conference strongly support the continued investment in basic research by the government.

Mr. JACKSON. Mr. President, the bill before us, H.R. 4144, contains funding for the basic research programs under the Office of Energy Research in the Department of Energy. These programs have fared somewhat better than other programs in this budget-cutting era. However, since these programs have until recent years been funded at levels which did not keep pace with inflation, it is still difficult for the scientists involved in these activities to maintain a leadership role without funds for modern equipment and for costs associated with its operation.

In its consideration of H.R. 4144, the Committee on Appropriations recommended a general reduction of $20 million in the category of general science and research operating expenses without specifying how the reduction should be allocated among the three subprograms. While this reduction may not seem excessive in that it is only a 5-percent decrease from the House action, the fixed overhead costs of activities in the nuclear physics and high-energy physics programs will result in a magnification of the effect of this cut to perhaps 20 to 25 percent in the actual operation of the accelerators used in these programs. Basically, the cut will very likely result in reduced funds for purchasing electricity to operate the accelerators and thus diminish the research benefit to be derived from these facilities.

I would like to ask the distinguished chairman of the Appropriations Committee, Senator HATFIELD, if he will keep an open mind in the committee on conference with regard to accepting the higher House appropriation levels for the general science and research operating expenses account.

Mr. HATFIELD. Yes. I will try to find the flexibility in the conference to move toward the House position recognizing the limitation that we face on the overall ceiling for this appropriations act.●

● Mr. ABDNOR. Mr. President, as the new chairman of the Senate's Subcommittee on Water Resources, which oversees the work of the U.S. Corps of Engineers, I wish to comment on language that appears in the Appropriations Committee report on this bill. I ask that the language in the report on pages 6 and 7 be printed at this point in the RECORD.

The excerpt follows:

EXCERPT FROM SENATE REPORT 97-256

WATER RESOURCE DEVELOPMENT PROCESS

The Committee wishes to point out to the Senate a problem which has been placing increasing pressure on the Committee on Appropriations of the House and Senate.

For many years the U.S. Army Corps of Engineers and the Bureau of Reclamation of the Department of the Interior have been the leading Federal agencies in meeting the water resource needs of this Nation. Starting with the clearing of navigation obstruction on the Ohio River over 150 years ago, the civil works program of the Army Corps of Engineers has grown to include construction of 25,000 miles of inland waterways; the deepening and improving of our Nation's ports and harbors; the construction of multiple purpose projects that include water supply and hydroelectric power benefits; and local flood protection projects.

For the Bureau of Reclamation, its fiscal year 1979 program accomplishments include the generation of 40 billion kilowatt-hours of hydroelectric energy representing 72 million barrels of oil, flood control benefits of $135.4 million, and production of food and fiber crops totaling a record 56.2 million tons. Income and corporate profits from the $17.4 billion of business activity added nearly $2.8 billion to the Federal Treasury in tax revenues and approximately $1.5 billion to State and local governments.

However, despite these impressive benefits to this Nation, the process through which capital investments in the future of the country are authorized and made eligible for funding is creating a slow death to the water resource development program. The last major construction authorization legislation for the Corps of Engineers was signed into law on December 31, 1970.

A comparison of the Corps' fiscal year 1982 budget with the fiscal year 1972 construction program provides some interesting facts. According to figures provided to the Committee, the number of projects in the budget is 30 percent lower than a decade ago. A more serious indicator is that five of every eight projects in the fiscal year 1972 budget were authorized for construction in the 1960's, while only one of every eight projects in the fiscal year 1982 budget was authorized in the 1970's.

Based on these figures, it is clear to this Committee that the slowdown in the authorization process is now and will continue to have serious impact in the 1980's.

Over the past several years, the Committee on Appropriations has been under increasing pressure as mentioned earlier to provide project authorizations, modifications to project authorizations, and statutory provisions which clearly fall within the domain and should be addressed by the authorizing committees. Again, this year, the Committee has received numerous requests from Members related to legislative provisions.

Given the importance of providing for the physical infrastructure necessary to support the future economic growth and employment needs of the country, the Committee wants to underline the importance of timely authorizations for those priority, capital investment projects that contribute to the strength of this Nation.

Mr. ABDNOR. Mr. President, this report language gives an incorrect impression of the actual situation with respect to water resources development. The report casts doubt on the viability of the authorization process. I would like to take a minute of my colleague's time to clarify a few issues.

There were three major water resources development bills enacted during the 1970's—those in 1970, 1974, and 1976. There have been other, smaller authorizations for corps work. It has not been, as the report states, 11 years since the last major construction authorization legislation for the Corps of Engineers. It has been 5 years, a period that we all agree is much too long.

Why has there been such a delay? There are several reasons, but I can only comment on them, since I was not a Member of this body until this year.

First, the Carter administration for 4 years opposed any significant water projects legislation. That opposition helped to kill a 1978 bill, and it prevented

any significant progress during the 96th Congress.

Second, we confront a major backlog of projects, with very few starts approved in the appropriations process since the 1960's. There are a total of 1,054 authorized corps projects for which construction work has not even been initiated, or for which construction work remains to be finished. The money needed to build or complete those projects exceeds $40 billion. This has occurred at a time when the money appropriated for corps water development work has dropped sharply and steadily. In real dollars, spending on corps construction work has dropped by more than 50 percent since the mid-1960's. This has occurred because the White House has failed to seek higher levels of funding, and the Congress has failed to reverse that spending spiral.

Third, it takes a generation—26 years—just to get a typical corps water resource project into the construction phase. That is far too long. But it means that we are rarely going to see projects which are authorized in the 1970's go into early construction.

Fourth, a need clearly exists to develop new policy approaches to enable the Nation to overcome these problems and delays, to get the water resources program moving forward. That did not appear to be possible under the Carter administration. I am hopeful that it can be accomplished—and accomplished soon—under the Reagan administration. But it will require hard work and a willingness to compromise.

Fifth, I must urge that my colleagues recognize the nature of the project-by-project system we must work within. It is a system where the corps is asked to study a problem, then recommend an appropriate solution. Too often, Members are frustrated by the slow pace of the existing system, and seek to short-circuit that process, jumping their projects to authorization in front of other worthy projects, or before the corps completes its study and recommendations.

As chairman of the Subcommittee on Water Resources, I intend to do all that I can to develop and pass an omnibus water resources bill during this Congress. I intend to work with the administration and members of the Committee on Environment and Public Works and the Senate to develop effective reforms, which recognize the financial restraints facing the Nation.

In making this statement, I am confident that I speak for Chairman BOB STAFFORD, who has often stated that water project development and reform is a major goal of our Committee on Environment and Public Works. And I believe I also speak for the ranking member of our Subcommittee on Water Resources (Mr. MOYNIHAN), as well as other members of the subcommittee.

I am disappointed that the Committee on Appropriations seems to take the position that any authorization bill is a good bill. I would urge my colleagues to study this problem and work with our committee to develop a more effective water resources development program for the 1980's.●

● Mr. DECONCINI. Mr. President, I should like to direct a question regarding funding for solar energy programs to the distinguished floor manager.

Is it the floor manager's understanding and intent that the funds included for photovoltaics be utilized to develop viable, industry-oriented, solar photovoltaic systems, to include technology and engineering development projects such as the cost-shared 1-MWE utility project with the Sacramento metropolitan utility district, and the photovoltaic solar 1 project near Phoenix, Ariz.?

Mr. HATFIELD. That is correct.●

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, extending not past the hour of 7:15, during which Senators may speak.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

PENDING BUSINESS

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. When the Senate next resumes legislative session, what will be the pending business?

The PRESIDING OFFICER. The motion to table the motion to reconsider the vote by which the amendment of the Senator from Arkansas was tabled.

Mr. BUMPERS. A further parliamentary inquiry. Have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. BUMPERS. So there will be no debate. The first legislative business will be a vote on the motion to table the motion to reconsider.

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. A further parliamentary inquiry.

Has an order been entered as to what time we will return to legislative business tomorrow?

The PRESIDING OFFICER. No order has yet been entered.

Mr. BUMPERS. Why do you not tell us?

Mr. BAKER. Why do you not wait and see?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSPORTATION APPROPRIATIONS SUBCOMMITTEE—REPORT ON DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1982

Mr. PERCY. In 1978, United Airlines received authority from the Civil Aeronautics Board (CAB) to provide service to Japan from Seattle and Portland, Oreg. The route was approved by the President and United was subsequently designated by the State Department to serve Japan. The Japanese Government has refused to approve landing rights for United Airlines. Formal negotiations on this and other major issues resume with Japan on November 17, 1981, in Honolulu.

The report language raises serious issues regarding U.S. international aviation policy. Should that report language be interpreted as suggesting that the United States should not vigorously pursue, as I strongly feel they should, United Airlines' rightful entry into the United States-Japanese market?

Mr. ANDREWS. No, the report language is not directed against any specific negotiations.

Mr. PERCY. I am also concerned about the implications of the report that interior cities such as Chicago might be denied critical international aviation service as almost all of Chicago's international service is supplied by foreign-flag carriers. Regrettably, the U.S.-flag carriers have chosen to concentrate their nonstop international service at coastal gateways. Other interior cities such as New Orleans, St. Louis, Atlanta, Detroit, and Houston are also beneficiaries of this foreign-flag carrier service, which is critical to the commerce of these communities. Is it the intention to prevent these foreign-flag carriers from operating into these interior points, particularly when U.S.-flag carriers refuse to provide such needed service?

Mr. ANDREWS. The report language is not intended to prohibit any specific operation.

Mr. PERCY. As the Senator is aware, the legislative jurisdiction for international aviation rests with the Commerce and Foreign Relations Committees. Particularly, the Commerce Committee held extensive hearings on international aviation before the passage of legislation promoting improved international aviation competition. Is it the purpose in this report to preempt either committee's jurisdiction?

Mr. ANDREWS. To the contrary, our purpose is to provide, as the report states, a "perspective on transportation." It is a statement of our own view which we hope will be of interest to other congressional committees, the industry, and the general public.

FORTIETH ANNIVERSARY OF ELECTION OF REPRESENTATIVE JAMIE WHITTEN

Mr. HATFIELD. Mr. President, I wish to pay tribute to a man who has given 40 years of dedicated service to the appropriations process and to the Congress.

On November 4, 1941, JAMIE WHITTEN was elected in a special election as a Representative from the State of Mississippi. Recognizing a good man when they see one, the people of Mississippi have reelected Congressman WHITTEN 20 times since his initial term. He is now the dean of the House, the honorary title bestowed upon the House Member with the longest service.

Representative WHITTEN began his tenure on the House Appropriations Committee only 14 months after his first election. Except for one term in which the Republicans were in the majority in the House, Congressman WHITTEN has been chairman of the Appropriations Subcommittee on Agriculture since 1949. In 1979, with the retirement of George Mahon, JAMIE WHITTEN became the 25th chairman of the House Appropriations Committee.

Representative WHITTEN is not only the chairman of the committee, he is one of the foremost experts on the budget process in the House. Recognizing this, the House made him cochairman of the study group formed in the early 1970's to develop a comprehensive budget procedure for Congress. The recommendations of this group led to the enactment of the Congressional Budget and Impoundment Control Act of 1974. He fought in that forum for control of backdoor spending, and the House supported him in that quest. Unfortunately, the Senate prevailed in conference, and as a result we have yet to make much of a dent in uncontrollable spending. I believe we would not be faced with the severe budgetary problems we face today if his approach to controlling Federal spending had been adopted.

Mr. President, few Members of Congress have served as long, or in as devoted a fashion as has Congressman JAMIE WHITTEN. On this 40th anniversary of his election to Congress, I want to pay public tribute to his innumerable contributions to the Congress and the American people, as well as my personal thanks to him for his counsel and help to me as chairman of the Appropriations Committee in the Senate.

EXPANDING WORLD FREEDOM: THE SELF-DECEPTION OF THE WEST

Mr. MOYNIHAN. Mr. President, when we speak of "the West" in international relations, we refer not so much to geography—to that area of the globe which by convention appears on maps in the upper left-hand corner—as to the tradition of democratic liberalism and free enterprise which first flourished in this region. This tradition, which holds that government exists in order to secure and advance individual liberties, is increasingly under assault by the forces of totalitarianism—forces which abuse and pervert the very language of democracy in order to confuse and thus to weaken the resolve of freedom's partisans.

The effect of this twisting of words and ideas is nowhere more evident today than in Western Europe, where a segment of popular opinion—still small, to be sure, but growing—has come to feel their nations' security can only be assured by accommodation with a Soviet Union they believe to be accommodating in its turn. Having decided that the Soviet Union is not fundamentally aggressive—else where is hope, it has become so strong?—these people have gone on to conclude that tension in the world must perforce be the fault of the United States. In recent weeks, demonstrations involving hundreds of thousands of young people have been organized in the capital cities of European democracies at which crowds have, incredibly, chanted slogans equating the United States and the Soviet Union as threats to peace and liberty—when they mention Moscow at all.

That the Soviets would seek to portray as provocation the West's efforts to restore balance to the military forces in Europe following Soviet escallation is not surprising. That so many free people would themselves carry forward the Soviet argument, in a frenzy of self-deception that ignores the massive evidence such as Afghans or East Germans could offer, is cause indeed for American concern. Our own security, after all, rests on popular European support for the collective defense.

The first step toward winning over to the alliance the young people of Europe is to identify as precisely as can be done the nature of the challenge we confront. Midge Decter, executive director of the Committee for the Free World, an insightful thinker and a cherished friend, has made an outstanding contribution to this endeavor, in a speech delivered at Leeds Castle, at Kent, England earlier this year. For the benefit of Senators, and for the edificaiton of the many readers of the RECORD, Mr. President I ask unanimous consent that the complete text of Midge Decter's speech, entitled "Expanding World Freedom: The Self Deception of the West," be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

EXPANDING WORLD FREEDOM—THE SELF-DECEPTION OF THE WEST

(By Midge Decter)

In George Bernard Shaw's play "Major Barbara" there is a brief scene in which one of the characters, Undershaft, a munitions manufacturer, interviews his idle, foppish son on the question of what profession this obviously useless young man might pursue. One by one Undershaft ticks off a number of learned and/or productive professions, while the young man explains why he is unsuited to each. Finally, in exasperation, the father asks, "Is there anything you know?" To which the young man replies that he knows the difference between right and wrong. Well, the father declares, if you know nothing more than the difference between right and wrong, you shall have to be a journalist.

I come before you, then, I am afraid, in this dangerous, possibly fateful, moment in the history of men's affairs on earth, as no more than a journalist.

I do not, of course, presume, as might young Mr. Undershaft, to speak to you about the difference between right and wrong. Unlike him, I make no special claim to privileged knowledge in the field. Besides, he lived in a simpler time; and for another thing, he enjoyed the luxury—as we all do not—of living in a society, and especially in a class within that society, that had not yet the faintest notion of the crises and tests and grim decisions that lay in store for it.

Yet I shall presume, from my vantage point as a non-expert, a mere journalist, to speak to you of matters no less simple and no less desperately weighty: of freedom and unfreedom, the freedom and unfreedom of nations and the freedom and unfreedom of the individals who live within them.

For after all, each of us has come to this place both to discuss and to refresh our determination to see to no less large an outcome than the very survival of the West. Were we concerned only with problems of our respective national interests, valid as these might be, we should have felt no need to come to this place, agreeable as it incontestably is. We could have stayed in our respective homes and shared our concerns with the leaders of our respective governments. We are here because we are moved not only by the looming specter of our common enemy but by a more positive passion for insuring the survival intact of what we all value.

When I speak of "the West" I do not of course speak of that area on a flat map of our globe which by convention appears on its upper left-hand quarter. The term is—and again by convention—a kind of shorthand symbol for something located not geographically but politically, not in a particular region—though historically its institutional expression orginated there—but in a particular vision. This is the vision, simply stated, that men might so order their affairs, that they have it within their capacity to crease such political and social institutions, that they can live together as free citizens, without the oppressicn of the many by the few, or the few by the many, without undue or arbitrary constraints upon their lives and minds, and without the expropriation of what belongs to them, by their rulers, by the social collective, or by bandits wielding guns. In short, it is a vision, this vision I have for the sake of speed and convenience called "the West," of private rights, civil peace, and individual civic responsibility. This is the true meaning of liberty. It is also the true meanng of equality—that all men are equally entitled to keep what they have honestly earned, and to enjoy the fruits of civil peace, and that all are equally responsible for maintaining the civic order that protects them. And it is the true meaning cf brotherhood, of fraternity.

Nor is this vision merely an abstract, pious hope. True, for many hundreds of millions—for many, many too many hundreds of millions—of ordinary people living on earth, it so far remains in the realm of distant dreams. But for hundreds of millions of blessed others, this is—or very nearly, or to some extent—an actual description of the societies in which they are privileged to live.

It is an actual description of something else as well. The world now knows beyond a shadow of a doubt that this social and political arrangement—call it the system of the true liberty, the true equality, the true fraternity—possesses the capacity to create for those who take part in it greater, and more justly distributed, wealth, greater comfort, greater welfare, greater mastery over the natural forces of the universe, more surviving babies, better health, longer life, than any mankind has ever seen.

To speak of the survival of the West, therefore, is not simply to speak of the survival of a group of natiens circumstantially thrown together in an alliance against a common predatory enemy, nor even the survival of groups of people scattered across the globe bound together by ties of common interest. It is to speak of the survival of the

last best humane notion of a decent life for all and how to achieve it.

This survival, as we all know is threatened. It is threatened most immediately by the guns, tanks, ships, planes, and missiles of the Soviet Union: as politically, socially, and spiritually barbaric a society as any ever put together. This survival is threatened by the creeping effects of Soviet military and political adventurism at the periphery: I need only mention Angola, Southern Yemen, Syria, Lybia, Vietnam, Laos, and Cambodia, Cuba, Nicaragua, and of course, most forthrightly, Afghanistan. This survival is threatened by Soviet trained and husbanded terror. It is threatened, perhaps less directly but nevertheless with untold effect, by Soviet campaigns of propaganda and disinformation, campaigns designed to foster irrational hatred of the West and all its ways—particularly among those vulnerable nations and groups still struggling to create and define for themselves a new national existence. Such a potent combination of dangers as these would be enough to be getting on with. Societies of free men, or societies groping to become societies of free men are, as we know, disadvantaged by their very freedom in mobilizing quickly and single-mindedly to ward off dangers of this kind. How, for instance, are democratic and humane societies to devise instantly effective means for stemming the mildew rot of terrorism in their midst? How are they to create the kind of instantly effective discipline that can shut off or render useless the flow of lying propaganda? Their very virtues are in this regard their weaknesses. And would we have it otherwise?

But the dangers to free societies posed from outside, however great and however asymmetrical with the means available to those societies to deal with them, are still more readily manageable than another set of dangers we face. I mean the dangers that we have come in recent years to pose to ourselves. As Britain and the United States proved in the early years of World War II, the incredible wealth- and goods-producing capacities of the West can, when there is a clear determination to do so, be mobilized beyond the wildest dreams of its unfree enemies. As a number of Western countries—most dramatically and decisively West Germany—have lately proven, when there is a clear will to do so the depredations of terrorism can be largely put to a stop. And though the actual evidence here might appear to be somewhat more cloudy, we also know—everyone in this room at least knows—that adventurism could be made so costly as to become a most disagreeable policy.

Knowing all this, however, and being able to act on it have been two very different things. And here we come to the dangers that we pose to ourselves. The West has for years been embarked on a campaign of its own, a campaign of self-deception and evasion, a campaign whose logical and psychological end has not been to counter the power of our enemy but rather to assure ourselves that our refusal to counter his growing power is not only the wisest but the most just and virtuous course. If the Soviets should ever succeed in their openly declared intention to subjugate the world one way or another to their power—for which read: to bring to an end for a millennium the possibility of political liberty along with the humane and prosperous life it offers—if the Soviets should ever succeed in what would inevitably mean the barbarization of the planet, it will be this Western campaign of self-deception and evasion that will more than anything else have contributed to that sinful and ungrateful outcome.

The nature of this self-deception I need not detail very elaborately in this company. It has taken a variety of forms and been expressed in a variety of ways but essentially boils down to three propositions. First, that the Soviet Union is not fundamentally aggressive, that it is a nation among nations, like all others dedicated merely to pursuing its own geopolitical interests, pushing, pulling, maneuvering in the ordinary, time-honored way of large powers seeking to defend and stabilize their position. What follows from this proposition, of course, is that providing Western statesmen are sufficiently clever and providing that Soviet statesmen are not given the feeling that they are being pushed to the wall, the Soviets are appeasable. Parity—or as the statement must now be put, superiority—in arms will reassure them; economic support will "entrap" them in a web of mutually advantageous relations; and above all, Western complaisance will buy from them an answering moderation.

The second proposition in this campaign of self-deception, also variously expressed and an absolutely essential underpinning to the first, is that as between the Soviet Union and the United States there is anyway a kind of balance of social and political crime. In the world outside, they are about equally supportive of repression, and in their internal affairs, one kind of injustice often washes the hands of the other: I am speaking of the famous theory of convergence. Between the so-called "right" and the "left", runs this theory, what is there for decent, sensitive men to choose? Aside from the momentary psychic convenience this theory offers those who are merely desperate to find rationalizations for their faintheartedness, the idea that the two super-powers converge is based in a morally noxious utopianism. This utopianism—alas, a disease chronically bred in the luxury of freedom—declares that all conditions less than abstractly perfect are equally unacceptable. In the name of some higher so-called morality (the current cant-word for this, imposed upon an intimidated Western world by a whole generation of conceited, self-regarding, and self-obsessed youth is "idealism") in the name of this parody of concern for morality there is a refusal to make the very distinctions that constitute the bone and sinew of any real morality. I mean the distinction, say, between the Shah of Iran and the Ayatollah Khomeini, or between the British prosecution of criminal acts performed on behalf of the IRA and genocide, or even the distinction between economic measures that produce some hardship and unemployment and the regimentation and collectivization that produce starvation for everyone but government officials.

The third proposition in the campaign of self-deception is a simple one: that in weakness is strength. In Western Europe, this idea is the hidden term beneath the swelling tide of neutralism. Even for those who may not be deceived about the nature of the Soviet Union or its intentions, there can yet be the fantasy of some hiding-place outside the shadow of the two armed giants. And should the two come to a face-to-face confrontation, the neutrals can anyway continue to enjoy the protection of the one (the renowned American umbrella) or, on the other hand, to buy with their advanced industry and technology the rational mercy of the other.

In the United States, this proposition naturally takes a different, and a dangerously camouflaged, form. Dangerously camouflaged, because it is articulated in the language of strength and is experienced through the emotion of strength. This is the idea of Fortress America. In emotion, as I have said, the idea of Fortress America is pugnacious. Nor is it an idea based, as is European neutralism, on wishful fantasy alone but is a not illegitimately angry and resentful response to the refusal of Europe to defend itself. It is important for Europeans—and all the other nations of what I have called the West (but for Europeans especially)—to understand that a growing number of Americans feel betrayed. They feel betrayed politically by the attitude that what they have always taken to be the battle for the whole of the West—indeed the battle for freedom itself—is viewed by their allies as one in which they, the allies, are less and less obligated to take part. A growing number of Americans also feel betrayed morally, by an attitude of what they know to be a too-easy, ill-informed, and vulgar anti-Americanism, among people they have for forty years now been willing to defend with their lives, their fortune, and their sacred honor.

In their anger, they have begun more and more to speak of "going it alone." This is a sentiment beginning ominously to be heard even in the precincts of those once accounted the most passionately committed to a Western alliance. But if the emotion is one of strength, the logic is nevertheless—ineluctably the logic of weakness. The United States can no more barricade itself behind a wall of missiles than the rest of the West can survive on the sufferance of the Soviet Union and without a credible defense. As a great—perhaps the greatest—American statesman once said, "Gentlemen, we must all hang together or we shall all hang separately."

The self-deceptions of the West, then, represent no less potent a threat than the ruthlessness and might of the Soviet Union. Now we are left with the question once asked (if memory serves) by Bishop Butler: "Things are as they are," he said, "and their consequences will be what they will be. Why, then, should men wish to be deceived?"

A hundred answers to this question spring to mind, among them most obviously, "Because men are afraid. Because they are slothful. Because they grow arrogant, and in their arrogance, careless. Because they are powerfully subject to the forces of inertia."

Each of these answers is undoubtedly true. Yet we must consider if whether beneath all of them there is not another far more terrible truth. We must ask ourselves if there is not something in people that is the obverse—the dark underside, as it were—of the ineluctable universal longing for freedom—namely, the wish to escape from its responsibilities. How else can we account for the fact that within the past decade or so the world's most advantaged, least trammeled, most hopeful—freest—children got caught up in an epidemic of hatred for the unparalleled blessings they had fallen heir to and with a combination of drugs, institutionalized narcissism, and infantile violent politics sought to bring down everything that promised their own bright futures? How else indeed can we account for the kind of self-hatred that has infected the press, the clergy, the businessmen, and many others in the free world, the self hatred that has led them to call down punishment on the heads of their own, stable and benign, societies while offering extravagant exculpation to those societies ruled by the heavy hand of tyrants, be these tyrants fanatic individuals or ideologically disciplined bureaucrats.

We must remember, as we struggle for its survival, that freedom is difficult, that it requires patience, prudence, vigilance, careful nurture, strength—spiritual and military—and above all, the assumption of the heaviest burden of responsibility for the ordering of one's life and the consequences of one's behavior. I have no deeper conviction than that all men wish, in the depths of their souls, to be free. And I fear nothing more than the siren-song that beckons those already free to some course that promises them some quick and easy relief from their admittedly enormous burden.

As, in the coming days, we consider the necessary balance and distribution and or-

ganization of military and material power—and let us bless providence that we have the means to provide ourselves with untold amounts of it—let us also consider the needs of the spirit. Must the West continue to take instruction in the value of freedom from Polish workers who must wait in line for a bit of bread? or from Afghanis in the mountains whose present anxiety for their children is that they will not be provided guns? or from Cubans who last year hung from the branches of trees in the courtyard of the Peruvian Embassy in the hope that they might yet enjoy a bit of freedom? Let us pray, lest we earn the curses of all the generations that come after us, that the answer of the 1980's is a resounding "No."

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 1:31 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. YATES, Mr. LONG of Maryland, Mr. MURTHA, Mr. DICKS, Mr. AUCOIN, Mr. WHITTEN, Mr. MCDADE, Mr. REGULA, Mr. LOEFFLER, and Mr. CONTE as managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. WHITTEN, Mr. TRAXLER, Mr. ALEXANDER, Mr. MCHUGH, Mr. NATCHER, Mr. HIGHTOWER, Mr. AKAKA, Mr. WATKINS, Mrs. SMITH of Nebraska, Mr. ROBINSON, Mr. MYERS, Mr. LEWIS, and Mr. CONTE as managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4209) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. BENJAMIN, Mr. LEHMAN, Mr. SABO, Mr. AUCOIN, Mr. GRAY, Mr. WHITTEN, Mr. COUGHLIN, Mr. CONTE, Mr. EDWARDS of Alabama, and Mr. PURSELL as managers of the conference on the part of the House.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had signed the following enrolled bills:

H.R. 661. An act for the relief of Blanca Rosa Luna de Frei.

H.R. 688. An act for the relief of Junior Edmund Moncrieffe.

H.R. 783. An act for the relief of Roland Karl Heinz Vogel.

H.R. 1469. An act for the relief of Madeleine Mesnager.

H.R. 1480. An act for the relief of Omar Marachi.

H.R. 1785. An act for the relief of Gladys Belleville Schultz.

H.R. 1550. An act for the relief of Aurora Isidra Fullan Diaz.

H.R. 2010. An act for the relief of Kai-Mee Chen.

H.R. 2185. An act for the relief of Hanife Frantz.

H.R. 2573. An act for the relief of Moses Bank.

H.R. 2975. An act for the relief of Yuk Yee Li.

H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits.

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

At 5:17, a message from the House of Representatives delivered by Mr. Berry, one of its clerks, announced that the House has passed the bill (S. 736) to provide for the control of illegally taken fish and wildlife, without amendment.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. ROSTENKOWSKI, Mr. PICKLE, Mr. RANGEL, Mr. JACOBS, Mr. GEPHARDT, Mr. CONABLE, Mr. ARCHER, and Mr. GRADISON as managers of the conference on the part of the House.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2160. A communication from the Secretary of Agriculture transmitting, pursuant to law, the fiscal year 1981 global assessment of world food aid needs and availabilities; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2161. A communication from the General Counsel of the Department of Defense transmitting a draft of proposed legislation to relieve certain former and retired military personnel from the requirement to report employment by a defense contractor; to the Committee on Armed Services.

EC–2162. A communication from the Fiscal Assistant Secretary of the Treasury transmitting, pursuant to law, the amount of revenues deposited in the Panama Canal Commission Fund during fiscal year 1981; to the Committee on Armed Services.

EC–2163. A communication from the Secretary of Transportation transmitting, pursuant to law, a report on airport noise compatibility planning and programs; to the Committee on Commerce, Science, and Transportation.

EC–2164. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, a proposed extension of time for a decision by the Commission in the matter of Restructured Rates on Recyclables O/T Iron or Steel Scrap, Conrail; to the Committee on Commerce, Science, and Transportation.

EC–2165. A communication from the Secretary of Commerce transmitting, pursuant to law, the annual report on the National Climate Program; to the Committee on Commerce, Science, and Transportation.

EC–2166. A communication from the Federal Inspector of the Alaska Natural Gas Transportation System transmitting, pursuant to law, the quarterly report on the status of the Alaska Natural Gas Transportation System; to the Committee on Energy and Natural Resources.

EC–2167. A communication from the Secretary of the Federal Trade Commission transmitting, pursuant to law, the semi-annual report on the impact on competition and on small business of the participation of U.S. oil companies in the International Energy Program; to the Committee on Energy and Natural Resources.

EC–2168. A communication from the Acting Secretary of the Interior transmitting, pursuant to law, a report on a refund of excess royality payments to Shell Oil Company; to the Committee on Energy and Natural Resources.

EC–2169. A communication from the Deputy United States Trade Representative transmitting, pursuant to law, the biannual report on the operation and effect of the International Sugar Agreement; to the Committee on Finance.

EC–2170. A communication from the Secretary of Transportation transmitting a draft of proposed legislation to authorize temporary appointments of retired military and Civil Service annuitants to positions in air traffic control functions without reducing their annuities; to the Committee on Governmental Affairs.

EC–2171. A communication from the Acting Chair of the United States Postal Rate Commission transmitting, pursuant to law, notice of the cancellation of a prehearing conference in the matter of Electronic Mail Classification Proposal, 1978 (remand); to the Committee on Governmental Affairs.

EC–2172. A communication from the Secretary of Commerce transmitting a draft of proposed legislation relating to the disposal of foreign excess property; to the Committee on Governmental Affairs.

EC–2173. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of D.C. Act 4–105; to the Committee on Governmental Affairs.

EC–2174. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of D.C. Act 4–106; to the Committee on Governmental Affairs.

EC–2175. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of D.C. Act 4–107; to the Committee on Governmental Affairs.

EC–2176. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of D.C. Act 4–108; to the Committee on Governmental Affairs.

EC–2177. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of D.C. Act 4–104; to the Committee on Governmental Affairs.

EC–2178. A communication from the Secretary of Education transmitting, pursuant to law, a report on program audits of fiscal year 1980 programs funded under part A of the Indian Education Act of 1972; to the Select Committee on Indian Affairs.

EC–2179. A communication from the Attorney General of the United States transmitting, pursuant to law, the fiscal year 1980 report on the administration of the Foreign Agents Registration Act; to the Committee on the Judiciary.

EC–2180. A communication from the Acting Commissioner of Immigration and Naturalization transmitting, pursuant to law, copies of orders suspending certain deportations under sec. 244(a)(1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC–2181. A communication from the Chairman of the Board of Trustees of the Harry S Truman Scholarship Foundation transmitting, pursuant to law, the annual report of the Foundation for 1980–81; to the Committee on Labor and Human Resources.

EC–2182. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Conventional Design and Construction Methods are More Applicable for Capitol Hill Construction Projects"; to the Committee on Rules and Administration.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–557. A petition from a citizen of New Port Richey, Florida, relating to America's National Defense; to the Committee on Armed Services.

POM–558. A resolution adopted by the International Association of Chiefs of Police, relating to the 55 MPH Speed Limit; to the Committee on Commerce, Science, and Transportation.

POM–559. A resolution adopted by the International Association of Chiefs of Police, relating to the licensing of Citizens' Band Radio; to the Committee on Commerce, Science, and Transportation.

POM–560. A resolution adopted by the International Association of Chiefs of Police, relating to the exemption of police vehicles from emission control requirements; to the Committee on Environment and Public Works.

POM–561. A resolution adopted by the International Association of Chiefs of Police, relating to the investigation of organized crime by the Internal Revenue Service; to the Committee on Finance.

POM–562. A resolution adopted by the International Association of Chiefs of Police, relating to the United States/Mexico Vehicle Theft Treaty; to the Committee on Foreign Relations.

POM–563. A resolution adopted by the International Association of Chiefs of Police, relating to Criminal History Search; to the Committee on the Judiciary.

POM–564. A resolution adopted by the International Association of Chiefs of Police, relating to the Attorney General's Report on Violent Crime; to the Committee on the Judiciary.

POM–565. A resolution adopted by the International Association of Chiefs of Police, relating to the continuation of the Bureau of Alcohol, Tobacco, and Firearms as a separate agency; to the Committee on the Judiciary.

POM–566. A resolution adopted by the International Association of Chiefs of Police, relating to the Bureau of Alcohol, Tobacco and Firearms anti-arson efforts; to the Committee on the Judiciary.

POM–567. A resolution adopted by the International Association of Chiefs of Police, relating to the Federal program to support state drug enforcement efforts; to the Committee on the Judiciary.

POM–568. A resolution adopted by the International Association of Chiefs of Police, relating to the program to curtail drug abuse in the United States; to the Committee on the Judiciary.

POM–569. A petition from a citizen of Jefferson City, Tennessee, relating to the Hobbs Anti-Extortion Act; to the Committee on Labor and Human Resources.

POM–570. A petition from a citizen of Glendale, Arizona, relating to the Hobbs Anti-Extortion Act; to the Committee on Labor and Human Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SYMMS (for himself and Mr. MATTINGLY):

S. 1804. A bill to provide for the elective payment of benefits under title II of the Social Security Act in the form of social security savings bonds, and for other purposes; to the Committee on Finance.

By Mr. GARN (for himself, Mr. HEINZ, Mr. LUGAR, Mr. PROXMIRE, and Mr. TOWER) (by request):

S. 1805. A bill to restructure and recapitalize the Federal Home Loan Mortgage Corporation and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HOLLINGS:

S. 1806. A bill for the relief of Mr. Huai Hu; to the Committee on the Judiciary.

By Mrs. HAWKINS:

S. 1807. A bill to provide for the use and distribution of funds awarded the Seminole Indians in a judgment of the Indian Claims Commission; to the Select Committee on Indian Affairs.

By Mr. PACKWOOD (for himself, Mr. CANNON and Mr. GORTON):

S. 1808. A bill to authorize an Under Secretary of Commerce for Economic Affairs; to the Committee on Commerce, Science, and Transportation.

By Mr. CHAFEE:

S. 1809. A bill to provide that a portion of the cost of studies undertaken by the Corps of Engineers be paid by non-Federal interests; to the Committee on Environment and Public Works.

By Mr. D'AMATO:

S. 1810. A bill to amend the Federal Deposit Insurance Act regarding insured mutual savings banks which convert into Federal mutual savings banks; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. RIEGLE (for himself, Mr. LEVIN, Mr. DODD, Mr. MELCHER, and Mr. SARBANES):

S. 1811. A bill to add the Secretary of Housing and Urban Development to the Depository Institutions Deregulation Committee; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. PERCY (for himself and Mr. HART):

S. 1812. A bill to ensure Congressional approval for the use of commercial irradiated fuel and to support the Non-Proliferation Treaty; to the Committee on Foreign Relations.

By Mr. HATCH:

S. 1813. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for the training of skilled workers in critical industries which have a labor shortage; to the Committee on Finance.

By Mr. JEPSEN:

S. 1814. A bill to amend title 10, United States Code, to require the Secretary concerned to comply with the terms of certain court orders in connection with the divorce, dissolution, annulment, or legal separation of a member or former member of a uniformed service and which affect the retired or retainer pay of such a member or former member, and for other purposes; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SYMMS (for himself and Mr. MATTINGLY):

S. 1804. A bill to provide for the elective payment of benefits under title II of the Social Security Act in the form of social security savings bonds, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY SAVINGS BONDS

Mr. SYMMS. Mr. President, as all of us know, the social security program is in serious financial trouble. The Government's actuaries predict that the retirement fund will run out of money in 1983 if there is no reduction in benefits or increase in revenue. And, looking to the longer term, the actuaries warn that the changing age distribution of the population means that tax rates of more than 20 percent and perhaps more than 30 percent would eventually be required to finance the benefits implied by the existing law. If such high payroll taxes were piled on top of other Federal and State taxes, most individuals would find themselves paying tax rates of more than 50 percent on every extra dollar they earn.

The Board of Trustees of the Federal Old Age and Survivors Insurance Trust Fund, in its 1981 annual report, indicates that it is extremely likely that one or more of the trust funds will be unable to meet its benefit obligations in 1983.

We are well aware that neither the savings provisions in the Omnibus Reconciliation Act, nor the effect of the tax reallocation in the Senate bill will insure solvency for the system. Even with both legislative initiatives, the trust fund balances are estimated to be insufficient to meet benefit payment requirements by mid-1983.

Mr. President, today I am introducing a bill with Senator MATTINGLY to create a new way for retired Americans to invest, and for these same retired Americans to participate in a patriotic effort to preserve the social security system. I am proposing a social security savings bond program and a campaign reminiscent of the war bond and victory loan programs of World War II.

During calendar year 1982, there will be $139 billion in payments from the social security OASI trust fund. I believe that through the social security savings bond program it is possible to defer $6.2 billion or more. This is a significant part of the projected deficit of $7.8 and $10.0 based on intermediate assumptions.

The social security savings bond program will take some of the pressure off of the OASI fund. The program is not intended to remedy the entire long-run shortfall in fund revenues. It is intended to provide a mechanism by which willing, patriotic, retired Americans can contribute to the continued viability of the social security system which provides the minimum living maintenance funds for many less fortunate Americans. Social security savings bonds will provide a mechanism to defer the current disbursement requirements of the fund, strictly at the option of the individual beneficiaries.

Electing beneficiaries would receive a social security savings bond in lieu of their monthly social security checks. The bond would earn interest, payable upon redemption, at 70 percent of the Treasury bill rate, just as do all-savers certificates.

The bonds could be redeemed at any time at the same institutions that are now qualified paying agents for other U.S. Government bonds. The liability for the payment of principal and interest would remain with the trust fund and would not become a liability of the general fund.

The bonds will be free of all taxes: Federal, State and local income taxes, as well as estate and inheritance taxes.

The bonds will be inheritable and will continue to bear interest for a period of 6 months following the date of death of the electing beneficiary.

Skeptics have asked whether social security beneficiaries can afford to forego their monthly cash payment in favor of a social security savings bond. The answer is emphatically, yes, many can. Consider the following:

First. The New York Stock Exchange has reported that 4.5 million of the 30 million stockholders in the United States are 65 or older.

Second. The NYSE also reported that as of mid-1980, 393,000 Americans aged 65 or older made their first stock or mutual fund purchase during the 5 preceding years. This compares with the 3,842,000 veteran stockholders aged 65 and above.

Third. Preliminary data from a 1979 study performed by social security shows that among persons aged 65 years or older, 14,668,000 had savings accounts; 4,861,000 owned certificates of deposit; 3,246,000 owned U.S. Savings Bonds; 593,000 received income from personal loans or mortgages. The study also found that there were approximately 4.3 million older Americans who owned dividend-bearing assets. The study disclosed that older Americans invest in a variety of illiquid assets as well as interest and dividend-bearing investments.

Fourth. A 1977 consumer credit survey published by the Federal Reserve Bank found that families with a family head age 65 or older held significant assets in checking or savings accounts: Approximately 16 percent held $2,000 or more in checking accounts; over 40 percent held $2,000 or more in saving accounts; 16.9 percent of the families with a family head age 65 to 74 owned certificates of deposit; 8.8 percent owned certificates with a value more than $10,000. In the 75 and over age group, 14.6 percent owned certificates; 7.9 percent owned certificates with a value more than $10,000.

Fifth. According to the IRS, 45 percent of all reported savings account interest is earned by people over 65, even though they represent only 11 percent of the population.

Sixth. A 1977 University of Michigan study determined that older Americans have a preference for bonds and savings accounts over investment in real estate and other investment modes. The rate of increase in preference for liquid investments increases as investors get older.

It is clear then, that retired Americans hold investments when they retire. And it is clear that those older Americans who have a substantial income stream will continue to make investments after their retirement. Social security savings bonds will be an attractive investment option for both financial and patriotic reasons.

During World War II, the Government established the war bond program and gave it wide and forceful publicity. President Roosevelt gave his personal endorsement to the program by purchasing the first Series E bond issued. As is well known, the program was a success. The receipts from the bond program played an important role in funding the war effort.

I believe that the social security bond program will touch a responsive, patriotic cord in the hearts of many Americans and that this will add to the success of the program.

Another question arises as to the amount of net deferral that is possible under the program. Experience with the U.S. savings bond program indicates that substantial numbers of issued bonds remain unredeemed during the 5 years following sale. Data from 1980 published by the Department of the Treasury show that in the year following issue, 46.59 percent of the savings bonds remain outstanding. This percentage declines to 28.20 percent in the fifth year following issue.

This means that the deferral will be cumulative and, if the social security savings bond program has experience similar to the U.S. savings bond program, the aggregate deferral (assuming constant 1981 benefit and participation levels) would be as follows:

[In billions]

1981	$6.20
1982	8.69
1983	14.18
1984	20.03
1985	26.01
1986	31.89

The aggregate deferral is the cumulative amount of bonds issued, reduced for redemptions and interest.

Besides the patriotic reasons for erecting the bonds, participants would have economic inducements including tax-free treatment of earnings, and the ability to transmit the bonds as part of their estates. There would be no estate tax levied on the bonds, and the persons inheriting the bonds would continue to earn interest on them tax-free for a period of 6 months following the death of the electing beneficiary.

These are the characteristics of social security savings bonds:

First. Persons eligible to take bonds in lieu of a social security payment are limited to persons receiving payments from the Old Age and Survivors Insurance Trust Fund. These persons are generally, but not exclusively, retired persons or their spouses.

Second. The face value of the bond will be equal to the amount of the cash payment foregone by the electing beneficiary.

Third. Each bond may be redeemed at any time for its face value, plus accrued interest, at any Federal Reserve Bank, any other financial institution which is a qualified paying agent, or from the Federal OASI fund itself.

Fourth. Each bond shall accrue interest, compounded monthly, payable only at redemption. No interest shall be paid if the bond is redeemed during the first 6 months after issue.

Fifth. The rate of interest paid on each bond shall be fixed at the time of issuance so that the annual investment yield shall be equal to 70 percent of the average investment yield for the most recent auction (before the week in which the bond is issued) of U.S. Treasury bills with maturities of 52 weeks.

Sixth. Each bond issued shall continue to accrue interest for a period of 6 months after the date of the electing individual's death.

Seventh. Social security savings bonds shall not be transferrable except at the death of the individual beneficiary.

Eighth. Title to any bond which is not redeemed during the life time of the individual, together with any rights associated with such bond, including accrued interest, shall vest in persons surviving the owner of the bond, either as specified in the decedent's last will and testament or, if none, pursuant to the laws of intestacy of the decedent's domicile.

Ninth. The right to receive a bond in lieu of a cash social security payment is elective, and the election is revocable.

Tenth. Payments on the redemption of social security savings bonds, including both interest and principal, shall be made only from the OASI trust fund. The obligations will not be obligations of the general fund.

Eleventh. Election by an individual to receive social security savings bonds in lieu of the payment of any benefit under title II of the Social Security Act shall not be considered a waiver of any right or remedy which would be attributable to such individual if the individual had accepted cash instead of the bond.

Twelfth. The social security savings benefits payable for periods beginning on or after January 1, 1982.

I solicit the support of my colleagues with respect to the social security savings bond program.

By Mr. GARN (for himself, Mr. HEINZ, Mr. LUGAR, Mr. PROXMIRE, and Mr. TOWER):

S. 1805. A bill to restructure and recapitalize the Federal Home Loan Mortgage Corporation and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

FEDERAL HOME LOAN MORTGAGE CORPORATION CHARTER ACT

o Mr. GARN. Mr. President, I am today, along with Senators HEINZ, LUGAR, PROXMIRE, and TOWER, introducing a bill, at the request of the Federal Home Loan Mortgage Corporation, to restructure and recapitalize the Corporation. The bill is designed to reduce the Corporation's reliance on the Federal Home Loan Bank System, enable it to raise capital from the financial institutions which use it and from the capital markets, and broaden the range of services it provides to the mortgage finance industry and homebuyers.

The bill would also authorize a program for conventional mortgage securities patterned on the Government National Mortgage Association's programs, but without a financial link to the U.S. Treasury. The Corporation believes this program has the potential of enabling it to bring from $30 to $40 billion from the capital markets to housing per year.

The Corporation has proposed this bill because it has achieved as much as it can under its original charter granted by Congress 11 years ago.

The Corporation has bought and sold over $23 billion worth of residential mortgages. Its primary mortgage sales vehicle, the mortgage participation certificate, has been a successful tool in attracting funds from investors which normally do not provide mortgage funds. Through the joint efforts of the Corporation and the Federal National Mortgage Association, the conventional mortgage has been standardized and, as a result, a strong secondary market for conventional loans has developed.

As Members of this body are painfully aware, the changes in the financial environment during the past decade and projections of the future spell significant changes in the way lenders, builders, and other participants in the housing finance arena do business.

There is a marked contrast between the financial environment in which the Corporation grew in the 1970's and the environment of the 1980's.

In 1970, nearly all of the institutions selling mortgages to the Corporation were savings and loan associations. They were selling other secondary market investors only a small portion of the loans they originated because they were able to rely primarily on their deposit bases to finance their mortgage originations. Regulation Q dictated the cost of funds.

Although there were periods during the 1970's when high interest rates led to outflows of deposits from thrift institutions, the credit cycles also included long periods of lower or stable interest rates when deposit inflows were strong. The Mortgage Corporation gained access to the capital markets with relative ease and from 1975 on was able to closely balance its purchases and sales of mortgages.

Throughout this period, the mortgage finance industry relied on the fixed rate mortgage as the primary lending instrument.

With the passage of the Depository Institutions Deregulation and Monetary Control Act of 1980, thrift institutions began exploring new lending authorities and the phase-out of regulation Q began to make way for the level playing field concept. Unprecedented inflation, volatility of interest rates, and increases in the costs of funds due to new savings instruments are limiting the supply of financial institutions' mortgage funds

The political, legislative and regulatory climate is changing to reduce regulation, increase competition among types of financial institutions, and place new emphasis on the private sector and the natural controls of the free market. In addition, the Government is engaged in a major effort to fight inflation. At the same time, pent up demand for housing is rising.

The secondary market will be called upon a play a far larger role in satisfying this demand than in the past.

At the same time, the Mortgage Corporation and other housing interests will have to compete with energy and industrial revitalization demands for scarce capital. The fixed rate mortgage will no longer dominate the market as lenders and consumers develop new types of instruments to respond to profitability and to affordability considerations. Players in the secondary market will be called upon to develop new programs for the purchase of alternative mortgage instruments which have already been designed, and for those new types of mortgages which are yet to be created.

From its perspective, the Mortgage Corporation believes it will not be able to meet this increased demand unless it is recapitalized. The Mortgage Corporation was capitalized in 1970 with $100 million in stock purchased by the 12 Federal Home Loan Banks. The corporation has added $121 million to its capital base through retained earnings and issued $200 million in subordinated debentures to bring its total capital base to $241 million; 2½ years ago, a series of studies was undertaken by the Bank Board, the corporation and Arthur D. Little, Inc. to analyze the adequacy of the corporation's capital base. The studies concluded that the corporation's capital was adequate for 1981 and early 1982, but is not adequate if the corporation was to increase its volume and its scope of programs significantly, as the corporation is now doing.

Recognizing the dramatic changes which have taken place in the financial institutions, and the economy, the Corporation invited representatives of its major seller/servicer organizations and of the securities industry to help it determine the best way to recapitalize the Corporation and restructure it, to enable it to operate in the new environment.

In February of this year, the Corporation brought together representatives of the U.S. League of Savings Associations, the American Savings and Loan League, the National Savings and Loan League, the American Bankers Association, the Mortgage Bankers Association, the National Association of Mutual Savings Banks and three of its securities dealers, Sheron Loeb Rhodes, Bank of America and First Boston Corp. The bill introduced today reflects the recommendations of this task force and bears the endorsement of many of its members.

The bill would make extensive changes in the structure and authorities of the Corporation. Currently, the Corporation is owned solely by the 12 Federal Home Loan Banks which are holding $100 million in nonvoting stock. Its Board of Directors consists only of three members of the Federal Home Loan Bank Board. The Board has the authority to require the Federal Home Loan Bank System to guarantee the Corporation's obligations—although this power has not been exercised.

In addition, the Corporation can use the Bank System, without statutory restrictions, to raise funds for its use. Most types of mortgage lending institutions may sell to the Corporation, but all types other than members of the Federal Home Loan Bank System pay nonmember fees with each transaction. Today, the Corporation's main mode of operation is the buying of mortgages, pooling of the loans and sale of the loans through mortgage participation certificates. It is restrained not only by its limited capital, but also by its capacity to handle no more than $10 billion to $20 billion in loans per year.

Under the bill being introduced today, the Corporation would no longer be able to borrow from the Federal Home Loan Bank System after 1982, except that the Corporation would have a $200-million emergency backstop authority to the Federal Home Loan Bank System in the future as a last resort source of financing. The Corporation would no longer be a member of the Federal Home Loan Bank System and the System could not guarantee FHLMC obligations.

The Corporation would gain the authority to issue various types of stock to its users and the public to raise the additional capital it needs. The Corporation would convert the original $100 million in nonvoting stock held by the Federal Home Loan Banks to $100 million of voting common stock. The converted stock would then be revalued to reflect the full market value of the Corporation. The Federal Home Loan Banks would be authorized to distribute their new stock to their member institutions in the form of dividends or otherwise.

The Board of Directors of the Corporation would be expanded from the current three members of the Bank Board to include six additional members elected by stockholders of the Corporation.

All institutions would participate in the services of the Corporation as equals. The nonmember fee for institutions which do not belong to the Bank System would be dropped.

The Corporation would also be able to change the focus of its major business

to a program where it would guarantee conventional mortgage securities issued by its seller/servicers in a manner similar to the way the Government National Mortgage Association guarantees securities based on pools of FHA and VA mortgages only without any direct Federal Government guarantee involved. This program will build on the Corporation's successful mortgage participation certificate program under which $23 billion in mortgages has been sold. Financial institutions and others would presumably find this program attractive because it would assist in reducing financial institutions' reliance on deposits to fund mortgages.

Under the guarantor program, a lender would originate loans, pool them, and issue mortgage securities representing those pools. The Mortgage Corporation would insure that these loans meet the Corporation's underwriting guidelines, and then issue a guarantee of the securities. The lender would then sell the securities directly to investors such as local pension funds or to an investment banking firm which would market the securities for the lender.

The Corporation designed its guarantor program to bring to the conventional mortgage security the same uniformity which the GNMA security has brought to Government-backed loan securities. The Federal National Mortgage Association operates a similar but not identical program. Private efforts to market conventional mortgage-backed securities have not yet gained their fullest potential because of the lack of uniformity in the instruments and the need to over-collateralize the securities in order to gain acceptable pricing.

These attempts have not yet achieved a high degree of efficiency according to the private mortgage insurance companies and lenders involved. The Corporation's and Fannie Mae's programs could significantly hasten the stabilization and market building process for mortgage resales in a manner similar to the positive effects of the development of the Chicago Board of Trade on the market for commodities.

Thus, the guarantor program is an important proposal if private capital is to be raised for housing in more efficient manner in today's rapidly changing capital producing structure. The program would help retool the Nation's mortgage finance delivery system. This revitalized system would be better able to take up the slack as financial institutions evolve and the Federal Government's more direct interventions change.

Since lenders would be able to move a larger share of their loans in the secondary market and do so more quickly than under current programs, they will reduce their own risks in periods of rising interest rates. If they take advantage of such guarantor program, they will eliminate the future need for burdensome large portfolios of below market rate loans in the future.

In addition, the Corporation would become taxable with the payment of its first dividend. Taxable status is appropriate as a result of the change in ownership and control. A significant portion of the future earnings of the Corporation would translate directly into revenues for the U.S. Treasury. Discussions are now underway between the Corporation and the Treasury Department to determine the most appropriate tax treatment for the Corporation to ensure treatment which is consistent with other types of mortgage investors and guarantors. The Corporation will be bringing up a separate tax bill dealing with these issues later this fall.

Mr. President, Freddie Mac, as the Corporation is known, has made an important contribution in this proposal to the discussion of methods by which we can help restore the health of the housing economy. Our staff is currently conducting an analysis of the secondary market for mortgage instruments including determining its current capacity to generate housing capital and its future needs in the face of a rapidly changing economy, financial institution structures, and methods of financing homeownership.

Most specifically, we will carefully explore the proper continuing role of the Federal Government in supporting a secondary market for home mortgages through institutions such as Fannie Mae and Freddie Mac and through more direct intervention such as Ginnie Mae.

Some have argued for example that Freddie Mac's proposal will endow the Corporation with powers almost identical to the Federal National Mortgage Corporation. We must determine if there is a proper role for two federally chartered, competitive organizations. Others have asked if it is not time to privatize both Fannie Mae and Freddie Mac? We will attempt to answer this question as well. And we are aware of some of the problems currently facing Fannie Mae. It would be improper for us to respond to Freddie Mac's proposals without also examining the adequacies of Fannie Mae's authority and role and especially the adequacy of the tools available to it to resolve its current financial problems which are not dissimilar to those experienced by other mortgage lenders.

We are conducting this study with a positive attitude. Both Fannie Mae and Freddie Mac have made monumental contributions to the general ability of Americans to own homes. We cannot forget that a healthy, efficient secondary market for mortgage instruments is the key to this contribution.

Senator LUGAR, chairman of the Housing Subcommittee, and I are not yet prepared to announce hearings on these issues. But we anticipate such hearings this winter with a legislative product for your consideration in 1982. Meanwhile, we are pleased to begin the public discussion of these important matters with introduction of this proposal today and invite all Senators to share their views on the important issues with us as our consideration progresses.

Mr. President, I ask unanimous consent that the bill and explanatory memorandum be printed in the RECORD.

There being no objection, the bill and memorandum were ordered to be printed in the RECORD, as follows:

S. 1805

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FEDERAL HOME LOAN MORTGAGE CORPORATION CHARTER ACT

SHORT TITLE

SEC. 1 This act may be cited as the "Federal Home Loan Mortgage Corporation Charter Act".

PURPOSE

SEC. 2 The Congress hereby declares that the purposes of this Act are:

(a) to promote the flow of funds to the conventional mortgage market, to enhance the available secondary market facilities for conventional mortgages, to provide that the operations thereof shall be financed primarily by private capital to the maximum extent feasible, and to authorize the Federal Home Loan Mortgage Corporation to—

(1) create secondary markets in conventional mortgages and provide assistance to the existing secondary market for conventional mortgages by providing a greatly increased degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for conventional mortgage financing;

(2) adopt and foster such programs and policies as shall increase the liquidity of investments in conventional mortgages and thereby attract additional investment capital to conventional mortgage financing; and

(3) take such actions and design and implement such policies and programs as may further the purposes for which the Federal Home Loan Mortgage Corporation is chartered as set forth in this Act or in bylaws adopted by the Corporation.

(b) to provide for an orderly transition from the Federal Home Loan Mortgage Corporation, as created by Title III of the Emergency Home Finance Act of 1970, to the Federal Home Loan Mortgage Corporation as constituted under this Act.

DEFINITIONS

SEC. 3. When used in this Act, unless the context otherwise requires—

(a) The term "Corporation" means the Federal Home Loan Mortgage Corporation, as constituted under this Act, and, where stated, also means the Federal Home Loan Mortgage Corporation as created by Title III of the Emergency Home Finance Act of 1970. Except as otherwise expressly provided in this Act, the Corporation shall be classified as and considered to be a corporate instrumentality of the United States.

(b) The term "Board of Directors" means the Board of Directors of the Corporation.

(c) The term "eligible seller" means an organization authorized to sell mortgages to the Corporation pursuant to section 6(a)(1) of this Act.

(d) The term "eligible servicer" means an organization authorized to service mortgages for the Corporation pursuant to section 6(a)(1) of this Act.

(e) The term "law" includes any law of the United States or of any State (including any rule of law or of equity).

(f) The term "mortgage" includes such classes of liens as are commonly given or are legally effective to secure advances on, or the unpaid purchase price of, real estate under the laws of the jurisdiction in which the real estate is located, together with the credit instruments, if any, secured thereby, and includes interests in mortgages.

(g) The term "organization" means any corporation, partnership, association, business trust, or business entity.

(h) The term "prescribe" means to prescribe by regulation, action of the Board of Directors or otherwise.

(i) The term "property" includes any property, whether real, personal, mixed, or

otherwise, including without limitation on the generality of the foregoing, choses in action and mortgages, and includes any interest in any of the foregoing.

(j) The term "eligible mortgage" means a mortgage which has such characteristics and meets such requirements as to amount, term, repayment provisions, number of families, lien status, and otherwise, as may be prescribed by the Corporation. Without limitation on the generality of the foregoing, such term shall include:

(1) a mortgage on real estate, in fee simple or under a leasehold having such term as may be prescribed by the Corporation, upon which there is located a structure or structures designed in whole or in part for residential use, or which comprises or includes one or more condominium units or dwelling units (as defined by the Corporation);

(2) a mortgage, lien, or other security interest on the stock or membership certificate issued to a tenant-stockholder or resident-member by a cooperative housing corporation, as defined in section 216 of the Internal Revenue Code of 1954, and on the proprietary lease, occupancy agreement, or right of tenancy in the dwelling unit of the tenant-stockholder or resident-member in such cooperative housing corporation;

(3) a loan or advance of credit insured under Title I of the National Housing Act whose original proceeds are applied for in order to finance energy conserving improvements, or the addition of a solar energy system, to residential real estate;

(4) a loan or advance of credit for such purposes as are described in paragraph (3) of this subsection, or made by a public utility and purchased by the Corporation pursuant to the first sentence of section 6(a)(1) of this Act, not having the benefit of insurance under Title I of the National Housing Act and includes loans made where the lender relies for purposes of repayment primarily on the borrower's general credit standing and forecast of income, with or without other security; and

(5) a secured loan or advance of credit, or a loan or advance of credit insured under Title I of the National Housing Act which may be secured or unsecured, the proceeds of which are intended to finance the rehabilitation, renovation, modernization, refurbishment, or improvement of properties as to which the Corporation may purchase an eligible mortgage" as defined under the first subparagraph of this subsection. A "secured loan or advance of credit" is one in which a security interest is taken in the rehabilitated, renovated, modernized, refurbished or improved property.

(k) The term "conventional mortgage" means a mortgage other than a mortgage as to which the Corporation has the benefit of any guaranty, insurance or other obligation by the United States or an agency or instrumentality of the United States.

(l) The term "security" has the meaning ascribed to it by section 2(1) of the Securities Act of 1933.

(m) The term "State", whether used as a noun, or otherwise, includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

ESTABLISHMENT OF THE CORPORATION

SEC. 4(a) There is created the Federal Home Loan Mortgage Corporation, which shall be a body corporate and shall be under the direction of a Board of Directors. The principal office of the Corporaton shall be in the District of Columbia or at such other place as the Corporation may from time to time prescribe.

(b) Except as provided in subsection (d) of this section and in sections 5(f) and 7(f) (2) of this Act, the Corporation shall have a Board of Directors which shall consist of nine persons, three of whom shall be the members of the Federal Home Loan Bank Board, and the remainder of whom shall be elected by the common stockholders. The Chairman of the Federal Home Loan Bank Board shall be the Chairman of the Board of Directors until March 31, 1985. Effective April 1, 1985, the Chairman of the Board of Directors shall be elected annually by a majority vote of the Board of Directors. Except as provided in subsection (d)(2) of this section, each elected member of the Board of Directors shall be elected for a term of three years with such term ending on the date of an annual meeting of the common stockholders. The Board of Directors shall prescribe the methods and procedures applicable to the nomination of candidates for the position of director and the position of Chairman of the Board of Directors and applicable to all elections of directors, including those directors elected pursuant to subsection (d) of this section. Any elective seat on the Board of Directors which becomes vacant after the election of the director shall be filled by the Board of Directors, but only for the unexpired portion of the term. In the event that a vacancy shall occur on the Federal Home Loan Bank Board at any time subsequent to the effective date of this Act and prior to April 1, 1985, the Chairman of the Federal Home Loan Bank Board shall appoint from among the Presidents of the Federal Home Loan Banks a voting director, who shall serve until such vacancy shall be filled by the appointment of a Federal Home Loan Bank Board member, provided, however, if the President of the Federal Home Loan Bank who has been so appointed as a director shall cease to be a President of a Federal Home Loan Bank, that director shall cease to be a director of the Corporation, and the Chairman of the Federal Home Loan Bank Board shall appoint a replacement director from among the Presidents of the Federal Home Loan Banks. For purposes of this section, the term "Chairman of the Federal Home Loan Bank Board" shall include any individual duly designated as Acting Chairman of the Federal Home Loan Bank Board pursuant to any Reorganization Plan applicable to the Federal Home Loan Bank Board. Any member of the Board of Directors who is a full time officer or employee of the United States shall be entitled to receive compensation for service as a director on the same basis as a director who is not such an officer or employee is compensated by the Corporation.

(c) The Board of Directors determines the general policies which shall govern the operations of the Corporation, and shall have the power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon the Corporation by law and the regulations of the affairs of the Board of Directors. All actions of the Board of Directors shall be determined by a majority of the directors voting. The Board of Directors may designate from its members an executive committee and one or more other committees each of which, to the extent prescribed by the Board of Directors, shall have and may exercise all of the authority of the Board of Directors.

(d)(1) As of the effective date of this Act as provided in section 13 of this Act, the Board of Directors shall be composed of the members of the Federal Home Loan Bank Board. On or before one hundred eighty days after the effective date of this Act, the Board of Directors, pursuant to methods and procedures prescribed by the Board of Directors, shall designate six persons who shall serve as advisory directors. Such advisory directors shall be entitled to attend meetings of the Board of Directors but shall not be entitled to any vote. The terms of two advisory directors shall expire on March 31, 1983, the term of one advisory director shall expire on March 31, 1984, and the terms of three advisory directors shall expire on March 31, 1985, such that the terms of two advisory directors shall commence on the date of appointment and shall end on March 31, 1983, the term of one advisory director shall commence on the date of appointment and shall end on March 31, 1984, and the terms of three advisory directors shall commence on the date of appointment and shall end on March 31, 1985. The Board of Directors shall, at the time of the initial designation of the advisory directors, determine which term shall be served by each advisory director. If any advisory director position established pursuant to this subsection (d)(1) becomes vacant prior to the expiration of the term applicable to such position, the Board of Directors shall, by majority vote of the members of the Board of Directors who are entitled to vote, designate a person to act as advisory director for the unexpired portion of the term.

(2) Upon the expiration of the terms of the advisory directors ending March 31, 1983, the Board of Directors shall be enlarged to five persons, two of whom shall be elected by the common stockholders for terms expiring March 31, 1986. Upon the expiration of the term of the advisory director ending March 31, 1984, the Board of Directors shall be enlarged to six persons, one of whom shall be elected by the common stockholders for a term expiring March 31, 1987. Upon the expiration of the terms of the advisory directors ending March 31, 1985, the Board of Directors shall be enlarged to nine persons, two of whom shall be elected by the common stockholders for terms expiring March 31, 1988, and one of whom shall be elected by the common stockholders for a term expiring March 31, 1987. After the expiration of the initial term of each director elected by the common stockholder pursuant to this subsection, all successor directors shall, as provided in subsection (b) of this section, be elected for three year terms.

(e) The Corporation shall have power (1) to adopt, alter, and use a corporate seal; (2) to have succession until dissolved by Act of Congress; (3) to make and enforce such bylaws, rules, and regulations as may be necessary or appropriate to carry out the purposes or provisions of this Act, and to prescribe, repeal, and amend or modify such bylaws, rules, regulations, or requirements governing the manner in which its general business may be conducted; (4) to make and perform contracts, agreements, and commitments; (5) to prescribe and impose fees and charges for services by the Corporation, including fees or charges for the commercial exploitation of products or services designed by or proprietary to the Corporation; (6) to settle, adjust, and compromise, and, with or without consideration or benefit to the Corporation, to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the Corporation; (7) to sue and be sued, complain and defend, in any State, Federal or other court; (8) to lease, purchase, acquire, or otherwise deal in any property, real, personal, or mixed, including securities or obligations of the Corporation, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that it may deem necessary or appropriate; (9) to determine its necessary expenditures and the manned in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation and benefits of officers, employees, attorneys, and agents, all without regard to any other law except as may be provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of this sentence; (10) to conduct its business, carry on its operations and exercise the powers granted by this Act in any State without regard to any qualification, doing business, license or

similar law in any State, including without limitation on the generality of the foregoing any State law relating to registration of or qualification of securities or relating to registration as or licensure as a broker or dealer; (11) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of its purposes; (12) to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture or other organization, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding; (13) to organize in any State, to own shares of stock in and to operate any portion of the Corporation's business or activities by or through subsidiary corporations, which subsidiary or subsidiaries shall have the same powers, immunities and priorities as the Corporation; (14) to own shares of stock in other corporations and to enter into and be a member of joint ventures, partnerships or other organizations; and (15) to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

Nothing in this Act or any other law shall be construed to prevent the appointment, employment, and provision for compensation and benefits, as an officer, employee, attorney, or agent of the Corporation, of any officer, employee, attorney, or agent of any department, establishment, or corporate or other instrumentality of the Government, including any Federal Home Loan Bank or member thereof. The Corporation, with the consent of any such department, establishment, or instrumentality, including any field services thereof, may utilize and act through any such department, establishment, or instrumentality and may avail itself of the use of information, services, facilities, and personnel thereof, and may pay compensation therefor, and all of the foregoing are hereby authorized to provide the same to the Corporation as it may request.

(f) Funds of the Corporation may be invested in such investments as the Board of Directors may prescribe, and the Corporation shall have authority to purchase, hold, sell or otherwise deal in any mortgage or security previously issued, sold or guaranteed by it. Such purchases and sales may be made in the Corporation's discretion at any time and at any price. Any Federal Reserve Bank or Federal Home Loan Bank, or any bank or savings and loan association as to which at the time of its designation by the Corporation there is outstanding a designation by the Secretary of the Treasury as a general or other depositary of public money, may be designated by the Corporation as a depositary or custodian or as a fiscal, paying or other agent of the Corporation with respect to any stock, obligation or other security issued or guaranteed by the Corporation, and such organizations are hereby authorized to act as such depositary, custodian, or agent. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public money, under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal or other agent of the United States, and it shall perform all such reasonable duties as such depositary or agent as may be required of it.

(g) Notwithstanding section 1349 of title 28 of the United States Code or any other provision of law, (1) the Corporation shall be deemed to be an agency included in sections 1345 and 1442 of such title 28; (2) all civil actions to which the Corporation is a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such actions, without regard to amount or value; and (3) any civil or other action, case or controversy in a court of a State, or in any court other than a district court of the United States, to which the Corporation is a party may at any time before the trial thereof be removed by the Corporation, without the giving of any bond or security, to the district court of the United States for the district and division embracing the place where the same is pending, or, if there is no such district court, to the district court of the United States for the district in which the principal office of the Corporation is located, by following any procedure for removal of causes in effect at the time of such removal. No attachment or execution shall be issued against the Corporation or any of its property before final judgment in any State, Federal, or other court.

(h) All of the property, assets and rights of whatsoever nature of the Corporation (as created by Title III of the Emergency Home Finance Act of 1970), subject to all of the liabilities and duties of the Corporation (as created by Title III of the Emergency Home Finance Act of 1970) pertaining to such property, assets and rights, shall as of the effective date of this Act be transferred to the Corporation, as constituted under this Act.

COMMON AND PREFERRED STOCK

SEC. 5. (a)(1) The Corporation shall have common stock, without par value, which shall, subject to section 5(f) of this Act, be vested with all voting rights, each share being entitled to one vote at all elections of directors. The Corporation is authorized to issue non-voting common stock, with or without par value as shall be determined by the Board of Directors from time to time. Except as may be prescribed by the Corporation pursuant to subsection (a)(2) of this section, the free transferability of the Corporation's voting and non-voting common stock at all times to any person, organization, trust, or other entity shall not be restricted by the Corporation except that, as to the Corporation, such stock shall be transferable only on the books of the Corporation.

(2) The Corporation may, under such procedures or standards as the Corporation shall prescribe, prohibit any natural person or organization from acquiring, holding or voting, directly or indirectly, the beneficial ownership of more than 25 per centum of the shares of voting common stock of the Corporation. For purposes of this subsection (a)(2), the percentage of ownership by any natural person or organization shall be calculated based upon the number of outstanding shares of voting common stock of the Corporation entitled to vote with respect to any matter submitted to a vote of the shareholders of the Corporation. When two or more natural persons or organizations act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or voting the voting common stock of the Corporation, such syndicate or group shall be deemed an "organization" for purposes of this subsection. This subsection (a)(2) and the authority granted herein shall expire five years after the effective date of this Act.

(b) The Corporation may require eligible sellers to purchase specified amounts or numbers of shares, including fractional shares, of voting common stock or preferred stock of the Corporation from the Corporation or otherwise based upon the unpaid principal amount of mortgages purchased or to be purchased by the Corporation pursuant to section 6(a) of this Act or upon the unpaid principal amount of securities guaranteed or to be guaranteed by the Corporation pursuant to section 7(g) of this Act, or upon such other reasonable basis as may foster the purposes or provisions of this Act. Stock purchase requirements imposed pursuant to this subsection may vary depending upon the type or class of mortgage purchased or to be purchased, the type or class of security guaranteed or to be guaranteed, the magnitude of risk or obligation assumed by the Corporation or other factors reasonably related to the operations of the Corporation, provided that the Corporation shall not impose voting common stock or preferred stock purchase requirements upon eligible sellers who are not members of a Federal Home Loan Bank which differ from those imposed upon eligible sellers who are such members.

(c) The Corporation may require eligible servicers to own specified amounts or numbers of shares, including fractional shares, of voting common stock or preferred stock of the Corporation based upon the unpaid principal amount of mortgages serviced pursuant to section 6(a) or section 7(g) of this Act, or upon such other reasonable basis as may foster the purposes or provisions of this Act. Stock ownership requirements imposed pursuant to this subsection may vary depending upon the type or class of mortgage serviced or other factors reasonably related to the operations of the Corporation, provided that the Corporation shall not impose voting common stock or preferred stock ownership requirements upon eligible servicers who are not members of a Federal Home Loan Bank which differ from those imposed upon eligible servicers who are such members. The common stock or preferred stock ownership requirements established by the Corporation pursuant to this subsection may differ from the common stock or preferred stock purchase requirements established by the Corporation pursuant to subsection (b) of this section.

(d) The Corporation shall, under such procedures as shall be prescribed by the Board of Directors, issue from time to time, to each eligible seller or eligible servicer, its voting common stock or preferred stock reflecting any capital contributions made by such eligible seller or eligible servicer pursuant to subsections (b) and (c) of this section.

(e) Notwithstanding any other provision of law, any eligible seller or eligible servicer, including a national bank or State member bank of the Federal Reserve System, the Federal Deposit Insurance Corporation, any member of the Federal Deposit Insurance Corporation, any Federal Home Loan Bank, any member of any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any Federal Reserve Bank, the National Credit Union Administration, any other financial institution the deposits or accounts of which are insured by an agency of the United States, any financial institution the deposits or accounts of which are insured under the laws of any State, any public utility carrying out the activities described in section 6(a)(1) of this Act, any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, and any trust company or any other banking organization organized under any law of the United States, shall be authorized to make payments to the Corporation for purchases of common stock or preferred stock referred to in subsections (b) and (c) of this section, to receive common stock or preferred stock of the Corporation reflecting such capital contributions, to purchase additional shares of such stock, and to hold or dispose of such stock, subject to the provisions of this Act and the rules and regulations of the Corporation.

(f) The Corporation may have one or more classes of preferred stock, with such stated value as shall be prescribed by the Corporation and without any right to vote except as shall be provided by the Corporation in the event that dividends with respect to any class of preferred stock are not timely paid. In the event that and for the duration that any class of preferred shareholders shall be entitled to elect any member or members of the Board of Directors, the number of elected members of the Board of Directors as provided in section 4(b) of this Act shall be increased by the number of members elected by any class of preferred shareholders. The free transferability of the Corporation's preferred stock at all times to any person, organization, trust, or other entity shall not be restricted by the Corporation except that, as to the Corporation, it shall be transferable only on the books of the Corporation. Any class of preferred stock of the Corporation shall be subject to such rights of call or redemption as shall be prescribed by the Corporation at the time of issuance or sale of such class of preferred stock.

(g) Each class of preferred stock of the Corporation shall be entitled to such annual dividend as shall be fixed by the Corporation at the time of issuance or sale of such class of preferred stock, provided that all such dividends shall be cumulative. Such dividends as may be declared by the Board of Directors in its discretion shall be paid by the Corporation to the holders of its common stock, provided that no dividend may be paid by the Corporation with respect to its common stock unless all dividends as to which the Corporation is obligated on all classes of preferred stock have been paid or adequate provision for such dividends has been made. Any dividend paid by the Corporation with respect to common stock or preferred stock shall be paid only from the retained earnings account of the Corporation. The Corporation may adopt and offer to holders of any security issued pursuant to this section a plan by which holders may automatically invest dividends received with respect to such security in additional shares of that security.

(h) Common stock or preferred stock of the Corporation may be issued in definitive form, in book entry form or in such other form, with or without delivery of physical evidence of ownership, as shall be prescribed by the Corporation. The Corporation may apply for listing of its voting or non-voting common stock or for listing of any class of its preferred stock on any national securities exchange or on any national market system for securities. To the extent and in the manner prescribed by the Corporation, any class of preferred stock of the Corporation may be converted into voting or non-voting common stock of the Corporation. The Corporation may, in connection with any issuance or sale of its voting or non-voting common stock or of any class of preferred stock or any security issued or guaranteed by the Corporation pursuant to Sections 6 or 7 of this Act or as the Corporation shall determine, issue and sell warrants, rights or options to acquire its voting or non-voting common stock or any class of it preferred stock.

MORTGAGE OPERATIONS

SEC. 6(a)(1). The Corporation is authorized to purchase, make commitments to purchase, lend on the security of, or otherwise deal in eligible mortgages owned by or acquired from any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any member of a Federal Home Loan Bank, the Federal Deposit Insurance Corporation, any Federal Reserve Bank, the National Credit Union Administration, any other financial institution the deposits or accounts of which are insured by an agency of the United States, any financial institution the deposits or accounts of which are insured under the laws of any State, any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, any public utility carrying out activities in accordance with the requirements of Title II of the National Energy Conservation Policy Act if the eligible mortgage to be purchased is a loan or advance of credit the original proceeds of which are applied for in order to finance the purchase and installation of residential energy conservation measures (as defined in section 210(11) of the National Energy Conservation Policy Act) in residential real estate, or from any organization which, in the regular course of business of the organization, finances eligible mortgages. The Corporation may hold and deal with, and sell or otherwise dispose of, pursuant to commitments or otherwise, any such mortgage or interest therein, and the servicing on any such mortgage may be performed by the seller or by any other eligible seller with which the seller may contract under such conditions as may be prescribed by the Corporation. The operations of the Corporation under this section shall be confined so far as practicable to eligible mortgages which are deemed by the Corporation to be of such quality, type, and class as to meet generally the purchase standards imposed by private institutional mortgage investors.

The Corporation may establish requirements, and impose charges or fees, which may be regarded as elements of pricing, for different sellers or servicers, and for such purposes the Corporation is authorized to differentiate among sellers or servicers according to such basis or bases of differentiation as the Corporation may consider necessary or appropriate to effectuate the purposes or provisions of this Act. With respect to any particular type of seller, the Corporation shall not be required to make available programs to an extent greater than the Corporation elects to make such programs available to other types of eligible sellers. Any requirements specified by the Corporation pursuant to the preceding two sentences must bear a rational relationship to the purposes or provisions of this Act, but may not be based solely upon the type of seller or servicer. However, a requirement will not be considered discriminatory solely on the grounds of differential effects on different types of eligible sellers. Insofar as is practicable, the Corporation shall endeavor to encourage participation in its programs by all eligible sellers.

(2) No conventional mortgage shall be purchased under this section if the outstanding principal balance of the mortgage at the time of purchase exceeds 80 per centum of the value of the property securing the mortgage, unless (A) the seller retains a participation of not less than 10 per centum in the mortgage; (B) for such period and under such circumstances as the Corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the Corporation in the event that the mortgage is in default; or (C) that portion of the unpaid principal balance of the mortgage which is in excess of such 80 per centum is guaranteed or insured by a qualified insurer as determined by the Corporation. The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if (A) the seller is currently engaged in mortgage lending activities, or (B) the seller is a Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, a Federal Reserve Bank, or the National Credit Union Administration.

(3) The sale or other disposition by the Corporation of a mortgage under this section may be with or without recourse, and shall be upon such terms and conditions relating to resale, repurchase, guaranty, substitution, replacement, or otherwise as the Corporation may prescribe.

(b) Notwithstanding any other law, authority to enter into and to perform and carry out any transactions or matter referred to in this section is conferred on any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any Federal savings and loan association, any Federal Home Loan Bank member, any Federal Reserve Bank, the National Credit Union Administration, the Federal Deposit Insurance Corporation, any other financial institution the deposits or accounts of which are insured by an agency of the United States, and any financial institution the deposits or accounts of which are insured under the laws of any State.

OBLIGATIONS AND SECURITIES

SEC. 7. (a) The Corporation is authorized, upon such terms and conditions as it may prescribe, to borrow, to give security, to pay interest or other return, and to issue notes, debentures, bonds, or other obligations, or other securities, including without limitation securities convertible into common stock or preferred stock of the Corporation and mortgage-backed securities guaranteed by the Government National Mortgage Association in the manner provided in section 306(g) of the National Housing Act. Any obligation or security of the Corporation may be issued and sold in definitive form, in book entry form or in such other form, with or without delivery of physical evidence of ownership, as shall be prescribed by the Corporation. The Corporation may apply for listing of any security issued or guaranteed by it on any national securities exchange or on any national market system for securities. Any obligation or security of the Corporation shall be valid and binding notwithstanding that a person or persons purporting to have executed or attested the same may have died, become under disability, or ceased to hold office or employment before the issuance thereof.

(b) The Corporation may require eligible sellers to purchase specified amounts of obligations issued by the Corporation pursuant to subsection (a) of this section, from the Corporation or otherwise, based upon the unpaid principal amount of mortgages purchased or to be purchased by the Corporation pursuant to section 6(a) of this Act or upon the unpaid principal amount of securities guaranteed or to be guaranteed by the Corporation pursuant to subsection (g) of this section, or upon such other reasonable basis as may foster the purposes or provisions of this Act. Purchase requirements imposed pursuant to this subsection may vary depending upon the type or class of mortgage purchased or to be purchased, the type or class of security guaranteed or to be guaranteed, the magnitude of risk or obligation assumed by the Corporation, or other factors reasonably related to the operations of the Corporation, provided that the Corporation shall not impose purchase requirements upon eligible sellers who are not members of a Federal Home Loan Bank which differ from those imposed upon eligible sellers who are such members.

(c) The Corporation may require eligible servicers to own specified amounts of obligations issued by the Corporation pursuant to subsection (a) of this section based upon the unpaid principal amount of mortgages serviced pursuant to section 6(a) of this Act or subsection (g) of this section, or upon such other reasonable basis as may foster the purposes or provisions of this Act. Ownership requirements imposed pursuant to this subsection may vary depending upon the type or class of mortgage serviced or other factors reasonably related to the operations of the Corporation, provided that the Corporation shall not impose ownership requirements

upon eligible servicers who are not members of a Federal Home Loan Bank which differ from those imposed upon eligible servicers who are such members. The ownership requirements established pursuant to this subsection may differ from the purchase requirements established by the Corporation pursuant to subsection (b) of this section.

(d) Notwithstanding any other provision of law, any eligible seller or eligible servicer, including a national bank or State member bank of the Federal Reserve System, the Federal Deposit Insurance Corporation, any member of the Federal Deposit Insurance Corporation, any Federal Home Loan Bank, any member of any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any Federal Reserve Bank, the National Credit Union Administration, any other financial institution the deposits or accounts of which are insured by an agency of the United States, any financial institution the deposits or accounts of which are insured under the laws of any State, any public utility carrying out the activities described in section 6(a)(1) of this Act, any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, and any trust company or any other banking organization organized under any law of the United States, shall be authorized to make payments to the Corporation for purchases of obligations referred to in subsections (b) and (c) of this section, to receive obligations of the Corporation reflecting such purchases, to purchase additional obligations, and to hold or dispose of such obligations, subject to the provisions of this Act and the rules and regulations of the Corporation.

(e) The Federal Home Loan Banks are authorized, under such procedures as the Board of Directors and the Federal Home Loan Bank Board may prescribe, to provide financing to the Corporation during calendar year 1982 in an amount not to exceed $500,000,000 and in the form of a pass through of the proceeds of consolidated obligations sold by the Federal Home Loan Banks. Any borrowings by the Corporation pursuant to this subsection shall mature and be repayable no later than January 31, 1985 and shall bear a rate of interest which shall be one-quarter of one percentum greater than the rate of interest paid by the Federal Home Loan Banks with respect to the consolidated obligations the proceeds of which have been passed through to the Corporation. The Federal Home Loan Banks may, at any time, sell, upon such terms and conditions and at such price or prices as the Federal Home Loan Bank Board shall determine, any of the obligations of the Corporation acquired under this subsection. The powers of the Federal Home Loan Bank Board to authorize the purchase of, and the powers of the Federal Home Loan Banks to purchase and raise funds to purchase, obligations of the Corporation pursuant to this subsection shall be exercisable without regard to any other law, including without limitation on the generality of the foregoing any provision of this Act or of the Federal Home Loan Bank Act.

(f)(1) The Federal Home Loan Bank Board is authorized in its discretion to provide for the purchase by the Federal Home Loan Banks, under such procedures as the Board of Directors and the Federal Home Loan Bank Board may prescribe, of any obligations issued by the Corporation pursuant to subsection (a) of this section, as now or hereafter in force, provided that the Federal Home Loan Banks shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of the Federal Home Loan Banks' holdings of such obligations under this subsection to an amount greater than $200,000,000. Each purchase of obligations by the Federal Home Loan Banks pursuant to this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Federal Home Loan Bank Board. The Federal Home Loan Banks may, at any time, sell, upon such terms and conditions and at such price or prices as the Federal Home Loan Bank Board shall determine, any of the obligations of the Corporation acquired under this subsection. The powers of the Federal Home Loan Bank Board to authorize the purchase of, and the powers of the Federal Home Loan Banks to purchase and raise funds to purchase, obligations of the Corporation pursuant to this subsection, shall be exercisable without regard to any other law, including without limitation on the generality of the foregoing any provisions of this Act or of the Federal Home Loan Bank Act.

(2) In the event that any obligations of the Corporation are purchased by the Federal Home Loan Banks pursuant to subsection (f)(1) of this section, the Federal Home Loan Bank Board shall be authorized to appoint to the Board of Directors, from among the Presidents of the Federal Home Loan Banks, such number of additional voting directors as may be necessary so that the members of the Federal Home Loan Bank Board and the directors appointed by the Federal Home Loan Bank Board pursuant to this subsection together constitute a majority of the Board of Directors, and the number of members of the Board of Directors as provided in section 4(b) of this Act shall be increased by the number of members so appointed. Any directors appointed by the Federal Home Loan Bank Board pursuant to this subsection shall remain on the Board of Directors during such time that any obligations of the Corporation purchased pursuant to subsection (f)(1) of this section are held by the Federal Home Loan Banks, provided that if any director so appointed shall cease to be a President of a Federal Home Loan Bank during such time, that director shall cease to be a director of the Corporation, and the Federal Home Loan Bank Board shall be authorized to appoint a replacement director from among the Presidents of the Federal Home Loan Banks.

(g)(1) The Corporation is authorized, upon such terms and conditions as it may prescribe, to guarantee the timely payment of principal or interest, or both, on securities issued by any eligible seller which are based on or backed by a trust or pool of mortgages eligible for purchase by the Corporation pursuant to section 6(a)(2) of this Act. Without limitation on the generality of the foregoing, the Corporation is authorized in connection with the activities contemplated by this section to establish requirements, and impose charges or fees, including charges or fees of the type and for the same purposes as authorized in connection with the purchase of mortgages by section 6(a)(1) of this Act. The Corporation shall collect from the issuer a reasonable fee for any guaranty under this subsection and shall make such charges as it may determine to be reasonable for the analysis and underwriting of mortgage trusts or pools and security arrangements proposed by the issuer. In the event the issuer is unable to make any payment of principal or interest on any security guaranteed under this subsection, the Corporation shall make such payment as and when due in cash, and thereupon shall be subrogated fully to the rights satisfied by such payment.

(2) The Corporation is hereby empowered, in connection with any guaranty under this subsection, whether before or after any default, to provide by contract with the issuer for the extinguishment, upon default by the issuer, of any redemption, equitable, legal, or other right, title, or interest of the issuer in any mortgage or mortgages constituting the trust or pool against which the guaranteed securities are issued. With respect to any issue of guaranteed securities under this subsection, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such trust or pool shall become the absolute property of the Corporation subject only to the unsatisfied rights of the holders of the securities based on and backed by such trust or pool.

(3) No State or local law, and no Federal law (including Title 11 of the United States Code and except Federal law enacted expressly in limitation of this subsection after the effective date of this sentence), shall preclude or limit the exercise by the Corporation of (A) its power to contract with the issuer on the terms stated in this subsection (g), (B) its rights to enforce any such contract with the issuer, or (C) its ownership rights, as provided in this subsection (g), in the mortgages constituting the trust or pool against which the guaranteed securities are issued.

(4) All provisions of this section applicable to obligations or securities of the Corporation shall be fully applicable to securities guaranteed by the Corporation under this subsection, including without limitation on the generality of the foregoing the provisions of subsections (i) and (j) of this section.

(h)(1) Any person, trust or organization created pursuant to or existing under the laws of the United States or any State shall be authorized to purchase, hold, and invest in common stock, preferred stock, mortgages, obligations, or other securities which are or have been sold or guaranteed by the Corporation (both as created by Title III of the Emergency Home Finance Act of 1970 and as constituted under this Act) pursuant to sections 5, 6, or 7 of this Act or pursuant to sections 305 or 306 of Title III of the Emergency Home Finance Act of 1970 to the same extent that such person, trust, or organization is authorized under any applicable law to purchase, hold, or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Where State law limits the purchase, holding, or investment in obligations issued by the United States by such a person, trust, or organization, such Corporation common stock, preferred stock, mortgages, obligations, and other securities shall be considered to be obligations issued by the United States for purposes of the limitation. The provisions of this subsection shall be applicable without regard to contrary provisions of State or local law and shall be applicable to such Corporation common stock, preferred stock, mortgages, obligations or other securities whether issued in book entry, definitive or other form as prescribed by the Corporation.

(2) The provisions of paragraph (1) of this subsection shall not apply with respect to a particular person, trust or organization or class thereof in any State which, after the date of enactment of this subsection, enacts a statute which specifically names the Corporation and either prohibits or provides for a more limited authority to purchase, hold or invest in such securities by such person, trust or organization or class thereof than is provided in paragraph (1). The enactment by any State of any statute of the type described in the preceding sentence shall not affect the validity of any contractual commitment to purchase, hold or invest which was made prior thereto.

(i) The Corporation may, by regulation or by writing executed by the Corporation, establish prohibitions or restrictions upon the creation of indebtedness or obligations of the Corporation or of liens or charges upon property of the Corporation, including after-acquired property, and create liens and

charges, which may be floating liens or charges, upon all or any part or parts of the property of the Corporation, including after-acquired property. Such prohibitions, restrictions, liens and charges shall have such effect, including without limitation on the generality of the foregoing such rank and priority, as may be provided by regulations of the Corporation or by writings executed by the Corporation, and shall create causes of action which may be enforced by action in the United States District Court for the District of Columbia or in the United States district court for any judicial district in which any of the property affected is located. Process in any such action may run to and be served in any judicial district or any place subject of the jurisdiction of the United States.

(j) The provisions of this section and of any restriction, prohibition, lien, or charge referred to in subsection (i) of this section shall be fully effective notwithstanding any other law, including without limitation on the generality of the foregoing any law of or relating to sovereign immunity or priority.

(k) All mortgages, obligations, or other securities which are or have been sold by the Corporation pursuant to this section or section 6 of this Act shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposits of which shall be under the authority and control of the United States or any officers thereof.

MISCELLANEOUS PROVISIONS

SEC. 8(a) All rights and remedies of the Corporation, including without limitation on the generality of the foregoing any rights and remedies of the Corporation on, under, or with respect to any mortgage or any obligation secured thereby, shall be immune from impairment, limitation, or restriction by or under (1) any law (except laws enacted by the Congress expressly in limitation of this sentence) which becomes effective after the acquisition by the Corporation of the subject or property on, under, or with respect to which such right or remedy arises or exists or would so arise or exist in the absence of such law, or (2) any administrative or other action which becomes effective after such acquisition. The Corporation shall be entitled to all immunities and priorities, including without limitation on the generality of the foregoing, all immunities and priorities under any such law or action, to which it would be entitled if it were the United States or if it were an unincorporated agency of the United States.

(b) Until the end of the calendar year in which the effective date of this Act occurs, the financial transactions of the Corporation shall be subject to audit by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. A report on each such audit shall be made by the Comptroller General to the Congress. The Corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General.

(c) After the calendar year referred to in section 8(b) of this Act, the annual audit of the accounts of the Corporation shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent licensed public accountants, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States. A report of each such audit shall be furnished to the General Accounting Office. The audit shall be conducted at the place or places where the accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate any verification performed by the General Accounting Office of the annual audit of the accounts of the Corporation, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

PENAL PROVISIONS

SEC. 9. (a) Except as expressly authorized by statute of the United States, no individual or organization (except the Corporation or such individuals or organizations having the Corporation's express written permission) shall use the term "Federal Home Loan Mortgage Corporation", or any combination of words including the words "Federal", and "Home Loan", and "Mortgage", as a name or part thereof under which any individual or organization does any business, but this sentence shall not make unlawful the use of any name under which business was being done on the date of the enactment of Title III of the Emergency Home Finance Act of 1970. No individual or organization shall use or display (1) any sign, device, or insigne prescribed or approved by the Corporation for use or display by the Corporation or by any eligible seller or eligible servicer, (2) any copy, reproduction, or colorable imitation of any such sign, device, or insigne, or (3) any sign, device, or insigne reasonably calculated to convey the impression that it is a sign, device, or insigne used by the Corporation or prescribed or approved by the Corporation, contrary to regulations of the Corporation prohibiting, or limiting or restricting, such use or display by such individual or organization. An organization violating this subsection shall for each violation be punished by a fine of not more than $10,000. An officer or member of an organization participating or knowingly acquiescing in any violation of this subsection shall be punished by a fine of not more than $5,000 or imprisonment for not more than one year, or both. An individual violating this subsection shall for each violation be punished as set forth in the sentence next preceding this sentence.

(b) The provisions of sections 215, 603, 658, 1011, and 1014 of title 18 of the United States Code are extended to apply to and with respect to the Corporation, and for the purposes of such section 658 the term "any property mortgaged or pledged", as used therein, shall without limitation on its generality include any property subject to mortgage, pledge, or lien acquired by the Corporation by assignment or otherwise.

(c) The term "bank examiner or assistant examiner", as used in section 655 of such title 18, shall include any examiner or assistant examiner who is an officer or employee of the Corporation and any person who makes or participates in the making of any examination of or for the Corporation.

(d) The term "bank", as used in subsection (f) of section 2113 of such title 18, shall be deemed to include the Corporation, and any building used in whole or in part by the Corporation shall be deemed to be used in whole or in part as a bank, within the meaning of such section 2113.

(e) The terms "agency" or "agencies" shall be deemed to include the Corporation wherever used in reference to an agency or agencies of the United States in sections 201, 202, 203, 205, 208, 209, 286, 287, 371, 506, 595, 602, 607, 641, 643, 654, 701, 872, 1001, 1002, 1006, 1016, 1017, 1361, 1505, and 2073 of such title 18. Any officer or employee of the Corporation shall be deemed to be a person mentioned in section 602 of such title 18 within the meaning of sections 603 and 606 of such title.

(f) The terms "obligation or other security" and "obligations or other securities", wherever used (with or without the words "of the United States") in sections 471 to 476, both inclusive, and section 492 of such title 18, are extended to include any obligation or other security of or issued or guaranteed by the Corporation. Any reference in sections 474, 494, 495, 642, 649, 653 and 663 of such title 18 to the United States, except in a territorial sense, or to the Secretary of the Treasury, is hereby extended to include the Corporation. Section 477 of such title 18 is extended to apply with respect to section 476 of such title as extended by the first sentence of this subsection (f), and for this purpose the term "United States" as used in such section 476 shall include the Corporation.

TAXATION OF CORPORATION

SEC. 10. Until such time as the Corporation shall pay a dividend with respect to shares of common stock other than shares of common stock created and distributed pursuant to section 15 of this Act, the Corporation, including its franchise, activities, capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipal, or local taxing authority, except that any real property of the Corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. On and after the date the Corporation pays a dividend with respect to shares of common stock other than shares of common stock created and distributed pursuant to section 15 of this Act, the Corporation, including its franchise, activities, capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by any territory, dependency, or possession of the United States, or by any State, county, municipal, or local taxing authority, except that any real property of the Corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. The provisions of this section shall be applicable without regard to any other law, including without limitation on the generality of the foregoing section 3301 of the Internal Revenue Code of 1954, except laws hereafter enacted by Congress expressly in limitation of this section.

TERRITORIAL APPLICABILITY

SEC. 11. Notwithstanding any other law, this Act shall be applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

SEC EXEMPTION

SEC. 12(a) No provision or requirement of the Securities Act of 1933 [15 U.S.C. 77a et seq.], the Securities Exchange Act of 1934 [15 U.S.C. 78a et seq.], or the Trust Indenture Act of 1939 [15 U.S.C. 77a et seq.] (except § 17 of the Securities Act of 1933 [15 U.S.C. 77q] and § 10 of the Securities Exchange Act of 1934 [15 U.S.C. 78j], and all rights, remedies and enforcement authority thereunder) shall be applicable to or with respect to the Corporation. Any stock, obligation, mortgage or security or any interest in the foregoing issued, guaranteed or sold by the Corporation shall be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission, to the same extent as securities which are direct obligations of, or obligations guaranteed as to principal or interest by, the United States.

(b) No provision of the Investment Company Act of 1940 [15 U.S.C. 80a–1 et seq.] or the Investment Advisors Act of 1940 [15 U.S.C. 80b–1 et seq.] shall apply to the Corporation. Any stock, obligation, mortgage, or security issued, guaranteed, sold or purchased by the Corporation shall be deemed to be a "government security" under section 2(a)(16) [15 U.S.C. 80a–2(a)(16)] of the Investment Company Act of 1940.

EFFECTIVE DATE

SEC. 13 This Act shall be effective upon enactment thereof, except that sections 5, 7(g) and 15(b) of this Act shall be effective from and after a date, not more than one hundred eighty days following the enactment of this Act, as established by the Federal Home Loan Bank Board.

SAVINGS PROVISIONS

SEC. 14(a) No cause of action by or against the Corporation (as created by Title III of the Emergency Home Finance Act of 1970) existing prior to the effective date established pursuant to section 13 of this Act shall abate by reason of the enactment of this Act. Any such cause of action may thereafter be asserted by or against the Corporation.

(b) No suit, action, or other proceeding commenced by or against the Corporation as created by Title III of the Emergency Home Finance Act of 1970, or any officer thereof in his official capacity, prior to the effective date established pursuant to section 13 of this Act shall abate by reason of the enactment of this Act. A court may at any time thereafter during the pendency of any such litigation, on its own motion or that of any party, order that the litigation may be maintained by or against the Corporation or the appropriate corresponding officer thereof.

TRANSITIONAL PROVISIONS

SEC. 15(a). On the effective date established pursuant to section 13 of this Act, each share of outstanding non-voting common stock, with a par value of $1,000 per share, of the Corporation as created by Title III of the Emergency Home Finance Act of 1970 shall, pursuant to such procedures as shall be established by the Federal Home Loan Bank Board, be changed into and shall become such number of shares of voting common stock, without par value, of the Corporation as shall be fixed by the Federal Home Loan Bank Board.

(b) The voting common stock of the Corporation held by the Federal Home Loan Banks pursuant to section 15(a) of this Act may, subject to the provisions of section 5–of the Federal Home Loan Mortgage Taxation Act, be distributed to the members of the Federal Home Loan Banks in such amounts, at such times and under such circumstances and procedures as shall be determined by the Federal Home Loan Bank Board. Any distributions of the Common stock of the Corporation to the members of the Federal Home Loan Banks made pursuant to this subsection shall be made only to such organizations as were members of any Federal Home Loan Bank on or after July 24, 1970 and prior to the effective date of this Act, and shall be made on the basis of the amount of capital invested in a Federal Home Loan Bank by each organization during such period and on the basis of the length of time each organization was a member of a Federal Home Loan Bank during such period as may be determined pursuant to standards adopted by the Federal Home Loan Bank Board Any distribution of the common stock of the Corporation by the Federal Home Loan Banks to the members of the Federal Home Loan Banks made pursuant to this subsection shall not be subject to the limitations contained in, and shall not be considered a dividend for purposes of, section 16 of the Federal Home Loan Bank Act. Any voting common stock owned by any Federal Home Loan Bank pursuant to this section shall be voted by such Federal Home Loan Bank as provided in section — of the Federal Home Loan Mortgage Corporation Taxation Act.

TECHNICAL AMENDMENTS

SEC. 16(a). As of the effective date of this Act as provided in section 13 of this Act, Title III of the Emergency Home Finance Act of 1970 (the Federal Home Loan Mortgage Corporation Act) is repealed.

(b) All specific references by name to the Federal Home Loan Mortgage Corporation in any law of the United States or any law of any State in effect on the effective date of this Act shall be deemed to refer to and include the Corporation.

(c) Except as provided by laws hereafter enacted by Congress expressly applicable to or in limitation of this subsection, the Corporation shall not be classified as or be deemed to be an "Executive agency" for purposes of section 105 of title 5 of the United States Code, an "agency" for purposes of section 552(e) of title 5 of the United States Code, or an "agency" or "instrumentality in the executive" branch for purposes of section 791 of title 29 or section 2014 of title 38 of the United States Code, nor shall Title II of the Ethics in Government Act of 1978 apply to any employee of the Corporation.

(d) Except as provided by laws hereafter enacted by the Congress expressly applicable to or in limitation of this subsection, any employee or agent of the Corporation shall continue to be classified as a "public official acting in his official capacity" for purposes of section 267 of title 2 of the United States Code and the Corporation shall continue to be classified as an "agency of the United States" for purposes of section 355 of title 12 of the United States Code.

CONSTRUCTION AND SEPARABILITY

SEC. 17. Except as otherwise provided in this Act, or as otherwise provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of provisions of this Act, the powers and functions of the Corporation and of the Board of Directors shall be exercisable, and the provisions of this Act shall be applicable and effective, without regard to any other law. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this Act, or the application thereof to any persons or circumstances, is held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

FHLMC CHARTER ACT: EXPLANATORY MEMORANDUM FOR CONGRESSIONAL STAFF

The Memorandum describes, on a section-by-section basis, each section of the Federal Home Loan Mortgage Corporation Charter Act (the "Charter Act"). All changes made to the existing Federal Home Loan Mortgage Corporation Act (the "FHLMC Act"), whether by addition or deletion, are noted. The source of each provision of the Charter Act is indicated, especially where the provision has been adapted from analogous legislation creating either the Federal National Mortgage Association ("FNMA") or the Student Loan Marketing Association ("SLMA").

INTRODUCTION

The principal changes produced by the Charter Act include a recapitalization of the Corporation, a transition to a nine person Board of Directors (three of whom will be the members of the Federal Home Loan Bank Board, and six of whom will be elected by common stockholders), and a distribution of the voting common stock of the Corporation to the members of the twelve Federal Home Loan Banks. Thereafter, the Corporation has power to establish a user voting common stock and/or preferred stock and/or debt obligation purchase program and to sell to the public both common and preferred stock. The Corporation's debt financing capacities have been changed by substantially reducing the Corporation's reliance upon the Federal Home Loan Bank System. Therefore, the Corporation would expect to raise necessary debt financing by direct sales in the general capital markets. The Corporation has also been given authority to establish a guarantor program for conventional mortgages similar to the Government National Mortgage Association's mortgage backed securities program for FHA and VA mortgages.

The basic drafting theory of the Charter Act was to describe the authority and functions of the Corporation as it will exist when the conversion to more private status is complete. Provisions for the interim transition period were treated as exceptions or provisos to the ultimate authority and functions of the Corporation. This drafting theory hopefully produces legislation which can be readily followed after completion of the transition period.

Two other drafting theories also bear mention. First, except where particular policy considerations required limitation or specification of the Corporation's powers, duties, or functions, the Charter Act grants discretion to the Corporation's Board of Directors as to the manner and methods of doing business. Vesting such discretion in the Corporation's Board of Directors is consistent with the discretion accorded the boards of directors of private business corporations, and provides future flexibility for the Corporation to adapt to changing circumstances.

Second, the Charter Act borrows liberally where appropriate from other legislation, particularly the Federal National Mortgage Association Charter Act (the "FNMA Act"). Where Congress has already determined that certain statutory language is workable, it seems appropriate to use essentially similar language when the Corporation's role or powers will be substantially similar to other federal entities.

The Charter Act continues the Corporation's status as an entity exempt from federal corporate income tax until such point as the Corporation pays the first dividend to holders of newly issued voting common stock (other than stock issued pursuant to section 15 of the Charter Act). Thereafter, the Corporation will be subject to federal income tax.

A separate bill will be submitted treating in detail the taxation of the Corporation in terms of both present and future income. This bill will specify the federal income tax consequences of the conversion of the Corporation's existing capital stock to voting common stock and the distribution of the voting common stock to the members of the Federal Home Loan Banks. The bill will also treat certain technical issues concerning the Corporation's new user stock purchase program authority and the federal income tax characterization of mortgage pass through securities sold by the Corporation.

SECTION 1—SHORT TITLE

This section is the traditional short title provision. Following the FNMA example, the Corporation's new enabling legislation is titled the "Federal Home Loan Mortgage Corporation Charter Act."

SECTION 2—PURPOSES

Section 2 sets forth the purposes of the Corporation to create and promote secondary markets in conventional mortgages financed primarily by private capital. This section stresses that the Corporation's two principal goals are to improve the distribution of investment capital available for conventional mortgage financing and to attract additional investment capital to conven-

tional mortgage financing by increasing the liquidity of investments in conventional mortgages. A third purpose—to adopt and implement programs provided for in the Charter Act—is also mentioned.

The section is a modified version of section 301 of the FNMA Act. As is the case with the FNMA Act, the "Purposes" section provides broad guidance as to corporate direction without unduly restricting corporate flexibility as to particular methods of implementing Congressional policy goals. The section provides assurance that the Corporation will continue to act to foster Congressional policies and at the same time demonstrates that, in the unlikely event that there is a judicial challenge to the Charter Act, Congress was exercising its power to regulate interstate commerce.

SECTION 3—DEFINITION

Section 3 contains definitions of terms used throughout the Charter Act. This section is substantially identical to section 302 of the FHLMC Act. As described below, some definitions have been modified, while others have been added as a result of the change in the powers of the Corporation provided by the Charter Act.

Section 3(a)

The definition of "Corporation" has been expanded compared to section 302(b) of the FHLMC Act. This expansion was necessitated by the need to distinguish between the old and the new Corporation. Language has been added to section 3(a) to provide an express recognition of the Corporation's continued status as a corporate instrumentality of the United States notwithstanding its increased private character.

Section 3(b)

This section is identical to and makes no change to section 302(a) of the FHLMC Act.

Section 3(c) and 3(d)

The definitions of "eligible seller" and "eligible servicer" are new. These definitions were included for ease in drafting the new user stock and user debt provisions.

Sections 3(e), 3(f) and 3(g)

These sections are, with one minor exception, identical to and thus make no change to sections 302(c), 302(d) and 302(e) of the FHLMC Act. The word "State" in section 302(d) of the FHLMC Act has been changed to "jurisdiction" in section 3(f) of the Charter Act to reflect the fact that county or municipal laws might also be relevant to determine whether a particular lien is legally effective.

Section 3(h)

This section adds to the definition of "prescribe" in section 302(f) of the FHLMC Act the words by "action of the Board of Directors." Since the Corporation acts most frequently in the form of resolutions adopted by its Board of Directors, express recognition of this method of action is included in the definition of "prescribe."

Section 3(i)

The definition of "property" is identical to and makes no change to section 302(g) of the FHLMC Act.

Section 3(j)

This section, defining the term "eligible mortgage," is substantially the same as the definition of "residential mortgage" found in section 302(h) of the FHLMC Act. Section 302(h) has been amended several times over the past ten years to include within the definition of "residential mortgage" additional types of secured and unsecured obligations. Section 3(j) reorganizes this definition for clarity so that each separate type of obligation is now a subparagraph in the basic definition.

The definition has also been expanded to include any obligation secured by real estate, without regard to whether the lien is a first lien or a junior lien, and to include unsecured obligations insured under Title I of the National Housing Act. This expansion will permit the Corporation to purchase residential mortgages even if the funds were not used by the borrower for purposes of home purchase or improvement.

Section 302(h) of the FHLMC Act also limited the maximum principal obligation of the Corporation's purchase of home improvement loans to the dollar limits established by the Federal Home Loan Bank Board for similar loans made by federal savings and loan associations. The Bank Board no longer restricts the size of such loans. Thus, deletion of the limitations on such loans is appropriate. This change is consistent with the deletion of maximum principal amount limitations on other mortgage purchases formerly set forth in section 305(a)(2) of the FHLMC Act.

Section 3(k)

This section deletes from the definition of "conventional mortgage" in section 302(i) of the FHLMC Act the limitation that State agency insured mortgages are not conventional mortgages. The Corporation therefore will be able to purchase as part of its conventional mortgage programs mortgages insured in whole or in part by State agencies. This change has been requested by the Puerto Rico Housing Bank and the State of New York Mortgage Agency, although the effects of the change will not be limited to these jurisdictions. Under the FHLMC Act, the Corporation cannot purchase Puerto Rico Housing Bank mortgages as part of its conventional mortgage purchase programs even if these mortgages meet all of the other conventional mortgage purchase program standards. The Corporation has been reluctant to establish a special purchase program for the relatively few State agency-insured mortgages which lenders would wish to sell to the Corporation, and the proposed change will remove the necessity of creating a special purchase program.

Section 3(l)

This section is identical to and makes no change to section 302(j) of the FHLMC Act except for the fact that the reference is now to the specific subsection of the Securities Act of 1933 defining the term "security."

Section 3(m)

This section is identical to and makes no change to section 302(k) of the FHLMC Act.

SECTION 4—ESTABLISHMENT OF THE CORPORATION

This section, which covers the same basic matters as section 303 of the FHLMC Act, creates a new Corporation as successor to the old Corporation; establishes a Board of Directors consisting of the three members of the Federal Home Loan Bank Board and six members elected by the holders of voting common stock; provides for a phase-in of the shareholder elected directors; and describes the Corporation's general corporate powers. Section 303(d) of the FHLMC Act determined the status of the Corporation for purposes of federal and state taxation. The taxation of the Corporation is now covered in part by section 10 of the Charter Act. Other taxation issues will be covered in a separate bill to be submitted by the Corporation to deal specifically with taxation issues.

Section 4(a)

This section, taken substantially from section 303(a) of the FHLMC Act, establishes the Corporation's corporate status and the fact that it is governed by a Board of Directors. The last sentence of section 303(a) of the FHLMC Act, which provided that the Corporation was a member of each Federal Home Loan Bank, has been deleted. Since the Corporation will no longer rely in a substantial fashion upon the Federal Home Loan Bank System for debt financing after 1982, it is not necessary to continue the Corporation's membership in the Federal Home Loan Banks. Thus, limited interim financing by the Bank System is authorized by section 7(e). A $200 million line of credit to the Bank System (which, like other lines of credit, is structured as authority for Bank System purchase of FHLMC obligations) is contained in section 7(f) of the Charter Act.

Section 4(b)

Section 4(b) fixes the composition of the Corporation's Board of Directors. After the phase-in of shareholder elected directors as provided in section 4(d) of the Charter Act, the Board of Directors will consist of the three members of the Federal Home Loan Bank Board and six members elected by the holders of the Corporation's voting common stock. This section therefore follows the pattern of section 308(b) of the FNMA Act by creating a Board of Directors one-third of which consists of governmental representatives and two-thirds of which consists of shareholder elected directors. Since the three members of the Federal Home Loan Bank Board are already familiar with the Corporation's operations, they were continued as the governmental representatives. In order to provide for adequate control by the Federal Home Loan Bank System during the transition period while the Corporation's obligations to the Bank System are still outstanding under the interim financing authority established by section 7(e) of the Charter Act, the Chairman of the Federal Home Loan Bank Board is continued as Chairman of the Board of Directors until March 31, 1985 when all six shareholder elected directors will have been elected. Thereafter, the Chairman of the Board will be elected by a majority vote of the directors.

It has frequently been the case that there is a vacancy on the Federal Home Loan Bank Board. To ensure that the Bank System is adequately represented on the Board notwithstanding such a vacancy, section 4(b) provides that, during the transition period, the vacancy will be filled by the appointment of an interim director. This interim director will be appointed by the Chairman of the Bank Board from among the Presidents of the Federal Home Loan Banks.

Elected members of the Board serve for three year terms. The phase-in provisions of section 4(d) of the Charter Act create staggered terms for the elected directors so that, subsequent to the initial election of directors, two directors will be elected each year. Staggered terms for directors should result in continuity and experience on the Board which might be otherwise difficult to obtain. Section 4(b) also permits the Corporation to pay directors' fees to the Federal Home Loan Bank Board directors. Since the Corporation anticipates that the Bank Board members will play active roles as directors, it seems inequitable to compensate shareholder elected directors for their service but to expect an equivalent level of uncompensated service from the Bank Board directors.

Section 4(c)

This section, which follows the general pattern of portions of section 308(b) of the FNMA Act, provides that the Board of Directors determines the general policies of the Corporation and regulates its own affairs, that all actions of the Board shall be by majority vote and that the Board of Directors may designate and operate through committees. The ability of the Corporation to operate through Board committees is particularly important. Rapidly changing conditions in the mortgage or general capital markets make it essential that the Corporation be able to react on short notice. A committee of the Board of Directors composed of directors who are either local or who can meet frequently will enable the Corporation to act with the speed demanded by changing market conditions.

Section 4(d)

This section provides for a gradual transition to a nine person Board of Directors. Section 4(d)(1) therefore requires the Board of Directors within 180 days after the effective date of the Charter Act to designate six advisory directors. Two advisory directors have terms expiring on March 31, 1983, one advisory director has a term expiring on March 31, 1984, and three advisory directors have terms expiring on March 31, 1985. Section 4(d)(2) then provides that, as each term of an advisory director expires, the advisory directors will be replaced by a shareholder elected director. Under this system, two shareholder elected directors will be added on March 31, 1983, one shareholder elected director will be added on March 31, 1984, and three shareholder elected directors will be added on March 31, 1985.

The advisory directors will attend meetings of the Board of Directors but will not be entitled to vote. Even without the ability to vote, the advisory directors will be able to provide valuable private sector experience and will enlarge the scope of the expertise available on the Corporation's Board.

Section 4(e)

Section 4(e), describing the Corporation's general corporate powers, is based upon section 303(b) of the FHLMC Act. This section expands upon or makes more explicit certain existing powers and adds several new powers. These changes, as described below, are necessary either to reflect the increased private nature of the Corporation or to remedy operational problems the Corporation might encounter in the absence of more clear corporate authority to take the kind of action which can be routinely taken by business corporations. The Corporation, as a matter of general corporate law, already possesses many of the powers made explicit by the Charter Act, but explicit recognition of these powers serves to avoid any possibility that routine corporate action will later be questioned as beyond the scope of the Corporation's express powers.

1. Language has been added to power (3) to clarify the fact that the Board of Directors determines the manner in which the Corporation will conduct its business. The additional language is substantially identical to language found in section 309(a) of the FNMA Act.

2. Power (5) is derived from section 303(b) of the FHLMC Act. This power has been expanded to provide clear authority for the Corporation to charge fees for products or services developed by it. For example, the Corporation could sell to others computer programs developed by it for its mortgage operations, or could charge for computer services rendered to others. This authority could enable the Corporation to recover the cost of services or products which the Corporation has developed to aid the conventional secondary mortgage market.

3. Power (8) expands upon and clarifies the Corporation's general authority, now contained in section 303(b)(8) of the FHLMC Act, to deal with all types of property, including the right to purchase and sell its own stock or obligations. Most of the new language was taken from section 309(a) of the FNMA Act.

4. Power (10) is new and provides an express exemption for the Corporation from state doing business or similar statutes. An express exemption of this nature, which is also found in section 309(a) of the FNMA Act and section 133(a)(4) of the enabling legislation of the Student Loan Marketing Association ("SLMA Act") makes it clear that the new private status of the Corporation will not subject it to state doing business laws.

5. Power (11) is also new, and provides express authority to the Corporation to accept gifts or donations of services and property in aid of any of the Corporation's purposes. Section 309(a) of the FNMA Act and section 133(a)(6) of the SLMA Act accord an identical power to these entities.

6. Power (12), a power which is typical for private corporations, provides express authority for the Corporation to indemnify its officers and directors. This authority will be important in terms of persuading qualified individuals to serve as the new, stockholder elected directors. These directors will want assurance that the Corporation will pay litigation expenses if an action taken by the Board of Directors is subject to judicial attacks.

7. Power (13) explicitly permits the Corporation to conduct its business using subsidiary corporations. A clear statement of this power could be highly useful in the establishment of subsidiaries as distinct cost control and profit centers to monitor the Corporation's operations.

8. Power (14) is ancillary to power (13) and will allow the Corporation the flexibility of entering into joint ventures, partnerships or other business ventures as is typically done by general business corporations.

G. Power (15), also found in section 309(a) of the FNMA Act, clarifies the fact that the Corporation possesses the same "incidental" powers as are typically found in private corporations.

Section 4(f)

Section 4(f), which is based upon section 303(c) of the FHLMC Act, provides for the investment of the Corporation's funds, for the use of federally related entities as financial agents of the Corporation and for the Corporation to act as a depository of public funds. Language has been added to confirm the Corporation's ability to invest in or repurchase its own securities and to allow the Corporation to designate fiscal and paying agents for the Corporation's common and preferred stock. Savings and loan associations have also been added to the list of authorized depositories for the Corporation's funds to reflect the fact that associations are now authorized depositories for funds of the United States.

Section 4(g)

Section 4(g) is identical to and makes no change to section 303(e) of the FHLMC Act. The section gives the Corporation clear authority to bring suit in Federal court and to remove to such court any judicial proceedings in which it is involved, and prohibits the issuance of any attachment or execution against the Corporation or its property before final judgment.

Section 4(h)

This section transfers all of the old Corporation's assets and liabilities to the new Corporation. A similar transitional provision was used in 1968 when FNMA and the Government National Mortgage Association were partitioned into separate corporate entities.

SECTION 5—COMMON AND PREFERRED STOCK

This section establishes the Corporation's general authority to issue common and preferred stock and provides authority to impose user stock purchase and holding requirements. The provisions dealing with the conversion of the Corporation's existing capital stock to voting common stock and the distribution of the common stock to the members of the Federal Home Loan Banks are contained in section 15 of the Charter Act. Section 5 replaces all of section 304 of the FHLMC Act. The provisions of section 304 of the FHLMC Act were designed for a corporate entity without authority to issue stock to other than the Federal Home Loan Banks and are therefore no longer applicable.

Section 5(a)

Section 5(a)(1) authorizes the Corporation to issue voting common stock without par value. As is the case with SLMA, the Corporation also has authority to issue nonvoting common stock. The price at which common stock may be sold will be determined by market forces. This section contains a provision assuring free transferability of the Corporation's common stock; section 303(a) of the FNMA Act has substantially identical language.

Language has been included in section 5(a)(2) to preclude any organization or group of organizations from obtaining control of the Corporation during the initial years after adoption of the Charter Act. This language, which has been drawn in part from the Williams Act, precludes any individual or group from owning or voting, directly or indirectly, the beneficial ownership of more than 25 percent of the Corporation's voting common stock. This provision expires five years after the effective date of the Charter Act.

Section 5(b)

This section, which is based in part upon section 303(b) of the FNMA Act, establishes the Corporation's authority to impose user stock purchase requirements upon eligible sellers who are either selling mortgages to the Corporation or are participating in the Corporation's mortgage-backed securities guarantor program established under section 7(g) of the Charter Act. The Corporation can impose user stock purchase requirements for either voting common stock or preferred stock or a combination of both. To provide the flexibility necessary to react to changing market conditions and to potential variations in the Corporation's capital needs, the nature and amount of the stock purchase requirement and the price of the stock are left to the Corporation's discretion with the Corporation having authority to vary the purchase requirement based upon relevant factors such as type of mortgages sold. Since all users will be expected to contribute to the Corporation's capital base, section 5(b) precludes the Corporation from imposing user stock requirements which favor members of the Federal Home Loan Banks.

Section 5(c)

Section 5(c) is essentially a parallel provision to section 5(b) and establishes the Corporation's ability to impose common or preferred stock holding requirements upon those servicing mortgages for the Corporation or those servicing mortgages backing securities issued under the Corporation's guarantor program. Section 303(c) of the FNMA Act accords FNMA power to impose stock holding requirements upon servicers of mortgages owned by FNMA. Since this section imposes a holding rather than a purchase requirement, a servicer could satisfy the holding requirement by obtaining stock from a source other than the Corporation. Section 5(c) contains the same prohibition as found in section 5(b) precluding the Corporation from favoring Federal Home Loan Bank members. Since the capital levels needed to support servicing programs may not be identical to the capital levels needed to support mortgage purchase programs, this section also makes clear that the user stock holding requirements imposed upon mortgage servicers may differ from the user stock purchase requirements imposed upon mortgage sellers under section 5(b).

Section 5(d)

Section 5(d) provides the Corporation authority to issue user stock in connection with such requirements as the Corporation imposes under section 5(b) or section 5(c). A similar provision applicable to FNMA's user stock activities is contained in section 303(c) of the FNMA Act.

Section 5(e)

This section establishes that other provisions of law cannot preclude mortgage sellers or mortgage servicers from making payments to the Corporation for user common or preferred stock which sellers or servicers are required to purchase or hold. The specific listing of eligible sellers and servicers tracks the listing in section 6(a)(1) of the Charter Act. Section 303(f) of the FNMA Act accords similar authority to institutions required to purchase or hold FNMA user stock.

Section 5(f)

Section 5(f) establishes the Corporation's authority to issue and sell classes of preferred stock. Preferred stockholders have no right to vote so long as all preferred stock dividends are paid. However, as is typically the case with preferred stock, if a preferred stock dividend is not timely paid, preferred stockholders are entitled to elect representatives to the Board of Directors under the terms specified in the particular class of preferred stock. The Corporation's preferred stock is freely transferable and can be called or redeemed as determined by the Corporation.

SLMA's legislation was amended last year to permit SLMA to issue preferred stock as well as common stock. Depending upon capital market conditions and other factors, the Corporation should be able to determine whether common stock or preferred stock will provide the most cost effective mechanism for raising necessary capital.

Section 5(g)

This section contains the typical provisions that preferred stock dividends shall be cumulative and that dividends may not be paid to common shareholders unless all required preferred stock dividends have been paid. The amount and frequency of common stock dividends are left to the Corporation. However, dividends on the Corporation's stock, whether common or preferred, can be paid only from retained earnings. This section also authorizes the Corporation to offer automatic dividend reinvestment plans to any of its stockholders.

Section 5(h)

Section 5(h) provides discretionary authority to the Corporation to issue book entry securities; to apply for listing privileges for common and preferred stock on a national securities exchange or on any national market system for securities; to permit preferred stock to be converted to common stock; and to issue warrants, rights and options to acquire any class of the Corporation's stock. The Corporation anticipates that, over time, an active market may develop in its common and/or preferred stock such that trading on a national securities exchange would be appropriate. FNMA's common stock is traded on the New York Stock Exchange. While the Corporation has no plans to issue convertible preferred stock or to issue warrants, rights or options, these capital raising techniques may prove appropriate under certain market conditions. This section would provide the flexibility to use such techniques if conditions warrant.

SECTION 6—MORTGAGE OPERATIONS

Section 6 is based upon section 305 of the FHLMC Act governing the Corporation's current mortgage purchase operations. While the Charter Act makes no major policy change in the scope or nature of the mortgage purchase side of the Corporation's operations, modifications to mortgage purchase standards have been made. Each of these changes is described below under the appropriate subsection.

Section 6(a)(1)

Section 6(a)(1) is derived from and is substantially the same as section 305(a)(1) of the FHLMC Act describing the Corporation's mortgage purchase authority. A provision has been added, comparable to that in section 302(b)(2) of the FNMA Act, to allow the Corporation to lend on the security of conventional mortgages. At the request of the Federal Deposit Insurance Corporation, the list of enumerated eligible sellers has been expanded to include the FDIC. Given this change, it is equally appropriate to add to the eligible seller list the Federal Reserve Banks and the National Credit Union Administration. The limitation found in section 305(a)(1) of the FHLMC Act upon the Corporation's authority to purchase mortgages from state insured institutions has been removed. Since the Charter Act reflects a basic philosophy that the Corporation should serve all segments of the mortgage finance industry, the existing limitation has been removed as inconsistent with this philosophy. Although the Corporation has no plans to purchase mortgages from other than the statutorily enumerated eligible sellers, to provide for future flexibility language has been added to permit the Corporation to purchase eligible mortgages from any organization which, in the regular course of business, finances eligible mortgages. Finally, a technical language change has been made in the provision dealing with eligible servicers to reflect the fact that HUD approved mortgagees are now eligible sellers as well as eligible servicers.

Section 6(a)(1) retains the provisions of section 305(a)(1) of the FHLMC Act permitting the Corporation to impose purchase charges or fees in connection with mortgage purchase programs. While the user stock or debt purchase provisions of sections 5(b) and 7(b) of the Charter Act can be viewed as a purchase fee, section 6(a)(1) permits the Corporation to impose purchase fees without a corresponding requirement to issue stock or debt in exchange for the fee. Since the Corporation cannot predict with accuracy the best method under all market conditions for meeting its capital needs, it is prudent to permit flexibility in choosing whether a user stock or debt program or a pure purchase fee would best serve the Corporation's needs. Section 6(a)(1), in contrast to section 5(b), also permits the Corporation to differentiate among sellers and servicers with respect to substantive, non-monetary purchase requirements or standards. The ability to impose these non-monetary requirements is necessary to enable the Corporation to acquire mortgages of uniform quality from its rather diverse group of eligible sellers.

Technical changes have been made to the portion of section 305(a)(1) of the FHMLC Act dealing with the Corporation's ability to impose non-monetary mortgage purchase requirements. Language inserted in 1978 specifically directed toward mortgage bankers has been deleted as inconsistent with the Corporation's philosophy of service to all areas of mortgage finance and revisions have been made to produce a simpler and more general text. These technical changes do not, however, affect the Corporation's ability to impose non-monetary purchase requirements based upon a need to protect the Corporation or to implement the purposes or policies of the Charter Act. The new language accordingly preserves the Corporation's right to impose different requirements, fees and charges based on differences among sellers or servicers. It also provides that requirements will not be considered discriminatory solely on the grounds of differential effects on different types of eligible sellers or servicers. These provisions are necessary to preserve the Corporation's programmatic flexibility and to encourage high origination and servicing standards.

Section 6(a)(2)

This section, which is based upon section 305(a)(2) of the FHMLC Act, sets forth the standards applicable to the Corporation's conventional mortgage purchase programs. The 20% purchase limitation found in section 305(a)(2) of the FHLMC Act applying to mortgages more than one year old has been deleted. The Corporation has developed a highly successful purchase program—the SWAP program—which allows mortgage originators to sell older, lower yielding mortgages to the Corporation in exchange for the Corporation's Mortgage Participation Certificates. Sales under the SWAP program provide originators with liquidity for a substantial portion of their portfolio which would otherwise be illiquid. The Corporation's ability to enter into further SWAP transactions should not be statutorily constrained by the existing limitation on the purchase of older mortgages. The requirement that sellers of mortgages more than one year old must be currently engaged in mortgage lending activities has been retained. An exception is added with respect to those eligible sellers which are government agencies not engaged in mortgage lending activities to permit these agencies to liquify mortgage portfolios which they might acquire from troubled lending institutions.

The dollar amount limitations imposed by section 305(a)(2) of the FHLMC Act upon the principal amount of mortgages purchased by the Corporation have been deleted. In the current period of sustained housing inflation, these limitations have placed a severe constraint upon the Corporation's ability to meet the needs of homebuyers, mortgage originators and builders. The limitations have operated to curtail the Corporation's purchases of mortgages in areas of the United States where housing inflation is most acute and therefore the areas which could most benefit from the Corporation's operations.

The sentence in section 305(a)(2) of the FHLMC Act precluding the Corporation from issuing commitments to purchase participation interests in mortgages prior to origination of the underlying mortgage has also been deleted. This sentence provides no meaningful protection to the Corporation. Rather, it serves to restrict the Corporation from offering flexible mortgage purchase programs responsive to the needs of originators.

Section 6(a)(3)

Section 6(a)(3) is identical to and makes no change to section 305(a)(3) of the FHLMC Act.

Section 6(b)

Section 6(b) confers authority on institutions dealing with the Corporation to enter into the transactions enumerated in section 6. This section is derived from and is substantially identical to section 305(b) of the FHLMC Act. The statutory listing of eligible sellers has been enlarged to correspond to section 6(a)(1) of the Charter Act. Language contained in section 305(b) of the FHLMC Act stating that this section conferred authority "to the extent that Congress has the power to confer such authority" has been deleted. Since Congress' authority is clear, there is no reason to suggest to the contrary.

SECTION 7—OBLIGATIONS AND SECURITIES

This section, which is in part an adaptation of section 306 of the FHLMC Act and in part new material, sets forth the powers of the Corporation chiefly with respect to debt securities and other obligations. The significant new items consist of the granting of statutory authority for the Corporation to establish a GNMA type guarantor program for conventional mortgages; the creation of a $500 million maximum interim borrowing ability (through 1982) from the Federal Home Loan Bank System; the creation of a $200 million backstop line of credit to the Federal Home Loan Bank System; and the express authorization for the Corporation to establish user debt programs. Section 306(c) of the FHLMC Act, which permitted the Federal Home Loan Banks to guarantee the Corporation's borrowings, has been deleted.

Section 7(a)

This section, which authorizes the Corporation to borrow, to give security, to pay interest, and to issue mortgage-backed securities guaranteed by the Government National Mortgage Association, is basically identical to section 306(a) of the FHLMC Act. The Corporation's borrowing powers have been expanded to include issuance of debt securities convertible into common or preferred stock. The ability to issue debt securities convertible into stock is also granted to FNMA by section 304(e) of the FNMA Act and may prove to be a useful, cost effective capital raising technique. Section 7(a) also confirms the Corporation's authority to issue book entry securities and allows the Corporation to apply for stock exchange listing for its direct or guaranteed obligations.

Sections 7(b), 7(c) and 7(d)

These sections parallel section 5(b), 5(c) and 5(e) of the Charter Act by granting the Corporation express authority to impose user debt requirements upon mortgage sellers, mortgage servicers or sellers and servicers participating in the Corporation's mortgage-backed securities guarantor program. The Corporation should have the flexibility to require users of its services to purchase debt as well as equity securities. Under certain market conditions, debt capital may present the most cost effective mechanism for meeting the Corporation's capital needs.

Section 7(e)

Section 7(e) provides during calendar year 1982 limited interim financing for the Corporation from the Federal Home Loan Bank System as part of the transition to the Corporation's more private status. This interim financing is limited to $500 million and must be repaid by January 31, 1985. The financing will be in the form of a pass through of the proceeds of Bank System consolidated obligations and will bear an interest rate of ¼ percent greater than the rate on the associated consolidated obligations.

The limited interim financing provision is consistent with section 4(d) of the Charter Act under which the Federal Home Loan Bank Board retains complete control of the Corporation until March 31, 1983 and under which the Bank System retains majority control until March 31, 1985. Therefore, all of the Corporation's borrowings under this section will have been repaid during the period the Bank System holds majority control.

Section 7(f)

Section 7(f)(1) provides the Corporation with backstop borrowing authority from the Federal Home Loan Bank System in the amount of $200,000,000. Although this amount is modest in terms of the size of the Corporation's operations, the existence of even a modest borrowing authority will have an extremely favorable impact upon the price at which the Corporation's securities can be sold. The Bank System borrowing authority also will provide some measure of competitive equality with the significantly larger Treasury borrowing authority possessed by FNMA and SLMA. The language of section 7(f)(1) is based upon section 304(c) of the FNMA Act describing FNMA's Treasury borrowing authority.

Section 7(f)(2) provides that, if the Corporation draws against the backstop borrowing authority provided in section 7(f)(1), the Federal Home Loan Bank Board has authority to appoint additional directors to the Corporation's Board of Directors. The additional directors will be selected from the Presidents of the Federal Home Loan Banks and the Bank Board may appoint a sufficient number of directors so that the Bank Board members plus the appointed Bank Presidents constitute a majority of the Corporation's Board of Directors. These additional directors will serve during such period as the Federal Home Loan Banks continue to hold obligations of the Corporation purchased pursuant to section 7(f)(1).

The Corporation anticipates that the borrowing authority granted by section 7(f)(1) would be used, if at all, only during periods of serious financial difficulty. Under these circumstances, it is appropriate to vest temporary majority control in the Bank System while the System holds obligations purchased pursuant to section 7(f)(1).

Section 7(g)

Section 7(g) authorizes the Corporation to establish a guarantor program for conventional mortgage-backed securities similar to the program now conducted by the Government National Mortgage Association for FHA and VA mortgages. Accordingly, this section generally follows the language of section 306(g) of GNMA's legislation—the section authorizing GNMA's mortgage-backed securities program. The conventional mortgages which will be eligible for the Corporation's guarantor program must meet the mortgage purchase standards imposed by section 6(a)(2) of the Charter Act. The Corporation is given discretion as to the particulars of any guarantor program it establishes. The Corporation is authorized by this section to guarantee timely payment of both principal and interest but could establish a guarantor program using a less rigid guaranty.

This section permits the Corporation to impose charges or fees, including those authorized in section 6(a)(1) of the Charter Act, as part of its guarantor program. The Corporation may also collect underwriting fees and is required to impose a fee for the issuance of its guaranty. The user stock provisions applicable to the guarantor program are found in section 5(b) and 5(c) of the Charter Act and the user debt provisions are found in section 7(b) and 7(c).

Section 7(g) also makes clear that the Corporation's rights, whether before or after default by any securities issuer, are fixed by the contract between the Corporation and the issuer. These rights cannot be adversely affected by any law, including the Bankruptcy Act, except for laws enacted expressly in limitation of section 7(g).

Section 7(h)

Section 7(h) is based upon section 306(e) of the FHLMC Act. This section provides that persons or organizations existing under state or federal law may invest in stock, mortgages or securities issued or guaranteed by the Corporation to the same extent that such persons or organizations may invest in obligations issued or guaranteed by the United States. Language has been added to remove any possible confusion whether this section operates to preempt contrary state law. Section 7(h)(2) makes it clear, however, that States may enact new legislation specifically naming the Corporation and limiting the power of state chartered institutions to invest in the Corporation's securities which is otherwise granted by this section. Section 306(e)(3) of the FHLMC Act, which caused this legal investment provision to expire on June 30, 1985, has been deleted. Permanent legal investment legislation is necessary to permit the Corporation to do business with those state chartered entities which would benefit from the Corporation's programs.

Section 7(i)

Section 7(i) authorizes the Corporation to establish prohibitions or restrictions upon the creation of indebtedness or obligations of the Corporation, and to create liens or charges upon its property. This section is identical to and makes no change to section 306(b) of the FHLMC Act.

Section 7(j)

Section 7(j), which is taken from section 306(d) of the FHLMC Act, states that the provisions of this section, and of any restriction, prohibition, lien, or charge created thereunder, shall be effective notwithstanding any other law.

Section 7(k)

This section is identical to and makes no change to section 303(f) of the FHLMC Act. Section 7(k) makes all direct or guarantee obligations of the Corporation lawful investments for funds under the control of the United States. This provision does not cover stock (common or preferred) of the Corporation, as is also the case with section 311 of the FNMA Act, the comparable FNMA provision on lawful investments.

SECTION 8—MISCELLANEOUS PROVISIONS

This section is based upon section 307 of the FHLMC Act dealing with the rights and immunities of the Corporation and with the annual audit of the Corporation's financial transactions.

Section 8(a)

Section 8(a), which is identical to and makes no change to section 307(a) of the FHLMC Act, is designed to assure that the rights and remedies of the Corporation with respect to mortgages or other property acquired by it can not be impaired by restrictive state laws, such as mortgage moratorium laws, or administrative actions of a similar nature, which take effect after the Corporation has acquired the mortgage or other property. This section also continues to provide that the Corporation has the same immunities and priorities as the United States or an unincorporated agency of the United States.

Section 8(b)

This section carries forward until the end of the year in which the Charter Act becomes effective, the current audit responsibilities of the General Accounting Office as set forth in section 307(b) of the FHLMC Act.

Section 8(c)

Section 8(c) transfers audit responsibility for the Corporation to private auditors effective after the end of the calendar year in which the Charter Act becomes effective. The work of the private auditors is subject to verification by the General Accounting Office. This section is patterned after the private audit provisions of the SLMA Act.

SECTION 9—PENAL PROVISIONS

With certain minor exceptions described below, this section is identical to section 308 of the FHLMC Act. This section thus continues various penal provisions protecting the Corporation's name, business, property and securities.

Section 9(a)

This section is identical to and makes no change to section 308(a) of the FHLMC Act except for two technical changes. Language has been added to permit the Corporation to consent to the use of a name which is derived from the Corporation's name so that, for example, a wholly-owned subsidiary of the Corporation could use a name similar to the Corporation's. The Corporation's previous authority to approve signs used by members of the Federal Home Loan Banks has been expanded to cover all eligible sellers. This expansion is consistent with the broader community of mortgage originators now served by the Corporation.

Section 9(b)

The reference to section 607 has been changed to section 603 to reflect a change in numbering in Title 18. This section is

otherwise identical to section 308(b) of the FHLMC Act.

Sections 9(c) and 9(d)

These sections are identical to and make no change to sections 308(c) and 308(d) of the FHLMC Act.

Section 9(e)

The cross reference to section 207 has been deleted. Section 207, dealing with post-government employment conflicts of interest, is part of the Ethics in Government Act. Since section 16(c) of the Charter Act renders the Ethics in Government Act no longer applicable to the Corporation's employees, the cross reference in this section to section 207 was also deleted. Cross references to sections 643 and 1006 have been added. These sections complement provisions of Title 18 already applicable to the Corporation and have therefore been included. Section 9(e) is otherwise identical to section 308(e) of the FHLMC Act.

Section 9(f)

Section 9(f) is substantially identical to section 308(f) of the FHLMC Act. This section has been expanded to cover securities guaranteed by the Corporation as well as securities issued by the Corporation and cross references have been added to three provisions of Title 18—sections 649, 653 and 663—which complement other sections of Title 18 currently applicable to the Corporation.

SECTION 10—TAXATION OF CORPORATION

This section, which has been adapted from section 303(d) of the FHLMC Act, continues the Corporation's federal tax exempt status until such time as the Corporation pays its first dividend with respect to common stock other than the common stock initially distributed to the members of the Federal Home Loan Banks under section 15 of the Charter Act. The payment of dividends, i.e., the distribution of corporate earnings, to new shareholders represents a logical point at which the Corporation's earnings should first be taxed. The technical issues of the manner in which the Corporation will be taxed will be addressed in a separate tax bill.

After payment of its first dividend, the Corporation will continue to be exempt from all state taxation other than typical state real property taxes. Section 309(c)(2) of the FNMA Act accords FNMA an identical state tax exemption.

SECTION 11—TERRITORIAL APPLICABILITY

This section, which is identical to and makes no change to section 309 of the FHLMC Act, provides that the Charter Act shall be applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

SECTION 12—SEC EXEMPTION

Section 12 is new and exempts the Corporation from the various laws administered by the Securities and Exchange Commission except for the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. This section also classifies securities issued, sold or guaranteed by the Corporation as exempt securities within the meaning of laws administered by the Securities and Exchange Commission. Section 12 provides statutory confirmation of "no-action" letters the Corporation has received from the staff of the Securities and Exchange Commission. The section is comparable to FNMA's securities law exemption found in section 311 of the FNMA Act.

SECTION 13—EFFECTIVE DATE

With certain specified exceptions, the Charter Act is made effective upon enactment. A delayed effective date of up to 180 days is provided for the Corporation's authority to issue common and preferred stock and to establish a guarantor program as well as for the distribution of the Corporation's common stock to the members of the Federal Home Loan Banks. These matters have been delayed to allow the Corporation and the Federal Home Bank Board the time necessary to work out details and put required procedures in place.

SECTION 14—SAVINGS PROVISIONS

The purpose of this section is to provide for the continuation of any litigation by or against the Corporation. Substantially identical savings provisions were included in the legislation partitioning FNMA and GNMA.

SECTION 15—TRANSITIONAL PROVISIONS

Section 15 contains the transitional provisions applicable to the Corporation's nonvoting capital stock held by the various Federal Home Loan Banks. The net result of all of the transactions will be a distribution of the voting common stock of the Corporation to the members of the Federal Home Loan Banks.

Section 15 (a)

This section converts the Corporation's existing non-voting capital stock into the number of shares of voting common stock of the Corporation specified by the Federal Home Loan Bank Board. In determining the resulting number of shares of voting common stock, the Bank Board will take into consideration the current net worth of the Corporation, the number of shares necessary to create an appropriate market for the Corporation's common stock and the nature of user stock purchase or holding requirements which may be imposed by the Corporation.

Section 15(b)

Section 15(b) provides that, subject to the Federal Home Loan Mortgage Corporation Taxation Act, the Federal Home Loan Banks may distribute the Corporation's voting common stock to their members in amounts and at such times as the Federal Home Loan Bank Board may determine. Any distributions of common stock are not subject to dividend restrictions imposed by the Federal Home Loan Bank Act. These distributions shall be based upon membership in the Federal Home Loan Bank System between the point the Corporation was created in June, 1970 and the effective date of the Charter Act. While the precise details of the stock distributions are left to the Federal Home Loan Bank Board, the distributions are required to recognize both the length of the period Bank System members had an indirect investment in the Corporation and the relative size of this indirect investment. Section 15(b) also provides that the Federal Home Loan Banks shall vote any common stock of the Corporation held by the Banks pending distribution to Bank members as provided in the Federal Home Loan Mortgage Corporation Taxation Act.

SECTION 16—TECHNICAL AMENDMENTS

This section deals with various federal and state laws (as described below) applicable to the old Corporation and specifies their degree of continued applicability after the effective date of the Charter Act.

Section 16(a)

Section 16(a) repeals the FHLMC Act on the effective date of the Charter Act.

Section 16(b)

This section provides that specific references in existing laws to the old Corporation will continue to apply to the new Corporation. Its principal purpose is to assure that various pieces of federal legislation granting federally chartered entities such as national banks and federal savings and loan associations broad authority to deal with the old Corporation and in the old Corporation's securities will apply as well to the new Corporation. The subsection would also cause those state laws according favorable treatment to the old Corporation's securities to continue to apply to the new Corporation.

Section 16(c)

This section removes the Corporation from the scope of certain federal laws applicable to federal agencies. Section 16(c) would have the following specific effects:

1. Removing the Corporation from the "Executive agency" definition of 5 U.S.C. § 105 means that the Corporation will no longer be considered a federal employer for purposes of Title VII of the Civil Rights Act of 1964 (the general equal employment laws) and the Age Discrimination in Employment Act of 1967. The Corporation will, however, be subject to these laws as a private employer.

2. Removing the Corporation from the "agency" definition of 5 U.S.C. § 552(e) means that the Freedom of Information Act, the Privacy Act of 1974 and the Government in the Sunshine Act will no longer apply to the Corporation.

3. Removing the Corporation from the "agency" or "instrumentality" definition of 29 U.S.C. § 791 and 38 U.S.C. § 2014 means that the Rehabilitation Act of 1973 (affirmative action plans for the handicapped) and the Vietnam Era Veterans Readjustment Act of 1973 (affirmative action plan for Vietnam veterans) will no longer apply to the Corporation.

4. Rendering Title II of the Ethics in Government Act inapplicable to employees of the Corporation will make the Corporation's employees no longer subject to the Act's financial disclosure provisions.

The Corporation understands that FNMA and SLMA, the governmental entities most analogous to the Corporation as constituted under the Charter Act, are of the opinion that the various federal laws covered by section 16(c) apply to them in the fashion specified in section 16(c) for the Corporation. This section would thus produce consistency of treatment and would avoid unnecessary litigation which might otherwise be necessary to establish the status of the new Corporation for purposes of these laws.

Section 16(d)

This section continues the Corporation's governmental nature for purposes of the Federal Regulation of Lobbying Act (2 U.S.C. § 267) so that the Corporation's legislative liaison employees will not be required to register as lobbyists. The Corporation understands that FNMA's legislative liaison employees do not register. This section also continues the Corporation's governmental nature for purposes of Federal Reserve Banks making advances to their members collateralized by the Corporation's securities, as provided in 12 U.S.C. § 355. No public policy purpose would be served by changing the status of the Corporation's securities for purposes of Federal Reserve Bank advances. FNMA securities, pursuant to 12 C.F.R. § 201.108(a)(5), are currently eligible collateral for Federal Reserve Bank advances.

Section 17—Construction and Separability

Section 17, which is identical to and makes no change to section 310 of the FHLMC Act, contains the customary language regarding separability and provides that the powers and functions of the Corporation and the Board of Directors shall be exercisable without regard to any other law.●

By Mrs. HAWKINS:

S. 1807. A bill to provide for the use and distribution of funds awarded the Seminole Indians in a judgment of the Indian Claims Commission; to the Select Committee on Indian Affairs.

SEMINOLE INDIANS' LAND

○ Mrs. HAWKINS. Mr. President, today I am introducing legislation to settle a dispute whose origins date back to 1823.

In that year the U.S. Government signed a treaty with the Seminole Indians granting certain land rights in Florida.

In 1976, the Indian Claims Commission ruled that the U.S. Government broke its promise to the Indians and owes the Seminole people $16 million in compensation. This award has not been distributed among the Seminoles, ironically because the U.S. Government again broke its word and removed many of the Seminoles to Oklahoma.

Sadly, the Indians in Florida and the Seminole Nation of Oklahoma have been unable to agree on a mutually acceptable way to distribute this award. As a result, the award has grown to $20 million while held in trust pending final disposition.

This legislation proposes that the award be divided equally between the two peoples.

Also, in accordance with the wishes of the Florida Seminoles, their share will be placed in a trust. This trust will be managed by the tribal council of the Florida Seminoles and the earnings will be divided equally among the members of the tribe.

My bill also provides a plan for dividing the share going to the Seminole Nation of Oklahoma. These moneys will be divided among the tribal members in accordance with a plan devised by them. After agreed to amounts are set aside for educational and social programs, the rest will be divided up among the members on a per capita basis.

Finally, my bill orders the Secretary of the Interior to hold in trust that part of the Florida Indians' share which rightfully belongs to the Miccosukee Indians, a small and proud group descendant from the Seminole of a century ago. This provision has been included at their specific request.

This bill is an attempt to finally resolve this issue. While there have been attempts to negotiate a settlement agreeable to all parties, some groups have remained adamant. In doing so they prevent justice from being served. I believe it is time that this issue be resolved and ask for the support of my colleagues in bringing this matter to a swift conclusion.●

By Mr. CHAFEE:

S. 1809. A bill to provide that a portion of the cost of studies undertaken by the Corps of Engineers be paid by non-Federal interests; to the Committee on Environment and Public Works.

CORPS OF ENGINEERS WATER RESOURCES STUDIES

● Mr. CHAFEE. Mr. President, today I am introducing legislation that will require local interests to pay half of the cost of future water resources studies undertaken by the U.S. Army Corps of Engineers. This bill is very simple and straight forward. It is designed to facilitate studies which the Corps of Engineers undertakes, by assuring that only the higher priority projects are studied.

Mr. President, there are currently no requirements for local financing of project studies. As a result, there is no method available to the corps to determine project priorities. Numerous studies are authorized each year; yet there are not adequate funds available to finance them.

If this bill were passed, two important goals would be achieved. First, since State and local governments would fund 50 percent of the cost of the studies, there would be more Federal money available to fund necessary studies. Second, and perhaps most important, the corps would undertake those studies which have substantial local support. The result will most likely be fewer studies for only high priority studies completed much more quickly than under the current system. I remind my colleagues that the average corps project requires 26 years from the time it begins to be studied to the time construction is initiated. I believe passage of this bill could substantially reduce this time period.

I believe this bill is consistent with current administration policy. If my colleagues review the fiscal year 1982 Department of the Interior budget, they will notice that there was only one new project study proposed for funding: the Shasta Dam in California. Funding for this study will be split between the Federal and State Governments. I am convinced this is not a budgetary aberration. Absent the passage of this legislation, I would predict that the only project studies funded would be those with 50 percent non-Federal funding. These are projects which are so important to the local sponsors that they are willing to pay a substantial portion of the study costs to have them done. In our current fiscal climate, these are the only project studies which we really should initiate.

Mr. President, I am convinced that requirements for non-Federal financing of water project studies is essential if we are to be able to facilitate needed studies and define high priority projects. I believe the administration shares this belief. I would hope that my colleagues will also be convinced of its value.

Mr. President, I ask that the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1809

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army, acting through the Chief of Engineers, shall not, following the date of enactment of this Act, initiate any study under his jurisdiction until the appropriate non-Federal interests agree in writing to pay 50 per centum of the cost of such study.

SEC. 2. No study initiated under section 1 of this Act shall be submitted by the Chief of Engineers to the Secretary of the Army for review until the non-Federal share of the cost of such study has been paid in full.

SEC. 3. For the purposes of this Act, the term "study" includes surveys, reports, and studies, including restudies of authorized projects, undertaken to determine whether a project is justified to control floods, develop the Nation's rivers and harbors, protect shorelines, or meet other related water resources needs.●

By Mr. D'AMATO:

S. 1810. A bill to amend the Federal Deposit Insurance Act regarding insured mutual savings banks which convert into Federal mutual savings banks; to the Committee on Banking, Housing, and Urban Affairs.

CONVERSION OF MUTUAL SAVINGS BANKS

● Mr. D'AMATO. Mr. President, I am pleased to introduce legislation today which, while technical in nature, would address a very practical problem being encountered by a major financial industry in the State of New York and elsewhere in the Northeast. It addresses the relationship between the Federal insurance agencies, namely, the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation, and their respective responsibilities when a mutual savings bank converts to Federal form.

In banking circles, this function is frequently referred to as the dual banking system, and it permits the management of our Nation's financial institutions to choose freely between the State and Federal system depending upon which chartering agency provides the maximum flexibility in operating powers to best suit the competitive conditions of the local marketplace. This system, which exists for all types of depository institutions be they savings and loan associations, commercial banks or credit unions, has been substantially frustrated for savings banks because of an inability on the part of the FDIC and FSLIC to reach agreement on the degree to which the FDIC should stand ready to reimburse the FSLIC for losses which might arise on behalf of a savings bank which converted from State charter (FDIC insurance) to Federal charter (FSLIC insurance) and subsequently failed.

In fact, since Federal charters for savings banks were first authorized in 1978, only seven charter conversions have been approved and the current backlog is equal to at least twice that number.

Existing law (12 U.S.C. 1831c) requires the FDIC to reimburse the FSLIC on the basis of a declining scale for the 5-year period following conversion. Pursuant to the statute, the FDIC and FSLIC negotiated an agreement in early 1979. The specific problem is that this agreement does not cover losses which arise from a decline in the market value of assets due to an increase in interest rates. This, of course, is precisely the reason savings banks and other thrift institutions are incurring losses at the present time. The legislation being introduced today would solve this problem by making three basic changes to existing law.

DEFINITION OF LOSS

The legislation would require the FDIC/FSLIC indemnification agreement to cover those losses resulting from a decline in the market value of assets due to interest rate fluctuations. The assets of a converting bank would be marked to market at the time of conversion to determine the potential losses to be indemnified. Although the potential losses would not be booked, the computation would provide a benchmark in the unlikely event of a subsequent failure. This change would basically track the language of a recent amendment added by

the House Banking Committee to H.R. 4603, a bill which subsequently passed the full House on October 28, by a vote of 371 to 46.

INDEMNIFICATION PERIOD

FHLBB Chairman Richard Pratt has indicated that an extension of the current 5-year indemnification period would be very helpful in assuring that almost all Federal charter applications could be accommodated. The legislation would accomplish this by extending the current 5-year indemnification period to 7 years.

FDIC SUPERVISION

FDIC Chairman William Isaac, in testimony before the Senate Banking Committee on October 30, expressed the opinion that the FDIC needed some supervisory control over Federal savings banks during the indemnification period if it were to be held liable for postconversion losses. This would be accomplished by providing the FDIC with an opportunity to pass judgment on applications by converted savings banks regarding proposed mergers, branch openings, or other transactions requiring regulatory approval. If the FDIC believes the Bank Board's recommended approval of any such applications would materially increase the likelihood of a failure, then the Federal Reserve Board would be called in to arbitrate or make the final decision.

Essentially then, Mr. President, this bill represents a sincere effort to compromise the legitimate concerns of both the Federal agencies involved in a manner that will meet the needs of the affected industry and permit the dual banking system to continue to function in the best public interest.

As all Senators are aware, the Committee on Banking, Housing, and Urban Affairs, under the strong leadership of the gentleman from Utah, has been holding comprehensive hearings on major restructuring of the financial industry. It is my ardent hope that when the committee soon undertakes the process of marking up specific legislative proposals, that this indemnification language can be incorporated into the Banking Committee's consensus bill.

The dual banking system has served this country well in terms of enhancing the overall financial environment in which depository institutions provide services to their local communities. Without this legislation, mutual savings banks in New York State and the 16 other States in which these institutions function as a major source of mortgage credit will be severely disadvantaged. For example, the Banking Committee hearings to which I earlier referred are examining several measures, S. 1703 and S. 1720, which would greatly expand the operating powers of Federal thrift institutions. The Chairman of the Federal Home Loan Bank Board, the administration, and, indeed, almost all independent studies of the financial system have agreed that this is the direction in which we must move if thrift institutions are to avoid a repetition of the problems which now plague them. This legislation would insure that mutual savings banks are part of the new solution.●

By Mr. PERCY:

S. 1812. A bill to insure congressional approval for the use of commercial irradiated fuel and to support the Non-Proliferation Treaty; to the Committee on Foreign Relations.

NUCLEAR NONPROLIFERATION ACT OF 1981

Mr. PERCY. Mr. President, I support the amendment of H.R. 4144 of the distinguished Senator from Colorado that would prohibit the Department of Energy from obtaining plutonium for nuclear weapons purposes from commercial spent reactor fuel. Today I am also introducing legislation that would address this problem over the long term by requiring congressional approval for the use of commercial spent fuel in nuclear weapons.

Our efforts to control the spread of nuclear weapons are based on the attempt to maintain a division between the military and civilian applications of nuclear technology. The Department of Energy is developing a laser process that will allow plutonium produced in nuclear power reactors to be refined to the high purity necessary for nuclear weapons. There have also been several statements over the last few months that indicate DOE is considering eventually using plutonium produced in commercial spent fuel in nuclear weapons. Use of this developing technology to produce weapons material from civilian nuclear fuel will blur the division between the peaceful and military uses of nuclear technology and threaten the basis of the international nuclear regime rooted in the Nonproliferation Treaty (NPT). The concept of "atoms for peace" will disappear, hopelessly confused with "atoms for war."

If we proceed to expand our nuclear arsenal through diversion of material from our commercial power program, our nonproliferation policy will lose the credibility necessary to tell other nations not to use their peaceful reactors to make nuclear weapons. Furthermore, even while this laser process is still under development, the combination of our apparent intention and future capability to use it to expand our weapons inventory will cause our nonproliferation efforts to suffer long before the first plutonium from a commercial fuel rod is turned into an atomic bomb.

The legislation I am introducing would require the Congress to approve the use of commercial nuclear fuel for weapons. Considering the damage this would do to our nonproliferation policy, I cannot imagine we would make such a decision in anything but a national emergency. By requiring congressional approval, we can insure that we do not lightly decide to mix the peaceful and military atom with all the implications that could have for our continuing attempts to stem the spread of nuclear weapons.

I do not propose to stop research into plutonium laser isotope separation. There are benefits to be gained from this new technology that have no effect at all on our nonproliferation efforts. For example, this new process could lower the radiation exposure levels of those who must be around nuclear weapons, like sailors on submarines. It could also provide a cost-effective way of separating nuclear isotopes used in specialized commercial applications.

Yet as we develop this new laser process, it is essential that we utilize it within the framework of the NPT to the greatest extent consistent with the national defense and security. I see no reason why, barring any dramatic and unforeseen changes in the global climate, we cannot continue to produce all the material we need for our weapons programs through the tried and true method of dedicated production reactors owned and operated by the U.S. Government, for that purpose alone. While this experimental laser program could have some economic advantages, the cost overruns that many new programs suffer might make the savings illusory. In addition, if we do need more weapons material, we should question whether it is wise to risk a program so essential to the national defense on an experimental process that could run into years of technical snags and delays.

Aside from the nonproliferation and defense concerns raised by plutonium laser isotope separation, an additional reason for Congress to consider carefully the diversion of commercial fuel to the weapons program is the effect this could have on nuclear power in this country. Nuclear power must stand or fall on the basis of economics and safety. If we decide to turn our power reactors into bomb factories, we will have saddled this industry with a political problem it just does not need.

The questions posed by the development of plutonium laser isotope separation are many and serious. Before we take the step of becoming the first signatory of the NPT in the free world to use its commercial nuclear program to make atomic bombs, we should carefully weigh all the consequences. I think it is only wise for the Congress to make that fateful decision.

Mr. President, I ask that the Nuclear Nonproliferation Act of 1981 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1812

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Non-Proliferation Act of 1981".

FINDINGS

SEC. 2. The Congress finds that—

(1) the Treaty on the Non-Proliferation of Nuclear Weapons is an international agreement vital to the maintenance of world peace and the national security of the United States;

(2) the principal purpose of the Treaty on the Non-Proliferation of Nuclear Weapons is to prevent the misuse of peaceful nuclear technology for military explosives;

(3) the development of advanced isotope separation technologies makes additional efforts necessary to assure that these technologies are used within the framework of the Treaty on the Non-Proliferation of Nuclear Weapons; and

(4) the United States, to the greatest extent consistent with the national defense and security, should abide by the same obli-

gations as nonnuclear weapons States with respect to the use of nuclear power technology.

SEC. 3. Section 57 of the Atomic Energy Act of 1954 is amended by adding at the end thereof the following new subsection:

"e. (1) The Nuclear Regulatory Commission shall issue no license for, or allow under any current license, the transfer of irradiated fuel produced in any nuclear power reactor licensed by the Nuclear Regulatory Commission, or any special nuclear material originally contained in such fuel, for use in a nuclear explosive device unless—

"(A) the President determines that use of such irradiated fuel or special nuclear material produced from such fuel is vital to the national defense and security; and

"(B) the Congress by Joint Resolution approves the issue of such license, or transfer under a current license, by the Nuclear Regulatory Commission.

"(2) For the purposes of this subsection, the term 'irradiated fuel' means nuclear fuel that has been used in a nuclear power reactor.".

By Mr. HATCH:

S. 1813. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for the training of skilled workers in critical industries which have a labor shortage; to the Committee on Finance.

CRITICAL INDUSTRY REINDUSTRIALIZATION TAX ACT OF 1981

Mr. HATCH. Mr. President, on July 14 hearings were held in the Senate Small Business Committee on the deterioration of the U.S. defense industrial base. It was made abundantly clear that one of the prime reasons for our eroding capability to meet the demands of the defense industry and thus our national security policy objectives is a critical shortage of skilled labor. Due to this shortage, particularly of highly skilled machinists and tool and diemakers, the United States could not respond to a sudden demand for weapons and equipment in order to fight a prolonged, conventional war. The ever-lengthening time lag for defense procurement has become acute and resulted in delays of 120 weeks in some instances.

A revitalization and reindustrialization of America will require greater productivity from the assembly lines of our major industries. The highly skilled craftsmen in these industries whose precision work, such as in the defense industry which must be as exact as one tenthousandth of an inch, provide the keystone of the President's proposed economic program. While the economic recovery program, which I support, provides badly needed incentives for U.S. industry to retool their assembly lines, what will happen when we find we lack the highly skilled labor to accomplish that retooling?

While previous targeted jobs tax credit programs have facilitated the entrance of additional laborers into the work force, they have been ineffective generally as a means of encouraging the training of highly skilled labor by small business.

There seems to be an interesting correlation: The more highly skilled the worker base and the smaller the size of the typical company, the greater the shortage of skilled labor.

The shortages of highly skilled workers in critical industries are a result of several factors:

First, most small companies are highly competitive and lack the resources to develop training programs.

Second, where shortages already exist, there are usually serious backlogs and concomitant pressures on production; and therefore,

Third, many manufacturers are reluctant to take journeymen off their regular duties to train new employees because this slows production and lowers productivity.

Mr. President, in order to reverse this trend of growing shortages in our important skilled labor base, I am introducing the "Critical Industry Reindustrialization Tax Act of 1981." This special skills training tax credit would be available to those small businesses in industries with a demonstrable shortage of highly skilled labor. The amount of the tax credit should be close to the true cost of training, which is quite high, in order to offset the costs and loss of productivity which occurs during the training process.

The basic provisions of this bill include: First, employer tax credits for up to 50 percent of a worker's first year's wages and 30 percent of the second year's wages, second, eligible employers include those who would be certified as "critical, labor-short" industries by the Department of Labor, and third, industries eligible for certification by the Labor Department would be small businesses which have gross receipts totaling $25 million or less. The tax credit would be applied only to new hirees.

Such a tax credit would be self-liquidating as individuals are encouraged to enter such highly skilled trades by virtue of the enhanced training opportunities. Additionally, the revenue loss of the tax credit would soon be offset by the taxes on new wages and sustained production. This proposal should result in employment of many thousands of semi-skilled and unskilled workers and increased production overall.

I would ask my colleagues to consider this approach. I would ask my colleagues to seriously consider the grave implications that our current shortage of skilled labor would have on our economy in the long run as well as on our ability to respond in a time of crisis. While I remain open to alternative plans which would increase our supply of skilled labor and thus fill an important gap for the economic recovery of our country, I feel that debate on this difficult problem should begin now and I am therefore submitting this proposal. I urge its consideration.

Mr. President, I ask unanimous consent that the bill be included in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1813

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Critical Industry Reindustrialization Tax Act of 1981".

SEC. 2. SKILLS TRAINING TAX CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by inserting before section 45 the following new section:

"SEC. 44H. SKILLS TRAINING TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—At the election of the taxpayer, there shall be allowed as a credit for any taxable year an amount equal to the sum of—

"(1) 50 percent of the qualified first-year wages for such year, and

"(2) 30 percent of the qualified second-year wages for such year.

"(b) QUALIFIED WAGES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified wages' means the wages paid or incurred by the employer during the taxable year to individuals who qualify as skills training employees.

"(2) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the one-year period beginning on the day the individual begins work for the employer.

"(3) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, the qualified wages attributable to service rendered during the one-year period beginning on the day after the last day of the one-year period with respect to such individual determined under paragraph (2).

"(c) WAGES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'wages' has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

"(2) INDIVIDUALS FOR WHOM TARGETED JOBS CREDIT IS CLAIMED.—The term 'wages' does not include any amount paid or incurred by the employer to an individual with respect to whom the employer claims credit under section 44B.

"(d) SKILLS TRAINING EMPLOYEE DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'skills training employee' means an individual participating in a skills training program offered or approved by—

"(A) a trade or professional association representing a qualified labor shortage business or industry, or

"(B) a union representing a substantial number of individuals employed in such industry.

except that such term shall not include an individual who, before beginning participation in a skills training program for such business or industry, was employed for more than 2 years in such business or industry.

"(2) SKILLS TRAINING PROGRAM.—The term 'skills training program' means a program of training which is certified by the Secretary of Labor or the Secretary of Defense, or by an association or union described in paragraph (1), as a program which will qualify an individual for a skilled job in a qualified labor shortage business or industry.

"(3) QUALIFIED LABOR SHORTAGE BUSINESS OR INDUSTRY.—

"(A) IN GENERAL.—The term 'qualified labor shortage business or industry' means a business or industry with respect to which the Secretary of Labor or Secretary of Defense certifies that a critical shortage of skilled workers exists.

"(B) MANDATORY CERTIFICATION.—The Secretary of Labor or the Secretary of Defense shall certify a business or industry as a qualified labor shortage business or industry if he finds that there are more available skilled jobs in such business or industry

than the sum of available skilled workers and trainees.

"(C) DATA.—The Secretary of Labor or the Secretary of Defense shall make a certification under this paragraph on the basis of data produced by the Government or presented by the business or industry or through an association or union described in paragraph (1).

"(e) SPECIAL RULES.—Under regulations prescribed by the Secretary, rules similar to the rules under section 52 shall apply in determining the amount of the credit allowable under this section.".

(b) CREDIT TO BE REFUNDABLE.—

(1) Subsection (b) of section 6401 of such Code (relating to excessive credits treated as overpayments) is amended—

(A) by striking out "and 39" and inserting in lieu thereof "39",

(B) by striking out "and 43 (relating to earned income credit)" and inserting in lieu thereof "43 (relating to earned income credit), and 44H (relating to credit for skills training)", and

(C) by striking out "39 and 43" and inserting in lieu thereof "39, 43, and 44H".

(2) Paragraph (2) of section 55(b) of such Code (defining regular tax) is amended by striking out "and 43" and inserting in lieu thereof ", 43, and 44H".

(3) Section 44C(b)(5), 44D(b)(5), 44E(e)(1), and 56(c) of such Code are each amended by striking out "and 43" and inserting in lieu thereof "43, and 44H".

(c) DENIAL OF DEDUCTION.

(1) IN GENERAL.—Section 280C of such Code (relating to portion of wages for which credit is claimed under section 40 or 44B) is amended by adding at the end thereof the following new subsection:

"(b) RULE FOR SECTION 44H CREDIT.—No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of credit allowable for the taxable year under section 44H (relating to credit for employment of skills training employees). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52.".

(2) CONFORMING AMENDMENTS.—The heading of section 280C of such Code and the item relating to section 280C in the table of sections for part IX of subchapter B of chapter 1 of such Code are each amended by striking out "or 44B" and inserting in lieu thereof ", 44B, or 44H".

(d) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44G the following new item:

"SEC. 44H. SKILLS TRAINING TAX CREDIT.".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1980, except that such amendments shall apply only to wages paid or incurred in connection with employees hired on or after the date of the enactment of this Act.

By Mr. JEPSEN:

S. 1814. A bill to amend title 10, United States Code, to require the Secretary concerned to comply with the terms of certain court orders in connection with the divorce, dissolution, annulment, or legal separation of a member or former member of a uniformed service and which affect the retired or retainer pay of such a member or former member, and for other purposes; to the Committee on Armed Services.

COMPLYING WITH COURT ORDERS AFFECTING PAY OF MEMBERS OF A UNIFORMED SERVICE

Mr. JEPSEN. Mr. President, today I am introducing a bill designed to remedy some of the problems experienced by former spouses of members of the uniformed services.

On June 26 of this year, the Supreme Court ruled, in the case of McCarty against McCarty, that, absent a Federal statute permitting such action, a State court may not order a division of military retired pay as part of a distribution of community property incident to a divorce proceeding. Writing for the majority, Justice Blackmun did state, however, that:

We recognize that the plight of an ex-spouse of a retired service member is often a serious one . . . Congress may well decide, as it has in the Civil Service and Foreign Service contexts, that more protection should be afforded a former spouse of a retired service member. This decision, however, is for Congress alone. We very recently have reemphasized that in no area has the Court accorded Congress greater deference than in the conduct and control of military affairs.

The future of a former service wife may be bleak indeed for the military spouse is often more dependent on the traditional marriage contract than the civilian spouse. The military lifestyle requires special sacrifices and contributions not necessary to civilian life. Frequent moves during military service prevent a military wife from establishing a career and earning accompanying retirement benefits.

Following divorce or annulment, she loses all medical, PX, commissary, and CHAMPUS privileges even if she is seriously ill and without her own health insurance. Federal law denies her a portion of her husband's Survivor Benefit Plan even if he wishes to provide it for her.

As a result of the McCarty decision and the interest in this issue by several Members of Congress, the Manpower and Personnel Subcommittee of the Committee on Armed Services held a hearing on September 22, 1981. That hearing has convinced me that is appropriate and necessary for the Congress to enact legislation which would afford the same protection and rights to former military spouses that are available to Federal civil service and private sector spouses. I must emphasize at the outset that this bill I am introducing today would not divide military pay. The State courts who have the expertise in domestic relations matters would retain this authority as they presently do in all other cases.

My bill has the effect of overruling the Supreme Court's decision in McCarty, while providing certain limitations that insure that appropriate Federal interests are preserved. Under this bill, military retired pay could be treated either as the property solely of the member or as the property of the member and his spouse—depending on the law of the jurisdiction in which a divorce or other related decree is issued.

A portion of military retired pay will be subject to State court orders which direct the payment of a portion of that retired pay to a former spouse as alimony, as child support, to effectuate an equitable distribution in States having community property laws, or as payment for any other financial obligation of the member to the former spouse, as found appropriate by the State court incident to a divorce, dissolution, annulment, or legal separation proceeding.

I believe that this bill strikes a proper balance between the Federal interests in the military retired pay of a member, as recognized by the Supreme Court in McCarty, and the States' interests and expertise in determining marital obligations between spouses. The fundamental approach is to give State courts the right to deal with retired pay just as with any other family asset in accordance with the law of the State, while limiting that right only to the extent necessary to preserve legitimate Federal and national defense interests.

My bill imposes four distinct limitations on the State courts. First, a spouse or former spouse would include only a husband or wife or a former husband or wife who was married to the member for at least 5 years during which the member performed at least 5 years of creditable service for purposes of determining that member's eligibility for retired pay. Second, the total amount of the disposable retired or retainer pay of a member which is subject to court order under this section would not exceed 50 percent of such pay. Third, this bill would not create in the spouse or former spouse any right, title or interest which could be sold, assigned, transferred or disposed of. Fourth, the State courts could not direct that a service member retire at a particular time in order to effectuate any payment to a spouse or former spouse. I am confident that these limitations will insure that our national defense interests are preserved.

The hearing held by our subcommittee also revealed other problems experienced by the former spouse following divorce. This is especially true of those former spouses who were married to members of the uniformed services for a number of years, received all their health care in facilities of or under contract plans of the uniformed services, and then find themselves on the day of their divorce stripped of all entitlements to health care from the uniformed services and without health care protection.

This is especially troublesome because these same former spouses are often at an age or have an existing medical problem which makes obtaining health care insurance a difficult and lengthy process. My bill addresses this problem by making certain of these former spouses eligible to continue to receive health care from the uniformed services for a period of 90 days following a divorce so as to allow them an opportunity to obtain health care protection from other sources.

It would also allow the uniformed services to extend health care for up to 3 years after divorce in the case of a former spouse who had a pre-existing

medical condition for which treatment had been commenced by the uniformed services.

Finally, it was found that the survivor benefit plan, established under subchapter II of chapter 73 of title 10, United States Code, generally does not permit a member of the uniformed services to provide an annuity under that plan for a former spouse, even when the member wishes to do so. I believe that in those cases in which the member is not remarried and does not have a dependent child for whom an annuity can be provided under the plan, a member of the uniformed services should have in the future the flexibility to voluntarily provide an annuity to a former spouse.

Of course, if the member chooses to provide such an annuity and then remarries, the member should be free to change his earlier designation so as to provide an annuity to the new wife or dependent child. My bill would provide this flexibility for future participants in the plan.

Mr. President, I urge my colleagues to join me in supporting this important legislation and in working for its enactment. I ask unanimous consent that the bill and a summary of its major provisions be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

SUMMARY OF MAJOR PROVISIONS OF S. 1814

RETIRED PAY PROVISIONS

The first section of the bill would amend chapter 71 of title 10, United States Code, by adding at the end of that chapter a new section 1408. That new section would, under certain circumstances, make the retired or retainer pay of a member or former member of a uniformed service subject to State court orders directing the payment of a specified dollar amount of that retired pay to a spouse or former spouse of that member. Furthermore, that section would provide for a means of serving such orders on the Secretary of the uniformed service concerned and would require that Secretary to make the payments directed by the order, subject to certain conditions and limitations.

The provisions of new section 1408 would provide, with certain conditions and limitations, that military retired pay could be treated either as the property solely of the member or as the property of the member and the member's spouse, depending on the law of the jurisdiction in which divorce or related proceedings are conducted. Regardless of which manner retired pay is treated by a State court, section 1408 would make that property subject to State court orders which provide that a portion of that property be paid each month to a spouse or former spouse of the member to discharge the financial obligations of that member to the former spouse, as determined appropriate by that State court. The bill would not create any right, title, or interest in the military retired pay of a member which the spouse or former spouse could sell, assign, transfer, or otherwise dispose of.

As a result, unless such payments are sooner ended by virtue of a court order, all payments under an order served under section 1408 of title 10 would end upon the death of the member, or upon the death of the spouse or former spouse, whichever occurred first. Furthermore, section 1408 would provide that no State court could order a member to retire at any particular time for the purpose of entitling that member to begin receiving retired pay so as to effectuate a payment to a former spouse. To permit such orders would fly directly in the face of an important Federal interest in retaining military personnel past the time they are initially eligible to retire.

For a court order to be effective under new section 1408, the order would have to be issued by a court of competent jurisdiction and be a final decree of divorce, dissolution, annulment, or legal separation, or a court-ordered or court-approved property settlement incident to such a final decree, which provides for the payment of child support or alimony or provides for a division of property. A final decree would be defined as a decree of a court from which no appeal has been taken within the time for taking such an appeal under the laws applicable to such appeals, or a decree of a court from which timely appeal has been taken and such appeal has been finally decided under the laws applicable to such appeals. As used here, appeals would not include a later or collateral attack on a final decree based, for example, on a failure to comply with the Soldiers' and Sailors' Civil Relief Act (50 U.S.C. App. 501, et seq.). In the case of such a later or collateral attack on a final decree, payments could be made under that decree until that attack was resolved and the final decree set aside or amended.

Additionally, the order would have to expressly provide for the monthly payment of a specified dollar amount to the spouse or former spouse from the retired pay of the member. A spouse or former spouse would include only a husband or wife or a former husband or wife who was married to the member for a period of at least five years during which the member performed at least five years creditable service for purposes of determining that member's eligibility for retired pay. This minimum period of marriage and creditable service recognizes the legitimate Federal and national defense interests in the retired pay of uniformed service members, while at the same time leaving to the State courts, to the maximum extent possible, matters most properly within the province of those courts.

Section 1408 would further provide that, regardless of the amount of the payment specified in the court order, not more than 50 percent of the member's retired pay, after making certain specified deductions, would be subject to payment to any one or more spouses or former spouses of the member. This limitation on the percentage of a member's retired pay which may be subjected to court order under section 1408 is further recognition of the continuing Federal interest in insuring that persons entitled to retired pay because of service in the uniformed services be entitled to and receive some portion of that pay under all circumstances.

It is important to note that this 50% limitation applies to the retired pay after certain specified deductions. The retired pay after these deductions is defined as "disposable" retired pay. The deductions which are made from gross retired pay in arriving at "disposable" retired pay generally follow those which are authorized to be deducted from the pay of a Federal employee before that pay may be subjected to garnishment for alimony or child support obligations under existing section 459 of the Social Security Act (42 U.S.C. 659). One major difference in the deductions which would be authorized to be made from the gross retired pay under new section 1408 of title 10 would be that, rather than authorizing deduction of all portions of pay being withheld for the purpose of providing an annuity under chapter 73 of title 10, United States Code, as allowed under the Social Security Act provisions, only those portions of retired pay being withheld to provide an annuity under the Survivor Benefit Plan or the Retired Servicemen's Family Protection Plan (chapter 73 of title 10, United States Code) for the same spouse or former spouse in whose favor the court order exists, would be deducted.

New section 1408 would also provide for the service of State court orders on the Secretary of the uniformed service of the member whose retired pay is affected by such orders, or upon agents designated to receive such service by that Secretary. Section 1408 would be generally administered under regulations of the Secretary concerned. However, section 1408 would specifically provide for procedures to be followed in the event that more than one spouse or former spouse had orders served affecting the retired pay of a member. Under that provision, such multiple court orders would be satisfied on a first served, first satisfied basis. Such multiple orders would still be subject to the overall maximum payment of 50% of the member's disposable retired pay. In the event a second court order directs the payment of an amount which, because of payments being made under an earlier served order, will exceed the total maximum payment authorized, the second order will be deemed to be fully satisfied under section 1408 by the payment to the spouse or former spouse of an amount which will make the total payments equal to 50% of the member's disposable retired pay.

Additionally, section 1408 specifically provides that, if conflicting orders are served involving the same spouse or former spouse, the Secretary of the uniformed service concerned shall, in his absolute discretion, determine which of those conflicting orders will be honored. Whenever a court order is properly served and otherwise comports with the requirements of section 1408, the Secretary concerned would be required to pay directly to the spouse the appropriate dollar amount from the retired pay of the member. In this regard and subject to the conditions and limitations otherwise provided therein, section 1408 of title 10 would constitute a limited waiver of Federal sovereign immunity from legal process issued by State courts.

Section 4 of the bill would amend section 459 of the Social Security Act (42 U.S.C. 659) which presently waives the sovereign immunity of the United States from legal process issued by State courts when such process is in the nature of garnishment of pay due a Federal employee, including members of the uniformed services, and is for the enforcement of alimony or child support obligations of that employee. Section 4 of the bill would amend these "garnishment" provisions to provide that whenever payment is being made to a spouse or former spouse from the retired pay of a member or former member of a uniformed service pursuant to a court order served under new section 1408 of title 10, United States Code, then the retired pay of that member or former member is not subject to garnishment under section 459 of the Social Security Act. This amendment, while not totally preempting enforcement of alimony and child support obligations of a military retiree by use of garnishment under sectoin 459 of the Social Security Act, is designed and expected to make the procedures established by new section 1408 of title 10, United States Code, the dominant and preferred method of enforcing such obligations. However, garnishment could continue to be used if no payment is being made under section 1408.

HEALTH CARE PROVISIONS

Section 2 of the bill would amend chapter 55 of title 10, United States Code, to include certain former spouses in the definition of dependents of members of the uniformed services who are eligible for health care in the facilities of or under contract plans of the uniformed services. The former spouses who would be eligible for health care under

these amendments would be those former husbands and wives of members or former members of a uniformed service who had been, on the date of the final decree of divorce, married to the member or former member for at least 20 years during which the member or former member performed at least 20 years of service which is creditable for purposes of determining eligibility of that member or former member for retired or retainer pay. Such former spouses would be eligible to receive health care in facilities of the uniformed services or under contract health care plans of the uniformed services (CHAMPUS) for the 90-day period immediately following their divorce. Additionally, the Secretary of the uniformed service concerned could extend the period in which health care could be provided to such former spouses up to a total of three years after divorce when the care is for a medical condition which existed prior to the end of the 90-day period following divorce and treatment had been provided by the uniformed services for that condition before the end of that 90-day period.

SURVIVOR BENEFIT PLAN PROVISIONS

Section 3 of the bill would amend subchapter II of chapter 73 of title 10, United States Code, which establishes the Survivor Benefit Plan. Presently under that Plan an eligible participant cannot generally provide an annuity for a former spouse. The amendments contained in section 3 of the bill would permit such an annuity in certain circumstances in the future. In the future if a member of a uniformed service becomes eligible to participate in the Plan, and that member is not at that time married and does not have an eligible dependent child for whom an annuity can be provided, that member will be free to designate a former husband or wife as the recipient of an annuity under the Plan if the member was married to that former spouse at some time during which the member performed creditable service for purposes of determining eligibility for retired pay. Such a designation could be made without regard to whether that former spouse had an insurable interest in the member. Under the amendment, the member would be free to cancel that designation at any time the member remarried so as to permit the member to provide an annuity to the new spouse.

S. 1814

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 71 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 1408. Payment of retired or retainer pay in compliance with court orders

"(a) In this section:

"(1) 'Court' means a court of competent jurisdiction of a State, the District of Columbia, or the Commonwealth of Puerto Rico.

"(2) 'Court order' means a court's final decree of divorce, dissolution, annulment, or legal separation, or a court ordered or court approved property settlement incident to such decree, which provides for—

"(A) payment of child support;

"(B) payment of alimony; or

"(C) division of property (including a division of community property),

which is issued in accordance with the laws of the jurisdiction of such court and which expressly provides for the monthly payment of a specified amount of the retired or retainer pay of a member to the spouse or former spouse of such member. For purposes of this definition, 'final decree' means a decree from which no appeal has been taken within the time for taking such an appeal under the laws applicable to such appeals, or a decree from which timely appeal has been taken and such appeal has been finally decided under the laws applicable to such appeals.

"(3) 'Creditable service' means service credited to a member for the purpose of determining such member's eligibility for retired or retainer pay under this title and titles 33 and 42.

"(4) 'Disposable retired or retainer pay' means the total monthly retired or retainer pay to which a member is entitled under the provisions of this title (other than chapter 61 of this title) and titles 33 and 42 less amounts which—

"(A) are owed by such member to the United States;

"(B) are required by law to be, and are deducted from the retired or retainer pay of such member, including but not limited to fines and forfeitures ordered by courts-martial, Federal employment taxes, and amounts waived in order to receive compensation under title 5 or title 38;

"(C) are properly withheld for Federal, State, or local income tax purposes, if the withholding of such amounts is authorized or required by law and to the extent such amounts withheld are not greater than would be authorized if such member claimed all dependents to which he was entitled;

"(D) are withheld under section 3402(i) of the Internal Revenue Code of 1954 (26 U.S.C. 3402(i)) if such member presents evidence of a tax obligation which supports such withholding;

"(E) are deducted as Government life insurance premiums (not including amounts deducted for supplemental coverage); or

"(F) are deducted because of an election under chapter 73 of this title to provide an annuity to a spouse or former spouse to whom payment of a portion of such member's retired or retainer pay is being made pursuant to a court order under this section.

"(5) 'Members' means a person who is or was appointed or enlisted in, or conscripted into, a uniformed service, and includes a former member of a uniformed service.

"(6) 'Secretary concerned' has the meaning given to that term by section 101(5) of title 37.

"(7) 'Spouse or former spouse' means the husband or wife, or former husband or wife, of a member who, on or before the date of a court order, had been married to that member for a period of at least five years during which period the member performed at least five years creditable service.

"(8) 'Uniformed services' has the meaning given to that term by section 101(3) of title 37.

"(b) Subject to the limitations of this section, the Secretary concerned, not later than 90 days after the effective service of a court order or not later than 90 days after the member whose retired or retainer pay is affected by such order first becomes entitled to receive retired or retainer pay, whichever is later, shall pay from the disposable retired or retainer pay of a member to the spouse or former spouse of that member the amount expressly specified in that court order. Such payments shall be made no more often than once a month. Payments under this section, in any event, shall terminate not later than upon the death of the member or upon the death of the spouse or former spouse, whichever occurs first.

"(c)(1) Subject to the limitations of this section, a court may treat disposable retired or retainer pay either as property solely of the member or as property of the member and his spouse, in accordance with the law of the jurisdiction of such court.

"(2) Notwithstanding any law, under this section no right, title, or interest which can be sold, assigned, transferred, or otherwise disposed of (including by inheritance) shall exist in a spouse or former spouse.

"(3) The total amount of the disposable retired or retainer pay of a member which is subject to court order or orders under this section shall not exceed 50 percent of such pay.

"(4) Nothing in this section shall permit any court to order or direct that a member shall retire at a particular time in order to effectuate any payment under this section.

"(d)(1) Effective service of a court order under this section shall be accomplished by certified or registered mail, return receipt requested, or by personal service, upon the appropriate agent designated for receipt of such service under regulations prescribed under subsection (g), or if no agent has been designated for the uniformed service concerned, then upon the Secretary concerned. For service of a court order to be effective, such order must be regular on its face and, on its face or through accompanying data, permit prompt identification of the member invloved.

"(2) In the event of effective service of more than one court order for payment to more than one spouse or former spouse from the disposable retired or retainer pay of one member, such pay shall be used to satisfy, subject to the limitations of subsection (c)(3), such court orders on a first-come, first-served basis. Such court orders shall be satisfied out of that amount of disposable retired or retainer pay which remains after the satisfaction of all court orders which have been previously served.

"(3) In the event of effective service of conflicting court orders for the payment to one spouse or former spouse from the retired or retainer pay of one member, the Secretary concerned shall determine under which order payment shall be made and his determination is final and not subject to any judicial review.

"(4) A court order which provides for the payment of an amount of disposable retired or retainer pay which exceeds the amount of such pay available for payment because of the limit set forth in subsection (c)(3), or which because of previously served court orders provides for payment of an amount of disposable retired or retainer pay which exceeds that amount available for payment, shall not be deemed to be irregular on its face solely for that reason. However, such order shall be deemed to be fully satisfied under this section by the payment to the spouse or former spouse of the amount of disposable retired or retainer pay available for such payment.

"(e) The United States and any officer or employee thereof shall not be liable with respect to any payment made from moneys due or payable from the United States to any member, spouse, or former spouse pursuant to a court order regular on its face, if such payment is made in accordance with this section and regulations prescribed to carry out this section.

"(f) Whenever any person designated to accept service of court orders under this section is effectively served with any such court order, such person, as soon as possible but not later than 30 days after the date effective service is made, shall send written notice of such court order (together with a copy thereof) to the member affected at his last known address.

"(g) The Secretary concerned shall prescribe regulations to administer this section within the uniformed services under his jurisdiction.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1408. Payment of retired or retainer pay in compliance with court orders.".

SEC. 2. Chapter 55 of title 10, United States Code, is amended as follows:

(1) Section 1072(2) is amended—

(A) by striking out "and" at the end of subparagraph (D);

(B) by striking out the period at the end

of subparagraph (E) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new subparagraph:

"(F) for a period of 90 days following the date of a final decree of divorce, dissolution, or annulment of a marriage to a member or former member, the unremarried former spouse if, on the date of the such final decree of divorce, dissolution, or annulment, that former spouse had been married to the member or former member for a period of at least 20 years during which period the member or former member performed at least 20 years of service which is creditable in determining that member's or former member's eligibility for retired or retainer pay, or equivalent pay, as a result of his service in a uniformed service.

The 90-day period described in subparagraph (F) during which medical and dental care may be provided to persons described in such subparagraph, may be extended by the Secretary of the uniformed service concerned so as not to exceed three years, but only for medical conditions of the former unremarried spouse which existed prior to the end of such 90-day period and for which treatment had been provided under this chapter prior to the end of such 90-day period.".

(2) Section 1076(b)(2)(B) is amended by inserting "(except that the requirement of this subclause shall not apply with respect to a dependent described in section 1072(2)(F) of this title)" after "chapter 73 of this title".

(3) Section 1079 is amended—

(A) by striking out "and children" in the section heading and inserting in lieu thereof ", children, and certain former spouses"; and

(B) by striking out "and children" in the first sentence of subsection (a) and inserting in lieu thereof ", children, and certain former spouses (as described in section 1072(2)(F) of this title)".

(4) The section headings of sections 1080, 1081, and 1083 are each amended by striking out "and children" and inserting in lieu thereof ", children, and certain former spouses".

(5) The items relating to sections 1079, 1080, 1081, and 1083 in the table of sections at the beginning of such chapter are each amended by striking out "and children" and inserting in lieu thereof ", children, and certain former spouses".

SEC. 3. Subchapter II of chapter 73 of title 10, United States Code, is amended as follows:

(1) Section 1447 is amended by adding at the end thereof the following new paragraph:

"(6) 'Former spouse' means the surviving former husband or wife of a person who is eligible to participate in the Plan if such former husband or wife was married to such person during any period of service which is creditable for the purpose determining such person's eligibility for retired or retainer pay.".

(2) Section 1448 is amended—

(A) in subsection (a)(2), by inserting ", has a former spouse," after "is married" each place it appears; and

(B) in subsection (b), by inserting "or a former spouse" after "interest in that person".

(3) Section 1450(a)(4) is amended by inserting "former spouse or other" before "natural person".

SEC. 4. Subsection (a) of section 459 of the Social Security Act (42 U.S.C. 659(a)) is amended by adding at the end thereof the following new sentence: "However, no moneys payable to a member or former member of a uniformed service as retired or retainer pay for any period during which payment in any amount is made from such moneys to any spouse or former spouse under section 1408 of title 10, United States Code, shall be subject to legal process served under this section.".

SEC. 5. (a) The amendments made by this Act shall take effect at the end of the 120-day period beginning on the date of enactment.

(b) The amendments made by the first section of this Act shall apply only to payments from retired or retainer pay which is payable for months beginning on or after the effective date.

(c) The amendments made by section 2 of this Act shall apply to former spouses eligible for health care under those amendments regardless of the date of the final decree of divorce, dissolution, or annulment of such a former spouse's marriage to a member or former member of a uniformed service.

(d) The amendments made by section 3 of this Act shall apply only to persons who become eligible on or after the effective date to participate in the Survivor Benefit Plan.

(e) The amendments made by section 4 of this Act shall apply to all moneys payable to a member or former member of a uniformed service as retired or retainer pay for any period beginning on or after the effective date regardless of the date of the service of any legal process affecting that pay under section 459 of the Social Security Act (42 U.S.C. 459).

ADDITIONAL COSPONSORS

S. 265

At the request of Mr. PERCY, the Senator from Wyoming (Mr. WALLOP) was added as a cosponsor of S. 265, a bill to amend the Congressional Budget Act of 1974 to establish procedures for setting targets and ceilings, in the congressional budget process, for loans and loan guarantees under Federal credit programs.

S. 569

At the request of Mr. JEPSEN, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 569, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures.

S. 1131

At the request of Mr. DANFORTH, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1407

At the request of Mr. PRYOR, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 1407, a bill to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title (pertaining to schemes for obtaining money by false representations or lotteries), and for other purposes.

S. 1645

At the request of Mr. MOYNIHAN, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 1645, a bill to let funds in individual retirement accounts be used to purchase collectibles.

S. 1706

At the request of Mr. MITCHELL, the Senator from Wisconsin (Mr. KASTEN) and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of S. 1706, a bill to amend the Clean Air Act to better protect against interstate transport of pollutants, to control existing and new sources of acid deposition, and for other purposes.

SENATE JOINT RESOLUTION 34

At the request of Mr. BAKER, the Senator from West Virginia (Mr. RANDOLPH) and the Senator from Montana (Mr. MELCHER) were added as cosponsors of Senate Joint Resolution 34, a joint resolution to provide for the designation annually of "National Patriotism Week."

ADDITIONAL STATEMENTS

AIR TRAFFIC CONTROLLER'S EPISODE

● Mr. DOLE. Mr. President, in conjunction with consideration of the transportation appropriations bill, a few brief comments on the air traffic controller's strike are in order.

On Sunday of this week, while appearing on NBC's "Meet the Press" this Senator responded to a question concerning the air traffic controllers by saying that he was hopeful that some air traffic controllers having exceptional cases could be returned to work. Specifically, it was stated:

Well, I'd like to find some way to put some back on the job, yes. I mean, I think there must be some exceptional cases, and I would assume that the administration, Secretary Lewis and others, are looking for areas. No doubt about it, it's starting to affect general aviation, we're getting into the winter season, it's going to curtail a number of flights, it's going to cause hardships for passengers. There may be some area that we could find some agreement. I'm not aware of any, but I would hope that that would be pursued.

Unfortunately, some have construed my comments as being supportive of the illegal strike by PATCO members. For that reason, the Senator from Kansas reiterates his support of the administration's handling of this frustrating chapter in aviation history.

At the outset of employment, these controllers each made a pledge not to strike against the Government. When a number of them violated the law by ignoring that pledge, they received notices of dismissal. Contained in the dismissal notices was an explanation of an automatic appeals process whereby each controller could, working through their respective tower chief, ask for individual review of their dismissal. It was specifically pointed out that review would be given to cases where a controller had missed work or participated in the strike due to illness after having been subjected to harassment or to threats against his person or property.

There is reason to think that there were a number of cases involving threats or harassment, yet few appeals were actually processed. It is my hope that the administration can continue to encourage victims of harassment or threats or

other exceptional cases to come forth to have their cases reviewed individually.

Mr. President, I salute those dedicated air traffic controllers and supervisors who upheld their oaths and continued to work to maintain the integrity of the system. It is not necessary to detail the fact that payment of artificially high wages over the years, both by Government and by the private sector, has helped create and foster this inflationary climate that we must fight so vigorously to curtail. In the present case, these workers struck after rejecting an 11.4-percent pay increase. Keeping in mind that other Federal employees accepted a 4.8-percent increase, it is clear that the pay package which was offered was most reasonable.

Mr. President, the Senator is not happy with the results of this situation. Many Americans have experienced inconveniences in their necessary travels, having been victimized by delays, canceled flights, and uncertain fares. As bad weather approaches, the problems will only be compounded. In short, we are all losers in the short run, yet the simple principle that the law must be upheld has survived.

The administration on November 2 introduced for our consideration its salary proposals for the air traffic controllers currently on duty. These proposals are very similar to the original salary figures rejected last summer by PATCO. The introduction of this pay package signals the beginning of a new chapter in our aviation history, one that will, I am confident, be marked by the safety and effectiveness of our air traffic control system.●

MAINTAINING OUR COMMITMENT TO THE AMERICAN VETERAN

● Mr. PRYOR. Mr. President, I am pleased to speak today in praise of the American veteran who, in national crisis, has traditionally sacrificed time, security, and, if necessary, life itself. One week from today, on November 11, our country will join together once again in official recognition of these brave men and women who serve as models for us all

I wish to suggest that, while Veterans' Day is an appropriate and fitting time to focus attention on these 30 million Americans, we should pay tribute throughout the year as well. Based upon their exemplary sense of sacrifice, we should never forget the gift of security and national assurance they have presented to all Americans.

Some 275,000 veterans live in the State of Arkansas, Mr. President. They range widely in age and background, as well as records and lengths of service, conflicts engaged in, experiences shared. World War I veterans number roughly 6,000, at an average age of 84. We have approximately 124,000 World War II veterans whose average age is 62.

Arkansas has, in addition, 47,000 veterans of the Korean conflict; 25,000 veterans of cold war engagements; 79,000 from the Vietnam era; and another 5,000 from the post-Vietnam years.

I am encouraged to note, Mr. President, that in a year of budgetary restraint the Congress has not cut back seriously in benefits to the American veteran. Some $400 million, in fact, has been restored to the VA budget in programs that include a variety of important areas: Hospitals and regional offices we feared might be closed; storefront centers that provide crucial services; and medical and out-patient care in facilities throughout the country.

It is necessary that we maintain this commitment, not only in the current session of Congress, but in the years ahead. A month from now, on December 7, we shall observe the 40th anniversary of the attack on Pearl Harbor. Let us never forget those countrymen who gave their lives on that day.

And in the decades ahead, let us not forget the continuing needs of our men and women who served in foreign wars. By 1990 half of all American men over 65 will be veterans, a figure that comes to just over 7 million. By the year 2010 there may be more than a million veterans over age 85, compared to 150,000 at the present time.

We must continue our commitment to these Americans who have served us all. We must continue our financial and moral support. Mr. President, we must never forget.●

CRIME IN AMERICA

● Mr. GRASSLEY. Mr. President, at this moment, a desperate war is being waged in the cities, towns, and rural areas of the United States. By the end of this year, some 21,000 lives will be lost.

Street hoodlums, professional thugs, and other violent criminals are winning their war against law-abiding Americans. They are winning because too many permissive judges, apathetic parole officials, and misguided "reformers" have joined forces—not with law enforcement officers and honest citizens—but with the armies of criminals now controlling our streets.

The deadly seriousness of this problem is summed up well in the November 1981, issue of Reader's Digest to which I commend to the attention of my colleagues:

CRIME AND (NON) PUNISHMENT, U.S.A.

(A Compiliation From American Newspapers)

MOORESVILLE, IND.—An Indianapolis man who has a history of vicious attacks on women has been charged with the slayings of Mrs. Terry Chasteen and her three small children.

Only days before the murders, Stephen T. Judy, 22, had been released on bond following an arrest for armed robbery. At the time he was free on parole from the Illinois State Penitentiary. He has a long criminal record, including convictions in Indiana and Illinois for offenses similar to the abduction of Mrs. Chasteen and her children.

Police say Mrs. Chasteen's auto was stopped on an interstate highway near Indianapolis. Her bound, nude body and those of her children were later discovered in a creek near the highway.

Marion County prosecutors had opposed the reduction of Judy's bond to $7500 at a recent hearing, but Indiana law prevented them from introducing evidence of previous criminal convictions.

"It's nonsense that he was released," declared prosecutor Stephen Goldsmith. "This is sad testimony of how our criminal-justice system has failed." [Some 16 months after the tragedy, the bond law was changed.]—Indianapolis Star.

MIAMI.—One man charged with the killing of off-duty policeman Sgt. Alfred Terrinoni had been set free on probation the previous day despite the plea of a police officer who urged that he be jailed.

Tommie Jerome Hicks, 18, a suspect in at least three similar armed robberies, is charged with murder in connection with the death of Terrinoni as he carried night deposits from a restaurant.

Metro Dade Officer Larry Gray had arrested Hicks three months earlier for petty theft. In Hick's car police found three knives, a pellet gun, and credit cards bearing various names. Gray says he warned the prosecutors that Hicks was a suspect in several armed robberies of restaurants and was dangerous.

"Terrinoni's dead because nobody listened," Gray believes.—Miami Herald.

CHICAGO.—For many years, on the corner of Rockwell Street and Potomac Avenue, there was a drive-in drug business.

It was no secret. No business that makes $20,000 a day could be a secret. But so brazen were the drug dealers that nothing, not even police raids, slowed them down. If arrested, they had the money—from the sales of heroin, cocaine, PCP and LSD—to post bail and return to the corner.

The police department's narcotics unit and the Federal Drug Enforcement Administration filmed the operation and made buys. They spent almost $60,000 on the investigation and then arrested 23 people for selling drugs to undercover police.

That was over a year ago. Now the five leaders of the drive-in drug business have been to court. According to police, all five had previous histories of drug arrests. All five pleaded guilty to the drugselling charges. All five were put on probation by Criminal Court Judge Robert Massey.

At Roberto Clemente High School, the students know the corner of Rockwell and Potomac well. After reading that nothing happened to the operators of the drive-in, students in two English classes wrote letters to the judge.

"Your Honor," began one student, "the pushers are destroying our community. They sell drugs to young kids. If they already had criminal records, why shouldn't they be kept in jail?"

A police investigator said simply, "You wonder why drugs are our No. 1 problem?"—Column by Anne Keegan in Chicago Tribune.

BALTIMORE.—There were photographs on the desk. "Anybody want to look?" asked Bill Swisher, State's Attorney for Baltimore.

They were baby pictures, only the baby was dead. In a courtroom across the hall, James McClain, the man convicted of killing the child, had just been released.

The baby belonged to McClain's girlfriend. She was out when a friend came to the high-rise apartment and showed McClain a picture of his girl with another man.

In his confession, McClain said, "I carried [the baby] to the garbage opening, [laid] him in [it] and just let him go." McClain was convicted of killing the child and sentenced to life behind bars.

Almost 18 months after that confession, the Court of Appeals, Maryland's highest court, ruled in another case that a defendant had to be taken before a court commissioner within 24 hours of arrest, or the state could not use any subsequent confession. McClain was not taken before a commissioner until he had given his confession—24 hours and 12 minutes after arrest.

The Court of Appeals decided to make its ruling retroactive.

So James McClain is a free man.—Column by Michael Olesker in Baltimore Sun.

ESSEX JUNCTION, VT.—Her small body, bound and gagged, was found hidden under an abandoned mattress. Melissa Walbridge, 12, had been tortured and stabbed to death. Authorities say the assailants took "calculated actions intended to cause as much pain

as possible." A companion, also 12, was sexually assaulted and stabbed in the chest. Miraculously, that child survived.

Police arrested two local youths—ages 16 and 15—for aggravated sexual assault and murder.

The 16-year-old is expected to be tried as an adult this fall. At the time of the murder, he was free on a one year's suspended sentence for threatening a woman with a knife.

His 15-year-old partner, however, can be charged only with delinquency for his alleged role in the sexual assault and murder. He may be sentenced to a juvenile institution, but at age 18, he will be freed.

A Vermont law—which State Attorney General John Easton called a "license to kill"—prevented prosecuting juveniles under age 16 as adults no matter how serious the crime. It also mandated that juvenile criminals be freed with a clean record upon reaching age 18.

That's what happened in July to a young man who was 15 when he shot and killed his 63-year-old aunt and stole her car. The shooting took place less than three years ago.

He still is regarded as a danger to society by psychiatrists and prosecutors familiar with the case. But there was no legal way to hold him in custody after his 18th birthday. And he is free.

[Outrage over the Essex Junction case forced the Vermont legislature to change the law last summer so that juveniles 10 and older can be prosecuted as adults for violent crimes. But juvenile offenders already in the system will be released in accordance with the previous statute.]—Boston Globe.

SAN FRANCISCO.—The former court-appointed attorney for a California man who confessed repeatedly to a multiple murder has written the U.S. Supreme Court to protest a state Supreme Court decision that invalidated his client's confessions.

Asserted respected defense attorney James Leonard Crew, "It is difficult to understand how a system of laws conceived to protect innocent people can become twisted to give freedom to a person who deliberately kills three innocent human beings, and then confesses repeatedly to the killings."

Crew's letter involved the case of Barry Floyd Braeseke, convicted of the murders of his mother, father and grandfather. The state Supreme Court threw out the confessions and reversed Braeseke's conviction. Earlier this year the U.S. Supreme Court refused to reinstate the conviction.

The ruling attracted widespread attention, in part because, following his conviction, he again confessed to the murders. Braeseke described the slayings on the CBS program "60 Minutes"—a confession which the high court has yet to consider. He contended that the drug "angel dust" made him commit the crimes. Braeseke is now scheduled to be retried. Michael Cardoza, prosecutor in the case, concedes he may have difficulty obtaining a second conviction if the courts forbid use of the confession.

The attorney's letter drew praise from Cardoza, who said, "In effect, Crew is saying to the court, 'As an attorney, I did what I was supposed to do. But your function is to do justice, not to buy spurious arguments.' "—Los Angeles Times.

WASHINGTON, D.C.—It is hard to comprehend that a man accused of shooting you is back on the streets.

Just ask one victim, an attorney who requests his name be withheld because he fears reprisal. "I am outraged and disgusted," he declares. His anger is directed at the criminal-justice system.

It was "the system" that permitted the attorney's accused assailant, 23-year-old Allen Graves, to make bond and disappear just before his scheduled trial. Graves was free on bond from another case the night the attorney was shot during a robbery. Less than a month before, Graves had been arrested for the kidnapping and robbery of one Washington woman and kidnapping and assault of another.

It was "the system" that had enabled Graves to be on the streets at the time the women were kidnapped, too. Before that attack, a jury had convicted Graves for armed robbery and assault with intent to kill. But that conviction was overturned on a technicality, and Graves was allowed to plead guilty to robbery only, and was freed on bond pending sentencing.

[He was apprehended and again permitted to plea bargain for conviction on lesser charges. Finally, he was sentenced to prison.]—Washington Star.

MIAMI.—Within hours of arrest and arraignment, suspected drug smugglers post huge bonds and return to South America, beyond the reach of U.S. law, according to complaints by the authorities trying to stop drug trafficking here.

Documenting the need to toughen bond standards, officials cite the case of Alfredo Gutierrez, whose arrest they called the biggest cocaine bust in the nation's history.

Gutierrez was arrested in Miami when undercover agents offered him $9 million in cash for 854 pounds of coca base, which is refined into cocaine. He was charged with conspiracy to import cocaine. Bond, first set at $3 million, was reduced to $1 million. Within hours the money was delivered to the court. Needless to say, Gutierrez did not appear for trial.

Authorities insist there should be no bonds for suspected major drug smugglers, especially repeat offenders. But a bill to toughen bond standards for drug offenders has yet to be enacted by Congress.—AP.

NEW YORK.—Manhattan Supreme Court justice Arthur Blyn has sentenced a convicted killer to five years' supervised probation because a prison sentence would have no "constructive result." Blyn—in effect—ruled that the killer's life is more important than the victim's.

We don't know of any prison sentences that produce constructive results for convicts. The purpose of a sentence is to protect society and to punish people for violating the rules of civilization. And the taking of a human life, under any circumstances, demands a severe punishment.

Sure, there were special circumstances in this case. The killer, Richard Schreiner, claimed he blacked out from too much beer and marijuana and doesn't remember tying up, then stabbing and strangling his 22-year-old victim.

By treating homicide as a venial sin, the result of a "personality disorder," Blyn—and other judges—are encouraging the current epidemic of murder and violence that is claiming a record number of our citizens. Blyn's sentence is just one of countless examples of denied justice in our criminal courts.

Laws aren't enforced. Serious crimes are too frequently plea-bargained away. Crime pays. Criminals rule our streets. We have to fight back by locking up the criminals.—An editorial in New York Daily News.

[Less than six months after Schreiner was freed on probation, he was arrested for attempted murder in the stabbing of a 15-year-old boy. Charges against Schreiner are pending.]●

POSTSCRIPTS TO THE AWACS VOTE

● Mr. MOYNIHAN. Mr. President, the Senate's vote on House Concurrent Resolution 194, the AWACS vote, is behind us and it is well to move on. Yet there lingers in this whole matter a troubling aftertaste which arises from the intense pressure placed on all Senators during the course of our debate. I speak of the openly anti-Semitic nature of some of the lobbying we encountered, of which there has been some comment, of late, in many quarters.

That some of this lobbying was sheer gutter prejudice makes all of us in this body sad. That some of it was more subtle, more sophisticated, should be no less offensive. There is a technique of argument by which one side wins by persuading the other side that it is in the other side's interest to lose and this was, indeed, a strategy employed during the AWACS debate.

Mr. President, I wish not to belabor this point but to say that it is simply vicious that so many for whom this Nation has done so much would think so little of it as to set out to win an argument about foreign policy by attributing the most loathsome attitudes to their own people. We are not an anti-Semitic country, nor a racist country, nor an anti-Catholic country, nor any such thing. There are some prices too great for no matter what order of victory.

These matters, Mr. President, were placed in perspective last Sunday in the New York Times. The Times itself devoted its lead editorial to the subject and also printed two letters, one by Nathan Perlmutter, national director of the Anti-Defamation League of B'nai B'rith and the other by Julius Berman, president of the Union of Orthodox Jewish Congregations of America. Together, these contributions serve as a distinguished postscript to the AWACS debate in the Senate which I commend to the attention of my colleagues.

Mr. President, I ask that the text of the Times editorial and the two letters be printed in the RECORD.

The material follows:

[From the New York Times, Nov. 1, 1981]

THE DEMONS BENEATH THE AWACS

A sordid matter lingers from the Awacs fight. It was poignantly raised by Senator William Cohen, who opposed the deal but finally voted for it. The Maine Republican, a Unitarian with a Jewish father, said it was better that American Jews lose the contest than suffer the consequences of winning.

Other Senators were less delicate in expressing the same lament. Mark Hatfield of Oregon said talks with constituents had exposed "latent anti-Semitism." David Durenberger of Minnesota said, "I have never experienced anything like this in my life, in terms of basic prejudice." Joseph Biden of Delaware said, "I have a feeling that American Jews are being made a scapegoat." New York's Daniel Patrick Moynihan said, "There's been a pattern of argument . . . that, should this not go through, it will lead to the kinds of things you describe."

Who dared evoke such loathsome emotion? Mr. Moynihan was quite right to describe a "pattern"; no one directly shouted "blame the Jews" for losing a vote or a Saudi contract. But too many in this struggle were ready to arouse or exploit base resentments. Too many made passionate concern for Israel's safety appear sinister, disloyal to America.

"It is not the business of other nations to make foreign policy," said President Reagan, even as he opened the capital's doors for a Saudi prince. And if the overtone isn't clear, listen to its elaboration by former Senator James Abourezk: "This turned out to be a

major battle between the President of the United States and a foreign lobby . . . Hell, Reagan beats his American opposition a lot easier than that."

And if even that innuendo is unclear, hear it from a master of the art: "If it were not for the intense opposition by Begin and part of the American Jewish community, the Awacs sale would go through," said Richard Nixon. "This fact will greatly affect the consequences if the sale fails to go through."

Let people of honor, starting with the President, remove this stain on our politics.

Most American Jews opposed the Awacs sale, but so did most other Americans; and Israel's security was only one reason to object. Jewish lobbyists waged a vigorous campaign; indeed, they began before the Israeli Government joined the challenge. But on the other side, promoting the deal, was an equally vigorous lobby of weapons makers, oil companies and Saudi agents and traders. Neither side had any special claim on the "American interest." Neither lacked for "foreign" entanglements.

In fact, American Jews are not slavish apologists for every Israeli policy. Many have been critical of the bombings of Baghdad and Beirut and Israeli policies in the West Bank. But even when Jews stand united, there can be no tolerance for dark mutterings about disloyalty and coded complaints about their influence.

Jews have as much right to read concern for Israel into their view of the national interest as do Greek Americans opposing aid to Turkey or black Americans demanding opposition to South Africa's racism. Such exertions, whether or not they are persuasive, do not weaken America. On the contrary, there can be no strong foreign policy that ignores the combined yearnings of domestic interests.

Those who would frighten any group out of the debate erode the rights of all. Those who summon the demons of anti-Semitism against an understandably jittery people do the devil's work. It is they who betray America.

[From the New York Times, Nov. 1, 1981]

POSTSCRIPTS TO THE SAUDI AWACS DEAL

UNION OF ORTHODOX JEWISH CONGREGATIONS OF AMERICA,
New York, October 29, 1981.

To the Editor: Now that the Senate has voted on the proposal to sell Awacs to Saudi Arabia and the President is basking in the glow of another Congressional victory, it is important to emphasize that a vast majority of the senators did not approve Mr. Reagan's policy on the merits.

Upon departing from their august chamber after the vote, senator after senator who had cast his lot with the President expressed total disagreement with the merits of the proposal itself, yet defended his vote on the ground that it was unavoidable under the circumstances.

Justifications generally fell into one or more of four categories: (1) once the commitment was made to Saudi Arabia, it would be disastrous not to honor it, (2) the President's ability to determine foreign policy would be crippled, (3) there would be a strong backlash against Israel, (4) the matter was a vote of confidence for the President generally.

In short, it is abundantly clear that if the Senate had actually been presented with the merits of the Awacs proposal, i.e., had the President consulted with the members of the Senate before making the commitment, it would have been overwhelmingly defeated, as it in fact was in the House.

Although no quid pro quo was evidently exacted from the Saudis prior to the deal—as the President had indicated would be his policy when he was a candidate—we all look forward to the fulfillment of the President's prediction that the deal will bring the Saudis into the peace process. Unfortunately, the post-vote comment by the Saudi ambassador that the Camp David process will not achieve peace does not augur well for our hopes.

JULIUS BERMAN,
President.

ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH,
New York, October 29, 1981.

To the Editor: Concerning your Oct. 28 news article on surfacing anti-Semitism in the wake of the Awacs debate:

The notion that, for participation in discussions—even debates—on issues that are controversial, Jews will suffer anti-Semitism and that therefore they should be silent is unworthy of democracy, and for Jews it is historically discredited advice.

Were Jews to abandon their rights as Americans for fear that their participation in the democratic process is a dangerous undertaking, they'd be serving neither our nation nor themselves. Indeed, to do so would be to voluntarily surrender that freedom of expression for which we have fought long and sacrificially.

Ironically, advice to still our concerns, to tight-lip our views and not to rock boats—no matter it may be well-intended—functionally serves the anti-Semite. After all, our silence is his purpose.

No, both as Jews and as Americans our responsibility is to participate in the democratic process. That's what democracy and self-respect are about.

NATHAN PERLMUTTER,
National Director.●

HARBOR DEVELOPMENT

● Mr. ABDNOR. Mr. President, hundreds of delegates from the Western Hemisphere met last week in Los Angeles to attend the 70th annual meeting of the American Association of Port Authorities.

The meeting was a most interesting and informative one. Much of the discussion among the delegates focused on the administration's initiatives for full cost recovery of harbor maintenance dredging, as well as construction of new harbor projects.

To assist the port directors in these discussions on this important issue, the administration sent its three top officials concerned with port development issues: Transportation Secretary Drew Lewis, Assistant Secretary of the Army William R. Gianelli, and Assistant Secretary of Commerce William H. Morris, Jr. Each of these officials expressed the same message—that cost recovery user charges on harbor dredging are fair, as well as essential to the President's program for economic recovery.

To acquaint my colleagues with the views of the administration, I ask that Secretary Lewis' full statement to the AAPA be printed in the RECORD, together with excerpts from the outline of Secretary Gianelli's speech, and the statement of Secretary Morris.

The statements follow:

REMARKS OF U.S. SECRETARY OF TRANSPORTATION DREW LEWIS

It is a pleasure for me to appear before representatives of port interests from throughout the Western Hemisphere.

For more than three centuries the ports of this Hemisphere have been centers of population, trade and economic growth. Together, they serve the largest and richest market on the face of the globe. The nations you represent generated more than 112 billion dollars in international trade in the past year and an estimated 90 percent of the tonnage was waterborne.

Western Hemispheric cooperation in the port industry has been outstanding and we look forward to continuing that spirit of good will which has reaped impressive dividends for all of us.

Trends in Washington promise an optimistic future for U.S. ports. But it will take the work of everybody in government and the industry if we are to take advantage of the potential for growth. The Reagan Administration understands the problems of the ports as well as the potential. We are committed to working with you in every way we can. We wnat to find realistic solutions to port problems so that this nation, and its trading partners can pursue the tremendous opportunities in foreign commerce, transnational manufacturing and other trends of the future.

Let's look at three questions this morning:

How do the massive changes taking place in Washington today affect the ports generally and specifically? Are those changes enough to turn the U.S. economy and the maritime industry around? Are they enough to solve the problems of U.S. ports?

The U.S. economy had been on a dangerous course for several years before President Reagan took office. The President inherited the greatest economic mess since the Great Depression and in a little more than nine months he has shifted the entire direction of this country away from excessive spending and an overgrown government.

Because of the bold and decisive steps already taken, the future is brighter than it has been in many years. President Reagan's leadership has given us the greatest reduction in Federal spending in our history. His vision has put us on the path that leads to a nation at work, to fiscal sanity, to lower taxes and less inflation. His courage has given us the strength to hold to a firm, steady course because at last this country is on the road to recovery and a return to greatness.

The economic recovery program which started October 1, the removal of numerous unnecessary regulations that were stifling the private sector's productivity, the determination to reduce the deficit to help bring down interest rates, the commitment to a balanced budget by 1984—all pave the way for the recovery of the maritime industry and that will mean a healthier port industry.

While your industry has several positive accomplishments, we recognize that big issues lie ahead and that our ultimate success depends upon a commitment to work together.

We regard the U.S. port industry as a national asset. The industry has shown resilience, confidence and a remarkable ability to adapt to change. Change in the technologies of cargo handling and in containerization in the 1960s and 70s brought about increases in productivity even in the face of powerful inflation. This is an outstanding tribute to the strength of your industry.

Furthermore, U.S. public ports will have invested approximately $5.5 billion to improve landside facilities during the decade ending in 1983, which expresses the confidence that state and local governments have in their ports. No less an expression of confidence is the millions of dollars being poured into facilities by private marine terminal operators.

We are also aware of the problems—how to expand facilities to handle the enormous volume of exports of coal, grain and other bulk commodities, how to cope with strangulation by conflicting, burdensome and often unnec-

essary government regulations, how to finance improvements such as port dredging.

We must find new, creative solutions to these problems. The status quo hasn't worked. More of the same will not work. Congress has not authorized a single deep draft navigation channel of any size during the last five years, for example. More than 20 such projects now await approval. Under the current system port dredging projects may take as long as 20 years from the time they are proposed until they are actually completed.

With the record of your industry's remarkable adaptability and the resolve of the Reagan Administration, we can and will find a better way.

One approach of the Reagan Administration is to shift both the decision and the cost responsibility of port dredging to the ports themselves. The ports could then finance their dredging costs through user fees or taxes. That principle of user fees must be applied across the board to each mode of freight transportation and it must be applied fairly and equitably among ports. We are very aware that any user fee system should avoid any unnecessary dislocation for the ports affected. We will not tolerate a user fee system that discriminates. On this you have my word.

Let me say that while we need a user fee approach to the waterside costs of port development, we do not want to introduce a cost recovery system that is unfair to any particular port or port range. We are open to your suggestions and advice in reaching a sound approach to this problem. We are willing to look at other approaches and have welcomed some of the thoughtful alternatives that have been introduced in the Congress. We are sure that with your goodwill and with close communication we will work out a satisfactory answer to this very difficult challenge.

Another approach of the Reagan Administration is fast-tracking to expedite port dredging projects. Fast-tracking has two facets.

One, the user fee will help to speed your dredging projects through the Congress because they will not be contingent on the Federal budget.

Two, we are working to expedite the procedure for obtaining permits for dredging as well as port facility projects. An interagency working group chaired by Secretary of Commerce Malcolm Baldrige is examining various roadblocks and ways to do away with them. We are also working with Vice President Bush's Interagency Regulatory Reform Committee to get regulatory relief wherever it is needed and can be justified.

Yet another approach is cooperation between the modes of transportation. Faster and easier transfer of cargo from terminal to terminal and carrier to carrier saves time and money. All transportation users are happier when they save time and money.

The Maritime Administration's Office of Port and Intermodal Development has made port development planning studies in cooperation with state departments of transportation and local ports in more than 30 states. These jointly funded efforts have helped to identify the need for continued port development and intermodal cooperation. Now, it's up to groups such as yours to help us promote closer port and intermodal relationships.

The need for better ways to finance port dredging, the need for intermodal cooperation, and the need for fast-tracking of port dredging projects have been brought to an emotional head by the crisis confronting our major coal ports. But we must look at the facts clearly illustrated in the coal port question.

The United States has been the world's leading coal exporter for more than 30 years, but our port facilities were designed to accommodate a relatively modest demand for our metallurgical coal. This market was erratic. Coal docks frequently lay idle, waiting for traffic.

This changed abruptly two years ago. A sudden upsurge in demand by European utilities for steam coal occurred in the fall of 1979. From a mere 310,000 tons in 1978, U.S. steam coal exports overseas jumped to 16 million tons in 1980. This heavy volume stretched the loading capacity of our major coal ports to their physical limits, producing a heavy backlog which cost shippers millions of dollars.

The need for rapid port development is clearly recognized by the Reagan Administration. Our coal export policy states that the United States must improve its port facilities in order to fulfill its international commitments to expand coal exports, relieve U.S. port congestion, and increase our share of the world market for steam coal.

Expediting coal port expansion—as economically feasible and as the market demands—is a primary objective of this Administration.

Investments already underway or planned could expand U.S. port loading facilities from approximately 143 million tons of annual capacity, currently, to as much as 575 million tons by 1985. Over 90 million tons of expansion already under way should solve the U.S. port congestion problems, but this illustrates the need to get to the core of the problem with innovative solutions to port dredging, financing and intermodal cooperation.

Finally, there are three other initiatives which should build a better working relationship with your industry.

One. In late August a policy formulation team began reviewing all maritime policies and regulations. We expect to have the Reagan Administration's maritime policy on the table in the near future.

Two. Transfer of the Maritime Administration to the Department of Transportation integrates the maritime industry into the national transportation system. Having the Maritime Administration in the same agency with the Coast Guard and the St. Lawrence Seaway eliminates the government red tape generated between agencies. It gives the maritime industry a unified voice in Washington. And we will not hesitate to place your concerns before the President of the United States.

Port interests should continue to work with the Maritime Administration's Office of Port and Intermodal Development, but the difference is that office now has new strength. It has the full support of the Administration's spokesman on maritime affairs.

Three. The positive initiative which will have the most far reaching effect is the selection of the management of the Maritime Administration.

Admiral Harold Shear is the new Maritime Administrator. A graduate of the Naval Academy, a retired four star admiral, Hal Shear has the expertise to ensure that our fourth arm of defense will get the recognition it deserves. He is spearheading the formulation of maritime policy.

Warren G. Leback is slated to become Deputy Administrator. A graduate of the U.S. Merchant Marine Academy, Mr. Leback has a lifetime of experience in the maritime industry. In addition, we are planning to add a second deputy administrator whose main functions will be to represent, and formulate policy for domestic shipping.

These positive steps, these commitments to deal with difficult problems and the Reagan Administration's maritime initiatives will form a solid foundation to strengthen this vital industry. Their success is contingent on a commitment from you.

Your challenge is twofold.

Your challenge is first to support the economic recovery program because everything hinges on economic recovery.

Your second challenge is to join us in formulating solutions that will lead to a stronger port system and maritime industry. Let me assure you that you will have my full support. As the President said in a Cabinet meeting recently:

"If not us, who."

"If not now, when."

EXCERPTS FROM THE OUTLINE OF REMARKS BY THE HONORABLE WILLIAM R. GIANELLI, ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

Administration initiatives include legislation, introduced in March and improved in July, for cost recovery and fast-tracking for deep-draft over 14 feet and shallow-draft navigation projects—

For costs allocated to commercial navigation.

Will recover 100 percent of Corps of Engineers' new construction, and O. & M. costs.

For deep draft new projects, an appropriate non-Federal public body would be involved in an agreement to reimburse those costs not assigned to Government vessels.

Important feature is fast-tracking: would provide for automatic authorization by Secretary of Army of port improvements if non-Federal financing is available as construction costs incurred.

This provision could streamline, and save several years over present process.

Some 16 other bills on navigation projects introduced in this Congress—several with some form of non-Federal funding for navigation projects. Different ideas exist on the proportion of non-Federal share, but clearly there is recogniton that time has come to change the way navigation projects are financed.

Will be working with the Congress to achieve the most effective legislation. Need realistic advice and participation from port industry.

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IV. Outlook for water projects in next few years—

Future funding requirements for water projects:

I am convinced there is a big need for water projects. In the decade of the 80's it could take several hundred army civil works projects, costing up to $20 billion, to satisfy problems which have been identified. A rough breakdown of this gross need might be something like this:

[In billions]

Navigation	8
Flood control	5
Projects for power	5
Projects producing M. & I. water supply	1
Other	1
Total	20

Looking beyond the 80's, one could envision additional needs; another $5B for navigation, and $7B for the other kinds of Civil Works projects.

The pressure on the budget, of course, will prevent the Federal Government from being able to finance all—or even the major portion—of these water needs; hence, we simply have got to work out a program of non-Federal up-front financing.

Well-planned projects with well-conceived financing packages will move quickest toward Administration support and, where necessary, into the Federal budget.

State and local concerns will be more fully considered by Federal water agencies—through a broadened role for them in project planning and financing processes.

Water project services supplied at less cost to the average Federal taxpayer as cost re-

covery and user charges more effectively associate costs to beneficiaries.

Regulatory reform will 'get Government off the backs of the people" and promote less burdensome ways—preferably with more active State roles—to ensure proper regard for the Federal navigation interest.

In Conclusion: Problems ahead; Reagan Administration wants to solve these problems. Business as usual will not suffice. Need new approaches—innovative financing assessment of charges to project beneficiaries.

Discussion: Organization such as AAPA should be part of solution—not part of problem. Administration needs help of such organizations.

EXCERPT OF SPEECH BY THE HONORABLE WILLIAM H. MORRIS, JR., ASSISTANT SECRETARY OF COMMERCE FOR TRADE DEVELOPMENT

We have also begun working with the states through the National Governors Association which has established a Coal Export Task Force under Governor Richard Thornburg of Pennsylvania.

Which brings us, of course, to the question of financing, who is going to pay for the needed dredging of channels and waterways and the construction of very deep draft capability for the new super colliers.

There is no question we are going to need coal ports that can handle the deep-draft—100,000 tons and over—colliers of the future. It has been estimated that by the year 2000, about 50 percent of world coal trade will be moving in these new, more economical super ships.

Some are already in service.

Long before that, coal consuming nations will be making long range decisions about where they will get their coal and the progress we can show on meeting this deep channel need will be influencing those decisions.

Which is why the Administration's proposals for 100 percent cost recovery and alternative funding procedures is so important to the success of our future coal trade.

There is an old country adage that has been quite popular around Washington for the past few years, "If it ain't broke, don't fit it." But in this case, it is "broke," both figuratively and literally, and we have little choice other than to try to fix it.

It is not as if this Administration is taking a program that has been working well and is proposing to alter or abandon it.

We are talking about a program which has not really worked for some years. As you well know no major waterway project has been authorized by Congress since 1976. Since well before that, many proposed projects have been languishing for lack of the political support to come up with the increasingly large sums of money needed for such a project.

Today, money is tighter than it has been in recent history and the Congress clearly reflects the public will in its reluctance to make huge deficit expenditures for projects which necessarily seem local in nature.

Yet we are in agreement on the urgency of the need to move forward on a coal port program, one that will reassure our potential customers that we will be able to compete in the world coal trade as it evolves.

There is no way that Congress will come up with, or this Administration approve, the billions necessary for a practical, yet politically acceptable, waterways appropriation.

The traditional system simply will not meet the essential need.

What is required is an economically rational, not politically expedient, system for financing this work. And S. 809 and S. 810 provide that framework.

While I am as concerned as anybody about the need for adequate channels to handle future vessels, we must also keep a realistic perspective on that need.

I noted before that about 50 percent of world coal trade is expected to move in "super colliers" by 2000 but that leaves the other half to be carried in the present day coal fleet much of which will still be in service.

The Panama Canal will continue to be a limiting factor as will the depth of receiving ports all over the world.

The real need will be for a modest number of strategically located deep draft ports, a reasonable number of shallower but well equipped ports to service the large number of more conventially-sized ships, and many diversified general-cargo ports serving local areas as they do today.

In short, a healthy and diversified port system.

And that can best be achieved through a financing system that is based on realistic economic factors and the market system. This is what the Administration is proposing and I believe it can work to the benefit of all of us.●

ANTI-AMERICANISM

● Mr. GRASSLEY. Mr. President, with growing interdependence of the world community of nations, developments in societies around the world will increasingly impact upon the American people and our destiny. Thus accurate analyses of geopolitical developments are crucial for the understanding of our population, and for the policy decisions which, in this Nation, are deeply affected by the will of the people.

With so much at stake, distorted reports of foreign affairs breach the public trust and jeopardize a nation's security. For any nation which "expects to be ignorant and free, in a state of civilization," said Thomas Jefferson, "expects what never was and never will be."

Perhaps a conscientious journalist can best address the issue of reliable reporting of events in a volatile world. The following column by R. Emmett Tyrrell. Jr., Washington Post, Monday, Nov. 2, 1981, provides not only a challenge to those whose business is news, but to those who may be too quick to accept distortion as truth, then translate delusions into policies shaping the destiny of us all. I submit Mr. Tyrrell's column, "They're Sour on America," for the RECORD.

The column follows:

THEY'RE SOUR ON AMERICA

(By Emmitt Tyrell Jr.)

PARIS.—Something unsavory stews in Europe: rancorous shouts against an American president's reiteration of long-established NATO strategies, "peace" demonstrations singling out the United States for special abuse and rebuke, orders to shape up the American economy from President Francois Mitterrand, whose own vision of economic rectitude is drawn from the socialist flapdoodle of Mr. Marx. From the prime minister's office of Andreas Papandreou in Greece to the parliamentary benches of Britain's second most powerful party—all over Europe, wherever the forward-lookers gather, the pot bubbles and brews with anti-Americanism.

Of course, it is difficult to measure the exact dimensions of it all. Indubitably there is a vast affection for things American among ordinary Europeans, especially European youth. Moreover, there are European polls and businessmen who think of us with affection. However, among the majority of European exalties a disgust with things American is always in the bloodstream.

"There is a terrible European habit of patronizing Americans," admonishes the English journalist Edward Pearce, "an assumption of universal-rich-homicidal-half-wittedness among them." And he goes on in this month's Encounter magazine to observe that anti-Americanism is not restricted to the Europeans. He has spotted it among our cisatlantic liberal brethren, too, Pearce has a jeweler's eye.

Anti-Americanism exists on both sides of the Atlantic, and today this stew of egotism, envy and malevolent prejudice is turning the afflicted into a ravening herd. Michael Foot, the leader of England's Labor Party, is a splendid example. Admittedly, he is not a very thoughtful man or even a very peaceful man, but mere bloody-mindedness will not explain his crazed response a week ago Sunday to President Reagan's perfectly accurate summation of NATO strategy. Foot termed it an "insanity and an outrage." He never talks this way about that idealistic nation to the east, the one that aims SS20 missiles toward his countrymen. But then the Soviets never debauched his people with Coca-Cola and the Marshall Plan.

A more bizarre example of anti-Americanism is the anti-Americanism that fevers those members of the American press corps who have dwelt among pretentious Europeans too long. Consider the American reportage of the Oct. 24 anti-nuclear demonstrations in Paris. Men, and women, some wearing gas masks and others in skeleton costums, marched through chill, rainy Paris streets today," reported Frank J. Prial in The New York Times. That figure and even higher figures were reported by every American correspondent that I have thus far discovered.

Paris police reported demonstrators. Even the sponsors of the demonstration, the communist-dominated French peace movement, counted only 25,000 marchers. Furthermore, the demonstration was not the ominous affair Prial and other American correspondents reported. It was a flop. Veteran students of French politics, such as Jean-Francois Revel, and most of the French press termed it a flop, and some, such as the left-wing Le Nouvel Observateur, denounced it in terms redolent of Al Haig at the height of his powers: "In the new Cold War this is another place where Soviet 'superiority' is evident."

Nonetheless, two days after the event, readers of the International Herald Tribune read that "France, previously untouched by the spreading anti-nuclear movement in many European countries, has plunged into the international debate about Western rearmament policies, according to diplomats and French officials." How can one account for such absurdity? We can explain where he wrote movingly on the drama of the French grape. As for the others, well, I lay it to the anti-Americanism of the "diplomats and French officials" whom they frequent.

In truth, already there is talk in America of letting the Europeans go it alone. One hears it among politicians, and one hears it from the heartland. As William Safire made manifest in a column last week, even cosmopolitan Americans are growing impatient with European perversity. Some are beginning to think Sen. Mike Mansfield was right: perhaps we have invested too much in Europe.●

ANNIVERSARY OF HUNGARIAN REVOLT FOR FREEDOM

● Mr. DANFORTH. Mr. President, 25 years ago today the Soviet Union invaded Hungary. Freedom House, a nonpartisan, national organization devoted to the strengthening of free societies, has issued a statement to mark this anniversary. Entitled "A Day of Disgrace," the statement provides an important re-

minder of the lessons to be learned from that horrendous example of Soviet imperialism.

I ask that a copy of the Freedom House statement be printed in the RECORD. I urge my colleagues to reflect upon its troubling message.

The statement follows:

A DAY OF DISGRACE

Is Western Europe doomed to pay in blood for not remembering what events a quarter-century ago should have taught?

In October 1956, two thousand students in Pest demonstrated peacefully for greater freedom. The students were joined by workers and soldiers. Their yearning became a revolt against the system imposed on Hungary by the Soviet Union. That was October.

On November 4—twenty-five years ago today—Soviet tanks and troops invaded Hungary to put down its people's bid for human rights and political independence. The Soviets' counter-revolution was terrible and terrifying. It was a day of disgrace. It was Soviet imperialism at its worst—repeated when Soviet troops invaded Czechoslovakia in 1968 and Afghanistan, a non-aligned neutral, in 1979.

A quarter-century later West Europeans and Americans may forget at their peril the Soviets' bloody counter-revolution in Hungary. "A river of blood flowed from Buda and from Pest into the Duna . . . Scattered on the streets before the Parliament of Budapest were the bodies of children, college students, aged men and women," wrote a Freedom House eyewitness then. A puppet Hungarian government made peace with the Soviet Union, but the years have not produced real political freedom or basic human rights for Hungary or the rest of Eastern Europe. On the contrary, Soviet forces are poised around Poland.

Behind the borders of Western Europe—today—the USSR has placed a new arsenal of SS-20 nuclear missiles, 50,000 tanks, 4,500 helicopters, and five million tons of ammunition—all zeroed in on the people of Europe who enjoy political freedom and civil rights.

Yet young Germans and Frenchmen—this October—mounted demonstrations against American support . . . support for the defense of the people of Western Europe . . . support which their governments had requested. No mention in the demonstrations of the years of disgrace when Soviet armaments, nuclear and conventional, were deployed.

Must the lessons of a quarter-century ago be learned again, perhaps in a still bloodier contest: Free people do not start wars; nations that oppress their own citizens do.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Dr. James Galbraith of the Joint Economic Committee to participate in a program on worldwide economic conditions in 1981, sponsored by the French Institute for Foreign Relations in Paris from November 4 to 8, 1981.

The committee has determined that Dr. Galbraith's participation in the program, with his travel expenses paid by the institute, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. John F. Nash, of the staff of Senator LAXALT, to participate in a program sponsored by a foreign educational organization, the Centre for Legislative Exchange, in Toronto, Canada, from October 13–15, 1981.

The committee has determined that participation by Mr. Nash in the program in Toronto, at the expense of the Centre for Legislative Exchange, is in the interests of the Senate and the United States.●

ATTORNEY GENERAL SPEAKS OUT ON JUDICIAL ACTIVISM

● Mr. HELMS. Mr. President, on October 29, the Attorney General of the United States spoke out eloquently against the tendency of the Federal courts to usurp the rights and responsibilities of the States and the American people. It was not a new subject that Attorney General William French Smith was discussing. Our former colleague, Senator Sam Ervin and many other constitutional scholars have been talking about it for years. But it was refreshing to hear the executive branch speak in the same measured tones.

Indeed, as the Attorney General said, in introducing his speech to the men and women who direct the Reagan administration's legal machinery:

Most of us are here because of an election that occurred last November, and I want to use this occasion to outline what that election means to us as the Government's lawyers. Simply put, consistent with the Constitution and the laws of the United States, the Department of Justice intends to play an active role in effecting the principles upon which Ronald Reagan campaigned.

What did the Attorney General say in his speech? He said that Federal judges have adopted principles that have "led to some constitutionally dubious and unwise intrusions" into the responsibilities of Congress and State legislatures—a remark that, if anything, was a judicious understatement.

Attorney General Smith said that Federal judges "have gone far beyond their abilities" in imposing remedies for "perceived" constitutional violations. He referred specifically to school integration cases, "quotas" in hiring, prison administration, and the seemingly infinite expansion of so-called fundamental rights which are not even mentioned in the Constitution.

Said the Attorney General:

Federal courts have attempted to restructure entire school systems . . . They have asserted control over entire prison systems and public housing projects . . . No area seems immune from judicial administration. At least one federal judge even attempted to administer a local sewer system.

The Attorney General promised that under his guidance the Department of Justice will seek to encourage the courts not to intrude in matters which are properly the responsibility of Congress or the State legislatures. "Through legislation and litigation we will attempt to effect the goals I have outlined," he said.

Mr. President, the soundness of the Attorney General's position is obvious: The rights and responsibilities of State legislatures, and the Congress, should not be violated by activist Federal judges. It is high time that judicial high-handedness be restrained, and I commend Attorney General William French Smith for stating his willingness to undertake it. The Senator from North Carolina stands pledged to help him in any way he can.

Mr. President, I ask that the address of the Attorney General before the Federal Legal Council, in Reston, Va., be printed in the RECORD at the conclusion of my remarks.

REMARKS OF THE HONORABLE WILLIAM FRENCH SMITH, ATTORNEY GENERAL OF THE UNITED STATES

It is a special pleasure for me to be here this morning and to open this first gathering of the men and women who direct the Reagan Administration's legal machinery. Most of us are here because of an election that occurred last November, and I want to use this occasion to outline what that election means to us as the Government's lawyers. Simply put, consistent with the Constitution and the laws of the United States, the Department of Justice intends to play an active role in effecting the principles upon which Ronald Reagan campaigned.

Already, there have been many significant changes. We have proposed a comprehensive crime package of more than 150 administrative and legislative initiatives that would help to redress the imbalance between the forces of law and the forces of lawlessness. We have proposed a new approach to immigration and refugee policy designed to reassert control over our own borders. We have brought the Government's antitrust policies back to the real economic world by focusing upon truly anticompetitive activities rather than outmoded and exotic theories. We have firmly enforced the law that forbids federal employees from striking. We have opposed the distortion of the meaning of equal protection by courts that mandate counterproductive busing and quotas. We have helped to select appointees to the federal bench who understand the meaning of judicial restraint.

As significant as all these changes are, however, they represent only a beginning. Today, I will discuss the next stage in this process. We intend, in a comprehensive way, to identify those principles that we will urge upon the federal courts. And we intend to identify the cases in which to make our arguments—all the way to the Supreme Court. We believe that the groundswell of conservatism evidenced by the 1980 election makes this an especially appropriate time to urge upon the courts more principled bases that would diminish judicial activism. History teaches us that the courts are not unaffected by major public change in political attitudes. As the great jurist Benjamin Cardozo once wrote:

"The great tides and currents which engulf the rest of men do not turn aside in their course and pass the judges by."

Consider for a moment the 1900 Presidential election. That year, a burning issue of the campaign was whether or not the protections of the Constitution automatically attached to the territories annexed after the Spanish-American War. Paralleling the pub-

lic opinion expressed in the election, in 1901 the Supreme Court held in the four Insular Cases that it did not. In explaining that result, the columnist Finley Peter Dunne caused his fictitious Irish bartender Mr. Dooley to speak the following prophetic words:

"No matter whither th' Constitution follows th' flag or not, th' Supreme Court follows th' illiction returns."

Federal judges in 1981—as in 1901—remain free from direct popular control. Nevertheless, basic changes in public sentiment can still portend changing judicial philosophy. Various doubts about past conclusions have already been expressed in Supreme Court opinions, concurrences, and dissents—which makes the next few years inviting ones to urge modifications upon that Court and other federal courts.

We intend to do exactly that. Solicitor General Rex Lee is already working with our Assistant Attorneys General to identify those key areas in which the courts might be convinced to desist from actual policy-making. In some areas, what we consider errors of the past might be corrected. In other areas, past trends might at least be halted and new approaches substituted. Today, I want to outline some of those areas upon which we are focusing.

It is clear that between *Allgeyer* v. *Louisiana* in 1897 and *Nebbia* v. *New York* in 1934 the Supreme Court engaged in—and fostered—judicial policy-making under the guise of substantive due process. During this period, the Court weighed the balance in favor of individual interests against the decisions of state and federal legislatures. Using the due process clauses, unelected judges their own policy preferences for the determinations of the public's elected representatives.

In recent decades, at the behest of private litigants and even the Executive Branch itself, federal courts have engaged in a similar kind of judicial policy-making. In the future, the Justice Department will focus upon the doctrines that have led to the court's activism. We will attempt to reverse this unhealthy flow of power from state and federal legislatures to federal courts—and the concomitant flow of power from state and local governments to the federal level.

Three areas of judicial policy-making are of particular concern. First, the erosion of restraint in considerations of justiciability. Second, some of the standards by which state and federal statutes have been declared unconstitutional—and, in particular, some of the analysis of so-called "fundamental rights" and "suspect classifications." And third, the extravagant use of mandatory injunctions and remedial decrees.

Article III of the Constitution limits the jurisdiction of the federal courts to the consideration of cases or controversies properly brought before them. Nevertheless, in recent years, a weakening of the courts' resolve to abide by the case or controversy requirement has allowed them greater power of review over government action. Often, the federal government itself has in the past moved courts to show less deference to the boundaries of justiciability—in particular, in environmental litigation. The Justice Department will henceforth show a more responsible concern for such questions. We will assert the doctrine in those situations that involve any of its four elements—standing, ripeness, mootness, and presence of a political question. Vindicating the principle of justiciability would help return the courts to a more principled deference to the actions of the elected branches.

Like the concept of judicial restraint itself, the constitutional requirement of justiciability limits the permissible reach of the courts irrespective of the desirability of reaching the underlying legal issues involved. The doctrine of justiciability therefore limits the possibility of judicial encroachment upon the responsibilities of the other branches or the states—even in those situations when the other branch or level of government has chosen not to act. Some responsibilities are entrusted solely to nonjudicial processes. In those instances, we intend to urge the judicial forebearance envisioned by the Constitution.

Just as courts have sometimes overstepped the proper bounds of justiciability, their analyses of equal protection issues have often trespassed upon responsibilities our constitutional system entrusted to legislatures. Through their determination of so-called "fundamental rights" and "suspect classifications," courts have sometimes succeeded in weighting the balance against proper legislative action.

In the 1942 case of *Skinner* v. *Oklahoma*, the Supreme Court first emphasized the concept of fundamental rights that invites courts to undertake a stricter scrutiny of the inherently legislative task of line-drawing. In the nearly forty years since then, the number of rights labeled "fundamental" by the courts has multiplied. They now include the first amendment rights and the right to vote in most elections—rights mentioned in the Constitution.

In addition, however, they include rights that—though deemed fundamental—were held to be only implied by the Constitution. The latter group—which has become a real base for expanding federal court activity—includes the right to marry, the right to procreate, the right of interstate travel, and the right of sexual privacy that, among other things, may have spawned a right—with certain limitations—to have an abortion.

We do not disagree with the results in all of these cases. We do, however, believe that the application of these principles has led to some constitutionally dubious and unwise intrusions upon the legislative domain. The very arbitrariness with which some rights have been discerned and preferred, while others have not, reveals a process of subjective judicial policy-making as opposed to reasoned legal interpretation.

At the very least, this multiplication of implied constitutional rights—and the unbounded strict scrutiny they produce—has gone far enough. We will resist expansion. And, in some cases, we will seek to modify the use of these categories as a touchstone that almost inevitably results in the invalidation of legislative determinations. We will seek to modify especially the application of a strict scrutiny to issues whose very nature requires the resources of a legislature to resolve.

We shall also contest any expansion of the list of suspect classifications, which, once established by a court, almost inevitably result in the overturning of legislative judgements. Thus far, the Supreme Court has employed a strict-scrutiny test when legislative classifications turn upon race, national origin, or, in many instances, alienage. In addition, when classifications are based upon sex or legitimacy, the Court has on occasion conceived and applied a middle test somewhere between the special strict-scrutiny test and the normal rational-basis test.

Already, some limitations have been forged in the Supreme Court to temper these analyses of suspect and quasi-suspect classifications—for example, in the case of alienage. The Department of Justice will encourage further refinement in these areas—in particular, by resisting increase in the number of suspect or quasi-suspect classifications and by tempering the strictness of the analysis applied to classification based upon alienage. Throughout, as with the so-called fundamental rights, we shall be guided by the principle that legislatures, rather than courts, are better suited both constitutionally and practically to make certain kinds of complex policy determinations. We shall, however, remain vigilant to the Civil War Amendments' explicit concern over classifications based on race.

The extent to which the federal courts have inappropriately entered legislative terrain can be seen most clearly—and felt—in their use of mandatory injunctions and attempts to fashion equitable remedies for perceived violations. Throughout history, the equitable powers of courts have normally reached only those situations a court can effectively remedy. Implicit within that historical limitation is the recognition that some kinds of remedial efforts require resources and expertise beyond those of a federal court—even one aided by special masters.

Nevertheless, federal courts have attempted to restructure entire school systems in desegregation cases—and to maintain continuing review over basic administrative decisions. They have asserted similar control over entire prison systems and public housing projects. They have restructured the employment criteria to be used by American business and government—even to the extent of mandating numerical results based upon race or gender. No area seems immune from judicial administration. At least one federal judge had even attempted to administer a local sewer system.

In the area of equitable remedies, it seems clear that federal courts have gone far beyond their abilities. In so doing, they have forced major reallocations of governmental resources—often with no concern for budgetary limits and the dislocations that inevitably result from the limited judicial perspective.

In many of these cases, the Department will also seek to ensure better responses to the problems at issue by the more appropriate levels and branches of government. We have already begun that process in the case of busing and quotas, both of which have largely failed as judicial remedies.

Thus far, I have discussed some of those things that the Department of Justice will do to further the goals of this Administration. Through legislation and litigation, we will attempt to effect the goals I have outlined. There are, however, some things that we cannot—and will not—do.

Throughout my remarks today, I have emphasized the importance of judicial restraint to the constitutional principle of separation of powers. The Constitution confides certain powers in the Legislative Branch and not in the Judicial Branch. In a similar fashion, the Constitution delineates the proper domain of the Executive and Legislative functions. The Constitution directs the President to ensure the faithful execution of the laws, which forms the basis of the Attorney General's litigating authority for the government as a whole. That constitutional command also requires the Executive branch to defend measures duly enacted by the Congress—even those with which the Administration does not agree.

Statutes with which we disagree are nevertheless the law of the land. As such, they must be defended against attack in the courts. They must also be fully enforced by the Executive Branch when their validity and meaning are clear. Some have suggested that this Administration intends to do less. Others have suggested that this Administration should do less.

In fact, the Department of Justice intends to do exactly what the Constitution requires—to enforce the laws duly and constitutionally enacted by the Congress. If we were to do less, we would ourselves be guilty of the same kind of transgressions that I have pledged we would combat on the part of the Judiciary.

Under the Constitution, the Executive cannot unilaterally alter the clear enact-

ments of Congress any more than the courts can. When it disagrees with a law, the Executive Branch can urge and support changes by the Congress. In the case of laws that are clearly and indefensibly unconstitutional, the Executive can refuse to enforce them and urge invalidation by the Courts. When reasonable defenses are available, we will defend a statute that does not intrude upon the powers of the Executive Branch. That is our responsibility under the Constitution irrespective of our views on substantive policy.

In the case of ambiguous laws, the Executive can in good faith urge and pursue those interpretations that seem most consistent with the intentions of the Congress, the policies of the Administration, and the other laws of the land. The Executive can do all of these things, but it can constitutionally do no more. No one should doubt that this Administration's adherence to the Constitutional principle of separation of powers will exact from us the same degree of obedience and moderation that we will urge upon the courts.

There is an old story about James Russell Lowell when he was the American Ambassador to the Court of St. James during the late nineteenth century. The French Ambassador of the time—who was himself a historian as well as a diplomat—approached Lowell with a question:

"Mr. Ambassador, how long will the American republic endure?"

The American Ambassador replied:

"As long as the ideals of its leaders reflect the ideals of the Nation's Founding Fathers."

This Administration intends to use every resource at its disposal to ensure that this government reflects the ideals of the Founding Fathers. Those principles have long enabled our Nation both to endure and to prosper. In the furtherance of those principles, however, we will not ourselves seek short-term successes at the expense of basic principles. We will demand of ourselves that same adherence to sound constitutional principles that we intend to demand of the other branches of government.●

AN INDEPENDENT FEDERAL JUDICIARY

● Mr. WEICKER. Mr. President, in an October 29 speech before the Federal Legal Council in Reston, Va., Attorney General William French Smith pledged that the Justice Department would seek to limit judicial activism which has led to some constitutionally dubious and unwise intrusions on the legislative domain. The Attorney General clearly expressed the administration's plan to impose what it believes is President Reagan's political mandate on the Federal courts.

Mr. President, an independent Federal judiciary is essential to protect individual rights under the Constitution. Currently, there are a number of bills pending in the Senate to restrict the jurisdiction of the Federal courts in cases involving controversial social issues such as abortion, busing, and school prayer. Indeed, the majority leader has indicated that the Senate will have the opportunity to debate these issues before the end of the year.

Therefore, Mr. President, I read with great interest yesterday a New York Times editorial on the Attorney General's speech entitled "Justice, Reaganized." I commend this thoughtful editorial to the attention of my colleagues and further urge careful consideration of the radical views of the Attorney General on the independence of the judiciary under the Constitution.

Mr. President, I ask that the editorial followed by the text of the Attorney General's speech of October 29 be printed in the RECORD.

The material follows:

[From the New York Times, Nov. 3, 1981]

JUSTICE, REAGANIZED

The independent Federal judiciary is one of the glories of American government, but that doesn't impress Attorney General William French Smith. He wishes to press the election returns on the Federal courts. "The Department of Justice intends to play an active role in effecting the principles upon which Ronald Reagan campaigned," he said in a policy address last week. That means turning the courts away from their "constitutionally dubious and unwise intrusions" onto legislative turf.

It was a politicizing, polarizing speech—at a time when the courts, and the Constitution, can use support.

The Attorney General criticizes the Federal courts on several fronts. He intends to show "a more responsible concern" than his predecessors for arguments that limit the role of the courts. It's a gratuitous insult to past Justice Departments, elevating matters of tactics to the level of ideology. Which of his predecessors ever failed to argue, for instance, that a citizen trying to sue Uncle Sam lacked legal standing, or sued too soon, or too late?

Mr. Smith also dislikes the way Federal judges have deemed as basic some rights not enumerated in the Constitution. True, that document does not spell out the right to marry, the right to travel between states, the right to sexual privacy, the limited right to an abortion. But such rights are hardly alien to the Constitution. The right to interstate travel is in its very marrow; must there be an amendment to make it explicit? To specify all the rights fundamental to modern life would require expanding the nation's basic charter into a telephone book.

Mr. Smith contends, further, that the Federal courts have ranged "far beyond their abilities" in asserting control over schools, prisons and other institutions. Many will join in deploring court entanglement in day-to-day matters that local officials ought to handle.

But what Mr. Smith does not address is why judges entered those tickets in the first place: usually because public officials crudely violated someone's rights to equal and decent treatment. What should the courts do in the face of continued obduracy by such officials? Mr. Smith offers little in the way of effective remedies.

The Attorney General of the United States is no ordinary litigant in the nation's courts. He is an officer of the courts, sworn to uphold them and work for evenhanded, nonpolitical justice. One way to do that duty would be to defend the courts against current attempts to strip their authority in cases involving abortion, prayer and school desegregation. He could tell Congress what his entire department realizes: that the present danger is not what the Federal courts do, but what some zealots would do to them.

(The speech of the Attorney General is printed earlier in today's RECORD.)

NEW JERSEY: STATE OF SURPRISE

● Mr. WILLIAMS. Mr. President, as one who knows of the fantastic diversity in natural and cultural attractions in New Jersey, I have been disappointed in the lack of accurate reporting about my State. In fact, one of the most persistent and frustrating problems I have had to deal with throughout my years in public life has been the undeserved negative image of my State of New Jersey among those who do not know it well.

I have always felt that if the truth about our State could be told and disseminated widely, any image problem would rapidly vanish. While New Jersey is the most densely populated State in the Nation, it also has abundant natural beauty and it still deserves the title of "The Garden State."

Therefore, I was delighted to see a carefully balanced article entitled "New Jersey: A State of Surprise" written by Mr. Jim Hartz which appeared in the November 1981 issue of the National Geographic. Mr. Hartz accurately describes New Jersey's industrial might. He points out that it is one of the largest producers of chemicals, pharmaceuticals, petroleum products, and electrical equipment in the Nation. But he also describes New Jersey's countryside, which compromises nearly two-thirds of the State's total geographic area and has a cultivated acreage covered with dairy, fruit, and vegetable farms.

These farms, in addition to being picturesque, are among the most productive per acre in the United States. He goes on to show that New Jersey's beauty is not limited to its farmlands. The Appalachian Mountains to the west, the pineland forests to the south, and the white sandy beaches along the east coast make New Jersey a State of marvelous physical diversity. The natural beauty of our State has made tourism one of our largest industries.

Furthermore, despite national trends which point to a decline in U.S. industrial productivity, New Jersey has done much to improve its economic situation. For example, the Hackensack Meadowlands, once a marsh and a dumping area, is now a significant revenue producing complex. In addition, we have major commercial developments in the southern part of the State which compliment the environment rather than spoil it.

New Jersey is much more than a corridor between New York City and Philadelphia. It has its own unique character filled with beauty, history, and economic promise for its people. I ask that Mr. Hartz's most informative article be printed in the RECORD.

The article follows:

NEW JERSEY: A STATE OF SURPRISE

For 13 years I worked as a reporter just across the Hudson River in New York City. New Jersey was a place I had to drive through, or fly over, to get somewhere else. It was the home of places with faintly amusing names—Secaucus, Ho-Ho-Kus, Piscataway—and of noisy characters who moldered da language, and occasionally each other. For the life of me, I couldn't understand why it called itself the Garden State.

Well, after weeks of traveling round New Jersey, I now feel ashamed of my previous attitude. It calls itself the Garden State, I found, because its farms, most of them small and compact, are among the most productive per acre in the United States. Though it is an industrial powerhouse, it is a remark-

ably beautiful state and a place of such stunning diversity that it is almost America in miniature. One of the nation's 13 original states, it is also one of its most progressive.

On a snowy day last winter Ed Rutsch drove me north on the New Jersey Turnpike, one of the world's most heavily traveled highways. Ed is a native of New Jersey, an industrial archaeologist dedicated to preserving the structures that embody the history of the industrial revolution in the state. He is a great bear of a man, 300 pounds and more, streetwise with a brass-knuckles opinion on everything.

We were traveling along the section of the turnpike where 12 lanes slice through the industrial heart of the state. As far as I could see, there were factories, rail yards, tank farms, towers of the largest refinery on the East Coast, high-tension lines spider-webbing the sky.

"This is the place people love to hate," Ed remarked, "the part of New Jersey that turns so many people off. But this is where you find the real current and juice of the state. I know all the jokes about New Jersey. This place doesn't have to apologize. New Jersey produces. It hustles. It's tough."

During recent decades New Jersey has emerged as a fierce economic competitor in the Northeast. It has outstripped New York, Pennsylvania, Ohio, and Massachusetts in percentage population growth and exceeds them in per capita personal income. New Jersey is one of the major producers of goods and services. It is the nation's leader in pharmaceuticals, second in chemicals, and among the top ten in output of electrical machinery, electronic equipment, rubber, plastics, clothes, and fine china.

And all this is packed into one of the smallest states, 1/34th the size of Texas. Only four states are smaller—Hawaii, Connecticut, Delaware, and Rhode Island. None is more densely populated or more urbanized.

"We're more densely populated than Japan," Ed said, as we meandered through crazy-quilt streets in Elizabeth, Bayonne, and Union City. In some places 40,000 people are jammed into a square mile. You can't tell when you go from one city to the next.

This crowding has given New Jerseyans a keen appreciation of open spaces. Traveling on its superb highways, you can be out of the industrial sector and, in minutes, in a serene countryside reminiscent of the rural Midwest.

In the Pine Barrens there is the scent of southern swamplands. "I get up at seven in the morning and drive 20 minutes before I hit a red light," one pinelands resident told me. To the north, 75 miles from the pines, spring thaws in the low, rounded mountains unleash a torrent of crystal streams that hint of the Pacific Northwest.

Farms? Pinelands? Mountain brooks? In New Jersey? Yes indeed, and oyster fleets, picturesque winding back roads, the Appalachian Trail, wildfowl in southern preserves, rattlesnakes in the hills, plus some of the finest beaches in the world.

Incredibly, two-thirds of New Jersey is still open spaces—lush farmlands and forests. It is possible, with a straight face, to describe New Jersey accurately as a small, largely underinhabited state.

Despite these blessings, New Jerseyans feel deprived. A lecturer on government and politics at Princeton University put it in a nutshell: "The state between the Liberty Bell and the Statue of Liberty has suffered because of its location. New Jersey has been called a state without an ego—a corridor between New York City and Philadelphia."

The lecturer, an old acquaintance of mine, dressed in a turtleneck sweater, slacks, and loafers, was addressing a dozen or so students sprawled around the parlor of the governor's mansion, just down Nassau Street from the main campus and only a few miles from Trenton, the state capital. A fine way to behave in the governor's parlor? Well, the moonlighting part-time professor was the governor, Brendan Byrne, and he didn't mind.

He explained that being squeezed between two giants deprived New Jersey of the attention it deserves, and complained, jokingly, "most people whiz right through." He might have added that more than 300,000 residents whiz right out of the state each day to work in New York and Philadelphia.

"It's been an uphill battle from the beginning," the governor noted wryly. "In the Revolution they did the paperwork in Philadelphia and the fighting in New Jersey."

True enough. Nearly 100 engagements were fought on New Jersey soil, including the all-day battle at Monmouth, longest of the war. Lexington, Concord, Valley Forge, and Yorktown may be more famous, but no state suffered more than New Jersey in the Revolution. General Washington spent nearly a quarter of the war, including three winters, in New Jersey.

Washington's crossing of the Delaware was the opening thrust of a campaign to recapture New Jersey after his ragtag army had been kicked all the way across the state by Lord Cornwallis. His first victory, over the Hessians, came at Trenton. His first defeat of British regulars occurred a few days later at the Battle of Princeton, fought a mile from where we sat that evening.

Though I respect Governor Byrne's thesis, I suspect that today the current is reversing, and the two giant neighbors may be suffering a bit from the tug of New Jersey's dynamism. For example, a large number of major corporations, including some corporate operations of American Telephone and Telegraph, have moved their headquarters from New York to New Jersey. The open spaces of the state are attractive, the land is cheaper, and the taxes are lower.

In the late 1960's New Jersey opened the Hackensack Meadowlands to development. Companies in modern new buildings, hotels, and housing developments are rising on what was once a marsh and a dump, only a few minutes from Times Square.

New Jersey lured the New York Giants professional football team out of Yankee Stadium to play its home games in a new stadium erected in the Meadowlands. The Cosmos soccer team plays there as well. And this season, the New Jersey Nets basketball team will play in the recently completed Meadowlands arena. New Yorkers come by droves to the new Meadowlands Racetrack, where some of the highest purses in racing are paid.

This spill-out of commerce and sports accelerated in 1976 when New Jersey legalized casino gambling in Atlantic City, the only such operation in the United States outside Nevada. Resorts International, the first casino, bought the Chalfonte-Haddon Hall on the Boardwalk, refurbished it, and in May 1978 opened to long lines.

The casino is a cavern of crimson and chrome kitsch that covers 60,000 square feet. One Friday night I stood at the rail overlooking the gaming tables. They were jammed with players, but I had my eye on a pretty woman with shoulder-length dark hair. She headed straight for one of the 1,650 slot machines that stood in regimental rows. And within a few minutes, a few minor payoffs notwithstanding, I saw her turn away in disappointment.

"I've never gambled before, and I guess I should have quit when I was ahead," she said, when I asked her how she felt. "But winning makes you want to play more. And losing makes you want to get your money back." An astute woman, my wife.

Atlantic City could become the Las Vegas of the East. Eight casinos are already thriving. A dozen others are in the works. As of June, the state had collected more than 149 million dollars in taxes from gross winnings of 1.54 billion dollars.

The prosperity, so far, is confined to the Boardwalk casinos. Atlantic City itself, which has been declining for more than a quarter of a century, is still hurting. Inflated prices are driving out long-term residents, many of whom are old, black, or Hispanic.

The Reverend Dante L. Girolami, pastor and prior of St. Nicholas of Tolentine Roman Catholic Church on Pacific Avenue, said, "This used to be a thriving parish. In Atlantic City's heyday, there were 11 Masses on Sunday. Today we are down to 180 parishioners, most of them over 65."

The high-paying jobs at the casinos are luring nurses and schoolteachers, skilled and unskilled Atlantic City residents out of productive jobs and into the gaming rooms. "I lost my housekeeper of nine years to the hatcheck room at Harrah's," Father Girolami lamented.

Others fear a more sinister influence. "Organized crime is definitely involved," said Joseph H. Rodriguez, former chairman of the New Jersey State Commission of Investigation. "I just hope Atlantic City doesn't become the government of the state. Right now we're blinded by the balance sheet."

The explosive growth of Atlantic City has sent shock waves into the Pine Barrens, which fan out west from the resort. The pinelands, a still largely unsettled, ecologically fragile paradise of wildlife and exotic flora, are one of New Jersey's most valuable natural resources.[1] Now they are becoming an inviting target for development. Speculators, including some casinos, have taken options on vast tracts of land. But the state and federal governments have moved decisively to control growth.

A moratorium on construction, declared in 1979, extended all the way down to small landowners who wanted to build single-family houses. Restrictions were placed on how and to whom land could be sold. Such land-use provisions have incensed Atlantic City interests who need housing for employees, contractors who want to build it, farmers who fear their land will become worthless, and individuals who resent government intrusion into their lives.

"Can you believe they want to put a water meter on my well?" asked Marvin Matlack, who owns five acres in Chatsworth. The water beneath the pinelands—an aquifer big enough to supply most of the state—is a prime concern of the state and federal governments. "I'm all for preservation," Matlack contended. "I like this area the way it is, that's why I live here, but I want my children to be able to build here too."

Budd Wilson, an archaeologist who lives on the eastern edge of the pinelands, deplored the way the preservation act was drawn. "It's a law to protect something natural; it's not about the people who are here and the rights they might have. I'd rather have seen preservation through education and water and sewage regulation."

A parallel preservation problem in the industrialized north is how to save the older, decaying cities. Newark, the largest city, has lost 25 percent of its population since 1950. Why? Not only are tax and crime rates among the highest, but when Newarkers grow old, they want to leave the inner city and move to nearby suburbs.

"We have a nine-year wait for senior citizen housing," a county official told me. "Can you imagine telling someone who is 65 to come back when he's 74?"

Millions of dollars of federal money have been poured into Newark, yet it still languishes. Mayme Jurkat, an urban planner at the Stevens Institute of Technology in Ho-

[1] John McPhee described this 1,000-square-mile backyard of quiet rivers and near-empty acres in the January 1974 NATIONAL GEOGRAPHIC.

boken, worries about the problem of institutionalizing poverty in places like Newark. "The federal money has had a negative impact. The city has come to depend on it," she said. "Newark has become a ward of the federal government. And if you get money for negative characteristics, then you don't want those characteristics to go away."

Despite this grass-roots poverty, Newark remains the banking capital of the state, a hub of manufacturing, the home of Prudential, the nation's fifth richest corporation and largest insurance company. And Newark is at the center of transportation on the East Coast. As Malcolm Forbes, a Jerseyan and owner of the business magazine that bears his name, put it: "There's no other transportation complex like this in the world. One-third of the American marketplace is within an overnight truck ride from New Jersey. While trucks are rolling down the turnpike, planes are coming into Newark International Airport on one side, and on the other are all these containerships and trains. This is the most essential piece of turf in the East Coast megalopolis."

Lewis Perlmutter, a laser engineer who lives in Jersey City, believes northern New Jersey cities can be renewed, for a simple reason: "It's a bargain living here." Lewis and Jackie Glock renovated a 120-year-old brick town house on Jersey City's Hamilton Park. They are pleased with their bargain.

"Used bricks are selling for 20 cents apiece today," Lewis said. "Why, the value of the bricks alone in this building is $20,000, not counting the cost of putting them in place. We paid $21,000 for the building in 1979, and today it's worth about $150,000.

"Our move has certainly made sense. We're five minutes from Wall Street by train at half the price of the New York subway. Over here you can get ten times the space for the same price. Everything is cheaper."

Others are following their lead. On another side of Hamilton Park I saw 86 condominiums about to open, all carved out of buildings as old as theirs.

Another of New Jersey's aging industrial cities, Paterson, is saving its old buildings on a much larger and public scale. Paterson, the nation's first planned industrial city, was the brainchild of Alexander Hamilton, first Secretary of the Treasury, who contended that the United States would never be free of England until it had its own manufacturing capability. He urged that the power of the great falls of the Passaic River, site of present-day Paterson, be tapped and factories built.

Paterson became a cotton-mill center, then the silk-manufacturing capital of the nation. It also starred as the largest locomotive producer in the country. The engine that powered Charles A. Lindbergh's Spirit of St. Louis was built in Paterson; so was the first Colt revolver. During World War II it produced aircraft engines. But over the years manufacturers kept moving to greener pastures, abandoning the old red-brick factories that had been standing for a century.

In 1976 Paterson tried for a novel comeback. The entire region around the falls was declared a national historic landmark. With an infusion of federal funds and by the hands of the city's skilled craftsmen, the region is coming to life again. The city is gambling that the offices, shops, restaurants, and artists' lofts going into the old buildings will attract new businesses.

At the same time Paterson was developing into a manufacturing center, nearby Morris County, now a comfortable suburb, was a thriving iron-mining and smelting district—that is, until the 1820s when it was hit by an energy crisis. The trees that fueled the furnaces had been chopped down and burned.

Salvation was offered by the hard-coal fields in eastern Pennsylvania. The problem was getting the coal to Morris County, but local businessmen had an audacious plan: the Morris Canal. Digging started in 1825, and within six years it was opened, running from Phillipsburg on the Pennsylvania border through Morris County to Newark. By 1836 it reached the Hudson River at Jersey City, a distance of 102 miles.

Surmounting the heights along the route was a stupendous engineering achievement. Boats entered the canal from the Delaware River at Phillipsburg and, through a series of locks and ingenious inclined planes, were hauled up 760 feet to the topmost point near Lake Hopatcong, and then lowered 914 feet on the way to the Hudson.

"A one-way trip generally took about five days," said Jim Lee of Phillipsburg, a man who has made a lifelong study of the canal. When he was discharged at the end of World War II, Jim bought a portion of the old, then abandoned canal. He still lives in a plane tender's house, a lovely cottage that sits atop a 1,500-foot-long inclined earthen plane, up which the canalboats were hauled.

"The boats were floated into wooden cradles attached to a three-inch-thick cable, then hauled to the top on rails," Jim said. "The whole thing could weigh 125 tons, pulled up by 3,000 feet of endless cable, but would take only about 12 minutes to reach the top. The power came from a water turbine connected to the cable. The canal was tapped at its upper level, and the water was channeled down here to spin the turbine."

The irony of Jim's devotion to the Morris Canal is that the railroads put it out of business, and he has been a railroad conductor for 40 years. "Like the ancient mariner who shot the albatross," Jim said, "maybe I'm fated to talk about the damn thing."

Canals, the Morris and later the Delaware and Raritan, as well as the early railroads, fueled New Jersey's expansion as an industrial empire. And with that came an explosion of science and technology in the state.

New Jersey today ranks among the top ten states in number of scientists and engineers. For a century it has been a research and development center. Indeed, the team concept of R&D began in New Jersey in the "invention factories" conceived by Thomas Alva Edison.

At his zenith Edison presided over a 29-acre research and manufacturing empire in West Orange. In his lifetime he amassed more than a thousand patents, a record no other inventor has matched. His goal, he once said, was "a minor invention every ten days and a big thing every six months."

Only one and a half acres of the complex survive, set aside as a national historic site. Preserved there for visitors are his ornate office filled with his books, a turn-of-the-century workshop, and a sampling of his inventions. Off limits to tourists is a massive underground vault, built during World War II when it was thought Germany might bomb the East Coast. There three and a half million pages of Edison's personal papers, correspondence, and patents, as well as patent models, are stored.

"It's one of the nation's real treasures," said archivist Reed Abel, as we strolled the aisles. Abel showed me some of the 9,000 glass-plate negatives of original Edison inventions, and models of devices that Edison patented: early light bulbs, phonographs, motion-picture cameras, storage batteries. In an inner sanctum, a vault within the vault, were Edison's 3,000 laboratory notebooks. Usually the time of a discovery, or the failure of an experiment, was noted, sometimes with an expletive, and the time was often in the wee hours of the morning. One notebook bore the inscription, "Not for small brained capitalists."

In 1876, three years before Edison patented the electric light bulb, another of the nation's earliest inventors, Alexander Graham Bell, had invented the telephone. Although he did not live in New Jersey, the Bell System, the sprawling giant that grew from Bell's invention, is today New Jersey's largest private employer. I found it interesting to compare its main research and development center, Bell Laboratories at Holmdel, with Edison's pioneering efforts.

"This is a shopping mall of technology," explained Lee Thomas, a specialist in VLSI (very large-scale integrated) circuits. "Every scientific discipline you can imagine is represented here. People work night and day and on holidays. I love it." He was born in Texas, but says he'll never leave New Jersey. "The best brains in the nation are here."

Thomas handed me one of Bell Labs' latest inventions, a VLSI about the diameter of a penny, made of silicon, wafer thin and light as a feather. "There are 100,000 transistors on it," he said, "and soon we'll have 150,000. It will cost about $100 to make, use half a watt of power, and control 10,000 telephone conversations simultaneously."

The transistor itself was invented at Bell Labs 34 years ago. Over lunch with the executive director of communications sciences research, Arno Penzias, I jokingly asked what Bell Labs had done since then.

"Well, not a lot that our customers can see," he replied in the same vein. "But satellites, fiber optics, and digital technology now let you talk to a whole lot more people and keep your phone bill down. The complexity of that is hidden from view, but managing complexity is probably the most important single thing we do. Our worldwide communications system is, I think, the most efficient on earth."

Penzias shared the Nobel Prize in Physics in 1978 for his accidental discovery confirming the big bang theory of the creation of the universe. "We were trying to examine radio noise from the Milky Way. We found much more noise outside it, and that turned out to be the echo of the fire of creation." Bell Labs likes to dovetail pure and applied science. Such radio measurements helped determine how strong a signal Bell's communication satellites would need to rise above the background radiation.

I wondered what other famous R & D operations had been doing since their early triumphs. Like Hoffmann-La Roche Inc., where one of the nation's largest selling prescription drugs, Valium, was developed not many years after the transistor. The firm occupies a 70-building complex at their corporate headquarters in Nutley.

It turns out Roche has recently produced a pure form of interferon that may be the long-sought substance to control certain types of cancers and viral infections. "Interferon is produced in the body naturally in response to viral invasion, but in very minute amounts," said Dr. John J. Burns, vice president for research at Roche. "Now we are making it by recombinant DNA technology, using a bacterium that is programmed to produce interferon by genetic engineering." The gene-splicing techniques used at Roche produced enough interferon to begin the first clinical tests in January 1981.

New Jersey is the nation's leader in the production of pharmaceuticals; it is also in the forefront of petroleum research. Though there is not a single oil well in the state, one of the world's largest petroleum research centers, Exxon Research and Engineering Company, sprawls along Route 1 at Linden. Here scientists are studying how to stretch the world's remaining crude-oil reserves, and what to do when we run out. Exxon believes gasoline can eventually be made from coal at economical prices.

More fascinating than these energy researches is Exxon's probing into liquid membranes, tiny droplets of oil that behave like the walls of human cells, determining what to let pass in and out. The most promising application is in reducing the time kidney patients have to spend on hemodialysis machines. A liquid membrane, now being tested

in animals, is swallowed in a milkshake-like preparation. It passes through the stomach and into the small intestine, where it absorbs urea and then expels it in the stool. Eventually, liquid membranes may be used to absorb other body toxins, perhaps from drug overdoses.

In sewage treatment the oil membrane can be made to suck up contaminants, and someday may offer a solution to one of New Jersey's biggest problems—how to rid itself of toxic wastes. Chemical manufacturing is the state's largest industry, but safe disposal of chemical wastes and by-products was long neglected. Often they have been disposed of illegally by outfits known as "midnight dumpers." New Jersey Department of Environmental Protection Commissioner Jerry Fitzgerald English said, "So far, we've identified more than 300 abandoned dumping sites in the state. We are in the process of determining what's in them in order to clean them up."

As a result of illegal dumping, New Jersey adopted a hazardous-waste bill and was the first state to prosecute illegal dumpers. "We treat it not only as a civil infraction but also as a very serious criminal activity. The penalties can run high, as much as $25,000 in fines a day and prison sentences up to five years," Commissioner English said.

Enforcing the law is another thing. Marie Newhard, who lives in Presidential Lakes on the edge of the pinelands, told me of trucks "dumping stuff in the lake behind our house in broad daylight. It's sickening. Someday that's going to be our drinking water, and we can't get anyone to stop it."

According to Edwin Stier, head of the criminal justice division of the state attorney general's office, some midnight (and daylight) dumpers are controlled by organized crime. "At first we went after the individual truckers," he said. "Now the campaign is against the higher-ups, and convictions have been obtained."

I asked Stier whether New Jersey's reputation as a haven for organized crime was deserved. "Like most big states we have our share," he said. "It got a foothold during Prohibition. We had a long, unguarded coastline that made smuggling easy. We had the isolated Pine Barrens, where stills could operate. We had a large immigrant population that was an easy mark for organized crime. And until a few years ago New Jersey didn't have an adequate statewide force to prosecute large-scale crime. Local communities couldn't handle it."

The sheriff of rural Hunterdon County, in New Jersey's far west, never had such problems. Sheriff Ruth S. Carpenter, the first woman elected to that office in New Jersey, doesn't even carry a gun. "I can talk people out of most things," she laughed.

Her office is in the historic Flemington Courthouse, where the celebrated Lindbergh kidnapping trial, the so-called trial of the century, was held in 1935. "Law students still come here and read the transcripts and scan the old newspapers, but nobody much cares any more," she told me.

We looked at the faded pictures of Charles Lindbergh, the famous aviator, his wife, Anne Morrow Lindbergh, their baby, Charles Jr., and the man electrocuted for killing the child, Bruno Richard Hauptmann. How about the old Lindbergh mansion, I asked, the scene of the crime; was it still standing on the hilltop near Hopewell?

It was, but it was not easy to find. Charles Lindbergh prized seclusion. The house was at the end of a long, narrow road that penetrates a thick forest. It had changed little from the old newspaper photos.

"The mansion belongs to the state," said James Morrison, the young man who met me at the front door. "It's a home for youthful offenders." He was assistant superintendent in the program that gets young troublemakers off big-city streets and into a rural work atmosphere.

Jim showed me around the house and grounds, well kept and still elegant. "A few tourists make their way up here now and then," he said, "but not many realize what the house is used for now."

Another tragedy of the 1930s that catapulted New Jersey into the headlines was the crash of the dirigible *Hindenberg* at Lakehurst. Driving across the scrublands of central Jersey, I was attracted by the massive hangars of the onetime dirigible base. Nick Grand, a public affairs officer, gave me a tour. "This was the nation's major international airport," he said, "for dirigibles crossing the Atlantic in the 1920s and '30s."

Today the base is a U.S. Navy engineering and testing facility. We drove into the 800-foot-long main hangar, which dates from 1921. A good portion of its 36 million cubic feet was filled with a scaled-down deck of an aircraft carrier, complete with real jet fighters, tractors, and catapults. "This is where all the Navy's flight-deck officers are trained," Nick said. "We can do everything except launch a plane out the door."

Once I got over the shock of finding an aircraft carrier in an old hangar in the center of the state, one big piece of the New Jersey puzzle fell into place. Industrial archaeologist Ed Rutsch had rhapsodized about the "adaptive reuse" of antiquated structures. Lakehurst suggested that this blending of the old and new with hardly a shrug, with all the confidence that comes of maturity, was a central motive of New Jersey life. Cape May proved it.

"Cape May received a three-million-dollar urban-renewal grant to stay old," a local scholar of New Jersey's past and present told me. One of the nation's oldest summer resorts, renowned years ago as the watering place of Presidents—Buchanan, Pierce, Harrison, Grant—Cape May is today a Victorian architectural gem. More than 600 structures from the last century survive.

The well-kept, turreted, filigreed buildings grace winding, shaded streets. Hundreds of thousands of vacationers go there every summer to be transported back to a simpler, less hurried time.

I stayed at the Chalfonte Hotel, a three-story, hundred-room structure built in 1876. Things haven't changed much since: no elevators, no air conditioning, no room phones, and the "facilities" down the hall. It's still a grand old place and has the most wonderful cook in the world.

Helen Dickerson, 70, has been cooking three meals a day for a hotel full of guests for 45 years. "I've never used any recipes," she said, stirring up homemade mayonnaise. "I just quit when it looks good."

Her specialties are prime ribs, kidney stew, southern-fried chicken, and spoon bread. She gets up before dawn every morning and does all the shopping. That's New Jersey hustle. That's tough.

One evening, after the sun went down, I sat in a rocking chair on the hotel's veranda, watching strollers along Howard Street caught in the flickering reflections of the gaslights in the center of town. Hotel manager Judy Bartella came out and asked if I was bored.

"We have an old television somewhere," she said. "I'll get it if you need a fix."

I declined the offer, preferring instead to wile the evening away, silently wondering how I could have missed so many things in New Jersey in all those years I lived so close. And, too, feeling a little sorry for all those people who never get off the road and see one of our most historic, productive, and elegant states.●

NORTHERN PLAINS RESOURCE COUNCIL

● Mr. BAUCUS. Mr. President, the administration's call for increased reliance on volunteerism came to mind recently as I read an editorial comment in the Billings Gazette concerning the Northern Plains Resource Council (NPRC).

NPRC is this year marking a decade of involvement in natural resource issues in Montana and neighboring States. With a dogged can-do attitude, this citizens group has helped to shape the future of Montana in the face of mounting pressure for the development of our natural resources.

The group has frequently been controversial in the positions it has advocated. However, it is precisely this streak of independence that I believe lends vitality to public interest organizations.

I commend the work of the NPRC to my colleagues and I ask that the October 27, 1981, editorial from the Billings Gazette appear at the conclusion of these remarks.

The editorial follows:

A VALUABLE COUNTERBALANCE

It is hard to realize that the Northern Plains Resource Council, that outspoken spokesman for environmentalists and many ranchers in Montana, is 10 years old.

It may seem like a century to those developers whose plans have been altered and delayed by this citizen group.

NPRC has played a counterbalance role in its dogged persistence of the environmentalist line. It has made the developer realize that there are others to be considered as well as his own balance sheet and that there are resources others value highly.

NPRC has attracted strange allies—the rancher who scorned the longhairs and the young idealists who would prefer that mankind drew his energy from alternate sources, not fossil fuels.

There is no question about the dedication of the young men and women who have been staff members with NPRC in its first decade. Some may feel they have been overzealous in their preservation efforts. Recognize, though, they were not the first to use the courts and government agencies for their own purpose.

Others, and we rank with them, feel that the research they have done, the statistical materials they have produced and the facts they have made public have and are serving a useful purpose. Again, it is the value of a counterbalance against the rosy picture of jobs and boom. Everybody does not share this wealth and some pay more than others.

We understand NPRC feelings that there are enough coal prospects available that it is not necesary to destroy good bottom land and wreck water tables to meet needs.

We also recognize that many of the landowners involved in NPRC efforts have a self-interest in preserving what has been good for them, the same as the stockman of years ago scorned the plow. Their concern is not as idealistic as that of the young staff member—but certainly no worse than that of the consortium seeking to start a mine as a profit-center.

The Northern Plains Resource Council is playing an important role in the way Montana is developing. Most of us don't relish a repeat of the early day reap, ruin and run development of natural resources.●

ANNOUNCEMENT OF POSITION ON VOTES

● Mr. EAST. Mr. President, I was necessarily absent from the Senate yesterday because of illness. In consequence, I missed several rollcall votes. I wish to state for the record that had I been present, I would have voted "yea" on rollcall votes Nos. 349, 350, and 351, and "nay" on No. 352.●

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order, there be a brief period for the transaction of routine morning business not to extend past the hour of 10 a.m. tomorrow in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT REQUEST FOR CONSIDERATION OF S. 1408 TOMORROW AND TIME LIMITATION THEREON

Mr. BAKER. Mr. President, I ask unanimous consent that at 10 o'clock tomorrow, the Senate turn to consideration of Calendar Order No. 179, S. 1408, the military construction authorization bill, under a time agreement as follows:

Two hours on the bill, to be equally divided between the chairman of the Armed Services Committee and the ranking member or their designees; 1 hour on amendments in the first degree; 30 minutes on amendments in the second degree; 20 minutes on any debatable motions, appeals or points of order, if such be submitted to the Senate; 1 hour on an amendment to be offered by the Senator from Florida (Mr. CHILES) dealing with authorizing construction of an RFD at MacDill AFB; 1 hour on an amendment to be offered by the Senator from Arizona (Mr. DECONCINI) dealing with adding funds for the Yuma Proving Grounds; and that the agreement be in the usual form, with the following proviso: That on the Davis-Bacon matter, there be only 1 amendment in order, to be offered by Senator JACKSON, to strike the waiver provision (section 1008) and that the amendment be limited to 8 hours equally divided.

UNANIMOUS CONSENT REQUEST FOR CERTAIN ACTIONS TOMORROW

Mr. President, before the Chair puts that request, I also ask unanimous consent that, at the hour of 12 noon tomorrow, the Senate temporarily lay aside the pending business and proceed to vote on the tabling motion on the motion to reconsider on the Bumpers-Humphrey amendment.

Mr. President, I ask unanimous consent that, thereafter, the Senate continue with consideration of the energy and water development bill and that, after the conclusion of the energy-water development bill, we resume consideration of the military construction authorization bill if such time is required.

Mr. TOWER. Reserving the right to object, Mr. President, I had discussed with the distinguished majority leader the possibility that the conference report on the defense authorization bill be taken up tonight. There are several Senators who wish to speak on that for about 2 hours' time. I wonder if we could dispose of that tomorrow morning rather than take up the military construction bill and take up the military construction bill following the energy and water bill.

Mr. NUNN. Reserving the right to object, Mr. President, there is no one trying to hold up that military authorization conference report, but there are some of us who want to point out some of the things that have taken place since that bill left the Senate Chamber. There are considerable. We think we are going to have to have some time to discuss it. We are not trying to hold it up at all. I think we could agree to have it come up tomorrow afternoon. I know it is a privileged matter and could come up at any time, but I think if it comes up tomorrow morning, with all the things we have going on, it is going to require considerable debate.

Mr. TOWER. If I may say to the Senator from Georgia, he was concerned about a hearing which the Armed Services Committee has scheduled tomorrow which I am willing to cancel so those who wish to attend will not miss anything.

Mr. NUNN. Mr. President, I have another hearing where the Governors are coming, on Governmental Affairs. My own Governor is going to be here discussing some very important matters. I think Senator LEVIN will be at that hearing and it is going to be very difficult for us to be here tomorrow morning to debate that matter. We are not going to hold it up, but if it does come up in the morning, and that is up to the Senator from Texas, I say to the Senator from Texas and the leader that it is going to require considerable debate.

Mr. BAKER. Mr. President, I hope the Senator from Texas will not object to this request. I understand fully his desire to get this conference bill out, but this military construction has been so difficult and agreement so elusive, I do not wish to——

Mr. TOWER. Mr. President, why can we not proceed with the conference report tonight? I am willing to stay as long as we need to. We can get it done tonight.

Mr. BAKER. I have no objection to that, Mr. President, assuming that all Senators understand that I have made a representation that there will be no more record votes on it.

Mr. TOWER. We can put over a record vote. I am prepared to dispose of it by a voice vote.

Mr. NUNN. Mr. President, I think it ought to be pointed out that this authorization bill has the go-ahead on the MX and B–1 bomber. It also has considerable cuts in readiness that go far below the Senate bill and, in some cases, below the House bill, also. There has been very little public notice of this. There have been significant changes made in this authorization bill in conference more than any authorization bill since I have been in the Senate, in conference. I do not think it ought to go through without our having a chance to discuss it and have people recognize what has happened during the process of conference. A lot has happened in conference.

I am not opposing the bill, Mr. President. I intend in the final analysis to vote for it. But it ought to be discussed. If the Senator wants to begin to discuss it tonight, I shall certainly stay here with him. There will not be a vote on it tonight.

Mr. BAKER. Let me suggest, then, Mr. President, that perhaps the Senator from Texas, the chairman of the Armed Services Committee, (Mr. TOWER) and the Senator from Georgia (Mr. NUNN) would be agreeable to our providing time for debate on this conference report tonight and, by unanimous consent, to lay it aside tomorrow to continue with the procedure that is included in the unanimous-consent request now pending.

Before they answer, Mr. President, I omitted one phrase in the time request, which I add to the request at this time, at the end, that no amendments be in order to the Jackson amendment.

Now, Mr. President, I ask the Senator from Texas——

Mr. TOWER. Further reserving the right to object, Mr. President, I understand the concern expressed by Senator NUNN, because what we did was unusual. It was to accommodate a reduction that we knew was certain to come in defense authorization through the appropriation process and was some attempt on the part of the two authorizing committees to exercise some influence over what happened in the Appropriations Committee. The Senate must act first because the Senate has the papers. In the House, they are trying to get a rule to expedite action on it over there.

If we start setting it over until tomorrow afternoon, Friday, or something like that, it is going to drag on and on. It is my understanding they are already marking up defense appropriations in the Appropriations Committee. I, for one, am not prepared to abdicate the responsibility of the authorizing committee. I hope other members of my committee will cooperate in that.

Mr. President, our conference has been going on since July 23. I freely admit it is the administration's fault that it has dragged on that long.

Mr. NUNN. Mr. President, I would certainly——

Mr. TOWER. I think the Senator from Georgia knows that I am not completely attuned to the administration on this.

Mr. NUNN. Mr. President, I agree absolutely. I in no way fault the Senator from Texas on this, but I think the American people have a right to know what happened in the conference, and a lot happened in the conference that many in this body have no idea about.

UNANIMOUS CONSENT REQUEST TO CONSIDER S. 815 TONIGHT

Mr. BAKER. Mr. President, I add to the unanimous-consent request that, at the conclusion of the time for routine morning business this evening, the Senate turn to consideration of S. 815, de-

fense authorization conference report and that debate continue on that for a period of not to exceed 2 hours, at the end of which period, without further action, motion, or debate, the Senate will automatically stand in recess under the provisions of the previous order.

Mr. NUNN. Mr. President, reserving the right to object, this will be very easy to resolve if we simply bring up the conference report tomorrow afternoon at some point. After 1 o'clock tomorrow afternoon, we can have 2 hours on the conference report, and at that time we will be glad for it to be voted on. It is not going to be voted on before then. I am not a champion filibusterer, but I think I can last all night.

If the Senator wants to stay here to no avail tonight, we can do that. It is not going to be voted on tonight, and I see no reason for proceeding in that manner.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, let me withdraw the request I have now pending in order to try to rephrase it.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:30 a.m. tomorrow and that after the recognition of the two leaders under the standing order there be a brief period for the transaction of routine morning business in which Senators may speak for not more than 5 minutes each and to extend not past the hour of 10 a.m.; that at 10 a.m. the Chair lay before the Senate the military construction authorization bill.

I further ask unanimous consent that at 12 o'clock noon, if the Senate has not completed debate on the military construction authorization bill, the Senate temporarily lay aside the military construction authorization bill and vote on the tabling motion on the motion to reconsider on the Bumpers-Humphrey amendment; that immediately after the vote on the tabling motion the Senate resume consideration of the military construction authorization bill, if debate thereon and disposition has not been accomplished prior to that time; that in any event after the completion of the Senate's consideration of the military construction authorization bill, the Senate resume consideration of the energy and water development appropriations bill, and that the amendment by the distinguished Senator from Texas (Mr. TOWER) to that bill be reduced from 1 hour to one-half hour under the same terms and conditions as previously stated.

I further ask unanimous consent that at the conclusion of the Senate's consideration of the energy and water development appropriations bill the Senate turn to the consideration of the Defense authorization conference report.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. HATFIELD. Will he also include in that Senator MATTINGLY's amendment to the energy and water development appropriations bill 5 minutes to a side?

Mr. BAKER. Yes.

Mr. President, I further ask unanimous consent that on the energy and water development appropriations bill on an amendment to be offered by the distinguished Senator from Georgia (Mr. MATTINGLY) there be a time limitation of 10 minutes to be equally divided.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, what is the Mattingly amendment?

Mr. HATFIELD. If the majority leader will yield, it would be the across-the-board reduction that he offered on each of the other appropriation bills.

Mr. ROBERT C. BYRD. In what amount?

Mr. MATTINGLY. Energy and water.

Mr. ROBERT C. BYRD. In what amount?

Mr. MATTINGLY. The percentage?

Mr. ROBERT C. BYRD. Yes.

Mr. MATTINGLY. 2.6.

Mr. ROBERT C. BYRD. What are the other parameters of the agreement on the military construction bill, may I ask the majority leader?

Mr. BAKER. Mr. President, I have not yet stated those.

I thank the minority leader for reminding me.

Mr. President, I repeat the terms of the previous time agreement on military construction to wit:

That there be 2 hours on the bill to be equally divided between the chairman of the Armed Services Committee and the ranking member or their designees; 1 hour on amendments in the first degree; 30 minutes on amendments in the second degree; 20 minutes on any debatable motions, appeals or points of order, if so submitted to the Senate; 1 hour on an amendment to be offered by the Senator from Florida, Senator CHILES, dealing with authorizing construction of an RDF at McDill AFB; 1 hour on an amendment to be offered by the Senator from Arizona, Senator DECONCINI, dealing with adding funds for the Yuma Proving Grounds; and that the agreement be in the usual form, with the following proviso: That on the Davis-Bacon matter there be only one amendment in order, to be offered by Senator JACKSON, to strike the waiver provision (section 1008) and that the amendment be limited to 8 hours equally divided, and that no amendments be in order to the Jackson amendment.

Mr. ROBERT C. BYRD. Mr. President, further reserving the right to object, will the majority leader assure that none of the amendments that are provided for in the agreement which he has just proposed would deal with Davis-Bacon?

Mr. BAKER. Mr. President, I can assure the Senator of that.

Mr. TOWER. Mr. President, the only amendment dealing with Davis-Bacon is an amendment to be offered by Senator JACKSON.

Mr. BAKER. Mr. President, the last paragraph of the request is on Davis-Bacon, that there be only one amendment in order, and that is the Jackson amendment and no amendment to the Jackson amendment would be in order.

Mr. DOMENICI. Mr. President, reserving the right to object, Mr. Leader, did you include in the energy bill, when you return to it, an amendment that I intend to offer?

Mr. BAKER. Mr. President, there is no exclusion of amendments. There is no exclusive list. But do I understand the Senator from New Mexico is willing to accept a short time limitation?

Mr. DOMENICI. I am willing to have 10 minutes. It is on the Nuclear Regulatory Agency funds, and because of confusion that is in the bill I am offering an amendment which will not take more than 10 minutes.

Mr. BAKER. Equally divided?

Mr. DOMENICI. Five minutes to a side.

Mr. BAKER. Mr. President, I will add that to my request on an amendment dealing with an amendment to be offered, 10 minutes equally divided.

Mr. ROBERT C. BYRD. I would have to object to that amendment. The manager of that bill is not here on this side of the aisle. I personally do not have an objection.

Mr. BAKER. I withdraw the request. I can assure the Senator from New Mexico that I will provide him the time.

Mr. DOMENICI. I would not have asked for that but for the fact that Senator JOHNSTON had agreed. He is not here, so we will leave it that way. He has agreed to it.

Mr. THURMOND. Mr. President, reserving the right to object, on the Tower amendment I believe it was suggested 15 minutes to a side. It is a very important amendment which involves $500 million, which is very vital to the Savannah River Plant in my home county, and it is very urgently needed. I would at least like to have 5 minutes on that. If you want to increase that to 20 minutes I have no objection.

Mr. BAKER. I increase the time from 30 to 40 minutes, and I ask unanimous consent that 5 minutes be allocated to the control of the Senator from South Carolina.

Mr. ROBERT C. BYRD. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank all Senators. I am especially grateful to the Senator from Massachusetts (Mr. KENNEDY) for his diligent efforts to try to work this out, and the Senator from Texas, the Senator from Oregon, the distinguished President pro tempore, the Senator from Idaho, the Senator from Georgia (Mr. MATTINGLY), Senator NUNN, the minority leader, and so many others who made it possible to get this rather complex arrangement in shape.

The time limitation agreement follows:

Ordered, That at 10 a.m. on Thursday, Nov. 5, 1981 the Senate proceed to the consideration of Calendar 179, S. 1408, a bill to

authorize certain construction at military installations for fiscal year 1982, and for other purposes, debate on any amendment in the first degree (except an amendment to be offered by the Senator from Washington (Mr. JACKSON) on Davis-Bacon which shall be the only amendment on this subject in order and which shall not be subject to amendment on which there shall be 8 hours, an amendment to be offered by the Senator from Florida (Mr. CHILES) on MacDill AFB on which there shall be 1 hour, and an amendment to be offered by the Senator from Arizona (Mr. DECONCINI) on the Yuma Proving Grounds on which there shall be 1 hour) shall be limited to 1 hour, to be equally divided and controlled by the mover of such and the manager of the bill; debate on any amendment in the second degree shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill; and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 2 hours to be equally divided and controlled by the Senator from Texas (Mr. TOWER) and the Senator from Mississippi (Mr. STENNIS) or their designees. *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

MEASURES INDEFINITELY POSTPONED

Mr. BAKER. Mr. President, I have certain matters that are eligible to be dealt with on this side, and I ask the distinguished minority leader if he is agreeable to considering a list of 21 items which appear on the calendar and have for some time, which I understand may be indefinitely postponed as a result of a number of factors, either companion bills or subject matter having been dealt with in the reconciliation or otherwise.

May I inquire of the distinguished minority leader if he would be in position to consider this list of 21 measures, and if he is in position to approve it I would propose to ask the Senate to act enbloc on these matters.

Mr. ROBERT C. BYRD. I am sure the distinguished majority leader and I are looking at the same list. I count 21, including the four at the bottom.

Mr. BAKER. I thank the Senator.

For the sake of the record, and since we are dealing with items on the calendar, let me read the calendar numbers so that there will be no misunderstanding.

Mr. President, I ask that the Senate indefinitely postpone the following items:

Calendar No. 90, S. 1017; Calendar No. 106, S. 1021; Calendar No. 107, S. 998; Calendar No. 119, S. 1198; Calendar No. 120, S. 1199; Calendar No. 122, S. 720; Calendar No. 125, S. 1100; Calendar No. 126, S. 1155; Calendar No. 127, S. 799; Calendar No. 128, S. 1029; Calendar No. 129, S. 801; Calendar No. 131, S. 1201; Calendar No. 185, H.R. 3238; Calendar No. 189, S. 755; Calendar No. 218, S. 1085; Calendar No. 220, S. 1087; Calendar No. 224, S. 1090; Calendar No. 204, S. Res. 166; Calendar No. 206, S. Res. 170; Calendar No. 208, S. Res. 172; and Calendar No. 209, S. Res. 173.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

The measures indefinitely postponed are as follows:

Calendar 90, S. 1017, a bill to authorize appropriations for fiscal year 1982 for certain maritime programs of the Department of Commerce, and for other purposes;

Calendar 106, S. 1021, a bill to authorize appropriations to the Department of Energy for civilian programs for fiscal year 1982 and fiscal year 1983, and for other purposes;

Calendar 107, S. 998, a bill to amend the Energy Policy and Conservation Act and the Energy Security Act to improve the administration of the Strategic Petroleum Reserve, to provide for transition in fiscal year 1982 to an alternative off-budget funding mechanism for financing the purchase of petroleum for the Strategic Petroleum Reserve, and for other purposes;

Calendar 119, S. 1198, a bill to amend title 23 of the United States Code, relating to highway safety, and for other purposes;

Calendar 120, S. 1199, a bill to amend the Rail Passenger Service Act, and for other purposes;

Calendar 122, S. 720, a bill entitled the "Public Telecommunications Act of 1981";

Calendar 125, S. 1100, a bill to improve rail service in the Northwest region of the United States, and for other purposes;

Calendar 126, S. 1155, a bill to amend the Consumer Product Safety Act, and for other purposes;

Calendar 127, S 799, a bill to amend the Public Health Service Act to revise and extend titles VII, and VIII of such act with regard to training in the health professions and nursing, and for other purposes;

Calendar 128, S. 1029, a bill to amend title XIII of the Public Health Service Act relating to health maintenance organizations;

Calendar 129, S 801, a bill to amend the Public Health Services Act to revise provisions relating to the National Health Service Corps;

Calendar 131, S. 1201, a bill to amend the Trade Act of 1974 with respect to trade adjustment assistance;

Calendar 185, H.R. 3238, an act to amend the Communications Act of 1934, to extend certain authorizations of appropriations contained in such Act relating to public broadcasting, and for other purposes;

Calendar 189, S. 755, a bill to revise the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 and the Drug Abuse Prevention, Treatment, and Rehabilitation Act;

Calendar 218, S. 1085, a bill to provide a reauthorization for the Head Start program, and for other purposes;

Calendar 220, S. 1087, a bill to reauthorize programs under the Domestic Volunteer Service Act of 1973, and for other purposes;

Calendar 224, S. 1090, a bill to amend the Public Health Service Act to support services and research relating to adolescent pregnancy and parenthood;

Calendar 204, S. Res. 166, resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 755;

Calendar 206, S. Res. 170, resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1085;

Calendar 208, S. Res. 172, resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1087; and

Calendar 209, S. Res. 173, resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1090.

AUTHORITY FOR COMMITTEES TO MEET

Mr. BAKER. Mr. President, there are certain other matters that may be dealt with I trust at this moment. I have two unanimous-consent requests.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session on Wednesday, November 4, at 9 a.m., to hold a hearing on "Fiscal Disparities: Payments in Lieu of Taxes."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, would the Chair withhold for just a moment?

Mr. President, I will put the request now.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I would observe that this request is obviously for a meeting that has already occurred. I am advised that the minority leader was on the floor and willing to consider this request this morning. I was not here. I was necessarily absent from the Senate attending a meeting at the White House with the President.

I ordinarily would not wish to put a ratification of a consent agreement as I have just done, but I appreciate the indulgence of the Senate and I especially appreciate the understanding of the minority leader.

COMMITTEE ON SMALL BUSINESS

Mr. BAKER. Mr. President, there is a second request in respect to a committee meeting which has already occurred.

I ask unanimous consent that the Committee on Small Business be authorized to hold a full committee hearing during the session of the Senate at 10 a.m. on Wednesday, November 4, to discuss Government competition with small business.

Mr. President, I ask unanimous consent that this request be considered in the RECORD in conjunction with the first and that the explanation I gave apply to both requests.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, November 5, at 10 a.m. to hold a hearing to review the 1981 block grants.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. I ask unanimous consent that the Governmental Affairs Committee be authorized to meet during the session of the Senate tomorrow, Thursday, November 5, to discuss the acquisition process at the Department of Defense.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, there are three items on today's Executive Calendar beginning on page 2 under New Reports that are cleared on our calendar. Could I inquire of the minority leader if he is in a position to consider all or any part of those nominations.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. The three nominations on page 2 have been cleared.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the three nominations appearing on page 2 of today's Executive Calendar under New Reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the three nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

ENVIRONMENTAL PROTECTION AGENCY

John A. Todhunter, of Maryland, to be Assistant Administrator for Toxic Substances.

DEPARTMENT OF COMMERCE

Carlos C. Campbell, of Virginia, to be Assistant Secretary of Commerce.

DEPARTMENT OF THE INTERIOR

Robert A. Jantzen, of Arizona, to be Director of the U.S. Fish and Wildlife Service.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 4331.

The PRESIDING OFFICER (Mr. JEPSEN) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAKER. Mr. President, I move that the Senate insist on its amendment, agree to the request of the House to a conference and that the Chair be authorized to appoint conferees.

The motion was agreed to; and the President Officer appointed Mr. DOLE, Mr. ARMSTRONG, Mr. HEINZ, Mr. LONG, and Mr. MOYNIHAN conferees on the part of the Senate.

PROGRAM

Mr. BAKER. Mr. President, for the benefit to the Senate may I attempt to state the program.

Mr. NUNN. Mr. President, will the majority leader clarify when he expects the defense authorization conference report to be coming up?

Mr. BAKER. By 3 o'clock.

Mr. NUNN. But not before; at the earliest it would not be before 1 o'clock, is that correct?

Mr. BAKER. I would assure him that it would not be before 1 o'clock.

Mr. NUNN. I thank the Senator.

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 9:30 a.m. After the recognition of the two leaders under the standing order, there will be a brief period for the transaction of routine morning business.

At 10 o'clock tomorrow the Senate will turn to the consideration of the military construction authorization bill. At 12 noon the Senate will temporarily lay aside that measure in order to vote on the tabling motion on the motion to reconsider the vote on the Bumpers-Humphrey amendment.

Thereafter, Mr. President, the Senate will resume consideration of the military construction authorization bill if the same has not been completed by that time. In any event after completion of the Senate consideration of the military construction authorization bill or the tabling motion, then the Senate will return to the consideration of the energy and water development appropriations bill. After the conclusion of the energy and water development appropriations bill, the Senate will turn to the consideration of the Defense authorization conference report.

I assume all Members will correctly infer from the agenda of business I have just described that Thursday will be a busy day, and I would expect votes throughout the day. Thursday is the regular late evening of the Senate, and there is a good possibility that the Senate will be asked to remain late on tomorrow.

Mr. President, on Friday the Senate will be in session and I expect a full day's work. I will have a further announcement in that respect on tomorrow.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate. If there is no other Senator seeking recognition, I move, in accordance with the order previously entered, that the Senate now stand in recess until the hour of 9:30 a.m. tomorrow.

The motion was agreed to; and, at 7:53 p.m., the Senate recessed until Thursday, November 5, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 4, 1981:

DEPARTMENT OF STATE

Francis Terry McNamara, of Vermont, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

INTERNATIONAL BANKS

Myer Rashish, of the District of Columbia, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Alternate Governor of the Inter-American Development Bank for a term of 5 years; U.S. Alternate Governor of the Asian Development Bank; and U.S. Alternate Governor of the African Development Fund, vice Richard N. Cooper, resigned.

THE JUDICIARY

John H. Moore II, of Florida, to be U.S. district judge for the middle district of Florida vice a new position created by Public Law 95-486 approved October 20, 1978.

Jackson L. Kiser, of Virginia, to be U.S. district judge for the western district of Virginia vice a new position created by Public Law 95-486 approve October 20, 1978.

John C. Shabaz, of Wisconsin, to be district judge for the western district of Wisconsin vice James E. Doyle, retired.

DEPARTMENT OF JUSTICE

Donald B. Ayer, of California, to be attory for the eastern district of California for the term of 4 years vice Herman Sillas, Jr., resigned.

Hinton R. Pierce, of Georgia, to be U.S. attorney for the southern district of Georgia for the term of 4 years vice William T. Moore, Jr., resigned.

Louis G. DeFalaise, of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years vice Patrick H. Molloy, resigned.

Robert G. Ulrich, of Missouri, to be U.S. attorney for the western district of Missouri for the term of 4 years, vice Ronald S. Reed, Jr., resigned.

Bryon H. Dunbar, of Montana, to be U.S. attorney for the district of Montana for the term of 4 years vice Robert T. O'Leary, resigned.

Joe B. Brown, of Tennessee, to be U.S. attorney for the middle district of Tennessee for the term of 4 years vice Harold D. Hardin, resigned.

Benjamin F. Baer, of California, to be a Commissioner of the U.S. Parole Commission for the term of 6 years vice Joseph A. Nardoza, term expired.

DEPARTMENT OF THE INTERIOR

Janet J. McCoy, of Oregon, to be High Commissioner of the Trust Territory of the Pacific Islands, vice Adrian Paul Winkel, resigned.

FEDERAL COUNCIL ON THE AGING

The following-named persons to be Members of the Federal Council on the Aging for the terms indicated:

For a term expiring June 5, 1982:

Adelaide Attard, of New York, vice Walter L. Moffett, term expired.

Charlotte W. Conable, of New York, vice James T. Sykes, term expired.

For a term expiring June 5, 1983:

Nelda Ann Lambert Barton, of Kentucky, vice Fannie B. Dorsey, term expired.

Edna Bogosian, of Massachusetts, vice Mary A. Marshall, term expired.

Frances Lamont, of South Dakota, vice Bernice L. Neugarten, term expired.

For a term expiring June 5, 1984:

Margaret Long Arnold, of the District of Columbia, vice John B. Martin, term expired.

Syd Captain, of Florida, vice Cyril Hilary Carpenter, term expired.

Katie Dusenberry, of Arizona, vice Mary Crowley Mulvey term expired.

Josephine K. Oblinger, of Illinois, vice Jean Jones Perdue, term expired.

Edna Bonn Russell, of California, vice Shimeji Kanazawa, term expired.

U.S. POSTAL SERVICE

John R. McKean, of California, to be a Governor of the U.S. Postal Service for the remainder of the term expiring December 8, 1986, vice Richard R. Allen, resigned.

DEPARTMENT OF JUSTICE

Stanley S. Harris, of the District of Columbia, to be U.S. attorney for the District of Columbia for the term of 4 years vice Charles F. C. Ruff, resigning.

Howard V. Adair, of Alabama, to be U.S. marshal for the southern district of Alabama for the term of 4 years vice Tyree A. Richburg.

John W. Roberts, of Arizona, to be U.S. marshal for the district of Arizona for the term of 4 years vice Lee A. Limbs, Jr., term expired.

Warren D. Stump, of Iowa, to be U.S. marshal for the southern district of Iowa for the term of 4 years vice Richard W. Nehring, resigning.

Kenneth L. Pekarek, of Kansas, to be U.S. marshal for the district of Kansas for the term of 4 years vice Bert D. Cantwell, term expired.

John L. Meyers, of Louisiana, to be U.S. marshal for the middle district of Louisiana for the term of 4 years vice Thomas A. Grace, Jr., retired.

Robert L. Pavlak, Sr., of Minnesota, to be U.S. marshal for the district of Minnesota for the term of 4 years vice Wesley D. Lane, resigning.

Lee Koury, of Missouri, to be U.S. marshal for the western district of Missouri for the term of 4 years vice Emmett W. Fairfax, term expired.

Ronald D. Daniels, Jr., of New Hampshire, to be U.S. marshal for the district of New Hampshire for the term of 4 years vice Robert E. Raiche, resigned.

Kenneth B. Muir, of North Dakota, to be U.S. marshal for the district of North Dakota for the term of 4 years vice Harold C. Warren, resigned.

Paul R. Nolan, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years, vice Archie P. Sherar.

IN THE AIR FORCE

The following named officers for promotion as a Reserve of the Air Force, under the appropriate provisions of chapters 35 and 837, title 10, United States Code.

LINE OF THE AIR FORCE

Lieutenant colonel to colonel

Adelman, Ernest Z., [redacted].
Andrews, William D., [redacted].
Arnold, Daniel G., [redacted].
Arvizu, Armando, [redacted].
Barnes, Charles R., [redacted].
Beasley, Robert F., [redacted].
Boardman, Robert O., [redacted].
Carter, Vondell, [redacted].
Cascio, Peter B., [redacted].
Chrisjohn, Robert G., Jr., [redacted].
Dean, John L., [redacted].
Delaney, Joseph M., [redacted].
Druke, John C., [redacted].
Edwards, Gail M., [redacted].
Ehni, James K., [redacted].
Franzen, George A., Jr., [redacted].
Gillis, Roger D., [redacted].
Gossom, Ernest I., Jr., [redacted].
Green, Wallace M., Jr., [redacted].
Gregory, G. William, [redacted].
Greschel, Harry T., [redacted].
Hartnett, John M., [redacted].
Higgins, Richard E., [redacted].
Holman, Frank B., [redacted].
Ianuzzi, John K., [redacted].
Jensen, Ralph C., [redacted].
Jones, Ivan, J., [redacted].
Kershner, Charles R., [redacted].
Kincaid, Thomas L., Jr., [redacted].
King, Wesley D., [redacted].
Korth, Otto K., Jr., [redacted].
Long, Richard W., [redacted].
Madson, Curtis A., [redacted].
Martin, Rufus G., [redacted].
Melton, Robert K., [redacted].
Oman, Ivan W., [redacted].
Owen, Harry E., Jr., [redacted].
Pedersen, Kai H., [redacted].
Pollard, John G., [redacted].
Randall, Carey W., [redacted].
Rodriguez, Carlos G., [redacted].
Simpson, Donald G., [redacted].
Slack, Jerald D., [redacted].
Solberg, Wayne O., [redacted].
Spencer, Thomas M., [redacted].
Tupper, George A., [redacted].
Tuten, James H., [redacted].
Ward, Charles T., [redacted].
Wellons, John C., Jr., [redacted].

CHAPLAIN CORPS

Hammet, Charles J., [redacted].

JUDGE ADVOCATE GENERAL

Barrick, Ronald L., [redacted].
Stevens, Julian B., Jr., [redacted].

MEDICAL CORPS

Cusack, William E., Jr., [redacted].
Filippini, Charles, [redacted].
Koranda, Frank C., [redacted].
Macek, Francis J., Jr., [redacted].
Marsh, Charles E., [redacted].
Messervy, Thomas W., [redacted].
Stavros, George E., [redacted].
Voss, Wilber C., [redacted].
Whiteside, Edwin, [redacted].
Yules, Richard B., [redacted].

IN THE NAVY

The following named temporary commanders of the U.S. Naval Reserve for permanent promotion to the grade of commander in the line, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Pub. L. 96–513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Highland, Hugh
White, Hugh R.

The following named temporary lieutenant commanders of the U.S. Naval Reserve for permanent promotion to the grade of lieutenant commander in the line, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Pub. L. 96–513) and title 10, United States Code, Section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Bradley, James W.
Crisp, Earl W.
Dykeman, Ronald L.
Isenbarger, William R.
Smith, Scott L.
Watson, Gregory H.
Wilson, Charles M.
Winters, Craig

CONFIRMATIONS

Executive nominations confirmed by the Senate November 4, 1981:

ENVIRONMENTAL PROTECTION AGENCY

John A. Todhunter, of Maryland, to be Assistant Administrator for Toxic Substances of the Environmental Protection Agency.

DEPARTMENT OF COMMERCE

Carlos C. Campbell, of Virginia, to be an Assistant Secretary of Commerce.

DEPARTMENT OF THE INTERIOR

Robert A. Jantzen, of Arizona, to be Director of the U.S. Fish and Wildlife Service.

HOUSE OF REPRESENTATIVES—*Wednesday, November 4, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We thank You, O God, for Your spirit that inspires, comforts, and heals. We are conscious that individuals are blessed by the touch of Your grace and that we can testify to Your abundant love in our lives. Continue to be present, O God, in all the moments of life—in crisis and conflict, give us courage; in decisions, give us wisdom; in danger, give us fortitude; and through our earthly life, grant us Your peace that passes all human understanding. We pray this in Your name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

A MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 4035. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4119. An act making appropriations for agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes;

H.R. 4209. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 4522. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4035) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCLURE, Mr. STEVENS, Mr. LAXALT, Mr. GARN, Mr. SCHMITT, Mr. COCHRAN, Mr. ANDREWS, Mr. RUDMAN, Mr. HATFIELD, Mr. ROBERT C. BYRD, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. LEAHY, Mr. DECONCINI, Mr. BURDICK, Mr. BUMPERS, and Mr. PROXMIRE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4119) entitled "An act making appropriations for agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COCHRAN, Mr. McCLURE, Mr. ANDREWS, Mr. ABDNOR, Mr. KASTEN, Mr. MATTINGLY, Mr. SPECTER, Mr. HATFIELD, Mr. EAGLETON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. CHILES, Mr. BURDICK, Mr. SASSER, and Mr. PROXMIRE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4209) entitled "An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ANDREWS, Mr. HATFIELD, Mr. COCHRAN, Mr. ABDNOR, Mr. KASTEN, Mr. D'AMATO, Mr. CHILES, Mr. PROXMIRE, Mr. STENNIS, Mr. ROBERT C. BYRD, and Mr. EAGLETON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4522) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon and appoints Mr. D'AMATO, Mr. HATFIELD, Mr. SPECTER, Mr. WEICKER, Mr. LEAHY, Mr. PROXMIRE, and Mr. BUMPERS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 383. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered M-16402 (ND) Acq.;

S. 466. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered M-15450 (ND);

S. 651. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered W-46102;

S. 1086. An act to extend and revise the Older Americans Act of 1965, and for other purposes;

S. 1457. An act to reinstate U.S. oil and gas lease numbered OR-13713; and

S. 1605. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered ES 20644.

APPOINTMENT OF CONFEREES ON H.R. 4035, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. YATES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. YATES, LONG of Maryland, MURTHA, DICKS, AUCOIN, WHITTEN, McDADE, REGULA, LOEFFLER, and CONTE.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4035, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. YATES. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MAKING IN ORDER ON THURSDAY OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 4035, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. YATES. Mr. Speaker, I ask unanimous consent that it may be in

order to call up on Thursday of this week, or any day thereafter, the conference report and any amendments in disagreement thereto on the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FORTIETH ANNIVERSARY OF THE ELECTION OF THE HONORABLE JAMIE L. WHITTEN

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, this is a very special day in the history of the House of Representatives, an occasion that has happened only a few times in the past 192 years. For today is the 40th anniversary of the election of one of our most distinguished colleagues, the gentleman from Mississippi and the chairman of the Committee on Appropriations, JAMIE WHITTEN.

There have been vast changes in this country since 1941, but JAMIE WHITTEN remains what he was when he came here a month before Pearl Harbor—a man of deep conviction, a Mississippian through and through, a dedicated, hard-working and conscientious public servant committed to the betterment not only of Mississippi but of America.

JAMIE had been in Congress just 8 years when he acquired the title "Mr. Chairman." It was in 1949 that he became chairman of the Agriculture Subcommittee of the Appropriations Committee. Thirty-two years later he is still the chairman of that subcommittee, but he is now chairman of the full committee as well.

What is more, he is now the dean of the House, the Member with the longest service. And I expect he will remain our most senior colleague for years to come, if comparative youth, good health, and vigor count for anything.

Since JAMIE took over from my fellow Texan, George Mahon, as chairman of the Appropriations Committee 2 years ago I have had the need to work with him and to consult him regularly about the scheduling of floor action on appropriation bills and many important matters. He has been most cooperative, most responsive and most helpful. His leadership in the House and in his party has been strong and positive. He has been a tower of strength. There is no doubt in my mind that he will go down as one of the greatest chairmen of one of our most important committees.

On this very special day I know my colleagues join me in wishing JAMIE WHITTEN a very happy anniversary.

THE HONORABLE JAMIE L. WHITTEN, DEAN OF THE HOUSE OF REPRESENTATIVES

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, it is with great pleasure today that we acknowledge the dean of the House—JAMIE WHITTEN—on the 40th anniversary of his election to the House of Representatives.

With all of the new young faces in the House today, many of you might not know that JAMIE came to this House at the age of 31. However, his career in government did not begin in Washington. At the age of 21 he represented the people of Mississippi in the State legislature. In 1933, he was elected district attorney for the 17th District and served in that position through 1939. On November 4, 1941, 40 years ago today, the people of Mississippi elected JAMIE to the House of Representatives. JAMIE, your tenure here bestows upon you the title of dean of the House but your colleagues have bestowed something much more important—the chairmanship of the House Appropriations Committee. Your tenure on the Appropriations Subcommittees of Defense, Public Works, Agriculture, Interior and Government Corporations have nurtured an understanding of the complexity of government programs. Thirty-seven out of the past 38 years the House Appropriations Committee has been under the President's budget. In the early 1970's your colleagues recognized your understanding of appropriations and called upon you to be cochairman of the study committee that recommended putting a stop to back-door funding and create the Congressional Budget Act.

JAMIE, it would be impossible to discuss all of your achievements over these past 40 years, so I would just like to say thank you and wish you and your wife Rebecca continued happiness.

THE HONORABLE JAMIE L. WHITTEN

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, I join the other Members of this body in wishing the dean of the House, my neighbor and friend, the gentleman from Mississippi (JAMIE L. WHITTEN) a happy anniversary. He has served here for 40 years and with nine Presidents. He has seen both war and peace. He has seen economic recession as well as economic boom

He was one of the Nation's first environmentalists as he helped begin the conservation movement that is now called Environmentalism.

The gentleman from Mississippi (JAMIE L. WHITTEN) has not just witnessed change in the Nation and in Congress, he has participated in bringing needed changes, but through his decades of service he has maintained his dedication to the interests of American farmers and of our agricultural industry.

Even before he became a Member of the House, the gentleman from Mississippi (JAMIE L. WHITTEN) began his career of service to the people of his State. He was a member of the State legislature at 21 and a district attorney at 23.

We are, indeed, privileged to have the benefit of the wealth of wisdom the dean of the House contributes in service to America.

I have recently had the privilege of reading a letter written in 1961 to the Honorable Walter Sillers, then speaker of the Mississippi House of Representatives, summarizing some of the accomplishments of the gentleman from Mississippi during the first two decades of his service in the Congress. The writer was the Honorable Clarence Cannon, then chairman of the Committee on Appropriations, a position our friend from Mississippi now so ably fills. I would like to make that letter a part of today's RECORD, as I believe it will be of interest to my colleagues. The letter follows:

SEPTEMBER 19, 1961.

Hon. WALTER SILLERS,
Attorney At Law,
Rosedale, Miss.

DEAR MR. SPEAKER: I have intended for sometime to presume on our prior correspondence and write to you. When the delegation from your state was before our committee, in behalf of flood control appropriations, two or three mentioned that the outlook was that Jamie Whitten, for nineteen years a member of the Appropriations Committee, was in some jeopardy in the redistricting situation which faces your fine state.

I realize that for an outsider to presume to advise might be taken in the wrong way. However, I am interested enough to risk that and write you.

Jamie is one of the veteran members of our committee. You know of his conservative view and of his oppostion to many expenditures. He is of the belief that we should spend on our own country. He has re-repeatedly influenced the Appropriations Committee to authorize new starts in flood control in your section, which has led to developing flood control projects.

I am sure you are aware Jamie Whitten initiated the Watershed and Flood Prevention program and, further, that although not everyone agreed with him, he was the author of the motion to over-ride President Eisenhower's veto of the Public Works Appropriation Bill in 1959. This resulted in

saving the Greenville Harbor Project, and about 60 others. This year he insisted the Committee provide increased funds for the Big Sunflower and other programs in your section.

He is chairman of the Appropriation Subcommittee for Agriculture. His position and senority on the Appropriations Committee entitles him to go off after the glamor of other programs. Instead, he is one person who has continued to devote himself primarily to the interest of American agriculture, believing that food, clothing and shelter continue to be basic. Coming from an agricultural area myself, I greatly appreciate that fact.

In 1948 Jamie wrote into an appropriation bill language which required the coordination of the Corps of Engineers and Soil Conservation Service. At this time, it has reached the point where it is difficult to find Members of Congress who continue an active interest in agriculture. However, in this Congress, due to the confidence the membership has in him, Jamie Whitten got his bill, providing billions of dollars for price supports, through the House and Senate without any substantial amendment. There is not another man in the Congress who could have done that.

I am sending this letter to you personally, knowing that your experience and observations put you in a position to assess values. I know you are aware that authorizations come easy; but appropriations, with all the competition for the tax dollar, are hard to obtain. We now have more than seven billion dollars in authorizations for future public works projects. I remember when my good friend, Will Whittington, retired from Congress, one of his colleagues who, like me, had high regard for him, said if Mr. Whittington had to retire it was at a good time because he had authorized enough public works projects to last a hundred years.

I am sure I need not remind you of Jamie's assistance in obtaining the Boll Weevil Laboratory, the Soil Conservation Laboratory, the Poultry Laboratory, the competitive sales program which saved more than a third of your cotton markets. Nor do I need to remind you, I am sure, that authorizations are worth only the money which can be obtained to carry them out. I can't believe the people of Mississippi and the Mississippi Legislature, in particular, could think seriously for a moment of taking any action which might prevent Jamie Whitten from staying in Congress.

No doubt Jamie is aware of the statements which were made during the hearings to which I referred earlier; and I just hope you will talk to him when he gets home. With so few people interested in agriculture and in maintaining our own resources, we can't risk losing Jamie.

I hope I have not been too presumptious in testifying to these facts, nor in urging that Jamie Whitten should be retained in the Congress.

With kind personal regards, I am

Sincerely yours,

CLARENCE CANNON,
Chairman, Committee on Appropriations.

HON. JAMIE L. WHITTEN

(Mr. NATCHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NATCHER. Mr. Speaker, one of the nicest things that has happened to me during my lifetime is the opportunity that I have had in serving in the House of Representatives with my friend JAMIE L. WHITTEN of Mississippi.

I was elected a Member of Congress on August 1, 1953, and since the House of Representatives had adjourned, I could not be sworn in as a Member until January 6, 1954. After serving in the House for the period of 1 year, I was elected a member of the Committee on Appropriations and beginning in January 1955 I have served on three subcommittees. One of the subcommittees is Agriculture, Rural Development and Related Agencies Appropriations. Our friend JAMIE L. WHITTEN, the chairman of the Appropriations Committee, has served as chairman of the Subcommittee on Agriculture Appropriations for many years. I have served with him on this subcommittee ever since I was elected a member of the Committee on Appropriations. When our friend George Mahon of Texas retired, Mr. WHITTEN was then elected chairman of the Committee on Appropriations and he has served with dignity and honor.

His patriotism and love of country will never be excelled. No Member of the House has a better understanding of the U.S. Government. He has been a good and faithful servant of the people. His name appears on a number of bills and amendments which establish government programs to conserve the soil and forestry resources. He has been a leader and strong supporter of programs to develop our resources. He believes our children are our greatest asset and we must educate our children.

JAMIE L. WHITTEN has always been an advocate of the strong defense for our country. At the same time, he has believed that the Department of Defense should spend the appropriated funds carefully.

Mr. Speaker, he is a man that has the courage to walk alone, if need be, on a course that he believes is right. The American farmer has no better friend anywhere in the country. In presenting the bill that he is chairman of this year he emphatically stated to the Members of the House of Representatives that agriculture is basic to the American economy and the American way of life. He went on to say that it is the foundation upon which all other segments of the economy depend and that agriculture is the principle source of new wealth.

Our friend JAMIE L. WHITTEN has become an inspiration, a symbol of power, and one of the outstanding Members ever to serve in the Congress of the United States. His character, achievements and his faithful service will be an inspiration to generations yet to come. JAMIE L. WHITTEN has been good for the people in his district, the State of Mississippi, and for our country. He loves the House of Representatives and he has established a record as a Member of Congress that will long be remembered in his home State and throughout the country. His concept of public trust is without parallel and in every position he had held, either public or private, he has achieved distinction and his service in all his assignments has been marked by a high sense of conscience and duty.

Mr. Speaker, I salute my friend JAMIE L. WHITTEN upon this his 40th anniversary as a Member of the House of Representatives. I want to wish him many years of service, not only as chairman of the Committee on Appropriations, but as a Member of the greatest legislative body in the world.

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Speaker, I thank the gentleman for yielding.

I also wish to join in commending my colleague and my chairman, JAMIE WHITTEN.

In my second term here in Congress, I went on the Appropriations Committee. My first subcommittee chairman was the gentleman from Mississippi. I learned much from him. I am grateful for his tutelage and, most importantly though, I lost him for a few years on Defense because of committee reforms.

I am happy to have him back on the Defense Subcommittee because he is still one of the greatest authorities on defense and, more importantly, defense spending and not wasteful military spending in which he has abundantly shown the vast difference.

THE HONORABLE JAMIE L. WHITTEN

(Mr. STRATTON asked and was given permission to address the House for 1 minute and revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, I appreciate having the opportunity to join in paying tribute to the dean of the House.

According to a newspaper story that appeared the other day, there is not a Member of the House who was here when the chairman of the Appropriations Committee was elected back in 1941.

Technically, that may be the case, but as a matter of fact, I was here at that time serving as a secretary to the Member who represented the district which the Speaker of the House now represents, a young man of 34, Hon. Thomas H. Eliot.

I well remember when JAMIE WHITTEN was elected; I was amazed that somebody as young as 31 could be elected to the House of Representa-

tives. He had an office very close to ours in what was then known as the Old House Office Building.

He has been an outstanding Member ever since and as it is obvious, neither he nor I have aged at all in those 40 years.

I want to congratulate the dean of the House on that accomplishment as well as many other great accomplishments on his part during those historic four decades.

THE HONORABLE JAMIE L. WHITTEN

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, today marks a very important milestone in the life of the dean of our Mississippi delegation, and in fact the dean of this body, because 40 years ago today on November 4, 1941, Congressman JAMIE WHITTEN was sworn in as a Member of the Congress.

For four decades JAMIE has been a good and faithful servant of the people of his congressional district, his State and his Nation. He is one of the most conscientious Members we have in the Congress and he has always put forth that extra effort in all his duties and responsibilities in order to render the best service possible.

I would also note that JAMIE's service of 40 years sets a record for the State of Mississippi. We have never had anyone serve that long in either the House or Senate and I think this shows best the high admiration and esteem the people of Mississippi have for JAMIE WHITTEN.

Mr. Speaker, I hope my colleagues will join with me in wishing JAMIE a hearty 40th anniversary and a very sincere thank you for a job well done.

THE HONORABLE JAMIE L. WHITTEN

(Mr. BOWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOWEN. Mr. Speaker, I am pleased to join my colleagues today in paying tribute to the distinguished dean of our State delegation and the dean of the House—the youngest since 1934—the gentleman from Mississippi (Mr. WHITTEN) on the 40th anniversary of his election to Congress. In term of service he joins a highly select group of American public servants. Only 12 people in the history of the House of Representatives have served longer than the chairman of the Appropriations Committee—and none has served with greater distinction and integrity than JAMIE WHITTEN.

Forty years ago today the State of Mississippi sent to Congress a 31-year-old district attorney. The young man had no formal platform; he only promised his constituents that he would do the best he could. After 40 years, that is still his platform. And all Americans, not just Mississippians, have benefited greatly because the gentleman has kept this promise.

Since 1949 the gentleman from Mississippi has been either the chairman or, for one term only, the ranking minority member of the Agriculture Appropriations Subcommittee. From that position he has shaped the farm policy that has made America a nation of agricultural plenty. His concern for the welfare of America's farmers has earned him a reputation as the "shadow Secretary of Agriculture." When JAMIE WHITTEN talks, USDA listens—and a great many others do too.

Although the chairman of the Appropriations Committee has long been skilled in the ways of the Nation's Capital, he has never lost touch with the people he was elected to serve. He is as close today to the small farmers and factory workers of north Mississippi as he was 40 years ago.

Personally, I feel a special fondness and respect for the Congressman from the First District of Mississippi, which borders my own. He has shared with me his wisdom and his unequaled experience. I am honored to consider him my mentor and my friend.

We all look forward to many more years of the chairman's vigorous leadership.

□ 1215

"MR. CHAIRMAN"—JAMIE WHITTEN

(Mr. DOWDY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWDY. Mr. Speaker, yesterday's New York Times noted the number of House Members who were not even born when JAMIE WHITTEN came to Congress. I am one of those Members. I may have missed Mr. WHITTEN's swearing in by a few years but, gratefully, he did not miss mine.

I will always remember having been escorted to the well by the dean of the House, who was, of course, the dean of our delegation. Few other new Congressmen have had a better friend than JAMIE WHITTEN has been to me.

Forty years ago, Mississippi was still suffering severely from the Great Depression. Few of our roads were paved. Rural areas had very litle electrical and other services. Our industrial development was nonexistent. Our great natural resources were wasted because of our primitive economy in Mississippi at that time.

We have come a long way in Mississippi, and our strides are a tribute in great part to the work of our "Mr. Chairman," JAMIE WHITTEN.

JAMIE L. WHITTEN—DEAN OF THE HOUSE

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, it gives me great pleasure to join with my colleagues today in commemorating JAMIE WHITTEN's 40 years of service in the U.S. House of Representatives. Few persons have served in this body as long or as ably as has JAMIE WHITTEN. It is worth noting, however, that JAMIE WHITTEN's public service did not begin with his election to the U.S. House of Representatives. When he was only 21 years old, JAMIE was elected to the Mississippi House of Representatives. He also served three terms as an elected district attorney in Mississippi.

JAMIE became a member of the Committee on Appropriations in 1943, and was selected as chairman of the Subcommittee on Agriculture in 1949. He has held that post—with a 2-year interval as ranking minority member—ever since. I can say without fear of contradiction that JAMIE WHITTEN's knowledge of America's agricultural system—its promise and its problems—is unsurpassed by any other Member in this body. He has been, and remains, a forceful advocate of the American agricultural system, and has done much to make the American system the envy of the world.

I have had the pleasure of working with JAMIE WHITTEN on the Appropriations Committee for more than 25 years. We have served together on the Energy and Water Development Subcommittee for 20 years. I have observed JAMIE WHITTEN in many conferences with the Senate and managing appropriation bills on the House floor. He is an extremely able legislator, who is especially adept at seeking compromises to enable legislation to proceed.

I heartily congratulate JAMIE WHITTEN—chairman of the Committee on Appropriations—dean of the House—on 40 very distinguished years in the U.S. House of Representatives.

● Mr. CONTE. Mr. Speaker, I speak to the House today on the 40th anniversary of the election of JAMIE WHITTEN to the House of Representatives.

I have been privileged to serve with JAMIE for 22 years in the House, and on the Committee on Appropriations. For the past 3 years we have served together as chairman and ranking minority member.

I have been privileged to witness public service of the highest distinction.

JAMIE WHITTEN has been a strong and effective voice for his district, for his State, and for the South.

Within the House he has been an exceptionally effective legislator, and a

stalwart defender of the integrity of the appropriations process.

He has been a strong chairman in the tradition of Clarence Cannon and George Mahon.

And I am proud to call him my friend.

He has been courteous and considerate to me as the ranking minority member. Although we are, to paraphrase George Bernard Shaw, "two Members separated by a common language," I have been honored to share with JAMIE his concerns for the day-to-day business of the committee, as well as his hopes and fears for our country and our children.

His past and continued service is an honor to this House, and to the people of Mississippi.●

REVENUE ENHANCEMENTS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, I have watched with a sense of awe the dexterity of the administration in eliminating the scourge we used to know as taxes for our 230 million citizens. Henceforth, they shall only have to pay revenue enhancements. And through the Republican tax cuts the wealthy will be less enhancing than ever.

The administration has also eliminated the budget deficit by enhancing it as well. In fact, the deficit enhancement this year will be double anything the previous administration was able to accomplish. Additionally, this is not to be considered debt, but deferred payment.

But they have not rested on their laurels or their arrears, if you will. I have heard that they will shortly eliminate high interest rates and inflation.

The President will shortly propose the elimination of all interest rates to be replaced with a 20-percent user fee on borrowed money.

Further, the administration's fiscal advisers have finally brought inflation under control. Just when Americans had despaired of eliminating the high rate of inflation, the administration has enhanced it to a yearly lofty or intemperate rate of better than 14 percent.

Mr. Speaker, the dictionary defines "defalcation" as a "failure to meet a promise or expectation." I offer it to my Republican colleagues as a semantic replacement for "Reaganomics policy."

PROBLEMS WITH THE HOSPITAL INSURANCE FUND

(Mr. VENTO asked and was given permission to address the House for 1 minute and revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, this past week the social security system was struck with a shock wave when the system's trustees reported new problems with the hospital insurance fund.

While a problem clearly exists with the hospital insurance fund, let me hasten to point out that the problem in not immediate. We fully expected and predicted difficulty in the out years. It is just coming home to roost earlier now because of explosive increases in health care costs and Reaganomics failure.

This problem should not be used as a scapegoat to cut social security commitments, rather it should spur Congress to action on addressing the explosive health care spiral. In 1980, the percentage of the gross national product spent on health care increased from 8.9 percent to 9.4 percent, from $214.6 billion to $247.2 billion, a $33 billion increase. And, health care costs continue to rise at the unacceptable rate of nearly 14 percent annually.

Indeed, one of the major reasons that the Carter administration sought hospital cost controls was to address the rapid escalation in medicare costs. While this Republican administration and Congress have rejected efforts to control hospital costs, President Reagan's attempts to undercut social security and medicare systems hardly represent a responsible alternative.

Mr. Speaker, the main shock wave hitting social security is the dismal failure of Reaganomics. So called supplyside optimism is starting to wear thin across America. Unemployed workers do not contribute to the social security system and depressed wages outstripped by inflation compound the social security trust funds' problems.

The social security system is an important casualty of a sick economy. I think it is now apparent that the Reaganomics gamble has put America on a rocky economic road with no help for the working people and continued threats to target social security recipients.

SELLING MILITARY SECRETS

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, last week on this floor I spoke to you about the Navy planning to sell to Spain a newly developed antisubmarine warfare weapon, which has not yet even been deployed to our own ships.

Today, I come before you to tell you that the Navy has not waited for the approval of either the Congress or the Secretary of the Navy. They are moving ahead on their own to transfer military secrets gained at heavy taxpayers expense through our own development process. There is every good chance, that the Russians will soon possess our best antisubmarine weapon not long after we turn it over to the Spanish Navy, as has happened with other weapons given to friendly nations.

Mr. Speaker, it is absolutely awful that in this country today that DOD can determine on its own that they will sell military secrets to other countries. The Congress has not given its approval for this sale. Navy Secretary Lehman has not given his approval for this sale. As far as I can determine, the decision to go ahead with this sale was made within DOD by the military. I would like to know how the uniformed services, who are so righteous and patriotic when they come to the Congress seeking additional billions for their pet projects, have gained the right to make these decisions. I may have been mistaken, but it has always seemed to me in this country the military falls under civilian leadership. In this case, it is quite apparent that the uniformed services are going ahead full blast without the approval of the Secretary.

It is time to end these practices. We are talking about national security secrets so vital to our war effort capability that we do not let the details about them be printed in our newspapers. Yet the same services that classify these details want to sell them to a government without any demand that that government provide special security arrangements for these secrets.

When Defense Appropriations Subcommittee continues the markup of the fiscal 1982 defense appropriations bill, it is my intention to offer an amendment which would prohibit any service from transferring any equipment classified as secret to another government without the express written approval of the Secretary of that service, and notification to affected committees of Congress.

I believe that remedial action to stop this flow of secrets from our shores is long overdue. What we have witnessed here with the Navy is a national disgrace and it must be halted immediately. There were several possible systems that would have worked well enough for the Spanish Navy, which are presently being utilized by our own ships. There is no reason why we should not sell the older technology and keep the more up-to-date technology for our own use rather than getting rid of the new and keeping the old.

EXPANDING MEMBERSHIP OF U.S. HOLCAUST MEMORIAL COUNCIL

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs, the Committee on Post Office and

Civil Service, and the Committee on House Administration be discharged from further consideration of the Senate bill (S. 1672) to expand the membership of the U.S. Holocaust Memorial Council from 60 to 65, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from Ohio?

Mr. YOUNG of Alaska. Mr. Speaker, reserving the right to object, and I shall not object, would the gentleman from Ohio (Mr. SEIBERLING) please explain the contents of this bill?

Mr. SEIBERLING. If the gentleman will yield, I am happy to do that.

Mr. Speaker, Public Law 96-388 established the U.S. Holocaust Memorial Council for the purpose of commemorating the holocaust of World War II. This important legislation, which was guided through the 96th Congress by our very able friend and colleague, PHILLIP BURTON, provided for the establishment of the Council to provide ways to commemorate the Days of Remembrance annually and to develop and establish a memorial museum to the victims of the holocaust. Anyone who served in Europe in World War II or who has visited the museum of the holocaust in Jeruselum can never forget this immense tragedy or fail to resolve that it must never be allowed to happen again.

The Senate amendments to Public Law 96-388 (S. 1672) provide for an increase in the membership of the Holocaust Memorial Council from 60 to 65 members, thereby enabling President Reagan to appoint members to the Commission, and provide that not more than 3 members of the staff of the Council may be hired without regard to the requirements of the civil service qualifications authorities. The several amendments also bring about conforming changes.

The Committee on Interior and Insular Affairs supports the amendment as passed the Senate but has corrected some technical errors in the Senate bill. I have been advised by the chairmen of both the House Administration and the Post Office and Civil Service Committees, to whom this bill was also referred, that they have no objection to passage of this legislation.

Mr. Speaker, I wish to commend the time and effort of our colleagues, Mr. SIDNEY YATES, Mr. MORRIS UDALL, Mr. AUGUSTUS HAWKINS, Mr. WILLIAM D. FORD, Mr. ROBERT GARCIA, and Ms. GERALDINE FERRARO, for their help in expediting consideration of this legislation. I would also like to thank our colleagues, Mr. DON YOUNG, Mr. WILLIAM FRENZEL, and Mr. EDWARD DERWINSKI, for their cooperation which has made expediting consideration possible.

Mr. Speaker, I urge adoption of S. 1672 as amended.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman for his explanation of this bill.

Mr. Speaker, this is a simple bill which merely amends existing law which was enacted last Congress to establish the U.S. Holocaust Memorial Council.

The amendments which comprise the bill before us do two things: They increase the number of Council members by five, and they modify the appointing authority for staff serving the Council.

Mr. Speaker, this bill has already passed the Senate in a slightly different form. To the best of my knowledge, the text before us today is acceptable to all concerned, and consequently, I know of no controversy entailed with this bill.

The bill provides for no new costs, and I urge its adoption by the House.

● Mr. GARCIA. Mr. Speaker, as chairman of the Subcommittee on Census and Population to which S. 1672 was jointly referred, I am pleased to join my colleague from Ohio, Mr. SEIBERLING, in expediting House consideration of this legislation, which would amend Public Law 96-388 that created the Holocaust Memorial Council in 1980.

The amendments would make two basic changes in the law. First, the Council's membership would be increased by five members. This would improve the breadth and effectiveness of the Council's committees, which do an enormous amount of work. Second, the amendment would give the Executive Director greater flexibility in selecting and setting the compensation of Council employees. This will insure that the Director's expertise and knowledge of the holocaust and its aftermath will be fully employed through his direct involvement in the selection of employees qualified to do the unique work of the Council.

Mr. Speaker, the Council is our link to the nightmare of genocide which was the world's reality only 36 years ago. Its purpose is to make our citizens and people everywhere aware of the unspeakable crimes perpetrated systematically, and officially, against humanity in general, and the Jewish people specifically. Its activities are varied in nature and scope. Several committees have been established which promote international relations, archival work, educational programs, museums, and commemorative activities. But the hard work done by the Holocaust Memorial Council is inspirational in character. It has become, as its Chairman Elie Wiesel has said:

The spokesman for man's quest for generosity and his need and capacity to turn his, or her, suffering into something productive, something creative.

The Council serves as a perpetual warning to the world against the inherent perils of discrimination, ignorance, oppression, poverty, and injustice. And it further causes us to remember the consequences of man's inhumanity.

The proposed changes will improve the Council's effort to commemorate those who suffered and remind the world to what depths we can fall without a constant reminder of the need for humanity and vigilance. That is why I urge the House pass S. 1672 as amended.●

● Mr. COURTER. Mr. Speaker, in October 1980 the U.S. Holocaust Memorial Council was established.

The Council was established to develop an appropriate memorial to the victims of the holocaust before and during World War II.

The holocaust has great significance for Americans. Many of the survivors of the holocaust immigrated to the United States and have become an integral part of our society and our Nation. The survivors themselves have stressed the importance of studying the lessons of the holocaust, to understand the unique and universal implications of 6 million Jews who were under a systematic act of extermination before and during World War II.

S. 1672 simply increases the members of the Council from 60 to 65 and gives the Executive Director of the Council greater flexibility in hiring of up to three additional employees to carry out the function of the Council.

I urge my colleagues to support this legislation already approved by the Senate.●

Mr. YOUNG of Alaska. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio (Mr. SEIBERLING)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1672

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to establish the United States Holocaust Memorial Council", approved October 7, 1980 (94 Stat. 1547; Public Law 96-388), is amended—

(1) in subsection (a) of section 2 by striking "sixty" both times it appears and inserting in lieu thereof "sixty-five";

(2) in subsection (b) of section 2 by—

(A) striking "the initial" in the first sentence;

(B) striking all matter in the second sentence preceding "shall serve" and inserting in lieu thereof "All noncongressional voting members";

(C) in division (1) striking "initial" and inserting in lieu thereof "noncongressional voting members";

(D) in division (2) striking "ten" and inserting in lieu thereof "eleven";

(E) in division (3)—

(i) striking "ten" and inserting in lieu thereof "eleven"; and

(ii) striking "initial"; and

(F) in the full sentence following division (3) striking "initial";

(3) in paragraph (1) of subsection (c) of section 2 by striking "the initial members of the Council" and inserting in lieu thereof "noncongressional voting members".

(4) in subsection (b) of section 5 by amending such subsection to read as follows:

"(b) The Executive Director shall have authority to appoint employees in the competitive service subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and general schedule pay rates. Notwithstanding any other provision of law, the Executive Director may appoint and fix the compensation at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule, of up to three additional employees as are necessary to carry out the functions of the Council.".

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Speaker, I offer an amendment in the nature of a substitute which conforms the bill with the explanation given earlier.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. SEIBERLING: Strike all after the enacting clause and insert in lieu thereof the following:

That the Act entitled "An Act to establish the United States Holocaust Memorial Council", approved October 7, 1980 (94 Stat. 1547; Public Law 96-388), is amended—

(1) in subsection (a) of section 2 by striking out "sixty" both times it appears and inserting in lieu thereof "sixty-five";

(2) in subsection (b) of section 2—

(A) by striking out "the initial" in the first sentence;

(B) by striking out all matter in the second sentence preceding "shall serve" and inserting in lieu thereof "All noncongressional voting members designated under the preceding sentence";

(C) in paragraph (1), by striking out "initial" and inserting in lieu thereof "such noncongressional voting";

(D) in paragraph (2), by striking out "ten of such initial" and inserting in lieu thereof "eleven of such noncongressional voting";

(E) in paragraph (3) by striking out "ten other initial" and inserting in lieu thereof "eleven other such noncongressional voting"; and

(F) by striking out the sentence following paragraph (3);

(3) in paragraph (1) of subsection (c) of section 2, by striking out "with respect to the initial members of the Council"; and

(4) by striking out subsection (b) of section 5 and substituting the following:

"(b) The Executive Director shall have authority to—

"(1) appoint employees in the competitive service subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and general schedule pay rates; and

"(2) appoint and fix the compensation (at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule) of up to three employees notwithstanding any other provision of law.".

Mr. SEIBERLING (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Ohio (Mr. SEIBERLING).

The amendment in the nature of a substitute was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PEACETIME REGISTRATION A FAILURE

(Mr. PAUL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PAUL. Mr. Speaker, peacetime registration for the draft is now a confirmed failure. The sooner we admit this the better. There are 800,000 18-year-olds who have failed to register. Where are the jails to hold such a group? The Justice Department hopes to correct this problem by threatening 183 young men who failed to register. It is also reported that 700,000 young men who did register already have outdated addresses.

Even those who favor the draft should see that the current situation has all the disadvantages associated with registration and can serve no useful purpose if a draft is imposed.

Each year a greater percentage of young men will fail to register. The 800,000 will soon number into the millions. Enforcement is obviously impossible. Imposing such an unpopular program on our young people cannot and will not work.

The obvious unfairness of registration should prompt its immediate repeal. If a crisis comes and the men who registered are called, the 800,000 lawbreakers will be rewarded for their disobedience.

Defense of a free country should be accomplished by adequately compensating volunteers. We as citizens must be motivated by a sense of patriotism and a love of freedom to defend our liberties. The coercive act of conscription cannot be a substitute. Fear of dying in some undeclared, no-win war on foreign soil for someone else's benefit is strong motivation to defy registration laws. And this fear is certainly understandable knowing our recent adventures in Korea and Vietnam.

This whole mess can only be corrected by repealing registration and improving the All Volunteer Force.

Volunteerism is the only option for a country that proudly declares itself the leader of the free world.

THANK YOU

(Mr. WHITTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, I would be less than appreciative if I did not respond to the many nice things that were said here earlier today. I want everyone here to know this has been a happy 40 years. During that period of time, I do not believe I have had any personal differences with a single Member with whom I have served.

I frequently am asked what changes have occurred over these years. I would only say the Congress has changed like the country has changed. But the job of representing the people has not changed. As I have frequently said, there are two ways to serve in Congress. One is to record your views. If that is all you are going to do, you might as well write a diary. The other is to try to do something about the situation. As a lawyer, and I still think of myself that way, the job in the Congress is the same today as it was before—study the jury and the judge, and the issues like they are, and mean what you say.

So I want to say here that I appreciate deeply not only the words that were said, but my relationship with this institution. It is the greatest bulwark for the freedom of the country and I want to say again, with all due deference to the Supreme Court, and to the Presidency, our Founding Fathers realized this was the people's branch. The reason we have to run every 2 years is so that people can decide on the issues and the people to represent them.

So I want to say thank you before I say again that this is just another day. Mr. Speaker, I was here at 8 o'clock this morning for a conference, and I have been in that conference all day. I am here now to name conferees for the agriculture conference that will meet at 3 this afternoon.

I thank the Speaker.

APPOINTMENT OF CONFEREES ON H.R. 4119, AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION, 1982

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4119) making appropriations for Agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi? The Chair hears none and, without objection, appoints the following conferees: Messrs. WHITTEN, TRAXLER, ALEXANDER, MCHUGH, NATCHER, HIGHTOWER, AKAKA, and WATKINS, Mrs. SMITH of Nebraska, and Messrs. ROBINSON, MYERS, LEWIS, and CONTE.

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4119, AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION, 1982

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4119) making appropriations for Agriculture, rural development, and related agencies programs for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

REAGAN ADMINISTRATION DISMANTLING CONSUMER PROGRAMS

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. SEIBERLING. Mr. Speaker, it took many years of effort by consumer organizations, legislative hearings, and laboriously crafted legislation, as well as years of departmental and agency hearings, research, and dedicated service to develop the various protections in our laws for consumers. It has taken only a few months for the administration to open up large gaps in many of these hard-won protections.

The Washington Post for Sunday, November 1, contained an excellent article by Caroline E. Mayer outlining what is being done by the administration to dismantle consumer protections all across the board. It is being done in the name of fighting inflation.

The Post article points out that the new Chairman of the Federal Trade Commission (FTC), James C. Miller III, has expressed grave doubts about FTC's advertising rules requiring companies to substantiate the statements they make about their products in advertisements. One must wonder how allowing false advertising fits in with fighting inflation.

As a former corporate lawyer, I spent a considerable amount of time screening my clients' advertising claims to make sure that they were factually supported. My task, and the task of lawyers with similar responsibilities all over the country, was made easier after I was able to point to the FTC's requirements.

The Post article also notes that, although Congress blocked the administrations proposal to abolish the Consumer Product Safety Commission, the President has drastically curtailed the Commission's activities by a 30-percent cut in its budget. And, incredibly, in an administration that purports to be dedicated to free-market principles, there was even an effort to end the 66-year-old antitrust enforcement role of the FTC. Fortunately, that move was also blocked by Congress.

The Post article reports that the Food and Drug Administration (FDA) has already slowed its consideration of mandatory nutritional labels for food products, especially those high in sodium content, and is weighing the elimination of a new program that would require drug companies to alert customers as to how a drug should be used and of possible adverse side effects. Most of us can personally testify to the freedom with which some drugs have been prescribed in the past with no warning as to side effects, many of which are harmful and can even be fatal.

The U.S. Department of Agriculture (USDA) is also reported to be revising requirements that meat produced from tuberculosis-infected hogs contain a label setting forth the cooking requirements. USDA is also considering relaxing its meat inspection requirement and has already eliminated some of the tests inspectors have to run to make sure our meat is free of disease.

The administration is also getting rid of many consumer information materials, such as the Transportation Department's car book, which listed safety and fuel efficiency information about dozens of car models.

Mr. Speaker, some years ago during a campaign debate my opponent made the statement that the American consumer is overprotected. In response, I pointed out that everyone in the audience, like everyone in the country, is a consumer, and I asked all those in the audience who felt overprotected to raise their hands. Nobody did. I wonder how many more people must be cheated, injured, or poisoned before the administration recognizes that the public not only needs but wants a strong Federal role in protecting the consumer.

The full text of Caroline E. Mayer's article follows these remarks:

U.S. DISMANTLING CONSUMER PROGRAMS

(By Caroline E. Mayer)

Three years ago, the Federal Trade Commission ordered singer Pat Boone to pay $6,000 to dissatisfied consumers who bought an acne lotion based on Boone's unproven advertising claims that Acne Statin had been medically and scientifically tested and was superior to all other acne preparations—as well as soap.

Now, if the new chairman of the FTC has his way, Boone will soon be able to repeat his claims—and without the risk of being fined for making such unsubstantiated statements.

Meanwhile, if the U.S. Department of Agriculture goes ahead with a proposal to change some of its meat-labeling rules, consumers will have a more difficult time knowing what is in the processed meats they buy. No longer will meat processors have to put special labels on any mechanically deboned meats to say these products contain bone particles.

Also slated for change is a rule that would have required auto manufacturers to design odometers in such a way that used-car buyers would know if the mileage had been tampered with. The requirement would have added no more than $1.50 to the price of a car. But the National Highway Traffic Safety Administration has proposed its revocation on the ground it has nothing to do with safety.

Steadily and quickly, the Reagan administration is rolling back more than 15 years of consumer-protection regulations. From the FTC to the Food and Drug Administration to USDA, Reagan appointees are reversing, suspending and reviewing dozens of rules that had represented some of the biggest achievements of the consumer movement.

The biggest success—the requirement that all cars be installed with airbags or automatically closing seat belts by 1984—was revoked only 10 days ago when the head of NHTSA, Raymond A. Peck, announced his conclusion that the automatic belts would not provide significantly more protection than the manual belts now in most cars.

What's more, the existence of some of the very agencies that were created by the consumer movement are in jeopardy. Earlier this year, the administration proposed the abolition of the nine-year-old Consumer Product Safety Commission. Although Congress failed to go along with this proposal, it did agree to the president's proposal to cut the CPSC's budget by 30 percent—necessitating layoffs of 145 of the agency's 728 employees.

The budget for the 11-year-old traffic-safety agency, NHTSA, was also significantly trimmed—from $239 to $150 million.

Reagan also tried to cut out the 66-year-old antitrust division of the Federal Trade Commission—a move that was quickly blocked by Congress.

"These rollbacks really cover decades of building protections," complains Sandra L. Willett, executive vice president of the National Consumers League. "Many of the rules have been in place for 10 to 15 years, but the activity to get them has gone on

much longer than that. The massive procedure to get rid of them is happening quickly and irrationally—generated mostly by business complaints. The net result, I believe, is that we're going to see short-term cost savings translated into future significant costs."

Administration officials, needless to say, disagree with this assessment. "The ultimate aim of what we're doing is to improve the welfare of consumers," says Christopher C. DeMuth, the new chief of the Office of Management and Budget's Office of Information and Regulatory Affairs, the division that is overseeing Reagan's regulatory-reform drive.

"We don't have any intention to subvert any of the goals of consumer or other regulatory programs," DeMuth adds. Rather, he says, the administration is simply trying to correct some of the difficulties of the many consumer programs in the past which have been "well-intentioned but have produced results that are very different and the opposite of what they were intended for."

The president's chief consumer adviser, Virginia H. Knauer, adds that the president's campaign is attacking the consumer's "number one problem"—inflation. "Consumers are smart enough to know every time you put a regulation on, it's going to drive up the cost to consumers. . . .

The first priority of this administration is turning the economy around. I think that will be a great benefit to consumers."

Consumer advocates, however, fear that the administration is using the economy as a guise to get rid of all the safety rules that have become the bane of business.

"The budgetary problems are being used as an excuse to eliminate various consumer programs," says Michael Jacobson, executive director of the Center for Science in the Public Interest.

The rollback is being conducted on several fronts, notes Stephen Brobeck, executive director of the Consumer Federation of America.

Unlike most other administrations that tried to change the direction of government through its appointments, Reagan is using a variety of additional tools to make his mark on the course of regulatory and consumer programs.

First, and most obvious, is his use of the budget cuts to eliminate many consumer programs. By cutting the CPSC's budget by 30 percent, the agency is being foreclosed from conducting many of its product-safety investigations—investigations that could ultimately lead to rules. The same holds true of the FTC, NHTSA and other agencies.

Second, and equally prominent, is the administration's overall drive to get rid of existing rules. The campaign is so important to the administration's overall economic program that it is being overseen by Vice President George Bush, who heads the newly created Task Force on Regulatory Reform.

Thus, in addition to repealing the airbag and odometer rules, NHTSA is also considering rolling back its design requirement for bumpers to protect cars from low-speed collisions.

The FDA has already slowed its consideration of mandatory new nutritional labels for food products—especially those high in sodium content—and is now weighting elimination of a new program that would have required drug companies to include special inserts in many prescriptions to alert consumers on how the drug should be used and its possible adverse side effects.

A handful of rules are also targeted for revision at the USDA. These range from the label requirements for mechanically deboned meat to cooking requirements for meat that has been produced from tuberculosis-infected hogs.

At the FTC, many of the agency's most controversial proposals, such as the ban on television advertising aimed at children, were dropped long before Reagan's own appointee, James C. Miller III, could assume the agency's chairmanship. Now, Miller wants to go even further and reexamine years of commission policy to relax many of the agency's advertising rules, which he says only add to the cost of a product.

In addition to repealing rules, the administration is getting rid of many consumer-education materials. NHTSA, for example, has refused to issue a new edition of The Car Book, which listed safety and fuel-efficiency information about dozens of car models.

On top of this, consumer groups charge that agencies are relaxing their enforcement of the rules that remain on the books. USDA, for example, is considering relaxing its meat-inspection requirements and has eliminated some of the tests their inspectors have to run to make sure the meat is free of disease.

Meanwhile, NHTSA has opened only four formal investigations into car defects since Reagan took office. In the Carter administration, an average of 15 investigations were opened annually.

Taken together, these actions have demoralized many consumer advocates. "This administration has certainly put the social reformers on the defensive, fighting to keep the crumbs doled out in the past," notes Jacobson.

Even so, the consumer advocates aren't about to give up. "The pendulum swings one way, then the other. Obviously, it's swinging against us at this point, but it's going to stop—and hopefully sooner, rather than later," says CFA's Brobeck.

APPOINTMENT OF CONFEREES ON H.R. 4209, TRANSPORTATION AND RELATED AGENCIES APPROPRIATION, 1982

Mr. BENJAMIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4209) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana? The Chair hears none and, without objection, appoints the following conferees: Messrs. BENJAMIN, LEHMAN, SABO, AUCOIN, GRAY, WHITTEN, COUGHLIN, CONTE, EDWARDS of Alabama, and PURSELL.

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4, rule XV.

Such rollcall votes, if postponed, will be taken after 4 p.m. today.

□ 1230

PROHIBITION OF CONSTRUCTION OF U.S. NAVAL VESSELS IN FOREIGN SHIPYARDS

Mr. BENNETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3464) to amend title 10, United States Code, to provide that naval vessels of the United States may not be built in foreign shipyards, as amended.

The Clerk read as follows:

H.R. 3464

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 633 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 7309. Restriction on construction of naval vessels in foreign shipyards.

"(a) Except as provided in subsection (b), no naval vessel, and no major component of the hull or superstructure of a naval vessel, may be constructed in a foreign shipyard.

"(b) The President may authorize exceptions to the prohibition in subsection (a) when he determines that it is in the national security interest of the United States to do so. The President shall transmit notice to Congress of any such determination, and no contract may be made pursuant to the exception authorized until the end of the 30-day period beginning on the date the notice of such determination is received by Congress.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"7309. Restriction on construction of naval vessels in foreign shipyards.".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Florida (Mr. BENNETT) will be recognized for 20 minutes, and the gentleman from South Carolina (Mr. SPENCE) will be recognized for 20 minutes.

POINT OF ORDER

Mr. STRATTON. Mr. Speaker, a point of order. Is the gentleman from South Carolina opposed to the bill?

Mr. SPENCE. Mr. Speaker, I am not opposed to the bill.

The SPEAKER pro tempore. The gentleman from South Carolina is not opposed to the bill.

Mr. STRATTON. Mr. Speaker, I demand a second. I am opposed to the bill.

The SPEAKER pro tempore. The gentleman from New York will control the time.

The gentleman from New York (Mr. STRATTON) will be recognized for 20 minutes, and the gentleman from

Florida (Mr. BENNETT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill, H.R. 3464 as amended, would make a part of a permanent law a prohibition on construction of naval vessels in foreign shipyards, including major components of the hull or superstructure. The committee has included a procedure whereby an exception to the general prohibition may be made when the President, after notification to the Congress, and the expiration of 30 days waiting period, determines that it is in the national security interests to do so.

The committee believes that naval vessels and major components thereto should be built in American shipyards. It is essential that the United States maintain a strong and viable naval shipbuilding industry to meet the critical needs of the national defense. In the past decade, the number of shipyards engaged in building naval vessels has steadily declined. Tens of thousands of shipyard workers have been laid off, with the consequent loss of shipbuilding skills. Any action to seek to build naval vessels overseas would only lead to further decay of the U.S. shipbuilding industry and a resultant reduction in the capacity to build and maintain the ships necessary for national defense.

Recent statements by prominent officials in the executive branch raised the concern of Congress that action to build naval vessels abroad was being contemplated. Such a situation, were it to materialize, would not be in the best interests of national security and the maintenance of a strong domestic shipbuilding industry.

Since 1968, provisions of appropriations acts have prohibited the construction of naval vessels, or major components thereof, in foreign shipyards. H.R. 3464 would simply make this policy a part of permanent law. The legislation pertains only to the construction of naval vessels and their major components. The legislation would not prohibit repair of naval vessels overseas. It does not pertain to the purchase of standard shipboard equipment, weapons, ammunition, or similar items for naval vessels. The legislation would not prohibit the leasing of foreign-built vessels. Finally, the legislation does not address any aspects of the acquisition, supply, or repair of commercial vessels.

The record of hearings established that the definition of major component for a naval vessel is any component valued at 10 percent or more of the cost of the entire ship. This definition is consistent with that applied to the provisions contained in appropriations acts and is consistent with the committee's belief that naval vessels should be built in domestic shipyards, while allowing cooperative efforts with allies in naval weapons programs.

The committee does not believe it prudent to put an absolute prohibition to the construction of naval vessels in foreign shipyards into permanent law. On the other hand, the committee was not able to define in detail the circumstances under which procurement from a foreign source would be desirable. So, the committee amendment addresses a possible circumstance where the President might need to take timely and decisive action in the national security interests, outside of the normal congressional process. In arriving at this criteria, the committee considered and rejected a criteria which would permit exceptions in the event of a national emergency, a broader concept. the committee felt that owing to the long time of construction of naval vessels, that declaration of a national emergency was not particularly relevant to the determination that a naval vessel should be constructed abroad. The committee also noted that a state of national emergency has continued for extended periods in the past. It is also important to note that the Congress could, under the committee amendment, override the President's determination to construct a naval vessel in a foreign shipyard should circumstances warrant.

I must say that we have similar provisions under the law, like the one about providing the sale of a naval vessel, and it has always been our opinion under these laws that the President, on any complaint made by the committee, would not go ahead with the operation allowed to him if the committee objected. So, it seems to us a reasonable procedure that we have. Furthermore, if it should be contended, which I understand from the record of the report on this bill, some Members feel like maybe the appropriation provision is a stronger provision, there is nothing to prevent Congress from putting that same appropriation provision in every new appropriation bill just as we have had for a number of years. This is putting a portion of that idea into permanent law, and doing it in a better way, we feel. It does nothing to keep Congress from the appropriation language if it wants to do so. So, we in no way are taking a step backward. We are taking a step forward and putting in permanent law an admonition not to build in foreign shipyards.

Mr. Speaker, I yield such time as he may consume to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, I thank the gentleman for yielding. I rise in support of H.R. 3464, legislation to strengthen both our naval forces and our economy.

Mr. Speaker, today we have the opportunity to vote on legislation which will insure that strengthening our naval forces will also strengthen our economy. H.R. 3464 will prohibit the procurement of U.S. naval vessels or their major hull or superstructure components from foreign shipyards. We have been enacting this provision since 1968, and it is now time to make the prohibition permanent.

Passage of this bill means that American naval vessels will be built in American shipyards. Passage means national security interests involved in the design and construction of Navy ships will be safeguarded. Finally, passage of H.R. 3464 means that American jobs in the defense industry will be protected. I need not emphasize the growing rate of unemployment and the economic stagnation prevalent throughout the country. Nor do I need to stress the importance of jobs in the naval construction industry to the economic health of the Northeast. We should, however, recognize and stress the value of these shipbuilding jobs to both our naval preparedness and to our economic condition. This legislation will tie the benefits of building a strong Navy to the growth of a vital industry by enacting a permanent ban on the purchase of vessels from foreign shipyards. This bill will create and retain American jobs as we improve our naval capabilities, and I strongly support passage of H.R. 3464.

Mr. BENNETT. Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina (Mr. SPENCE).

Mr. SPENCE. Mr. Speaker, I rise in support of H.R. 3464, as amended.

President Reagan, Secretary of Defense Weinberger, and Secretary of the Navy Lehman have pledged themselves to rebuilding U.S. naval power. The House and Senate, in passing the fiscal year 1982 defense authorization bill, have also given strong support to new naval shipbuilding initiatives.

H.R. 3464 takes another positive step toward revitalization of the U.S. shipbuilding industry. H.R. 3464 sends a clear signal to America's naval shipbuilders and its associated industrial base, that congressional support exists for an expanded naval shipbuilding program in the years ahead.

H.R. 3464 simply places into permanent law prohibitions against building naval vessels abroad, a prohibition that has been expressed in every Defense Appropriations Act since 1968.

While making the prohibition on building naval vessels in foreign shipyards permanent, H.R. 3464 incorporates an amendment granting the President the authority to make an exception when he determines that it is in the national security interest to deviate from the strict prohibitions of the bill.

There have been situations in the past, in times of grave danger to the Nation, when it has been necessary for the President to exercise extraordinary powers and take extraordinary actions. President Lincoln exercised Presidential initiatives during the Civil War when the Congress was not in session and President Roosevelt exercised Presidential initiatives with bases-for-destroyer trade with Great Britain prior to World War II. H.R. 3464 recognizes that extraordinary conditions might someday again require prompt Presidential initiatives in the national security interest, but the bill also provides for an opportunity for congressional review of the initiatives, by providing a 30-day notification period before action may be taken.

The committee adopted the amended bill recognizing that in the future, circumstances under which the President would order construction of naval vessels in foreign shipyards, are not now determinable and that the likelihood is quite remote. Second, the Congress must have the opportunity to consider and review the President's determination. H.R. 3464, as amended, recognizes these practicalities yet protects the legitimate interests of both the legislative and the executive branches of the Government.

Let me say a word about the provisions of this bill that might concern some of our allies. This bill supports what is already reality. New construction of naval vessels is not done in foreign shipyards. Neither are major components of the hull or superstructure constructed overseas. H.R. 3464 does not disrupt the many currently ongoing efforts between the United States and our allies for mutually beneficial military weapons and hardware procurement. Specifically, H.R. 3464 does not prohibit purchases of standard shipboard equipment, shipboard weapons, shipboard ammunition, nor repair of U.S. naval vessels in foreign ports.

In summary, Mr. Speaker, H.R. 3464 sends a positive signal to our beleaguered shipbuilding industry. It says, the Congress recognizes your plight and wants to do something about it. I respectfully request my colleagues to join me in support of H.R. 3464 and a revitalized U.S. naval shipbuilding program.

The SPEAKER pro tempore. (Mr. GLICKMAN). The gentleman from Florida (Mr. BENNETT) has consumed 10 minutes.

The Chair recognizes the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is one of the very rare occasions when disputes between members of the House Armed Services Committee are not between the hawks and the comparatively few doves on the committee, but between the hawks themselves. It is with a great deal of regret that I find myself in opposition to my colleagues on the committee with respect to this bill, but I think perhaps this boils down to a question of whether one represents an area where ships are already being built or an area where shipyards have been taken away and put into mothballs and where shipyard employees are out of work and where it is extremely difficult even to get repair work approved by the Navy despite the fact that we are talking of moving toward a 600-ship Navy.

The gentleman from Florida (Mr. BENNETT) has well stated the fact that over the past many years we have had legislation on the books, admittedly on an annual basis in the appropriation bills, that no money can be spent for the construction of American naval vessels in foreign shipyards. The gentlewoman from Rhode Island (Mrs. SCHNEIDER) quite reasonably thought that it was a little bit silly to do this kind of thing year after year. In fact, somebody might forget one year and then we would end up having a lot of ships built in foreign shipyards; and so she offered a bill to make this into permanent law, saying that there shall not be any ships built in foreign shipyards, period.

Her motive was certainly most commendable, and I would have strongly supported that original bill. Unfortunately, when the bill arrived in the House Armed Services Committee, the Subcommittee on Seapower put a major gash in that particular piece of legislation—in fact a hole big enough not only to drive a Mack truck through, but to drive two or three carriers and a number of destroyers and frigates as well, by saying, as none of these other bans on building ships abroad had ever said, that the President of the United States can ignore this ban at any time he thinks it is in the national security interest to do so.

□ 1245

Now, that kind of thing is a major change from what the existing legislation has been, because those bans have never allowed the President to override this ban, and now, instead of stopping him, we have introduced new legislation which gives the President of the United States the right to authorize foreign shipbuilding under what he regards as "national security interests." And who is going to be challenging the President on what is and what is not in the national security interests if he takes this action any time he wants to?

Knowing what has been happening, as my colleague, the gentleman from New York (Mr. ADDABBO), said on the floor a moment ago, in terms of turning over technology to our allies and giving contracts to our allies while we have unemployment on this side of the Atlantic, this exception in this new bill obviously will precipitate a substantial amount of shipbuilding in foreign yards instead of in American yards.

I think much of the support for this bill on the part of the distinguished gentleman from Rhode Island (Mr. ST GERMAIN), who spoke just a moment ago, and on the part of others who represent areas where shipyards have been closed, is based on a misapprehension that they are dealing with the original Schneider legislation rather than this new legislation which gives the President an opportunity to evade the Schneider ban anytime he wants to.

Now, the other disarming thing—and I would not say it is disingenuous; perhaps the committee had bum advice—is that they say, "Well, you don't have to worry about that because in the law it says that the President has to let this thing sit before Congress for 30 days, and that means that if we want to veto what he has done, we can do it." Well, how naive can we be? The only way we can do it, under this provision of section 7309, is by legislation, and as we all know, the President is an ultimate participant in the legislative process. He can veto it or he can sign it. If we tell him we do not want him to build these ships, all he has to do is to veto our bill.

I think some staffer might have thought this was the formula under which the AWACS was recently considered, but that is not the case. The reason that Congress had a veto in the AWACS situation was that the applicable legislation, the Export Control Act, provided that Congress could reject it by concurrent resolution, which is not a piece of legislation the President can veto.

So it seems to me, Mr. Speaker, that with this particular committee amendment we are totally destroying what the gentlewoman from Rhode Island (Mrs. SCHNEIDER) wanted to do; we are opening up the floodgates, and we are doing grave disservice to unemployed American shipbuilding capacity and unemployed American shipbuilding workers. I tried to correct that situation by offering to the committee an amendment to provide that when the President certified that it was in the national interest, he would also have to tell us that no suitable construction facilities for the specific ship or ships involved are available within the United States and no qualified ship construction workers are available within the United States, and that he should report the appropriate statistics to the Congress.

In New York City, with the old Brooklyn Navy Yard, the New York City delegation has been breaking its neck to try to get a little ship repair

business into that shipyard when the U.S.S. *Iowa* is taken out of mothballs and has to be fixed up to go to sea. That is where the ship was built, in Brooklyn, and they still have the capacity there not only to repair it, restore it, refurbish it, and modernize it. And the qualified shipbuilding workers are there too; they are the ones who ought to be doing the job. We should not be sending this work to some foreign country.

But the committee refused even to allow a record vote on that amendment. I think it is clear that the gentlewoman from Rhode Island has been hornswoggled with respect to her essentially fine original proposal, and its enactment would cause very serious damage to the workers of this country and to the shipbuilding industry.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The Chair will state that the gentleman from New York (Mr. STRATTON) has consumed 7 minutes, and the gentleman from Florida (Mr. BENNETT) has consumed 10 minutes.

Mr. BENNETT. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. GEJDENSON).

Mr. GEJDENSON. Mr. Speaker, I rise in support of H.R. 3464, which will make permanent the prohibition on building U.S. naval vessels outside of the United States. Such prohibitions have been included in appropriations acts every year since 1968. The bill includes a provision which allows the President to make exceptions to the prohibition when national security interests demand it.

Statements by high administration officials that building naval vessels overseas was being considered has raised great concern both in and out of Congress. I believe that such statements send the wrong message to our workers, our allies, and our potential adversaries. Our workers are the best in the world. They are sacrificing now so that we can have the strong defense that we need. If any benefits accrue in the process of strengthening our Navy they should go to those workers.

The national security problems involved in building U.S. Navy ships in foreign countries would be monumental. We would be forced to rely heavily on the political and economic stability of another country, along with whatever labor disputes might arise. Our past reliance on other countries for oil has demonstrated the value of self-reliance on issues of national import.

In conclusion, I urge the Members of this body to enact this important legislation.

Mr. BENNETT. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. LIVINGSTON).

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, my colleague, the gentlewoman from Rhode Island (Mrs. SCHNEIDER), earlier this year wisely introduced legislation important to our Nation's national defense and commerce. Her bill, H.R. 3464, requires—permanently—that all construction and conversion of naval vessels occur in the United States.

Frankly, I regret that my colleague even had to introduce the legislation to require this action, for it seems eminently reasonable that the U.S. Government, if it truly wants to reindustrialize, create jobs, and strengthen national defense, would want to construct vessels domestically. Unfortunately, it has been suggested by Secretary Weinberger that this function could sometimes be better performed overseas.

The ships might be constructed less expensively overseas, I grant that, but the loss in jobs and national preparedness to our Nation would be staggering. Shipyard employees—and I was one at one time—can hardly be productive if the Government exports all naval construction. Such employees—and they are the backbone of defense preparedness—will obviously find other employment and shipyards would close.

If this bill is defeated and the administration moves to export construction, it could sound the death knell for our maritime industry and mark a truly dramatic step backward in our national defense efforts. Each Member could easily conjecture a wartime situation—and God forbid that it would ever happen—where our shipbuilding capability is entirely overseas. Strategically, I cannot think of a more vulnerable position for this country to be in.

Mr. Speaker, I urge my colleagues to recognize the wisdom and intent of this bill and support its passage.

Mr. BENNETT. Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. EMERY).

Mr. EMERY. Mr. Speaker, I thank the gentleman for yielding this time to me.

There are a few basic points that I think need to be made. First of all, the Seapower Subcommittee is interested in doing one thing, and one thing only, and that is to guarantee that it will be the policy of the United States to manufacture naval vessels in this country and not to adopt a policy that would encourage the construction of naval vessels overseas.

We deliberated for some time as to the various working options and we essentially adopted the thrust of the legislation presented by the gentlewoman from Rhode Island (Mrs. SCHNEIDER).

Section (b), which has generated some discussion here and in committee, was included for only one very practical reason; we felt that it would not be prudent or in the national security interests to pass legislation that would prohibit under any circumstances whatsoever any cooperation with our allies in time of national emergency. The only purpose for this provision was to cover an emergency situation that might occur if one of our shipyards were damaged by terrorism or by military action in wartime or in a time of national emergency in order to allow us the option of continuing necessary work somewhere else. No one can imagine what that circumstance might be, but we wanted the additional flexibility to guarantee that our national security interests would be covered and guaranteed under those rather extraordinary circumstances.

Mr. Speaker, I rise in strong support of this legislation. I think it is very important to guarantee that our national defense will be an American responsibility, that American shipyards and American skills and American workers will have that responsibility, and that we would not otherwise be overly dependent upon any other nation for our shipbuilding skills and capabilities.

Mr. STRATTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. DONNELLY).

Mr. DONNELLY. Mr. Speaker, I thank my friend, the gentleman from New York, for yielding me this time.

Mr. Speaker, I rise in opposition to the legislation, although I agreed with the original thrust and the original draft of the legislation introduced by my colleague, the lady from Rhode Island (Mrs. SCHNEIDER).

I, too, like my friend, the gentleman from New York (Mr. STRATTON), am extremely concerned about the inclusion of section (b). I think that all of us who are concerned about our mobilization base and about shipyards in the United States were outraged at the beginning of this year when the Secretary of the Navy during a press interview acknowledged the fact that there might be some consideration down the line, of building some of our naval fleet overseas. I think the reaction from this Congress was firm, and it was strongly stated that that sort of action would be unacceptable not only to the Congress but also to the people of the United States.

I think if we look at this legislation, we will see it in the light of the fact that a loophole has been added in section (b) that opens it up. The problem I have with it is the inclusion of the words, "national security interest."

Whose national security interest? Who determines what the national security interests are? When will that determination be made?

Congress is only given 30 days in which to overturn a determination by either the Secretary of the Navy, the Secretary of Defense, or the President.

It seems to me that those of us who are concerned with this issue will insist upon the vessels of the U.S. Navy and Coast Guard being built in the United States of America, because we have the capability to build those vessels and we have yards that are now working at half strength. We also have the promise of the administration that they will come forward with a domestic shipbuilding program that will put our merchant marine industry and our fleet back on its feet. We can under no circumstances move forward with legislation that opens a loophole so big that it will allow trucks and ships to be driven through it.

So, Mr. Speaker, with a reluctant heart and understanding the great effort by the chairman of the Seapower Subcommittee and the ranking minority member, at this time I oppose this legislation because of the inclusion of section (b).

Mr. STRATTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think it is obvious that what we are really concerned with here, as I said earlier in my remarks, is not those areas where shipbuilding is currently taking place at great speed—in Newport News, in Bath, in New Orleans, and in Pascagoula, Miss. Obviously these areas are not worried about this particular legislation because they have got contracts that are going to keep them busy for a long, long time.

What is worrying the gentlewoman from Rhode Island (Mrs. SCHNEIDER)—and what I think is distrubing her is what is happening to what used to be a great shipbuilding industry in Rhode Island. It is these areas which have had shipbuilding skills for many, many years that are of concern—Massachusetts, with the Boston Navy Yard and with the Quincy Shipyards, the Brooklyn Navy Yard, and the Philadelphia Navy Yard. There was almost a national riot last year because of an effort was made to get the U.S.S. *Saratoga* into the Philadelphia Navy Shipyard for an overhaul where all of those unemployed highly skilled workers could be put to work, as a result of a commitment that had been made by former President Carter or former Vice President Mondale.

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We have a lot of unemployed shipyard workers in America today. We have qualified shipbuilding facilities that are not being used. Before we start sending business abroad to England or Germany or Japan or France, we ought to revive these areas of American shipbuilding capability.

One of the remarkable parts of this particular legislative drive is that there came to our desks this morning a letter form the Maritime Trades Department of the AFL-CIO, and the president of that departmernt, Mr. Drozak, is urging us to support this legislation. The reason he is urging us to support it is, as he says "Recognizing the crucial role that U.S. shipyards play in the national defense, this bill would help secure the ability of U.S. shipyards to fulfill that function. With nearly 1 in every 10 of our workers unemployed, the thousands of heavy industrial jobs involved in naval shipbuilding must remain in this country."

I called Mr. Drozak and I said, "Do you realize what this bill contains?" He said, "Sure. I testified for it." I said, "Well, do you want to give the President of the United States the right to send any ships over to be built in any other country?" He said, "Heck, no. The bill that I was for was the bill that said there shall be no ships built in foreign shipyards."

I said, "Well, you had better get your boys up here on Capitol Hill and you had better get a copy of the dissenting views of Congressman STRATTON, because we tried to add an amendment to the bill that was turned down that said you cannot send any ship abroad for construction as long as there are unemployed members of the shipbuilding industry and there are unused shipyard facilties here."

I do not know how rapidly they work down there in the Maritime Trades Department of the AFL-CIO. Apparently they do not read the dissenting views in the reports. But Mr. Drozak assured me that he would be up here to try to make it clear that this was not the kind of legislation that he supported.

Let me just say one additional thing.

I am not against the basic thrust of what the gentlewoman from Rhode Island (Mrs. SCHNEIDER) wanted to do. In fact, I am solidly with her. I would jump at the opportunity of supporting her legislation in its original form.

But what we need, obviously, are two essential amendments to this legislation and we cannot add those amendments under suspension of the rules. You just ram it through.

One of these amendments would be to eliminate this idea that the President shall have carte blanche any time he wants to build ships abroad. The simplest thing would be to simply knock out that amendment. The gentleman from Maine, who is getting a lot of business up there in Bath, and it is a great shipyard, said that he thought it was only fair to give the President a little opportunity to get in whatever ships he wants. But, after all, we have never had such a provision in the legislation in the past 20 years. There has just been a flat ban, yet the country has survived, and the Navy has survived. If the committee wanted to insert such a provision, at the very least, they should have put in the same stipulation as is in the Export Control Act has, which provides a real veto of Congress by using the concurrent resolution approach.

The other amendment I consider absolutely essential is that before any ships are sent abroad there must be a determination of exactly what the status of unemployed shipyard workers is, whether in Brooklyn or in Bangor, Wash., and also what idle ship construction facilities we also have available in our country.

We have a lot of unemployed shipbuilding workers, as Mr. Drozak says, these are people we ought to be putting to work.

If these two amendments are added, as they would be if the bill came up in the normal procedure, I would be prepared to support the bill.

Mr. DONNELLY. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Massachusetts.

Mr. DONNELLY. I thank the gentleman for yielding to me again. I want to highlight one point and ask a question, the question being that in the provisos added in the Appropriations Act of 1965 and 1968 mandating domestically built naval vessels there was no national security proviso; is that correct?

Mr. STRATTON. The gentleman is absolutely correct.

Mr. DONNELLY. This was a new proviso that was put on this legislation offered by the gentlewoman from Rhode Island, Mrs. SCHNEIDER, by the membership of the Seapower and Strategic and Critical Materials Subcommittee.

Mr. STRATTON. Exactly.

Mr. DONNELLY. So we steer a different course in terms of congressional policies regarding our insistence that naval vessels be domestically built with the adoption of this legislation; is that correct?

Mr. STRATTON. That is correct. We have opened up a whole new approach and it really stands the Schneider bill exactly on its head.

Mr. BENNETT. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I am happy to yield to the gentleman from Florida.

Mr. BENNETT. I want to clarify one point and that is, of course, the appropriation rider can continue and ad infinitum. In other words, this does not diminish that at all. If the gentleman likes that language, he can put it on the appropriation bill right along. That would not stop, and we can have every provision we want to have on that. That is all I wanted to clarify.

Mr. TRIBLE. Mr. Speaker, will the gentleman yield?

Mr. STRATTON. I would yield 30 seconds to the gentleman from Virginia (Mr. TRIBLE).

Mr. TRIBLE. I thank my distinguished friend for yielding. I would

like to rise in support of this legislation and say at this point in the record I believe this is a very thoughtful approach. It establishes for the first time, as a matter of permanent law of the land, that we should not build naval ships abroad.

But it does give perspectively some flexibility to our President and to the Congress to address problems and possibilities that may arise in the future. I believe it is an important step.

Mr. STRATTON. I think if we really want to help not only the shipyards that are prospering, but also the other shipyards we have, then they should have an opportunity in building a 600-ship Navy. We should help them get back into the shipbuilding business, and restore jobs to unemployed shipbuilding workers. Without these amendments this bill should be rejected and brought back under a rule.

I yield back the balance of my time.

The SPEAKER pro tempore. All time allotted to the gentleman from New York (Mr. STRATTON) has expired.

The gentleman from Florida (Mr. BENNETT) has 4 minutes remaining.

Mr. BENNETT. Mr. Speaker, I yield the balance of my time to the gentlewoman from Rhode Island (Mrs. SCHNEIDER).

Mrs. SCHNEIDER. Mr. Speaker, as the sponsor of H.R. 3464, I rise in strong support and urge its passage by the House.

This important legislation, by encoding a prohibition against foreign procurement of U.S. naval vessels, except in narrow circumstances, will send an important signal to the American shipbuilding industry, its workers, and to our fellow citizens that we are serious about revitalizing our deteriorating industrial base. In the last 5 years, we have seen some 21 American shipyards close—including 3 major yards—leaving only 26 yards in our national shipbuilding base. This serious trend in a vital national security industry must be reversed. With unemployment at some 7.5 percent nationwide, we must insure that the thousands of skilled industrial jobs involved in our expanded naval shipbuilding program are not sent abroad because of a declining shipbuilding base. Indeed, even with our expanded shipbuilding program, it has been estimated that some 30,000 shipyard workers will face unemployment in the years ahead due to the steady slump our shipyards are experiencing.

This bill is simple and straightforward. It does nothing more or less than its language indicates. It states that naval vessels and their major hull and superstructure components must be procured from domestic shipyards. It does not restrict our participation in regional security arrangements or prevent us from buying standardized weapons and sensors. It does not prohibit repairs in foreign ports or preclude the leasing of foreign vessels for test and evaluation purposes. It simply mandates that the construction of whole vessels or their major components be accomplished in domestic yards, with one important exception.

That exception, added by the Seapower Subcommittee, is on certification by the President that a national security interest of the United States dictates procurement from a foreign yard. Legislative history, as established by the committee, has sufficiently defined "national security interest" to mean a reason of substantial import, in any case, Congress would have 30 days to override a President's decision to go abroad. In my view, this is an important balance of two vital needs: To insure expansion of our industrial base and to give the President the flexibility he needs should a national security emergency arise.

In short, the purpose of this bill is to broaden our in house shipbuilding capability by insuring that the expansion of our fleet is accomplished here in the United States. H.R. 3464 was reported unanimously by the Seapower Subcommittee and by voice vote in full committee. It has been cosponsored by our colleagues from both sides of the aisle and all parts of the country. I would like to thank the chairman and the Seapower Subcommittee for their leadership with this bill. Mr. Speaker, I urge approval of this important legislation.

I yield back the balance of my time.

● Mr. FAZIO. Mr. Speaker, I appreciate the opportunity to speak in favor of this legislation, as the issue of construction naval vessels in foreign ports is a matter that must be dealt with in an expedient and decisive manner.

This year, I along with Congresswoman SCHNEIDER introduced legislation to amend title 10 of the United States Code to prohibit the construction of our combatants in foreign shipyards. While each year since 1968 the annual defense appropriations bill has contained a provision prohibiting the expenditure of funds of foreign construction, I felt that it would be advisable to incorporate this prohibition into permanent law. My reasons for recommending such are threefold: We currently have a tremendous unused capacity in this country for the construction of naval vessels, we have a high employment rate that will be further exacerbated by layoffs in our shipyards; and for reasons of national security, we need to construct our combatants in our domestic yards.

As you know, in my congressional district there is an excellent naval shipyard, Mare Island. This facility has distinguished itself over the years in the areas of submarine construction and overhaul and repair of naval combatants. With the large buildup of our naval forces now being contemplated, Mare Island would, at some point in the future, be a logical site for the construction of SSN-688 class of fast attack submarines. Of course, there are many issues to be fully considered prior to once again utilizing our public yards for new construction; but, I point out this possibility to illustrate just one of the numerous options open to our Navy with regard to building of new vessels.

We have in this country and industrial base that is more than capable of handling the increased levels of new construction for every type of combatant. We have 8 public yards and 24 private yards. At this time, only 11 of private yards are building Navy ships, and none of our public yards are engaged in this type of work. Recent reports indicate that our domestic shipbuilding industry is experiencing serious economic problems due to decreased workloads; thus, there is not only sufficent capacity in this country, there is an obvious need to insure that our own yards have ample work.

Another issue that goes hand in hand with the capacity of shipyards is the labor force involved in this type of work. Those engaged in ship construction are well-trained, highly skilled individuals who are being faced with the prospects of unemployment. We need to stimulate our economy, not take steps which will result in higher rates of unemployment and a loss of critical skills.

There is also the issue of national security. We can ill-afford the consequences of sabotage and the divulging of classified information that is much more likely to occur in foreign ports than in our domestic yards. Thus it is imperative that the building of our advanced and highly technical systems be done in a secure environment.

All in all, it is a good policy, both economically and in the interest to national security, that we construct all of our Navy combatants within the border of the United States. I therefore urge the favorable consideration of this legislation which would permanently prohibit new construction in foreign yards.

I would also like to take this opportunity to commend Congressman BENNETT, chairman of the Seapower Subcommittee, for his efforts, and also Congresswoman SCHNEIDER and Congressman TRIBLE for the fine work they both have done in focusing attention on this matter and their success in embodying this prohibition against construction in foreign yards into permanent law.●

● Mr. OBERSTAR. Mr. Speaker, if American shipyards cannot meet the construction needs of the U.S. Navy, the solution is not to contract with foreign shipyards. Foreign ship construction is not a solution, but a concession, a retreat. We should act to insure domestic capability. I joined as

cosponsor of H.R. 3464 because I believe that Congress should establish in permanent law the prohibition against the use of DOD funds for foreign ship construction. The issue involves a fundamental question of policy. It should be handled in authorizing legislation, rather than in appropriations bills on an annual basis.

I commend the gentlewoman from Rhode Island (Mrs. SCHNEIDER) for her leadership on this issue. In drafting and introducing H.R. 3464, our colleague ably responded to the unfortunate statement by the Secretary of the Navy that the United States should consider foreign ship construction. Her bill, as introduced, was a good one which would incorporate in permanent law a prohibition which Congress has placed in appropriations bills since 1968. It is time that prohibition became permanent.

The Committee on Armed Services has included an amendment which provides for the President to make an exception to the general prohibition. This amendment unfortunately weakens the effectiveness of the statement of policy set forth in H.R. 3464.

The gentleman from New York (Mr. STRATTON) is most articulate in his dissenting views. The gentleman states that the exception "opens up in the Schneider bill a hole big enough, not only for a Mack truck to drive through, but also a couple of nuclear carriers."

This amendment is not necessary. If at any time in the future the national security interest demands foreign ship construction, the Congress would act quickly to provide specific legislative exemption for the President to contract for overseas construction. I would prefer that the burden on demonstrating the need for an exception be on the administration when it seeks an exception to the established policy of construction of U.S. Navy ships exclusively in American shipyards. H.R. 3464, as introduced by our colleague, the gentlewoman from Rhode Island, demonstrated a high level of commitment to domestic ship construction. I wish that the House had the opportunty to vote on that legislation. The amended legislation, however, is far better than no legislation. I will vote for it, and urge its adoption by the House.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. BENNETT) that the House suspend the rules and pass the bill, H.R. 3464, as amended.

The question was taken.

Mr. STRATTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

EMPLOYMENT PROTECTION FOR CERTAIN EMPLOYEES OF THE DEPARTMENT OF DEFENSE

Mr. DAN DANIEL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4624) to amend title 10, United States Code, to provide employment protection for employees of nonappropriated fund instrumentalities of the Department of Defense who report violations of law or mismanagement.

The Clerk read as follows:

H.R. 4624

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 81 of title 10, United States Code, is amended by adding at the end therefore the following new section:

"§ 1587. Employees of nonappropriated fund instrumentalities

"(a) In this section:

"(1) 'Nonappropriated fund instrumentality employee' means a civilian employee who is paid from nonappropriated funds of the Army and Air Force Exchange Service, Navy Resale and Services Support Office, Marine Corps exchanges, or any other instrumentality of the United States under the jurisdiction of the armed forces which is conducted for the comfort, pleasure, contentment, or physical or mental improvement of members of the armed forces.

"(2) 'Civilian employee' has the meaning given the term 'employee' by section 2105(a) of title 5.

"(3) 'Personnel action', with respect to a nonappropriated fund instrumentality employee (or an applicant for a position as such an employee), means—

"(A) an appointment;

"(B) a promotion;

"(C) a disciplinary or corrective action;

"(D) a detail, transfer, or reassignment;

"(E) a reinstatement, restoration, or reemployment;

"(F) a decision concerning pay, benefits, or awards, or concerning education or training if the education or training may reasonably be expected to lead to an appointment, promotion, or other action described in this paragraph; and

"(G) any other significant change in duties or responsibilites that is inconsistent with the employee's salary or grade level.

"(b) Any civilian employee or member of the armed forces who has authority to take, direct others to take, recommend, or approve any personnel action shall not, with respect to such authority, take or fail to take a personnel action with respect to any nonappropriated fund instrumentality employee (or any applicant for a position as such an employee) as a reprisal for—

"(1) a disclosure of information by such an employee or applicant which the employee or applicant reasonably believes evidences—

"(A) a violation of any law, rule, or regulation; or

"(B) mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety;

if such disclosure is not specifically prohibited by law and if the information is not specifically required by or pursuant to Executive order to be kept secret in the interest of national defense or the conduct of foreign affairs; or

"(2) a disclosure by such an employee or applicant to any civilian employee or member of the armed forces designated by law or by the Secretary of Defense to receive disclosures described in clause (1) or information which the employee or applicant believes evidences—

"(A) a violation of any law, rule, or regulation; or

"(B) mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

"(c) This section does not apply to an employee in a position excluded from the coverage of this section by the President based upon a determination by the President that the exclusion is necessary and warranted by conditions of good administration.

"(d) The Secretary of Defense shall be responsible for the prevention of actions described in subsection (b) and for the correction of any such actions that are taken. The authority of the Secretary to correct such actions may not be delegated to the Secretary of a military department or to the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics.

"(e) The Secretary of Defense, after consultation with the Director of the Office of Personnel Management and the Special Counsel of the Merit Systems Protection Board, shall prescribe regulations to carry out this section. Such regulations shall include provisions to protect the confidentiality of employees and applicants making disclosures described in clauses (1) and (2) of subsection (b).".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1587. Employees of nonappropriated fund instrumentalities.".

SEC. 2. Section 1587 of title 10, United States Code, as added by the first section of this Act, shall apply with respect to any conduct prohibited by subsection (b) of such section that occurs on or after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Virginia (Mr. DAN DANIEL) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. WHITEHURST) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Virginia (Mr. DAN DANIEL).

GENERAL LEAVE

Mr. DAN DANIEL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

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Mr. DAN DANIEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the primary purpose of H.R. 4624 is to provide protection for the 195,000 Department of Defense nonappropriated fund employees who disclose information relating to fraud, waste and abuse, violations of law or mismanagement. One of the major benefits would be to create a climate where nonappropriated fund employees feel free in bringing problems to the attention of management, the Inspector General, the General Accounting Office, and Congress without fear of reprisals or harassment.

The Civil Service Reform Act (Public Law 95-454), passed by Congress in 1978, gave statutory protections to Federal employees who disclose illegal or wasteful activities. However, the 1978 act applies only to civil service employees. Nonappropriated fund personnel were specifically excluded from the whistleblower provision of the Civil Service Reform Act. These personnel deserve the same rights and protections as other Federal employees, and H.R. 4624 can be viewed as companion legislation to the 1978 act. The entire Federal work force, as well as the general public, needs to be convinced that all segments of the Government are serious about eliminating fraud, waste, abuse, and mismanagement.

Nonappropriated fund personnel are engaged in the operation of morale, welfare, and recreation programs of the Department of Defense, including military exchanges, clubs, package beverage stores, recreation centers, bowling alleys, theaters, and similar activities. Combined annual sales are in excess of $6 billion. Funds generated from such activities are used for the collective benefit of military personnel, their dependents, and authorized civilians who generate them.

Nonappropriated fund activities have a history of fraud, corruption, and waste. During the 1960's, mismanagement, bribes, and thefts were exposed in the military club system. Bribes, kickbacks, and corruption have been a problem in certain segments of the military exchange system for almost 20 years. The General Accounting Office has issued reports calling for exchanges to take a more active and systematic approach to combat fraud and to improve the overall system for managing procurement.

Experience has shown that auditors and investigators seldom discover corruption, bribes, kickbacks, and the like by reviewing financial records. Most cases are uncovered through information received from interested employees. This has been true in cases of the Dallas AAFES investigation and investigations performed by the General Accounting Office and the committee's professional staff. Over the last few years, the nonappropriated fund panel has received many letters and visits from nonappropriated fund employees who have pointed out instances of fraud and waste. They requested confidentiality because of fear of reprisals from their superiors. In a number of instances during committee panel investigations, nonappropriated fund employees have been reluctant to provide information to the committee staff because they feared action would be taken against them.

During the hearing held by the Investigations Subcommittee, nonappropriated fund personnel regularly were referred to as "stepchildren" or as being "neither fish nor fowl" when compared to other Federal employees. They do not have the same appeal rights afforded most other Federal workers, nor do they have any independent appeal channels to resolve prohibited personnel practices.

Providing for the protection of employees who have the courage to disclose wrongdoing will be a major step toward more efficient and effective nonappropriated fund operations, and toward the safeguarding of resources intended primarily for the benefit of our service members and their families. H.R. 4624 will provide the type of employment protection which is truly needed. It does so with no cost to the taxpayer. The organization, as well as policy and administrative procedures, is already in place and is funded with nonappropriated funds.

The nonappropriated fund panel, which I chair, exercises oversight responsibility over all Department of Defense nonappropriated fund activities. The panel has closely monitored the ongoing 5-year Department of Justice Federal Task Force investigating fraud and corruption in the Army and Air Force Exchange Service (AAFES).

Judicial action has been brought against contractors, contractor consultants, vendor representative firms, and AAFES employees. As of November 2, 1981, a total of 38 have pled guilty or been convicted; 83 firms and/or individuals have been suspended or debarred from doing business with AAFES or the Federal Government. In addition, AAFES has taken administrative action against 32 executive employees for violations of its standard of conduct. Mr. Speaker, I would like to point out to the membership that this matter was first discussed on the floor of the House on November 21, 1980, and again on March 5, 1981.

Fraud and abuse in Government programs appear widespread. They undermine the integrity of Federal programs and make people lose confidence in public institutions. The General Accounting Office last month submitted a report to the Congress entitled "Fraud in Government Programs." The report concludes that "for those who are caught committing fraud, the chances of being prosecuted and eventually going to jail are slim. Further, agencies do not always use the administrative actions available to deter persons from committing fraud. The sad truth is that crime against the Government often does pay."

I must say that until a few months ago, the conclusion reached by the General Accounting Office in its report could be used to describe the climate with regard to the ongoing Department of Justice investigation into fraud and corruption in the Army and Air Force Exchange Service.

However, the appointment of a new U.S. attorney, James A. Rolfe, for the Northern District of Texas on August 10, 1981, has generated a new spirit of cooperation and a perception of increased production and prompt follow-up actions.

Any program to combat fraud in Government necessitates protection for employees who disclose illegal activities, timely and effective resolutions of cases by the Department of Justice and prompt administrative action on the part of agency officials.

Mr. Speaker, this bill is more fully explained in our legislative report which is available to all Members, and I urge the support of the Members in adopting H.R. 4624.

Mr. Speaker, I yield such time as she may consume to the gentlewoman from Colorado (Mrs. SCHROEDER), who has played a very vital role in this area, not only in the Civil Service Reform Act, but also in helping us with our legislation for the nonappropriated fund employees.

Mrs. SCHROEDER. Mr. Speaker, I commend the gentleman from Virginia for bringing forth this legislation. It will provide nonappropriated fund employees with employment protection similar to that provided to civil service employees by the Civil Service Reform Act of 1978.

The statutory protections, which I advocated in the Civil Service Reform Act, provided crucial encouragement to Federal civil service employees to disclose illegal or wasteful activities in Government. Civil servants should be the foot soldiers on the war on waste.

Back in 1978, we recognized the duty of all Federal employees to make known occurrences of governmental waste, misfeasance, or malfeasance which they have observed during the course of their employment. But, more than simply recognizing that duty, we also responded to the need to insure freedom from harassment and reprisal for those employees who fulfill that duty.

Federal employees are the people in the best position to bring problems in management to the attention of their own bosses, the policymakers in the agencies, who can be held accountable

for the resolution of those problems. "Whistleblowers," a group too often looked upon with disdain, can play a legitimate role on insuring the integrity and efficiency of the Government. The protections we have afforded that group of dedicated civil servants serve to foster responsibility and accountability in the implementation of Federal programs. We must strive toward safeguarding this essential element in eliminating misconduct in Government.

This Congress has come even further, as of late, in realizing the importance of whistleblowers to the efficient implementation of national policies. In the most recent Budget Reconciliation Act, we have provided for awards for the disclosure of waste, fraud, and mismanagement. The cost savings generated by such disclosures have become even more pronounced in these days of austerity and fiscal constraints. I cannot stress enough the need to encourage this type of responsibility in Government. We simply cannot afford to let responsible civil servants be subject to impediments in the exercise of their duties of employment in the Federal Government.

The protections included in the Civil Service Reform Act were put in place to create a climate where employees feel secure in bringing problems to the attention of their supervisors. I urge my colleagues in this body to continue working toward a goal of eliminating the threat of reprisals. Granted, there still remain problems with enforcement of the statutory provisions we put in place in 1978. I have dedicated a great deal of time, in my position as chairwoman of the Subcommittee on Civil Service, to overseeing the implementation of the act and hammering out those problems which remain.

A recent study by the Merit Systems Protection Board, the agency charged with protecting the rights of whistleblowers, reports that a fair number of Federal employees still refrain from reporting incidents of waste, fraud, and mismanagement because of their fear of reprisal from managers. The study further reported that more than a third of those civil servants who reported incidents felt the result was a negative experience for them.

The point is we must provide the mechanism for protecting these employees if we expect to receive their cooperation in curbing waste in Government.

The intent of H.R. 4624 is the same as the 1978 act. However, I know of no employees in Government who need protection against reprisal more than the employees of nonappropriated fund activities. These 195,000 civilian employees of the Defense Department seem to have fallen between the cracks.

A basic function of most nonappropriated fund activities, which include exchanges, clubs, and bowling alleys, is the wholesale purchase and retail sale of goods. Few other functions of Government provide such opportunity for graft, kickbacks, corruption, and poor administration. The area is big business—literally millions of items are purchased from thousands of companies and sales agents, most working on commission. The opportunity for fraud and waste is always present.

Nonappropriated fund employees can significantly improve the operations of these activities if they make known the examples of fraud, waste, and abuse to which they are exposed during their working hours. Nonappropriated fund employees have the right to report these acts free from harassment or reprisals from coworkers, superiors, and others.

This bill encourages legitimate whistleblowing by nonappropriated fund employees. Allegations of wrongdoing will be reviewed and corrected if necessary. Employees making such allegations will be protected from harassment and reprisals that often follow a whistleblower disclosure.

In summary, Mr. Speaker, I strongly support this bill, and I urge my colleagues to vote for it.

Mr. DAN DANIEL. Mr. Speaker, I thank the gentlewoman for her comments.

Mr. WHITEHURST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to commend the distinguished gentleman from Virginia, an outstanding member of the Committee on Armed Services, for his efforts in bringing this bill to the House.

The gentleman, as chairman of both the nonappropriated fund panel and the Subcommittee on Readiness, is well known for his endeavors to improve the quality of life of military personnel.

I joined in cosponsoring the original legislation because the 195,000 nonappropriated fund personnel do not have any form of employment protection when they disclose instances of fraud, waste, and abuse or violations of law. These employees are subject to harassment, financial loss, or damage to their careers when they make such disclosures. This is an intolerable situation, particularly since their counterparts, civil service personnel, have been granted such protection by the Civil Service Reform Act (Public Law 95-454). Conscientious nonappropriated fund employees also deserve statutory protection rather than bureaucratic harassment and intimidation.

The present administration has mounted a strong attack on fraud, waste, mismanagement, and illegal activities. I, for one, believe, and I am sure my colleagues would agree, that such emphasis should not be limited only to appropriated funds. To be effective and meaningful, every effort must be made to wipe out fraud and illegality in all areas where Government employees and Government funds are used. The American people want an honest and efficient Government, no matter the source of funds.

Mr. Speaker, I wholeheartedly support H.R. 4624 and urge my colleagues to vote for it.

Mr. Speaker, I have no further requests for time.

Mr. DAN DANIEL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. ROEMER). The question is on the motion offered by the gentleman from Virginia (Mr. DAN DANIEL) that the House suspend the rules and pass the bill, H.R. 4624.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE ARMY TO RETURN CERTAIN WORKS OF ART TO THE FEDERAL REPUBLIC OF GERMANY

Mr. DAN DANIEL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4625) to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the U.S. Army at the end of World War II.

The Clerk read as follows:

H.R. 4625

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army may transfer to the Federal Republic of Germany, without compensation, title to, and custody of, works of art seized from the German Government by the United States Army after World War II. Before any such transfer may be made, the Secretary of the Army shall establish an interdepartmental committee to review such works of art. Any such work of art determined by the committee to be inappropriate for such transfer under the provisions of part II, section A, of the Protocol of the Proceedings of the Berlin (Postdam) Conference of July 17 through August 2, 1945, may not be so transferred.

SEC. 2. No funds of the United States may be expended in connection with any transportation or handling costs incidental to any transfer authorized by the first section of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Virginia (Mr. DAN DANIEL) will be recognized for 20 minutes, and the gentleman from Virginia (Mr. WHITEHURST) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Virginia (Mr. DAN DANIEL).

Mr. DAN DANIEL. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, the bill, H.R. 4625, would authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the United States at the end of World War II.

One of the propaganda tools used by Hitler as a means of making war and memorializing his regime was art. At his direction a war art program was initiatied to depict the German armed forces, and to foster national military spirit in Germany. Artists accompanied German troops throughout their campaigns in World War II and recorded events in pictures and other art forms.

Immediately after World War II, pursuant to international agreements (the Yalta Conference, 3 Bevans 1005; Proceedings of the Potsdam Conference, 3 Bevans 1207), an American Military Government directive (Military Government Regulations, United States 18-401.5) called for the seizure of all art relating to or dedicated to the perpetuation of the Nazi movement or German militarism. Eventually, more than 8,000 pieces of art were collected throughout Germany. These items were sent to the United States in March 1947. Several years later it was determined that approximately 1,600 of the art works were the property of the artists rather than the German Government. All items so identified were restored to their owners in 1953. The remaining items, approximately 6,350 of these works of art are presently in the custody of the Department of the Army.

This bill would authorize the Secretary of the Army to transfer to the Federal Republic of Germany most of the art works which are still in the possession of the U.S. Government. Not every art work would be returned however. Ths bill provides that all items will be reviewed by an interdepartmental committee, appointed by the Secretary of the Army, to determine whether the work glorifies Hitler or nazism. Any work which is found to glorify Hitler or nazism would not be returned to the German Government. There are also a small number of items, approximately 200, which will be retained by the U.S. Army and the U.S. Air Force for their permanent war art collections. The bill provides that no funds of the United States may be expended in the handling costs or transportation incidental to the transfer.

Legislation to authorize the transfer of the paintings to the Government of the Federal Republic of Germany is necessary since the paintings are now the property of the United States.

The committee favorably recommends H.R. 4625 to the House for its consideration.

Mr. WHITEHURST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to support the bill H.R. 4625, which would authorize the Secretary of the Army to return certain works of art to the Federal Republic of Germany.

Let me begin this afternoon by tracing a brief history of this bill. Three years ago legislation was enacted permitting the return of 10 paintings by the German artist Claus Bergen. Those works all depicted Navy scenes from World War II. In 1979 I was in Bremerhaven, Germany, to participate in the formal presentation of those paintings to the marine museum there, and I would like to tell by colleagues that the reception those paintings received was one of deep gratitude and appreciation.

There are still more than 6,300 pieces in the custody of the U.S. Army, and the overwhelming majority of these are in the same category as the Bergen paintings; that is, they do not glorify Adolf Hitler or Nazi ideology. They are similar to the military works of art hanging in our own committee and subcomittee rooms. Part of the German collection is on display in the Pentagon. One used to be in our Armed Services Committee office, and is now hanging in the Army liaison office in the Rayburn Building. I have one in my own office entitled "Russian Roads," and there is not the slightest political significance in it, and I invite any of my colleagues to come to my office and see it.

In my conversations with Army representatives I have made it clear that overtly Nazi material is to remain in Army custody. The Army understands this and concurs.

There have been fears that this bill seeks to send back art of an inflammatory nature that would glorify a loathsome regime in German history and encourage a resurgence of the Nazi spirit. Regrettably, Mr. Speaker, some of the publicity following the introduction of H.R. 4625 created a misconception of its purpose. This is not Nazi art going back, not at all. This is war art, showing the life of German military personnel under the best and the worst conditions, as indeed soldiers, sailors, and airmen of all nations experience it.

The German Government has desired the return of this art for some time. I have in my file letters from both the German Ambassador and the Chargé d'Affaires to this effect. In fact, as far back as October 1977 the German Embassy informed our Department of State that its Government would be grateful for the return of the collection, and German Embassy officials have maintained contact on the matter ever since. H.R. 4625 simply expedites U.S. action.

Mr. Speaker, my colleagues, the Federal Republic has 12 active and 12 reserve divisions ready to stand shoulder to shoulder with our troops to defend Europe from a Soviet onslaught. What I am proposing will not cost the American taxpayers 1 penny, but it will be looked upon as an act of friendship, and above all, trust between two firm allies.

World War II has been over for more than 36 years. None of us should forget the terrible consequences of that struggle, nor the brutal genocide perpetrated by the Nazi leaders.

But the time has long since come to recognize the fact that the war was also a trial of arms, the record of which was set down by artists on both sides and which there is no longer any legitimate reason to conceal. I think it is important to point out that 60 percent of the German population today has been born since 1945, and another good number were small children during the Hitler era. Thus, they have no firsthand knowledge of any of the history of that era. The German Government today is by no means the German Government of 35 or 40 years ago, and I think it is to their credit that they are now not only willing but eager to come face to face with the history of that period.

As a member of the U.S. delegation to the North Atlantic Assembly, I have an opportunity to talk with a great many German spokesmen, and I cannot overstate the symbolic importance to that nation of a return of this art. To refuse to send it back would be a slap in the face of a strong and faithful ally, indeed, one of our strongest and most reliable.

Let me conclude by quoting briefly from a speech made recently by Elie Wiesel, Chairman of the President's Commission on the Holocaust:

> In an age tainted by violence, we must teach coming generations of the origins and consequences of violence. In a society of bigotry and indifference, we must tell our contemporaries that whatever the answer, it must grow out of human compassion and reflect man's relentless quest for justice and memory.

I think it is highly appropriate that young Germans be permitted to learn, and remember, from their own history, as represented in the military art that I propose to return.

Mr. Speaker, I urge my colleagues to support this bill.

□ 1330

Mr. Speaker, I have no further requests for time.

Mr. DAN DANIEL. Mr. Speaker, I strongly support the recommendation of the gentleman from Virginia. I commend the gentleman for the research which he has done into this subject. I agree with him wholeheartedly that it will bring about a better feeling between the two countries and certainly

will serve the best interests of the youth of Germany.

Mr. LEHMAN. Mr. Speaker, the more than 6,300 works of art that H.R. 4625 seeks to transfer to the Federal Republic of Germany, with some exceptions, were commissioned to glorify the conquests of Nazi armies in Europe and North Africa.

Fortunately, the bill establishes a commission to review the artworks so that inappropriate works will not be transferred. The determination of inappropriate works is a largely subjective matter, for many of the works would be determined by the Commission to be works which do or do not glorify Hitler or nazism.

I strongly recommend that a member of the congressionally mandated U.S. Holocaust Memorial Council be named to this Commission to insure that such a review is mindful of retaining appropriate artworks for the planned Archives and U.S. Holocaust Memorial Museum to be housed in Washington, D.C. While some of the works do not in themselves, by their subject matter, seem to glorify nazism, they do so in virtue of the artist. Indeed, the collection includes four watercolors by Adolf Hitler, works that should be made part of the Holocaust Museum collection where scholars from all over the world concerned with the Nazi period will be drawn.

I support passage of this legislation with the reservation that a representative of the U.S. Holocaust Memorial Council be named to the Commission. This will insure that the Holocaust Memorial Council, which is unquestionably the most appropriate repository for these materials, more than any other Government agency or private individual, will play a major role in the Commission's determination of which artworks should be transferred to the Federal Republic of Germany.

● Mr. GREEN. Mr. Speaker, I rise in support of H.R. 4625, a bill to return certain pieces of art seized from Germany at the end of World War II.

While it is time for most of this art to be returned, I would like to stress one important qualification contained in the bill: That no art glorifying nazism be returned. I understand that the distinguished former Senator from New York, Senator Jacob Javits, will chair a panel that will decide what artwork should not be returned. The Senator's role in choosing which art must remain here gives me confidence that this important task will be carried out with great discretion.

The reasons for not returning art glorifying the Nationalist Socialist regime should be clear enough. The atrocities of this regime are unparalleled in history. Any article that could in any way encourage a revival of nazism must be embargoed. Indeed, I feel it would be very appropriate for a member of the Holocaust Council to be included in Senator Javits' panel, so that art suitable for the Holocaust Memorial Museum will be retained in the United States. The only good that could come of artwork glorifying nazism would be for it to serve as a reminder of the human tragedy of the holocaust.

Mr. Speaker, I do support H.R. 4625, with the important qualification that any art glorifying nazism must be kept in the United States.●

GENERAL LEAVE

Mr. DAN DANIEL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under discussion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. DAN DANIEL. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Virginia (Mr. DAN DANIEL) that the House suspend the rules and pass the bill H.R. 4625.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

CARL ALBERT CONGRESSIONAL RESEARCH AND STUDIES CENTER

Mr. SIMON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3598) to authorize funds for the Carl Albert Congressional Research and Studies Center as amended.

The Clerk read as follows:

H.R. 3598

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Carl Albert Congressional Research and Studies Center Endowment Act".

SEC. 2. In recognition of the public service of the former Speaker of the United States House of Representatives, Carl Albert, and of the pressing need for national centers for congressional scholarship and the archiving of congressional papers, the Secretary of Education (hereafter in this Act referred to as the "Secretary") is authorized to make grants in accordance with the provisions of this Act to assist in the development of the Carl Albert Congressional Research and Studies Center, located at the University of Oklahoma, Norman, Oklahoma.

Sec. 3. No payment may be made under this Act except upon an application at such time, in such manner, and containing or accompanied by such information as the Secretary may require in order to certify the amount of eligible matching funds, but no other reporting of expenditures shall be required, any provision of law to the contrary notwithstanding. All such payments may be used in furtherance of the mission of the Carl Albert Center, which is defined as research, archiving, instruction, and civic education related to the Congress and the role of representative government in the United States.

SEC. 4. (a) Grants made pursuant to this Act shall be made on a dollar-for-dollar matching basis, except that the aggregate amount of such grants may not exceed an amount equal to the value of all public and private contributions made to the Carl Albert Congressional Research and Studies Center on or after January 1, 1981, and prior to the close of the fiscal year ending September 30, 1989, including gifts, bequests, and devises of money, securities, and other property and funds obtained from the State of Oklahoma before the close of such date.

(b) There are authorized to be appropriated such sums as may be necessary to carry out this Act for the fiscal year ending September 30, 1983, and for each of the six succeeding fiscal years, except that the aggregate amount so appropriated shall not exceed $3,000,000. Funds appropriated pursuant to this Act shall remain available until expended.

The SPEAKER pro tempore. Is a second demanded?

Mr. McCLORY. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. SIMON) will be recognized for 20 minutes, and the gentleman from Illinois (Mr. McCLORY) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to report to this body the bill that came out of our subcommittee unanimously to appropriate up to $3 million for a period of 7 years to authorize money that would be matched by gifts and in other ways in the State of Oklahoma for the Carl Albert Congressional Research and Study Center.

This is a bill to which the administration has no objection, which has bipartisan support, which appropriately pays tribute to a great former Speaker of this body.

In the last 40 years we have had nine Presidents. We have had only five Speakers.

During the committee consideration I gave my colleague from Illinois (Mr. ERLENBORN) assurance that there would not be another followup bill after this. This is a one-time tribute to the great former Speaker.

There are any number of precedents for this. I am not going to take the time of this body at this point to go into the precedents for this but rather than building some structure somewhere to pay tribute to Carl Albert, let us do something that contributes to the education and to the enrichment of the culture of this Nation to the betterment of our Government. This

is the kind of tribute that Carl Albert would want.

I had the privilege of serving as a freshman Member of this body at the feet of Carl Albert. He was a small man in stature. He was a giant in every other respect, and I think this is an appropriate tribute to him on the part of the Nation.

Mr. Speaker, the House today is considering H.R. 3598, legislation which authorizes Federal matching funds to assist in the establishment of the Carl Albert Congressional Research and Study Center. H.R. 3598 was introduced in the House on May 14, 1981, and was subsequently referred to the Committee on Education and Labor. H.R. 3598 is cosponsored by Representatives DAVE MCCURDY, JIM JONES, GLENN ENGLISH, WES WATKINS, MICKEY EDWARDS, and MIKE SYNAR. The Subcommittee on Postsecondary Education, which I chair, held a hearing on this bill on July 9, 1981. The subcommittee subsequently considered the bill on October 7, 1981, and unanimously reported it to the full committee on a voice vote. On October 20, 1981, the Committee on Education and Labor, by a vote of 24 to 6, ordered H.R. 3598 reported with an amendment in the nature of a substitute. The committee made minor modifications in the bill in order to make its fiscal years conform with presently scheduled action.

H.R. 3598 not only enjoys unanimous support of the Members of my subcommittee and the overwhelming majority of the members of the Committee on Education and Labor, but almost every Member of this House. The administration has no objection to the enactment of this bill. During subcommittee hearings on this bill, I received numerous letters from people in Oklahoma in support of this legislation. Gov. George Nigh, former Senator Henry Bellmon and many others wrote me to encourage prompt action on this bill.

H.R. 3598 as reported by the Committee on Education and Labor authorizes up to $3 million in Federal matching funds for all public and privately raised contributions to the Carl Albert Center since January 1, 1981. All funds will be matched on a dollar-for-dollar basis. The bill authorizes funding for fiscal year October 1, 1982, through the fiscal year ending October 30, 1989. All funds appropriated will remain available until expended. The center will submit an application to the Secretary of Education in which it will outline how it intends to spend appropriated funds. All Federal funds will be used to further research, for archiving, for instruction, for civic education, and to study and explain the role of representative government in America.

The Carl Albert Center was established in 1979 by the Oklahoma Regents for Higher Education and the University of Oklahoma Board of Regents to provide information, scholarly research and instruction regarding the U.S. Congress. The center performs two functions:

The first function is the development of academic programs at both the graduate and undergraduate levels in congressional studies. These programs are sponsored in cooperation with the Department of Political Science and involve, in addition to classroom instruction, the sponsorship conferences and lectures, and related outreach programs.

The second function is the development of the University of Oklahoma Congressional Archive. The archive is already one of the largest in the country, numbering the papers of 25 Representatives and 12 Senators, with commitments from several more. In the coming years, the center will seek to expand the archive as a national resource for congressional scholars.

The people of Oklahoma, sensitive to Federal budgetary constraints have already taken several positive steps to provide funding for the center. In 1978 the Oklahoma Legislature appropriated $100,000 and provided another $200,000 in 1979 to assure the establishment of the center. The State currently provides all of the center's administrative overhead through the State Higher Education Board of Regents. In the current year $220,598 in State funds were appropriated and Governor Nigh has informed me that a similar level can be expected for the 1981-82 budget.

Legislation of this type is not uncommon. The Congress has historically recognized the contributions of its prominent Members and authorized Federal funds to support academic and archival institutions named for former Members of the U.S. Congress and Senate. Some of these include:

The Samuel Rayburn Library;

Everett McKinley Dirksen Library;

William Levi Dawson Chair of Public Affairs;

Wayne Morse Chair of Law and Politics; and

Robert A. Taft Institute of Government.

These institutions not only provide useful, living memorials to the person whose name they bear but to also serve as centers of public information and support scholarly research. The Carl Albert Center will be no exception. The center is named for the former colleague of many Members of this House. He served this House, the State of Oklahoma, and the American people for 28 years. I had the privilege of serving with Speaker Albert during my first 2 years in this body. During that time period, Speaker Albert faced many tough issues and he handled them well. In addition to his service as Speaker from 1971 through 1976, he also served as majority whip and majority leader from 1955 to 1971. Many Members of this House benefited from his leadership, his guidance, and his dedication. The Carl Albert Center will recognize his public service and carry forward and expand the traditions for which he stood during his years in this body.

Finally, the committee wants to emphasize the exceptional importance of the recognition being afforded Speaker Albert by providing matching funds to assist in the establishment of the center. This legislation takes on even greater importance when viewed in the context of the present pressures to reduce the Federal budget. The committee has provided a very small authorization and has spread this authorization out over 7 fiscal years. We believe the $3 million authorization is a very small contribution to the people of Oklahoma and a well deserved tribute to Speaker Albert.

When the $3 million amount is viewed over the 7-year authorization period, the amount is so small as to have a negligible impact on the Federal budget.

Mr. Speaker, it is fitting that this House should honor its former Speaker, a man who served in the third highest office under our Constitution, and the only constitutional officer in the Congress. This bill does so in a way that will provide a needed service for the Congress and the country. I ask that all Members of this body join us in supporting H.R. 3598.

Mr. McCLORY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, having served here in the Congress for a number of years under the leadership of former Speaker of the House Carl Albert, I certainly feel privileged to participate in this debate and to express my strong support of this initiative.

It is consistent with an intelligent tribute to a former colleague. In some respects it seems to me it is comparable to the initiative and the example that we set in the recent inauguration of the Gerald R. Ford Memorial Museum in Grand Rapids, and I am sure this can enhance the opportunity for young people to study the work of Government, to learn about the legislative process, and to benefit from the studies and from the record of service which was made in this body by the former Speaker Carl Albert.

Mr. ERDAHL. Mr. Speaker, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from Minnesota.

Mr. ERDAHL. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the bill, H.R. 3598, the Carl Albert Congressional Studies and Research Center Endowment Act. While I did not have the privilege of serving with

Mr. Albert in the House, I did have the unique experience of being a congressional intern in the office of our former colleague Gerald Ford at that time. Even though they were of different political parties I know of the high regard in which Mr. Albert was held not only by the Minority Leader Ford but by others with whom he served in the Congress.

I think it is fitting that we recognize him in this way and even more significant that we provide the studies and the opportunity for learning more about our Government and our Congress outside of Washington.

This is a bill to authorize Federal matching funds and I think that it also is significant that it is an incentive for funds from other sources. To authorize these Federal matching funds at a maximum of $3 million for the endowment of the Carl Albert Center is a fitting tribute to a great American and provides a forum for the study and discussion of the legislative process in Congress.

As a matter of fact, I understand the Center will be holding a scholarly conference on the congressional budget process, a subject that certainly deserves an academic critique in light of this past summer's activities.

The center offers undergraduate and graduate academic programs in the study of the Congress, sponsors a distinguished lectureship, and sends fellowship students to work in congressional offices for 1 year, similar to the program that I myself was able to take advantage of 10 years ago.

In addition, the center will provide a processing service for congressional collections and is trying to build up an extensive archive for research purposes. The speakership is the third highest ranking office in our country under the Constitution. It is fitting to honor a former Speaker and this bill does so in a way which serves the interests of the Congress and the people of this country as well.

This bill, Mr. Speaker, passed the subcommittee unanimously. In addition, the leadership of both parties has expressed support of the bill.

Mr. Speaker, this bill deserves favorable consideration by this body.

Mr. McCLORY. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Speaker, we, the Congress, are going to have the unfortunate job of funding the interest payments on the national debt that will exceed $1 trillion at the end of this year. We did not get that $1 trillion in the hole by one fatal step or one significant expenditure.

We got there bit by bit with bills just like this; $3 million here, $87 million there, $110 million here, a couple of billion there. It continues to add up and it continues to become a burden on our children and our grandchildren that is going to grind them into the ground.

Do my colleagues realize that every man, woman, and child in this country is going to have to pay almost $500 next year in interest alone on the national debt? We are not cutting our debt down. We are just staving off bankruptcy.

This kind of spending is the very kind of spending that got us in trouble.

I did not know Carl Albert. I am sure he was a delightful, charming man, just like the proponent of this measure. But somehow or another we have got to get to the American people the real belief that we are not up here spending money just because it is nice and just because some group of people would like to have the money.

Education is a noble cause. I serve on the Education and Labor Committee, but the fact is that as we have dumped more and more money into the problem we have gotten less and less for our money and this is just another example.

All I know is this: Somehow, I do not want to impose on my children more of an obligation than my parents imposed on me, and this is the kind of bill, this is the kind of money spending that is going to ultimately result in their having to pay an interest burden that they simply cannot assume.

Mr. McCLORY. I thank the gentleman for his remarks.

However, I would like to say that I am a strong believer in bringing our budget into balance and in restraining Federal expenditures. I do not think that the business of Government is supposed to come to a halt and I do not think that legitimate exercises of legislative authority, including authority to establish such a center as is contemplated by this legislation, is something that we should ignore or refuse to undertake because of budgetary restraints.

I would agree with the gentleman as far as our overall responsibility is concerned, but I would suggest that in undertaking this task that we can still assume responsibility for legitimate legislative activities of which I would include this as one, being very closely allied with the entire subject of education. The activities supported by this legislation will enhance the reputation of this body because the study that would occur in this center will enhance the understanding of this body. At the same time, I want to reiterate my support for bringing our fiscal business under control and my hope that we can exercise those kinds of restraints and exercise that kind of authority which will see that we do not have Federal expenditures which exceed our Federal revenues.

Mr. JOHNSTON. Mr. Speaker, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from North Carolina.

Mr. JOHNSTON. I thank the gentleman for yielding.

Mr. Speaker, $660 billion worth of Federal expenditures would hardly indicate we are bringing Government to a halt. Everyone knows that we have got a declining number of people becoming of college age. It is not like we lack educational establishments in this country. It is not like we have not been spending literally billions and billions of dollars on higher education. This is just a little more of what I call frill financing. It is adding the foxtail to an already overloaded automobile.

While it is nice, I will be the first to admit it is very nice. But the fact is it is not necessary. We are asking the American people to cut back, but we are not willing to do so.

□ 1345

Mr. SIMON. Mr. Speaker, I yield such time as he may consume to the chairman of the full committee, the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Speaker, I rise in support of the bill.

I had the pleasure of serving with Carl Albert. I came here in the 81st Congress and he came in the 80th Congress. I do not think any individual who served with Carl Albert would oppose the purposes of this bill. There is only $3 million involved here over a period of 7 years, and the entire $3 million must be matched.

Mr. Speaker, knowing of the great contributions that Carl Albert made to this country over a great many years, I feel this is a very modest tribute to such an outstanding gentleman.

I believe it is appropriate that we recognize the outstanding figures who serve in the Congress of the United States.

A bill of this nature is not uncommon. We have had such legislation ever since we have had a history, ever since this country has been formed.

I would hate to see any of our friends on either side of the aisle vote against this bill.

Carl Albert deserves this tribute and I think we all should support the bill.

Mr. Speaker, H.R. 3598 is a bill to authorize $3 million over a 7-year period for the purpose of matching grants on a dollar-for-dollar basis to the Carl Albert Congressional Research and Studies Center.

In H.R. 3598, Mr. Speaker, the House will have an opportunity to improve the effectiveness of the legislative branch. Also, Mr. Speaker, the mechanism to be used for this purpose—assistance to the Carl Albert Center at the University of Oklahoma—gives a very respected name to a very noble purpose.

The combination of the two—united to improve the excellence of the lawmaking branch of Government—assures that the scholarly work to be carried on by the Center will be of a very high caliber. H.R. 3598 does honor to one who has brought distinction and credit to the Halls of Congress—our former colleague and a man whom I am proud to call my friend.

Under the guidance of Carl Albert, the Congress and especially the House, benefited from the wisdom, dedication, experience and diligence of this very special person.

The study of the legislative branch—which, in the stated aim of the Carl Albert Center, would include seminars, conferences, and lectures at both undergraduate and graduate levels—can do much to foster an understanding of the complexities and intricacies of the legislative process.

H.R. 3598 was the subject of hearings within the Committee on Education and Labor under the able direction of its Subcommittee on Postsecondary Education, chaired by Representative PAUL SIMON of Illinois, who has done a fine, expeditious job in guiding the bill through the committee to the floor. On October 20, 1981, by a bipartisan vote of 24 ayes and 6 nays, the committee reported the bill to the House.

Mr. Speaker, I am pleased to support this legislation because, as I have said, its purposes are very desirable, and the person whose name has been given to the center was one of the more illustrious leaders of the legislative body which is the focus of the Center's academic activity.

I urge the overwhelming adoption of H.R. 3598 by this body.

Mr. PEYSER. Mr. Speaker, will the gentleman yield to me for a moment?

Mr. PERKINS. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Speaker, I simply want to join with the gentleman in his remarks.

I had the privilege of serving in the Congress for 3 years as a Republican under Carl Albert. I would have welcomed to do this at that time as much as I do now to honor him in this way.

I thank the gentleman for yielding.

Mr. SIMON. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Speaker, it is a great honor for me to rise in support of H.R. 3598, which honors my predecessor, our distinguished former Speaker, Carl Albert. I am often asked what it is like to replace a great man like Carl Albert. My response is that no one can replace Carl Albert—I have merely followed him in representing the people of the Third District of Oklahoma.

Passage of this bill would provide an appropriate recognition of Speaker Albert, a man that provided 28 years of outstanding service to our Nation. Speaker Albert served as one of our Nation's chief leaders during one of our Nation's most turbulent segments of history. He possesses an outstanding legislative expertise, and holds the distinction of having been a Rhodes Scholar. I can think of no better way to honor our former leader than to support an effort to promote both scholastic and legislative excellence through a center dedicated to the study of the U.S. Congress.

Passage of H.R. 3598 will provide Federal support of a superb effort made by individuals cognizant of Federal budgetary constraints to obtain private funding for a project that will benefit our entire Nation. A united financing effort has succeeded in raising $750,000 from private sources and obtaining over $500,000 from State revenues to support the Center. The center's endowment drive continues today.

The $3 million proposed by this bill would provide an appropriate national contribution to the efforts of the people of Oklahoma to pay a well-deserved tribute to Speaker Albert and simultaneously provide our Nation with a very valuable educational resource. I strongly urge all of my colleagues to support this bill.

Mr. SIMON. Mr. Speaker, I yield 3 minutes to the chief sponsor of the legislation, the gentleman from Oklahoma (Mr. MCCURDY).

Mr. MCCURDY. Mr. Speaker, I rise in support of this bill. It is with great pride that I represent the district which houses the Carl Albert Center.

I understand the gentleman from North Carolina's concern and I will work with the gentleman and continue to work with the gentleman in dealing with matters of this burgeoning budget. We both share this mutual concern.

This Center, however, is unique and provides tremendous benefits to the Nation as a whole.

Few institutions of higher learning currently have more than one or two congressional collections. Few have an experienced archivist who specializes in congressional papers to process these collections. The Carl Albert Center will help institutions all over the Nation by serving as a national processing center for congressional collections.

The Carl Albert Center also will sponsor conferences on various aspects of the legislative process. For example, this winter Members of the House and the Senate and the executive branch are being brought together with scholars to reflect how the congressional budget process works. This will probably be the only time that all these participants can sit down informally out of the limelight of congressional procedure and discuss some very important problems.

Support for this bill would encourage discussions about our process between Members and scholars attracted to this congressional center.

Finally, the bill we support today will help to offset the huge imbalance between the study of the executive and the legislative branches. The research at the Carl Albert Center will by no means correct this imbalance, but it will focus attention on a process that is little understood beyond these walls.

Greater public and scholarly awareness of our work and our history can only lead to improvement in the operation of our legislative branch.

Mr. Speaker, this bill has the wholehearted support of the entire Oklahoma delegation. It has the great support of the Speaker of the House and the majority leader and the distinguished minority leader.

It is very important that we pass this and I strongly urge you to support H.R. 3598.

Mr. SIMON. Mr. Speaker, I yield myself 1 additional minute.

I would simply point out that we now average in expenditures at our Presidential libraries in operating costs $12 million a year. This will cost at the most $429,000 a year for a 7-year period and that is it.

Finally, I would add that one thing that is important as we determine what our priorities ought to be as a nation is that we need the glue to help pull us together and paying tribute to our leaders is one of the ways that we do that. This bill is a sensible way of doing that.

● Mr. LONG of Louisiana. Mr. Speaker, I rise in support of the Carl Albert Congressional Research and Studies Center Endowment Act. This act fulfills two fine purposes.

First, it pays due tribute to the dedicated public service of our fine former Speaker, Carl Albert of Oklahoma. I am honored to consider Carl a friend, one whom I respect for his leadership of this House and his perceptive understanding of the legislative process, acquired through his own experience and scholarship. During Speaker Albert's years in Congress, and especially throughout his three terms as Speaker, all of us benefited from his wise counsel in times of great challenges.

This act also gives recognition to the need for a national center for congressional scholarship. This Center will provide our future public servants and teachers with the opportunity to learn about the history, processes and development of the U.S. Congress. Students graduating from the Center will leave with a fundamental understanding of the role of Congress in the American political process and will impart this knowledge to the people of this country. They will be well equipped to solve problems and able to meet the

challenges which lie ahead for modern representative democracy.

The modest sums authorized by this act, each of which will be matched dollar for dollar by public and private contributions, are a small price to pay for the lasting gains in understanding and good government which will be achieved through the work of the Carl Albert Center.●

● Mr. COLEMAN. Mr. Speaker, I rise in support of the bill H.R. 3598, the Carl Albert Congressional Studies and Research Center Endowment Act.

This bill, to authorize Federal matching funds at a maximum of $3 million for the endowment of the Carl Albert Center, is a fitting tribute to a great American, and provides a forum for the study and discussion of the legislative process in Congress. As a matter of fact, I understand the Center will be holding a scholarly conference on the congressional budget process—a subject which certainly deserves an academic critique in light of the past summer's activities. The Center offers undergraduate and graduate academic programs in the study of the Congress, sponsors a distinguished lectureship and sends fellowship students to work in congressional offices for 1 year. In addition, the Center will provide a processing service for congressional collections and is planning to build up an extensive archive for research purposes.

The speakership is the third highest ranking office in the country under the Constitution. It is fitting to honor a former Speaker, and this bill does so in a way which serves the interests of the Congress and the country as well.

This bill passed the subcommittee unanimously. In addition, the leadership of both parties has expressed its support of the bill. Mr. Speaker, this bill deserves favorable consideration by this body.●

● Mr. FORD of Michigan. Mr. Speaker, I rise today in support of H.R. 3598, the bill to authorize $3 million in Federal matching funds for the development of the Carl Albert Congressional Research and Studies Center at the University of Oklahoma.

As the second ranking member on the Education and Labor Committee, I feel qualified to say that I can think of no better role model for a congressional research and studies center than Carl Albert. I had the pleasure of serving with Carl during his 6-year tenure as Speaker in the House of Representatives. It was indeed a difficult time in which many trying decisions were made. Under Carl's dynamic leadership, the Democratic Caucus voted to halt the bombing in Cambodia. These were not easy times, and Carl proved to be a strong and responsive role model for us all.

Carl is indeed a good friend and I am most grateful to have served under his leadership. I urge my colleagues to support this authorization in recognition of a very fine and devoted public servant.●

● Mr. NATCHER. Mr. Speaker, I rise in support of H.R. 3598, the Carl Albert Congressional Research and Studies Center Endowment Act.

One of the nicest things that has happened to me in my lifetime is the opportunity that I had of serving in the House of Representatives with my friend Carl Albert of Oklahoma. In the 30-year period that he served in the House, he established an outstanding record. At all times, his concept of public trust was without parallel and never did he hesitate to speak out against any proposal which he felt was not sound and not to the best interest of our people. His service in all of his assignments was marked by a high sense of conscience and duty. His name will be known in all time to come at home and in the far corners of the Earth for his monumental works in behalf of representative government which is the source and protector of all human liberties in all nations where freedom prevails. He is a man of independent views and a man of strong convictions. A man who voted as his conscience dictated and upon retiring as a Member of the House of Representatives, he left behind him a record that has now become an integral part of this legislative body.

Establishment of the Center will improve the public's knowledge of Congress and the congressional process. This Center will, when established, be devoted exclusively to the study of Congress. Here we have a regional and national processing center for select congressional collections which will be of great benefit to students throughout the country and to our people generally.

Mr. Speaker, we all know that the first Congress convened on March 4, 1789. At that time, the Clerks of the House of Representatives and their assistants recorded in longhand the proceedings of the House. When one ledger was filled, another one was placed in use, and throughout this process, abbreviations were so prevalent that it was almost impossible to ascertain what had transpired during a particular session of the House. After a number of years, the ledgers were simply stored and this was the method used to record the proceedings and the history of the Congress of the United States.

In the year 1834, by proper resolution, Joseph Gales, Sr., was employed to compile and publish from authentic materials the debates and proceedings in the Congress of the United States with an appendix. With only handwritten ledgers and with many abbreviations, this was almost an impossible task to perform. History records the fact that the diary of John Adams and many other authentic materials were used in order for Joseph Gales, Sr., to be able to compile any kind of an authentic set of books containing the debates and proceedings of the Congress of the United States.

Long before the CONGRESSIONAL RECORD started, we had the Annals of Congress. This set of books contains 42 volumes and contains the debates and proceedings beginning with March 4, 1789, and continued on to the year 1824. Next, we had the Congressional Debates, consisting of 29 volumes beginning with the 18th Congress, 2d Session. This set of books extends through the 25th Congress, 1st Session, and is for the period of time 1824 to 1837. Following the Congressional Debates, we had the Congressional Globe, beginning with the 25th Congress and extending through the 42d Congress. This is for the period of 1837–74. This set of books contains 108 volumes.

Then, Mr. Speaker, the CONGRESSIONAL RECORD started in the year 1874 and has continued down to this time.

Such a center as the Carl Albert Congressional Research and Studies Center is necessary and is long overdue. The start we made as far as the recording of the debates and proceedings of Congress was not good, but this was corrected in the year 1834, when the first volume of the Annals of Congress was printed after sufficient documentation had been obtained. Subsequent to this time, the balance of the 41 volumes was printed and distributed.

This Center will produce great benefits for our people and will honor a former Speaker and an outstanding Member of the Congress of the United States.

I support this legislation and sincerely believe that it should be adopted with a unanimous vote.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. SIMON) that the House suspend the rules and pass the bill, H.R. 3598, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SIMON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MILITARY JUSTICE AMENDMENTS OF 1981

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4792) to amend title 10, United States Code, to improve the military justice system, as amended.

The Clerk read as follows:

H.R. 4792

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; REFERENCES TO UNIFORM CODE OF MILITARY JUSTICE

SECTION 1. (a) This Act may be cited as the "Military Justice Amendments of 1981".

(b) Whenever in this Act (except in sections 2(a) and 2(b)) an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of chapter 47 of title 10, United States Code (the Uniform Code of Military Justice).

REQUIRED APPELLATE LEAVE

SEC. 2. (a) Section 701(a) of title 10, United States Code, is amended—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof "; and"; and

(3) by inserting after clause (3) the following new clause:

"(4) leave required to be taken under section 876a of this title.".

(b)(1) Chapter 40 of such title is amended by adding at the end thereof the following new sections:

"§ 706. Administration of leave required to be taken pending review of certain court-martial convictions

"(a) A period of leave required to be taken under section 876a of this title shall be charged against any accrued leave to the member's credit on the day before the day such leave begins unless the member elects to be paid for such accrued leave under subsection (b). If the member does not elect to be paid for such accrued leave under subsection (b), or does not have sufficient accrued leave to his credit to cover the total period of leave required to be taken, the leave not covered by accrued leave shall be charged as excess leave. If the member elects to be paid for accrued leave under subsection (b), the total period of leave required to be taken shall be charged as excess leave.

"(b)(1) A member who is required to take leave under section 876a of this title and who has accrued leave to his credit on the day before the day such leave begins may elect to be paid for such accrued leave. Any such payment shall be based on the rate of basic pay to which the member was entitled on the day before the day such leave began. If the member does not elect to be paid for such accrued leave, the member is entitled to pay and allowances during the period of accrued leave required to be taken.

"(2) Except as provided in paragraph (1) and in section 707 of this title, a member may not accrue or receive pay or allowances during a period of leave required to be taken under section 876a of this title.

"(c)(1) A member required to take leave under section 876a of this title is not entitled to any right or benefit under section 2021 of title 38 solely because of employment during the period of such leave.

"(2) Section 974 of this title does not apply to a member required to take leave under section 876a of this title during the period of such leave.

"§ 707. Payment upon disapproval of certain court-martial sentences for excess leave required to be taken

"(a) A member—

"(1) who is required to take leave under section 876a of this title, any period of which is charged as excess leave under section 706(a) of this title; and

"(2) whose sentence by court-martial to a dismissal or a dishonorable or bad-conduct discharge is set aside or disapproved by a Court of Military Review under section 866 of this title or by the United States Court of Military Appeals under section 867 of this title,

shall be paid, as provided in subsection (b), for the period of leave charged as excess leave, unless a rehearing or new trial is ordered and a dismissal or a dishonorable or bad-conduct discharge is included in the result of the rehearing or new trial and such dismissal or discharge is later executed.

"(b)(1) A member entitled to be paid under this section shall be deemed, for purposes of this section, to have accrued pay and allowances for each day of leave required to be taken under section 876a of this title that is charged as excess leave (except any day of accrued leave for which the member has been paid under section 706(b)(1) of this title and which has been charged as excess leave). If the pay grade of the member was reduced to a lower grade as a result of the court-martial sentence (including any reduction in pay grade under section 858a of this title) and such reduction has not been set aside, disapproved, or otherwise vacated, pay and allowances to be paid under this section shall be deemed to have accrued in such lower grade. Otherwise, such pay and allowances shall be deemed to have accrued in the pay grade held by the member on the day before the day on which his court-martial sentence was approved by the convening authority.

"(2) Such a member shall be paid the amount of pay and allowances that he is deemed to have accrued, reduced by the total amount of his income from wages, salaries, tips, other personal service income, unemployment compensation, and public assistance benefits from any Government agency during the period he is deemed to have accrued pay and allowances. Except as provided in paragraph (3), such payment shall be made as follows:

"(A) Payment shall be made within 60 days from the date of the order setting aside or disapproving the sentence by court-martial to a dismissal or a dishonorable or bad-conduct discharge if no rehearing or new trial has been ordered.

"(B) Payment shall be made within 180 days from the date of the order setting aside or disapproving the sentence by court-martial to a dismissal or a dishonorable or bad-conduct discharge if a rehearing or new trial has been ordered but charges have not been referred to a rehearing or new trial within 120 days from the date of that order.

"(C) If a rehearing or new trial has been ordered and a dismissal or a dishonorable or bad-conduct discharge is not included in the result of such rehearing or new trial, payment shall be made within 60 days of the date of the announcement of the result of such rehearing or new trial.

"(D) If a rehearing or new trial has been ordered and a dismissal or a dishonorable or bad-conduct discharge is included in the result of such rehearing or new trial, but such dismissal or discharge is not later executed, payment shall be made within 60 days of the date of the order which set aside, disapproved, or otherwise vacated such dismissal or discharge.

"(3) If a member is entitled to be paid under this section but fails to provide sufficient information in a timely manner regarding his income when such information is requested under regulations prescribed under subsection (c), the periods of time prescribed in paragraph (2) shall be extended until 30 days after the date on which the member provides the information requested.

"(c) This section shall be administered under uniform regulations prescribed by the Secretaries concerned. Such regulations may provide for the method of determining a member's income during any period the member is deemed to have accrued pay and allowances, including a requirement that the member provide income tax returns and other documentation to verify the amount of his income.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new items:

"706. Administration of leave required to be taken pending review of certain court-martial convictions.

"707. Payment upon disapproval of certain court-martial sentences for excess leave required to be taken.".

(c)(1) Subchapter IX is amended by adding at the end thereof the following new section (article):

"§ 876a. Art. 76a. Leave required to be taken pending review of certain court-martial convictions.

"Under regulations prescribed by the Secretary concerned, an accused who has been sentenced by a court-martial may be required to take leave pending completion of action under this subchapter if the sentence, as approved under section 864 or 865 of this title (article 64 or 65) by the officer exercising general court-martial jurisdiction, includes an unsuspended dismissal or an unsuspended dishonorable or bad-conduct discharge. The accused may be required to begin such leave on the date on which the sentence is approved by the officer exercising general court-martial jurisdiction or at any time after such date, and such leave may be continued until the date on which action under this subchapter is completed or may be terminated at any earlier time.".

(2) The table of sections at the beginning of such subchapter is amended by adding at the end thereof the following new item:

"876a. 76a. Leave required to be taken pending review of certain court-martial convictions.".

POST-TRIAL CONFINEMENT

SEC. 3. Section 813 (article 13) is amended—

(1) by striking out "Subject to section 857 of this title (article 57), no" and inserting in lieu theeof "No"; and

(2) by striking out "or the result of trial".

INDIVIDUAL MILITARY COUNSEL

SEC. 4. (a) Section 832(b) (article 32(b)) is amended by striking out the second sentence and inserting in lieu thereof "The accused has the right to be represented at that investigation as provided in section 838 of this title (article 38) and in regulations prescribed under that section.".

(b) Subsection (b) of section 838 (article 38(b)) is amended to read as follows:

"(b)(1) The accused has the right to be represented in his defense before a general or special court-martial or at an investigation under section 832 of this title (article 32) as provided in this subsection.

"(2) The accused may be represented by civilian counsel if provided by him.

"(3) The accused may be represented—

"(A) by military counsel detailed under section 827 of this title (article 27); or

"(B) by military counsel of his own selection if that counsel is reasonably available (as determined under regulations prescribed under paragraph (7)).

"(4) If the accused is represented by civilian counsel, military counsel detailed or selected under paragraph (3) shall act as associate counsel unless excused at the request of the accused.

"(5) Except as provided under paragraph (6), if the accused is represented by military counsel of his own selection under paragraph (3)(B), any military counsel detailed under paragraph (3)(A) shall be excused.

"(6) The accused is not entitled to be represented by more than one military counsel. However, a convening authority, in his sole discretion—

"(A) may detail additional military counsel as assistant defense counsel; and

"(B) if the accused is represented by military counsel of his own selection under paragraph (3)(B), may approve a request from the accused that military counsel detailed under paragraph (3)(A) act as associate defense counsel.

"(7) The Secretary concerned shall, by regulation, define 'reasonably available' for the purpose of paragraph (3)(B) and establish procedures for determining whether the military counsel selected by an accused under that paragraph is reasonably available. To the maximum extent practicable, such regulations shall establish uniform policies among the armed forces while recognizing the differences in the circumstances and needs of the various armed forces. The Secretary concerned shall submit copies of regulations prescribed under this paragraph to the Committees on Armed Services of the Senate and House of Representatives.".

CONSTRUCTIVE SERVICE OF COURT OF MILITARY REVIEW DECISIONS

SEC. 5. Subsection (c) of section 867 (article 67(c)) is amended to read as follows:

"(c) The accused may petition the Court of Military Appeals for review of a decision of a Court of Military Review within 60 days from the earlier of—

"(1) the date on which the accused is notified of the decision of the Court of Military Review; or

"(2) the date on which a copy of the decision of the Court of Military Review, after being served on appellate counsel of record for the accused (if any), is deposited in the United States mails for delivery by first-class certified mail to the accused at an address provided by the accused or, if no such address has been provided by the accused, at the latest address listed for the accused in his official service record.

The Court of Military Appeals shall act upon such a petition promptly in accordance with the rules of the court.".

TIME LIMITS ON APPLICATIONS TO JUDGE ADVOCATES GENERAL

SEC. 6. Section 869 (article 69) is amended by adding at the end thereof the following new sentence: "When such a case is considered upon application of the accused, the application must be filed in the Office of the Judge Advocate General by the accused before—

"(1) October 1, 1983; or

"(2) the last day of the two-year period beginning on the date the sentence is approved by the convening authority or, in a special court-martial case which requires action under section 865(b) of this title (article 65(b)), the officer exercising general court-martial jurisdiction,

whichever is later, unless the accused establishes good cause for failure to file within that time.".

EFFECTIVE DATES

SEC. 7. (a) The amendment made by this Act shall take effect at the end of the sixty-day period beginning on the date of the enactment of this Act.

(d)(1) The amendments made by section 2 shall apply to each member whose sentence by court-martial is approved on or after the effective date of such amendment under section 864 or 865 (article 64 or 65) of title 10, United States Code, by the officer exercising general court-martial jurisdiction.

(2) The amendments made by section 3 shall apply to each person held as the result of a court-martial sentence announced on or after the effective date of such amendments.

(3) The amendment made by section 4(a) shall apply with respect to investigations under section 832 (article 32) of title 10, United States Code, that begin on or after the effective date of such amendment.

(4) The amendment made by section 4(b) shall apply to trials by courts-martial in which all charges are referred to trial on or after the effective date of such amendment.

(5) The amendment made by section 5 shall apply to any accused with respect to a Court of Miltary Review decision that is dated on or after the effective date of such amendment.

The SPEAKER pro tempore. Is a second demanded?

Mr. MITCHELL of New York. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. MONTGOMERY) will be recognized for 20 minutes, and the gentleman from New York (Mr. MITCHELL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Military Justice Amendments of 1981 will make an important contribution to improve the military justice system through updating the Uniform Code of Military Justice in five specific instances. These areas concern appellate leave while awaiting final review of a punitive discharge or dismissal, stabilizing post-trial confinement of military prisoners, the assignment of individual military counsel as distinguished from designated counsel, notice of right to petition the U.S. Court of Military Appeals and the review of records of trial by the Judge Advocates General of the services.

Mr. Speaker, I will not attempt to detail the various provisions of this bill since the report has been available for the Members to review. Nonetheless, I will mention generally the highlights of each amendment.

The provisions requiring an accused military person to take appellate leave when directed by the commander means simply that any accused who has been awarded a punitive discharge or dismissal and who has served his confinement may be sent home to await final review of his case. This avoids the awkward situation where a member with little or nothing to do remains on post to inevitably cause disciplinary and morale problems. The member would return to his home address without pay or allowances after any accrued leave expires.

Another amendment would clear up the uncertainty of the status of military prisoners after conviction. Presently, there is a distinction between convicted prisoners whose sentences have not been finally approved and those whose sentences have been finally approved. This distinction has mandated differences in the administration of the military prison system. The amendment would remove that distinction.

The legislation would also provide that where an accused person awaiting disciplinary action has individual military counsel to represent him, it is not necessary to also designate assigned military counsel in the same case. This provision would remove the necessity for making two military counsel available when, in the ordinary case, single military counsel is adequate.

In addition, the amendment would provide that the Secretary concerned could issue regulations concerning factors to be considered in determining the availability of individual military counsel.

With reference to the Court of Military Appeals, as the law now stands, an individual must receive actual notice of the decision of the lower appellate court in his case before the time starts running for that person to petition the Court of Military Appeals for judicial review. The actual notice provision creates problems, particularly where the accused is not present in the command. The amendment would remedy that situation by providing for constructive service by mail as is the case under the Federal rules. In addition, the time would be increased from 30 to 60 days.

Finally, with regard to the review of courts-martial cases by the Judge Advocates General, currently there is no time limit to petition after the case has been finally acted upon during the normal course of the appellate process. The amendment would set a 2-year time limit and, thus, create finality to that class conviction.

Mr. Speaker, all of the provisions of the Military Justice Amendments of 1981 are necessary and timely, and I urge my colleagues to support the bill.

At this time, Mr. Speaker, I reserve the balance of my time.

Mr. MITCHELL of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. MITCHELL of New York. Mr. Speaker, I join in urging our colleagues to support this bill.

As was so ably stated by the gentleman from Mississippi, this bill would amend and update several areas in the Uniform Code of Military Justice which will help to streamline and standardize the process. At the same time it will help to assure the protection of the rights of all accused military persons.

As has been stated, the appellate leave amendment would allow the commander to require an accused to take leave while his court-martial conviction or dismissal, was being finally reviewed. That provision would avoid the often disruptive situation of an accused remaining on base with little or nothing to do until his conviction becomes final.

The posttrial confinement provision has been explained previously and I will not belabor that issue.

I would, however, like to reemphasize that the amendment which would allow the Secretary concerned, to set the ground rules for the availability of individual military counsel is a move in the right direction—a move towards more uniform justice—equal treatment for all. With that amendment the accused will be entitled to either an individual military counsel of his own choice if available under the rules, or an appointed military counsel, but not both. However, in an especially serious case, the commander could make additional military counsel available. Of course, the accused may also retain civilian counsel—but this would be at his own expense.

Some question has been raised as to the constitutionality of that amendment. I believe we can lay any such doubt to rest since the chief judge of the U.S. Court of Military Appeals in his testimony indicated without equivocation that the amendment would not raise a constitutional issue.

The remaining provisions with regard to the constructive (as opposed to actual) service of lower court decisions and any limit on applicatons for review of records of trial by the judge advocates general need no further explanation. Both of these provisions are in accord with general appellate practices and will unify the rules in military justice practice as well.

Mr. Speaker, I repeat my strong support for these amendments and urge my colleagues to do the same.

Mr. Speaker, I yield back the balance of my time.

□ 1400

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4792, now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. MONTGOMERY. Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi (Mr. MONTGOMERY) that the House suspend the rules and pass the bill, H.R. 4792, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

STANDARDIZING USE OF MILITARY LAND TIMBER HARVESTING RECEIPTS

Mr. BRINKLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4543) to amend title 10, United States Code, to provide for the sharing with the State and local governments of amounts received by the United States from the sale of timber produced on military installations.

The Clerk read as follows:

H.R. 4543

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2664 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) Each State in which is located a military installation or facility from which timber and timber products are sold in a fiscal year is entitled at the end of such year to an amount equal to 25 percent of the amount received by the United States during such year as proceeds from the sale of timber and timber products produced on such installation or facility after reimbursement of appropriations of the Department of Defense under subsection (d) for all expenses of production of timber and timber products on such installation or facility during such year.

"(2) The amount paid to a State pursuant to paragraph (1) shall be expended as the State legislature may prescribe for the benefit of the public schools and public roads of the county or countries in which the military installation or facility is situated.

"(3) In a case in which a military installation or facility is located in more than one State or county, the amount paid pursuant to paragraph (1) shall be distributed in a manner proportional to the area of such installation or facility in each State or county.".

SEC. 2. Subsection (e) of section 2665 of title 10, United States Code, as added by the first section of this Act, shall apply with respect to timber and timber products sold after September 30, 1981.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Georgia (Mr. BRINKLEY) will be recognized for 20 minutes, and the gentleman from New York (Mr. MITCHELL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Georgia (Mr. BRINKLEY).

GENERAL LEAVE

Mr. BRINKLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4543, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BRINKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill, H.R. 4543, would amend title 10, United States Code, section 2665, for the purpose of standardizing the use of timber harvest receipts from Federal military lands with that existing for such receipts from national forest lands. It would entitle State and local governments to receive 25 percent of net receipts from timber harvesting on military installations located within their boundaries for public school and public road purposes.

Existing law (title 16, United States Code, section 500) entitles State and local governments to receive 25 percent of gross receipts from timber harvests on national forest lands located within their jurisdictions. This entitlement is designed to compensate the host areas for the impacts associated with the Federal presence. Recipients are permitted to use such proceeds as prescribed by their respective State legislatures for public school and public road purposes.

Timber receipts from Federal military lands are not treated in the same manner. There is no State and local government entitlement to such receipts. The Department of Defense has control and responsibility over approximately 2.5 million acres of productive forest land. Presently, over 150 military installations in 38 States and the District of Columbia have active forest management programs. In the committee's judgment H.R. 4543 is warranted because of present law covering national forest land timber receipts and because of the impact of military presence on State and local governments.

Enactment of H.R. 4543 would result in State and local government entitlement to 25 percent of net receipts rather than 25 percent of gross re-

ceipts as originally contemplated. This distribution formula will permit the military services to apply timber proceeds against their related operation and maintenance costs before any receipts are distributed to State and local governments.

As funds are made available to the States, they would be allocated on the basis of plans adopted by the respective State legislatures for public school and public road purposes to those areas where military timber operations resulted in a surplus of receipts. This follows the body of law relating to disbursement from national forest land timber harvesting. In cases where an installation is located in more than one county, the net proceeds would be distributed on a pro rata basis reflecting the amount of timber acreage of the Federal military installation in each county.

From a fiscal standpoint, this legislation is modest. In fiscal year 1980, for example, gross timber receipts for the armed services totaled approximately $12.4 million. Related costs were $8.1 million. Under H.R. 4543, therefore, eligible State and local governments would have shared 25 percent of the approximately $4 million in net receipts, or $1 million, for public school and public road purposes. The use of funds in this manner would be consistent with existing law as it applies to timber proceeds from national forest lands.

From an intergovernmental relations standpoint, the legislation is significant. It is designed to help offset, at least to a minimal extent, the reduction in State and local government tax bases and to defray additional public service costs related to the military presence.

Mr. Speaker, this bill was reported unanimously by the Committee on Armed Services. I know of no opposition to it and encourage my colleagues to support it.

Mr. MITCHELL of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to join the gentleman from Georgia (Mr. BRINKLEY) and the gentleman from Virginia (Mr. TRIBLE) in expressing support for H.R. 4543, the military timber harvesting standardization bill. In doing so, I want to compliment both gentlemen for their efforts and their leadership in bringing this legislation to the floor.

For the benefit of my colleagues, I want to underscore the point that this legislation affects virtually all parts of the country. At present, over 150 military installations in 38 States and the District of Columbia have active forest management programs. Some 2.5 million acres of productive forest land are controlled and under the responsibility of the Department of Defense. Therefore, this legislation has national impact.

Equally significant is the point that the legislation will not result in additional appropriations being required for the Defense Department to conduct its timber production program. State and local entitlement to 25 percent of net proceeds means that military services will continue to apply timber receipts against their related operation and maintenance costs before any proceeds are distributed to the State and local governments. Consequently, Congress will not be called upon to provide additional operations for the military timber production program. At a time of severe budgetary constraints, it behooves the Congress to be particularly sensitive to legislative proposals that would result in increased appropriations.

One final point that in my judgment should be raised is the fact that the Federal Government does have a responsibility of being cognizant of its effect on State and local areas that host its activities. This bill meets that oligation in a manner that is consistent with existing law.

In conclusion, Mr. Speaker, I respectfully urge the House to pass H.R. 4543.

● Mr. TRIBLE. Mr. Speaker, I rise in strong support of H.R. 4543, the military timber harvesting standardization bill.

This legislation, which has the full support of the Armed Services Committee, provides that State and local governments shall receive 25 percent of the net receipts from timber production on military installations located in their jurisdictions. Presently, State and local governments receive similar proceeds from timber harvesting on national forest lands. H.R. 4543, therefore, simply remedies an incongruity between the disposal of timber production receipts from national forest lands and those from Federal military lands.

State and local governments receive approximately $234 million annually in national forest receipts. As a result of this bill, eligible State and local governments would receive an estimated total of $1 million annually. Obviously these two programs differ in magnitude; however, they are identical in the philosophy of government that they represent. When the Federal Government receives a benefit from the natural resources within a State, that State should share in that benefit. Furthermore, this bill signifies that a more consistent approach will be taken on the part of the Federal Government in its relationship with State and local governments.

This bill recognizes the impact of a Federal military presence on State and local governments and deals with it in a positive manner. At the same time, the budgetary impact on the Federal Government is minimal. H.R. 4543 represents a constructive step forward and deserves our full support. I urge its passage.●

Mr. MITCHELL of New York. Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

Mr. BRINKLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. BRINKLEY) that the House suspend the rules and pass the bill, H.R. 4543.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

MINERAL LAW LEASING AMENDMENTS

Mr. BRINKLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4591) to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4591

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of August 7, 1947 (61 Stat. 915; 30 U.S.C. 355), is amended by adding the following at the end thereof: "Notwithstanding the preceding provisions of this section, all receipts derived from leases on lands acquired for military or naval purposes, except the naval petroleum reserves and national oil shale reserves, shall be paid into the Treasury of the United States and disposed of in the same manner as provided under section 35 of the Act of February 25, 1920 (41 Stat. 450; 30 U.S.C. 191), in the case of receipts from sales, bonuses, royalties, and rentals of the public lands under that Act.".

SEC. 2. The amendment made by the first section of this Act shall take effect with respect to leases entered into after January 1, 1981.

The SPEAKER pro tempore. Is a second demanded?

Mr. MITCHELL of New York. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. BRINKLEY) will be recognized for 20 minutes, and the gentleman from New York (Mr. MITCHELL) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Georgia (Mr. BRINKLEY).

GENERAL LEAVE

Mr. BRINKLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to

revise and extend their remarks on the bill, H.R. 4591, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BRINKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4591 would amend the Mineral Leasing Act for acquired lands to allow States to receive 50 percent of the proceeds from mineral leasing on lands acquired for military purposes.

At present, States receive 50 percent of the proceeds from mineral leasing on public domain lands within their borders. This bill, H.R. 4591, would apply the same rationale to acquired military lands. It is designed to correct an oversight in existing law.

Before the Federal Coal Mineral Leasing Amendments Act of 1976 was enacted, there was no authority to issue mineral leases on acquired lands set aside for military or naval purposes. While that 1976 act removed the leasing restriction, it did not change the revenue distribution provisions of the Mineral Leasing Act for acquired lands as they apply to acquired military lands.

Presently, the Mineral Leasing Act for acquired lands requires that all receipts derived from mineral leases on acquired lands, except acquired Indian lands, be paid into the same funds or accounts in the U.S. Treasury and be distributed in the same manner as other receipts from the lands affected by the lease. In the case of acquired military lands, the distribution is covered by the Military Leasing Act, which requires that rentals received from leases issued under that title are to be deposited into the U.S Treasury as miscellaneous receipts. None of the proceeds are distributed to the States containing the acquired military lands, causing a disparity in the treatment of mineral leasing revenues between those of acquired military lands and those of public domain lands.

H.R. 4591 would eliminate this disparity and permit revenues from the mineral leasing of acquired military lands to be distributed in the same manner as the proceeds from mineral leases on public domain lands and other acquired lands.

The significance of this corrective action is underscored by several examples of the size of these types of receipts. In January of this year, $43 million in bonus bids were received for the oil and gas leases at Fort Chaffee, Ark. Another $14 million in bonuses were received for oil and gas leases at Columbus Air Force Base, Miss. And sizable revenues are expected from future leases of lignite deposits at Camp Swift in Texas. Obviously, this source of income for State and local governments assumes even greater significance as other Federal resources are reduced.

According to the U.S. Geological Survey, there are 24 military installations in 6 States that contain oil and gas producing fields. Another 49 installations in 7 States are identified as having high prospective value for oil and gas fields. Also, there are 13 States in which all of their military bases are considered to have high prospective value for oil and gas fields. Thus, it is possible that this legislation could have an impact throughout the United States.

The States and their subdivisions would be able to use these proceeds, as prescribed by the State legislatures, for planning, construction, and maintenance of public services, and provision of public services in those areas impacted by the development of the mineral lease program. Again, this is consistent with existing law as it applies to public lands.

The bill is supported by the Department of Interior and reported unanimously by the Committee on Armed Services. I encourage my colleagues to support it.

Mr. Speaker, we appreciate the leadership in this matter of our colleague, the gentleman from Arkansas, PAUL HAMMERSCHMIDT, the leadership of our colleague, the gentleman from Texas, JAKE PICKLE, and the leadership of my colleagues on the other side of the aisle, the gentleman from New York, DON MITCHELL, and the gentleman from Virginia, PAUL TRIBLE.

Mr. MITCHELL of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in our search for more energy sources, Congress in 1976 opened up for oil and gas exploration and production those lands acquired for military purposes. That action took place with passage of the Federal Mineral Leasing Amendments Act, which lifted a 1947 restriction on the mineral leasing of acquired military lands.

Unfortunately, we find now there was a significant oversight in the 1976 act, and it has created a serious inequity. The act failed to change the revenue distribution process to allow States to receive 50 percent of the proceeds from mineral leases on acquired military lands—just as they do today from mineral leases on public domain lands and other acquired lands such as national forests.

Presently, the law requires that all proceeds from mineral leases on acquired military lands be deposited into the U.S. Treasury. Thus, none of it is distributed to the States. It should be—this legislation will do just that. It will right that wrong.

Enactment of this bill also will insure that non-public-land States, like those in the East, will share in receipts derived from mineral leases on acquired military lands in the same way that most public-land States in the West share in revenues from mineral leases on public domain lands within their boundaries.

Mr. Speaker, I urge the House to approve this legislation.

□ 1415

Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas (Mr. HAMMERSCHMIDT).

Mr. HAMMERSCHMIDT. Mr. Speaker, as the original sponsor of H.R. 4591, the mineral leasing laws amendments, I would like to commend Chairman PRICE, our distinguished colleague JACK BRINKLEY, Mr. TRIBLE, Mr. MITCHELL of New York, and the other members of the House Armed Services Committee for their prompt actions in bringing this important measure to the floor today.

The Senate has already approved an identical version of this measure, S. 859, sponsored by Senators BUMPERS and PRYOR, on September 10, 1981. Moreover, 35 Members of the House of Representatives have recognized the merits and critical need for the amendments which I have proposed and have cosponsored the bill.

In addition, I am pleased to report that the Department of the Interior has testified in support of H.R. 4591 and expressed the administration's strong endorsement of the full thrust of sharing revenues from all mineral leasing and ending the current statutory discrimination against States in which there are Federal lands acquired for military purposes. In this connection, I would like to point out that the Department of the Interior has recently announced that they have lifted the oil and gas leasing moratorium imposed by the last administration on over 6 million acres of lands which were acquired by the Federal Government for military purposes. The termination of the moratorium will affect bases such as Camp Swift in Texas, Eglin Air Force Base in Florida, Fort Polk in Louisiana, Fort Chaffee, Ark., and other bases all over the United States. In making this announcement, the Department of the Interior also stated that their action reflected this administration's policy of sharing with the States the benefits as well as the burdens of increased production from America's energy resources.

In my own congressional district, the Bureau of Land Management already awarded a record-breaking oil and gas lease sale totaling over $43 million on lands within the Fort Chaffee Reservation in Arkansas, undoubtedly the first of many such leases nationwide. Information based on a Department of the Interior geological survey indi-

cates that there are over 100 major military installations across our country having a high prospective value for oil and gas fields.

The constituents of those Members who have in their districts military installations on acquired lands have a vital interest in the outcome of this legislation, which corrects an inequity created by the Mineral Leasing Act of 1976. It appears that when the law was changed in 1976 to permit mineral leasing on military reservations, a change should have also been made in the Mineral Leasing Act to permit the Federal Government to share the proceeds from leasing for oil and gas exploration on military reservations on acquired lands with the States and local governments where the leasing occurs.

We are all aware that having a military installation in a community, with its tax immunity, places a burden on those local governments where the military reservation is located. Over the years, I have supported programs aimed at compensating States and local jurisdictions for the tax moneys lost due to their having military installations in their jurisdiction. However, as you know, in the majority of instances the revenues received under these programs do not begin to match the taxes which would be received if the property were held in private ownership.

For example, in my home State of Arkansas, the local governments in the vicinity of Fort Chaffee have lost a substantial part of their tax base due to the acquisition of approximately 73,000 acres of area land to form Fort Chaffee Military Reservation in 1941. The 73,000 acres, acquired by the Federal Government for Fort Chaffee, currently costs the local governments approximately $512,460 in 1 year's taxes. The total of the tax moneys lost as a result over the past 40 years is indeed substantial.

As we all know, local people often bear relatively severe burdens as a result of development of minerals in their area which will be of national benefit in meeting our country's energy needs. These burdens can include such things as a massive infusion of new workers with the attendant demand for increased services, which can strain the abilities of the local community to support them. In the past, Congress has recognized this problem by allowing States to receive 50 percent of the proceeds from mineral leasing on public domain lands within their borders. That same rationale should obviously pertain to allow States with acquired lands for military reservations to receive similar benefits.

At a time when local governments are being asked to pick up a larger share of ongoing programs, they should not concurrently be denied the opportunity of benefiting from those proceeds which are derived from mineral leasing on military reservations located in their jurisdictions.

Briefly, let me summarize that the legislation will allow States to receive 50 percent of all rents, bonuses, and royalties received from mineral leasing on military reservations. The Federal portion will be divided as follows: 40 percent into the reclamation fund and 10 percent to the general fund of the Treasury. This is the exact same distribution formula provided for mineral leasing on public domain lands—section 191 of title 30, United States Code.

Therefore, I urge my colleagues to swiftly correct this inequitable oversight and pass H.R. 4591, which has already received overwhelming approval in the Senate.

● Mr. LIVINGSTON. Mr. Speaker, I want to thank the gentleman from Arkansas (Mr. HAMMERSCHMIDT) for his efforts regarding the introduction and passage of this important piece of legislation. By passing H.R. 4591, Congress will correct an inequity which presently prohibits States or localities from sharing in the revenues gleaned from leasing for oil and gas exploration on military reservations. As the gentleman from Arkansas has said, States currently receive 50 percent of the proceeds from mineral leasing on public domain lands within their borders. However, this legislation will now allow States, within whose boundaries acquired lands for military reservations exist, to receive similar benefits for mineral leasing.

In an oil and gas State such as Louisiana, the correction of this inequity is particularly important. All military installations within Louisiana encompass acreage having a high potential value for future oil and gas fields. The additional revenues that the passage of H.R. 4591 could possibly reap for Louisiana and other States may surely mitigate the loss of Federal funding that we in Congress must curtail in the upcoming years if we are to get our economy back on track.

Mr. Speaker, I support this legislation and hope that the entire Congress will act on its passage expeditiously. At a time when State and local governments are being asked to pick up a larger share of funding for important social programs, we cannot deny them the right to share in the benefits of their resources.●

● Mr. TRIBLE. Mr. Speaker, in 1976 Congress allowed oil and gas exploration and production to begin on lands acquired for military purposes. The purpose of this action was to provide additional domestic energy sources and lessen our dependence on foreign countries.

The 1976 act, the Federal Coal Mineral Leasing Amendments Act, lifted a restriction on mineral leasing on acquired military lands. H.R. 4591 would correct an oversight in the 1976 act which has resulted in a serious inequity for the States where the acquired military lands are located.

The States currently receive 50 percent of the proceeds from mineral leases on public domain lands and other acquired lands such as national forests. However, the States are receiving no proceeds from mineral leases on acquired military lands because the 1976 act failed to change the revenue distribution process. Therefore, all proceeds from these acquired military lands are now deposited in the U.S. Treasury, and the States receive no benefits.

There is no reason why the proceeds from leases on acquired military lands should be treated differently from leases on public domain lands and other nonmilitary acquired lands.

The 1976 amendments to the Mineral Leasing Act for acquired lands should have included a provision for the sharing of proceeds with State and local governments. H.R. 4591 corrects this omission, and I urge its approval by the House.●

Mr. MITCHELL of New York. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BRINKLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. BRINKLEY) that the House suspend the rules and pass the bill, H.R. 4591, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

VETERANS' ADMINISTRATION AND DEPARTMENT OF DEFENSE MEDICAL SHARING ACT

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3502) to amend title 38, United States Code, to provide for greater coordination and sharing of the medical facilities of the Veterans' Administration and the Department of Defense, as amended.

The Clerk read as follows:

H.R. 3502

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Administration and Department of Defense Medical Sharing Act".

SEC. 2. (a) Section 5011 of title 38, United States Code, is amended—

(1) by inserting "(a)" before "The Administrator";

(2) by striking out "or for the transfer" and all that follows through "care for veterans,";

(3) by striking out "and domiciliary beds below the number established or approved on June 22, 1944" and inserting in lieu thereof ", domiciliary, and nursing home beds below the number established or approved under section 5010 of this title"; and

(4) by adding at the end the following:

"(b)(1) It is the sense of the Congress that there are opportunities for greater sharing and coordination of the medical resources of the Veterans' Administration and the Department of Defense which, if achieved, would be beneficial to both veterans and to members of the Armed Forces on active duty and which could result in reduced costs to the Government. Accordingly, the Administrator and the Secretary of Defense shall direct that the Chief Medical Director of the Veterans' Administration and the Assistant Secretary of Defense for Health Affairs, respectively, form an interagency commiittee to maintain oversight of opportunities for sharing of medical resources of the Veterans' Administration and the Department of Defense and to make recommendations to the heads of their respective agencies with respect to the sharing of those medical resources.

"(2) In addition to such other duties as may be assigned to them in order to carry out this subsection, the Chief Medical Director and the Assistant Secretary of Defense for Health Affairs (hereinafter in this section referred to as the 'Assistant Secretary') shall regularly—

"(A) assess the opportunities for sharing of existing medical resources between the Veterans' Administration and the Department of Defense;

"(B) keep the other apprised of plans for any additional medical facilities planned by their respective agencies (including the location of new facilities and the acquisition of major new medical equipment) with regard to the impact of such plans on opportunities for interagency sharing;

"(C) review the existing capabilities of the Veterans' Administration and of the Department of Defense with respect to direct health care (including support and administrative services) in order to identify opportunities for sharing that will not adversely affect the quality of, or the established priority of, care provided by either the Veterans' Administration or the Department of Defense; and

"(D) recommend to the Administrator and the Secretary of Defense policies and procedures designed to maximize the sharing of the medical resources of the Veterans' Administration and the Department of Defense.

"(3) In carrying out the duties prescribed by this subsection, the Assistant Secretary shall consult regularly with the Surgeons General of the Army, Navy, and Air Force.

"(4) The Chief Medical Director and the Assistant Secretary may each carry out their respective functions under this subsection through any other official designated for such purpose.

"(c) Not later than one year after the date of the enactment of this subsection, and after considering the recommendations of the Chief Medical Director and the Assistant Secretary submitted under subsection (b) of this section, the Administrator of Veterans' Affairs and the Secretary of Defense shall jointly establish guidelines for the sharing of medical resources by health care facilities of the Veterans' Administration and the Department of Defense. Such guidelines shall include provisions for the following:

"(1) The director, in the case of a health care facility of the Veterans' Administration, or the medical or dental officer in charge, or the contract surgeon in charge, in the case of a health care facility under the jurisdiction of the Department of Defense may enter into cooperative sharing agreements with health care facilities of the other agency. Under any such agreement, an individual entitled to direct health care in a facility of one agency may be provided medical care at the facility of the other agency.

"(2) Each agreement entered into pursuant to paragraph (1) of this subsection between the head of a facility of the Veterans' Administration and the head of a facility of the Department of Defense shall explicitly define the health care to be provided pursuant to such agreement. Services to be shared may include any medical resource, but the resources to be shared shall be negotiated and agreed upon by the heads of the facilities entering into the agreement.

"(3) Each such agreement shall ensure that the availability of direct health care to individuals who are not primary beneficiaries of the providing agency shall be on a referral basis and shall not, as determined by the directors or commanding officers participating in such arrangements, adversely affect the range of services, quality of care, or priority access for services of the primary beneficiaries of the providing agency.

"(d)(1) Whenever a beneficiary receives medical services from a providing agency other than the providing agency for which such beneficiary is a primary beneficiary, the providing agency shall be reimbursed for the cost of the services provided based on any costing methodology agreed upon by the Administrator and the Secretary of Defense that is based on the cost of the services provided.

"(2) Any reimbursement under paragraph (1) of this subsection shall be credited to the appropriation and to the facility that provided the services.

"(e) The Administrator and the Secretary of Defense shall submit an annual joint report to Congress, to be submitted at the time the President's Budget for the next fiscal year is transmitted, with regard to—

"(1) the guidelines prescribed pursuant to subsection (c) of this section;

"(2) the opportunities for interagency sharing determined under subsection (b)(2) of this section;

"(3) the interagency sharing agreements entered into by health-care facilities of the Veterans' Administration and the Department of Defense;

"(4) the activities of the Veterans' Administration and the Department of Defense under such interagency sharing agreements;

"(5) other interagency activities directed toward maximizing the efficient use of Federal health resources during the preceding fiscal year;

"(6) the progress of Federal interagency medical resource sharing during the preceding fiscal year;

"(7) the interagency coordination of Federal health resources planning;

"(8) other major Federal activities to increase interagency sharing of Federal medical resources; and

"(9) such legislative recommendations as they consider appropriate to facilitate interagency sharing of health care resources.

"(f) For the purposes of this section:

"(1) The term 'direct health care' means health care provided to a beneficiary in a facility operated by the United States Government.

"(2) The term 'beneficiary' means a veteran who is entitled under this title to health care in Veterans' Administration facilities or a member or former member of the Army, Navy, Air Force, or Marine Corps who is entitled to medical and dental care under section 1074 of title 10.

"(3) The term 'providing agency' means the Veterans' Administration or the Department of Defense.

"(4) The term 'primary beneficiary', with respect to the Veterans' Administration, means a veteran who is entitled under this title to health care in Veterans' Administration facilities, and, with respect to the Department of Defense, means a member or former member of the Army, Navy, Air Force, or Marine Corps who is entitled to medical and dental care under section 1074 of title 10.

"(5) The term 'medical resource' means medical care resources and medical care support resources.

"(g)(1) Notwithstanding any other provision of this title, during a period of war, or a period of national emergency declared by the President or the Congress which involves the use of the Armed Forces of the United States in armed conflict, the Administrator, when authorized to do so by the President, may give a higher priority to the furnishing of hospital care, nursing home care, and medical services under chapter 17 of this title to members of the Armed Forces on active duty, as authorized by this section, than to any other group of persons eligible for such care and services with the exception of veterans with service-connected disabilities.

"(2)(A) The Administrator may contract with private facilities for the provision by such facilities of hospital care and medical service described in subparagraph (B) of this paragraph during a period described in paragraph (1) of this subsection in which the President has authorized the Veterans' Administration to furnish priority medical care and services to members of the Armed Forces on active duty.

"(B) Hospital care and medical services referred to in subparagraph (A) of this paragraph are—

"(i) hospital care needed to treat a condition for which a veteran is receiving medical services under subsection (f) or (g) of section 612 of this title, in any case in which delay in furnishing such hospital care would, in the judgment of the Administrator, be likely to result in deterioration of that condition; and

"(ii) hospital care or medical services for the treatment of medical emergency which poses a serious threat to the life or health of a veteran eligible for such care or services under chapter 17 of this title, if Veterans' Administration facilities are not capable of furnishing the care or services required because of the furnishing of care and services to members of the Armed Forces under paragraph (1) of this subsection.

"(C) The Administrator shall prescribe regulations to govern contracting under this paragraph.

"(D) The authority of the Administrator to enter into contracts under this paragraph is subject to the availability of appropriations for that purpose.

"(3) The cost of any care or service provided by the Veterans' Administration under paragraph (1) of this subsection shall be re-

imbursed to the Veterans' Administration by the Department of Defense at such rates as may be agreed upon by the Administrator and the Secretary of Defense and are based on the cost of the care of service provided. Amounts received under this paragraph shall be credited to appropriations available to the Veterans' Administration facility which provided the care or service.

"(4) Not later than the end of the 180-day period beginning on the date of the enactment of the Veterans' Administration and Department of Defense Medical Sharing Act, the Administrator and the Secretary of Defense shall enter into an agreement under which the Administrator and the Secretary shall agree to pursue planning activities and to establish procedures and guidelines under which this subsection shall be carried out. Not later than the end of the 365-day period beginning on the date of the enactment of such Act, the Administrator and the Secretary of Defense shall complete plans for the provision of hospital care and medical services under this subsection to members of the Armed Forces on active duty and shall submit such plans to the Committees on Veterans' Affairs and on Armed Services of the Senate and House of Representatives. Such plans shall be reviewed jointly by the Administrator and the Secretary of Defense not less often than annually, and any modification in such plans shall be reported to the Committees on Veterans' Affairs and on Armed Services of the Senate and House of Representatives within 30 days after such modification is agreed to.

"(5) Within 30 days after an authorization by the President under paragraph (1) of this subsection for the Veterans' Administration to provide priority hospital care and services to members of the Armed Forces on active duty (or as soon after the end of such thirty-day period as is reasonably practicable), the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report of the Administrator's allocation of facilities and personnel in order to provide such care and services.".

(b)(1) The heading of such section is amended to read as follows:

"§ 5011. Sharing of Veterans' Administration and Armed Forces facilities".

(2) The item relating to such section in the table of sections at the beginning of chapter 81 is amended to read as follows:

"5011. Sharing of Veterans' Administration and Armed Forces facilities.".

The SPEAKER pro tempore. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi (Mr. MONTGOMERY) will be recognized for 20 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi (Mr. MONTGOMERY).

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks, and that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. MONTGOMERY. Mr. Speaker, I yield as much time as he may consume to the chairman of our Subcommittee on Hospitals and Health Care, the gentleman from Ohio (Mr. MOTTL), for an explanation of the bill, as amended.

Mr. MOTTL. Mr. Speaker, H.R. 3502 was unanimously ordered reported by the Committee on Veterans' Affairs on May 12, 1981. Since the bill was jointly referred to the Committee on Armed Services, on October 27 that committee filed its report on the bill with amendments. The bill was reported in slightly different form by the two committees; therefore, under the motion to suspend the rules and pass the bill as amended, the text represents an agreed-upon substitute.

The purpose of the bill is to provide for greater coordination and sharing of medical resources between the Veterans' Administration and the Department of Defense.

In the past, Mr. Speaker, the VA and DOD have carried out their respective missions independent of each other even though facilities of the two agencies are in geographic proximity. Some local hospital directors have exchanged resources on an informal basis, but such exchanges have not been done on a broad scale.

In addition, the bill would assure that VA will serve as the principal backup for the Department of Defense in providing medical care and services to members of the Armed Forces who are injured during a period of war or national emergency.

The magnitude and missions of VA and DOD health care systems are such that the two agencies should share resources to the maximum extent possible. In addition, the relationship between the two agencies is such that VA should be the principal backup health care provider for DOD in case of mobilization. The Department should not be looking to the private sector to provide medical services that will be needed during a period of war or national conflict. It would be very expensive for the Defense Department to enter into agreements with private hospitals when a quality system such as the VA is already established and equipped to handle the demand should the need arise.

The Veterans' Administration operates the largest health care delivery system in the United States that is under single management. At the present time, the system includes 172 hospitals and 226 outpatient clinics. The Department of Defense operates 124 hospitals and numerous outpatient clinics. VA currently operates approximately 82,500 hospital beds, 9,000 nursing care beds, and 9,217 domiciliary beds. It provides inpatient care to 1.3 million patients per year and outpatient visits exceed 17.8 million annually.

To care for our veterans, the VA employs more than 185,000 personnel, including 6,300 full time, 4,100 part time, and 7,500 intern and resident physicians. In addition, it employs 880 full time, 29 part time, and 283 intern and resident dentists and over 28,000 registered nurses.

Mr. Speaker, many Members of Congress and other interested citizens have expressed concern during the past several years with the ever-increasing costs of medical care, both in the private and public sectors. Because of such interest, the General Accounting Office has been examining various options that would possibly help lower the cost of health care in Federal facilities. On June 14, 1978, GAO issued a report entitled "Legislation Needed to Encourage Better Use of Federal Medical Resources and Remove Obstacles to Interagency Sharing." GAO identified several legal and administrative obstacles blocking greater coordination and sharing between VA and DOD. On June 26, 1980, the General Accounting Office submitted another report to the Congress entitled, "The Congress Should Mandate Formation of a Military-VA-Civilian Contingency Hospital System." This report discusses the activities of DOD and VA directed toward the development of a medical backup capability, and contains recommendations to the Congress for legislation needed to facilitate this activity.

The bill as reported by the two committees is designed to carry out GAO's recommendations.

Mr. Speaker, at this point let me explain how the bill was developed. On February 25, 1981, I introduced H.R. 2158, the Military/Veterans' Administration Medical Sharing Act of 1981. The bill as introduced would provide for greater coordination and sharing of the medical resources of the Veterans' Adminstration and the Department of Defense.

On February 19, 1981, the Honorable MARVIN LEATH, a ranking member of our committee, introduced H.R. 1969, the Military Casualty Medical Treatment Planning Act of 1981. That bill would designate the VA health care delivery system as the principal backup health care system for the Department of Defense in case of war or national emergency.

My Subcommittee on Hospitals and Health Care conducted hearings on both bills, receiving testimony from the Veterans' Administration, the Department of Defense, and national service organizations. On April 30, 1981, the subcommittee recommended

a clean bill, H.R. 3502, to the full committee encompassing the provisions of H.R. 2158 and H.R. 1969. On May 12 the full committee unanimously ordered the bill reported to the House.

SUMMARY OF THE BILL

Sections 2(a) through 2(f) of the bill provide a mandate for the coordination and sharing of VA and DOD health care resources and encourages the pursuit of such sharing arrangements that would be beneficial to the primary beneficiaries of the Veterans' Administration and the Department of Defense. Such sharing would realize tremendous savings to American taxpayers, while increasing access to services for veterans who neither live near a VA facility, nor near one which has certain specialized services they might need.

The bill would establish an interagency committee, composed of the Chief Medical Director of the VA and the Assistant Secretary of Defense for Health Affairs. They would be responsible for reviewing policies, assessing further opportunities for sharing that will not adversely affect the quality of, or the established priority of, care provided by either agency, and keep each other apprised of plans for any additional medical facilities planned by their respective agencies.

In carrying out their duties, the Administrator and the Secretary of Defense would be required to jointly establish guidelines for the sharing of medical resources within 1 year after the date of enactment of the bill. The bill calls for an annual joint report to the Congress to be submitted at the time of the President's budget for the next fiscal year.

Mr. Speaker, these provisions of the bill are not intended to alter the complete automony and separate statutory responsibilities of the Department of Defense and the Veterans' Administration. The scope of interagency sharing that would be permitted under the bill would not extend to the point of comingling or altering of agency missions or management. It is intended solely to establish a legislative mandate for interagency sharing and to foster the mutual exchange of information between the two agencies for the purpose of identifying opportunities for greater sharing of medical resources when it is beneficial to both agencies, as well as veterans and active duty personnel. The bill would remove current legal and other obstacles that have constrained interagency sharing and would create the mechanisms necessary to overcome the problem of handling the reimbursements for such sharing agreements and setting the rates for such reimbursements.

Mr. Speaker, section 2(g) of the bill recognizes the need of VA and DOD to participate in joint contingency planning. The legislation would establish a special priority for treating members of the Armed Forces during a period of war or national emergency. This priority for care and treatment would be second only to the priority of service-connected veterans.

This subsection would also provide special contract authority during such a period of war or national emergency to permit the Administrator, pursuant to regulations to be prescribed, to provide specified hospital care and medical services to certain groups of eligible veterans who otherwise might not be treated in a VA hospital because of the volume of military casualties that require immediate attention at a given time. This would certainly apply in cases where delay in furnishing such hospital care would be likely to result in deterioration of the veteran's condition.

The bill would provide for reimbursement from DOD to the VA at such rates as are agreed upon by the Administrator and the Secretary of Defense.

Mr. Speaker, as stated previously, H.R. 3502 was jointly referred to the Committee on Armed Services because of shared jurisdiction under House rule X. Following hearings on the bill by the Committee on Armed Services, that committee reported the bill with three amendments.

First, the committee deleted the provisions of the bill that would have authorized the Veterans' Administration and the Department of Defense to submit requests directly to the Congress without Office of Management and Budget approval for relief from personnel ceilings or for appropriations to carry out their responsibilities under the bill during time of war or national emergency. The Armed Services Committee felt this provision of the bill would be an unwarranted intrusion into the authority of the executive branch. We have accepted this recommendation and the bill before us does not contain that provision.

The Armed Services Committee also eliminated the provision that would have authorized the Secretary of the military department concerned, during the period of war or national emergency, to relieve certain VA health-care employees from any obligation to perform active military service which such employee would otherwise be required to perform. The committee deleted this provision because reserve medical forces are an indispensible element of the total defense posture. Again, we have accepted the recommendation of the Armed Services Committee. The bill, as amended, does not contain that provision.

A third recommendation proposed by the Armed Services Committee was not totally accepted. The committee proposed to amend section 2(g)(5) of the bill as reported by the Committee on Veterans' Affairs with substitute language that would require the Administrator to maintain current plans for the provision of hospital care and medical services to "insure that Veterans' Administration medical facilities are prepared to accept members of the Armed Forces as soon as practicable, and not more then 38 hours following authorization by the President." The committee felt it necessary to clarify the contingency planning provision of the original bill since certain DOD officials had interpreted the original language as allowing at least a 30-day delay subsequent to the initiation of hostilities before VA hospitals would be capable of accepting active-duty casualties for treatment.

Obviously, Mr. Speaker, DOD misinterpreted the intent of the language. The 30-day reporting provision contained in the original bill had nothing to do with when the agency should begin to accept casualties for treatment. Everyone agrees the VA should maintain a contingency plan that could be implemented immediately. In other words, the VA should be in a position to accept patients without any delay. The Administrator would be required to report to the Congress, within 30 days following authorization by the President, on his plan for the allocation of facilities and personnel.

Mr. Speaker, we have agreed to accept the armed services language with some modification. The bill at the desk would require the following:

First, not later than the end of the 180-day period beginning on the date of enactment of the bill, the Administrator and the Secretary of Defense shall agree to pursue planning activities and to establish procedures and guidelines under which the planned activities shall be carried out.

Second, not later than the end of the 365-day period beginning on the date of enactment of the bill, the Administrator and the Secretary of Defense must complete plans to provide hospital care and medical services and shall submit such plans to the Committees on Veterans' Affairs and on Armed Services of the House and Senate. Such plans shall be reviewed jointly by the Administrator and the Secretary of Defense not less often than annually, and any modification in such plans shall be reported to the Committees on Veterans' Affairs and on Armed Services within 30 days after such modification is agreed to.

Third, within 30 days after the President authorizes the VA to proceed with the plan (or as soon after the end of such 30-day period as is reasonably practicable), the Administrator must submit to Congress a report of his allocation of facilities and personnel to provide the medical care and services required.

Mr. Speaker, this modified provision of the bill as been agreed to by the Veterans' Administration and the De-

partment of Defense. The language we have agreed to will assure that: First, the Administrator and the Secretary must begin serious discussions without delay and reach agreement within 180 days following enactment of the bill; second, details as to how the plan will be implemented must be submitted to the Congress within a year following enactment of the bill and such plan must be ready to be implemented at any time; third, VA can begin to accept patients immediately following the President's approval to proceed to implement the plan; and fourth, within 30 days following authorization by the President to implement the plan, the Administrator will be required to submit a status report to the Congress on the allocation of facilities and personnel in order to furnish the medical care and services required.

Mr. Speaker, the bill as amended is strongly supported by the Veterans' Administration and the Department of Defense. A lot of work has gone into this bill and I want to thank several of my colleagues who have given their time to get this bill to the floor. My personal thanks to my chairman, the very able gentleman from Mississippi (Mr. MONTGOMERY), who not only provided assistance in our own committee but the Armed Services Committee as well. I am most grateful to the ranking minority member of the committee, the distinguished gentleman from Arkansas (Mr. HAMMERSCHMIDT). His leadership and cooperation means so much to me and all the members of the committee. I want to thank MARVIN LEATH, the distinguished gentleman from Texas, who drafted that portion of the bill that would establish the VA health care system as the primary backup to DOD for the treatment of casualties resulting from the involvement of the Armed Forces in armed conflict or national emergency.

I want to pay a special tribute to my colleague, the distinguished gentleman from Georgia (Mr. BRINKLEY), a ranking member of the Committees on Veterans' Affairs and on Armed Services whose leadership and cooperation were instrumental in getting this bill to the floor this session. I am also most grateful to the gentleman from Virginia (Mr. TRIBLE), the ranking member of the Armed Services Subcommittee on Military Installations and Facilities, for helping move the bill through his subcommittee. The amendments proposed by the Committee on Armed Services have generally been accepted and have strengthened the measure.

Finally, Mr. Speaker, I want to thank the very distinguished and able chairman of the Armed Services Committee, the gentleman from Illinois (Mr. PRICE), and the distinguished gentleman from Alabama, the ranking minority member of the full committee (Mr. DICKINSON), for helping to put together a very good bill.

I urge my colleagues to adopt the bill, as amended. I believe it will assure a quality of care not now available to military personnel and veterans in some areas of the country, and during a time of war or national conflict, the contingency plan to be implemented will make certain that the medical needs of our servicemen and women injured during such periods will be readily available.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3502, the Veterans' Administration and Department of Defense Medical Sharing Act, a bill designed to provide for the sharing and coordination of the use of medical resources between the Veterans' Administration and the Department of Defense.

This legislation is extremely valuable for several reasons, chief among them the fact that the enactment of its key provisions could ultimately result in significant savings in medical care costs both to the Veterans' Administration and the Department of Defense. The Congressional Budget Office has advised the Veterans' Committee that savings will depend upon the policies and procedures for sharing equipment and facilities established between the two agencies, and the Veterans' Committee has made a determined effort to craft legislation that will overcome the obstacles to such sharing between the agencies.

This bill results from the hard work of many individuals and is cosponsored by 28 Members of the House. In that regard I particularly want to commend for their leadership on the bill the gentleman from Mississippi, Mr. SONNY MONTGOMERY, the chairman of our Committee on Veterans' Affairs; the gentleman from Ohio (Mr. MOTTL), the chairman of the Subcommittee on Hospitals and Health Care; the gentleman from Georgia (Mr. BRINKLEY), the chairman of the Subcommittee on Armed Services that considered the bill; and the gentleman from Virginia (Mr. TRIBLE), who is ranking on that subcommittee. The Armed Services Committee to which the bill was jointly referred amended it in three ways—all of which added strength to it. Those amendments deleted provisions opposed by the administration. Our committee accepted the deletions and I am confident that the bill as amended is an excellent one.

Mr. Speaker, one of the principal justifications for a VA hospital system that is separate and self-sustaining is that such a system can provide a much-needed backdrop for emergency military usage. I see this legislation as strengthening the viability of the VA medical system, and also insuring that military casualties will not suffer from inexpert treatment. I am aware of the military medical crisis; its shortage of doctors and other medical care personnel, and the closing of many facilities. The military will benefit from this legislation, the VA will benefit from it, and I look forward to seeing it become law.

The basic provisions of H.R. 3502 create a clear legislative mandate for the sharing of various health care resources by the Veterans' Administration and the Department of Defense—an arrangement that will benefit both agencies at the same time that it results in reduced costs to Government.

This legislation directs the establishment of an interagency committee, composed of the Chief Medical Director of the Veterans' Administration and the Assistant Secretary of Defense for Health Affairs. This committee would maintain oversight of opportunities for sharing medical resources and recommend their use to the Administrator and the Secretary of Defense.

The committee's duties would include assessing the opportunities for a shared use of existing medical resources, apprising the appropriate authorities of plans for the acquisition of major new medical equipment and the consideration of the impact of such acquisitions vis-a-vis interagency sharing. The committee will also identify opportunities for sharing resources in a way that will not adversely affect the quality or established priority of care provided by either agency and recommend to the Administrator and the Secretary of Defense any policies and procedures that will maximize the implementation of this bill.

Among other provisions, this bill would establish a special priority for treating members of the Armed Forces during a period of war or national emergency, a priority second only to that of service-connected veterans in need of care and treatment.

I might add that this legislation is not intended to alter in any way the complete autonomy and separate statutory responsibilities of the Department of Defense and the Veterans' Administration.

Mr. Speaker, I know of no opposition to H.R. 3502. It is a bill that is necessary, one that will probably save substantial money, and one that is obviously in the national interest. I urge my colleagues to support it.

Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. DUNN).

Mr. DUNN. Mr. Speaker, the Committee on Armed Services considered the Veterans' Committee report and then reported its bill on October 27 with amendments which, in my opinion, improve and perfect it. One of those amendments removes a provision which would have allowed VA and the Department of Defense to submit

certain emergency budget and personnel requests directly to the Congress without going through the Office of Management and Budget. Another amendment deletes a provision that would have authorized Secretaries of the Military Services to excuse certain VA medical employees from military service during a time of emergency mobilization. The administration opposed these provisions. Upon reflection I agree with their deletion and believe that they improve the bill. A third amendment is technical in nature and is concerned with reporting to the Congress by VA and DOD and with allocation of personnel and facilities. This amendment, in my opinion, also improves the bill.

The need to be prepared for the expeditious and appropriate use of all Federal medical facilities to treat battlefield casualties in some future conflict is obvious. This legislative modification to the VA mission is necessary to permit it and the Department of Defense to plan jointly for such contingencies.

Mr. Speaker, the Congressional Budget Office reports that substantial savings to the Government may result from procedures established under H.R. 3502. There would be no cost to its enactment except in a period of war or national emergency.

This bill comes to the House floor following a great deal of study and effort. It has strong support from the administration, from the Department of Defense, and from the Veterans' Administration. It results from the hard work of many individuals and is cosponsored by 28 Members of the House. In that regard I particularly want to commend, for their leadership on the bill, the gentleman from Mississippi, Mr. SONNY MONTGOMERY, the chairman of our Committee on Veterans' Affairs, the ranking minority member, Mr. HAMMERSCHMIDT, the gentleman from Ohio (Mr. MOTTL), the chairman of the Subcommittee on Hospitals and Health Care, the gentleman from Georgia (Mr. BRINKLEY), the chairman of the Subcommittee on Armed Services that considered the bill the gentleman from Virginia (Mr. TRIBLE), who is ranking on that subcommittee.

I urge our colleagues to join me in support of H.R. 3502.

Mr. MONTGOMERY. Mr. Speaker, I also would like to thank the chairman of the Subcommittee on Veterans' Affairs, Mr. MOTTL, the full committee and ranking minority member, Mr. HAMMERSCHMIDT, for their help.

Mr. Speaker, at this time I would like to yield as much time as he may consume to the distinguished chairman of the Subcommittee on Military Installations and Facilities, the gentleman from Georgia (Mr. BRINKLEY). I would like to say that Mr. BRINKLEY also serves on the Veterans' Affairs Committee besides being the chairman of the Subcommittee of the Armed Services Committee to which this bill was referred. I would like to thank the gentleman from Georgia and also the ranking minority member of the subcommittee, the gentleman from Virginia (Mr. TRIBLE), for their really fine cooperation and leadership which they have given to us on the dual referral of this bill.

Mr. BRINKLEY. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I wish to join the distinguished chairman of the Veterans' Affairs Committee, Mr. MONTGOMERY, in support of H.R. 3502 as amended.

In recent years, increasing concern has been expressed in the Congress over the rapidly escalating costs of health care in the private sector as well as in Federal facilities that provide direct health care to eligible beneficiaries. As a result of this concern, the National Health Planning and Resources Development Act of 1974 was enacted, requiring non-Federal hospitals to coordinate and plan the use of their medical resources. Soon after the enactment of this law, the General Accounting Office began an extensive examination of the possibilities for Federal hospitals to do the same.

The General Accounting Office subsequently issued reports identifying numerous opportunities for reducing Federal direct health care costs, now exceeding $10 billion a year, as well as possibilities for improving the quality of health care through greater interagency sharing and coordination. The reports further found serious inadequacies in the existing contingency plans and their reliance on civilian hospitals during a period of war or national emergency.

The General Accounting Office recommended that Congress enact legislation to remove legal and administrative barriers to resource sharing and to provide for joint contingency planning for care and treatment of wartime casualties.

Mr. Speaker, H.R. 3502 as amended removes the legal barriers and provides for greater coordination and sharing of the medical resources of the Veterans' Administration and the Department of Defense. This legislation was reported favorably by the Veterans' Affairs Committee, on which I am also privileged to sit, and the Armed Services Committee.

My colleague the gentleman from Ohio (Mr. MOTTL), has already explained the major provisions of the bill so I will not go into them again. I would, however, like to make some general comments about this very important legislation.

H.R. 3502 would establish an interagency committee composed of the Chief Medical Director of the Veterans' Administration and the Assistant Secretary of Defense for Health Affairs. The committee would be responsible for maintaining oversight of opportunities for sharing medical resources and for making recommendations to the Administrator and the Secretary of Defense on means to achieve that goal during peacetime.

Mr. Speaker, I would like to point out that this legislation does not mandate the sharing of any particular medical care resource. The actual services to be shared would be determined by the directors of the local Veterans' Administration or Department of Defense facility based on their assessment of the benefits to such sharing. Practically any medical resource could be shared. Of course, expensive, high-technology resources or scarce medical specialist services would be among the first types to be considered. Examples of the kinds of services that would fall in this category are CAT scans, electron microscopy studies, nuclear medicine, radiation therapy, cardiac catheterization, open heart surgery, and dialysis. Examples of health care support resources that could be shared are laundry services, maintenance and support services, laboratory services, pharmacy services, computer systems, medical libraries, and procurement of systems through group purchase. The possibilities are almost unlimited for cost savings.

In addition to peacetime sharing, H.R. 3502 is also designed to foster joint contingency planning between the two agencies. The Veterans' Administration health care system would be used as the primary backup to the Department of Defense health care system for treatment of active duty military personnel injured in armed conflict during a period of war or national emergency declared by the President or the Congress. Active duty members of the Armed Forces would be accorded special priority for care and treatment second only to the priority of service-connected veterans.

This section of the bill further directs the Administrator and the Secretary of Defense to enter into an agreement within 180 days after the date of enactment to pursue planning activities and to establish procedures and guidelines for use of the authority provided in this legislation. Not later than 365 days after the date of enactment, complete plans for the provision of hospital care and medical services to members of the Armed Forces injured on active duty during a period of war or national emergency must be submitted to the Committees on Veterans' Affairs and Armed Services of the Senate and House of Representatives.

This is especially important, Mr. Speaker, because if war was declared today, there would not be a contingency plan for returning casualties to use Veterans' Administration hospital

79-059 O-85-20 (Pt. 20)

beds. In fact, there is some doubt as to whether the Veterans' Administration would have statutory authority to treat combat casualties.

In hearings before the Subcommittee on Military Installations and Facilities, Department of Defense and Veterans' Administration witnesses testified in support of H.R. 3502 as amended. The legislation before you today incorporates improvements recommended by departmental witnesses.

The Committee on Armed Services believes that this legislation will contribute to the major objectives of resource sharing and joint contingency planning, while at the same time improving health care and producing significant cost savings.

Mr. Speaker, I urge my colleagues to vote for H.R. 3502 as amended.

□ 1430

Mr. HAMMERSCHMIDT. Mr. Speaker, before I yield time to the next Member, I want to thank the gentleman from Georgia (Mr. BRINKLEY), who plays such a valuable role not only as chairman of the Subcommittee on Military Installations and facilities of the Committee on Armed Services, but also as a member of our Committee on Veterans' Affairs. The gentleman from Georgia and the gentleman from Virginia (Mr. TRIBLE) have done a great job.

I also wish to thank the gentleman from New York (Mr. MITCHELL), and at this time I yield such time as he may consume to that gentleman.

Mr. MITCHELL of New York. Mr. Speaker, I thank the gentleman for yielding this time to me, and I also rise in support of this bill.

I know of no one who objects to the bill at any level or in any group. The goals of this legislation are most commendable. They are, of course, to promote and foster increased cooperation and sharing of health care resources between the Veterans' Administration and the Department of Defense during peacetime.

It also serves to establish the Veterans' Administration's medical system as the primary backup for the Department of Defense during a national emergency or during a war. It serves not only the best interests of our Nation but also of both agencies because, while encouraging cooperation between the agencies, it also protects the integrity of each organization, and while maintaining the separate health care mission of both, it enhances their abilities to accomplish their purpose in a more effective, efficient, and inexpensive manner.

Both the Department of Defense and the Veterans' Administration support the legislation. The GAO recommended it. It is especially good news that the enactment of this legislation costs nothing. It is not a budget buster. In fact, it is expected to eventually save some money through the avoidance of waste and duplication in not only services and structures but also in equipment.

I do not know of any opposition to this bill, Mr. Speaker. I wonder why we did not do this long ago. It makes good sense, it saves dollars, and I urge my colleagues to support it.

Mr. HAMMERSCHMIDT. Mr. Speaker, I have no further requests for time.

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume for just a few more brief comments.

The amendments proposed by the Committee on Armed Services are very good ones, and I appreciate the time that the subcommittee spent on these amendments. We are pleased to accept the amendments.

The bill is strongly supported by the Department of Defense and also by the Veterans' Administration. I might say that a major factor is that this bill will save millions of dollars in the future in providing medical care for members of the active services and the Veterans' Administration through sharing agreements. I urge the adoption of the bill.

● Mr. TRIBLE. Mr. Speaker, I rise in strong support of H.R. 3502 as amended.

The Veterans' Administration and the Department of Defense each operate major health care systems. These two systems, because of administrative and legal barriers, have not been able to share their medical resources in order to reduce expenses. H.R. 3502 removes those barriers to resource sharing and insures that there will be no adverse effect on the quality of care provided.

In addition to the peacetime sharing provisions, this bill designates the Veterans' Administration as the principal backup to the Department of Defense health care system for the treatment of active-duty military casualties during a period of war or national emergency.

This bill addresses the health care needs of our veterans, the preparedness requirements of our Armed Forces, and provides an opportunity to reduce Federal spending without reducing the quality of services. This legislation is needed, and I urge my colleagues to vote for passage.●

Mr. MONTGOMERY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi (Mr. MONTGOMERY) that the House suspend the rules and pass the bill, H.R. 3502, as amended.

The question was taken.

Mr. MOTTL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

LACEY ACT AMENDMENTS OF 1981

Mr. BREAUX. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1638) to provide for the control of illegally taken fish and wildlife, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1638

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lacey Act Amendments of 1981".

SEC. 2. DEFINITIONS.

For the purposes of this Act:

(a) The term "fish or wildlife" means any wild animal, whether alive or dead, including without limitation any wild mammal, bird, reptile, amphibian, fish, mollusk, crustacean, arthropod, coelenterate, or other invertebrate, whether or not bred, hatched, or born in captivity, and includes any part, product, egg, or offspring thereof.

(b) The term "import" means to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, whether or not such landing, bringing, or introduction constitutes an importation within the meaning of the customs laws of the United States.

(c) The term "Indian tribal law" means any regulation of, or other rule of conduct enforceable by, any Indian tribe, band, or group but only to the extent that the regulation or rule applies within Indian country as defined in section 1151 of title 18, United States Code.

(d) The terms "law," "treaty," "regulation," and "Indian tribal law" mean laws, treaties, regulations, or Indian tribal laws which regulate the taking, possession, importation, exportation, transportation, or sale of fish or wildlife or plants.

(e) The term "person" includes any individual, partnership, association, corporation, trust, or any officer, employee, agent, department, or instrumentality of the Federal Government or of any State or political subdivision thereof, or any other entity subject to the jurisdiction of the United States.

(f) The terms "plant" and "plants" mean any wild member of the plant kingdom, including roots, seeds, and other parts thereof (but excluding common food crops and cultivars) which is indigenous to any State and which is either (A) listed on an appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, or (B) listed pursuant to any State law that provides for the conservation of species threatened with extinction.

(g) The term "Secretary" means, except as otherwise provided in the Act, the Secretary of the Interior or the Secretary of Commerce, as program responsiblities are vested pursuant to the provisions of Reorganization Plan Numbered 4 of 1970 (84 Stat. 2090); except that with respect to the provisions of this Act which pertain to the importation or exportation of plants the term means the Secretary of Agriculture.

(h) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, Northern Mariana Islands, American Samoa, and any other territory, commonwealth, or possession of the United States.

(i) The term "taken" means captured, killed, or collected.

(j) The term "transport" means to move, convey, carry, or ship by any means, or to deliver or receive for the purpose of movement, conveyance, carriage, or shipment.

SEC. 3. Prohibited Acts.

(a) OFFENSES OTHER THAN MARKING OFFENSES.—It is unlawful for any person—

(1) to import, export, transport, sell, receive, acquire, or purchase any fish or wildlife or plant taken or possessed in violation of any law, treaty, or regulation of the United States or in violation of any Indian tribal law;

(2) to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce—

(A) any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law, or

(B) any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(3) within the special maritime and territorial jurisdiction of the United States (as defined in section 7 of title 18, United States Code)—

(A) to possess any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law or Indian tribal law, or

(B) to possess any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(4) having imported, exported, transported, sold, purchased, or received any fish or wildlife or plant imported from any foreign country or transported in interstate or foreign commerce, to make or submit any false record, account, label, or identification thereof; or

(5) to attempt to commit any act described in paragraphs (1) through (4).

(b) MARKING OFFENSES.—It is unlawful for any person to import, export, or transport in interstate commerce any container or package containing any fish or wildlife unless the container or package has previously been plainly marked, labeled, or tagged in accordance with the regulations issued pursuant to paragraph (2) of subsection 7(a) of this Act.

SEC. 4. PENALTIES AND SANCTIONS.

(a) CIVIL PENALTIES.—

(1) Any person who engages in conduct prohibited by any provision of this Act (other than subsection 3(b)) and in the exercise of due care should know that the fish or wildlife or plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty, or regulation, may be assessed a civil penalty by the Secretary of not more than $10,000 for each such violation: *Provided,* That when the violation involves fish or wildlife or plants with a market value of less than $350, and involves only the transportation, acquisition, or receipt of fish or wildlife or plants taken or possessed in violation of any law, treaty, or regulation of the United States, any Indian tribal law, any foreign law, or any law or regulation of any State, the penalty assessed shall not exceed the maximum provided for violation of said law, treaty, or regulation, or $10,000, whichever is less.

(2) Any person who violates subsection 3(b) may be assessed a civil penalty by the Secretary of not more than $250.

(3) For purposes of paragraphs (1) and (2), any reference to a provision of this Act or to a section of this Act shall be treated as including any regulation issued to carry out any such provision or section.

(4) No civil penalty may be assessed under this subsection unless the person accused of the violation is given notice and opportunity for a hearing with respect to the violation. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which a person may have taken or been in possession of the said fish or wildlife plants.

(5) Any civil penalty assessed under this subsection may be remitted or mitigated by the Secretary.

(6) In determining the amount of any penalty assessed pursuant to paragraphs (1) and (2), the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited act committed, and with respect to the violator, the degree of culpability, ability to pay, and such other matters as justice may require.

(b) HEARINGS.—Hearings held during proceedings for the assessment of civil penalties shall be conducted in accordance with section 554 of title 5, United States Code. The administrative law judge may issue subpenas for the attendance and testimony of witnesses and the production of relevant papers, books, or documents, and may administer oaths. Witnesses summoned shall be paid the same fees and mileage that are paid to witnesses in the courts of the United States. In case of contumacy or refusal to obey a subpena issued pursuant to this paragraph and served upon any person, the district court of the United States for any district in which such person is found, resides, or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the administrative law judge or to appear and produce documents before the administrative law judge, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) REVIEW.—Any person against whom a civil penalty is assessed under this section may obtain review thereof in the appropriate district court of the United States by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code. If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary may request the Attorney General of the United States to institute a civil action in an appropriate court of the United States to collect the penalty, and such court shall have jurisdiction to hear and decide any such action. In hearing such action, the court shall have authority to review the violation and the assessment of the civil penalty de novo.

(d) CRIMINAL PENALTIES.—

(1) Any person who—

(A) knowingly imports or exports any fish or wildlife or plants in violation of any provision of this Act (other than subsection 3(b)), or

(B) violates any provision of this Act (other than subsection 3(b)) by knowingly engaging in conduct that involves the sale or purchase of, the offer of sale or purchase of, or the intent to sell or purchase, fish or wildlife or plants with a market value in excess of $350,

knowing that the fish or wildlife or plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty or regulation, shall be fined not more than $20,000, or imprisoned for not more than five years, or both. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which the defendant may have taken or been in possession of the said fish or wildlife or plants.

(2) Any person who knowingly engages in conduct prohibited by any provision of this Act (other than subsection 3(b)) and in the exercise of due care should know that the fish and wildlife or plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty or regulation shall be fined not more than $10,000, or imprisoned for not more than one year, or both. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which the defendant may have taken or been in possession of the said fish or wildlife or plants.

(e) PERMIT SANCTIONS.—The Secretary may also suspend, modify, or cancel any Federal hunting or fishing license, permit, or stamp, or any license or permit authorizing a person to import or export fish or wildlife or plants (other than a permit or license issued pursuant to the Fishery Conservation and Management Act of 1976), or to operate a quarantine station or rescue center for imported wildlife or plants, issued to any person who is convicted of a criminal violation of any provision of this Act or any regulation issued hereunder. The Secretary shall not be liable for the payments of any compensation, reimbursement, or damages in connection with the modification, suspension, or revocation of any licenses, permits, stamps, or other agreements pursuant to this section.

SEC. 5. FORFEITURE.

(a) IN GENERAL.—

(1) All fish or wildlife or plants imported, exported, transported, sold, received, acquired, or purchased contrary to the provisions of section 3 of this Act (other than subsection 3(b)), or any regulation issued pursuant thereto, shall be subject to forfeiture to the United States notwithstanding any culpability requirements for civil penalty assessment or criminal prosecution included in section 4 of this Act.

(2) All vessels, vehicles, aircraft, and other equipment used to aid in the importing, exporting, transporting, selling, receiving, acquiring, or purchasing of fish or wildlife or plants in a criminal violation of this Act for which a felony conviction is obtained shall be subject to forfeiture to the United States if (A) the owner of such vessel, vehicle, aircraft, or equipment was at the time of the

alleged illegal act a consenting party or privy thereto or in the exercise of due care should have known that such vessel, vehicle, aircraft, or equipment would be used in a criminal violation of this Act, and (B) the violation involved the sale or purchase of, the offer of sale or purchase of, or the intent to sell or purchase, fish or wildlife or plants.

(b) APPLICATION OF CUSTOMS LAWS.—All provisions of law relating to the seizure, forfeiture, and condemnation of property for violation of the customs laws, the disposition of such property or the proceeds from the sale thereof, and the remission or mitigation of such forfeiture, shall apply to the seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, insofar as such provisions of law are applicable and not inconsistent with the provisions of this Act; except that all powers, rights, and duties conferred or imposed by the customs laws upon any officer or employee of the Treasury Department may, for the purposes of this Act, also be exercised or performed by the Secretary or by such persons as he may designate: *Provided*, That any warrant for search or seizure shall be issued in accordance with rule 41 of the Federal Rules of Criminal Procedure.

(c) STORAGE COST.—Any person convicted of an offense, or assessed a civil penalty, under section 4 shall be liable for the costs incurred in the storage, care, and maintenance of any fish or wildlife or plant seized in connection with the violation concerned.

SEC. 6. ENFORCEMENT.

(a) IN GENERAL.—The provisions of this Act and any regulations issued pursuant thereto shall be enforced by the Secretary, the Secretary of Transportation, or the Secretary of the Treasury. Such Secretary may utilize by agreement, with or without reimbursement, the personnel, services, and facilities of any other Federal agency or any State agency or Indian tribe for purposes of enforcing this Act.

(b) POWERS.—Any person authorized under subsection (a) to enforce this Act may carry firearms; may make an arrest without a warrant for any felony violation of this Act if he has reasonable grounds to believe that the person to be arrested has committed or is committing such violation: *Provided*, That an arrest for a felony violation of this Act that is not committed in the presence or view of any such person and that involves only the transportation, acquisition, receipt, purchase, or sale of fish or wildlife or plants taken or possessed in violation of any law or regulation of any State shall require a warrant; may make an arrest without a warrant for a misdemeanor violation of this Act if he has reasonable grounds to believe that the person to be arrested is committing a violation in his presence or view; and may execute and serve any subpena, arrest warrant, search warrant issued in accordance with rule 41 of the Federal Rules of Criminal Procedure, or other warrant of civil or criminal process issued by any officer or court of competent jurisdiction for enforcement of the Act. Any person so authorized, in coordination with the Secretary of the Treasury, may detain for inspection and inspect any vessel, vehicle, aircraft, or other conveyance or any package, crate, or other container, including its contents, upon the arrival of such conveyance or container in the United States or the customs waters of the United States from any point outside the United States or such customs waters, or, if such conveyance or container is being used for exportation purposes, prior to departure from the United States or the customs waters of the United States. Such person may also inspect and demand the production of any documents and permits required by the country of natal origin, birth, or reexport of the fish or wildlife. Any fish, wildlife, plant, property, or item seized shall be held by any person authorized by the Secretary pending disposition of civil or criminal proceedings, or the institution of an action in rem for forfeiture of such fish, wildlife, plants, property, or item pursuant to section 5 of this Act; except that the Secretary may, in lieu of holding such fish, wildlife, plant property, or item, permit the owner or consignee to post a bond or other surety satisfactory to the Secretary.

(c) DISTRICT COURT JURISDICTION.—The several district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have jurisdiction over any actions arising under this Act. The venue provisions of title 18 and title 28 of the United States Code shall apply to any actions arising under this Act. The judges of the district courts of the United States and the United States magistrates may, within their respective jurisdictions, upon proper oath or affirmation showing probable cause, issue such warrants or other process as may be required for enforcement of this Act and any regulations issued thereunder.

(d) REWARDS.—Beginning in fiscal year 1983, the Secretary or the Secretary of the Treasury shall pay a reward from sums received as penalties, fines, or forfeitures of property for any violation of this Act or any regulation issued hereunder to any person who furnished information which leads to an arrest, a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of the Treasury, as appropriate. Any officer or employee of the United States or any State or local government who furnished information or renders service in the performance of his official duties is ineligible for payment under this subsection.

SEC. 7. ADMINISTRATION.

(a) REGULATIONS.—

(1) The Secretary, after consultation with the Secretary of the Treasury, is authorized to issue such regulations, except as provided in paragraph (2), as may be necessary to carry out the provisions of section 4 and section 5 of this Act.

(2) The Secretaries of the Interior and Commerce shall jointly promulgate specific regulations to implement the provisions of subsection 3(b) of this Act for the marking and labeling of containers or packages containing fish or wildlife. These regulations shall be in accordance with existing commercial practices.

(b) CONTRACT AUTHORITY.—Beginning in fiscal year 1983, to the extent and in the amounts provided in advance in appropriations Acts, the Secretary may enter into such contracts, leases, cooperative agreements, or other transactions with any Federal or State agency, Indian tribe, public or private institution, or other person, as may be necessary to carry out the purposes of this Act.

SEC. 8. EXCEPTIONS.

(a) The provisions of paragraph (1) of subsection 3(a) of this Act shall not apply to any activity regulated by a fishery management plan in effect under the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1801 et seq.).

(b) The provisions of paragraphs (1), (2)(A), and (3)(A) of subsection 3(a) of this Act shall not apply to—

(1) any activity regulated by the Tuna Conventions Act of 1950 (16 U.S.C. 951-961) or the Atlantic Tunas Convention Act of 1975 (16 U.S.C. 971-971(h)); or

(2) any activity involving the harvesting of highly migratory species (as defined in paragraph (14) of section 3 of the Fishery Conservation and Management Act of 1976) taken on the high seas (as defined in paragraph (13) of such section 3) if such species are taken in violation of the laws of a foreign nation and the United States does not recognize the jurisdiction of the foreign nation over such species.

(c) The provisions of paragraph (2) of subsection 3(a) of this Act shall not apply to the interstate shipment or transshipment through Indian country as defined in section 1151 of title 18, United States Code, or a State of any fish or wildlife or plant legally taken if the shipment is en route to a State in which the fish or wildlife or plant may be legally possessed.

SEC. 9. MISCELLANEOUS PROVISIONS.

(a) EFFECT ON POWERS OF STATES.—Nothing in this Act shall be construed to prevent the several States or Indian tribes from making or enforcing laws or regulations not inconsistent with the provisions of this Act.

(b) REPEALS.—The following provisions of law are repealed:

(1) The Act of May 20, 1926 (commonly known as the Black Bass Act; 16 U.S.C. 851-856).

(2) Section 5 of the Act of May 25, 1900 (16 U.S.C. 667e), and sections 43 and 44 of title 18, United States Code (commonly known as provisions of the Lacey Act).

(3) Sections 3054 and 3112 of title 18, United States Code.

(c) DISCLAIMERS.—Nothing in this Act shall be construed as—

(1) repealing, superseding, or modifying any provision of Federal law other than those specified in subsection (b);

(2) repealing, superseding, or modifying any right, privilege, or immunity granted, reserved, or established pursuant to treaty, statute, or executive order pertaining to any Indian tribe, band, or community; or

(3) enlarging or diminishing the authority of any State or Indian tribe to regulate the activities of persons within Indian reservations.

(d) HUMANE SHIPMENT.—Subsection 42(c) of title 18, United States Code, is amended by striking "Secretary of the Treasury" and inserting in lieu thereof "Secretary of the Interior within one hundred and eighty days of the enactment of the Lacey Act Amendments of 1981".

(e) REWARD.—Subsection 11(d) of the Endangered Species Act of 1973 (16 U.S.C. 1540) is amended to read as follows:

"(d) REWARD.—The Secretary or the Secretary of the Treasury shall pay a reward from sums received as penalties, fines, or forfeitures of property for any violation of this Act or any regulation issued hereunder to any person who furnishes information which leads to an arrest, a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of

the Treasury, as appropriate. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this subsection.".

(f) The amendment specified in subsection 9(e) of this Act shall take effect beginning in fiscal year 1983.

(g) The Secretary of the Interior is authorized to pay from agency appropriations the travel expense of newly appointed special agents of the United States Fish and Wildlife Service and the transportation expense of household goods and personal effects from place of residence at time of selection to first duty station to the extent authorized by section 5724 of title 5 for all such special agents appointed after January 1, 1977.

(h) The Secretary shall identify the funds utilized to enforce this Act and any regulations thereto as a specific appropriations item in the Department of the Interior appropriations budget proposal to the Congress.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Louisiana (Mr. BREAUX) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill we are now considering, H.R. 1638, would provide for the control of illegally taken fish and wildlife. Known as the Lacey Act Amendments of 1981, this legislation represents a major effort to provide for the effective enforcement of existing fish and wildlife conservation laws.

The Lacey and Black Bass Acts are two of the oldest Federal wildlife conservation statutes. The Lacey Act was first passed in 1900. Generally, the existing acts prohibit the importation, exportation, or interstate commerce of any fish or wildlife taken in violation of Federal, State, or foreign laws.

Although these statutes have been an invaluable tool in the effort to provide for the long-term conservation of our fish and wildlife resources, the simple fact of the matter is that these acts have not kept pace with the change in the nature of the commercial trade in fish and wildlife products. This trade today is big business. It is highly sophisticated. The level of wildlife importations into the country in recent years is truly staggering—estimated at over 600 million items per year. Although many of these items were imported in an entirely legal manner in full compliance with all relevant conservation laws, the Fish and Wildlife Service believes that the level of illegal shipments may run as high as 10 to 25 percent of the total wildlife shipments entering and leaving the United States.

It has become clear in the course of hearings on this legislation that the existing Lacey and Black Bass Acts no longer provide an effective deterrent to this level of illegal trade in fish and wildlife. Simply stated, the penalties provided in these acts are too low to deter highly profitable illegal activity. The Black Bass Act, for example, provides for a maximum fine of $200. This fine cannot hope to deter, for example, the documented extensive illegal trade involving hundreds of tons of salmon taken in western rivers and marketed across the country.

H.R. 1638, as reported by the Merchant Marine and Fisheries Committee responds to many of the identified problems with the existing acts. The legislation proposes to make the following major changes in the Lacey and Black Bass Acts:

First, it will combine the Lacey and Black Bass Acts into one statute to promote public understanding and simplify administration and enforcement.

Second, it will raise both the civil and criminal penalties of the current laws and target commercial violators and international traffickers.

Third, H.R. 1638 will permit relaxation of the current rigid provisions for the marking of containers in which fish and wildlife are shipped. Under this bill the Secretaries of the Interior and Commerce shall promulgate joint regulations regarding marking which are consonant with the practices of industry and which satisfy the needs of enforcement officers.

Fourth, the legislation will add the regulations of Indian tribes to the substantive provisions of the Lacey Act. This will insure that the fish and wildlife conservation regulations that are applicable to Indian reservations will be subject to Federal enforcement.

Fifth, the legislation adds rare plants that are the subject of State conservation laws to the coverage of the Lacey Act. This provision would provide Federal enforcement assistance to States that have adopted laws relating to the taking and sale of rare plants. We have added this provision in response to the well-documented concern of several States that they are unable to deal effectively with the massive illegal trade in many native plants because of the interstate nature of this trade. This provision has been structured in such a way that it focuses attention on only those plants that have been recognized as being in a specially precarious biological condition.

Sixth, the current Black Bass Act does not prohibit interstate transportation of fish into a State that prohibits their entry. As an example, California strongly objects to shipments of live white amur carp into that State. California has no remedy against the shipper in another State, and the Federal Government cannot intervene in California's behalf under the present law. This problem is solved by H.R. 1638.

Finally, the legislation transfers from the Secretary of the Treasury to the Secretary of the Interior the authority to prescribe regulations and issue permits under the Lacey Act for the transportation of wild animals and birds under humane and healthful conditions. In spite of historic problems involving humane shipment of wild animals and birds, the Secretary of the Treasury has not prescribed any minimum requirements under this provision although he has held the authority since 1949. We fully intend that the Department of Agriculture's Animal and Plant Health Inspection Service will provide support to the Department of the Interior in preparing these regulations.

Mr. Speaker, this bill has been through substantial analysis and discussion by all of the various interest groups and discussion by all of the various interest groups potentially affected by the legislation. We have provided an ample opportunity for everyone to communicate their concerns to us, and we have made a conscientious effort to respond to those concerns. There is now a consensus on the part of all the groups that have taken an interest in this legislation that this bill now provides sufficient safeguards against indiscriminate enforcement efforts, while at the same time providing much needed control over interstate and foreign commerce in illegally taken fish and wildlife.

Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the purpose of H.R. 1638 is to revise the existing Lacey and Black Bass Acts in order to provide for more effective enforcement of State, Federal, and foreign fish and wildlife conservation laws.

Although the Lacey Act of 1900 and the Black Bass Act of 1926 provided the authority to enforce our fish and wildlife laws, recent investigations would indicate that existing law is not sufficient to contain the massive illegal trade in such species. In fact, information received during subcommittee hearings would indicate these illicit activities are actually increasing each year.

This is understandable, however, in view of the tremendous profits involved in this kind of trade and the fact that present penalties are minimal. Justice Department officials estimate that 10 to 25 percent of the shipments of wildlife into the United States are in violation of wildlife laws. They also estimate that the value of such illegal trade is $50 to $100 million or more every year, depending on the species involved. These kinds of profits are too high to be deterred by the current penalties.

In addition to the ultimate threat to the species itself, this massive illegal wildlife trade can bring about other negative impacts. For example, it encourages the introduction of exotic diseases which may threaten our agriculture and pet industries. One outbreak of Newcastle disease in 1980 resulted in the destruction of over 30,000 pet birds in 45 States, and the Federal Government expended over $1 million to bring the disease under control. Enforcement officials have seized numerous shipments of birds infected with this disease. A 1975 Department of Agriculture study estimated that the establishment of Newcastle disease in this country would cost the Federal Government over $250 million each year.

Illegal trade also creates new markets for those species taken in violation of the laws enacted to protect them. All our efforts in Congress to provide for the protection of those valuable species which are rapidly disappearing—and which may ultimately become extinct—are useless unless we can effectively enforce these laws. There is a need to increase the existing penalties for violations, lessen the culpability standard to aid in prosecutions, relax the marking requirements to provide more flexibility for legal commerce, and extend the enforcement provisions to species not included under the existing statutes.

H.R. 1638 will accomplish these objectives while protecting the innocent. If enacted, this legislation will increase the maximum civil penalty from $5,000 to $10,000, and the maximum criminal penalty from $10,000 to $20,000. These increased penalties will help to deter those who repeatedly violate our conservation statutes and who engage in commercial activities in violation of various fish, wildlife, and plant laws.

I want to assure my colleagues that it is the intent of the committee to crack down on the illegal commercial activities involving fish, wildlife, and plants. We do not expect this legislation to be implemented in such a way as to result in the abuse of the rights of our citizens. Enforcement penalties sought should fit the nature of the offense. In no case should maximum penalties be imposed for minor violations, especially for those offenses that do not involve commercial activities. For example, it would be more appropriate to assess a civil penalty against those individuals who have violated the Migratory Bird Act by carrying one or two birds over the bag limit across State lines, rather than trying them for a misdemeanor offense.

In addition to extending the coverage to those fish and wildlife species not presently covered by the Lacey or Black Bass Acts, H.R. 1638 would expand the law to include plants taken in violation of those laws which provide for the protection of plant species which are indigenous to any State and which are endangered or threatened with extinction. A growing number of States are enacting legislation to control the collection of their native plants. However, they are limited in their ability to enforce their laws once the plants leave the State and are beyond the jurisdiction of that State. The enactment of H.R. 1638 will enable Federal enforcement agents to assist the States in their efforts to control this trade.

Mr. Speaker, if we are to provide an effective method to arrest the growing illegal trade in fish, wildlife, and plants, enactment of the Lacey Act Amendments of 1981 will be an important first step in deterring those who continually violate our important conservation laws. For these reasons, I want to urge my colleagues to join me in supporting H.R. 1638.

● Mr. HUGHES. Mr. Speaker, the House of Representatives has the opportunity today to approve legislation to tighten Federal control of the growing illegal trade in protected fish and wildlife.

Passage of the Lacey Act amendments will increase the penalties for illegal interstate and foreign commerce in fish and wildlife whose killing or possession violates State, Federal, or international laws.

This legislation provides both the flexibility needed to make this law practical and the penalties required to deter those who would knowingly deal in protected species by combining two existing laws, the Lacey and Bass Acts, into a single comprehensive statute. It extends the provisions of the acts to apply to all fish and wildlife covered by State, Federal, and foreign laws and doubles the maximum civil penalty to $10,000. Criminal violations are upgraded to a felony, with a maximum fine of $20,000 and imprisonment of 5 years.

These criminal penalties would apply to members of a growing professional class of white collar criminals who have engaged in this illegal and profitable business. In recent years, loopholes in existing laws have allowed well-organized, large volume operations to develop at an alarming rate.

Persons who unknowingly trade in protected species would not be subject to criminal penalties. The change in law is primarily designed to address the problem of the professional dealer in the illegal trade of protected animals and plants. I urge my colleagues to support this responsible reform, H.R. 1638.●

Mr. FORSYTHE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BREAUX. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana (Mr. BREAUX) that the House suspend the rules and pass the bill, H.R. 1638, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be discharged from further consideration of the Senate bill (S. 736) to provide for the control of illegally taken fish and wildlife, a similar bill to H.R. 1638, which has just been adopted, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 736

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lacey Act Amendments of 1981".

SEC. 2. DEFINITIONS.

For the purposed of this Act:

(a) The term "fish or wildlife" means any wild animal, whether alive or dead, including without limitation any wild mammal, bird, reptile, amphibian, fish, mollusk, crustacean, arthropod, coelenterate, or other invertebrate, whether or not bred, hatched, or born in capitivity, and includes any part, product, egg, or offspring thereof.

(b) The term "import" means to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, whether or not such landing, bringing, or introduction constitutes an importation within the meaning of the customs laws of the United States.

(c) The term "Indian tribal law" means any regulation of, or other rule of conduct enforceable by, any Indian tribe, band, or group but only to the extent that the regulation or rule applies within Indian country as defined in section 1151 of title 18, United States Code.

(d) The terms "law," "treaty," "regulation," and "Indian tribal law" mean laws, treaties, regulations or Indian tribal laws which regulate the taking, possession, importation, exportation, transportation, or sale of fish or wildlife or plants.

(e) The term "person" includes any individual, partnership, association, corporation, trust, or any officer, employee, agent, department, or instrumentality of the Federal Government or of any State or political subdivision thereof, or any other entity subject to the jurisdiction of the United States.

(f) The terms "plant" and "plants" mean any wild member of the plant kingdom, in-

cluding roots, seeds, and other parts thereof (but excluding common food crops and cultivars) which is indigenous to any State and which is either (A) listed on an appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, or (B) listed pursuant to any State law that provides for the conservation of species threatened with extinction.

(g) The term "Secretary" means, except as otherwise provided in the Act, the Secretary of Interior or the Secretary of Commerce, as program responsibilities are vested pursuant to the provisions of Reorganization Plan Numbered 4 of 1970 (84 Stat. 2090); except that with respect to the provisions of this Act which pertain to the importation or exportation of plants the term means the Secretary of Agriculture.

(h) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, Northern Mariana Islands, American Samoa, and any other territory, commonwealth, or possession of the United States.

(i) The term "taken" means captured, killed, or collected.

(j) The term "transport" means to move, convey, carry, or ship by any means, or to deliver or receive for the purpose of movement, conveyance, carriage, or shipment.

SEC. 3. PROHIBITED ACTS.

(a) OFFENSES OTHER THAN MARKING OFFENSES.—It is unlawful for any person—

(1) to import, export, transport, sell, receive, acquire, or purchase any fish or wildlife or plant taken or possessed in violation of any law, treaty, or regulation of the United States or in violation of any Indian tribal law;

(2) to import, export, transport, sell, receive, acquire, or purchase in interstate or foreign commerce—

(A) any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law, or

(B) any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(3) within the special maritime and territorial jurisdiction of the United States (as defined in section 7 of title 18, United States Code)—

(A) to possess any fish or wildlife taken, possessed, transported, or sold in violation of any law or regulation of any State or in violation of any foreign law or Indian tribal law, or

(B) to possess any plant taken, possessed, transported, or sold in violation of any law or regulation of any State;

(4) having imported, exported, transported, sold, purchased, or received any fish or wildlife or plant imported from any foreign country or transported in interstate or foreign commerce, to make or submit any false record, account, label, or identification thereof; or

(5) to attempt to commit any act described in paragraphs (1) through (4).

(b) MARKING OFFENSES.—It is unlawful for any person to import, export, or transport in interstate commerce any container or package containing any fish or wildlife unless the container or package has previously been plainly marked, labeled, or tagged in accordance with the regulations issued pursuant to paragraph (2) of subsection 7(a) of this Act.

SEC. 4. PENALTIES AND SANCTIONS.

(a) CIVIL PENALTIES.—

(1) Any person who engages in conduct prohibited by any provision of this Act (other than subsection 3(b)) and in the exercise of due care should know that the fish or wildlife or plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty, or regulation, may be assessed a civil penalty by the Secretary of not more than $10,000 for each such violation: *Provided,* That when the violation involves fish or wildlife or plants with a market value of less than $350, and involves only the transportation, acquisition, or receipt of fish or wildlife or plants taken or possessed in violation of any law, treaty, or regulation of the United States, any Indian tribal law, any foreign law, or any law or regulation of any State, the penalty assessed shall not exceed the maximum provided for violation of said law, treaty, or regulation, or $10,000, whichever is less.

(2) Any person who violates subsection 3(b) may be assessed a civil penalty by the Secretary of not more than $250.

(3) For purposes of paragraphs (1) and (2), any reference to a provision of this Act or to a section of this Act shall be treated as including any regulation issued to carry out any such provision or section.

(4) No civil penalty may be assessed under this subsection unless the person accused of the violation is given notice and opportunity for a hearing with respect to the violation. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which a person may have taken or been in possession of the said fish or wildlife or plants.

(5) Any civil penalty assessed under this subsection may be remitted or mitigated by the Secretary.

(6) In determining the amount of any penalty assessed pursuant to paragraphs (1) and (2), the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited act committed, and with respect to the violator, the degree of culpability, ability to pay, and such other matters as justice may require.

(b) HEARINGS.—Hearings held during proceedings for the assessment of civil penalties shall be conducted in accordance with section 554 of title 5, United States Code. The administrative law judge may issue subpenas for the attendance and testimony of witnesses and the production of relevant papers, books, or documents, and may administer oaths. Witnesses summoned shall be paid the same fees and mileage that are paid to witnesses in the courts of the United States. In case of contumacy or refusal to obey a subpena issued pursuant to this paragraph and served upon any person, the district court of the United States for any district in which such person is found, resides, or transacts business, upon application by the United States and after notice to such person, shall have jurisdiction to issue an order requiring such person to appear and give testimony before the administrative law judge or to appear and produce documents before the administrative law judge, or both, and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(c) REVIEW.—Any person against whom a civil penalty is assessed under this section may obtain review thereof in the appropriate district court of the United States by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code. If any person fails to pay an assesment of a civil penalty after it has become a final and unappealable order or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary may request the Attorney General of the United States to institute a civil action in an appropriate district court of the United States to collect the penalty, and such court shall have jurisdiction to hear and decide any such action. In hearing such action, the court shall have authority to review the violation and the assessment of the civil penalty de novo.

(d) CRIMINAL PENALTIES.—

(1) Any person who—

(A) knowingly imports or exports any fish or wildlife or plants in violation of any provision of this Act (other than subsection 3(b)), or

(B) violates any provision of this Act (other than subsection 3(b)) by knowingly engaging in conduct that involves the sale or purchase of, the offer of sale or purchase of, or the intent to sell or purchase, fish or wildlife or plants with a market value in excess of $350,

knowing that the fish or wildlife or plants were taken, possessed, tranported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty or regulation, shall be fined not more than $20,000, or imprisoned for not more than five years, or both. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which the defendant may have taken or been in possession of the said fish or wildlife or plants.

(2) Any person who knowingly engages in conduct prohibited by any provision of this Act (other than subsection 3(b)) and in the exercise of due care should know that the fish or wildlife or plants were taken, possessed, transported, or sold in violation of, or in a manner unlawful under, any underlying law, treaty or regulation shall be fined not more than $10,000, or imprisoned for not more than one year, or both. Each violation shall be a separate offense and the offense shall be deemed to have been committed not only in the district where the violation first occurred, but also in any district in which the defendant may have taken or been in possession of the said fish or wildlife or plants.

(e) PERMIT SANCTIONS.—The Secretary may also suspend, modify, or cancel any Federal hunting or fishing license, permit, or stamp, or any license or permit authorizing a person to import or export fish or wildlife or plants (other than a permit or license issued pursuant to the Fishery Conservation and Management Act of 1976), or to operate a quarantine station or rescue center for imported wildlife or plants, issued to any person who is convicted of a criminal violation of any provision of this Act or any regulation issued hereunder. The Secretary shall not be liable for the payments of any compensation, reimbursement, or damages in connection with the modification, suspension, or revocation of any licenses, permits, stamps, or other agreements pursuant to this section.

SEC. 5. FORFEITURE.

(a) IN GENERAL.—

(1) All fish or wildlife or plants imported, exported, transported, sold, received, acquired, or purchased contrary to the provisions of section 3 of this Act (other than subsection 3(b)), or any regulation issued pursuant thereto, shall be subject to forfeiture to the United States notwithstanding any culpability requirements for civil penalty assessment or criminal prosecution included in section 4 of this Act.

(2) All vessels, vehicles, aircraft, and other equipment used to aid in the importing, exporting, transporting, selling, receiving, acquiring, or purchasing of fish or wildlife or plants in a criminal violation of this Act for which a felony conviction is obtained shall be subject to forfeiture to the United States if (A) the owner of such vessel, vehicle, aircraft, or equipment was at the time of the alleged illegal act a consenting party or privy thereto or in the exercise of due care should have known that such vessel, vehicle, aircraft, or equipment would be used in a criminal violation of this Act, and (B) the violation involved the sale or purchase of, the offer of sale or purchase of, or the intent to sell or purchase, fish or wildlife or plants.

(b) APPLICATION OF CUSTOMS LAWS.—All provisions of law relating to the seizure, forfeiture, and condemnation of property for violation of the customs laws, the disposition of such property or the proceeds from the sale thereof, and the remission or mitigation of such forfeiture, shall apply to the seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this Act, insofar as such provisions of law are applicable and not inconsistent with the provisions of this Act; except that all powers, rights, and duties conferred or imposed by the customs laws upon any officer or employee of the Treasury Department may, for the purposes of this Act, also be exercised or performed by the Secretary or by such persons as he may designate: *Provided,* That any warrant for search or seizure shall be issued in accordance with rule 41 of the Federal Rules of Criminal Procedure.

(c) STORAGE COST.—Any person convicted of an offense, or assessed a civil penalty, under section 4 shall be liable for the costs incurred in the storage, care, and maintenance of any fish or wildlife or plant seized in connection with the violation concerned.

SEC. 6. ENFORCEMENT.

(a) IN GENERAL.—The provisions of this Act and any regulation issued pursuant thereto shall be enforced by the Secretary, the Secretary of Transportation, or the Secretary of the Treasury. Such Secretary may utilize by agreement, with or without reimbursement, the personnel, services, and facilities of any other Federal agency or any State agency or Indian tribe for purposes of enforcing this Act.

(b) POWERS.—Any person authorized under subsection (a) to enforce this Act may carry firearms; may make an arrest without a warrant for any felony violation of this Act if he has reasonable grounds to believe that the person to be arrested has committed or is committing such violation: *Provided,* That an arrest for a felony violation of this Act that is not committed in the presence or view of any such person and that involves only the transportation, acquisition, receipt, purchase, or sale of fish or wildlife or plants taken or possessed in violation of any law or regulation of any State shall require a warrant; may make an arrest without a warrant for a misdemeanor violation of this Act if he has reasonable grounds to believe that the person to be arrested is committing a violation in his presence or view; and may execute and serve any subpena, arrest warrant, search warrant issued in accordance with rule 41 of the Federal Rules of Criminal Procedure, or other warrant of civil or criminal process issued by any officer or court of competent jurisdiction for enforcement of this Act. Any person so authorized, in coordination with the Secretary of the Treasury, may detain for inspection and inspect any vessel, vehicle, aircraft, or other conveyance or any package, crate, or other container, including its contents, upon the arrival of such conveyance or container in the United States or the customs waters of the United States from any point outside the United States or such customs waters, or, if such conveyance or container is being used for exportation purposes, prior to departure from the United States or the customs waters of the United States. Such person may also inspect and demand the production of any documents and permits required by the country of natal origin, birth, or reexport of the fish or wildlife. Any fish, wildlife, plant, property, or item seized shall be held by any person authorized by the Secretary pending disposition of civil or criminal proceedings, or the institution of an action in rem for forfeiture of such fish, wildlife, plants, property, or item pursuant to section 5 of this Act; except that the Secretary may, in lieu of holding such fish, wildlife, plant, property, or item, permit the owner or consignee to post a bond or other surety satisfactory to the Secretary.

(c) DISTRICT COURT JURISDICTION.—The several district courts of the United States, including the courts enumerated in section 460 of title 28, United States Code, shall have jurisdiction over any actions arising under this Act. The venue provisions of title 18 and title 28 of the United States Code shall apply to any actions arising under this Act. The judges of the district courts of the United States and the United States magistrates may, within their respective jurisdictions, upon proper oath or affirmation showing probable cause, issue such warrants or other process as may be required for enforcement of this Act and any regulations issued thereunder.

(d) REWARDS.—Beginning in fiscal year 1983, the Secretary or the Secretary of the Treasury shall pay a reward from sums received as penalties, fines, or forfeitures of property for any violation of this Act or any regulation issued hereunder to any person who furnishes information which leads to an arrest, a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of the Treasury, as appropriate. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this subsection.

SEC. 7. ADMINISTRATION.

(a) REGULATIONS.—

(1) The Secretary, after consultation with the Secretary of the Treasury, is authorized to issue such regulations, except as provided in paragraph (2), as may be necessary to carry out the provisions of section 4 and section 5 of this Act.

(2) The Secretaries of the Interior and Commerce shall jointly promulgate specific regulations to implement the provisions of subsection 3(b) of this Act for the marking and labeling of containers or packages containing fish or wildlife. These regulations shall be in accordance with existing commercial practices.

(b) CONTRACT AUTHORITY.—Beginning in fiscal year 1983, to the extent and in the amounts provided in advance in appropriations Acts, the Secretary may enter into such contracts leases, cooperative agreements, or other transactions with any Federal or State agency, Indian tribe, public or private institution, or other person, as may be necessary to carry out the purposes of this Act.

SEC. 8. EXCEPTIONS.

(a) The provisions of paragraph (1) of subsection 3(a) of this Act shall not apply to any activity regulated by a fishery management plan in effect under the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1801 et seq.);

(b) The provisions of paragraphs (1), (2)(A), and 3(A) of subsection 3(a) of this Act shall not apply to—

(1) any activity regulated by the Tuna Conventions Act of 1950 (16 U.S.C. 951-961) or the Atlantic Tunas Convention Act of 1975 (16 U.S.C. 971-971(h)); or

(2) any activity involving the harvesting of highly migratory species (as defined in paragraph (14) of Section 3 of the Fishery Conservation and Management Act of 1976) taken on the high seas (as defined in paragraph (13) of such section 3) if such species are taken in violation of the laws of a foreign nation and the United States does not recognize the jurisdiction of the foreign nation over such species;

(c) the provisions of paragraph (2) of subsection 3(a) of this Act shall not apply to the interstate shipment or transshipment through Indian country as defined in section 1151 of title 18, United States Code, or a State of any fish or wildlife or plant legally taken if the shipment is en route to a State in which the fish or wildlife or plant may be legally possessed.

SEC. 9. MISCELLANEOUS PROVISIONS.

(a) EFFECT ON POWERS OF STATES.—Nothing in this Act shall be construed to prevent the several States or Indian tribes from making or enforcing laws or regulations not inconsistent with the provisions of this Act.

(b) REPEALS.—The following provisions of law are repealed:

(1) The Act of May 20, 1926 (commonly known as the Black Bass Act; 16 U.S.C. 851-856).

(2) Section 5 of the Act of May 25, 1900 (16 U.S.C. 667e), and sections 43 and 44 of title 18, United States Code (commonly known as provisions of the Lacey Act).

(3) Sections 3054 and 3112 of title 18, United States Code.

(c) DISCLAIMERS.—Nothing in this Act shall be construed as—

(1) repealing, superseding, or modifying any provision of Federal law other than those specified in subsection (b);

(2) repealing, superseding, or modifying any right, privilege, or immunity granted, reserved, or established pursuant to treaty, statute, or executive order pertaining to any Indian tribe, band, or community; or

(3) enlarging or diminishing the authority of any State or Indian tribe to regulate the activities of persons within Indian reservations.

(d) HUMANE SHIPMENT.—Subsection 42(c) of title 18, United States Code, is amended by striking "Secretary of the Treasury" and

inserting in lieu thereof "Secretary of the Interior within one hundred and eighty days of the enactment of the Lacey Act Amendments of 1981".

(e) REWARD.—Subsection 11(d) of the Endangered Species Act of 1973 (16 U.S.C. 1540) is amended to read as follows:

"(d) REWARD.—The Secretary or the Secretary of the Treasury shall pay a reward from sums received as penalties, fines, or forfeitures of property for any violation of this Act or any regulation issued hereunder to any person who furnishes information which leads to an arrest, a criminal conviction, civil penalty assessment, or forfeiture of property for any violation of this Act or any regulation issued hereunder. The amount of the reward, if any, is to be designated by the Secretary or the Secretary of the Treasury, as appropriate. Any officer or employee of the United States or any State or local government who furnishes information or renders service in the performance of his official duties is ineligible for payment under this subsection.".

(f) The amendment specified in subsection (9)(e) of this Act shall take effect beginning in fiscal year 1983.

(g) The Secretary of the Interior is authorized to pay from agency appropriations the travel expense of newly appointed special agents of the United States Fish and Wildlife Service and the transportation expense of household goods and personal effects from place of residence at time of selection to first duty station to the extent authorized by section 5724 of title 5 for all such special agents appointed after January 1, 1977.

(h) The Secretary shall identify the funds utilized to enforce this Act and any regulations thereto as a specific appropriations item in the Department of the Interior appropriations budget proposal to the Congress.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 1638) was laid on the table.

GENERAL LEAVE

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the Senate bill, S. 736, as amended, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT AMENDMENTS

Mr. BREAUX. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3942) to amend the Commercial Fisheries Research and Development Act of 1964, as amended.

H.R. 3942

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779) is amended to read as follows:

"SEC. 2. For purposes of this Act—

"(1) the term 'commercial fishery resource' means any species, subspecies, geographical grouping, or other category of fish capable of management as a unit, which are harvested or caught by domestic commercial fishermen, including any such resource which may be legally harvested or caught by both domestic commercial and recreational fishermen;

"(2) the term 'commercial interjurisdictional fishery resource' means a commercial fishery resource—

"(A) which is harvested or caught by domestic commercial fishermen in waters that are under the jurisdiction of two or more adjacent States or in the territorial sea of the United States and an adjacent area of the fishery conservation zone established by section 101 of the Magnuson Fishery Conservation and Management Act of 1976 (16 U.S.C. 1811); and

"(B) which—

"(i) migrates from waters which are under the jurisdiction of one State to waters which are under the jurisdiction of a different State,

"(ii) migrates between the territorial sea of the United States and such fishery conservation zone, or

"(iii) occurs in waters which are under the jurisdiction of two or more adjacent States or in the territorial sea of the United States and an adjacent area of such fishery conservation zone;

"(3) the term 'fish' means fin fish, mollusks, crustaceans, and any other form of aquatic animal other than marine mammals and birds;

"(4) the term 'fiscal year' means the period beginning October 1 and ending September 30;

"(5) the term 'interstate commission' means—

"(A) the commission established by the Atlantic States Marine Fisheries Compact (as consented to and approved by Public Law 77 of the Seventy-seventh Congress, approved May 4, 1942 (56 Stat. 267));

"(B) the commission established by the Pacific Marine Fisheries Compact (as consented to and approved by Public Law 232 of the Eightieth Congress, approved July 24, 1947 (61 Stat. 419)); and

"(C) the commission established by the Gulf States Marine Fisheries Compact (as consented to and approved by Public Law 66 of the Eighty-first Congress, approved May 19, 1949 (63 Stat. 70));

"(6) the term 'project' means a program for research on, or the development or management of, a commercial fishery resource, including the construction of facilities for the purpose of carrying out this Act;

"(7) the term 'Secretary' means the Secretary of Commerce;

"(8) the 'State' means any of the several States of the United States, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam, or the Northern Mariana Islands; and

"(9) the term 'State agency' means any department, agency, commission, or official of a State authorized under the laws of the State to regulate commercial fisheries.".

SEC. 2. Section 3 of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779a) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) The purposes of this Act are—

"(1) to support and encourage cooperation between the States to facilitate research on, and the development or management of, commercial fishery resources, particularly commercial interjurisdictional fishery resources, for the benefit of the States and the Nation; and

"(2) to authorize the Secretary to cooperate with any State, through any State agency and any interstate commission, in carrying out projects designed for research on, or the development or management of, a commercial fishery resource of the United States.

Federal funds made available under this Act shall be used to supplement and, to the extent practicable, increase the amount of State funds which would be available for research on, and the development or management of, commercial fishery resources in the absence of such Federal funds.";

(2) by inserting "in preparing and submitting a proposal for a project under section 6(a)(1) and" in subsection (b)(1) after "acting jointly"; and

(3) by striking out "carrying out a project" in the first sentence of subsection (b)(2) and inserting in lieu thereof "preparing and submitting any proposal for a project under section 6(a)(1), and for the purpose of carrying out such project".

SEC. 3. Section 4 of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779b) is amended—

(1) by striking out "of Commerce" in subsection (a);

(2) by striking out "of Commerce" both places it occurs in subsection (b); and

(3) by striking out subsection (c).

SEC. 4. Section 5 of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779c) is amended to read as follows:

"SEC. 5. (a)(1) Funds appropriated pursuant to section 4(a) of this Act shall be apportioned by the Secretary among the States on October 1 of each year, or as soon thereafter as practicable. The amount of funds apportioned to each State shall be determined by the ratio which the average of the volume of fish harvested by domestic commercial fishermen (including the volume of aquaculture production harvested by domestic commercial fishermen for direct consumption) and received within such State during the three most recent calendar years for which data satisfactory to the Secretary are available bears to the total average volume of all fish harvested by domestic commercial fishermen (including the volume of aquaculture production harvested by domestic commercial fishermen for direct consumption) and received within all the States during such three calendar years.

"(2) No State, if not a coastal State, may receive an apportionment under this subsection for any fiscal year if the average of the volume of fish harvested by domestic commercial fishermen (including the volume of aquaculture production harvested by domestic commercial fishermen for direct consumption) and received within such State during the three most recent calendar years for which data satisfactory to the Secretary are available is less than one-tenth of 1 per centum of the total average volume of all fish harvested by domestic commercial fishermen (including the volume of aquaculture production harvested by domestic commercial fishermen for direct consumption) and received within all the States during such three calendar years.

"(3) No coastal State may receive an apportionment for any fiscal year under this

subsection which is less than one-half of 1 per centum of the total amount of funds available for apportionment for such fiscal year; except that American Samoa may not receive an apportionment for any fiscal year under this subsection which is less than 2 per centum of the total amount available for apportionment for that year.

"(4) No State may receive an apportionment for any fiscal year under this subsection which is more than 6 per centum of the total amount of funds available for apportionment for such fiscal year under this subsection.

"(5) As used in this subsection, the term 'coastal State' means a State in, or bordering on, the Atlantic, Pacific, or Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes, and includes the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, and the Northern Mariana Islands.

"(b) Any part of an apportionment for any fiscal year to any State—

"(1) that is not obligated during such year;

"(2) with respect to which the State notifies the Secretary that it does not wish to receive that part; or

"(3) that is returned to the Secretary by the State; shall not be considered to be apportioned to that State and shall be added to such funds as are appropriated pursuant to section 4(a) for the next fiscal year (and shall be treated as having been appropriated for such next year) for apportionment under subsection (a). Any notification or return of funds referred to in paragraph (2) or (3) by a State is irrevocable.".

SEC. 5. Section 6 of the Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779d) is amended—

(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following new subsections:

"(a)(1) Any State desiring to avail itself of the benefits of this Act may, through its State agency or an interstate commission, submit to the Secretary a proposal for a project which includes full plans, specifications, and cost estimates for such project. The total cost of all items included for engineering, planning, inspection, and unforeseen contingencies in connection with any works to be constructed as part of such a proposed project shall not exceed 10 per centum of the total cost of such works, and shall be paid by the State as a part of its contribution to the total cost of the works.

"(2) No part of any funds appropriated under any authorization contained in section 4 may be obligated with respect to any project until the proposal for such project has been submitted under paragraph (1) and approved by the Secretary. The Secretary, before approving any proposal for a project, must evaluate the proposal as to—

"(A) the soundness of design;

"(B) the possibilities of securing productive results;

"(C) the minimization of duplication with other projects designed for research on, or the development or management of, commercial fishery resources and carried out under this Act or under any other law or regulation;

"(D) the organization and management of the project;

"(E) the methods proposed for monitoring and evaluating the success or failure of the project;

"(F) the consistency of the project with the purposes of this Act specified in section 3(a); and

"(G) such other criteria as the Secretary may prescribe.

"(3) In approving proposals submitted under paragraph (1) for projects designed for research on, or the development or management of, a commercial interjurisdictional fishery resource, the Secretary shall give priority to those proposals which provide for cooperation between two or more States in carrying out a project.

"(4)(A) If the Secretary approves a proposal for a project, he shall promptly give written notification to the State agency submitting the proposal or, if the proposal is submitted through an interstate commission, such commission and the State.

"(B) For the purposes of this Act, funds apportioned under section 4 to any State shall be treated as having been obligated with respect to a project during the fiscal year in which the written notification required under subparagraph (A) for the project proposal is made.

"(b)(1) The Federal share of the cost of any project carried out before October 1, 1982, shall not exceed 75 per centum of the total cost of the project incurred prior to such date.

"(2) After September 30, 1982, the Secretary may not approve under subsection (a) any proposal for a project which does not have as its objective research on, or the development or management of, a commercial interjurisdictional fishery resource unless the amount of the Federal share payment under this Act for such project does not exceed 25 per centum of the total estimated cost of the project. After September 30, 1982, the amount of the Federal share payment for any project approved by the Secretary under subsection (a) before such date which does not have as its objective research on, or the development or management of, a commercial interjurisdictional fishery resource and which is not completed before such date, shall not exceed 25 per centum of the total estimated cost of the project.

"(3) The expenditure of funds under this Act shall be applied only to projects for which a proposal has been approved under subsection (a), and if otherwise applied such funds shall be replaced by the State before the State may receive any additional funds under this Act."; and

(2) by amending subsection (c)—

(A) by inserting "carried out under a proposal" after "determines that a project" in the first sentence, and

(B) by striking out "State." in the second sentence and inserting in lieu thereof the following: "State; or to the official or depository designated by the interstate commission if the State agency specifies that payment is to be made to the interstate commission. Any payment made to an interstate commission shall be charged against the apportionment of the State concerned.".

SEC. 6. The Commercial Fisheries Research and Development Act of 1964 (16 U.S.C. 779 et seq.) is amended—

(1) by redesignating sections 7 and 8 as sections 8 and 9, respectively; and

(2) by inserting after section 6 the following new section:

"SEC. 7. After consultation with the States receiving funds under this Act and with any interstate commission involved in carrying out a project under this Act, the Secretary shall submit to the Committee on Merchant Marine and Fisheries of the House of Representatives and to the Committee on Commerce, Science, and Transportation of the Senate not later than ninety days after the end of the fiscal year ending on September 30, 1983, and each second fiscal year occurring after such fiscal year, a report which contains—

"(1) a description of each project receiving funds under this Act during the last two fiscal years ending before such report is submitted;

"(2) a specification of the total amount of funds from the Federal Government and the total amount of funds from each State spent on each project receiving funds under this Act during the last two fiscal years ending before such report is submitted;

"(3) an assessment of each project receiving funds under this Act during the last two fiscal years ending before such report is submitted to determine whether such project is furthering the purposes of this Act; and

"(4) a statement specifying all funds which have been apportioned pursuant to section 5(a) and are available for obligation by a State or the Secretary but which have not been obligated.".

SEC. 7. Section 8 of the Commercial Fisheries Research and Development Act of 1964 (as redesignated by section 6(1) of this Act, 16 U.S.C. 779e) is amended by inserting "or the interstate commission" in the first sentence of subsection (a) after "State agency".

SEC. 8. The amendments made by this Act shall take effect on October 1, 1981.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Louisiana (Mr. BREAUX) will be recognized for 20 minutes, and the gentleman from New Jersey (Mr. FORSYTHE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3942 is, in many respects, a series of technical amendments to the longstanding Federal-State cooperative fisheries research and development program authorized by the Commercial Fisheries Research and Development Act of 1964 (Public Law 88-309). The bill contains no new outyear authorizations; the Congress considered this issue last year and reauthorized the program through the end of fiscal year 1983. It is in this sense that the bill does not represent a significant change in congressional policy.

In many other respects, however, this bill represents the wise use of congressional oversight responsibilities and accomplishes several fundamental program changes which will result in the more effective targeting of scarce Federal and State resources.

Mr. Speaker, by and large, the 1964 law has proven to be of enormous importance to those States that have aggressively pursued the development of their commercial fishery resources. For many other States, however, the existing law has apparently not provided the impetus necessary to proceed with the development of such fishery resources. This fact was made abundantly clear in a study conducted

this past March by the Department of Commerce Inspector General.

In addition to criticizing the lack of effective program targeting, the Commerce Inspector General expressed concern over the failure of the National Marine Fisheries Service (NMFS) to develop criteria necessary to measure and determine the extent to which program goals and objectives are being met. In this era of tight budgets, fiscal restraint and conflicting claims for scarce Federal resource dollars, we must insure that every program we authorize is both carefully targeted to national problems and capable of effective oversight and assessment. These are the principles that guided our Fisheries Subcommittee during its budget review process earlier this year. These principles also led the Full Merchant Marine and Fisheries Committee to the belief that changes to the existing fisheries research and development program, as outlined in H.R. 3942, are necessary.

Among the changes to the 1964 act incorporated by H.R. 3942 are:

First, revisions to the formula for determining each State's apportionment of available funds. The new formula is designed to stress the priority to be accorded projects in those States that will, in fact, lead to an increased volume of commercial fish harvests;

Second, the establishment, for fiscal year 1983 and beyond, of a priority for projects that involve interjurisdictional fisheries;

Third, revisions to the existing cost-share formula in a manner consistent with the establishment of a priority for interjurisdictional fisheries. These projects will continue to be eligible for up to 75 percent Federal financing. For projects involving a fishery of only local or State interest, we believe the State should be willing to pay for an increased share of the total project cost and the Federal share will be reduced accordingly to no more than 25 percent; and

Fourth, new requirements for NMFS to promulgate criteria by which both individual proposals and the overall program may be evaluated. More detailed reports will be required from NMFS so that the relevant congressional committees will be assured of effective oversight.

Mr. Speaker, I believe this is carefully considered legislation. A also believe it is essential if we are to continue this program. I urge my colleagues to support this bill.

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Mr. FORSYTHE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join my colleague in supporting H.R. 3942, which amends the Commercial Fisheries Research and Development Act of 1964 to insure that the Federal Government focuses available funds on priority fisheries of national concern.

H.R. 3942 does not authorize or appropriate any funds. It merely changes the method of distribution of money funded under other legislation to target funds on fisheries research and development projects of priority national need.

When the Congress extended U.S. fisheries jurisdiction to 200 miles, we created new opportunities for expansion of the domestic fishing industry and for consequent benefits to the U.S. economy. At the same time we emphasized the need for a strengthened partnership between the Federal Government and the States in the wise management of fishery resources. Now is the time to guarantee that this partnership is maintained and enhanced.

H.R. 3942 accomplishes this by amending the Commercial Fisheries Research and Development Act to provide minimum Federal grants to coastal States, by apportioning appropriations on the basis of the weight of domestic fishery landings, and by focusing the program on projects which support interjurisdictional commercial fishery resources.

Mr. Speaker, the coastal States consider the Commercial Fisheries Research and Development Act to be an integral part of their commitment to the wise management and use of the abundant fishery resources off our shores. The vast majority of fishery resources which are found along our Nation's shorelines are migratory and interjurisdictional. They transcend the boundaries of neighboring States and the boundaries that separate State waters from the fishery conservation zone. In fact, much of the commercial and recreational harvest of our fish resources occurs in State waters—and these harvests affect resource management in the fishery conservation zone. The most recent statistics show that nearly 75 percent of the domestic commercial landings and 60 percent of the recreational landings, by weight, are taken in State waters. Relatively few fishery resources occur entirely within the fishery conservation zone.

When the Commercial Fisheries Research and Development Act was enacted by Congress in 1964, to specifically provide coordinated aid to the States in the development of their commercial fisheries by stimulating research and development at the local level, congressional sponsors recognized the need for a program designed to stimulate the production and utilization of local fisheries. Beyond question the program has contributed effectively to the goal originally set by the Congress and has firmly established a commercial fishery research and development framework at State and local levels.

In addition, the act has proved to be an ideal vehicle for channeling State resources into fisheries monitoring, research, and data collection essential to implementation of fishery management plans developed by regional fishery management councils.

The National Marine Fisheries Service estimates that 40 percent of the data used in the preparation of management plans for the fishery conservation zone is obtained by the States. For example, in fiscal year 1982 the Pacific area States will be giving highest priority to regional council management of groundfish, shellfish, and salmon. The combined Federal/State investment in these management programs under the Commercial Fisheries Research and Development Act will be approximately $670,000. The value of the domestic groundfish harvest will be about 200 times this amount. The ability of the States to continue to provide the kind of data needed to properly manage Pacific groundfish and other fisheries would be severely hampered without Federal funds under this act.

In the total world of fish management, there must be a State/Federal partnership if a homogeneous management system is to exist and the resources of concern are to be efficiently managed. I urge my colleagues to join me in supporting H.R. 3942 so that this partnership will be continued.

Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. EMERY).

Mr. EMERY. Mr. Speaker, I rise in support of H.R. 3942, Amendments to the Commercial Fisheries Research and Development Act.

This legislation aims to more effectively target available funds on a priority basis to eligible States for the development of the U.S. fishing industry.

The bill provides up to 75 percent matching Federal funds to State fishery agencies for research on and development of commercial fishery resources. The funds go to many areas associated with the domestic industry: aquaculture, marketing, data collection, fish landing facilities, et cetera. All these are essential to the continued development of our fisheries, especially following enactment of the 200-mile fishing law.

The State-Federal partnership supported by commercial fisheries research and development program money is critical to the success of the Fishery Conservation and Management Act. Both States and the Federal Government must be willing and able to coordinate their respective activities which affect fisheries under shared jurisdiction, and the funds available through this program help States meet the responsibilities set forth in the FCMA.

H.R. 3942 changes the funding allocation formula from one based on the value of landings to one based on volume. This more accurately reflects the development pattern of U.S. fishery resources and will encourage continued development.

For coastal States attempting to strengthen their involvement in the fishing industry, this act gives invaluable support to such efforts and is essential to a working State-Federal relationship.

I urge the passage of this legislation.

Mr. FORSYTHE. Mr. Speaker, I have no additional requests for time, and I yield back the balance of my time.

Mr. BREAUX. Mr. Speaker, I yield myself such time as I may consume.

Before yielding to the gentleman from American Samoa, Mr. (SUNIA), I would like to point out the contributions of the gentleman from American Samoa have been great indeed on this bill. He has been very active and it was his amendment in this legislation when we considered it in the committee that assured that territory in that part of the world that is so important to the American fishing industry, the islands that constitute the American Samoan Islands, receive a minimum amount of protection and benefit from this bill. His contributions are noted by the committee and by the subcommittee chairmen, and I am sure by the ranking minority member.

At this time I would yield such time as he may consume to the gentleman from American Samoa, Mr. FOFO SUNIA.

Mr. SUNIA. Mr. Speaker, I rise in strong support of H.R. 3942, a bill to amend the Commercial Fisheries Research and Development Act of 1964 (Public Law 89-309) and I thank the chairman of the committee for his kind remarks. One of the principal targets of this legislation is to support and encourage cooperation between the States and U.S. territories in facilitating research and development of our commercial fishery resources. I commend the chairman and the ranking minority member of our Subcommittee on Fisheries and Wildlife Conservation and the Environment for their efforts to perpetuate this program.

I recognize that in this period of financial restraint, the Congress must insure that every program to be authorized is necessary and beneficial to the national economy. I believe that continuation of Federal support for the fisheries grant-in-aid programs is essential in implementing relevant fisheries monitoring, data collection, and research. This combined State and Federal enterprise has, in the past, translated into new jobs, new and expanded fisheries operations, new sources, and increased supplies of seafood.

For the territory of American Samoa, projects funded under this act have been the primary source of fisheries data on all landings, domestic and foreign. Other projects have concentrated on the development of local fisheries—a crucial step toward meeting the objective of overall economic self-sufficiency. There is no question that this act has been most beneficial to the States and U.S. territories. The fruits of this joint governmental initiative and enterprise are abundantly evident in the performance record of the program in the years since its initial authorization. I urge my colleagues to support this important legislation.

● Mr. AUCOIN. Mr. Speaker, I join my colleagues in support of H.R. 3942, the Commercial Fisheries Research and Development Act amendments.

This act, originally passed in 1964, gives grant money to the States to develop their commercial fishery resources. Now, these amendments simply retarget the focus of these grants. They insure a minimum grant to coastal States and also require that all States, except those on the coast, must have a minimum volume of commercial fish lands to be eligible for grants.

H.R. 3942 also changes the formula for apportionment of these grant funds. The amendments now require that the formula be based on the weight of domestic fish landings instead of the value of domestic landings and manufactured and processed fishery merchandise.

H.R. 3942 does not change the authorization of the program nor the life of the program. A revised formula and focus on coastal States will simply mean appropriations to the commercial fisheries research and development grants will be well spent.

My colleagues know as well as I do that budget reductions are occuring in almost every Federal Government program. This act is no exception. The administration did not request any money for this program in 1981, but both the House and Senate Appropriations Committees understand the value of the grants and decided to provide funding. These limited dollars will be better spent now that these amendments retarget how the grants are to be given out.

Again, I urge strong support and quick passage of H.R. 3942.●

Mr. BREAUX. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana (Mr. BREAUX) that the House suspend the rules and pass the bill, H.R. 3942, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

VIRGIN ISLANDS NONIMMIGRANT ALIEN ADJUSTMENT ACT OF 1981

Mr. MAZZOLI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3517) to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3517

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE AND FINDINGS

SECTION 1. (a) This Act may be cited as the "Virgin Islands Nonimmigrant Alien Adjustment Act of 1981".

(b) Congress finds—

(1) that in order to eliminate the uncertainty and insecurity of aliens who—

(A) legally entered the Virgin Islands of the United States as nonimmigrants for employment under the temporary alien labor program,

(B) have continued to reside in the Virgin Islands for long periods (some for as long as twenty years), and

(C) have contributed to the economic, social, and cultural development of the Virgin Islands and have become an integral part of the society of the Virgin Islands,

it is necessary and equitable to provide for the orderly adjustment of their immigration status to that of permanent resident aliens; and

(2) because—

(A) the Congress has special responsibility and authority with respect to the territories and the establishment of immigration policy, and

(B)(i) the Virgin Islands is a small and densely populated insular territory with limited resources,

(ii) most of the aliens eligible for benefits under section 2 of this Act are natives of islands in the Caribbean and have relatives residing in such islands, and such relatives, if they were permitted to immigrate to the United States, are likely to settle in the Virgin Islands, and

(iii) the admission of a significant number of these relatives would have a severe and detrimental impact on the limited health, education, housing, and other services available in the Virgin Islands,

there is a necessary and compelling need to prevent a secondary migration of a significant number of such relatives to the Virgin Islands.

ADJUSTMENT OF IMMIGRATION STATUS

SEC. 2. (a) The status of any alien described in subsection (b) may be adjusted by the Attorney General, in his discretion and under such regulations as he may prescribe, to that of an alien lawfully admitted for permanent residence if the alien—

(1) makes application for such adjustment during the one-year period beginning on the date of the enactment of this Act,

(2) is otherwise eligible to receive an immigrant visa and is otherwise admissible to the United States for permanent residence, except for the grounds of exclusion specified in paragraphs (14), (20), (21), (25), and (32), of section 212(a) of the Immigration and Nationality Act (hereinafter in this Act referred to as "the Act"), and

(3) is physically present in the Virgin Islands of the United States at the time of filing such application for adjustment.

If such an alien has filed such an application and is or becomes deportable for failure to maintain nonimmigrant status, the Attorney General shall defer the deportation of the alien until final action is taken on the alien's application for adjustment.

(b) The benefits provided by subsection (a) apply to any alien who—

(1) was inspected and admitted to the Virgin Islands of the United States either as a nonimmigrant alien worker under section 101(a)(15)(H)(ii) of the Act or as a spouse or minor child of such worker, and

(2) has resided continuously in the Virgin Islands of the United States since June 30, 1975.

(c)(1) The numerical limitations described in sections 201(a) and 202 of the Act shall not apply to an alien's adjustment of status under this section. Such adjustment of status shall not result in any reduction in the number of aliens who may acquire the status of an alien lawfully admitted to the United States for permanent residence under the Act.

(2) The Secretary of State, in his discretion and after consultation with the Secretary of the Interior and the Governor of the Virgin Islands of the United States, may limit the number of immigrant visas that may be issued in any fiscal year to aliens with respect to whom second preference petitions (filed by aliens who have had their status so adjusted) are approved.

(3) Notwithstanding any other provision of law, no alien shall be eligible to receive an immigrant visa (or to otherwise acquire the status of an alien lawfully admitted to the United States for permanent residence)—

(A) by virtue of a fourth or fifth preference petition filed by an individual who had his status adjusted under this section unless the individual establishes to the satisfaction of the Attorney General that exceptional and extremely unusual hardship exists for permitting the alien to receive such visa (or otherwise acquire such status); or

(B) by virtue of a second preference petition filed by an individual who was admitted to the United States as an immigrant by virtue of an immediate relative petition filed by the son or daughter of the individual, if that son or daughter had his or her status adjusted under this section.

(4) For purposes of this subsection, the terms of this subsection, the terms "second preference petition", "fourth preference petition", "fifth preference petition", and "immediate relative petition" means, in the case of an alien, a petition filed under section 204(a) of the Act to grant preference status to the alien by reason of the relationship described in section 203(a)(2), 203(a)(4), 203(a)(5), or 202(b), respectively, of the Act.

(d) Except as otherwise specifically provided in this section, the definitions contained in the Act shall apply in the administration of this section. Nothing contained in this Act shall be held to repeal, amend, alter, modify, effect, or restrict the powers, duties, functions, or authority of the Attorney General in the administration and enforcement of the Act or any other law relating to immigration, nationality, and naturalization. The fact that an alien may be eligible to be granted the status of having been lawfully admitted for permanent residence under this section shall not preclude him from seeking such status under any other provision of law for which he may be eligible.

TERMINATION OF TEMPORARY WORKER PROGRAM IN THE VIRGIN ISLANDS

SEC. 3. Notwithstanding any other provision of law, on and after the date of the enactment of this Act the Attorney General shall not approve any petition filed under section 214(c) of the Act in the case of importing any alien as a nonimmigrant under section 101(a)(15)(H)(ii) of such Act for employment in the Virgin Islands of the United States.

IMPACT ASSESSMENT AND REPORT

SEC. 4. The Secretaries of Health and Human Services, Education, Housing and Urban Development, Labor, and the Interior, and the Attorney General, in consultation with officials of the Government of the Virgin Islands of the United States and within such amounts as may otherwise be available through appropriations, shall jointly assess the impact on the Government of the Virgin Islands of providing health, education, housing, and other social services to individuals whose status is adjusted under section 2 of this Act (and to relatives of such individuals who enter the Virgin Islands as a result of such adjustment) and the need for assistance to the Government of the Virgin Islands to assist it in meeting the needs of these individuals and relatives. They shall, within one year after the date of the enactment of this Act, report to the President and the Congress on the results of their assessment and on any recommendations for changes in legislation which may be appropriate.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Kentucky (Mr. MAZZOLI) will be recognized for 20 minutes, and the gentleman from New York (Mr. FISH) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to take a few moments to describe a bill which is, I submit, a very noncontroversial and salutary measure.

H.R. 3517 addresses a problem that has its roots in the acute labor shortage in the U.S. Virgin Islands during the 1950's. An economic boom on the islands created thousands of tourist-related and industrial jobs which could not be filled by the local labor market.

In 1956, therefore, a temporary alien worker program was instituted. By the late 1960's, over 13,000 temporary workers (so-called H-2 workers) had entered the Virgin Islands under the program.

Although these workers entered as nonimmigrants under a "temporary" program, they remained for such lengthy periods that they became an integral part of the permanent work force in the Virgin Islands. The Department of Labor recognized this reality in 1970 when it issued a policy statement authorizing these aliens to be indefinitely certified for employment.

The problem addressed by H.R. 3517 is how to handle these temporary workers in the Virgin Islands.

Although, as indicated above, these aliens were technically admitted as temporary workers, in fact their work was usually of a permanent nature, and many of the approximately 10,000 aliens who would be affected by H.R. 3517 have now lived in the U.S. Virgin Islands for many years. They brought their spouses and families (so-called H-4 persons) to the Virgin Islands and many have given birth to children who are U.S. citizens. Yet their status has always been tenuous despite their close ties to the islands.

They have had no permanent right to remain in the Virgin Islands. H.R. 3517 would give some of these workers and their immediate families that right by providing them with the status of permanent resident aliens.

The principal features of the legislation are:

First, authorizes permanent residence for those H-2 workers and their H-4 relatives who have lived in the Virgin Islands since June 30, 1975.

Second, establishes a 1-year period within which application must be made for adjustment of status to permanent resident alien.

Third, authorizes the Secretary of State to limit the number of second preference aliens (spouses and unmarried children of permanent residents), who can be admitted to the Virgin Islands in a particular year.

Fourth, restricts the exercise of fourth preference rights (married sons and daughters of U.S. citizens) and fifth preference rights (brothers and sisters of U.S. citizens) of those U.S. citizens whose status has been adjusted under this act.

Fifth, terminates formally the H-2 program.

Sixth, directs the Secretaries of Health and Human Services, Housing and Urban Development, Labor, and the Interior, and the Attorney General, in consultation with government officials of the Virgin Islands, to assess the social and economic impact of this act on the Virgin Islands, and report their findings and recommendations to the President and Congress within 1 year of the bill's enactment.

H.R. 3517 presents issues of constitutional law about which the Subcommittee on Immigration, Refugees and International Law, which heard H.R. 3517, requested legal memoranda from the Congressional Research Service, the Immigration and Naturalization Service, and the Office of Legal Counsel in the Justice Department.

The sections of this bill for which the research was requested are sections 2(c)(2) and 2(c)(3).

Under section 2(c)(2), the Secretary of State is given the discretionary authority to limit the number of second-preference petition visas that may be issued in any fiscal year to persons whose status is adjusted to permanent resident alien under this bill. Second-preference petitions cover spouses and minor children.

Section 2(c)(3) provides that no alien may receive an immigration visa by virtue of a fourth- or fifth-preference petition filed by a U.S. citizen who had his status adjusted under the bill, unless the Attorney General makes a finding of exceptional and extremely unusual hardship.

Originally, H.R. 3517 contained a provision—part of section 3(A)—which would have permitted a U.S. citizen whose status was adjusted under this bill, to exercise fourth- and fifth-preference rights only if such citizen had resided continuously for 2 years in the continental United States or Alaska or Hawaii. This section was deleted during subcommittee markup.

Since H.R. 3517 as now before the House limits the ability of certain lawful permanent residents and U.S. citizens to exercise petitioning powers—powers enjoyed by all other lawful permanent residents and U.S. citizens—the question of whether constitutional rights to equal protection have been unlawfully abridged was raised.

Although the legal memoranda of the Department of Justice, the Immigration and Naturalization Service and the Congressional Research Service were designed principally to address the issues raised by the provision—now deleted—which allowed preference rights to be exercised only after continuous residence in the continental United States—each memorandum addressed the equal protection challenge.

The memoranda expressed the view that, given Congress historically broad legal authority over immigration and given the holding in the recent Supreme Court case of *Fiallo* v. *Bell*, 430 U.S. 787 (1977), there is no constitutional problem raised by limiting exercise of fourth and fifth preference rights.

In Fiallo, U.S. citizen fathers claimed that the provisions of the Immigration and Nationality Act which precluded them from securing entry of their illegitimate alien children as immediate relatives constituted an unjustifiable discrimination based on sex, since U.S. citizen mothers were subject to no such restriction.

In rejecting this argument the Supreme Court stated:

> . . . appellants note . . . that the statute makes it more difficult for illegitimate children and their natural fathers to be reunited in this country than for . . . illegitimate children and their natural mothers . . . those are admittedly the consequences of the congressional decision not to accord preferential status to this particular class of aliens, but the decision nonetheless remains one "solely for the responsibility of the Congress and wholly outside the power of this court to control" . . . it is not the judicial role in cases of this sort to probe and test the justifications for the legislative decision. *Kleindienst* v. *Mandel*, 408, U.S., at 770 Id. AT 778–779.

Fiallo involved a distinction based on sex. H.R. 3517 envisions a distinction based on the method by which citizenship or permanent residence was acquired. Any equal protection attacks against this statute would likely be treated as those made in Fiallo.

I would also point out that the Select Commission on Immigration and Refugee Policy urged the Congress to maintain flexibility in dealing with the territories of the United States.

According to the Commission,

> Including all territories under the Immigration and Nationality Act without exception would merely exacerbate the immigration problems that they now face or increase tensions between the territories and the Continental United States.

It is in accordance with this recommendation of flexibility and in recognition of the unique needs of the Virgin Islands that this proposal was conceived.

Mr. Speaker, the problem addressed by H.R. 3517 has been studied in detail by the Immigration Subcommittee for almost 10 years. The bill's chief sponsor, my good friend, the gentleman from the Virgin Islands Representative RON DE LUGO, has worked tirelessly to see this long-overdue legislation enacted into law. I, therefore, urge my colleagues to support this important legislation which will assure these aliens that they will be able to live without the constant fear that they will be deported from a society, of which they have become an integral part.

Mr. Speaker, at this point I wish to include in the RECORD the previously mentioned legal memorandums of the Immigration and Naturalization Service and the Department of Justice:

JULY 24, 1981.

To: Theodore B. Olson, Assistant Attorney General, Office of Legal Counsel.

From: Paul W. Schmidt, Deputy General Counsel.

(Attention of Herman Marcuse).

This is to request a formal legal opinion on the constitutionality of H.R. 3517, a bill "To authorize the granting of permanent resident status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes." Specifically, the constitutionality of sections 2(c)(2) and 2(c)(3) has been called into question. Chairman Mazzoli of the House Subcommittee on Immigration, Refugees, and International Law requested a legal opinion during a hearing held on the bill on June 18, 1981.

It is our view that if H.R. 3517 is enacted as now written, sections 2(c)(2) and 2(c)(3) will be judicially challenged on constitutional grounds. For this and other reasons, we recommend in testimony before Chairman Mazzoli's Subcommittee that these provisions be deleted from the bill. We believe, however, that the provisions would be upheld by the courts.

The sections in question are those which seek to prevent an influx into the U.S. Virgin Islands of relatives of persons adjusted under the proposed law. We know of no similar law which conditions a citizen's ability to bring in alien relatives upon the place where the citizen lives, nor of any law which limits the ability to citizens and permanent residents to bring in relatives due to their method of gaining lawful permanent resident status.[1]

There has been some attempt to analogize these provisions of the bill to the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America." No provision is made in the Covenant for the admission of relatives as preference immigrants, though "immediate relatives" can be admitted under the Covenant. We do not consider this a precedent for barring the beneficiaries of H.R. 3517 from later bringing in their relatives. The Covenant gives the NMI control over immigration to those islands. The Covenant specifically makes all but a few provisions (including the admission of immediate relatives) of the Immigration and Nationality Act inapplicable to the NMI. H.R. 3517 gives no such control over immigration to the local Virgin Islands government. There, the Immigration and Nationality Act is in full effect. As the U.S. Virgin Islands, unlike the Northern Marianas, is included within the definition of "United States" contained in section 101(a)(38) of the Act, as well as within the definition of "state" contained in 101(a)(36), and as the immigration laws generally do not apply to the NMI under the Covenant, we do not consider the covenant as precedent for what is being attempted by H.R. 3517.

In assessing the constitutional problems with H.R. 3517, the method by which alien relatives enter the United States should be considered. Some people have labored under the misconception that an alien has the right to enter this country as a lawful permanent resident, as long as he establishes that he has certain family ties here. This is not the case. Such an alien has no right

[1] The only provision we are aware of which limits the ability of a class of lawful permanent residents to bring in relatives is contained in a regulation. 8 C.F.R. 211.5(c) states that alien commuters (who are lawful permanent residents) may not qualify for immigration benefits on behalf of relatives until they take up residence in the United States. *See also Matter of Diaz*, 15 I&N Dec. 488 (BIA 1975). Analogy to this regulation is not really helpful, however, as the lawful residents (and citizens) affected by this bill's restrictions live in the United States (see section 101(a)(38) of the Act, 8 U.S.C. 1101(a)(38)), not in a foreign country, as commuters do.

whatsoever to enter the United States. The immigration laws provide only that the United States citizen or lawful permanent resident relative may file a visa petition on behalf of an alien relative. Section 204 of the Immigration and Nationality Act, 8 U.S.C. 1154. Moreover, the filing of a visa petition is only the first step in an alien relative's admission to the country. Even if the visa petition is granted, the alien still has no right to have an immigrant visa issued, or to enter the country as an immigrant. *See e.g.* section 204(f) of the Act. Thus, it is only the citizen or permanent resident relatives who have the ability to bring in the alien relatives, and their ability in this regard is strictly limited by the dictates of Congress. There is no right even for citizens and residents to bring in relatives; they have only the statutory privilege of doing so, as Congress sees fit to grant it. *See e.g. Fiallo* v. *Bell*, 430 U.S. 787 (1977).

With these considerations in mind, we turn to the arguments which we expect to be made against these sections of H.R. 3517. It may be argued, for example, that the bill discriminates against citizens who initially gained their resident status through the bill by limiting or denying their ability to bring in their alien relatives. Except for the fact that a naturalized citizen cannot become President (see Article II, section 1 of the Constitution), the rights of native born citizens are coextensive with those of naturalized citizens, and Congress may not abridge those rights. *See Schneider* v. *Rusk*, 377 U.S. 163 (1964). It follows that the rights of all naturalized citizens are coextensive, regardless of how they initially gained their lawful permanent residence. This argument could be rebutted by returning to the idea that there is no constitutional right, of citizens or anyone else, to have one's family brought to the United States. Citizens [2] do, however, have a constitutional right to travel within the United States (*see e.g. Shapiro* v. *Thompson*, 394 U.S. 618 (1969); *Agee* v. *Vance*, — U.S. —, No. 80-83 (June 29, 1981)), and it might be said that sections 2(c)(2). and 2(c)(3) of this bill abridge that right. Section 2(c)(3)(A)(i) presents the most obvious question in this area, since it specifically conditions the availability of an immigration benefit on a citizen's moving out of the U.S. Virgin Islands. Insofar as all of sections 2(c)(2) and 2(c)(3) of the bill in effect punish a person for living in the Virgin Islands and obtaining permanent residence through special legislation relating to the islands, all of those sections could be said to violate the right to travel.

The right to travel is closely tied to the right of persons to abide in any state, a right which has long been recognized by the Supreme Court. *See Takahashi* v. *Fish and Game Commission*, 334 U.S. 410 (1948); *Truax* v. *Raich*, 239 U.S. 33 (1915). This bill could be said to have the effect of abrogating both the rights, since persons living in the Virgin Islands do not enjoy the same ability to bring their relatives into the country that they would have if they lived elsewhere. This line of thinking, however, eventually leads back also to the idea that there is no constitutional right to immigration benefits.

It is worth noting that the Supreme Court has upheld a federal law which imposes residency requirements on aliens. Specifically, the Statute mandated that an alien could not become eligible for a federal medical insurance program unless he had five years continuous residence in the United States, and had been admitted as a lawful permanent resident. *Mathews* v. *Diaz*, 462 U.S. 67 (1976). The case stands for the proposition that federal laws may, in effect, discriminate among aliens, allowing benefits to some and not to others, depending on the duration and character of their residence in this country. *Mathews* v. *Diaz* could be cited as support for sections 2(c)(2) and 2(c)(3) of this bill. However, the case is clearly distinguishable in that the law at issue in *Mathews* v. *Diaz* made no distinctions among aliens based on the state (or U.S. territory) where they resided. Given the right to travel and to live in any state, the discrimination based on place of residence *within the United States* which is contained in H.R. 3517 may be harder to defend than the discrimination allowed in *Mathews* v. *Diaz*.

Nevertheless, any possible constitutional attack on the proposed legislation must be viewed in light of Congress' plenary power to control the admission of aliens into the United States. No successful challenge to this legislative power has ever been made. *See* 1 Gordon & Rosenfield *Immigration law and Procedure*, 2-16, 2-17, 2-18 (1980). If there are any limits at all on Congress' power to legislate in this area, no court has yet defined them. Laws affecting immigration have withstood court challenge even where, as with this bill, they adversely affected United States citizens. *See Fiallo* v. *Bell*, *supra; Kleindienst* v. *Mandel*, 408 U.S. 753 (1972). As stated by the Supreme Court on more than one occasion, "over no conceivable subject is the legislative power more complete than it is over the admission of aliens." *Fiallo* v. *Bell*, *supra*, at 792, and cases cited therein. It is our view that, in light of these precedents, this legislation could withstand constitutional challenge.

We hope that these comments will be of help to you in preparing your opinion on the constitutionality of H.R. 3517.

AUGUST 24, 1981.

To: David Crosland, General Counsel, Immigration and Naturalization Service.

From: Larry L. Simms, Deputy Assistant Attorney General, Office of Legal Counsel.

Subject: Constitutionality of H.R. 3517, 97th Cong. 1st Sess., To authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes.

This responds to Mr. Schmidt's request of July 24, 1981, for our opinion regarding the constitutionality of H.R. 3517, particularly § 2(c)(2) & (3). H.R. 3517 would provide generally that certain persons who have been admitted to the Virgin Islands as nonimmigrant alien workers under § 101(a)(15)(H)(ii) of the Immigration and Nationality Act (Act) (H-2 workers), may have their status adjusted to that of aliens lawfully admitted for permanent residence. The bill, would, as will be explained, *infra*, restrict the ability of its beneficiaries to facilitate the immigration of some of their relatives under the preference provisions of § 203 of the Act. Your inquiry is addressed to the constitutionality of those restrictions. It is our conclusion that the courts would uphold the constitutionality of § 2(c)(2) & (3).

I.

The background of the bill, as explained in the testimony of INS Associate Commissioner Carmichael before the House Judiciary Committee, is as follows: In the 1950's and 1960's during an acute labor shortage in the Virgin Islands, over 13,000 alien workers entered the Virgin Islands under the H-2 program. Most of those workers left the Virgin Islands during the 1970's, but about 2000 of them and their dependents remain there. Although they were admitted as temporary workers, their work has been of a permanent nature and over the years they have made valuable contributions to the economy of the Virgin Islands. Moreover, having lived in the United States for long periods, they have raised families there and those of their children who were born on United States soil are American citizens. The bill would permit the adjustment of the status of those H-2 workers who have resided continuously in the Virgin Islands for the past six years and of their spouses and foreign born children to that of aliens lawfully admitted for permanent residence.

It is estimated that the enactment of the bill would result in the adjustment of the status of less than 5600 persons who have resided in the Virgin Islands for considerable periods of time. Hence, the change of their status from nonimmigrant to lawfully admitted for permanent residence, as such, is not likely to create any appreciable ethnic or social dislocation, even in a small island community such as the Virgin Islands, which has slightly less than 100,000 inhabitants.

In the past, legislation such as H.R. 3517 has apparently been impeded by the prospect that after the status of the H-2 workers has been adjusted to that of aliens lawfully admitted for permanent residence, their frequently large families living abroad could enter the United States under the immediate relative provisions of § 201 [1] or under the preference provisions of § 203 of the Act,[2] and settle in the same area in which their sponsors live. Moreover, once a relative is lawfully admitted for permanent residence, he in turn may file second preference petitions for his spouse and unmarried sons and daughters.

This secondary, and potentially snowballing, effect of the regularization of the status of H-2 workers could result in the influx of a substantial number of aliens into the Virgin Islands—possibly greater than the number of those whose status would be adjusted under the bill, and in contrast to the adjustment of status of the long time resident H-2 workers and their families, is likely to create serious ethnic, social, and financial problems.[3]

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[2] Although some cases speak of the right of citizens to travel, the Supreme Court has in fact reserved the question of whether the right to travel also applies to aliens, *See Mathews* v. *Diaz*, 426 U.S. 67 (1976), *Graham* v. *Richardson*, 403 U.S. 365 (1971). This question is not crucial to analysis of H.R. 3517, since the bill's restrictions on relative petitions apply to citizen petitioners as well as to lawful permanent resident petitioners. 2(c)(2)

[1] Immediate relatives, i.e., minor unmarried children, parents, and spouses of citizens of the United States may be admitted to the United States without being counted against the numerical limitations.

[2] The preference provisions pertinent to this memorandum are second preference: the spouse and unmarried sons and daughters of aliens lawfully admitted for permanent residence; fourth preference: married sons and daughters of citizens of the United States; and fifth preference: brothers and sisters of citizens of the United States.

[3] This problem is one which has prevented the adjustment of the status of H-2 workers on Guam, and resulted in the postponement of the extension of the Act to the Northern Mariana Islands. See, Covenant with the Northern Mariana Islands § 503(a), 48 U.S.C. § 1681, note.

According to the opening clause of § 2(c)(2), the bill would seek "to alleviate the possible adverse impact of immigration into the Virgin Islands of the United States by relatives of aliens who have had their status adjusted" under the legislation by curtailing the availability of the preference provisions of § 203 to the relatives of those who had their status adjusted under the provisions of the bill.

Section 2(c)(2) would authorize the Secretary of State to curtail the number of visas available to those for whom second preference petitions [4] are filed by an alien whose status has been adjusted pursuant to the provisions of the bill. Section 2(c)(3)(A) would provide that no alien may receive an immigrant visa by virtue of a fourth or fifth preference petition [5] filed by a citizen of the United States who had his status adjusted under the bill, unless the citizen is physically present and has resided continuously for at least two years in a State, or unless the Attorney General makes a finding of exceptional and extremely unusual hardship.

Finally, the complex language of § 2(c)(3)(B) provides in effect that if a person whose status was adjusted under the bill secures after his naturalization the admission of a parent as an immediate relative under § 201, that parent cannot file a second preference petition for an unmarried son or daughter.[6]

II.

In evaluating the constitutionality of these restrictions on the preference provisions of § 203, we begin with two propositions: first, no alien has the constitutional right to enter the United States, *Kleindienst* v. *Mandel*, 408 U.S. 753, 762 (1972), and second, no citizen has the constitutional right to have his relatives admitted to the United States. *Fiallo* v. *Bell*, 430 U.S. 787 (1977).

While the ability to facilitate the immigration of close relatives is not a constitutional right, it constitutes a valuable statutory benefit.[7] This raises the question whether the ability of citizens to file fourth and fifth preference petitions, generally available to all citizens, may be denied to some citizens because their status has been adjusted under the provisions of this bill,[8] and whether the ability to file second preference petitions, generally available to all aliens lawfully admitted for permanent residence, may be curtailed to some aliens because they or their sponsors had their status adjusted under the provisions of the bill. While the Fifth Amendment to the Constitution does not contain an express Equal Protection Clause, it does forbid discrimination which amounts to a denial of due process. *Bolling* v. *Sharpe*, 347 U.S. 497, 499 (1954).

The application of the equal protection principle to aliens, even those lawfully admitted for permanent residence, is subject to the special powers of Congress over immigration and naturalization. The Court observed in *Mathews* v. *Diaz*, 426 U.S. 67, 80 (1976), that under those powers "Congress regularly makes rules that would be unacceptable if applied to citizens" and upheld legislation which discriminated against aliens and among different classes of aliens lawfully admitted for permanent residence. *Ibid.* The Court also expressed its "special reluctance" to question the exercise of congressional judgment in this field. *Id.* at 84. We believe that § 2(c)(2) and § 2(c)(3)(B), relating to second preference petitions filed by aliens lawfully admitted for permanent residence, would be held constitutional under the Court's analysis because Congress' attempt to deal with this particular situation in the manner contemplated is surely reasonable.

Section 2(c)(3)(A), which relates to fourth and fifth preference petitions filed by citizens of the United States, raises constitutional issues of a different nature. *Schneider* v. *Rusk*, 377 U.S. 163, 165–66 (1964), reaffirmed the basic rule, going back to *Osborn* v. *Bank of the United States*, 9 Wheat. (22 U.S.) 738, 827 (1824), and embodied in the Fourteenth Amendment, that, with the exception to the qualification for the Presidency, the rights of naturalized citizens are of the same dignity and coextensive with those of native born citizens. Basically, every naturalized citizen has the same statute under our Constitution as every other citizen, whether native born or naturalized.

Equal protection claims, however, are subject to the power of Congress to make differentiations for justifiable reasons, to further important governmental objectives, or to advance legitimate state interests. *Bolling* v. *Sharpe*, 347 U.S. 497, 499 (1954); *Schneider* v. *Rusk*, *supra*, at 168; *Craig* v. *Boren*, 429 U.S. 190, 197 (1976); *Califano* v. *Webster*, 430 U.S. 313, 316–17 (1977); *Duke Power Co.* v. *Carolina Env. Study Group*, 438 U.S. 59, 84–94 (1978); *Vance* v. *Bradley*, 440 U.S. 93, 97 (1979). The purpose of the discriminatory provisions of § 2(c)(3)(A) is, as explained above, to prevent a substantial surge of immigration into the Virgin Islands some five to seven years after the enactment of the bill when the H-2 workers, whose status would be adjusted under the bill, will have become naturalized citizens and will be able to file fourth and fifth preference petitions. In view of the general reluctance of the courts to reexamine congressional policies in the field of immigration *Galvan* v. *Press*, 347 U.S. 522, 531–32 (1954); *Fiallo* v. *Bell*, 430 U.S. 787, 792–796 (1977), we believe the courts should and would recognize the Congressional determination that § 2(c)(3)(A) serves an important governmental purpose,[9] and, on that basis, reject any constitutional challenge to that provision.

In addition, even constitutional rights of citizens must yield where they clash with the paramount power of Congress over the admission and exclusion of aliens. *Kleindienst* v. *Mandel*, *supra* at 762, held that the power of Congress to deny admission to what it considers to be undesirable aliens prevails over a citizen's First Amendment right to "receive information and ideas." *Fiallo* v. *Bell*, *supra* comes even closer to the issue here involved. In that case fathers of illegitimate children claimed that the provisions of the Act pursuant to which they were precluded from obtaining the entry of their illegitimate children as immediate relatives under § 201(a) of the Act, while mothers were permitted to do so, constituted an unjustifiable discrimination based on the sex of the citizen parent. The Court held, in effect, that this argument was irrelevant as against the plenary powers of Congress to define the classes of aliens who may be admitted. 430 U.S. at 792, 794, 795 & n.6.

Based on the foregoing analysis, we are satisfied that the courts will uphold the constitutionality of § 2(c)(3)(A).

□ 1500

Mr. FISH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on the Judiciary has given unanimous bipartisan support to a bill that provides lawful permanent resident status to certain people who have lived continuously in the Virgin Islands of the United States since June 30, 1975. This is important remedial legislation that focuses on the plight of individuals who have enriched the life and economy of the Virgin Islands through participation in the H-2 temporary worker program. These workers and their families presently live lives of uncertainty—under a cloud of possible deportation. The unique history of the Virgin Islands temporary worker program documents the special circumstances that have made these people de facto permanent members of their community.

The Immigration Service, in 1956, adopted special procedures designed to facilitate the admission into the U.S. Virgin Islands of temporary workers from the British Virgin Islands. The program expanded in the years that followed to include workers from other Caribbean Islands and embrace a wide variety of jobs. In 1970, Congress enacted legislation that permitted spouses and minor children of temporary workers to enter the United States under a new H-4 classification. A special House Immigration Subcommittee study noted that "(p)robably the most significant impact of the H-4 provision was on the Virgin Islands, where its effect was to promote family reunification on a massive scale." That same year, the Labor Department adopted new procedures essentially in-

[4] *I.e.*, spouses and unmarried sons and daughters of aliens lawfully admitted for permanent residence.

[5] *I.e.*, married sons and daughters and brothers and sisters of citizens of the United States.

[6] The apparent reason for this provision is that unmarried sons or daughters would be the brothers or sisters of the citizen who, under § 2(c)(3)(A), cannot be admitted under a fourth or fifth preference petition unless the citizen has resided in a State for at least two years.

[7] The distinction between rights and privileges has been rejected by the Court. See *Graham* v. *Richardson* 403 U.S. 365, 374 (1971); *Morrissey* v. *Brewer*, 408 U.S. 471, 481 (1972).

[8] The bill does not deprive a citizen absolutely of his ability to file fourth and fifth preferences petitions, but conditions it on his giving up his residence in the Virgin Islands. The right to maintain the residence of his choice appears to be the logical correlative of the basic constitutional freedom to travel. *Memorial Hospital* v. *Maricopa County*, 415 U.S. 250, 254 (1974).

[9] It should be noted that in contrast to § 2(c)(2), § (c)(3)(A) does not contain a recital of the purpose it is designed to accomplish. Nor are we aware of any congressional finding to the effect that the filing of fourth and fifth preference petitions by citizens whose status has been adjusted by the bill is more likely to have an adverse impact on the Virgin Islands than the filing of like petitions by other citizens of the United States. We strongly recommend the inclusion of such findings in the legislation or its legislative history in order to lessen the prospect that judicial inquiry into the legitimacy of the governmental purpose served by the bill would lead to a finding of unconstitutionality.

tegrating alien workers into the permanent labor force. Nonimmigrant Virgin Island workers became eligible for labor certification of indefinite duration—with freedom to change from one Labor Department approved job to another. The Immigration Subcommittee study found that "the May 1970 program appears to have had the desired effect of integrating the nonimmigrant aliens into the permanent work force, particularly considering the unfavorable economic conditions on the Islands."

H.R. 3517 provides a humane response to the predicament of long-term residents of the Virgin Islands who came to that territory in compliance with the provisions of U.S. law. The Immigration Subcommittee study, published in 1975, found general agreement that "there is a 'moral obligation' to those H-2 workers and their families who have established substantial equities while working and residing in the U.S. Virgin Islands over the years." The effort to provide an appropriate legislative solution, however, has been frustrated by concerns over the impact on a small insular territory of the future migration of potentially large numbers of relatives.

The unique feature about the present legislation is its effort to consider both the needs of aliens living today in limbo status in the Virgin Islands and the limitations on the territory's capacity to absorb substantial new flows. This bill balances these considerations by providing lawful permanent resident status to long-term residents of the Virgin Islands and imposing severe restrictions on the possible future admission of relatives of newly legalized aliens. Approximately 7,360 persons presently in the Virgin Islands (out of a total estimated population of 100,000) will qualify under the terms of H.R. 3517. An additional approximately 2,670 children not presently living in the Virgin Islands may gain entry through the exercise of petition rights.

The limitations this legislation imposes on petition rights is a deliberate exercise of congressional authority over immigration and the territories. Both the Office of Legal Counsel in the Department of Justice and the Congressional Research Service of the Library of Congress submitted opinions supporting the constitutionality of provisions of this legislation. The bill, moreover, incorporates explicit findings documenting the need "to prevent a secondary migration of a significant number of * * * relatives to the Virgin Islands."

H.R. 3517 limits secondary migration in the following ways:

First, section 2(c)(2) permits the Secretary of State, after consultation with the Secretary of the Interior and the Governor of the Virgin Islands, to limit the number of immigrant visas available annually for spouses and unmarried children of aliens who obtain permanent resident status under this legislation. The authority to limit these visas will provide a mechanism for mitigating possible adverse effects of significant numbers of relatives coming in a short period of time.

Second, section 2(c)(3) imposes stringent limits on certain petition rights of new U.S. citizens who first obtain permanent resident status under the provisions of this legislation. These new citizens cannot bring in married sons and daughters or siblings unless they—the new citizens—establish "to the satisfaction of the Attorney General that exceptional and extremely unusual hardship exists for permitting the alien to receive such visa."

Third, parents who benefit from immediate relative petitions filed by persons adjusted under this bill cannot in turn bring in children from outside the Virgin Islands. This limitation prevents the admission—through a circuitous route—of brothers and sisters who cannot be brought in directly.

The limitations on petition rights, it should be noted, will not affect the admission of a U.S. citizen's "immediate relatives,"—children, spouses, and parents—who are exempt from numerical limitations and will not affect admission under the numerically limited first preference of unmarried sons and daughters of U.S. citizens.

Early this year, the Select Commission on Immigration and Refugee Policy recommended that "U.S. law permit, but not require, special treatment of all U.S. territories." Virgin Islands history and demography provide strong support for special congressional action in this case. Virgin Islands witnesses, testifying before the Immigration Subcommittee, vigorously advocated passage of this bill.

We have at hand—

As Delegate RON DE LUGO has said—

the opportunity to demonstrate our regard for the rights of those who, adhering to our rules and laws and, at times, in response to our open invitation, have come to live and work among us and who now choose to make this their permanent home.

H.R. 3517, a bill which will promote social justice in the Virgin Islands, merits favorable consideration by the House.

Mr. Speaker, I would like at this time to elicit from the gentleman from Kentucky, the chairman of the Subcommittee on Immigration, Refugees, and International Law (Mr. MAZZOLI) and from the Delegate from the Virgin Islands (Mr. DE LUGO) that they agree with me that the limitations on petition rights imposed by this legislation are a deliberate exercise of congressional authority over immigration warranted by the findings enumerated in section 1 of this bill.

Mr. MAZZOLI. Mr. Speaker, if the gentleman will yield, I would certainly answer the gentleman's question directly, yes, that the limitation of preference rights is well within the power and the authority of Congress as demonstrated by the several memoranda that were provided to us and by the specific case of *Fiallo* v. *Bell*, 430 U.S. 787, a 1977 case, which, while dealing with a different subject matter, concluded that the legislative decision process on the part of Congress regarding immigration is virtually plenary and that it is solely the responsibility of Congress and wholly outside the power of the court to control matters of immigration.

So I would answer the gentleman's question in the affirmative.

When I earlier asked permission to insert, as a part of this record, the legal treatises which were provided to us which dealt with this very point.

Mr. FISH. I thank the gentleman for his comments, and I am pleased to yield to the Delegate from the Virgin Islands (Mr. DE LUGO).

Mr. DE LUGO. I thank the gentleman for yielding, and I would agree with the statement made by the gentleman from New York and I also join in agreement with the statement just made by the distinguished chairman of the subcommittee.

Mr. FISH. I thank the gentleman for his remarks.

Mr. Speaker, I reserve the balance of my time.

Mr. MAZZOLI. Mr. Speaker, I yield such time as he may consume to the gentleman from the Virgin Islands, the Honorable RON DE LUGO.

Mr. DE LUGO. Mr. Speaker, first, let me commend the gentleman from Kentucky, the distinguished chairman of this subcommittee, and also the gentleman from New York for providing leadership that has brought us to this point. I can say, having worked on this matter for a long time, in fact, for almost 10 years, that it took tremendous leadership, and I want to thank both the gentleman from Kentucky (Mr. MAZZOLI) and the gentleman from New York (Mr. FISH).

Mr. Speaker, before this House is a bill which I introduced on May 12, 1981, and which if passed, would resolve the painful and frustrating problems caused by immigration policy specifically affecting the U.S. Virgin Islands.

H.R. 3517, the Nonimmigrant Alien Adjustment Act of 1981, is concerned primarily with several thousand aliens living legally under the flag of the United States, in the U.S. Virgin Islands, nearly all of them having come originally from the British, French, and Dutch islands of the Caribbean and nearly all of them having come at the open invitation of the United States, first for defense construction and later to help man the economic boom of the fifties and sixties.

These people have lived in the Virgin Islands for as many as 20 years without ever having attained the security of permanent resident status. After all these years as contributing participants in the life and development of the U.S. Virgin Islands, they remain in a legal limbo that could, for reasons totally beyond their control, cause their rights of domicile to be restricted or abrogated as easily as if they had just been recruited.

In addition to resolving the human aspect of this long standing problem, there is a very real and fundamental importance in this legislation as to how our country is perceived in the world, especially so in the island nations that lie on our southern sea frontier.

We have at hand the opportunity to demonstrate our regard for the human rights of those who, adhearing to our rules and our laws and, at times, in response to our open invitation, have come to live and work among us and who now choose to make this their permanent home.

We have also the opportunity to take active cognizance of the significance of the interrrelationships between the U.S. territories in the Caribbean and the other people of this critical region.

H.R. 3517 has engendered strong support. The bill has 30 cosponsors. It passed out of the House Subcommittee on Immigration, Naturalization and Refugee Policy with a unanimous vote of 6 to 0, and the House Judiciary Committee gave its full endorsement with a vote of 20 to 0. Locally, H.R. 3517 has received the full support of the Governor of the Virgin Islands and was in fact develop jointly with him.

At a series of public hearings held on the bill, witnesses from all three major islands of the territory voiced their overwhelming support. At the close of these hearings, the Virgin Islands Legislature gave its endorsement to H.R. 3517. Also, the several alien interest movements in the Virgin Islands joined forces in support of the bill, as testimony by leaders of these organizations before the Subcommittee on Immigration reflects.

Mr. Speaker, I feel very deeply that H.R. 3517 represents the wishes of a majority of the people of the Virgin Islands. I sincerely believe that this bill takes into account and protects the interest of all the residents of the U.S. Virgin Islands and is in the best interests of the United States.

Chairman MAZZOLI, of the Immigration Subcommittee has called it a salutary measure, and Congressman HAM FISH, the ranking minority member, in emphasizing the broad consensus of support, has called it a good piece of legislation. This bill also has the support of the administration.

Mr. Speaker, I am proud to have authored this legislation. It is a humane, honorable, and sound solution to a very real and longstanding problem and I ask all Members to vote in favor of this essential legislation.

Mr. FISH. Mr. Speaker, I want to congratulate our colleague, the Delegate from the Virgin Islands.

H.R. 3517, I believe, is a piece of legislation that will promote social justice in the Virgin Islands and merit the favorable consideration of this House.

Mr. Speaker, I yield back the balance of my time.

Mr. MAZZOLI. Mr. Speaker, I yield myself 1 minute, and I use this time to pay tribute to the gentleman from the U.S. Virgin Islands (Mr. DE LUGO). He was very generous to the gentleman from New York (Mr. FISH) and myself, and we appreciate that. But certainly it was his own zeal and ardent support of the bill and his own willingness to chase it through these marble halls of Capitol Hill that the bill is where it is today. So the real tribute here today and the real significant reason that there is success in the offing today for H.R. 3517 is because of the work done by the Delegate from the U.S. Virgin Islands. I want to personally—and I think I speak for all of the members of our committee—pay him that kind of commendation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky (Mr. MAZZOLI) that the House suspend the rules and pass the bill, H.R. 3517, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on H.R. 3517, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will now entertain unanimous-consent requests and special orders, until approximately 4 p.m., when the vote on those suspensions which were postponed earlier will be taken.

There may also be other business of the House at that time.

□ 1515

BROOKS HAYS—A POLITICAL LEGEND IN ARKANSAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. BETHUNE) is recognized for 60 minutes.

GENERAL LEAVE

Mr. BETHUNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BETHUNE. Mr. Speaker, many times I have come to this well to discuss the various issues of the day. Every time I feel very honored to stand here and represent the people of Arkansas.

Our State has produced a number of giants. It has been one of my greatest and most honored chores to serve in the seat held by two distinguished Members of this body. The outstanding attributes and the character of Wilbur Mills is known far and wide.

And, today, Mr. Speaker, we are honoring another distinguished Representative from Arkansas—the late Brooks Hays. It was my sad duty recently to inform the House of his death on October 11, 1981.

When I first got to Congress, Brooks Hays gave me, through counsel, a perspective on public service that put me at ease and helped me adjust to the rigors of congressional life.

Brooks Hays was a man of high principle. It was obvious watching him work. Just when most Members of this body would have thought about retiring, Brooks Hays was going stronger than ever.

His principles, his faith, his character was the foundation on which he lived his life. His principles and stand for the rule of the law in all likelihood cost him his seat in Congress.

During a time in Little Rock, Ark., when hotter heads were prevailing, Brooks Hays was the voice of moderation. He worked diligently with Arkansas officials and the Eisenhower administration in an attempt to let reason reign.

Brooks Hays' contributions are incalculable. His interest in the Close-Up program has brought many thousands of high school students to study the workings of their government. Legislation introduced by Brooks Hays brought about the creation of the Capitol Prayer Room.

But Brooks may have been best remembered by Members of this body for his story-telling ability. In fact, while working with Presidents Kennedy and Johnson, Brooks Hays earned

the title "raconteur of the White House."

His humor served him well. With it, he could capture attention in a meeting or discussion. Many is the time that he eased tense situations with a down-home tale. He never missed those opportunities to make a larger point, which always turned out to be the commonsense solution to the thorniest situations.

Mr. Speaker, many Members of this body could not be present today for this special order, but they are joining us in spirit as we pay tribute to this giant among men. At this time, I would like to insert the remarks of the gentleman from Missouri (Mr. BOLLING); the gentleman from Arizona (Mr. UDALL); the gentleman from Massachusetts (Mr. CONTE); the gentleman from Tennessee (Mr. DUNCAN); the gentleman from Louisiana (Mr. LONG); the gentleman from Wisconsin (Mr. REUSS); the gentleman from Texas (Mr. FROST); the gentleman from Florida (Mr. FASCELL); and the gentleman from Arizona (Mr. RHODES).

Mr. BOLLING. Mr. Speaker, I am grateful to my colleagues from Arkansas for having this special order on my late friend, Brooks Hays.

Brooks was one of the finest public servants of the post-World War II period. Gentle, wise, and kind, he was also full of fun and good humor. But most of all, I admired his personal political courage. He lost his seat in the House because he would not give in to the overwhelming wave of racism which swept the South and his congressional district in the late 1950's. He continued his varied public service after his defeat and was an inspiration to many of us.

Mr. UDALL. Mr. Speaker, Brooks Hays was my friend. He was one of the finest men I have ever known. He had a quick, warm kind of humor that entertained in a gentle way a whole generation of Congressmen and constituents. His book, "A Hotbed of Tranquility," is a gold mine of political humor and political good will.

If anyone ever writes a sequel to "Profiles in Courage," this man deserves a special chapter for laying down his political career in the Little Rock school integration controversy. He was a political martyr in the cause of brotherhood, decency, and equality. When put to the test, he did not flinch.

There was a Sinclair Lewis character in one of the Depression-era books, a modern Pharisee of whom someone said, "He would have been as horrified to have his Christianity doubted as he would have been to see it practiced."

Brooks Hays preached Christianity and he practiced it in every aspect of his life. I was proud of his support and friendship, and I wish his family well.

In a recent editorial, the Washington Post well summed up his life and his impact. The editorial follows:

BROOKS HAYS

("I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending . . . The patriot and the dissenter may inhabit the same heart. We are not really disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding.")

What Brooks Hays did not recognize about himself—that he was a man of extraordinary courage—was never more nationally apparent than when he exerted himself fearlessly as a builder of those "bridges of understanding" in 1957—a southern congressman who stood up for racial moderation in the thick of a bitter clash over the desegregation of Central High School in Little Rock, Ark. Mr. Hays, who died Monday in Chevy Chase at the age of 83, knowingly risked—and suffered—political defeat the following year at the hands of a segregationist write-in candidate. But he never lost his respect of all who appreciated his promotion of good will, his sponsorship of humanitarian causes and his contributions to public service.

For 16 years before that defeat, Mr. Hays had represented the people of the 5th District of Arkansas with an unflagging commitment to racial understanding. When the then-governor of the state, Orval E. Faubus, ordered the Arkansas National Guard to block school desegregation, President Eisenhower responded by ordering U.S. troops to enforce desegregation orders. Mr. Hays arranged a meeting between the two and, though it proved fruitless, continued to speak out, refusing to yield to transient passions if it meant deserting his convictions.

His compassion extended to people everywhere—around the world, through his support for foreign aid, for UNRRA and aid to postwar Great Britain—and right here in the District of Columbia, through his early and vigorous support for home rule. In 1949 Mr. Hays made a special appeal for the District, in an unscheduled appearance before an Arkansas Democratic colleague who headed the House District Judiciary subcommittee and who opposed home rule. "You would get democratic government," said Mr. Hays, "and you would prove to the world that we really believe in government by the consent of the governed."

Mr. Hays was also a relentless raconteur whose anecdotes, yarns and jabs at himself knew no match. A deeply religious man, he once explained that he was a "great believer in ecumenism" because "the evils in the world are too much even for the southern Baptists to deal with."

We said it once in this space 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University, and we repeat it now: He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.

Mr. CONTE. Mr. Speaker, I am grateful to my colleagues from Arkansas for giving me the opportunity to pay tribute to a most distinguished former Member of Congress, Brooks Hays, who passed away earlier this month.

A kindhearted man and conscientious legislator, Brooks Hays has left his mark on the U.S. Congress with manifestations of his compassion and hard work. He was the prime force behind the establishment of the Congressional Prayer Room, a place of quiet dignity for solitary reflection. Because of his desire to see our Nation's youth educated in the ways of our Government, he helped found Close-Up, a program that has provided firsthand opportunities for our youth to experience their legislators participating in the democratic process. What better model could they have to observe than Brooks Hays? His dedication to his parochial and national constituencies was exemplary throughout his 16-year career in the House.

As a founder of the Former Members of Congress Association, Brooks Hays was always available for counsel and advice to new and younger Members. He will be sorely missed by all of us who have taken advantage of his wisdom and intelligence through the years.

Mr. DUNCAN. Mr. Speaker, it is difficult for a politician to speak with his conscience. It is even more difficult to maintain a sense of humor in the face of rejection. Yet Brooks Hays was able to accomplish these tasks and more.

He endeavored to find a solution to the Little Rock desegregation crisis in the face of extreme racist opposition. By sticking with his conscience he found defeat and indignation. Brooks Hays practiced statesmanship at a time when it was neither popular nor profitable.

Having known Brooks Hays shortly after he had lost his seat in Congress for his beliefs in a South of "human kindness," I marvel at his ability to keep his spirits and goodwill. As a neighbor in Knoxville, Tenn., and director of the TVA, Hays exemplified the very Christian practices which he preached. He turned the other cheek to his enemies with faith in the knowledge that peace would reign in the South when blacks and whites joined hands to build a better future.

Despite his defeat at the hands of segregationists, a defeat which might make others vindictive, Brooks Hays maintained his humor. His tales were parables of wit, encouraging us to laugh at ourselves in our pompous attitudes and at others in their innocence. To listen to these tales was a joy and an education and Brooks Hays was both entertainer and teacher for many of us.

The South was fortunate to have such a capable spokesman of moderation and conscience. We owe him a debt for encouraging us down the road of integration which seemed all but impossible a few decades ago. Brooks Hays has written that politics was his parish, but he has shown that statesmanship was his religion.

Mr. LONG of Louisiana. Mr. Speaker, the 1950's and 1960's were turbu-

lent times out of which emerged major victories for civil rights—and some painful defeats at the polls for legislators who held fast to the principles of social justice and equal opportunity for all.

On the cusp of these two decades of social change, a great gentleman went down to defeat as he tried to extend his 16 years of exemplary service as a Representative from Arkansas.

I am speaking, of course, about Brooks Hays, to whose memory we are paying much deserved tribute today.

Brooks Hays and I shared the knowledge of what it was like to lose a bid for reelection in that period of flux. There was very real fear at the time of the transformations looming on the horizon. It was a fear of the unknown, but it claimed its victims. His conduct was truly an act of political courage.

Brooks Hays went on to serve his country in other capacities. He became a director of the Tennessee Valley Authority, an Assistant Secretary of State, and an adviser to Presidents Kennedy and Johnson.

I am proud that Louisiana State University was the publisher of his autobiography, "Politics Is My Parish." It is the story of a great man of principle.

Mr. REUSS. Mr. Speaker, I am honored to participate in this special order for former Member of Congress Brooks Hays. He was my dear friend, and I shall miss him.

Despite the fact that he left Congress over 20 years ago, Brooks Hays is well remembered for his courageous effort to defuse the explosive clash over the integration of Little Rock Central High School. Brooks' attempt to mediate one of our Nation's earliest and ugliest desegregation battles led to his political defeat. But it earned him the respect and admiration of his colleagues and of millions of Americans.

Brooks' involvement in the Little Rock incident was the culmination of a congressional career devoted to racial moderation at home and generous and constructive aid abroad. Brooks realized that our international influence is better served through aid programs that meet real human needs than through a myriad of million-dollar arms deals. His work in the Foreign Affairs Committee on behalf of numerous postwar aid bills was an outstanding example of a morally enlightened approach to U.S. foreign policy.

In addition to his work in Congress, Brooks performed valuable service to Presidents Kennedy and Johnson. A gentle spirit and a deeply religious man, he rose from a church deacon in his native Russellville, Ark., to the presidency of the 8-million-member Southern Baptist Convention from 1957 to 1959.

Brooks Hays represented the best humanitarian and socially progressive traditions of his party. In a time of headlong retreat from our social and economic responsibility to the less fortunate at home and around the world, the work of Brooks Hays points us toward a better course.

Mr. FROST. Mr. Speaker, I am very saddened by the passing of our former colleague, Brooks Hays of Arkansas.

Brooks Hays was a close friend of Judge Sarah Hughes of Dallas, Tex., the Federal judge who swore in Lyndon Johnson when President Kennedy was assassinated. It was during the time that I served as Judge Hughes' law clerk that I came to learn about Brooks Hays.

And what I learned about this man makes me realize that very few people today can claim more courage and moral conviction than Brooks Hays could have claimed. He was the kind of public official who knew when to stand up and be counted. Hays himself once said that "no person should hold public office who is not willing to risk political suicide for the benefit of the people."

Hays did in fact risk political suicide during the 1957 Little Rock desegregation crisis. Yet when he was defeated for reelection the following year—probably because of the stand he took in Little Rock—he left Washington with the same courage of conviction that motivated him during that very dark time in our history. The example he set in Little Rock surely affected the later course of the civil rights movement in America.

Hays was also the kind of man who did not let personal trials affect his faith in our system of government. After losing his congressional seat in 1958, he returned to Washington to serve in both the Kennedy and Johnson administrations. And he was a man whose religious faith led him outside his professed religion. He was a strong Baptist and participated in Baptist Church affairs. But he was also given the highest honors by the National Conference of Christians and Jews—and he received audiences from two Popes.

Mr. Speaker, history will be kind to Brooks Hays. He set an example of decency in life and in government, and he will be sorely missed by those of us who now struggle to overcome the problems of our country. I for one hope that I can devote the energy, the vision, and the principles of Brooks Hays to that task.

To his wife and all who admired him, I extend my deepest sympathies.

Mr. FASCELL. Mr. Speaker, I am very grateful to the gentlemen from Arkansas for this exceptional opportunity to pay tribute to our former colleague, the late Brooks Hays. Those of us who knew him and were privileged to serve with him in the House of Representatives share a genuine sense of loss over his death, not only because he was a friend whom we will miss but because he symbolized integrity.

Brooks Hays' decision to support the desegregation of schools in the face of strongly committed opposition stands as an ideal for us all of courage and fidelity to one's convictions. His example inspired people of all ages and occupations, but the students of our country were the group that most inspired him.

The young people who attended his lectures and sought a greater understanding of government over the years were a continual source of personal fulfillment for Brooks Hays. He was an early advocate of programs to bring students into direct contact with Washington, D.C., and the legislative, judicial, and executive processes. As a member of the original board of directors at Close-Up, he was able to take an active role in providing this kind of meaningful learning experience to high school students. For the past 11 years since the birth of Close-Up, he continued to contribute so much of himself to this worthwhile project. The wit, insight, and expertise he brought to this work influenced a generation of students and will remain a lasting memorial to this highly respected legislator.

Mr. RHODES. Mr. Speaker, it is an honor to join this special order paying tribute to Brooks Hays. I was privileged to have had the opportunity to serve in three Congresses with him.

He was a dedicated Democrat who worked harmoniously with Republicans. Brooks Hays was a gifted writer and storyteller, enriching the lives of all who had the pleasure of reading his writings or hearing his insightful anecdotes.

He was a calming influence during times of turmoil, most notably during the desegragation of Arkansas's schools.

Brooks Hays was an American patriot whose sensitivity for the needs of others transcended the borders of this land. He had a long and distinguished career in government and in the private sector.

Brooks Hays was a man who gave freely of his time and talents and we are better for having known him.

Mrs. Rhodes joins me in extending sincerest sympathies to his wife, Marian, his son, Steel Hays, and his daughter, Betty Brooks Bell.

Mr. HAMMERSCHMIDT. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the distinguished senior member of the Arkansas delegation (Mr. HAMMERSCHMIDT).

Mr. HAMMERSCHMIDT. Mr. Speaker, What remains to be said about Brook Hays—Congressman, adviser to Presidents, statesman, and author—that has not already been said by some of the Nation's most powerful men and women? The answer is,

nothing. And that in itself reveals a great deal about this man who came to be respected and loved in such a special way by so many.

Taking this opportunity to honor the memory and service of this rare individual, the eloquent words of his good friend, Dr. Jerry Warmath, linger as a fitting summary of Brooks Hays' life:

His death marks the passing of a man among us who stood for what was right and good, a man of strength and integrity, who was willing to pay the price for his convictions and yet who, through it all, maintained a wonderful sense of humor and good will about it. He was one who, in a constructive way, brought together the Christian faith, with a commitment to the political sphere of life, and did it is a way that many of us have not been able to do.

One of Arkansas' favorite sons, Brooks Hays represented the fifth district for 16 years in this body, before being defeated for reelection in 1958 in the wake of the historic clash between Federal and State forces over the integration of Little Rock's Central High School. Mr. Hays voluntarily entered the picture in an attempt to defuse the turmoil which had erupted and arranged a breakthrough meeting between President Eisenhower and Governor Faubus.

During his tenure in the House of Representatives, Brooks served on the Banking and Currency Committee for 8 years until 1950 when he switched to the Foreign Affairs Committee for 8 years and developed his reputation for a nonpartisan approach to foreign affairs.

In 1953, the Congressman was humorously labeled "Reverend Hays" by his colleagues in the House when he successfully passed a resolution creating a nondenominational prayer room off the Capitol rotunda. An active churchman throughout his life, Mr. Hays, in 1957, became only the second layman to be elected president of the Southern Baptist Convention. In fact, he traveled to Rome in 1964 to observe the Vatican Council and after a private audience with Pope Paul VI, Mr. Hays stated, "Good will is making the differences less" among the world's churches. In recognition of his outstanding ecumenical work, he was awarded the highly acclaimed Charles Evans Hughes Award by the National Conference of Christians and Jews in 1975, the organization's highest award.

After his election defeat in 1958, Mr. Hays was appointed to the Board of Directors of the Tennessee Valley Authority. He served in the TVA post until 1961, when he was appointed Assistant Secretary of State after John F. Kennedy was inaugurated as President. Later, Mr. Hays was moved from the State Department to become a White House staff member, a position he also held under President Johnson. In 1965, President Johnson named Mr. Hays as a special consultant to the Justice Department to put into effect the new Community Relations Service, which was established under the Civil Rights Act of 1964. Mr. Hays left government in 1966 to become a full-time professor at Rutgers University in New Jersey. However, this did not mark the end of his commitment to good government. In fact, in 1968, he was one of the founding fathers of the Southern Committee on Political Ethics devoted to improving the tone of political activity.

In 1970, Brooks Hays, the gifted raconteur, was selected master of ceremonies of the Former Members of Congress Club, which he cofounded. In fact, he collected his political humor in a remarkable book entitled, "A Hotbed of Tranquility," which contains innumerable enjoyable political parables. I was flattered and pleased when he sent me an autographed copy.

It was the private character of Brooks Hay which never ceased to amaze me, since his political career was marked by his resilience of spirit. His indomitable drive conquered major political disappointments large enough to bring many people into bitterness.

My first impression of Brooks Hays was that he was an eternal optimist with varied interests. His interests in foreign policy, civil rights, and farm programs could rightfully be enumerated as major commitments of a man who expressed his views on almost everything. Upon meeting this man, I was immediately cognizant of the wit, intellect, and good nature that marked his public life. I found him easy to like and can attest to his warm, outgoing nature. It was a pleasure to be able to witness flashes of his rarest gift of all—his keen sense of humor—although I might add that he seemed to laugh with others and never at them.

Brooks Hays' life was marked by hard work, determination, and high goals. These principles, through which he attained his greatness, should be an inspiration to all who serve the citizens of our great Nation. Brooks Hays has been described in many ways by many people, but no one ever accused him of not being convinced that his actions were not in the national interest, or that he lacked the courage of his convictions to communicate his beliefs and ideals. It was my honor and pleasure to know him as a friend.

My wife Ginny and I extend our deepest sympathy to his dear wife of 59 years, Marian, his daughter Betty, his son Steele, an associate justice of the Arkansas Supreme Court, and all the family.

Mr. Speaker, there has been so much written in praise and respect about our friend that I doubt that even the CONGRESSIONAL RECORD could properly accommodate it; however, I am including some of the additional articles and comments about the remarkable life of Brooks Hays.

Mr. Speaker, another immortal writing by Brooks Hays was "A Southern Moderate Speaks." This book was written after the turmoil in Little Rock.

Jonathan Daniels, then editor of the Raleigh News & Observer, reviews the book in the March 14 edition, Saturday Review. In that review, Mr. Daniels writes:

Few politicians in our time, anywhere, certainly in the South, can qualify for the role of the angel so well as Mr. Hays. An authentic Southerner, he has played a long and useful role as a man concerned with the welfare of poor people in the South, black and white. . . . He labored steadily in the vineyard of better race relations.

Mr. Speaker, I submit for the RECORD, a copy of Mr. Daniels' review of "A Southern Moderate Speaks":

[From the Saturday Review, Mar. 14, 1959]

RELEVANT WORDS BETWEEN ROARS

(By Jonathan Daniels)

Undoubtedly among all the noises, North and South, around the emotional word "integration" the voice of the Southern moderate may sometimes sound, as former Congressman Brooks Hays seems to suggest, only like the murmur of the grass growing or the heartbeat of a squirrel. Perhaps such a voice can be disregarded as almost imperceptible. Maybe between roars it is irrelevant now.

Yet the voice of Mr. Hays, recently rejected as a politician in the furies engendered at Little Rock, deserves attention as that of a man stating the religious and legal faith of one prominent Southerner. As it speaks for the conscience of many Southerners, his book may provide the candle which will light our way. Still, this story as here written chiefly proves that the Pilgrim needs to be wary in the Southern dark. Indeed, Mr. Hays seems in essence to have written a sort of unfinished autobiography of an angel in Bedlam.

Few politicians in our time anywhere, certainly in the South, can qualify for the role of the angel so well as Mr. Hays. An authentic Southerner, he has played a long and useful role as a man concerned with the welfare of poor people in the South, black and white. He worked in New Deal agencies designed to lift low Southern living standards many years before he became an earnest Democratic Congressman and the equally devoted president of the Southern Baptist Convention. Nobody who knows him has ever questioned his good will for all men as both politician and layman. He labored steadily in the vineyard of better race relations. Yet as Southerner, in 1956, he signed the so-called Southern Manifesto protesting the Supreme Court integration decision.

So politically he was squarely and safely in the middle of the road until he put himself really in the middle, in 1957, between Governor Orville Faubus and Presidential Assistant Sherman Adams. There are plenty of Americans today whose opinion of those two men is such that they think Mr. Hays, between them, was lucky to get off with the loss of his seat if he saved his skin.

Yet, such is Mr. Hays's charity that in this book both Sherman Adams and Orville Faubus appear less as the malicious millstones which ground him up than as emi-

nent and far from evil personages. Indeed, while this book leaves entirely untold the climactic write-in campaign with Faubus's support by which Hays was defeated, Faubus sometimes seems almost as much a victim of the circumstances which surrounded him as Hays does.

The result is a strange book, It is rich in its disclosure of the eagerness of many Southerners for solutions of this heated national problem in warmheart and good will. Yet it avoids the story's own implicit conclusion in omitting the facts about Mr. Hays's own defeat last November. Obviously Mr. Hays does not regard that as the end of the story. He suggests that he is reserving it for future writing which may include a happier ending for himself and for the South.

He leaves us now, however, with an unraveled though revealing recital of the fumbling in the executive offices in Washington and Little Rock which resulted only in more confusion, force, and anger. As such it is a story much sadder than the mistreatment of one well-meaning Congressman who, though beaten by his own people, still has high hope for solutions for them and for his country, too.

Even after leaving this institution, Brooks Hays never forgot this body, nor did his service to it end. Mr. Hays, along with former Congressman Walter H. Judd, founded the Former Members of Congress, Inc., a nonprofit educational and social group formed to promote the cause of good government at the national level.

The hope of Mr. Hays and Mr. Judd was to improve the public's understanding of the Congress as an institution. The association was formed not as a "rump Congress."

The idea to form the association came to Mr. Hays after speaking in 1970 to students at the University of Massachusetts. In that speech, he urged his former colleagues to organize just as Members of Parliament had done in Britain and Canada.

Hays and Judd started talking about the idea, and started work in a small building. They soon had to move, however, because of financial problems. To keep it going, Dr. Judd donated the use of his basement. Dr. Judd also supplied clerical help.

A major push began to receive money, and the organization's first grant came from the Lilly Drug Foundation. The money was soon matched, and other grants have followed.

The organization has now blossomed into a $250,000 grant-endowed operation. The offices are on Connecticut Avenue, and the operation is directed by former Congressmen, alternating parties each term.

In the first meeting of the association, there were 60 former Members. Now, the body has grown to more than double the existing House membership, and meets twice a year.

According to Dr. Judd, Brooks Hays had jokingly commented that neither of them would be remembered for great legislative acts or acts of courage; rather, that if they were remembered, it would be for forming the Former Members of Congress group.

In reminiscing about Mr. Hays, Dr. Judd said Brooks was not just known for his intellect, dedication, and unique way of capturing an issue in a story, Brooks Hays would be remembered for his ability to win people over to his side. Dr. Judd said Brooks Hays would also be remembered for his ability to stand by the principle of an issue.

Mr. Speaker, Dr. Judd is right. Brooks Hays was a man who embodied the best of this institution. In defeat or victory, Brooks Hays never stopped loving his colleagues, his State, Nation, or its people. He also was a man who believed in standing beside a principle, no matter what the cost.

Mr. Speaker, Brooks Hays was a man with whom we all should be proud.

Mr. Speaker, Brooks Hays was known far and wide for his sense of humor and wit. Hays used humor as a forensic tool. He would use his sense of humor to win friends or to create an atmosphere for friendly discussion rather than rancorous debate.

Often, he would direct his humor at himself. He would comment on his hairpiece, saying, "What God hath not wrought, I went out and bought!"

He also liked to tell of his father's answer to the question, "Have you heard Brooks' last speech?" His father would answer, "I hope so!"

Of Brooks Hays' many talents, one was his uncanny wit and his ability to transform it into writing. In a review of "Hotbed of Tranquility," Arthur Schlesinger, Jr., says:

This will undoubtedly be one of the most delicious political books of the year. . . . Because Brooks Hays is a deeply serious man, he is also a deeply witty man. He cannot resist the comic perspective and he uses humor, not as a technique of acquiescence, but as a strategy of gentle subversion.

The following is a copy of Mr. Schlesinger's review of this American classic by Mr. Hays. I include it in the RECORD at this point:

[From the New York Times Book Review, June 23, 1968]

GRASS ROOTS

("Hotbed of Tranquility." My Life in Five Worlds. By Brooks Hays. 238 pp. New York: The Macmillan Company. $4.95.)

(By Arthur Schlesinger, Jr.)

This will undoubtedly be one of the most delicious political books of the year. Its author, it must be frankly said, has been president of the Southern Baptist Convention; an eight-term Congressman defeated by his Arkansas constituency because he believed too strongly in equal rights for Negroes; president of the Arkansas Conference of Social Work; an Arthur T. Vanderbilt Professor of Public Affairs at Rutgers. Evidently, one would think, a deeply serious man; and one would be right.

Because Brooks Hays is a deeply serious man, he is also a deeply witty man. He cannot resist the comic perspective and he uses humor, not as a technique of acquiescence, but as a strategy of gentle subversion. So he tells the story of the school board in a Southern town which had only enough money to build one new school building. This was before the desegregation decision; and the board called in the leading spokesman for the Negro community to ask whether the blacks would be aggrieved if the money were spent on the white school. "No, indeed," was the answer. "I can think of nothing that would help our Negro people more than having better educated white people."

"A Hotbed of Tranquility" is a profoundly American book. Hay's father was a product of western Arkansas, one of America's last frontiers. For Hays himself, growing up in the foothills of the Ozarks, the frontier was still a vivid presence. He is a master of hill-country idiom and folklore, with its rich, unexpected, throwaway jokes; as Donald G. Herzberg well puts it in his appreciative foreward, "Brooks has almost perfect pitch, when it comes to capturing American folk humor."

Hays tells us of the old grandmother who fell sick and received a bedside examination from a new doctor in town. Afterward she said to her daughter, "Wasn't that nice of the new preacher to come to see me?" "No, mother," the daughter said, "that was the new doctor." "Doctor!" exclaimed the old lady, and, after a moment, "Well, I thought he was rather familiar for a preacher." Then there was the card game, in the middle of which one of the players looked up and said sharply: "Now play the cards fair, Reuben! I know what I dealt you!" Nor can I forbear to quote the story about the hypochondriac who got little sympathy when he was alive but had the last word by inscribing on his tombstone: "I told you I was sick."

Mark Twain would have enjoyed this book, even if its author once served in Congress. "Reader, suppose you were an idiot," wrote Mark Twain. "And suppose you were a member of Congress. But I repeat myself." Hays himself tells about the survey of law-school graduates which showed that the A students had returned as teachers, the B students were out practicing law, the C students were making money in business, and the D students were in Congress. He also reminds us of the woman who was asked how she had voted in a recent election. "Vote?" she said. "I never vote. It only encourages 'em."

There are other great political stories here. When Gov. Zebulon Vance of North Carolina contemplated marrying a Catholic lady, his political advisers, thinking of the rural vote, strongly counseled against it. Vance was unmoved. "I know what I'm doing," he said. "And don't try to talk me out of it. If you're thinking of rum, rebellion and Romanism, let me just tell you I've survived the first two, and now I intend to try the third!" And there was the time when Tom Connally, running for re-election in Texas, was asked by a belligerent listener at the end of a speech, "How do you stand on the cotton issue?" Connally quickly replied. "I'm okay on that one. Are there any other questions?"

I cannot quite make out what Hay's five worlds are supposed to be; and, as one who had the good fortune to occupy an office next to his in the White House, I am sure that this is a gross understatement. By my calculation this book covers at least eight worlds: the hill country, the courtroom, the church, campaigning, Congress, the executive branch, academia and overseas. He

bathes each of these worlds with laughter and makes of humor, in his own phrase, "a healing exercise."

"A Hotbed of Tranquility" is a book of exceptional charm and humanity, well calculated to soother the raw tempers of the current political season. It does not, however, relieve Brooks Hays of the obligation of writing his serious memoirs—a book which could tell us a great deal about the Old South and the New and about the dilemma of a moral man in democratic politics.

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Speaker, the late Brooks Hays was first elected to the House of Representatives in 1942. He quickly made his mark as the southern champion of civil rights. His "Arkansas plan" was widely acclaimed as a fair and equitable compromise solution to the civil rights problems facing the Nation in 1949.

Hays' "Arkansas plan" was an attempt to find a compromise solution between the polarized positions taken by proponents and opponents of Federal involvement in civil rights matters. To quote from his remarks during his introduction of the "Arkansas plan":

The problem will continue; no matter how skillful our craftsmanship, no matter how good our performance, there will be a continuing problem in the realm of human relations; but we can, however, since the Nation has focused attention upon the problem, find a degree of legislative authority that might be required. That is the thing I have pointed to in the desire to find the basis for a compromise. I think it is possible for us to find it.

Mr. Speaker, I place Mr. Hays' discussion of the "Arkansas plan" in the RECORD at this point, as follows:

[From the CONGRESSIONAL RECORD, Feb. 2, 1949]

THE ARKANSAS PLAN FOR CIVIL-RIGHTS LEGISLATION

Mr. HAYS of Arkansas. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein copies of bills which I have introduced.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAYS of Arkansas. Mr. Speaker, today marks the passing of a full year since the President sent to the Congress a message on civil rights. I wish to discuss the significance of events related to this controversy beginning with the most noteworthy fact of all, namely, that not a one of the President's major recommendations has been approved. It seems to me that it is appropriate to take a second look both at the President's message and the report of the Commission on Civil Rights upon which the message was based. The proponents of the civil rights program would surely concede that failure to win congressional approval of a single item signifies that there are valid and substantial objections to that program. At the same time, as one who has joined generally in the resistance, I am prepared to concede that there are some meritorious features in the report. Furthermore, I concede that the continued agitation for these proposals should be convincing on one point, namely, that the problems do exist, but it should be just as clear that they do not yield to categorical solutions.

The Commission's report itself carries a misleading label. It deals not primarily with civil rights, although the proposals dealing with antilynching legislation are directed to the basic and fundamental right of every man to a trial according to the great traditions of our judicial system. This is a civil right, but the others deal with social aspirations, some of which are entirely proper, and are receiving consideration by the leadership of the respective States and communities.

Today I want to propose to the House that we consider compromises based upon those maximum concessions which each side is willing to make. I do not expect any Member to abandon principles, but I would be less than frank with you if I did not urge in specific terms that this is a compromise, that it springs from a conviction entertained by many of us that the controversy is divisive, that it tends to weaken the Nation in an hour when the need for cooperation and unity is great.

Southern representatives have been the most prominent ones in opposing this proposed legislation. Perhaps our reaction has been too emotional. Perhaps we have been inaccurate in some of our judgments. I note, for example, that on the question of segregation views sometimes attributed to the President are not contained in his message at all and we may not have been meticulous in distinguishing his message from contents of the Commission report. I am not pleading that our case as presented to this date has been a perfect one and I assume my own share of the responsibility for these deficiencies. I would be glad to recall some of my own inaccurate statements but I can assure the House now that having read and studied not only the message but the report itself I am prepared to apply a more rigid standard to my presentation. I am aware of the occasional misunderstanding of an approach of this kind. That is, the presentation of a southern point of view. I do not mean to offend but because the South lives in such proximity to the problem of our largest and most important racial minority—certainly the most important when civil rights issues of this type are considered—I believe it is entirely fair and proper to present as a background of my own thinking the traditional Southern viewpoint. Yet I am just as sure that the answer we should seek is not the conventional Southern answer nor, indeed, the non-Southern answer. We seek and must find the right answer.

If an answer to the difficult problem involved in the proposals is found we must study the problem in sections. It is regrettable that the recommendations have been submitted as one proposal—impinging as they do upon an infinite variety of human relations and involving widely different legal questions.

The South does not ask any exemptions from a statute soundly conceived and based upon judicial principles applying to our national community of 145,000,000 people. Furthermore, we have no intention of disregarding the legitimate rights of our minority citizens, and we deny that our opposition to some of the proposals contained in the civil rights report is due to an uncharitable attitude toward the Negro race or any other race. This is not the time nor place to speak as we of the majority group often like to speak; namely, of the happy relationship that exists generally in the South between colored and white groups. But one reason for our warnings is the obvious deterioration of the condition of mutual respect and cooperation which has resulted from political agitation.

The civil rights report, stripped of features not related to sectional and intergroup differences, contains four controversial matters: Segregation, poll-tax repeal, antilynching legislation, and the FEPC. Let me speak of these in order.

It is my opinion that congressional action is not necessary in order to achieve the President's objective as to nonsegregation in interstate travel as outlined in his message, although he probably had in mind some clarification and minor extensions of Federal policy based upon the Supreme Court decision invalidating a Virginia statute requiring segregation of passengers. The Supreme Court in effect sustained a nonsegregation policy for common carriers in all interstate travel. The nonsegregation aspects of civil rights discussions have doubtless grown out of language in the report of the President's Commission, intimating that steps should be taken to outlaw segregation policies as now generally enforced in many States. Certain statements in the report justify the fears of those who are concerned with avoiding friction and upheavals in thousands of communities where the races are accustomed to existing patterns of life.

It would help a lot for proponents of civil rights legislation to renounce any purpose of projecting Federal authority into purely local situations, particularly where such authority might be exercised to discard the existing relationships to which we are conditioned. On these issues, there is not an open mind. Everyone who knows anything at all about group relations knows that to invoke the power of law for social intermingling would meet the stiffest resistance and the only result of an attempt by Federal action to change the thinking of our people on this score—and I include Negroes as well as white persons—would be to destroy the dignity and prestige of Federal law. Surely, we learned from our experience with Federal prohibition that some social and individual habits and attitudes defy Federal regimentation. It is well to be frank on this score. Not even the most liberal of Southerners has any other thought, if wisdom and experience direct his thinking at all. I use the words "social intermingling" rather than "social equality" because this phrase more accurately expresses the basis for the customs of our region. Present patterns are maintained with personal good will and without preventing the necessary and desirable relations which interracial groups must maintain for the progress of both races.

If we could agree, Mr. Speaker, that no legislation should be adopted on the subject of segregation, it would be the first step in a proper compromise.

Now let us look at the poll tax. Here, I think, we of the poll tax States should give ground. We will not withdraw our objections to a statutory repeal by Congress, but I do concede that the rest of the country has concluded that as a matter of policy, the payment of a poll tax should not be required for voting in our elections. I do not agree with this judgment. I mean by that that while I do not like the tax, I think it is a reasonable exercise of States' rights and I do not think that there is any substantial impairment of citizen rights to vote. It is a

policy that might well be left to the determination of the respective States. This is my own judgment—I am not arguing it. I have heretofore presented it in the debates in the House, but I realize that we have not won many adherents and that the rest of the country wants the seven States retaining the tax to get rid of it.

But repeal should be by constitutional methods. The payment of a poll tax as a voting qualification is permitted under the provisions of section 2, article 1, of the Federal Constitution, and is a matter solely for the States to determine. It is asserted, however, that it is an impairment—not a qualification—but it is clear from more than one decision that the Supreme Court of the United States does not consider the poll tax as constituting an impairment. Nothing less than a constitutional amendment can accomplish in a legal and proper way what the adherents of poll-tax repeal have in mind, but if the constitutional amendment is offered—if statutory repeal is abandoned—I think there will be no trouble at all in inducing the people of the poll-tax States to accept defeat gracefully.

The two most difficult aspects of the civil-rights controversy are the anti-lynching proposal and the so-called fair-employment practices plan.

The lynching evil has been virtually extinguished. It is not a national problem. We agree, of course, with the authors of the Commission report that one lynching is too many, but lynchings are so rare and the other problems of criminal law enforcement so tremendous that the agitation over this particular question hardly seems fitted to the conditions of 1949.

To advance their cause, the proponents of civil rights have invoked words that have a rich meaning in American life—justice, democracy, equality, opportunity—and yet the proposed application of these concepts is not only vague and unconvincing but, if implemented by Federal law, would actually obstruct the realization of many of these great principles. In grounding their appeal for anti-lynch legislation upon the guaranties of our judicial system, however, the proponents have some good arguments. In the realm of economics, the references to equality seem out of place since individuals are not equal in productiveness, but in the realm of law and in the quest for justice there is an authentic ring about the claim of equality. One would have to know something of the abuses of Federal intervention in State and local affairs wherever race relations have been involved to understand fully why the invastion of judicial functions reserved to the States and communities is resented. This is not legalistic and it is not due to any indifference to the terrible evil of mob violence. I know from actual experience. I have lived in communities where lynchings have occurred, first as a boy 40 years ago and as a young man in another community about 25 years ago. I have had an opportunity to observe the aftermath of mob violence. Every sensitive person could feel the pall of anxiety and fears. Residents of states that have experienced lynchings know enough about this to verify our principal point that lynchings are committed by lawless people and are in such violent conflict with our ideals that gradually the processes of law have been fortified and violence put down. The passage of a Federal law would have little if any effect, in my opinion, on the continuing struggle to eliminate the evil altogether. The final crushing out of mob violence, the depriving of persons suspected of crimes of the precious right of a trial will not be accelerated by a Federal statute. Nevertheless, I can see the basis for arguments that have been advanced by the President's Commission. There are many people in Southern States who recognize the soundness of some of these arguments.

I have written to a number of newspaper editors in the South who, as a group, are generally alert to social problems and free from prejudice and political considerations. I have been impressed by what some of these editors have said about working out, if possible, a Federal statute that would strengthen the laws against this evil without creating counter-influences that would retard the movement to eliminate it altogether. I refer, for example, to the distinguished editor of the Louisville Courier Journal, Mark Ethridge, formerly of Georgia, widely known and widely respected. Mark Ethridge writes me as follows:

"Our failure to have a national policy on lynching affects us most adversely all over the world. The Russians use it with great effect. I personally can't see any excuse we make to ourselves for not having a national policy on it and for not making prosecution the business of the Federal Government where State law enforcement breaks down. Don't you think it's anachronistic that we are willing to legislate about motor-vehicle stealing, about kidnaping, and about crossing State lines with a woman for immoral purposes, and yet as a Nation we cannot bring ourselves to say that the right to life is sacred enough that it ought to be protected by the Federal Government? I think a declaration by the National Government in the form of effective legislation would have tremendous effect on people all over the world. It's something we owe ourselves in good conscience, but beyond that we do owe it to the world as its leader."

One does not have to agree with this point of view to recognize the fairness and the social vision of the author and the relevancy of his comment. The question of lynching laws tends to become altogether a moot question, but since the whole question enters so substantially into the civil rights controversy I recognize reasons quite outside the practical considerations of law enforcement for a declaration by the Congress. The absence of such a declaration may be misunderstood abroad. If by yielding on this point for the purpose of presenting a solid front to the nondemocratic world we can symbolize our devotion to the ideal of "equality under law," I, for one, would be glad to attempt to work out such a declaration.

I do not like to begin with the proposition that racial groups in other parts of the world feeling a kinship with certain minority groups in America are imposing unfavorable judgments upon us or that because the Communists abroad are exploiting imperfections in our American social structure, we must legislate. It is true, of course, that the Communists are exploiting isolated incidents, but our emphasis should be on the fact that the harmony which prevails among the races here is much greater than that in any country with a comparable situation. The rights and privileges accorded the racial minorities are so much greater here than in any other part of the world that I regard the argument as to anti-Communist strategy as secondary. I do, however, see value in assurances to members of minority groups in the United States that every available power will be extended to protect all civil rights. Consequently, if it can be done constitutionally, and I am convinced that it can, and if a proposed statute carrying the declaration I speak of can be so phrased as to leave unimpaired the primary responsibility of the States themselves to deal with the evil complained of, I see no reason why we should not grant to the racial minority in this instance the Federal buttress they regard as essential.

Here is how I think it can be done. Add to chapter 13, relating to crimes involving civil rights, of title 18 of the United States Code, a simple statute making lynching a Federal crime, but avoid vagueness in defining the crime so that only a person who knowingly participates in a lynch mob shall be subject to the penalty. Leave out all references to property, limit the jurisdiction to offenses involving violence upon an individual either in the custody of a peace officer or suspected of a criminal offense, and require the Government to show that such violence was for the purpose or consequence of taking the life of such individual. If such violence results in the person's death, then the motive is immaterial. Otherwise, violence to become a Federal offense must be committed for the purpose of taking the person's life. This will avoid bringing gang fights and rioting under Federal jurisdiction. The extensive hearings by the Judiciary Committee of previous Congresses should be convincing on the point that the Federal Government should not be involved in minor disturbances associated with race antagonism. Leave out of the Federal statute all penalties upon the innocent people living in the locality where the crime occurs. Stripped of these extraneous matters, a statute would provide assurances that the Federal Government will be concerned with the essential guaranties of organic law.

And finally, Mr. Speaker, in order to project Federal authority into only those situations where State instrumentalities are not functioning, I would add to the statute a limitation that the Government shall not have jurisdiction of an offense in States authorizing the attorney general or the governor or an attorney acting under the direction of the governor to direct prosecutions for lynching and authorizing the State authorities to conduct such prosecutions in a local government subdivision other than that in which the offense was committed. If any State agrees to exercise its sovereignty to this extent by moving into a vacuum that has been permitted to exist in areas where pressures and fears in a decentralized judicial system have prevented effective prosecution, then that State will be free from any interference by the United States authorities. In States having this kind of statute the Federal courts should not be given authority to institute proceedings unless the Government could show that the prosecution has been impaired by willful failure of the attorney general of the State or the governor to exercise authority with respect thereto, and, if sufficient time has elapsed since the offense was committed, to enable the State law-enforcement officer to begin the prosecution. Thus, we would be able to say to any State complaining of Federal intervention in this type of offense that if intervention shall become intolerable, all that the people of that State would have to do would be to adopt the statute as described.

Mr. Speaker, this represents some research and I have consulted with many students of the problem in an effort to work out a sound approach, one that can be defended. In previous debates on the subject

we have had presented only the question of a simple Federal declaration. Under such statutes, it would be possible for the Attorney General of the United States to become involved in local situations no matter how bona fide the local prosecution. That should not be permitted by the Congress. Its political implications are apparent, and I will not dwell upon them. On the other hand, my suggestion does not impair our time honored provisions for State responsibility in criminal prosecution. It simply provides for a criterion in determining whether or not Federal action is justified by reason of failure of the States to act. This could in all probability be administratively achieved anyway but there is every reason in this instance for Congress laying down the limitations upon action by the Federal Department of Justice.

Finally, there is the recommendation of a permanent Fair Employment Practices Commission, embodying penalty provisions and giving Federal authorities power to enforce regulations, invading as no statute in our history has attempted to do, the intimate relations that are inherent in our free society. There are basic and fundamental objections to this type of legislation and the objections transcend all racial or sectional considerations. The Congress cannot afford to take this step toward statism, regardless of the purposes back of the proposal. The good faith of the proponents is not questioned. But this is a principle in government which cannot be compromised.

Considering, however, the problem of discrimination, to the extent that it exists, there is a basis for action that does not involve compromise of principle—action that involves no legal sanctions, but a legitimate exercise of governmental powers in the field of education and human relations. Patterns are already established in the Department of Labor. We may perhaps do as much for members of a minority suffering from discrimination in employment as we have done for physically handicapped workers, whose condition has been greatly improved without breaching the principles of our economic system. I see no objection to the creation of a division within the Department of Labor, operating under congressional mandate, to counsel with mangement and labor for the elimination of discrimination and to work toward wider employment opportunities for all groups. In previous discussions of the problem, I have commended the wartime FEPC for its handling of the Sun Oil Co. case, in which a satisfactory adjustment of grievance of Negro workers was reached without imposing penalties or threatening prosecution.

Some of the complaints are understandable. I think I can illustrate by referring to a situation that probably has been corrected. It involves a Negro mechanic—a skilled instructor of apprentices in a certain plant, the location of which is not important to this discussion. It was the mechanic's duty to train young white workers who came into the plant. He must have done a good job, because having completed their instruction, the trainees moved immediately into assembly line jobs and began to receive more than the instructor, although everything they knew about their job had been acquired from him. We do not have to have a coercive law to become sensitive to an injustice of that kind. But I submit to the Congress that it would be quite in order for a Federal division to counsel for the correction of such a grievance and this without retreating from our insistence that nongovernmental procedures are far more effective in the long run in working out such maladjustments.

There is nothing wrong with the contention often advanced by proponents that there should be equal pay for equal performance. It is hard enough, however, to achieve this ideal, for example, for certain feminine workers and handicapped workers, and if we should invoke the great instrumentalities of the Federal Government for situations involving indefinable elements such as race prejudice and religious preferences, the powers of the Federal Government will have been prostituted. Equality of opportunity is an ideal to be cherished and the pursuit of the ideal should continually engage us, but it is better to leave every man free to think himself and his group superior and be wrong than as a matter of law proclaim him or his group to be the equal of others in economic activities.

In a few days we will celebrate the birthday of the Great Emancipator. Surely Abraham Lincoln would not be accused of race prejudice, yet in his Peoria speech on October 16, 1854, he said in discussing the slavery question and proposals based upon certain equality concepts:

"My own feelings will not admit of this and if mine would, we well know that a great mass of the whites will not. Whether this feeling accords with justice and sound judgment is not the sole question, if indeed it is any part of it. A universal feeling, whether well or ill-founded, cannot be safely disregarded."

In my opinion, no utterance of Lincoln's is more timely in its application to the disregard of the thinking of the people.

In closing let me quote Mark Ethridge again, having indicated from his statement on antilynching that he does not discard the civil rights program in its entirety. On the FEPC case, however, he is emphatic, and Mark Ethridge knows this subject, for he was one of the policy makers of the wartime fair-employment program.

"If anything at all is to be done about FEPC, it ought to be put as a minor section in the Labor Department. It ought not, however, to have any coercive powers. It would be, therefore, very largely an information section which might provide manufacturers and others with information, and this information as to the experiences of States in handling the problem will be valuable all over the country."

It appears, Mr. Speaker, that a majority of the people who are familiar with this problem are opposed to a permanent FEPC.

In the interest of harmony and economic justice to all, the civil rights controversy should be settled and I believe this can be achieved without sacrifice of principle by either side by, first, limiting Federal nonsegregation policies to interstate movements; second, repeal by constitutional amendment of poll tax requirements for voting; third, a modified antilynching bill leaving primary responsibility with the States; and, fourth, abandoning all proposals for coercion in employment but establishing a counseling service to work for nondiscrimination in industry.

Mr. DEANE. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. DEANE. As a southerner I certainly appreciate the attitude expressed by the gentleman from Arkansas.

May I make this observation. Perhaps undue criticism has been lodged against one member of the President's Commission from North Carolina. He does not need any defense by me. I refer to President Frank Porter Graham, of the University of North Carolina. I do not need to speak for Dr. Graham and neither do I know what may have been in his mind as a member of the President's Commission. The chances are that he did not agree with the entire report, but from time to time I have heard statements made on the House floor which perhaps have been most unfair to this great southerner, this great liberal.

I believe that in the not distant future the liberal movement in this country is going to stem from the southern part of our great country.

Going back to Dr. Graham, I am sure we noticed in the press of Saturday night, I believe it was, the award to him of the Sidney Hillman trophy for outstanding meritorious service. One speaker in referring to Dr. Graham, stated:

"He has never asked, 'Is it safe?' His only concern has been, 'Is it right?' "

I believe that is the key thought that we as southerners must face as we come to grips with this serious legislation.

Upon the scroll awarded to Dr. Graham I note these lines so characteristic of this distinguished gentleman:

"Frank Porter Graham has earned the affection and regard of all those who love freedom and justice. Where racial differences have been used as an excuse for discrimination and oppression, he has exemplified a brotherly understanding. Where economic greed has enriched the few while impoverishing the many, he has championed the cause of the people. Where temporary expediency and social responsibility have made conflicting demands upon him, he has dared to serve the common good.

"To him the test of a community is the condition of the citizens who compose it and the test of a citizen lies in his capacity to quicken the conscience of his community."

On Monday, January 31, I inserted in the RECORD an outstanding editorial, The Task of the South, from the pen of Jonathan Daniels, the brilliant editor of the Raleigh News and Observer. The Members are invited to read this editorial, which in a most forceful way comes to grips with this subject of civil rights.

Of further interest is the fact that this editorial received first-place award in the best editorial division, as voted by the North Carolina Newspaper Institute, during the past week.

As indicated by the gentleman from Arkansas, it is to be hoped that we can honestly come to grips with this perplexing subject. We cannot evade the issue.

Mr. HAYS of Arkansas. I appreciate the remarks of the gentleman from North Carolina, whom I admire very much.

Mr. DOLLIVER. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Iowa.

Mr. DOLLIVER. I would like to compliment the gentleman from Arkansas for his very illuminating discussion of a very difficult and perplexing problem. In my own district I may say that perhaps we are not confronted with the difficulties which exist in some other parts of the country. Recognizing, however, that this is an acute and difficult situation which must be met, I appreciate all the more the proposals made by the gentleman from Arkansas.

I would like to ask the gentleman if he will elucidate a little further upon this advisory proposal which he suggests in connec-

tion with the fair employment practices matter. I am not clear what he has in mind.

Mr. HAYS of Arkansas. I may say in answer to the question in reference to the nonpenalty FEPC that in certain measure it follows a suggestion of Senator TAFT, of Ohio, who said in the early days of the discussion that the only proper way to approach the problem would be through a nonpenalty provision.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. HAYS of Arkansas. Mr. Speaker, if it is not inconvenient to those having special orders following, I ask unanimous consent to proceed for an additional 10 minutes.

Mr. HOFFMAN of Michigan. Mr. Speaker, I have the next 10 minutes and I will be very glad to yield to the gentleman.

Mr. HAYS of Arkansas. I appreciate that very much.

Mr. HOFFMAN of Michigan. I think the gentleman is entitled to the attention of every Member of the House for the statement he has made.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAYS of Arkansas. I appreciate the comment of the gentleman from Michigan very much.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. I would like to ask the gentleman one question, speaking of FEPC, which would bar discrimination in employment because of race, creed, color, or state of origin. I recall that several years ago when the bill was up I offered a similar bill but added to it that there should be no discrimination in one bill because of sex and in another bill, which was more important, because of membership or nonmembership in any union, but I could not find any vociferous advocate of FEPC who was willing to accept that amendment. Has the gentleman any explanation of why, as long as they wanted to do away with discrimination, they would not let the fellow who wanted to work go to work, in other words provide that there should be no discrimination against him?

Mr. HAYS of Arkansas. I would like to say in that connection I think that it is a good illustration of the difficulty of invoking law in these matters of employment. It touches many of the fields which the gentleman from Michigan has mentioned. I think one of the best illustrations of the efficacy of the counseling service is what we have done with the handicapped workers. We have not said that any plant must employ a person who is handicapped. We have not said it must employ him, but we have deomonstrated to a lot of employers that certain handicapped groups are exceptionally productive and efficient. It is quite impressive to study the statistics of productiveness of the handicapped workers. It is remarkable what they have done, often excelling people who are not handicapped. That is not done by forcing a nondiscrimination policy, but counseling by skilled Government employees who know how to bring people together and induce management to do things which, when convinced, they are glad to do.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Tennessee.

Mr. PRIEST. Because of my personal association and very close friendship with the gentleman from Arkansas, I have been aware for quite some time of the very studious and serious effort he has been making in a study of this proposal. I think we can all appreciate the contribution the gentleman has made in attempting to approach this subject from a broad, unbiased, unprejudiced viewpoint, recognizing the fact that it does present a great many very serious problems; recognizing the fact, as he stated a few moments ago, that in this report there may be some proposals that were objectionable to various sections of the country, but in it also there is the problem, or series of problems, that we must face. The gentleman, I think, in his study and in his proposal has compromised and has made a very valuable contribution to our consideration of this problem. I compliment him on his very calm and unimpassioned presentation of the situation. In considering the problems presented in the President's message and in the so-called civil-rights program, if we can approach them and consider them in that same unimpassioned, calm, deliberate spirit in an effort to arrive at what is best for the country, I think we can make some very good progress.

I commend the gentleman from Arkansas for his presentation today.

Mr. HAYS of Arkansas. I appreciate the gentleman's statement very much.

Mr. O'SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Nebraska.

Mr. O'SULLIVAN. I have listened with a great deal of interest to the gentleman's address today and I believe that it is a new approach to a very old problem. I remind him, however, that it is much older than a lot of people think. My father told me—and he lived in Newport, R. I.—that in various places in the East, when he was a young man, particularly in Massachusetts, they had signs posted which read, "Men wanted. No Irish need apply." But as time went on it seems the Irish have solved their own problem, and they are sending them now to legislative halls and putting them in high positions, because they sought to benefit themselves and work out their own salvation instead of looking for helpful legislation.

Mr. HAYS of Arkansas. Well, they are doing the hiring themselves now, are they not?

Mr. TRIMBLE. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Arkansas

Mr. TRIMBLE. Knowing the gentleman from Arkansas as I do, I know of his deep sincerity in what he has had to say. I gather that his approach is on the theory that you can get the most good out of the civil rights proposal with the least emotional strain. Is that what the gentleman advocates?

Mr. HAYS of Arkansas. I am very grateful to the gentleman for stating it just that way.

Mr. MONRONEY. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. I, too, would like to compliment the gentleman from Arkansas for the dispassionate way in which this issue has been discussed here today. If we can only go through this session with an openminded attitude or willingness to try and resolve the differences, I think we will get a lot closer to solving this problem than we will by the heat of debate or incriminations that have often taken place on this floor in the past.

Mr. HAYS of Arkansas. I am very grateful to the gentleman for that comment.

Mr. TACKETT. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. TACKETT. Mr. Speaker, I too wish the opportunity of congratulating my colleague from Arkansas (Mr. Hays) upon his attitude in his efforts to compromise the serious and complex civil rights issues, even though he is willing to go much farther than I could either commit or permit myself.

The arguments usually advanced by the proponents and opponents of such legislation are comparable with the often expressed view that "to prominently promulgate the congregated diversions of an abstainer of intoxicants is to dissimilate his true character." For the northern and eastern proponents of such proposed legislation to pick out only the adverse racial relations and occurrences within the South, and for the opponents to, in turn, counteract with like charges against and within the North and East—each such group failing to give a true picture of the racial problem as it actually exists and its effects in each locality of our Nation, offers no solution.

However, I want to state that because of my inherent and fundamental belief in States' rights, I could not and would not go along with my colleague in his compromise efforts with such proposed Federal legislation.

Mr. HAYS of Arkansas. I appreciate that very much.

Mr. BIEMILLER. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Wisconsin.

Mr. BIEMILLER. I have always had a very high regard for the ability and the temperate approach of the gentleman from Arkansas. Today my regard goes even higher. I agree with those who have spoken ahead of me and said that if we can approach this civil rights question in a temperate and easy-mannered way we may reach a solution for it. The only point I should like to add at this moment is that I do not think any of us should assume that the civil rights question is peculiarly a problem of the South. I think it is a question that exists throughout the entire 48 States. That should never be lost sight of.

Mr. HAYS of Arkansas. I am glad to have that comment. I appreciate the statement of the gentleman very much.

Mr. WICKERSHAM. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Oklahoma.

Mr. WICKERSHAM. I realize that this country does need unity. I appreciate the fact that the gentleman from Arkansas has approached this matter not only from the attitude of a Congressman but as a Christian.

Mr. HAYS of Arkansas. I am very grateful to all the Members for what they have said.

In yielding the floor I should like to say that my primary purpose was to undertake to state, in a dispassionate way, a position which I believe is typical of a vast number of our people, and, secondly, to give the House the benefit of the study I have made of the technical side. It will all be in the RECORD.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Mississippi.

Mr. COLMER. Unfortunately I did not hear all the gentleman's discussion. I yield to no one in my very high appraisal of the gentle-

man from Arkansas. I know that whatever he said was said with the great sincerity that symbolizes his usual conduct upon the floor of this House. Since I did not have the benefit of hearing all the gentleman's address, may I ask if I am correct in assuming from what I have heard here on the floor that the gentleman thinks this is a matter that cannot well be solved by legislative edict, that it is a matter that will have to be worked out?

Mr. HAYS of Arkansas. I think that reflects a portion of my comment. The problem will continue; no matter how skillful our craftsmanship, no matter how good our performance, there will be a continuing problem in the realm of human relations; but we can, however, since the Nation has focused attention upon the problem, find a degree of legislative authority that might be required. This is the thing I have pointed to in the desire to find the basis for a compromise. But I agree with the implication of the gentleman that it is not primarily a legislative problem.

I am very grateful to the House.

Mr. Speaker, under leave to extend, I include the following bill to permit the prosecution of lynching in Federal courts when the governor or attorney general of the State concerned lacks authority to direct the prosecution in State courts, or such prosecution is impaired by his refusal to do so:

Be it enacted, etc., That chapter 13 (relating to crimes involving civil rights) of title 18 of the United States Code is hereby amended by adding at the end thereof the following new section:

"245. Lynching.

"Whoever willfully instigates, incites, organizes, aids, abets, or commits a lynching by any means whatsoever, or is knowingly a member of a lynch mob, shall be fined not more than $10,000 or imprisoned not more than 20 years, or both.

"As used in this section:

"The term 'lynch mob' means any assemblage of—or more persons which, without authority of law, commits or attempts to commit violence upon the person of any individual in the custody of a peace officer or suspected of, charged with, or convicted of the commission of any criminal offense, with the purpose or consequence of taking the life of such individual.

"The term 'lynching' means any violence by a lynch mob upon the person of any such individual, with the purpose or consequence of taking the life of such individual."

SEC. 2. The table of contents of chapter 13 of title 18 of the United States Code is hereby amended by adding at the end thereof

"245. Lynching."

SEC. 3. Section 3231 (relating to jurisdiction of district courts) of title 18 of the United States Code is hereby amended by adding at the end thereof the following new paragraph:

"Notwithstanding any other provision of this title, a district court of the United States shall have jurisdiction of an offense against section 245 of this title only if the court finds, with respect to each State in which the offense was committed, that—

"(1) the act or acts constituting the offense do not also constitute, under the laws of the State, an offense which may be prosecuted (A) by the attorney general of the State or an attorney acting under his direction or the direction of the governor of the State, and (B) in a local governmental subdivision other than that or those, as the case may be, in which it was committed; or

"(2) the prosecution of the offense against State law has been impaired by the willful failure or refusal of the attorney general of the State or the governor of the State to exercise his authority with respect to such prosecution; and a sufficient time has elapsed since the offense against section 245 was committed to enable State law-enforcement officers to begin the prosecution of the offense against State law."

SEC. 4. This act shall take effect on January 1, 1950.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I know that our distinguished Arkansas colleagues from the other body would like nothing better than to be here to share in this tribute to this great man, but the rules of the House prevent them from participating. However, I want to assure my colleagues present today that they are with us in spirit.

Mr. Speaker, I would like to take this opportunity to insert the tribute to Mr. Hays which was delivered in the other body by the two distinguished Senators from Arkansas:

TRIBUTE TO FORMER REPRESENTATIVE BROOKS HAYS OF ARKANSAS

Mr. BUMPERS. Mr. President, Senator PRYOR is unavoidably absent this morning, but he has a prepared statement paying tribute to the late Brooks Hays, who died 2 days ago. I ask unanimous consent that Senator PRYOR's statement be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. PRYOR. Mr. President, I wish to pay tribute today to a great Arkansan and a great American, Brooks Hays, a former Member of the House of Representatives and a voice of reason and balance in a sometimes turbulent and violent world. Brooks Hays died on Monday of this week at the age of 83, and at his passing a strong Southern light is diminished.

From 1942 to 1958 Brooks Hays was Congressman from the old Fifth District of Arkansas. He was defeated in a write-in election after the 1957 Little Rock school crisis, a victim in many ways of his own attempt to build a compromise in the face of divisiveness. He went on to a distinguished career as Presidential adviser, State Department official, teacher, writer, church leader, and lecturer.

It is fitting and appropriate, Mr. President, that one of Mr. Hays' last efforts of sustained work was the writing of his autobiography, published only 3 months ago. We can all be grateful that he lived long enough to complete this impressive task, since it presents in simple eloquence the rich fabric of incidents and characters that made up the colorful life of Brooks Hays.

It also presents in clear English the basic philosophy of a true democratic spirit. He writes:

"All must recognize, that power resides in the people, and that the destiny of popular government depends upon popular education and popular devotion to justice and equality."

The book is appropriately entitled "Politics Is My Parish," an accurate description and summation of Mr. Hays' double profession. He was both an elected representative and a lay preacher, statesman and priest, a man of both the cloak and the cloth. He gave to the affairs of state the same dedication and fervor that went into his religion.

Brooks Hays had a wonderful sense of humor, an indelible quality that should never be overlooked in any evaluation of the man. Even more important, he was able to laugh at himself. When his name was first suggested as a candidate for president of the Baptist Convention, one minister said to another, "We do not want a politician for our president, do we?" His friend replied, "Well, Brooks ain't enough of one to count." This was a story Mr. Hays loved to tell on himself.

So famous were his stories that he became known as early as the 1920's as "the Cheerful Crusader." And in the Kennedy-Johnson years, while serving as Presidential adviser, he was known as the "Raconteur of the White House."

But let us make no mistake about the seriousness of purpose in the life and contribution of Brooks Hays. He was as much a political philosopher as an entertaining after-dinner speaker. In another section of his recent book he offers a concise summary of his basic point of view toward politics and statesmanship:

"Thus, the spiritual and moral basis for a free society is found in the universal forces of justice and liberty and love. The great adventure of politics is merely to bring man's laws into alignment with the divine or natural law. It is that simple. If sacrifice and suffering are to be experienced let them be accepted without rebelliousness and with the inner satisfactions that an identification with humanity's yearnings and hopes supply."

Mr. President, there has been an outpouring of eulogy since the death of Mr. Hays. Two days ago, the Washington Post repeated a phrase it used 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University:

"He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man."

I ask that this and other recent articles be printed in the RECORD.

I offer my sympathy to the family of Brooks Hays, and to all Arkansas who remember him as standing tall throughout a long and distinguished career.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 13, 1981]

FORMER REPRESENTATIVE BROOKS HAYS DIES AT 83 IN MARYLAND

(By Richard Pearson)

Former Rep. Brooks Hays (D-Ark), a gentle, preaching man who raised his voice for racial moderation in his native South and for foreign aid for the less fortunate of the world, died Monday in his home in Chevy Chase after an apparent stroke, He was 83.

Mr. Hays represented the Fifth District of Arkansas for 16 years before being defeated for reelection in 1958. His defeat for a ninth term was brought about by his efforts to mediate in the clash between federal and state forces over the integration of Little Rock's Central High School.

The then-governor of Arkansas, Orval E. Faubus ordered the Arkansas National Guard to block school integration in Little Rock, and President Eisenhower responded

by ordering U.S. troops to enforce integration orders. Mr. Hays had the difficult and unenviable task of trying to defuse the situation. Mr. Hays arranged a meeting held between Eisenhower and Faubus on Sept. 14, 1957. The meeting proved fruitless.

After winning the 1958 Democratic primary, Mr. Hays was defeated for reelection by a segregation writein candidate who was a member of the Little Rock school board. The House declared Mr. Hays' opponent the winner after investigating charges of voting irregularities.

On Nov. 6, 1958, The Post, in an editorial said, "The defeat of Rep. Brooks Hays is by all odds the sorriest incident in this week's voting. He was an able and genial legislator with a keen understanding of the public interest."

In a November 1958 letter to Mr. Hays, the then-vice president Richard M. Nixon, in an unusual gesture from a leader of one party to a member of the opposition, said that none of the results of the election that year was "more tragic" than the defeat of Brooks Hays.

During his years in the House, Mr. Hays sought the "middle ground" in civil rights. He favored the abolition of the poll tax by constitutional amendment and federal action against segregation in interstate travel. But he wanted the federal government to enter lynching cases only after local authorities had failed to prosecute, and wanted fair employment practice laws with slight enforcement powers.

He had long been interested in foreign relations, and from 1951 until leaving the House, served on the Foreign Affairs Committee. He became a leading proponent of foreign aid bills favored by the Truman and Eisenhower administrations. He helped lead the fight for funding for UNNRA, the Greek-Turkish Aid Bill, and emergency aid to Great Britain after World War II.

In July 1957, he led the successful House fight for the Eisenhower administration's three year authorization for foreign aid funding. He also served as a delegate to the United Nations in the mid-1950s.

The U.S. News & World Report said Mr. Hays had a "reputation for finding compromises which are both politically realistic and morally strong."

He was appointed to the board of directors of the Tennessee Valley Authority in 1959, and named assistant secretarty of state for congressional relations by John F. Kennedy in 1961. His last government post was as presidential adviser to Kennedy and Lyndon B. Johnson in 1963 and 1964.

In addition to a career in politics, Mr. Hays was active in religious organizations. A man once called by The Post "one of the gentlest spirits in this hard-boiled town," combined the zest for the life of politics with his own brand of religion. He rose from Baptist Church deacon in his native Russellville, Ark., to that of president of the eight million-member Southern Baptist Convention from 1957 to 1959.

In 1973, he bacame a lay minister at the Capitol Hill Baptist Church. He told reporters that his church "gave me a year's leave of absence to be a missionary to the Methodists." He implied that he expected only mixed success. He pointed out that his wife, the former Marian Prather, was a Methodist.

Mr. Hays used biblical stories to make points at meetings. He once told Secretary of State Dean Rusk that he should go up to the Hill and perform some political chore personally. Rusk felt his staff should handle it.

Mr. Hays then told Rusk he (Hays) had biblical backing for his position, quoting from a passage that said, "Jacob leaned on his staff and he died." Rusk went to Capitol Hill.

In later years, Mr. Hays lectured at universities, was chairman of the human relations commission of North Carolina, and wrote books. His autobiography, "Politics Is My Parish," was published this July by the Louisiana State University Press.

Mr. Hays was a 1919 graduate of the University of Arkansas, where he was a member of Phi Beta Kappa, and a 1922 graduate of George Washington University's law school. He served in the Army during World War I. He worked for the Agriculture Department in Washington and was a prosecutor and private attorney in Arkansas before winning election to the House of Representatives in 1942.

In addition to his wife of 59 years, of Chevy Chase, Mr. Hays' survivors include a daughter, Betty Brooks Bell of Bethesda; a son, Steele Hays, who is an associate justice of the Arkansas Supreme Court and a resident of Little Rock; five grandchildren, and three great-grandchildren.

BROOKS HAYS

"I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending. . . . The patriot and the dissenter may inhabit the same heart. We are not really disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding."

What Brooks Hays did not recognize about himself—that he was a man of extraordinary courage—was never more nationally apparent than when he exerted himself fearlessly as a builder of those "bridges of understanding" in 1957—a southern congressman who stood up for racial moderation in the thick of a bitter clash over the desegregation of Central High School in Little Rock, Ark. Mr. Hays, who died Monday in Chevy Chase at the age of 83, knowingly risked—and then suffered—political defeat the following year at the hands of a segregationist write-in candidate. But he never lost the respect of all who appreciated his promotion of good will, his sponsorship of humanitarian causes and his contributions to public service.

For 16 years before that defeat, Mr. Hays had represented the people of the 5th District of Arkansas with an unflagging commitment to racial understanding. When the then-governor of the state, Orval E. Faubus, ordered the Arkansas National Guard to block school desegregation, President Eisenhower responded by ordering U.S. troops to enforce desegregation orders. Mr. Hays arranged a meeting between the two and, though it proved fruitless, continued to speak out, refusing to yield to transient passions if it meant deserting his convictions.

His compassion extended to people everywhere—around the world, through his support for foreign aid, for UNRRA and aid to postwar Great Britain—and right here in the District of Columbia, through his early and vigorous support for home rule. In 1949 Mr. Hays made a special appeal for the District, in an unscheduled appearance before an Arkansas Democratic colleague who headed the House District Judiciary Subcommittee and who opposed home rule. "You would get democratic government," said Mr. Hays, "and you would prove to the world that we really believe in government by the consent of the governed."

Mr. Hays was also a relentless raconteur whose anecdotes, yarns and jabs at himself knew no match. A deeply religious man, he once explained that he was a "great believer in ecumenism" because "the evils in the world are too much even for the southern Baptists to deal with."

We said it once in this space 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University, and we repeat it now: He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.

[From the New York Times, Oct. 13, 1981]

EX-REP. BROOKS HAYS, AIDE TO PRESIDENTS, 83, DIES

(By Marjorie Hunter)

WASHINGTON, October 12.—Brooks Hays, a voice of Southern moderation in his 16 years in Congress, died in his sleep last night at his home in Bethesda, Md. He was 83 years old.

While he made his home in the Washington area for many years, he was very much the product of his native Arkansas, a fiercely loyal Democrat and an accomplished teller of tales, much in the manner of the late Will Rogers.

In his later years in Congress, he was noted for fashioning realistic compromises on explosive civil rights issues, and it was he who arranged a meeting between President Eisenhower and Gov. Orval Faubus of Arkansas to discuss the crisis that led to school desegregation in Little Rock.

His moderate stand on racial issues cost him his seat in congress in 1958 when opponents mounted a successful write-in campaign for Dr. Dale Alford, an outspoken segregationist.

Just months later, writing in The New York Times Magazine, Mr. Hays renewed his call for moderation and predicted that the day would come when one could say: "This was a South of fears and misgivings; that South is dead. There is a South of human kindness and of law, of justice and of peace—the South, thank God, is living and daily growing stronger."

Both before entering Congress in 1942 and after his defeat, Mr. Hays served in various capacities in the Federal Government. As an official in the Department of Agriculture under President Roosevelt in the 1930's, he was active in pushing through Congress the Bankhead-Jones Act, which provided loans for poor farmers.

In his post-Congress years, he served in the White House as a special assistant to President Kennedy and as Assistant Secretary of State for Congressional Relations. He was also a special assistant to President Johnson.

Mr. Hays also served as president of the nine-million-member Southern Baptist Convention in 1957 and 1958.

His anecdotes, centered largely on fellow politicians and humble Arkansans, were a constant enjoyment to his old friends. He was always a center of attention as he held forth at annual gatherings of Former Members of Congress, an organization that he and former Republican Representative Walter Judd of Minnesota founded.

One of his favorite tales was about making his maiden speech in the House. The next day, he said, he picked up a copy of the Congressional Record and found, to his dismay, that his speech had been attributed to a fellow Arkansan, Oren Harris.

Mr. Hays said he rushed to the record clerk, scolded him for the error, then apologized for his temper.

"'Oh that's all right,'" he said the clerk replied, "'you should have heard Mr. Harris.'"

Lawrence Brooks Hays—he never used his first name—was born Aug. 9, 1898, near Russellville, Ark. He and his father, Steele Hays, were among the few in that section to oppose the Ku Klux Klan in the early 1920's, and the father lost his bid for Congress in 1922 because of his moderate racial views.

Brooks Hays graduated from the University of Arkansas in 1919 and received a law degree from George Washington University in 1922.

In his first bid for political office in 1927 he finished second in a field of seven candidates for Governor. Two years later, he tried again but lost. He was elected Democratic national committeeman in 1932. He was the author of a number of books, including "Hotbed of Tranquillity."

He is survived by his wife, Marian Prather Hays; a son, Steel Hays, an Associate Justice of the Arkansas Supreme Court; a daughter, Betty Brooks Bell of Bethesda; and five grandchildren.

Funeral services will be held at 4 p.m. Wednesday at Gawler's Funeral Home in Washington. A second service will be held at 11 a.m. Friday at the Second Baptist Church of Little Rock. Burial will be in Russellville, Ark.

Mr. BUMPERS. Mr. President, I join my colleague, Senator PRYOR, in paying tribute to one of the real legends in Arkansas politics and national politics and statesmanship.

Brooks Hays was born in London—that was London, Pope County, Ark.—in 1898. He went to school in Russellville, Ark., received an A.B. degree from the University of Arkansas in 1919 and a J.D. degree from George Washington University, in Washington, D.C., in 1922.

Brooks Hays' name today is legendary among politicians. It is not a household word across the country. However, at one time it was, and I will come to that in a moment.

Brooks Hays practices law in Russellville. He grew up at the feet of very devout parents. They taught him—and he believed—that politics was the noblest of all professions. He believed it so strongly that he, almost like Lincoln, made three unsuccessful races for Governor of the State of Arkansas—in 1928, 1930, and 1966.

He was first elected to the U.S. House of Representatives in 1942. At that time, he was my congressman, representing the district in which I lived.

Brooks and my father were close friends, and there never was a man for whom my father had greater respect. So even when I was a child, his name was a household name in our home.

He married Marian Prather on February 2, 1922, and they had two children—Betty Brooks Bell, who now lives in Bethesda, Md., and Steele Hays, who is now an associate justice on the Arkansas Supreme Court. Brooks was a very devout Southern Baptist. He was one of the truly outstanding raconteurs, never without an appropriate story for every occasion.

He served with great distinction in the House of Representatives from 1942 until 1958.

There is one event in the history of this country about which very few people are not knowledgeable, and that is the so-called Little Rock integration crisis of 1957, when the Governor of the State of Arkansas called out the National Guard to prevent a Federal court order ordering integration of Central High School in Little Rock from being implemented. President Eisenhower was then President and the rest of it is fairly well-known.

Everyone knows that the 101st Airborne Division was dispatched to Little Rock by the President to enforce the Federal court order.

Tempers and hostility in Arkansas were such that today it would be impossible to describe.

But Brooks Hays was the man who tried his very best to resolve that problem peaceable, sensibly, and rationally. It was Brooks Hays who knew that the city of Little Rock and the State of Arkansas were going to suffer irreparable harm as a result of what had happened at the time, and he stood taller than anyone else in the State of Arkansas. But it cost him his seat in the House of Representatives and he lost in the fall of 1958 to a last-minute write-in candidate.

It was a stunning upset. Even newspapers such as the Washington Post called it easily the most stunning defeat suffered by anyone that year. The Washington Post had called him one of the gentlest spirits in the hard boiled town.

The New York Times has paid tribute to him. The Washington Post wrote a very eloquent editorial which was in this morning's edition.

Mr. President, I do not think there is any question but what Brooks Hays knew the risk he was taking in 1957 and in 1958. He knew that the political risks were great, but he also knew that there comes a time in every man's life where principle simply has to override expendiency.

I will give you a quote from the Arkansas Gazette editorial about what Brooks said after he was defeated:

"Many who are not moved, as I naturally am, by sentimental feelings about Little Rock speak in highest praise of the progress made by the city that was once a symbol of strife. In spite of the fact that the campaign against me in 1958 was one of the sudden-death type I was conditioned for it. The tensions that had developed over a 4-year period following the Supreme Court's desegregation decision in 1954 were responsible for that. The November blitz came at the peak of resentments over desegregation, and I was aware of the mood of our people. I could even smile over the comment of a lady living a few blocks from us who said the day after the 1958 election, "My goodness, if I had known Brooks was in any trouble I wouldn't have voted against him." My defeat did not mar my relations with the people of Little Rock and of Arkansas, and I am deeply grateful for all their kindnesses to me and my family."

Back during the Panama Canal Treaty debate a lot of us here in the Senate talked about Edmund Burke, and I know that one of the greatest quotes of all times from Edmund Burke is sometimes interpreted by constituents to be arrogant and insensitive to the wishes of constituents.

But Brooks Hays quoted Edmund Burke extensively, always that great quote:

"Your Representative owes you, not only his industry, but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion.

A lot of people wrote and said, "You know there is one thing you ought to know about Edmund Burke, and that is he lost the next time he ran after making that speech to the voters of Bristol."

But everyone today knows who Edmund Burke was and everyone quotes Edmund Burke, and I invite you to tell me who the man was who beat him.

Mr. President, the people of Arkansas and the people of the Nation have lost a great voice, a voice of moderation, a voice of sensitivity and they have lost one of the gentlest people ever to serve in Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Arkansas Gazette on October 13.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BROOKS HAYS

The life of Brooks Hays illustrated perfectly the dictum that the finest public service may be born of adversity. In 1958 Mr. Hays lost his seat in Congress, swept away by the tide of unreason, that was engulfing the South at the time, but the example that he set in time of crisis, and in the new career that he fashioned over the next two decades, offered fresh inspiration for those who believe in the democratic process of government and the cause of brotherhood.

Brooks Hays' first career fell casualty to the Little Rock school crisis, in which he undertook the role of mediator between President Eisenhower and Governor Faubus, but his very sacrifice contributed another "profile in courage" after the fashion of the subjects in John F. Kennedy's famous selection of American heroes. Mr. Hays became one of the best-known and most widely admired Arkansans for his labor in trying to spare his state the ordeal of racial dissension and civil disorder.

After his defeat in the write-in campaign of November, 1958, Hays went on to serve as an assistant secretary of State under President Kennedy, then as special assistant to both President Kennedy and President Johnson; and finally as a distinguished professor lecturing on government and religion at Rutgers University and Wake Forest University (consecutively). He was 60 years old when he lost his place in Congress and the work he did in the next 20 years affirmed his astonishing versatility. He was a significant figure in government, in higher education, and the church, which he served on occasion as a lay minister and (while in Congress) as president of the Southern Baptist Convention for two terms. He was passionately ecumenical. At one time he filled the pulpit for a Methodist congregation in Washington; he had audiences with Pope John XIII and Pope Paul VI, and he won the highest honors from the National Conference of Christians and Jews. A devoutly religious man, he knew how to live as a dedicated believer without trying to thrust the church upon the state—or vice versa.

Mr. Hays was a celebrated reconteur, who rolled audiences in the aisles from San Francisco to Little Rock to Washington. He was the intimate of presidents but equally at ease with the rural folk of his native Pope County, Arkansas. He was the author of four books on politics and religion, variously. For two years he was a contributor of articles for the Sunday Editorial Section of the Arkansas Gazette. It was our honor to publish these memorable essays, variations on the recurring themes of his life and career. There as an eloquent memoir of his audiences with the popes; a requiem for the frontier, recalling his earliest days in

Arkansas at the turn of the century; a discourse upon strengthening faith in popular government. One of the last articles that he wrote for us was an appeal for Americans to renew faith in Sir Edmund Burke's admonition: Your representative owes you, not only his industry, but his judgment, and he betrays instead of serving you if he sacrifices, it to your opinion. Hays contrasted Burke's principle with the lines attributed to Robespierre: The crowd is in the street. I must find which way they are going, for I am their leader.

Brooks Hays himself was the fulfillment of Burke's dictum.

Hays won elections and he lost them. He ran three times for governor, 40 years apart; placing second in the first race and third in the last one. In the gubernatorial campaign of 1966 he did finish ahead of the adversary who had displaced him in the congressional election of 1958. In any case, he did not indulge in bitterness or cynicism but, rather, practiced the rule of loving his adversaries. No one could find a redeeming virtue in an opponent faster than Brooks Hays.

In one of his Gazette articles, in the issue of August 13, 1978, he looked back with characteristic kindness upon his own traumatic experience in 1958—

Many who are not moved, as I naturally am, by sentimental feelings about Little Rock speak in highest praise of the progress made by the city that was once a symbol of strife. In spite of the fact that the campaign against me in 1958 was of the sudden death type I was conditioned for it. The tensions that had developed over a four-year period following the Supreme Court's desegregation decision in 1954 were responsible for that. The November blitz came at the peak of resentments over desegregation, and I was aware of the mood of our people. I could even smile over the comment of a lady living a few blocks from us who said the day after the 1958 election, "My goodness, if I had known Brooks was in any trouble I wouldn't have voted against him." My defeat did not mar my relations with the people of Little Rock and of Arkansas, and I am deeply grateful for all their kindnesses to me and my family.

So it was that Brooks Hays remained loyal to the end to the constituency that had turned against him in an aberration that was characteristic of the time. He was a man of extraordinary gentleness, particularly for a figure who almost innocently became embroiled in so many roaring controversies. And he knew that government is by consent of the governed, even as he made his own appeals for reason and law, for equality and brotherhood. He knew, in the secular as well as the religious context, whence power derived and he never sought to question the source.

Even though the "Arkansas Plan" had widespread support, it was never formally acted on by Congress because the administration stuck to its tougher proposals. However, Brooks did not waver from his commitment to a balanced approach to the problems of the South. He continued to advocate reason and moderation in the civil rights movement.

When it appeared that there would be a major crisis over the attempt to integrate Little Rock's Central High, Brooks Hays jumped into the thick of things to try to moderate a compromise solution between President Eisenhower and Governor Faubus. Unfortunately, no compromise could be found, and as everyone now knows, President Eisenhower had to order Federal troops into Little Rock to see that Central High was peacefully integrated pursuant to the court order.

Because Brooks Hays stood for his principles and took an active role in trying to bring about a peaceful resolution of the Little Rock crisis, popular sentiment turned against him and he was defeated by a write-in, candidate.

However, even after defeat, Brooks stuck to his principles. In an article in Look magazine following his defeat at the polls, Hays wrote:

I shall continue to work for the acceptance of three principles: (1) The American idea—The constitutional rights of all children (as distinguished from the social aspirations of their elders) must be recognized and enforced though this will mean some altered patterns. (2) The Jefferson idea—The determination of educational policies to achieve a nonviolent application of those constitutional rights must rest finally to a large degree on the individual communities, and the States must not thwart that determination. (3) The Christian idea—Those who work both inside and outside the political and governmental systems for equality and justice must have both a tireless devotion to these ideals and an attitude of love and patience.

Mr. Speaker, Brooks Hays truly exhibited these ideals and principles. I include a tribute to Mr. Hays by Senator Richard L. Neuberger, which appeared in the March 10, 1959, RECORD at this point. I would also like to insert a Washington Post editorial, published after the Hays defeat:

[From the CONGRESSIONAL RECORD, Mar. 10, 1959]

COURAGE AND IDEALS OF EX-REPRESENTATIVE BROOKS HAYS OF LITTLE ROCK, ARK.

Mr. NEUBERGER. Mr. President, all too few in the Senate or the House seem to have the will to stand against dominant or hysterical public opinion in their own constituencies. Yet just such courage is what the critical problems of the 20th century demand. I think most of America salutes Brooks Hays of Little Rock, Ark., who paid with the loss of his seat in the House of Representatives because he took a moderate and fair course with respect to the question of school integration and civil rights.

Mr. Hays is no longer a Member of Congress because of what he did. Yet, in the history of our critical era, I predict that he will have a larger and more heroic place than many who have survived politically. Brooks Hays, despite his defeat, is still a great lay leader of the Baptist religion in our country, and he commands respect and admiration in every community because of his integrity and sincerity.

In the issue of Look magazine for March 17, 1959, ex-Representative Brooks Hays has written an illuminating and thoughtful article about the course of events in the Little Rock school crises—events which eventually led to his retirement from Congress, but which also have shaped the ultimate march toward a fair solution of this difficult issue.

I should like to read to my colleagues the concluding paragraph of Brooks Hays article. This is what this outstanding man has written:

"I shall continue to work for the acceptance of three principles: (1) The American idea—the constitutional rights of all children (as distinguished from the social aspirations of their elders) must be recognized and enforced, through this will mean some altered patterns. (2) The Jefferson idea—the determination of educational policies to achieve a nonviolent application of those constitutional rights must rest finally to a large degree on the individual communities, and the State must not thwart that determination. (3) The Christian idea—those who work both inside and outside the political and governmental systems for equality and justice must have both a tireless devotion to these ideas and an attitude of love and patience."

Mr. President, that is the philosophy of a man who was defeated for reelection to Congress because he practiced that philosophy and lived up to it. His defeat is not an indictment of Brooks Hays, but of a district or state or nation in which such defeat could occur.

Mr. President, for the information of my colleagues and for the records of the Congress, I ask unanimous consent that the article by Hon. Brooks Hays from Look magazine entitled "Little Rock From the Inside," be printed in the Appendix of the RECORD.

I should like to emphasize that the article in Look has been excerpted from Brooks Hays' forthcoming book "A Southern Moderate Speaks," soon to be published by the University of North Carolina Press. If the ideals and principles which I have quoted are a sample of the thinking advocated by Brooks Hays in "A Southern Moderate Speaks," then I predict that this is a book which ought to be on the desk of every Cabinet officer, Member of the Senate and House, Governors of the 49 States, judges, district attorneys—indeed, of all Americans who are charged with responsibility in these troubled times.

I am informed by the Public Printer that the article exceeds the usual length of inclusions in the Appendix of the RECORD, and that its cost for printing is estimated to be $222.75

I ask unanimous consent that, notwithstanding the cost, the article by ex-Representative Brooks Hays, of Arkansas, be printed in the Appendix of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LITTLE ROCK FROM THE INSIDE

(By Brooks Hays)

Eighteen months have passed since the Little Rock school crisis broke upon the Nation. Is it possible to say now that we could have avoided the violence and misunderstanding that followed? As an observer who saw what went on behind the scenes, I can only tell you what actually happened.

For 15 years, I had served as Representative in the U.S. Congress for Arkansas's Fifth District, which includes Little Rock. My participation in the school crisis began that September of 1957. I was tormented by the realization that my home city was drifting toward a terrible crisis and that nothing was being done to avert it.

What is a Congressman's reponsibility in such a situation? If it were a flood or a tornado, and Federal emergency help were required, the Congressman would certainly act. Then, should he not act in a situation in which the misfortune centered around

human relations rather than physical forces? I decided to act.

Monday morning, September 9, I called Presidential Assistant Sherman Adams at the White House. This conversation served as the beginning of the negotiations which led to the Newport, R.I., meeting. When Sherman asked for some specific steps that might be taken, I suggested that President Eisenhower invite Governor Faubus to Washington for a conference. Though I had not talked to the Governor, I was convinced he would accept. I explained that, in dealing with Governor Faubus, Sherman would not be confronting a stubborn, last-ditch segregationist, a point of view which, up until that time, Governor Faubus had continually encouraged. At that stage, the Governor's actions justified my statement that, quite aside from the question of the propriety of his course (I thought he had been wrong in going against court orders by excluding the Negroes, not necessarily in calling out the National Guard), one would have difficulty in proving insincerity. I told Sherman that my one great concern was that the Governor not be driven into the arms of the few extremists in the Southern Governors' group.

FAUBUS APPEARS WILLING TO COOPERATE

Sherman thought that a favorable answer to three qustions should be forthcoming before steps were taken to arrange a conference. They were: (1) Would Governor Faubus come with an attitude of constructiveness, with a give-and-take approach, with a desire to achieve something that would preserve the dignity and authority of Federal law? (2) Would the Governor indicate that he expected to comply with court orders, that he would avoid defiance and would accept jurisdiction of Federal authority in the field of school integration? (3) Would the Governor indicate that, "upon the President's request," he would remove troops from the high school?

The Governor's attitude, from my point of view, was very satisfactory. On the first point, there was no doubt about his desire to work constructively with the President and to avoid a showdown that would aggravate the tension. The Governor, of course, gave a qualified answer to points two and three, as I expected him to, but he had enough to say concerning his basic purpose of preserving law and order to make a convincing case for his actions in preventing violence, rather than preventing integration.

Governor Faubus told me that he was convinced that the overwhelming sentiment of the State and of Little Rock was in opposition to the admission of the nine Negroes to Little Rock's Central High School, and to any further steps under the plan approved by the school board and upheld by the Federal courts. The Governor said that if he went to see the President, he would like me to go with him.

On Tuesday, I talked many times with the White House. Sherman Adams took the position that the request for a conference should come from the Governor, and the Governor agreed. The White House did not wish to be in an attitude of initiating anything. Sherman indicated that I should create the wording of the Governor's request. I gave him some intimation of what the Governor should say and would say, and he commented here and there—reminding me that it was "my responsibility" and "my message" and that these were my overtures. I could understand his reason for being emphatic on that point, but he had some very clear ideas about what the telegram should and should not say. The Governor capitulated on language at practically every point.

When Governor Faubus agreed to indicate his respect for the courts in the request, I felt we had the basis for a productive conference. The Governor seemed anxious for a truce, with integration beginning by midterm, after the situation had settled down. He felt that the school-board plan should be changed, permitting integration to begin at the first grade, rather than the high school level. He had a strong desire for conciliation, but sought time to soften the adjustment. It seemed ironic that the Federal courts were forcing a showdown that neither side wanted, when true justice might best have been served by traditional judicial calm and exhaustive deliberation.

PROVIDENCE CROWDS ARE COOL

On Wednesday, the telegram was sent to Newport, where the President was vacationing. This was the Governor's message:

"DEAR MR. PRESIDENT: I have accepted summons from the U.S. District Court, Eastern District of Arkansas, to appear before that court on September 20 to answer certain allegations in litigation affecting the high school in Little Rock. Recognizing that we jointly share great responsibility under the Federal Constitution, I feel that it is advisable for us to counsel together in determining my course of action as chief executive of the State of Arkansas with reference to the responsibility placed upon me by the State and Federal Constitutions.

"The U.S. District Court has already entered an order relative to the integration of the high school in Little Rock, and this order has been affirmed by the circuit court of appeals.

"All good citizens must of course obey all proper orders of our courts, and it is certainly my desire to comply with the order that has been issued by the district court in this case, consistent with my responsibility under the Constitution of the United States and that of Arkansas.

"May I confer with you on this matter at your earliest convenience?"

The President's answer:

"I have your telegram in which you request a meeting with me. Would it suit your convenience to come to my office on Naval Base, Newport, either Friday, September 13, at 3 p.m. or Saturday a.m., 14, at 9 o'clock? If you would let my office know your method of transportation to the Newport area, my staff will arrange to have you met and brought to the Base."

The Governor, his private secretary, Arnold Sikes, two pilots and I left Little Rock early Friday morning. The conference had been scheduled for Saturday. Adams had arranged for us to be met at the Providence airport by an aide and escorted to a hotel. The character of the reception given us at the airport convinced me that sentiment in that area was not friendly, and it became obvious within a short time that this reflected the national sentiment (outside the Deep South). No one representing the Governor of Rhode Island or the mayor of Providence was on hand to welcome us. There were curious crowds, but no cheering. It was rather pathetic to see Governor Faubus looking vainly for some sign of enthusiasm. I was beginning to understand the criticisms of the President's decision to confer with the Governor and to realize that I, too, was becoming a target for attack by extremists on both sides for my efforts to compose differences.

At Newport, we were met by Sherman Adams and taken to President Eisenhower's office. The President shook hands with his usual cordiality. "How are you, Brooks?" he asked, and it was easy for me to say I felt fine. At that moment, I did.

President Eisenhower and Governor Faubus were in the President's private office only about 15 minutes, less time than Sherman had thought they might wish to have alone. The President (in sport coat and blue shirt, looking in the pink) came out with the Governor and suggested, as he helped Sherman rearrange the chairs, "Let's just sit here and talk." That we did for nearly 2 hours. The atmosphere was fairly relaxed. The Governor, being closer to the problem, was a bit solemn, and the President at that stage doubtless did not foresee the dilemma that would confront him within 10 days. Atty. Gen. Herbert Brownell, Jr., and Press Secretary James Hagerty came in for the last part of the discussion.

Governor Faubus stressed the importance of the time element. A way should be found, he felt, to get Federal court relief for Little Rock until the Supreme Court had ruled on the validity of the State constitutional amendments and statutes (interposition and several other measures) approved either by the people of Arkansas in the 1956 election or by the Arkansas General Assembly in 1957. The President conceded that time was a factor, but thought that the matter fell so completely within the jurisdiction of the courts that little could be done by the Executive in that regard. There was some discussion of the various ways of complying with the Supreme Court decision, and the Governor expressed the view that the plan advanced by School Superintendent Virgil Blossom, and later approved by the courts, was subject to criticism. The President was inclined to think that any advantage in other plans, such as beginning in the 1st grade instead of the 12th, would be offset by disadvantages.

I remember how emphatic the President was in assuring the Governor that he regards the States as responsible for maintaining law and order and that the Governor's primary responsibility should be respected. "I do not criticize you for calling out the guard—our only difference is that I would have given them different instructions." The Governor at one state said, "I expect to send the guard home." (This he did on September 20.)

The political aspects of the problem were touched upon, and the President expressed sympathy for those of us who live so close to the problem, at the same time minimizing the seriousness of the so-called political revolt.

I had the feeling when the meeting ended that we were leaving loose ends, and wished that an afternoon session had been set up. There was unfinished business. Still, I can see why the President would think that the matter had been sufficiently explored. In statements later issued to the press, both men gave assurance that the meeting had been "constructive" and that the decisions of the Court would be respected.

BROWNELL TAKES A RIGID POSITION

I had come to Newport confident that a carefully drawn agreement could be reached, and both the President and Governor Faubus had acted in a manner that had strengthened that opinion. What made me uneasy, however, was the uncertainty about the time element that both sides agreed was the key to a final solution. The rigidity of Brownell's position on this factor gave me

some forebodings. Brownell seemed to have blocked a definite commitment to work for delays in further court action. The intention of seeking such delays was to permit questions of interposition and sovereignty. The courses of action that would then be available would be clarified by such court rulings. If the State laws were upheld, the situation would be eased, because then the Governor could say, "I am following State law." If they were invalidated, then he would have an answer to the cry that one heard in parts of Arkansas, "You are under a mandate of the people to prevent any degree of integration." My assumption is based not so much on what was said at Newport as on what was not said. I was still hopeful of working out a timetable with the Governor when we returned to Little Rock. It is obvious to me now that this step should have been taken at Newport.

I left the party in New York and took a plane to Fort Worth. I called Governor Faubus on Sunday. He said, "I'd appreciate your coming back to Little Rock for a day or two if you can." I agreed at once. I sensed that terrific new pressures from extremists were being applied and that the Governor was in a difficult situation.

I am often asked if I think violence would have taken place had Governor Faubus not predicted that it would take place and then placed the troops at Central High School. My own opinion is that probably it would not have taken place, but one can only speculate. It has always been my opinion, however, that the Governor was sincere in his fear of the outbreak of violence. He was also aware that a majority of Little Rock people were opposed to desegregation, even when the solid Negro opinion to the contrary is taken into account. In the final analysis, it was this sentiment rather than the threat of violence that accounted for most of the Governor's actions.

Governor Faubus had too few political advisers who sympathized with his moderate views. Some of them exploited his promise not to force integration upon an unwilling community.

The Governor has been impressed by my reasoning that federal law would ultimately prevail. Then, in came the "practical men." "Don't let Brooks talk you into something; he's too visionary," I could hear them say. The Governor, priding himself on his political acumen, accepted this reasoning. He gave me every chance, however, to present my case. Never at any point did he show impatience, nor did he seem to tire of efforts to find a way out. He was not happy with the turn of events, and I do not believe he is happy about it today. There were moments of exaltation, perhaps, when the glow of acclaim in the Deep South cheered him, but underneath was a wistfulness for a smoother path to political glory and power.

Governor Faubus and I held numerous conversations at the mansion between Monday, September 16, and Friday morning, September 20, when the Federal court met to consider the school situation. On Monday, the Governor indicated his willingness to send the National Guard home, provided the target date for admission of Negro students was changed to a later date, possibly as early as September 30. He was quite concerned, however, that the constitutionality of the Arkansas sovereignty laws be determined as soon as possible, so he would not be caught between conflicting directives concerning his lawful action.

By negotiation with various prominent people in both public and private life, I arrived at this proposed course of action for the Governor: (1) That he write a letter to the parents of the Negro children, asking them voluntarily to keep their children out of school until a set date arrived (we had assurances they would agree); (2) that he guarantee to use his influence to create a peaceful atmosphere; (3) that he see that the local school authorities provide private tutors for the nine Negro children during the interim period; and (4) that he pledge to use his office to insure the peace after the proposed September 30 deadline.

One of the major stumbling blocks was the attitude of the Justice Department, which would make no commitment not to take Faubus to court. While this Department was also determined not to wait for State court action on the sovereignty laws, it did indicate that Federal action might be withdrawn once the school was integrated. The governor would not write such a letter under those conditions. He seemed willing to go along with Sherman Adams in the use of State patrols to control the school situation once the National Guard was withdrawn, but he was impatient with Attorney General Brownell for not meeting the Government's legal responsibilities.

By Tuesday, both sides had become belligerent. Adams said that the Governor could do anything he wanted to, if he had no regard for the consequences. Faubus now told me that he could not let the Federal Government ram integration down the throat of the city.

GOVERNOR FAUBUS IS READY TO FIGHT

Meanwhile, Washington sources informed me that the Justice Department was not eager for a fight, and was deeply alarmed at the possibility of a showdown of force against force. There was an alternative available. If the National Guard were federalized, then integration could be enforced without the Governor's open advocacy. All that would be required of him then would be for him to plead for peaceful acceptance of this move, and not to object to the federalizing, so that he could explain to the segregationists that he no longer had any control over the situation.

Wednesday morning, Sherman indicated to me that he was not convinced that federalizing the guard was the answer. When I visited the mansion that afternoon, Governor Faubus seemed ready for a fight. His growing irritation made the possibilities of a peaceful adjustment appear remote.

Late Thursday night, my wife and I left for Oklahoma City. When I called Sherman Adams and mentioned engagements I had in Kansas City on Saturday and Sunday, he asked me to cancel them and return to Little Rock. I phoned Harry Truman to explain why I would not be at a dinner planned for us by Mayor H. Roe Bartle and my friend Joe Culpepper, a Kansas City businessman. "That's all right," Mr. Truman said, and he added, "Brooks, I'd been thinking about you and feeling for you." "Thank you, Mr. President," I answered, "but you stood 8 years of it; I can stand 8 weeks of it." "No," he said "it's harder on you than on me—I can cuss and you can't."

On Friday, Federal Judge Ronald Davies ordered the Governor to end his opposition to judicial authority and directed him to stop interfering with integration at Central High School.

Three hours after the decision, Governor Faubus went on television to announce his withdrawal of the guard. He said that the right of Negro children to attend white schools had been upheld by the Supreme Court, but that he hoped "by their own volition the Negroes would refrain from seizing upon that right until such time as there is assurance that it can be accomplished in a peaceful manner." He closed with an appeal for "reason and clear thinking and good order."

I returned to Little Rock on Saturday. Governor Faubus had flown to Georgia to attend the Southern Governors' Conference and had left Lt. Gov. Nathan Gordon as the State's acting chief executive. When asked in Atlanta if he believed there would be violence at the school, Faubus answered, "I think so."

On Sunday, I talked with various people regarding plans for protecting the Negro students if they appeared at the school. No one seemed to know the intentions of the nine students who had previously been turned away. I was determined not to make any contacts with the NAACP officials, either national or local. I disagreed with their tactics and, in the Little Rock Situation, I could not even discuss the question with them without appearing to approve projection of the national organization into Little Rock's difficulties. One can oppose, as I do, the national organization's strategy and still believe in its right to function as an agent of its people's interests.

In the late afternoon, School Superintendent Virgil Blossom asked me, "Should I talk with Judge Davies about the necessity of having deputy U.S. marshals accompany the nine Negro students into the Central High School, if they appear?" I thought it would be proper for him to approach the judge.

He reported back to me that the judge would not talk to him—he merely referred him to U.S. District Attorney Osro Cobb. Blossom called Cobb, but Cobb thought he would have to have specific authority from the Department of Justice to seek such an order. I called Sherman Adams.

LOCAL POLICE REFUSE TO ESCORT NEGROES

Adams gave me a telephone number at which Cobb could reach a responsible top official of the Department of Justice. Some of the legal abracadabra seemed to annoy Adams, who is a businessman and definitely the executive type. By this time, I had come to appreciate more than ever his sense of justice and his tirelessness in discharging his duties. Cobb did not get the authority from the department when he called for further instructions as to Blossom's request for deputy marshals to escort the Negro students. The local policemen (officers and men) had balked at escorting. They pledged to do their duty in preventing violence, if the Negroes showed up, but as to escorting—they said, "No, don't ask that."

I knew Brownell's reasons for this ruling. He had publicly made much of the fact that title II had been taken out of the civil rights bill by the Senate during the 1957 debate. Since that title proposed to give the Justice Department authority to participate in suits for enforcement of Negroes' rights, he construed the action as a legislative declaration that he, the Attorney General, should exercise no such authority. It was up to the judges of the district courts, he believed.

Technically, that may have been correct—it would take a court decision to make sure—but I believe that, since the Federal Government was responsible for Blossom's predicament, the Federal Government should have acted affirmatively and imaginatively to protect him, and to uphold its

own court's orders with civil, not military power.

The court had invited the United States to be a party to the action restraining interference with the school board plan. The Government's failure to do so is the weak place in the Justice Department's case on Little Rock.

The city officials were still considering keeping the Negro children out until at least the following Thursday, so that inflamed passions could cool. But Acting Gov. Nathan Gordon indicated that a detachment of State police would be sent to the area. This fact, coupled with Mayor Woodrow W. Mann's confidence that the situation was manageable, led Blossom and the school board to make the fateful decision to go ahead with integration on Monday, even without the availability of Federal marshals.

I shall not dwell long on the unfortunate occurrences of that tragic Monday. I shared the feelings of horror held by all law-abiding citizens when acts of violence took place at Little Rock Central High School.

After the nine Negro students had been spirited into the school by means of the side entrance, the huge crowd which had gathered at the school quickly got beyond control. Blossom called to say that it looked bad outside and asked me if Federal troops would be called. Then the mayor informed me that fighting had broken out and that he needed about 150 soldiers as soon as possible. I called Sherman Adams, and he commented cryptically. "That's all the information I need." By 11 a.m., I was quite nervous, because Adams had not called back. Blossom telephoned again, and his voice was almost frantic as he asked, "Are the troops coming or aren't they?" As he saw it, the safety of the children depends on it. I tried to reach Adams again, but he was not available. I finally managed to talk with the Cabinet secretary, Maxwell Rabb. By the time he called back to say, "The troops are not on their way," the Negro students had been removed from the school on Blossom's suggestion. What influence this had on the administrative decision to send in troops, after all, I do not know. It was apparent that the local police did not have sufficient manpower to preserve order with Negro students in the school.

Sherman Adams and I talked to each other later in the day, and he said, "You and I can sign off now—it's in other hands, I guess." On Tuesday, September 24, President Eisenhower ordered troops from the 101st Airborne Division at Fort Campbell, Ky., to go to Little Rock to see that integration at Central High School was carried out without further violence. At the same time, the Arkansas National Guard was federalized. On Wednesday, the nine Negro students attended school with the armed might of the U.S. Army protecting them from lawlessness.

Perhaps I could sympathize more fully than anyone with both the President and the Governor. My relations with each of them had been nonpolitical, and I had been privileged to have an intimate view of their struggles with the problem. I can say that I detected real pain in the President's expression and his words in announcing his decision to move troops into Little Rock. One can believe, as I do, that a better way could have been found and still not be interested in an assessment of blame. Close as I had been to the situation until a few hours before the President's action, I did not have all of the facts upon which to base a judgment. I know that the moral and intellectual resources of our Nation must be directed to avoid a recurrence.

My own experiences are also testimony to the difficulties encountered by moderates in dealing with such situations as arose at Little Rock. Governor Faubus told me in June that he would not become involved in my primary campaign for renomination on the Democratic ticket for a ninth term in Congress. I won renomination by a margin of 15,000 votes. I assumed, then, that as my fellow nominee for reelection to the governorship, Faubus would not oppose me in the general election with another candidate. On September 12, 1 week after the final date for filing of candidacies for the general election had passed, I had a letter from Faubus congratulating me on my primary victory and wishing me continued success.

As late as October 14, I spent an hour and 20 minutes in conference with the Governor to explore a way out of the Little Rock school difficulties. Two weeks later, the Governor's advisers were calling for my defeat. His former secretary had been released by the Governor to manage the campaign of my write in opponent in the general election. It was not until 48 hours before the election, however, that my associates and I were sure that the Governor's organization was "giving it the works" to bring about my defeat.

HAYS' POLITICAL DEFEAT IS PROBED

I received 12,000 more votes in the July 29 primary than my write-in opponent received in the November election. I received 49 percent of the vote in the general election, or 1,249 less than my opponent, as shown in the official returns. Certain aspects of the general election were made the subject of an inquiry by proper committees of the House of Representatives. I personally have not precipitated these inquiries; rather they have been instigated by John F. Wells, publisher of the Arkansas Recorder, who charged irregularities in several precincts in Pulaski County, which includes Little Rock.

It is clear from my experience that the political moderate in the South is caught between two highly vocal groups that entertain strong feelings. But there are many moderates among that multitude of segregationists in the Deep South who, when free to speak without inhibition, will confess to having a sensitive conscience and a dissatisfaction with the total picture of today.

The school segregation decisions have caused the development of two streams of traffic moving in opposite directions. We who are on the line down the middle have often felt lonesome and frightened, but, as more and more people have joined us, we are beginning to feel that it will not be long before almost everyone is moving in the same direction again. The decisions cannot now be recalled, but they can be interpreted in a way that will preserve the rule-of-law tradition and still meet with acceptance in the South.

I shall continue to work for the acceptance of three principles: (1) The American idea—The constitutional rights of all children (as distinguished from the social aspirations of their elders) must be recognized and enforced, though this will mean some altered patterns. (2) The Jefferson idea—The determination of educational policies to achieve a nonviolent application of those constitutional rights must rest finally to a large degree on the individual communities, and the States must not thwart that determination. (3) The Christian idea—Those who work both inside and outside the political and governmental systems for equality and justice must have both a tireless devotion to these ideals and an attitude of love and patience.

[From the Washington Post, Nov. 9, 1958]

TEARS FOR LITTLE ROCK

The defeat of Rep. Brooks Hays in Little Rock is by all odds the sorriest incident in this week's voting. Mr. Hays is known in Washington, in his native state and in many other parts of the country as an able and genial legislator with a keen understanding of the public interest. He has given most of his life to the work of Government and social service. As a member of Congress, he has won widespread respect for his moderating influence, his promotion of good will and his sponsorship of humanitarian causes. His eight terms in the House gave him seniority and prestige that no newcomer can command. Yet the people of the Fifth Arkansas District bounced him out in favor of Dr. Dale Alford, a die-hard segregationist member of the Little Rock School Board whose name was not even on the ballot and whose sole interest appears to be to fight desegration to the last ditch.

Little Rock could not have concluded that Dr. Alford would make a more effective legislator than Representative Hays. A majority climbed aboard a new band wagon in only a week of campaigning because they wished to demonstrate their hostility toward desegregation. It is this obvious manifestation of defiance of the law of the land—even more than the loss of Brooks Hays in the House—which gives the incident its gravest overtones. A similar sweeping away of all moderation a century ago, a similar mounting of extremism, led to the Civil War. Mr. Hays is big enough to view his sacrifice before the mob philosophically. But what of the people of Arkansas whom Governor Faubus is exhorting to burn all bridges of understanding?

Mr. Speaker, the Arkansas plan was widely acclaimed across the Nation as a sensible proposal. Let me quote from the San Francisco Chronicle:

The Arkansas proposal is a piece of combined idealism and realism which we commend to Congress attention as compared with legislative proposals which may or may not contain idealism but are not realistic enough to have a chance of enforcement even if passed.

Mr. Speaker, at this point, I would like to insert some of the many tributes paid to the soundness and foresight of this plan:

[From the CONGRESSIONAL RECORD, Feb. 24, 1949]

ARKANSAS PLAN FOR CIVIL RIGHTS

Mr. HAYS of Arkansas. Mr. Speaker, I am constantly being asked, "What is the reaction to your proposed compromise on civil-rights legislation?" For the information of the Members who are evidencing this interest in my effort to help define a reasonable and logical basis for reconciling the differences over civil rights, I include the following excerpts from letters and editorials endorsing my plan:

Gov. Sidney McMath, of Arkansas: "I think that you have submitted the best solution to this problem which has been thus far advanced. Our State press has almost without exception supported the plan. * * * I hope that you can win congressional sup-

port for your views. I certainly agree that this issue must be settled quickly with a reasonable, workable formula such as you have proposed."

William W. Leigh, Little Rock insurance man and Presidential elector on the Thurman-Wright ticket: "I wish to commend you for your efforts toward bringing about a compromise of the so-called civil-rights issue. I think that it should be perfectly obvious to everyone that there is very little hope of this issue being settled on any other basis and if your efforts meet with any degree of success you will have done your country and your State a distinct service."

A. D. Stewart, Amory, Miss., farm implement dealer: "Your proposal, in my opinion, could not be considered a matter of expediency, but a fair, just, and sensible solution of a problem that should have been solved many, many years ago. It is not fitting nor proper to expect the South or even the Nation as a whole to go along with all phases of Mr. Truman's civil-rights program. The FEPC as written would be abominable."

Frank H. Parke, president of a Little Rock printing company: "I have just read the report of your proposals on the race question and wish to compliment you on suggesting what I hope will be a pracitical way out of a very dangerous situation. Unfortunately, most southerners do not stop to think of the change that has taken place during the 80 years since the Civil War, nor do they realize that this change will continue to take place regardless of anything that they can do about it. No intelligent person can argue against all this in theory, but from a practical standpoint it simply cannot work if pushed faster than people's minds can adjust themselves to it. I certainly hope you have something."

Frank Cantrell, managing director, Arkansas Economic Council, State Chamber of Commerce: "This is a fine and broad-gauged effort on your part and you richly deserve the many expressions of praise which I am sure you have received."

Hon. CHASE GOING WOODHOUSE, Member of Congress: "I only hope that everyone on both sides of the issue will be as moderate and intelligently tolerant, and then we will bring out a program of which this Congress and the President can well be proud."

Wallace M. Milton, Ozark, Ark., manager of 2 rural electronic cooperatives: "I think your compromise plan is an excellent one and it is refreshing to know that we at least have a few Representatives in Congress who are not narrow-minded bigots. Regardless of how we have been taught, the colored minority in our country deserves better treatment than we have accorded them in the past."

Joshua K. Shepherd, Little Rock, insurance executive and Masonic leader: "If the Congress will adopt this method, it will result in a great strengthening of the bonds of friendship between the white and colored races. I congratulate you on the persuasive reasoning and the thoroughness with which you are dealing with the problem and I hope that you and you associates will continue your earnest efforts to the end that we may both heal sore spots and promote further economic and social development of our Nation."

Elmer J. Rauschkolb, Little Rock businessman: "I venture to predict that it (the compromise) will go down in history as the finest and most Christian-like approach to one of the most vexing problems of this era."

Tom Johnson, University of Arkansas student: "I personally am in accord with your views on the civil-rights program and congratulate you on your efforts to compromise. I hope others will become aware of the wisdom of such a move."

Ed McCuistion, director, division of Negro education, Arkansas Department of Education: "(The address is) one of the outstanding statements coming out of Washington in the last 2 or 3 years."

Charles A. Stuck, Jonesboro, Ark., owner of a large lumber mill: "I find it difficult to express in words my appreciation for the fine spirit and wonderful message you brought to the House yesterday. When the sober, serious-minded, and intelligent people of our country come together to discuss any controversial question they can settle it sooner or later. I commend you again for your spirit and unusually fine presentation."

San Francisco Chronicle: "The Arkansas proposal is a piece of combined idealism and realism which we commend to Congress' attention as compared with legislative proposals which may or may not contain idealism but are not realistic enough to have a chance of enforcement even if passed."

Atlanta Constitution: "We recommend this plan to thoughtful Southerners as reasonable and being possible of enforcement and productive of excellent results. At least it is a starter and it offers positive action. We will be offering something that we are "for" and not appearing as merely "against" something, a role which has brought the South much of its present trouble."

Arkansas Gazette: "It (the address) was a far cry from the ranting debates which have been touched off all too frequently by civil rights legislation. Mr. HAYS presented a calm and closely reasoned defense of what he called the South's traditional attitudes. And, by offering a positive counterproposal aimed at admitted inequities, he took the offensive for the settlement of the continuing differences in Congress, a welcome change from the stand-pat attitude which has generally characterized the Southern reaction in the past."

George S. Mitchell, executive director, Southern Regional Council, Atlanta, Ga.: "On lynching, you have come out with what is to my mind the very best idea brought forward in recent decades. Putting the responsibility on the chief executive of each State is a fine thing to do. For my own taste I would ask a considerably stronger Federal power of intervention than what you are proposing, but I think we would all be a good way ahead if the principle you propose does get into State law."

Herbert L. Thomas, life-insurance executive, Little Rock, Ark.: "I know from my experience with the racial questions that have arisen in the university that our people can be sold on reasonable compromises that mean a progressive solution of some of these problems."

Arkansas Democrat: "Congressman BROOKS HAYS is thinking along sound lines in proposing a compromise on civil rights."

Dr. Robert A. Leflar, dean, School of Law, University of Arkansas: "The sort of compromise which you discussed must be recognized by everyone as a bona fide effort to take a forward step. I want to congratulate you."

Hon. Chauncey Sparks, former Governor of Alabama: "It is one of the best and fairest discussions of these vexing problems that I have seen or heard come out of the South."

Dr. John H. Buchanan, pastor of the Southside Baptist Church, Birmingham, Ala.: "I believe that you have offered the only solution to the difficult problem. While there can be no compromise on the principle of the right of the States to handle their own affiars, yet I think that the suggestions you make on each of the four issues are sound and feasible."

Dr. J. M. Dawson, executive secretary, public relations committee, Baptists of the United States, and former pastor of First Baptist Church, Waco, Tex.: "In regard to the antilynching plank, I am pleased to see you speak out so strongly. I have never been able to see any objection to an act of Congress in regard to lynching, for while past lynchings have been largely confined to the South, such a law would apply to the whole country, and as such should not be thought of as striking specifically at the South."

Tupelo Journal: "Mr. HAYS' approach to the civil-rights controversy is a display of statesmanship which offers the South its only hope of preserving freedom of action at the State level without Federal dictation. * * * And if our southern Congressmen are smart, they will see to it that the amendments to the President's civil-rights program are written by themselves along lines Congressman HAYS proposes rather than by northerners, who seek to make the Federal laws even stiffer."

Gould Lincoln, in Washington Evening Star, February 2, 1949: "Mr. HAYS has come forward with a well-reasoned compromise. It is certainly worthy of consideration."

Gladstone Williams, Atlanta Constitution, February 7, 1949: "It will probably offer the test of whether the extremists are interested in seeing a constructive program adopted or whether they merely prefer to keep the issue alive for its political effect."

Memphis Press-Scimitar, February 10, 1949: "But, meanwhile, an outstanding Congressman from the Democratic South, Representative BROOKS HAYS, of Arkansas, has proposed what appears to us to be a good, sensible compromise that would settle the issues and not sacrifice principle."

New York Herald Tribune, February 8, 1949: "The momentary value of Mr. HAYS' remarks in Congress is that an intelligent southerner admits the need for action and draws what he considers the impassable boundary. No program, or part of a program, will succeed without at least moderate quantity of southern acceptance. The rest of the Nation, at least, can listen."

Dr. Doak S. Campbell, president, the Florida State University: "It is sound to the core and we are very proud of it."

[From the CONGRESSIONAL RECORD Apr. 28, 1949]

CIVIL RIGHTS COMPROMISE

Mr. HAYS of Arkansas. Mr. Speaker, following my presentation of a proposed compromise of civil rights issues to the House in February, I have received innumerable endorsements in many of the Nation's leading newspapers and in letters from every part of the United States. Under leave to extend my remarks I include the following excerpts from some of the editorials and letters:

The New York World Telegram: "It is part time to end this destructive battle. It may not be too late to end it by middle-ground compromise such as the one proposed last month by Representative BROOKS HAYS, of Arkansas."

The Pittsburgh Press: "Influential southerners have shown encouraging interest in

Mr. HAYS' proposal. The situation calls for willingness to meet on reasonable middle ground."

Elmira (N.Y.) Star Gazette: "There is an old proverb about making haste slowly. That is applicable to the civil-rights battle in Congress. Not all the opposition is based on prejudice. Representative BROOKS HAYS, an Arkansas Democrat, recognizes that civil rights is in the cards. He thinks southerners will accept an amendment to the Constitution outlawing the poll tax. In this he repeats what has seemed to us wisdom all the years this issue has been argued in Congress."

The Forest County (Pa.) Republican: "The best answer to the civil-rights question lies in the proposal advanced by BROOKS HAYS, of Arkansas."

Lester B. Granger, executive director of the National Urban League, outstanding Negro leader: "The omnibus recommendation by the Arkansas Congressman will undoubtedly seem like milk-and-water stuff to the average supporter of the President's civil-rights program. Certainly it is a considerable dilution of the demands implicit in the bills which have been submitted, but the speech is notable nonetheless because it is a clear recognition by a Congressman from the deep South that Congress has a responsibility for action and because of the spirit of reasonable compromise that it exudes."

Nathaniel Leverone, Chicago businessman: "I have just read your speech on civil rights. I could not endorse it more enthusiastically if I had spent all of my life in Arkansas than I do as a citizen of the United States."

Ed McQuiston, president of the Arkansas Conference of Social Work: "We had a splendid reaction to your clear statement at our convention of the moral basis for a compromise of civil-rights issues. The State conference unanimously endorsed your stand in this matter."

Marvin Hurley, assistant general manager, Houston (Tex.) Chamber of Commerce: "Your position is reasonable, sane, timely, logical, impartial, and fair. You have treated a most preplexing problem with studied analysis and have outlined the most acceptable solution I have seen."

W. T. Couch, director of the University of Chicago Press: "I think you are on the right track, and I hope very much that your efforts will receive Southern as well as other support."

John Alden Powers, Philadelphia insurance executive: "Mr. HAYS has attacked the problem in splendid fashion. I hope he keeps up the good work."

J. Powell Oates, president of the Southern Mattress Co.: "I want to congratulate you on your efforts to compromise the civil-rights program. Yours is the most advanced idea that has been presented to the Congress."

Thomas R. Reid, vice president of McCormick & Co.: "Your approach is one of the best I have seen. Congratulations and best wishes to you."

Joe Hardin, president of Arkansas Farm Bureau Federation: "I want to commend you for the manner in which you are attempting to handle this matter. I agree that if we expect to have State's rights we must accept the responsibility of preventing the loss of liberty to our citizenship."

[From the CONGRESSIONAL RECORD, Mar. 1, 1949]

ONE ESCAPE STILL OPEN FROM CIVIL-RIGHTS DEADLOCK

Mr. HAYS of Arkansas. Mr. Speaker, the Louisville Courier-Journal is one of America's outstanding newspapers. Its editorial columns have repeatedly contained strong endorsements of the civil-rights program. Now the editor, Mr. Barry Bingham, urges acceptance of my proposed compromise. His statement of February 24 is a significant one, and under leave to extend my remarks, I include his editorial of that date:

ONE ESCAPE STILL OPEN FROM CIVIL-RIGHTS DEADLOCK

Congress is building up to another filibuster fight. The thunder of the approaching storm is already heard rolling across the congressional halls, and the Nation stands poised, and helpless, waiting for the unhealing, destructive rain of oratory. Is there any way to avoid this deluge of bitterness?

The only escape would lie in finding a quick and respectable compromise on the civil-rights issue. It is this issue, of course, that inspires the filibuster. If the administration's program on civil rights continues to confront Congress in its present form, a filibuster is inevitable. Nobody will gain from it, everybody will suffer discredit. The South will be blamed for stalling important legislation and for maintaining the hard tyranny of a minority through a parliamentary device. Such isolation can only be deeply damaging to the South. The rest of the Nation will present a picture of helpless anger and frustration. The Democratic Party will be revealed as hopelessly divided. Even the Republican Party stands to gain no credit, for its record on civil rights has been long on promises, short on performance.

Is a compromise still possible, before passion completely takes over the congressional scene? The only possible proposal would have to come from the South, and from the ranks of the more liberal southern Democrats, who know the full force of tradition in race relations, but who still hate to see the South reduced to angry resistance against the rest of the Nation. Such a liberal southerner is Representative BROOKS HAYS of Arkansas. He has made a specific proposal for a compromise on civil rights.

Reduced to its barest outlines, his proposition takes this shape: First, Federal action on segregation, limited only to interstate movements; second, repeal of the poll tax by constitutional amendment, not by statute; third, antilynching legislation, placing full responsibility on the governor and attorney general of any State in which a lynching occurs, and providing for Federal intervention only if these officials fail in their duty; and fourth, provision of a counseling service in the Department of Labor on fair employment practices, in place of a permanent FEPC.

Nobody will agree with every detail of these proposals. Southern traditionalists will insist that the least surrender will open the way to full social equality for Negroes. Agitators will scream against any compromise that might work to reduce tensions between the races, since they want continued agitation, not a settlement. Many sincere liberals, both white and Negro, will argue that the full civil-rights program is a moral principle and that justice cannot be divided.

This newspaper is not happy over every aspect of the Hays program. We stated our conviction some weeks ago, however, that half a loaf of civil-rights legislation in the Eighty-first Congress would be better than no loaf at all. We asserted our belief that Congress would not pass a full antisegregation law or a permanent FEPC in the present divided state of American opinion, and that such statutes could not now be enforced in the South if passed.

We believe, on the other hand, that Federal legislation against the poll tax and lynching is essential to our position as the leading democratic nation of the world. We would be willing to accept the constitutional amendment method to end the poll tax. It would be somewhat slower than direct legislation, but it would be sure, and it would save southern "face" on an issue which many southerners would like to be rid of.

It is possibly not too late to win support for such a compromise as Representative HAYS suggests. Before the hopeless and purely negative battle is joined on the Truman civil-rights program, there might still be time to win concessions from the less violent southern Democrats. What is needed is a positive approach. If liberals throughout the country would now rally to general support of the Hays compromise, they might lift the issue right up out of the mire into which it is sinking.

Nobody likes to surrender, but is easier when both sides in a fight surrender something. The alternative is a battle poisoned with sectional bitterness, no legislation on civil rights of any kind, and exposure to the world of a United States grievously disunited.

Mr. PETRI. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Speaker, Brooks Hays was widely known across the country for his devotion to his principles. At this point, I would like to insert some articles written about Brooks from around the country:

[From the Washington Star]

CONGRESS AND CHURCH WORK KEEP BROOKS HAYS OCCUPIED

The time-stretching dual role of a national political figure and a popular church leader has been held by Arkansas' Brooks Hays since the 78th Congress convened.

Dividing his time between such duties as the work of the House Committee on Foreign Affairs and membership on the Southern Baptist Convention's Social Service Commission is, Mr. Hays recently remarked, "Nothing more than I should do."

Mr. Hays, a Democrat, who has represented Arkansas 5th district in the House since 1942, became interested in both politics and church work at an early age. In the political field, Mr. Hays took part in his father's campaign—for the same congressional seat he now holds—shortly after his graduation from law school.

YOUNGEST SECRETARY

It was an unsuccessful race, but the same year young Brooks Hays was elected secretary of the Arkansas State Democratic Convention—the youngest man ever to hold that position.

Mr. Hays recalls that he has taken an active part in church work since he was a youth. He still holds his membership in Little Rock's Second Baptist Church.

In 1951, local recognition for his church work was expressed when he was given the annual layman's award by the ministers of Washington for "outstanding service."

These days, a good part of his spare time is devoted to talks before youth groups, such as the YMCA's International Crossroads Sunday morning breakfast sessions.

AIDS RELIGIOUS WEEKS

Mr. Hays also makes a special effort to take part in the "religious emphasis weeks" at the Universities of Virginia, Maryland and North Carolina.

He is now a substitute teacher for Calvary Baptist Church Vaughn Class—the first of the large men's organized classes in the Nation. His wife, Mrs. Marion Hays, is the regular teacher there for the Burrall Women Class.

Mr. Hays, for many years served on the Joint Public Relations Committee maintained here by four of the Baptist denominations.

He also served as vice president of the Southern Baptist convention during its 1952 meeting in San Francisco. He is now vice president of the International Leadership Conference.

CONSTANT CHALLENGE

Mr. Hays said his church and political interests are often bridged by such projects as relief and technical assistance programs. "There is," he remarked, "a constant challenge to people who are interested in seeing the church and State work together where there are human problems to be solved."

Mr. Hays is now serving on an informal three-man committee to equip the prayer room in the Capitol—located just west of the rotunda.

One commitment which Mr. Hays said had not taken up too much of his time lately is his membership on the Democratic Patronage Committee.

[From the New York Times, Sept. 13, 1957]

A SOUTHERN HARMONIZER, BROOKS HAYS

LITTLE ROCK, ARK., September 12.—Representative Brooks Hays is a lay church leader dedicated to the idea that a synthesis of moral imperatives and social-economic factors can provide the solution to the South's race relations problem.

His career epitomizes this view. In turbulent, grass-roots campaigns for elective office he has demonstrated that he is a resourceful politician. At the same time he has devoted his strength to the interests of the Southern Baptist Church, whose 9,000,000 members chose him as convention president last May.

He has now taken a hand in arranging a conference between President Eisenhower and Gov. Orval E. Faubus on the racial issue here.

A blending and reconciling of assumed opposites is his hallmark. Although a country politician, Mr. Hays is at home in world capitals when he speaks the language of man's search for a common relationship with God.

LONG HOURS IN CONGRESS

He spends long hours in Congress working out legislative programs for bringing more material abundance to the rural poor. He studies far into the night at home on the complex problems of how to check the belligerencies of those who would use brute power to control the souls of men.

In an interview Mr. Hays summed up the insights concerning his motivations from the time of his youth. He said his parents "were regular church-goers who taught me the importance of religion."

"For me, it was a question of church against state as to which way I would go," he commented. "And I guess I sort of crossed over and took both."

Throughout civil rights debates in the last ten years, Mr. Hays has been a prime mover for politically realistic compromises. In his influence with the social justice affirmations of the Baptist Church, he has time and again backed the principle that elimination of Jim Crow laws and anti-Negro violence should be the first curative steps.

Those who have found themselves in an opposite position with Mr. Hays on a matter calling for adjustments have heard him expressing the practical problem at one point and refining the moral overtones at another. For effective conciliation, his friends note, that is usually an unbeatable combination, particularly in the hands of a personable man such as the 59-year-old Representative.

Mr. Hays was a Phi Beta Kappa at the University of Arkansas. He studied law at night at George Washington University in the District of Columbia while holding a minor job in the Government. At college he earned money by washing dishes and helping in the library.

In 1942 he was elected to the Fifth District Congressional seat, which embraces five counties in central Arkansas and includes Little Rock. He has never been defeated.

He has spoken at world meetings of the Baptist Alliance. In 1955 he was named by the President as a delegate to the United Nations.

A Democrat, Mr. Hays has strongly supported the President's foreign policies. While in Congress he formed a close association with a New Hampshire colleague, Sherman Adams, now the Presidential assistant.

Mr. Hays is married to the former Marian Prathe of Fort Smith. They have two children, Steele, a Little Rock lawyer, and Mrs. William E. Bell of Atlanta. Mr. Hays has four grandchildren. His main regret is that on Saturday, when he is at Newport for the Eisenhower-Faubus meeting, he will miss the birthday of his 4-year-old grandson.

[From the Reporter, Nov. 1, 1957]

MR. HAYS OF ARKANSAS MEETS HIS RESPONSIBILITIES

(By Natalie Davis Spingarn)

"Nothing but good will come of it," said Brooks Hays, congressman from Arkansas' Fifth District, when he arranged conciliation talks between Governor Faubus and President Eisenhower at Newport in September. Today, this gentle, deeply religious man who represents the people of Little Rock admits: "Nothing like as much good came out of it as I had hoped."

Mr. Hays has been profoundly disturbed by the events which have followed that "terrible Monday" when the trouble in Little Rock prompted him to call his old friend Sherman Adams and ask if there was anything he could do to help.

He seemed weary during a recent trip back to the capital from Little Rock. He ran his hand occasionally over his thinning hair, polished his glasses, and paced up and down his office among mementos of congressional colleagues and pictures of the Capitol chapel, which he sponsored, and of Little Rock's Central High School, taken at its dedication.

His weariness does not proceed from any great fear about his own political future. At fifty-nine, after having been elected to eight consecutive terms, he feels that the voters have enough confidence in him to tolerate the deviations that enable him "to try to hold a Northern audience to plead the South's valid cause." He was pleased by a newsman's report of what an elderly constituent had said when asked if the voters were changing their minds about their congressman: "Mr. Hays finished? No, sir. I don't always agree with him, but he's an institution around here. We don't hold anything against him."

Although he has made quite clear his conviction that the Supreme Court decision on integration must be upheld in Little Rock, he had previously joined with the rest of the Arkansas delegation in signing a manifesto criticizing the decision.

He considers himself a moderate, and his greatest concern for the region he represents is that despite his long hours of talk with Governor Faubus and their trip to Newport, "The extremists triumphed over us." By "us" he means not the responsible moderates of the South but all the people of Little Rock who he represents. People don't understand he says, that it was the city's board of education that adopted an integration plan in compliance with the law, and the state government that stopped it.

"It's an awful feeling for me," he remarked, "being introduced as the congressman from Little Rock and having people look at me so strangely." He is troubled by a report that the name of Little Rock was booed during a performance of South Pacific. And yet he has managed to maintain his sense of humor: "I heard a story about a double translation. 'Little Rock' was translated into Russian and from Russian back into English and came out 'Small Stone.' I said, 'Let him who is without sin cast the first small stone.'"

He contends that none of us—North or South, white or Negro, Republican or Democrat—is completely without sin in the midst of "the most complex set of social forces in the world's history." The Little Rock affair, he believes, has shown the South that our Constitutional system of government rests on the acceptance of court orders; it has shown the North that the "casual fitting of a revolutionay idea to well-established customs" is not an easy matter. "Since neither military force nor massive resistance works, we must try friendly persuasion."

What has the Little Rock affair shown him? As an elected offical who bears responsibility to both the locality and the Federal government, he firmly believes that it was no more than his job to step in and try to help work out a solution. "I haven't been heroic," he insists. If the crisis were economic—a flood problem, for instance—it would be taken for granted that the congressman would be an intermediary. So how can he shirk responsibility when a human problem is involved? He diplomatically avoids answering questions about Arkansas' two senators, William Fulbright and John McClellan, who have almost entirely ignored the crisis.

Mr. Hays points out that Southerners who are consistent in their advocacy of the rights of local government were just as much shocked by the state's action in thwarting a decision of the city school board as they were by the Federal government's forcible elimination of the state's resistance. As Americans weigh the Constitutional issues now confronting them, he urges them to ponder just how the Jeffersonian concepts of local responsibility ("and Jefferson was interested in substance, not

form, you know") should be applied today. Times have changed, he holds, since the Founding Fathers provided for an "indestructible Union composed of indestructible States." We now have powerful cities—the natural enemies, it would seem, of conservative rural elements—but the formal theories of Federal-state relationships do not take them into account. "In Little Rock," Mr. Hays remarked, "the governor is not seeking the favor of the city but of the county-courthouse politicians. In his bid for their support, he is making a coldly calculated response to a political situation."

The Congressman from Arkansas has been prevented from adopting what he calls "a dismal and bleak view of man's resiliency" not only by his study of history but also by his religious faith. (He is president of the 8.5-million-member Southern Baptist Convention.) When things were at their worst in September, he had to break a date with Harry Truman. "I know you'll understand, Mr. President," he said. "You had to take much worse than this for a much longer time." Mr. Truman replied that he understood completely. "It's easier for me, though, Brooks," he said. "I can cuss and you can't."

Shortly after the furor surrounding his defeat in 1958, Brooks Hays was appointed to the Tennessee Valley Authority Board of Directors. This occasioned yet another tribute by another southerner, Congressman Joe L. Evins, of Tennessee. His remarks follow:

[From the CONGRESSIONAL RECORD, Apr. 28, 1959]

NOMINATION OF BROOKS HAYS COMMENDED

Mr. EVINS. Mr. Speaker, the nomination by the President of our former colleague, Brooks Hays, of Arkansas, as a member of the Board of Directors of the Tennessee Valley Authority, has been greeted with commendation in the press of my State. As examples of the press' reaction to this appointment under unanimous consent, I insert in the Appendix of the RECORD an editorial appearing in the Nashville Banner and the Washington Report from the Nashville Tennessean for Sunday, April 26, 1959. The editorial and article follow:

[From the Nashville Banner, Apr. 24, 1959]

HAYS APPOINTMENT ACCEPTABLE

President Eisenhower's choice of Brooks Hays, of Arkansas, to succeed Frank B. Welch on the Tennessee Valley Authority Board hardly will encounter formidable opposition.

It did evoke surprise—for the former Congressman's name had not been among those on which speculation turned for this assignment. It does incur some regional regret, for the reasonable preference was for an appointment from within the valley area; someone both acquainted and identified with the interests served by this vast operation.

The President patently has avoided playing partisan politics, for he had named a Democrat to join two Republicans on the Board, and his choice accents the factor of public respect and personal integrity. Those are elementary in any treatment of office as a public trust.

With Chairman Herbert Vogel, and Arnold Jones, Mr. Hays will round out a capable directorate—and apart from the valley's natural wish for a more direct representation at the agency's supervisory helm, it will welcome the appointment. Its genuine interest forbids perpetuation of the political gambit which fabricates a conspiracy on TVA every time some incumbent or aspirant runs for public office.

TVA is in good hands, and the Hays appointment will not detract from that.

[From the Nashville Tennessean, Apr. 26, 1959]

WASHINGTON REPORT—BROOKS HAYS' PRESTIGE HIGH—TVA APPOINTEE MAY BE THE ANSWER TO AGENCY'S MOST PRESSING NEEDS

(By Lois Laycook)

WASHINGTON.—Evangelist Billy Graham once described Brooks Hays as a rare combination of a man possessing the humor of Mark Twain, the common sense of Benjamin Franklin, and the integrity of Lincoln.

The former Arkansas Congressman, nominated for appointment to the TVA Board of Directors by President Eisenhower last week, probably has more congressional friends and admirers in both political parties than any figure in public life. Despite his defeat for reelection last fall, his prestige in Washington remains at a high level.

Even Southern Members of Congress who were pressured into a public display of hostility toward Hays views on civil rights privately expressed admiration for his courage and integrity. There is no evidence that any Southern Senator will oppose Hays nomination on the Senate floor. In fact, a number of Southerners, including Senators John Sparkman (Democrat, Alabama), and J. William Fulbright (Democrat, Arkansas), have issued laudatory statements on the nomination.

Hays may turn out to be the answer to one of TVA's most pressing needs—a public relations missionary who can restore congressional and public confidence in the Agency's objectives.

Because of his many close friendships on Capitol Hill, Hays could be of invaluable service in helping TVA overcome repeated private power victories in the legislative field. He may be of assistance in the forthcoming battle over the TVA self-financing bill, provided he is confirmed by the Senate in time.

FERVENT SPOKESMAN

In addition to better liaison with Congress, TVA has long needed a fervent spokesman on the Board willing to go before the American people and give an eloquent presentation of the TVA story. Not since the days of David Lilienthal and Gordon Clapp has the agency had a dedicated spokesman ready to give TVA a real hard-sell campaign.

Hays has been in constant demand as a speaker throughout the country for many years. His humorous Ozark stories made him the best-known, best-liked raconteur in Congress with the lone exception of the late Alben Barkley.

Hay's humor has even reached the serious halls of the United Nations. As a U.S. delegate to the U.N., he once answered a Russian demand that Outer Mongolia be admitted to the U.N. by offering a counter proposal that Texas also be admitted to the U.N. under the new name of "Outer Arkansas."

The proposal broke up a tense U.N. meeting with belly laughs.

KIND-FACED MAN

Hays is a 60-year-old thin, kind-faced man with eyeglasses and a receding hairline. Never outwardly ruffled, he keeps a busy schedule with little fuss. A deeply religious intellectual, he became the first layman ever elected president of the 8 million-member Southern Baptist convention. His 2-year presidential term expires May 22.

As a moderate on civil rights, Hays tried desperately but unsuccessfully to play the role of peacemaker in the Little Rock school integration crisis. He arranged the Newport, R.I., meeting between President Eisenhower and Governor Orval Faubus in an attempt to prevent a direct clash between State and Federal authority in Arkansas. The effort failed.

Faubus later instigated the write-in campaign that resulted in Hays defeat by Dale Alford in the November congressional election.

SOUTHERN CATALYST

In 1949, Hays stepped into what was virtually a vacuum to become a Southern catalyst in trying to find a formula for solving racial problems.

He introduced a bill—later to become known as "the Arkansas plan"—which sought to compromise three highly controversial issues, the poll tax, the proposed northern-supported antilynch bill, and the so-called fair employment practices commission.

The bill attracted widespread editorial support in newspapers throughout the country, including several in the South. However, the Truman administration insisted on its stronger proposals and the Hays' proposal died.

FIRM BELIEVER

For the most part, Hays supported New Deal and Fair Deal proposals during the Roosevelt and Truman administrations. A member of the House Foreign Affairs Committee, he was a firm believer in a bipartisan foreign policy.

Hays was a supporter of TVA throughout his service in Congress with the lone exception of the Dixon-Yates contract. He favored the contract, he said, because the construction of a powerplant in West Memphis, Ark., would have helped the critical unemployment situation in Arkansas. He also argued the contract was good for TVA.

There was no record vote on the Dixon-Yates contract when it was before the House in 1954. However, Hays openly supported the measure and voted for it on a teller (nonrecord) vote.

RECORD IS FAVORABLE

On public power issues generally, Hays' record is for the most part favorable. According to a National Rural Electric Association tally of votes on major power issues during his service in Congress from 1943 through 1958, Hays voted propublic power on 35 out of 41 opportunities.

Three of the thirty-five dealt with TVA legislation. In 1949, he voted for funds for the New Johnsonville steam plant on two separate rollcalls. The vote on this issue was crucial because it represented TVA's first venture into steam plant construction and stirred up the all-out opposition of the private power lobby.

In 1957, Hays cast his vote against a Republican amendment to kill all funds in the TVA appropriation bill earmarked for power facilities. The amendment was defeated.

The tally shows Hays supported all appropriations for the REA as well as for the Southwestern Power Administration. However, he is listed with unfavorable votes on two issues affecting the Bonneville Power Administration and the Southeastern Power Administration.

He also voted to turn over to the private power companies the development of Niagara Falls power projects in 1953.

Mr. Speaker, at this point in the RECORD, I would like to insert a very good article on Brooks Hays, which appeared in the June 1965 issue of The Link magazine. This article, entitled "Story-Telling Statesman From Arkansas," does a good job of capturing the spirit of Brooks and his well-known story-telling talent.

[From the Link magazine, June 1965]

STORY-TELLING STATESMAN FROM ARKANSAS

(By Cyril E. Bryant)

The Ku Klux Klan burned a cross and threatened damage to a church at Bogalusa, Louisiana, when Brooks Hays was announced as speaker at a community-wide discussion on racial problems last January.

The Klan knew—as Washington folks learned long ago—that Hays is a persuasive man. And they knew too that though he is labeled as a political "moderate," he is an uncompromising advocate of freedom and justice.

Hays, who is sixty-six, has the appearance of a harmless looking fellow. He's five feet 10 inches tall and weighs 160 pounds. He's begun to bald a little and there are lines around his eyes and forehead. The whole of his face smiles even to the stranger with a "let's be friends" welcome. But he is armed with a heart of strong Christian convictions, a keen mind, and a barrelful of humor and folk tales.

His humor is an Abe Lincoln type of anecdotal wit. He talks of his Arkansas home folk and townspeople, and he is not afraid to laugh at himself. Shortly after he moved into the White House as a special assistant to President Kennedy, one heroworshipping woman fawned, "Oh, Mr. Hays, it must be wonderful working so close to the President. You do see him every day, don't you?" Hays anwered honestly, "I feel sorta like the little old lady down in Arkansas. They asked her if she had seen Halley's comet, and she replied, 'Only from a distance.' "

Another time, according to a modern Washington legend, Hays drove his eight-year-old car to work in the middle of a morning rush hour. "Hey, you, can't you go any faster?" one policeman bellowed at him.

"Yes, I can, officer," Hays replied, "but I'd hate to leave the old car behind."

Laughter as Hays handles it is a forensic tool, not an end in itself. He uses it to win friends and create an atmosphere wherein issues can be discussed without rancor. "It is important," he says, "that political differences be settled on the basis of reason, not on a basis of political power. We have to build bridges of understanding where men can talk together and work together for their mutual good."

Hays' use of the soft sell approach marks him as a phenomenon in twentieth-century American politics. But there is no doubt as to its effectiveness. Even Vice-president Hubert Humphrey, a man seldom lacking in words, holds Hays in awe. When the Democratic National Convention's platform committee was struggling in 1952 for a civil rights plank acceptable to both North and South, Senator Mike Monroney suggested that Humphrey, then senator from Minnesota, and Hays, congressman from Arkansas, sit down together and work out the language for a compromise proposal. Humphrey retorted, "I will not let my persuasive friend from the South—as much as I like him—I will not let Brooks Hays dilute my conviction on civil rights." They did meet together however, and their conference resulted in a platform statement that restored unity to the Democratic Party that had been divided by a Dixiecrat split four years before.

Brooks Hays has been in some phase of government since his twenty-third birthday. He was a student at George Washington University Law School then (after having graduated from University of Arkansas) and took a part-time job in the Treasury Department. "I counted twenty dollar bills all week long, and on Saturday they'd let me take one home," he quips.

He served sixteen years in Congress, as Democratic representative from Arkansas. He has been a director of the Tennessee Valley Authority, a member of the U.S. delegation at the United Nations, an Assistant Secretary of State, and Special Assistant to Presidents Kennedy and Johnson.

Right now he's on part-time leave from the White House, commuting to New Brunswick, New Jersey, to lecture on politics in the Eagleton Institute of Rutgers University. President Johnson reluctantly agreed to the division of his time so that Hays—in the President's words—"might share with students his lifetime experiences as a Christian in public service."

The President was referring to the Hays characteristic all Washington has come to respect through the years—the Arkansan is first of all a religious man and church leader.

The ten million member Southern Baptist Convention took note of his spiritual depth and leadership ability by twice electing him to its presidency. He is one of six laymen to fill the president's office in 120 years of Southern Baptist history.

"As a boy I debated whether I should go into politics or the ministry," Hays recounts with a twinkle. "The church won and I went into politics." Actually he has masterfully combined the two in his philosophy that "the world is a Christian's workshop."

He first campaigned for public office at the age of twenty-nine, when he ran for governor of Arkansas. "The boy scout candidate," his opponents called him. He was twice defeated for governor and once for congress before winning his congressional seat in 1942. Even in those early campaigns his humor was winning friends. At one rally an enthusiastic supporter introduced him as a man who did not smoke, drink, or cuss. Hays interrupted his friend, "You've just alienated my three biggest blocks of voters. All I have left now are the snuff-dippers." And once when a heckler asked him, "Tell us, Brooks, who wrote your new book?" Hays quelched him with, "I'll be happy to answer that question, friend, when you tell us who read it to you."

Hays has persistently pushed legislation to provide increased opportunities for underprivileged and harassed citizens. He saw their plight when he worked for the National Recovery Administration in the 1930's ("I knew the depression was over when I saw a chicken cross the road without somebody chasing it," he mused). He also wrote and pushed almost to passage in 1949 a package of civil rights bills intended to compromise the objectives of the North and the hesitance of the South. Though the bills failed then, Hays has seen each of the proposals enacted into law by later congresses.

His determination to apply spiritual values to political decisions often drove him to long hours of deliberation before a vote was cast. Out of his own sense of need and in recognition of that of his fellow lawmakers, he introduced in the House of Representatives a resolution to provide a prayer room in the Capitol Rotunda. Senator Monroney gained passage of an identical resolution in the Senate. The resulting tastefully decorated, yet simple chapel remains in the Capitol for a single purpose:

"To provide a quiet place to which individual senators and representatives may withdraw a while to seek Divine strength and guidance, both in public affairs and in their own personal concerns."

"Bargain with your opponents on the fringe issues," Hays once told a colleague, "but hold fast to your basic principles."

Hays laid his membership in congress on the line when he volunteered in 1958 as mediator between President Eisenhower and Arkansas Governor Orval Faubus in the now historic Little Rock high school integration dispute. The action was, stated Sherman Adams in his White House memoirs (First Hand Report), "One of the greatest exhibitions of sheer courage in modern political history. Hays felt a moral obligation * * * to serve as peacemaker * * * even though it meant political suicide."

For weeks the Congressman served as mediator between the President and the Governor as they traded charges and countercharges. He came within an eyelash of finding an acceptable solution, but Mr. Eisenhower finally believed it necessary to send federal troops to guarantee compliance with the U.S. Supreme Court ruling on integration.

"I felt like a sparrow caught in a badminton game," he quipped.

Hays, who had easily won the 1958 Democratic primary (normally tantamount to election in Arkansas), suddenly found his seat in Congress challenged by a sudden write-in campaign led by segregationist leaders eight days before the November general election. He did not have time to organize a campaign, and fell a few votes short of victory on election day.

Even in defeat, Hays used his sense of humor to philosophize. A newsman interviewing him on CBS "Face the Nation" television, asked why Hays had not advised the nation of the perilous path he was walking in his role as mediator.

"It reminds me of the hypochondriac whom nobody believed," Hays said. "He had them write on his tombstone, 'I told you I was sick.'"

Hays' friends wondered, during the next few weeks, if his world would ever fit back together again. I had opportunity to call at his office and probe him for his innermost feelings. Was he willing now, I asked, to retire from public life and enter, say, the private practice of law?

Hays opened a desk drawer and read from his diary the story of his conversation with a Negro college student who worked as a bellhop in the Little Rock hotel where Hays was staying on the day of his election defeat. The lad voluntarily predicted the Congressman's return to Washington and added, "You see, Mr. Hays, I do not agree with Plato that the mechanisms of popular government do not raise the best man to the top." But before Hays could reach into his pocket for a generous tip, the Plato-influenced student continued, "I've been reading your new book too, Mr. Hays, and sometime I want to argue with you about your conclusions."

Hays laid the diary aside and looked up at me, then asked:

"What about this lad's future? Ten years from now will this man who is able to quote Plato still be carrying bags to hotel rooms? Or can our country open doors of opportunity heretofore closed to the Negro? Only I, one person, was affected when the Little Rock election closed the door to Congress in my face. But what about closed doors for a whole race?"

Hays' humor was only partially effective at the United Nations when President Eisenhower named him to the U.S. delegation in 1955. He countered Russia's proposal for admission of Outer Mongolia to the world body by suggesting that the balance of power be maintained by admitting Texas as well, under the name of "Outer Arkansas."

But things did not go as well when he tried to make friends with the Russian ambassador. "Mr. Ambassador," he said in his folksy way, "back in Arkansas I have a neighbor who in ninety-seven years old * * *" "Hold everything," the Russian interrupted, "I know a fellow in Russia who is 147." Hays listened politely, unable to finish his story.

He was more successful in putting across his point in a State Department staff conference. Hays, as Assistant Secretary of State, objected to a proposal by Secretary Dean Rusk that certain staff members attempt a job Hays thought the Secretary should handle personally. "Don't forget that the Bible tells us, Mr. Secretary, that when Jacob leaned on his staff he died," the Arkansan conveyed his point.

When, a few months later, Mr. Hays took the oath of office as assistant to President Kennedy, Hays called Mr. Kennedy's attention to his ninety-five-year-old mother-in-law who came in a wheelchair to witness the ceremony. "Behind every man's achievement there is a proud wife and a surprised mother-in-law," Hays quoted an old joke. The President laughed courteously. But then Hays continued, "My mother-in-law is really surprised. She expected me to be President." Mr. Kennedy laughed in full earnestness.

Though Hays has been a platform favorite on the East Coast for many years, it was only a year or so ago that Meredith Willson, the composer and entertainer, "discovered" him at a city-wide church dinner in Los Angeles. That meeting led to a series of invitations to national television shows, and Hays personally debated if he should capitalize on his "inside" role at the White House to provide entertainment. "Some friends asked my why I resigned my job at the White House to take a teaching position at Rutgers," he ventured on one TV show. "I'll tell you honestly. After Mr. Johnson became president I just couldn't stand the strain of turning off the lights." Offstage he rationalized, "That's not a disloyal joke. It tells the folks about Mr. Johnson's insistence on economy in government."

Mr. Speaker, as a university professor at Rutgers and as a visiting professor at the University of Massachusetts, Brooks Hays touched many young lives.

At the conclusion of his year at the University of Massachusetts, my distinguished colleague from Massachusetts (Mr. CONTE) paid a tribute to the work of this great man. In the RECORD of June 7, 1967, my friend from Massachusetts inserted an article on Brooks from the student newspaper. At this point, I would like to insert the article into the RECORD:

[From the CONGRESSIONAL RECORD, June 7, 1967]

WHAT EVER HAPPENED TO THE GENTLEMAN FROM ARKANSAS?

Mr. CONTE. Mr. Speaker, I am sure there are many here who would agree with me that one of our most gifted and distinguished colleagues over the last decade or so was the former Congressman from Arkansas, the Honorable Brooks Hays.

I regret to say that I never had the privilege of working alongside Mr. Hays as a Member of this body, since he lost his seat in the same campaign in which I was first elected, 1958. Since that time, however, I have had the pleasure of knowing Mr. Hays in another capacity—I, as his Congressman—he as my constituent.

For the past 9 months or so, Mr. Hays has been teaching a course in politics and government at the University of Massachusetts, in Amherst, in the First Congressional District of Massachusetts.

While there are many here undoubtedly who have missed the enlightened and always articulate contributions by Mr. Hays to our debates, the students at the University of Massachusetts quite obviously do not mourn the fates that cost Mr. Hays his seat in this Chamber. To them, that calamity is something less than calamitous.

Mr. Hays, through his brief series of lectures to date, has won a lasting place in the hearts and minds of those students who have been fortunate enough to find a chair in his classes.

Because I am certain there is much interest among many of us here in what our most distinguished former colleague has been up to lately, I insert at this point in the RECORD a clipping from the pages of the Massachusetts Daily Collegian, the student newspaper on the campus of the University of Massachusetts, at Amherst. The article leaves little doubt as to the tremendous contributions the gentleman is still making to the betterment of life in America.

The clipping follows:

[From the Massachusetts Daily Collegian, May, 9, 1967]

EX-CONGRESSMAN HAYS ENDING YEAR AT UMASS

" 'Politics is the delicate balance between principles and pragmatism,' says Brooks Hays, former Democratic Congressman from Arkansas who is now completing his second semester of teaching at the University of Massachusetts.

"The practicing politician, Mr. Hays tells his UMass classes, must be skillful at a sensitive task. 'He must have values worth defending, be faithful to those values, and yet be flexible enough to succeed in advancing his beliefs and principles through the complex machinery of government.'

"The distinguished career of Brooks Hays, spanning over 40 years in public service, stands as a monument to his ability to be effective while at the same time maintaining his integrity in the world of politics, a world he calls 'a hotbed of tranquility.'

"An eloquent, outspoken man with a pleasant Arkansas drawl, Hays served his country as Congressman, Assistant Secretary of State, United Nations Delegate and Democratic National Committeeman. Defeated for reelection to Congress in 1958, Mr. Hays has served as special assistant to Presidents Kennedy and Johnson, and his also taught at Rutgers University. He came to UMass last fall as the University's Distinguished Professor of Practical Politics, a lectureship sponsored by a Ford Foundation grant.

"So successful—and so popular—were his seminars, that the University invited him to remain on campus another semester to give more students a chance to benefit from his knowledge, charm and wit.

"His lectures, always enhanced with colorful anecdotes drawn from his experience, cover many topics in the realm of public affairs. He talks of his own career, the relationship of religion to politics, the sources of power, the next Presidential election, the campaigns, and current issues facing Congress such as the Powell and Dodd cases.

"Common to all subjects discussed, however, is the theme that the public servant must first be committed to values worth defending, and then be effective in advancing those values.

"For example, as a Congressman, Hays was willing to modify his position on minor issues so that he could remain in a position of responsibility as an unyielding advocate of his principles when grave issues were at stake.

"Such a situation arose, he says, in the selection of Post Office sites in his Congressional District. Hays yielded to local sentiment when it came time to decide on locations for new Post Offices although he may have favored different sites.

"But when opposition to the Supreme Court's school integration order plunged Little Rock into a racial crisis in 1956, requiring the intervention of Federal troops, Congressman Hays, a dedicated moderate on the race issue, spoke forcefully of his belief in the rule of law and compliance with the Court's decisions. His efforts on behalf of Negroes and his attempts to mediate the dispute between Governor Orval Faubus and the Federal Government were highly unpopular with many of his constituents, and led ultimately to his defeat for reelection to Congress in 1958.

"He had yielded in the relatively minor matter of a Post Office site to defend later his principles when the gravity of the situation called for it. It was, he says, 'a painful dilemma.'

"The benefits of his vast political experience are enhanced by Hays' unique gifts in the realm of public speaking. Dr. William C. Havard, head of the department of government at UMass, has called former Congressman Hays a 'verbal artist.'

" 'He's probably one of the most effective platform orators and easily the greatest example of grace and wit among public figures around.' Prof. Havard says. 'In addition, his career has been an example of integrity in public life.'

"The statesman's oratorical prowess has made him much sought after as a speechmaker, and he remains a close friend and adviser to many national leaders. In the classroom, for example, he often begins his remarks with 'as I said to a group in San Francisco last week . . . ' or 'as President Truman pointed out to me . . .' Such introductions are invariably followed by a pertinent story enunciating an important principle.

"And, too, his students get valuable advice about the inner workings of official Washington. 'The martinis they serve there are lethal,' he said while discussing the function of parties and the social aspects of government.

"He has also discussed such matters as informal relationships among Congressmen ('highly important'); race relations ('the issue of our ties'); the two-party system ('necessary . . . an opportunity to protest'); and even philosophy ('I insist that politics

needs more philosophers in every branch, people who are equipped to follow consistently ideals that are rooted in sound philosophy')."

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the distinguished gentleman from Kentucky.

Mr. PERKINS. Mr. Speaker, during the first decade of my service here, I had the rare privilege of getting to know and serving with one of the giants of this House in the 20th century—Representative Brooks Hays of Arkansas.

When he died at age 83 a few days ago at his home in Chevy Chase, Md., this Nation lost one of its living treasures.

It is a great pity, in my judgment, that only 20 Members of the present House had the opportunity of serving with Brooks Hays. For never did the House so need a man of his example, his selflessness, his generosity, his judgment, and his dedication to the ideals of our country.

By clinging to his Christian ideals of peace and moderation, by his refusal to play the demagog, Brooks Hays quietly assured his political defeat in those poisonous years of the later 1950's when bigotry and intolerance stalked this land. He went into his last political campaign in 1958 a good and decent man. In defeat, he emerged from it as an American legend.

This is not the time for me to recite the facts of Brooks Hays' life. The obituary notices of recent weeks have recalled them all for us.

But it is a time for us to remember this warm and lovable human being who personified the best that is in us as a people. It is a time for us to rededicate ourselves to the ideals of fairness and justice and decency in American life that he held so dear.

But I would like to recall for the record today the first time I ever heard of Brooks.

It was in 1942, nearly 40 years ago, in my little hometown of Hindman, Ky. One of our area's most famous sons at that time was Bob Bailey who left home some years before and had achieved the honor of being elected Lieutenant Governor of Arkansas.

Bob came back to Hindman occasionally to visit his family and friends, and everyone took pride in his success in public life in the State of Arkansas.

In that year, Lieutenant Governor Bailey decided to run for the Democratic nomination for the congressional seat in Arkansas being vacated by the late David Terry, who was then running for the Senate.

I met Bob on the streets of Hindman and asked about his congressional campaign. Well, he said he was in a very close race with a young lawyer who had been an assistant attorney general of the State and was then working for the Farm Security Administration. He said the fellow's name was Brooks Hays.

I did not know this fellow Hays. But a few weeks later the people around Hindman felt a little badly about the defeat he had handed our hometown native and friend, Bob Bailey.

Seven years later, of course, I met Brooks Hays when I, too, was elected to the House. And I am happy to record that from that day until the day he died, Brooks Hays and Carl Perkins were friends.

For 10 years thereafter, we were allies and almost invariably on the same side of every issue before the House. You can bet money on it that if Brooks Hays were on your side, you were in the right and that the angels were there, too.

Mr. Speaker, it is an increasingly frequent ritual when I must stand on this floor and take part in special orders eulogizing old friends.

The sorrow at saying goodby to Brooks is tempered by the joy of having known him, and the richness of having him for a friend.

□ 1530

Mr. BETHUNE. I thank the gentleman. The gentleman goes way back in his relationship with the former Congressman; but if the gentleman had never known him, the gentleman could have made the same kind of remarks about him, because the gentleman from Kentucky and the gentleman we are honoring today are both gentle people who come from the heartland of America and who truly care about people.

The gentleman has pointed, as others have, to Brooks Hays' ability to get the attention of his audience and make his point in a special way with humor. He was known as the raconteur of the White House. He knows no equal.

Mr. PERKINS. Mr. Speaker, if the gentleman will yield further, only this year when the ex-Congressmen all convened in this Chamber, I sat down with Brooks and I said to him, "I've run out of your stories, but I want to read that book that you have written." Within a week he had autographed it and forwarded the book to me.

I think any Member of this Congress that has not read that book should read it. It is one of the most entertaining books that anyone ever read. You cannot read a page without laughing out loud, especially if you have ever been a Member of this Chamber.

Mr. BETHUNE. I thank the gentleman so much. Certainly the gentleman is correct. Only 20 Members now here served with Brooks, but he has touched every Member who now serves here and others who have served since he served here through the Former Members Club which he organized or through the Congressional Chapel, which he helped found or through the close up program.

I see the distinguished gentleman from south Arkansas is with us today. I would yield to the gentleman.

Mr. ANTHONY. Mr. Speaker, I thank my colleague from Arkansas for yielding.

It gives me great pleasure to be able to participate in this special order to talk about Brooks Hays. I only knew Brooks since 1979 personally, but I knew him by reputation, for a man of humor and a man of principle previous to that, because of his many public stances and because of his dedicated service to the House of Representatives from the State of Arkansas.

In 1979, as the gentleman will recall, we attended a Close-Up Foundation luncheon. It was during that speech that he made that I realized that here was really a truly walking legend, I thought, among politicians, because he had elevated the word politics to such a high level that you could see that this was the type of person that truly could lead and instill great wishes and desires in our young people.

It was the way that he intertwined humor and wit also with principles and goals, that as the gentleman will recall, that we got together and decided that we would like to bring that Close-Up program into the State of Arkansas and if we were successful in doing that, we would like to dedicate that program to Brooks Hays.

We were successful. We did bring that program into the State of Arkansas on a voluntary basis, on a trial basis. It has now become a permanent fixture with the State of Arkansas. Brooks Hays helped us inaugurate that at a press conference in the gentleman's home district of Little Rock, Ark. It was well attended and again because of his flair for wit and humor, it insured that that program would be a success.

I do have with me today some letters and some comments from some people that are associated with Close-Up. It would do me great pleasure to be able to put those comments into the RECORD today and also have comments and a letter from a teacher from my home district, Miss Bettie Hill of Ashdown, Ark.

I would also ask to have those comments placed in the RECORD.

Mr. Speaker, Brooks Hays' involvement in Government spanned the generation gap. In the early seventies, he worked with the leadership of the Close-Up Foundation with the vision and imagination usually associated with younger men. He was truly devoted to educating America's youth about the political process.

He inspired the staff of the Close-Up Foundation in its earliest, most challenging days, and he continued to inspire its teacher and student participants through his wonderful appearances over the course of Close-Up's

first decade. Everyone who attended his talks, filled with vivid anecdotes and personal reflections as well as a philosophy based on hope and faith, could not help but walk a little taller and feel a little prouder about being an American.

Mr. Speaker, I would like to read some of the tributes paid to Brooks by people associated with the Close-Up program:

TRIBUTE TO BROOKS HAYS

Brooks Hays was a living profile in courage to me and to Americans all over the country who knew something about his beliefs and his life. I haven't known many heroes, but Brooks was a hero to me. He was a true American statesman, needed for his time and able to rise to the most difficult occasion.

His ability to charm, motivate and inspire educators, students and people of all walks of life was unique among contemporary Americans. He always thought in terms of the greatest good for the nation, and had a vision that spanned decades in terms of the public life of the country.

His kind of courage and ideals will always be treasured. During the past ten years of our own dream with Close Up, in which he played so great a part, his courage and ideals helped me, personally, to chart my own course.—Stephen A. Janger, President, Close Up Foundation.

Much has been said about the public life of Brooks Hays—Congressman, Delegate to the United Nations, President of the Southern Baptist Convention, advisor to Presidents. But to me Brooks will always be remembered for the special and personal commitment he made throughout his life as a teacher of young people. He always said that he started his teaching career as the second session Sunday school teacher in the 1920s in Pope County, Arkansas, where he "learned them a lot." I can't speak for that class in Arkansas, but I can say that the thousands of Close Up students and teachers he touched during his many sessions over the past ten years learned a great deal about people and politics through his works and by his example. His courage, leadership and compassion inspired a whole new generation of young people to become better citizens and understand the importance of commitment—to country, to public service and, most of all, to one's basic principles. Brooks Hays' rare ability to span generations through his unique style and inspirational message will live with us for a long time. Those of us touched by his life will carry his memory for many years to come.—Margery Kraus, Vice President, Close Up Foundation.

For the past three years of their association with Close Up, Arkansas students came to know, love and appreciate Mr. Hays, whom they were too young to know when he was a prominent Arkansas representative. Close Up provided students and teachers with an opportunity to meet with him in Washington and in their own state through his efforts to bring the Close Up program to Arkansas. Brooks Hays helped Representative Beryl Anthony, of the 4th District, and Representative Ed Bethune, of the 1st District, inaugurate Arkansas' participation in Close Up. We appreciate Brooks Hays' many contributions and we consider him one of Arkansas' outstanding statesmen.—Bettie Hill, Close Up Teacher Coordinator, Ashdown High School, Ashdown, Ark.

OCTOBER 1981.

After his defeat rocked the political establishment, Brooks Hays was honored by his colleagues, friends, and well-wishers at a testimonial dinner in December 1958. More than 600 guests attended this function, paying tribute to the man who lost his congressional election but was the "winner of higher stakes as a man of principle and good will." One of the speakers at the testimonial dinner, Senator Mike Monroney, who had served with Brooks in the House, eloquently stated:

Brooks Hays has lost nothing. It is his Nation and colleagues in the Congress who are the losers—for he has brought into our lives the example of a courageous Christian leader.

At the same dinner, the Reverend Billy Graham observed:

In these days of baffling world problems and domestic problems that seem, at times, unsurmountable, let us pray that God may give us a double portion of Brooks Hays' good humor, common sense, and spiritual integrity, and that the spiritual ideal of one Nation under God, with liberty and justice for all, may not just be something we say, but something we live * * *.

Also speaking at the dinner, Brooks spoke of his ideals rather than with remorse at losing the election. He stated that "* * * I am convinced that under the circumstances the loss of my seat in Congress is not too big a price to pay."

He concluded his remarks on an optimistic note, again showing his dedication to his ideals and principles. Brooks remarked:

I know from what I have seen and heard since November 4 that healing hands are being laid upon the bruises of ill will and human conflict and that the task of educating both sides and all sides to the alternatives solutions of the problem can be accomplished. My hope is strong now that compassion will be matched by imagination in the arts of government so that our lives that are so interlocked and interrelated may be blessed and may be made more secure in God's love.

Mr. Speaker, at this point I would like to insert a Washington Post article on the testimonial dinner as well as a CONGRESSIONAL RECORD insert of some of the proceedings of the dinner.

HAYS HONORED BY 600 AS MAN OF PRINCIPLE

(By Richard L. Lyons)

Rep. Brooks Hays (D-Ark.), apparent loser of his congressional seat last month, was honored last night as winner of higher stakes as a man of principle and good will.

More than 600 friends filled the Willard Hotel ballroom to hear him praised as Congressman, churchman, story teller, political moderate and gentleperson.

He was presented a scroll "in appreciation of his Christian life" from the Little Rock Baptist Bible class he has taught for 32 years.

Telegrams of friendship came from Ralph Bunche, under secretary general of the United Nations; Wilton B. Persons, assistant to the President; Adlai E. Stevenson; House Majority Leader John W. McCormack (Mass.); Sen. Sam J. Ervin (D-N.C.); Sen. John F. Kennedy (D-Mass.); and Sen. Hubert H. Humphrey (D-Minn.).

Vice President Richard M. Nixon wired that Hays' "reputation as one of the outstanding statesmen has been enhanced rather than tarnished by his defeat."

Guests ranged the political and sectional spectrum from staunch conservative Rep. Howard W. Smith (D-Va.) to Rep. Charles C. Diggs Jr. (D-Mich.), Negro liberal from Detroit. They included Arthur S. Flemming, Secretary of Health, Education and Welfare; Sen. Clifford P. Chase (R-N.J.); and Harry Ashmore, editor of the Arkansas Gazette, which has stood with Hays as a lonely voice for moderation in Little Rock.

Hays, an eight-term member of the House, apparently was defeated by a last-minute write-in campaign last month because he tried to mediate the Federal-state clash caused by the Little Rock school crisis last year. Hays believed in segregation, but more strongly in obeying court orders. He won the July primary by 15,000 votes, but lost by 1,200 in November to Dr. Dale Alford, outspoken segregationist who gave voters printed stickers to paste over Hays' name.

Charges of fraud and other irregularities have made the election a national issue and brought a recommendation from a House committee that Alford not be seated until the charges have been fully investigated.

Sen. A. S. (Mike) Monroney (D-Okla.), who served with Hays in the House, called him a "modern day hero" who stuck by his convictions despite emotional opposition in his district.

"A prefabricated sticker may multilate a ballot, but it will not mutilate Brooks Hays' record," said Monroney.

Mrs. Oswald B. Lord, member of the United States mission to the United Nations with whom Hays served three years ago, recalled that he was one of the first to point out the Russian shift from the iron fist to a social and economic offensive—and that when Russia insisted on admitting Outer Mongolia to the U.N., Hays voiced approval if it also admitted Texas as outer Arkansas.

The Rev. Billy Graham, evangelist and member of the Southern Baptist Convention of which Hays is president, said Hays had kept to the middle road while "most men were traveling the ruts on either side." He predicted that Little Rock will "rectify its tragic mistake in short order."

James P. (Dick) Richards of South Carolina, former chairman of the House Foreign Affairs Committee on which Hays served, said he was sorry that "Brooks Hays' name and fame has been used as a pawn on the chessboard of prejudice—perhaps for some chief political motive."

Hays said: "I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending." He listed them as rule of law; democratic procedures—such as candidates filing for office before the deadline to let voters hear full argument of the issues; disciplined freedom; and faith.

Hays spoke for moderate Southern leadership as the only solution to its problems. He said heavy friendly mail from the South gave him hope for the cause.

"The patriot and the dissenter may inhabit the same heart," said Hays. "We are really not disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding."

Colgate W. Darden, president of the University of Virginia and a "Virginia moderate," was master of ceremonies.

[From the CONGRESSIONAL RECORD, Mar. 12, 1959]

TESTIMONIAL DINNER HONORING FORMER REPRESENTATIVE BROOKS HAYS

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD certain proceedings relating to the testimonial dinner honoring former Representative Brooks Hays: An address delivered by the distinguished junior Senator from Oklahoma, Hon. A. S. MIKE MONRONEY; an address delivered by Dr. Billy Graham; the contents of a scroll presented to the Honorable Brooks Hays; and some excerpts from the remarks of the Honorable Brooks Hays himself.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR A. S. MIKE MONRONEY, OF OKLAHOMA

Tonight we are paying tribute to a modern-day hero, who in temporary political defeat has won a lasting spiritual victory—and a place in the hearts of millions of Americans.

We are here because we know Brooks Hays for what he is—a man who will not leave the path which conscience sets. His loyalty to those ultimate virtues of love and courage has set a high mark in our political life. A prefabricated sticker may mutilate a ballot, but not this record.

It has been my privilege to serve with him since he was sworn in as a Member of the Congress in 1943. We sat side by side on the House Banking and Currency Committee. That he had the courage required to be a great Congressman was apparent from the start.

My earliest memories of his service—and his courage—were in the days of OPA when the great economic pressures of special interest groups plagued our committee's efforts to hold the line against disastrous inflation. The strife—and at times the intolerant, unreasoning, inflamed passions of economic avarice—were a small-scale replica of the struggle we now witness over civil rights.

It was here that I first learned to respect the careful and tolerant approach to legislative problems that Brooks always took. No testimony or demand was so brash or so unreasonable that he would not carefully hear it out. He was ever courteous, attentive, and fair. And having weighed any testimony—he would then follow the dictates of his mind and his heart to reach what he thought was a just and equitable decision.

Often, as now, the decisions he had to make were unpopular with those who sought short-range goals and failed to consider the Nation's ultimate security and integrity.

Upon his promotion to the Foreign Affairs Committee of the House—he approached our world problems with the same fairminded judgment and with the same farsighted interest in his Nation's welfare. This innate fairness and his love of all his fellow men later made him one of our Nation's most effective representatives in the United Nations.

It was this same concern for our long-range future as a Nation, and this same sense of tolerance that led him to take a leading part in attempting to bridge the chasm that was beginning to split his home State asunder. He might have joined the unreasoning clamor and rushed in political panic to join the crowds in the street.

But this would have been contrary to the great faith by which he lives. Like the other moderates of our history who have made a path through the turbulence of issues of passion, Brooks sought to give leadership to dispel bitterness and hatred and to substitute reason and tolerance until a middle ground could be found.

The paste-in election and temporary defeat at the hands of those he sought to help is not an unusual occurrence. The musty pages of our history books are filled with names of moderates who were once thought destroyed by intemperates in moments of panic. Few can now recall the names of those who sought to destroy—but the names of Daniel Webster, of Lincoln, of Andrew Johnson, and of Woodrow Wilson have been remembered by a grateful America. It was their faith in their people and their search for peaceful and tranquil relations among all Americans that placed them in their secure niche of history.

It is interesting to note—and I am sure no one appreciates this fact more than Brooks—that intemperance and intolerance are not confined to sectional lines.

Brooks Hays has lost nothing. It is his Nation and colleagues in the Congress who are the losers—for he has brought into our lives the example of a courageous Christian leader.

TEXT OF ADDRESS BY DR. BILLY GRAHAM

I heard of three Kiwanians at their national convention who were discussing the merits of their respective professions. The first, a physician, said, "I think the medical profession is the greatest, for after all, Luke was a physician, and the Bible has a great deal to say about our profession." The second, an engineer, said, "Away back in the book of Genesis we are told that order was brought out of chaos. Now that took engineering, so I contend that the work of the engineer is the greatest." The politician interrupted and said, "Wait a minute. Who do you think created that chaos?"

Now Brooks Hays is not among the politicians that create chaos. He has exemplified, for 16 years, what many of us have often urged: That we need Christian leaders in politics.

It always amuses me to hear discussions on the old problem of religion and politics, and to think what such discussions would have meant to men like Jeremiah, Amos, Isaiah, and Ezekiel. For in fact, half their time was spent in trying to bring home to the men of their day the fact that God was directly concerned in the way society was organized, in the way wealth was distributed, in the way men behaved to one another. In short—in politics.

Brooks Hays has been one of those rare jewels that has helped lift the word "politics" out of the mud, slime, and mire, to help it have a new meaning in modern America.

Brooks Hays is more than a great political leader. He is every inch a Christian statesman who has been given the highest honor that his religious denomination can bestow upon him. As the president of the Southern Baptist Convention, he heads one of the largest religious bodies in the world. Make no mistake about it, he has the overwhelming support of the people of his denomination.

There are, unfortunately, few men who are qualified to serve equally well in both fields. Brooks Hay is one of these men, and in the sovereign plan of God, circumstances have released him to a larger and even more important work. While our political life is in desperate need of leadership, our religious life is equally in need of leadership.

During the months to come, Mr. Hays will be called upon to travel throughout the world, speaking on behalf of millions of Baptists and will, in my humble opinion, have even greater influence than he had on the floor of the Congress.

We hear a lot about political demagogs. How cheap and easy it is to let such words slip off our thoughtless tongues. But I think it speaks well for the qualities of our governmental leadership, when one of our largest denominations chooses a man from our Congress to be their spiritual leader. The Southern Baptist Convention, of which I am a member, has paid Congressman Hays this tribute. Such a tribute is more eloquent than any word that I or others may speak tonight.

To those of us who call him a personal friend, Brooks Hays is a rare combination of a man. He combines the humor of a Mark Twain, the commonsense of a Benjamin Franklin, and the integrity of Lincoln. He can smile his way through difficulty, think his way through trouble, and pray his way through hardships.

The entire Nation was stunned a few weeks ago when it learned that a writein candidate had apparently defeated our friend. The people of Arkansas were even more stunned. Brooks Hays not only gave them the representation of 16 years of seniority, but of tremendous national influence. Little rock realizes it has made a tragic mistake, and will, in my opinion, rectify this mistake in short order. Brooks Hays is familiar with Arkansas mud and perhaps a good deal of it was thrown his way during the recent election. But that doesn't dismay our friend. He has no doubt told the story of a man who was driving his jeep through a mud-hole down in Arkansas and noticed a hat lying in the middle of the road. He stopped his jeep, got out and picked up the hat only to find a man under it. "My good fellow," said the man, "give me your hand and let me help you out." "Nope, I'll make it all right," said the bogged-down fellow. "This old mule I'm on will take me through."

Congressman Hays' good humor, commonsense, and integrity will take him through.

He has served his country well, from the Fifth Arkansas District which has been in castastrophic ferment during the past 3 years. He has not yielded to either extreme. His commonsense has kept him in the middle of the road when most men were traveling the ruts to either side. Congressman Hays doesn't just think of light as being to the left or the right. He has a vertical vision, also, which sees men above or below the standard that God has for us. There is a difference between an arbitrator and a mediator. An arbitrator is neutral and objective not sympathetic to either side. On the other hand, a mediator is sympathetic to both, understanding both, partial to both, belonging to both. Brooks Hays is a true mediator. He belongs to the people of Arkansas and to the people of the Nation. This is why Jesus Christ has been called in Scripture a mediator. He is God and He is man. He is part of both. Thus, he can effectually reconcile God and man. Brooks Hays' service, his philosophy and his life, remind us of the importance of sterling character in the business of building a better world.

The other day Dr. Ralph Oberman, director of the Atoms for Peace program of our Government, showed me around our atomic plant at Oak Ridge, Tenn. He said something I would like to share with you tonight. He said "The atom has the power to build a better world or destroy the one we have, and the atom doesn't care which purpose it serves, for it has no conscience." And then he said something I shall never forget as long as I live. He said "It's the man that makes the difference."

So our problem is not the atom, but the quality of man behind the atom. Our problem is not Government, but the kind of men we have behind the Government. Our problem is not education, but the kind of men we have running education. Our problem is not the church, but the kind and quality of men we have in the church. Brook Hays represents the kind of man we need in Government, society, education, and in the church.

Sometimes, to be God's man in an hour of crisis, results in controversy and temporary setbacks. We can retire from the battle as some men do and be content with cultivating our own inner life. There is what Milton calls a fugitive and cloistered virtue that slinks out of the race where that immortal garland is to be run for, not without destiny. He might have been content, especially after his blindness, to retire within himself and write his great poems. But he flung himself into battle and helped to build an England where men were free to think and to speak.

I am convinced that this temporary defeat has already been turned into a triumphant victory for Brooks Hays because of his exceptionally outstanding ability, Christian character, and qualifications. I feel he is destined to play an important role in the future as we face the many problems that trouble the South and harass the entire world. In these days of baffling world problems and domestic problems that seem, at times, unsurmountable, let us pray that God may give us a double portion of Brooks Hays' good humor, common sense, and spiritual integrity, and that the spiritual ideal of one Nation under God, with liberty and justice toward all, may not just be something we say, but something we live, across the length and breadth of our Nation.

PRESENTATION OF SCROLL

The National Committee To Honor Brooks Hays presents to you, Brooks Hays, this scroll to honor you:

We salute you first as a human being, a very human being, whose gift of laughter has spread its clean, homely wit far and wide amoung all who know you.

We salute you as an educator, an expositor of truth, a clarifier of the complex, an inspiration to youth.

We salute you as a lawyer, who sees clearly what the rule of law can mean to a people, an apostle of constititutionalism sensitive to its new meanings in a changing age.

We salute you as a statesman. Your many terms in Congress have combined the wisdom of conciliation, and a gallant greatness in devotion to principle. A party man on appropriate occasions, at heart you have been greater than party.

We salute you as a man of courage, never more than in this day, a day which some may count a day of defeat, but which to us is a day of victory.

We salute you as a man of faith. We count this the greatest of all, because we know that it is to you of all things most precious. The love of others for you, as your love for them, knows no boundaries of creed in the consciousness of the common fatherhood of God.

EXCERPTS FROM REMARKS OF BROOKS HAYS, DECEMBER 18, 1958

On this occasion I believe I will be forgiven for speaking intimately of the most significant experience of my political life, my defeat on November 4. One of our great Americans, Walter Hines Page, said "the world is infinitely cruel but the world is also infinitely kind." It has certainly been kind to us, particulary since that election. My misfortune tapped the sources of sympathy in 48 States, for that is exactly the number we have heard from.

It has led some of my friends to the discouraging conclusion that the cause of moderation is hopeless, but I do not agree, since so much of my mail is from the South and virtually all of it is favorable. Moreover, while I am stuck with the label and will not renounce it, I am starting no new cult under that name. Moderation is not invariably a virtue. Truth is often highly partisan. And anyway, there are more precise ways of describing what we are about.

For assuming the risk of displeasing certain political powers, I have drawn occasional compliments for courage. I am reminded by them of the Cabinet member in the Norwegian Government who was commended for courage in opposing Hitler's regime. His reply was: "It wasn't courage. We just decided that a certain course of action was necessary and when the logic of the situation called for such action, the steps in that course just came in natural sequence." So I would prefer to speak in terms of the values we are defending. I presume from what is being said that my defeat might add something to that defense; if so, I would be happy. While I honor the office of Representative, I am convinced that under the circumstances the loss of my seat in Congress is not too big a price to pay.

Is there a standard to which the just and prudent may repair? There is. First, it seems to me, is an appreciation of what the rule of law means in sustaining our liberties and our property. The point does not need laboring, but the times do call for reminders that the Constitution provides a method for change and that until changed, unpopular as well as populator laws must be respected. Odium does not attach to lawful protests against statutes or decisions. Defiance is another matter.

The Federal system presents difficulties, but it is the American Way and it can be made to work. The greater and stronger power in the hands of the National Government must be responsibly and patiently exercised, and the corollary is that grievances of groups of regions must be so phrased that love of country is not obscured. The patriot and the dissenter may inhabit the same heart. Inspite of strains upon it, I believe we are on our way to recovering the strong sense of national community which has maintained us through wars and depressions. It is indispensable.

Secondly, we must have a firm commitment to the democratic tradition as expressed in our procedures and institutions. Our public school system must be preserved. Without it, the freedom that flowers from an educated citizenry would perish. James Madison put it succinctly: "Without popular education, popular government will be a farce or a tragedy, perhaps both." We know that there can be no government of and for the people without government by the people. Citizens of a racial minority who meet the qualifications prescribed for electors should not be denied a vote because of race. This, too, is basic.

There are procedural standards to be rigidly defended in attaining government by consent of the governed. I have cheerfully accepted several defeats because I acknowledge the principle of majority rule. That rule will be frustrated, however, unless the people are given an opportunity to secure and deliberate upon the facts and the issues. That is the reason we have filing dates that give candidates time to defend themselves and legal restrictions regarding the use of money and libelous material in campaigns. And throughout the structure of popular government there must be such respect for the minority that public policy is built on wisdom and justice in representative functions, not on the sophistry that the majority's judgment is always wise and best for the people. Congressional rules devised long ago have protected minority rights of every kind. I might add that if we moderates are a minority we are still conforming to our region's cherished tradition in asking that majorities not be indifferent to this principle. In the 1958 campaigning I was not trying to ride a popular idea. I was trying to popularize an idea that had become so much a part of me I could not rid myself of it if I had tried.

The third imperative is disciplined freedom. This embraces the right to maintain private schools at private expense, not as a substitute for public education but as a privilege in American life that not only adds to our cultural enrichment but helps to preserve the independence of viewpoint that makes freedom possible. This principle grants to both the proponents and opponents of proposed changes the right to organize, and their rights are not forfeited by methods and manners that are not admirable so long as they are not illegal.

Finally, there must be a due concern for the preservation of our common faith—the faith which sustains our position of world leadership. If there were not other and higher motivations we would still be inspired to bind up the Nation's wounds by the knowledge that a ruthless force is loose in the world and that our failure at this point would be exploited. The door that religion alone can open leads to a sure passageway of peace and justice.

We are really not disunited; we are merely enjoying our freedoms. One of the enigmas of modern life is that ill will looks so deceptively strong while the conquering power of compassion appears so frail. Any sectional cleavages should merely spur us on to greater exertions in building bridges of understanding and dispelling fears of antagonism. We cannot exalt a common faith without acknowledging our common humanity and resolving to attack common enemies—disease, ignorance, intolerance, juvenile delinquency, and poverty.

There are lessons in American history to support the course of moderation, notably the careers of two beloved Americans, Abraham Lincoln, and Robert E. Lee. The North understands better, perhaps in the present perspective the adulation which the South has evidenced for General Lee, and happily we have come to the place where one can point to the sentiment which Lincoln entertained for the south without a question as to its relevancy. You may have heard of the incident recorded of General Lee during the

time that he served as president of Washington College at Lexington. It is said that he was sitting on the front porch of the president's home with a neighbor one afternoon when an old man stopped at the gate. He was shabbily dressed, and when the general walked down to the gate to hand him something and returned to his chair, the visitor looked curious, so the great man merely said, "One of the boys needing a little help." "What outfit did he fight with?" the neighbor asked. "I wouldn't know," replied the general, "you see, he was on the other side."

I cannot help thinking that Abraham Lincoln intended to include southern sorrows when he spoke of the mystic cords of memory stretching from every patriot grave and battlefield to every living heart and hearthstone. He said to a friend, George Floyd, in the Quincy Hotel lobby, "I have not suffered from the South, I have suffered with the South." But the moderates of that period were not strong enough to hold the middle ground occupied by these two men who, though enemies in war, must have respected each other and were congenial in the philosophy of mediation.

I know from what I have seen and heard since November 4 that healing hands are being daid upon the bruises of ill will and human conflict and that the task of educating both sides and all sides to the alternative solutions of the problem can be accomplished. My hope is strong now that compassion will be matched by imagination in the arts of government so that our lives that are so interlocked and interrelated may be blessed and may be made secure in God's love

Mr. ANTHONY. Mr. Speaker, something that I can heartily endorse and that is reading from some of the books that Brooks Hays wrote, I have one, I keep it on my bedstand and I read it every time before I go to Arkansas to make speeches, because it is truly a wealth of information for humorous stories, but also of the power and the influence of politics on our everyday life.

The one that I think I have enjoyed telling the most is that Brooks Hays said that the nice thing about running unopposed is that you did not have to laugh when you were not tickled. Having had the privilege of running unopposed once, I can tell you that that is true.

He has so many humorous stories in that book as he intertwines his philosophy about government and the need for politics in government that I could heartily endorse and ask our colleagues to read that book.

Something else that Brooks Hays did that our older Members will realize and I only realized because I accidentally bumped into a little book that Mr. Hays had prepared and it was on the decorum that should be used in this body. At one point apparently the decorum that was used on the House floor had gotten pretty sloppy and people had quit referring to people by their proper names, and so forth, so they went to Mr. Hays and they asked if he would put this book together. I think it has such a strong historical significance, if we could find additional copies I think we ought to see if we could get it reprinted and distributed, because every now and then I think some of our good colleagues on the floor could stand a reminding from Mr. Hays and let them read his comments and maybe we could show just a little bit more courtesy on the floor. Sometimes we see our feet put up on the desks and I know the people in the galleries sometimes think that is a little bit uncouth. I will insert his speech given on this floor on July 11, 1957, at this point in the RECORD:

There was no objection.

Mr. HAYS of Arkansas. Mr. Speaker, for a number of years prior to his retirement at the end of the 84th Congress, the Honorable George Dondero, a distinguished Member of the House, followed the practice of making a brief presentation early in the first session of each Congress of some of the rules supplementing the instructions that our greatly esteemed Parliamentarian, Mr. Lewis Deschler, and his able assistant, Colonel Roy, always give to new Members. It is a little late in this session to attempt that service and I feel unequal to the task, but I have been requested to present these viewpoints, partly for the benefit of our new Members and partly as a reminder for all of us. If I overlook any of the points that are important, I hope that my colleagues will help me round out this little discussion for the benefit of the House.

During this year the House will celebrate a full century's use of this historic Chamber with the attractive surroundings which it provides, and cherished traditions are identified with it. It might be said, Mr. Speaker, that the Congress is a little older then the Government, for it first assembled under the new Constitution on March 4, 1779, in New York, and George Washington was not inaugurated until April 30 that year. Some of the Rules of the House are as old as the Congress itself, and while in contrast with some of the other parliaments of the world our procedures are simple, we have our own symbols and respected patterns of conduct.

You hve learned, perhaps, of the tremendous symbolism of the Mace. When it was fashioned by one of the world's great artisans over a hundred years ago, it required an outlay of $500, but is valued at many times that figure today. It represents the dignity and the pride of this legislative body and is held in such reverence that it is believed any threatened violence when tempers rise can be immediately allayed if the Mace is visible, and on this theory it is said on one occasion the Sergeant at Arms merely walked with it toward angry Members about to commit an affront to the House by fighting and the desired result was immediately achieved.

An old Arkansas friend of mine, Randall J. Hearn by name, regarded by many as a legendary character, although I assure you he is very much a real person, used to say "a man don't know nothing he did not learn."

I quoted that to a friend of mine recently and he quoted another saying from an Ozarkian, "no man can live long enough to learn all he has to know just to survive. Some things he must inherit from the race."

These are not contradictory statements. I think they can be reconciled. There are some things we learn by our individual experience in this body, but sometimes we have to rely on our predecessors. It is in this realm of faith upon those who preceded us that I point to the value of the traditions and Rules of the House. There is a reason for every rule we have. It is the product of our long experience in parliamentary government.

An error sometimes creeping into our speeches is to begin an address, after obtaining the Speaker's recognition, "Ladies and gentlemen of the House." This is bad practice and actually an affront to the Speaker, for when we address the Speaker we address the House, and we should never add anything to this significant phrase of respect, "Mr. Speaker." The proper beginning, of course, when we are in the Committee of the Whole is "Mr. Chairman." One can quickly ascertain whether it should be "Mr. Speaker" or "Mr. Chairman" by looking to see if the Mace is in its place.

The rules forbid a Member leaving the Chamber when the Speaker is putting a question, or is making any comment to the House. Members are expected to remain in their seats until the Speaker has concluded.

We are admonished when any Member has the floor never to walk between him and the Speaker or in front of the person having the floor. Smoking in every part of the Chamber is prohibited specifically, and I believe it is true that the enforcement of this particular rule is made the specific duty of both the Sergeant at Arms and the Doorkeeper, so I presume no one should be embarrassed if either one of these House officers calls attention to an infraction.

As to dress, apparently the Congress long ago abandoned any thought of special garb. That was wholesome. However, a coat is always required and the wearing of a sport coat or sport shirt is not proper.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I am interested, as a matter of courtesy, how you address a woman elected to Congress. Is she a gentle lady, a gentlewoman, a Congressman, or a Congresswoman?

Mr. HAYS of Arkansas. The proper way to address a lady Member of the House is "The gentlewoman from Pennsylvania," and not "the lady."

Mr. FULTON. Does the gentleman not think in courtesy we ought to let a lady answer that? I mean, at this point.

Mr. HAYS of Arkansas. I will be glad to yield to any gentlewoman of the House who might care to correct me if I am in error. I assume, in view of the silence, that I am correct in calling her the gentlewoman. I believe I have good authority for this.

Mr. FULTON. It is correct, then, to call them Congresswomen?

Mr. HAYS of Arkansas. The more acceptable practice is to use the same title for both men and women, "Congressman." I am speaking as if I am an authority. I am not. And even experts may disagree. I heard a story the other day about a lady sitting next to a man at dinner who said to her, "Are you Mrs. Post?" She said, "Yes." He said, "Mrs. Emily Post?" She said "Yes." "Well," he said, "Mrs. Post, you are eating my salad."

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Ohio.

Mr. VORYS. Upon this perplexing question as to how to address a female Member of the Congress, could the gentleman give us the views of Randall J. Hearn? A number of us have followed the philosophy of Randall

J. Hearn as expounded by the gentleman from Arkansas for a number of years, and if he has any conclusion on this subject, it would certainly be compelling with me.

Mr. HAYS of Arkansas. My friend, Randall Hearn, appreciates being mentioned. The gentleman from Ohio will recall that the census enumerater sought to obtain information from him. He asked him how to spell the name and old gentleman replied, "Spell it yourself, stranger. I'm a nonscholar."

I am attempting, Mr. Speaker, in this interlude, which was inspired by my friend from Pennsylvania, to be as informal as the rules permit.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from North Carolina.

Mr. JONAS. Whether we can all agree upon the proper way to address them, I believe most of the male Members of the House will agree with the sentiment expressed by the law student when he was asked to respond to the question, How would you define the term "fee"? He was a better poet than lawyer, and responded thus: "There are fees simple, and simple fees, and fees that do entail; but the greatest fee of all the fees is the female."

Mr. HAYS of Arkansas. Mr. Speaker, I think probably the interruption was justified, and it is a very good demonstration of how the House is entitled to cling occasionally to these moments of relaxation in the midst of serious deliberation, and I trust that the laughter that we have enjoyed will not detract from the points I am trying to make for the new Members.

Let me move quickly to one or two other points. It is never proper to say "you" in addressing another Member nor should his first name ever be used. It is always "the gentleman from Wyoming, the gentleman from Alabama."

One must always stand to object to any unanimous consent request and, of course, address the Speaker before voicing the objection. Anyone who wishes to interrupt a Member should always rise and first address the Chair—"Mr. Speaker, will the gentleman yield?"

I point this out because we have lapsed into very bad practice. Sometimes, there is just a quick verbal thrust, in the middle of a sentence, before the one having the floor has come to a period, or even a semicolon, and sometimes we hardly wait for a comma; we just say, "Will the gentleman yield?" On occasions that is omitted. The proper procedure is to rise and say "Mr. Speaker, will the gentleman yield?" I hope Members will forgive this rather didactic approach, but this was my assignment and I am doing the best I can with it.

Reference to a bill should always be by number, preceded by "House bill" or "H. R." A resolution should always be called a resolution. There is no such word as "Res." Committees should be given their official name—the Committee on Rules, not the Rules Committee; the Committee on Appropriations, rather than the Appropriations Committee.

I am indebted to another former Member, the Honorable Charles A. Plumley, of Vermont, for some of the information included in these remarks, and members who are interested in pursuing some of the fine points of procedure will find his speech on May 5, 1950, a very helpful document. It was published as House Document No. 601, 81st Congress, 2d session.

To our guests in the gallery this may appear to be a little family discussion and that is what it is. It is an intimate talk that we are having about good manners, and it is inspired by the fact that we want them to think well of us. We want to guard our reputation. We have in the gallery not only constituents and friends, we have visitors from other nations. We therefore occassionally remind ourselves that it is not good manners to put our feet on the back of the chair in front, that it is not good manners to read a newspaper, that we should not engage in prolonged or audible conversation when someone has the floor.

Mr. Speaker, you have been very kind to hear me and I am grateful for this courtesy. I am sure that our new Members have already acquired the spirit of reverence for this Chamber and this institution. The hall of the House of Representatives which we now occupy is 100 years old. This is the centenary of the establishment of this Chamber as our meeting place. Many distinguished predecessors rendering outstanding service as Members of the House, including all three of our martyred Presidents.

In the original House Chamber, a Representative from Massachusetts, John Quincy Adams, returned after 4 years as President to exhibit his interest in the Republic's legislative procedures. It is said that when Robert E. Lee became president of Washington College at Lexington, Va., now Washington and Lee, he caused to be included as a preface to the rules for his student body this simple injunction: "This college expects each of its students to be a gentleman."

I suppose that rules would be of little value if we did not stress this fundamental rule. And in that connection, Mr. Speaker, may I add, in conclusion, this word of appreciation of our fine, new Members. I think they are doing a good job of being gentlemen.

Well, Congressman Hays has been a leader in the past in trying to bring some proper decorum to this House body. I think we can also thank him for that.

One other story that I had another Member of Congress tell me that I thought was pretty interesting, too. There became a very heated debate on the House floor and it looked like it was becoming very devisive and looked like maybe it would lead to blows; so they went out and asked Brooks if he would come and take the well and see if he could not calm things down. He came in and told about an old coon dog in the State of Arkansas and by the time he got through telling that story, he had all the Members on the House floor laughing. That relaxed them and they got back to orderly procedure; so he was a man that could take humor, work it into his speeches, work it into his everyday life so that he could relax people, but at the same time with that subtle wit and humor that he had he could also really describe and give you some principles and goals that I think are very worthwhile in trying to dedicate our lives to upholding and keeping in the game of politics.

I commend the gentleman for taking the opportunity to have this special order. I appreciate the opportunity to be able to participate.

Mr. BETHUNE. Mr. Speaker, I certainly thank the gentleman for participating. There are other Members who could not be present and who wanted to participate, but they join us in spirit and have inserted their remarks into the RECORD today.

I speak of the gentlemen from Missouri, Arizona, Massachusetts, and Wisconsin, and of others all over the country.

I see the distinguished gentlemen from Texas is here. I yield to the gentleman.

Mr. GONZALEZ. Mr. Speaker, I thank my equally distinguished, if not more, Member of Congress and thank the gentleman for giving us the opportunity to dwell on and to memorialize a truly great American.

By the time I came to the Congress in 1961, Mr. Hays was no longer a Member; however, we were contemporaries in a fight that cost him his job as a Congressman from Arkansas, at least from the reports we read in Texas at the time and those that have since confirmed that.

The reason that Brooks Hays lost the reelection bid for his seat in the Congress was that he had stood up on a very devisive issue, particularly in that jurisdiction as in mine at the time in the State Senate of Texas. It is just as if I had known him and had served with him.

Then, of course, subsequent to my coming to the Congress in 1961-62, I had the pleasure and the high honor to have met him, not intimately, but rather casualty, but did get the chance to finally meet a man that I had long admired since 1957 back in Texas.

While he was in the Congress, I was in the State Senate of Texas and both the State of Texas as well as Arkansas was convulsed in the great social and political revolution that was enveloping the land.

I think that typical of what our country is all about is the rise to the occasion of such great men of conviction, moral and physical bravery and courage, as Brooks Hays because it is impossible to evoke the world as it was in 1957 in words. It is impossible to evoke a world long gone into history in almost any other respect, because events in today's world are so telescoped, they are so hard and fast on the heels, one following the other, that just what happened 1 year or 2 or 3 years ago is almost ancient history to us. To try to evoke what the position taken by Congressman Hays at the time and what the odds obviously were is impossible to evoke at this time. Nevertheless, the record should reflect it, because we are talking about a world before the name, for example, of Martin Luther King was even men-

tioned or heard of in Texas or Arkansas.

We forget these things. We forget, though, that the struggle in the so-called massive resistance kit of laws that circulated, that emanated from our neighboring State of Virginia and they circulated in all the 11 former Confederate States; in only 1 State were they debated and that was in the State of Texas, in the Texas Senate; but in the State Legislature of Arkansas, for example, all 16 bills were passed in 15 minutes.

That was true in almost I guess without exception every other one of the Confederate States. It was a massive kit of resistance to the so-called integration efforts and the Supreme Court decisions that were being handed down, those handed down and some anticipated.

It coincided with my going to the Texas State Senate that year for the first session in my stint as a State senator. I found myself involved in what turned out to be the recordmaking filibuster and therefore the defeat of 14 of 16 of those bills in the first part of the session. That was in May 1957.

Then came Little Rock in 1957 in September and the Governor of Texas called a special session for October, because Texas was going to have an anti-troop bill to prevent in Texas what happened in Little Rock; so this is how the tide of emotion was so strong in those areas that were not only surrounding, but neighbors of Arkansas and the State of Texas.

I can recall that the same thing was said about the role some of us played, not in May; in May it was like a lark. Everybody said it was kind of cute, but after Little Rock the whole situation changed and there were very few getting up in the special session to even speak out.

Where some had joined us in May, we had none joining us in October 1957; so that subsequent to then and after having heard all of the dire things that were going to befall, everybody in my home district said it was political suicide.

I did not think so for one simple reason and that was that I felt that the average American citizen, no matter what his color was, was not as he was being assumed to be and that there was a responsibility to speak out, because I had gone through a similar occasion just 3 years before on the City Council of San Antonio, an identical situation to which developed in Little Rock, Ark., later; the difference being that there was one present, at least in an official capacity, that did raise a voice in San Antonio. This was not the case in the city council or the school board in Little Rock, but when it came time later on and the issue had to be addressed by all of the legislators on the national level from Arkansas, it took a great deal of courage that is hard to describe, hard to measure and impossible to get the dimensions of it for a man like Brooks Hays to stand up and fight, because he was a realistic man. He knew how to define the size of the threat; whereas I could even assume, being an amateur as I was as a politician, it was either ignorance or some misjudgment on my part, which fortunately did not turn out to be that way; but I did not have to stand for reelection the next year or the following until 2 years later. Mr. Hays, did, and Mr. Hays, nevertheless, realistically minded as he was, knew what the odds were and he calculatingly made his decision as a man of such strong, fervent, moral conviction that he stood firm when it was a matter of conviction.

I think this is what motivated the majority of Americans. We have been pictured as a racist nation. I think it is a harsh and untrue and unjust judgment; not that I am denying that there is injustice, after all, this is a human society, it has its faults, but the great thing that is reflected in memorializing a man of the heroic stature of Brooks Hays is that it epitomizes in one person what America is all about, that surely it is a flawed society inasmuch as humans are not perfect; but the great essential, the thing that is always overlooked by these hasty judgments in which fascile judgments are made about American society and, American citizens is that we have and have managed to preserve the liberty and the freedom to correct those injustices. We have the freedom and right to redress injustices.

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That is the vital thing; whereas, today, how many years later, 24, it looks as if it is a moot issue. It is almost impossible to take that dimension of the stature of Brooks Hays unless we make note of these things. And this is the reason that I have imposed on the gentleman's time, because I feel that having been a party to the knowledge of these facts, they should be spread on the record.

Mr. BETHUNE. I thank the gentleman for his contribution. His recollections not only give dimension to our discussion here today, but it proves just how broadly Brooks Hays' influence has been felt.

Mr. HIGHTOWER. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the distinguished gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. I thank the gentleman from Arkansas for yielding.

Mr. Speaker, several weeks ago while browsing in a Capitol Hill bookshop, I discovered a new book entitled, "Politics Is My Parish," which was described on the cover as an autobiography of Brooks Hays. I did not know that Brooks had written an autobiography so I quickly grabbed it and made a purchase. When I got back to the office I called him at his home in Maryland and told him of my discovery and that the only way that I could justify in my own mind spending $20 for a book about him would be for him to come by my office and autograph it. Brooks chuckled in his own characteristic way and promised me that he would be by in a few days, and that we needed to have a visit anyway and that he would be looking forward to the occasion. Less than a week later I learned that Brooks had passed away. I knew that I had lost a good friend.

I first became acquainted with Congressman Brooks Hays in 1953 when I heard him speak to a church group. As a Baptist, as a Democrat, and an officeholder, I identified with him immediately and completely. He became a role model for me in a special way. From that day I followed his career with intense interest.

The news of his defeat for reelection was a great shock and disappointment but I also knew that Brooks Hays was bigger than any office the people of Arkansas or any State might have to offer, and that we would still have the benefit of his service.

His career from the time he left Congress for the balance of his life was one of service, and was in every way consistent with his character that had been demonstrated so beautifully in his public life.

On the last page of his auto-biography, which is really his valedictory, we find these words:

In my own adjustment I am helped by recalling the contents of a telegram from Bill Bolton, a member of our New Orleans Baptist Seminary faculty at the time of my 1958 defeat, growing out of the Little Rock integration crisis. I looked at the orchid-bordered message on a congratulatory form and thought "this poor fellow has misread the returns. He thinks I was reelected." But he had not misread the news. The wire read: "Jesus constantly made the point that we gain by giving, we win by losing, and we live by dying. Congratulations on your victory."

Those are not hard lines to live by. They are the guidelines of happiness and peace and the hope of this world under whatever name they be proclaimed. In the belief that my defeat was a partial atonement for all of my mistaken judgments, and acts of weakness, I am among the happiest of defeated candidates. And with what I believe is a rational interpretation of the telegraphed words, I will try to think in terms of gaining, winning, and living, and will carry with me to the end the words of my father, who at age eighty-five said, "A man's dreams should not die 'til he dies."

Congratulations, Brooks, on your victory. Hard-won victories are always the sweetest and yours must be especially sweet. I must disagree, however, with the comments of your father that "a man's dreams should not die 'til he dies." When a man dreams big dreams and gives a lifetime to making those dreams a reality, they do not go

to the grave with him. There are others still here, and I believe some, even Members of this body, who would consider it an honor to pick up just a little bit of the gigantic load that you carried, and work to make reality just a little bit of the big dream that you dreamed.

Mr. BETHUNE. I thank the gentleman for his participation.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Texas.

Mr. PICKLE. I thank the gentleman for yielding.

Mr. Speaker, many of us in Congress today never had the opportunity to actually serve with Brooks Hays. But through his record, and through association with him in his many other endeavors, we knew him as a good man, a courageous man, a man who stood up to the ugly racism of his time—and willingly sacrificed for his idealism.

In eulogizing him, it is only proper, I think, to tell a couple of Brooks Hays stories. It is the best way I know to capture the flavor of this man who served his country with such wisdom, compassion, and foresight.

Now, it seems that back in Mr. Hays home State of Arkansas there was once an old farmer, by the name of Hank, who had run afoul of the law. Poor Hank was convicted of armed robbery. The police never found his gun, and Hank always maintained his innocence, but they sent him up the river anyway—on circumstantial evidence.

Hank had not been in prison long before he received a mournful letter from his wife. "Sweetheart," she wrote him, "I don't know how me and the kids can get by without you. We don't know what to do around the house. Why, I don't even know when to plant the sweet potatoes in the garden."

"Honey," Hank wrote back, "I'm sure sorry about all your loneliness. And I'm sorry about the kids. But whatever you do, don't go digging in the garden. That's where I hid the gun."

Naturally, Hank's letter was intercepted and read by the sheriff, and next morning there were half a dozen burly deputies hoeing and digging up every foot of that garden looking for that gun. That was when Hank wrote his wife. "Honey," he said, "now's the time to plant the sweet potatoes."

Mr. Speaker, I have told that story many times, and sometimes even given Brooks Hays proper credit for it.

Brooks Hays also used to tell the story of a man who served as Governor of Arkansas. He was a good Governor, for the most part, but he developed a reputation for his love of wine, women and song—especially the first two.

On the campaign trail next election, the Governor appeared in a church where he was to debate the other candidates in the race, a customary campaign procedure in those days. When his turn came, he stepped up to the pulpit and spoke movingly for a half hour or more on all the good things he had accomplished during his term for the people of Arkansas. After he was done, a women stood up in a pew about halfway back for a question.

"We know how you stand on the issues, Governor," she said. "What we want to hear is an explanation of all these rumors that raw liquor and wild women are often seen in your governor's mansion. Just what do you have to say to the good people of this church about these . . . Is it true?"

The Governor stepped up to the pulpit, leaned over toward the woman and said in a clear voice, "Pray for me, sister."

Well, Mr. Speaker, Brooks Hays could have answered such a question easily, because he never did anything in office that was not a matter of high conscience. Now, I suppose we could offer to pray for Mr. Hays today, but in truth, Mr. Speaker, we all know just where he is. So instead, maybe we should pray that he puts in a good word for all of us.

I pay my respects to one of the most delightful, wholesome, deeply religious gentle spirits of our time—the beloved Brooks Hays.

Mr. BETHUNE. Mr. Speaker, I thank the gentleman.

Nothing would please Brooks Hays more than to know that as we come to the close of the special order we closed it with a couple of his favorite tales, and they were told by the gentleman from Texas pretty much in the way that Brooks would have told them had he been here.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding.

Mr. Speaker, I appreciate, first of all, our colleague taking this time so those of us whose service goes far enough back to have served with Brooks Hays, briefly though it may have been, have a chance to express our feelings about what a fine contribution Mr. Hays made.

My colleague from Texas and others have already indicated, and it is hard to duplicate, the tremendous sense of humor and good sense of humor that Brooks Hays brought to this House, and was able to make points time and time again in the legislative battles that very way.

But I think also, and I am sure it has already been mentioned, that many of those having served with Brooks appreciate the time and effort that he put forward to make sure that we had a prayer room in the Capitol. He devoted a tremendous amount of time to making sure that that room was set aside and in a very appropriate way it was done, additionally he did not quit until that effort was completed.

I think that so many of us want to remember that major contribution that he made, in a way that he will be remembered as somebody who always brought a sense of the importance of spiritual values as they relate to our work here.

Mr. Speaker, I thank my colleague.

Mr. BETHUNE. Mr. Speaker, I thank the gentleman.

One thing we all know about Brooks Hays is that he never quit on anything.

Mrs. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the distinguished gentlewoman from Louisiana.

Mrs. BOGGS. I thank the gentleman so much for allowing me to participate, having this special order so that we have an opportunity to say a fond farewell from these Chambers to Brooks Hays.

Mr. Speaker, I suppose Brooks was one of the finest Members this body has really ever had. He was the perfect person at the art of being able to disagree without being disagreeable.

The stories that the gentleman from Texas has just related are just a few of his repertoire of many stories he was able to tell, not only to make a point, but oftentimes to relieve an uncomfortable situation. I think it is very fitting that they are part of whatever would be considered his obituary in this House. He was probably the most joyful Christian I have ever known, and he was able to relate his joyfulness and his perfect harmony with nature and with his fellowman, a harmony that he achieved because he was in perfect harmony with his Creator. He was able to really bring all of this to his public life, his life as a public servant, because he really felt that he was a servant of the people and of his Creator.

Hale, my husband, and I were so close to him and to his beautiful wife, and we know how much she is going to miss his remarkable, sparkling personality. We extend to her our love and our sympathy, but also our congratulations on having been able to be such a good partner to such a remarkable man.

Mr. Speaker, I thank the gentleman.

Mr. BETHUNE. I thank the gentlewoman from Louisiana, especially for her mentioning Marian, Congressman Hays' wife, whom he fondly referred to so often as "Little Manager."

Well, Mr. Speaker, this is not the last that will be said or thought about Brooks Hays here in this Chamber. His memory will live forever, because of his many stands for principle and for the rule of law woven securely into

the fabric of this institution that he loved so much, the people's House.

● Mr. ZABLOCKI. Mr. Speaker, it is a high honor and rare privilege to join my colleagues in paying tribute to the late Brooks Hays, whose distinguished career as a professor, a legislator, a diplomat and a statesman, like the man himself, made a large and lasting impact on this Republic, as well as the national conscience.

Brooks Hays has been aptly recalled by the Washington Post as:

> A gentle, preaching man who raised his voice for racial moderation in his native South and for foreign aid for the less fortunate of the world.

He displayed a rare combination of courage and gentleness, determination and yet willingness to engage in realistic compromise; seriousness of purpose but with a sense of humor delightful to all who knew him.

Brooks served on the Committee on Foreign Affairs from 1951 until 1958 and will always be remembered as one of its most influential and active members. Some of his reminiscences of that period are included in a book which was published last summer, entitled: "Politics Is My Parish." Just recently, in fact, Brooks sent me an autographed copy of that work, which recalls a study mission we both undertook together to West Germany, including a memorable meeting with then-Chancellor Konrad Adenauer. These memoirs, like its author, provide much humorous commentary and characteristically, even more wisdom. I commend them to my colleagues' attention.

The public career of Brooks Hays, as well as his private life, reflects his personal involvement in many of the major national and international issues of our time: He was a leading advocate of emergency aid to Great Britain after World War II; an avid and articulate proponent of the Truman Doctrine, which laid the groundwork for assistance to Greece and Turkey; and a consistent supporter of funding for the United Nations Relief and Rehabilitation Administration.

His many domestic accomplishments are equally well known, ranging from his fight against segregation to his activities as a religious leader. Much more could, and undoubtedly will, be said about the role of this great man in our national life.

The legacy he leaves to all of us in this Chamber, however, is his conviction that politics cannot only be one's "parish," but above all, a most honorable profession.

To the family of Brooks Hays, and to his many friends and admirers around the nations, I extend my deepest sympathy.●

● Mr. BEVILL. Mr. Speaker, like many of our colleagues, I am honored today to pay tribute to a man who was a very dear friend, the late Brooks Hays, former Representative from the old Fifth District of Arkansas.

Throughout his life, both in and out of Congress, Brooks Hays showed that he was truly a talented, dedicated, compassionate, and highly principled man.

I had the privilege of attending numerous congressional prayer breakfasts with Brooks, and of maintaining close contact with him even after he left Congress. In fact, I can personally testify that his concern for our country did not end when he left Congress. He continued to maintain a keen interest in affairs of state. He also worked hard to establish the Former Members of Congress Association.

Only a day or two before his death, Brooks had called and asked me to meet with him over lunch the following week. I am sad that I did not get the opportunity to have one last meeting with Brooks, but, like all of us, I feel privileged to have known him.

We all shall miss him.●

● Mr. RODINO. Mr. Speaker, I am pleased to have the opportunity to say a few words of tribute about my dear friend, the gentleman from Arkansas, Brooks Hays. While he preceded me to the House by 6 years, I had the pleasure of serving with him for 10 years. I found him to be a man of great firmness, yet prevailing kindness, of strong convictions, yet with a real willingness to compromise, a man of the South who yet represented the best in the national interest. This gentle man had great warmth and a remarkable sense of humor that made him an outstanding public speaker. A man of deep religious convictions, he was elected president of the Southern Baptist Convention in 1957, while serving in the House, but he never wavered in his dedication to the doctrine of the separation of church and state. He was also a man of great modesty. He loved to tell the story of how our mutual colleague at that time, Eugene McCarthy, came up to him on the floor and said:

> Brooks, now that you're President of the Southern Baptist Convention, I'll bet you're a whole lot more congenial to the doctrine of Papal Infallibility.

His audience with Pope John and Pope Paul did much to promote the cause of better Baptist-Catholic relations in the world. His religious devotion was well demonstrated by his long and ultimately successful effort to create a prayer room in the Capitol, where Members of all religions could go for a few moments of quiet reflection.

Brooks Hays was a courageous champion of human rights, but he shunned ostentation, so that his quiet courage often went unsung. But make no mistake, it took great courage for a Southern Congressman to support home rule for the District of Columbia in the 1940's. Going back to the 1920's, he and his father were among the few persons of stature in Arkansas bold enough to defy the Ku Klux Klan, a stand that cost his father a seat in Congress. After Harry Truman's election in 1948, Brooks Hays offered the "Arkansas Plan" designed to build bridges of understanding between North and South, between black and white, by proposing legislation to repeal the poll tax, to guarantee integration of the armed services, to ban lynching, and to create a fair employment practices commission. In short, the humble man from Arkansas did not flinch from recommending steps that would jeopardize his political security. Is it any wonder, then, that 8 years later he risked his seat in Congress to support the rule of law in Little Rock when segregationist passions were at their peak? There were those of his colleagues from the North who thought he could do more, and who did not believe him when he pointed out how serious the situation was. After his defeat in 1958, he was asked to appear on "Face the Nation." His remarkable gift of humor was again in evidence when he commented that he felt like the hypochondriac who had put on his tombstone, "I told you I was sick."

Mr. Speaker, with the death of Brooks Hays, I have lost a dear friend and the Nation has lost a great statesman, a great humanitarian, and a truly gentle man whose contributions to our national welfare will make his place in history secure. My condolences to his wife, Marian, and to his family, but perhaps I can comfort them by reminding them that he will live on in the memories of all who have been blessed by having known him. It has been said that heaven is a more joyful place today, now that Brooks Hays has arrived.●

● Mr. HOYER. Mr. Speaker, on this day set aside to honor Brooks Hays, I wish to share my admiration for a great man who was deeply committed to the principles of freedom in America.

Brooks Hays began his career as an attorney in his home State of Arkansas. After serving in the U.S. Army during the First World War, he was attorney general of Arkansas from 1925 to 1927 and held several other positions at the State level before being elected to the 78th Congress in 1942.

Brooks Hays was a man whose concern for civil rights exceeded those for himself. At a time when the cause of civil rights was an unpopular issue, he fought long and hard, and rightly so, for public school integration. Unfortunately, it was because of this effort that he was defeated before his ninth term. His defeat, however, did not mean his opponents' policies would be upheld. Largely due to Hays' efforts,

President Eisenhower blocked attempts at segregation of schools.

Brooks Hays will probably be most remembered for his religious devotion. His faith, and deep commitment to freedom and justice, took him from a Baptist Church in Russellville, Ark., where he served as a deacon, to the presidency of the 10 million member Southern Baptist Convention. He served as the convention leader from 1957 to 1959 and his faith proved to be the guiding force behind his entire life.

As one of his many contributions to Congress, Brooks Hays authored the resolution to establish the congressional prayer room. This chapel still remains in the Capitol for a single purpose:

To provide a quiet place to which individual Senators and Representatives may withdraw a while to seek Divine strength and guidance, both in public affairs and in their own personal concerns.

After leaving Congress, Brooks Hays continued his humanitarian efforts. He was a Director of the Tennessee Valley Authority, a member of U.S. delegation at the United Nations, an Assistant Secretary of State, and special assistant to Presidents Kennedy and Johnson. During Johnson's administration, Hays went on part-time leave from the White House to commute to Rutgers University to lecture on politics. President Johnson reluctantly agreed to this division of time so that Hays "might share the with students his lifetime experiences as a Christian in public service."

In today's society it is rare we should come across a man who personified so many altruistic and humanitarian characteristics. Brooks Hays' unique style combined a forceful personality, a deep faith in Christianity, and intellectual prowess that has provided a real inspiration to us all.●

● Mr. ADDABBO. Mr. Speaker, I would like to take this moment to join my fellow colleagues in the House of Representatives in paying tribute to former Member of Congress Brooks Hays, a fine public servant to Arkansas and the Nation who passed away October 11, at the age of 83. A man of great integrity and wisdom, along with a charismatic personality all his own, his work on behalf of our country will long be remembered.

As a Member of Congress for 16 years, Brooks Hays distinguished himself as an articulate individual who never let the desires of a special few take precedence over the needs of the many. A deeply religious man, he was instrumental in establishing the congressional prayer room, a sanctuary many of us have often utilized.

For many who have served in Congress and departed, taking leave from "the Hill" often means returning to the less hectic and less challenging world of private life. Not so for Brooks, a man of energy who in his post-Congress years continued to serve the public as an assistant to both Presidents Kennedy and Johnson, utilizing his knowledge of Congress and of the myriad of issues facing the United States in the 1960's.

To his wife and family I extend my heartfelt condolences on their loss, a loss shared by a nation which appreciates all that he did for it. In this time of sadness they surely must be sustained by the memory of his lifetime and numerous achievements, as well as by the respect in which his memory is held by those fortunate enough to have known him.●

● Mr. ALEXANDER. Mr. Speaker, Brooks Hays labored nobly at the forge of democracy with wit, wisdom and courage. Plutarch could have had men and women like Brooks Hays in mind when he wrote:

Courage stands halfway between cowardice and rashness, one of which is a lack and the other an excess of courage.

As a man of moderation whose actions won him national acclaim, Brooks Hays preferred to think of them "in terms of the values we are defending." He was a bridgebuilder and it was his efforts to bring rationality and points of understanding and cooperation to the civil rights storm swirling around Little Rock schools in 1957 that cost him the seat in Congress he had held for 16 years.

Brooks Hays was a man of religion and after his 1958 general election defeat by a write-in candidate, which he admitted left him hurt and bruised, he told a Baptist minister friend, "These trials are only a test of your faith."

A tireless raconteur, almost without peer, Brooks Hays did his work in Congress, and afterward as an adviser to Presidents and Cabinet members, with a witty use of the lessons to be learned from his beloved Biblical and downhome stories. For instance, when his friend Dean Rusk, as Secretary of State, was depending on his staff to do some chore here on Capitol Hill, Brooks Hays, as his Assistant Secretary of State for Congressional Liaison, urged that Rusk do the job himself quoting to the Secretary, as backing for his argument, the following Biblical passage:

Jacob leaned on his staff and he died.

Secretary Rusk came to Capitol Hill.

Brooks Hays was generous and tireless in sharing the knowledge garnered during his years in Congress, in the executive branch, and as a leader of his church, which he had served as vice president and president of the Southern Baptist Convention.

He was ever ready to talk with colleagues and former colleagues in the Congress. He worked as adviser to Presidents John F. Kennedy and Lyndon B. Johnson. He lectured at Rutgers University, the University of Massachusetts, and North Carolina State University.

And, he became an author. His book "A Hotbed of Tranquility" gathered together many of the humorous political stories he had used over the years to make his points in discussions and debate. "A Southern Moderate Speaks," set out his view of the Little Rock school crisis and the role he took in it in the 1950's. "The Baptist way of Life," which he wrote with John M. Steely, grew out of his own religious experiences and the teachings of his church.

And, in the last summer of his life, Brooks Hays saw published his autobiography, "Politics Is My Parish."

Death last month stole this gigantic human spirit from our midst, but it leaves undimmed the legacy of compassion, generosity, humor, intelligence, rationality, sensibility, tenacity, and wisdom Brooks Hays accumulated for our Nation's people and for those in all nations where freedom is honored.

This legacy is a monument that environmental elements cannot erode. It is a challenge people, whatever their age or condition, would do well to strive to successfully meet.●

● Mr. BARNES. Mr. Speaker, I am pleased to join the members of the Arkansas delegation to honor Brooks Hays, a distinguished former Member of this body. Until his recent death, Brooks Hays was one of my constituents in Montgomery County, Md., and I had met with him and talked with him on several occasions.

Brooks Hays was best known for his courageous stance in favor of justice and reason in the Little Rock school desegregation dispute which cost him his seat in the 1958 election. He subsequently continued his career of public service, and was well known as a humorist and raconteur. He was the author of several books, including "Hotbed of Tranquility," of which I am proud to own an autographed copy.

But above all, he was a true profile in courage, a bridger of the gaps between the various races, religions and regions of the world. Following Oliver Wendell Holmes' advice, he attuned himself to the "action and emotion of his time," with the result being the respect and admiration of his colleagues and his countrymen.

Mr. Speaker, I submit the following editorial from the October 14, 1981 edition of the Washington Post:

BROOKS HAYS

("I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending. . . . The patriot and the dissenter may inhabit the same heart. We are not really disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding.")

What Brooks Hays did not recognize about himself—that he was a man of extraordinary courage—was never more nationally apparent than when he exerted himself fearlessly as a builder of those "bridges of understanding" in 1957—a southern congressman who stood up for racial moderation in the thick of a bitter clash over the desegregation of Central High School in Little Rock, Ark. Mr. Hays, who died Monday in Chevy Chase at the age of 83, knowingly risked—and then suffered—political defeat the following year at the hands of a segregationist write-in candidate. But he never lost the respect of all who appreciated his promotion of good will, his sponsorship of humanitarian causes and his contributions to public service.

For 16 years before that defeat, Mr. Hays had represented the people of the 5th District of Arkansas with an unflagging commitment to racial understanding. When the then-governor of the state, Orval E. Faubus, ordered the Arkansas National Guard to block school desegregation, President Eisenhower responded by ordering U.S. troops to enforce desegregation orders. Mr. Hays arranged a meeting between the two and, though it proved fruitless, continued to speak out, refusing to yield to transient passions if it meant deserting his convictions.

His compassion extended to people everywhere—around the world, through his support for foreign aid, for UNRRA and aid to postwar Great Britain—and right here in the District of Columbia, through his early and vigorous support for home rule. In 1949 Mr. Hays made a special appeal for the District, in an unscheduled appearance before an Arkansas Democratic colleague who headed the House District Judiciary subcommittee and who opposed home rule. "You would get democratic government," said Mr. Hays, "and you would prove to the world that we really believe in government by the consent of the governed."

Mr. Hays was also a relentless raconteur whose anecdotes, yarns and jabs at himself knew no match. A deeply religious man, he once explained that he was a "great believer in ecumenism" because "the evils in the world are too much even for the southern Baptists to deal with."

We said it once in this space 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University, and we repeat it now: He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.●

● Mr. McCLORY. Mr. Speaker, I am grateful to have this opportunity to pay final tribute to one of the great Americans of our time, former Congressman Brooks Hays of Arkansas.

It was my special privilege to become well acquainted with Brooks Hays after my election to the Congress in 1962. Generally, I met Brooks Hays at the meetings of the House prayer breakfast group where he was in regular attendance until the last few years.

A man of great spiritual strength and a political idealist whose principles always rose above partisanship, Brooks Hays had a profound respect for his fellow man without discrimination as to race or color or other such surface characteristics. As a Member of Congress from 1942 to 1958, Brooks Hays stood firm in behalf of school desegregation in his congressional district and in his native State of Arkansas at a time when that emotional issue rose to the point where President Eisenhower assigned Federal troops to protect minority students attending the Little Rock, Ark., schools. It is reported that Brooks Hays' political demise resulted from his tenacious adherence to the principle that discrimination in education on the basis of race could not be tolerated.

Mr. Speaker, notwithstanding his defeat for reelection to the Congress, Brooks Hays pursued a career in public service which included positions as an assistant to the President in the John F. Kennedy and Lyndon Johnson administration, a delegate to the United Nations as well as a member of the Board of Trustees of the Tennessee Valley Authority. Brooks Hays also imparted his expertise as a public and political figure by service as a professor of political science at Rutgers University and at Wake Forest University.

Mr. Speaker, in recalling the life of Brooks Hays there are many reasons for rejoicing. I am sure that Brooks Hays would like all of us who knew him to remember his great sense of humor, his ready bon mot which he provided on every appropriate occasion. Indeed, at our prayer breakfast meetings it was customary to include Brooks Hays as a part of the program to supplement the remarks of our chaplain and our discussion leader. Invariably, he would delight us with a story which would induce a chuckle and which each of us could find appropriate to repeat in our respective congressional districts.

Mr. Speaker, I join in this honor to Brooks Hays with great respect for his memory and in tribute to his manifold contributions to our Nation and its citizens. As one citizen, and as a Representative of the more than 500,000 for whom I serve in the 13th Congressional District of Illinois, I sense a deep appreciation for all that Brooks Hays meant to me and to others. His love, his humanity, his spiritual strength, and his individual devotion to mankind mark Brooks Hays as one of the great men of our time and as a beloved individual whose life and deeds touched and benefited us all.

To the bereaved family I extend my heartfelt sympathy.●

Mr. BETHUNE. Mr. Speaker, I yield back the balance of my time.

APPOINTMENT OF CONFEREES ON H.R. 4331, OMNIBUS RECONCILIATION ACT OF 1981 AMENDMENTS

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to clause 1, rule XX, I move the direction of the Committee on Ways and Means to disagree with the Senate amendment to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act, and request a conference with the Senate thereon.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 1 hour.

Mr. ROSTENKOWSKI. Four years ago, members of the Ways and Means Committee came to the House floor with a social security financing bill that demanded rare political courage. Faced with imminent insolvency of the trust funds, we asked the Congress to vote for a payroll tax increase and significant benefit cuts. We virtually promised this House that those amendments would restore the financial stability of the trust funds—and even show a surplus—in the next 25 years. We reckoned that our proposals would eliminate about four-fifths of the long-range deficit over the next 75 years. That is what we thought 4 years ago. That is what the finest actuaries in the country thought. That is what the elderly and the workers of this country thought.

Well, we were all wrong.

We misjudged the extent of the economic stagnation. We did not anticipate the high rates of inflation that triggered historically large annual cost-of-living benefit increases. Unemployment also rose higher than all projections, cutting tax revenues into the trust funds. The dilemma that we face today is the dilemma that we have faced in the past: Benefits are simply outstripping revenues. And it is happening rapidly—too rapidly not to respond immediately in some way.

Long-range restoration of the social security system rests on one—or a combination of—tough alternatives: reduce benefits, raise taxes, or borrow from general revenues—thereby raising income taxes or the Federal deficit. In a perfect world, we might well cloister the Ways and Means Committee for much of the coming year to shape a new financing formula that would reorder the social security system for decades to come. Unfortunately, we do not live in a perfect world.

At no time in recent memory has economic performance appeared less certain. Unemployment and inflation are once again on the move. Growing pressure for significant alterations to present budget and tax policy is likely to keep the Ways and Means Committee occupied well into next year.

There is, however, a critical short-term step that Congress can take in the meantime that promises to strengthen the OASI trust fund's financial posture over the short run—and also relieve the anxiety of millions of elderly over the loss of their minimum benefit. That is the reason I appear here today to move to go to conference to consider H.R. 4331 as amended by the Senate.

Mr. Speaker, we face two crucial facts that demand our immediate action on this bill.

The first is the fact that if we do nothing, the old age and survivors insurance trust fund will have insufficient funds to pay benefits to retirees and survivors as early as next September.

The second reason for moving ahead today is to restore the minimum benefit—eliminated in the President's budget package—in time to head off warning notices of benefit cuts due to be sent December 3.

Of the three social security trust funds, OASI is by far the largest—and by far the most crucial to the system's credibility. The other two trust funds—disability (DI) and health (HI)—show relatively secure finances over coming years, and consequently stand as available sources for borrowing in the immediate years ahead.

In the absence of certain economic forecasts for the rest of the decade—and the months and months demanded for massive reform of the social security system—the majority of the Committee on Ways and Means has agreed that we should seek immediate authority to allow funds from the two more secure trust funds to be transferred to the OASI fund as required for benefit payment.

While this alternative would certainly improve the immediate situation, it does not fundamentally deal with the fact that the system's income is not certain to meet benefit costs through the decade.

Over the longer term, the situation only becomes more serious.

Interfund borrowing is not a permanent answer to the structural imbalance in the social security system. Let there be no illusions that this is anything more than a tourniquet—a temporary measure that affords the Congress and the administration time to work out the details of a long-range solution.

To those who demand that we rush to judgment, I ask for patience. To those who fear that interfund borrowing will not buy more than 2 or 3 more years of solvency, I promise full-scale legislation before a crisis strikes.

Once again, even more pressing than shoring up OASI is the immediate restoration of the minimum benefit. Both Houses of Congress have overturned the President's early attempt to eliminate the minimum benefit. We all agree that the Nation's elderly should not have a benefit taken away on such short notice. We all agree that no elderly person should endure anxiety over the loss of his current minimum benefit any longer—that the Congress has an obligation to act before benefit reduction notices go into the mail.

We are all painfully aware that we ran out of easy answers to the financial problems facing the social security system years ago. We have learned over and over again how vulnerable the financial stability of the system is to fluctuations in the national economy.

We are also sensitive to the political implications of the slightest attempt to change the functioning of the system. No issue we regularly face in Congress is more politically fearful—or more potentially threatening.

Ours is not a permanent response to the social security dilemma—nor the bravest. We all recognize that. It is a response to the immediate anxieties of the Nation's elderly. At this time, we owe them no less.

□ 1600

Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, the vote in the Committee on Ways and Means today was a strong indication of the growing concern on the part of Members of Congress that the problems facing social security need to be addressed. The proposal that was offered on a bipartisan basis by myself and Mr. CONABLE of New York, ranking Republican on Ways and Means, was aimed at the long-term problems of social security in an effort to break the impasse all sides have faced on this issue.

It shows that we can work together in a constructive way and it portends well for future action.

Right now we recognize that the bill moving through conference will correct neither the short-term nor the long-term problems we face. It will correct the minimum benefit and buy us a few more months of grace through reallocation and/or interfund borrowing. That is all. But the larger issues remain basically untouched—except that we have come one step further toward realizing that they must be addressed.

No one is arguing that the trust funds are not going down. The only argument is when—and how quickly we should do something about it.

No one is arguing there is little or no confidence in social security. In the short run, a majority now believe social security will default fairly soon. In the long run three quarters of those under 40 do not expect to see a dime from social security. The only argument is when and how to restore that confidence.

The Subcommittee on Social Security, working quietly and without fanfare, made a lot of progress—particularly toward addressing the long-range problems in social security. And through that progress we offered an opportunity to rebuild confidence in the program.

The President, in his sincere proposals, reached too far, scared people too badly and blew this issue sky high. And the Congress, both House and Senate, has shown an understandable reluctance to address this issue seriously ever since.

Nevertheless, as we rush to do nothing, we should at least slow down long enough to realize what we will face when the budget projections come out in January, when the social security trustees report comes out in early summer, when the midsession review arrives, and when press reports appear throughout the year as the Statutory Advisory Council and perhaps the President's task force meet.

First, even under intermediate projections the three trust funds will begin 1982 with 20 percent reserves—about 10 weeks' worth of benefits—1983 with 18 percent reserves; 1984 with 16 percent reserves; and 1985 with 12 percent reserves—about 1½ months.

Second, our chances of hitting even these targets are almost nil—as they are with any projections based on any assumptions. As late as 1979 we were projecting 7.4 percent CPI and 0.6 percent real wage growth for last year. Last year we had 13.5 percent, not 7.4 percent, CPI, and we had minus 5 percent, not plus 0.6 percent, real wage growth.

It is helpful to put aside projections and look at what has to happen for us actually to go broke in, say, 1984. To do that we need only have minus 1 percent real wage growth—which we now have. Or we need to have 12 percent inflation, and inflation the last 4 months has averaged 11.1 percent. Or we need to have medicare expenditures rising at 23 percent, and for 1980, they did rise at 21.4 percent. In other words, we are not far from hitting three out of three—and we only have to hit one out of three not to make it past 1984.

When the problem hits the next time, there will be no interfund borrowing and no band-aids. All three funds will be in trouble.

Throughout next year, and throughout our campaigns, the people will know—as they know now—that social security is going under and we have done nothing.

What will this bill (H.R. 4331) do to improve the reserves in social security? Nothing.

What will this bill (H.R. 4331) do to improve the confidence of our young in social security? Nothing.

I am not saying we can do anything. In the present mess it is difficult even to dicuss the facts. But if we do nothing, we will have nothing to crow about either.

We are hung up on the short range. The President wants cutbacks. I and others have proposed indirect general revenues in medicare in some form. Most of us want neither, and no one is talking payroll tax increases.

But, we can address the confidence problem if we will. We can say to our youth that we are willing to take steps now to insure their benefits in the future. And we can give some sign to the people that we will do more than reach for panic buttons and band-aids when social security has problems.

The long range is the key to the confidence. With it, the short range becomes more manageable. Without it the short range is only the first of a series of pitfalls.

And the long-range problem will be there. *Right* now the long-range deficit in OASDI is minus 1.65 percent of payroll. It is manageable. If we wait—if we wait until it is upon us, it will be closer to 4 percent of payroll, or about $50 billion a year in current dollars, a much bigger problem.

I will continue to propose we break out of this fearful standoff rationally and without recriminations. In one national poll taken in September, 82 percent said they felt it was necessary for Congress to revise the financing of social security during the next year or so; 77 percent said they felt it necessary for Congress to revise the benefits during the next year or so. The message is out there. They will bring it home to us one way or another.

And most important, the social security program does have problems, problems that will only get worse as we wait, problems that will continue to cause all our citizens concern and worry needlessly.

It looks like we cannot get a vote on the long range proposals in view of the vote today. That is regrettable. We must continue to try.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I just briefly wanted to compliment the chairman of our subcommittee for this effort to genuinely try to face up to the problems of the system on a long-range basis. And most important try to do something constructive to save the system.

□ 1610

Both in subcommittee and in the full committee today the gentleman from Texas (Mr. PICKLE) made a real effort to try to implement ideas that we had discussed extensively in the subcommittee to genuinely save the system on a long-range basis, and I compliment him on that effort.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 8 minutes to the gentleman from New York. (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I thank the distinguished committee chairman for yielding me this time.

Mr. Speaker, there is no way a conference on this legislation can do anything helpful to strengthen substantially the social security system. The House has taken no action on the central issue, and the other body has provided us with a measure that might keep the social security trust funds afloat for a very few years only at best.

Therefore, the hands of the conferees are effectively tied. They can do no more than provide cough syrup for a patient who is dying of chronic pneumonia. This is an absolutely disgraceful situation. Unfortunately, it is the same sort of situation this body has created and maintained for years. We have avoided at virtually every opportunity the tough decisions necessary to put our social security system on a sound basis. We have sought the easy way out. We have allowed the trust funds to come perilously close to disaster time after time—it is small wonder that we have lost confidence in the system—and we are doing precisely that once again.

Not all of us have been so craven or so indifferent to our Nation's basic social security insurance system. To his everlasting credit, the distinguished chairman of the Subcommittee on Social Security, the gentleman from Texas (Mr. PICKLE), has tried to get this body to act responsibly on social security. He has been persistent, but so have those within his own party who do not agree with him and who have preferred to keep the social security system in jeopardy for no other apparent reason than political opportunism.

The gentleman from Texas has lost every skirmish with these adversaries, but time and events eventually will prove he is right, and his or similar views someday will prevail, we can continue to hope.

May I say that they must prevail, Mr. Speaker. The gentleman from Texas is, of course, not the only Member of this body to seek a reasonable solution to the deep-seated financial and other problems associated with our social security system. Many of my Republican colleagues and I on the Ways and Means Committee have been calling for exactly that kind of action for the past decade, and we have gotten nowhere. As a result, the system has been sinking deeper into a quagmire of financial deficit and administrative difficulties.

These problems will not solve themselves. They will not fade; they will just get worse. The losers will continue to be the 115 million Americans who are forced by law currently to contribute to the system and the 36 million who depend upon it for benefits every month. We do them a disservice by our failure to make the tough decisions. We as a body deserve their condemnation.

I have no objection, Mr. Speaker, to going to conference on this matter, realizing that very little is to be accomplished by it.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague's making the point that we really are not doing much with this particular proposal that came out of the Senate.

As the chairman of our subcommittee, the gentleman from Texas (Mr. PICKLE), has said, "This is just a rush to do nothing."

The Senate bill only takes the cosmetic approach. It is a very minimal stopgap social security bill which even many Senate Members agreed during debate was temporary.

The fact is the Senate bill will not work because it does not even begin to deal with the main problems facing social security.

Consider the following three facts:

First, the social security system continues to lose $12,000 every single minute.

Second, the social security system continues to operate in the red as it has for every year since 1975.

Third, the actuaries have repeatedly warned us that over the next 75 years, the social security system will be responsible for $1.6 trillion more in benefits than it will be able to pay.

The Senate-passed measure makes a very minimal attempt in facing up to the problems facing the system. Reallocating payroll tax rates among the program's three trust funds and allowing interfund borrowing among two of the trust funds, as the Senate legislation proposes, is not the answer.

To make matters worse in this already tangled mess, less than 1 week after passage of the Senate bill new actuarial information reflecting unanticipated increases in the medicare part of social security show that even with the Senate legislation, the medicare fund "will be exhausted" in 1983 or 1984.

For the system's sake and for the millions of present, as well as future, beneficiaries, we must act.

It is not as if there is an absence of choices to restore the financial stability and integrity to the social security program. There are many alternative proposals from which Congress may choose, as contained in packages presented in both the House Social Security Subcommittee and the Senate Finance Committee. All that is lacking is the decisive congressional action needed to insure that the system will remain solvent for many years to come.

I would like to ask my colleague this question: Why does the gentleman suppose that we are not doing what the subcommittee has been trying to do and what many members of the full committee want to do? Why does the gentleman suppose we are not really

addressing an entire reform of this system so that we may really save it?

Mr. CONABLE. Mr. Speaker, I think the gentleman can seek his answer elsewhere. I am at a loss to understand the attitude which says, "Let's coddle it up with bailing wire again," knowing that we are running out of bailing wire, and that the bailing wire is getting pretty rusty and is not going to hold. The longer we wait, the worse the difficulties are going to be in achieving any long-term solution.

Mr. ROUSSELOT. Let me ask, does the gentleman think any of this is political?

Mr. CONABLE. I hesitate to draw that conclusion. I cannot believe the Members would play politics with this important institution.

Mr. ROUSSELOT. And with the 36 million recipients of social security.

Mr. CONABLE. And with the 115 million people who are required to contribute to it.

Mr. ROUSSELOT. I hope that they are not playing politics, but we begin to wonder after awhile.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding.

I also want to commend the chairman of the Subcommittee on Social Security, the gentleman from Texas (Mr. PICKLE), and the chairman of the Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI), for attempting to bring constructive answers to this floor.

We cannot continue to waste the leadtime that is so desperately needed for solutions to the problems of social security. The one thing we have learned in this Congress, if nothing else, is that any significant changes need to be phased in with adequate advance warning.

If we merely accept the Senate provisions to reallocate from the health fund to the retirement fund and to borrow from disability, we will still see a health fund which could be short of money as early as the end of 1983. We desperately need as much time as possible. We do not need to merely patch this up until after the next election. I know it is difficult to act in an election year, but we have no choice, in my opinion.

Mr. Speaker, I hope that when the motion to instruct is presented to this floor, it will receive overwhelming support.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, first of all, I want to commend the chairman of the committee for his formal attention to the measure going to conference.

Indeed, under the guise of a halfhearted restoration of minimum benefits, the Senate has worked havoc with the social security program. I might remind my colleagues that most of this problem emanates from the fact that this is part of the reconciliation motion that was passed by this body. And, we would not be facing this problem if we had not stood the committee process and the processes in this body on their head in order to achieve the type of changes that perhaps are necessary and even warranted in social security.

So we have been fighting a battle, and it is one in which our committees, and the experts who deal with these issues, have not had the opportunity to fully examine the problems.

But make no mistake about it, this bill that the Senate has sent back to us with the overenthusiasm of the restoration of the minimum benefits in some sort of shape, form, or manner does far more than just restore partially the minimum benefit. It, first of all, initiates for the first time in the history of this system a means test for social security—no less than one that aims specifically at eliminating benefits for public employees, any public employee, that is, a teacher, a State or local employee, a Federal employee, anyone in the military. Anyone who gets a pension of over $300 a month would suffer a reduction in benefits.

And indeed it is eligibility, not an earned or unearned benefit, as some have sought to debate on this floor over the last month that is the issue here.

Perhaps more importantly is the new ground the cuts the Senate has made in the family benefit. Under the Senate bill, all families with more than one dependent will have their benefits reduced. And indeed, those who receive the least in terms of the family benefits are those who are going to suffer the greatest cuts by these provisions the Senate has passed over to us as a modified minimum benefit.

And it goes even further than that. The fact is, that the dollars saved by virtue of the reduction in the family maximum are nearly 10 times as much as would be saved if they had completely struck the minimum benefit.

So, under the guise of doing nothing, the Senate has done a great deal. Under the restoration of the minimum benefits, there are deep cuts in terms of family benefits, and, interestingly enough, they are aimed at those who receive the least from the system.

Those of us who are fighting against these cuts will, I hope, be somewhat successful. I hope this conference will recognize the strong interest of this House in this legislation. We need more than the Senate's version of restoration of the minimum benefits, that is, we need total restoration, and no reduction in family benefits. That is the issue we will have before us in conference. This is of immediate and great concern.

We do have problems with the system. But I suggest to the Members that when we have a declining wage base and people are unemployed, when wages do not keep pace with inflation, and we have an economic system that is going in the wrong direction, that is what social security's real problem is all about. That is what is going to compound the problem. We do not have too many or too high benefits.

The Senate solution is sort of like bleeding the patient in order to cure the disease. If we bleed him just a little bit, perhaps bleeding him a whole lot more is going to work, and that will make the system healthy.

Social security is a big piece of what the Federal and National Government is about, and not just what this economy is.

□ 1620

It is a big sign to all of us of the problems that this particular Reagan economic program is having in our particular society, and you had better face up to that because there is more of this coming down the pike. You are not going to correct this system unless you correct the economic circumstances that surround it.

So, Mr. Speaker, I hope the conferees will hold up, and I would like the chairman to yield to me for a question. What is his feeling about the family maximum? And, what is the intent of the gentleman in going to conference with respect to the family benefit?

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. I thank the chairman for yielding.

I would just like to say how happy I am that we are beginning finally to get some minimum-benefit issues resolved. I think to go back, we have to remember that the minimum benefit was removed in the Reagan budget proposal which passed this House last summer and, ever since that time, millions of Americans have been deeply concerned at this action of the Congress, cutting social security benefits for people receiving them for the first time in history.

I am also heartened to hear that my colleagues on the other side of the aisle are saying some things that they had not been saying earlier in this year, things like social security beneficiaries should get notice before changes are made. Of course, the Reagan proposal would not have given any notice to the early removal people, people retiring next year at the age of 62 who would have had their benefits cut by 30 percent. I am glad to see some movement away from that proposal from the other side of

the aisle, and I am glad to hear them say that this problem cannot wait until 1983.

The Democratic leadership in the House of Representatives has been saying ever since the President's proposed task force on social security that the task force report should not come back in 1983 but should be back in the spring of 1982. Americans are deeply concerned about social security and we want to work together to try to solve that problem in a fair way, a way that gives people notice about what we are going to do with the system, a way that does not cut benefits for people as the Reagan proposals would have, and in a way that is going to do it promptly and not wait until 1983.

So I am glad to hear that people on the other side of the aisle are saying that they agree with us on this side of the aisle in not wanting to delay, and agreeing with us on this side that adequate notice should be given before any changes are made in the social security system, backing off from the earlier Reagan position.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield to the gentleman from New York.

Mr. CONABLE. May I ask the gentleman how he voted a few moments ago on an opportunity offered by the leader of his subcommittee to deal with some of the long-term problems of social security?

Mr. SHANNON. Is the gentleman asking how I voted on the COLA proposal?

Mr. CONABLE. No; I am asking the gentleman how he voted on the Pickle proposal to deal with the long-term problems of social security.

Mr. SHANNON. If the gentleman is asking how I voted on the then proposal to reduce benefits in the future for all beneficiaries——

Mr. CONABLE. No, that is not what I am asking the gentleman, and the gentleman knows very well I am not asking that. He is saying a different thing now than he said in committee.

Mr. SHANNON. I voted against that.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI).

The motion was agreed to.

MOTION TO INSTRUCT OFFERED BY MR. CONABLE

Mr. CONABLE. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

Mr. CONABLE moves that the conferees be instructed to (1) support those aspects of the House bill (H.R. 4331) necessary to insure that no person currently receiving only social security benefits or only social security benefits and SSI will have those benefits reduced by the conference agreement, and (2) strike those portions of the measure related to reallocation of tax rates and substitute therefor provisions authorizing interfund borrowing only, for a fixed period of time and with appropriate payback requirements.

The SPEAKER pro tempore. The gentleman from New York (Mr. CONABLE) is recognized for 1 hour.

Mr. CONABLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge the House to support this motion to instruct. It will insure that the conferees will not reduce benefits for those persons currently receiving only social security or only social security benefits and SSI.

It will also instruct those portions of the measure related to the reallocation of tax rates and substitute therefore provisions authorizing interfund borrowing only. The purpose of this is to give greater flexibility to the managers of the trust funds rather than reallocating for a specific period of time a portion of the payroll tax which we are now told by actuaries of the social security system will leave the HI trust fund in some peril.

I do not wish to belabor the motion to instruct any further, but I urge my colleagues to support it.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Minnesota.

Mr. VENTO. First of all, I think it is good that the gentleman makes an effort not to reduce any benefits for anyone receiving currently only social security. But does that mean that the gentleman's language would not cover those that might be receiving other types of benefits such as other forms of unearned income?

Mr. CONABLE. Other forms of unearned income?

Mr. VENTO. Yes.

Mr. CONABLE. I do not think we have any jurisdiction over that.

Mr. VENTO. What does the gentleman mean in his motion when he says only receiving social security?

I do not quite understand that. I only heard it read, but I am interested and curious as to what the gentleman means by that.

Mr. CONABLE. As the gentleman knows, the bill in the other body provides for reductions for people receiving other types of benefits. If they receive only social security or only social security and SSI, my instructions would limit the protections to those people in particular.

Mr. VENTO. If the gentleman will yield further, would this, in the gentleman's judgment, prevent a reduction of this passage of this, or the instruction to the conferees not to reduce the family benefit, as an example, because it instructs not to reduce benefits of those receiving only that benefit? Is it the gentleman's judgment that would be the instruction to the conferees, to fight any reduction in the family benefit?

Mr. CONABLE. I think I will have to stick with the wording that I have here as "no person." It does not deal with family benefits as such. The purpose of this is to make it prospective only.

Mr. VENTO. Prospective only in the sense that this would apply to the future?

Mr. CONABLE. Relating to the individuals and their current benefits.

Mr. VENTO. If the gentleman will yield further, I think that it is good as far as it goes. I fear that it does not go far enough because of the nature of the measure that we have before us in terms of what it does.

Mr. CONABLE. I regret that the gentleman is disappointed.

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield to me?

Mr. CONABLE. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. As the gentleman from New York knows, going to conference under instructions is always a difficult proposition.

Mr. CONABLE. Yes.

Mr. ROSTENKOWSKI. Of course, I would oppose the gentleman's motion to instruct for fear that we will be bound by the motion.

Mr. CONABLE. I understand the chairman's position.

Mr. ROSTENKOWSKI. But I certainly hope the motion is not agreed to.

Mr. CONABLE. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. CONABLE).

The motion was agreed to.

Mr. VENTO. Mr. Speaker, I have a preferential motion at the desk to instruct.

POINT OF ORDER

Mr. CONABLE. Mr. Speaker I have a point of order.

It is my understanding that only one motion to instruct lies.

The SPEAKER pro tempore. The Chair will state that the point is well taken.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4331

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a conference report on the bill, H.R. 4331.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO CONSIDER REPORT ON H.R. 4331 ON TOMORROW OR ANY DAY THEREAFTER

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that it may be in order in the House to consider the conference report to accompany the bill, H.R. 4331, on Thursday, November 5, 1981, or any day thereafter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees on the bill, H.R. 4331: Messrs. ROSTENKOWSKI, PICKLE, RANGEL, JACOBS, GEPHARDT, CONABLE, ARCHER, and GRADISON.

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to the provisions of clause 5, rule I, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Those votes will be taken in the following order:

H.R. 3464, de novo; and

H.R. 3502, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

PROHIBITION OF CONSTRUCTION OF U.S. NAVAL VESSELS IN FOREIGN SHIPYARDS

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 3464, as amended.

The Clerk read the title of the bill.

□ 1630

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. BENNETT) that the House suspend the rules and pass the bill, H.R. 3464, as amended.

The question was taken.

Mr. STRATTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 366, nays 21, not voting 46, as follows:

[Roll No. 290]

YEAS—366

Addabbo	Albosta	Andrews
Akaka	Alexander	Annunzio
Anthony	English	Long (LA)
Applegate	Erdahl	Long (MD)
Archer	Erlenborn	Lott
Ashbrook	Ertel	Lowery (CA)
Aspin	Evans (DE)	Lowry (WA)
Atkinson	Evans (IA)	Lujan
Badham	Evans (IN)	Luken
Bafalis	Fary	Lundine
Bailey (MO)	Fascell	Lungren
Bailey (PA)	Fazio	Marks
Barnes	Ferraro	Marlenee
Beard	Fiedler	Martin (IL)
Bedell	Fields	Martin (NC)
Beilenson	Fish	Martin (NY)
Benedict	Fithian	Mattox
Bennett	Flippo	Mavroules
Bethune	Foglietta	Mazzoli
Bevill	Foley	McClory
Biaggi	Ford (MI)	McCollum
Blanchard	Ford (TN)	McCurdy
Bliley	Forsythe	McDade
Boggs	Fountain	McDonald
Boland	Fowler	McEwen
Boner	Frost	McGrath
Bonker	Fuqua	McHugh
Bouquard	Garcia	McKinney
Bowen	Gaydos	Mica
Breaux	Gejdenson	Michel
Brinkley	Gephardt	Mikulski
Brodhead	Gilman	Miller (CA)
Brooks	Ginn	Miller (OH)
Broomfield	Glickman	Mineta
Brown (CA)	Gonzalez	Minish
Broyhill	Goodling	Mitchell (MD)
Burgener	Gore	Mitchell (NY)
Burton, John	Gradison	Molinari
Burton, Phillip	Gramm	Mollohan
Byron	Gray	Montgomery
Campbell	Green	Moore
Carman	Gregg	Moorhead
Carney	Grisham	Morrison
Chappell	Guarini	Motti
Chappie	Gunderson	Murphy
Cheney	Hagedorn	Murtha
Chisholm	Hall (OH)	Myers
Clausen	Hall, Ralph	Napier
Clay	Hall, Sam	Natcher
Clinger	Hamilton	Neal
Coats	Hammerschmidt	Nelligan
Coelho	Hance	Nelson
Coleman	Hansen (ID)	Nichols
Collins (IL)	Hansen (UT)	Nowak
Collins (TX)	Harkin	O'Brien
Conable	Hartnett	Oakar
Conte	Hatcher	Oberstar
Conyers	Hawkins	Obey
Corcoran	Hefner	Ottinger
Coughlin	Heftel	Oxley
Courter	Hertel	Panetta
Coyne, James	Hightower	Parris
Coyne, William	Hiler	Patman
Craig	Hillis	Patterson
Crane, Daniel	Hollenbeck	Paul
Crane, Philip	Holt	Pease
D'Amours	Hopkins	Pepper
Daniel, Dan	Horton	Perkins
Daniel, R. W.	Howard	Petri
Danielson	Hoyer	Peyser
Dannemeyer	Hubbard	Pickle
Daschle	Huckaby	Porter
Daub	Hughes	Price
Davis	Hunter	Pursell
de la Garza	Hutto	Rahall
Deckard	Ireland	Railsback
Dellums	Jacobs	Ratchford
DeNardis	Jeffords	Regula
Derrick	Jeffries	Rinaldo
Derwinski	Jenkins	Ritter
Dicks	Johnston	Roberts (KS)
Dingell	Jones (OK)	Roberts (SD)
Dixon	Jones (TN)	Robinson
Dorgan	Kastenmeier	Rodino
Dowdy	Kazen	Roe
Downey	Kemp	Roemer
Dreier	Kildee	Rogers
Duncan	Kindness	Rose
Dunn	Kramer	Rostenkowski
Dwyer	LaFalce	Roth
Dymally	Lagomarsino	Roukema
Dyson	Lantos	Rousselot
Eckart	Leach	Roybal
Edgar	Leath	Rudd
Edwards (AL)	Lent	Russo
Edwards (CA)	Levitas	Sabo
Edwards (OK)	Lewis	Santini
Emery	Loeffler	Sawyer
Scheuer	Stangeland	Weber (OH)
Schneider	Stanton	Weiss
Schroeder	Stark	White
Schumer	Staton	Whitehurst
Seiberling	Stenholm	Whitley
Sensenbrenner	Studds	Whittaker
Shamansky	Stump	Whitten
Shaw	Swift	Williams (MT)
Shelby	Tauke	Wilson
Shumway	Tauzin	Winn
Shuster	Thomas	Wirth
Simon	Traxler	Wolf
Skeen	Trible	Wolpe
Skelton	Udall	Wortley
Smith (AL)	Vander Jagt	Wright
Smith (NE)	Vento	Wyden
Smith (NJ)	Volkmer	Wylie
Smith (PA)	Walgren	Yates
Snowe	Walker	Yatron
Snyder	Wampler	Young (AK)
Solarz	Washington	Young (FL)
Solomon	Watkins	Young (MO)
Spence	Waxman	Zablocki
St Germain	Weaver	Zeferetti

NAYS—21

Anderson	Early	Moakley
AuCoin	Fenwick	Rangel
Benjamin	Findley	Reuss
Bereuter	Frenzel	Richmond
Bonior	Gibbons	Shannon
Brown (CO)	Madigan	Stratton
Donnelly	Markey	Weber (MN)

NOT VOTING—46

Barnard	Hendon	Pritchard
Bingham	Holland	Quillen
Bolling	Hyde	Rhodes
Brown (OH)	Jones (NC)	Rosenthal
Butler	Kogovsek	Savage
Crockett	Latta	Schulze
Dickinson	LeBoutillier	Sharp
Dornan	Lee	Siljander
Dougherty	Lehman	Smith (IA)
Emerson	Leland	Smith (OR)
Evans (GA)	Livingston	Stokes
Florio	Marriott	Synar
Frank	Matsui	Taylor
Gingrich	McCloskey	Williams (OH)
Goldwater	Moffett	
Heckler	Pashayan	

□ 1640

The Clerk announced the following pairs:

Mr. Bingham with Mrs. Heckler.

Mr. Rosenthal with Mr. Butler.

Mr. Synar with Mr. Goldwater.

Mr. Holland with Mr. Williams of Ohio.

Mr. Crockett with Mr. Dickinson.

Mr. Barnard with Mr. Brown of Ohio.

Mr. Evans of Georgia with Mr. Dornan of California.

Mr. Frank with Mr. Gingrich.

Mr. Sharp with Mr. Taylor.

Mr. Florio with Mr. Pashayan.

Mr. Stokes with Mr. Rhodes.

Mr. Savage with Mr. Pritchard.

Mr. Matsui with Mr. Quillen.

Mr. Kogovsek with Mr. Smith of Oregon.

Mr. Moffett with Mr. Lee.

Mr. Leland with Mr. Schulze.

Mr. Lehman with Mr. Dougherty.

Mr. Jones of North Carolina with Mr. Latta.

Mr. Emerson with Mr. Siljander.

Mr. Smith of Iowa with Mr. Hendon.

Mr. LeBoutillier with Mr. McCloskey.

Mr. Livingston with Mr. Marriott.

Mr. FINDLEY and Mr. MARKEY changed their votes from "yea" to "nay."

Mr. PETRI and Mr. HILER changed their votes from "nay" to "yea."

□ 1650

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on the additional motion to suspend the rules on which the Chair has postponed further proceedings on today.

VETERANS' ADMINISTRATION AND DEPARTMENT OF DEFENSE MEDICAL SHARING ACT

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 3502, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi (Mr. MONTGOMERY) that the House suspend the rules and pass the bill, H.R. 3502, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 386, nays 0, not voting 47, as follows:

[Roll No. 291]

YEAS—386

Addabbo	Brinkley	Daniel, R. W.
Akaka	Brodhead	Danielson
Albosta	Brooks	Dannemeyer
Alexander	Broomfield	Daschle
Anderson	Brown (CA)	Daub
Andrews	Brown (CO)	Davis
Annunzio	Broyhill	de la Garza
Anthony	Burgener	Deckard
Applegate	Burton, John	Dellums
Archer	Burton, Phillip	DeNardis
Ashbrook	Byron	Derrick
Aspin	Campbell	Derwinski
Atkinson	Carman	Dicks
AuCoin	Carney	Dingell
Badham	Chappell	Dixon
Bafalis	Chappie	Donnelly
Bailey (MO)	Cheney	Dorgan
Bailey (PA)	Chisholm	Dowdy
Barnes	Clausen	Downey
Beard	Clay	Dreier
Bedell	Clinger	Duncan
Beilenson	Coats	Dunn
Benedict	Coelho	Dwyer
Benjamin	Coleman	Dymally
Bennett	Collins (IL)	Dyson
Bereuter	Collins (TX)	Early
Bethune	Conable	Eckart
Bevill	Conte	Edgar
Biaggi	Conyers	Edwards (AL)
Blanchard	Corcoran	Edwards (CA)
Bliley	Coughlin	Edwards (OK)
Boggs	Courter	Emerson
Boland	Coyne, James	Emery
Boner	Coyne, William	English
Bonior	Craig	Erdahl
Bonker	Crane, Daniel	Erlenborn
Bouquard	Crane, Philip	Ertel
Bowen	D'Amours	Evans (DE)
Breaux	Daniel, Dan	Evans (IA)
Evans (IN)	Levitas	Rodino
Fary	Lewis	Roe
Fazio	Loeffler	Roemer
Fenwick	Long (LA)	Rogers
Ferraro	Long (MD)	Rose
Fiedler	Lott	Rostenkowski
Fields	Lowery (CA)	Roth
Findley	Lowry (WA)	Roukema
Fish	Lujan	Rousselot
Fithian	Luken	Roybal
Flippo	Lundine	Rudd
Foglietta	Lungren	Russo
Foley	Madigan	Sabo
Ford (MI)	Markey	Santini
Ford (TN)	Marks	Sawyer
Forsythe	Marlenee	Scheuer
Fountain	Martin (IL)	Schneider
Fowler	Martin (NC)	Schroeder
Frenzel	Martin (NY)	Schumer
Frost	Mattox	Seiberling
Fuqua	Mavroules	Sensenbrenner
Garcia	Mazzoli	Shamansky
Gaydos	McClory	Shannon
Gejdenson	McCollum	Shaw
Gephardt	McCurdy	Shelby
Gibbons	McDade	Shumway
Gilman	McDonald	Shuster
Ginn	McEwen	Simon
Glickman	McGrath	Skeen
Gonzalez	McHugh	Skelton
Goodling	McKinney	Smith (AL)
Gore	Mica	Smith (NE)
Gradison	Michel	Smith (NJ)
Gramm	Mikulski	Smith (PA)
Gray	Miller (CA)	Snowe
Green	Miller (OH)	Snyder
Gregg	Mineta	Solarz
Grisham	Minish	Solomon
Guarini	Mitchell (MD)	Spence
Gunderson	Mitchell (NY)	St Germain
Hagedorn	Moakley	Stangeland
Hall (OH)	Molinari	Stanton
Hall, Ralph	Mollohan	Stark
Hall, Sam	Montgomery	Staton
Hamilton	Moore	Stenholm
Hammerschmidt	Moorhead	Stratton
Hance	Morrison	Studds
Hansen (ID)	Mottl	Stump
Hansen (UT)	Murphy	Tauke
Harkin	Murtha	Tauzin
Hartnett	Myers	Thomas
Hatcher	Napier	Traxler
Hawkins	Natcher	Trible
Hefner	Neal	Udall
Heftel	Nelligan	Vander Jagt
Hertel	Nelson	Vento
Hightower	Nichols	Volkmer
Hiler	Nowak	Walgren
Hillis	O'Brien	Walker
Hollenbeck	Oakar	Wampler
Holt	Oberstar	Washington
Hopkins	Obey	Watkins
Horton	Ottinger	Waxman
Howard	Oxley	Weaver
Hoyer	Panetta	Weber (MN)
Hubbard	Parris	Weber (OH)
Huckaby	Patman	Weiss
Hughes	Patterson	White
Hunter	Paul	Whitehurst
Hutto	Pease	Whitley
Ireland	Pepper	Whittaker
Jacobs	Perkins	Whitten
Jeffords	Petri	Williams (MT)
Jeffries	Peyser	Wilson
Jenkins	Pickle	Winn
Johnston	Porter	Wirth
Jones (OK)	Price	Wolf
Jones (TN)	Pursell	Wolpe
Kastenmeier	Rahall	Wortley
Kazen	Railsback	Wright
Kemp	Rangel	Wyden
Kildee	Ratchford	Wylie
Kindness	Regula	Yates
Kramer	Reuss	Yatron
LaFalce	Richmond	Young (AK)
Lagomarsino	Rinaldo	Young (FL)
Lantos	Ritter	Young (MO)
Leach	Roberts (KS)	Zablocki
Leath	Roberts (SD)	Zeferetti
Lent	Robinson	

NOT VOTING—47

Barnard	Brown (OH)	Dickinson
Bingham	Butler	Dornan
Bolling	Crockett	Dougherty
Evans (GA)	LeBoutillier	Rosenthal
Fascell	Lee	Savage
Florio	Lehman	Schulze
Frank	Leland	Sharp
Gingrich	Livingston	Siljander
Goldwater	Marriott	Smith (IA)
Heckler	Matsui	Smith (OR)
Hendon	McCloskey	Stokes
Holland	Moffett	Swift
Hyde	Pashayan	Synar
Jones (NC)	Pritchard	Taylor
Kogovsek	Quillen	Williams (OH)
Latta	Rhodes	

The Clerk announced the following pairs:

Mr. Bingham with Mr. Quillen.
Mr. Jones of North Carolina with Mr. Sharp.
Mr. Kogovsek with Mr. Latta.
Mr. Matsui with Mr. Hyde.
Mr. Rosenthal with Mr. Gingrich.
Mr. Moffett with Mr. Dougherty.
Mr. Evans of Georgia with Mr. Butler.
Mr. Frank with Mr. Dornan of California.
Mr. Barnard with Mr. Goldwater.
Mr. Fascell with Mr. Brown of Ohio.
Mr. Crockett with Mr. Pritchard.
Mr. Stokes with Mr. Pashayan.
Mr. Synar with Mr. Taylor.
Mr. Holland with Mr. Williams of Ohio.
Mr. Leland with Mr. Siljander.
Mr. Smith of Iowa with Mr. LeBoutillier.
Mr. Lehman with Mrs. Heckler.
Mr. Swift with Mr. Lee.
Mr. Savage with Mr. Rhodes.
Mr. Florio with Mr. Schulze.
Mr. Dickinson with Mr. McCloskey.
Mr. Marriott with Mr. Livingston.
Mr. Smith of Oregon with Mr. Hendon.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 266) to foster greater coordination and sharing of health-care resources between the Veterans' Administration and Department of Defense, and to amend title 38, United States Code, to authorize appropriate coordination and sharing of such health-care resources; and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 266

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Administration and Department of Defense Health-Care Resources Sharing Act".

SEC. 2. (a) That Congress finds that—

(1) there are opportunities for greater coordination and sharing of the health-care resources of the Veterans' Administration and the Department of Defense which, if achieved, would be beneficial to veterans, members of the Armed Forces on active

duty, and other health-care beneficiaries of the Veterans' Administration and the Department of Defense, and which could result in reduced costs to the Government by minimizing duplication and underutilization of health-care resources;

(2) there are not adequate incentives to encourage such coordination and sharing of health-care resources; and

(3) such coordination and sharing of health-care resources may be achieved without a detrimental effect on each agency's primary beneficiaries.

(b) The Congress further finds that—

(1) there might be situations during a period of war or national emergency in which the Department of Defense would not have adequate health-care resources; and

(2) the Veterans' Administration has an organized health-care system which could be used to assist the Department of Defense in meeting the medical contingencies which might occur during a period of war or national emergency.

SEC. 3. (a) There is established an interagency committee to be known as the Veterans' Administration/Department of Defense Health-Care Resources Coordination Committee (hereinafter referred to as the "Committee").

The Committee shall be composed of the Chief Medical Director of the Veterans' Administration (hereinafter in this section referred to as the "Chief Medical Director") and the Assistant Secretary of Defense for Health Affairs (hereinafter in this section referred to as the "Assistant Secretary"), or their respective designees, and such other employees of the two agencies as they shall mutually designate.

(c) In order to promote the coordination of health-care services between the Veterans' Administration and the Department of Defense and to provide guidance to the two agencies in regard to the interagency sharing of health-care resources, the Committee shall on a continuing basis—

(1) review existing policies and practices in regard to the coordination and sharing of health-care resources (including administrative and support services) between the two agencies;

(2) identify and assess further opportunities for the coordination and sharing of health-care resources between the two agencies that will not adversely affect the quality of, or the established priorities for, care provided by either agency;

(3) develop and recommend to the Administrator of Veterans' Affairs and the Secretary of Defense changes in policies and procedures which would produce maximum feasible interagency coordination and sharing of health-care resources between the two agencies as authorized by title 38, United States Code;

(4) provide guidance for and monitor the implementation of activities designed to promote such coordination and sharing of health-care resources;

(5) monitor the plans of the two agencies to acquire additional health-care resources (including the location of new facilities and the acquisition of major equipment), and review the potential impact of such proposals on opportunities for such coordination and sharing; and

(6) develop, in consultation with such other agencies as the President may direct, a plan for the effective utilization of Veterans' Administration resources, as authorized in subsection (e) of section 5011 of such title (as added by section 4(a)(4) of this Act), to assist in meeting medical contingencies which might result from a period of war or national emergency.

(d) In carrying out the duties prescribed in this Act, the Assistant Secretary shall consult regularly with the surgeons general of the Army, Navy, and Air Force.

SEC. 4. (a) Section 5011 of title 38, United States Code, is amended—

(1) by amending the heading to read as follows:

"§ 5011. Sharing of Veterans' Administration and Department of Defense health-care resources";

(2) by inserting "(a)" before "The Administrator";

(3) by striking out "and material" and all that follows through "this title," and inserting in lieu thereof "material, and other resources as may be needed to operate such facilities properly, except that at no time shall the Administrator enter into any agreement which will result in a permanent reduction of Veterans' Administration beds below any minimum number prescribed by law"; and

(4) by adding at the end the following new subsections:

"(b) After considering the recommendations made under section 3(c)(3) of the Veterans' Administration and Department of Defense Health-Care Resources Sharing Act, the Administrator and the Secretary of Defense shall jointly establish guidelines for the sharing of health-care resources to the maximum extent feasible consistent with the health-care responsibilities of the Veterans' Administration and the Department of Defense under this title and title 10. Such guidelines shall be established not later than nine months after the date of enactment of this subsection, and (notwithstanding any other provision of law) shall include provisions for the following:

"(1) The director or the commanding officer of each health-care facility under the jurisdiction of either of the two agencies shall, to the maximum extent feasible, appropriate, and consistent with such respective responsibilities, enter into sharing agreements with the head of each health-care facility of the other agency in the same geographic area under which those eligible beneficiaries of one agency who are identified in the agreement may be provided health care at the facility of the other agency.

"(2) Each such agreement shall explicitly identify the health-care resources to be shared, the health care to be provided, and the beneficiaries to be treated. Resources to be shared may include any health-care resource.

"(3) Each such agreement shall ensure that the availability of direct health care to individuals who are not primary beneficiaries of the providing agency shall be on a referral basis from the facility of the other agency and shall not (as determined by the heads of the facilities concerned) adversely affect the range of services, quality of care, or priority for services provided to the primary beneficiaries of such providing agency.

"(4) Each such agreement shall be submitted on the same day to the Chief Medical Director and the assistant Secretary of Defense for Health Affairs (hereinafter referred to as the 'Assistant Secretary') and shall become an interagency agreement (A) on the forty-sixth day following receipt by such officials, unless earlier disapproved by either such official, or (B) if earlier approved by both such officials, on the date of such approval.

"(5) Each such agreement shall provide that the agency providing the health-care services will be reimbursed by the other agency for the cost of care and services provided. Such reimbursement shall be based upon a methodology, agreed upon by the Chief Medical Director and the Assistant Secretary, which provides appropriate flexibility to the heads of the facilities concerned to take into account local conditions and needs and the actual costs to the facility being reimbursed. Such reimbursements shall be credited to appropriations available to the facility which provided such care or services.

"(c) The Administrator and the Secretary of Defense shall, each year at the time the President's Budget is transmitted to Congress, jointly submit a report to Congress on the implementation of subsection (b) of this section during the fiscal year that ended during the previous calendar year. Each such report shall include information with regard to—

"(1) the guidelines and any revisions thereof prescribed pursuant to subsection (b) of this section;

"(2) the assessment of opportunities, identified under section 3(c)(2) of the Veterans' Administration and Department of Defense Health-Care Resources Sharing Act, for coordination and sharing of health-care resources between the two agencies;

"(3) the recommendations, made under section 3(c)(3) of such Act, for changes in policies and procedures in order to produce maximum feasible interagency coordination and sharing of such resources as authorized by this title;

"(4) a review of the interagency sharing agreements entered into by health-care facilities of the two agencies;

"(5) the activities of the two agencies under such agreements;

"(6) other interagency coordination, planning, and activities involving either agency directed toward producing the maximum feasible efficient use of Federal health-care resources during the preceding fiscal year; and

"(7) such legislative recommendations as the Administrator and the Secretary of Defense consider appropriate to facilitate interagency sharing of health-care resources between and by the two agencies.

"(d) For the purposes of this section:

"(1) The term 'direct health care' means health care provided to a beneficiary in a facility operated by the Veterans' Administration or the Department of Defense.

"(2) The term 'beneficiary' means (A) a veteran or other person who is eligible under this title for health care in Veterans' Administration facilities, or (B) a member or former member of the Army, Navy, Air Force, or Marine Corps or other person who is eligible for medical and dental care under title 10.

"(3) The term 'providing agency' means the Veterans' Administration or the Department of Defense, as appropriate.

"(4) The term 'primary beneficiary' means (A) with respect to the Veterans' Administration a veteran or other person who is eligible under this title (other than by virtue of subsection (b) of this section) for health care in Veterans' Administration facilities, and (B) with respect to the Department of Defense a member or former member of the Army, Navy, Air Force, or Marine Corps or other person who is eligible for medical and dental care under title 10.

"(5) The term 'health-care resource' means any health-care resource and any health-care support or administrative resource, including hospital care, medical serv-

ices, and rehabilitative services as those terms are defined in paragraphs (5), (6), and (8), respectively, of section 601 of this title.

"(e)(1) During a period of war declared by the Congress or a period of national emergency declared by the President or the Congress which involves the use of the Armed Forces of the United States in armed conflict, notwithstanding any other provision of this title, the Administrator may (pursuant to regulations which the Administrator shall prescribe)—

"(A) give a higher priority to the furnishing of hospital care, nursing home care, and medical services under chapter 17 of this title to members of the Armed Forces on active duty, to the extent authorized by this subsection, than to any other group of persons eligible for such care and services with the exception of veterans with service-connected disabilities; and

"(B) to the extent authorized by the President and subject to the availability of appropriations or reimbursements under paragraph (2)(B) of this subsection, contract with private facilities for the provision by such facilities of hospital care and medical services described in paragraph (2)(A) of this subsection during a period of war or national emergency as described in this paragraph.

"(2)(A) Hospital care and medical services referred to in paragraph (1)(B) of this subsection are—

"(i) hospital care or medical services authorized under this title for a veteran and necessary for the care or treatment of a condition for which the veteran is receiving medical services under subsection (f) or (g) of section 612 of this title, in any case in which the delay involved in furnishing such care or services at the Veterans' Administration facility concerned would, in the judgment of the Chief Medical Director pursuant to regulations prescribed by the Administrator, be likely to result in a significant deterioration of that condition; and

"(ii) hospital care for a medical emergency which poses a serious threat to the life or health of a veteran eligible for such care under chapter 17 of this title, if the Chief Medical Director pursuant to regulations prescribed by the Administrator, finds that the Veterans' Administration facility concerned is utilizing a substantial portion of its hospital care capability for the furnishing of priority care to members of the Armed Forces under paragraph (1) of this subsection.

"(B) The cost of any care or services provided by the Veterans' Administration under paragraph (1) of its subsection shall be reimbursed to the Veterans' Administration by the Department of Defense at such rates as may be agreed upon by the Administrator and the Secretary of Defense based on the cost of such care or services provided. Amounts received under this paragraph shall be credited to appropriations available to the Veterans' Administration facility which provided such care or services.

"(3) Within ninety days after the declaration of a period of war or national emergency described in paragraph (1) of this subsection (or as soon after the end of such ninety-day period as is reasonably practicable), the Administrator shall submit to the committees a report on the allocation of facilities and personnel in order to provide priority hospital care, nursing home care, and medical services to members of the Armed Forces on active duty. Thereafter, the Administrator shall report periodically to the committees regarding the extent to which, and the circumstances under which, tha authority to contract with private facilities provided in paragraph (1)(B) of this subsection is being used.".

(b) The item relating to such section in the table of sections at the beginning of chapter 81 is amended to read as follows:

"5011. Sharing of Veterans' Administration and Department of Defense health-care resources.".

(c) Not later than one hundred and eighty days after the date of the enactment of this Act, the Administrator of Veterans' Affairs shall enter into an agreement with the Secretary of Defense under which the Administrator and the Secretary shall agree to pursue planning activities and to establish procedures and guidelines under which subsection (e) of section 5011 of title 38, United States Code (as added by subsection (a) of this section), may be carried out.

SEC. 5. The Veterans' Administration medical center located at 1481 West 10th Street, Indianapolis, Indiana, shall hereafter be known and designated as the "Richard L. Roudebush Veterans' Medical Center". Any reference to such medical center in any law, regulation, document, map, record, or other paper of the United States shall be deemed to be a reference to the Richard L. Roudebush Veterans' Medical Center.

SEC. 6. (a) Section 1786(a)(1) of title 38, United States Code, is amended by striking out "Each" and inserting in lieu thereof "Notwithstanding any other provision of law unless enacted in express limitation of this subsection, each".

(b) The amendment made by this section shall take effect as of October 1, 1981.

MOTION OFFERED BY MR. MONTGOMERY

Mr. MONTGOMERY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MONTGOMERY moves to strike out all after the enacting clause of the Senate bill, S. 266, and to insert in lieu thereof the provisions of H.R. 3502, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend title 38, United States Code, to provide for greater coordination and sharing of the medical facilities of the Veterans' Administration and the Department of Defense."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3502) was laid on the table.

□ 1700

A TRIBUTE TO HOUSE DEAN, JAMIE WHITTEN

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, like other new members of the House Appropriations Committee, I consider myself extremely fortunate to be able to benefit from the wisdom and experience of 40 years in the Congress of our beloved chairman, JAMIE WHITTEN.

The dean of the House is known as a fair and honest man, a great patriot, and a leader who will go out of his way to pass on the institutional experience and the benefits of his phenomenal memory of 20 Congresses under 9 Presidents.

Perhaps because of his training as a trial attorney, JAMIE always seems to have ready the incisive question that goes to the heart of the matter before us. And he never loses sight of what the law is—as well as what it should be—when we examine an issue.

JAMIE has rendered great service to the workings of the Congress over the years. We are especially cognizant of, and grateful for, his superb efforts in helping to pass the 1974 Congressional Budget and Impoundment Act which, more than any other single measure, has helped to promote fiscal responsibility.

I have been impressed, too, with JAMIE's constant admonition to Members not to lose sight of the distinctions between the wealth of a Nation and its finances.

Our chairman brings to the process of fashioning public policy the wisdom of his roots in the Mississippi country and his vast knowledge of men and government, and he shares it generously with us all.

We are grateful for the strength and breadth of conviction that JAMIE WHITTEN brings to the House of Representatives, his beloved "People's Chamber."

NATURAL GAS MARKET TRANSITION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

Mr. COLLINS of Texas. Mr. Speaker, I am today introducing comprehensive legislation to address the failure of the Natural Gas Policy Act of 1978 to provide an adequate structure for the smooth and orderly deregulation of natural gas in 1985. My bill, the Natural Gas Market Transition Act, is drafted to put the deregulation of natural gas back on track and insure a completely free and ordered gas market in 1985. Gas is so essential to our energy needs as it is 34 percent of U.S. energy production.

Natural gas is at once the most important domestic energy resource in the United States and the only energy form that is still price controlled. Gas has been controlled, in increasingly complex and pervasive levels, since 1938 when Congress passed the Natural Gas Act under which the Federal Power Commission was given authority to regulate prices for delivered natural gas.

The landmark Supreme Court Phillips decision in 1954 began a new era

in gas regulatory policy. Phillips extended Federal price controls to the gas producer and began what has turned out to be 27 years of distorted markets resulting in damaging surpluses, shortages, and compromised national security. And in the 1954 Phillips case, the Court said 8 cents Mcf was too high.

The Natural Gas Policy Act of 1978 is not working. It subsidizes foreign oil imports, causes massive resource misallocation, discourages domestic gas production, creates untenable obstacles to ordered interstate and intrastate gas markets, and will not provide a smooth transition to a free market in 1985. I want to share some details of these problems with my colleagues.

The NGPA was meant to solve the shortage and curtailment problems that developed during the sixties and seventies within the interstate pipeline system. Price controls prior to the NGPA prevented adequate domestic production from being committed to the controlled interstate market while noncontrolled intrastate markets boomed with both production and gas supplies. The act extended controls to the intrastate market and provided for the phased deregulation of some gas through 1985 and 1987.

The NGPA has two fatal flaws. First, it ties the deregulation of natural gas in 1985 to the price of oil that the act's authors projected for 1985: $15 per barrel. World oil prices have since doubled, with OPEC only last week setting its price at $34 per barrel. NGPA section 102 gas is about $2.86/$10^6$ Btu, which equals about $17 a barrel of crude oil. There will be a gas price flying in 1985 if decontrol is not accelerated from about $2.90/Mcf to $5.70 to $6.20/Mct. This is an economic shock that can be avoided by amending the NGPA.

Second, the NGPA only deregulates part of the domestic natural gas supplies. From 40 to 60 percent of gas supplies will remain regulated after 1985. Consumers and pipelines that have access to relatively large amounts of still-controlled gas will be at a competitive advantage over those who must bid against them for higher priced, decontrolled gas. The natural gas cushion will be unevenly distributed among pipelines, with the cushion, the old, price-controlled gas, being committed to interstate pipelines. As a direct result of this, an option paper prepared for the Cabinet Council on Energy and Natural Resources estimates that as much as 500 billion cubic feet per year could be drawn out of the intrastate pipelines and into the interstate market. Such a result would most likely mean gas shortages in gas producing States such as Texas. By amending the NGPA to be sure that all gas is decontrolled as of January 1985, the gas cushion will be minimized and an orderly market transition assured. Besides these two fundamental problems with the NGPA, there are other pressing reasons why we must reopen the NGPA.

First, decontrol needs to be accelerated and made complete in 1985 to get away from inefficient price controls as soon as possible. Dr. Glenn Loury of the University of Michigan calculates that the inefficiency of price controls on gas creates a loss to our economy of from $3 to $5 billion per year. Other price control related inefficiencies results from wide price differences between different categories of natural gas. The range of gas prices today is from $0.25/Mcf to $9.00/Mcf. Gas that producers could sell profitably at $4/Mcf but which can only receive $3/Mcf under NGPA will not be produced. On the other hand $0.60/Mcf gas that could contribute to our overall supplies and enhance domestic energy security will not be produced when there are other categories that get from $3/Mcf to $9/Mcf. By continuing price controls, about 11 percent of the wellhead value of marketed production is lost. The economy as a whole could realize a net efficiency gain of about $5.23 billion as a result of removing controls.

The NGPA acts to subsidize oil imports. Price controls that hold down gas production require that the slack be made up by other fuels that may be burned less efficiently than natural gas. Domestic gas production in 1981 will be about 18.4 TCF, marketed at about $1.90/Mcf. If this gas were priced at market, about $4.94/Mcf, about 5.89 TCF in additional gas would have been produced. This is equal to about 2.83 million barrels per day. In short, the United States would have been able to reduce its oil imports by 40 percent this year had natural gas not been under price controls. Decontrol will also lead to lower OPEC prices as a result of lower demand. In the long run, there could be a reduction of as much as $10 per barrel of oil from OPEC countries with deregulation. It follows that the long-run value of import reductions with gas deregulation would be $10 billion annually.

Domestic gas production is discouraged by the NGPA. The United States is currently finding about 10 to 15 TCF per year while we are consuming 20 TCF. With complete deregulation an additional 5 TCF per year could be produced, compared to the continued operation of the NGPA. This is equal to about 2.5 million barrels per day in oil imports.

Price regulation has caused a consistent drop in the annual percentage increase of gas wells drilled since 1977:

Year:	*Percent increase*
1977	25.2
1978	14.8
1979	12.3
1980	5.0

Compare this decline in gas drilling activity to the 39 percent increase in oil drilling last year. With no NGPA modifications, Lower 48 nonassociated reserves will fall to 108 TCF by 1985, compared to 129 TCF in 1979 and 133.7 TCF at the end of 1978.

My legislation, the Natural Gas Market Transition Act, amends the Natural Gas Policy Act to immediately decontrol the price of gas from wells drilled after January 1980 and accelerate the phased decontrol of all other NGPA categories of gas to January 1, 1985. All natural gas is decontrolled on 1-1-85 with a smooth and orderly transition to a free market—no sharp price bumps as would occur under the present statute. A cap is placed on the extent to which the price of immediately deregulated gas can escalate. The ceiling, which is sufficiently high to avoid interference with the market price operation, is equal to 80 percent of the average crude oil acquisition cost of refiners in the United States. This ceiling will prevent deregulated gas prices from being artificially bid up during the market transition period by purchases with large cushions of natural gas.

The NGMTA deals with existing natural gas contracts with indefinite price escalator clauses by preventing the operation of those clauses that would allow gas prices to escalate to an artificially high level. The maximum amount of incentive is provided for the contracting parties to renegotiate their indefinite price escalation provisions. Those clauses put into gas contracts largely in response to the NGA's provisions for eventual deregulation of some gas supplies, tie the increase in price of some other gas category to the price of the gas under the contract in question. My bill's language prevents contract gas prices from escalating artificially high and disrupting a smooth market transition simply because the price of some other type of gas increases beyond a certain level.

The NGMTA repeals the Powerplant and Industrial Fuel Use Act and title II of NGPA, the incremental pricing provisions. Both laws have served to artificially limit the use of natural gas by industry and electric utilities. In a free gas market where plentiful supplies exist, there is no reason to prevent those customers who can efficiently burn natural gas from doing so.

Finally, the gas access problems currently being experienced by intrastate pipelines are addressed by allowing them authority to purchase gas from other intrastate pipelines through an interstate pipelines without the transaction coming under the jurisdiction of the Federal Energy Regulatory Commission. Second, intrastates would

be allowed to purchase gas from the Outer Continental Shelf in a similar manner to interstate carriers. Finally, intrastate would be able to purchase international gas, again in a manner similar to interstate pipelines.

Now is an excellent time to revise the NGPA and put natural gas deregulation back on track. Gas market conditions are favorable, the oil market is slack, and there are not likely to be any economic shocks from unstable oil prices in the near future. Failure to act now on deregulation could provide too great an incentive to continue controls in 1985. We must move now—the efficiency and energy security costs of status quo are too great to do nothing.

Gas under deregulation will move smoothly in the price transition. Lets look at the experience with gasoline which was deregulated on January 1, 1981. At that time the average price of gasoline was $1.269. The next month of February it went to $1.353. The latest average price we have is $1.348 which is the August price.

□ 1710

PERSONAL EXPLANATION

Mr. LIVINGSTON. Mr. Speaker, I was unavoidably detained and missed the last two votes on H.R. 3464 and H.R. 3502.

Had I been present, I would have voted "aye" on both votes.

PERSONAL EXPLANATION

Mr. EMERSON. Mr. Speaker, I was unavoidably detained on rollcall No. 290. Had I been present, I would have voted "aye."

DEMOCRATS TO BLAME FOR ECONOMIC MESS

The SPEAKER. Under a previous order of the House, the gentleman from Oklahoma (Mr. EDWARDS) is recognized for 60 minutes.

GENERAL LEAVE

Mr. EDWARDS of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDWARDS of Oklahoma. Mr. Speaker, for the past several weeks, I have been watching an absolutely amazing phenomenon. Those very same people who have continued over the years to insist on deficit spending, and who have ridiculed our concern about the growing national debt and our simplistic demands for balanced budgets, now think that they can simply throw up their hands and walk away from the mess they created. The big spenders are trying to pin the blame for the Nation's economic problems on the man who came in and pulled the plug on their candy mountain money dispensing machine.

These new champions of the balanced budget, who created the massive Federal debt and added to it with huge deficits every year, now complain that the deficit for the coming year is simply too high: These advocates of fiscal restraint, who year after year bottled up, derailed, or defeated attempts to balance the budget, now accuse the President of not balancing the budget fast enough.

If one believes the statements coming out of the offices of majority members these days, we have great new champions of fiscal responsibility and hard-core budget balancing—the very same people who, in the past 10 years have tripled the size of the national debt, tripled the size of the annual budget, and tripled the amount of money the Federal Government takes in taxes.

I do not question the urgency of this newly found concern for fiscal responsibility. Landslide elections have a tendency to make elected officials reexamine certain issues, especially if they are on the downhill side of that slide.

But the truth is, the President and the new conservative coalition in the Congress have made tremendous strides toward cutting back on the size of the Federal Government, moving, for the first time, toward smaller deficits and a balanced budget, and opening the door for new economic opportunity.

Mr. Speaker, let me remind you and the American people what brought about the events of the last 10 months, and what would have been in store for us had Ronald Reagan not been in the White House for the last 10 months.

In the last 20 years there has been an alarming deterioration in the vitality and capacity of the American economy. Economic growth declined from an average of 4.7 percent a year for the 10-year period ending in 1969 to a dismal 2.5 percent over the next 10 years.

Total real business investment actually declined by 71 percent. Productivity actually declined. The savings rate, the source of new venture capital and ultimately, new jobs, dropped to an all-time low.

These changes in the American economy did not occur in a vacuum. The policies initiated and continued by this Congress—by the people who have controlled this Congress for the last 25 years—caused these problems.

Mr. Speaker, Ronald Reagan's program has just now gone into effect. The results will not be felt for another 6 months. This economy is the product of Jimmy Carter, TIP O'NEILL, JIM WRIGHT, and ROBERT BYRD. It is your economy, Mr. Speaker. It is your mess. To blame it on the President is like blaming the Chicago fire on the fire department. And it assumes that the American people are either stupid or have very short memories.

In 1950, at the beginning of a war, the Federal Government consumed only 5 percent of the available credit in the market. Now, in peacetime, the Government consumes more than one-fourth of the available credit. The Government uses up the new capital that is so necessary for businesses to expand and create new jobs.

Why? Except for 1 year, this Congress, your Congress, Mr. Speaker, has had an unbroken string of deficits from 1958 onward, while the Government was amassing a trillion dollar national debt. Yes, Mr. Speaker, President Reagan is in office now and he had to ask for a new debt ceiling, but it is your debt—it is your party's debt—to pay for the programs you enacted over his opposition and my opposition and the opposition of everybody who thought before the Reagan landslide that we needed to reduce Federal spending and balance the budget.

The last administration, your administration, in concert with the Democratic Congress, promised austere budgets and what we got was an unbroken string of ever-increasing debt capped by 2 years of near record back-to-back deficits of $60 billion while taxes were increasing by almost $100 billion a year.

In the 96th Congress, there were close to 200 individual pieces of legislation introduced that would put binding limits on the ability of the Congress to overspend. Not one of these got as far as a full committee hearing. They were killed by your party, Mr. Speaker, by the leadership in this House—the same leadership that now extols the virtues of balanced budgets.

In September 1979, the gentleman from Ohio (Mr. LATTA) offered a substitute to the committee budget—a substitute that would have reduced outlays by $19 billion. It did not have a prayer. The budget passed by your "balanced budget" choir gave us a whopping $60 billion deficit that year.

The next year, he tried again—this time to cut $16 billion out of the budget. Your party defeated that attempt, too.

The House leadership has fought against every reduction in the Federal budget. Now that the changes are law, the leadership has suddenly recognized the virtue of balancing the budget and attacks the President for not balancing it fast enough, attempting to blame the President for the Federal deficit.

Suddenly, the massive debt service incorporated in the 1982 budget to pay your spending has become Ronald Reagan's fault.

In the 10-year period, from 1971 to 1981, Mr. Speaker, your whims and the whims of your party skyrocketed the national debt from just over $300 billion to nearly $1 trillion. Who said there is no such thing as a free lunch, Mr. Speaker. Democrats have been at the public trough for a quarter century and now the Reagan administration has to clean up your mess and you have the gall, the hypocrisy, the chutzpah to blame him for it. We have 20 percent interest rates because the Federal Reserve Board and the business community have lost all faith in this Congress to control spending.

Mr. Speaker, there are thousands of American businesses on the verge of bankruptcy; farmers are unable to meet their bank notes; homebuilders cannot build and home buyers cannot buy. Taxes are high, interest rates are high—and that is a Jimmy Carter, TIP O'NEILL, ROBERT BYRD, Democrat economy.

Your party created this mess and it is pure hypocrisy to try to lay it at somebody else's feet.

Enough is enough.

We are all familiar with the classic definition of chutzpah: The child who murders his parents and then throws himself on the mercy of the court because he is an orphan.

Well, if anybody in this world has chutzpah, it's the Democratic leadership in this Congress—people who have spent their entire congressional careers arguing against the very concept of the balanced budget. When politics forced them to at least give lip service to the public demand for a balanced budget, they denied that it was possible. When it became politically difficult to say even that, they pleaded, throughout the Carter Presidency, for more time, claiming the 4 years was just not enough time.

Now these same people, who certainly have more chutzpah than anybody in my memory, attack the President for not being able to guarantee, with absolute certainty, a balanced budget by a target date; for not being able to immediately eliminate the great deficits they themselves thought necessary; for the deficits they created against his opposition. It is the same baldfaced, say anything hypocrisy that allowed the Democratic leadership to wash its hands, like Pontius Pilate, and blame the economic mess they created on the President even before his own program took effect.

Well, Mr. Speaker, this is your economy; you created it, you have fought to block every attempt to reduce spending and balance the budget, and I assure you, the American people will not forget.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I will be glad to yield.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman yielding.

Mr. Speaker, today I would like to discuss inheritance. The inheritance I speak of is one where no one benefits. I refer to the huge economic mess that President Reagan has inherited from Democrat-controlled Congresses.

Beyond any doubt, the record shows that most of the Democrat leadership and many on the Democrat side of the aisle in Congress have made congressional careers of working against the concept of a balanced budget. The record makes clear that they have worked for the enactment of short-sighted, spend more tax more policies.

As can be expected, this type of economic policy implementation through the years has not been without its costs. I know of no better way to illustrate the effect that the Democratic Party's resistance to balanced budgets has had on our Nation's economy and on the Federal budget than by reviewing the growth in the national debt during the past few years.

As my colleagues know, when the budget is not balanced any amount of expenditure greater than revenue is just added to the debt. Those deficits have been piling up for years. In the last 20 years, the Congress has balanced the Federal budget only once.

The national debt then is the accumulation of all the deficit spending since the foundation of our Government. Our national debt has become our national disgrace.

While it took nearly 200 years for the national debt to reach roughly $400 billion, during the past 10 years the Government has permitted an increase in this debt of almost $600 billion. As the President pointed out in his press conference last Thursday:

> The $1 trillion debt figure can stand as a monument to the policies of the past that brought it about—policies which as of October 1 are reversed.

Growing like a deadly fungus in the shade of the national debt, the interest payment on the debt over the past few years has risen faster than any other item in the Federal budget, becoming the third largest expenditure of the Government. In fact, payment on the interest on the national debt for 1982 may very well surpass the entire budget expenditures for fiscal year 1961.

The President stated in his television address to the Nation on September 24:

> Our interest payments on the debt alone are now running more than $96 billion a year. That's more than the total combined profits last year of the 500 biggest companies in the country; or to put it another way, Washington spends more on interest than all of its education, nutrition and medical programs combined.

This means that we are taking almost $100 billion of the taxpayer's hard-earned money just to pay the interest on a debt which will soon cross the $1 trillion mark.

Our citizens have suffered unfairly from Congress wanton spending spree. In addition to increased taxes, they must bear up under sustained double-digit inflation, high unemployment, unprecedented levels of interest rates, and a slowed rate of growth in our Nation's productivity.

One cannot claim that the Democratic Party has not had the opportunity to balance the Federal budget. I have offered the Rousselot balanced budget substitute amendment to the concurrent budget resolutions 11 times since 1975.

When I first offered this amendment on the floor of the House, it was not very popular in that Democrat-controlled Congress. It received 94 votes of support and 311 votes of opposition. However, through the years, support for my balanced budget amendment has grown. In May 1980 my substitute amendment fell only 28 votes short of passage: 191 ayes and 218 noes.

At this point I would like to review with my colleagues the vote outcomes on the Rousselot balanced budget substitute amendment:

BALANCED BUDGET VOTES—ROUSSELOT SUBSTITUTE AMENDMENT

	Ayes	Noes	Not voting
House Concurrent Resolution 218, first resolution fiscal year 1976, May 1, 1975	94	311	27
House Concurrent Resolution 466, second resolution fiscal year 1976, Nov. 2, 1975	127	283	23
House Concurrent Resolution 611, first resolution fiscal year 1977, Apr. 29, 1976	105	272	55
House Concurrent Resolution 728, second resolution fiscal year 1977, Sept. 9, 1976	111	264	55
House Concurrent Resolution 214, first resolution fiscal year 1978, Apr. 27, 1977	131	271	32
House Concurrent Resolution 341, second resolution fiscal year 1978, Sept. 8, 1977	169	230	36
House Concurrent Resolution 559, first resolution fiscal year 1979, May 10, 1978	170	226	37
House Concurrent Resolution 683, second resolution fiscal year 1979, Aug. 16, 1978	153	235	44
House Concurrent Resolution 107, first resolution fiscal year 1980, May 3, 1979	186	214	33
House Concurrent Resolution 186, second resolution fiscal year 1980, Sept. 19, 1979	181	224	27
House Concurrent Resolution 307, first resolution fiscal year 1981, May 6, 1980	191	218	23

Although the record shows their past opposition, I will welcome the participation of the Democrat Members to help realize a balanced Federal budget. I will also welcome their votes for the Rousselot balanced budget substitute amendments.

The Democrat Party has been singing the same old song over the years but now they are trying to change their tune. I do not believe their new song will fool the electorate for without action toward fiscal responsibility this new tune will not lower high inflation, unemployment, or interest rates.

I thank my colleague from Oklahoma for having this special order today in order that the true record on balanced budgets can be told.

Make no mistake about it, in any one of these years it would have been possible to balance the budget. Government spending is as controllable as Congress makes it. And the Democrats willingly let it run out of control.

Now that we have an Executive in the White House who is seriously working toward balancing the budget, some of the Democrats stand on the sidelines jeering and taunting that he will not be able to meet his target dates, or that he cannot eliminate this legacy of enormous deficits fast enough. Rather than partake constructively in a progressive movement to restore fiscal responsibility, they prefer to complain and attack the efforts of the first President in years who has the ability to lead us out of this era of irresponsibility.

Mr. BETHUNE. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I will be glad to yield to my friend from Arkansas.

Mr. BETHUNE. Mr. Speaker, I am glad the gentleman is making this point, because there has been an inordinate focus on the deficit. It is something that we have been concerned about for a long time. But it really puzzles me that the people who have built the deficit over these years are now drawing so much attention to what I call the raw deficit, the difference between taxing and spending.

One of the things I hope we will be able to accomplish as we move the President's program forward, as we move forward with our effort to improve the way the Government functions, which we are trying very hard to do, is to make the point that the Government is involved in this economy in more ways than the deficit might indicate. The deficit is one signal of what we need to do to improve the way the Government functions, but the problem is much broader than that.

The Government does more than tax and spend. The Government right now is lending great sums of money. Very little of this is reflected in the budget. We must bring that on to the budget and deal with it. There is about $20 billion that the Government spends each year which is not reflected in the deficit because it is off-lending; that money which is laundered through the Federal Financing Bank and all of those other apparati that have been set up over the years by the people who controlled this Congress for a quarter of a century.

Then, we must deal with all of those regulatory problems which disperse largess and favors in one way or another, which are just as good as a Government grant, just as good as money in the pocket. We need to bring that onto the budget process because that affects the economy, too.

We also need to bring onto the budget for our consideration as a Congress all those favors what we dispense through the tax cut, all those loopholes that permit people to get away without paying their fair share of the tax burden. All these things need to be brought onto the budget process.

Then, and only then, will we be dealing in a meaningful way with our Government's involvment in our national economy.

When we get to that point, and when the people out there realize just how extensive the tentacles have gone, and how far they have reached, they will be amazed that there are people around here who have been so myopic as to focus on the difference between taxing and spending when it is realized just how far reaching this Government involvement has been and just what this Government has been doing to the private sector and free economy.

I thank the gentleman for letting me make this contribution, and I think these are the things that we have got to continue to bring out.

Mr. EDWARDS of Oklahoma. I thank the gentleman.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding because I, too, want to congratulate him for raising the issue of a balanced budget and the need to eliminate deficits here on the floor this evening because we have heard an awful lot of rather suspicious talk in recent weeks from people who claim to be advocates now of a balanced budget, but who we know have spent us into the problem we now face.

It is always interesting to put together the comments they are making with regard to balanced budgets. They will on one hand say they are for a balanced budget but a couple of days later they come to the floor and make a speech in favor of benefits for some big new social welfare program, or complain about the cuts that are taking place in certain social welfare programs. They also say that what we ought to be doing is taking this out of defense spending.

It always fascinates me to take a look at the realistic figures on this. If we take a look at the figures, we find that over 25 years defense spending of this country expressed in noninflationary dollars has gone up 0.5 of 1 percent, whereas the social welfare spending in the country has gone up 500 percent. So, it is very clear that if we are going to balance the budget we are going to have to do it in those areas that have been growing the fastest.

The gentlemen who come to the well seem to ignore the facts of the Federal budget and want to move forward on the idea of the balanced budget by balancing things where the growth is not really taking place. So, I think the gentleman raises a good point. I think it is very necessary that we adhere to our goal of achieving a balanced budget, hopefully by the year 1984, but do so in a responsible and responsive way rather than in the kind of political talk that has so often dominated discussion of the issue on the floor in recent weeks.

I thank the gentleman for taking the time and yielding to me.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from California.

Mr. LUNGREN. Mr. Speaker, I thank the gentleman for yielding.

I think it is timely that we talk about some of these economic issues, because we seem to be hearing merely from one side, from those who are recent converts, not only to the idea of having a balanced budget, but recent converts to having low inflation rates, recent converts to having low interest rates, who suddenly believe that since the President has had his plan in effect about a month now, he ought to be blamed for all the problems we have had.

One of the things that struck me when I heard the esteemed Speaker of the House a couple of weeks ago take the floor during a special period of time and interrupt debate on another issue and referred to the "Reagan nonsense" which had now hit us, and talked about the fact that he suggested when we were talking about the tax cut that we could not afford a tax cut, and in fact it was having a terrible effect on the economy and increasing the deficit, was the fact that when we actually dealt with the Democractic leadership's alternative tax cut to the President's tax cut, the gentleman will recall that it was front loaded.

That is, it had actually higher savings, supposedly, in taxes than ours did; as the President once said, he was being attacked because his tax bill was not as good as was the Democratic one. He said that is true if you only plan to live for 2 years. So, in fact, if we took their own analysis and used a static analysis of the economy and the loss of tax revenues, under the tax bill they wished us to pass, we would have had a bigger problem from their analysis side in terms of a large deficit; and yet they want to criticize the President in terms of what he has done and forget about what they have done.

In brief summary, we might just think in terms of economic standards, of where we were when President Carter and the Democratic leadership

had control of all the levels of government. When President Carter took office we seem to forget now that the prime interest rate was 6.3 percent. We certainly should not forget that when he left office the prime interest rate was 20.2 percent. That is merely a deterioration of 220.6 percent over 4 years.

When President Carter took office and we had leadership on the Democratic side in both the House and the Senate, the inflation rate was somewhere between 4.8 percent and 5.8 percent. When President Carter left office and we had the Democratic domination, after 4 years it was 13.5 percent for the year.

We talk about the deficit. The deficit that President Carter inherited was $25.8 billion. When he left, he presented President Reagan with a $60 billion deficit, a deterioration of 132.6 percent.

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But perhaps the most interesting thing that I have been able to find in terms of economic data is the question of productivity growth.

As the gentleman in the well knows, everyone here agrees on the fact that if we are going to really get out of the problem we have with the economy, we have got to make some real strides in terms of productivity. So what do we have?

When President Carter took office we had a real productivity growth in this country of 3.3 percent on an annual basis. What happended? The last 3 years of the Carter administration we had negative growth. We had minus three-tenths of 1 percent, minus two-tenths of 1 percent, and minus three-tenths of 1 percent.

Most all economists now are agreeing that growth of productivity is on the upswing under the Reagan administration, and certainly those figures are every bit as important as the figures we now hear coming to us from the Speaker and others talking about what the deficit is going to be.

We ought not to give up our effort to try and reduce the budget deficit, and certainly the rate of growth.

But it seems somewhat unseeming for some to come to us on the floor and complain about an ever-burgeoning deficit in prospect when in fact the reason it is ever burgeoning are the actions that they have taken in the past and the actions that they continue to take.

One problem we may have, both as Members of Congress and as American citizens, is a lot of us have grown up on television and we are used to the fact that you can identify a problem, identify a solution, and solve a problem in 30 minutes with time out for four commercial breaks. What we are talking about is not instant gratification, but instant solutions, and it seems to me if we are going to be wise in making some decisions over the next 4 years, we ought to perhaps reflect on the last 4 years to see where we went, and it seems that those who would criticize this administration and those policies that we are attempting to put into place have at least the responsibility of showing what they would do differently, and based on the record perhaps if I were in their shoes I would want to hide what I did differently over the previous 4 years. But I think that the gentleman should be commended for suggesting that it does not do the American people much good if we allow them to hide what happened in the previous 4 years.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I want to rise in support of our Speaker.

I have served with our Speaker for 20 years and our Speaker has said it is now Mr. Reagan's problem. We know he is 100 percent right. It is now Mr. Reagan's problem. But what my friend, the Speaker, our illustrious Congressman from Massachusetts neglects to point out is that a part of that problem is the Speaker, the majority party, those who are going to be opposing at every turn any effort to change the direction of this country.

I say that with somewhat of a wistful air because I am one of those who really believes in this legislative system and I have been very disappointed in the past few weeks to see the degree of the partisanship that was injected into something as vital as rejuvenating this economy, turning this country around, and I would just say for the record that actually it is Mr. Reagan's problem, it is the President's problem, but I think the sad part of it is how many people in this body, how many of my colleagues are going to be a part of that problem in the sense that we can let bygones be bygones, where we are now because of what we did before. But part of the problem we have is what we have inherited, and the other half of the problem is the politics of opposition, the politics of confrontation, the politics of trying to prevent a President from getting a fair day and a fair shake for his basic program.

So I would agree with my friend, the gentleman from Massachusetts (Mr. O'NEILL). It is now the President's problem. I think the regrettable thing is what the problem ends up being, and that is total opposition by many on the other side, including our illustrious Speaker, who more often than not stood up and said what is best for our country I think in this particular case is saying what is best for his own party.

● Mrs. MARTIN of Illinois. Mr. Speaker, we have recently been flooded with criticism of the Reagan economic program, which states that efforts to revitalize our economy and restore prosperity were not well conceived and have failed. All of this judgment being passed on a program that has only been in effect for 6 days should not lead us to abandon the efforts to reduce spending that were so courageously adopted only a couple of months ago. Instead, we should remember how desperate our economy is and how much suffering we have incurred under the old policies of easy answers.

Mr. Speaker, this is not the first time the country has been punished by high interest rates. Today's prime rate, which is the result of past administrations' budget and spending policies, is 19 percent, less than the 21½ percent we were enduring in December of 1980. While the current burden of high interest rates needs to be relieved, we cannot accomplish lower interest rates by giving up on efforts to reduce Federal spending.

Federal budget deficits have become a way of life for a government lacking in the will to say "no." Our Federal Government has had an average budget deficit of $50 million during the last 6 years. The policy of having a deficit during bad economic years and making up for that with a budget surplus during good economic years was not used. Instead, we have had big budget deficits during most years and small budget deficits in a couple of years—but always budget deficits. This course must be reversed: Unless we exhibit our resolve to reduce Government expenditures, inflation and high interest rates will persist.

Interest rates and inflation destroy any hope of helping the poor get started on their way to a better life. Interest rates and inflation prevent the middle class and small businesses from contributing to the health of the economy. Continued Federal deficits and the resulting inflation undermine the foundation of our economy. Productivity is a major casualty of the inflation spawned by the easy answer policies of the past. Inflation transfers money from investments in a productive capacity to speculative investments; investments that only fuel more inflation. The economic recovery program is designed to reverse this trend and no one has promised that this could be accomplished with more easy answer policies. Federal programs are being cut, the role of the Federal Government and Federal money as the solution to all problems is being overhauled.

Mr. Speaker, it will be a long process before we get our economy back in order, and during this process we will be continually criticized and encouraged to use band-aid upon band-aid policies in a shortsighted manner.

After only 6 days of change, the critics are claiming our efforts have failed and that we should break out the band-aids.

Mr. Speaker, the country has suffered too long from Government's tendency to quickly resort to easy answers. We have inherited an economy that is a mess from past Congresses and administrations. The American people will not accept our taking the easy way out and postponing the problem until it returns in a magnified form next year or the year after. The time for easy answers was yesterday. The time for responsibility is now. The economic recovery program is the road to economic revitalization for all segments of the economy. It is easy to criticize but difficult to stand by proper policies. I believe the Congress can and will stand by its continued commitment to reduce Federal expenditures and revitalize our economy.●

● Mr. SMITH of Oregon. Mr. Speaker, last summer the Democratic leadership tried to defeat the administration's economic program in order to substitute their own brand of watered-down tax cuts and superficial restraint over Federal spending. Fortunately, the American people said, "No." They were convinced that the time had come for real tax relief—not just slower growth in taxes—and they were convinced that the time had come for substantial cuts in the bloated Federal budget, curbing the expanding encroachment in their private lives.

Now the Democratic leadership is trying once again to defeat the administration's economic program. Only this time their strategy is to spread dire predictions as to the program's failure, even as the program is just beginning to take effect.

One of the leadership's zealous charges is that the economic recovery program is causing high interest rates. Yet the high interest rates now being experienced are anything but the product of this program. In fact, today's high interest rates are coming at the end of a surge in rates which began in mid-1980. The leadership would like us to forget, for instance, that the prime rate climbed from 11½ to 21½ percent during the last 5 months of 1980. That rate—21½ percent—was set 1 month before President Carter left office. The prime has not been as high since. In fact, it has begun to drop, apparently signaling a gradual trend toward lower rates in the future.

It is important to remember that high interest rates are not the result of the credit markets' lack of faith in the Reagan economic program. On the contrary, those who stand to gain most from a prosperous economy endorse the administration's goals for reducing taxes and Federal spending. Only in this way will the Federal Government stop choking private initiative. Instead, our economic recovery is being slowed because of a lack of confidence in the Congress willingness to make this program work. The additional spending cuts necessary to bring the Federal budget within its target levels must be made—and made soon—to demonstrate that the Congress is serious about attaining a balanced budget in 1984.

We will do a better service to the Nation's economic health if we make a constructive effort to further reduce Federal spending rather than continuing to demagog the issue.●

● Mr. SOLOMON. Mr. Speaker, I would like to commend my colleague MICKEY EDWARDS for organizing this opportunity to show support for the President. Considering the number of reports we have read that Congress is getting cold feet on the President's economic recovery program, I think Mr. EDWARDS deserves a lot of credit for bringing us all together to demonstrate that we still expect, and hope, it to succeed.

You know, I was walking down the hall the other day and saw a bumper sticker inside the office of another Member—a Democratic Member. It said, "Save Social Security. Vote Democratic."

Talk about hypocrisy. If the social security system needs saving it is only because the Democrats have been managing—or mismanaging—it for the past 50 years. They have had their way from the very beginning on social security so they are hardly in the position to proclaim themselves the saviors of the system.

Unfortunately, this has been the way the Democrats have acted on all economic issues, not just social security. They have been in charge of economic policy for half a century and now they have the gall to complain that President Reagan has not been able to clean up in a month the mess they made.

For 50 years, Democratic Presidents and Congresses have overtaxed and overregulated the American people. They have squashed incentives to save and invest. They have allowed the Federal budget to balloon out of control and they have suppressed personal initiative. No wonder we have problems with inflation, high interest rates, and unemployment.

The Speaker of the House of Representatives has been quoted as saying he is going to sit back and not do anything to help the President. Well that is fine. If the House leadership doesn't want to do anything, they should just get out of the way because there are plenty of us on this side of the aisle who are very interested in reducing inflation and unemployment. I can understand that the Speaker is worried that the President will get the credit he deserves for turning around the economy after repudiating 50 years of Democratic policies. However, I think even the Speaker should rise above partisan politics for once and work for policies that will be best for the country.●

● Mr. HANSEN of Utah. Mr. Speaker, during the weeks since Congress has come back from the August recess, we have heard a lot of misinformation about the effects of the Reagan economic program.

Amazingly, as if they have had no connection with runaway Government spending and inflation, the President's opponents now blame him for all our Nation's economic problems.

The actions of the President's opponents are not unlike the angry crowd who calls for the lynching of the man who is found at the scene of a burning house and then is blamed for setting the fire. However, in actuality, the man is innocent and is struggling with all his might to put the fire out.

President Reagan is struggling to put out the destructive economic fires his most ardent and vocal opponents started. It is time that we praise the fireman and lay the blame where it belongs—with the spend and tax "arsons" of this Congress.

The facts are clear. The destructive fire is being put out. The flames are subsiding. When Jimmy Carter left office in January of this year, the prime rate was 21.5 percent. It is now down to 17.5 percent. Last year under Jimmy Carter, inflation was 12.4 percent. This year under President Reagan, inflation is below 10 percent. The largest spending and tax cuts in history have been enacted.

Economic conditions are certainly not perfect. But, they are headed in the right direction, and it is time we praise the actions of the brave fireman and lay the blame for the fire where it belongs.●

● Mr. MILLER of Ohio. Mr. Speaker, recently, we have seen a very strange phenomenon on the political stage. Big spenders claim to be concerned that the Reagan administration will not achieve a balanced budget by 1984. Now that is a very odd thing, and one wonders what is behind it.

There has been a balanced budget only once in the last 20 years—years during which, I might add, the opposition party had control of the Congress. That was in 1969 when there was in fact a budget surplus of a little over $3 billion. Apart from that year, all the other years showed deficits. The result of all that deficit spending through the years is a $1 trillion national debt.

So where, during the last 20 years, were many of these people who now profess to be concerned about a balanced budget? Well, a good many of them were right here in Congress voting for more and more Federal

spending. And when do the advocates of big spending decide to become concerned about a balanced budget? Well, they have decided to become concerned about this matter now that the American people elected an administration that really means business about reducing Federal spending.

For the first time in more than 20 years, the growth of Federal spending is being curbed. The formula of "tax and tax, spend and spend" is being altered. Under the Reagan administration, a budget reduction of $35.1 billion for fiscal year 1982 has already been achieved, and the total savings for fiscal years 1982-84 will be $130.6 billion. And the administration is seeking more cuts.

Ironically, many of the same people who are now wringing their hands and claiming to be so concerned about whether this administration will achieve a balanced budget by 1984 are the same ones who are criticizing the administration for the cuts that have been made. They are the same people who try to depict the administration as heartless for reducing spending. You cannot have it both ways. You cannot criticize the administration for cutting spending and at the same time profess to be worried about whether or not we will achieve a balanced budget.

We all know that future economic conditions are hard to predict, and that many variables enter into the economic picture. I do not know with certainty that we will achieve a balanced budget by 1984. What I do know is that this administration is doing more than giving lipservice to the concept of a balanced budget. This administration is making the hard political decisions and taking the necessary course of action to achieve a balanced budget. This administration, unlike past administrations, is actually doing what it promised to do by making cuts in Federal spending. So, as I said earlier, it seems very strange that we are now hearing from many of the big spenders in Congress about their concern for a balanced budget.

I am afraid that some of the tears that are being shed about a balanced budget are crocodile tears and that an ulterior motive lies behind them. Some of the doomsayers would like nothing more than to see their prophesies fulfilled. They do not want the President's program for economic recovery to work. And because restoration of economic confidence is crucial to the effectiveness of the President's program, these gloomy predictions might become self-fulling prophesies.

For years, I have urged and voted for cuts in spending. I have offered percentage-cut amendments to appropriations bills to reduce spending. It was not a popular position to take, and the majority of my colleagues frequently did not see fit to support these efforts. In the last Congress, however, my percentage-cut amendments were responsible for saving the taxpayers $1.1 billion. This saving was achieved without great hardship to the people, and I might point out that if more of my amendments had been adopted through the years, we could have gradually reduced spending without the impact of deep and abrupt cuts in programs.

At any rate, no one is more interested than I in seeing a balanced budget, and in fact, I am a cosponsor of legislation to mandate a balanced budget. I will gladly work with anyone who is genuinely interested in achieving this goal. I just hope that all those who profess to be concerned about this matter will lay aside partisan politics and stand with us in the months ahead as Congress comes to grips with the difficult spending decisions.●

● Mr. McCOLLUM. Mr. Speaker, in recent weeks we have been hearing a lot of moaning and groaning about the Federal deficit, interest rates, budget cuts, and whatever else is making news that particular day.

The general theme is along the lines that this administration is somehow failing to do what it promised, and that maybe we should not be as supportive as we have been these past few months.

Well, it appears to me that those who are making all this noise are the ones who are really disappointing the public. Some of these finger-pointers actually think that the people in this country are going to forget that the reason we are tightening our belts today is that past administrations and Congresses practiced the "please the public now and pay later" policy. The $1 trillion debt that everyone is screaming about was born and bred years ago under Democratic Congresses who created and funded program after program as if money grew on trees. When Ronald Reagan came to office last January, he had to deal with some of the most umpleasant financial statistics in our Nation's recent history. Our GNP had dropped from 5.4 percent in 1976 to minus 0.2 percent in 1980. Average interest rates had climbed from 5 percent to over 14 percent during this 4-year period—and inflation had grown from 4.8 percent to a double-digit figure of 12.4 percent, after peaking at 13.3 percent in 1979.

Only those who still believe in Santa Claus can possibly believe that we can make our economic problems go away overnight. We are battling a monster that has been growing for years—and that is why we have to make more budget cuts and why it will be an uphill battle to balance our budget by 1984. You simply cannot straighten out years of financial mismanagement this week or next week and make things rosy again the very next day. It cannot be done and anyone who says that it can is living in a dangerous fantasy world.

Last summer the Congress and the Nation pledged to work together to do what must be done to get rid of our Nation's debts and bring up productivity again. I urge all of those who made this pledge to remain unified, supportive, patient, and optimistic. It is the only way we can achieve our goal—and we owe it to ourselves and to future generations.●

● Mr. DREIER. Mr. Speaker, a few days ago, this country entered a new era. The start of the fiscal year marked the beginning of President Reagan's economic recovery program. Spending by the Federal Government has finally been reduced, reversing the longstanding trend of unrestrained increases. Americans are also seeing, at last, a substantial reduction in their taxes.

One week before the beginning of the new fiscal year, President Reagan addressed the Nation to announce further cuts in Federal spending. The President made it clear that he intends to persist in proposing measures that will restore fiscal stability to our country. In letters and phone calls to all of us in Congress, the people continue to urge that these proposals become law. Yet there are those Members of the House who advocate not taking the next step toward complete economic recovery. Such inaction could lead to disaster.

The financial markets are skeptical of the commitment of this Congress to complete the task of cutting Federal spending. They feel that we will take the tax cut and run—far away from the difficult job of lowering spending further. It is imperative that we prove this view wrong and move forward with more cuts in spending. To do otherwise would give the worst possible signal to the financial markets and to the people of this country.

We do not have a simple task. When we consider further reductions in spending, benefits for the truly needy must be preserved as the President promised. President Reagan said in his September 24 speech to the Nation:

> None of these steps will be easy. We are going through a period of difficult and painful readjustment. I know that we are asking for sacrifices from virtually everyone. But there is no alternative.

Our choice is clear. The President has proposed the next step in the process of returning our economy to a healthy state. The American people have indicated their strong support for the President's program. I urge my colleagues to pass the spending cuts the President has outlined. This is not the time for retreat.●

● Mr. LUJAN. Mr. Speaker, there is one facet of politics in this body which has constantly amazed me. That is the dedicated zeal with which the majori-

ty leadership seeks to absolve themselves of blame for every problem that we attempt to address. They never seem to realize that blame is very much secondary to solution.

Everybody in this country is aware that we have deep, deep economic problems. We have been on a fiscal collision course for years. Now that we have a program to address the problem, rather than getting together and work it out, we are being bombarded with complaints. Where have these complainers been in recent years? They have been spending and taxing and spending and taxing as if there were no tomorrow. Well let me tell you that today is yesterday's tomorrow and I have yet to hear a solution to our problems from these complainers.

There is no difference in how income and expenditures are run for an individual, a family or a government. If you spend more than you earn, you eventually will be foreclosed upon. I wonder if these complainers of today are advising their own families to spend and spend and spend, more and more each year than they earn?●

Mr. MCGRATH. Mr. Speaker, I commend my colleague from Oklahoma, Mr. (EDWARDS), for taking the special order. The state of the economy, and the size of the budget are problems which concern all of us—or should.

It almost seems as if there are some Members of this body who are pulling for the President's economic program to fail. Here we have a program which has been in effect for a grand total of 35 days, and already it is being blamed for every economic problem we are facing today. Already, one of our distinguished colleagues who recently completed his campaign for Governor of a great northeastern State, has called his campaign nothing less than a referendum on the economic policies of the Reagan administration. Imagine. A referendum on a program which only became functional less than one-tenth of a year ago.

For those among us who have short memories, I would just like to point out a few facts. For those who are saying, "Shame on you, Mr. President, for saying we might not have a balanced budget by 1984 as you promised," please try to recall the budget deficits which you have given this country over the past 20 years. For those who are saying that high interest rates are strangling the economy, they are right. But just try to remember what interest rates were only 1 year ago. The only diference is that we are now trying to do something about them. Try to remember which party it was whose membership voted by an 80-percent margin against the President's efforts to reduce Federal spending by $36 billion.

Finally, I would urge my colleagues on the other side of the aisle whose party it was that created the problems we are facing today. Mr. Speaker, the American people gave the policies of the Democrat-controlled Congress 25 years to fail. Please give the President's program more than 1 month to correct your mistakes. The American people deserve that much.●

MR. WHITTEN'S 40TH ANNIVERSARY

Mr. SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Nebraska (Mrs. SMITH) is recognized for 5 minutes.

● Mrs. SMITH of Nebraska. Mr. Speaker, I would like to congratulate the gentleman from Mississippi, (Mr. WHITTEN), on the 40th anniversary of his election to this Chamber. As ranking minority member of the Subcommittee on Agriculture, Rural Development, and Related Agencies of the Committee on Appropriations, I want to stretch my hand across the aisle, in the same bipartisan spirit that the chairman of the full committee and the subcommittee has shown me, and express appreciation for his service.

We all know, Mr. Speaker, that the Secretary of Agriculture, Hon. John Block, is a marathon runner. The gentleman from Mississippi, who has been termed by some a congressional "Secretary of Agriculture," is also a marathoner. Although Mr. WHITTEN has not—to my knowledge, and I invite correction—run 26.3 miles, he has outpaced the rest of us in his years of service to this House.

As chairman of the Subcommittee on Agriculture Appropriations since 1949—except for 2 years when a member of my party chaired the panel—Mr. WHITTEN has meticulously created a legislative record and history in the field of agriculture. During that time, he has demonstrated his dedication to American agriculture and shown himself to be a friend of those in the field: farmers and ranchers who work on the land, officials, and agents of the Department of Agriculture, and those in supporting organizations that contribute to the industry.

Mr. Speaker, the field of agriculture has changed considerably since the month before Pearl Harbor, when Mr. WHITTEN was elected to the House of Representatives at the age of 31. Mr. WHITTEN has been a pacemaker in meeting the challenges the field has faced. I am delighted to wish my colleague "happy anniversary."●

INTRODUCTION OF LEGISLATION PERMITTING EXTRACTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 10 minutes.

● Mr. YOUNG of Alaska. Mr. Speaker, I am today introducing legislation to authorize the Secretary of the Interior to permit the extraction of coal from the national petroleum reserve in Alaska ("NPR-A") for local use by Alaska Native villages and communities located within NPR-A for heating or the generation of electricity.

The Native communities on the North Slope of Alaska are desperately in need of finding ways to utilize fuel sources other than oil due to the high cost of refined product and the cost of transporting product to the North Slope by barge, plane or all-terrain vehicles. For example, fuel oil is currently being sold for $2.06 per gallon in the village of Wainwright, and gasoline is priced at $2.60 per gallon.

Due to these high costs and the probability that these costs will continue to rise, the Village of Wainwright—and other Native villages within the North Slope Borough—are currently assessing the possibility of the construction of electrical generation stations to be fueled by coal. Once these feasibility studies are completed and construction of the electric generation projects can be commenced, the authority provided to the Secretary in this legislation will be necessary to make the projects economically viable.

The Department of the Interior has in the past permitted the extraction of coal from the NPR-A in amounts needed for individual households. The Department does not believe, however, that its authority is broad enough to permit coal to be extracted from the NPR-A in the quantities that would be required to fuel a village-size generating station. I am attaching to my statement a copy of a letter which sets forth the position of the Interior Department.

The measure I am introducing would grant to the Secretary of the Interior clear authority to issue whatever permits, licenses, leases, easements, or rights-of-way are needed to permit the extraction of coal from lands within the NPR-A for local use. The authority would permit coal to be taken by the North Slope Borough, any other local government entity, or any Native organization within the North Slope Borough, without the payment of any royalty. The purposes for which the coal could be utilized would be limited: to provide fuel for heating or for the generation of electric power within the North Slope Borough.

The Congress and the executive branch have taken numerous steps in recent years to encourage exploration and development activities so that the energy resources of Alaska could be tapped and assist in filling the needs of the Nation. Yet, none of these developments do or will serve to fill the immediate needs of the Native citizens

of Alaska for an inexpensive source of energy. The oil and gas from Prudhoe Bay, and the oil obtained from the development of offshore and onshore leases in Alaska, for the most part, will be used to heat homes, to transport people and goods and to fuel industry outside Alaska. As compared to the contribution the resources of Alaska will make to fill the energy needs of the rest of the Nation, it would be a small, and clearly equitable, step to permit Alaska Native communities to use a fuel source within Alaska in limited quantities. The fuel source exists in far greater quantities than will ever be commercially developed, and use of the coal would enable the Natives to reduce their dependence on petroleum supplies and the economic burden which results from such dependence.

Jurisdiction over the NPR-A was transferred from the Department of the Navy to the Department of the Interior in 1977, following congressional action to lift the restriction that the petroleum resources on lands within the reserve could be used only by the Navy. The NPR-A encompasses almost one-half of the land area on the North Slope.

Although the identified reserves of coal on lands within the NPR-A are estimated to be approximately 44 billion tons, total coal reserves within NPR-A are probably many times this figure. At the present time, and for the foreseeable future, these reserves will be completely unutilized, since no system is in place or planned for transporting the coal to commercial markets. Consequently, allowing limited Native use of coal from NPR-A will not disrupt any commercial activity or have any significant impact on the recoverable reserves from NPR-A.

Under the directive of the Surface Mining Control and Reclamation Act of 1977, the National Academy of Sciences completed in the fall of last year an exhaustive study of surface mining conditions in Alaska. This study concluded that only small-scale operations should be permitted on the North Slope until more is known about the effect of mining on the tundra and indigenous wildlife, but recognized that limited-size mines would probably not be profitable. The bill I am introducing today would permit small-scale mines of the type recommended by the National Academy of Sciences. Not only would such operations permit the residents of the North Slope to make use of a local source of energy, these small-scale operations could serve, as recommended by the National Academy, to test and develop techniques for mining and reclamation on the North Slope, that could later be applied to commercial-size mines.

I believe this measure represents a significant action for the energy independence of some of the country's most isolated citizens, and I hope that the bill will receive rapid and favorable consideration. The text of the bill follows:

H.R. 4904

A bill to amend the Naval Petroleum Reserves Production Act of 1976 to authorize the Secretary of the Interior to permit local entities to extract and use coal from lands within the National Petroleum Reserve in Alaska for heat and generation of electricity

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 102 of the Naval Petroleum Reserves Production Act of 1976 (42 U.S.C. 6502) is amended by striking out "and (3)" and inserting in lieu thereof:

"(3) grant such permits, licenses, leases, easements, and rights-of-way to the North Slope Borough, any other local governmental entity, or any Native organization within the North Slope Borough, without royalty payments, as may be necessary for the extraction and use of coal as a fuel for heating and for the generation of electric power within the North Slope Borough, and (4)".●

LEGISLATION TO ALLOW COMMERCIAL BANKS TO UNDERWRITE MUNICIPAL REVENUE BONDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 5 minutes.

● Mr. McKINNEY. Mr. Speaker, recently the House Banking Committee took the first step of what, I think, will be a long and painful examination of our Nation's financial industry. Our committee is concerned with the condition of the regulated depository institutions as a result of laws passed almost 50 years ago. Those laws have put our savings banks, commercial banks and savings and loan associations at a tremendous disadvantage when they are forced to compete against what are essentially nonregulated financial service organizations, which is a euphemism for brokerage firms, money market funds, credit card companies, insurance companies and on down the list.

These nonregulated companies should be the major concern of our committee in my opinion. I support deregulation, but in an orderly fashion. To maintain stability in the banking industry I think it is necessary to protect these institutions from further attacks by the nonregulateds. Since the best defense is often a good offense, I am joining today the cosponsors of H.R. 2828 which will allow commercial banks to underwrite municipal revenue bonds.

We must take this step and any others necessary to fend off the attack on our banking industry.●

THE REAGAN-REGAN FLIMFLAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, Prof. Sidney Weintraub has been for years a leading exponent of incomes policy and a pungent critic of the foolish economic theories now so much in vogue. His recent article in the New Statesman of October 5, 1981, follows:

THE REAGAN-REGAN FLIMFLAM

(By Sidney Weintraub)

The Old Circus, replete with pitchmen, is playing in Washington and bamboozlement is the Big Tent feature. The Reagan-Regan Show, with grim patter by the President and Secretary of the Treasury Donald T. Regan is as wondrous as the illusion of sawing a woman in half.

I denounced Jimmy Carter's economic policies as preposterous; prodigious failures that destined him for retirement. My credentials are thus impeccable, and nonpartisan, in denoting the Reagan-Regan spectacular as flimflam, where the bland coaxes the barker to court job disasters. Delusion is purveyed in the center ring as the President rehearses McKinley's moth-eaten script that the Federal budget is at the core of all our woes. He even revels in the part of the Great Excommunicator in conning the distressed and disadvantaged that they will be better off without assistance, and that our aid to them is a menace to national security. Sensitivity, however, should alert the Reagan set not to flaunt their opulence when the President blows his bugle for "sacrifices"—by the undeserving, poor.

The villain remains inflation, which still verges too close to the double-digit torrid zone. Ending the price gush is the one sure way to drive interest rates from their usurious perch, and permit the Federal Reserve to release its iron foot from the monetary brake so as to foster private sector jobs.

It is on inflation that the Reagan-Regan bamboozlement has reached epic proportions. They have befuddled that nation with the grotesque babble that the size of the budget and the scope of the inflation predicament coincide. The two are neither parallel nor intimately connected. Yet our elegant Doomsday Communicator, with so vapid a message to impart, uses his prestigious pulpit to preach that the world is flat—and that we must believe him.

A greater shame attaches to our national press and media generally; they expose their own gullibility and partisan idealogy in feeding the bunkum in lead editorials, jejune "analysis," and sonorous readings of TV "news." The ubiquitous TV "expert" panel shows fill time and serve obtuseness in parading solemnity on the budget as comprehension. Typically, media economics elevates the hiccups of official sacred cows to a reverent status. Seldom have so many "reporters" tried so hard to ingratiate themselves to so many insipid lightweight bureaucrats who are overpaid for the harm they do to our nation.

An aspect nary mentioned nor criticized, not by the New York Times and certainly not by the Wall Street Journal, is that our Chief Executive in his occasional duty hours in the White House, fussed so much over the budget figures that he lost the full year 1981 to inflation: The issue that got Ronald Reagan elected simply was not con-

fronted, as even he admitted when he declared his program would start with the new budget year that began October 1. His piddling budget trims during 1981 were easily offset by higher interest charges on the national debt.

Of course, 1981 saw Federal Reserve monetary policy at work, engaging in its destructive charges while the Regan Treasury team blew hot and cold, lecturing the Federal Reserve Chairman Paul Volcker, in the course of a few months, to both tighten and ease monetary policy. The forked-tongue "dialogue" was matched a little earlier when they "explained" how the personal income tax cuts would lead to a flood of savings, without ever pausing to mention that 75 percent of the savings are in the corporate sector, and that savings follow, rather than precede, decisions to invest in plant and equipment.

Since 1929 the Federal government has had only nine years of budget surplus. Nevertheless, over most of the last 52 years the price level has behaved reasonably well by today's abject standards. Prices rose by about 2 percent per annum in the 1950s, by about 1 percent from 1961-67, and 3-5 percent over 1968-78—a modest inflation compared to the subsequent eruption. All this with budget deficits.

The Administration reveals an amazing lack of perspective in invoking the bogey of a projected national debt of $1 trillion. Relative to the Gross National Product of $3 trillion—and it will be about $4 trillion when the Reagan term expires in 1984, mainly because of inflation—the sum becomes dwarfed. At the close of World War II the numbers were reversed, with debt at $285 billion and the GNP at $255 billion. We not only survived but did quite handsomely in affluence over the 1955-65 period. A comparable debt total now would be about $3.5 trillion.

The moral, even for a President, should be plain: Whether an elephant is big or small depends on the object of comparison. Compared to a gnat an elephant is huge indeed. Compared to the World Trade Center it is small. The idea of debt relatively is, after all, not nearly as complex as Einstein's theory of relativity of the universe. It can be grasped with just a little extra effort by the Reagan Intellectual Irregulars.

The same is true for the pending 1982 deficit, variously estimated from $45 billion-$65 billion, which has Wall Street in chronic dither. In 1933 the deficit was 57 percent of Federal outlays and prices fill! At the projected 1982 outlays of about $710 billion, a comparable deficit would total about $400 billion. It may be recalled that we manifestly survived 1933 and went on into the modern half century. To be sure, the push-up was inspired by the bold, dauntless leadership of Franklin D. Roosevelt, who radiated confidence and bestowed compassion on the underprivileged at every turn. Today, in contrast, we are subject to the dark bleats of the Reagan-Regan duo, our Tweedledee and Tweedeldum prophets of alarm who are aghast at any governmental action that subverts their trickledown theories of economic magnanimity. Small wonder at the crisis in confidence; our Wagon Train leader is its herald, bellowing America's retreat from the humane state.

We could have been on the upgrade again. Profits and production tidings would be compelling Wall Street to mend its ways had President Reagan named a staff that just dimly comprehended the urgency of: (1) an Incomes Policy, and (2) a creditable monetary policy directed at expanding jobs, not contracting them, in tandem with the incomes restraint. The manhole cover the President has drawn over government spending as "hazardous to our health" is made of straw—or of the tobacco subsidies to buy North Carolina Republican Senator Jesse Helms' votes. Money incomes, it should be noted, will increase by the order of $300 billion in the next year, yet the President persists in acting as a tough budgeteer over $13 billion in cuts, fooling himself and the people that the future of civilization depends on his ideological axe. Even Micawber was more learned in the ways of the world, recognizing that when outlays were firm income had to rise—meaning taxes in the Reagan case.

There is a glib, quixotic and too frequent analogy between the government deficit and red ink business losses. The assertion immediately stamps its perpetrator as a fiscal neophyte. Government ledgers do not resemble private bookkeeping. Government lists all outlays as current expenditures, whether they are for paper clips, typewriter ribbons, glue, or (dwindling) school lunches (with catsup as a "vegetable"), or are sums allotted for building construction, highways, tanks, missiles, bombers, battleships, submarines, and other items having a durable life that would be calculated as "investment" by private enterprise. No private business could keep its accounts this way, mixing and mudding operational outlays with capital expenditures, and ever report a "profit." Nonetheless, our Wall Street wizards constantly assail deficits as business losses, to score a quick debating point on the unwary by reasoning from a false premise. Honest ideological opposition to government spending would be more decorous if it did not invent phony parallels.

Invariably, also, the Reagan Range Riders, with the Treasury Secretary the star offender, misread government expenditures as the "cause" of inflation. Casey Stengel would have marveled at this amazing knack for reading things backwards! Government outlays rise as a consequence of inflation; they are the victim far more than the cause. Every time the price of paper clips, desks, etc. goes up—not to mention military hardware, which will certainly scoot skyward—it costs the government more to do exactly the same today that it did yesterday. If 1962 prices still prevailed—the President is fond of invoking the '60s for his weird uncorrected numbers—the 1982 projected budget outlays would not be $710 billion but only about $240 billion. The Reagan communicants refuse to face this evident fact of life.

Inflation is a market phenomenon, a happening in the private sector in the prices of the goods we buy. If the price zoom is a result of too much demand—and that is definitely not the story in autos, housing, steel—then the President should be urging all of us to buy less and even raising taxes to forestall market demands, instead of extolling his ideological switch from a government to a private fizzless binge. Yet budget pruning is the "antidote" for inflation being purveyed in our highest political circles. We must pray that the quality of military thought is not equally convoluted should matters ever come to a calamitous pass.

While charging that excess government spending bears the onus for inflation, the President's staff might consider escaping the tedium of its busywork propaganda by studying collectivist economies where, despite government control of every major activity, the price performance generally outshines ours. It can hardly be the size of the budget, therefore, that determines the inflation jolt. But the President continues to orchestrate the myth that chopping the government's GNP purchases from 22 to 18 percent will wring miracles on prices. Or that cutting $13 billion more out of the $710 billion will extinguish our pains although in a $3 trillion GNP this comes to less than one half of one per cent. It is on such trifles that ponderous editorials are written and that TV pundits misinform millions of citizens. The President, too, should make an honest case for his self-serving theology which evades the evidence.

A most fashionable belated discovery of the Wall Street intelligentsia is that government borrowing to cover deficits collides with monetary policy, and pulls up interest rates. The wisdom of the Street, transmitted by our Treasury sages, is that closing the deficit gap will send interest rates tumbling.

How insulting to our intelligence. Reductions in government expenditure, besides inevitably creating more unemployment, are a means of replacing Federal spending with private splashing among the upper-bracket Reaganites benefiting from the Administration's tax cut for the opulent. The Reagan Rampagers are themselves the "authority" for the theory that supply-side tax cuts, tilted toward their pocketbooks, will unleash a burst of plant modernization outlays. Assigning even a modicum of credibility to the wild supply-side claims, and using the most elementary economic analysis, it is clear that the replacement of public by private borrowing will dump us back in the high interest pit. On deficits, interest rates, supply-side economics, and monetary policy cum inflation, distortion rides far and fast on the Reagan White House range.

In voicing what Vice President George Bush once aptly called "voodoo economics," Murray Weidenbaum, chairman of the President's Council of Economic Advisers and a long-time adamant foe of business and environmental regulation, counseled recently: "Don't stand there, undo something." Suppose we gave him his head and eliminated every regulation he deems noxious. What does our friend propose for an encore? A regulatory abandonment is a one-shot affair. Inflation represents an ongoing mismatch of money incomes and productivity.

But let's assume Weidenbaum has stumbled onto something profound—which I don't remotely believe. Then I propose that we instantly abandon all regulations and simultaneously raise all rates of pay, this very afternoon, a billionfold. Why not? Between budget cuts and the Federal Reserve as our guardian angel, and without regulations, inflation would disappear. Consider the world of bliss: no more taxes, no more speeches by the President on government expenditures, no more acerbic confrontations in Washington. With practically everyone a billionaire, nobody would care about the mess. Most of us would be quite willing to adopt a vast number of welfare clients, even though no regulation required us to do so.

Such are the absurd dregs on which our inflation dialogue churns. Stern theatrical posturings, ideological ramblings, nonsense, bamboozlement, flim-flammery are the order of the day—and proof of the Reagan-Regan utter misperception of our stagflation malaise. The fatcats, notwithstanding their tax bonanza, must eventually become disenchanted by an American Thatcherism that promotes human misery in the form of

income losses, unemployment, inflation, and sick financial markets.

Reagan-Regan do have an unconscious Incomes Policy: dry up sales, drive up interest rates, narrow production volume, and thereby force labor to accept lower pay increases. A conscious, rational approach without the crying distress would be better. But President Reagan, like Britain's Prime Minister Margaret Thatcher, feels that health and strength, and a vibrant economy, are the children of chronic sickness and despair. No sacrifice, the President really avers, is too great for the underprivileged to bear so that others can wear designer clothes and vacation on their California range.

Unfortunately, we must be prepared for even more inane answers to our national economic disorders. Supply-siders, who roped Reagan with the tax cut knots, are now foisting on the hapless President a proposal to restore the gold standard. Since the tax cut has not yet landed us in the Promised Land, they are designing a gold chariot to get us there, mounted of course on square wheels. Congressman Jack Kemp of New York, whose football agility has prepared him as admirably as any actor for economic leadership, seems to have been chosen to take the reins in this act. When it creates enough havoc or loses its glitter the spotlight can always turn to witchcraft or wampum swapping or sawbone surgery or goldsmith banking. All are ancient enough for the Wall Street Journal to declare them innovative ideas. Some circus!●

LEGISLATION TO PROVIDE BURIAL ASSISTANCE FOR SSI BENEFICIARIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, today I am introducing a bill which would amend title XVI of the Social Security Act, concerning eligibility for supplemental security income benefits. This legislation proposes to exclude from the calculation of an individual's assets for SSI benefits a burial plot and certain funds set aside for burial expenses, but not in excess of $1,500 per person.

I believe that this legislation addresses a problem caused by recent regulatory changes which were made without due regard for their impact. Having burial arrangements is of tremendous importance to many people, and a cause for peace of mind. Recently, however, many SSI recipients have received notice that they are no longer eligible for SSI because they have burial plots which cause their resources to exceed the SSI eligibility limits. They are, in effect, being forced to choose between funds set aside for burial arrangements or SSI benefits.

Most of us have received letters from concerned SSI beneficiaries faced with this terrible choice. The bill introduced today would correct this problem, and cost the taxpayers less than $1 million a year. We would thus avoid giving many elderly an inhumane ultimatum.

I hope that the Ways and Means Public Assistance Subcommittee, on which I serve, will be able to consider this legislation in the near future.●

THE YEAR OF THE VETERAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, Veterans Day this year marks the fourth anniversary of the return of the observance to November 11, this year the Nation pays tribute to the 1,018,000 Americans who died in the defense of their country in all American wars since 1776.

Veterans Day has been established by Congress to honor Americans who served in our Armed Forces in defense of freedom all over the world. Veterans Day deserves the highest recognition for those who have given their time and talents, and in many cases, their lives to secure and strengthen liberty and freedom for America and the free world. Those who served in the Armed Forces during a time of war rendered a special service to the Nation which entitles them to special consideration.

Mr. Speaker, during this session of the Congress we have approved rights, benefits and medical services for our veterans in recognition of their special contribution to the national interest through their military service. Within budget limitations imposed earlier this year, the Congress has enacted three major bills that will greatly benefit veterans. Our veterans and the public should be made aware of what we have done for them. This has been the year of the veteran, and we can be proud of the record we have accomplished together.

Mr. Speaker, the major provisions of these bills are as follows:

MAJOR PROVISIONS OF PUBLIC LAW 97-37—THE FORMER PRISONER OF WAR BENEFITS ACT OF 1981

Provides priority hospital care and outpatient treatment to former prisoners-of-war.

Provides service-connected benefits for former prisoners-of-war for psychosis and any of the anxiety states (including post-traumatic stress neurosis).

Reduces from six months to thirty days the requisite prisoner-of-war incarceration period for presumptions relating to certain disabilities and diseases.

Requires the Administrator of Veterans' Affairs to maintain a centralized record of claims of former prisoners-of-war and of the disposition of such claims.

Defines the term "former prisoners-of-war" to include persons who, during active service during a period other than a period of war, are held under circumstances that the Administrator finds comparable to internment during a period of war.

Provides authority for the Administrator of Veterans' Affairs to establish an Advisory Committee on Former Prisoners-of-War to advise him on matters relating to this group of veterans.

MAJOR PROVISIONS OF PUBLIC LAW 97-66—VETERANS' DISABILITY COMPENSATION, HOUSING AND MEMORIAL BENEFITS AMENDMENTS OF 1981

Increases disability compensation and dependency and indemnity compensation by an average 11.2 percent effective October 1, 1981, for over 2½ million veterans and dependents.

Requires the Administrator to include in the annual budget any plans to make major reductions in personnel or to close VA offices. Provides that such plans cannot be implemented until the beginning of the next fiscal year thereby giving the Congress an opportunity to take legislative action to prevent such closings or reductions.

Prevents the VA from using medical care funds to conduct cost comparison studies related to contracting-out of functions now being performed in-house at local VA hospitals.

Requires OMB to certify that appropriated funding and personnel ceilings have been provided to VA for medical programs.

Increases the one-time automobile allowance for certain service-connected veterans from $3,800 to $4,400.

Extends eligibility to adaptive equipment for automobiles where a veteran's service-connected disability impairs his ability to operate the vehicle without such equipment. The State licensing authority and the Chief Medical Director must certify that such equipment is required for the issuance of the operator's license.

Increases Servicemen's Group Life Insurance for active military personnel and Veterans' Group Life Insurance coverage from $20,000 to $35,000 effective December 1, 1981.

Permits GI insurance to be paid in a lump sum when an insured veteran fails to designate a method of payment.

Increases the specially adapted housing assistance grant for "wheelchair homes" from $30,000 to $32,500.

Clarifies the intent of Congress in barring VA benefits to members of the All-Volunteer Forces who fail to complete at least 24 months of their obligated service.

Prevents certain single veterans from losing pension while undergoing rehabilitation at a VA medical facility.

MAJOR PROVISIONS OF PUBLIC LAW 97-72—VETERANS' HEALTH CARE, TRAINING, AND SMALL BUSINESS LOAN ACT OF 1981

Requires that the VA operate not less than 90,000 hospital and nursing home care beds and maintain the availability of such additional beds and facilities to fulfill VA's contingency responsibilities for assistance to the Department of Defense.

Extends the period of the Psychological Readjustment Counseling Program (Vet Centers) until September 30, 1984.

Establishes priority inpatient and outpatient care for certain Vietnam veterans exposed to Agent Orange and for those veterans exposed to radiation at Nagasaki and Hiroshima and in subsequent nuclear testing.

Grants authority for the expansion of the scope of the Agent Orange epidemiological study required by Public Law 96-151.

Provides effective January 1, 1982, that the delimiting period for Vietnam era veterans who have remaining entitlement and whose GI Bill delimiting period would have

otherwise expired be extended through December 31, 1983, for pursuit of apprenticeship or on-job training or a program with a vocational objective or a secondary education program.

Provides for an extension of the Veterans Readjustment Appointment Authority for eligible disabled and Vietnam era veterans to provide for noncompetitive appointments in the Federal Government to September 30, 1984.

Provides a Small Business Loan Program with a one-time appropriation of $25 million for both direct and guaranteed loans for service-connected veterans and for veterans of the Vietnam era.

ST. JOSEPH'S UKRAINIAN CATHOLIC CHURCH TO MARK SILVER JUBILEE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I rise to bring to the attention of my colleagues the 25th anniversary of St. Joseph's Ukrainian Catholic Parish, many of whose members are residents of the 11th District of Illinois which I am honored to represent in the Congress.

Commemorative events will include the Solemn Divine Liturgy of Thanksgiving on the afternoon of Sunday, November 15, at St. Joseph's Ukrainian Catholic Church, 5000 North Cumberland Avenue, Chicago, Ill., followed by a gala dinner at Thirteen Colonies banquet hall.

I extend my sincerest congratulations to Rev. Joseph Shary, pastor, and Rev. Leonard Korchinski, copastor, as well as to all of the church members on their outstanding and dedicated efforts to maintain St. Joseph's Ukrainian Catholic Church as a source of inspiration in our Northwest Side Chicago community.

The strength of the church and the family has contributed mightily to the strength and greatness of our Nation, and the emphasis of St. Joseph's Ukrainian Catholic Church on these traditional American values make all of its members a part of this spendid heritage.

Mr. Speaker, a statement on St. Joseph's silver jubilee follows:

ST. JOSEPH'S TO MARK SILVER JUBILEE

CHICAGO.—St. Joseph's Ukrainian Catholic Parish will commemorate its 25th Anniversary here on Sunday, November 15, 1981. Festivities will begin with procession at 2:45 P.M. that will escort Bishop Innocent Hilarion Lotocky, OSBM, and other clergy and dignitaries into church for the Solemn Divine Liturgy of Thanksgiving. Concelebrants will be Rev. Joseph Shary, pastor, and Rev. Leonard Korchinski, co-pastor. The Jubilee will be further marked with a gala dinner at Thirteen Colonies Banquet Hall. Over 500 people are expected to attend. Chairman of the celebration is Andrew Diduch; co-chairman is Bohdan Kucan.

St. Joseph's Ukrainian Parish is an Eastern Rite Catholic Church under the Pope of Rome. The parishioners observe the ancient Byzantine ritual which they received from Greek missionaries and officially adopted in the year 988 during the hegemony of Kievan Prince, Vladimir the Great. The language of the people at that time was Old Slavonic. Today the people observe the ritual in Ukrainian and English.

At the turn of the century the immigrant Ukrainians who came to Chicago settled in the area of Chicago and Western Avenues and developed St. Nicholas Parish, which today is the Cathedral Parish of the Ukrainians in the midwest and west. Then in the 1950's a need arose for another church on the northwest side. The late Metropolitan Constantine Bohachevsky of Philadelphia, spiritual leader of the Ukrainian Church in the United States, sent Fr. Joseph Shary to organize St. Joseph's Parish.

Fr. Joseph Shary was born in Elizabeth, New Jersey. He was ordained a Ukrainian Catholic priest in 1950 and served parishes in both Auburn, N.Y. and Philadelphia, Pa. In 1956 he came to Chicago and has been here ever since.

The first parish Mass was celebrated in St. Benedict's Church on August 12, 1956. The first parishioners were Paul and Mary Feschyn, Harry Matviuw, Anna Kurta, Catherine and Emily Malashko, and Anna Kykta. The following day Fr. Shary met with six families who were to be the founders of St. Joseph's Parish. They were Mr. and Mrs. William Zdeblick, Mr. and Mrs. John Gawaluck, Mr. and Mrs. Paul Marinoff, Mr. and Mrs. George Kuzma, Mr. and Mrs. Walter Gawaluch, and Mr. and Mrs. Walter J. Sawkiw.

The following Sunday about 60 parishioners met in the Marian Chapel at Our Lady of Victory Church. Then on August 26, 1956 the parishioners gathered for Liturgy in the lobby of St. Patrick's High School at Belmont and Austin Avenues. That is where the parish remained for two and a half years. During that time at St. Patrick's over 150 families were organized into a tight-knit dynamic parish. Three organizations were formed: the Altar and Rosary Society, with Mr. Olga Marinoff the first President; the Holy Name Society, with Rudolph Presslak the first President; the parish choir, which was initially directed by Father Shary and shortly afterwards fell to the baton of Julian Pozniak.

In December 1958 an all-purpose building was built at 5016 N. Cumberland Road and served as a temporary church and activities hall. The mortgage was liquidated on November 3, 1963. Services were held in the "old" church for nineteen years. The last Mass was celebrated on March 20, 1977. Then on Sunday, May 22, 1977, the modern multi-domed new church was blessed and dedicated by the late Bishop Jaroslav Gabro.

The twenty-five years of St. Joseph's were cram-packed with spiritual history. Parish life was replete with all the excitement and vicissitudes that usually accompany growth. The vital statistics as of October 1981 indicated there were 441 baptisms, 359 marriages and 387 funerals. For a parish the size of St. Joseph's with only 250 families this is quite a record. The parishioners have much to be proud of and a great deal to be thankful for. The pastor reminded his flock: "All our endeavors over the past 25 years have been for the greater honor and glory of God."●

THE RUSSIAN "MENACE"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, seldom have we seen the kind of unease and alarm that has seized the world—and increasingly, our own country—as we are seeing today.

Economically, we and the rest of the world are struggling and juggling to find stability and prosperity—wondering if the only way to that happy state is to pass through another Great Depression, to be shorn again of wealth and dreams. We wonder: Have we lost the secret—has the world changed that much, or have we forgotten the hard-won lessons of Lord Keynes?

Politically, we see the steady erosion of alliances like NATO—France having withdrawn long since to go its own way, Greece having elected a government that is not well disposed toward the alliance, and the opposition in Great Britain espousing a program to eliminate any effective British help.

On our television screens we see great demonstrations by hundreds of thousands of people who fear holocaust—frightened by a casual remark by President Reagan that he thinks it would be possible for the United States to escape a nuclear assault, even in the case a tactical atomic war happened to devastate Europe. We in turn are sobered by new estimates of the hundreds of millions of Americans who would die in a nuclear exchange. We see the Secretary of Defense solemnly assuring us that he thinks the Russians are preparing for a general nuclear war—Armageddon. I offer for the RECORD at this point an article appearing in today's Washington Post.

TOLL IN A-WAR IS ESTIMATED

"HUNDREDS OF MILLIONS" MIGHT DIE IN NORTH AMERICA ATTACK

(By George C. Wilson, Washington Post staff writer)

A Soviet nuclear attack on North American could kill "hundreds of millions" of people in what would be "the greatest catastrophe in history by many orders of magnitude," Gen. David C. Jones, chairman of the Joint Chiefs of Staff, said yesterday.

Jones painted that grim picture under what he called "the worst conditions" when asked by the Senate Foreign Relations Committee yesterday to estimate the casualties from "an all-out nuclear exchange" between the United States and the Soviet Union.

Sen. Claiborne Pell of Rhode Island, senior Democrat on the committee, asked that and related questions of Jones and Defense Secretary Caspar W. Weinberger as the senator probed the implications of President Reagan's rearmament drive.

Weinberger declined to estimate the casualties from a nuclear war, telling the committee that although there are organizations that seem to do little else but make such estimates, he did not know of one he could give as authoritative.

The defense secretary similarly stiff-armed questions about whether he believed the United States could win a nuclear war, confining his answers on the Reagan administration's philosophy to the intention of deterring war by strengthening the American military.

But Weinberger told the committee that the Soviets "by their actions must think it's winnable. . . ."

"When you look at the arsenal they have amassed over more than 21 years," Weinberger said, "I have to conclude that that is the assumption which underlies all of their thinking."

Pell, in nothing the huge nuclear arsenals that both the United States and the Soviet Union are building, recalled to Weinberger former Soviet premier Nikita Khrushchev's rhetorical question: "Why make the rubble bounce?"

Weinberger said the Reagan administration is not striving for military "superiority" over the Soviet Union but just wants to "regain enough strength so we can deter an attack upon us. That is all we seek."

Asked by Sen. Joseph R. Biden Jr. (D-Del.) whether it was realistic to assume that a nuclear war between the United States and the Soviet Union would last a long time, Weinberger replied that "the Soviets have a refiring capability and a virtually unlimited supply of missiles."

Refiring in that context means launching one missile after another from the same silo. A "cold launch" keeps the launching equipment from being burned so it can be used again within a short time. The arms control agreement SALT II would limit launchers deployed on both sides, not the missiles for them.

"I don't know if it's realistic" to assume nuclear war would last more than several days. Weinberger told Biden, "but if this is the situation we are faced with, you cannot hope to deal with it or to deter attack unless you have the kind of capability that will enable you to respond." He said it appears the Soviets "are at least planning more than one strike."

Weinberger said the president's six-year program for strengthening the nation's nuclear forces would provide the needed deterrence. Reagan plans to build 100 B1 bombers; deploy 100 MX missiles, inserting up to half of them in existing Titan or Minuteman silos; put nuclear cruise missiles in the noses of attack submarines, and upgrade the warning and command network.

The administration's negotiating position with the Soviets on arms reduction would be "weakened very severely" if Congress rejected the president's B1 or MX proposal, Weinberger said.

Weinberger told the committee that last Sunday's Washington Post story suggesting that the United States and Saudi Arabia were putting together a massive military command network without the Senate knowing about it "came out of whole cloth. Nothing was kept from the Senate. There is no secret treaty." He added that it would be logical, however, for U.S. forces to use facilities in Saudi Arabia if they were sent there to protect the oil fields.

What is our response to all of this? Nothing coherent.

The Secretary of State is engaged in a pettifogging war with the White House bureaucracy over who should have influence over the shaping of foreign policy. He makes statements that are regularly contradicted by the Secretary of Defense, and vice versa. The President says one thing, then another, and his Cabinet yet another.

This is no time for confusion, but the confusion is everywhere, and it is real. The administration has no policy, and has not even an apparatus for making policy.

We are treated to a good cop/bad cop routine.

The President warns us that the Russians are spending unprecedented amounts to build an unprecedented war machine, which his Secretary of Defense says they aim to use.

Alarmed, the SALT II Treaty is to be avoided, they say. The whole process must begin anew, they say. That is the tough cop of the Reagan camp speaking.

The tough cop goes on to say that Europeans should not buy Siberian gas lest they become too dependent on the ambitious Russians. The Russians are warned: Stay out of Poland. And the whole world is told the United States will spend unprecedented amounts of money on a new generation of arms, to catch up with the Russians.

Yet at the same time, this administration cancels the grain embargo, not only cancels it but arranges unprecedented new sales to the Russians. Then they agree to seek pipeline equipment to build the very pipeline that Europe is warned not to use. And they agree to sell practically any kind of technology to the Russians. If we are afraid of Russian military might, why are we also giving them the vital ingredients of economic strength that lies behind military strength? If we are fearful of them, why are we building them up?

Our only response to any problem anywhere—Middle East or wherever—seems to be to sell them more arms, and make a new threat, a threat that we lack the ability to back up. We are retreating to the days of Dulles: building a trip-wire world of threat and counterthreat—when we know very well that the danger grows every day.

What our policy has not answered is the vital question: Do the Russians want war any more than we do?

If they want war, then there is nothing we can do but arm against that fateful day. But curiously, our arms buildup is not matched by any civil defense commitment. Our warnings are not matched by efforts to stop the trade that builds Russian technology and economic strength. Our military forces are given no coherent mission to prepare for, and our people are not told just what the threat is.

If the Russians want to avoid war, as surely we do, then the policy should logically be to maintain our strength and vigilance, and to seek negotiations to cut down the zones of conflict and danger. That is exactly the kind of policy that was followed by Jimmy Carter—who began a military buildup and at the same time pursued strategic arms limitation. It was and remains a sane policy—a policy that seeks to preserve our interests and our options, but at the same time seeks ways to lessen the danger.

But the Reagan administration cannot bring itself to decide. Do the Russians want to avoid war or do they want to provoke war? And since the Reagan administration cannot bring itself to decide that, we are treated to the good cop/bad cop routine in which a policy stated one day is renounced the next, in which the explanations grow more and more bizarre, and finally in which the terror grows ever greater. In this bedlam comes a voice of reason, sobriety, and responsibility, a brilliant article by the distinguished George Kennan in the New Yorker of November 2:

TWO VIEWS OF THE SOVIET PROBLEM

(By George Kennan)

Looking back over the whole course of the differences between my own view of East-West relations and the views of my various critics and opponents in recent years, I have to conclude that the differences have been, essentially, not ones of interpretation of phenomena whose reality we all agree on but, rather, differences over the nature and significance of the observable phenomena themselves—in other words, differences not about the meaning of what we see but, rather, about what it is that we see in the first place.

Let me illustrate this first with the example of our differing views of the nature of the Soviet regime.

My opponents, if I do not misinterpret their position, see the Soviet leaders as a group of men animated primarily by a desire to achieve further expansion of their effective power, and this at the expense of the independence and the liberties of other people—at the expense of the stability, and perhaps the peace, of international life. They see these men as pursuing a reckless and gigantic buildup of their own armed forces—a buildup of such dimensions that it cannot be explained by defensive considerations alone and must therefore, it is reasoned, reflect aggressive ones. They see them as eager to bring other countries, in the Third World and elsewhere, under their domination, in order to use those countries as pawns against the United States and other nations of the Western alliance; and they see the situations existing today in such places as Angola and Ethiopia and Afghanistan as examples of the dangerous success of these endeavors. My opponents reject the suggestion that Soviet policy might be motivated in any important degree by defensive considerations. In their view, the Soviet leaders do not feel politically encircled or in any other way significantly threatened. And though it is recognized that Moscow faces serious internal problems, it is not thought that these problems impose any very serious limitations on the freedom of the regime to pursue aggressive external intentions.

What emerges from this vision is, of course, an image of the Soviet regime not greatly different from the image of the Nazi regime as it existed shortly before the outbreak of the Second World War. This being

the case, it is not surprising that the conclusion should be drawn that the main task for Western statesmanship at this time must be to avoid what are now generally regarded as the great mistakes of the Western powers in the late nineteen-thirties; that is, to avoid what is called appeasement, to give a low priority to the possibilities for negotiation and accommodation, and to concentrate on the building up of a military posture so imposing and forbidding, and a Western unity so unshakable, that the Soviet leaders will perceive the futility and the danger of their aggressive plans, and will accept the necessity of learning to live side by side with other nations on a basis compatible with the security of those other nations and with the general requirements of world stability and peace. I do not question the good faith of American governmental personalities when they say that once this new relationship of military and political power has been established they will be prepared to sit down with their Soviet counterparts and discuss with them the prerequisites for a safer world; but I fear that they see the success of any such discussions as something to which the Soviet leaders could be brought only reluctantly, with gnashing of teeth, and this seems to me to be a poor augury for the lasting quality of any results that might be achieved.

Now, all this, as I say, is what I believe my opponents see when they turn their eyes in the direction of the Kremlin. What I see is something quite different. I see a group of troubled men—elderly men, for the most part—whose choices and possibilities are severely constrained. I see these men as prisoners of many circumstances: prisoners of their own past and their country's past; prisoners of the antiquated ideology to which their extreme sense of orthodoxy binds them; prisoners of the rigid system of power that has given them their authority; but prisoners, too, of certain ingrained peculiarities of the Russian statesmanship of earlier ages—the congenital sense of insecurity, the lack of inner self-confidence, the distrust of the foreigner and the foreigner's world, the passion for secrecy, the neurotic fear of penetration by other powers into areas close to their borders, and a persistent tendency, resulting from all these other factors, to overdo the creation of military strength. I see here men deeply preoccupied, as were their Czarist Russian predecessors, with questions of prestige—preoccupied more, in many instances, with the appearances than with the realities. I do not see them as men anxious to expand their power by the direct use of their armed forces, although they could easily be frightened into taking actions that would seem to have this aim. I see them as indeed concerned—and rather naturally concerned—to increase their influence among Third World countries. This neither surprises me nor alarms me. Most great powers have similar desires. And the methods adopted by the Soviet Union are not very different from those adopted by some of the others. Besides, what has distinguished these Soviet efforts, historically viewed, seems to be not their success but precisely their lack of it. I see no recent Soviet achievements in this direction which would remotely outweigh the great failures of the postwar period: in Yugoslavia, in China, and in Egypt.

But, beyond that, a wish to expand one's influence is not the same thing as a wish to expand the formal limits of one's power and responsibility. This I do not think the Soviet leaders at all wish to do. Specifically, I have seen no evidence that they are at all disposed to invade Western Europe and thereby to take any further parts of it formally under their authority. They are having trouble enough with the responsibilities they have already undertaken in Eastern Europe. They have no reason to wish to increase these burdens. I can conceive that there might be certain European regions, outside the limits of their present hegemony, where they would be happy, for defensive purposes, to have some sort of military control, if such control could be acquired safely and easily, without severe disruption of international stability; but it is a far cry from this to the assumption that they would be disposed to invade any of these areas out of the blue, in peacetime, at the cost of unleashing another world war.

It is my belief that these men do indeed consider the Soviet Union to have been increasingly isolated and in danger of encirclement by hostile powers in recent years. I do not see how they could otherwise interpret the American military relationship with Iran in the time of the Shah or the more recent American military relationships with Pakistan and China. And these, I believe, are not the only considerations that would limit the freedom of the Soviet leaders to indulge themselves in dreams of external expansion, even if they were inclined toward such dreams. They are obviously very conscious of the dangers of a disintegration of their dominant position in Eastern Europe, and particularly in Poland; and this not because they have any conscious desire to mistreat or oppress the peoples involved but because they see any further deterioration of the situation there as a threat to their political and strategic interests in Germany—interests that are unquestionably highly defensive in origin.

I believe, too, that internal developments in the Soviet Union present a heavy claim on the attention and the priorities of the Soviet leaders. They are deeply committed to the completion of their existing programs for the economic and social development of the Soviet peoples, and I am sure that they are very seriously concerned over the numerous problems that have recently been impeding that completion: the perennial agricultural failures; the many signs of public apathy, demoralization, drunkenness, and labor absenteeism; the imbalance in population growth between the Russian center and the non-Russian periphery; the increasing shortage of skilled labor; and the widespread economic corruption and indiscipline. They may differ among themselves as to how these problems should be approached, but I doubt whether there are any of them who think that the problems could be solved by the unleashing of another world war. I emphatically reject the primitive thesis, drawn largely from misleading and outdated nineteenth-century examples, that the Kremlin might be inclined to resort to war as a means of resolving its internal difficulties. Nothing in Russian history or psychology supports such a thesis.

In saying these things, I do not mean to deny that there exist, interwoven with the rest of the pattern of Soviet diplomacy, certain disquieting tendencies, which oblige Western policymakers to exercise a sharp vigilance even as they pursue their efforts toward peace. I believe that these tendencies reflect not so much any thirst for direct aggression as an oversuspiciousness, a fear of being tricked or outsmarted, an exaggerated sense of prestige, and an interpretation of Russia's defensive needs so extreme—so extravagant and so far-reaching—that it becomes in itself a threat, or an apparent threat, to the security of other nations. While these weaknesses probably affect all Soviet statesmen to one extent or another, the evidence suggests to me that they are concentrated particularly in specific elements of the Soviet power structure—notably, in the military and naval commands, in the vast police establishment, and in certain sections of the Party apparatus. So far, these tendencies do not seem to me to have dominated Soviet policy, except in the case of the decision to intervene in Afghanistan—a decision that was taken in somewhat abnormal circumstances and is now, I believe, largely recognized, even in Moscow, as a mistake. But there will soon have to be extensive changes in the occupancy of the senior political positions in Moscow, and Western policymakers should consider that a Western policy that offers no encouragement to the more moderate elements in the Soviet hierarchy must inevitably strengthen the hand, and the political position, of those who are not moderate at all.

So much, then, for our differences of view with respect to the Soviet regime. It is not unnatural that anyone who sees the phenomenon of Soviet power so differently from certain others should also differ from those others in his view of the best response to it. It is clear that my opponents see the Soviet regime primarily as a great, immediate, and growing military danger, and that this conditions their idea of the best response. I have no argument with them about the existence of a great danger. I do differ from them with regard to the causes of this danger. I see these causes not in the supposed "aggressiveness" of either side but in the weapons race itself. I see it in the compulsions that this, like any other weapons race between sovereign powers, engenders within all the participants. I see it in the terrible militarization of outlook to which this sort of competition conduces: a species of obsession which causes those who have succumbed to it to direct their vision and their efforts exclusively to the hopeless contingencies of military conflict, to ignore the more helpful ones of communication and accommodation, and in this way to enhance the very dangers against which they fancy themselves to be working.

Leaving aside for the moment the problems of nuclear weaponry, I shall say a word about the military balance in conventional weapons. An impression has been created that there has recently been a new and enormous buildup of Soviet conventional strength on the European Continent, changing the balance of forces in this respect strongly to the disadvantage of the West. This view has found expression in the statements of a number of distinguished Western personalities. I cannot flatly deny the correctness of this thesis. I am only a private citizen. I do not have access to all the information at the disposition of the governments. But, with all respect for the sincerity and good faith of those who advance this view, I am disinclined to accept it just on the basis of their say-so. I am so disinclined because I think I have made a reasonable effort, in these last few years, to follow such information as appears in the press and the other media about the military balance and I find this body of information confused, contradictory, statistically questionable, and often misleading. Most of it seems to derive from data leaked to the media by one or another of the Western

military-intelligence services, and one cannot avoid the impression that it reflects a tendency to paint an exaggerated and frightening picture of Soviet capacities and intentions—a so-called worst-case image. This is done, no doubt, partly out of an excessive professional prudence but partly, too, I am afraid, with an eye to the reactions of various Western parliamentary bodies, which require to be frightened (or so it is believed) before they will make reasonable appropriations for defense. * * * In terms neither of the number of divisions nor of total manpower nor of any of the other major indicators does the information now available to the ordinary newspaper reader prove that the balance of conventional military strength in Central Europe is significantly less favorable to the Western side than it was ten or twenty years ago.

To say this is not to claim that the present balance is satisfactory. That is not my contention. Of course there is a preponderance of strength on the Soviet side. Such a preponderance has existed since the Second World War. Of course it is not desirable. I myself favor a strengthening of NATO's conventional capacities, particularly if the strengthening be taken to mean an improvement of morale, of discipline, of training and alertness, and not just a heaping up of fancy and expensive new equipment that we do not have the manpower to operate or the money to maintain. But if this strengthening is to be effected I think it should be presented and defended to the public as a normal policy of prudence—a reasonable long-term precaution in a troubled time—and not as something responding to any specific threat from any specific quarter. The Western governments, in particular, should not try to gain support for such a program by painting on the wall an exaggerated and unnecessarily alarming image of Soviet intentions and capacities. This procedure represents, in my view, an abuse of public confidence, and one that, in the end, is invariably revenged.

So much for the conventional weapons. Now—with a sigh and a sinking of the heart—for the nuclear ones. Here, I am sorry to say, I have differences with every single one of the premises on which our government and some of the other NATO governments seem to act in designing their policies in this field. First, of all, my opponents seem to see the nuclear explosive as just a weapon like any other weapon, only more destructive; and they think that because it is more destructive it is a better and more powerful weapon. I deny that the nuclear explosive is a proper weapon. It conforms in my view, to none of the criteria traditionally applied to conventional weapons. It can serve no useful purpose. It cannot be used without bringing disaster upon everyone concerned. I regard it as the reflection of a vast misunderstanding of the true purposes of warfare and the true usefulness of weaponry.

My opponents see the Soviet Union as having sought and achieved some sort of statistical superiority over the NATO powers in this kind of weaponry. I myself have not seen the evidence that it has achieved that sort of superiority; nor do I see any reason to assume that that is what it would like to do. The evidence seems to me to suggest that it is striving for what it would view as equivalence, in the statistical sense—not for superiority. My opponents believe that differences of superiority or inferiority, in the statistical sense, have meaning: that if you have more of these weapons than your adversary has, you are in a stronger position to stand up against intimidation or against an actual attack. I challenge that view. I submit that if you are talking, as all of us are talking today, about what are in reality grotesque quantities of overkill—arsenals so excessive that they would suffice to destroy the adversary's homeland many times over—statistical disparities between the arsenals on the two sides are quite meaningless. But precisely that—the absurd excessiveness of the existing nuclear arsenals—is the situation we have before us.

My opponents maintain that the reason we must have the nuclear weapons is that in a conflict we would not be able to match the Soviet Union with the conventional ones. I would say: If this is true, let us correct the situation at once. Neither in respect to manpower nor in respect to industrial potential are we lacking in the means to put up conventional forces fully as strong as those deployed against us in Europe.

My opponents say: We must have these weapons for purposes of deterrence. The use of this term carries two implications: first, that it is the Russians who have taken the lead in the development of these weapons, and that we are only reacting to what they have done; and, secondly, that the Russians are such monsters that unless they are deterred they would assuredly launch upon us a nuclear attack, with all the horrors and sufferings that that would bring. I question both these implications; and I question in particular the wisdom of suggesting the latter implication thousands of times a year to the general public, thus schooling the public mind to believe that our Soviet adversary has lost every semblance of humanity and is concerned only with wreaking unlimited destruction for destruction's sake. I am not sure, furthermore, that the stationing of these weapons on one's territory is not more of a provocation of their use by others than a means of dissuading others from using them. I have never been an advocate of unilateral disarmament, and I see no necessity for anything of that sort today. But I must say that if we Americans had no nuclear weapons whatsoever on our soil instead of the tens of thousands of nuclear warheads we are now said to have deployed, I would feel the future of my children and grandchildren to be far safer than I do at this moment; for if there is any incentive for the Russians to use such weapons against us, it surely comes in overwhelming degree—probably, in fact, entirely—from our own enormous deployment of them.

Finally, there are many people who consider it useless, or even undesirable, to try to get rid of these weapons entirely, and believe that a satisfactory solution can somehow be found by halfway measures of one sort or another—agreements that would limit their numbers or their destructiveness or the areas of their deployment. Such speculations come particularly easily to a government such as our own, which has long regarded nuclear weapons as essential to its defensive posture and has not been willing to contemplate a future without them. I have no confidence in any of these schemes. I see the danger not in the number or quality of the weapons or in the intentions of those who hold them but in the very existence of weapons of this nature, regardless of whose hands they are in. I believe that until we consent to recognize that the nuclear weapons we hold in our own hands are as much a danger to us as those that repose in the hands of our supposed adversaries there will be no escape from the confusions and dilemmas to which such weapons have not brought us, and must bring us increasingly as time goes on. For this reason, I see no solution to the problem other than the complete elimination of these and all other weapons of mass destruction from national arsenals; and the sooner we move toward that solution, and the greater courage we show in doing so, the safer we will be.

No wonder we are confronted with demonstrations by a confused and concerned Europe; no wonder our allies go more and more their own way; and no wonder our own people grow more and more afraid that our foreign policy, far from reducing the threat of Armageddon, could bring it on.

□ 1730

WORLD COMMUNISM

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Ohio (Mr. ASHBROOK) is recognized for 30 minutes.

Mr. ASHBROOK. Mr. Speaker, with events in Afghanistan, Poland, Cuba, throughout the world, there is a renewed interest in world communism. Just last Sunday, for example, I attended the 25th anniversary of the Hungarian Freedom Fighter units in Cleveland, Ohio, and I can attest to the fact that in the hearts and minds of many Americans there beats a very warm, patriotic feeling for our country, and a very great feeling that world communism is, indeed, a threat.

I have been amazed over the years how many times I have been told that those of us who feared communism were a little bit like "Chicken Little" worrying about the sky falling. People do not say that much anymore because I think the aggressive nature of world communism is becoming more and more obvious to virtually every American.

Over the years that I have been in Congress I have delivered many speeches, written many articles, newsletters, on the subject of world communism. My service in the Congress has included being a member of the Un-American Activities Committee, a member of the Internal Security Committee, and I am now a member of the Select Committee on Intelligence.

I take this time to outline in very brief detail a few of the more than 600 speeches and articles which I have written over that period of time on the subject of world communism.

Date: July 27, 1961.

Pages: 13831-13832.

Title: "Captive Nations Week—An Unfortunate Symptom."

Subject: The discovery of a noticeable change in the tone and language of President Kennedy's captive nations declaration from those issued since Captive Nations Week was designated and provided for by Congress in 1959. Contrasted to the strong anti-Communist declarations of President Eisen-

hower, Mr. Kennedy issued an apologetic proclamation which never once mentioned Communist hegemony over the captive peoples.

Date: September 26, 1961.

Page: 21487.

Title: "Assembly of Captive European Peoples Scores Indifference To Self-Determination."

Subject: A publication of the telegram from the Assembly of Captive European Nations (ACEN) to the governments of the Belgrade Conference's meeting of nonalined nations. The telegram expressed the concern and disappointment of the ACEN over the indifference shown by the Belgrade Conference toward the legitimate quest for self-determination of the peoples of captive Europe, the non-Russian peoples in the Soviet Union proper, and the scores of millions in China, Tibet, North Korea, and North Vietnam.

Date: January 24, 1963.

Page: 1005.

Title: "45th Anniversary of Ukrainian Independence Day."

Subject: Referring to the "great people" of the Ukrainian nation as "political prisoners" at the hands of their Kremlin captors, I expressed the hope that the efforts to establish the Captive Nations Committee will be realized.

Date: March 3, 1963.

Pages: 4262-4265.

Title: "Article Charges U.S. Agencies Penetrated by Reds."

Subject: Publication in the RECORD of an article in the New York Journal-American which recounts the information presented by a defector from the Soviet secret police to the American Government detailing penetration of the U.S. State Department and CIA by Soviet agents. I labeled such testimony as being merely the "tip of the iceberg" of the extent of such infiltration.

Date: May 29, 1963.

Pages: 9849-9850.

Title: "Communists on Campus."

Subject: I addressed the House concerning the vital issue of Communist speakers on college campuses. The claim that members of the Communist Party U.S.A. has a legally enforceable right to be allowed to speak on American campuses is exposed as a mistaken notion.

Date: December 20, 1963.

Pages: 25413-25414.

Title: "U.S. Subsidizing Wheat Sales to Soviets."

Subject: I spoke out in opposition to a bill which would subsidize wheat sales to the Soviets, and help finance the Soviet purchase through the extention of credit. This legislation is an instance of helping to augment the avowed intention of the Soviets to destroy our system of government.

Date: April 14, 1964.

Page: 7954.

Title: "L. B. J. Deceives American People."

Subject: I remarked that L. B. J.'s welcome to Nikita Khrushchev as an "apostle of peace" could have only been born out of naivete or deception. I expressed my confidence that the American people would not be misled by L. B. J.'s deluded characterization of the Kremlin dictator.

Date: June 2, 1964.

Page: 12487.

Title: Introduction of House Concurrent Resolution 311 authorizing and requesting the President to take such steps as may be necessary to have placed on the agenda of the General Assembly of the United Nations at the next regular session, the issue of self-determination for all nations enslaved by Communist imperialism.

Date: August 15, 1964.

Page: 19957.

Title: "Let's Win the Cold War."

Subject: Reprint in RECORD of New York Daily News column which highly lauded a new book published by the American Security Council entitled, "Peace and Freedom Through Cold War Victory." The authors are critical of the containment policy as being an insufficient strategy to insure the security of the free world. "Only an affirmative cold war policy," state the authors, would result in victory over the inexorable momentum of communism.

Date: January 22, 1965.

Title: "School of Anti-Communism is meeting in Washington."

Subject: I call attention to the Washington School of Anti-Communism which is meeting in Washington during the week of January 21. The seminar, headed by the respected authority on communism, Dr. Fred Schwarz, examines the "pathology of the disease of Marxism."

Date: March 23, 1965.

Pages: 5965-5966.

Title: "More U.S. Help on Way to Communists."

Subject: Reprint of article in Loudonville (Ohio) Times which comments on the ludicrous policy of our Government in allowing—indeed, encouraging—increased trade with the Communists.

Date: June 29, 1965.

Pages: 15073-15074.

Title: "Speech by Honorable Joe E. Poole."

Subject: Congressman Poole's speech to Oak Cliff, Tex., Lions Club is printed in the RECORD. His speech presents a convincing case why the job of the House Un-American Activities Committee is so necessary in a society where freedom and liberty work to the advantage of professional and calculating Communist organizations.

Date: July 19, 1965.

Pages: 17232-17233.

Title: "Religious Persecution by Communists."

Subject: Commenting on the concurrent resolution of July 12 which expressed the sense of Congress that the Soviet and East European Communists be urged to permit the free exercise of religion, I expressed just one regret; that the resolution was not sooner in coming and more forceful in tone.

Date: September 28, 1965.

Pages: 25401-25402.

Title: "Oppressed Nations Look to Free Nations To Help Them Regain Their Freedom."

Subject: Calling for more substantive action by the United States than an annual expression of concern in the captive nations declaration, I introduce House Concurrent Resolution 367 which authorizes the President to instruct the U.S. Ambassador to the U.N. to demand that that body enforce its charter provisions guaranteeing self-determination to all peoples. The resolution draws specific attention to the Soviet Union's subjugation of non-Russian and East European peoples.

Date: February 8, 1966.

Pages: 2480-2481.

Title: "Education on Communism."

Subject: The current unrest on college campuses has provided the Communists with an auspicious opportunity to use such growing movements to their own advantage. I emphasized that only a citizenry which has been enlightened as to the wiles of Communist intrigue can prevent them from becoming unwitting dupes for the conspirators.

Date: April 7, 1966.

Pages: 8051-8053

Title: "Select Committee on Basic Human Rights and Peaceful World Order."

Subject: Recognizing that the first logical step to be taken in the quest for true world peace with justice is in addressing ourselves to the root of the malady—the denial of basic human rights in the Soviet Union and Eastern Europe, I call for passage of my resolution to create a Select Committee on Basic Human Rights and true world peace.

Date: April 28, 1966.

Pages: 9265-9266.

Title: "Education for Survival."

Subject: Reprint of essay by Dr. Kenneth Colegrove, professor of poltical science and noted expert on communism, which discusses effective methods of properly educating our students on the nature and theory of communism. According to Professor Colegrove, one of the indispensable tools for the instruction of students are the reports and hearings of congressional committees, particularly the House Un-American Activities Committee.

Date: May 11, 1966.

Pages: 10326-10327.

Title: "Kremlin Curtails Church Activties."

Subject: Reiterating my belief that genuine coexistence with the Soviet Union is impossible as long as that regime disregards traditional, sacred freedoms, I draw attention to an article in Christian Science Monitor recounting the continued efforts of the Soviets to stifle the freedoms of her own people.

Date: June 22, 1966.

Pages: 13953-13956.

Title: "Communist Subversion Continues."

Subject: Notwithstanding claims by the State Department that the Soviets are mellowing, I present documented evidence which manifests the utter deception of such a claim. A review of current Soviet espionage activities in the United States concludes that the Communists are proceeding as methodically as ever with certain subtle changes that result in a thoroughly more polished operation.

Date: July 25, 1966.

Pages: 16881-16882.

Title: "Communist Terror: Red China—Part 1."

Subject: I prefaced an eyewitness account of Lowell Thomas' observation of Red Chinese terror in subjugating Tibet, with a reiteration of my plea that self-determination for the captive nations be placed on the agenda of the U.N. before the issue of admitting the P.R.C. to that body is discussed.

Date: October 13, 1966.

Pages: 26665-26667.

Title "Helping the Communists Build Bridges East—To North Vietnam."

Subject: The Johnson administration proposals to ease trade restrictions with Soviet and East European regimes are both morally and practically unjustified. I question how the U.S. Government can justify such policies to the families of American fliers shot down over North Vietnam with Soviet-supplied weaponry.

Date: March 1, 1967.

Pages: 5067.

Title: "Lenin and the Deaf Mutes."

Subject: At a time of increased trade with the Communist bloc, I consider the reprint in the RECORD of an article entitled "Lenin and the Deaf Mutes" of critical and timely importance. The author, a former Soviet official, had access to certain unpublished writings of V. I. Lenin. The observations of Lenin were uncannily prophetic as the Bolshevik leader referred to the leaders of the West as "deaf mutes" who, in their eagerness to believe the deception that the Communists have mellowed, will copperate with their enemies in their own destruction.

Date: March 13, 1967.

Pages: 6327-6329.

Title: "Whose Consulates Will Speak for the These?"

Subject: I submit information concerning the approximately 250,000 Russian and non-Russian prisoners exiled to Soviet camps during and after World War II. The evidence shows that prisoners included Poles, Czechs, Hungarians, Germans, Russians, Latvians, Lithuanians, Estonians, Ukrainians, Finns, Jews, Bulgarians, Romanians, and Kalmucks.

Date: May 4, 1967.

Pages: 11693-11694.

Title: "Following the Party Line."

Subject: The current CPUSA tactic of merging antiwar movement with the civil rights activities is, in my opinion, detrimental to the advancement of civil rights. For this reason it is with concern and regret that I note an interview with Dr. Martin Luther King which reveals the civil rights leader to be openly sympathetic to Marxism, portraying the ideology as the only movement with "revolutionary spirit."

Date: July 10, 1967.

Pages: 18219-18221.

Title: "Responsible Dissent or Calculated Treason."

Subject: While conscious of the fact that many antiwar protesters are genuinely concerned, patriotic Americans, I expressed no doubts that much of the dissent against the war is inspired, organized, led, and promoted by Communists in the United States. Statements such as those of North Vietnamese General Giap that the Communists only hope of winning the war lay in the increased "pressure against the war in America" are proof that protesters are ironically prolonging the war by giving the Communists "a hope against all hope."

Date: July 18, 1967.

Pages: 19289-19294.

Title: "Countering Communist Propaganda."

Subject: Expressing a powerful belief in the urgency of educating Americans as to the truth of the 50 years of Communist brutality, I submit to the RECORD a bibliography of reference works on the intricacies of communism. In addition, three articles were submitted by a well-known FBI counterspy and student of communism, Herbert Philbrick, on the terror and atrocities of the Communists.

Date: July 31, 1967.

Title: "Road to Revolution: Communist Guerrilla Warfare in the U.S.A."

Subject: As investigations are undertaken into the causes of the current urban riots illustrated the importance of placing the role played by extremist groups in the outbursts in the proper perspective. Submitted to the RECORD is columnist Allan C. Brownfeld's review of former Communist Phillip Abbot Luce's book, "The Road to Revolution," which highlights Communist's acute interest and involvement in such insurrections.

Date: August 31, 1967.

Pages: 24840-24842.

Title: "Guerrilla Politics."

Subject: Provide information revealing that Government investigators had uncovered a plan to take over control of the National Conference for New Politics, a coalition of peace, civil rights, and antipoverty figures.

Date: October 20, 1967.

Pages: 29575-29581.

Title: "What Price Communism? A 50-Year Review."

Subject: With the approach of the 50-year anniversary of the Bolshevik seizure of power, and the expectation of the inundation of propaganda glorifying the progress made by the Soviets, I submit several excerpts from Eugene Lyons' "Workers' Paradise Lost." Lyons, a former correspondent for UPI's Moscow branch, whose Communist sympathies dissipated during his residence there, devoted his book to destroying 21 myths concerning the U.S.S.R. which have become prevalent in some circles.

Date: October 25, 1967.

Pages: 29973-29975.

Title: "A Day of Celebration—Or of Mourning."

Subject: I call attention to a group of prominent Americans and over 60 organizations in the United States—patriotic, civic, veterans, ethnic, captive nations, and religious—who have issued a proclamation commemorating November 7 as a "Day of Mourning For the Victims of Communism." Submitted to the RECORD is the proclamation which seeks to remember the victims of the world's greatest aggression while calling on all free men to rededicate themselves to restoring freedom to communism's captives.

Date: October 30, 1967.

Page: 30459.

Title: "Capitol Views."

Subject: I refer to an article from Chicago Tribune entitled "Capitol Views" which relates the reaction of Miss Annie Samuelli, a Romanian who was held 12 years in Communist prisons. Her story is not the ordinary recital of Iron Curtain prison horrors but an account of how the human spirit can triumph over brutality, no matter how prolonged.

Date: November 6, 1967.

Page: 31328.

Title: "A True Perspective."

Subject: Reprint of Reuters dispatch from Geneva, Switzerland, disclosing charges of religious persecution against members of the Evangelical Christian Baptist Church in the U.S.S.R. Insertion of the information with the hope of further placing the commemoration of the revolution in proper perspective.

Date: November 9, 1967.

Pages: 31941-31942.

Title: "Soviet Crimes Against Humanity."

Subject: Calling the Young Americans for Freedom indictment of the

Communist regimes of the world for crimes against humanity one of the "most appropriate and realistic commemorations of the—Bolshevik—revolution, I inserted in the record the "Indictment for the Crimes Against Humanity." I also called attention to the YAF trial to be held in January 1968.

Date: January 16, 1968.

Page: 93.

Title: "Dissenting on Behalf of Soviet Dissenters."

Subject: With television and newspapers devoting so much coverage to those in the United States who are forever stressing the right of dissent over all other considerations, I feel it eminently necessary to draw attention to the fate of dissenters in the Soviet Union. I inserted in the RECORD a book smuggled out of the U.S.S.R. documenting the widespread arrests of dissenters in the Soviet Union, particularly in the Ukraine.

Date: February 19, 1968.

Pages: 3047-3048.

Title: "Communism on Trial."

Subject: I draw attention to the international moot court trial to be held February 21 before the Court of World Public Opinion at the Hall of Nations at Georgetown University. The trial will bring together a group of experts on and eyewitnesses to the activities of the Communist menace and will provide an antidote to the myriad propaganda released by the Communists during the 50th anniversary of the revolution.

Date: February 28, 1968.

Pages: 4477-4480.

Title: "Civil Liberties in the Ukraine."

Subject: I inserted in the RECORD excerpts from "Documents on Ukranian Trials in 1966." The manuscript, which was written by a Ukranian newsman imprisoned for his support of dissidents, Vyacheslav Chornovil, documents the widespread repressions of Ukranian intellectuals by the Soviets.

Date: March 12, 1968.

Pages: 6205-6208.

Title: "Helping To Exploit the Black Citizens."

Subject: I provided further proof that the exploitation of blacks by the Communist Party is being aided and abetted by Dr. Martin Luther King, who poses as champion of his race's aspirations. I inserted the latest illustration of M. L. King's affinity for Communist causes in the RECORD—a report in the Communist publication, the Worker, of the recent meeting at Carnegie Hall to honor the avowed Communist, the late W. E. B. Du Bois.

Date: March 27, 1968.

Pages: 7977-7978.

Title: "Marxism's New Economics."

Subject: A critique in Barron's of so-called economic reform in Yugoslavia, a major beneficiary of U.S. foreign aid, was inserted in the RECORD. The article exposes the facade of "liberal" market reforms in Yugoslavia, where massive doses of U.S. and Western aid (provided in the mistaken belief that Tito was an "independent," "Western-influenced" Communist) have repeatedly failed to improve the welfare and productivity of the Nation, because the preponderance of party control has remained.

Date: April 3, 1968.

Pages: 8825-8827.

Title: "The Issue of Self-Determination for the Captive Peoples."

Subject: I reaffirm my support of the proposal I introduced during the 89th Congress which calls for the President to instruct his Ambassador to the U.N. to have that body consider the issue of self-determination for those peoples held captive under Communist hegemony. It is with solicitude and regret that I noted the State Department's indifference to the proposal.

Date: May 14, 1968.

Pages: 13277-13278.

Title: "Education About Communism."

Subject: With yet another effort to bring to the attention of the Members of the need for responsible education concerning the philosophy, strategy, and tactics of the world Communist movement, I provided information of an organization which has effectively addressed this need for 10 years—the Cardinal Mindszenty Foundation.

Date: June 20, 1968.

Pages: 18128-18129.

Title: "The Plight of the Hungarians: Soviet Economic Exploitation."

Subject: Insertion in the RECORD of analysis of Hungary as the economic satellite of the Soviet Union by Dr. Michael Szaz, guest editor of American Security Council and political science professor at Seton Hall. Dr. Szaz' treatment emphasizes Hungary's economic dependence on the Soviet Union and the gloomy prospects for any internal liberalization by the Communist regime in that country.

Date: June 28, 1968.

Pages: 19349-19354.

Title: "As Seen Through the Eyes of Moscow."

Subject: Insertion in the RECORD of recently published article by former Russian citizen, and highly respected Kremlinologist, Herman F. Achminow. The article provides certain guidelines and parameters for analyzing Soviet policy, which the author states can only be understood if "[it] is viewed within the scope of overall international developements, that is, as an attempt of the Soviet Government to shape history scientifically."

Date: July 12, 1968.

Page: 21110.

Title: "Justice—Soviet Style."

Subject: Insertion in the RECORD of Philadelphia Inquirer article by London Observer columnist Michael Bourdeaux entitled, "Religious Protest Leader Supports Jailed Writers in Russia." The religious protester, Boris Talantov, was able to smuggle documents to the aforementioned Bourdeaux which describe the treatment meted out to dissenters in the U.S.S.R. and serves as a lucid commentary on the perverse justice system in the Soviet Union.

Date: August 2, 1968.

Pages: 25401-25402.

Title: "Time for a Change in East-West Trade Policies."

Subject: Convinced that the U.S. Government policy of trading with the Soviet Union while that country supplies the North Vietnamese with the wherewithal to kill thousands of American serviceman is an egregious insult to the principles and intelligence of the American people, insert in the RECORD an article by syndicated columinst Allan Brownfeld entitled, "The Continuing Paradox of East-West Trade in Time of War."

Date: September 26, 1968.

Page: 28402.

Title: "American Hungarian Federation Letter to U Thant."

Subject: Insertion of aforementioned letter to the U.N. General Secretary expressing the remorse of those Americans of Hungarian descent over the ruthless reinvasion of Czechoslovakia by the Soviet Union. Plagued by the too-vivid memory of the bloody aggression by the U.S.S.R. against Hungary in 1956, the A.H.F. supports the Captive Nations Week resolution and calls for the withdrawal of Soviet troops from Czechoslovakia.

Date: April 15, 1969.

Pages: 9254-9255.

Title: "National Students Committee on Cold War Education."

Subject: The belief that the urgent need for learning the foundations of American freedom while at the same time studying the precepts and strategems of international communism cannot be overemphasized, prompted my observance of the Young Americans for Freedom establishment of its national students committee on cold war education.

Date: May 6, 1969.

Pages: 11581-11585.

Title: "Uniting To Combat Soviet Expansion."

Subject: I voiced the concern in many circles in the West about the Soviet naval buildup in the Mediterranean and requested that Mr. Frans Goedhart's document, "Recommendations on Security in the Middle East and Mediterranean," be inserted in the RECORD.

Pages: 20615-20616.

Date: July 23, 1969.

Title: "The Pressing Problem of Cuba."

Subject: The mistaken notion of certain State Department officials that

"Castro is mellowing" is further illuminated by the revelations of a recent defector, who had served as a Cuban intelligence officer in Paris. I inserted in the RECORD an account in the "Christian Science Monitor" which published the invaluable revelations of the former intelligence officer who documented the leightened Sovietization of Cuba and the increased emphasis Castro is giving to the exportation of revolution to Central and South America.

Pages: 20677-20678.

Date: July 24, 1969.

Title: "Captive Nations Declaration Signals Foreign Policy Retreat."

Subject: I expressed his disappointment over the Nixon administration's apparent continuation of the dishonorable tradition of his Democratic predecessors in issuing an ambiguous and apologetic declaration on Captive Nations Week.

Pages: 32501-32502.

Date: October 30, 1969.

Title: "Aftermath of Peace Moratorium."

Subject: I provided information documenting the obvious links between various peace groups and the Communist revolutionaries throughout the world. A review of the evidence offered makes it clear that many conscientious Americans, who participated in the peace moratorium of October 15, were the unwitting dupes of calculating Communist militants.

Pages: 21617.

Date: June 25, 1970.

Title: "State Attorneys General and the SACB."

Subject: A bill to strengthen the internal security of the United States is introduced. By amending the Internal Security Act, this measure would provide the means by which the attorney general of a State may, when he has reason to believe an organization is a Communist-action or a Communist-front organization, file with the Subversive Activities Control Board and serve upon such organization a petition for a determination by the SACB that the organization is either a Communist-action or Communist-front organization.

Pages. 33219-33226.

Date: September 22, 1970.

Title: "The Views of Dr. Stefan Possony on Various National Issues."

Subject: With the propagation of an abundance of beliefs based on misinformation, faulty and fantastic reasoning by a plethora of self-annointed experts, it is with a sense of refreshment that I observe the views of an educator and intellectual committed to addressing the need for scientific and painstaking approaches to the vital problems of the day. A brilliant analysis of the ideology and practice of international communism by Dr. Stefan Possony, director of international political studies at Stanford's Hoover Institute on War, Revolution, and Peace was inserted in the RECORD.

Date: October 14, 1970.

Title: "Operation Keel Haul, the Freedom of Information Act and the Case of Epstein Against Resor."

Subject: Insertion in the RECORD of the legal documents produced in the case of Epstein against Resor in which the appellant, Julius Epstein, an historian and now research associate at Stanford University's Hoover Institution, sought release of a U.S. Army file on the forced repatriation of 2 to 5 million Soviet citizens from German camps during and after World War II. The plaintiff's arguments were based on the Freedom of Information Act, which went into effect on July 4, 1967, and which specified various classifications of information which could not be withheld from the public.

Pages: 7102-7103.

Date: March 18, 1971.

Title: "Communist Correspondent's Son Propagandizes High School Students."

Subject: I inserted in the RECORD information brought to my attention by the American Hungarian Federation which provides a solid example of the ways Communist state officials—under the guise of journalists or correspondents—use their positions in the United States as platforms for agitation and slander. In this instance, I inserted an article in a high school newspaper by the son of an American correspondent for the Hungarian News Agency which glorifies life in Communist Hungary and offers gratuitous criticism of American institutions.

Pages: 22627-22632.

Date: June 29, 1971.

Title: "Soviet Anti-Semitism."

Subject: Recent publications in the U.S.S.R. using the terms "Zionist" and "Jew" interchangeably are part of a calculated campaign of attacking the Jewish religion and culture under the guise of attacking Zionism. Cautioning many non-Communists in America against committing the same abuse, I conclude that Soviet anti-Zionism, in short, provides a political cover for anti-Semitism and anti-Americanism.

Pages: 26247-26248.

Date: July 20, 1971.

Title: "Persecution of Hungarian Minorities in Czechoslovakia and Romania."

Subject: I brought to the Members' attention the work done by the National Committee of Hungarians in Czechoslovakia in documenting 1968 events in Czechoslovakia and on the present situation in that country in which the Soviets have brutally reasserted their absolute control and have revitalized nationality conflicts. In Czechoslovakia, Hungarians and other national elements do not possess the same rights as the nationals.

Pages: 27719-27721.

Date: July 28, 1971.

Title: "Has Red China Changed?"

Subject: Notwithstanding the Nixon administration's campaign to change Americans' perceptions of Red China, evidence cited gives no indication whatsoever of any "mellowing" on the part of Communist People's Republic of China leaders.

Pages: 35364-35367.

Date: October 6, 1971.

Title: "Good Ole Khrushchev."

Subject: Eulogies by certain American politicians and journalists which praised Khrushchev as a leader of high stature were noticeable by their absence of reporting on the former party leader's murderous purges, particularly in the Ukraine. In an attempt to provide a more objective obituary of the late Communist, I insert evidence of Khrushchev's ignominious role during the Stalin regime's terror-laden history.

Page: 38937.

Date: November 2, 1971.

Title: "The Hungarian Symbol of Eventual Freedom."

Subject: Speaking in wholehearted support of Senator DOLE's concurrent resolution urging that the great national treasure of Hungary continue to remain in the safekeeping of the U.S. Government until the people of Hungary are again directed by a free and representative government, I refer to the Crown as the Hungarian's "eventual hope for eventual freedon." I expressed my concern that if Dr. Kissinger's aim to return the Crown to the Communist regime in Hungary is realized, it would serve as a public gesture to the Soviet bloc that the U.S. Government fully recognizes Communist control over the captive nations.

Pages: 40228-40231.

Date: November 9, 1971.

Title: "More on the Case of Operation Keelhaul."

Subject: Insertion in the RECORD of syndicated columnist Allan Brownfeld's analysis of Operation Keelhaul, a project in which the United States cooperated to return to the Soviet union against their will over a million Russian prisoners and displaced persons at the end of World War II.

Pages: 2054-2061.

Date: February 1, 1972.

Title: "How We Lost Superiority and Accepted Inferiority."

Subject: Firmly convinced that true peace is only possible through military strength and confident that the American people want superiority, it is with solicitude that I undertake the sad task of reviewing the ascendancy in government of those who rejected superiority as a national goal.

Pages: 3697-3701.

Date: February 9, 1972.

Title: "The Shifting Balance of Military Power."

Subject: Insertion in the RECORD of television interview with Dr. Edward

Teller, one of the foremost nuclear scientists of our era, and Dr. John S. Foster of the Department of Defense on American nuclear defense capabilities as compared to those of the Soviet Union. The conclusions of both distinguished experts was that the discouraging trend of gradual U.S. disarmament and frantic Soviet buildup would result in a serious threat to the diplomatic and economic interests of this country in the coming decade.

Pages: 8629-8631

Date: March 15, 1972.

Title: "Can Free China Survive?"

Subject: My concern that current U.S. relations with the Peoples Republic of China might herald future roadblocks to the continuation of a free Republic of China on Taiwan, prompted my insertion in the RECORD of noted China expert Dr. David N. Rowe's analysis, "Can Free China Survive?"

Pages: 12777-12779.

Date: April 13, 1972.

Title: "Right of Self-Determination for the Baltic States."

Subject: I reiterated my oft-introduced proposal to have requested of the President, through the U.S. Ambassador to the U.N., to have the issue of self-determination for the Baltic States placed on the agenda of the U.N. for consideration at the next regular session.

Pages: 18687-18691.

Date: May 24, 1972.

Title: "SALT Agreement Will Mandate Soviet Superiority; 'Decade of Danger' for United States and Allies."

Subject: Early indications of the terms of the pending strategic arms limitation agreement—SALT—would, "doom the United States to nuclear inferiority to the Soviet Union and endanger our national security for the remainder of this decade." Concluding that the agreement is one-sided, I call on the House and Senate to repudiate the treaty.

Pages: 20376-20377.

Date: June 8, 1972.

Title: "The SACB and the New Internal Security Board."

Subject: In response to an attempt by the Senate to eliminate appropriations for the Subversive Activities Control Board, I call attention to H.R. 9669, which passed the House on May 30 and would serve as the heart of a new internal security program, painstakingly devised through the joint efforts of the executive branch and the House over a period of several years. This bill would combine and continue as one program, two long successful existing programs, permit actions against the Communist Party U.S.A.; Maoist, Trotskyite, and domestic brands of communism, groups attempting to deprive others of their constitutional rights by unlawful means; and organizations which violate laws pertaining to treason, rebellion, sedition, conspiracy, among others. By means of the program the American public would be alerted to the nature of such organizations and the Federal Government would be assisted in its hiring or retention of people unsuitable for Federal employment. (For a full explanation of H.R. 9669 and the attendant debate see the RECORD of May 30, 1972; pp. 19080-19103).

Page: 20144-20145.

Date: June 18, 1973.

Title: "Leonid Brezhnev—Enemy of Freedom and the Russian and Other Peoples."

Subject: As Leonid Brezhnev is welcomed to the United States at the start of his visit as the leader of a supposedly friendlier and more enlightened Soviet Union, I remind the American people that the Kremlin leader is still the enemy of freedom. Inserted in the RECORD is the publication of an "Open Letter to Mr. Leonid I. Brezhnev," from officials of three groups of Americans of Czech, Hungarian, and Polish heritage which demands the easing of the terror structure in the Soviet Union and Eastern Europe.

Page: 23445.

Date: July 11, 1973.

Title: "Hungary and the MBFR negotiations."

Subject: Cautioning that the current mutual and balanced force reduction talks could result in further tilting the military and political balance in favor of the Soviet Union, attention is focused on the Kremlin's tactic of excluding Hungary from the negotiations, thereby providing the Soviets with a sanctuary to deploy their troops. Such a strategem, besides offsetting the MBFR balance, would further inhibit the drives for self-determination in Hungary and grant the Soviet Union a free hand to intervene in Yugoslavia.

Pages: 28318-28321.

Date: September 24, 1973.

Title: "Soviet Labor Camps and the Conscience of the American People."

Subject: At a time when American businessmen are launching elaborate trade plans with the Soviets and the American people are told by the State Department that "détente" is in "fool" bloom, it took time to reflect on the hopeless plight of the victims of Soviet oppression. An article from the "Washington Star," based on hearings by the Senate Internal Security Committee, entitled, "Soviet Labor Camps: The Nightmare That Doesn't End," was inserted into the RECORD.

Pages: 34935-34937.

Date: October 24, 1973.

Title: "Soviet Military Might: Western Made."

Subject: I provide evidence to support my claim that the United States and Western Europe have supplied the Soviets with as much as 90 to 95 percent of its technology; and consequently by implication have enabled the U.S.S.R. to become the military power it is today.

Pages: 425-426.

Date: January 22, 1974.

Title: "Solzhenitsyn and Operation Keelhaul."

Subject: In my continuing attempt to gain access to information from recalcitrant State and Defense Department officials concerning Operation Keelhaul—the forcible repatriation of millions of Russian soldiers—I drew attention to details of this sad affair contained in Alexander Solzhenitsyn's provacative book, "The Gulag Archipelago," I inserted certain excerpts from the book in the RECORD.

Pages: 430-431.

Date: January 22, 1974.

Title: "Nixon Pursues Détente While Kremlin Pursues Military Superiority."

Subject: Insertion in the RECORD of Evans and Novak editorial exposing the dangers of the misconception that détente will bring about a less militant Soviet Union. The authors conclude that if present Soviet military escalation trends continue, the Kremlin will be pursuing a "highly bellicose policy within three years."

Pages: 7997-7999.

Date: March 25, 1974.

Title: "Decline of American Internal Security."

Subject: I emphasized the necessity of maintaining a constant alertness to the continuing threat of Communist espionage, subversion, and violence during periods of détente. However, I noted with concern that American internal and external intelligence systems are at their lowest ebb.

Page: 15946.

Date: May 21, 1974.

Title: "No Compromise With Reds."

Subject: Drew attention to the appearance on Capitol Hill of the indomitable Joseph Cardinal Mindszenty, former primate of Hungary, who has spent 23 years in Nazi and Communist prisons or in exile. I inserted an article in the "Washington Star" concerning the Cardinal's visit and remarks made regarding his implacable belief that there can never be any compromise between the Church and Communists.

Pages: 25632-25634.

Date: July 29, 1974.

Title: "Soviet Christians Persecuted Too."

Subject: The considerable world attention being devoted to the plight of Soviet Jews, while indeed strongly justified should also be directed at the Christians being persecuted in the Soviet Union. Radio Liberty reports of such persecution were inserted into the RECORD.

Pages: 26872-26874.

Date: August 5, 1974.

Title: "Soviet Day of Shame, Sixth Anniversary: Indignity to all Captive Nations."

Subject: With sorrow and dismay, I recognized the sixth anniversary of the ruthless Soviet invasion of Czechoslovakia. In remembrance of that ignominious day, several documents from the Czechoslovakia National Council of America discussing those brutal actions, were submitted to the RECORD.

Pages: 37649-37651.

Date: November 26, 1974.

Title: "The Repeating Pattern: Communists in Coalition Governments."

Subject: As various "experts" and officials are advocating coalition governments for South Vietnam and Cambodia apparently oblivious to the historical results of such coalitions—attention is drawn to a study by the noted Dr. Gerhart Neimeyer on "Communists in Coalition Governments." The article exposes the recurring motif that coalitions with Communists result in eventual one party Communist dictatorships.

Pages: 40212-40214.

Date: December 16, 1974.

Title: "Détente a Misnomer."

Subject: The concept of détente has been so obfuscated by the varied interpretations of the experts, Mr. Ashbrook attempts to give clarity to the genuine definition of détente—Soviet style. Inserted in the RECORD is the analysis of Brian Crozier of the London Institute for the Study of Conflict who translated the word "détente" from various Communist Party sources. The Soviets defined "détente" to mean, "guarding against the risk of a nuclear confrontation with the United States and causing America's allies to reduce their defense budgets, leaving the Soviets free to fish in the troubled waters of their choosing."

Pages: 9527-9528.

Date: April 9, 1975.

Title: "Thirtieth Anniversary of Soviet Subjugation of Hungary."

Subject: Reflections concerning the marking of the 30th year of Soviet occupation of Hungary. At this time I reaffirmed my faith in the courage of the Hungarian people and in their determination to regain their independence.

Pages: 13096-13104.

Date: May 6, 1975.

Title: "Communist bloodbaths: The Media Looks the Other Way."

Subject: Expression of outrage at the incredulous—even by New York Times' standards article by Sidney Schanberg in the Times which glosses over the documented, systematic bloodbaths endemic to communism in practice as being "abnormal behavior." Exposing the untruths in the article's claim that the Vietnamese will have a "Better life" under communism, I insert evidence of Communist atrocities in that country and in every nation which has fallen under their hegemony.

Pages: 15890-15893.

Date: May 22, 1975.

Title: "The Refugees on Phu Quoc Island."

Subject: Draws attention to the fate of the approximately 40,000 refugees on the island of Pho Quoc, which lies off the coast of Vietnam and Cambodia. These refugees, who fled South Vietnam in order to escape from living under the Communists, are in danger of suffering that fate, unless the U.S. Government's policy of inaction and indifference regarding their plight is altered.

Date: July 11, 1975.

Title: "The Captive Nations: From Presidents Eisenhower to Kennedy to Johnson to Nixon to Ford."

Subject: In commemoration of Captive Nations Week, I once again, express my dismay that President Ford's captive nations declaration is consistent with the weak and ambiguous declarations of his three predecessors. A review of past declarations show that President Eisenhower was, regrettably, the last President to issue a proclamation of awareness and recognition of the menace of communism.

Page: 29170.

Date: September 17, 1975.

Title: "American Vigilance Against Communism Wanes."

Subject: Concerned about the erosion of America's will to continue its vigil of the ever-present threat posed by communism, I include an article by columnist James J. Kilpatrick which recounts manifestations of this dangerous trend.

Pages: 9300-9301.

Date: April 2, 1976.

Title: "The Sonnenfeldt Controversy Revisited" (Part II).

Subject: The so-called Sonnenfeldt Doctrine, the brainchild of State Department Counselor, Helmut Sonnenfeldt—disparagingly referred to as "Kissinger's Kissinger"—which, in effect, calls for the consignment of Eastern Europe to even greater Soviet domination, is the ultimate vindication of the attempt some of us made to have Sonnenfeldt's nomination withdrawn in 1973 because of his questionable suitability for the State Department job.

Pages: 9972-9974.

Date: April 8, 1976.

Title: "Another Leftist Front To Promote Our Enemies Established."

Subject: Focuses attention on a leftist group which is building up public sentiment in favor of, not only trade with the Soviet Union but, far more significant, giving the Soviets most-favored-nation trading status and making available loans for export of strategic products to that country. My investigations of the membership of this group, the American Committee on United States-Soviet Relations, reveals the organization to be made up of the tired old potpourri of one-worlders, professional leftists, professors and selfish big businessmen.

Pages: 21079-21080.

Date: June 28, 1976.

Title: "Why Is Kissinger Abandoning the Republic of China?"

Subject: Draws attention to the fact that the weakening of a long, solid friendship with Taiwan is proportionately linked to the Government's attempt to improve relations with the Communist mainland. Inserted in the RECORD a Washington Star article entitled, "Kissinger's Morality and Taiwan's Fate."

Pages: 31361-31362.

Date: September 20, 1976.

Title: "Religious Persecution in the U.S.S.R."

Subject: The continuing persecution of Jews, Christians, and others in the Soviet Union is a painful reminder of the true nature of the barbarity that is communism. Inserted in the RECORD is a Radio Liberty account of children of practicing Christians in the Soviet Union being removed from the custody or their parents.

Page: 11814.

Date: April 21, 1977.

Title: "Are There Doves in the Kremlin?"

Subject: The fallacious notion that there are doves in the Kremlin, who can possibly be brought into the ascendancy by peaceful initiatives on the part of the West, is exposed by an article inserted in the RECORD authored by Daniel Graham, former Director of the Defense Intelligence Agency. Mr. Graham characterizes those, who advance such theories, as "ignorant of the true nature of the Soviet State."

Page: 20455.

Date: June 22, 1977.

Title: "Time Magazine's Twisted View of a Communist."

Subject: Article in Time glorifying Tito as the tireless foe of Soviet hegemony is found to be repulsive. I asked the question, "Give me one basic area where Tito has really been independent of the action of the Soviet Union?"

Pages: 22629-22630.

Date: July 12, 1977.

Title: "Soviet Imperialism in Africa."

Subject: While a significant amount of news coverage is being devoted to the current tumult in Africa, there is little, if any, coverage directed at the role the Soviets are playing on that continent. An article entitled, "Soviet Imperialism in Africa Grows" was inserted into the RECORD.

Pages: 37552-37554.

Date: November 11, 1977.

Title: "Congress Should Be Involved in the Issue of the Crown of St. Stephen."

Subject: The present attempt by the State Department to send back the crown of St. Stephen has apparently

sought to exclude Congress as the intended move became known as Congress was about to adjourn for several weeks. Drawing attention to this seeming ploy, I submitted information indicating the wide-scope interest in the crown.

Pages: 10008-10009.

Date: September 18, 1978.

Title: "Business as Usual for Armand Hammer."

Subject: I draw attention to the latest and most disgraceful episode of American businessman, Dr. Armand Hammer's dealings with the Soviet Union. Hammer, who as early as 1920, was dealing fast and furiously with the Communists, has just concluded what has been referred to as "the biggest deal in history between the Soviet Union and a Western business," with the opening of a large ammonia plant in the Ukraine to be financed by Hammer's Occidental Petroleum Co.

Pages: 10367-10368.

Date: September 21, 1978.

Title: "Helping Make the World Safe for Communism."

Subject: The current infatuation of certain American businessmen with the promise of increasing trade relations with Red China, will not only prove pernicious to the longstanding friendship between the United States and Taiwan, but is also oblivious to the shameful history of the Communist regime that helped account for the loss of thousands of American lives during the Korean War.

Page: 218

Date: January 23, 1979.

Title: "A Protest Against President Carter's Betrayal of Free China."

Subject: President Carter's recognition of Red China, and concomitant abrogation of our Mutual Defense Treaty with the Republic of China—conveniently perpetrated during the congressional recess—proves that Red China was right in characterizing the United States as a "paper tiger."

Date: February 26, 1979.

Title: "Lithuanian Independence."

Subject: In recognition of the anniversary of Lithuanian Independence, the spirit of the Lithuanian people was hailed, with a request that the American people reflect on their own resilience in "holding the candle and the torch" as a means of giving all captive peoples the hope that someday they will be free.

Page: 4136.

Date: August 3, 1979.

Title: "Fourth Anniversary of the Helsinki Agreement."

Subject: With regret, attention is drawn to the fact that President Carter's human rights policy, originally designed to encourage Soviet and East European adherence to the spirit and letter of the humanitarian provisions of the Helsinki agreement, has been tragically sacrificed on the alter of a SALT agreement with the Kremlin.

Pages: 50-53.

Date: January 22, 1980.

Title: "The Horror of the Chinese Gulag Archipelago."

Subject: The U.S. Government's embracement of Red China, committed in the hope of providing a counter to Soviet aggressive imperialism, has resulted in a portrayal by the American press of Red China somehow being a "good Communist country." A review of atrocities perpetrated by the Chinese Communists was inserted in the RECORD, which indicates that the brutality of Soviet Russia pales in comparison with the cruelties committed by their Chinese counterparts.

Pages: 112-113.

Date: January 24, 1980.

Title: "Yakunin, Regelson, Dudko and Now Sakharov."

Subject: Just as the ruthless Soviet invasion of Afghanistan did not shock those who are conscious of the calculated, systematic agressions of Communist imperialism, the recent arrest of Russian physicist, Andrei Sakharov does not represent a change of course in Soviet policy. Evidence inserted in the RECORD, proves that his arrest is merely the culmination of a crackdown on dissident leaders which has been underway for years.

Page: 137.

Date: January 28, 1980.

Title: "Some Thoughts on Ukranian Independence Day."

Subject: Taking time to ponder and honor the memory of freedom in the former nation of Ukraine, serves to highlight the hateful nature of Communism, the latest manifestation being the current Soviet aggression in Afghanistan.

Page: 70.

Date: January 6, 1981

Title: Introduction of House Concurrent Resolution 5 expressing the sense of Congress with respect to the Baltic States. The resolution was referred to the Committee on Foreign Affairs.

ASSAULT ON SOCIAL SECURITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, my distinguished colleague, DALE KILDEE, who represents the Seventh District of Michigan here in the House, has already seen in the lives of some of his constituents the devastating effects which the budget cuts are having upon the people of our country. I deeply share Representative KILDEE's concerns, particularly regarding the social security program. Social security is the sole source of income for 28 percent of older people who retire. Yet even with social security, one-sixth of the older people of this country have income below the poverty line. These older individuals cannot afford to have any cuts made in their social security benefits.

In a recent article which appeared in the Flint Journal, Representative KILDEE proposed wise solutions for the financing of social security which would not cut this lifeline of so many older Americans. Representative KILDEE takes a humane approach to this problem as well as a fiscally wise approach. I strongly agree with his views, Mr. Speaker, and include Representative KILDEE's thoughtful and well-written article in the RECORD immediately following these remarks:

ASSAULT ON SOCIAL SECURITY—CUTTING BENEFITS AS REAGAN PROPOSES IS UNFAIR AND UNNECESSARY

(By U.S. Representative DALE KILDEE)

A Flint woman, 61 years of age and a widow, recently met with me. She was worried whether two of her children will be able to continue college. She had just lost her job because of the Reagan administration's cuts in the CETA program. Now the Social Security survivors benefit for education, which her children use for college, is to be gradually eliminated by legislation initiated by the administration.

Her plight is only one example of the hardships and concerns which may be imposed on the most vulnerable in our society by the administration's mounting assault against Social Security.

In addition to ending student benefits, the administration's first set of proposals included termination of the minimum monthly benefit of $122 for retirees, limitations on the lump sum death benefit and disability benefits, and elimination of the parents' portion of the survivors benefit for any child 16 or older. All of these reductions were proposed by the Reagan administration and included in the reconciliation bill. That bill recently passed Congress with the strong backing of the Reagan administration and its supporters in Congress.

The elimination of the minimum monthly benefit would reduce benefits for at least 1.5 million recipients, thousands of whom are 80 or older. For some low-income retired couples the loss could be more than $2,500 per year.

These reductions were only the beginning of the attack on the structure of Social Security benefits. On May 12 President Reagan announced an additional set of proposals. He recommended that Social Security benefits be drastically cut for anyone who retires between the ages of 62 and 65, even though many do so for health reasons. In addition, several changes which would reduce benefits were proposed in the method of calculating the cost-of-living adjustment.

By proposing these cuts to current benefits, President Reagan has betrayed all who depend on Social Security. His proposals demonstrate an insensitivity to the problems of retirees and others who live on limited incomes and are constantly being squeezed by inflation. The proposals ignore the fact that Social Security recipients are the victims of inflation, not the cause. Indeed, the modest income provided by Social Security guarantees a cushion of purchasing power that helps business and those employed by business.

Unfortunately, it now appears inevitable that some Social Security benefits to current recipients will be cut—the first time

this has happened in the history of the Social Security system. These proposals were put forward despite the fact that several times during the election campaign President Reagan promised that Social Security benefits would not be tampered with if he were to be elected. Perhaps we should not have been surprised. President Reagan has been speaking out against the Social Security system for at least the last 20 years.

I am disturbed by the assumptions which seem to underlie these cuts. Some of those who favor the reductions are blind to the fact that Social Security is an earned benefit. People contribute to both the insurance and retirement portions of the program and have a right to assume the federal government will honor the commitments it made when it received the contributions.

There certainly is a need to deal with economic problems facing Social Security. However, this can and should be done without jeopardizing Social Security benefits or the faith people have come to have in the system. Cutting benefits to restore the system's financial stability is a destructive solution to the problem.

There are two different problems facing the system—a short-term one and a long-term one. They are different problems and each should be solved by separate actions. The short-term problem is related to the economic conditions which we have experienced recently. The long-term problem will begin when those born in the post-World War II baby boom reach retirement age.

Constructive alternatives have been proposed which would address the long-term problems while preserving benefits. The administration has chosen not to support these alternatives. Instead, it remains intent on cutting benefits. Rather than cutting current benefits, there are at least two viable alternatives that should be given careful study. One would provide for one-third employee contribution, one-third employer, and one-third from the federal government's general fund, replacing the present system where employers and employees equally share the cost. The other would transfer all or part of the important Medicare and disability programs to the general fund.

The extent of the short-term funding problem has been exaggerated. Using pessimistic projections as to economic conditions, the Congressional Budget Office (CBO) has estimated the Trust Fund could possibly be in deficit in 1984. The size of the deficit, when compared with the total benefits to be received that year, certainly does not warrant wholesale changes which have not been carefully considered. CBO estimates that the deficit for fiscal year 1984 could reach $7.8 billion out of an estimated $245.8 billion in benefits.

It should be emphasized this situation will develop only if the economy has serious problems between now and 1984. The high level of unemployment over the last few years has contributed to the funding problem. If people are not working, they do not contribute to the Social Security system. The best solution to solve the short-term financial problems of the system is to improve our economy so people return to work. In any case, Congress has a variety of options available other than cutting benefits.

The Reagan administration has justified its strategy on the grounds that benefit cuts are necessary to keep the system from going bankrupt. There is a deceptive game of economic double-talk coming from the administration, however, depending on whether the issue is the need for a tax cut or the need for Social Security cuts. Richard S. Schweiker, secretary of Health and Human Services, said the administration is using "worst case" inflation and unemployment projections in calculating their projections for the funding of the system. Simultaneously, Schweiker admitted the administration was using much more favorable economic projections to justify its tax cut plan. Even with the pessimistic projections, studies indicate about twice as much money will be slashed from benefits than is necessary.

Congress must resist the temptation to add or increase benefits without regard to costs. In my 4½ years in Congress, I have not voted to add new Social Security benefits. Any such commitment must bear in mind the effect upon the fiscal integrity of the Social Security system. However, I could not in good conscience vote to take away or reduce current benefits on which people already depend.

Franklin Delano Roosevelt began a program of a more just distribution of power and wealth in America. He inaugurated programs to provide an element of security to the average American. The Social Security Act of 1935 was an integral part of his program. Today we see an effort to reverse the thrust of President Roosevelt's policies.

Repeatedly in the Reagan administration's economic proposals, the wealthy are the prime beneficiaries while the middle-income and low-income families come out farther behind. This was true in this year's cuts to several programs which are not needed by the wealthy but are important to many others. This is true of the administration's tax cut which would disproportionately favor those making more than $50,000 a year. This is certainly true of the cuts to Social Security benefits which so many people of average or below-average means depend on to enable them to live in an independent and dignified manner during retirement. An estimated 14 percent of our elderly still live in poverty. It is only Social Security that helps rescue many others from sinking into the same despairing state after a lifetime of hard work.

Though some may wish otherwise, retirement and the problems of the elderly in reality no longer are considered solely a family responsibility. They also have become a responsbility shared by our society as a whole. President Reagan's proposals fail to recognize this very basic change in our social structure.

The proposed Social Security cuts, along with devastating cuts to many other essential programs, are why I opposed and voted against the reconciliation bill when it came before the House. Since taking office, the Reagan admininstration has repeatedly shown it knows the price, but not the value, of many important programs. The attack on Social Security shows this tragic lack of perspective.

President Reagan has the flag of fiscal integrity flying over all his economic proposals. All responsible people share his concern for that fiscal integrity. But under that flag there is also one of ideology and philosophy. It is a philosophy quite contrary to that of Franklin D. Roosevelt, Harry S. Truman, Dwight D. Eisenhower, and John F. Kennedy. President Reagan's approach to Social Security is more than one of financial integrity. It is an approach based upon his long-standing personal philosophy regarding Social Security.●

BOB DOUGHTON HONOR OVERDUE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, the Members of the North Carolina congressional delegation have petitioned the U.S. Postal Service to issue a commemorative stamp in honor of the late Representative Robert L. Doughton of North Carolina, one of the most illustrious Members this body has ever produced.

His career in the U.S. House of Representatives spanned 42 years, 18 of which he served as chairman of the Ways and Means Committee. Mr. Doughton retired from Congress in 1953 and died in 1954. He is buried in his beloved Alleghany County, N.C., among the hills and the people he loved so much.

Mr. Speaker, to do justice to the achievements of this great man would, in the words of Chief Justice Fred M. Vinson, require "the ability of a Boswell, a Morley, a Freeman, or a Sandburg." I possess none of these talents, nor does time permit an encompassing recitation of his contributions to the Nation.

Mr. Doughton had a legislative record over his 42-year stay in Congress which President Truman said was without equal. "I could not begin to list his accomplishments," President Truman said, "but above all else, I like to think of what Bob Doughton has done to bring security to millions of his fellow citizens."

Of course, the "security" of which President Truman spoke was the Social Security Act, which in the words of the late Honorable John D. Dingell, Sr., of Michigan, was the "humane plan proposed by one of the greatest Presidents America ever had, Franklin Delano Roosevelt, was materially improved as it was fashioned in the Ways and Means workshop back in 1935, and it was under the skillful piloting of Chairman Doughton that all dangerous shoals and reefs were avoided * * *." This recognition of the importance of Mr. Doughton's role was widely acknowledged. In fact, Representative Wilbur D. Mills (D-Ark.) once stated that "Mr. Doughton is properly known as the father of our social security system." While this probably was his greatest contribution to the Nation, it was by no means his only.

Shortly after Mr. Doughton's election to Congress in 1910, he joined in the fight to strip the Speaker of his power to appoint the House committees. The feat inspired Chief Justice Vinson to write, "To have been a soldier in such a battle in the democratic process is distinction unto a lifetime."

In 1924, Mr. Doughton was selected by the party caucus to be a member of the Ways and Means Committee. It was through his work on this committee that he would make his greatest contributions to his district, State, and Nation. In 1932, Mr. Doughton exhibited the independence and tenacity which earned him the nickname "Mulely Bob" by being the only 1 of the committee's 24 members to oppose the Hoover administration's sales tax. Joining forces with Representative D. Fiorello LaGuardia, he was able to kill the bill on the House floor by a 223-to 153-vote.

Only a year later, Mr. Doughton became the committee's chairman—a position he held for 18 years, longer than any other person in the history of Congress. Because of this position, it was his responsibility to raise the revenue for the New Deal and Fair Deal programs. By the time Mr. Doughton retired in 1952, the Nation had enacted 25 major tax bills in its 176-year history. Eighteen of those twenty-five bore the name of Robert L. Doughton. President Truman was not simply offering words of flattery when he said, "Under his (Mr. Doughton's) leadership, the Congress has developed the greatest revenue system in the world."

But Mr. Doughton did not funnel all his energy into raising revenue for the Federal Government. In 1936, he sponsored the legislation which created the Blue Ridge Parkway, a 480-mile scenic parkway which cuts through the beautiful western mountains of Virginia and North Carolina connecting the Shenandoah National Park and the Great Smoky Mountains National Park. Representative Doughton was so closely associated with this project that he was often called the "Father of the Blue Ridge Parkway." In 1938, Representative Robert F. Rich, Republican of Pennsylvania, offered an amendment to Interior Department appropriations which would have changed the name of the parkway to the Doughton-Blue Ridge Parkway. This amendment passed the House by a unanimous vote; however, it was stricken from the Senate version.

At the time of its construction, the parkway opened up what had been until that time an extremely isolated area in both States and created jobs in an area where the depression may have had its greatest impact. Today, the parkway still is greatly valued and treasured. According to the National Park Service, in 1980 alone the parkway was used by over 13.4 million vehicles for recreational purposes and by over 3.2 million vehicles for nonrecreational purposes.

Mr. Doughton also effectively and actively supported two other pieces of legislation which still have a significant impact upon our State. One such program which we refer to is the TVA. This program finally brought the unruly Tennessee River and its tributaries under control, sparing the people of that area untold amounts of flood damage. Also this program has provided electrical energy and recreational facilities for the State.

The other program which we would like to point out is the Rural Electrification Administration. This program still is making significant contributions in 47 States. In our State it has allowed the rural areas in all sections to develop and offer an alternative to its agrarian tradition, for which it is so well known and of which it is justly proud.

Some other legislation which Representative Doughton handled in committee and on the House floor include the following: The National Recovery Act; the reciprocal trade treaty acts; the Bituminous Coal Act, which saved the depressed coal industry throughout the Nation; the renegotiation of war contracts, which brought about the reversion of billions of dollars of unjustified profits back to the Government.

Obviously, this brief summary of Mr. Doughton's legislative accomplishments cannot do justice to a brilliant career of 42 years; however, it does indicate the type and range of Mr. Doughton's contributions to the Nation.

In addition to his fine legislative record, Mr. Doughton also demonstrated that he was not just a parochial politican whose efforts and energies were directed to serve only State and local interests. Mr. Doughton was a National statesman in the truest sense of the word. This fact is reflected in some of the comments made on the House floor at the time of his retirement in 1952, and at his death in 1955.

At the tribute paid to him on his retirement, Speaker Sam Rayburn, Democrat of Texas simply stated that "this country is a better country for Bob Doughton having lived in it." At the time of Mr. Doughton's death, Representative Robert W. Kean, Republican of New Jersey, a member of the Ways and Means Committee with Mr. Doughton for 7 years, put it this way:

> Though representing a rural area he understood the needs of all the Nation, rural and industrial, and worked for the good of all the American people.

Mr. Speaker, without doubt Mr. Doughton placed the good of this Nation first—even before his own personal career. It was well known that he wanted to retire from Congress as early as 1940 to run for Governor and then for the Senate; however, President Roosevelt quickly sent a letter asking him to reconsider his personal goals. Part of that letter follows:

> No one knows better than I what your service as Chairman of the Ways and Means Committee in the past six years has meant to me and the nation. It would be a great loss to the country to have you leave this post.
>
> In concrete results, the legislation piloted by you to enactment has included many of the most important measures of my administration. Of course, that part of your work is a matter of public record but, in addition to such distinguished accomplishment, there has been a great service which you have rendered personally. Your counsel, your sound, mature judgment on public questions and the steadying influence which you have exerted has been of invaluable assistance to me.

In addition to being a fine legislator and statesman, Mr. Doughton was a man who still was able to retain the love and respect of his colleagues on both sides of the aisle. Again the words of those with whom he served leave no doubt of this fact.

Representative John W. Byrnes, of Wisconsin, said at the time of Mr. Doughton's death, "Our country is a better place to live because Bob Doughton served in Congress. History must list him among the great public servants of the Nation."

Representative Clare E. Hoffman, of Michigan, added: "Had it been my privilege to have changed his life, I would have said this: 'I am sorry he was not born in the Fourth Congressional District so it might have had his able service as their public servant'."

But the man who probably best expressed the Republican opinion of Mr. Doughton was Representative Daniel A. Reed. Mr. Reed, ranking minority member of the Ways and Means Committee and Mr. Doughton's successor to the chairmanship, once said:

> We have just listened to a great and grand American. We may not agree in our philosophy on some things, but as far as concerns the patriotism, and the earnestness, and the sincerity and the justice of the great man from North Carolina * * * I think we can all agree that he is outstanding in every respect.

These words were not made to flatter a retiring colleague or to honor a dead man. They were genuine words of admiration and love made during the heat of the 1951 tax debate. Truly Mr. Doughton was held in only the highest esteem by all his colleagues.

Finally, Mr. Speaker, Mr. Doughton was a man of unimpeachable integrity and the embodiment of the best qualities of rural America. This fact was widely acknowledged and shared by all who knew him. He was a man who had never quite finished high school, and yet he became one of our country's outstanding legislative experts in the most complex and most technically difficult areas of government—taxation. On the occasion of Mr. Doughton's retirement, the late John. D. Dingell, Sr., said, "It is because of the known quality of his character that so many of the bills bearing his name have been accepted and passed almost on faith." On that same occasion, Con-

gressman Mills, a successor to Mr. Doughton as chairman of the Ways and Means Committee, said:

He has been acclaimed by persons and organizations from all walks of life for his contribution to the well-being of his fellowmen. A high standard of Christian morality has been inherent in his every action. It is such a record as that achieved by Mr. Doughton that stands as a challenge to each of us in this Chamber * * *. Our great chairman has unstintingly lent his keenness of mind, physical stamina and moral courage to his country. When duty called, Mr. Doughton knew no compromise.

While each of the foregoing gives us an idea of the greatness of this man, we think that the comments of former Speaker John W. McCormack after Mr. Doughton's death best show us his true character. Mr. McCormack, the majority leader at that time, said:

It is a life so interwoven with the meaning of America that for me it is impossible to think of this country without men like him, or to think of men like him, without thinking of this country.

Mr. Speaker, there can be no doubt that the Honorable Robert L. Doughton is truly worthy of a commemorative stamp and of our honor and respect. He had a legislative record which perhaps is unparalleled. He was a statesman in the truest sense of the word. He was respected and loved by all members. Finally, he was a man of unimpeachable character, who embodied all the great aspects of rural America.

His hometown newspaper, the Alleghany News, said upon his death:

On the courthouse lawn in Sparta, a figure of his head looks down on the people he and his brother, Rufus A. Doughton, served so well. There is his likeness again on the bronze plaque in Doughton Park. But there are many other monuments to this great man, not in bronze, but on the Nation's law books and in the hearts of thousands who will tell those who come after them of what this big-hearted man of the mountains accomplished through his long and purposeful life.

Since that tribute was written, the other memorial to Mr. Doughton has been the dedication of a wing of the Alleghany Memorial Hospital in 1964. Nothing exists outside of tiny Alleghany County to honor this great National servant.

Mr. Speaker, today those "hearts" who carried the monuments to Robert L. Doughton are slowly disappearing. I feel that something must be done to help erect new monuments in the hearts of people. The issuance of a commemorative stamp will go a long way in that direction. Certainly, if ever there has been a man worthy of such an honor, it is the late Hon. Robert L. Doughton.●

BALD EAGLE RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 20 minutes.

● Mr. LAFALCE. Mr. Speaker, today I, along with several of our colleagues, including Mr. BREAUX and Mr. FORSYTHE, am introducing a joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle," and the designation of June 20, 1982 at "National Bald Eagle Day."

On June 20, 1782, pursuant to an act of Congress, the American bald eagle became our Nation's symbol and national bird. The bald eagle was chosen by the Founding Fathers because of its singleminded commitment to the protection of its young and the defense of its home.

Mr. Speaker, the American experience of the past 200 years bears ample evidence that the spirit of the American bald eagle has surely infused itself into the American psyche. We have looked to the American bald eagle as a symbol of strength, courage, determination, and beauty, and it is precisely these qualities that have come to denote the greatness of our Nation.

It is indeed ironic and sad that the American bald eagle has been listed as an endangered species pursuant to the Endangered Species Act of 1973. As our Nation expanded westward from the original 13 States, the clearing of the land and other forms of human encroachment drastically reduced the nesting and roosting habitat of the American bald eagle. While scientists estimate that perhaps as many as 20,000 American bald eagles can be found in the State of Alaska, only 1,000 nesting pairs are believed to roam the skies of the lower 48 States.

Fortunately, this sad tale is being turned around thanks to the concerted efforts of Federal, State, local, and private agencies and organizations. Several Federal Government agencies, including the Fish and Wildlife Service, the Forest Service, the Bureau of Land Management, and the Corps of Engineers, run American bald eagle conservation programs.

I am particularly proud of the New York State Department of Environmental Conservation's program. The DEC has just completed the first of two 5-year bald eagle management programs. The second plan, already in progress, calls for the release the 21 bald eagles from a single hacking site in 1981, and the release of 129 bald eagles through the end of 1985. I know that our colleagues can boast of similar success in their States and regions.

Mr. Speaker, this public effort is being augmented by an aggressive private campaign. Several wildlife conservation organizations, including the National Wildlife Federation and Eagle Valley Environmentalists, are engaged in ongoing advocacy, education and action programs designed to heighten public awareness of the American bald eagle's plight and encourage conservation activities.

I can think of no better way for the Congress to reaffirm our support for these necessary efforts than by designating the year 1982 as the "Bicentennial Year of the American Bald Eagle," and June 20, 1982, as "National Bald Eagle Day." The joint resolution I am introducing today calls upon people throughout the Nation to observe such year and day, and authorizes and requests that the President issue a proclamation to this end, send a copy of the proclamation to the Governors of the 50 States and to each Member of Congress, and direct all Federal agencies and departments which have activities which affect the bald eagle to cooperate and participate in the celebration of this year and day.

I urge all of our colleagues to join us as cosponsors of this resolution. I know that they will all agree that the American bald eagle is deserving of such recognition and support.

H.J. RES. 352

Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day"

Whereas on June 20, 1782, the Congress adopted the American bald eagle as the symbol of our Nation;

Whereas the American bald eagle was so adopted because of its legendary strength and its single-minded commitment to the protection of its young and the defense of its home;

Whereas the American public has adopted the American bald eagle as a symbol of strength, courage, determination, and beauty;

Whereas the seals of 12 States and the District of Columbia bear the image of the American bald eagle;

Whereas human encroachment on the American bald eagle's natural habitat has resulted in the designation of the American bald eagle as an endangered species throughout most of the United States;

Whereas Federal, State, and local governments and private wildlife conservation groups have adopted programs in recent years to increase the number and dispersal of nesting pairs in the United States;

Whereas the celebration of the Bicentennial Year of the American Bald Eagle and National Bald Eagle Day will serve to make people aware of the current plight of our country's living symbol;

Whereas such celebration will draw attention to the spirit the American bald eagle represents and the pride that it signifies;

Whereas such celebration should be conducted in a manner that encourages additional efforts to keep the American bald eagle a flying symbol of freedom; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the year 1982 is designated as the "Bicentennial Year of the American Bald Eagle" and June 20, 1982, is designated as "National Bald Eagle Day". In order to promote and enhance efforts to inform the American people of the plight of our national bird, the American bald eagle, and to encourage additional ef-

forts to protect and increase the population of this symbol of our Nation, the President of the United States is authorized and requested—

(1) to issue a proclamation calling upon the people of the United States, including wildlife conservation organizations and educational institutions, to observe such year and day with appropriate ceremonies and activities;

(2) to send a suitable copy of such proclamation to the Governor of each State and to each Member of Congress; and

(3) to direct all Federal agencies and departments which have activities which affect the bald eagle to cooperate with and participate in the celebration of such year and day.●

LEGISLATION TO PREVENT DEPORTATION OF UNDOCUMENTED PARENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DYMALLY) is recognized for 5 minutes.

● Mr. DYMALLY. Mr. Speaker, I have today introduced legislation to prevent the deportation of an undocumented parent with American-born children. Specifically, this bill deals with a situtation involving a Salvadoran mother of two American-born children. Mrs. Miriam Munoz-Ardon is under orders from INS to leave the United States.

In 1979, during a visit to her family in El Salvador, her children were left in the custody of her husband. An unfortunate incident occurred and her two small children were placed in protective custody. Upon learning about her children's fate, Mrs. Miriam Munoz-Ardon unsuccessfully tried to obtain a visitor's visa, which was denied because she did not meet INS requirements.

Mr. Speaker, if this mother were forced to leave the country it would adversely affect her minor children who are in the process of being transferred from Detroit, Mich., to Montgomery County, Md., to be close to her.

I believe that the facts presented herein are sufficient to justify the introduction and passage of this bill.

Thank you.

HOUSE OF REPRESENTATIVES,
WASHINGTON, D.C.,
November 4, 1981.

Hon. DORIS MEISSNER,
Acting Commissioner, U.S. Department of Justice, Immigration and Naturalization Service, Washington, D.C.

DEAR MS. MEISSNER: As a result of unusual circumstances surrounding the case of Mrs. Miriam Munoz-Ardon, I have introduced legislation to grant Mrs. Munoz-Ardon permanent residence in the United States.

Deportation proceedings were ordered by the Baltimore District Director. In my judgment deportatioin would cause a severe hardship on her two children who are now wards of the state. As a result of this unusual situation I am respectfully requesting that you withhold any deportation proceedings against Mrs. Miriam Munoz-Ardon.

At your convenience I would like you to grant me an opportunity to discuss this matter with you.

I eagerly await your response.

Thank you for your consideration in this matter.

Sincerely,

MERVYN M. DYMALLY,
Member of Congress.●

CONFERENCE REPORT ON H.R. 4119

Mr. WHITTEN submitted the following conference report and statement on the bill (H.R. 4119) making appropriations for the Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 97-313)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4119) making appropriations for the Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14, 40, 41, 47, 64, 72, 77, 78, 79, 89, 102, and 106.

That the House recede from its disagreement to the amendment of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 13, 22, 24, 25, 26, 29, 31, 36, 39, 48, 49, 50, 53, 54, 55, 56, 57, 58, 62, 68, 80, 81, 83, 84, 85, 86, 87, 88, 90, 91, 92, 93, 95, 96, 97, 99, 100, 103, 104, 105, 107, 108, 113, 114, 115, and 116, and agree to the same.

Amendment numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$12,822,000;* and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$442,410,000;* and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$143,609,000;* and the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$12,031,000;* and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$21,492,000*; and the Senate agree to the same.

Amendment numbered 19:

That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$22,811,000*; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$17,000,000*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment insert *$6,000,000*; and the Senate agree to the same.

Amendment numbered 27:

That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: *payments for the nonpoint source pollution program under section 3(d) of the Act, $702,000*; and the Senate agree to the same.

Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment insert: *$3,000,000*; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert: *$8,750,000*; and the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert: *$375,000*; and the Senate agree to the same.

Amendment numbered 34:

That the House recede from its disagreement to the amendment of the Senate numbered 34, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert: *$281,382,000*; and the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$41,000,000*; and the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$53,787,000*; and the Senate agree to the same.

Amendment numbered 44:

That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$4,639,000*; and the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,422,000*; and the Senate agree to the same.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$23,211,000*; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows: Restore the matter stricken by said amendment amended to read as follows:

Payments to States and Possessions

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), $1,000,000.

And the Senate agree to the same.

Amendment numbered 52:

That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$8,806,000*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: Restore the matter stricken by said amendment amended to read as follows:

Limitation on Direct Loans

Provided, That none of the funds in this Act may be used to carry out an Export Credit Sales direct loan program in excess of $2,200,000,000 in fiscal year 1982: Provided further, That none of the funds in this Act may be used to carry out a program of loan guarantees by the Corporation for the production and marketing of industrial hydrocarbons and alcohols from agricultural commodities and forest products.

And the Senate agree to the same.

Amendment numbered 60:

That the House recede from its disagreement to the amendment of the Senate numbered 60, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,265,600,000*; and the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment insert the following: *$375,000,000; guaranteed industrial development loans, $300,000,000; and insured community facility loans, $130,000,000*; and the Senate agree to the same.

Amendment numbered 63:

That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$125,000,000*; and the Senate agree to the same.

Amendment numbered 65.

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$15,000,000*; and the Senate agree to the same.

Amendment numbered 66.

That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$13,750,000*; and the Senate agree to the same.

Amendment numbered 67.

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,950,000*; and the Senate agree to the same.

Amendment numbered 69.

That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,250,000*; and the Senate agree to the same.

Amendment numbered 70.

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$282,418,000*; and the Senate agree to the same.

Amendment numbered 73.

That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$314,809,000*; and the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,443,000*; and the Senate agree to the same.

Amendment numbered 75:

That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,388,000*; and the Senate agree to the same.

Amendment numbered 76:

That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$15,500,000*; and the Senate agree to the same.

Amendment numbered 101:

That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$67,694,000*; and the Senate agree to the same.

Amendment numbered 109:

That the House recede from its disagreement to the amendment of the Senate numbered 109, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$332,032,000*; and the Senate agree to the same.

Amendment numbered 110:

That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$16,113,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 15, 23, 30, 35, 37, 38, 71, 82, 94, 98, 111, and 112.

JAMIE L. WHITTEN,
BOB TRAXLER,
BILL ALEXANDER,
MATTHEW F. MCHUGH,
WILLIAM H. NATCHER,
JACK HIGHTOWER,
DANIEL K. AKAKA,
WES WATKINS,
VIRGINIA SMITH,
J. K. ROBINSON,
JOHN T. MYERS,
JERRY LEWIS,
SILVIO O. CONTE,

Managers on the Part of the House.

THAD COCHRAN,
JAMES A. MCCLURE,
MARK ANDREWS,
JAMES ABDNOR,
BOB KASTEN,
MACK MATTINGLY,
ARLEN SPECTER,
MARK O. HATFIELD,
TOM EAGLETON,
JOHN C. STENNIS,
ROBERT C. BYRD,
LAWTON CHILES,
QUENTIN N. BURDICK,
JIM SASSER,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4119) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1982, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING AND MARKETING

OFFICE OF THE SECRETARY

Amendment No. 1: Appropriates $4,715,000 for the Office of the Secretary as proposed by the Senate instead of $5,358,000 as proposed by the House.

Departmental administration

Amendment No. 2: Appropriates $3,825,000 for budget and program analysis, and public participation as proposed by the Senate instead of $4,347,000 as proposed by the House.

Amendment No. 3: Appropriates $10,643,000 for all other activities within Departmental Administration as proposed by the Senate instead of $10,933,000 as proposed by the House.

Amendment No. 4: Appropriates a total of $14,468,000 for Departmental Administration as proposed by the Senate instead of $15,280,000 as proposed by the House. This figure is the net effect of amendments 2 and 3.

Governmental and public affairs

Amendment No. 5: Appropriates $8,987,000 for Governmental and Public Affairs as proposed by the Senate instead of $9,508,000 as proposed by the House.

OFFICE OF THE INSPECTOR GENERAL

Amendment No. 6: Appropriates $27,562,000 for the Office of the Inspector General as proposed by the Senate instead of $30,828,000 as proposed by the House.

Amendment No. 7: Provides an additional $13,266,000 for the Office of the Inspector General as proposed by the Senate instead of $10,000,000 as proposed by the House, to be derived by transfer from the appropriation "Food Stamp program" and merged with this appropriation.

OFFICE OF THE GENERAL COUNSEL

Amendment No. 8: Appropriates $12,822,000 for the Office of the General Counsel instead of $13,210,000 as proposed by the House and $12,572,000 as proposed by the Senate.

Federal Grain Inspection Service

Amendment No. 9: Appropriates $5,600,000 as proposed by the Senate instead of $29,980,000 as proposed by the House.

(Rescission)

Amendment No. 10: Deletes House language rescinding $24,101,000 of the funds appropriated to the Federal Grain Inspection Service. This language is no longer necessary since the Omnibus Budget Reconciliation Act of 1981 has now become law.

Inspection and Weighing Services

Limitation on administration expenses

Amendment No. 11: Limits obligations for inspection and weighing services to $60,260,000 as proposed by the Senate instead of $60,784,000 as proposed by the House.

Agricultural Research Service

Amendment No. 12: Appropriates $442,410,000 for the Agricultural Research Service instead of $451,749,000 as proposed by the House and $440,360,000 as proposed by the Senate. The following table reflects the funding levels for the individual items in the conference as agreed to by the conferees:

[In thousands of dollars]

	House	Senate	Conference
Support of action agency requirements	45,614	42,614	44,114
Germplasm	12,109	11,209	11,209
Pesticide impact assessment	1,075	675	875
Research on minor use pesticides	1,218	868	1,218
Research on aerospace technology (AGRISTARS)	5,755	5,005	5,005
Land and water research in support of the Resource Conservation Act	5,790	3,500	3,500
Nonpoint source pollution research	9,551	9,000	9,000
Energy retrofit of facilities	3,500	2,500	2,500
Soil and water conservation research in Alaska	288	438	438
National Arboretum security	562	362	462
Animal protection research	24,246	23,746	23,996
Animal reproduction research	7,881	8,381	8,131
Water use efficiency	5,455	4,955	4,955
Toxicology lab study	200	.....	200
Beef forage	1,040	1,340	1,340
Fruit research, Kearneysville, W.Va	2,412	3,212	3,112
Conservation Lab, Beckley, W.Va	1,122	2,122	1,922
Grasshopper fungus	118	148	148
TCK smut in wheat	173	473	473
All other	323,640	319,812	319,812
Total	451,749	440,360	442,410

The conferees agree that within the total funds provided for integrated pest management research, the Department should conduct research on the banana root borer.

The Oregon State University, in cooperation with private energy and biomass consultants has developed a proposal for a feasibility study on the use of agricultural residues and forest slash as fuel sources for a combined-cycle, closed-loop electrical power plant. This innovative approach, utilizing current waste products in an efficient power generation facility, has much potential in addressing rural utility needs. Budgetary constraints do not permit additional funding for this project at this time, however, the conferees feel this meritorious proposal should be carefully considered by the Department.

Amendment No. 13: Technical correction. Strikes the word "limitation" and inserts the word "limitations".

Amendment No. 14: Restores House language appropriating $2,000,000 for the special research fund which provides for additional labor, subprofessional, and junior scientific help for the Agricultural Research Service.

Buildings and facilities

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which appropriates $8,596,000 for buildings and facilities instead of $6,596,000 as proposed by the House and $2,000,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes $5,896,000 to complete construction of the Human Nutrition Center at Tufts University as proposed by the House. The agreement also includes $2,000,000 to complete construction of the Human Nutrition Center at Grand Forks, North Dakota, as proposed by the Senate. Both of these facilities are now under construction and the additional funds are needed to complete both buildings as originally planned. In addition, the conference agreement also includes $700,000 as proposed by the House to relocate the Cattle Fever Research Facility.

The conferees are aware of the need for additional trained food-animal veterinarians and fully recognize the need that exists for the development of veterinary teaching and research facilities in the Old West Region. The conferees recommend that this need be addressed commensurate to the laudable and successful local and State effort in Nebraska to raise more than one-half of needed funding for the facility. This State and local funding is available and ready for use until December 31, 1983, pending a Federal commitment for Federal matching funds. However, due to the severe budget limitations faced by the conferees, it is necessary to defer any action at this time.

Cooperative State Research Service

Amendment No. 16: Earmarks $143,609,000 for Hatch Act payments instead of $146,609,000 as proposed by the House and $140,609,000 as proposed by the Senate.

Amendment No. 17: Earmarks $12,031,000 for grants for cooperative forestry research instead of $12,281,000 as proposed by the House and $11,781,000 as proposed by the Senate.

Amendment No. 18: Earmarks $21,492,000 for payments to the 1890 land-grant colleges, including Tuskegee Institute, for research instead of $21,992,000 as proposed by the House and $20,992,000 as proposed by the Senate.

Amendment No. 19: Earmarks $22,811,000 for special research grants instead of $26,263,000 as proposed by the House and $20,519,000 as proposed by the Senate. The following table reflects the conference agreement for special research grants:

[In thousand of dollars]

	House	Senate	Conference
Special Research Grants (Public Law 89–106):			
Pest management	3,220	2,330	3,220
Bean and beet	85	.....	85
Animal health	10,454	6,550	7,454
Energy research	2,052	1,000	1,000
Dairy photoperiod	35	.....	35
Pesticide clearance (IR–4)	1,750	1,500	1,750
Bean flour	103	.....	103
Peach tree short life	.....	200	200
TCK smut (wheat)	.....	300	300
Small farm center	25	.....	25
Sunflower midge	.....	75	75
Dried bean	.....	25	25
All other	8,539	8,539	8,539

Amendment No. 20: Earmarks $17,000,000 for competitive research grants instead of $10,000,000 as proposed by the House and $19,500,000 as proposed by the Senate.

Amendment No. 21: Earmarks $6,000,000 for the support of animal health and disease research as authorized by section 1433 of Public Law 95–113 instead of $6,500,000 as proposed by the Senate. The House bill contained no provision for this research.

Amendment No. 22: Earmarks $1,363,000 for administrative expenses of the Cooperative State Research Service as proposed by the Senate instead of $1,549,000 as proposed by the House.

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer A motion to recede and concur in the amendment of the Senate with an amendment which appropriates $225,548,000 for the Cooperative State Research Service instead of $219,936,000 as proposed by the House and $222,506,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Extension Service

Amendment No. 24: Earmarks $223,376,000 for payments under the Smith-Lever Act as proposed by the Senate instead of $225,376,000 as proposed by the House.

Amendment No. 25: Earmarks $7,531,000 for payments for pest management programs as proposed by the Senate instead of $8,031,000 as proposed by the House.

Amendment No. 26: Earmarks $1,850,000 for payments for the pesticide impact assessment program as proposed by the Senate instead of $1,950,000 as proposed by the House.

Amendment No. 27: Earmarks $702,000 for payments for the non-point source pollution program instead of $1,404,000 as proposed by the House. The Senate bill deleted all funds for this program.

Amendment No. 28: Earmarks $3,000,000 for the Renewable Resources Extension Act of 1978, instead of $4,500,000 as proposed by the Senate. The House bill contained no provision for this program.

Amendment No. 29: Earmarks $12,241,000 for the 1890 land-grant colleges, including Tuskegee Institute, as proposed by the Senate instead of $12,341,000 as proposed by the House.

Amendment No. 30: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $314,381,000 for the Cooperative Extension Service instead of $314,783,000 as proposed by the House and $315,179,000 as proposed by the Senate.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 31: Appropriates $6,321,000 for Federal administration and coordination as proposed by the Senate instead of $6,615,000 as proposed by the House.

National Agricultural Library

Amendment No. 32: Appropriates $8,750,000 for the National Agricultural Library instead of $9,271,000 as proposed by the House and $8,500,000 as proposed by the Senate.

Amendment No. 33: Limits the funds available for alteration and repair of buildings and improvements to $375,000 instead of $250,000 as proposed by the House and $500,000 as proposed by the Senate.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Salaries and expenses

Amendment No. 34: Appropriates $281,382,000 for salaries and expenses of the Animal and Plant Health Inspection Service instead of $297,609,000 as proposed by the House and $270,545,000 as proposed by the Senate. The conference agreement includes the following program amounts:

[In thousands of dollars]

	House	Senate	Conference
Biocontrol	5,392	3,892	3,892
Boll weevil	1,722	743	1,722
Grasshopper and Mormon cricket	1,346	1,246	1,346
Imported fire ant	6,000	5,000	6,000
Japanese beetle	117	.....	117
Miscellaneous plant diseases and pests	490	.....	490
Noxious weeds	400	800	800
Pink bollworm	3,443	.....	2,443
Witchweed	4,991	4,791	4,791
Animal welfare	5,502	4,402	4,952
Brucellosis eradication	93,999	90,415	92,207
Cattle ticks	6,618	5,318	5,968
Emergency programs	4,632	4,500	4,500
Foot-and-mouth disease	2,369	2,000	2,000
Horse protection	345	145	245
Miscellaneous animal diseases and pests	2,937	937	937
Pseudorabies	266	.....	266
Scabies eradication	2,947	.....	1,000
Screwworm	51,055	45,751	46,751
Tuberculosis eradication	5,974	5,274	5,624
Veterinary biologics	7,962	7,729	7,729

Amendment No. 35: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows:

Not to exceed $8,983,000 shall be available for the Mediterranean fruit fly program and

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 36: Earmarks $1,000,000 to be available to meet emergency conditions as proposed by the Senate instead of $2,500,000 as proposed by the House.

Amendment No. 37: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which deletes the words "inset infestations" and inserts the word "pests", to conform with language used in Public Law 97-46.

Amendment No. 38: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that not less than $6,000,000 will be applied to address the emergency eradication of infestations of the Mediterranean fruit fly in the continental United States.

Building and facilities

Amendment No. 39: Appropriates $3,000,000 for buildings and facilities of the Animal and Plant Health Inspection Service as proposed by the Senate instead of $3,251,000 as proposed by the House.

Amendment No. 40 and 41: Retain House language, the effect of which is to provide that funds for new construction remain available until expended, and that funds for repair, improvement, and design remain an annual appropriation.

ECONOMIC RESEARCH SERVICE

Amendment No. 42: Appropriates $41,000,000 for the Economic Research Service instead of $41,893,000 as proposed by the House and $40,077,000 as proposed by the Senate. The conferees support the need for research on long-term demand for U.S. agricultural commodities and will expect the Department to fully utilize the Foreign Agricultural Service data and resources in carrying out this research. The conferees will also expect the Department to report to the Appropriation Committees of Congress any significant expansion of the farm work force research activity. The conference agreement also includes $25,000 for dry bean acreage estimates as proposed by the House and a reduction of $35,000 in connection with the transfer of funds for administrative expenses to the World Agricultural Outlook Board as proposed by the Senate.

STATISTICAL REPORTING SERVICE

Amendment No. 43: Appropriates $53,787,000 for the Statistical Reporting Service instead of $55,564,000 as proposed by the House and $48,448,000 as proposed by the Senate.

AGRICULTURAL COOPERATIVE SERVICE

Amendment No. 44: Appropriates $4,639,000 for the Agricultural Cooperative Service instead of $4,795,000 as proposed by the House and $4,220,000 as proposed by the Senate. The conference agreement includes $139,000 to be used only for the purpose of opening an office in the State of Hawaii.

WORLD AGRICULTURAL OUTLOOK BOARD

Amendment No. 45: Appropriates $1,422,000 for the World Agricultural Outlook Board instead of $1,352,000 as proposed by the House and $1,436,000 as proposed by the Senate. The conference agreement includes a transfer of $70,000 from the Economic Research Service and the Statistical Reporting Service as proposed by the Senate.

AGRICULTURAL MARKETING SERVICE

Marketing services

Amendment No. 46: Appropriates $23,211,000 for the Agricultural Marketing Service instead of $44,031,000 as proposed by the House and $21,975,000 as proposed by the Senate. The House bill had proposed a rescission of a portion of these funds in amendment No. 48.

Amendment No. 47: Restores House language providing that $250,000 shall be available only for the Blytheville, Arkansas' Cotton Marketing Office.

Amendment No. 48: Deletes House language rescinding $20,820,000 of the funds appropriated to the Agricultural Marketing Service. This language is no longer necessary since the Omnibus Budget Reconciliation Act of 1981 has now become law.

Limitation on administrative expenses

Amendment No. 49: Limits administrative expenses from fees collected to $23,000,000 as proposed by the Senate instead of $20,820,000 as proposed by the House.

Transportation office

Amendment No. 50: Appropriates $2,400,000 for the transportation office of the Agricultural Marketing Service as proposed by the Senate instead of $2,688,000 as proposed by the House.

Payments to states and possessions

Amendment No. 51: Restores House language and appropriates $1,000,000 for payments to States and possessions. The House bill appropriated $1,500,000 and the Senate bill deleted the House language.

Packers and Stockyards Administration

Amendment No. 52: Appropriates $8,806,000 for the Packers and Stockyards Administration instead of $9,368,000 as proposed by the House and $8,244,000 as proposed by the Senate.

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Salaries and expenses

Amendment No. 53: Appropriates $62,000,000 to the Agricultural Stabilization and Conservation Service for salaries and expenses as proposed by the Senate instead of $214,880,000 as proposed by the House.

Amendment No. 54: Provides for a transfer of $314,000,000 to the Agricultural Stabilization and Conservation Service for salaries and expenses from the Commodity Credit Corporation Fund as proposed by the Senate instead of a transfer of $176,241,000 as proposed by the House.

Amendment No. 55: Deletes House language placing a limitation of $49,212,000 on

Commodity Credit Corporation administrative expenses.

Amendment No. 56: Provides that $376,000,000 shall be available to the Agricultural Stabilization and Conservation Service for salaries and expenses as proposed by the Senate instead of $391,121,000 as proposed by the House.

Dairy indemnity program

Amendment No. 57: Appropriates $176,000 for the dairy indemnity program as proposed by the Senate instead of $200,000 as proposed by the House.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation is currently engaged in a massive expansion of the federally sponsored and subsidized crop insurance program, as authorized by the Federal Crop Insurance Act of 1980. In this regard, it is necessary that that agency be given sufficient flexibility in utilizing its financial resources to obtain widespread participation on the part of private insurance agents to facilitate program delivery across the country.

The Congress anticipates that this program will have broad coverage and be readily available to all farmers. In order for the program to work this broad coverage is essential. The agency, therefore, is directed to keep Congress fully and promptly advised as to how its financial resources are utilized, and to report periodically on its progress in implementing the new Act.

The conferees agree that the existing nationwide network of Agricultural Stabilization and Conservation Service county offices can and should play a very significant role in the expansion of the new Federal crop insurance program, along with the personnel resources of FCIC and private insurance agents.

COMMODITY CREDIT CORPORATION

REIMBURSEMENT FOR NET REALIZED LOSSES

Amendment No. 58: Appropriates $2,043,229,000 for reimbursement for net realized losses of the Commodity Credit Corporation as proposed by the Senate instead of $2,220,000,000 as proposed by the House.

Limitation on administrative expenses and direct loans

Amendment No. 59: Provides that none of the funds may be used to carry out an export credit sales direct loan program in excess of $2,200,000,000 in fiscal year 1982, and that none of the funds may be used to carry out a program of loan guarantees by the Corporation for the production and marketing of industrial hydrocarbons and alcohols from agricultural commodities and forest products. These two provisions were in the bill as passed the House. The conference agreement deletes a provision in the House bill which places a limitation on Commodity Credit Corporation administrative expenses, a provision that 7 per centum of the authorization shall be placed in reserve pursuant to section 3679 of the Revised Statutes, and a provision that all necessary expenses in connection with certain activities of the Corporation shall be considered as nonadministrative expenses.

The bill as passed the Senate had deleted the entire paragraph dealing with the limitation on administrative expenses and direct loans.

TITLE II—RURAL DEVELOPMENT PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

FARMERS HOME ADMINISTRATION

Rural housing insurance fund

Amendment No. 60: Provides that $3,265,600,000 shall be available for subsidized interest loans to low-income borrowers instead of $3,195,600,000 as proposed by the House and $3,275,600,000 as proposed by the Senate. Included within the conference agreement is $430,000,000 for moderate-income section 502 housing loans instead of $500,000,000 as proposed by the House and $420,000,000 as proposed by the Senate, and $940,000,000 for section 515 rural rental housing loans instead of $870,000,000 as proposed by the House and $950,000,00 as proposed by the Senate.

Rural development insurance fund

Amendment No. 61: Provides $375,000,000 for insured water and sewer facility loans instead of $450,000,000 as proposed by the House and $300,000,000 as proposed by the Senate. The conference agreement also providees $300,000,000 for guaranteed industrial development loans and $130,000,000 for community facility loans.

Amendment No. 62: Deletes House language providing $250,000,000 for alcohol production facility loans since these loans were provided for in the Continuing Resolution.

Rural water and waste disposal grants

Amendment No. 63: Appropriates $125,000,000 for rural water and waste disposal grants instead of $150,000,000 as proposed by the House and $100,000,000 as proposed by the Senate.

The conferees continue to expect that not less than 35 percent of the funds appropriated for rural water and waste disposal grants will be used for the expansion of existing systems. The conferees will expect the Department to assure that this provision is being complied with in determining eligibility for future loans and grants. In this regard, the Conferees call the Department's attention to Sec. 628 of Title 31 of the U.S. Code.

Very low-income housing repair grants

Amendment No. 64: Restores House language limiting the program to very low-income elderly persons. The Senate provision limited the program to very low-income persons.

Amendment No. 65: Appropriates $15,000,000 for grants to very low-income elderly persons for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, instead of $12,500,000 as proposed by the House and $22,000,000 as proposed by the Senate.

Rural housing for domestic farm labor

Amendment No. 66: Appropriates $13,750,000 for rural housing for domestic farm labor instead of $12,500,000 as proposed by the House and $15,000,000 as proposed by the Senate.

Mutual and self-help housing

Amendment No. 67: Appropriates $3,950,000 for mutual and self-help housing instead of $3,500,00 as proposed by the House and $4,400,000 as proposed by the Senate.

Self-help housing land development fund

Amendment No. 68: Deletes House language appropriating $1,000,000 for additional capitalization for the self-help housing land development fund.

Rural community fire protection grants

Amendment No. 69: Appropriates $3,250,000 for rural community fire protection grants instead of $3,500,000 as proposed by the House and $3,000,000 as proposed by the Senate.

Salaries and expenses

Amendment No. 70: Appropriates $282,418,000 for salaries and expenses of the Farmers Home Administration instead of $284,836,000 as proposed by the House and $280,000,000 as proposed by the Senate. The conferees have agreed that none of the reduction below the House bill shall be applied to travel of the county office staff of the Farmers Home Administration involved in the supervision of the agency's loan portfolio. In addition, the conferees are in agreement that the district office staff of the Farmers Home Administration shall be utilized to supervise the county office staff in the supervision of the loan portfolio and the counseling of Farmers Home borrowers.

Need to use refinancing authority

Many farmers who have Farmers Home Administration production loans may be on the verge of being forced to declare bankruptcy because of Farmers Home procedures. This situation occurs because recent short crop years and the cost-price squeeze have left many farmers short of cash and heavily in debt. Often, however, the farmer has assets in excess of his outstanding indebtedness to Farmers Home and others. If those individuals are forced to liquidate their assets because of bankruptcy or to avoid bankruptcy because of today's high interest and shortage of cash by other farmers, they may only receive a fraction of the value of their assets in the event of a forced sale, and the land will likely end up in the hands of the large landowners, large corporations or the Federal Government.

Under law, the Farmers Home Administration has existing authority to help meet this problem. Section 1981 of title VII of the United States Code sets forth the Secretary of Agriculture's authority in this area. It provides a means of refinancing, stretching out the repayment date, and perhaps postponing a year's payments and interest, when the facts justify such action.

The conferees will expect the Department to utilize this authority wherever appropriate.

District offices

The conferees expect the Department to return to the district supervision system where close attention may be given and to do everything reasonable to help avoid bankruptcy or forced sale of assets.

The conferees are in agreement that the district office staff should return to the traditional role of supervision to assure that borrowers receive the counsel and advice they need. This supervision assures that both the borrower is protected and the government is protected.

County offices

The conferees remind the Department that the county offices exist for the convenience of those engaged in agriculture. Therefore, in no case should district offices be used to replace county offices. In addition, the maximum number of county offices should be kept open to the extent feasible. The Department should also consider the possibility of rotating district and county office employees on a circuit rider approach in order to provide maximum convenience to the borrower.

Short-term land contracts

The conferees will expect the Department to review current policies regarding the refinancing of short-term land contracts in home sales. These contracts are coming into more common usage in many areas of the country. Because of this, existing procedures should be reviewed to assure that, where appropriate, otherwise eligible borrowers are not precluded from Farmers Home assistance.

RURAL ELECTRIFICATION ADMINISTRATION

Rural electrification and telephone revolving fund loan authorizations

Amendment No. 71: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides that, of the total commitment during 1982 to guarantee loans pursuant to section 306, not less than $5,145,000,000 nor more than $6,400,000,000 of contingent liability for loan principal shall be guaranteed by the Rural Electrification Administration.

Salaries and expenses

Amendment No. 72: Appropriates $29,673,000 for salaries and expenses as proposed by the House instead of $28,309,000 as proposed by the Senate.

CONSERVATION

SOIL CONSERVATION SERVICE

Conservation operations

Amendment No. 73: Appropriates $314,809,000 for conservation operations instead of $317,639,000 as proposed by the House and $311,979,000 as proposed by the Senate.

Amendment No. 74: Earmarks not less than $3,443,000 for snow survey and water forecasting instead of $3,663,000 as proposed by the House and $3,223,000 as proposed by the Senate.

Amendment No. 75: Earmarks $3,388,000 for the operation of the plant materials centers instead of $3,604,000 as proposed by the House and $3,172,000 as proposed by the Senate.

River basin surveys and investigations

Amendment No. 76: Appropriates $15,500,000 for river basin surveys and investigations instead of $16,165,000 as proposed by the House and $14,225,000 as proposed by the Senate.

Watershed and flood prevention operations

Amendment No. 77: Appropriates a total of $192,045,000 for watershed and flood prevention operations as proposed by the House instead of a total of $187,000,000 as proposed by the Senate.

Amendment No. 78: Earmarks a total of $23,434,000 for watersheds authorized under Public law 534 as proposed by the House instead of $22,000,000 as proposed by the Senate.

Amendment No. 79: Deletes Senate language earmarking not less than $2,800,000 for not less than 10 new Public Law 566 watershed construction starts. The conferees agree that the Department shall initiate not less than 25 new construction starts.

The conferees are very concerned about the deferral of $11,000,000 in small watershed construction funds which occurred during fiscal year 1981. The States were notified by the Department that the funds were being withdrawn on May 19, 1981. However, the Congress was not notified of the deferral of the funds until July 1, 1981, over 40 days later. Failure to notify Congress that a deferral action is being recommended is contrary to the requirements of the Impoundment Control Act.

Resource Conservation and Development

Amendment No. 80: Appropriates $26,000,000 for resource conservation and development as proposed by the Senate instead of $26,812,000 as proposed by the House.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Agricultural Conservation Program

Amendment No. 81: Deletes House language earmarking $10,000,000 for the forestry incentives program.

Forestry incentives program

Amendment No. 82: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which appropriates $12,500,000 for the forestry incentives program.

Water Bank Program

Amendment No. 83: Appropriates $8,800,000 for the water bank program as proposed by the Senate.

Emergency Conservation Program

Amendment No. 84: Appropriates $8,800,000 for the emergency conservation program as proposed by the Senate instead of $10,000,000 as proposed by the House.

TITLE III—DOMESTIC FOOD PROGRAMS

Food and Nutrition Service

Child Nutrition Programs

Amendment No. 85: Corrects the U.S. Code citation for nutrition education and training as proposed by the Senate.

Amendment No. 86: Provides a total of $2,846,838,000 for the child nutrition programs as proposed by the Senate instead of $3,765,038,000 as proposed by the House. This total amount available is the sum of the funds provided in amendments No. 87 and 88.

Amendment No. 87: Provides a direct appropriation of $1,082,890,000 as proposed by the Senate instead of $2,076,090,000 as proposed by the House.

Amendment No. 88: Provides that $1,763,948,000 as proposed by the Senate shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935, instead of $1,688,948,000 as proposed by the House.

Amendment No. 89: Deletes Senate language providing that only claims for reimbursements for meals served after "the start of the 1981-1982 school year" shall be eligible for reimbursement, and retains language proposed by the House providing that only claims for reimbursement for meals served after "September 1, 1981" shall be eligible for reimbursement. This language retains the provision that only claims for the month of September may be paid from sums available for the following fiscal year.

(Rescission)

Amendment No. 90: Deletes House language rescinding $1,115,700,000 "should the Omnibus Reconciliation Act of 1981 require reductions". The House passed this appropriations bill prior to enactment of the Reconciliation Act. The direct appropriation provided in amendment No. 87 represents current estimates for fully funding the child nutrition programs based upon changes made in the Omnibus Budget Reconciliation Act of 1981. The conferees agree that the distribution of these appropriated funds among the various child nutrition programs is as follows:

Child nutrition programs:	
School lunch program	$425,000,000
Special assistance	1,620,300,000
School breakfast program	335,000,000
State administrative expenses	44,538,000
Summer food service program	61,100,000
Child care food program	276,900,000
Commodity procurement	75,700,000
Nutrition studies and surveys	3,300,000
Nutrition education and training	5,000,000
Total, child nutrition programs	2,846,838,000
Transfer from section 32	−1,763,948,000
Total, direct appropriations, child nutrition programs	1,082,890,000

Special milk program

Amendments No. 91: Appropriates $28,100,000 for the special milk program as proposed by the Senate instead of $124,800,000 as proposed by the House. This appropriation fully funds the special milk program based upon changes made in the Omnibus Budget Reconciliation Act of 1981.

(Rescission)

Amendment No. 92: Deletes House language rescinding $95,000,000 "should the Omnibus Budget Reconciliation Act of 1981 require reductions." The House passed this appropriation bill prior to enactment of the Reconciliation Act. Amendment No. 91 accounts for the changes made in reconciliation.

Special Supplemental Food Programs (WIC)

Amendment No. 93: Appropriates $973,000,000 as proposed by the Senate instead of $751,400,000 as proposed by the House.

Amendment No. 94: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows: *, of which not to exceed $500,000 shall be available for the pilot supplemental food program when authorized by law*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 95: Deletes House language which provides that an additional sum be held in reserve to be released if required to maintain participation levels.

The conferees note that due to the manner in which the WIC program was administered during 1981, participation levels in many States declined during the last two quarters of the fiscal year. As a result, a substantial carry-over balance exists in the program.

The conferees expect the Administration to abide by the direction in the Senate report regarding quarterly allocation of funds and the reallocation of unspent funds as required by law.

Further, the conferees expect the total funding available to the program, funds appropriated combined with carry-over balances, to be fully utilized in carrying out the program during fiscal year 1982 in order to

bring participation levels as close as possible to those set forth in the House report.

Food Stamp Program

Amendments No. 96 and 99: Include the United States Code citation for nutrition assistance to Puerto Rico, as authorized by the Omnibus Budget Reconciliation Act of 1981, effective July 1, 1982, as proposed by the Senate.

Amendment No. 97: Appropriates $10,001,384,000 for the food stamp program as proposed by the Senate instead of $9,472,684,000 as proposed by the House. This amount, together with the $292,000,000 reserve, provides a total of $10,293,384,000 for the food stamp program. This amount includes $206,500,000 for nutrition assistance for Puerto Rico. This total amount and the amount earmarked for nutrition assistance to Puerto Rico are equal to the revised budget estimate (September, 1981). The conferees note that the Administration has undertaken a complete review of all major entitlement programs including food stamps and expects to submit legislation to amend the basic food stamp authority which may impact on the final funding level required for the program in fiscal year 1982.

The conferees are in agreement that such additional funds as may be required to carry out the food stamp program, as authorized by Congress, will be provided upon receipt of an official budget request from the Office of Management and Budget.

Amendment No. 98: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which earmarks $65,000,000 for work registration and job search activities.

Food Program Administration

Amendment No. 100: Appropriates $86,461,000 for food program administration as proposed by the Senate instead of $89,592,000 as proposed by the House.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

Amendment No. 101: Appropriates $67,694,000 for the Foreign Agricultural Service instead of $69,694,000 as proposed by the House and $65,331,000 as proposed by the Senate. The conferees have agreed that the reduction of $2,000,000 below the House level should be distributed proportionately to each of the three major programs carried out by the Foreign Agricultural Service.

Amendment No. 102: Deletes a provision added by the Senate which would have specified a minimum level for foreign market development activities of the Foreign Agricultural Service. The conferees agree that foreign market development activities are of a very high priority. This program has a proven record of expanding overseas markets for American agricultural commodities, thus contributing to higher prices for our farmers and assisting our Nation's balance of trade position. The conferees believe that activities financed by this program, such as the proposed National Food and Agricultural Exposition, yield benefits far beyond the modest Federal contribution required to assist State departments of agriculture and private commodity groups in effectively selling American agricultural products overseas.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Amendment No. 103: Appropriates $3,627,000 as proposed by the Senate instead of $4,000,000 as proposed by the House.

Public Law 480

Amendment No. 104: Provides for a total program level for titles I and III of P.L. 480 of $858,932,000 as proposed by the Senate instead of $876,800,000 as proposed by the House.

Amendment No. 105: Appropriates $381,032,000 for titles I and III as proposed by the Senate instead of $398,900,000 as proposed by the House.

Amendment No. 106: Deletes Senate language which would have provided a current indefinite appropriation for titles I and III in the amount necessary to replace unrealized estimates of receipts. The conferees agree that the Administration should keep the appropriations committees of the House and Senate fully advised as to changes in the estimates of repayments and other receipts and to promptly submit to Congress a supplemental budget request to the extent additional funds are needed to maintain the total program level specified in this Act.

Amendment No. 107: Earmarks $722,496,000 for the title II program as proposed by the Senate instead of a program level of $764,200,000 as proposed by the House.

Amendment No. 108: Appropriates $722,496,000 for the title II program as proposed by the Senate instead of $764,200,000 as proposed by the House.

TITLE V—RELATED AGENCIES

FOOD AND DRUG ADMINISTRATION

Amendment No. 109: Appropriates $332,032,000 for salaries and expenses of the Food and Drug Administration instead of $336,032,000 as proposed by the House and $328,032,000 as proposed by the Senate.

COMMODITY FUTURES TRADING COMMISSION

The conferees note that at the time of the House Appropriations hearing on the 1982 budget request, the Commodity Futures Trading Commission had approved 116 contracts, with 43 new contract applications pending before the Commission. The conferees are concerned that if ongoing trading in one contract were to get out of hand, it could discredit all futures contracts and cause serious repercussions through the entire futures industry. These repercussions, in turn, could disrupt or destroy the trading in existing contracts which are indispensible for the orderly marketing of agricultural commodities such as corn, wheat, soybeans and cotton which is widely used by producers, dealers, processors and exporters to reduce risks and "lock in" a certain price or margin. In other words, it is widely used by those who hedge.

Where the ratio of speculators to hedgers is unusually high, the possibility of adverse repercussions increases and the justified economic purpose is less apt to be served. The volume of trading in cattle futures during fiscal year 1980 totaled 7,619,500 contracts. In order to clearly determine whether an appropriate economic purpose is served by the trading of cattle futures, as well as the importance of closely monitoring this trade, the conferees direct the Commission to submit, as part of the fiscal 1983 budget justification, an analysis of CFTC's specific efforts to assure the efficiency of the cattle futures market, to assure its integrity, and to protect market participants against abusive trade practices, fraud, and deceit and to determine the extent to which it affects the price, and can be and is used by farmer-feeders. It is also expected that this analysis will describe specific steps which have been taken to provide a hedging mechanism in cattle futures trading which assures protection against insider trading.

FARM CREDIT ADMINISTRATION

Limitation on administrative expenses

Amendment No. 110: Establishes a limitation of $16,113,000 on the administrative expenses of the Farm Credit Administration instead of $16,000,000 as proposed by the House and $16,226,000 as proposed by the Senate.

TITLE VI—GENERAL PROVISIONS

Amendment No. 111: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which allows funds for mutual and self-help housing to remain available until expended.

Amendment No. 112: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate. The Senate amendment provides that ceilings on full-time equivalent staff years of the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters.

Amendment No. 113: Deletes House language related to brucellosis regulations. The conferees direct the Animal and Plant Health Inspection Service to thoroughly reanalyze its proposal and to report to the Appropriations Committees of Congress its findings no later than November 30, 1981. Furthermore, the conferees direct the agency not to proceed with these regulations until the appropriate committees of Congress have had a full opportunity to examine the impacts that such regulations will have on producers in the effected states.

Amendment No. 114: Renumbers section as proposed by the Senate.

Amendment No. 115: Renumbers section as proposed by the Senate.

Amendment No. 116: Renumbers section as proposed by the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1982 recommended by the Committee of Conference, with comparisons to the fiscal year 1981 amount, the 1982 budget estimates, and the House and Senate bills for 1982 follow:

New budget (obligational) authority, fiscal year 1981	$23,686,025,000
Budget estimates considered by House, fiscal year 1982	22,022,548,000
House bill, fiscal year 1982	21,035,916,000
Budget estimates considered by Senate, fiscal year 1982	20,554,647,000
Senate bill, fiscal year 1982	21,083,016,000
Conference agreement, fiscal year 1982	21,152,553,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1981	−2,533,472,000

Budget estimates of new (obligational) authority, considered by House, fiscal year 1982	−869,995,000
Budget estimates of new (obligational) authority, considered by Senate, fiscal year 1982	+597,906,000
House bill, fiscal year 1982	+116,637,000
Senate bill, fiscal year 1982	+69,537,000

JAMIE L. WHITTEN,
BOB TRAXLER,
BILL ALEXANDER,
MATTHEW F. MCHUGH,
WILLIAM H. NATCHER,
JACK HIGHTOWER,
DANIEL K. AKAKA,
WES WATKINS,
VIRGINIA SMITH,
J. K. ROBINSON,
JOHN T. MYERS,
JERRY LEWIS,
SILVIO O. CONTE,
Managers on the Part of the House.

THAD COCHRAN,
JAMES A. MCCLURE,
MARK ANDREWS,
JAMES ABDNOR,
BOB KASTEN,
MACK MATTINGLY,
ARLEN SPECTER,
MARK O. HATFIELD,
TOM EAGLETON,
JOHN C. STENNIS,
ROBERT C. BYRD,
LAWTON CHILES,
QUENTIN N. BURDICK,
JIM SASSER,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KOGOVSEK (at the request of Mr. WRIGHT), for November 4 and 5, on account of official business.

Mr. LEE (at the request of Mr. MICHEL), for today and the balance of the week, on account of surgery.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PETRI) to revise and extend their remarks and include extraneous material:)

Mr. COLLINS of Texas, for 30 minutes, today.

Mrs. SMITH of Nebraska, for 5 minutes, today.

Mr. YOUNG of Alaska, for 10 minutes, today.

Mr. MCKINNEY, for 5 minutes, today.

Mr. GREEN, for 5 minutes, today.

(The following Members (at the request of Mr. DE LUGO) to revise and extend their remarks and include extraneous material:)

Mr. REUSS, for 10 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ALEXANDER, for 60 minutes, November 5, 1981.

(The following Members (at the request of Mr. LUNGREN) to revise and extend their remarks and include extraneous material:)

Mr. ASHBROOK, for 30 minutes, today.

(The following Members (at the request of Mr. DYSON) to revise and extend their remarks and include extraneous material:)

Mr. PEPPER, for 5 minutes, today.

Mr. NEAL, for 5 minutes, today.

Mr. LAFALCE, for 20 minutes, today.

Mr. DYMALLY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. LEHMAN, to revise and extend his remarks for insertion in the RECORD immediately prior to the passage of H.R. 4625.

Mr. BOLAND, immediately following remarks of Mr. DOWDY today.

(The following Members (at the request of Mr. PETRI) and to include extraneous matter:)

Mr. COURTER.

Mr. MORRISON.

Mr. RAILSBACK in two instances.

Mrs. ROUKEMA.

Mr. LOWERY of California.

Mr. FORSYTHE.

Mr. DAUB.

Mr. SCHULZE.

Mr. COLLINS of Texas in three instances.

Mr. RITTER.

Mr. MICHEL in two instances.

Mr. LEBOUTILLIER.

Mr. GRADISON.

Mr. SAWYER.

Mr. EDWARDS of Oklahoma.

Mr. EMERY.

Mr. NELLIGAN.

Mr. RUDD.

Mr. LENT.

(The following Members (at the request of Mr. LUNGREN) and to include extraneous matter:)

Mr. ROUSSELOT.

Mr. LENT.

Mr. SOLOMON.

Mr. LUJAN.

Mr. MILLER of Ohio in three instances.

Mr. MCKINNEY.

(The following Members (at the request of Mr. DE LUGO) and to include extraneous matter:)

Mr. STARK.

Mr. EDWARDS of California.

Mr. DE LA GARZA in 10 instances.

Mr. LANTOS.

Mr. BAILEY of Pennsylvania.

Mr. VENTO.

Mr. FORD of Michigan.

Mr. DOWDY.

Mr. HAMILTON.

Mr. KASTENMEIER.

Mr. GARCIA.

Mr. MONTGOMERY.

Mr. BONIOR of Michigan.

Mr. MARKEY.

Mr. ASPIN.

Mr. HOYER.

Mr. ROYBAL in two instances.

Mr. MILLER of California.

Mr. DYMALLY.

(The following Members (at the request of Mr. DYSON) and to include extraneous matter:)

Mr. BRINKLEY.

Mr. EDWARDS of California.

Mr. LUNDINE.

Mr. NEAL.

Mrs. BOUQUARD.

Mr. MCDONALD in two instances.

Mr. SKELTON in four instances.

Mr. HUBBARD.

Mr. SHELBY.

Mr. ZABLOCKI.

Mr. ROYBAL.

Mr. LONG of Maryland.

Mr. OBERSTAR.

Mr. SOLARZ.

Mr. WYDEN.

Mr. CLAY.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 383. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered M-16402 (ND) Acq.; to the Committee on Interior and Insular Affairs;

S. 466. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered M-15450 (ND); to the Committee on Interior and Insular Affairs;

S. 651. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered W-46102; to the Committee on Interior and Insular Affairs;

S. 1086. An Act to extend and revise the Older Americans Act of 1965, and for other purposes;

S. 1457. An act to reinstate U.S. oil and gas lease numbered OR-13713; to the Committee on Interior and Insular Affairs; and

S. 1605. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered ES-20644; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 661. An act for the relief of Blanca Rosa Luna de Frei;

H.R. 688. An act for the relief of Junior Edmund Moncrieffe;

H.R. 783. An act for the relief of Roland Karl Heinz Vogel;

H.R. 1469. An act for the relief of Madeleine Mesnager;

H.R. 1480. An act for the relief of Omar Marachi;

H.R. 1550. An act for the relief of Aurora Isidra Fullan Diaz;

H.R. 1785. An act for the relief of Gladys Belleville Schultz;

H.R. 2010. An act for the relief of Kai-Mee Chen;

H.R. 2185. An act for the relief of Hanife Frantz;

H.R. 2573. An act for the relief of Moses Bank;

H.R. 2975. An act for the relief of Yuk Yee Li;

H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits; and

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p.m.) the House adjourned until tomorrow, Thursday, November 5, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2445. A letter from the Assistant Secretary of Health and Human Services for Legislation, transmitting a proposed amendment to the pending Labor/HHS fiscal year 1982 appropriations bill (H.R. 4560), to enable the Secretary of Health and Human Services to approve transfer to local control of the Public Health Service hospitals in Seattle, Staten Island, Baltimore, and Boston; to the Committee on Appropriations.

2446. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to remove the statutory reporting requirement imposed on certain former and retired military members, Federal employees, and former Federal employees to report employment by a defense contractor; to the Committee on Armed Services.

2447. A letter from the Secretary of the Treasury, transmitting the annual report on the operations of the Exchange Stabilization Fund for fiscal year 1980, pursuant to section 10(a) of the Gold Reserve Act of 1934, as amended; to the Committee on Banking, Finance and Urban Affairs.

2448. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-9, "To order the closing of the public alleys abutting lots 854, 853, 843, 45, 827, 57, 828, 40, 37, 38, 39, 21, 845, 832, 833, 855, 835, 836, 837, 838, 844, 841, 848, 811, 53, 812, 51, 52, 850, 816, 817, and 818 in Square 101, bounded by 21st Street, NW., I Street, NW., 20th Street, NW., and H Street, NW. (S. O. 80-137) (Ward 2)," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2449. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-104, "To authorize the issuance of revenue bonds of the District of Columbia for the purpose of making a loan to the George Washington University to assist in the financing of certain academic facilities," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2450. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-105, "To allow the private collection of slot machines which were manufactured prior to 1952 which are not used for gambling purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2451. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-106, "To amend the law relating to persons authorized to perform marriages," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2452. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-107, "To order the closing of a portion of a public alley abutting lots 38, 817, 837, and 838 in Square 78, bounded by K Street, NW., I Street, NW., 20th Street, NW., and 21st Street, NW. (S.O. 80-281) (Ward 2), and to authorize the expenditure of funds by the City Administrator of the District of Columbia for official purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2453. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-108, "To order the removal of the building restriction lines on the 1000 block of Bryant Street, NE., in lots 25, 26, 27, 28, 29, 30, 31, and 32 in Square 3869 and lots 40, 41, 42, 43, 44, 45, and 46 in Square 3870, bounded by Rhode Island Avenue, NE., and 12th Street, NE. (S.O. 74-27) (Ward 5)," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2454. A letter from the Secretary, Council of the District of Columbia, transmitting Council resolution 4-250 "Transfer of jurisdiction over a portion of South Carolina Avenue, SE, to the National Park Service resolution of 1981," pursuant to section 115 of title 8, District of Columbia Code; to the Committee on the District of Columbia.

2455. A letter from the Secretary of Education, transmitting a report covering fiscal year 1980 on audits of programs funded under part A of the Indian Education Act of 1972, pursuant to section 1149(a) of Public Law 95-561; to the Committee on Education and Labor.

2456. A letter from the Acting Chairman, Equal Employment Commission, transmitting the report of the Commission's Office of Interagency Coordination for the 2 years ended June 30, 1981, pursuant to section 715 of Public Law 92-261 and section 1-401 of Executive Order 12067; to the Committee on Education and Labor.

2457. A letter from the Secretary, Federal Trade Commission, transmitting the 11th report on the impact on competition and on small business of the development and implementation of voluntary agreements and plans of action to carry out provisions of the international energy program, pursuant to section 252(i) of the Energy Policy and Conservation Act of 1975; to the Committee on Energy and Commerce.

2458. A letter from the Secretary, Interstate Commerce Commission, transmitting, notice of a proposed 51-day extension of the statutory time limit for the Commission to render a decision in Dockets No. 37597, *Martin Marietta Aluminum, Inc.* v. *Atchison, Topeka and Santa Fe Railway Co., et al.*, and No. 37598, *Kaiser Aluminum & Chemical Corporation* v. *Atchison, Topeka and Santa Fe Railway Company, et al.*, pursuant to 49 U.S.C. 10327(k); to the Committee on Energy and Commerce.

2459. A letter from the Secretary, Interstate Commerce Commission, transmitting notice of the proposed 3-month extension of the statutory time limit for the Commission to render a decision in Docket No. 38679, *Restructured Rates on Recyclables O/T Iron or Steel Scrap, Conrail,* Pursuant to 49 U.S.C. 10707(b)(1); to the Committee on Energy and Commerce.

2460. A letter from the Chairman, National Mediation Board, transmitting the 46th annual report of the Board, including the report of the National Railroad Adjustment Board, covering fiscal year 1980, pursuant to sections 4 (second) and 3 (first)(w) of the act of May 20, 1946; to the Committee on Energy and Commerce.

2461. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Korea for permission to transfer certain U.S.-origin defense equipment to the Philippines, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2462. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Korea for permission to transfer certain U.S.-origin military equipment to Malaysia, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2463. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment and services sold commercially to Algeria (Transmittal No. MC-27-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2464. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment and services sold commercially to France (Transmittal No. MC-27-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2465. A letter from the Secretary of Agriculture, transmitting the fiscal year 1981 assessment of world food needs and availability, pursuant to section 408(b) of the Agricultural Trade Development and Assistance Act, as amended; to the Committee on Foreign Affairs.

2466. A letter from the Assistant Secretary of the Treasury for Administration, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2467. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, relating to the disposal of foreign excess property, and for other purposes; to the Committee on Government Operations.

2468. A letter from the Executive Director, Committee for Purchase from the Blind and Other Severely Handicapped, transmit-

ting the annual report of the committee for fiscal year 1980, pursuant to section 1(i) of Public Law 9-28; to the Committee on Government Operations.

2469. A letter from the Under Secretary of the Interior, transmitting notice of the leasing systems to be used in Oil and Gas Lease Sale No. 59, pursuant to section 8(a)(8) of the Outer Continental Shelf Lands Act, as amended; to the Committee on Interior and Insular Affairs.

2470. A letter from the Secretary of Agriculture, transmitting notice of his intention to accept a donation of 40 acres of land adjacent to the Alpine Lakes Wilderness Area, King County, Wash., pursuant to section 6(a) of the Wilderness Act; to the Committee on Interior and Insular Affairs.

2471. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation under the authority of section 244(a)(1) of the Immigration and Nationality Act, together with a list of the persons involved, pursuant to section 244(c) of the act; to the Committee on the Judiciary.

2472. A letter from the Secretary, Smithsonian Institution, transmitting the proceedings of the 90th Continental Congress of the National Society of the Daughters of the American Revolution, pursuant to section 3 of the act of February 20, 1896; to the Committee on the Judiciary.

2473. A letter from the Secretary of Commerce, transmitting the fifth report on activities of the Regional Fishery Management Councils and the Department on fishery management plans, regulations to implement such plans, and other activities in the conservation and management of fishery resources, covering calendar year 1980, pursuant to section 305(f) of the Magnuson Fishery Conservation and Management Act; to the Committee on Merchant Marine and Fisheries.

2474. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 5 of the United States Code to foster the timely revitalization of the U.S. air traffic control system, and for other purposes; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Submitted Tuesday, Nov. 3, 1981*]

Mr. PRICE: Committee of conference. Conference report on S. 815 (Rept. No. 97-311). And ordered to be printed.

[*Submitted Wednesday, Nov. 4, 1981*]

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 4482. A bill to establish a U.S. Court of Appeals for the Federal Circuit, to establish a U.S. Claims Court, and for other purposes; with an amendment (Rept. No. 97-312). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee of conference. Conference report on H.R. 4119 (Rept. No. 97-313). And ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PICKLE (for himself and Mr. ARCHER):

H.R. 4881. A bill to make section 457(e)(1) of the Internal Revenue Code of 1954 inapplicable to certain State judicial plans; to the Committee on Ways and Means.

By Mr. BONIOR of Michigan:

H.R. 4882. A bill to amend the Congressional Budget Act of 1974 to require that each congressional budget resolution fix the level of tax expenditures for the fiscal year involved as well as the recommended aggregate level of Federal revenues; to the Committee on Rules.

By Mr. CHAPPELL:

H.R. 4883. A bill to amend title 5, United States Code, to restore semiannual cost-of-living adjustments for Federal annuitants; to the Committee on Post Office and Civil Service.

By Mr. CLAY (for himself and Mr. PERKINS):

H.R. 4884. A bill to provide for the establishment and support of a national system of apprenticeship and allied industrial training as the major instrumentality for assuring the proper training in adequate numbers of the highly skilled workers and technicians essential to the Nation's defense and economic well-being; to the Committee on Education and Labor.

By Mr. COLLINS of Texas:

H.R. 4885. A bill to provide for phased elimination of Federal price controls on natural gas, to eliminate incremental pricing requirements for natural gas, to eliminate certain fuel use restrictions, and for other purposes; to the Committee on Energy and Commerce.

By Mr. DANIELSON:

H.R. 4886. A bill to amend the Federal Salary Act of 1967 to provide that recommendations for the adjustment of executive, legislative, and judicial salaries be made biennially instead of quadrennially; to the Committee on Post Office and Civil Service.

By Mr. DICKS:

H.R. 4887. A bill to modify the city waterway navigation channel project, Tacoma Harbor, Wash., to redefine the project boundaries; to the Committee on Public Works and Transportation.

By Mr. SCHULZE:

H.R. 4888. A bill to provide for the elective payment of benefits under title II of the Social Security Act in the form of social security savings bonds, and for other purposes; to the Committee on Ways and Means.

By Mr. EDWARDS of California:

H.R. 4889. A bill to amend the gender rule of construction in chapter 1 of title 1, United States Code; to the Committee on the Judiciary.

By Mr. EVANS of Iowa:

H.R. 4890. A bill to suspend the duty on sulfaguanadine, sulfapyridine, and sulfathiazole; to the Committee on Ways and Means.

By Mr. HEFNER:

H.R. 4891. A bill to amend the Controlled Substances Act to provide increased penalties for illegal distributions of controlled substances in or adjacent to elementary and secondary schools; to the Committee on Energy and Commerce.

By Mr. LUJAN:

H.R. 4892. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of, and the deduction of contributions to, housing savings accounts; to the Committee on Ways and Means.

By Mr. MINISH:

H.R. 4893. A bill to amend title 28, United States Code, to authorize the Attorney General to acquire and exchange information to assist Federal, State, and local officials in the identification of certain deceased individuals and in the location of missing children; to the Committee on the Judiciary.

By Mr. OBEY:

H.R. 4894. A bill to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SAVAGE (for himself and Mr. MCCLOSKEY):

H.R. 4895. A bill to amend the Federal Property and Administrative Services Act of 1949 to require that interest be paid on certain late payments made by Federal agencies under contracts with small business concerns and to provide that all payments under such contracts shall be paid within 6 months after completion; to the Committee on Government Operations.

By Mr. SAVAGE:

H.R. 4896. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax for any business which increases the amount of property and services provided to such business by minority-owned small businesses; to the Committee on Ways and Means.

By Mr. DELLUMS (for himself, Mr. GLICKMAN, Mr. CONYERS, Mr. EDGAR, Mr. EDWARDS of California, Mr. KASTENMEIER, Mr. MITCHELL of Maryland, Mr. GRAY, Mr. WEISS, Mr. RICHMOND, Mr. SEIBERLING, Mr. HAWKINS, Mrs. CHISHOLM, Mr. FORSYTHE, Mr. LEACH of Iowa, Mr. CROCKETT, Mr. BINGHAM, Mr. SAVAGE, Mr. AUCOIN, Mr. FITHIAN, Mr. BEDELL, Mr. BROWN of California, Mr. FAUNTROY, Mr. LELAND, Mr. MURPHY, Mr. WEAVER, Mr. PATTERSON, Mr. GARCIA, and Mr. TAUKE):

H.R. 4897. A bill to amend the Internal Revenue Code of 1954 to provide that a taxpayer conscientiously opposed to participation in war may elect to have his income, estate, or gift tax payments spent for nonmilitary purposes; to create a trust fund (the World Peace Tax Fund) to receive these tax payments; to establish a World Peace Tax Fund Board of Trustees; and for other purposes; to the Committee on Ways and Means.

By Mr. SAWYER:

H.R. 4898. A bill to implement certain recommendations of the Attorney General's Task Force on Violent Crime, and for other purposes; to the Committee on the Judiciary.

By Mr. SKELTON (for himself, Mr. ATKINSON, Mr. PEPPER, Mr. CORRADA, Mr. BUTLER, Mr. EMERSON, Mr. BEVILL, Mr. BEILENSON, Mr. DE LA GARZA, Mr. LANTOS, Mr. MURPHY, and Mr. FORSYTHE):

H.R. 4899. A bill to direct the U.S. Postal Service to provide and sell a postage stamp issue to commemorate the 250th anniversary of the birth of George Washington; to the Committee on Post Office and Civil Service.

By Mr. ROUSSELOT:

H.R. 4900. A bill to amend title II of the Social Security Act to terminate the payment of benefits thereunder to inmates of penal institutions; to the Committee on Way and Means.

By Mr. STARK:

H.R. 4901. A bill to amend title XVI of the Social Security Act to provide for the exclusion from an individual's resources, in determining his or her eligibility for supplemental security income benefits, of a burial plot and of certain funds set aside for burial expenses; to the Committee on Ways and Means.

By Mr. WHITEHURST:

H.R. 4902. A bill to amend title 10, United States Code, to require the Secretary concerned to comply with the terms of certain court orders in connection with the divorce, dissolution, annulment, or legal separation of a member or former member of a uniformed service and which affect the retired or retainer pay of such a member or former member, and for other purposes; to the Committee on Armed Services.

By Mr. WHITTEN (for himself, Mr. BOWEN, Mr. MONTGOMERY, Mr. DOWDY, and Mr. LOTT):

H.R. 4903. A bill granting the consent of the Congress to an interstate compact between the States of Mississippi and Louisiana establishing a commission to study the feasibility of rapid rail transit service between the two States; to the Committee on the Judiciary.

By Mr. YOUNG of Alaska:

H.R. 4904. A bill to amend the Naval Petroleum Reserves Production Act of 1976 to authorize the Secretary of the Interior to permit local entities to extract and use coal from lands within the National Petroleum Reserve in Alaska for heat and generation of electricity; to the Committee on Interior and Insular Affairs.

By Mr. LaFALCE (for himself, Mr. BREAUX, Mr. FORSYTHE, Mr. HORTON, Mr. RAHALL, Mr. MYERS, Mr. FRENZEL, Mr. RODINO, Mrs. HOLT, Mr. NEAL, Mr. BARNARD, Mr. WIRTH, Mr. JEFFORDS, Mr. EMERSON, Mr. ADDABBO, and Mr. RAILSBACK):

H.J. Res. 352. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day"; to the committee on Post Office and Civil Service.

By Mr. SIMON:

H.J. Res. 353. Joint resolution authorizing and requesting the President to issue a proclamation designating the month of January 1982 as "National Cerebral Palsy Month"; to the Committee on Post Office and Civil Service.

By Mr. WINN:

H.J. Res. 354. Joint resolution to designate 1982 as the "National Year of Disabled Persons"; to the Committee on Post Office and Civil Service.

By Mr. ZABLOCKI (for himself, Mr. BOWEN, Mr. FOUNTAIN, Mr. IRELAND, Mr. BARNES, Mr. SHAMANSKY, Mr. BROOMFIELD, Mr. WINN, Mr. LAGOMARSINO, Mr. GOODLING, and Mr. PRITCHARD):

H. Con. Res. 213. Concurrent resolution expressing the sense of the Congress with regard to the mutual security efforts of the United States and Japan; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

219. By the SPEAKER: Memorial of the Senate of the Commonwealth of Pennsylvania, relative to decontrol of natural gas prices; to the Committee on Energy and Commerce.

220. Also, memorial of the Assembly of the State of Wisconsin, relative to El Salvador; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DYMALLY:

H.R. 4905. A bill for the relief of Miriam Munoz-Ardon; to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 4906. A bill for the relief of Clive Anthony Lewis, Karen Lewis, Sean Martin Lewis, Anthony Conan Lewis, and Gail Alison Lewis; to the Committee on the Judiciary.

By Mr. STANTON of Ohio:

H.R. 4907. A bill for the relief of John B. Stiltner; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 502: Ms. OAKAR.

H.R. 746: Mr. DUNN and Mr. PORTER.

H.R. 808: Mr. WILLIAMS of Montana, Mr. SILJANDER, Mr. DOWNEY, Mr. DICKS, Mr. SMITH of Pennsylvania, Mr. O'BRIEN, Mr. PORTER, Mr. FOWLER, Mr. JOHN L. BURTON, Mr. NEAL, Mr. HAMILTON, Mr. MCCOLLUM, Mr. HATCHER, Mr. SOLARZ, Mr. MINISH, Mr. LIVINGSTON, Mr. PEYSER, Mr. KILDEE, Mr. PANETTA, Mr. KRAMER, Mr. PRICE, Mr. GORE, Mrs. HOLT, Mr. FORD of Michigan, Mr. EDGAR, Mr. MARRIOTT, Mr. D'AMOURS, Mr. MOLINARI, Mr. ANDREWS, Mr. GARCIA, Mr. BONKER, Mrs. ROUKEMA, Mr. SHUMWAY, Mr. DANIEL B. CRANE, Mr. DAVIS, Mr. WALGREN, Mr. GIBBONS, Mr. SIMON, Mr. SCHEUER, Mr. OBERSTAR, Mr. CORCORAN, Mr. BARNES, Mr. AKAKA, Mr. WEBER of Ohio, and Mr. DORNAN of California.

H.R. 852: Ms. MIKULSKI.

H.R. 1143: Mr. ROGERS.

H.R. 1154: Mr. ROGERS.

H.R. 1556: Mr. PATTERSON, Mr. RINALDO, Mr. SOLOMON, and Mr. WALGREN.

H.R. 1570: Mr. GUARINI, Mr. PATTERSON, Mr. RINALDO, and Mr. WALGREN.

H.R. 1779: Mr. JEFFRIES.

H.R. 1921: Mr. EVANS of Indiana.

H.R. 1993: Mr. EDGAR, Mr. GOODLING, and Mr. JAMES K. COYNE.

H.R. 2222: Mr. CHAPPELL.

H.R. 2372: Mr. ROE, Mr. LOWRY of Washington, Mrs. HECKLER, Mr. MAZZOLI, and Mr. EDGAR.

H.R. 2640: Mr. BEDELL.

H.R. 2828: Mr. ALBOSTA, Mr. BIAGGI, Mrs. CHISHOLM, Mr. JAMES K. COYNE, Mr. DUNN, Mr. HANCE, Mr. HEFNER, Mr. KOGOVSEK, Mr. LEACH of Iowa, Mr. LEE, Mr. LUNGREN, Mr. MCCURDY, Mr. MOLINARI, Mr. MOTTL, Mr. PEYSER, Mr. REUSS, Mr. ROSENTHAL, Mr. SAWYER, Mr. SHAW, Mr. SEIBERLING, Mr. SMITH of Oregon, Mrs. SCHNEIDER, Mr. STANTON of Ohio, Mr. STENHOLM, Mr. TRAXLER, Mr. WALKER, Mr. WEBER of Minnesota, Mr. YOUNG of Missouri, Mr. HOYER, Mr. MCKINNEY, and Mr. EVANS, of Delaware.

H.R. 3269: Mr. DORNAN of California, Mr. JONES of Tennessee, Mr. EDWARDS of Oklahoma, Mr. KEMP, Mr. NICHOLS, Mr. DOWDY, Mr. MOORE, Mr. LELAND, Mr. BREAUX, Mr. FIELDS, Mrs. SNOWE, Mr. PEYSER, Mr. ROUSSELOT, and Mr. ROYBAL.

H.R. 3680: Mr. PATTERSON.

H.R. 4009: Mr. DOWNEY.

H.R. 4067: Mr. PATTERSON.

H.R. 4265: Mr. HANSEN of Utah and Mr. RUDD.

H.R. 4342: Mr. FROST, Mr. SIMON, and Mr. BEDELL.

H.R. 4382: Mr. CONYERS.

H.R. 4418: Mr. SMITH of Alabama.

H.R. 4435: Mr. PATTERSON.

H.R. 4443: Mr. WALGREN, Mrs. SNOWE, and Mr. CONYERS.

H.R. 4554: Mr. BENEDICT, Mr. SAM B. HALL, Jr., and Mr. PAUL.

H.R. 4555: Mr. ROTH, Mr. STANGELAND, Mr. WORTLEY, Mr. WILSON, Mr. FISH, Mr. MCKINNEY, Mr. FORSYTHE, Mr. HAMMERSCHMIDT, Mr. EMERY, Mr. MAVROULES, and Mr. FRANK.

H.R. 4673: Mr. EDGAR and Mr. GREGG.

H.R. 4681: Mr. FOUNTAIN, Mrs. HOLT, Mr. MCDONALD, Mr. FORSYTHE, Mr. HILER, Mr. BEARD, Mr. STENHOLM, Mr. FLIPPO, Mr. ROBINSON, Mr. FAZIO, Mr. CHAPPELL, Mr. BARNARD, Mr. DANIEL B. CRANE, Mr. MARTIN of North Carolina, Mr. RAILSBACK, and Mr. HEFNER.

H.R. 4709: Mr. DASCHLE and Mr. IRELAND.

H.R. 4733: Mr. ROBINSON, Mr. HORTON, Mr. MCGRATH, Mr. YOUNG of Alaska, Mr. APPLEGATE, Mr. ROSE, Mr. SAM B. HALL, Jr., Mr. BENNETT, Mr. LAGOMARSINO, Mr. GINN, Mr. NAPIER, Mr. ROBERTS of South Dakota, Mr. BENEDICT, Mr. FISH, Mr. ERTEL, Mr. WILSON, Mr. BROYHILL, Mr. SHELBY, Mr. HILER, Mr. GEPHARDT, Mr. PORTER, Mr. MCDONALD, Mr. BARNARD, Mr. LENT, Mr. BAFALIS, Mr. KOGOVSEK, Mr. SMITH of Pennsylvania, Mr. FAZIO, Mr. CORCORAN, Mr. TRAXLER, Mr. HANSEN of Utah, Mr. DOUGHERTY, Mr. DWYER, Mr. DUNCAN, Mrs. BOUQUARD, Mr. SOLOMON, Mr. LOWERY of California, and Mr. NICHOLS.

H.R. 4775: Mr. DWYER, Mr. ERTEL, Ms. MIKULSKI, Mrs. BOUQUARD, Mr. NEAL, Mr. DASCHLE, and Mr. EDGAR.

H.R. 4797: Mr. MCKINNEY.

H.R. 4835: Mr. FORSYTHE, Mr. VENTO, Mrs. BOUQUARD, Mr. PORTER, Mr. DWYER, and Mr. ROE.

H.J. Res. 72: Mr. COLEMAN, Mr. NICHOLS, Mr. GONZALEZ, Mr. LEVITAS, Mr. MINETA, Mr. GIBBONS, Mr. LEWIS, Mr. RODINO, and Mr. BONIOR of Michigan.

H.J. Res. 250: Mr. HEFNER.

H.J. Res. 293: Mr. ASHBROOK, Mr. FLIPPO, Mr. CARMAN, Mr. LOWERY of California, Mr. FORD of Michigan, Mr. RAHALL, Mr. STUMP, Mr. BROWN of Colorado, Mr. BONIOR of Michigan, Mr. WEBER of Minnesota, Mr. DONNELLY, Mr. MARKEY, Mr. HUBBARD, Mr. ANTHONY, Mr. ANDREWS, Mr. FARY, Mr. ALEXANDER, Mr. HEFNER, Mr. PATTERSON, Mr. NAPIER, and Mr. EMERSON.

H.J. Res. 319: Mr. GUARINI, Mr. SEIBERLING, Mr. DORGAN of North Dakota, Mr. BLANCHARD, and Mr. CONYERS.

H.J. Res. 340: Mr. BEILENSON, Mr. BONKER, Mrs. SCHROEDER, Mr. LUJAN, Mr. CORRADA, Mr. OTTINGER, Mr. MARKEY, Mr. FORD of Tennessee, Mr. ROE, Mr. LEHMAN, Mr. PEPPER, Mr. BINGHAM, Mr. WEAVER, Mr. VENTO, Mr. MINISH, Mr. RUSSO, Mr. ROSENTHAL, Mr. CONTE, Mr. TRAXLER, Mr. MCKIN-

NEY, Mr. MOFFETT, Mr. EDGAR, Mr. SCHUMER, and Mr. LANTOS.

H. Con. Res. 178: Mr. HEFNER, Mr. STENHOLM, Mr. D'AMOURS, Mr. COELHO, and Mr. JAMES K. COYNE.

H. Res. 211: Mr. BEVILL.

H. Res. 228: Mrs. COLLINS of Illinois, Mrs. SCHROEDER, and Mr. ROEMER.

H. Res. 231: Mr. COLEMAN, Mr. NEAL, Mr. VENTO, Mr. BARNARD, Ms. MIKULSKI, Mr. MAZZOLI, Mrs. CHISHOLM, Mr. WHITEHURST, Mr. SCHEUER, Mr. BARNES, Mr. LEE, Mr. LUNGREN, Mr. SUNIA, Mr. DOUGHERTY, Mr. BINGHAM, Mr. FISH, Mr. LAFALCE, Mr. HUGHES, Mr. CORRADA, Mr. WORTLEY, Mr. MCKINNEY, Mr. HEFNER, Mr. RAILSBACK, Mr. EMERSON, Mr. RICHMOND, Mr. JONES of Tennessee, Mr. STUDDS, Mr. DWYER, Mr. JEFFORDS, Mr. HOLLENBECK, Mr. LEHMAN, Mr. KILDEE, Mr. SIMON, Mr. GORE, Mr. HOYER, Mrs. BOUQUARD, Mr. GUNDERSON, and Mr. Wirth.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

252. By the SPEAKER: Petition of the Hawaii County Council, Hilo, Hawaii, relative to general revenue sharing; to the Committee on Government Operations.

253. By Mr. ASPIN: Petition of Renee W. Fitzgerald, Tigard, Oreg., and others, relative to Secretary of the Interior James Watt; to the Committee on Interior and Insular Affairs.

254. By the SPEAKER: Petition of Pamela Barrett and others, St. Louis, Mo., relative to accessibility to Federal buildings for the handicapped; to the Committee on Public Works and Transportation.

EXTENSIONS OF REMARKS

STREAMLINING THE JUVENILE COURT SYSTEM

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. HOYER. Mr. Speaker, we are all aware of the alarming reports of increases in crimes committed by juveniles in this country. In my district in Maryland, we are unfortunately seeing a similar increase. But Prince Georges County is fortunate in that it is now tackling a method of adjudicating juvenile crimes that we hope will be effective in reducing their number.

As in many areas of the country, court systems in Prince Georges County, Md., are overcrowded and in disarray. But midway through this experimental program, the circuit court system has already seen a reduction in its caseload as well as in the number of judges serving on the juvenile court.

Mr. Speaker, this program has proven an overwhelming success. Highlights of this experiment include:

A 75-percent reduction in the number of juveniles held in the detention center during the last 6 months;

A 61-percent reduction in the number of cases pending in the court; and

A 320-percent increase in the collection of court costs during the first 9 months of 1981 compared to the same time period in 1980.

Mr. Speaker, I congratulate all those who have made this effort a success, and, in particular, juvenile judges David Gray Ross and Robert J. Woods. I hope my colleagues will review the following report inasmuch as it may serve as a valuable tool in dealing with similar situations in each Member's district. The report follows:

Today marks the midpoint of a twelve month experiment announced by Chief Judge Ernest A. Loveless, Jr., last January, and which began on April 1, 1981. We feel that this experiment is proving to be successful.

HIGHLIGHTS

A 75-percent reduction in the detention population of September 30, 1981 compared to April 1, 1981—118 to 30 of which 17 are actually confined and 13 are in house detention.

A 25-percent reduction in the number of juveniles arrested by all reporting law enforcement agencies in the first eight months of 1981 compared to the same time period in 1980—4,467 in 1981 and 5,921 in 1980.

A 5-percent reduction in the number of cases filed with the Court in the first eight months of 1981 compared to the same time period in 1980—2,233 cases in 1981 and 2,451 in 1980.

A 61-percent reduction in the number of cases pending in the Court on September 30, 1981 compared to April 1, 1981. From 793 cases to 312 cases.

A significant decrease in the time between arraignment and disposition. 75.6 percent of all cases currently pending in the Juvenile Court are scheduled within 2 weeks. 90.7 percent of all cases are scheduled within 3 weeks and 97.7 percent of all cases are scheduled within 4 weeks.

A 128-percent increase in the number of cases waived to the adult court during the first nine months of 1981 compared to this same time period in 1980. (98 cases waived in 1981 compared to 43 in 1980).

A 320-percent increase in the collection of court costs during the first nine months of 1981 compared with the same time period of 1980—$52,180 in 1981 compared to $12,410 in 1980.

A 96-percent reduction in the number of writs of attachment issued during the month of September 1981 compared to the month of April 1981 (From 80 to 3).

95 percent of all cases involving the county police are now scheduled when the officer is working day work to accommodate the officer's personal schedule and to eliminate outstanding costs.

The utilization of 12.5 percent (representing 30 judge days) of the Juvenile Judge's time in the general assignment during the past six months.

BACKGROUND

On July 1, 1978, the positions of three Juvenile Masters in Prince Georges County, as such, were eliminated by the General Assembly. In their place, two additional judgeships were created. Pursuant to the new law, five Circuit Judges were designated to hear juvenile causes on a rotating basis. The general scheme was designed to permit the designated Judges two weeks in the juvenile assignment, followed by two weeks in the general assignment. One judge was available to cover for vacations, etc. After thirty-three months under this scheme, Chief Judge Loveless designated two Judges to preside full time in the Juvenile Court. In an effort to provide continuity, the Administrative Judge of the Juvenile Court continued to serve in that capacity. This report discusses some of the aspects of the new system.

GOALS

On February 27, 1981, we announced goals for the Juvenile Court beginning April 1, 1981. The first goal dealt with reducing the detention population, i.e., those pending waiver, merits and disposition hearings. Our plan was to reduce the population by reducing the number of days between the arraignment and the waiver hearing, between the waiver and the merits hearing, and between the merits and the disposition hearing.

This Court had one hundred eighteen children in detention on April 1, 1981. At the beginning of business on September 30, 1981, we had a total of thirty children in a detention status. Of this number, only seventeen were actually confined, while thirteen others were assigned to our house detention program. In these six months we have reached our goal of reducing the detention rate by 75 percent.

Of the seventeen respondents actually detained, four are pending waiver hearings, ten are pending merits hearings, and three are pending disposition. Eight persons are in House Detention pending merits and five are in House Detention pending disposition.

Another goal was to conclude all cases within two weeks. 75.6 percent of all cases are currently scheduled within two weeks, 90.7 percent are scheduled within three weeks and 97.7 percent are scheduled within four weeks. A handful of cases have, with the permission of the respondent, been scheduled to accommodate college and Job Corps calendars.

A third objective was to schedule cases on work days for police officers. Our goal was twofold in this regard. First to accommodate the law enforcement officer's personal schedule and second to save the expenditure for overtime. While we are unable to cite specific numbers, we are certain that this is being done in approximately 95 percent of all cases.

ORGANIZATION OF EFFORT

Another breakthrough has been accomplished with the cooperation of the Clerk of the Court, the Chief of Police and the Sheriff. Personal service by the Sheriff's Department of summonses on County police officers has been totally eliminated. Instead, the Clerk's Office directs hearing notices to police witnesses at their individual duty stations. Each day the regular police courier picks up the hearing notices in the Clerk's Office and they are in the hands of the Station Clerk within hours of their preparation. By eliminating the Sheriff's Department's prior role, we have saved many manhours and several days in the lag time between arraignment and trial.

A special service being provided by the Clerk's Office has eliminated the need for continuances on the day of trial. Such last hour continuances are now the exception rather than the rule. In every case, the Clerk's Office reviews the Court file forty-eight hours in advance to insure that summonses and hearing notices have been served. Those with "non-est" returns are brought to the attention of the Victim Assistance Unit of the State's Attorney's Office for immediate action.

Regarding costs, the Juvenile Clerk collected $16,547 during 1980. As of September 30, 1981, $52,180 has been collected during 1981.

More than $20,000 in uncollected court costs from years 1978 through 1980 were outstanding as of August 31, 1981. To effect the payment of costs, a policy of denying clearances and record checks to individual respondents with outstanding costs has been implemented. A Rule to Show Cause in each of these cases was scheduled during the month of September. All costs levied prior to 1981 have now been paid, reduced to judgment, or, in a few cases, waived.

Writs of Attachment dating back to 1956 were reviewed during September. With the cooperation of the Clerk, the Sheriff, and the State's Attorney, six hundred writs have been recalled.

Additionally, there has been a drastic reduction in the number of writs of attachment that have been issued. Prior to May,

1981, we averaged four writs per day from the three courtrooms, or eighty a month. During the month of May, only seven writs of attachment were issued. In June only six writs were issued. It is felt that this reduction was attributable to the fact that parties and witnesses are more likely to show up when hearings are scheduled in a timely manner. Unfortunately, the summer months of July and August with our expedited scheduling of cases often in conflict with vacations, resulted in a dramatic increase in the number of writs. This problem, however, has been eliminated with the start of school and with the assistance of the Deputy Chief Bailiff. During the month of September only three writs were issued.

With the cooperation of the Chief Bailiff, a Deputy Chief Bailiff for Juvenile Causes has been appointed. In addition to supervisory duties, the Deputy Chief has assumed responsibility for making a "first try" at finding parties for whom writs of attachment would normally be issued. To date, he has been successful in approximately eighty-eight percent (88 percent) of the cases in having parties appear without the necessity of a formal writ being issued. This simple telephone call obviates the need for the Clerk and the Sheriff to become involved. The Deputy Chief Bailiff also serves as the Court's Liaison Officer to the police agencies.

The most dramatic statistic concerns itself with pending cases. On April 1, 1981, there were 793 cases of all categories pending in the Juvenile Court. At the beginning of business on September 30, 1981, there were only 312 cases pending, a reduction of sixty-one percent. Attached is an analysis of those cases pending in the Court.

While this activity has been progressing, we have also been reviewing the case of every child on probation. An in-court review of every case with every Probation Office has resulted in reducing the active case load for seventeen agents from 861 on March 1, 1981 to 308 as of September 15, 1981. This is a reduction of sixty-four percent. Currently, there are 65 children in care and custody, compared to 108 on March 1, 1981.

There has been a slight decrease in the number of Court filings. During the first eight months of 1980. 2,451 cases were filed. During the equivalent period of 1981, 2,333 cases have been filed. By comparison, during the first eight months of 1980 there were 5,921 arrests of juveniles. During the equivalent period in 1981 there were 4,467 arrests.

The number of cases waived to the adult court has increased by one hundred twenty eight percent (128 percent). There were 43 cases waived during the first nine months of 1980 and 98 cases waived during the same period in 1981. It is interesting to note, however, that of the 98 cases waived so far this year, this represents only 43 respondents.

As originally conceived, the Juvenile Court would have first claim on one of the "part time" Juvenile Judges in the absence of either full time Juvenile Judge. This has not been necessary. In fact, we have actually given back to the general assignment thirty judge days during the past six months by having a Juvenile Judge help with the general assignment or by having no replacement for an absent Juvenile Judge.

FUTURE PLANS

Institutional population

As of June 15, 1981, we had a total of one hundred forty-four children committed for long term care to institutions. One hundred one other children are receiving after care supervision. In order to strengthen the hand of the institution and after care worker dealing with these high risk children, we plan to visit the institutions on a monthly basis to be briefed by the staff on the progress of the child in the presence of the child. The first such review will be held at the Maryland Training School on October 15, 1981.

Restitution

Restitution is an important component of the Juvenile Justice scheme. By utilizing the Community Restitution Program, the 70001 JOBS Program, and the authority given under Section 3-829 of the Courts and Judicial Proceedings Article, the Court intends to make every effort to see that innocent victims are compensated. The Court has, however, ruled that insurance companies are not parties, as defined in the Juvenile Code, and therefore has discontinued the practice of using the Juvenile Court as a "subrogation claims agency". An appeal to that has been noted and we will be hearing more on this subject.

Training

The Judges of the Court have undertaken a training program directed toward the full time staff of the Board of Education, the Department of Juvenile Services and the Department of Social Services. Our 1981 Conference on Children in Crisis, co-sponsored by the Criminal Justice Department of the Prince George's County Community College was a first step toward that in-service training. Over five hundred persons registered for the Conference which featured six workshops and an address by Governor Hughes. In addition, the Judges have undertaken a program of training with the Clerk's Office and the Sheriff's Department to improve the skills of those individuals dealing with the children of the Juvenile Court.●

TRIBUTE TO FIVE PENNSYLVANIA SCOUTS

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. NELLIGAN. Mr. Speaker, I join my colleagues today in honoring five Boy Scouts from the 11th District of Pennsylvania, which I am privileged to represent. These five Scouts from various troops in my district have recently received the highest Scouting award, the coveted Eagle Scout Award.

William Ault, Jr., 18, son of Dorothy and William Ault, Sr., currently is a freshman at Bloomsburg State College. As a member of Troop 502 in Mountaintop, William is an assistant Scout master, working with his father, who is troop leader.

Thomas Peeler, 16, son of Harriett and Thomas Peeler III, is a junior at Wyoming Seminary, where he is active in many of the school's clubs and organizations. Thomas is a member of Scout Troop 155 in Trucksville, where he is also a member of the Youth Council of the Shavertown United Methodist Church.

Harold Richards, 17, son of Virginia and Harold Richards, is a junior at Hanover Township High School, and is a member of the school's band. Harold is a member of Troop 33 in Ashley, and is also a member of the National Guard.

James Staudenmeier, 17, son of Dorothy and James Staudenmeier, is a senior at West Hazleton Township High School, where he is active in the school's music programs. James is also the school's representative to Hazleton's CAN-DO organization.

Robert Montgomery, 16, son of Jayne and Richard Montgomery, is a junior at Dallas Senior High School. In Troop 155, Robert is senior troop leader. Robert also is a member of his local Methodist Church.

I commend the troops' Scout leaders, William Ault, Sr., Richard Montgomery, and Bill Bonn, along with the assistant Scout leaders, for spurring these young men on to such an outstanding achievement, and I join parents, friends, and members of the communities in wishing these young men equal success in their future endeavors.●

ACADIA NATIONAL PARK BOUNDARY

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. EMERY. Mr. Speaker, last week I introduced H.R. 4855, a bill to establish a permanent boundary for that portion of Acadia National Park which lies within the town of Isle au Haut, Maine. This legislation is similar to a bill I sponsored last year, and I am honored to share the sponsorship of this year's bill with my distinguished colleague from Maine, Mrs. SNOWE.

H.R. 4855 is the product of over a year's worth of discussions between residents of Isle au Haut, landowners, conservation groups, and the National Park Service, and it represents, at long last, a workable solution to a difficult problem. The situation I am referring to is the result of an unusual policy regarding the establishment of Acadia National Park in my State of Maine. Anyone who has traveled up the coast of Maine is aware of the unique beauty possessed by the lands which make up Acadia. In 1929, the park was created through the generosity of private donors who, over the years, have given their property to the National Park Service. While this open-ended policy has contributed to the preservation of an area of unparalleled scenic beauty, it has also produced an irregular pattern of both contiguous and noncontiguous parcels of park holdings. In addition, it resulted, years later, in a situation which threatened the livelihood of a town which depends on the land for its very survival.

Attempts to correct this situation for Acadia as a whole have been ongoing since 1970, but agreement on a final master plan for the park has been elusive. However, with respect to the park lands within the town of Isle au Haut, which is in my district, similar discussions have resulted in the agreement embodied in H.R. 4855.

The irregular boundaries of Acadia National Park meant that on the island of Isle au Haut, travel from one park holding to another necessitated that visitors to the park trespass across private lands. This was an intolerable situation for year-round residents, who were equally concerned that a unilateral authority for the park to expand further was unreasonable and potentially damaging to the town's tax base and mode of life. At the same time, however, the town realized that, in keeping with the general character of island life, it would be necessary to allow continued preservation of Isle au Haut's quiet, isolated beauty.

H.R. 4855 contains, as its principal element, the establishment of a rational, manageable, and permanent boundary for the fee holdings of the park within the town of Isle au Haut. Through an exchange of three parcels of land in the northern section of the island currently held by the park to municipal ownership, the new park boundary concentrates park jurisdiction and visitor activity in the southwestern portion of the island. This arrangement allows the park to retain its current holdings, which now amount to almost 55 percent of the island, and also allows for the acquisition of several other new parcels of land which are currently under private ownership. These properties are contiguous to the park boundary.

In order to maintain Isle au Haut's natural beauty, the town and the park have agreed to subject the municipal holdings to conservation restrictions designating lands above 400 feet as forever wild, and those between 300 and 400 feet as forever wild except for dead and fallen timber. Lands below 300 feet would remain subject to current town zoning ordinances.

The most difficult issue in this whole question dealt with the means by which future conservation easements would be handled. Lengthy discussions and a willingness to compromise on all sides resulted in the creation of the Isle au Haut land conservation trust, made up of private individuals, town officials, and the Superintendent of Acadia National Park as ex-officio trustee. Under this new provision, to be embodied in Maine State law, the trust will have the authority to accept lands by donation or easement for current holders. The Secretary of the Interior will have a limited enforcement role on easements outside the new boundary. Other than that, the National Park Service will have no further legal authority to own property outside the boundary.

The resolution of this potentially divisive issue is essential to the feasibility of the entire Isle au Haut management plan because to leave the easement question open ended would undermine the very purpose of establishing a permanent boundary for the park. I must commend those involved in the discussions which produced H.R. 4855, particularly the Isle au Haut town managers, for their willingness to work to bring about a healthy agreement.

What this legislation attempts to do, then, is preserve both a viable and self-governing town, and a refuge which symbolizes the quiet strength and beauty of our environment. The agreement which has been worked out is an important example of how communication between the local residents and the National Park Service can produce a plan which benefits all concerned, from those year-round residents who farm, raise sheep, or haul in their lobsters on the island, to those visitors who travel thousands of miles to absorb the splendor which is Isle au Haut.

I urge that my colleagues give due consideration to this bill and approve it in a timely fashion.●

SPINAL HEALTH MONTH

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. COURTER. Mr. Speaker, chiropractic groups throughout the United States observed October as "Spinal Health Month" in order to increase public awareness of the importance of spinal health.

Chronic low back pain and other nagging ailments common to many people can trigger related illnesses. A person's general outlook on life, their temperament, can also be affected as well. During the month of October, New Jersey's chiropractors sought to inform and educate people on how the proper care of the spine and nervous system can contribute significantly to improved general health for all citizens.

I commend the American Chiropractic Association and chiropractors in the State of New Jersey for calling the public's attention to the need for adequate spinal health care, because a healthier America is in everyone's best interest.●

WHY THE RUSSIANS CAN'T GROW GRAIN

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MICHEL. Mr. Speaker, international crises come and go but one thing remains constant: Every year, with few exceptions, the world learns that the Soviet Union has had another series of crop failures.

Recently, Roy Medvedev, the dissident Marxist historian now living in Moscow, addressed the question of Soviet crop failures. What he says should be of interest to anyone who has wondered why the Soviet Union manages to sow nothing but disaster in its collective farms.

At this point I wish to insert in the RECORD, "Why The Russians Can't Grow Grain" an interview with Roy A. Medvedev, from the New York Times, November 1, 1981.

[From the New York Times, Nov. 1, 1981]

WHY THE RUSSIANS CAN'T GROW GRAIN

(By Seymour Topping)

Moscow.—Roy A. Medvedev is a Marxist historian who believes Leninism is compatible with democracy and a multi-party system within the Soviet Union. He was expelled from the Communist Party in 1969 and is now the most prominent dissident in Moscow since the exile early last year of Andrei D. Sakharov, the physicist.

The 56-year-old Mr. Medvedev was recently interviewed in his Moscow apartment by the managing editor of The New York Times, a former Moscow bureau chief for the newspaper.

Q. In the last 20 years, there have been enormous changes in this country. We saw the success of the space program and the development of a military machine that has made the Soviet Union a global power. But we have seen a failure in development of the economy and industry. What are the prospects for reform and improvement of the system?

A. The Soviet Union has a totally different system than the West and responds to totally different stimuli. It's differently controlled; it is different in the way it functions. And it's not a united system, but actually four different economic systems.

The functioning of each of these depends upon which national priority is being met, which programs are being followed and which approach has been selected.

The first is military, to which you can link the space program. This functions well and the production here is probably up to American standards. The Soviet Union still hasn't learned how to make a decent typewriter, but the Kalashnikov AK-47 automatic rifle is probably the best in the world. The Soviet Union hasn't learned to make a good automobile, but our tanks are probably no worse than any Western country's. American helicopters didn't show themselves to good advantage in Iran; Soviet helicopters in Afghanistan still seem to be functioning quite well. This is because the military machine gets the best people, the best supplies, the best equipment both for men and for

projects, and enjoys the greatest attention of the authorities.

The second category is what we call heavy industry. Ever since the times of Stalin, all the aspects of heavy industry—metallurgy, construction of heavy-duty trucks and large machinery—has received the closest attention. I've been in some of the largest Soviet factories, to the Ural mines, to all the largest industrial facilities, and these are all well functioning enterprises. Many of them may be as good, if not better, than corresponding Western enterprises.

The third sector is the one which works to meet the consumer demands of the people—clothes, shoes, furniture, and so forth. This sector works a lot worse and the quality leaves a lot to be desired. And here we need major changes and reforms.

The fourth is agriculture. No proof is needed. It's working badly. This is because for decades the best people have been skimmed off this sector and it has received very little. And this one, above all, requires reform.

Q. I have the impression that Russians, generally, are patriotic. They are constantly being urged to produce better for the Motherland. But at the same time, the statistics of the 26th Party Congress reveal a slump in productivity. Why this contradiction?

A. What is falling is the rate of growth in productivity. The overall productivity is increasing, but not at the rate the Government would like.

This is because the Soviet economy has reached a stage where pure patriotism, where simply an individual's expertise at his job, where personal individual effort, is no longer enough to make a difference in productivity. The shortcomings, rather, come from the management, from that aspect of the Soviet economy which breeds entrenched bureaucratism. The centralization of the economy was a positive fact when the Soviet Union had a weakly developed economy. But it becomes a weakness when the Soviet Union becomes relatively wealthy.

Q. Twenty years ago there was a great deal of intellectual excitement in Soviet circles about the Liberman theories, which said that there should be a reduction of bureaucratic centralism and reforms which would improve productivity. Why were these reforms not put into effect?

A. These theories were not only Liberman's, but they were championed by many others, including Kosygin. One problem was that the theories were never thought through.

The first flaw is that the system of management of the economy proposed by Liberman also raised new problems of bureaucratization and new incorrect methods of measuring productivity. For example, before Liberman, the work of a factory was measured purely by the quantity of goods produced. Liberman proposed measuring it by the amount of goods sold, trying to inject a Western concept of profit as a measure of productivity.

But what happened under that system was that enterprises simply began producing more expensive goods, while producing fewer goods. They looked for ways to make higher profits but failed to produce enough products. This started working counter to the five-year plans. They started producing less than the plans had intended. The factories then began finding new ways to fool the planning authorities, and the planning authorities needed to invent scores of new ways to try to measure productivity and to try to make sure that they were not sacrificing quantity for profit.

The system presupposed the independence, the self-management of ministries and enterprises at every level. They were supposed to make their own decisions at a far greater level than before and this reduced the Communist Party's influence in the economy at all levels, from the local factory chapters right up to the highest. This was a prerogative that the party did not want to surrender.

The importance of this prerogative is illustrated right now in the harvest of the vegetables. Every enterprise is required to send workers to help with the harvest—potatoes, whatever. Under Liberman, this would have been impossible. But under the Soviet system, it is critical that all these people who continue receiving wages from their factories and offices go out and work on the collective farms when needed.

Q. After three bad harvests, there is now, at least in Western circles, some speculation that the Government will undertake some reforms. Do you believe that that is possible?

A. These efforts to produce new methods in farming are not only a rumor in the West but are a fact in Soviet agricultural policy. Some changes are taking place even now. The problem is that agriculture needs far more radical changes, and none of these are being undertaken right now.

Q. What kind of radical changes?

A. A fault in Soviet thinking that goes all the way back to the times of Stalin and right through the times of Khrushchev and continues now is the false idea that agriculture is a fairly simple affair, that it's much simpler to lead and handle than, for example, industry—heavy or light. There is this perception in the higher circles that it's enough to scatter some seeds and wait for good weather, and you don't really need to do much beyond that.

Of course, in industry you can work quite badly in January and February and then organize what they call a shturmovshchina [a work blitz] and just go completely berserk in March and still make up your plan.

In agriculture, 50 percent depends on God. If things go badly in April and March, and you see that it's going badly in August, there's absolutely nothing you can do. So, agriculture demands good management all year round—unlike industry, where a director can sleep half the year and then work around the clock the other half.

A second factor traces back, again, to Stalin's times when there were two principles proposed: One was Bukharin's theory, which basically called for gradual but balanced development. In other words, if you build more cars, you would have to simultaneously build more roads, gas stations, etc.

The other principle was that of going full-steam ahead in whatever we happened to be doing even if the balance lacked. For example, we began building trucks, and built thousands of trucks even before roads were completed. We began building the BAM [the Baikal-Amur Mainline], the new branch of the trans-Siberian railroad, before all the engineering and technical problems were resolved. This system in industry did justify itself somewhat by allowing us to made incredible strides in technology and in production.

I consider agriculture to be the most difficult sector of the economy. Every day and every year is different from the last. We should have the most intelligent and the most creative people. The knowledge and creativity of the farm manager should be greater than that of a factory manager.

When our agriculture consisted of millions of people owning their own little hunk of land, each peasant, of course, knew what he had to do on his own little plot. Where competition became the foundation for progress in agriculture, we developed the kind of farmer who was a master at his trade.

We created a vast agricultural economy, but we failed to produce a manager adequate for that economy.

Q. How do you see the evolution of the international situation, and how does it relate to the internal situation in the Soviet Union?

A. The international situation generates a lot of alarm in the Soviet Union right now. We hope that it will improve, but the fact is that it's worsening. A few years ago, the Soviet Union had friendly governments on all its borders except for Turkey, which was a member of NATO. Now, these governments are a source of major alarm for the Government. The Chinese border generates alarm. Alarm for the Government. Along the border with Afghanistan, a war is going on. Turkey remains a NATO member. Now the Polish border is causing alarm.

The worsening of the international situation always leads to a worsening of the internal situation, and the Soviet Union feels compelled to demonstrate internal unity.

Q. Do you see any qualitative changes in the new generation of Soviet leadership?

A. The change is going to be made just by sheer force of numbers. The majority of leaders are old and you can safely forecast that within a fairly short period of time a lot of new people will come to power.

In 60-odd years of history, the Soviet Union has had only four major eras—Lenin's, Stalin's, Khrushchev's and Brezhnev's. We stand now at the dawn of a brand new political era. I surmise that it will start sometime in the mid-1980's and will continue through the end of the century.●

BOB CONROY—RECOGNIZED PUBLIC SERVANT

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. BAILEY of Pennsylvania. Mr. Speaker, Bob Conroy has now left the city of Monessen, Pa., where he was publisher and editor of the Valley Independent. While managing that newspaper, which is in my district, I never felt free to express to you or the Members of the House the admiration and respect this man has garnered—admiration for the courage and foresight to speak out in a balanced and insightful way—and respect for, above all things, being fair.

We did not always agree—he did not always support my position, and he did not at all times support me. But he has always made every effort to express his opinions in an honest and open manner, free of selfishness, mindful of the rights of others, and is a tribute to everything that the first amendment to the Constitution of the United States of America represents.

It is ironic and unfortunate that I could never publicly or privately ex-

press these sentiments to Bob while he was at the paper. To do so placed both of us in a difficult position and would probably have cast doubts on what I hope will always be a friendly, but more importantly, an honest relationship based on objectivity. If all members of the press conducted their affairs with the degree of thoroughness and integrity employed by Bob Conroy, there would be no need for liable and slander sanctions. There are exceptions, of course, like those times when Bob did not support me either on various positions I had taken legislatively or politically or, indeed, even for my first election. Other than those times, I must say that my admiration soared and stayed aloft at even greater heights.

The only major domestic issue on which we strongly disagree concerned some matters where Bob was fighting in a labor dispute. However, to his great credit, he at all times conducted himself as a gentleman with respect for the rights and duties and the creature comforts of the strikers.

In short, Mr. Speaker, he will be sorely missed—less so by people like myself who, in our official capacity, respected the things for which Bob Conroy stood, but even more so by the readers whom he served with a deep sense of responsibility.●

GOLDENDALE, WASH., SUPPORTS LEWIS FAMILY

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MORRISON. Mr. Speaker, today I am introducing a bill to provide that Mr. and Mr. Clive Anthony Lewis, and their three children, Sean Martin, Anthony Conan, and Gail Alison become citizens of this great Nation.

The entire town of Goldendale, Wash., has supported and assisted the Lewis family in becoming citizens since their arrival from Great Britain 3 years ago. Since then, the parents have been self-supporting and contributors to the community. The children have been hard working and studious. I am proud to join my predecessor, Mike McCormack, in recognizing their potential and immense contribution to the community by introducing legislation on their behalf. The Lewis family would not only be an asset to the State of Washington, but to this Nation as well. I would be pleased to represent the Lewis family in my constituency.●

THE NEED FOR INCREASED U.S. PRESENCE IN THE FAR EAST

HON. MICKEY EDWARDS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. EDWARDS of Oklahoma. Mr. Speaker, I would like to call the attention of my colleagues to an excellent argument in favor of an increased American military presence in the Far East.

Martin Lasater, a recognized expert on East Asian security and strategic affairs, recently returned from 2 years of research in Taiwan where he prepared a monograph on Taiwan's security which will be published in the near future by Georgetown University.

In a guest editorial appearing in the August 1981, issue of Asia Report, published by the Center for Strategic and International Studies at Georgetown, Mr. Lasater points out that our new strategic interest in the Indian Ocean has increased the importance of our military forces in East Asia because our supply lines to the Indian Ocean are so long and so vulnerable to Soviet interdiction.

Mr. Lasater stresses the importance of our bases in the Far East, particularly those in Japan and the Philippines, yet warns of dangerous trends toward Finlandization in the area. He also suggests ways in which we might counter these trends.

His comments were recently quoted at length in the October 12 issue of U.S. News & World Report in an article entitled "Southeast Asia Revisited."

I heartily recommend Mr. Lasater's editorial.

IMPERATIVES OF UNITED STATES DEFENSE STRUCTURE IN THE FAR EAST

(By Martin L. Lasater)

Despite the shift in emphasis to the Indian Ocean, the Pacific Far East remains critical to U.S. security interests. In fact, given the logistical difficulties inherent in supporting a military presence in the Indian Ocean some 11,000 miles from either coast of the U.S., the Seventh Fleet and access to friendly facilities along the littoral of the Western Pacific have assumed even greater importance.

A conflict between the armed forces of the U.S. and the Soviet Union in the Indian Ocean would inevitably involve the Pacific fleets of both powers. Whoever gained supremacy over the sealanes around the periphery of Asia would determine the course of events within the Indian Ocean. For the U.S., operating at such tremendous distances from its home ports, control over the sealanes and local areas of operation would be essential. Conversely, the Soviets would seek to deny freedom of movement to American units. The destruction of forward deployed naval units and support facilities would be of utmost importance to both sides. Naval air, whether carrier- or land-based, would play an essential role in the struggle, as would submarines and their ASW (anti-submarine) counterparts.

Given the present force levels available to the U.S. and USSR in the Indian and Pacific Oceans, a favorable outcome of that struggle would be in doubt, especially if it were initiated by a Soviet surprise attack against our surface fleet. The uncertain results of an armed confrontation between the superpowers has caused American allies in the region, most notably Japan, to reevaluate the effectiveness of the U.S. security umbrella and to question whether the deterrent value is worth the potential Soviet reprisal.

The Finlandization of not only Japan but also the Philippines, Republic of Korea, ASEAN, and other pro-Western governments in Asia might well occur in the foreseeable future if the U.S. does not quickly demonstrate both a willingness and an ability to counter the growing Soviet threat. An increased military budget, tough rhetoric, and more consultations with its Asian allies on military and strategic matters are important steps in the right direction. But none of these can replace the absolute necessity of increasing the size of the American military presence in the Far East.

Of immediate concern is the buildup of U.S. naval and air units in the Western Pacific. At the present time only one U.S. aircraft carrier is deployed in the Far East, a target far too vulnerable by itself to the multitudes of cruise missiles mounted on Soviet submarines, surface combatants, and Backfire bombers assigned to the Pacific Fleet. Although the drawdown on the Seventh Fleet is largely a result of Indian Ocean commitments, in the light of Middle East instability there is little chance that the forces deployed in the region can be reduced in the near term.

The American buildup, however, is severely limited by the lack of available ships and trained personnel to man them. The illusions underlying the "swing" strategy have returned to haunt us in our hour of need. There is no alternative but to pursue the goal of a 600-ship navy centered around 15-16 large deck carriers. This would permit the deployment to the Far East of the two additional carrier task forces needed to ensure at least operational control over the vital sealanes of communication supporting our units stationed in the Indian Ocean.

BASING REQUIREMENTS

Frequently neglected, but of at least equal importance to U.S. security in the Far East and Indian Ocean, is the need to secure American bases and logistical facilities along the littoral of East Asia. Since the Vietnam debacle (a lesson Americans like to forget but an example to which Asians constantly refer), the U.S. has permitted its island chain defense system to deteriorate to the point where American bases in Japan and the Philippines, twin pillars of the U.S. military presence in the region, are in jeopardy of being closed by the host governments because of domestic political opposition and uncertainty over U.S. commitments. With the derecognition of the Republic of China, the U.S. also abandoned irreplaceable air and naval support facilities on Taiwan. Although Taipei would in all probability permit the U.S. to once again use these important facilities, Washington is now faced with a major political dilemma stemming from President Carter's decision to withdraw completely from the island as part of the normalization agreement with Peking.

Because of the Sino-Soviet split, it has been argued that the PRC provides a strate-

gic counterweight to the USSR. While this is true to a certain extent, Mainland China is not, nor can it be, a substitute for the U.S. in the Far East. Relying too greatly on the PRC for the free world's defense is as strategically unsound as it is morally reprehensible. And the PRC is of value as a counter to Soviet aggression by pinning down their troops only as long as it suits Peking's purpose—not ours—to do so. Neither Moscow nor Peking has given up on its intention of bringing all of Asia under socialist domination. As tempting as the China option might be, the U.S. must face the reality of its own indispensible role in preventing the Finlandization and eventual communization of Asia.

The Reagan administration's commitment in principle to a 600-ship navy is correct. More needs to be done, however, in actual deployments to the Far East and the modernization of the island chain defense. The strengthening of the armed forces of American friends in the region, including those of Taiwan, should also be expedited. Most important of all, these steps should be taken within the framework of an effective, unified defense strategy designed to deter Soviet, Vietnamese, and (if necessary) Chinese expansion in the Pacific and Indian Ocean basins. Such a strategy and resulting defense posture will enable the free world to maintain access to Middle Eastern supplies of oil and to prevent the communization of the rimlands of Asia. Both of these goals are essential to U.S. security interests and indeed to our nation's survival for the remainder of this century.●

SHIPLEY CEMETERY

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. DAUB. Mr. Speaker, in his address to the Nation last month, President Reagan spoke of America's proud tradition of generosity. He related the story of Alexis de Tocqueville, a Frenchman who came to America over a century ago and later wrote a book for his countrymen telling them what he had seen here. He told them that in America when a citizen saw a problem that needed solving, he would cross the street and talk to a neighbor about it. The first thing you know a committee would be formed, and before too long, the problem would be resolved.

I recently had the privilege of witnessing the results of citizen action much like that which de Tocqueville wrote about 140 years ago. It started with three amateur genealogists who had recollections of an abandoned cemetery near Omaha, Nebr. Following a search, they located the site of the cemetery and found it in deplorable condition.

A committee was formed and set out to preserve the cemetery for its historic value. This summer, the fruits of 2 years of hard work were borne when Shipley Cemetery was dedicated as a registered historic site.

Determined and dedicated citizen action such as this should not pass without the highest commendation, and I am pleased to take this opportunity to share with my colleagues the names of those individuals who selflessly devoted their time and energies to preserving a part of Nebraska's heritage.

Shipley Cemetery board of directors: Howard Hamilton, Omaha; Mrs. Janice Andrews, Omaha; Mrs. Doyle (Georgene) Sones, Omaha; Mrs. Sandy Hiykel, Omaha; Mrs. Harold (Betty) Juul, Omaha; Mrs. William (Vivian) Carmichael, Omaha; Mrs. Bernice Law, Council Bluffs, Iowa; Mr. Rufus Amis, Omaha; Mrs. Winifred Johnson, Omaha.

Others who assisted: Mrs. LeMara Eicke, Washington, Nebr.; Larry Tietz, Omaha; Frank Tietz, Omaha; Ms. Cindy Smith, Omaha; Mrs. Mary Yates, Omaha; Mrs. Virginia Lanquette, Ft. Calhoun; Mrs. Belva Riley, Lincoln; Lyle Shipley, Ashland, Oreg.; W. D. Amis, Oklahoma City, Okla.; J. H. Amis, Scottsdale, Ariz.; Earl W. Shipley, Norfolk, Nebr.; Doyle W. Sones, Omaha; Harold Juul, Omaha; Mr. and Mrs. Reuben (Margaret) Forsythe, Omaha; Rev. Thomas Burton, Omaha; Schmidt Monument Co., Jerry Peterson, Earl Diedricksen, Blair, Nebr.; Washington County Genealogical Society, Blair, Nebr.; Washington County Historical Museum, Ft. Calhoun, Nebr.; Ft. Atkinson American Legion Post No. 348, Ft. Calhoun, Nebr.; The Blair Enterprise, Blair, Nebr.; Forest Lawn Cemetery, Omaha, Nebr.; Washington County Board of Commissioners, Blair, Nebr.; Ponca Hills Fire Station, Omaha; Omaha World-Herald, Omaha.●

A LABOR VOICE

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. FORD of Michigan. Mr. Speaker, I know that many of my colleagues will want to join me in lamenting the untimely death of Albert J. Zack, who for a quarter century was public relations director of the AFL-CIO.

As spokesman for the labor federation Mr. Zack was major policy-maker in the upper echelons of organized labor. He spoke with authority for the late George Meany and the AFL-CIO from the beginning of the merged labor federation in 1955. Mr. Zack, 63, retired in 1980 following Mr. Meany's death.

Mr. Zack brought dignity and respect to the American labor movement. He spoke with honesty and conviction. And when he spoke generations of labor reporters understood that he was accurately reflecting labor's views.

His death brings deep sadness to all those who knew and admired his talents for straightforwardly articulating the positions of American workers.●

TAX EXPENDITURE STATEMENT

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. BONIOR of Michigan. Mr. Speaker, today I am introducing legislation to amend the Congressional Budget Act of 1974 to mandate the inclusion of ceilings for tax expenditures in the first and second budget resolutions and the reconciliation process.

Tax expenditures, as defined by the Budget Act, are those "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." They are designed to reduce a tax burden or encourage particular economic behavior for a targeted segment of the population.

In practice, they are realized in the form of tax deductions for the elderly and the blind as well as the expensing of exploration and development costs for oil companies. They are the deductibility of mortgage interest and special tax treatment of royalties on coal.

For fiscal year 1981, the Congressional Budget Office had identified some 92 tax expenditure programs affecting corporations and individuals and although a cost estimate must be accompanied by a strong caveat (about which, more later), the Joint Committee on Taxation has estimated it at greater than $228 billion. When tax expenditures are added to direct expenditures, the former constitutes one-fourth of the Federal budget.

The Congress has, this year, been through a tortuous budget process which, assuming the best in all of us, was designed to bring the Federal budget under control. Leaving aside any discussion on the manner in which it was done, one can only wonder that the Congress implicitly consented to allow one of every four revenue dollars to remain outside the parameters of its deliberations.

When the first tax expenditure budget was produced in 1968, there were some 40 different programs accounting for $44 billion in forgone revenues. The figure for 1981, as mentioned earlier, now stands at $228.5 billion and 5 years hence is expected to reach $465.3 billion.

Tax expenditures have grown at an annual rate of 14 percent since 1975 as compared with a growth rate of 11 percent for direct spending over the same period and these figures do not take into account the creation of eight new tax expenditure programs and the expansion of 21 others with the pas-

sage of the Tax Incentive Act in August of this year.

Despite the enormity of the tax expenditure budget, the budget resolutions must include only ceilings on expenditures and floors on revenues and tax expenditures properly fall into neither category.

They are revenues forgone, not raised, and thus do not constitute a tax and yet are not distinctly an expenditure because they are not subject to the regular authorization and appropriations process. As in entitlement programs, any individual or corporation which can meet the criteria established for the program in the IRS Code can use the benefit by simply indicating thusly on their tax return. The individual or corporation in essence gets money that would other wise accrue to the Treasury. It has the same effect as a direct expenditure but is not subject to an appropriation and, in most cases, is not subject to reauthorization, Federal review, or congressional oversight—$228.5 billion!

The Budget Act itself only requires that a tax expenditure budget be included in the report accompanying the first budget resolution but does not require that any ceilings for tax expenditures be included therein. It may be argued that tax expenditures are controlled through the establishment of revenue floors in the second resolution and that any tax expenditures which would lower the floors of the binding resolution would be subject to a point of order. Such control is oblique at best.

Existing tax expenditures are not sunsetted or zero-budgeted, and, therefore, the revenue floors communicated in the resolutions assume their continuance. Therefore, only new or revised tax expenditures subsequently considered on the floor are subject to a point of order if they reduce revenue floors.

Alice Rivlin, Director of the Congressional Budget Office, testified before the House Rules Committee in 1980 that more than 70 percent of the Federal budget was outside of congressional control because of entitlements, defense contracts, and various other "uncontrolled" spending programs. When tax expenditures are added to this list of uncontrollables, it is no wonder that direct expenditure cuts have been so difficult this year. The burden of reduction must be borne by the less than 30 percent of the Federal budget which goes through the regular authorization and appropriation process.

Several factors, it seems to me, will accelerate the use of tax expenditures in the future.

First, the limits placed on direct expenditures by the budget resolutions will beg for creative circumvention for those seeking to establish new programs without creating new expenditures or bumping up against expenditure ceilings.

Second, tax expenditures are not subject to appropriations and rarely to the authorization process. Sole jurisdiction for their creation and continuation rests with Ways and Means Committee in the House and the Finance Committee in the Senate although the authorizing committees have been provided authority to review tax expenditures within their area of jurisdiction. The usually cumbersome route to program creation or reauthorization is thus truncated.

Third, these programs create no new or extensive bureaucracy. There is no process of application, review, and approval (and the paperwork that entails) of a Government agency. The cost of administration, unlike spending programs, is negligible. The taxpayer merely assumes the deduction or credit in his tax return subject only to the possibility of an IRS audit.

While each of these points may be seen to have positive aspects, the damage sustained to the congressional institution far outweighs the benefits derived.

Increasing use of tax expenditures to avoid spending ceilings will further diminish that portion of the budget "controllable" by the Congress. More responsibility for reaching fiscal goals will be shifted away from the authorizing committees with a commensurate enhancement of authority for the Ways and Means Committee, sought or unsought. That committee cannot possibly conduct regular oversight and reauthorization for 92 or more tax expenditure programs.

To illustrate the uncontrolled nature of this fiscal tool, one need not delve very far into the research material available to realize that there is only a "lowest common denominator" approach to exactly what items constitute tax expenditures. We have a definition in the Budget Act but there is no certainty with regards to which specific items constitute a deviation from the normal tax structure (the operational effect of tax expenditures) because differences exist as to the definition of the normal tax structure. For example, a deduction for investment in capital equipment is considered a tax expenditure while business entertainment deductions are not.

There is also no agreement on the cost of tax expenditures other than the agreement that any estimate produced to this point is tenuous at best. "A lot" might be the most accurate response to an inquiry concerning costs.

The GAO, in 1979, stated:

> The cost of all tax expenditures is the difference between the revenue raised by the normal tax structure and that raised by the existing structure. In the real world, these costs cannot be determined directly. No one knows what revenue the normal tax structure would raise. The present system creates incentives for people to alter their behavior and so presumably influences the way they act. They would probably act differently under another system, with consequent effects on revenue, but there are too many unknowns to estimate the differences . . . Although it is common to make such a summation, the figure is of limited usefulness.

Additionally, the cost of a tax expenditure cannot simply be derived by summing the amounts claimed on a tax return. For instance, a tax credit for businessmen hiring Vietnam veterans does not depict the true costs if we consider the income taxes lost if that program were ended plus the costs of unemployment benefits that would have to be provided. Secondary or spinoff effects, however, are difficult to estimate even in direct spending programs.

Nevertheless, the point remains valid that we have a fiscal tool of formidable effect and increasing use, of imprecise dimensions, of imprecise costs, under negligible control.

The budget process as it now exists is a one-armed wheelbarrow. It is self-deception for this body to pretend to be a partner in the budget process when it allows itself access to only one-third of that budget.

In proposing this legislation, I am not arguing for the elimination or diminution of any particular tax expenditure or class of tax expenditures—although like everyone else in the Congress, I would have my candidates for revision. Some tax expenditures, like deductions for charitable contributions and interest paid on home mortgages, have proven their worth in increasing the general welfare and propagating societal values.

However, the Congress might want to consider a sliding scale for the investment tax credit instead of the flat 10 percent or it might want to lower the deductions for mortgage interest on second homes or very expensive homes. It may want to eliminate the expensing of exploration and development costs to large oil companies and have expenses deducted from income as it is produced, as is the normal procedure. Perhaps, the Congress may want to change the mix of tax expenditures and increase or decrease the 21 percent that currently goes to corporations or alter the regressive nature of a sizable proportion of individual tax expenditures. The point is not that we should pursue any of these particular actions but that we should be able to.

The bottom line is that Congress, in its yearly budget deliberations, should be able to place ceilings on tax expenditures and consequently make some tough but well-considered decisions about the mix of those tax expenditures. In doing so, it would be providing itself access to revenues which could relieve pressure on the 30 percent of the budget we now use as the tail to wag the dog.

I am aware that ceilings for tax expenditures have been considered in the past and for one reason or another were not implemented. Unlike some proposals in the past, however, my legislation does not seek to set any type of fixed limit on tax expenditures that would be imposed upon future Congresses. Quite the contrary, by requiring yearly deliberations and ceilings, Congress will be newly allowed to work its will on tax expenditures as part of the Federal budget.

In adopting this approach, the Congress would merely be following the central purpose of the Budget Act of 1974 which sought to provide order to fiscal decisionmaking.

Whatever the problems in the past, times and circumstances change and create new dicta for response. Paraphrasing Thomas Jefferson, "To ask institutions to live by unchanging guidelines is like asking a man to wear the same coat he did as a child."

Anyone who feels the Budget Act, as now constituted, is adequate, need only examine the record of this year's attempt at fiscal management. I hope this legislation will become the first of several needed reforms.●

USE OF ILLICIT DRUGS A PROBLEM TO SOCIETY

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. HEFNER. Mr. Speaker, I am today reintroducing legislation which I first proposed in the 95th Congress to combat a problem which continues to plague our society—the increasing use of illicit drugs by our young people. While we do not hear as much about drug use among school children as we used to and emphasis is shifting to the use of alcohol, it is still an extremely serious problem. A recent survey among junior and senior high school students in an urban county in my home State of North Carolina indicates that the use of drugs has increased over that of last year. This was a survey among the students themselves; so on their own admission drug use is on the rise.

The very worst habit anybody can ever acquire is the use of drugs as a means of escaping from reality. Drugs all too often doom the lives of those young people who use them and rob the families of the drug users of their happiness and, in a large measure, of their hopes and dreams for their children.

Drug use which was once confined to the street culture has already become a feature of college life in our country and is increasing in our high schools. Now, even our elementary schools are being invaded by illicit drugs. Few schools are immune to the problem.

A part of this problem, and ample evidence exists to show it, is that many drugs are sold by nonstudents or other individuals who come onto school grounds or hang around school neighborhoods to supply their student customers. This is a cause of concern among law enforcement officers, school administrators, teachers, and parents. I share their concern.

I think we have to come to the realization that people who sell drugs to our young people are criminals and should be treated accordingly. I personally believe that the selfish individuals who traffic drugs should be given the harshest punishment the law knows.

Our main legal tool against the drug problem, the Controlled Substances Act of 1970, already provides penalties for persons who illegally distribute or dispense controlled substances. Furthermore, the act goes on to double these penalties for individuals selling drugs to persons under 21 years of age. This of course begins to deal with the problem of drugs in our schools.

The legislation I am introducing again today should carry this effort further. This bill would supplement the provisions of the Controlled Substances Act to identify specifically the problem of drugs being sold on or adjacent to school property and provide mandatory sentences for individuals convicted of this offense. I hope this will be a strong tool which will go directly to the problem of drugpushers in our schools.

More specifically, this bill says that a person, 18 years of age or older, who violates the Controlled Substances Act by manufacturing, distributing, or dispensing a controlled substance on or within 100 feet of the grounds of a public or private elementary or secondary school will receive certain additional penalties. Differing from the Controlled Substances Act, this bill prescribes a minimum as well as a maximum sentence. Further additional penalties are prescribed for second or subsequent convictions of the same offense. The bill also provides that these sentences may not be suspended and that probation may not be granted. Persons sentenced under this proposed law would not be eligible for parole until serving at least the minimum sentence prescribed by the bill.

The purpose of this bill is to deal with those persons who have no business in or around our schools except to sell drugs to students. I realize that the bill does not extend to the problem of drug traffic among the students themselves. And I understand that this too is a real and serious problem, but these matters are generally handled by school officials in cooperation with local law enforcement agencies. In addition, a harsh attitude toward outside drugpushers would not only be a warning to the student pusher, it would also go a long way toward drying up these students sources of illicit drugs.

I feel that an important part of this bill is that provision for mandatory sentences for violators. This harsh step is necessary because all too often the courts have failed to provide the necessary sentences for drugpushers. Studies show that a high percentage of our citizens feel lenient courts are the principle cause of rising crime. An even greater percentage of them feel that mandatory sentences for serious crimes, including drug violations, are a necessary step to deal with the crime problem. I believe the citizens of this country are calling for action.

I have consulted with law enforcement officers, educators, and parents in my district and State about the drug problem and possible solutions. I believe these concerned and involved people are in support of the bill I am introducing today. In fact, the attorney general of North Carolina has informed me that he would welcome such legislation as an aid to local and State efforts to deal with the problem of drugs in our schools.

I am certainly not interested in involving the Federal Government any more than it already is in the affairs of our schools, nor do I want to interfere with the work of our State and local law enforcement bodies, which, after all, are the front line in the war on crime of all sorts. This bill is not an intrusion into our schools or local law enforcement, but it is another tool, to be used where appropriate, to assist with the problem of drugs.●

INTEGRITY IN GOVERNMENT

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LANTOS. Mr. Speaker, there is no task more important or more urgent than restoring the trust and confidence of the American people in the integrity of public officials. In the wake of Watergate and Abscam, everyone elected to public office has a very special responsibility for setting an example of integrity and ethical conduct in public service.

It is in this spirit that I cast my vote against the proposed increase in outside earnings limits for Members of Congress. Whatever rational arguments may be advanced in terms of inflation, they are dwarfed into insignificance by the overriding importance of rebuilding public trust in our governmental institutions. The country is entitled to an assurance that its representatives are not benefiting from fees from special interest lobbyists.

Members of Congress must forgo private gain when they have an opportu-

nity to strengthen the faith of the American people in the integrity of their elected officials. At a time when we are asking millions of Americans to make painful sacrifices, we must not be voting ourselves a pay increase, either at the expense of the taxpayer or at the expense of public confidence in the honesty of Government.●

FAITH, HOPE, AND CHARITY DAY IN THE LEHIGH VALLEY

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. RITTER. Mr. Speaker, I would like to share with my colleagues a very special and unique charitable event taking place this weekend in the Lehigh Valley of Pennsylvania. Faith, Hope, and Charity Day, on Sunday, November 8, at Lehigh University's Stabler Arena and Saucon Valley fields, will commemorate the "International Year of the Disabled Person" with athletic competition and musical entertainment. In the process, the event's steering committee hopes to raise over $30,000 in contributions for the disabled. As a member of the honorary committee for Faith, Hope, and Charity Day, I believe the event is a real red-letter day for raising funds for the disabled and merits the support of everyone. And, I am glad to say, thousands of persons and organizations are lending their support.

Scheduled to take place throughout the day are a 10-kilometer cross-country race, a 2-mile run with about 500 sponsored men and women from 10 Lehigh Valley area colleges competing for prizes, and musical performances by over 1,300 students from 32 high schools. All the activities are part of what steering committee chairman Tom Morgan calls a day when people of all faiths join together for the hope of others with an expression of charity.

I believe that an important part of Faith, Hope, and Charity Day is the spirit it displays. It serves as an excellent example of the American spirit of volunteerism. Individuals and groups are working together to benefit others less fortunate than they. The volunteer spirit and service will benefit the Good Shepherd Home in Allentown, the Lehigh Valley Society for Crippled Children and Adults, LaGonave Education Fund on the Haitian island of LaGonave, and other programs for the disabled.

Through the efforts of a long list of dedicated volunteers, Faith, Hope, and Charity Day has grown around the central theme of increasing the public's awareness toward the disabled not just this special year, the International Year of the Disabled Person, but every year. It is an idea that certainly deserves our utmost praise, an idea that I hope will grow and flourish.

Mr. Speaker, I join with my friends and neighbors throughout the Lehigh Valley in congratulating everyone who has played a part in Faith, Hope, and Charity Day. And I look forward to the spirit generated by this initial event growing into something that might become an annual event in the Lehigh Valley.●

CONGRATULATIONS TO JAMIE WHITTEN

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ROYBAL. Mr. Speaker, I would like to congratulate my esteemed colleague, JAMIE WHITTEN, on his 40th anniversary in the U.S. House of Representatives. This is the longest period of service attained by any current Member of the House of Representatives.

This remarkable achievement could only be attained by a remarkable individual. JAMIE WHITTEN was elected to represent the First Congressional District of Mississippi in 1941, a month before the Japanese attack on Pearl Harbor. Since that time, he has enjoyed an uninterrupted career in the U.S. House of Representatives. This is certainly a tribute to JAMIE'S ability to understand and respond to the needs and concerns of his constituents.

For years, JAMIE has chaired the Agriculture Subcommittee of the Appropriations Committee. In this capacity he has played a vital role in shaping this Nation's farm policy, and is one person whose opinion is always sought in developing or implementing new agricultural measures.

In 1979, JAMIE WHITTEN became chairman of the full Appropriations Committee. It has been a real pleasure for me to work with him in my capacity as chairman of the Treasury/Postal Service/General Government Subcommittee. He has provided strong leadership in a cooperative atmosphere and has been most responsive to the needs of Americans everywhere.

Congratulations on your 40th anniversary, JAMIE! I look forward to working with you for many years to come.●

DO NOT FORGET ATLANTA—A CHILD'S GUIDE TO PERSONAL SAFETY

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ADDABBO. Mr. Speaker, since July 1979, 28 young blacks have been killed in Atlanta. These heinous crimes, perpetrated primarily against children, remain unsolved. Law enforcement efforts continue, public concern and support for the ongoing investigations remains strong. I sincerely pray that the killer(s) will be found and brought to justice. I also pray that we will one day see an end to these killings, regardless of where in these United States such inhuman crimes are committed.

One way we can help law enforcement efforts, and help prevent crimes against our youth, is to be sure that our children become more perceptive and discerning when dealing with those they meet, especially strangers. A child normally displays a great deal of curiosity. Children also have a heightened sense of trust and friendship, very often accompanied by an eagerness to please and be liked. Those who commit crimes against children learn to take advantage of these attributes. It is most unfortunate that the beautiful disposition of a child must be tempered by feelings of mistrust and suspicion. Nevertheless, this is one way we can arm our youth against possible harm.

Just the other day I received a flyer from one of my constituents which lists guidelines of personal safety that can be easily explained and discussed with a child. It is my intent to distribute copies to schools, civics, and other organizations within my district. I submit it for the RECORD here so that those of my colleagues who wish to can follow my lead.

The material follows:

CHILD'S GUIDE TO PERSONAL SAFETY

Public restrooms should be used with caution. If you must utilize such facilities, it is advisable to have someone accompany you. Don't loiter in or around the restroom area. If you are approached by someone in a suspicious manner—leave immediately.

Every child should know his full name, address, telephone number, school, and the name, address and telephone number of a relative or friend who can be contacted in case of emergency. Children should be instructed in the proper use of the telephone to get help in emergency situations.

Report to your parents, school authorities, or a policeman—anyone who approaches you and exposes his private parts or attempts to expose your private parts. Don't go over to strangers in automobiles who may ask you for directions or pretend to have something for you—such as a message, gift, money or candy.

Stay with your group. On an outing don't wander off alone. If you should get separated have a pre-arranged meeting area to wait for your group, preferably a location where someone in authority would be present. For example, in a movie—the manager's office; or in open areas where a security office is not available—choose a location that is frequented by many people, so that you are not alone until your friends find you.

Only parents, doctors or nurses should be allowed to touch your body in a personal or intimate manner. If a stranger, relative or friends wants to fondle your private parts or

have you do the same to them—tell them you are not allowed—and get away from them as fast as you can. Never keep this kind of relationship "secret". If it means doing something that you cannot tell your parents about, don't do it.

Never hitchhike—or accept an offer of a ride from a stranger. Learn to use the public transportation that is available to you. If for some reason you can't, then have your parent or another responsible person take you to or from your destination. Hitchhiking is equally as dangerous for boys as it is for girls.

Always tell your parents or guardian where you are going, with whom you will be, and when you will return. If you will be late in getting home, call and let someone know you have been detained and where you are.

Lock doors and windows and never indicate to strangers that you are home alone. If someone telephones asking for your parents—make up some excuse to explain why they can't come to the phone: "Mommy is lying down, she has a headache." Take a message, or have them call back. Don't open the door to strangers—if your parents are home let them answer the door—if you are alone use an excuse as indicated above. Don't let strangers know there is no one at home with you.

Shortcuts through deserted areas, alleyways, vacant lots or abandoned buildings can be dangerous. Walk or play out in the open where you can see or be seen by other people. Don't loiter in the schoolyard when the rest of your playmates have left. Walk to and from school with a friend or group of friends, if possible.

Always discuss with your parents any incident which has disturbed or confused you. Confide in them freely even when you feel embarrassed or ashamed about the situation. You will be relieved of unnecessary anxiety or guilt if you have this kind of relationship with your parents. Any questions about sex should be directed to them and not to your peers, who may be less informed than you.

Familiarize yourself with your neighborhood. Remember specific places you can go to if you should need immediate help: storekeepers, gas stations, a friend's house nearby, the local police and fire stations. Always let your parents or school authorities know about anyone who tries to accost you bodily, or lure you away. Try to remember what they looked like and what they said.

Every parent should exercise care in the selection of baby-sitters. Young people who baby-sit should also know something about the families for whom they sit. Make arrangements to be brought to and from the location—especially if it involves coming home late at night, or traveling in an area with which you are not familiar.

To be alert is important—alert to the fact that there are some people who will try to take advantage of you—will try to win you over by offering you money, candy, or a gift of some kind for favors of a very personal nature—which would embarrass you or make you feel uncomfortable. These people, whether they are total strangers or known to you or your family—should be reported to your parents.●

NO DOMESTIC SPY ROLE FOR CIA

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. EDWARDS of California. Mr. Speaker, the following editorial from the October 29, 1981 edition of the Christian Science Monitor suggests strongly that President Reagan should not sign the Executive order that would authorize a domestic spy role for the CIA.

NO DOMESTIC SPY ROLE FOR CIA

When outspoken national defense advocates like Barry Goldwater and Daniel Patrick Moynihan find common cause to oppose a major expansion in the spying activities of the Central Intelligence Agency, the Reagan administration should listen carefully. Mr. Reagan appears ready to sign a proposed new executive order scrapping present curbs on the CIA that keep the agency from infiltrating or influencing domestic groups. Mr. Reagan should reject such an ill-considered and dangerous proposal.

Messrs. Goldwater and Moynihan, chairman and vice-chairman respectively of the Senate Intelligence Committee, are on target on this issue. That panel voted to reject Mr. Reagan's plan. In fact, allowing domestic spying—a role now properly left to the FBI under strict guidelines—seems to be a violation of the legislation setting up the CIA in the first place. Beyond that, it poses fundamental threats to the liberties of all Americans and risks a return of the deep public suspicion of and hostility toward the "Company" that marked much of the mid-1970s. Throwing off the present restraints would thus only be counterproductive and possibly lead to an acrimonious new congressional battle over legislation to reimpose curbs.

The National Security Act of 1947 specifically precludes an "internal security" role for the CIA. Like the FBI, the CIA has managed to build up new public goodwill in recent years. This is hardly the time to undo what is most likely a still tentative consensus of support for U.S. intelligence agencies. The essential distinction between the international spy role of the CIA and the domestic spy role of the FBI ought to be maintained. Mr. Reagan would do the country a disservice to blur it.●

DANGERS OF THE U.S. METRIC BOARD

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. RUDD. Mr. Speaker, for as long as I have been in Congress I have been pointing out how foolish it is to continue funding the U.S. Metric Board. Metric use is voluntary. The public is strongly against forced metrication. Tax dollars should not be used to support a useless and intrusive Federal agency.

A recent item in the Washington Post shows how out of control and wasteful the Metric Board is. The Board awarded a $75,000 contract to a local research firm to study the dangers and physical hazards of metrication. The Board says typical risks include a pilot not knowing how tall a mountain is in meters and a gas station attendant not knowing how many kilopascals to fill a tire.

For free, at no taxpayers' expense, I can assure you that the real danger here lies with useless and self-serving agencies which attempt to impose their own hazardous ideas on an unwilling American public. Congress should abolish the U.S. Metric Board and any other Government entity that serves only itself.

[From the Washington Post, Nov. 3, 1981]

Danger! . . . Perhaps you haven't spent much time worrying about the physical hazards involved in converting to metric measurements. The U.S. Metric Board has. The board just gave a $75,000 contract to Middlesex Research, a D.C. firm, to study the dangers.

The contractor says typical risks include those facing a pilot who has to fly over a mountain that is 2.5 kilometers high, or a gas station attendant who is told that a tire cannot be inflated beyond 200 kilopascals.●

PRESIDENT SIGNS H.R. 3499

HON. G. V. (Sonny) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MONTGOMERY. Mr. Speaker, on Monday, Members of Congress received a letter from the committee with attached brief summaries of three comprehensive veterans bills enacted during this session of Congress.

At the time the letter was mailed, one of the bills, H.R. 3499, was awaiting the President's signature. I am pleased to report to Members that yesterday the President signed the bill, and it is now Public Law 97-72.

I wanted Members to know, as they prepare for the observance of Veterans Day next Wednesday, November 11, that all three major veterans bills have been signed by the President and are now public law.●

EARLY WARNING

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ASPIN. Mr. Speaker, today at the request of the Budget Committee I am inserting this week's early warning package into the CONGRESSIONAL RECORD. This week the House of Representatives is scheduled to consider one spending bill providing new enti-

tlement authority, H.R. 4591, Mineral Leasing Amendment. This bill is under the committee's allocated new entitlement authority. The early warning package also includes brief summaries of the authorization (nonspending) bills that are scheduled. These materials factually compare the total amount of spending authorized by these bills with the assumptions for such spending that resulted from congressional approval of the first budget resolution for fiscal year 1982 and the amounts actually in appropriation bills, where appropriate. The committee intends to insert into the CONGRESSIONAL RECORD these staff analyses, and analyses of all other appropriations, entitlement, or revenue bills as they are scheduled for floor action. We hope to provide these "Early Warnings" to interested Members normally every Monday. I believe that it is very important for the House to have information that compares such bills to the budget resolution—achievement of the resolution spending targets is not likely to occur unless the Members are clearly aware of the budget impact of their votes.

EARLY WARNING REPORT

H.R. 4591, MINERAL LEASING AMENDMENT

This bill is under the committee's allocated new entitlement authority.

Staff analysis

Committee: Armed Services.
Chairman: Mr. Price (Illinois).
Ranking minority member: Mr. Dickinson (Alabama).
Scheduled: Wednesday, November 4, 1981.

I. Description of bill

This bill directs that all receipts from leases on Federal lands used for military or naval purposes (except for the Naval Petroleum and Oil Shale Reserves) be split equally between the Federal Government and the States containing the lands. The bill would create a permanent appropriation and an entitlement for States to their share of the funds. States do not now receive any payments from these lands. The bill is scheduled on the suspension calendar.

II. Comparison with target for new entitlement authority

The bill is $2 million below the Military Installation and Logistics Subcommittee of the Armed Services Committee's 302(b) target for new entitlement authority.

III. Summary table—new entitlement authority

	Millions
1. Amount in bill	23
2. Prior action this session	
3. Total action to date	23
4. 302(b) target	25
5. Over(+)/Under(−)	−2
6. Amounts assumed but not yet enacted	
7. Over(+)/Under(−)	−2

IV. Explanation of over/under

This bill would result in an estimated $23 million of entitlement payments to States in 1982. These payments were not assumed in the First Budget Resolution for 1982; however, spending reductions in the Omnibus Reconciliation Act for activities in the jurisdiction of this committee were larger than assumed in the Budget Resolution leaving room within the 302(b) target for this new entitlement program.

V. Comparison with the President

Neither the President's March budget or September revisions assumed any funding for these new payments to States from income earned on Federal mineral leases.

VI. Amendments

None are known at this time.

Definitions of terms in summary table, section III

Line 1. Amount in bill: This amount is the estimated budget impact that will result from creating new entitlement benefits—in this case, an entitlement for States to share in the receipts from mineral leases on military lands.

Line 2. Prior action: This amount reflects new entitlement authority (NEA) created through House-passed bills reported from the Armed Services Subcommittee on Military Installations and Facilities.

Line 3. Total action to date: Line 1 plus line 2.

Line 4. 303(b) target: The target for new entitlement authority set for this Subcommittee by the Armed Services Committee.

Line 5. Over (+) Under (−): Line 3 minus line 4.

Line 6. Amounts assumed but not yet considered. This reflects NEA amounts for legislation assumed in the First Budget Resolution which have not been considered by the authorizing committee.

Line 7. Over (+) or Under (−): Line 5 minus line 6.

SUMMARY OF AUTHORIZATIONS

H.R. 3464—PROHIBITION ON CONSTRUCTION OF NAVAL VESSELS IN FOREIGN SHIPYARDS

This bill provides that no United States Naval vessel or major component of the hull or superstructure of a naval vessel may be constructed in a Foreign Shipyard. There are no costs associated with this bill.

H.R. 4624—EMPLOYMENT PROTECTION FOR NONAPPROPRIATED FUND EMPLOYEES OF DOD WHO REPORT VIOLATIONS

This bill would extend to nonappropriated fund employees protection similar to that afforded other Federal employees. It would protect them from reprisals when they have reported illegalities, mismanagement, abuse and waste. The bill would require the Secretary of Defense to prescribe regulations to implement this legislation and be responsible for prevention of adverse action to employees and responsible for the correction of any such actions taken. There are no costs associated with this bill.

H.R. 4625—RETURN OF WORKS OF ART TO GERMANY

This bill authorizes the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the United States Army at the end of World War II. There are no costs associated with this bill.

H.R. 4792—REFERENCE TO UNIFORM CODE OF MILITARY JUSTICE

This bill contains provisions relating to administration of leave in relation to certain court-martial correction and review, posttrial confinement, individual military counsel, and procedure relating to military review division. There are no costs associated with this bill.

H.R. 3598—CARL ALBERT CONGRESSIONAL RESEARCH AND STUDIES CENTER ENDOWMENT ACT

The bill would authorize grants to assist in the development of the Carl Albert Congressional Research and Studies Center at the University of Oklahoma. The funds authorized, subject to appropriations actions, would be available for a period of seven years but could not exceed an aggregate amount of $3 million. The funds would support the following activities: scholarships, research, education, and archives. The Congressional Budget Office has estimated that the $3 million would be spent over a four year period, fiscal years 1983-1986.

H.R. 4543—AMENDMENTS RE TIMBER PRODUCED ON MILITARY INSTALLATIONS

The bill provides that 25 percent of the amount received into the U.S. Treasury from the sale of timber or timber produced on military installations will be paid to each State in which the producing facilities are located. The 25 percent paid to the States will be taken from net receipts following reimbursement of appropriations to the Department of Defense for all expenses incurred during the production of timber and timber products. The bill establishes an entitlement of $1 million for each fiscal year starting with fiscal year 1982. This amount is within the 302(b) allocation of entitlement authority to the Armed Services Committee under the First Budget Resolution for Fiscal Year 1982.

H.R. 3502—AMENDMENTS RE VA AND DOD SHARED MEDICAL FACILITIES

H.R. 3502 is legislation to provide for greater coordination and sharing of medical facilities and resources of the Veterans Administration and the Department of Defense. The bill authorizes the establishment of an interagency committee with responsibility for maintaining oversight of opportunties for sharing medical resources and for making recommendations to the agencies and an annual report to Congress. CBO estimates that savings will occur as better utilization of facilities and resources is achieved. However, it is impossible to determine the level of savings without knowing policy changes and procedures that may be implemented.

H.R. 3942—COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT

The bill alters the primary purpose of the Act of 1964 to support and encourage greater State support of the research, development and management of commercial fishery resources. The bill also deletes existing authorizations for new commercial fishery development projects in fiscal years 1982 and 1983, changes the fund apportionment formula for the remaining authorizations, establishes more specific guidelines and priorities for project approval, and directs the Secretary of Commerce to submit annual reports to the Congress on the status of the remaining programs. The Congressional Budget Office cost estimate states that enactment of this legislation will result in neither greater costs nor savings for the Federal Government. For although the bill eliminates $500,000 in existing program authorizations for fiscal years 1982 and 1983, because the program has never received any appropriations, no outlay savings will result.●

COMMENDING LOCAL INITIATIVES TIGHTENING FEDERAL GRANT APPLICATIONS

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LOWERY of California. Mr. Speaker, the effort to restore balance to our economy and fiscal responsibility to government will require a commitment from government at all levels: Federal, State, and local. The efforts of Congress and the administration, however successful, will not be sufficient to do the job alone.

I recently received a letter from the chairman of the San Diego Board of Supervisors, Hon. Paul Eckert, outlining the program that our local government will be undertaking to reverse the free money mentality characterizing applications for Federal grants. I applaud San Diego County for its efforts and commend Mr. Eckert's letter to the attention of my colleagues. Hopefully, other local governments will be encouraged to follow in San Diego County's footsteps as we work together toward our national goal of fiscal integrity and responsibility in government.

COUNTY OF SAN DIEGO,
San Diego, Calif., October 21, 1981.

For many years the County of San Diego has accepted federal grant revenues to fund projects and activities of marginal value to this community. In part, acceptance of such grants has been justified by the availability of "free money." In part, it was believed that if the County refused such funds, they would merely be spent in some other community.

This Board of Supervisors believes that the traditional mentality associated with federal grants is inconsistent with your efforts to reduce the national deficit, balance the federal budget, and narrow the scope of government at all levels. This Board, therefore, in the future will require departments seeking Board authorization to solicit or accept federal grant awards to certify to the Board that the federal funds would be used to finance programs which are of such local importance that financing for them would be sought from the County General Fund even if no outside source of funding—i.e., "free money"—were available. Absent such certification, it will be the policy of this Board to decline such federal grants.

We have thus made a commitment to do our part to help in efforts to restore balance to our economy and responsibility in government. Obviously, our efforts acting alone will have little impact. We would hope that through your Office similar efforts could be encouraged on the part of other local governments. We also have a recommendation which, if pursued by your Office and the Congress, will ensure that such efforts on the part of local government achieve the intended result: we recommend that federal revenues "turned back" to the federal government by local agencies be recaptured and placed in the General Fund for the purpose of reducing the federal budget deficit, rather than being returned to the federal agency in which the grant revenues were originally appropriated. Absent such a "turn back" policy on the part of the federal government, economizing efforts on the part of local governments will be neither enouraged nor effective.

Sincerely,

PAUL ECKERT,
Chairman, Board of Supervisors.●

HILLSIDE ELEMENTARY SCHOOL

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ROYBAL. Mr. Speaker, I would like a few moments to talk about an extraordinary group of young people in my district—Mrs. Dorsey Lawson's fourth and fifth grade classes at Hillside Elementary School

Last April, these students wrote to me about their concern over world hunger. This was not just a monetary concern. On Friday, October 16, the classes celebrated World Food Day by imploring the Nation's leaders to work toward the alleviation of hunger everywhere. World Food Day culminated an intensive study by the classes of the world hunger problem.

The main focus of the program was a presentation of man's achievements—achievements once thought to be impossible. Students made posters and presented demonstrations of such accomplishments as flying, breaking the 4-minute mile, ending slavery, journeying to the Moon, and finding vaccines for smallpox and polio. This record of our achievements dramatically makes the point that with modern technology and knowledge there is no reason why we cannot accomplish the impossible once more by ending hunger across the globe. Other activities included essay contests for school children, best farmer awards, nutrition study courses, television specials, and showings of John Denver's film about world hunger, "I Want to Live."

I applaud these students in their struggle to spread awareness and concern about the estimated 800 million people in this world who live in absolute poverty. Most of us have become immune to the grim statistics—life expectancy in developing countries of 56 years compared to our 72, the incredibly high infant mortality rate, the high inflation and rising oil prices that have devastated the economies of these countries. But children will never be immune to these facts. They force us to look past our facts and figures, past our rhetoric and politicizing, and to focus once again on the realities of millions of our brothers and sisters who never get enough to eat. We must face up to this enormous problem, and it appears that once again our children will lead us. I know you will all join me in saluting Mr. Lawson's students at Hillside Elementary School, and in encouraging them to keep up the good work.●

AMERICA'S NEWEST HERO

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. VENTO. Mr. Speaker, America has a new hero. This past Friday, Mr. Gerry Spiess of White Bear Lake, Minn., completed an epic voyage across the Pacific in his homemade 10-foot sailboat, the *Yankee Girl.* The only person to ever cross the Pacific in such a small craft.

Setting sail from Long Beach, Calif., on June 1, Gerry faced the dangers of a rigorous 153-day sail and was not assured of success until he docked in Sydney, Australia, on October 1. During the voyage, he had to face the threat of an 11-day electrical storm which threatened to strike his mast.

Gerry's victory over the Pacific matches his 1979 sail across the Atlantic in the *Yankee Girl.* He now has the record for crossing both oceans in the smallest craft. He has now sailed alone over 11,000 miles in a 10-foot sailboat.

Gerry Spiess exemplifies the American spirit of adventure and discovery. He embodies the noble characteristics of our early explorers and his significant accomplishments are worthy of national recognition. For this reason, I will be nominating Gerry Spiess to President Reagan for the Presidential Medal of Freedom.

America's spirit of adventure is not lost. Gerry Spiess proved that in 1979 and again this year.

At this time, I would like to bring to my colleagues' attention, a recent Washington Post article detailing the latest voyage of Gerry Spiess.

The article follows:

[From the Washington Post, Nov. 1, 1981]

AMERICAN SAILS TO AUSTRALIA IN 10-FOOT BOAT

(By Peter O'Loughlin)

SYDNEY, Oct. 31—With near-miss lightning bolts striking every 15 seconds and sledgehammer waves pounding his 10-foot homemade sailboat, Gerry Spiess cowered on his bucking bunk and dreamed of ice cream, his wife Sally—and never doing anything like this again.

"This is the last time—forever," declared the rubber-legged, 40-year-old, American school teacher as he wobbled ashore today after the epic cruise that earned him the distinction of having crossed both the Atlantic and Pacific oceans in the smallest craft ever—the Yankee Girl.

Spiess sailed into Sydney harbor after the 153-day voyage from Long Beach, Calif., to a tumultuous welcome from his tearful wife, his parents, a throng of cheering Australians and 15 friends from his hometown of White Bear Lake, Minn.

He leaned on his wife's arm as he walked to the club house for the dish of ice cream

he had been craving during his five months at sea.

It had been smooth sailing except for the last leg of the voyage, Spiess said, when 11 days of electrical storms off the north Queensland coast kept him prisoner inside the hold of the little blue boat.

"Lightning was striking about every 15 seconds and huge waves were really knocking me about. It was very frightening. There was nothing I could do," Spiess told a news conference at the Royal Sydney Yacht Squadron.

"I was lucky I wasn't struck," said Spiess, who was forced to stay in the stern of the boat in case the aluminum mast was hit by lightning. "The grounding system was badly corroded. The aluminum was just like paste."

Otherwise, Spiess' only major complaint about the 7,800-mile voyage was not being able to sleep properly because his bunk was on the wrong side of the boat. He was forced to curl up to keep from falling out as the boat heeled with the prevailing winds.

Spiess said he kept his hopes up by thinking of Sally and telling himself: "This is the last time."

Sally kept in touch with her husband with the help of a ham radio operator in Hawaii.

Spiess said he prepared himself psychologically and physically for the voyage, deliberately putting on weight before he left. He arrived 20 pounds lighter.

Before reaching Australia's east coast, Spiess stopped in Honolulu, Fanning Island, American Samoa, Fiji and New Caledonia.

Spiess said he spent the last few days out bidding farewell to the Yankee Girl. The yacht is to be flown to the United States and put on exhibition at boat shows, while Spiess concentrates on writing a chronicle of his seafaring adventures.

In 1979, Spiess sailed solo 3,800 miles across the Atlantic Ocean in 54 days to earn a place in the Guinness Book of Records.

"Although I said I wouldn't do it again after the last voyage, I really mean it this time," he vowed.●

FREE MARKETS WORK

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MICHEL. Mr. Speaker, perhaps the most persistent—and pernicious—economic myth of the 20th century is that a socialist economy is compassionately directed toward human needs while a capitalist economy is selfish and directed toward a small elite. This myth is spread by Socialist theorists, leftwing dictators and other ideologues.

This myth of socialism is the philosophical foundation of the so-called "North-South" economic division. We are told by socialist propagandists that the "North"—meaning the industrial democracies of the world—must engage in huge transfers of money and goods to the "South"—the undeveloped nations of the Third World. Such a transfer, we are told, will serve to work off the guilt of the industrial democracies for producing so much wealth and consuming so much of the world's goods.

What is never mentioned is that the industrial democracies, using the free enterprise system, have benefited hundreds of millions not only in the "North" but throughout the world.

The free market works in the "North" and it has already worked in the "South." Taiwan, South Korea, Singapore, and the Ivory Coast, all Third World countries, have transformed their economies through free enterprise.

At this point I wish to insert in the RECORD "The Free Markets Work Very Well in the Third World" from the Baltimore Sun, October 25, 1981.

THE FREE MARKETS WORK VERY WELL IN THIRD WORLD

(By Fred Barnes)

WASHINGTON.—As an avid promoter of capitalism. President Reagan offers a simple solution to the economic ills of poor and less developed countries. "The magic of the marketplace," he called it in a speech last month to the World Bank.

And his advice—abandon government controls, adopt free enterprise—was the same last week when he conferred in Cancun, Mexico with 21 leaders from nations both rich and poor.

The Reagan solution is hardly a new one. In fact, the movement to free market economics has reached such proportions and achieved such dramatic success in the Third World in the past two decades that it amounts to a capitalist counterrevolution of global dimensions.

With missionaries for capitalism such as Mr. Reagan in scare supply since the Depression, this counterrevolution was not a foregone conclusion. It went against virtually all the advice of the supposed experts on economic development, many of them employed by governments and universities in Europe and North America.

Gunnar Myrdal, the influential Swedish socialist, insisted that central planning is "the first condition of progress." The heralded report of the Brandt Commission in 1979 said an outright transfer of wealth from rich to poor nations is "necessary."

But an increasing number of leaders in the Third World have dismissed this advice, with the result an economic boom in some unlikely places. Indeed, perhaps the most striking aspect of the shift to capitalism is that it seems to take root and flourish in every type of political soil.

Hong Kong is a British colony with appointed leaders; free trade, low taxes and non-intervention have given it the most vibrant economy in the world. Similar policies have revived the economies of Uruguay and Chile, both controlled by military men. They have also produced an economic renaissance in Sri Lanka, a democracy whose economy had stagnated for decades.

Capitalism has touched off spectacular economic growth in Taiwan and South Korea, growth that persisted during oil shocks and worldwide recession. Taiwan and South Korea are authoritarian states. Less autocratic, the Ivory Coast and Singapore have experienced two decades of prosperity and growth under capitalism.

A number of other countries have taken more tentative steps toward free enterprise. Jamaica has veered dramatically away from a socialist economy since Edward Seaga became prime minister last year. Under President Anwar el Sadat, Egypt got an economic boost from deep cuts in personal income tax rates. In Israel last spring, the government of Menachem Begin, eager for reelection, audaciously cut excise, inheritance and income taxes, generating some supply-side results in increased revenues.

But the most intriguing and potentially momentous use of market forces has come in China, where money incentives are being applied to increase productivity, expand private farming and attract foreign entrepreneurs. But even if China slips back into doctrinaire collectivism, the case for capitalism in the Third World has been made and some cherished theories about economic progress have been cast into serious doubt.

For one, the idea that the road to national prosperity is paved by massive government intervention in the economy has been tainted. In black Africa, the country with the highest per capita income, the Ivory Coast, also has the freest economy. Sullied, too, is the notion that wealth can be widely shared only if redistribution is aggressively pursued. Among black African nations, it is little pressed in the Ivory Coast, intensely applied in Tanzania and Zambia. Yet, by some measures, the wealth is more broadly distributed in the Ivory Coast.

Another discredited theory is that nations cannot expect much material advance unless they are blessed with natural resources. This has been disproved since the 1950's by Japan, Hong Kong, South Korea, Taiwan and Singapore. And finally, there is the idea that overpopulation bars economic progress. This has failed to doom Hong Kong, whose population doubled between 1954 and 1977.

The antecedents of the rebirth of capitalism, which had lost intellectual and political favor in the first half of this century, lie in the postwar economic recovery in Germany and Japan. In Germany, Ludwig Erhard rejected recommendations that the government manipulate the economy. In occupied Japan, Gen. Douglas MacArthur recognized the need to slash taxes. Both nations gave wide play to market forces, both prospered and both became models to be copied, especially Japan.

The first imitators of Japan, whose economic resurgence had lifted it right out of Third World status, were the Asian gang of four—Taiwan, South Korea, Hong Kong and Singapore. Taiwan and South Korea fostered industrialization but not at the expense of agriculture. They pointedly steered clear of collectivization, price controls on food and heavy taxation of farmers to aid industry, policies that other Third World countries followed at great cost and inefficiency. Taiwan's agricultural productivity outstripped China's, South Korea's outpaced Communist North Korea's.

Industries of increasing sophistication thrived, and South Korea's 10 percent growth rate held firm right through the oil price hike and recession of 1974 and 1975. Significantly, the growth benefited all. It "was particularly impressive because it brought with it early and almost as a by-product a more egalitarian distribution of income and wealth than is found in most other countries," noted Herman Kahn. "Some socialist states have achieved a more egalitarian distribution of income and wealth, but only at great economic and human costs."

Hong Kong also achieved 10 percent growth from 1960 to 1980 on the strength of low taxes (top rate 15 percent), unfettered

flow of capital, free trade and the near-total absence of government regulation.

Important to Hong Kong's adherence to free market economics were colonial officials convinced of its virtues. One was John Cowperthwaite, the financial secretary in the 1960s. "I still believe that, in the long run, the aggregate of the decisions of individual judgment in a free economy, even if often mistaken, is likely to do less harm than the centralized decisions of a government, and certainly the harm is likely to be counteracted faster," he said.

In Singapore, Prime Minister Lee Yuan Kew is not quite a capitalist of this stripe. But disillusioned with socialism, he looked for an alternative and spotted Japan. "You have to learn how to succeed, to see who performs better, and then copy them," he said. Singapore has boomed, with 9 percent growth and in 1976 a minus 2 percent rate of inflation.

"We proved that certain principles worked," Mr. Lee told writer Anthony Sampson. "Whether they're acceptable is a different matter, and other countries disagree. It's a question of priorities. . . . It's not that we're superior. It's that our approach is right."

Like the Pacific four, the Ivory Coast has been thriving since the early 1960s under capitalism, mainly because President Felix Houphouet-Boigny brushed aside the conventional wisdom on black African development. He retained European (French) advisers, eschewed grandiose agricultural or industrial schemes and restrained the interventionist impulse.

President Julius Nyerere tried the opposite course in Tanzania, forcing farmers onto "ujamaa" settlements. Tanzania was transformed from a food exporter to a food importer. The Ivory Coast, meanwhile, exports rice, cocoa and coffee at great profit. "There is no miracle," said Mr. Houphouet-Boigny. "Just the work of men, freely furnished."

A second wave of new capitalists emerged in the mid-1970s in Chile, Uruguay and Sri Lanka. Chile is remembered for 350 percent inflation under President Salvador Allende, but it actually spurted to 500 percent after Gen. August Pinochet seized control in a bloody coup. The remedy was supplied by a team of free market economists, some of whom studied under Milton Friedman at the University of Chicago. They cut tariffs and taxes. The economy blossomed and inflation shriveled to 5.4 percent in the first five months of 1981.

In Uruguay, the personal income tax was abolished altogether in 1974, a year after the military interceded. Uruguay's economy also suffered from lavish government spending, price controls and high tariffs. Spending was cut, controls lifted and tariffs reduced. The government ran a surplus for two years. And last August, Finance Minister Valentin Arismendi appeared on television to, in the words of a State Department cable, "puncture any expectations of more state intervention in the economy."

One of the sharpest economic reversals has occurred in what is still called the Democratic Socialist Republic of Sri Lanka. Four years ago, voters tossed out the socialists who had provided 20 years of welfare extravagance, food rations and price controls—and a stagnant economy. Taxes were cut, controls eased and subsidies trimmed. An "investment promotion zone" for foreign companies was created outside Colombo, the capital. It advertises "more profits, 100 percent tax-free."

Sri Lanka's leaders are remarkably candid about the economic steps they have taken. Explaining the enterprise zones, President J. R. Jayewardne said, "We are open to serve as a capitalist organization and I often use the words, 'Let the robber barons come' to that area." Trade Minister Lalith Athulathmudal described the shift to capitalism this way:

"We are in a post-socialist era, an era where slogans no longer are believed to be ipso facto. They have to be proved. . . . If you live in a country such as ours, a very poor country, at least 50 percent of the people in poverty, and if you assess the problems of the country in your heart, then there is no question what is paramount is concern for the underprivileged. And that makes you think a socialist philosophy is the way out.

"In theory, it's perfect, but what I have experienced and what the people of this country have experienced [is] that in practice it means something quite different. And in practice, it often means the poorest don't have their lot improved at all. I mean, the poor just could get nothing, but at the same time, the preachers of socialism, the leaders, were enjoying the benefits of commercial and political privilege.

"To my mind today . . . we have taken a socialist goal, but in practical terms socialism means whatever means can be employed to improve the lot of the poor. If that includes private enterprise, then that's also a good object, because if that gives jobs, if that increases incomes, if that gives better cultivation methods, if that means better management of your industries, well that's good enough socialism for me."

In China, where capitalism is awakening from the long night of Maoist collectivism and state planning, the leaders are not ready to proclaim a "post-socialist era," but they approach that as a limit. The government's goal, Deputy Prime Minister Yao Yilin said last spring, is "to regulate the economy according to the pressures of supply and demand in the market, within the state plan."

Under the guidance of the so-called pragmatists who replaced Mao Tse-tung and his followers, thousands of industries are allowed to keep a large chunk of their profits and use the money as factory managers desire. Most of it goes for fringe benefits and bonuses for workers. Moreover, farmers have been granted the right to double the size of private plots. Homemade crafts may be openly marketed. And foreign capitalists have been invited to establish factories in enterprise zones.

All this is not capitalism of the sort that Mr. Reagan espouses, but it raises the prospect of the most significant breakthrough for capitalism since the demise of mercantilism in the 1700s.

Certainly the regular appearance of gems of free market wisdom in the Beijing Review suggests that the Chinese are serious about capitalistic incentives. "The purpose of socialist production" is to meet people's demand for "material goods," an article said recently. "An excessive issuance of currency inevitably gives rise to inflation," another said.

Maybe the most telling sign was the inclusion of this nugget in a poll of Communist youth on their favorite proverb: "Everyone for himself and the devil take the hindmost." Even in the land of Mao, 2.5 percent were reported to have daring enough to pick this as their favorite.●

JOHN BIRKS-DIZZY GILLESPIE CENTER FOR CULTURAL CHANGE AND THE JAZZ HALL OF FAME

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. HEFNER. Mr. Speaker, I would like to take this opportunity to call to the attention of my colleagues in the House of Representatives the kickoff drive today for the John Birks-Dizzy Gillespie Center for Cultural Change and the Jazz Hall of Fame at Laurinburg Institute in Laurinburg, N.C. Woody Shaw, a native of Laurinburg who is a top jazz performer, will serve as the host for the concert today.

This is a grand occasion for all people who love jazz and want to see its tradition preserved. Jazz is a part of our heritage that all of us enjoy and cherish.

I want to extend my personal congratulations to the Center for Cultural Change and the Jazz Hall of Fame and express my best wishes for its success.

I also would like to congratulate Mrs. Tinny Etheridge McDuffie on the occasion today of her 100th birthday. Mrs. McDuffie is a cofounder of the Laurinburg Institute, which is the only private black high school in the United States.●

AND YOU THINK YOU HAVE TROUBLES (PART I OF A CONTINUING SAGA)

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. FORSYTHE. Mr. Speaker, back in 1976, Congress passed the Fishery Conservation and Management Act (FCMA), a progressive piece of legislation designed to extend U.S. fishery management authority to 200 miles and to maximize the participation of the U.S. fishing industry in management decisions affecting it. What great hopes we had that the FCMA would insure the speedy development and implementation of fishery management programs.

Now, more than 5 years after the FCMA was passed, the fishery management system is mired in a morass of federally imposed procedural requirements which threaten to bury the Government and the fishing industry in paper, while the fish die of old age. What is even more disturbing is that some attempts to make the process work better, particularly attempts to reduce paperwork and the regulatory burden on small businesses, may have made the problems worse.

What better way to show what the Government has created than to describe some examples of the hoops which must be gone through to accomplish almost anything under the FCMA.

Earlier this year, the regional fishery management councils created by the FCMA recommended to the Subcommittee on Fisheries and Wildlife Conservation and the Environment that the FCMA be amended to permit the councils to gather information to determine whether to do a management plan for a fishery. Now that seems like a simple enough request. After all, who wants to devote a lot of time to preparing a management plan if you are not sure whether the fishery needs to be managed. What better way to decide whether to prepare a plan than to first collect the information you need to make that decision. Well, JOHN BREAUX and I asked the Department of Commerce whether it wouldn't be appropriate to permit the collection of the needed information in a fairly rapid manner, rather than have to go through the long-drawn-out process followed to approve an actual management plan. What was the Commerce Department's answer? They replied, "We see no advantage in proposing special procedures * * * Such (plans) by their nature are expected to be simple and noncontroversial, so they should be rapidly approved."

Likely to be "rapidly approved" they say. Do you know how long "rapid' is in the eyes of the Department of Commerce? Would you believe that if a council proposed a data collection program on your birthday, you would be almost a year older by the time the final regulations were published just to request the data.

The following table shows all the different steps that the Department of Commerce would take before they issued those regulations. I should note that the time schedule does not even include the amount of time which the Regional Council would use to identify the kinds of information which they want and to draft regulations which would request that information.

SCHEDULE OF REGIONAL COUNCILS

Day 1—Regional Council adopts Data Collection Plan and draft regulations.

Day 5—Data Collection Plan, draft regulations, and Draft Regulatory Impact Review received by the Department of Commerce.

Day 15—Request to collect information transmitted to National Oceanic and Atmospheric Administration (NOAA).

Day 25—Administrator of NOAA approves Draft Regulatory Impact Review and transmits it to the Chief Economist, Department of Commerce.

Day 45—Chief Economist's comments on Draft Regulatory Impact Review provided by Regional Council.

Day 75—Regional Council completes a final Regulatory Impact Review (assuming this is a non-major issue under Executive Order 12291).

Day 80—The Department of Commerce begins a Secretarial review of the proposed Data Collection Program.

Day 141—The Secretarial review ends. Department of Commerce begins 10-day review of proposed regulations.

Day 152—President's Office of Management and Budget starts 10-day review of proposed regulations.

Day 163—Proposed regulations submitted to Federal Register.

Day 169—Proposed regulations and notice of approval and availability of Data Collection Program document are published in Federal Register.

Day 170—Start of 45-day public review period of Data Collection Program and proposed regulations.

Day 171—Copy of draft Regulatory Impact Review transmitted to the Small Business Administration.

Day 215—Forty-five day public review ends.

Day 230—Final regulations completed. (This assumes 15 days for preparation and NOAA clearance.)

Day 241—End of 10-day Department of Commerce review of final regulations. Beginning of 10-day Office of Management and Budget review of final regulations. This assumes the regulations are non-major under Executive Order 12291.

Day 252—End of 10-day Office of Management and Budget review of final regulations.

Day 253—Final regulations filed with Federal Register.

Day 256—Federal Register publishes final regulations.

Day 257—Start of 30-day delayed effectiveness period on final regulations pursuant to the Administrative Procedures Act.

Day 287—Final regulations become effective. Now we begin to actually collect the data.

While I certainly agree that we don't want the regional councils or the Department of Commerce to do anything rash, what is the sense of a process that takes over 9 months just to reach agreement on whether you want to collect data and how to do it? I support regulatory review, but in the context of resource management, this is absurd. If this is what the Department of Commerce considers rapid action, we will be in deep trouble if we ever ask the Department of Commerce to do something and to take their time.●

REDUCTION OF CIVIL FILING FEES

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. KASTENMEIER. Mr. Speaker, on October 15, 1981, I introduced a piece of legislation to reduce the fee for the filing of a civil action in Federal district court from $60 to $30. I introduced H.R. 4762 for the following reasons.

In a little known technical amendment to the Bankruptcy Reform Act of 1978 civil filing fees were increased 400 percent, effective October 1, 1979. Originally, title 28, United States Code 1914(c) provided for a filing fee of $15. The bankruptcy reform raised this to $60.

Ostensibly, this was done to conform the civil filing fee to the bankruptcy filing fee, which previously was at $50.

When this was accomplished late in the 95th Congress, my subcommittee—the Subcommittee on Courts, Civil Liberties, and the Administration of Justice—was not briefed about this change in the law. Likewise, most public interest groups were unaware of the fee change.

No one in the House or the Senate who participated in the bankruptcy legislation will take responsibility for the drastic increase in filing fees. The Senate-passed version of the bankruptcy bill had included a bankruptcy filing fee of $60; the House-passed version had set it at $50. Neither bill touched the civil action filing fee. Because of the time pressures at the end of 95th Congress, the bankruptcy reform measures were not referred to a conference committee. Instead, differences were worked out in informal meetings between members of the House Judiciary Subcommitte on Civil and Constitutional Rights and the Senate Judiciary Subcommittee on Improvements in Judicial Machinery. Sometime during these meetings, the augmented fee was inserted.

Now, nobody will even admit that they were aware of it.

The net outcome of my legislative proposal will still be an increase of exactly 100 percent over what civil filing fees were prior to 1978.

Indisputably, a filing fee should reflect several factors. First, to the extent feasible, it should approximate the costs of processing a complaint, opening a docket, receiving the fee, and entering the ledger. In this regard, it should not be considered as a tax. Also, it does not necessarily have to cover time and space, since these are separate line items in the budget of the Administrative Office of the U.S. Courts. Second, as in the area of other filing fees, for example, automobile registration, marriage licenses, drivers permits, the fee should be kept as low as possible to meet the needs of the average citizen. Last, an increased fee should attempt to parallel inflationary living increases. I believe that all of these factors could be met with enactment of a $30 filing fee in civil cases.

This amendment achieves the same result as H.R. 6490, a bill which I sponsored during the 96th Congress with the cosponsorship of several respected colleagues; Mr. RODINO, Mr. PERKINS, Mr. RAILSBACK, and Mr. LAGOMARSINO.

I understand the difficulty of not having equal civil and bankruptcy filing fees. I have no objection to low-

ering bankruptcy filing fees. In closing, it must be stated that if civil filing fees are not reduced overall, there will be efforts to reduce them in specific subject matter areas; for example, social security, banking, veterans' affairs, and so forth. This balkanization of the fee system would be an extremely unfortunate development and would be avoided by adoption of my legislative proposal. I wholeheartedly urge my colleagues to support it.●

SUPPORT FOR "FREE ENTERPRISE WITHOUT POVERTY"

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, a short while ago, I entered remarks into the CONGRESSIONAL RECORD, expounding the virtues and good sense of a book by Mr. Leonard Greene entitled "Free Enterprise Without Poverty."

Essentially, Mr. Greene advocates replacing welfare with a system called graduated income supplement. His incisive proposals have won the support of such diverse political and economic personalities as Senator BARRY GOLDWATER, Senator DANIEL PATRICK MOYNIHAN, and Benjamin L. Hooks, executive director of the National Association for the Advancement of Colored People.

While I remain impressed with Mr. Greene's economic thought, it is of equal value to consider the evaluations of others who have read Mr. Greene's book. What follows is an article written by Mr. John Pinkerton, a Copley News Service reporter.

It is well worth reading, and I urge my colleagues to familiarize themselves with the book, "Free Enterprise Without Poverty."

[From the San Gabriel Valley Tribune, Sept. 25, 1981]

WORK INCENTIVE OFFERS OUT

(By John Pinkerman)

President Reagan, despite his startling victory in getting a budget-slashing bill through Congress, has and will continue to have budget and deficit problems.

Contributing substantially to these problems is the matter of welfare—waste, fraud and growth of a national malaise that creates a disinclination to work.

However, all may not be lost, particularly if Reagan and his welfare reform people have a serious chat with Leonard M. Greene, economist, mathematician, founder of a computer equipment corporation and president of the Institute for Socioeconomic Studies, a Westchester, N.Y., think tank.

Greene has spoken at length and across the country on his ideas, which simplify down to a theory of what he calls replacing welfare (and eliminate poverty) with something called Graduated Income Supplement. He even has written a book on the subject: "Free Enterprise Without Poverty," published by W. W. Norton and Co.

That his ideas have appeal is demonstrated dramatically by the fact that he enjoys the support of people of diverse political and economic thrusts, such as Sen. Barry Goldwater, Arizona conservative, on the one hand and Benjamin L. Hooks, executive director of the National Association for Advancement of Colored People on the other, also liberal Democratic Sen. Daniel Patrick Moynihan of New York and conservative business leader and corporate planner John Diebold.

Greene is no mere ivory tower theoretician. He went into the slums and the poverty belt for research and to work at all manner of menial jobs. And, he had a shocking experience with his own computer firm.

This experience had to do with his hiring of a black teen-ager and the six months expensive training that went with such a venture. The boy worked out well but after three months he suddenly quit the job with Greene's firm. Relating the story, Greene said, "Quietly and without trying to hide his disappointement, the boy told me a surprising story.

His family lived in a crumbling building in the Bronx but for three years had had an application in for subsidized housing in a new development. Finally, word came that they were eligible."

However, there was one problem that typifies what is wrong with the results that welfare produces.

"The family," Greene said, "could earn no more than a fixed sum to retain its eligibility. If its members earned more, they would have to stay in their slum dwelling until they could buy their way out. The result was that the parents decided my young employee must quit his job so they could live better.

"I often wonder what happened to this boy, with all of his obvious ambition. He may be running numbers on the streets—or worse. But, I am certain that a good part of the current 38 percent unemployment among young blacks is due to this kind of work disincentive"—caused by welfare rules.

Greene has many other stories of a similar nature. They have to do with food stamp abuses and stupid rules, with aid to needy children and all the other ridiculous aspects of welfare.

He admits that the welfare bureauracy and the millions it employs will fight his reform plan to the hilt but he justifies it on the basis of its features providing a work incentive, promoting the integrity of the family, offering uniform benefits, its integration with our tax system and the ease with which it might be administered.

"Every adult and, at a different level, every child," he proposes, "is to receive a taxable income supplement. The dollar value of that supplement will be reflected on the income tax return as a reduction of taxes owed. If the amount of taxes owed is less than the supplement, a cash refund will be made.

"A family with no income will receive the full amount of the supplement in cash payments. Because the supplement is taxable income, its net value is progressive in accordance with the graduated tax income.

"The GIS will not call for a determination of the assets or the needs of recipients. Its basic payments will be unrelated to any financial standard (thus reversing the disinclination to work promoted by welfare). However, thanks to taxation, it will operate as an income-related program."

Greene's plan would be financed through the partial or total phasing out of current welfare programs. Most of all, it would restore family dignity and, particularly, elevate once again the incentive and the urge to work by people like the black boy Greene wanted to help but who was caught up in a disgraceful "don't work" welfare system. Last, Greene's plan would take a significant welfare cost load off the backs of American taxpayers.

Greene deserves a full hearing of his ideas in the White House and anywhere else where the Reagan adminstration is struggling with the albatross that is welfare.●

DO WE NEED MORE NUCLEAR WEAPONS?

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, November 4, 1981, into the CONGRESSIONAL RECORD:

DO WE NEED MORE NUCLEAR WEAPONS?

The question came unexpectedly. As the public meeting in the small southern Indiana town was about to end, the elderly gentleman hesitated a bit, raised his hand, and said: "We're cutting back on education and health to get money for the MX missile, but we've already got enough missiles to destroy the Soviet Union many times over." His question to me was polite but direct: "Do we really need more nuclear weapons?"

The United States possesses an awesome aresenal of strategic nuclear warheads. We have some 9,000 in all, and they are deployed on the "legs" of our strategic triad—manned bombers, land-based missiles, and sea-based missiles. There are proposals to modernize each leg by increasing the flexibility, accuracy, and range of the delivery systems. The B-1 and Stealth bombers have been suggested as replacements for the B-52, whose service may be extended in the meantime by equipping it with the new cruise missile. The Titan and Minuteman missiles may be followed by the MX. the Trident nuclear submarine and its new missile are intended to succeed the Polaris and Poseidon systems as our sea-based deterrent. Our present strategic forces, however, give us the means to inflict cataclysmic destruction on the Soviet Union if that nation attacks us first. We may indeed ask why we must have more warheads and better delivery systems when we can obtain them only by denying ourselves very worthwhile things.

As I understand them, the following four arguments are the main ones being made in favor of strengthening our strategic forces.

1. After absorbing a Soviet first strike against us, we must have enough strategic force left to retaliate with devastating effect. Since we do not know how many nuclear weapons we could launch just before absorbing a first strike or how many would be destroyed by it, it is important for us to have a large number of deliverable warheads so that, in any case, many would survive. The number available after the attack is the key. The more the Soviet Union thought we would have, the stronger would be its fear that a first strike would bring about its own destruction. This fear of the Soviet Union's is the essence of deterrence.

2. Because our technology is not perfectly reliable and cannot be fully tested, the Soviet Union must be shown that we have a margin of safety. Strategic nuclear warheads and their delivery systems are advanced devices, but they are not perfectly reliable. Like other products of high technology, they can malfunction and fail. Unlike other such products, however, they cannot be tested in the real world. We cannot, for example, launch a missile armed with nuclear warheads on its real trajectory and then assess the damage the warheads do to the real targets; but without such a test we do not know whether the missile would stay on course as it passed over the magnetic field at the North Pole or whether the warheads would detonate near enough to the targets to destroy them completely. No one is certain what proportion of warheads we could deliver successfully, so larger numbers of weapons let the Soviet Union know that we have a margin of safety.

3. Strategic weapons age and become less reliable, so they must be replaced from time to time. We have fielded strategic forces for three decades. Some components of those forces—for example, the B-52—have been in service for many years. We must modernize so that the Soviet Union will know that our forces are generally reliable.

4. Advances in strategic technology and improvements in defense of strategic targets in the Soviet Union require us to deploy new forces to maintain deterrence. For many years the Soviet Union has been developing and deploying new strategic technology. More powerful warheads and more accurate delivery systems may lead the Soviet Union to believe that it could destroy most of our strategic forces in a first strike. The Soviet Union has also been bolstering its defense. Civil defense in its cities and the "hardening" of its missile silos and its military and political command centers may lead the Soviet Union to believe that it could survive any retaliation. Each of those beliefs lessens the Soviet Union's fear that a first strike would result in self-destruction. However, by modernizing our strategic forces to make them more accurate and by changing the way we base them to make them harder to hit, we can show the Soviet Union that a first strike would carry lethal risks no matter what.

I find these arguments reasonable, even compelling. They set out the logic of deterrence, a policy which has kept the peace in a nuclear world for three decades. Yet I also find these arguments disturbing. Clear-thinking Soviet military planners, who must also desire to deter attack on their homeland, may reason from them as we do, but if they do then it should be apparent to all just how deeply entrenched the arms race is in the thinking of the superpowers. As we deploy more nuclear weapons and modernize our strategic forces for the sake of deterrence, the Soviet, perceiving the threat to them and using the same arguments, respond in kind. Their action prompts a further effort on our part, which in turn causes them to respond again—and so on. Because nuclear weapons themselves have become both the primary means of defense and the primary reason to build a stronger defense from the point of view of both sides, the logic of deterrence becomes the illogic of the arms race.

A clear understanding of the need for more nuclear weapons pushes us hard toward the conclusion that deterrence, while essential, is not enough. Bilateral talks leading first to strict control of nuclear weapons and then to slow dismantlement of strategic forces—all of which must be mutually verifiable—are absolutely necessary. Because the alternatives are defenselessness or a relentless arms race, such talks should not be postponed any longer.●

SOCIAL SECURITY: THE TIME IS NOW

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ROYBAL. Mr. Speaker, I have received many letters from people in my district who are very worried about the ultimate fate of the social security system. Many of these people either are, or soon will be recipients of social security benefits, and have very personal concerns in this matter. I too am very worried about what is in store for social security, and how quickly the bipartisan review committee assigned to recommend proposals for the system will be able to act.

It is our duty, Mr. Speaker, to see that the matter of social security is taken up without any delay and that meaningful recommendations are made prior to our scheduled recess next summer. I realize that this issue is very complex, and that there are many proposals to be reviewed before final recommendations can be made. But there is no reason that an all-out effort cannot be made to develop a plan to provide for an adequate benefit level for all recipients, and insure the financial stability of our social security system.●

SOCIAL SECURITY SAVINGS BONDS

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SCHULZE. Mr. Speaker, the social security system is in very dangerous condition. It is on the verge of insolvency, and Congress must act now to avoid an economic and social catastrophe of cataclysmic proportions.

The Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund confirms in its 1981 Annual Report that it is extremely likely that one or more of the trust funds will be unable to meet its benefit obligations in 1983.

We are well aware that neither the savings provisions in the Omnibus Reconciliation Act, nor the effect of the tax reallocation in the Senate bill will insure solvency for the system. Even with both legislative initiatives, the trust fund balances are estimated to be insufficient to meet benefit payment requirements by mid-1984.

Mr. Speaker, today I am introducing a bill to create a new way for retired Americans to invest, and for these same retired Americans to participate in a patriotic effort to preserve the social security system. I am proposing a social security savings bond program and a campaign reminiscent of the War Bond and victory loan programs of World War II.

During calendar year 1982, there will be $139 billion in payments from the social security OASI Trust Fund. I believe that through the social security savings bond program, it is possible to defer $6.2 billion or more. This is a significant part of the projected deficit of $7.8 and $10 billion based on intermediate assumptions.

The social security savings bond program will take some of the pressure off of the OASI fund. The program is not intended to remedy the entire longrun shortfall in fund revenues. It is intended to provide a mechanism by which willing, patriotic, retired Americans can contribute to the continued viability of the social security system which provides the minimum living maintenance funds for many less fortunate Americans. Social security savings bonds will provide a mechanism to defer the current disbursement requirements of the fund, strictly at the option of the individual beneficiaries.

Electing beneficiaries would receive a social security savings bond in lieu of their monthly social security checks. The bond would earn interest, payable upon redemption, at 70 percent of the Treasury bill rate, just as do all-savers certificates.

The bonds could be redeemed at any time at the same institutions that are now qualified paying agents for other U.S. Government bonds. The liability for the payment of principal and interest would remain with the trust fund and would not become a liability of the General Fund.

The bonds will be free of all taxes: Federal, State and local income taxes, as well as estate and inheritance taxes.

The bonds will be inheritable and will continue to bear interest for a period of 6 months following the date of death of the electing beneficiary.

Skeptics have asked whether social security beneficiaries can afford to forego their monthly cash payment in favor of a social security savings bond. The answer is emphatically, yes, many can. Consider the following:

First, the New York Stock Exchange has reported that 4.5 million of the 30 million stockholders in the United States are 65 or older.

Second, the NYSE also reported that as of mid-1980, 393,000 Americans aged 65 or older made their first stock or mutual fund purchase during the 5 preceding years. This compares with the 3,842,000 "veteran" stockholders aged 65 and above.

Third, preliminary data from a 1979 study performed by social security shows that among persons aged 65 years or older, 14,668,000 had savings accounts; 4,861,000 owned certificates of deposit; 3,246,000 owned U.S. Savings Bonds; 593,000 received income from personal loans or mortgages. The study also found that there were approximately 4.3 million older Americans who owned dividend-bearing assets. The study disclosed that older Americans invest in a variety of illiquid assets as well as interest and dividend-bearing investments.

Fourth, a 1977 "Consumer Credit Survey" published by the Federal Reserve Bank found that families with a family head age 65 or over held significant assets in checking or savings accounts: approximately 16 percent held $2,000 or more in checking accounts; over 40 percent held $2,000 or more in a savings account; 16.9 percent of the families with family head age 65-74 owned certificates of deposit; 8.8 percent owned certificates with a value more than $10,000. In the 75 and over age group, 14.6 percent owned certificates; 7.9 percent owned certificates with a value more than $10,000.

Fifth, according to the IRS, 45 percent of all reported savings account interest is earned by people over 65, even though they represent only 11 percent of the population.

Sixth, a 1977 University of Michigan study determined that older Americans have a preference for bonds and savings accounts over investment in real estate and other investment modes. The rate of increase in preference for liquid investments increases as investors get older.

It is clear, then, that retired Americans hold investments when they retire. And it is clear that those older Americans who have a substantial income stream will continue to make investments after their retirement. Social security savings bonds will be an attractive investment option for both financial and patriotic reasons.

During World War II, the Government established the war bond program and gave it wide and forceful publicity. President Roosevelt gave his personal endorsement to the program by purchasing the first Series E bond issued. As is well known, the program was a success. The receipts from the bond program played an important role in funding the war effort.

I believe that the social security bond program will touch a responsive, patriotic chord in the hearts of many Americans and that this will add to the success of the program.

Another question arises as to the amount of net deferral that is possible under the program. Experience with the U.S. savings bond program indicates that substantial numbers of issued bonds remain unredeemed during the 5 years following sale. Data from 1980 published by the Department of the Treasury show that in the year following issue, 46.59 percent of the savings bonds remain outstanding. This percentage declines to 28.20 percent in the fifth year following issue.

This means that the deferral will be cumulative and, if the social security savings bond program has experience similar to the U.S. savings bond program, the aggregate deferral (assuming constant 1981 benefit and participation levels) would be as follows:

	Billion
1981	$6.20
1982	8.69
1983	14.18
1984	20.03
1985	26.01
1986	31.89

The aggregate deferral is the cumulative amount of bonds issued, reduced for redemptions and interest.

Besides the patriotic reasons for electing the bonds, participants would have economic inducements including tax-free treatment of earnings, and the ability to transmit the bonds as part of their estates. There would be no estate tax levied on the bonds, and the persons inheriting the bonds would continue to earn interest on them tax free for a period of 6 months following the death of the electing beneficiary.

These are the characteristics of social security savings bonds:

First, persons eligible to take bonds in lieu of a social security payment are limited to persons receiving payments from the Old-Age and Survivors Insurance Trust Fund. These persons are generally, but not exclusively, retired persons or their spouses.

Second, the face value of the bond will be equal to the amount of the cash payment forgone by the electing beneficiary.

Third, each bond may be redeemed at any time for its face value, plus accrued interest, at any Federal Reserve bank, any other financial institution which is a qualified paying agent, or from the Federal OASI Fund, itself.

Fourth, each bond shall accrue interest, compounded monthly, payable only at redemption. No interest shall be paid if the bond is redeemed during the first 6 months after issue.

Fifth, the rate of interest paid on each bond shall be fixed at the time of issuance so that the annual investment yield shall be equal to 70 percent of the average investment yield for the most recent auction (before the week in which the bond is issued) of U.S. Treasury bills with maturities of 52 weeks.

Sixth, each bond issued shall continue to accrue interest for a period of 6 months after the date of the electing individual's death.

Seventh, social security savings bonds shall not be transferable except at the death of the individual beneficiary.

Eighth, title to any bond which is not redeemed during the lifetime of the individual, together with any rights associated with such bond, including accrued interest, shall vest in persons surviving the owner of the bond either as specified in the decedent's last will and testament or, if none, pursuant to the laws of intestacy of the decedent's domicile.

Ninth, the right to receive a bond in lieu of a cash social security payment is elective, and the election is revocable.

Tenth, payments on the redemption of social security savings bonds, including both interest and principal, shall be made only from the OASI Trust Fund. The obligations will not be obligations of the general fund.

Eleventh, election by an individual to receive social security savings bonds in lieu of the payment of any benefit under title II of the Social Security Act shall not be considered a waiver of any right or remedy which would be attributable to such individual if the individual had accepted cash instead of the bond.

Twelfth, the social security savings bond program would be effective for benefits payable for periods beginning on or after January 1, 1982.

I solicit the support of my colleagues with respect to the social security savings bond program.●

DECISIONS MUST BE MADE

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. HUBBARD. Mr. Speaker, Mr. C. C. Barnett, president of the of Tube Turns Division of Chemetron Corp. in Louisville, Ky., has written me a very thoughtful and timely letter indicating that a strong legislative program is needed in order to solve the many problems facing the social security system. I feel Mr. Barnett's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR CONGRESSMAN HUBBARD: I have been watching with growing concern the activities in Washington surrounding the Social Security System. I believe that difficult and unpopular decisions must be made in the near future, otherwise our Social Secuity System will sink into a sea of debt and disappointed people.

I urge you to please consider the horrible problems which our country will face if a satisfactory legislative package is not produced soon. Obviously, any changes to the system which reduce benefits to anyone will be unpopular. Many of us in this country, however, are several years away from receiving Social Security benefits and are increasingly concerned about the cost we will have

to bear in the form of future Social Security contributions.

I feel strongly that some reductions in benefits must be made and made promptly. I wholeheartedly endorse providing benefits for those people in need of assistance. However, over the years our Social Security System has been built into such an indiscriminate dispenser of benefits that it must receive a thorough overhaul. There is certainly a middle ground between continuing this huge give away, and at the other extreme, drastically curtailing benefits for those genuinely in need of help.

I hope you and your colleagues will act promptly and courageously to begin a sensible and proper realignment of our Social Security System.

Sincerely,

C. C. BARNETT.●

SEPARATION OF SOCIAL SECURITY FROM THE BUDGET

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. GRADISON. Mr. Speaker, on October 19, I introduced H.R. 4773, a bill to separate the social security trust funds from the Federal budget, thereby making the system an off-budget item. While the separation of the trust funds can be justified without regard to the financial status of the social security system, separation is imperative now because politics and misconceptions have halted the crucial social security reform process. This bill would end fears that cuts in social security are being made to balance the budget, and would thus allow focus on the status of the system and the need for reform.

And indeed, the financial status of the system is not good.

Recent estimates by the Social Security Administration, which take into account the provisions of the Budget Reconciliation Act and the Senate version of H.R. 4331, show that the old age, survivors, and disability trust funds will be exhausted by August 1984 under worst case economic assumptions, and in January 1990 under intermediate II-B assumptions. Moreover, because of the reallocation of tax rates contained in the Senate bill, and new evidence that hospital costs are increasing faster than previously anticipated, the hospital insurance fund will be exhausted in 1983 under worst case assumptions, and in 1984 under intermediate II-B assumptions.

Of course, the economic assumptions are crucial for determining when the trust funds will be bankrupt. As Social Security Commissioner John Svahn noted on October 23, 1981:

It is critical to use unfavorable economic assumptions for decisionmaking affecting the trust funds. The so-called worst case economic assumptions used in the 1981 trustees report, are, on the whole, no worse than the actual performance of the economy during the last 5 years * * *. It is also critical to note that during the past decade, the economy has consistently performed at a considerably lower level than the intermediate II-B assumptions of the annual trustees report.

He also stated:

We believe that the so-called worst case assumptions used in the 1981 trustees report are the desirable basis for decisionmaking affecting the trust funds. The trust funds would be in far better condition today if worst case assumptions had been used in developing the 1977 Social Security Amendments.

Svahn concluded:

As to 1984 and 1985, it is extremely unlikely that there is sufficient funding available.

Yet, though the financial picture is bleak, comprehensive reform of the system is being delayed. The longer the delay, the greater will be the costs to the public. Further delay means there will be less time to phase in necessary benefit reductions, causing cuts to be more abrupt and making adjustment to them more difficult. Moreover, greater delay daily decreases the public's confidence in the social security system's survival, in specific, and in Government in general.

Separation could help end the delay. But what does separation entail? Making social security an off-budget item involves no change in the financing of the system or in the flow of benefit payments. It is purely an accounting change. Surpluses and deficits of the system would no longer be subject to the Budget and Impoundment Act of 1974 and the subsequent annual budget review process.

Does this mean that there would be no audits or review of the social security system? No, the Social Security Act independently provides for annual accounting and reporting by the trustees of the system and for the establishment of biennial commissions to recommend appropriate changes in the system.

Then why is the system included in the Federal budget? The central argument for inclusion is that the social security system is a large part of Government spending and thus should be considered in the examination of the receipts and expenditures of the Government.

But inclusion of social security in the unified budget is counterproductive, since it actually distorts our picture of the true Federal deficit. If the social security system runs a surplus, and if the system is included in the budget, then the overall deficit will appear smaller. Yet social security is financed through predetermined independent taxes; these fund the precontracted benefit payments. If a surplus exists in the social security trust funds, the surplus revenues cannot be used for any purpose but to pay future social insurance benefits.

Thus the true deficit, that is the deficit which the Government must finance through borrowing, is not reduced at all. Inclusion of the social security system in the budget therefore masks the extent to which the Government is financing program through inflation-producing deficits.

It is interesting at this point to note the history of the inclusion of the system in the unified budget. In the late 1960's, at the height of the Vietnam war, the Johnson administration placed several entitlement programs, the biggest of which was social security, in the unified budget. The official reasons given were that the programs are an important part of Government spending and thus should be included. But the inclusion of these programs also immediately decreased the large wartime deficit. It is widely believed that the social security system was only included to make the deficit appear smaller.

Besides creating the illusion of lower deficits, unification of the social security system with the overall budget also threatens the independence of the system. Inclusion of the system in the budget means that cuts in social security benefits may be considered as a means of making the deficit appear smaller, rather than to make the system financially sound. The threat of this type of benefit cut, besides creating skepticism that the system needs reforms, also weakens the contractual nature of the system.

H.R. 4773 would allow the sytem to regain full independence. By removing the system from the budget, it would make clear that any changes in benefits would be made only to rectify financial problems of the system. This clarification is important now because political issues surrounding the need for reform could be put to rest, and the reform process could begin again.

We must act now to save our social security system, before election politics make reform much more difficult. We must return our social security system to its independent status so that it is not affected by the yearly ebb and flow of Government budgeting. We must insure that the social insurance contract between the people and the Government is upheld. H.R. 4773 would take us an important step closer to all of these goals.●

NUCLEAR TENSION IN EUROPE IS REAL

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MILLER of California. Mr. Speaker, at the end of this month the United States and the Soviets will sit down to discuss the deployment of nuclear weapons in Europe. It is very

clear that these discussions must be thorough and serious.

Hopefully, those talks will lead to a reduction of nuclear arms in Europe by both the Soviets and NATO. If they do not, our NATO alliance will be imperiled and the likelihood of nuclear war will be increased. Mr. Speaker, Members of Congress should be aware that the concern among the leaders of the European nations is very real, but more importantly, the concern of the European people is very deep and widespread. The Reagan administration will do well to treat the discussions seriously and not as a means of buying time until the antinuclear marchers die down.

The enclosed articles from both the Wall Street Journal and the Economist indicate the talks must lead toward reducing the nuclear tension in Europe. The articles follow:

THE EUROPEANS WHO STAYED AT HOME ARE PRETTY SCARED TOO

Last weekend more than half a million people demonstrated, mainly in London, Rome and Brussels, against the deployment of nuclear weapons in western Europe. Three weeks ago, about a quarter of a million marched to make the same point in Bonn. This wave of protest is unlike anything Europe has seen since the demos against the Vietnam war in the 1960s; the number of demonstrators in some capitals last weekend exceeded the numbers who have taken to the streets for any cause in the last 30 years. Does this protest reflect only the views of a minority, or does it indicate a more decisive change in public opinion?

The latest opinion polls suggest that it reflects a remarkable change in European public opinion within the past 18 months. Increasing numbers of people in the five countries where Nato intends to site cruise and Pershing-2 missiles are now either opposed to the missiles or doubtful about the need for them. Although few people want their country to leave Nato or go neutral, only a small minority want to increase spending on defence.

A detailed study [1] in the latest edition of Public Opinion contains some worrying news for Nato's policymakers. Consider first the missiles which the alliance proposes to deploy in Britain, Italy, West Germany, Holland and Belgium.

A survey in April found that 50 percent of the British were opposed to the missiles and only 41 percent were for them (a sharp change from September, 1980, when 43 percent were against them, 49 percent for). In a Belgian poll taken this month, 66 percent were opposed, 19 percent favourable (a year ago the split was 42 percent to 26 percent). In Holland, a poll in April found a 68 percent to 28 percent majority against the missiles (compared with 53 percent to 39 percent last autumn). The Italians seem less anti-missile but there is little reliable poll evidence available.

In West Germany the evidence is confusing. An Allensbach survey in May found a 39 percent-29 percent plurality against the missiles. A more complicated question about Nato's talk-and-deploy decision found that 53 percent were in favour of that. Another question, which specifically mentioned that the Nato plan involved stationing missiles on German soil, found 33 percent against the plan and 37 percent in favour. Young Germans, however, are overwhelmingly anti-nuclear: a poll by the Emnid institute found that 70 percent of those under the age of 20 were opposed to the new missiles.

Britons remain more sympathetic to the United States than people in some other European countries, and even among young people two thirds think that Britian should stay in Nato rather than go neutral. But support for unilateral nuclear disarmament has clearly risen. A year ago, a poll carried out for New Society found that 61 percent of Britons, were against unilateral disarmament and only 21 percent were in favour. But a Mori poll last month found that the ratio had dropped to 57 percent-33 percent and that among young people opinion was evenly divided: 42 percent favoured unilateral disarmament and 48 percent were against—but those "strongly in favour" of it outnumbered those "strongly against" by 27 percent to 24 percent.

A Gallup poll in September found that the Labour party's pro-unilateral-disarmament policy was only marginally a vote-loser: 37 percent said the policy made them more likely to vote for Labour, 41 percent said it made them less likely to do so. Britain's Campaign for Nuclear Disarmament, which went into suspended animation after the 1963 nuclear test ban treaty, has gained a new lease of life. Membership has risen from 3,000 to 32,000 in 18 months.

In France, the only other European country which possesses its own nuclear weapons, support for unilateral disarmament is tiny. All the main political parties (including the Communists) are in favour of the force de frappe. Polls show huge majorities in favour of keeping France's independent nuclear deterrent. Yet, despite President Mitterrand's anti-Soviet policy, public opinion is more neutralist in France than in any other major west European country. There is little enthusiasm for rejoining Nato's military command, and a survey in 1980 found that, if there was a Russo-American war, 63 percent of Frenchmen would prefer to stay out of it: only 22 percent thought the country should side with the United States. A poll in March, 1981, found that 40 percent of Frenchmen preferred neutrality to membership of the western alliance.

However, French opinion may be moving closer to the alliance under Mr. Mitterrand's lead. Ministers of the new French government have strongly criticised the neutralist current elsewhere in Europe, which, as Mr. Pierre Mauroy said last week, "hides behind a pacifist approach". Last Sunday's demonstration in Paris was not aimed at the force de frappe but at more general disarmament: the protesters were in favour of banning the neutron bomb and diverting money from defence budgets to help third-world countries. Although many of the new Socialist members of parliament are opposed to nuclear power, hardly any of them oppose France's nuclear deterrent.

Attitudes in northern Europe are much more anti-nuclear. West Germans are increasingly reluctant to fight to defend their country, and they are not prepared to see nuclear weapons used for that purpose. A poll last spring found that only 15 percent of them favoured defending the country if this meant the use of nuclear weapons on its soil. Another poll, in May, found that 48 percent of West Germans were prepared to accept a communist government if this was the only way to avoid war (against 36 percent in 1955). Only 27 percent were ready to defend "democratic freedom" if this led to a nuclear war.

In Holland and Belgium, the anti-nuclear tide has already obliged the governments to postpone a decision to accept cruise missiles. And on Nato's northern flank there is a good deal of support in Norway and Denmark for the idea of creating a Nordic nuclear-free zone. These two countries have always refused to take nuclear weapons on their soil in peacetime, but the suggestion now is that they should rule out their use there in wartime, in advance.

WHY NOW?

The rapid recent growth of the anti-nuclear movement in Europe seems to have two main causes: (a) the need to take decisions about the cruise and Pershing-2 missiles (and about Trident in Britain), which has focused public attention on the nuclear issue; and (b) the Reagan administration's tough response to Soviet rearmament, which has, in many European eyes, made nuclear war seem more possible. President Reagan's widely misunderstood remark last week about the possibility of a limited nuclear war confined to Europe touched a sensitive nerve in European public opinion.

Most Europeans do not share the general assumptions of American public opinion. In March, for example, majorities in West Germany, Italy, Holland and Norway were not "concerned" that Russia might attack western Europe in the next five years. Opinion in France and Britain was evenly divided. Only a small minority (one in five in Britain, fewer in other countries) were "very" worried about a Russian attack. And an overwhelming majority of Europeans think that arms-control talks are a better way to improve their security than strengthening Nato's military forces.

The extent of support for arms control talks in Europe was emphasised by a survey in March which asked whether these talks should be ended if the Russians invaded Poland. Only about one in 10 in West Germany, Britain, Holland, France and Norway favoured stopping the talks in these circumstances. The word detente remains popular in Europe: 65 percent of Germans and 54 percent of Frenchmen think that the west has got as much from detente as the communist countries have. Only 34 percent of Americans take that view.

In West Germany, the recent march in Bonn was officially organised by two Protestant church associations. And on last Sunday's march in Brussels many priests, nuns and Christian trade unionists were in evidence. In general, the Protestant churches have been more enthusiastic for banning the bomb than the Catholic church. It is notable that the anti-nuclear movement is stronger in the Protestant north of Germany than in the mainly Catholic Bavarian south. Catholic France and Italy are less anti-nuclear.

This may, however, have more to do with Latin attitudes than with religion. Two thirds of those who took part in the huge march in Brussels last Sunday were Flemish (Dutch-speaking) rather than Walloon (French-speaking). Yet both Flanders and Wallonia are Catholic. In France and Italy, the irony is that the large Communist parties have reduced opposition to nuclear

[1] "Is Nato in trouble? A survey of European attitudes", by Kenneth Adler and Douglas Wertman, in Public Opinion, August-September, 1981, published by the American Enterprise Institute. Most of the polls cited in our article are drawn from this survey and were carried out by the United States International Communication Agency.

weapons. The Communists are sensitive about their links with Moscow and so on have refrained from being too critical of their own countries' defence effort. It is hard to predict how much bigger the anti-nuclear movement is going to grow in Europe. In West Germany another big demonstration is planned in Munich next April to coincide with the Social Democrats' congress. Meanwhile anti-nuclear militants are planning a campaign of civil disobedience. They hope to persuade workers in armaments factories to down tools and to ask everyone to refuse to complete income-tax declarations.

Worrying that the softening of European public opinion may now pose a real threat to western security, Lord Carrington delivered as well argued pro-nuclear speech in Luxembourg on Tuesday. About time too. New Society's poll, a year ago, found that 52 percent of Britons do not even know what Nato's initials stand for and that only 12 percent have any idea what a cruise missile is.

GOD AND THE BOMB

The revival of anti-nuclear sentiment in Europe stems in part from the success of traditional left-wing arguments (reinforced by Soviet propaganda, which has been intelligently diffused through the World Peace Council, which helped to co-ordinate some of last weekend's marching). But it also stems from new church thinking.

The country in which the church has played the most prominent role in the anti-nuclear campaign is Holland. The Interchurch Peace Council, which represents most of the country's churches, now has 400 local groups and 20,000 active members. In November, 1980, the synod of the Dutch Reformed church—the largest Protestant community, with 3m members—called on its congregations to "reject nuclear weapons as a means of mass destruction". The council, which also has the support of Pax Christi, the Catholic peace movement, has been particularly effective in influencing conservative opinion.

MOOD OF NATO: ALLIES SUPPORT REAGAN BUT WISH HE'D TAME ANTI-SOVIET RHETORIC—IT STIRS UP THEIR LEFTISTS; EUROPEANS APPRECIATE U.S. READINESS TO LISTEN

(This article was prepared by Wall Street Journal staff reporters Barry Newman in London, John M. Geddes in Bonn and Felix Kessler in Paris.)

"WE KNOW WHERE HE STANDS"

During the presidency of Jimmy Carter, America and its allies in Europe didn't get on famously. Mr. Carter expected a reaction from Europe that matched his own sense of urgency about the goings on in Afghanistan and Iran. He didn't get it. Europeans wanted a foreign policy from Mr. Carter that was evenhanded and predictable. They didn't get that.

When Ronald Reagan took on the presidency he promised a change in the tenor of transatlantic relations. He backed the promise with the appointment as Secretary of State of Alexander Haig, someone Allied leaders knew and liked.

"The beginning of our wisdom," Mr. Haig said last May, "is to establish the consensus and confidence with our Allies that has been missing in recent years. Clearly our Allies welcome a more robust American leadership, informed by a more sensitive appreciation of their problems."

Then came the new administration's decision to proceed with development of the Enhanced Radiation Warhead, better known as the neutron bomb. Strictly speaking, it was a decision that didn't involve the Allies, and it was made without consulting them. But, in the words of Joseph Luns, secretary general of the North Atlantic Treaty Organization, it "was not an example of tact in the conduct of international relations."

RAW NERVE

And then, on Oct. 16, came President Reagan's remark that a limited nuclear war could possibly be fought in Europe "without bringing either one of the major powers to pushing the button." Strictly speaking, Mr. Reagan was merely restating a recognized NATO position. But the prospect of nuclear war confined to Europe happens to be the most sensitive nerve of Europe's disarmament movement—which just happened to be planning demonstrations in observation of United Nations Disarmament Week.

The result was an outpouring of perhaps 600,000 people in London, Paris, Brussels and Rome, bolstered by fresh evidence of America's failure to see their point of view. The demonstrations took on an unmistakable tone of anti-Americanism. Once more, it seems, the alliance is having its troubles.

European governments could hardly be said to agree entirely with the protesters. On the contrary, they generally see a positive portent in the administration's willingness to sit down with the Soviet Union on Nov. 30 to talk about NATO's plan for arming Europe with medium-range nuclear weapons. What bothers them immediately is Washington's apparent insensitivity to the rigors of coping with a popular movement that is rapidly gathering political steam.

PEOPLE PROBLEMS

"Ultimately, problems may not stem from differences over foreign policy, but from a negative impact of U.S. rhetoric," says Dominique Moisi of the independent French Institute of Foreign Affairs. In West Germany, where 250,000 demonstrators marched for disarmament last month, a foreign-policy official says: "We have our own public opinion to worry about. We aren't at all happy about anything that makes our job more difficult.

On another level, though, Europe's touchy response to American missteps may say something broader about the state of the Atlantic alliance. Europe began shedding its psychological dependence on the United States with the oil price increases that began in 1973. It gained far more in business and commerce than the U.S. ever did from detente with the Soviet Union. Europe's reading of Russian intentions has become so benign, some commentators are saying, that even an invasion of Poland wouldn't upset it.

"There would be an initial closing of ranks" after an invasion, a British foreign-policy expert predicts, "and then quite a lot of tension between the U.S. and Germany—and maybe Britain and France, too—over the extent of economic sanctions."

TWO U.S. "ERRORS"

Ronald Reagan's view of Soviet inclinations couldn't be further from those shared by America's European Allies, with the notable exception, as it happens, of socialist France. An analyst in London, with many others, finds two "vulgar errors" in Mr. Reagan's world view: a notion that military superiority is desirable, and a habit of casting every crisis in terms of an East-West struggle.

"We feel one should first look at conflicts or crises on their own merits and not see them as primarily an East-West problem," says a top foreign-policy aide in Germany. Adds Jan Nico Scholten, a Dutch Christian Democratic parliamentarian: "The Americans see a Communist force behind every demonstration, and it simply isn't there."

Europe's current economic discomfort is another pebble in NATO's boot. Already skeptical of the Russian threat, the Allies are being asked by Washington to increase defense spending at a time when money is hard to come by. Yet, to many Europeans, Mr. Reagan seems unwilling to ease off on some of his economic doctrines for the sake of Europe's recovery.

Of all the Allies in Europe, Margaret Thatcher's Britain is best attuned to the principles of Reagan economics. But even in Britain, the backwash of America's high interest rates is diluting a strong relationship.

At the International Monetary Fund meeting in Washington in September, British Chancellor of the Exchequer Geoffrey Howe said Mr. Reagan's anti-inflation efforts "cannot succeed simply through high interest rates." It was the first time in memory that a British chancellor felt moved to complain in public about an internal American policy.

For all this chafing, nobody predicts that the alliance is about to come undone. Whether or not they subscribe to his ideology, European officials generally find Ronald Reagan an improvement over Jimmy Carter. Neither man was likely to reverse the widening of intercontinental divisions, but despite his admittedly distressing gaffers, Mr. Reagan appears more interested in building bridges.

At least the Allies understand what Mr. Reagan is driving at. "What Europe reproached Carter with, above all else, was muddle," says an analyst in London. Today, the fog seems to have lifted.

"Our two Presidents understand each other extremely well," says Pierre Beregovoy, President Francois Mitterrand's chief of staff at the Elysee Palace. Says a senior aide to Germany's Chancellor Helmut Schmidt: "We are sure now that we know the main principles of the Reagan policies." And Stefano Folli, spokesman for Italian Prime Minister Giovanni Spadolini, says Mr. Reagan "has been able to reestablish in these nine months the image of a strong Western leadership."

The allies are unreservedly grateful for Mr. Reagan's commitment to tell them what he thinks and to ask their advice. "This isn't only a new policy," says a Foreign Office official in London, "it is working in practice." A case in point, oddly enough, is the issue causing the current uproar: the debate over positioning medium-range missiles in Europe.

LISTENING WELL

Obvious lapses aside, the administration impressed European diplomats early on by agreeing to negotiate seriously for the removal of the Soviet Union's medium-range missiles already in place. "They not only heard our statements," says Chancellor Schmidt's aide, "but understood them as well, and they're entering negotiations because of this, not out of any immediate desire on their part."

Without abandoning its perspective, alliance diplomats say, the Reagan administration has made room for the European view on other fronts as well. Earlier this year, for instance, Lawrence S. Eagleburger, the American Under Secretary of State for European affairs, toured Europe's capitals arguing that El Salvador's turmoil had a

Moscow connection. He was persuasive enough, European diplomats say. But they add that their own arguments, in turn, persuaded the administration to begin noting the need for El Salvador's junta to pay some heed to human rights.

The administration came into office "breathing fire," as one European puts it, about an East-West face-off over Namibia, the territory occupied by South Africa. The U.S. wanted Cuban troops in neighboring Angola withdrawn before a Namibian settlement was reacted. Europeans, especially the British, argued that an end to white domination of blacks in Namibia would probably lead to the Cubans' withdrawal anyway.

America listened, European diplomats say with satisfaction. The administration still wants the Cubans out as part of a Namibian settlement, but not as a precondition. Talks have been revived; the prognosis is good.

SOME DISAGREEMENTS

Still, there are sticking points. In defense of free enterprise, the U.S. has come close to scuttling long-running talks to write a law governing the sea; that has disappointed Europeans, including Mrs. Thatcher's negotiators. In Mexico two weeks ago, neither Britain nor France was able to alter significantly President Reagan's distaste for a World Bank energy fund, or for the discussion of North-South issues in a new forum in which the Third World would have a bigger voice.

And nine months in the White House haven't changed Mr. Reagan's perception of the Middle East as an East-West tinderbox, or brought him much closer to Europe's conviction that the Palestine Liberation Organization must have a role in any Middle-East peace.

The differences do make for bad blood. Europeans sometimes complain that the Reagan administration suffers from a "with-us-or-against-us" complex. "There's a tendency in Europe," one specialist says, "to write off Americans as dangerous and beyond redemption."

But most European policy makers would prefer to agree to disagree whereever possible, and to keep the alliance alive. Europe, after all, has much to offer America: bases, trade, troops, a willingness not to rock the boat in the Middle East. And America still has the power to make life or death decisions for Europe. These things are self-evident to the current leaders of most of America's European Allies. The problem is convincing their voters.●

LT. M'BAREK TOUIL

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LUJAN. Mr. Speaker, at the request of Amnesty International Group 101 in Albuquerque, N. Mex., I would like to take this opportunity to present their concerns over a Moroccan prisoner, Lt. M'Barek Touil, married to a U.S. citizen.

Lieutenant Touil was given a 20-year sentence in 1972 for allegedly taking part in a coup against the King. The group has not taken issue with the sentence but has been appealing the conditions of his imprisonment and the fact that he has not seen his wife, Nancy Gatewood, an American citizen from Sargeant Bluff, Iowa, nor his son, an infant since he was arrested, nor been allowed any visitors or correspondence at all since his imprisonment.

The group has been informed that he and the officers with whom he was arrested have been held since 1973 in a secret military facility in the interior in solitary confinement.

I wanted to bring to my colleagues' attention the concerns of Amnesty International with the violations of minimum standards of imprisonment entailed in this case. I believe that this is something everyone should think about while deliberating human rights issues.●

THE DELUSIONS OF NATURAL GAS PRICE CONTROL ADVOCATES

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. DANNEMEYER. Mr. Speaker, Congress may soon be considering whether to amend the Natural Gas Policy Act of 1978 (NGPA) to remove or reduce Federal controls on natural gas wellhead prices. One of the key questions we will confront surrounds the artificial distinction in the act between old and new natural gas. The NGPA defines old gas as that produced from wells existing prior to April of 1977. Under NGPA, controls will remain on old gas indefinitely. The price ceilings on new gas are allowed to increase according to a complex formula for each of the 20-plus categories of gas under NGPA. While price controls on most new gas categories are scheduled for removal on January 1, 1985, the remaining controls on old gas will mean that about half of the gas produced in 1985 will still be under price controls.

There are those who argue that only new gas should be decontrolled. Controls should remain on old gas because those fields were developed under the economics of the day. The investment has already been made, so the argument goes, and removing controls on these wells would result in a windfall to the producers. Aside from the possibility of enhanced recovery efforts if old gas were also decontrolled, there are a number of other economic reasons for removing controls from old as well as new gas. The case for old gas decontrol has been put together quite well by John Semmens, an economist with the Transportation Planning Division of the Arizona Department of Transportation in an article in the November 7, 1981 issue of Human Events. I hope my colleagues will review Mr. Semmens comments as the debate on natural gas pricing policy continues in the weeks ahead.

I am inserting the article at this point in the RECORD:

[From Human Events, Nov. 7, 1981]

PIPE DREAM OF DISASTER: THE DELUSIONS OF NATURAL GAS PRICE CONTROL ADVOCATES

(By John Semmens)

In an effort to overturn the phaseout deregulation of natural gas prices, the Citizen-Labor Energy Coalition has sponsored a study—Pipeline to Disaster: The Impact of Natural Gas Decontrol on American Jobs—which purports to demonstrate that deregulation will cost the U.S. economy $86 billion and 3.4 million jobs by 1985.

The study, naturally, is based upon the classically specious assumptions which drive most econometric models used to forecast economic trends. Historical correlations between various sets of numbers are cranked into so-called input/output computer models in order to predict a disastrous consequence from allowing the market rather than the government to price and allocate a scarce resource.

A clue to the underlying inanity of this study is revealed in the appendix. The authors of the report—Employment Research Associates—concede that some of the increased income to the gas suppliers would be paid to the government in the form of taxes and "this would, of course, create some jobs." Of course, this is completely backwards.

Resources consumed by government subtract from the capital base which is necessary to support job creation. High levels of capital creation are necessary to support high levels of productive employment. The capital-poor nations with large government consumption ratios are the places where unemployment reaches upwards of 40 and 50 percent of the labor force.

Resources left in the private sector can compound industrial growth. This creates ever larger pools of capital to sustain more employment at better wages over larger periods. Government taxes, far from creating jobs, devour the very substance of the economy which is needed to provide robust employment opportunities.

That the Employment Research Associates would stand the fundamental issue of the capital and employment relationship on its head tells much about the caliber of thought that must have gone into their study of natural gas price controls.

The methodology of input/output analysis is devoid of cause-and-effect relationships between its sterilized "variables." The base case is a static equilibrium in which certain historical ratios of employment in various business sectors are tracked against investment outlays of differing sorts. Statistically, these ratios have a high degree of reliability. What is seldom acknowledged, though, in the course of touting the statistical reliability is the inherent assumption of randomness in developing the reliability estimates. Such an approach completely skirts the issue of conscious choice on the part of economic decision-makers.

Human beings tend to be utility maximizers in their decision-making. That is, they tend to choose those courses of action that they perceive as most advantageous to themselves and their objectives. Valid economic forecasting must consider this element of choice and examine the incentives embodied in any government-mandated rules or rule changes in order to predict out-

comes of different policy options. The Pipeline to Disaster study does not do this. Consequently, their forecast of disaster is invalid.

There is a very practical reason why static models have to be used in these types of analyses—mathematics is a deterministic science. Addition, subtraction, multiplication and division would be impossible if volition based upon subjective values and perceptions were introduced into the calculations. The sensible economist knows that quantitative estimates of future events are subject to wide error ranges. This is even more the case when major changes in policies affecting the economic environment are contemplated.

A case in point was demonstrated in the decontrol of gasoline prices. Static equilibrium models forecasted sharp price increases as a result of this move. In contrast, classical economic analyses in which the volitional aspects of human action were contemplated forecasted a stabilization of prices. Events since decontrol of gasoline prices seem to reinforce the importance of volition.

Lack of proper consideration of the volitional responses to a major economic event like natural gas decontrol leads the Employment Research Associates into a quagmire of economic errors. The most critical error is the confusion of price and cost. Holding natural gas prices below market levels does nothing to reduce the cost of producing or using this resource. In fact, suppression of the allocating function of the market price system results in signifcant hidden social costs.

Because prices are held below the market level, supply and demand will be out of balance. More of the scarce resources will be demanded than can be economically supplied. This imbalance has to be resolved by denying the resource to some potential users. Since the decision on who will and who won't receive the resource is not based on a market pricing system, misallocation of the resource will occur.

The uses to which the resource will be put will be less productive than if the price system had been used to determine who would obtain natural gas. This effect will occur regardless of whether government decrees require all current needs to be met. In such a case, future uses of the resource would be sacrificed to immediate political expediency. As it is, government allocation plans for tight supply situations call for distribution of natural gas based on sales for the year 1972. Consumption patterns of 10 years ago can hardly serve as a rational means of channeling resources to their most urgent uses.

The effect of natural gas price control is to divert resources from their most productive uses to some other pattern of consumption. The hidden costs are incurred in the form of accelerated resource depletion, lost production from unfilled demand, and forced resort to less desirable forms of energy. These costs are not even mentioned in the Pipeline to Disaster report.

The best that can be said for the Pipeline to Disaster study is that it is superficial and, ultimately, meaningless. What other conclusion could one reach when its authors make no distinction between productive and nonproductive uses of time and money? Contrary to the claims of the Citizen-Labor Energy Coalition, it is not decontrol of natural gas prices which will lead to disaster, but the very existence of continued regulation and the uncertainties fostered by regulation that will inexorably exact a high price in lost production, high unemployment, and financial chaos.

Decontrol of natural gas prices will most likely lead to increased profits for energy producers. While this may be an anathema to the Citizen-Labor people, it is a very necessary development if the economic welfare of society is to be pursued. High profits are the social signals which direct entrepreneurs and investors to channel capital toward uses which serve our most urgent needs.

Resentment against the good judgment or good fortune of those who enjoy large profits may be a natural human emotion, but it would be a devastating mistake to allow resentment to misshape public policy. There are some very cogent reasons why public policy should not interfere with the high profits to be earned from natural gas price decontrol.

First, the most obvious source of investment funds for new facilities are monies earned on old facilities. This source is depleted, however, when the pricing mechanisms allow recovery of only historical costs or if profits from decontrol are taxed away. New facilities with similar capacity are several times more expensive than historical cost. So, even if price controls allow all the old capital to be recovered, the earnings will be insufficient to replace the worn-out facilities or depleted reserves.

Second, the denial of holding gains to possessors of scarce resources on the grounds that such gains are socially unjust "windfall profits" reduces the incentive for the conservation and nurturing of such resources. A policy of "windfall" taxation will result in monies being diverted to other ventures, such as antiques or rare stamps, where holding gains are not restricted. The potential for speculative holding gains is an important attractor of investment capital. In the absence of government penalties, the more urgent of society's needs will be the most promising area for such speculation. Setting aside those areas as "to vital" to be subjected to such motives effectively denies them access to large pools of capital.

Third, investors are not oblivious to past history. The exemption of "new" investments from the same controls imposed on "old" investments is not as effective as the absence of all controls would be. Inevitably, today's "new" will become tomorrow's "old" in the context of government policy. The mere existence of such a phrase as "old new," as applied to certain supplies of natural gas for the purposes of setting lower prices, cannot fail to be noted by investors. To presume that knowledge of this practice will not affect investment decisions is an attitude devoid of any sensibility.

Fourth, the favorite compromise of a tiered system of pricing is inefficient. It pushes investment toward the more remote and exotic sources of supply that do not yet come under price ceilings. This entails heavy commitment of capital to expensive recovery procedures, as well as massive new transportation systems. Tying up capital in such systems draws funds from capital markets—denying resources to other uses and raising interest rates for all consumers of capital. This leads to increased prices, decreased supplies of goods and services, unemployment and reduced standards of living.

The net effect, then, of price controls is to hold down returns-on-investment in natural gas facilities. At the same time, of course, the quantities of gas demanded have been stimulated by prices held below levels that would clear the market. An imbalance between supply and demand is the unavoidable outcome of this policy. The longer such measures persist, the worse the imbalances will become, the greater will be the depletion of reserves, and the more serious the consequences. The longer controls are imposed and the greater their deviation from the unregulated market prices, the more cataclysmic will be the eventual adjustment to economic realities.

The economic laws of the market are the manifestations of human material motivations. Like them or not, we ignore them only at great cost in material well being. Supply and demand are balanced by the aggregate of individual decisions to buy or sell. In this fashion, scarce resources are channeled toward what this aggregate "wisdom" determines are the most urgent needs of society.

From any individual's own personal point of view, the market may seem unjust since it most likely rewards him less munificently than he would like or would order if he had control over the system. However, one must keep in perspective the fact that in an unrestrained free market, the economic power enjoyed by wealth is merely the result of the actions and decisions of millions of freely acting consumers.

It is unlikely that any single authority can attain anything close to the perfect knowledge of future contingencies that would be necessary for a centrally planned allocation of resources to work. The market, in producing a solution resulting from the sum total of a continuous stream of discrete actions, would then appear to be the most satisfactory option available.

So the public interest will be best served, not by extending natural gas price controls beyond the 1985 expiration date, as the Citizen-Labor Energy Coalition recommends, but rather, by expediting, in any way possible, the removal of all price controls and earnings penalties on producers of the energy society demands.●

SKELTON PROPOSES GEORGE WASHINGTON STAMP

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SKELTON. Mr. Speaker, I am today introducing a bill directing the Postal Service to issue a stamp which would commemorate the 250th birthday anniversary of our first President, George Washington. Over 200 years ago, Washington was serving our country as a heroic military man, a great leader, and a loyal citizen. He was a pioneer, leading a life of dedication to achieve freedom for the people of this country.

George Washington began his loyal service as Commander in Chief of the Continental Army in the American Revolution. He then presided over the Constitutional Convention in 1787 and became a major influence in the formation of our democratic Government. The people elected Washington as the first President of the United

States, where he served two terms of office. George Washington's leadership as the President of our infant Nation should remind all citizens of their obligation to make their own contribution to our democratic system of government.

Fifty years ago, this Congress established a commission to celebrate Washington's 200th birthday, as was pointed out to me by a constituent, Comdr. Ed Ellis, USN (retired), but in today's tight budgetary constraints it would be best to limit our commemoration to a proper stamp in his honor.

The anniversary of George Washington's birthday will be on February 22, 1982. It is with great admiration for the courage and devotion of this great man that I urge my colleagues to cosponsor this legislation.●

MARYLAND CONGRESS OF PARENTS AND TEACHERS TO HOLD 66TH CONVENTION

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LONG of Maryland. Mr. Speaker, on November 12 and 13 the Maryland Congress of Parents and Teachers will hold its 66th annual convention at the Hunt Valley Inn in my district with the purpose of demonstrating continued support for Maryland's public school system and of discussing its policies and objectives.

The theme of the Maryland PTA is "Education—A Shared Responsibility." As a father and former educator, I know that nothing is more important than the education of our children. Their lives are shaped by the education provided in their formative years; and tax dollars spent to improve the quality of education are the best investment we can make in our Nation's future.

Since 1977 there has been a steady improvement in Maryland students' reading skills, at the same time that national scores have gone down. Marylanders have distinguished themselves in international academic competition. Miss Kotilla Ravel, who resides in my district, received a gold medal for her proficiency in Russian language and history in competition recently held in Moscow. Mr. Brian Hunt of Montgomery County received a perfect score in an international math competition. High standards of achievement are the result not only of the efforts of our State's dedicated teachers and administrators, but also of the encouragement and guidance given to children by parents.

Over a century and a half ago Alexis DeTocqueville wrote that our Nation's free and universal education system was one of our finest attributes. Throughout our history, parents, teachers, administrators, and public servants have been working to broaden this great stairway of opportunity. As the Maryland Congress of Parents and Teachers carries on this effort, I look forward to receiving the convention's thoughtful recommendations to share with my colleagues.●

REAGAN ECONOMIC PLAN PUT IN CURRENT PERSPECTIVE

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. DOWNEY. Mr. Speaker, on October 26, Ways and Means Committee Chairman DAN ROSTENKOWSKI delivered a speech putting the Reagan economic plan in current perspective. For we who were skeptical from the beginning but are searching now for the best road, I think the chairman's comments are well worth reading.

The remarks follow:

REMARKS OF HON. DAN ROSTENKOWSKI BEFORE THE FEDERAL SAVINGS AND LOAN COUNCIL OF ILLINOIS

After months of moving back and forth across the battlefields of budget and tax cuts, we have all begun to take the full measure of the Reagan economic program.

The President's early victories were as impressive as they were profound. They carry enormous potential—and enormous risk.

From the very beginning, many of us in Congress echoed public and private doubts from Wall Street and the corporate world that the Administration's economic assumptions were far too optimistic—that an automatic, three-year tax cut was too bold a commitment. But the pursuit of political victory often overcomes a sense of economic reality. In the end, a Democratic compromise containing a more cautious tax cut was rejected by the President, and an eleventh hour White House package won the day.

As corporate boards cheered the President's political victories, "Hard money" movers on Wall Street began to reflect the enormity—and the peril—of those victories: $750 billion in tax cuts, $1.6 trillion in defense spending and $200 billion in spending cuts over the next five years.

Suddenly the rhetoric of supply-side theory has come face to face with the statistics of reality. It is precisely this gap between $200 billion of spending cuts and $750 billion of tax cuts that concerns Wall Street and brings into public focus the inconsistency of the Administrations's economic design. The White House is once again confronted with the axiom that investment confidence follows performance, not promise.

Once again, the lesson is blunt: there are no easy fixes—no magic formulas—to our economic dilemma. Economic uncertainty continues to be a way of life in America. The difference this time is that the stakes are higher, and the potential for crisis greater.

Contrary to the supply-side promise of quick economic turnaround, we are wading back into a recession with little hope that recovery will begin before mid-1982.

The collision of a tight money policy and an overly stimulative fiscal policy has driven interest rates to crisis levels.

For this administration, interest rates carry enormous political danger. For the rest of us, they carry frustration and doubt.

Unlike inflation rates or GNP growth, interest rates are tangible. They are direct and personal. They have crippled the auto and housing industries—for whom the current economic condition is more than a "technical" recession. High interest rates are now rippling through all sectors of the economy—affecting everyone from a young couple trying to purchase their first home to a small businessman trying to expand his business.

Despite Administration appeals for massive capital investment to match the promise of historic tax cuts, the private sector still lives by old teachings. It still only believes what it can see. It still bites coins to test their strength. And it still scowls at sudden contraditions in economic policy.

Business and financial managers no longer accept the limp excuse that past presidents are to blame for today's troubles. Only the most fearless are willing to wager on the consistency—and candor—of this Administration.

After watching President Carter suffer the charges of "inconsistent economic policies", veteran observers have begun to point the same finger at President Reagan and his advisors. And not without reason.

Less than two months after signing his historic tax cut into law, the President announced that the Administration will seek $3 billion in revenue "enhancement" measures. In plain English, they want to raise $3 billion in revenue for 1982—$22 billion over the next three years. Over night, the supply-side testament according to St. Laffer has been rewritten. Now the sin of taxation is OK—if only in small doses.

David Stockman, the high priest of budget balancing, asks us not to pay strict attention to next year's $43 billion deficit target. Instead, he wants us to keep our eye on what he calls the "trend line" of federal deficits. That's not a case of inconsistency; that's a case of cynicism.

After months of waving the big stick of tight monetary policy—the most credible indication to business that the Administration is really prepared to "tough it out"—we now hear Donald Regan appealing for an easing of the money supply. Add to that official calls for a return to the gold standard.

After actively resisting the creation of All-Savers certificates, the Administration jumped on the band wagon at the last minute. And once your industry got the go-ahead to offer tax-free certificates, the Treasury called for higher passbook interest—a position since reversed.

But for all the contradictions in economic direction, the 1981 Economic Recovery Tax Act is a reality—and with it, the All-Savers certificate. Just as we wonder how we can ever balance the budget chasing after three-quarters of a trillion dollars in tax cuts, there is a serious question over the ultimate fate of All-Savers.

The All-Savers tax certificate was enacted as a stop-gap measure—a one-shot, almost desperate attempt to stem the flood of savings into high interest money market funds. The Ways and Means Committee was bombarded by rumors of imminent failures among savings and loan associations—some of them real. In the end we approved All-Savers, despite deep doubts about its curative powers.

Much of our skepticism remains. We still have no proof that All-Savers is having much effect on aggregate savings. We may well have only encouraged the shift of deposits from one account to another—from one financial institution to another.

The measure is not uniquely helpful to the savings and loan industry. Equity dictated that we include commercial banks and credit unions as well.

Most of the benefit of All-Savers is flowing to upper-income taxpayers who know how to maneuver their money to achieve the highest yield. These are the same people who benefit the most in other areas of the Administration's tax cut program.

In addition, linkage of All-Savers deposits to loans for the housing industry appears to be ineffective.

Perhaps the only real benefit to the savings and loans from the All-Savers certificate is the margin of arbitrage. As investment managers, you know that this is the shortest of short-term strategies, and no real solution to the fundamental long-term growth problems facing the unsettled savings community.

Until we determine the fate of the All-Savers certificate, you will remain the prisoners of short-term investment. And that is not in the best long-range interest of your industry or the nation's economy. I realize the legislative clock is running. If we are to encourage responsible long-term savings deposits, Congress must soon begin to sort out the options.

Without question, one of the strongest factors in the debate will be the enormous drain on Treasury revenues promised by any extension of the All-Savers certificate. In a sudden reversal of tax philosophy, the Administration now is seeking to increase revenues—which hardly suggests their support for a multi-billion dollar extension.

I haven't come today with the answer to the All-Savers dilemma. That will only come after long discussions with—among others—Chairman St Germain of the Banking Committee. But I think we all agree that our ultimate decision must provide significant incentives to encourage long-term savings in this country. That was the principal goal of the tax bill. That remains my personal commitment and the over-riding objective of the Ways and Means Committee.

The critical need for capital formation must be met—and more specifically, we must build sufficient long-term savings to relieve the enormous pressure on the capital markets.

If we simply let the deadline pass with no alternative savings plan, we only throw open the flood gates—with no control as to where the maturing All-Savers deposits will flow. That would leave you in 1983 precisely where you were earlier this year.

If we do not choose to extend the present tax exemption, then we must at least construct a bridge to more productive investments offered by financial institutions.

One option that will be debated would permit All-Savers deposits to be rolled over into Individual Retirement Accounts (IRAs) which have long been a stable reserve of savings. I first proposed the expansion of IRAs earlier this year for this very reason—to increase the long-range, dependable reserves available to savings and loans and other troubled lending institutions.

I ask this vital industry to begin examining constructive alternatives to the All-Savers certificate, recognizing the budgetary constraints under which we will be operating next year. Congress will be sensitive to the problem of disintermediation facing the savings and loan industry if maturing All-Savers deposits are not retained in those financial institutions which have issued such certificates. However, I and others in Congress will be looking to this industry for less costly, longer range policy recommendations.

In the end, it is you who carry the greatest obligation to see good savings policy made in Washington. In the end, it is you who must sort out the best alternative and then sit down and reason with those of us in Congress. Only then can we find a responsible answer to guide short-term All-Savers deposits into long-term investments that contribute to a more stable and healthy economic climate.

Mainstream Democrats, like me, are groping for responses like this to the Reagan economy that are neither bombastic nor cynical. We want his plan to work as much as he does. It does no one good if he fails. Most Democrats are willing to give his initial budget and tax cuts a chance to work. I think most Democrats are willing to give President Reagan a fairer shake than the Republicans gave his predecessor.

For the moment, we will stand in loyal opposition—supporting the President when we can, confronting him when we must. What was done last summer is done. The cuts are in effect. Any proposals for change or rollback must come from Republicans.

So far, Congressional Republicans are reluctant to lead another assault on social programs. So far, few seem eager to re-open the tax code. Little doubt remains that the next round of Reagan economics will be given a much tougher trial on Capitol Hill.●

NRC COMMISSIONERS WARN AGAINST FAST-TRACK NUCLEAR LICENSES

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MARKEY. Mr. Speaker, tomorrow the House will consider amendments to the Nuclear Regulatory Commission authorization bill for fiscal years 1981 and 1982. When the final version of the bill is approved, its provisions will, to a very significant extent, determine the tenor of the NRC's regulatory oversight of the commercial nuclear industry.

Together with our colleague from Connecticut (Mr. MOFFETT), I intend to offer an amendment to the bill, to strike the section which grants the NRC the authority to grant operating licenses for up to 100 percent of power to nuclear reactors before important public hearings on these issues have been completed or even begun.

We take this step because we take seriously the lessons of Three Mile Island. In the words of the NRC's own post-TMI study of what led to the Nation's most serious nuclear accident in 1979, "Insofar as the licensing process is supposed to provide a publicly accessible forum for the resolution of all safety issues relevant to the construction and operation of a nuclear plant, it is a sham." By curtailing the public hearing process through rendering its safety deliberations meaningless, the temporary operating license provision in this bill turns its back on the lessons of Three Mile Island.

I do not make this charge lightly. Several members of the Nuclear Regulatory Commission and a number of its top officials share my reservations.

NRC Commissioner Victor Gilinsky has said:

> The interim full power license proposal would undermine the hearing process * * * I think it is a terrible mistake for the nuclear industry to put too much pressure on this agency to grant licenses quickly.

NRC Commissioner Peter Bradford has warned:

> Authorizing full power operation pending final resolution of safety matters would make the NRC's licensing proceedings appear a sham.

These warnings have been echoed by the chairman of the NRC Atomic Safety and Licensing Appeals Board Panel, Alan Rosenthal, 9-year veteran NRC regulatory official. In June, Rosenthal told the President's Nuclear Safety Oversight Committee:

> I strongly oppose the issuance of full-power licenses while the adjudicatory hearings are still under way. It would be entirely destructive of any public confidence in the integrity of the process. The suspicion would be abroad, and I think correctly so, that the adjudicatory process would be a sham.

It is true that this bill sets an initial low-power (5-percent of full-power) limit on the temporary operating license. But let us understand clearly that for the 2 years' duration of this authorization bill, the NRC will be free to grant at the second stage of the interim license proceedings permission to operate the reactor at full power before the conduct or conclusion of public hearings.

The nuclear industry wants to railroad this rewriting of the Atomic Energy Act through Congress in a cloud of misleading allegations about nuclear plant licensing delays. This propaganda campaign has been discredited by a major report of the House Government Operations Committee, following hearings chaired by the gentleman from Connecticut (Mr. MOFFETT). I urge my colleagues to carefully review this report (No. 97-277) titled "Licensing Speedup, Safety Delay: NRC Oversight." This report is a comprehensive indictment of the theme of the nuclear industry lobby: that meaningful public participation and thorough NRC licensing board scrutiny are expendable luxuries unrelated to safety. Nothing could be further from the truth.

In this regard, I urge my colleagues to consider the views of NRC Commissioner Bradford, presented on March 31, 1981, before the Senate Subcommittee on Nuclear Regulation. In his

remarks are found an eloquent defense of the importance of public hearings as an integral part of the nuclear regulatory process. Commissioner Bradford's remarks follow:

I want, however, to speak a moment on the importance of the hearing process itself, to respond briefly to the question of just why we undertake these time-consuming inquiries that are sometimes imprecise and often expensive. If we are to tamper with them without doing violence to their purpose and their benefits—real and potential—we must remind ourselves just what the purposes and the benefits are. To do so comprehensively would be a major undertaking, but I want at least to attempt a sketch this morning.

The fact is that nuclear power is a uniquely favored industry in terms of its relationship to local fears and concerns. All of the operating plants and all of the plants whose "delays" we are concerned about were exempted by the preemptive sections of the Atomic Energy Act from any sort of state or local regulation of a radiation hazard that could force the plant's neighbors to evacuate their homes or that could—in the most unlikely case—render those homes uninhabitable for decades. In terms of basic American traditions of state and local government, this was a breathtakingly radical step—one that could probably only have been taken in an era in which public faith in the benign omniscience of the federal government ran much higher than it does today.

Furthermore, as if preemption weren't enough, the two-step licensing process postponed the hearing of many serious safety questions until the operating license hearings—after the plant was already built and an immense financial and social commitment made to its operation. While even the more enlightened representatives of the industry would prefer more thorough construction permit hearings today, the fact is that the historic process was set up to suit the needs of a rapidly developing technology, and the plants in the operating license hearings today received construction permit reviews that were not only pre-Three Mile Island, but that were often the Atomic Energy Commission's equivalent to a lick and a promise.

Against this background, the NRC hearing process can be understood as the federal side of two bargains. First, all effective state and local scrutiny of radiation hazard was preempted, but those concerns could be raised and examined in depth in federal hearings. Second, plans could be built on the basis of relatively flimsy construction permit reviews on the understanding that at least the operating license review and hearing be thorough. While the proposals before you today can be reconciled with these commitments, others now under discussion in the Commission and in parts of the Congress would welsh on both of these commitments by making the hearing process even more of a sham in terms of effective safety review than it is today.

We look to public hearings to serve two purposes. They should provide a strong and skeptical independent check on the NRC's internal reviews, and they provide the only avenue for citizens to resolve concerns about a new and serious hazard being introduced into their communities. When we talk of "streamlining" them, we must keep these purposes and the bargains that underlie them in mind.●

COL. WILLIAM MERLE DELANEY

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. DUNCAN. Mr. Speaker, Veterans Day, which will soon be upon us, is a time to reflect on the contributions made by our servicemen and women to the United States. These contributions are more than the victories of the battlefield in defense of our Nation. They include a spirit which brings respect to the United States at home and abroad, for services aimed at insuring peace and protection of the free world.

I would like to draw your attention to one man who characterizes this spirit of selfless service. Col. William Merle Delaney contributed 20 years of his life to the defense of this Nation, enough for any man to seek the comforts of retirement. Yet, Colonel Delaney continues to serve his fellow citizens, in many capacities, in the Maryville community.

The people of Maryville appreciate these contributions in both the local and national realms. They will honor him Sunday, and I would like to take this opportunity to add my voice to those of so many others, in saying thank you to Colonel Delaney for his tireless dedication.

William Merle Delaney grew up in Harriman and Maryville, Tenn. as the oldest of six children. As a boy he revealed the traits which would earn him respect throughout the world. His leadership and competitive spirit were apparent in athletics, as he played football, basketball, and baseball in high school and college. At 18, he was the first enlistee in Blount County's National Guard unit. Before the unit was mobilized for World War II, he worked as a foreman in ALCOA's powder plant. At 35, he was called upon to defend his country, and left Maryville as Commander of the 191st Field Artillery Battalion.

Colonel Delaney's military career is marked with decorations and honors. He fought in the South Pacific as Commander of the 181st Field Artillery in the Second World War. During this service, he received the Bronze Star, Oak Leaf Cluster to the Bronze Star, and the Silver Star. Following the war he was appointed commanding officer of the New Orleans Army Air Base and New Orleans Personnel Center. From May 1948 until February 1952, he was with the Department of the Army at the Pentagon. At this time Colonel Delaney took part in the Second Arctic Orientation Tour which traveled to the North Pole.

In July 1952, after a brief tour of duty in Yokohoma, Japan, he was sent to Korea, where he served until May 1953. He was promoted to full Colonel August 3, 1953. He taught for 3 years at the Armed Forces Staff College in Norfolk, and was then assigned to the Army Headquarters in Orleans, France for 3 years. He returned to the United States in July 1960 as Commander of the XII Army Corps, Georgia sector, serving until he retired September 1, 1961.

At each of the sites Col. Merle Delaney has been assigned, he has been recognized and honored. He received a Presidential Unit Citation from Syngman Rhee for service in Korea. He was given the 32d degree Mason's award by the Supreme Conseil De France, and made an honorary citizen of Germany, while on duty in Europe. The city of Macon, Ga., awarded him with the key to the city. These honors show the respect and admiration Colonel Delaney has gained from people throughout the world.

Colonel Delaney, however, was not content to rest on these laurels. Upon returning to Maryville, his military service was replaced by community service. He has been a Sunday school teacher at the First Baptist Church in Maryville, a director of the Red Cross for 6 years, and a director of the Green Meadow Country Club. His leadership qualities have stood out in the chairmanships of many Maryville service groups. He served as director of the Blount County Civil Defense for 6 years and was elected president of the Tennessee Civil Defense Association in 1967.

Since November 22, 1967, Col. Merle Delaney has been chairman of the housing authority in Maryville. In his years at the helm of the authority, he has taken charge in providing needed low-rent housing for the community. He has wisely used urban renewal funds to promote neighborhood development and modernize the city.

These accomplishments of his military and civilian careers are but a small sampling of the work Colonel Merle Delaney has done and the service he has provided. His devotion to the youth of this country, a product of his military service and the training of young men, was revealed in his efforts to provide funding for the Laurel Lake Youth Camp. As the representative of the Maryville Kiwanis Club he was able to make funds available for improvements of the facilities at the youth camp.

A past president of the camp expressed the opinions of many citizens when he said, "It was through the untiring efforts, persistence, and hard work of our board members, especially Col. Merle Delaney, who with great vision and total dedication, made the youth camp an attractive and enjoyable place for the citizens of Blount County to use. Colonel Delaney's principal strength is his superb ability to deal with people. Extremely affable, his warmth and personality solves

countless problems that otherwise could not be avoided."

Col. William Merle Delaney is a prime example of the reason we honor veterans. He is a man who has worked for the good of our people both in and out of uniform. He builds within all Americans a sense of self respect.●

WATT: THE AGENT, NOT THE CAUSE

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. OBERSTAR. Mr. Speaker, President Reagan continues to enjoy a measure of personal popularity despite the deepening economic recession, overtures to militaristic and reactionary foreign governments, and a seeming lack of compassion for the less fortunate members of our society. However, his advisers and his Cabinet officers implementing his policies are receiving the criticism of Americans dismayed and shocked by those policies.

Noted Minneapolis Star columnist Jim Klobuchar suggested in a recent column that Secretary of the Interior James Watt is the symbol of Reagan environmental policies. Secretary Watt's actions should surprise few people. They implement the beliefs of a President who is reacting to what he perceived as the proenvironmentalist bias of previous administrations and who now gives the appearance of setting an antienvironmental tone for his own administration. Mr. Klobuchar suggests that those of us who are concerned for the conservation of America's natural resources may wish to focus efforts more on Reagan environmental policies and less on the actions of one Presidential appointee.

Watt is just one of a number of administration appointees who seem to have a disdain for environmental laws and programs.

In Jim Klobuchar's words, Jim Watt's "views are no more or less destructive than Reagan's own."

I ask that Mr. Klobuchar's column be included in the RECORD:

[From the Minneapolis Star, Oct. 21, 1981]

WE ARE WASTING ENERGY ON WATT

(By Jim Klobuchar)

The passionate energy being spent over the performance of James G. Watt as the Interior secretary, both by his critics and his apologists, is absorbing but largely wasted motion.

Watt is Ronald Reagan's creature and his political toad. He is described as ferociously principled and intellectually brilliant—one of his admirers said in all seriousness that if Watt ever made a mistake he did it deliberately—and no doubt he is all of that.

As the secretary of Interior, however, he is conducting himself and administering his job exactly the way Reagan wants him to. This means that left unchallenged, he would deliver much of what we now call the public's sanctuaries and resources to the extractors of industry who used to pay Watt's salary, and whose vision of America is practically interchangeable with Reagan's.

If you are not thrilled by this prospect, I want to advise you today that you have just been consigned to that body of citizens who are malicious, unfair and extremist.

For this revelation we are indebted to the Republican congressman from Utah, Dan Marriott, in whose mind James Watt clearly is a white-cloaked crusader riding intrepidly into the woods to protect the God-ordained rights of the mining and oil companies and the timber cutters.

Marriott delivered his remarks as part of the Washington response to the arrival of more than a million signatures on a petition asking for Watt's removal.

The signatures were presented at a rally organized by the Sierra Club. It's objective was to demonstrate the broad discomfort and alarm that exists in the country today over Watt's plain intent (actually Reagan's) to reverse a 20-year consensus in this country that the earth's environment is worth protecting.

One of Watt's acolytes reacted to the rally predictably. He described it as a "60s-type Vietnam demonstration with 50 kids made to look like thousands."

That put it all into a nice and tidy package. The people who are opposing Watt are recycled hippies. They probably have B.O. and are snorting something awful. If you look closely, they probably hold their wrists sort of limp and just don't seem, well, very robust and American.

The senator from Minnesota, David Durenberger, who is a Republican and rather robust and also an environmentalist, objected.

He asked the Watt spokesman to apologize, but this request, while no doubt in earnest, was irrelevant. Durenberger should have directed it to the whole environmentalist-baiting crowd that Reagan and Watt have dragged into the Interior Department, because the acolyte's remarks represent the official picture of the public's protest.

"The people who traveled to Washington represent 1.1 million Americans, and probably millions more, who have the impression of a secretary of the Interior who is subverting his authority," Durenberger said.

It represents, among other things, not only the distrust of conservation groups like the Sierras and millions of unaffiliated friends of the earth but such a totally undreamy organization as the National Wildlife Federation.

The federation is appalled by Watt, and it should be. Left without surveillance, he would inflict damage on watersheds and wildlife that go directly to the federation's deepest concerns.

When you peel away all of his missionary urges, what this man wants to do in his "multiple use" of American public lands is to exploit every inch and grain that can be exploited by every device in his bureaucratic handbook. If there's a law to protect the land, throw it out or dodge it. If people protest, call them hippies. If there's an agency to slow the devastating stripping of land by the Western mining industry, emasculate the agency.

Enter Marriott.

James Watt, he said, "has been the subject of what I consider to be unfair and malicious attacks by several groups of extreme environmentalists since taking office."

You have now been thoroughly identified.

But Watt is fundamentally Reagan's lightning rod on these issues. His views are no more or less destructive than Reagan's own. In ways that cannot be seriously disputed, the country made a recognition more than a decade ago that it was in danger of eroding and ruining something precious and irreplaceable—that it was, in fact, threatening its very survival if it continued to listen to people who insisted we had to have growth at all costs.

Those voices are now in Washington.

And if you object, you are malicious and an extremist.●

TRIBUTE TO THE LATE R. M. "BEN" TUCKER

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SHELBY. Mr. Speaker, I would like to pay a tribute to the late R. M. "Ben" Tucker, editor and publisher of the Chilton County News, who was inducted into the Alabama Newspaper Hall of Honor on October 10, 1981.

Each year two nominees are selected for induction into the Hall of Honor which was established in 1958 to recognize the achievements of former newspaper men and women in Alabama.

Not many people achieve the measure of admiration and respect that the late R. M. "Ben" Tucker enjoyed. He earned that admiration and respect because he genuinely cared about people and about the welfare of his community.

He was a rarity—a man who had the vitality and know-how to be extremely effective in getting things done, yet warmth and sensitivity that made him a beloved leader.

Ben, editor and publisher of the Chilton County News from 1942 to 1965, becomes the 47th newspaper editor to be enshrined in the Hall of Honor. He joins his father Mark L. Tucker, lifetime newspaperman and publisher from 1938 to 1942 and inducted in 1975, as one of only two father/son teams in the Hall of Honor.

Ben Tucker was born in Paris, Ark., in 1905 and qualifies for the Hall of Honor because of his experience with such weekly newspapers as the Ashville Aegis, the Wetumpka Herald, the Oneonta Southern Democrat and the Chilton County News. Under his leadership the News was recognized as one of the State's more innovative newspapers and that resulted in a number of Alabama Press Association better newspaper awards over the years. While he was editor and publisher the News became one of the first papers to convert from the six-column to seven-column format. At the same time, the News was one of the first weekly papers in Alabama to convert to flush-left heads.

To go along with a good looking and easily read newspaper, Ben Tucker also used his writing talents to the paper's best advantage. He was a skilled and sensitive writer and his column "Folks and Things About Town" was popular with News subscribers. He was active in civic affairs, becoming a charter member of the Clanton Lions Club and served as executive secretary of the Chilton County Democratic Party for 9 years. Tucker was also a member of the Clanton Red Cross and served as a church schoolteacher in the Clanton First Methodist Church where he was a member.

As an editor, Tucker was popular within the community and while he was not noted as a controversial editorial writer he would take a stand and work for something he believed in. He is credited with helping sell the 1-cent sales tax for school buildings in the early fifties. The tax passed and today provides funds for the construction and upkeep of schoolhouses for Chilton's students, making Chilton one of the leaders in the State in that regard.

Myrtle Tucker, widow of the late R. M. "Ben" Tucker now resides in Montgomery, as does a daughter, Mrs. James Andrews—Carolyn. Their other two children reside in Chilton County, Mrs. L. R. West, Sr.—June—in Clanton, and Bob Tucker in Verbena, who is the current editor and publisher of the Chilton County News.

It is also interesting to note that since the Tucker's took over the operation of the Chilton County News in 1939 there have been well over 2,000 consecutive weeks of publication without missing an issue. This devotion to the American work ethic is just outstanding.

R. M. "Ben" Tucker's life should serve as a memorial to him for all the time in Clanton, Chilton County, and the State of Alabama, for he truly devoted it to serving the people that he loved and cared for.

Mr. Speaker, it is indeed an honor for me to share this tribute with my colleagues in the House of Representatives. Ben Tucker was a fine gentleman, truly deserving of being inducted into Alabama's Hall of Honor.●

REFLECTIONS ON EUROPEAN MONETARY DECLINE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. McDONALD. Mr. Speaker, the Committee for Monetary Research and Education, Inc., recently published a one-page description—October 1981—in its newsletter, of what has happened in Europe since World War I written by Raoul Audouin. It is a very lucid description of what has happened to European society as a result of the cheapening of its currency and the resultant effect on society, the family, and values in European society. It is too short a piece to describe all the reasons this rot set in, and who might have been culpable in creating this situation; but, it does accurately describe the situation in Europe and if the piece is read carefully, it points out lessons for the United States where the course of disease is not quite so far advanced. I commend it to the careful attention of my colleagues:

REFLECTIONS ON EUROPEAN MONETARY DECLINE

(By Raoul Audouin)

The increasing preference for security over liberty denotes a pathological phenomenonon closely connected with the growth of welfare policies. If civilization is to be safeguarded, a disease we must cure is the blind ignorance of people at large, and politicians in particular, of the solidarity of individual freedom, market liberties and progress, both as notions and action through institutions.

When did we catch the disease? In my opinion, our intellectual and moral decay as citizens was born of a political nature even before the advent of the welfare state. The initial decline started with World War I.

I was a schoolboy when The Great War broke out. When it was over, French children still learned arithmetic mainly to solve problems of simple and compound interest. They were still taught that putting aside monthly a portion of one's revenue, however small, was a virtue rewarded by growing freedom, social ascension, and a hope for decent old age. But their parents, and later on the children themselves, experienced the disturbing phenomenon of "la vie chere", higher prices and dwindling purchasing power of their savings.

Another heavy blow to the traditional mentality came from the protracted enlistment as combatants of nearly all young husbands and fathers, the employment of women in the war industries, and the dreadful decimation of mature generations. The family could no longer be a sure pillar of sound education, safety and mutual assistance. Nobody, then, could object to family allowances and pensions to widows, orphans, veterans and the disabled. Minimum wages and rent ceilings were introduced under the same urge to help victimized families. Self-sustenance ceased to be a moral duty because in many instances it had become impossible. If the state could provide during war, why should it not do so in peace?

In addition, there were gigantic transfers of paper money for the rehabilitation of devastated regions. Paper money went adrift, speculation generated daydream fortunes, and gold money never came back to the housewife's purse for daily transactions (it was even forbidden to refer to gold in contracts). People discovered the "spiral of wages and prices", which turned democratic institutions into a wrestling ring for unions and pressure groups, with government as umpire. From then on, political prepotence could not but become the ultimate goal of clever people of any description.

By waging total war, the industrialized nations which had been on the uncertain but ascending road to Freedom under Law began to slide down the slope to the totalitarian experiments of the Thirties and to the Second World War. Just as the First War had weakened familial and patrimonial institutions and destroyed the sound international system linking national currencies, the Second completely obliterated the distinction between real "final" money and monetized liabilities. The need for artificial security intensified and faith in Government grew apace. Together, they begat the welfare state.

We ought probably to pay more attention to a great teaching of Hayek: that men are, and will long remain, ignorant of the concrete working of a free cosmos, and that the greatest measure of freedom, prosperity and security can only flow from good habits, the rationale of which we seldom can explain. I think that metallic money, freely convertible at market price everywhere, was a good habit of high social and educational value and I believe the sooner we de-nationalize money, the better.●

VETERANS DAY

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SKELTON. Mr. Speaker, on the morning of November 11, 1918, the Allied forces in Europe signed an armistice with Germany, which brought an end to the First World War. Upon hearing the news, Americans everywhere exploded into celebration. There were songs and tears, dancing in the streets, parades, and solemn prayers of thankfulness. Since that time, November 11 has been proclaimed as Veterans Day and observed across the country to honor those individuals who have fought for the freedom of people everywhere.

The importance and meaning of Veterans Day must not be forgotten. As a member of the Committee on Armed Forces, I am filled with a sense of pride when I reflect on the sacrifices that our veterans and their families made to protect our ideals and freedoms. Frequently, we take our rights as Americans for granted.

Veterans Day salutes Americans who fought in foreign wars, for their courage and unselfish giving. Their sacrifices represent the highest devotion a member of this great Nation can have. Veterans stand proud as an invaluable segment of our society. I would like to voice my thanks to these great Americans and pay a special tribute to them on Veterans Day, November 11.●

INTERNAL REVENUE CODE OF 1954

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. PICKLE. Mr. Speaker, today I am introducing legislation that would

address what I believe is somewhat of a technical, unintended problem caused by section 457 of the Internal Revenue Code of 1954. This legislation is in the nature of a technical correction to section 457 since it is fair to say that had Congress perceived this problem when first enacting section 457 in 1978 some effort would have been made to cover the situations this bill should remedy.

Section 457 was enacted by Congress in 1978 (section 131 of Public Law 95-600, 92 Stat. 2763) in response to questions raised by proposed Treasury regulations which dealt with nonqualified salary reduction deferred compensation arrangements. Section 457 was adopted to clarify the taxation of benefits under optional salary reduction arrangements sponsored by State and local governments. The legislative history of section 457 supports my view—and I was a member of the Ways and Means Committee when it acted on this issue—that the provision was not meant to address the regular mandatory retirement plans maintained by the State and local goverments.

Congress wrote section 457 into the code to accomplish two things: (a) To establish structural requirements which deferred compensation salary reduction plans would have to meet to earn favorable taxation; and (b) in section 457(e) to specify the tax treatment of salary-reduction plan benefits which failed to meet the structural requirements.

Under Internal Revenue Service regulations that become final beginning in 1982, if a plan fails to satisfy the requirements of an eligible State deferred compensation plan, section 457(e)(1) provides that compensation deferred under such a plan is currently includible in a participant's income for the first taxable year in which there is no substantial risk of forfeiture—that is, upon vesting. However, Congress provided an exception from this treatment for certain plans such as qualified section 401(a) plans, tax-deferred annuity plans, et cetera. The Service recognized at the time it promulgated the proposed section 457 regulations that there are State plans that are the regular retirement plan of the State but which do not qualify as an eligible State deferred compensation plan under the 457(b) structural requirements and which do not come within any of the exceptions to section 457(e)(1). Thus, participants in these plans would appear to be subject to the severe tax treatment requiring the inclusion of all such deferred compensation income in taxable income immediately upon vesting.

Mr. Speaker, this is a very harsh result and in some cases is one which probably goes well beyond what Congress was attempting to get at by the adoption of section 457. In fact, in the preamble to the proposed regulations the Internal Revenue Service acknowledges that it is unclear whether this result was intended. The reforms brought about by section 457 were an attempt to prevent situations where employees of State and local governments could defer recognition of income through optional deferred compensation agreements with their employers. The bill I am introducing today in no way weakens that reform. This legislation is quite narrowly drawn and provides no loophole for the kind of optional deferred compensation arrangements limited by the 1978 act.

The problem with the 1978 provision came to my attention when the regular, mandatory exclusive retirement plan of the Texas State judges appeared not to be excluded from the section 457(e)(1) penalties. It is my understanding that this State judges plan was just the type of plan that the Internal Revenue Service acknowledged was an unintended victim of the breed language of present law section 457. The bill I am authorizing would add to the exceptions from section 457(e)(1) State judicial plans that are the regular, exclusive, and mandatory plan for service as an elected State judge. The bill would not allow additional, optional contributions by judges that would affect includible compensation.

Since I believe that this legislation is essentially a technical correction to the 1978 provision, and is in no way intended to carve out a "safe harbor" for newly adopted plans, I have included a limitation in the proposed exception clause that would apply the exception to only those plans continuously in existence since December 31, 1978, the point after which section 457 became effective. Again, in light of the technical correction nature of the legislation, the provisions of the bill are generally effective with respect to taxable years beginning after December 31, 1978.

One final point involves the requirement in the exception clause that would be added by the bill defining a qualified State judicial plan as one which at all times during the taxable year meets the requirements of section 415. My intent with respect to this particular limitation is to set a limitation on the annual benefits under a qualifying plan to the lesser of $124,500 or 100 percent of the participant's average compensation for his high 3 years. This would be an annual test of the plan to determine whether in fact the plan has violated the section 415 limitations.●

PRESIDENT REAGAN'S ECONOMIC PROGRAM: THE UNTOLD STORY

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SOLOMON. Mr. Speaker, on October 13, Donald Kendall, the chairman of the board at the U.S. Chamber of Commerce and the chairman of the board and chief executive officer of Pepsico, delivered a speech at the conference on National Priorities at George Washington University that refuted many of the unfair and premature criticisms of the President's economic recovery program.

Don Kendall, as a spokesman for the chamber of commerce, has worked tirelessly throughout this year in support of the President. In this speech he delivers an analysis of the President's program that is not often heard. I commend it to your attention.

PRESIDENT REAGAN'S ECONOMIC PROGRAM: THE UNTOLD STORY

(By Donald M. Kendall)

It is a real pleasure to be here this morning. I would like to congratulate George Washington University and Burson-Marsteller for sponsoring this important gathering of representatives from government, business, labor and academia to discuss our nation's economic future.

Listening to the various critical comments about the President's economic recovery program, I am struck by the fact that most of those doing the criticizing are the same ones who got this country into the economic mess in the first place. And they are criticizing a program which, for the most part, hasn't even taken effect.

Ladies and gentlemen, I was asked here this morning to present the business point of view on what needs to be done to rebuild America in the 1980s. But I'm not going to do that. Instead, I would like to discuss what needs to be done from the point of view of all Americans—because economic growth, in a free society like ours, benefits all people and all economic interests.

If you think about it, broadly based economic progress has always been the clue that has held our heterogeneous society together. Thomas Sowell discovered as much in his brilliant new history of ethnic America. "The rich economic opportunities of this country have made fighting over existing material things less important than the expansion of output for all, and rewarded cooperative efforts so well as to make it profitable to overlook our differences."

There's an important message there: Let's not resign ourselves to squabbling over slices of the existing economic pie. We can and we must create a bigger pie so that the slices for all Americans grow larger. Instead of saying to each other, "Give me more of yours," let's work together to create more of ours.

If economic progress is the answer to our problems, and I sincerely believe that it is, then it is easy to see why we are in deep trouble today. When I assumed the chairmanship of the U.S. Chamber of Commerce in April, I said then that the success of our

mission to rebuild America would depend on our ability to address two critical problems: declining productivity and declining U.S. competitiveness in world markets.

In the first decades following World War II, our economy was the wonder and envy of the world. Our productivity growth averaged 3.2 percent per year. But by the end of the 1960s, our productivity growth began to taper off. For the last three years, it actually declined—the first time that has happened since we started measuring our economic performance this way in 1909.

There is a clear and direct link between our declining productivity growth and our declining competitiveness in world markets. It used to be that exports were viewed as little more than the spillover production that Americans couldn't consume. That attitude was common both in the government and the business community.

But thank God we woke up: Exports aren't a luxury. They're a necessity—an integral part of our hopes for the future—the hopes of business and labor.

Nationwide, one out of every eight jobs in manufacturing and one of every four in agriculture is supported by exports. And each additional one billion dollars in new orders translates into 40,000 new jobs.

But in recent years, our share of world markets has shrunk from 21.3 percent in 1970 to about 18 percent in 1980. In 1960, American produced half of all the cars in the world. Today we produce barely more than a fifth. After World War II, we produced roughly half of the world's steel. Today—only a sixth. Trade deficits seem like old hat to us now, don't they? Well, the one we had in 1971 was our first trade deficit of the 20th Century! And we have run almost continuous and increasingly large deficits ever since.

Sagging productivity and sagging exports. These deeply rooted problems are at the foundation of all the economic ailments with which we are more familiar: double-digit inflation, persistent unemployment and sky high interest rates.

What has gone wrong? Have our workers grown lazy? Have our business people lost their nerve? Nonsense! We're still the most productive people in the world. But something else was happening during those same years that our economy began its downward slide from unsurpassed supremacy to no more than sixth place among nations in terms of per capita income.

It has been estimated that over the past 10 years, taxes on the average working American have increased by 249 percent. The federal budget more than tripled. And the hidden price tag of regulations reached and exceeded $100 billion for consumers, not to mention thousands of lost jobs for workers.

In other words, the government has been getting richer while the people have been getting poorer. The correlation is clear and indisputable—if not to all the so-called experts, then at least to a broad-based majority of Americans in last fall's elections. The people have had enough of a government that won't stop growing. They want a different course.

As a matter of fact, the results of the latest Gallup survey commissioned by the U.S. Chamber of Commerce reveal that 59 percent of Americans support the budget cuts that the President has succeeded in getting through Congress. And the same survey shows that a majority of union members—54 percent—support those budget cuts. What is more, a plurality of union members want additional budget cuts. It is clear that there is solid support for what the President is doing.

Treasury Secretary Don Regan put it in a nutshell this way: "The less we tax, the more we can save. The more we save, the more we invest. The more we invest, the more we can produce. The more we produce, the more we can provide for everyone's benefit."

These words express precisely what the President's economic recovery program is all about: To slow the growth of government and remove the economic roadblocks which threaten the American dream for millions of workers and their families. The President's tax and budget bills were passed by a bipartisan majority in Congress. Various parts of this program were supported by Democratic Senators such as Moynihan, Glenn, Sarbanes and Jackson, as well as Republicans. The same kind of bipartisan support was evident in the House. Together, these bills represent a major shift in economic policy in America—and it comes not a moment too soon.

As historic as they are, let's put the budget and tax cuts passed so far into proper perspective.

We've heard a lot of noise recently to the effect that Ronald Reagan is dismantling 50 years of social progress by cutting five percent from the 1982 budget increases planned by the previous administration. What is seldom mentioned is that the budget for fiscal 1982, which began October 1, will be the largest in our history. In fact, unless further cuts are made, it will still grow by $54 billion over the 1981 budget, and by $114 billion over the 1980 budget. If that's dismantling, then maybe we should spend the rest of our time here reading the dictionary.

If Jimmy Carter could be credited with meeting the social needs of our people in 1980 with a $600 billion budget, why can't we do it today with $723 billion? If Lyndon Johnson was a hero with a Great Society budget in 1965 of $118 billion, of which 40 percent was spent on defense, why is Ronald Reagan a villain for spending over $700 billion, of which just 27 percent goes for defense?

The charges we have been hearing just don't square with the facts—and the only conclusion we can draw is that they are politically motivated. The federal budget has doubled since 1975. It has tripled since 1970. Are we to believe that not one single dime can be cut from that budget?

In his Labor Day message, Lane Kirkland described those of us who want to slow the growth of government as "suspicious of government programs to feed the hungry, educate the young, secure dignity for the elderly, care for the sick, safeguard the rights of minorities, protect consumers and defend the environment from plunder."

He's absolutely right. We are suspicious of those programs—not because we object to their goals, but because so often they don't work. We are suspicious, along with most Americans, when we read of a study of government poverty programs by economist Walter Williams. He figured that if we took all the money spent on poverty programs at all levels of government, and divided it up among the families we classify as poor, we would be able to give each of them $40,000 a year. Obviously, our needy get only a fraction of that. They could and should get more. But someone is taking a might big cut off the top. And both the taxpayers and the poor are suffering for it.

As for the tax cuts, no amount of rhetoric is going to convince working Americans that a 25 percent tax cut is bad for them—or that indexing, which represent permanent protection from inflation, is evil. But it won't be for lack of trying. We are told that the tax cuts are going to big business and the rich. Yet, the the $725 billion in taxes to be cut by 1986, individuals will get $565 billion and business $160 billion. The vast middle class of America—working America—now pays three-quarters of the income tax, and they'll get three-quarters of the tax relief. The average worker will see his marginal tax rate reduced by 25 percent, the marriage penalty cut, the child care credit increased and the personal exemption indexed for inflation. And he can reduce his federal tax another $200 starting in 1982 by putting $20 a week into an individual retirement account. He can save up to $2,000 per year in that account and deduct those deposits from his taxable income.

Now, there is no question that it will take some time for the effects of budgetary discipline and new tax incentives to flow through our economy. No one ever said that this new course would be quick or easy. But I am absolutely convinced that we are on the path to unleasing a new era of economic prosperity in the 1980s.

The Reagan economic program is only the beginning. A major share of the burden for increasing productivity and prosperity now falls on the business community. We've been properly complaining for years that if only government would get itself under control, and remove some of the roadblocks, that there is little that American private enterprise cannot accomplish. Now that many of the disincentives to investment and expansion are being removed, it is time for business to act. And I am confident that we will act as the measures designed to spur capital formation take effect.

Recent history provides a good example of how business will respond. In 1978, a significant reduction in captial gains tax rates was enacted. It was attacked then as a boondoggle for the rich. But look what happened to small businesses which employ 100 workers or less—businesses which account for more than 80 percent of all new jobs created in our economy.

In 1977, under the old law, these small companies raised just $42.6 million in equity capital. The number of companies that went public and issued stock for the first time totaled 13. But this year, under the new tax law, $2.2 billion will be raised, with 348 companies going public. Even Uncle Sam has come out all right. By the end of 1981, according to preliminary figures, that lower capital gains tax rate passed in 1978 will be generating more revenue than government was getting under the higher rate.

Business will respond to the new incentives provided by the President's program—and so will the economy. The U.S. Chamber's forecast center predicts that our economy will be weak for perhaps the remainder of this year. But 1982 and 1983 promise to be years of accelerating growth in the GNP, a rapid increase in business investment, lower inflation, more jobs, rising productivity and, yes, falling interest rates. In fact, there have already been some encouraging signs:

Inflation, while still too high, has dropped 25 percent since the President took office. It is now running between eight and nine percent, below last year's double-digit pace.

Interest rates have begun a noticeable decline.

Just one of the measures designed to spur savings, All-Savers Certificates, generated over $15 billion in deposits during the first few days of October alone.

The percent of after-tax income saved by Americans, the lowest of any industrial nation, has begun an impressive climb, from 4.3 percent back in January to an estimated 5.3 percent today.

How many newspaper headlines and network news reports have been telling this side of the story?

Despite these encouraging signs, there is still a great deal more to be done to get our economy back on track.

One big fight the U.S. Chamber and the business community intend to wage is for regulatory reform. We must have a more rational approach to regulation in this country that allows us to pursue those worthy goals without costing workers their jobs and consumers their buying power.

Take the Clean Air Act, for example: 2,500 pages of statutes and regulations so wrought with confusion, contradiction and complexity that even EPA officials themselves don't know exactly what they are supposed to be requiring of the private sector.

But we know all too well what the result has been: Vital energy and industrial projects have been delayed and cancelled. This has meant lower productivity, higher prices, fewer jobs and even—are you ready for this—delays in cleaning up the air.

Make no mistake. The business community believes just as strongly as anyone that the air should be cleaned up and the environment protected. I've been a hunter, fisherman and outdoorsman longer than I've been a businessman. But we are also problem solvers and innovators, and you can't tell me that we can't move toward our goals of clean air, good health and good business all at the same time. The U.S. Chamber is now working hard to convince Congress to pass the Clean Air Act, which has come up for renewal, as soon as possible—but to pass an Act that will work better. And we are being joined in this effort by the nation's governors, mayors and a number of labor unions in recognition of our common interest.

In addition to regulatory reform, the business community will take the lead on a number of other fronts as well. We are pushing for specific legislation to help expand our exports. Chief among these efforts is the need to encourage the formation of export trading companies. Toward this end, there is legislation pending which would ease concerns about antitrust laws and allow banks to participate, thereby bringing both capital and international expertise. This legislation must be passed. There are more than 20,000 small, job-producing businesses with an untapped export potential which now account for no more than 10 percent of our total exports. We need incentives such as trading companies to bring more small businesses, including service-oriented businesses, into international markets.

And let's not forget budget control. No one should have been surprised by the President's call for additional budget cuts. The federal government has been spinning out of control for decades, and it is going to take many more cuts before we bring that budget under control and in balance. I am convinced we can do that and still provide the essentials for those less fortunate than we—as long as the bureaucrats do their job and cut fat instead of services.

One area where budget control needs to be exercised is in the payment of overdue debts owed to Uncle Sam. The Office of Management and Budget figures that $175 billion is now owed to the federal government. More than $25 billion is either delinquent or in default. Thousands of Americans have left unpaid loans made to them in good faith by us, the taxpayers—and yet Uncle Sam turns around and writes tax refund checks to many of these same people.

I'll be very frank. Business must take a large part of the blame. About 60 percent of the delinquent debts are owned by businesses. This is an intolerable situation, and the U.S. Chamber strongly supports legislation to crack down on these debtors.

Those are just a few of the new fronts on which the business community is fighting to rebuild our economy in the 1980s. As business people we are ready to meet the challenge to invest, expand and create jobs provided by the Reagan economic program.

But we have assumed another role in recent years, the responsibility for which rests squarely at the doorstep of the U.S. Chamber of Commerce. Thanks to the initiatives of the Chamber, the business community has become more involved in the political process than ever before in American history. We intend to expand this political activism in the future. And we make no apologies for it.

As a matter of fact, it could be said that business has finally caught on to what organized labor has realized for many years: that political activism is a necessary and legitimate tool for getting our message across.

Taking labor's lesson to heart, business worked hard last fall to elect both Republicans and Democrats to Congress who believe that economic prosperity depends on a rejuvenated private sector. And we worked hard for passage of the President's tax and budget bills because we are convinced that they are in the best interest of all Americans. We intend to continue to fight in the political arena for the many remaining reforms that are necessary to rebuild America.

I don't begrudge for one second the right and, yes, even the responsibility for organized labor to involve itself in the political process. And I hope they would acknowledge the same right and privilege of business to do the same. After all, isn't that what our democracy is all about?

As business managers and political activists, we have reason to be optimistic about the prospects for our country and our economy in the 1980s. As managers, we will respond in a big way to the challenge put to us in the form of new incentives to expand, retool and rebuild. As political activists, we are more committed than ever to draw for the American people again and again the sharp contrast between the defenders of the status quo in Washington and the bipartisan leaders of a new era for our country. The first group says we can't cut the budget. That it must grow bigger every year. That we can't cut taxes, but that taxes should be increased to pay for new programs. They say don't reexamine the effects of federal regulations, but increase those regulations.

The business community, a bipartisan majority of Congress, the President and no doubt, a vast majority of Americans reject that thinking. we are sick and tired of the "can't-do-status-quo." We are ready to move ahead on a different path in pursuit of new economic opportunities which can be shared by all. Let's never forget that by rolling up our sleeves and working together in private enterprise we Americans built the most prosperous and prestigious society man has ever known out of a continent of wilderness, deserts and swamps. I am convinced that we will rebuild America the same way.●

TRIBUTE TO GWEN WIESNER

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. PATTERSON. Mr. Speaker, I am honored to invite my colleagues to join me in recognizing an outstanding public servant, Mrs. Gwen Wiesner, the assistant city manager for the city of Garden Grove. On September 30, 1981, Gwen retired from her position in Garden Grove after 25 years of faithful service and will be honored by that city on November 13, 1981.

Twenty-five years ago, on November 13, 1956, the year in which Garden Grove became an incorporated city, Gwen, a native of DeLeon, Tex., and the wife of William "Bud" Wiesner, was hired as the first secretary to the new city administrator. Six months later she was promoted to the position of deputy city clerk and by July became city clerk. Shortly after that, Gwen was also named city treasurer, bearing responsibilities for both positions.

Gwen remained city clerk and treasurer until 1969, when she was promoted to the position of administrative assistant. Shortly thereafter, she became an assistant to the city manager. In 1972, she was named director of administrative services and in May 1980, was officially appointed to the post of assistant city manager. During that time, she retained the titles of director of administrative services and city treasurer.

Gwen is a woman whose commitment and dedication have inspired others to achieve similar accomplishments. She has been a recipient of the Cypress College Community Service Award, and was the Garden Grove Chamber of Commerce "Woman of the Year."

Gwen is also a woman of fine leadership capabilities. She has been the president of the Garden Grove Business and Professional Women's Club; the Southern California City Clerk's Association; and the Garden Grove Girl's Club.

Throughout her career, Gwen has always been an innovative and progressive thinker. She has been the skillful initiator of a number of management programs and procedures one of which is the Garden Grove central record system, acclaimed as one of the most advanced record systems in the entire State of California. Other pro-

grams which she has inspired include: The Garden Grove Word Processing Center and the student intern training program. Gwen's creative ingenuity also led to the development of a comprehensive program designed to address citizen requests for service and public information.

During the early part of my career I was afforded the pleasure of working with Gwen. I can only attest to her professional excellence, but can also say that she is one of the warmest and finest individuals with whom I have ever worked. She has always contended that city government should not only be representative of, but also responsive to, the citizens it serves.

Mr. Speaker, it is indeed a pleasure to ask my colleagues to join with me in honoring this most outstanding woman. Gwen, we thank you for the many contributions that you have made to Garden Grove and the surrounding community over the years. Although you will absolutely be missed, we offer you our most sincere wishes for a very happy retirement, and look forward to seeing you as a private citizen at community events. Thank you and congratulations.●

PRIVATE SECTOR ROLE IN EMPLOYMENT AND TRAINING POLICIES

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mrs. ROUKEMA. Mr. Speaker, we are currently at a turning point in the development of a number of Federal programs, not the least of which are those aimed at providing employment and training services to those who are among the so-called structurally unemployed—that is those who have difficulty finding jobs because of their socio-economic background and a lack of basic skills.

Next year, the House Education and Labor Committee will begin work on a reauthorization or replacement of the existing programs which are now included in the Comprehensive Employment and Training Act (CETA).

Before discussing specific issues concerning manpower policy, I would emphasize that there is no certainty as to more basic questions concerning the survival of Federal employment and training programs as such. We witnessed this year the demise of the public service employment programs, which suffered from a history of failure, abuse, and costliness. The public service jobs programs, costing almost $4 billion to the Federal taxpayer, were achieving a much lower success rate than the training programs in ultimately placing participants in unsubsidized jobs at two to three times the cost per participant.

The Congress did reauthorize through the coming fiscal year the youth programs and the training programs under the Comprehensive Employment and Training Act (CETA), at a funding level of $3.895 billion. However, CETA expires at the end of fiscal year 1982 and, in the coming year, Congress will be faced with a number of crucial questions concerning the programs. Certainly, a complete restructuring of the system should and will be considered. Yet, I would also hope, without suggesting an answer at this point, that the basic question as to whether or not the Federal Government should even be involved in employment and training policy should be considered.

In any event, even if the programs survive, there can be little doubt that they will do so at a reduced funding level. Therefore, it is essential that the most efficient, cost-effective programs be devised. I would suggest that this can only be achieved through an increased role of the private sector in developing manpower policies and managing the programs implementing those policies.

The realization of the need for this expanded role was present even under the previous administration. In 1978, Assistant Secretary of Labor for Employment and Training Ernest Green, in addressing private sector representatives on the National Commission for Manpower Policy, urged the maximum involvement of the private sector and acknowledged that we have not done nearly enough in the past in linking up with the private sector * * * What I would like to stress about this program is that it cries out for your expertise in matching CETA participants with job requirements in private industry. Federally subsidized training and jobs must be inexorably linked with eventual transition to the private sector.

There is also a growing awareness within the business community of its stake in the success of these programs. In 1978, Reginald Jones, then Chairman of the General Electric Corp. and Cochairman of the Business Roundtable, pointed out that:

> Businessmen have come to recognize in structural unemployment a threat to the business system itself. Realistically, how long can that system survive if we have in our body social a large group of frustrated and jobless youth, turned off by the system and demanding fundamental changes? * * * As the committed defenders of the private enterprise system, we in business leadership must step up to this challenge if we want the system to survive.

Regrettably, participation in manpower programs by the business community has been low and, until the past couple of years, virtually nonexistent. One cannot help but conclude that this is a significant reason for the conspicuously weak history of those programs. Their origination in the early sixties was a reaction to the retraining needs of skilled workers threatened by automation. Although the thrust at the time was toward keeping those workers in the private sector, the structure of the programs quickly evolved into a host of narrowly defined Federal programs aimed at serving particular disadvantaged groups. It is clear that the question of whether manpower programs should be oriented toward establishing an effective labor force serving the needs of the economy or whether they should be geared primarily toward helping the needy and disadvantaged was tilted toward the latter approach in this period of the program's history. While a private sector role would doubtless be more adaptable toward the former approach, it is premature to suggest that a role cannot also be defined for the private sector in attempting to serve the needs of the disadvantaged.

In any event, the needs and views of the business community were largely ignored during this period of the program's history. In addition, the fragmentation of the programs and the growing problem of massive paperwork and regulations was causing concern even among supporters of the programs. In turn, negative attitudes were left in the business community about the whole employment and training effort—attitudes which to this day have not been completely eradicated.

Some progress was made in the programs with the enactment of the original Comprehensive Employment and Training Act in 1973. While the private sector was still largely ignored, there was at least an attempt to turn some of the decisionmaking over to the State and local level in one of the early block grant efforts. Unfortunately, the aforementioned reliance on public service jobs and a steady growth of fragmentation even within the block grant approach, aimed at meeting the needs of particular groups, have prevented CETA from achieving the successes anticipated in its creation. Meanwhile, a continuing proliferation of restrictive, counterproductive, and often inconsistent regulations have caused disillusionment with the programs at the State and local government levels. In 1 year, more than 400 field memoranda were issued constantly changing and reinterpreting regulations and asking for new reports. This averages more than one per day, even including Sundays and holidays.

Despite this unfortunate history, the 1978 amendments to CETA did produce one positive program which, at the time received little attention, but which now contains the seeds of great potential for future employment and training policies.

I am referring to title VII of the 1978 amendments, which established the private sector initiative program (PSIP). Although the program is still in infancy, its early results have been most promising.

The private sector initiative program was established to insure private sector involvement in CETA by requiring all CETA prime sponsors to establish private industry councils (PIC's), which are composed primarily of business and industry representatives from large and small firms alike, as well as those owned by minorities and women. In addition, the PIC's contain representatives from education, community-based, organized labor and local economic development organizations. The PIC's serve a variety of functions aimed at fostering the involvement and assistance of the business community in the development of local CETA programs. This can include the design and development of actual training programs, providing advice and assistance in the operation of programs from all CETA titles, serving as a liaison between the business community and the prime sponsor, and surveying employment demands in the private sector. The most frequent activity engaged in by existing PIC's is classroom training, with on-the-job training a distant second.

While most PIC's have only recently been formed, many are showing clear indications of future successes. For example, in Paterson, N.J., the PIC has quickly focused on a serious problem facing the local economy: A projected shortage of able machinists which could have disastrous effects on the machine industry, which is so important to Paterson's economy. This, combined with an equally serious structural unemployment problem in Paterson has led to a promising solution: The recent opening of a machine tool operations program which offers a 16-week course to 25 structurally unemployed Paterson residents. The program opened on May 4 of this year and is showing early signs of remarkable success. Of the 25 trainees in the first run of the program, 20 have completed the course and 14 of those have been placed in permanent, unsubsidized jobs earning wages over $5 per hour. It should be noted that, of those not yet placed, they had taken an additional 2 weeks training which was just completed last month.

A similar success story has emerged from Cape May County's PIC, which established a security guard training program, which involves a skill that is always in demand. The first round of the program last year trained 11 persons, at a cost of $1,250 per person, and achieved a 100-percent placement rate.

In Bergen County, which I represent, the PIC has also achieved success in programs aimed at training masonry apprentices, 50 percent placement; secretarial training, 60 percent placement; junior accountant training, 50 percent placement; and auto body training, 100 percent placement. In the coming year, the Bergen County PIC will operate programs in computers, roofing, and electromechanical repair. The latter will be specifically aimed at women.

The statistics for the private sector initiative program nationwide are also most encouraging. According to the Department of Labor report to the Congress on the PSIP in fiscal year 1980, there was a positive termination ratio of 66 percent, 43 percent placed in permanent, unsubsidized employment; 12 percent transferred to other CETA titles; 10 percent otherwise positively terminated, such as by returning to school. Considering the infancy of the program, this compares most favorably with the statistics for the other CETA titles. In fiscal year 1979, title II B and C—training programs—had a positive termination of 70 percent, with 47.3 percent placed in unsubsidized positions. The statistics for the public service employment programs have been widely disputed with estimates of placements in permanent, unsubsidized positions varying from 34 to 47 percent. Regardless of what the true percentage has been, the fact that the cost per participant was two to three times that for the training programs causes such numbers to be unacceptably low.

The early accomplishments of the public sector initiative program demonstrate that there can indeed be a successful role for the business community in Government employment and training policies. This certainly makes sense when one considers that it is those within that community who are in the best position to know where the jobs exist currently and where they will be opening up in the future. In addition, the success of Government manpower policies can only be measured by how effective they are in moving those served by the programs into the private sector. Business community acceptance of the program's clients, which has been a problem in the past, can only be enhanced when the business community itself feels a stake in the success of the program through its own involvement. If there is one underlying reason why the business community has generally tended to regard the manpower programs with disdain, it is because they have been viewed as programs which are of the Government, by the Government, and for the Government.

Assuming that we accept the need for a stronger private sector role in manpower policy, it is now up to those of us at all levels of government to see that that role is indeed enhanced.

Positive steps have already been taken. I have mentioned the private sector initiative program and its early successes. The future shape of the program and the evolution of the PIC's created under it will be largely determined by the overall shape of the employment and training programs. As noted earlier, this is likely to be drastically altered next year. For example, if the program becomes a simple block grant with few restrictions applied, the private sector role will be largely determined at the State and local level.

In any event, there are steps that can be taken to increase that role. For example, the National Association of Counties (NACo), which favors continuation of the existing delivery system with fewer restrictions on prime sponsors, has urged a revamping of the requirement that each prime sponsor maintain three advisory councils: The Planning Advisory Council, a youth employment council, and the Private Industry Council. NACo supports the requirement that a single, consolidated council be established with majority representation from private business and industry. In addition, the council's involvement in the development and operation of manpower programs would be significantly expanded. It is worth noting that a number of prime sponsors have already combined their PIC's and the planning advisory councils as they are permitted by law to do so.

This proposal would provide a good start. However, it is important to emphasize that the success of this approach would be dependent upon the amount of autonomy allowed to the council while still insuring accountability through proper oversight by the prime sponsor. it is my understanding that those PIC's have been most successful until now which have been given broad powers which can even stretch into other titles of CETA besides the programs funded under title VII. What all of this seems to suggest is that what is really needed is perhaps more than a private sector role in manpower policy; rather, we should strive for something which would be more aptly labeled private sector management of the programs.

There are other areas which are worth mentioning where business community involvement has occurred. The Targeted Jobs Tax Credit, enacted in 1978, has recently been extended by the new tax law. This tax credit for employers, which applies to wages paid to newly hired individuals from certain targeted groups, allows a credit of 50 percent of the first $6,000 of first-year wages and 25 percent of the first $6,000 of second year wages. The new law extends this through calendar year 1982, removes limits on the total amount of credits an employer may take, and tightens the eligibility of the targeted groups. While the targeted

jobs tax credit has seen a steady rise in participation by businesses, questions have been raised as to whether it has actually resulted in a significant increase in new jobs and whether the disadvantaged employees hired would have been hired anyway in the absence of the credit. It is still too early to tell, but these are questions needing careful study before the extension of the credit is considered next year.

A similar program is the on-the-job-training (OJT) program, which subsidizes wages of CETA-eligible employees during their initial training period with an employer. Many prime sponsors, including Bergen County, have placed OJT contracts in the hands of their private industry councils. Similar questions have been raised with regard to this program as to the actual job expansion and targeting which is occurring through the OJT contracts.

It is clear that, as a private sector role in manpower policy evolves, the experiences under both of these programs need to be thoroughly examined.

I have briefly mentioned a few areas needing closer attention if an effort is to be made to bring the business sector into manpower policy development. I am in no way suggesting that these examples define the limits of that involvement. For example, the vocational education programs have had very little private sector involvement. I would submit that the lessons that have and will be learned with private sector involvement in the CETA programs could probably provide suggestions as to potential improvements in the vocational education programs as well.

I would just close by emphasizing that a successful involvement of the business community in the manpower programs cannot be achieved without observing certain basic guidelines:

One, the policies and directives governing the programs must support and complement, rather than substitute for, the role of the business community in providing jobs and income; two, the Federal role must be reduced and the system must be streamlined as much as possible, without sacrificing accountability, to insure business confidence and willingness to participate; and three, there must be sufficient flexibility to help insure that today's needs as well as those of tomorrow are being addressed at the local level.●

THE INSPIRING BERT RUEHTER

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SKELTON. Mr. Speaker, Monday morning, as I was watching the early morning news on NBC's Today show, I was pleased to see a feature on a fine young man from my home of Lexington, Mo., Bert Ruehter, who has a visual handicap, is an active member in the Lexington High School marching band, and, despite his disability, marches with the band in all its events, including drill competition. I wish to compliment this fine young Missourian on his accomplishment and willingness to achieve. I know that he is, and will continue to be, an inspiration to all who know him. His parents, Mr. and Mrs. Jim Ruehter, are long-time friends of mine, and I know how proud they are of their son Bert.

Murle Pilant, his band director, summed it up during the television interview when he said "I trust Bert." I also trust that Bert Ruehter will, in the days ahead, continue to set an example and inspire others to achieve honorable goals, despite obstacles or handicaps.●

THE VILLAGE OF NEW SQUARE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. GILMAN. Mr. Speaker, I would like to take this opportunity to inform my colleagues about an extraordinary group of dedicated people in Rockland County, N.Y., who have established their own separate village, and today are celebrating their 20th year as a community.

When the village of New Square was incorporated in November 1961, it consisted of only 500 residents living in 50 single-family homes. The residents, all Hassidic Jews, had but one synagogue, located in a basement, and no school buildings for their children.

Today, the village of New Square which has been referred to as the "Hassidic oasis in the suburbs," has nearly 1,900 residents who live in 150 multifamily homes. They have a large main synagogue, a boys school, a girls school, as well as several agencies—a public housing authority, an industrial development corporation, and a minority enterprise small business investment corporation. Four commuter buses travel to New York City daily, for those residents who maintain jobs outside of the community. These buses are equipped as synagogues on wheels to enable their religious passengers to offer their daily prayers while en route to work.

This community is centered around family life and the education of their children. Their children are not exposed to drug or criminal problems. In fact, there is no juvenile delinquency in New Square. The residents of the village attribute their virtually crime-free community to their strong family ties, to their ties to the past, and to each other. Religion permeates the lives of the members of this closely knit community, 24 hours a day, 7 days a week, 365 days a year.

Over the past 10 years, the residents of New Square have successfully established an alternative, peaceful lifestyle, a community in which they are free to exist without unwanted influences from the outside world. In honor of its 20th year as a community, I would like to share with my colleagues the following study of New Square, printed in the magazine Kosher Home in 1978:

NEW SQUARE: HASSIDIC OASIS IN THE SUBURBS

New Square, N.Y., population 1,500, lives in the Jewish past and loves it. There is no fiddler on the roof of Mayor Mattes Friesel's home, but neither is there a TV antenna. The village's houses are heated by gas instead of firewood, and cars are parked in front instead of milk cows. But in dress, thought, and deed, the citizens of New Square have changed little from their shtetl forefathers, many of whom lived in the namesake village of Skvira, Russia, near Kiev. That—until persecution became intolerable—was the ancestral home of the hassidic Grand Rabbi Jacob Joseph Twersky, whose son David assumed the new community's hereditary spiritual leadership several years ago at age 28 upon his father's death.

The commandment to "be fruitful and multiply" is taken very seriously, indeed, in New Square. Families of a dozen children are not uncommon, with 16 the current "record." Comments unofficial village spokesman Samuel Weissmandl, "After all, it's not the family planning that counts. It's what you do with the family afterward."

What New Square parents do afterward is 180 degrees away from the course compulsively chosen by the great majority of Jewish American parents: Instead of making sure that their children go to college, the Skviras make sure they don't. "Many times," says Weissmandl, "groups come in to meet and speak with our families out of curiosity about our lifestyle, and they are perplexed by this—you might even say shocked. They say, 'You mean to tell me that in this day and age you would deny your children the opportunity for a college education—the chance to become a doctor or a lawyer?' One answer is that we are bringing up our children in a shtetl precisely because we do not want them to live in this day and age. The main thing is that they should have strong ties to our past, that they should serve God 24 hours a day, 365 days a year. We teach them to earn a livelihood. All else is secondary. And that they should come to worship the false gods of success—that is the last thing in the world we want for them."

The quarantine seems to be working. There is no juvenile delinquency in New Square—other than that occasionally imported on, for example, Halloween, when a carload of kids from adjacent communities may drive through, pulling over mailboxes or bombing front doors with raw eggs. Drug use is non-existent. "Our children are not even exposed to drug education," said one community member. "Why should they see a film on how to shoot dope into their arms? When Albany passed a law mandating drug education in the schools, we sent a letter to our state senator, Gene Levy, and he ar-

ranged an exemption from the law." Another opiate of the masses is absent, too. New Square is not only drug-free, but TV-free as well, thanks to an unwritten community law forbidding television sets in town.

Wives, too, are sheltered. Occasionally, a doctor new in practice, decides to open an office for a day or two each week in New Square. Any such physician is immediately informed that his nurses must dress discreetly. ("Long-sleeved dresses only, like their grandmothers used to wear.") He is told, too, that Muzak may be soothing to waiting patients, but it is unwelcome in New Square.

When New Squarers commute to work—most to the diamond district and 7th Avenue in Manhattan, but a few to Brooklyn—the separation from general society continues even on the bus. The vehicle is a shul on wheels, with an ark and Torah of its own, complete right down to the mechitza that separates the men from the girls. Explains Weissmandl, "It was the idea of the late Grand Rabbi. It makes two daily trips back and forth, the first at 6:30 A.M., and the second for women and children who may be going into the city for visiting relatives or shopping. On the early trip, the men daven shachris—which saves them the time of going to shul. When they get to the Amida, the bus driver pulls over to the side of the highway until they're finished with that and the Torah service. On the return trip, they daven mincha in summer and maariv in winter. When we first started, all we had was a small little old van. That grew into a small little old wheezing bus, and eventually to a big new one that seats 50. One thing we never have a problem with is getting a minyan." Motorists passing by the shul-on-wheels have problems though. "I had no idea what was going on," recalls one, "and I got so interested I almost drove off the road. All I could see at first was a whole bunch of laundry swaying in the breeze inside the bus. It wasn't until later that I realized what it was—talleysim fluttering as the congregation rocked in prayer."

The hassidim of New Square were better understood in Brooklyn, but they abandoned that battered borough in 1955 at the insistence of Grand Rabbi Twersky who felt they could no longer bring up their children in safety there any more. His scouts reported a large farm for sale in Rockland County, and the group purchased it for the construction of a brand-new neighborhood of their own. In 1960, the community petitioned the Town of Ramapo, in which their development lay, for the right to incorporate into an independent village. Town government resisted, but after a series of pitched battles in the courts, was forced to yield. New Square was able to elect its own mayor and four trustees, none of whom draw a salary. Mayor Friesel has a dual job—he is president of the religious organization as well—but manages to commute daily to a travel agency he owns in Manhattan. The government is, of course, entirely shomer shabbat.

But though New Square has its own religious court ("the rabbi tries to mediate any arguments between husbands and wives or neighbors"), it is not as tightly insulated on the Sabbath as, for example, Jerusalem's Mea Shearim. "We have a guard booth at the entrance to the community," explains Weissmandl, "but the road is a public thoroughfare and cannot legally be closed. Maybe we don't pick up our mail on Shabbos, but that doesn't stop the postman from delivering it."

That didn't stop the Religious Party in Israel from winning a major Knesset debate by using New Square as a shining example, however. Says Weissmandl, "I was in Israel for a few weeks recently, and I learned that the big national dispute between the religious and the non-religious Israelis had come to a head again over the barrier chains put up around orthodox quarters in some communities on Shabbos—with the non-religious incensed because they have to make detours with their cars. It came up in the Knesset, and I'm told that one of the Religious Party leaders got up and told about a little orthodox community in the United States that puts up barriers on Shabbat. He said, 'If they can do it in a secular country like America, we can do it here, too.'" Adds Weissmandl whimsically, "Of course, if I had been there, I would have had to contradict him. But I understand that he won the debate."

When a boy or girl reaches age 18 in New Square, there is no debate about one thing: It's time to get married. Delaying marriage for the sake of a career or waiting until one is financially secure is all but unheard of in the community. Says Weissmandl, "We don't exactly have any fulltime professional shadchunim (marriage brokers), but everyone is a shadchun. And the feeling is that if someone makes a match, then they should be paid a fee—out of tradition."

Tradition is as important in New Square as the lilting song of the same name in "Fiddler on the Roof" proclaims it, and nowhere is this clearer than in the mores of marriage. When boy meets girl, girl's parents know their part of the bargain includes a religious dowry—presenting the boy with a new tallit, a kittel, a set of shas (the 60 tractates of the Talmud at a cost of $150 to $300), and a streimel (a fur hat worn on Shabbat and holy days, costing anywhere from $400 to $800). Honeymoons are not a week at Miami Beach or Niagara Falls, but the sheva brachot—seven days of festivities beginning with the wedding feast, and followed by a party at a brother's house one day, a sister's another, an uncle's on a third, and so on. Then the couple sets up housekeeping, depending upon its finances, in a room in one of the parent's homes or in an apartment or home of their own (they vary from one to four-family) in New Square.

New Square is not exactly the Pittsburgh of Rockland County, but it does have industry of its own, employing a number of happy hassidim who thus avoid the necessity to commute. It boasts the only bookbindery in the county, a watch assembler, a couple of jewelry manufacturers, and three knitting mills—all high-ceiling basement operations, the largest of which employs 15. It has a fish market, a meat market, dry goods and appliance stores, and two building construction firms, but the town's most celebrated operation is a bakery. The business' most coveted product isn't apple strudel or rugelach, but rather the once-a-year schmurah matzos which bring Jewish purchasers from miles around. It is, in fact, an annual tradition for Hebrew schools in the area—and there are at least a half-dozen—to send their pupils by the busload to see the matzos being made and have the process explained. The women teachers who bring them are invariably disappointed, however—they are cordially invited to remain outside, well away from the male bakers.

The needs of the community from cradle to grave are now meet by recent acquisitions. The cemetery came first. "When the Grand Rabbi passed away," explains Weissmandl, "we received special permission from Albany to start our own cemetery just inside the town boundary, and we buried him there."

There are, of course, termites in Paradise. Not a lot of them, and none troubling enough to disturb the tranquility of services in the great synagogue around which all of New Square revolves. None as threatening as the pogroms that periodically menaced the original Skvira in the Old Country. But problems nevertheless.

There is beauty in that life. The black coats are drab, no doubt. Beards mask handsome young faces, wigs hide thick, dark manes. Homes are humble, and family incomes less than Rockfellerian. But the glow one sees on New Square faces at prayers in the central synagogue reflects a harmony, good will, and peace as rare today as a black fur hat.●

TRIBUTE TO BUD WEILAND

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. DASCHLE. Mr. Speaker, on September 7, 1981, a very dear friend of mine and certainly a leader in South Dakota passed away. An article that appeared in the Madison Daily Leader sums up well our feelings for Bud. I wish to take this opportunity to offer my tribute to a dear friend, a trusted adviser, and confidant whom I will greatly miss.

The article follows:

COMMUNITY LOSES A LEADER

The unexpected death of Donald P. (Bud) Weiland Monday at a family picnic leaves us with a sadness at losing a friend and a community leader.

Bud Weiland was, first of all, a family man who watched with pride as his children grew to maturity. But through the years he expressed equal concern for his neighbors and friends, and for the community, state and nation in which he lived.

He served at various times as chairman of the local Democratic Party, taking the good times and bad times with his even-tempered good humor. He was that rare person who is active in politics without making enemies among the opposition. His disarming smile would defuse the situation when political discussions got hot and heavy.

He brought the same level-headed approach to his service on the Lake Central School Board, where he seemed always to understand the human issues involved in the board's decision.

Weiland was also a sports fan, sticking with the local teams through good seasons and bad. He was a familiar figure along the sidelines at the football stadium or a track meet or in the stands at a basketball game, and he played an active part as a local sports booster.

His ready smile and helping hand will be missed by many.●

PRIVATE EMPLOYEE BENEFIT PLANS

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. BRINKLEY. Mr. Speaker, I wish to share with our colleagues a copy of a statement made today by a remarkable man, Mr. Morton A. Harris, before the Subcommittee on Labor in the other body. Mr. Harris is president of the Small Business Council of America, and his analysis of S. 1541 is noteworthy. The House companion bill is H.R. 4330, introduced by our colleague, JOHN ERLENBORN. The stated purpose of the legislation is to encourage the establishment and growth of employee benefit plans and to encourage savings to meet the needs of employees and their families in the event of death, disability, or retirement.

Mr. Speaker, the substance of such goals might be reduced down to the two words of "individual responsibility," which is consistent with everything the Small Business Council of America stands for. The legislation provides a vehicle to achieve personal independence. Its focus is away from government, choosing instead personal initiative and endeavor within a sound and predictable framework of law.

I commend the uncommon insight which Mr. Harris' paper reveals in the hope that objectives such as this can be achieved during the 97th Congress.

STATEMENT OF MORTON A. HARRIS, ESQUIRE, PRESIDENT, SMALL BUSINESS COUNCIL OF AMERICA, INC., AT HEARINGS ON S. 1541 BEFORE THE SUBCOMMITTEE ON LABOR OF THE COMMITTEE ON LABOR AND HUMAN RESOURCES, U.S. SENATE

Good morning, Mr. Chairman and Members of the Committee: I am Morton A. Harris of the law firm of Page, Scrantom, Harris, McGlamry and Chapman of Columbus, Georgia. I am officially here today in my capacity as President of the Small Business Council of America, Inc. (SBCA). However, I am also appearing as an individual who has been involved in the private pension industry for over twenty years and who is vitally concerned with the continued viability and growth of a sound private pension system.

SBCA is a national organization of over 1,400 small business men and women located in over 46 states. A major thrust of SBCA's efforts, since its founding in 1979, has been to identify problems in the small employer plan area and to seek solutions through the regulatory agencies or the Congress. SBCA's constant theme has been to urge the creation of incentives—and the elimination of disincentives—for the establishment and maintenance of private employee benefit plans by small business employers.

As an initial matter, I would like to state that SBCA strongly supports the basic thrust of S. 1541 and its companion in the House, H.R. 4330, introduced by Congressman John Erlenborn of Illinois. The stated purposes of this legislation—to encourage the establishment and growth of employee benefit plans and to encourage savings to meet the needs of employees and their families in the event of death, disability or retirement—are consistent with everything SBCA stands for.

Mr. Chairman, in my view, the ERISA problems of small plans and small employers resulted, in no small measure, from the fact that ERISA was drafted with little consideration given to precisely how the reporting, disclosure, and administrative burdens would fall on small plans. I really cannot fault this Committee or others involved in drafting ERISA for this deficiency. Small businesses and small plans were relatively silent when ERISA went through the legislative process. The focus of the small business legislative effort was at the eleventh hour and was devoted to insuring that small plans could retain a sufficient tax advantage to encourage their continued growth and to insuring that there was no tax discrimination against small plans. In focusing on these problems, small business interests paid insufficient attention to many, many other provisions of ERISA. I am delighted to note that since ERISA was enacted, small plans and small businesses, and indeed the entire private pension industry, have organized, and I can assure you that the small business sector will not be silent as further employee benefits legislation is considered.

Over the coming months, SBCA will be communicating with this Committee, and with the House Education and Labor Committee, with respect to details of the pending bills. For today, I would like to confine my remarks to general comments on the first five titles of S. 1541, and to identify a few items of particular interest and concern to the members of SBCA.

Title I of S. 1541 would provide for the establishment of a new Employee Benefit Administration and for the consolidation of the policy, administrative and enforcement functions of ERISA in that agency. Although SBCA has not adopted a formal position on this particular title, I would like to risk a few personal comments. On the one hand, I am very cognizant of the obvious practical and logistical problems involved in consolidating the administrative and enforcement functions of ERISA in a single agency. I am further aware of the particular political problems involved in consolidation of such functions in a new independent agency. On the other hand, there is no doubt that there is a need for adoption and implementation of a unified national policy regarding savings and provisions for retirement and for the elimination of unnecessary and duplicative administration. I think we must recognize that the existing agencies with prime employee benefits jurisdiction—the Internal Revenue Service and the Department of Labor—have fundamental missions which may not be totally compatible with the purpose of pension laws. For specific example, the function of the Internal Revenue Service is to collect taxes, and its policies inherently are developed with a primary view to impact on revenues. Employee benefit laws, on the other hand, should be administered with a primary view towards maintaining and expanding employee benefits security, not limiting revenue impact. In other words, administrative policy and discretion can and should be exercised primarily for the benefit of participants and beneficiaries, not primarily to collect taxes. I am not saying that the Commissioner does not and should not exercise proper discretion in administering the tax laws. I am saying, however, that his primary purpose is to focus on revenue impact and not on employee benfits security and this primary purpose leads to the adoption of policies which, in fact, are often contrary to furthering employee benefits security. For an example, I need point no further than the Service's continuing policy of disqualifying plans for innocent errors as opposed to seeking and encouraging remedial corrective measures. A new agency with a mission and purpose of encouraging retirement savings, and encouraging the establishment and improvement of private plans, may well be what is needed. Be that as it may, SBCA has not adopted a formal position on this matter and these are just my own views.

Title II of S. 1541 would proivde for a deduction by employees and their spouses for contributions to qualified retirement plans. I am very proud of the role played by SBCA in the recent enactment, in the Economic Recovery Tax Act of 1981 (ERTA), of provisions which would provide for expanded deductions for contributions to individual retirement accounts, and, for the first time, deductions for contributions by plan participants to IRA's or to qualified plans. SBCA strongly supports this concept and we hope that it will be improved upon. For example, SBCA supports expansion of the deductibility feature to "mandatory" contributions, and, when budgetary considerations permit, we strongly support an increase in the deductible amount.

Title III of S. 1541 proposes a number of specific amendments to ERISA. As a general matter, SBCA either supports or has no objection to these changes. Many are technical changes which long have been needed. Others merely conform provisions of Title I of ERISA to comparable provisions of the Internal Revenue Code. Still others apply to special industries or situations and simply do not effect our members. There are some changes that we support, but would prefer to see amended. For example, S. 1541 would provide certain changes in connection with the Summary Annual Report. We support the changes, but would prefer the elimination of the Summary Annual Report. It appears to us that if the Annual Report itself is available to participants, then the Summary Annual Report is just added paperwork. For another example, S. 1541 would simplify some of the confusion regarding the Notice to Interested Parties. We support these changes, but again would urge elimination of the Notice to Interested Parties. We have difficulty in determining any real benefit of the Notice. It advises interested parties that a determination letter has been sought in connection with a plan. However, a plan either "qualifies" or it does not. The comments of interested parties cannot change that fact. As a result, the notice provisions appear to accomplish little more than a delay in the determination letter process.

There are two provisions of S. 1541 that we would like to single out for particular approval. One is the provision, under Section 3603, that at least one member of the Advisory Council ". . . shall be a representative of employers maintaining small plans." Given that small plans, under any definition, constitute well over 90% of all plans, it is only reasonable that they be represented on the Council. A second provision we strongly favor is the return to the "adequate consideration" test for determining prohibited transactions. Although much progress has been made since 1974 in granting needed exemptions and in refining the exemption process, the inherent costs and

delays still preclude many small employers from entering into perfectly legitimate transactions which would be in the best interests of all concerned.

Title IV of S. 1541 proposes amendments to the Internal Revenue Code. We would like to note our particular support for Section 4810, which would provide "safe-harbors" under Code Section 411(d) relating to descrimination in vesting standards under qualified plans. SBCA has fought long and hard for vesting "safe-harbors", and would be delighted to see this matter laid to rest, once and for all, by specific legislation declaring that "4-40" vesting is a bottom-line, "safe-harbor".

There is one area presently not covered in S. 1541 which we hope will receive consideration in the final bill. This is the entire subject of employee aggregation under Internal Revenue Code Section 414(b), (c), and (m). These rules were designed, in one fashion or another, to prevent abuses in selective coverage under qualified plans. However, Sections 414(b) and (c), as interpreted by the Internal Revenue Service and the courts, go far beyond what might be termed "abusive situations", and reach situations where there is no purpose to deny coverage to low-paid groups, but merely a purpose to treat truly separate businesses separately. Code Section 414(m) was hastily drafted and is simply incomprehensible in many situations. Many very legitimate business organizations are combined or separated in one fashion or another for very legitimate business purposes. In many situations today, it is simply not possible for these organizations to determine exactly what kind of qualified plan they can have. Unfortunately, at the present time, it is our understanding that regulations under Section 414(m) are not a priority project. With the enactment of ERTA, publication of the 414(m) regulations may have been even further delayed. No one supports artifical schemes to carve out certain classes of low paid employees from coverage under qualified plans. However, it is imperative that the private sector know what the rules are and know what is permissible. For this reason, SBCA has strongly supported H.R. 3721 which would postpone the effective date of Code Section 414(m) until 90 days after final regulations have been issued by the Internal Revenue Service. SBCA is vitally interested in the adoption of clear and reasonable rules regarding the aggregation of related employers and employees. We would like to communicate further with the Committee on this subject, and with your permission, will be submitting additional specific comments on Code Sections 414(b), (c) and (m).●

STATEMENT ON H.R. 3464

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. STARK. Mr. Speaker, I support this legislation to make permanent the longstanding provisions in the yearly appropriations bills designed to insure that naval construction capacity is maintained in the United States. If the money appropriated for naval construction is allowed to be spent in foreign shipyards, we will rapidly lose the remaining shipyard capacity we have—and the result could be disastrous in time of war when shipyards are needed for repair and overhaul. Defense lies not just in building more ships, but in the capacity to repair and refurnish them, through a diversified system of regional shipyards and drydocks.

As a member representing a district with substantial shipyard capacity, I know from firsthand experience that the domestic industry is on its knees, and that permitting Navy contracts to be completed abroad would be another, crippling blow to the survival of the U.S. shipyard industry.

The economic health of many areas of the country depend upon Defense contracts to build and overhaul our Nation's naval vessels. To shutdown this industry would man depression-era conditions for many port cities.

I appreciate the Armed Service Committee's willingness, at long last, to bring this bill to the floor and to make this provision permanent law, thus eliminating the necessity of providing yearly amendments to the Defense Department appropriations bills.●

NO CIA SPYING AT HOME

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. EDWARDS of California. Mr. Speaker, recent columns in the Washington Post have expressed concern about the proposal currently circulating on Capitol Hill to inject the CIA into domestic intelligence activities. One of the columns is in a humorous vein written by Art Buchwald. The other is in a serious vein, written by former CIA Director Stansfield Turner. Although obviously different in style, both of the columns raise serious questions about the propriety of the administration's proposal to expand the role of the CIA here in the United States:

[From the Washington Post, Oct. 29, 1981]

THE CIA SHOULDN'T SPY ON AMERICANS

(By Stansfield Turner)

The administration is discussing with Congress a plan to authorize the CIA to engage in spying on Americans, for instance, by infiltrating domestic organizations. Public discussion of this proposed change will undoubtedly focus on the risks posed to our democratic liberties. That is understandable. No one wants the process of gathering intelligence in order to defend those liberties to, in fact, undermine them. Thus there is legitimate room for serious debate on this point. We should not, however, become so preoccupied with that emotional issue that we fail to explore the impact such a change could have on the effectiveness of our intelligence capabilities. I believe it would be very injurious.

It could be injurious because it would lead the CIA into activities for which it is not well-equipped. The CIA's previous involvements in gathering data about Americans were a large factor in the intense public criticism of the agency that evolved from the various investigations of 1975-76. The exaggeration that accompanied the justified criticisms of those unauthorized intrusions into the privacy of Americans harmed the CIA greatly.

Authorizing the CIA to look into the activities of Americans could well lead to another wave of criticism, and that could be fatal to the CIA. Why should we be concerned about such a possibility? Because CIA officers are not trained to operate in the domestic environment, where regard for law is a primary consideration. The ethic of intelligence is to get the job done in spite of local laws. It is unwise and unfair to force CIA operations into the domestic arena. It isn't necessary, either, for that is exactly where FBI officers are trained to operate. They instinctively research the legal limits surrounding any new assignment. They have over many years proved themselves to be professionals at both counterintelligence and the gathering of positive intelligence. With more emphasis on the latter they could cover whatever tasks the administration has in mind for the CIA.

In addition to reducing the risks that the CIA would be overly zealous in the domestic arena, there would be very positive benefits to our overall intelligence capabilities from such an arrangement.

It would encourage close cooperation between the CIA and the FBI. How foolish it is if one of those agencies has information that the other needs and fails to share it. That, unfortunately, was the case in the latter days of J. Edgar Hoover. Those days are gone; cooperation today is excellent. Authorizing the CIA to intrude into the lives of Americans inside this country would be interpreted as a lack of trust in the FBI to do the job well. It that is an implicit assumption of this new presidential executive order, it could undermine the mutual confidence and cooperation between the FBI and CIA which has been so hard-won and is so essential.

When it comes to collecting necessary intelligence information about Americans overseas, that is a different matter. The FBI is not an overseas agency, and the CIA is the agency with the experience and the necessary contacts in that arena. Should the CIA, then, be given new authority to intrude into the lives of Americans abroad? The answer is both yes and no.

There are lesser risks here, simply because there is less implication that information gained about Americans might be utilized for domestic political purposes. Consequenlty, I believe we could safely relax some of the rules on the CIA's probing into Americans overseas. Specifically, the rules on investigating suspected espionage are drawn very tightly now, yet the loss to our country from successful espionage against us could be very severe.

Beyond this the waters are murky. There are other areas in which there is a legitimate intelligence interest in the activities of Americans abroad. Most often these are matters such as the flow of narcotics toward the United States or international terrorist operations. Our intelligence activities in these areas today are hampered somewhat by limits contained in the present executive order. Despite this adverse impact in these special areas, I believe it is preferable not to change these rules and thus not risk unnecessary intrusions into the privacy of Ameri-

cans abroad and a possible new wave of criticism.

Another reason for eschewing additional involvement of the CIA with Amnerican citizens, other than for suspected espionage overseas, is the adverse psychological impact it would have on CIA personnel. Intelligence is a risk-taking business. Intelligence officers who are bogged down in legal intricacies concerning intrusion into the lives of Americans will spend less time and thought on developing imaginative, risk-taking endeavors. It is a subtle but important point of focusing the intelligence professional on his profession as much as possible.

Finally, the proposed changes risk the politicization of intelligence. This is the third effort by this administration to formulate some relaxation of the controls on the CIA. The impetus behind this determination appears to lie in rhetoric of the campaign and transition periods that averred that the CIA was unduly shackled by President Carter's executive order of January 1978. A close comparison of that order with the one issued in 1976 by President Ford (with George Bush as director of Central Intelligence) shows that there was no significant change in this area of the regulation of CIA activities with respect to Americans. This is not, then, a political issue and should not be pursued as the fulfillment of political promises.

The Senate Intelligence Committee has already taken a non-partisan stand against this new security order. Yet its advice is not binding on the President. All this emphasizes the importance of Congress' enacting legislation in this area that will endure from administration to administration. An issue of this significance to American values deserves the kind of thorough debate that would be involved in enacting a legislative charter for the entire intelligence community. Such a charter would, among other topics, spell out the line between the needed secrecy of our intelligence operations and the fundamental openness of our democratic society. It is an issue so vital to both our security and to our freedoms that it should be addressed in congressional statutes that provide much of the continuity in our governmental system.

[From the Washington Post, Oct. 29, 1981]

CALL IT INTELLIGENCE

(By Art Buchwald)

I have good news today. The CIA is going to come back into all our lives. If President Reagan's executive order goes through, the agency can once again spy on Americans in this country.

There are few people in America who are nervous about giving the Central Intelligence Agency this kind of power, so I will put their fears to rest by answering some of the questions being raised by the new ground rules.

Q: If you allow the CIA to operate in this country, don't you violate our civil liberties?

A: No, the CIA protects them. The more it knows what Americans are up to, the safer we all will be from the Commies.

Q: Will the CIA agents be able to read our mail and tap our telephones?

A: Within reason. But they are only going to read the mail and tap the phones of those people who deserve it. The rest of us have nothing to fear.

Q: The CIA was used as a political instrument by the Nixon people. What's to prevent them being used again to "get" the administration's opponents?

A: The difference is that the men under Nixon lost their moral compass. But the people who work for Ronald Reagan are beyond reproach.

Q: How do we know this?

A: Because most of them are lawyers.

Q: Doesn't the CIA have enough to do gathering intelligence abroad without bugging Americans?

A: You would think so, but most intelligence organizations know that if they can operate in their own country, they can justify a much larger budget.

Q: Will the CIA be able to break into your home under the new guidelines?

A: Not legally. But no one is going to make a big deal of it if an agency does so without getting an official okay.

Q: What's the worst that could happen to a CIA person who oversteps his authority?

A: He would be asked to resign, and then get a job working for Col. Qaddafi.

Q: I thought the FBI was in charge of catching spies in the United States. Why is the CIA getting into the act?

A: Because there are a lot of bag jobs FBI agents are no longer permitted to do. Since the CIA is not interested in prosecuting anyone, they can justify almost anything in the name of national security.

Q: What's to prevent the CIA from working with the Mafia or hiring Cuban gangsters to do their dirty work for them?

A: Nothing, really. When you're doing a covert job, you want the best people you can get.

Q: Isn't there a chance that the CIA will start off their domestic spying with the best of intentions, but, as they get more and more power, they could turn the country into a police state?

A: It couldn't happen. The CIA is monitored by a Senate Watchdog Committee, and nobody in the CIA would ever lie to a United States senator.

Q: Will the press be allowed to report on what the CIA is up to in this country?

A: Not if Congress passes its new American Official Secrets Act. You can't have a first-class domestic intelligence operation if the media are going to write about it.

Q: Then who protects us from our own Secret Service?

A: That's like asking who protects Soviet citizens from the KGB?●

A BALANCED ENERGY PLAN

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mrs. BOUQUARD. Mr. Speaker, in July of this year, the President issued his national energy policy plan describing a new energy policy for the Nation. The underlying philosophy of the policy is a sound one that defines the Federal function of establishing "sound, stable public policies that will encourage individuals and groups in the private and public sector to produce and use energy resources wisely and efficiently." The plan recognizes that the economy will dictate energy consumption by the end of the century and that quantitative energy goals "are not objectives in themselves."

Mr. Speaker, I support the basic approach outlined in the policy plan for reaching the underlying objective. The President believes that Federal spending should be considered "only in those promising areas of energy production and use where the private sector is unlikely to invest" and that Government spending is appropriate for "long-term research with high risks, but potentially high payoffs." Unfortunately, this approach has not been implemented in a balanced and consistent manner nor is it clear what the criteria are for the Federal involvement in technology development. Funding for a number of energy R. & D. programs for which private capital is not available has been severely impacted by the administration's budget initiatives.

Clearly, if in a given energy area a free market situation does not exist or the economic risks are too great (for whatever reason including Federal policy uncertainty) the Government will have to support development including demonstrations or we may lose the benefits of an important energy technology. In the case of nuclear power, the administration has recognized the lack of private venture capital and a viable free market for its support and development. This insight, combined with an appreciation of the importance of this energy source has been reflected in the administration's budget proposals and the recent nuclear policy statement.

I commend the President for taking a firm stand in support of nuclear power, a stand that is in direct contrast to the previous administration's vacillation. Thirty-two leading American scientists, including eight Nobel Laureates, sent a telegram to President Reagan expressing strong support for his policy statement on nuclear energy. Nobel Prize winners in physics and/or chemistry, Luis Alvarez, Hans Bethe, Fleix Bloch, Robert Mulliken, Arno Penzias, James Rainwater, Glenn Seaborg and Eugene Wigner joined their prestigious scientific colleagues in commending the President for his policy initiative, stating:

> We feel that the approach that you have outlined will help to insure the viability of commercial nuclear power as a vital component in the future energy mix of this country and that the policy is consistent with our interests in pursuing international nonproliferation goals.

Unfortunately, the President's approach in other energy areas does not warrant such acclaim.

I believe there are a number of energy R. & D. programs which have potentially high payoffs with high risks that are not being properly funded by the administration.

Lack of administration support for the solvent refined coal demonstration plants leaves this technology in jeop-

ardy of stagnation. These very expensive facilities cannot be funded by the private sector and the Synthetic Fuels Corporation (SFC) was not crafted by Congress for the purpose of funding these riskier, advanced technology demonstrations. Funding of such projects by the Corporation is of low priority because of the SFC's primary goal of catalyzing energy production, not R. & D.

In the area of solar energy development, of major concern are the cuts in funding for photovoltaics and large wind energy programs. In the long term, economical photovoltaics will greatly benefit our economy and improve our standard of living. This program should not be cut. Also the very well-managed technology demonstration program in large wind machines has been cut back arbitrarily. Similarly, budget cuts in industrial conservation R. & D. will impact our drive toward energy independence. In both the solar and conservation areas, the administration is so far continuing support for large tax incentives—about $1.5 billion for fiscal year 1981 in non-R. & D. funds—which will play a major role in accelerating the installation of commercially viable systems and methods. These tax incentives will reduce our dependence on scarce organic fuels and hopefully will not be tampered with.

Other areas where continued Federal R. & D. support is needed are conservation programs in heat engines and electric vehicles at a time when Detroit is on its knees and unable to carry this work on its own. In electric energy systems and storage the financially strapped and heavily regulated utility industry is similarly unable to perform and major U.S. manufacturers are in danger of losing vast international markets.

The administration's philosophical approach to Federal energy funding is on the right track but, unfortunately, its implementation has been inconsistent and the basis for setting its priorities in many cases is either unclear or indefensible. It behooves the Members of Congress to review this matter and see to it that we have a balanced energy program. Within the framework of the administration's approach, we should identify those areas needing additional support through recognition of private industry's limitations and see to it that they get such support. Unfortunately, in such a climate, some will see this as an opportunity to simply attack programs. A more sound approach is to work together to insure a balanced energy program that meets all our needs.

I urge my colleagues to work cooperatively toward a balanced energy program and insist on a much more solid rationale from the administration than the simple code phrase "economic recovery."●

A THOUGHTFUL MESSAGE ON CORPORATE RESPONSIBILITY FROM CHAIRMAN WILLARD C. BUTCHER OF CHASE MANHATTAN BANK

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LENT. Mr. Speaker, under the leadership of President Reagan and his administration, our country is moving in a new direction. It is moving away from heavy reliance on big government to take care of every need toward a more positive and responsible role for the private sector.

It is, therefore, reassuring to know that the leaders of the business world are giving thought to their part in assisting this major change in governmental approaches to our problems.

One of the most able of our country's business leaders, Willard C. Butcher, chairman of the Chase Manhattan Bank, recently addressed the subject in a lecture at the University of North Carolina. I bring to the attention of my colleagues the very thoughtful analysis of corporate responsibility in the 1980's which Mr. Butcher presented. It provides a most impressive philosophy as to the duties and responsibilities of corporate citizenship in this new decade. In order that my colleagues have the full benefit of Mr. Butcher's eloquent discourse, I ask that the full text of his address be entered in the RECORD at this point.

TOTAL CORPORATE RESPONSIBILITY IN THE 1980's

Good afternoon. I was delighted to receive your invitation to participate in the "Alumni Distinguished Lecture Series." But I accepted so quickly, I forgot to ask whether the alumni audience or the lecture is supposed to be distinguished. I'm relieved, as I look out over this illustrious gathering. That it's the audience you meant. Since, therefore, my lecture need not be distinguished, I would like to give you a straight-from-the-shoulder talk, which I have titled "Total Corporate Responsibility."

The title means simply that the full obligations of corporate citizenship—like individual citizenship—cannot be discharged merely by presenting a fat check to someone's favorite philanthropy. Responsible citizenship is more demanding and far-reaching than that.

All rights carry corresponding duties, and there are no benefits without obligations. That includes the benefits of citizenship. It's a legal fact that a corporation has a "personality and existence distinct from its individual members." That means a company not only has rights and privileges like an individual person, but also responsibilities and duties. Any person who claims his rights but shuns his responsibilities fails to contribute to the betterment of mankind and therefore, has no claim on the respect of mankind. I believe the same holds true for corporations.

And while there are some who still argue that a corporation should not concern itself with the needs of society and should, in fact, be prevented from contributing to help meet those needs—I am not one of them.

I believe, corporations do, indeed, have obligations. And today I'd like to focus on what I think those obligations are. Specifically, I'll cover three things: (1) how I believe a company should conduct itself in responsibily running its business (2) how it can apply its special expertise in a programmatic way to aid its community and (3) how it can contribute philanthropically to the betterment of society.

Let me start, however, by clearing away some recent confusion about one obligation that corporations do not have.

We do not, in my opinion, have a major role to play in saving all the broad social support programs that are jeopardized by the Administration's budget cuts. Clearly, there are some programs that deserve more corporate support, and I'll have more to say on these later. But I want to make it clear that pie-in-the-sky proposals about a massive corporate rescue mission are raising a lot of false hopes.

The whole rationale for reducing Federal spending and easing the tax burden is to redirect more of our national wealth from immediate consumption into investment that will increase future production. If business were to redistribute its limited investment funds back into social programs for consumption again, nothing would be gained.

Those who are ready to bury the Administration's economic recovery program—after all of two weeks in operation—should be reminded that the problems President Reagan is attacking resulted from a legislative bias that has accumulated over the last 50 years—and accelerated in the form of "Great Society" entitlement programs about 15 years ago. These broad-based, open-ended, public expenditures ballooned so fast that they brought our government into fiscal disrepute which, unless reversed, could lead to financial embarrassment and, I would contend, moral bankruptcy.

The damage done to our free enterprise system by the accumulation of broad, socialistic benefit programs is an adequate reason for business to examine very carefully any that seek our support. But there also is a more pointed reason—namely, that many of these benefit programs have been of doubtful benefit to the recipients.

If you don't believe that you might consider the plight of several species of birds that have been dying off in our country. Carolina wrens, Illinois mockingbirds, and Mid-West Downy Woodpeckers are three that come to mind. Why are they dying? Because so many people put out birdseed in the fall, that the birds feel no need to go through a long, strenuous migration to get food. They get hooked on handouts, until the feeders are empty or a harsh winter kills them off. Once a bird thinks its found a steady source of free sustenance, it quits trying to provide for itself.

Now, I'm not implying here that all of our social programs are "for the birds," but I do think we must prove ourselves smarter than our feathered friends and seize this moment to figure out what's gone wrong with our social programs over the years.

While every civilized society is obligated to provide for those unable to provide for themselves—no society, in my view, is justified in deliberately creating a benefit-dependent class—perpetuating it from generation to generation—and then encouraging its bloat, by means both legitimate and ille-

gitimate. Yet, that is exactly what has happened in America.

Instead of a safety net to catch Americans who fall through the cracks and need a helping hand to get back on their feet. We have created a tightly woven security blanket of support and assistance that helps destroy personal initiative.

According to the Commerce Department. Federal transfer payments grew by an unconscionable 419 percent between 1968 and 1980! Yet the official poverty class remained constant at around 25 million Americans. Since cash income was counted in determining who was entitled to most benefits, there was no real incentive for beneficiaries to improve their cash income. And dependence on these benefits increased.

I don't believe that the Government—much less the private sector—should support any program that encourages dependence and discourages initiative.

There is no "philanthropy" in such programs. In my view, it is not an expression of good will toward one's fellow men to deprive them of the motivation to strive for financial independence and self-respect. On the other hand, it is genuine philanthropy to provide opportunities, tools, and encouragement to those who are willing to make the effort.

Now, having explained what business cannot and I think should not do, let me turn to the ways in which corporations can and should contribute to the betterment of mankind.

Here, I am talking about what has become known generally as "corporate responsibility" or, put another way, the responsible management of corporate resources. And the bottom line of responsible management is to run a business properly and profitable. Indeed, if a business is not profitable—if a company squanders its corporate assets or wastes its resources—then it will never possess the ability to contribute meaningfully to society's improvement. As Winston Churchill once put it, "Profits aren't obscene—losses are." And the first obligation of any management intent on running a responsible corporation is to earn an adequate profit.

By the same token, management also has an obligation to provide a needed product or service at a fair price and to deliver it—as promised. By that I mean producing the very best quality product we can, so that when we advertise it forthrightly and sell it at a fair price—we end up with a satisfied customer.

This doesn't mean management should be considered immune from making mistakes. Even the best management will, occasionally, make an error. But when it does, it will move quickly and decisively to correct itself. Such was the case recently when Procter & Gamble removed its Rely tampon from the market, when the product was linked to toxic shock syndrome. P&G's action was the responsible thing to do and, in the long run, should augur well for the corporation's enhanced reputation and increased profitability.

Companies also have a front-line responsibility to their own employees. They must assure workers of equal opportunities to advance based solely on merit, maintain a safe and healthy workplace, and avoid infringing on rights to personal privacy and free expression. A company must also offer workers the opportunity to increase their real rewards through the vehicle of increased productivity. Indeed, to increase wages without increased productivity is the height of irresponsibility in that it only helps fuel inflation.

Corporate responsibility to the immediate community and to the general society is another clear obligation of the corporation.

Here, I believe companies must apply what I call a "programmatic approach" to community involvement. This goes deeper than digging into one's corporate pocketbook and coming up with cash. It means offering corporate time and talent—both full and part-time support—in a programmatic way to areas like municipal financing, school boards, pollution control, public recreation and the like.

A dollar is a dollar—from whatever source. But when companies provide direct, in-kind support, they have an opportunity to draw on their special skills and resources and beam their assistance to add an extra dimension to the group supported. For example, as a bank, we might provide financial counseling to a minority business or a community development project. But for guidance in a drug abuse clinic, a chemical or pharmaceutical firm could be more useful. This is what I mean by a more "programmatic approach" to corporate giving. And there has never been a greater need or a greater opportunity for business to customize and gear up this kind of support to a higher level.

I've reserved till last my specific comments on what is traditionally called "corporate philanthropy"—direct financial gifts, grants and contributions to non-profit agencies. There are some 300,000 such agencies in the U.S. today. They face a kind of Darwinian thinning-out process, as a result of Federal budget cuts. The fittest will survive. Those that are redundant, mismanaged, balkanized, or hopelessly unrealistic will have a harder time of it. They are undergoing a kind of market discipline that we in the business sector have always understood and dealt with. This will no doubt be a painful process but I think, in the end, will be a healthy thing.

The responsibility of business in this process is not to save the programs that perpetuate dependence. But again to support those that help build the future potential of our people and the future quality of life of our society.

Worthwhile agencies that promote culture, education, training, retraining, rehabilitation, economic revitalization of neighborhoods and urban communities deserve all the support we can muster; for their good and ours.

And it is in this area of corporate philanthropy that I think, frankly, we in American industry have not been doing enough and simply must do more.

The low level of overall corporate giving is frankly, appalling. Fewer than 30 percent of all corporations in America today make any charitable contributions at all. And only 6 percent give more than $500 a year. That means 94 percent of the Nation's corporations cannot even dig up a dollar and a half a day for charity in their own self-interest. Unless we in business do a good deal better than that, we will have no right to complain when our critics regain the upper hand * * * when the chickens come home to roost.

Every corporation is free, of course, to set its own level of contributions and pick the best time and most appropriate recipients for them. At Chase, our board recently approved a three-step increase in the percentage of after-tax earnings that we can give, which will bring us to a 2 percent level in 1983—well above the average contributed by all corporations.

We currently contribute almost $7 million a year—which ranks us with the top 100 U.S. foundations. We divide the monies into eight major categories, including education, culture, employment and youth groups, economic development, and public policy research. This year, we've funded groups ranging from The Boy's Choir of Harlem to the New York Public Library . . . from the American Enterprise Institute to the American Women's Economic Development Corporation.

To ensure the efficacy of our system, philanthropic monies are managed by a Corporate Responsibility Committee made up of 20 officers, including the most senior in the bank. Next month, the Committee will meet to consider the percentage of funds each philanthropic category should receive in 1982.

I would fervently hope that many other companies step up to this particular challenge—of stepping up as well the level of their philanthropic giving. This is especially critical—especially visible—in these days of refocused fiscal austerity in our nation.

These, then, are several major areas in which I think corporations have obligations to society. I would only add that most of these obligations demand the direct involvement and personal attention of the Chief Executive Officer. CEO involvement sends the right signals to the organization, to the community, and to the public-at-large that corporate responsibility is real, substantial, and of sincere concern to corporate management.

I can tell you from my own involvements that the educational value flows both ways. It's a broadening experience to get out of the board room and take the virtues and vitality of free enterprise into the community—(and sometimes even into the classroom).

One of my own involvements is raising money for Lincoln Center. I'm sometimes asked how a hard-line free-enterpriser got sidetracked into supporting the arts. Well, aside from a lifelong addiction to good music and the performing arts, I have no trouble with twisting a few arms for this particular cause. I simply ask people to consider the total economic benefit generated for the city by the concert halls, theaters, restaurants, hotels and other businesses that have sprung up and flourished around the Lincoln Center complex.

You may have heard the saying, popular some years ago, that the trouble with a corporation is that it has no heart to be touched and no rear end to be kicked. Times though have changed. (In fact, I'm sure many businessmen and women think they've been kicked around pretty good lately!) In any case, I do believe that a fair-minded survey of everything that companies are doing today to meet their total corporate responsibilities, would indicate that many do have a heart—and a head—and are using both effectively to discharge their obligations as citizens which, in the final analysis, will help sustain their legitimacy and ensure their rightful place in American society.

Thank you.●

CONSERVING AND REHABILITATING OUR PUBLIC LANDS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. CONTE. Mr. Speaker, I would like to express my support for the Public Lands Conservation, Rehabilitation and Improvement Act of 1981, introduced by Congressman SEIBERLING. As a cosponsor of this bill, I would like to commend him for the efforts he has put forth in drafting this piece of legislation, and offer my assistance to him as he moves forward on hearings on establishing a conservation and rehabilitation program to improve our Nation's resources, using the abilities of our young people.

Mr. Speaker, I have long been a supporter of this type of program, having fought to retain funds for the Young Adult Conservation Corps for the remainder of fiscal year 1981, following a rescission proposal by the administration. I think this bill makes some definite concept improvements for this type of a program in that it marries up the ideals of the Youth Conservation Corps and the Young Adult Conservation Corps, and attempts to eliminate past weaknesses of both of those programs.

The increasing demands on our public lands, for both recreation and resource production, are taking their tolls. If this tide is not stemmed, we will face a crisis as these valuable resources deteriorate.

Certainly, another problem which we in the Congress must address is the striking number of unemployed young people in our Nation. Many of these young people are more than willing to work, but simply cannot find jobs or lack the necessary skills to compete in the labor markets. A program such as this will go a long way in helping to relieve the high unemployment rate among our young people, and at the same time, give them a stake in preserving a valuable resource for their futures. In addition, I think a program of this type may serve to point out to some young people, an area of career interest they never before considered, and give them the skills necessary to pursue such a career.

I urge my colleagues to lend their support to this bill, and give our youth the chance to preserve an important part of their Nation—natural resources—through a worthwhile program.●

THE RIGHT OF SELF DETERMINATION AND THE U.N.

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. McDONALD. Mr. Speaker, previously, in the CONGRESSIONAL RECORD for October 20,1981, pages 24601-24602 I brought to the attention of my colleagues the statement of Mr. Carl Gershman, our distinguished counselor to the U.S. Ambassador to the U.N., which he made before the Third Committee of the U.N. on October 14. Mr. Gershman's October 14 statement was a reply to an entire day's reaction by all the Soviet bloc countries.

What caused this outpouring of rhetoric was Mr. Gershman's speech of October 9 before the same body; the subject of the speech was the "Right of Self-Determination," something we hear a lot about from the U.N. What surely upset the Communist members of the U.N. was Mr. Gershman's truthful and penetrating analysis and comparison of the Wilsonian and Leninist ideas of self-determination in language devoid of the typical. Orwellian "double-think" that dominates most of the actions and words of the U.N. and its proceedings. This point becomes even more apparent when one considers the action of Soviet bloc delegates during Mr. Gershman's remarks: Twice he was interrupted in an attempt to have him ruled out of order. Obviously, "freedom of expression" is as well regarded as the "right of self-determination" by our fellow members of the U.N.

Mr. Gershman's October 9 speech on "the Right of Self-Determination," which I commend to my colleagues, follows:

STATEMENT BY CARL GERSHMAN, U.S. REPRESENTATIVE IN THE THIRD COMMITTEE, ON ITEM 81, THE RIGHT OF SELF-DETERMINATION, OCTOBER 9, 1981

The recent admission of Vanuatu and Belize to the United Nations brings to 156 the number of member states in the world body. This figure, which is more than three times the number of states that attended the founding conference of the United Nations in San Francisco in 1945, bespeaks the transformation that has come over world politics since the Second World War. Before that time, and especially before the First World War, world politics was essentially the politics of European states. Since then, with the geometric increase in the number of independent states, which followed upon the dismantling of the European colonies in Asia and Africa, world politics has become more genuinely global in nature.

This fact alone, however, does not signify the triumph of the principle of self-determination in world affairs. While self-determination may well be the single most cited principle of the United Nations Charter, this does not mean that there is general agreement about its definition. Nor does it mean that all governments that espouse this principle respect it in practice.

The question of self-determination remains a highly charged and much debated political issue. This debate is not a mere academic exercise, but has profound implications for the future of mankind. The failure to define the issues clearly, therefore, can have far-reaching consequences.

As a starting point, it is important to acknowledge that there are really two conflicting views of self-determination, both of which emerged in the wake of the First World War. These two views—one deriving from Woodrow Wilson and the other from V. I. Lenin—are fundamentally at variance with one another. Indeed, as we shall see, the Wilsonian and Leninist positions are mutually exclusive. Still, the debate over self-determination, and attempts to implement this right, proceed as if there were a single, universally accepted definition of this right. The result has been a good deal of misunderstanding and, worse yet, the perversion of the right of self-determination into an instrument of oppression.

From Wilson's point of view, self-determination was above all a means to insure peace through justice. The Great War, he told the Congress in 1918, had "its roots in the disregard of the rights of small nations and of nationalities which lacked the union and the force to make good their claim to determine their own allegiances and their own forms of political life." The precondition for peace, according to Wilson, was security "for every peace-loving nation which . . . wishes to live its own life, determine its own institutions, be assured of justice and fair dealing by other peoples of the world as against force and selfish aggression."

The Wilsonian view of self-determination was an attempt to apply the values of liberal democracy to international affairs. Henceforth, he insisted, it would be necessary to respect the rights of nations as well as the rights of individuals. In fact, the two principles were seen as organically related since self-determination for a nation presumed the free expression of the people as the basis of governmental authority. "Peoples may now be dominated and governed," Wilson said, "only by their own consent." The right of national self-determination, in other words, could be infringed as much by the denial of democratic liberties as by the violation of national sovereignty.

If the Wilsonian idea of self-determination affirmed national rights within the framework of the liberal democratic tradition, the Leninist idea of self-determination grew out of the desire to harness anti-colonialist movements to the Bolshevik Revolution. Lenin came to this view following the failure of the proletarian revolution in the West—a revolution he has always believed was essential for the triumph of Communism. In search of a new revolutionary class, Lenin turned to the East. He drew hope from the belief that the formerly dormant peoples of the East had been "drawn into the general maelstrom of the world revolutionary movement" as a consequence of the Great War. In this context, self-determination presented itself as a useful slogan—a powerful weapon of propaganda by which "the revolutionary nationalist East," as Lenin termed it, could be mobilized for the struggle against "the counter-revolutionary imperialist West."

The Wilsonian and Leninist approaches to self-determination were thus diametrically opposed to one another. For Wilson, the immediate crisis that made self-determination an urgent necessity was the breakdown of international peace. For Lenin it was the

failure of the revolution in the West. For Wilson the overriding purpose of self-determination was the establishment of world order. For Lenin it was the triumph of world Communism. For Wilson the philosophical foundation of self-determination was liberalism and respect for human rights. For Lenin it was Bolshevism and the so-called "dictatorshp of the proletariat."

Ideas have consequences, and they may be judged according to those consequences. The Wilsonian and Leninist ideas of self-determination have been the source of two streams of action and thought, both of which have shaped the modern world, albeit in very different ways.

The consequences of the Wilsonian idea of self-determination may be observed in a development already referred to: the dismantling of the European colonial possessions and the corresponding emergence of scores of independent nation states. The right of self-determination has also been implemented, for example, in Puerto Rico, whose political status today wholly reflects the freely and repeatedly expressed desires of the Puerto Rican people. It is being implemented as well in Micronesia where the same process of free elections and plebiscites will occur under the supervision of the Trusteeship Council.

This achievement of self-determination by so many of the world's peoples, which is surely among the most momentous developments to have occurred in this century, was anticipated in the covenant of the League of Nations—a document that was strongly influenced by the ideals of Wilsonian internationalism.

To be sure, it cannot be said that the principle of self-determination has been fully implemented. At this very moment, for example, we are confronted with the question of Namibia, whose independence is long overdue. We are also confronted with the fact that in many countries of the world the right of self-determination remains unfulfilled owing to the absence of procedures guaranteeing political and civil liberties which are necessary for the free expression of the people's will. The link established in Article 55 of the Charter between self-determination and respect for fundamental freedoms is too often ovelooked in the deliberations of the United Nations. So is the reference in Article 76 to "the freely expressed wishes of the peoples concerned"—words that accurately and succinctly state the heart of the principle of self-determination.

This should not diminish in our eyes the Wilsonian achievement, for there can be no question that the influence of his concept of self-determination has contributed to the liberation of mankind from the rule of force. Unfortunately, the same cannot be said of the consequences of Lenin's approach to the question of self-determination.

Whereas the historical offspring of the Wilsonian idea of self-determination has been the relinquishment of empire by the West, the Leninist approach has resulted in the consolidation and expansion of the last remaining empire on earth. The fact that this latter development has been justified in terms of the fulfillment of the right of self-determination—or as it is fashionably termed today, national liberation—is a powerful example of the perversion of language in the modern era.

The Bolshevik Revolution in 1917 inherited an empire that Lenin once referred to as "a prisonhouse of peoples." It was an apt description of an empire encompassing many peoples that had expanded from some 15,000 square miles in 1462 to 8,660,000 square miles in 1914—a rate of more than 50 square miles a day over a period of 450 years.

Far from abandoning this empire, Lenin and his successors have expanded it and have imposed upon its subjects the even more ruthless force of modern totalitarianism.

In 1961, under an agenda item dealing with the right of self-determination, the United States Permanent Representative to the United Nations Adlai Stevenson traced the growth of the Soviet Empire after the Bolshevik Revolution. "We are told," said Stevenson, "that the peoples of the Soviet Union enjoy the right of self-determination . . . How did this 'right' work in practice?" Let me quote portions of his answer to that question:

"An independent Ukrainian Republic was recognized by the Bolsheviks in 1917, but in 1917 they established a rival Republic in Kharkov. In July 1923, with the help of the Red Army, a Ukrainian Soviet Socialist Republic was established and incorporated into the USSR. In 1920, the independent Republic of Azerbaidzhan was invaded by the Red Army and a Soviet Socialist Republic was proclaimed. In the same year, the Khanate of Khiva was invaded by the Red Army and a puppet Soviet People's Republic of Khorezm was established. With the conquest of Khiva, the approaches to its neighbor, the Emirate of Bokhara, were opened to the Soviet forces which invaded it in September 1920. In 1918, Armenia declared its independence from Russia . . . In 1920, the Soviet army invaded, and Armenian independence, so long awaited, was snuffed out. In 1921, the Red Army came to the aid of Communists rebelling against the independent State of Georgia and installed a Soviet regime.

"This process inexorably continued. Characteristically, the Soviets took advantage of the turmoil and upheaval of the Second World War to continue the process of colonial subjugation at the expense of its neighbors. The Soviets' territorial aggrandizement included the Karelian province and other parts of Finland and the Eastern provinces of Poland, the Romanian provinces of Bessarabia and Bukovina, the independent States of Estonia, Latvia, and Lithuania, the Koenigsberg area, slices of Czechoslovakia, South Sakhalin, the Kurile Islands, and Tanna Tuva . . .

"Following the Second World War, whole nations and peoples were swallowed up behind the Iron Curtain in violation of agreements and without a free vote of the peoples concerned. These included Poland, Hungary, Romania, Bulgaria, Albania and then Czechoslovakia in coups d'etat. The German and Korean people, divided as the result of the war, were held from unity by the failure of the Soviet Union to live up to agreements it had signed and to permit the self-determination of these peoples through free elections."

During the twenty years since Adlai Stevenson wrote these words, new countries and peoples have been added to the Soviet Empire. Cuba is now a Soviet colony and imperialist base in the Caribbean, a threat to the peace of the region and the cat's paw of Soviet imperialsim in Africa. Vietnam and Laos have now been absorbed into the Soviet Empire, a process that is being further pursued in Kampuchea by means of the invasion and continued occupation of 200,000 Vietnamese troops. And then, of course, there is Afghanistan.

It is hard to imagine a more explicit case of the denial of the right of self-determination. The Soviet Union is occupying Afghanistan against the will of the entire Afghan population. Approximately 3 million people, about one-fifth of the Afghan population, have fled the country to escape the carnage wreaked by the Soviet occupation force. Those remaining still control some 75 percent of the country, despite the fact that they are poorly armed and trained; and despite the fact, too, that the Soviet Union has used against them the most sophisticated weapons in its arsenal, ranging from heavily armed helicopter gunships to supersonic aircraft. Within the Kabul government, Soviet personnel direct virtually all aspects of administration, including the Ministries of Foreign Affairs, Defense, Interior, Information and Culture, Justice and Economic Planning. Since 1979, Soviet personnel have also commanded the Afghan army down to the brigade level and sometimes down to the company level.

Indeed, nothing more clearly illustrates the lack of public support for the Soviet occupation than the collapse of the Afghan army. The Kabul regime has resorted to desperate measures to recruit to the army. Young men, some only 12 or 13 years old, are seized in bazaars, loaded into ground or air transport, and shipped to another section of the country where they are shoved into uniform. Only those who escape—some of whom have been interviewed by the international press—are heard from again. The others simply disappear and even their families do not know where they are.

The recent call-up of men who have already completed their military service has been met with riots and protests. On September 6 and 7, a protest against the call-up by thousands of demonstrators, most of them women, was put down when troops opened fire on them, killing several of the demonstrators including two high-school girls. The regime has gone to the extent of offering 30 times normal pay—a salary equal to that of a sub-cabinet level adminstrator—to encourage former enlisted men and non-commissioned officers to answer the call-up. Yet still they do not turn up. On the contrary, draft age men slip out of the cities to join the resistance, and whole regiments of the army desert en masse.

In Article 1 of the Covenant on Civil and Political Rights, to which the Soviet Union is a party, self-determination is defined as including the right of all peoples to "freely dispose of their natural wealth and resources." This right is violated daily in Afghanistan by the Soviet Union, which has expropriated the country's wealth and resources to pay for the occupation.

For example, all the natural gas from the gas fields near Shibarghan in the north of Afghanistan is piped directly into the Soviet Union. Not only is the price for this gas set well below world market rates, but Afghan officials have no way of determining the amount extracted since the meters are all on the Soviet side of the border. Even then, the Soviets do not actually pay anything for this gas since it is extracted in exchange for exports which the Afghans are forced to accept and which are needed to sustain the regime the Soviets have imposed.

Not least, on September 3 the Kabul regime announced the signing of a 9.5 million ruble contract to buy materials for the construction of two additional housing developments for Soviet personnel to be built in the northeastern outskirts of Kabul. It seems that the denial of self-determination

in Afghanistan extends even to the point of making the Afghans pay for the cost of housing their would-be conquerors.

Mr. Chairman, the seeds sown by Lenin so many years ago have come to harvest, and the world is reaping a whirlwind of turmoil and tension. In region after region, the quest for empire has sharpened local conflicts, increased human suffering, and eroded the foundations of world stability. The present impasse in international politics is surely a vindication of the Wilsonian belief that the denial of self-determination threatens the peace of the world.

There is no other way out of this impasse than to reaffirm and defend the right of self-determination for all peoples. Toward this end, it is necessary to end the conspiracy of silence with respect to those within the world's last empire whose legitimate right to self-determination has been denied.

Let me speak of one individual whose fate is unknown to the world. His name is Yuriy Kukk, an Estonian from Tartu who was a professor of chemistry. He was among those arrested by the Soviet authorities following the publication of a petition called "the Baltic Appeal." This appeal, signed by 45 Baltic citizens, was issued in August 1979—the 40th anniversary of the Hitler-Stalin Pact which led to the partition of Poland and the occupation of the three Baltic states (all of whom had previously been members of the League of Nations). The petition called for the publication of the Pact, including its secret protocols, and for Baltic self-determination.

Kukk, who had also spoken out against the invasion of Afghanistan, was tried along with his fellow dissident Mart Niklus, convicted of "anti-Soviet agitation," and deported to the Gulag. On March 27 of this year, after a 4-month hunger strike, Kukk died in a transit camp near Vologda. He was buried outside the camp, and the authorities refused a request to allow his body to be returned to his family. When his wife visited the grave site, she was prevented by prison guards from placing flowers on it or from photographing it. They also refused her request to place her husband's name on the grave. They would only allow the grave to be identified by Yuriy Kukk's prison number—23781.

This is just one story among thousands, selected almost at random. It took place far away from the glare of world publicity, within what Aleksandr Solzhenitsyn has called the "isolated zone" of Soviet totalitariansim. Nonetheless, Yuriy Kukk and others like him are among the authentic heroes of our time. They deserve our admiration. Indeed, they deserve our solidarity.

"There is only one power to put behind the liberation of mankind," Woodrow Wilson once said, "and that is the power of mankind. It is the power of the united moral forces of the world . . ." Mobilizing these forces in support of genuine self-determination and fundamental freedoms for all peoples is the awesome challenge facing the United Nations.●

SMALL BUSINESS EXPORTS

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SKELTON. Mr. Speaker, American small businesses have long been an example to the world of the values of independence, risk, and reward. Our small businesses stand second to none for their innovation, growth, and efficiency. Yet we have not yet begun to scratch the surface on what is the largest untapped market for our top-quality small business products; namely, foreign trade. Today, I am placing in the RECORD an article by Wilson S. Johnson, president of the National Federation of Independent Business, which I believe expresses in the clearest terms the need to encourage our small businesses in international trade. I commend this article to by colleagues.

SMALL FIRMS CAN SHARE EXPORT MARKETS

OTTAWA.—One of the principal topics of discussion among delegates from more than 60 countries assembled here for the week-long Eighth International Symposium on Small Business was the potential for small business participation in foreign trade.

Some see the expert business as a major factor in expanding the economies of developing countries. Industrialized nations, such as Japan, are encouraging small businesses to become involved in exporting to an even greater extent than is now the case. In Japan, small enterprises already account for 30 to 50 percent of the total annual exports of that country. In the United States, it is estimated that 10 percent of small businesses are engaged in some form of exporting.

Clearly, there is an opportunity for more small U.S. businesses to enter the lucrative foreign markets. But in listening to the discussions in Ottawa, it became apparent to me that governments of many nations represented are far more active in assisting and promoting small business participation in international trade than is the United States government. Market surveys, financing, promotional activities and other functions are the province of government agencies, particularly in the developing nations.

In this country, the Commerce Department and the Small Business Administration do provide some assistance. Commerce now has 47 district offices to assist small-business people who want to learn more about selling abroad. The department also has commercial service offices in 65 countries—also to provide information and assistance to would-be exporters. But because many small-business men and women shun government help of any kind, some may be missing the opportunity to expand their companies and help the U.S. achieve a favorable balance of trade. In a recent interview in the newsletter of the National Federation of Independent Business, assistant Commerce secretary William Morris said, "Few businesses succeed by waiting for someone to discover their product or service. We are here to help them tell the world they exist. All they have to do is make one phone call."

In the private sector, banks and export brokerage firms are sources of assistance to the small entrepreneur who wants to unravel the mysteries of foreign trade. A Canadian banker who spoke at the small-business symposium observed, "Banking communities everywhere (must become) a good deal more to small businesses than mere bankers."

Export brokerage houses, such as the Boston-based ZLF International, operate much like a real estate broker, collecting their fee (usually 10 percent) only after the exports have been sold. ZLF president Carl Zinnell claims that the use of firms such as his by small businesses minimizes the risks of exporting while increasing productivity.

The entry of many thousands of small, independent U.S. businesses into the markets of the world would do much to improve the nation's balance of trade, increase employment and provide a tonic to those suffering the ill effects of lagging domestic sales. But nations large and small are looking at those same markets and many have the jump on us. The message from Ottawa is clear: If the United States is to garner its share of world business, small entrepreneurs must become involved now.●

CONTINUING POVERTY OF RURAL ELDERLY

HON. STANLEY N. LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. LUNDINE. Mr. Speaker, poverty among elderly Americans continues to be far worse in rural communities than it is in urban areas. Although rural poverty is more broadly distributed and less visible than urban poverty, the proportion of the rural elderly falling below the poverty level is actually twice that of the urban aged.

As a member of the Select Committee on Aging, and a representative of a rural district, I am concerned that the rural elderly are suffering disproportionately from the ongoing bugetary battles. Recent Federal and State policy changes will compound problems for rural residents who already face low incomes, inadequate health services, and poor housing.

An article appearing in a recent issue of Human Ecology Forum documents the economic hardship endured by many of our rural aged. The author, Kristie Ann Puetz, is a graduate student in Cornell University's College of Human Ecology. I include this article in today's RECORD and recommend it to my colleagues.

THE CONTINUING PROBLEMS OF THE RURAL ELDERLY

(Kristie Ann Puetz)

An examination of the problems of the rural elderly should recognize the plurality of rural societies (the rural farm and rural non-farm populations); as well as migratory patterns, particularly retirement moves; the area of the country where the elderly live; and the fact that the problem may not be rural but may be due to aging, cohort effects, education, income, or other factors.

Current technology and the mass media have narrowed the gap between rural and urban life. Yet the gap that does exist affects the types of services that are established in rural areas, as well as national and state policy for the aged.

INCOME AND RETIREMENT

It is a well-established fact that the elderly exhibit a high incidence of poverty. The economic condition of the rural elderly is worse, because rural populations generally

are poorer than their urban counterparts. The 1970 U.S. Census report on low-income populations found 42 percent of rural nonfarm elderly below the poverty level, compared to 24 percent of the urban elderly. Farm populations were comparable to the urban segment with 26 percent of the rural farm elderly below the poverty level.

Investigation of the incidence of poverty by region of the country will expose variations in income: the poorest rural elderly are located in the South and North Central regions. This regional difference is largely due to the industrial versus agricultural economic base in the areas.

A combination of factors accounts for this. Of particular significance is the fact that farming and self-employment were not covered under Social Security until 1955. Today's rural elderly, many of whom are farmers or self-employed, receive reduced benefits at age 65 or retirement. Widows are left in a particularly vulnerable financial position. (This will not be a factor for younger rural families.) The fact that many continue to receive income from farming past the Social Security retirement ages eliminates some or all their benefits under the Social Security retirement test.[1]

The difference in rural and urban elderly income levels is offset by the lower cost of living in rural areas (for example, use of home-produced food and the higher likelihood of owning their own home). On the other hand, rural elderly have medical bills similar to urban elderly, making these expenses a greater proportion of the income.

Associated with income are patterns of work and retirement of the rural elderly. It has been said that farming is a way of life rather than a job. Many farm people have chosen a life of lower income to have the independence associated with farming. Many non-farm rural people are self-employed, so a similar situation exists for them. A consequence of the nature of ownership for the farmer and self-employed person is the ability to ease into retirement, unlike most urban workers. The abrupt transition from full employment to no employment can be avoided by retention of ownership but with a decreased involvement in management of the farm or business. Unfortunately for many, the lower income before retirement penalizes them when it comes to the amount of Social Security benefits they receive because benefits are based on earnings from work over the years, up to retirement (age 62 or later).

HEALTH AND TRANSPORTATION

For the elderly, the common notion that rural areas provide healthier living conditions is questionable. Rural aged are in poorer health than urban counterparts, suffering from more chronic illness, compounded by limited mobility. Their use of private health insurance, Medicare, and Medicaid is less than that of urban elderly, further straining their financial resources.

Additional stress comes from a lack of health facilities, emergency medical care, and helping services, such as home health aides. There also is variance in access to services between the elderly in small towns and the open country. Farm elderly face the barriers of distance, availability of transportation, and ability to travel in reaching the services that are available in the small towns.

[1] The retirement test decreases any Social Security benefits received when income from work surpasses $5,500 (in 1981).

During the White House Conference on Aging in 1971, U.S. Senate hearings on the rural elderly in 1977 and House hearings on the problems of rural elderly in 1976, the predominant concern voiced was transportation for the elderly. The rural elderly depend to a great extent on automobiles, but failing health and low incomes reduce their ability to drive and maintain an automobile. An effective public transportation system has not been feasible in areas where rural elderly live because they are so sparsely populated. In addition, geographic populated barriers such as long distances and poor roads cause major problems.

Finding a system at a cost low enough to get public support is difficult, so the elderly continue to be unable to take advantage of services they need and are entitled to. Young people leaving rural areas reduce one form of voluntary transportation for the elderly. In addition, the tax base of the area is eroded, decreasing funds for transit and other needed services.

HOUSING

A large contrast between rural and urban elderly exists in regards to home ownership and length of residence. While 65 percent of the urban elderly own their homes, the figure for rural farm elderly is 90 percent and for rural non-farm elderly it is 80 percent. The duration of residence follows a similar pattern, particularly high for the rural farm elderly.

These two indicators may seem to be advantageous for rural people, but a second look reveals another side of the story. Rural homes are of less value, have fewer conveniences, and have more maintenance problems than urban homes and are often too large for their single or couple occupants. It has been estimated that 20 percent of the rural population aged 60 or older live in substandard housing. Of particular consequence are the lack of complete plumbing facilities and central heating. High utility costs and limited incomes result in poor heating and related problems, particularly in northern regions of the country where large proportions of the population are 65 and over. These combined conditions pose serious threats to healthy living conditions.

SPECULATIONS

Considering the changing political environments, it is difficult to foresee what the next decade will be like for both the rural and urban elderly. These speculations appear to be major possibilities:

The rural elderly for whom the prospects are bleakest are the poor. Any proposals offered for changing the Social Security system do not ihvolve increasing benefits for those with low income and irregular or few years of work experience. Removal of the minimum benefit Social Security as offered in the past will force many people to receive Supplemental Security Income benefits.

On the other hand, part of the rural population would benefit from removal or an increase of the Social Security retirement test. Active participation in farming continues past age 65 for many, thus penalizing many rural farming elderly today.

Consolidating the HEAP (home energy assistance program) and the home weatherization program for the poor with other programs in the block grant presents the probability of decreased funding for both programs, further inhibiting the improvement of housing and health conditions for rural elderly. Furthermore, if the eligibility criteria for the weatherization program are unchanged, it would continue to discriminate against rural areas. Presently, only communities with a population of at least 50,000 automatically receive funds. Smaller communities compete for funds.

Policy decisions in general must look at the total and diverse needs of the elderly—income, health, transportation, housing, and others—if quality of life is to be improved. For many elderly, however, the road ahead appears to be rough.●

AN ENERGY OPTIONS CHART

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SWIFT. Mr. Speaker, discussion of America's energy options is often characterized by misunderstandings and inaccuracies. I am convinced that many of the misunderstandings are largely a result of the lack of comparative energy analyses.

To address this concern and to foster meaningful discussions about America's energy future among policymakers as well as our constituents, I am placing the following Summary Table of U.S. Energy Resources into the RECORD. The Energy Options Chart was recently developed by the Columbia Institute for Political Research.

The chart provides, in a concise and understandable way, critical energy, economic and environmental data intended to facilitate comparisons of the various energy options. The fundamental message of the summary table is that the United States should evaluate all available energy resources and utilize as many as are feasible as part of our total energy mix.

We should all recognize, Mr. Speaker, that no energy resource is a panacea. All energy alternatives, be they oil, coal, nuclear, solar, or synthetics, have their pros and cons. Some are fairly plentiful, but are costly and could have environmentally harmful impacts. Some are inexpensive and environmentally benign, but lack the energy potential to make significant contributions to meeting our future energy needs. Many are promising but they lack the technology to be feasible options in the near term. It is in this comparative, pro-con context that our energy resources and options should be evaluated. It is in this interest that I urge all my colleagues to carefully examine this energy options table.

Summary Table of U.S. Energy Resources

Energy sources	Current use		Projected use, year 2000		Potential supply [1]	Current cost [2]	Environmental and safety considerations	Feasibility considerations
	In quads	Percent	In quads	Percent	In quads			
Fossil Fuels	75	92.5	81	79				
Petroleum—oil shale	18	23	22	21	800 plus 700 oil shale equals 1,500 (75 yrs. supply).	4.3 ¢/kwh 430 ¢/mbtu	Air pollution, accidents, oil spills	Oil shale not demonstrated to be economical on a large scale.
Coal—synfuels	19	24	37	36	90,000 (4,500 yrs.)	2.3 ¢/kwn 135 ¢/mbtu	Pollution, strip minning, accident risk	Not demonstrated on a large scale.
Gas	22	25.5	17	17	1,000 (50 yrs.)	2.5¢/kwn 220 ¢/mbtu	LNG—explosive	
Imports—primarily oil	16	20	5	5	30,000 (? yrs.) (just Middle East)	4.5 ¢/kwn 450 ¢/mbtu	Undermine national security, embargo threat, economic instability.	
Nuclear	2.7	3.5	12	12				
Fission	2.7	3.5	12	12	LWR–1,200. Breeder 120,000 (10,000 yrs. supply).	1.9 ¢/kwn 15 ¢/mbtu	Potential accident risk, nuclear waste disposal, low level radiation.	Breeder technology not commercial until 2000–2010.
Fusion					Unlimited	Unknown	Unknown	Technology not proven, commercial application date unknown.
Alternatives	3	4	9	9				
Hydro	3	4	3	3	24 (annual)	.75 ¢/kwn	Threatens scenic areas and marine life.	
Geothermal			1.5		1,600 (1,000 yrs.)	2 ¢/kwn	Mineral contamination, threatens scenic areas, mostly on federal lands.	Need technology for deeper drilling.
Solar heating and cooling			1		10 (annual)	6–16 ¢/kwn		
Solar thermal electric			.25		5 (annual)	30–50 ¢/kwn	Thermal pollution	Need technology advancements for large scale development.
Wind			.5		10 (annual)	20 ¢/kwn	Large land use, noise and aesthetics	Need further technology and efficiency breakthroughs in energy storage.
Photovoltaics					35 (annual)	100 ¢/kwn	Large land use	Need major technology; breakthroughs to make economical.
Ocean Thermal			.25		400 (annual)	7 ¢/kwn	Cool ocean water, adverse effect on weather.	Not technically demonstrated for large scale development, must overcome marine cohesion.
Bioconversion			2.5		20 (annual)	5–20 ¢/kwn	Some pollution, large land use	

[1] The potential for each energy resource is measured in either total quads for the lifetime of exhaustible fuels or in annual quads potentials for renewable forms of energy. For those nonrenewable resources, the estimated number of years of supply at current consumption is shown in parentheses. For renewable energy sources, only their annual quad potential is listed.

[2] Cost figures are either in cents per kilowatt hour of electricity (¢/kwn) or cents per million BTU's (¢/mbtu). A million BTU's is roughly equivalent to 7 gallons of petroleum and a kilowatt hour is equal to the amount of electricity required to light ten 100 watt light bulbs during an hour. Cents per million BTU's can no be compared with cents per kilowatt hour.

Note.—The figures are only intended to provide a general comparison of the various sources; they should not be treated as completely accurate or definitive figures. Most of the figures are rounded-off means, derived from examination of several research and study sources. Data was gathered from the Department of Energy Office of Energy Information, the Congressional Research Service, the House Committee on Energy and Commerce, the Edison Electric Institute, the Electric Power Research Institute, the Atomic Industrial Forum and the Solar Energy Electric Research Institute.●

HUNGARIAN JURIST PRESIDENT SPEAKS OUT

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. ROUSSELOT. Mr. Speaker, Dr. Laszlo Varga, LL.B., the president of the World Federation of Free Hungarian Jurists headquartered in New York, has researched the files of the U.N. in connection with the role of the Hungarian delegation during the 1956 Hungarian revolution. This article is especially timely, as we have just commemorated the 25th anniversary of that revolution on Friday, October 23, 1981.

Dr. Varga was a member of the Hungarian Parliament after World War II, before the Communists forced him into exile. He also played an active resistance role against the German occupation forces in 1944, and was imprisoned by them for his actions. At the present time he is a member of the New York State Bar and a practicing attorney here in the United States.

The following article outlines the Soviet conspiracy directed at the nationalist Hungarian delegation to the U.N., which had not yet been replaced by a Soviet dominated delegation. Their actions were aimed at preventing a U.N. Security Council discussion of the situation in Hungary after the November 4 onslaught. Let me recommend this article to my colleagues and express the hope that we will not forget how these freedom fighters made legitimate and monumental efforts to be free.

BETRAYED REVOLUTION

(By Laszlo Varga)

Twenty five years ago, on October 22, 1956, the students of the universities in Budapest decided to organize a demonstration in favor of the Polish people in connection with the Poznan's events, the next day, October 23.

It was a loud but peaceful march and at the end of it the students went to the Radio Building and demanded to broadcast their program—to change the 11 years of rigid communist control.—A few minutes after 9.00 p.m. the communist Secret Policemen opened fire on the crowd killing a number of people and wounding others.

The students answered: Revolution. Kremlin replied too. In the morning of October 24, Soviet vehicles appeared in Budapest and opened fire without warning. At that moment the Hungarian revolution was not anymore an internal but an international affair, since foreign troops attacked the defenseless Hungarian people.

In such situations, the chief representative of the attacked country calls for an emergency meeting of the Security Council to deal with the problem. But unfortunately this was not the case this time.

In Budapest the change was fast; in New York, the Hungarian Delegation to the United Nations remained motionless and silent.

In Budapest, on October 24, the Politburo bowed to the demands of the revolutionary students and elected Imre Nagy, the popular communist, as Chief of the Cabinet, who considered, primarily, the interest of the Hungarian people and not Moscow's.

Imre Nagy had a tremendous task and a short time to accomplish it, and according to the Report of the Special Committee of the United Nations on Hungary, from October 24 to October 28, he was in the captivity of the Secret Police and he couldn't act freely. He was unable then to change the Hungarian Delegation in New York, whose chief and staff members supported the old Moscow line and not the revolutionary one.

The chief representative was Mr. Peter Kos-Kondriasev. He had not only a double name but a double citizenship too: Hungarian-Russian, therefore he didn't hear the demands of the revolution: to withdraw the Soviet troops from Hungary. But he very well heard Mr. Sobolev's, the chief delegate of the USSR instructions: don't do anything. Those he faithfully followed.

On October 24, Mr. Kos-Kondriasev didn't request anything from the Security Council, neither on the 25, 26 or 27. Finally, on October 28 he moved. But in what direction?

Since the Soviet army fought against the Hungarian freedom-fighters and Mr. Kos-Kondriasev was deadly impotent, on October 27, the representatives of England, France and the United States requested the President of the Security Council to put on the agenda: The Situation in Hungary. The meeting was called at 4:00 p.m. on October 28 and the representative of Hungary, not being a member of the Council, asked the President of the Council to be allowed to attend and take part in the debate, which was granted.

After the debate, Mr. Kos-Kondriasev took the floor and said: "I note with regret that the Council decided to discuss the Hungarian situation"—and quoted a declaration of the Hungarian Government dated October 28, which: "categorically protests to any consideration of the Hungarian question being domestic affairs of Hungary."

Ironically, Mr. Sobolev also quoted the above Declaration at the same meeting. It was a perfect rapport between Mr. Kos-Kondriasev and Sobolev. But the question raised is whether the Declaration was made by Imre Nagy's Government and whether Mr. Kos-Kondriasev represented Hungary.

The answer to both questions is a clear "NO".

The Declaration didn't come from Imre Nagy's Government, first, because he didn't sign it, his name was not on it. It had not any name at all. Secondly, Imre Nagy wanted just the opposite: to discuss the Hungarian case, even more, to defend the Hungarian neutrality, that he declared and informed about on November 1, in his historical telegram to the Secretary General of the United Nations.

No doubt that the Declaration was a masterminded bogus prepared by Mr. Kos-Kondriasev with the knowledge of Mr. Sobolev and served the Kremlin's purpose perfectly: to delay discussing the merit of the Hungarian affairs and to not vote for any resolution. Mr. Sobolev played that political chess game well. The Security Council didn't pass any resolution until the brutal Soviet attack on November 4.

Mr. Kos-Kondriasev of course didn't represent the Hungarian Government but Moscow's.

When Imre Nagy was free to act, he ousted Mr. Kos-Kondriasev on October 31, who directly went to the Soviet Union and never got any position in the Hungarian Government.

The Security Council held its next meeting on November 2, but unfortunately the new Hungarian Delegation didn't arrive in New York by then. The Hungarian Government had no other alternative but select somebody from the New York staff, and he was Mr. Janos Szabo, who attended the November 2 meeting but didn't say one word for the revolution but at least nothing against it either. His credentials were strongly supported by Mr. Sobolev.

At the next meeting of the Council, November 3, Saturday, Mr. Szabo appeared again and was questioned by Mr. Lodge (USA) about Mr. Szabo's information concerning new Soviet troops entering Hungary and whether any meeting between the Hungarian and the Soviet Delegation took place in Hungary. Mr. Szabo took the floor about 4:00 p.m. and informed the Council that "the Hungarian and Soviet Delegations would meet tonight . . . and according to a Soviet proposal no more troops will cross the border until an agreement is reached." Mr. Szabo told a half-truth. The Delegations met in Budapest but Mr. Szabo forgot to add: the Chief Delegate of Hungary, General Maleter, was arrested and later executed together with Mr. Imre Nagy. And no more Soviet troops entered Hungary because they were already in. When Mr. Szabo gave the above cynical answer and shrewdly paraphrased the sentence, it was 10 p.m. in Budapest and the Soviet troops from the country side marched toward Budapest when at 4 p.m. (10 p.m. N.Y. time) they started the brutal attack against the capital of Hungary.

The Hungarian case in the United Nations in one aspect was unique. From the beginning of the revolution, October 23 to November 4, not one word was heard for the revolution from the "Hungarian Delegation".

The Hungarian people and Imre Nagy's Government during a crucial time of Hungarian history were not represented. On the other hand, the USSR had a very strong delegation: Mr. Sobolev, Mr. Kos-Kondriasev and Mr. Szabo.

The gist of the question is if Imre Nagy's Government had been well represented what could the chief delegate of Hungary do? Many things.

First of all, since the Hungarian case was overwhelmingly supported by the members of the United Nations—all the resolutions were voted by 85 percent of the members and at that time the Soviet Union was very isolated, she couldn't get more than 10 votes—a talented Hungarian representative would have had the possibility to propose to the General Assembly what certainly would have become a resolution: to establish an Ad-Hoc Committee in order to immediately send it to Hungary and observe the situation.

This is the Committee that the Secretary General, D. Hammerkjold—after the Soviet attack—so desperately wanted to send to Hungary, but at that time the door to Hungary was closed. Between October 28–November 3 it was open and the Hungarian People and Imre Nagy's Government would have overwhelmingly welcomed such a Committee.

The Soviet Government was shocked by the Hungarian revolution and the leaders of the Kremlin were uncertain as to their action which was reflected by the important Soviet Declaration of October 30, 1956, which expressed to discuss any "violation of the principles of the national sovereignty."

Since an Ad-Hoc Committee in Hungary would represent the United Nations, this would have made the Kremlin have a second thought about the army interference. An uncertain Kremlin would have given a chance to Washington to propose a meeting with the Soviet Union to discuss the solution of the Hungarian case, and Hungary would have had the chance to be not a Finland, not a Yugoslavia, but probably between them.●

CONTRIBUTIONS OF IMMIGRANTS TO THE UNITED STATES SHOULD BE HONORED BY COMMEMORATIVE POSTAL STAMPS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SOLARZ. Mr. Speaker, recently one of my constituents, Mr. Joseph Zagame, brought to my attention the suitability of honoring the contributions of various immigrant groups to our country through the issuance of a series of commemorative stamps.

Mr. Zagame, a noted philatelist and historian who is active in the Italian American community in New York, convinced me that such a series by the Postal Service would systematically honor the important contributions of immigrants to every phase of American life—whether it be the arts, culture, business, science, or government. This could be accomplished by the post office preparing a block of four or more stamps to commemorate the accomplishments of different immigrants to the foundation and enrichment of our country.

We are, of course, a nation of immigrants—each nation, race, and ethnic group has contributed to the development of the material, intellectual, moral, and spiritual wealth of the United States of America.

Mr. Zagame pointed out that it would be suitable for the Congress to encourage Postmaster Bolger and the Citizens Stamp Advisory Committee to issue these commemorative stamps honoring the particular contributions of these outstanding men and women who journeyed to our shores and flourished in this land of freedom and opportunity. Through their industry, intellect, and determination they built up the fabric of our unique society.

Philately is a learning tool as well as a hobby for hundreds of thousands of people. The U.S. Postal Service thus assumes the role of educator, historian, and propagandist by issuing postage stamps depicting people and events. Otherwise, all stamps would merely have the denomination and the words "United States" printed upon them. Over the years the U.S. Postal Service has issued many stamps commemorating notable persons, organizations, and events; but I feel that Mr. Zagame is correct: An important part of our culture has been overlooked—our immigrants.

While only a few stamps can be issued by the Postal Service each year, due to the volume of requests, there are precedents for such a series of stamps. These include "The Black Heritage" series, and the "Champions of Liberty" series which was issued from 1957 to 1961 at the rate of two stamps per year. Earlier, during 1943–44, a set of 13 stamps commemorating the "Overrun Country" series was issued by the Postal Service.

Mr. Speaker, given the tremendous contributions of immigrants to our society, I sincerely hope that the Citizens Stamp Advisory Committee will adopt Mr. Zagame's proposal for a series of four stamps honoring these great "new" Americans.●

IMPROVEMENTS IN THE U.S. PATENT SYSTEM

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. RAILSBACK. Mr. Speaker, I would like to take this opportunity to introduce into the RECORD today the remarks of Gerald J. Mossinghoff, the Commissioner of Patents and Trademarks, which he made before the American Patent Law Association on November 3, 1981.

In an effort to address the problems that have been highlighted in the Patent and Trademark Office, as well as the patent and trademark system, and to increase research and development incentives, the Commissioner has proposed a four-point plan.

Under the four-point plan, the first area is to improve the operations in the Patent and Trademark Office so that they may deal more effectively with their backlog of pending patent applications. The second component deals with the reexamination of patents under Public Law 96-517, which was processed by the Judiciary Committee and is now law. The third component of the four-point plan is the administration's support of the enactment of the court of appeals for the Federal circuit bill, H.R. 4482, which would create a new court resulting from the merger of the Court of Claims and the Court of Customs and Patent Appeals. That legislation is moving in the other body and will be brought to the floor of the House in the very near future. The last component deals with the administration's strong support of a comprehensive Federal patent policy, which would create a truly uniform patent policy.

The text of his remarks follow:

REMARKS OF GERALD J. MOSSINGHOFF, COMMISSIONER OF PATENTS AND TRADEMARKS

Distinguished Guests, Ladies and Gentlemen, I welcome this opportunity to report to the American Patent Law Association on recent developments in the U.S. Patent and Trademark Office and to place those developments in the context of the Administration's overall plans for the patent and trademark systems.

A lot has happened in the three short months since my report to the ABA Section of Patent, Trademark and Copyright Law. Mr. Donald J. Quigg was sworn in as the Deputy Commissioner on October 26, following his confirmation by the Senate October 21. Mr. Bradford R. Huther, formerly Deputy Assistant Commissioner for Administration, was appointed on October 11 as Assistant Commissioner for Finance and Planning. Brad had served in an acting status in that position since late spring. Mrs. Theresa Brelsford has been appointed as the Deputy Assistant Commissioner for Administration, replacing Brad in that job. And I am pleased that Mrs. Barbara Luxenberg, formerly a senior analyst and writer for the Congressional Research Service, has joined the Office as my Special Assistant.

Based on my experience in government, I know that the Patent and Trademark Office now has a very strong top management team, one that is already in high gear to bring about needed and lasting improvments in the Office. I particularly want to commend Mr. Michael K. Kirk, Director of the Office of Legislation and International Affairs, for his recognition by the President in the form of a $10,000 rank of Meritorious Executive. Mike is one of three Department of Commerce employees so honored.

PATENT AND TRADEMARK OFFICE OPERATIONS

The anchor of the four-point plan concerns the Patent and Trademark Office itself. We now have a backlog of over 207,000 pending patent applications. That backlog grew by almost 20,000 cases during the fiscal year which ended September 30, 1981. In that year, we received 107,513 applications, and we disposed of 88,245. On the trademark side, we received 55,152 applications—an increase of about 6 percent from the previous year—and we disposed of 48,633. Our trademark backlog is now over 116,000, an all-time record. To begin to provide the examining resources to turn things around, in September the Administration proposed an increase of $4.8 million for the PTO for fiscal year 1982. This was part of a package sent to Congress on September 30 which included a 12 percent decrease across-the-board in the civilian agencies. The Senate Appropriations Committee has not included that increase in the bill it is recommending to the Senate, and since House floor action occurred prior to this recommended increase, the item will not be considered in the House-Senate conference. We are now working with the Department of Commerce and the Office of Management and Budget to formulate our next actions. The additional $4.8 million, if it is made available to the PTO this year, will permit us to hire 235 new examiners. This will result in a net increase of 185 patent examiners, a 20 percent increase. The additional funding request is part of Secretary Malcolm Baldrige's commitment not only to halt the increase in the backlog, but to decrease the average time it takes to get a patent to 18 months by fiscal year 1987. Our plan, which we are calling plan 18/87, will require enhancements throughout the patent side of the Office, both professional and clerical, to accomplish all preexamination functions in one month, examination in one year and postexamination operations in five months.

On the trademark side, we are committed to what we are calling 3/13, three months to first action and an average of 13 months to disposal of a trademark application. For fiscal year 1982 we will increase the trademark examining corps of 14 examiners bringing the total to a record 98. We are also continuing efforts I announced earlier to raise the journeymen grade of a trademark examiner to GS-14. This initiative is aimed at increasing productivity by halting the extremely high turnover among trademark examiners.

These efforts are being supported by aggressive steps during fiscal year 1982 to place automated systems at the disposal of patent and trademark examiners. This September we awarded a contract to ISN, Incorporated of Arlington, to place as many as 20 terminals in the patent examining art units to provide direct access to several commercial data bases including IFI/Plenum's CLAIMS, Derwent's World Patent Index and Pergamon's U.S. Patent/Videopatsearch. These systems include capabilities such as full-text searching of front-page text and bibliographic data, keyword searches of chemical patents, citation searching and display of front-page drawings and chemical structures.

On July 31, 1981, I signed an agreement with Mead Data Central, which will enable patent examiners to conduct on-line searches from six experimental search files consisting of 50,000 patents issued since 1970. This unique full-text patent data base will be merged with the LEXIS system and will be available for initial experimental use in January and for patentability searching purposes by June. Similar searching experiments using both the CAS ONLINE and DARC systems will enable our chemical examining staff to search a data base of more than 5.5 million chemical structures beginning next spring.

On the trademark side, development of the Trademark Reporting and Monitoring system (TRAM 2) is continuing. The terminals and related equipment required to support this automated tracking system are being installed. This system will be able to track the location and status of trademark applications by next April. Also, this winter we will be soliciting proposals from industry for the development of systems to (1) capture a complete data base of all active registrations, (2) implement an automated searching system, and (3) produce the computer tapes which are used in printing the Official Gazette and registration certificates.

We have eliminated handwritten examiner actions in two of our 15 patent examining groups and are on schedule for the delivery of word processing equipment in the other 13 groups so that handwritten actions will be completely eliminated by March of next year.

To increase the usefulness of patent documents at our 37 Patent Depository Libraries, we awarded a $350,000 contract in September to a small business concern, ABA Incorporated, to provide those libraries free, unlimited access during fiscal year 1982 to the PTO's classification data base. This will permit the public in 25 states to find where patents are classified, to acquire lists of all patents in a given subclass, to search keywords from our Manual of Classification, and to view subclasses in their hierarchical relationships.

Finally in the automation area, copies of the first draft of the automation study we are preparing under §9 of P.L. 96-517 are now available. The report to Congress is not due for 13 months. By publishing a draft at this time, we hope to stimulate industry and the bar to participate with us in refining and, if necessary, changing our tentative conclusions.

REEXAMINATION

The second component of the four-point plan is the reexamination of patents under P.L. 96-517 enacted last December. As you all know, for the first time in history a patent owner, or his or her competitor, can request the Office to reexamine an issued U.S. patent and rule on whether it should be amended or cancelled because of evidence of earlier work. In many cases, this new and inexpensive procedure could avoid the need for protracted patent litigation. Since July 1 of this year, when we instituted reexamination, we have received 94 cases, 34 of which or 36 percent are involved in litigation. We have ordered reexamination in 54 cases, two of which were granted on petition, and a total of six requests were ultimately denied.

The regulations to repeal the so-called Dann Amendments in reissue practice have been cleared by the Department of Commerce and are now being reviewed by OMB. Copies of those regulations are available from Rene Tegtmeyer's office. Essentially, the new regulations, which are in the form of a proposed rulemaking, will eliminate no-defect reissues, delete the notice in the Official Gazette that a reissue application has been filed, deny access to reissue cases except by petition to the Commissioner, and require that reissue cases be handled exclusively on an ex parte basis.

The new regulations will also change the Rule 56 duty-of-disclosure practice. We will consider protests in this area, but again, except for the initial protest, all other considerations will be ex parte. Significantly, if a determination is made that Rule 56 has been violated in any case, that will form the basis of a rejection of the claims, rather than a striking of the application, so that the applicant can have the matter reviewed

by the Board of Appeals and then either the District Court for the District of Columbia or the Court of Customs and Patent Appeals.

COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The third component of the four-point plan is the Administration's decision to support enactment of the Court of Appeals for the Federal Circuit, a new court resulting from a merger of the Court of Claims and the Court of Customs and Patent Appeals. We were very pleased that the House bill which would establish this new court, H.R. 4482, was favorably reported by the House Judiciary Committee on October 14. The Senate counterpart, S. 1700, was similarly recommended by the Senate Judiciary Committee on October 20. As I have stated previously, by providing a single authoritative tribunal to handle patent cases nationwide, these bills will contribute greatly to a single standard of patentability which will be understandable to inventors and businessmen alike. Barring unforeseen complications, we expect that legislation establishing the new court will be enacted during this session of the 97th Congress. The American Patent Law Association is to be commended for its strong and effective support of this very important legislation.

FEDERAL PATENT POLICY

The final element of our four-point plan is the Administration's strong support for enactment of a comprehensive Federal patent policy patterned after S. 1657, written by Senator Harrison H. Schmitt, and H.R. 4564, introduced by Congressman Alan E. Ertel. I was pleased to testify before a joint hearing of the Senate Committee on Commerce, Science and Transportation and the House Committee on Science and Technology in support of these two bills. In my view, Congress has a unique opportunity this year to enact a truly uniform patent policy, one that applies to all government agencies and to all of their contractors. And that policy will be specifically designed to spur business executives to invest in inventions resulting from Federal sponsorship. Both bills draw upon the extensive experience of the government that the likelihood of an invention being developed and commercially used is significantly increased when exclusive commercial rights in the form of title are given to the contractor.

Contractor ownership of patented inventions also provides another significant benefit: it relieves the government of the responsibilities, burdens and costs of seeking commercial uses for inventions made by others under Federal sponsorship. The rate of commercialization of government-owned inventions made under contract is very low. This is so principally for two reasons: first, when the government takes title to an invention and attempts to license others, it takes the invention away from the persons most interested in its development, namely the inventor and his or her co-workers. Secondly, the government simply has not been able to devote the resources necessary to market aggressively the patent portfolio of the 28,000 patents it owns.

Major goals of the Department of Commerce are to promote private sector capital formation, job creation and productivity. S. 1657 and H.R. 4564 are designed specifically to contribute to those goals. The bills will permit government contractors, except in narrowly defined areas, to retain commercial rights to their inventions, subject to a broad government license and "march-in rights." Thus, they will encourage the most qualified and competent contractors to participate in government programs, and stimulate the introduction of new products into commerce, thereby promoting competition.

Another major goal of the Department is to minimize regulatory and administrative barriers to business growth, profitability, trade and competitiveness. By establishing easily understood standards for the allocation of rights to inventions, S. 1657 and H.R. 4564 will permit business judgments to be made and carried out with a minimum of bureaucratic delays and uncertainties.

PATENT AND TRADEMARK FEES

Let me now turn to what is certain to be the most controversial part of our plans: increased patent and trademark fees. In his address to the nation on September 24, President Reagan pointed out the difficult steps he was determined to take as part of the Administration's economic recovery program. Those steps involve deep cuts across government, extending to virtually every civilian department and agency. Within the Department of Commerce, Secretary Baldrige and Deputy Secretary Joseph Wright, Jr. have determined that the patent system is and intergral part of the overall economic recovery program. Thus, the PTO has not only been spared deep cuts as I have noted, but we actually requested increased funding for FY 1982. But in order to bring about the needed improvements in the Patent and Trademark Office which industry, the bar and the public demand, we will need to increase substantially the fees that users of the patent and trademark systems will pay beginning in FY 1983. Thus, the PTO is recommending an increase in the fee ratios currently established in Public Law 96-517. Specifically, under our recommendation the recovery ratio for trademark processing and for design patent processing will be increased from 50% to 100%. The 25%/25% recovery formula in Public Law 96-517 for the patent process—25% recovery now with an additional 25% to be recovered through maintenance fees—will, in accordance with our recommendation, be changed to a 50%/50% fee recovery plan.

In formulating our recommendation for increased fees, Secretary Baldrige, Deputy Secretary Wright and I were faced with a critical choice: whether the Patent and Trademark Office would absorb its share of necessary government-wide cuts which would cause us to decrease our present inadequate staff and lead to overpowering backlogs or whether we would strive to give inventors and industry first-class service with quality and timely examination by increasing user charges. Realistically, there are no other alternatives. For us the choice was apparent. We would commit to a first-class Patent and Trademark Office through Plan 18/87 in patents, 3/13 in trademarks, and the other enhancements I have mentioned, and we would finance this service through increased user fees.

We are still in the process of refining our FY 1983 budget projections and concluding our analyses of what the actual fees will need to be. We have requested the Department of Commerce's Assistant Inspector General for Audits to review our analyses, and we must reach agreement with the Office of Management and Budget on the details of our budget projections. With all those caveats, and with the clear understanding that much work needs to be done on all sides to formulate the fee schedule, we now project that the fees will be substantially as follows under an amended Public Law 96-517:

Patent processing fees:	
Base filing (includes up to 3 independent and 20 total claims)	$300
Independent claims over 3 (each)	30
Total claims over 20 (each)	10
Base issue	500
Appeals:	
Filing	115
Hearing	100
Brief	115
Petitions for automatic extensions of time:	
First	50
Second	100
Third	200
Design patent:	
Filing	125
Issue	175
Trademark processing fees:	
Filing	200
renewal	300
Section 8 affidavit	100
Section 15 affidavit	100
Section 8 and 15 combined	150
Opposition	300
Cancellation	300
Appeal	100
Hearing in opposition, cancellation, or appeal	100
Service fees:	
Patent copy	1.00
Trademark copy	.40
Design copy	.40
Record assignment	20

Without doubt the new fees will be controversial. But there are good and substantial reasons, in my view, for industry, inventors and the bar to support these new fees.●

ONE CONSTITUENT TELLS HIS STORY ABOUT THE EFFECT OF THE CONTINUING PAY CAP

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. WOLF. Mr. Speaker, I have previously cited compelling statistics which make the case for removing the pay cap. One of my constituents, Mr. Jerome A. Smith, has come forward with his particular situation as Technical Director of the Office of Naval Research. The facts outlined by Mr. Smith are typical of other case histories in our Federal Government. I urge my colleagues to become more sensitive to the serious consequences of the pay cap. I ask that Mr. Smith's letter be printed at this point in the RECORD.

FAIRFAX, VA.,
November 2, 1981.

Hon. FRANK R. WOLF,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WOLF: This letter is the first I have ever written to a member of Congress in my life. There is reluctance to write even now for fear that it will only be viewed as another manifestation of self interest. I am the Technical Director of the Office of Naval Research (ONR) writing

about the deleterious effects of the pay cap. It is possible to write at length on this subject, but you are too busy to read and I am too busy to write in detail. Let me, then, just give you some facts which I hope will induce you to positive action to remove the federal service pay cap.

First. The current search for a Technical Director of the Naval Ocean Research and Development Activity (NORDA) in Bay St. Louis, Mississippi has attracted only applicants who are already government employees. Each of these applicants possesses a major deficiency. All twenty or so of the non-government employees encouraged to apply replied that pay was the major negative factor in their decision not to apply, even considering the lower cost of living in Mississippi. This has serious implications for the future viability of this laboratory.

Second. ONR will lose a GS-15 electrical engineer next month if the pay cap is not removed because he has a $75,000 Washington area job offer in hand as well as three California offers in the mid-sixties. This individual was induced to look for other opportunities solely as a consequence of the pay cap. He has been selected for a promotion to an SES position, but has no pay incentive to accept it. He runs the Navy's multi-million dollar basic research programs in electronic warfare and atmospheric electromagnetic effects. We want him to supervise the total $30 million program in electronics.

Third. The Naval Research Laboratory (NRL) lost an SES Materials Division Superintendent last week who left to take a position in a university laboratory for a 50 percent increase in salary and benefits. This individual declined a major promotion to the position of my deputy two months ago because he decided government employment held no future for him due to the continuing pay cap.

Fourth. In addition to these specific cases which have developed during the past two months, ONR has lost one quarter (25) of its total SES and Merit Pay employees to retirement in the last two years. About one-half of these individuals represent major losses to the Navy. All represent significant additional costs to the government in the form of salaries to those that replace them, retirement benefits to those retiring, and approximately $20,000 in recruiting and relocation costs for each position. The net increased first year cost to the government for each of these retirements is approximately $55,000, representing a $1.4 million (7 percent of total payroll) additional expense. Virtually all of these employees left ONR with regret for financial reasons as a consequence of the pay cap.

I too, have experienced personal hardship. I can tally more than a $5,000 increase in my family's after-tax expenses for groceries, property taxes, health insurance, and energy since I joined the government in February 1979. Continuation of the pay cap will force me to look for nongovernment employment during the next year.

If you and your committee choose not to rescind the pay cap this year, you should do so with the knowledge that your action threatens national security and the intellectual vitality of the Navy's and DoD's research, development, and acquisition enterprises.

Very respectfully,

JEROME A. SMITH.●

WHO SPEAKS FOR EARTH

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. NEAL. Mr. Speaker, if mankind were called upon to account for its stewardship of Earth, how would the existence of a collective nuclear arsenal capable of murdering 100 billion human beings be explained—particularly when the human population totals less than 4½ billion?

In an article printed in the September issue of the international publication PHP, America's foremost scientist communicator, Dr. Carl Sagan, in his typically engaging style, explores this question and speculates on how much longer mankind can survive the illogic of the nuclear arms race. Citing statistical evidence, Dr. Sagan suggests that the mad rush toward total annihilation may have a momentum all its own and, therefore, the nuclear arms race cannot be allowed to continue indefinitely. We must demand more of our leaders before it is too late, argues Sagan.

Mr. Speaker, I am inserting this short article into the CONGRESSIONAL RECORD and recommend that my colleagues take a brief moment to read it and take heed of its message of survival. The article follows:

WHO SPEAKS FOR EARTH?

(By Carl Sagan)

"We are fortunate: we are alive; we are powerful; the welfare of our civilization and our species is in our hands. If we do not speak for Earth, who will? If we are not committed to our own survival, who will be?"

The cosmos was discovered only yesterday. For a million years it was clear to everyone that there were no other places than the Earth. Then in the last tenth of a percent of the lifetime of our species, in the instant between Aristarchus and ourselves, we reluctantly noticed that we were not the center and purpose of the Universe, but rather lived on a tiny and fragile world lost in immensity and eternity, drifting in a great cosmic ocean dotted here and there with a hundred billion galaxies and a billion trillion stars. We have bravely tested the waters and have found the ocean to our liking, resonant with our nature. Something in us recognizes the Cosmos as home. We are made of stellar ash. Our origin and evolution have been tied to distant cosmic events. The exploration of the Cosmos is a voyage of self-discovery.

As the ancient mythmakers knew, we are the children equally of the sky and the Earth. In our tenure on this planet we have accumulated dangerous evolutionary baggage—hereditary propensities for aggression and ritual, submission to leaders and hostility to outsiders—which place our survival in some question. But we have also acquired compassion for others, love for our children and our children's children, a desire to learn from history, and a great soaring passionate intelligence—the clear tools for our continued survival and prosperity. Which aspects of our nature will prevail is uncertain, particularly when our vision and understanding and prospects are bound exclusively to the Earth—or, worse, to one small part of it. But up there in the immensity of the Cosmos, an inescapable perspective awaits us. There are not yet any obvious signs of extraterrestrial intelligence and this makes us wonder whether civilizations like ours always rush implacably, headlong, toward self-destruction. National boundaries are not evident when we view the Earth from space. Fanatical ethnic or religious or national chauvinisms are a little difficult to maintain when we see our planet as a fragile blue crescent fading to become an inconspicuous point of light against the bastion and citadel of the stars.

Travel is broadening.

There are worlds on which life has never arisen.

There are worlds that have been charred and ruined by cosmic catastrophes. We are fortunate: we are alive; we are powerful; the welfare of our civilization and our species is in our hands. If we do not speak for Earth, who will? If we are not committed to our survival, who will be?

The human species is now undertaking a great venture that if successful will be as important as the colonization of the land or the descent from the trees. We are haltingly, tentatively breaking the shackles of Earth—metaphorically, in confronting and taming the admonitions of those more primitive brains within us; physically, in voyaging to the planets and listening for the messages from the stars. These two enterprises are linked indissolubly. Each, I believe, is a necessary condition for the other. But our energies are directed far more toward war. Hypnotized by mutual mistrust, almost never concerned for the species or the planet, the nations prepare for death. And because what we are doing is so horrifying, we tend not to think of it much. But what we do not consider we are unlikely to put right.

Every thinking person fears nuclear war, and every technological state plans for it. Everyone knows it is madness, and every nation has an excuse. There is a dreary chain of causality: The Germans were working on the bomb at the beginning of World War II; so the Americans had to make one first. If the Americans had one, the Soviets had to have one, and then the British, the French, the Chinese, the Indians, the Pakistanis. . . . By the end of the twentieth century many nations had collected nuclear weapons. They were easy to devise. Fissionable material could be stolen from nuclear reactors. Nuclear weapons became almost a home handicraft industry.

The conventional bombs of World War II were called blockbusters. Filled with twenty tons of TNT, they could destroy a city block. All the bombs dropped on all the cities in World War II amounted to some two million tons, two megatons, of TNT—Coventry and Rotterdam, Dresden and Tokyo, all the death that rained from the skies between 1939 and 1945: a hundred thousand blockbusters, two megatons. By the late twentieth century, two megatons was the energy released in the explosion of a single more or less humdrum thermonuclear bomb: one bomb with the destructive force of the Second World War. But there are tens of thousands of nuclear weapons.

By the ninth decade of the twentieth century the strategic missile and bomber forces of the Soviet Union and the United States were aiming warheads at over 15,000 designated targets. No place on the planet was

safe. The energy contained in these weapons, genies of death patiently awaiting the rubbing of the lamps, was far more than 10,000 megatons—but with the destruction concentrated efficiently, not over six years but over a few hours, a blockbuster for every family on the planet, a World War II every second for the length of a lazy afternoon.

The immediate causes of death from nuclear attack are the blast wave, which can flatten heavily reinforced buildings many kilometers away, the firestorm, the gamma rays, and the neutrons, which effectively fry the insides of passersby. A shoolgirl who survived the American nuclear attack on Hiroshima, the event that ended the Second World War, wrote this first-hand account:

Through a darkness like the bottom of hell, I could hear the voices of the other students calling for their mothers. And at the base of the bridge, inside a big cistern that had been dug out there, was a mother weeping, holding above her head a naked baby that was burned bright red all over its body. And another mother was crying and sobbing as she gave her burned breast to her baby. In the cistern the students stood with only their heads above the water, and their two hands, which they clasped as they imploringly cried and screamed, calling for their parents. But every single person who passed was wounded, all of them, and there was no one, there was no one to turn to for help. And the singed hair on the heads of the people was frizzled and whitish and covered with dust. They did not appear to be human, not creatures of this world.

The yield of the Hiroshima bomb was only thirteen kilotons, the equivalent of 13,000 tons of TNT. The Bikini test yield was fifteen megatons. In a full nuclear exchange, in the paroxysm of thermonuclear war, the equivalent of one million Hiroshima bombs would be dropped all over the world. At the Hiroshima death rate of some hundred thousand people killed per equivalent thirteen-kiloton weapon, this would be enough to kill a hundred billion people. But there were less than five billion people on the planet in the late twentieth century. Of course, in such an exchange, not everyone would be killed by the blast and the firestorm, the radiation, and the fallout—although fallout does last for a longish time: 90 percent of the strontium 90 will decay in 96 years; 90 percent of the cesium 137, in 100 years; 90 percent of the iodine 131 in only a month.

The survivors would witness more subtle consquences of the war. A full nuclear exchange would burn the nitrogen in the upper air, converting it to oxides of nitrogen, which would in turn destroy a significant amount of the ozone in the high atmosphere, admitting an intense dose of solar ultraviolet radiation.[1] The increased ultraviolet flux would last for years. It would produce skin cancer preferentially in light-skinned people. Much more important, it would affect the ecology of our planet in an unknown way. Ultraviolet light destroys crops. Many microorganisms would be killed; we do not know which ones or how many, or what the consequences might be. The organisms killed might, for all we know, be at the base of a vast ecological pyramid at the top of which totter we.

The dust put into the air in a full nuclear exchange would reflect sunlight and cool the Earth a little. Even a little cooling can have disastrous agricultural consequences. Birds are more easily killed by radiation than insects. Plagues of insects and consequent further agricultural disorders are a likely consequence of nuclear war. There is also another kind of plague to worry about: the plague bacillus is endemic all over the Earth. In the late twentieth century humans did not much die of plague—not because it was absent, but because resistance was high. However, the radiation produced in a nuclear war, among its many other effects, causing a deterioration of our ability to resist disease. In the longer term, there are mutations, new varieties of microbes and insects, that might cause still further problems for any human survivors of a nuclear holocaust; and perhaps after a while, when there has been enough time for the recessive mutations to recombine and be expressed, new and horrifying varieties of humans. Most of these mutations, when expressed, would be lethal. A few would not. And then there would be other agonies: the loss of loved ones; the legions of the burned, the blind and the mutilated, disease, plague, long-lived radioactive poisons in the air and water; the threat of tumors and stillbirths and malformed children; the absence of medical care; the hopeless sense of a civilization destroyed for nothing; the knowledge that we could have prevented it and did not.

L. F. Richardson was a British meteorologist interested in war. He wished to understand its causes. There are intellectual parallels between war and weather. Both are complex. Both exhibit regularities, implying that they are not implacable forces but natural systems that can be understood and controlled. To understand the global weather you must first collect a great body of behaves. Our approach must be the same, Richardson decided, if we are to understand warfare. So, for the years between 1820 and 1945, he collected data on the hundreds of wars that had then been fought on our poor planet.

Richardson's results were published posthumously in a book called The Statistics of Deadly Quarrels. Because he was interested in how long you had to wait for a war that would claim a specified number of victims, he defined an index, M, the magnitude of a war, a measure of the number of immediate deaths it causes. A war of magnitude M=3 might be merely a skirmish, killing only one thousand people (10^3). M=5 or M=6 denote more serious wars, where a hundred thousand (10^5) of a million (10^6) people are killed. World Wars I and II had larger magnitudes. He found that the more people killed in a war, the less likely it was to occur, and the longer before you would witness it, just as violent storms occur less frequently than cloudbursts. From his data we can construct a graph (p. 10), which shows how long on the average during the past century and a half you would have to wait to witness a war of magnitude M.

Richardson proposed that if you continue the curve to very small values of M, all the way to M=0, it roughly predicts the worldwide incidence of murder; somewhere in the world someone is murdered every five minutes. Individual killings and wars on the largest scale are, he said, two ends of a continuum, an unbroken curve. It follows, not only in a trivial sense but also I believe in a very deep psychological sense, that war is murder writ large. When our well-being is threatened, when our illusions about ourselves are challenged, we tend—some of us at least—to fly into murderous rages. And when the same provocations are applied to nation states, they, too, sometimes fly into murderous rages, egged on often enough by those seeking personal power or profit. But as the technology of murder improves and the penalties of war increase, a great many people must be made to fly into murderous rages simultaneously for a major war to be mustered. Because the organs of mass communications are often in the hands of the state, this can commonly be arranged. (Nuclear war is the exception. It can be triggered by a very small number of people.)

We see here a conflict between our passions and what is sometimes called our better natures; between the deep, ancient reptilian part of the brain, the R-complex, in charge of murderous rages, and the more recently evolved mammalian and human parts of the brain, the limbic system, and the cerebral cortex. When humans lived in small groups, when our weapons were comparatively paltry, even an enraged warrior could kill only a few. As our technology improved, the means of war also improved. In the same brief interval, we also have improved. We have tempered our anger, frustration and despair with reason. We have ameliorated on a planetary scale injustices that only recently were global and endemic. But our weapons can now kill billions. Have we improved fast enough? Are we teaching reason as effectively as we can? Have we courageously studied the causes of war?

What is often called the strategy of nuclear deterrence is remarkable for its reliance on the behavior of our nonhuman ancestors. Henry Kissinger, a contemporary politician, wrote:

"Deterrence depends, above all, on psychological criteria. For purposes of deterrence, a bluff taken seriously is more useful that a serious threat interpreted as a bluff." Truly effective nuclear bluffing, however, includes occasional postures of irrationality, a distancing from the horrors of nuclear war. Then the potential enemy is tempted to submit on points of dispute rather than unleash a global confrontation, which the aura of irrationality has made plausible. The chief danger of adopting a credible pose of irrationality is that to succeed in the pretense you have to be very good. After a while, you get used to it. It becomes pretense no longer.

The global balance of terror, pioneered by the United States and the Soviet Union, holds hostage the citizens of the Earth. Each side draws limits on the permissible behavior of the other. The potential enemy is assured that if the limit is transgressed, nuclear war will follow. However, the definition of the limit changes from time to time. Each side must be quite confident that the other understands the new limits. Each side is tempted to increase its military advantage, but not in so striking a way as seriously to alarm the other.

Each side continually explores the limits of the other's tolerance, as in flights of nuclear bombers over the Arctic wastes; the Cuban missile crisis; the testing of antisatellite weapons; the Vietnam and Afghanistan wars—a few entries from a long and dolorous list. The global balance of terror is a very delicate balance. It depends on things not going wrong, on mistakes not being made, on the reptilian passions not being seriously aroused.

[1] The process is similar to, but much more dangerous than, the destruction of the ozone layer by the fluorocarbon propellants in aerosol spray cans, which have accordingly been banned by a number of nations; and to that invoked in the explanation of the extinction of the dinosaurs by a supernova explosion a few dozen light-years away.

And so we return to Richardson. In the diagram the solid line is the waiting time for a war of magnitude M—that is, the average time we would have to wait to witness a war that kills 10^M people (where M represents the number of zeros after the one in our usual exponential arithmetic). Also shown, as a vertical bar at the right of the diagram, is the world population in recent years, which reached 1 billion people (M=9) around 1835 and is now about 4.5 billion people (M=9.7). When the Richardson curve crosses the vertical bar we have specified the waiting time to Doomsday: how many years until the population of the Earth is destroyed in some great war. With Richardson's curve and the simplest extrapolation for the future growth of the human population, the two curves do not intersect until thirtieth century or so, and Doomsday is deferred.

But World War II was of magnitude 7.7: some 50 million military personnel and noncombatants were killed. The technology of death advanced ominously. Nuclear weapons were used for the first time. There is little indication that the motivations and propensities for warfare have diminished since, and both conventional and nuclear weaponry has become far more deadly. Thus, the top of the Richardson curve is shifting downward by an unknown amount. If its new position is somewhere in the shaded region of the figure, we may have only another few decades until Doomsday. A more detailed comparison of the incidence of wars before and after 1945 might help to clarify this question. It is of more than passing concern.

This is merely another way of saying what we have known for decades: the development of nuclear weapons and their delivery systems will, sooner or later, lead to global disaster. Many of the American and European émigré scientists who developed the first nuclear weapons were profoundly distressed about the demon they had let loose on the world. They pleaded for the global abolition of nuclear weapons. But their pleas went unheeded; the prospect of a national strategic advantage galvanized both the U.S.S.R. and the United States, and the nuclear arms race began.

How would we explain the global arms race to a dispassionate extraterrestrial observer? How would be justify the most recent destabilizing developments of killer-satellites, particle beam weapons, lasers, neutron bombs, cruise missiles, and the proposed conversion of areas the size of modest countries to the enterprise of hiding each intercontinental ballistic missile among hundreds of decoys? Would we argue that ten thousand targeted nuclear warheads are likely to enhance the prospects for our survival? What account would we give of our stewardship of the planet Earth? We have heard the rationales offered by the nuclear superpowers. We know who speaks for the nations. But who speaks for the human species? Who speaks for Earth? We, the nuclear hostages—all the peoples of the Earth—must educate ourselves about conventional and nuclear warfare. Then we must educate our governments. We must learn the science and technology that provide the only conceivable tools for our survival. We must be willing to challenge courageously the conventional social, political, economic, and religious wisdom. We must make every effort to understand that our fellow humans, all over the world, *are* human. Of course, such steps are difficult. But as Einstein many times replied when his suggestions were rejected as impractical or as inconsistent with "human nature": What is the alternative?

We have held the peculiar notion that a person or society that is a little different from us, whoever we are, is somehow strange or bizarre, to be distrusted or loathed. Think of the negative connotations of words like alien or outlandish. And yet the monuments and cultures of each of our civilizations merely represent different ways of being human. An extraterrestrial visitor, looking at the differences among human beings and their societies, would find those differences trivial compared to the similarities. The Cosmos may be densely populated with intelligent beings. But the Darwinian lesson is clear: There will be no humans elsewhere. Only here. Only on this small planet. We are a rare as well as an endangered species. Every one of us is, in the cosmic perspective, precious. If a human disagrees with you, let him live. In a hundred billion galaxies, you will not find another.

Human history can be viewed as a slowly dawning awareness that we are members of a larger group. Initially our loyalties were to ourselves and our immediate family, next, to bands of wandering hunter-gatherers, then to tribes, small settlements, city, states, nations. We have broadened the circle of those we love. We have now organized what are modestly described as superpowers, which include groups of people from divergent ethnic and cultural backgrounds working in some sense together—surely a humanizing and character-building experience. If we are to survive, our loyalties must be broadened further, to include the whole human community, the entire planet Earth. Many of those who run the nations will find this idea unpleasant. They will fear the loss of power. We will hear much about treason and disloyalty. Rich nation-states will have to share their wealth with poor ones. But the choice, as H. G. Wells once said in a different context, is clearly the universe or nothing.●

COMPREHENSIVE POSTAL HEARINGS

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. CLAY. Mr. Speaker, how fares the U.S. Postal Service a decade after it was created as a quasi-independent corporation with broad powers to govern itself? Does the experience of the 10 years since enactment of the Postal Reorganization Act of 1970 suggest a need for new legislation to meet the present and future postal needs of the American people?

These are among the questions that the Subcommittee on Postal Operations and Services, which I am privileged to chair, and the Subcommittee on Postal Personnel and Modernization, chaired by our distinguished colleague, Hon. MICKEY LELAND, will seek to answer during comprehensive joint public hearings that will begin December 1 and contunue into the second session of the 97th Congress. Congressman WILLIAM D. FORD, chairman of the Committee on Post Office and Civil Service, and Congressman EDWARD J. DERWINSKI, ranking minority member of the full committee will participate fully in the hearings as ex-officio members of each subcommittee.

If justified by the results of these hearings and our study, we anticipate the introduction of comprehensive postal reform legislation early next year.

On December 1 the Chairman of the Postal Board of Governors, the Honorable Robert L. Hardesty, will testify before the subcommittees. On December 3, the Postmaster General, the Honorable William F. Bolger, will come before the subcommittees. Hopefully before the December recess, the Postal Rate Commission, the General Accounting Office, and a representative of the administration will offer their views. In January, representatives of employee organizations, major mail users, consumers, competitors of the USPS, and academicians will be afforded an opportunity to appear before the subcommittees. A limited number of Members of Congress will be invited to offer testimony.

The 10-year anniversary of the Postal Reorganization Act of 1970, the recent action of the Postal Board of Governors in instituting a postal rate increase against the recommendation of the Postal Rate Commission, their running controversy and recent court rulings have exposed serious flaws in the law's structure and procedures. These events demand that the subcommittees undertake a major review at this time.

Goal: These hearings are intended to examine the issues, to obtain the views of a broad cross section of informed opinion and to formulate a position on the need for comprehensive changes in the organization and structure of the delivery of postal services.

Structure of the hearings: Each witness will be asked to address a number of specific questions addressing the outstanding issues as the chairmen see them. In this way, the hearings are expected to be as meaningful as possible. It will also be made emphatically clear that the subcommittees are serious about pursuing comprehensive legislative remedies.

ISSUES TO BE ADDRESSED

1. PUBLIC ACCOUNTABILITY OF THE POSTAL SERVICE

The public service subsidy is about to be eliminated. A prevailing view is that USPS management is becoming increasingly insulated from public, congressional, and administration opinion. Recently the USPS Governors instituted an increase in postal rates contrary to the recommendation of the Postal Rate Commission. Do the Governors have adequate time, expertise, and independent sources of in-

formation to properly represent the public interest? What is the preferred relationship among the Postal Service, the Congress, regulatory bodies, and the administration?

2. RATEMAKING AND CLASSIFICATION

Tens of millions of dollars are spent litigating cases before the Postal Rate Commission, but the USPS Governors are authorized to act contrary to its recommendations. There is seemingly endless judicial and administrative litigation of rate and classification matters. Should existing ratemaking and classification criteria be modified? Are the current methods of computing attributable and institutional costs fair or desirable?

3. COMPETITION, DEREGULATION, AND THE PRIVATE EXPRESS STATUTES

Recently, postal executives have been quoted as supporting an examination of this issue. How would any modifications of the Private Express Statutes impact upon the Postal Service, its employees, competitors of the Postal Service, and the general public?

4. POSTAL FINANCES: PRESENT AND FUTURE

What can be done to control the costs of the Postal Service? What subsidies to the USPS are appropriate? What are the recordkeeping practices of the USPS and how do they affect ratemaking and the public accountability of the Postal Service?

5. RESEARCH AND DEVELOPMENT/STRATEGIC PLANNING

What is the 10- and 20-year future of the Postal Service? What volume does the Service forecast for existing and projected classes and subclasses of mail? Given the Service's commitment to increased mechanization and work force economies, what practices should be adopted to minimize adverse impact on employees? Are USPS executives and professional salaries, and research and development investments, adequate for a competitive and high-technology future? (The issue of telecommunications legislation will be considered in separate public hearings, although we recognize that it will not be possible to avoid such discussions during this oversight hearing.)

6. LABOR AND EMPLOYEE RELATIONS

Personnel-related costs account for 85 percent of total USPS expenses, and critics point to collective bargaining as a primary cause of higher postal rates. There is continuing concern over employee safety and morale. The collective bargaining relationship between the Postal Service and its employees is unique. What changes, if any, need to be made in this area?

For further information about these hearings, please contact either Lloyd A. Johnson at 225-9124 or Louis Delgado at 225-3718.●

BETAMAX DECISION SPARKS CONTROVERSY

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. RAILSBACK. Mr. Speaker, I would like to introduce into the RECORD today the remarks of Mr. David Ladd, the Register of Copyrights, regarding the very controversial *Betamax* decision.

On October 19, 1981, the 9th U.S. Circuit Court of Appeals in San Francisco overturned a lower court decision and ruled that users of home videorecorders violate the copyright law if they use such recorders to tape copyrighted television programs over the air.

The main problem with this decision is how to allow the public to have access to videorecorders and still secure the appropriate compensation for such use to program producers, authors, and other creative talent.

I know this problem has concerned a number of my colleagues, and I thought they would be interested in reading the Register's remarks.

The Register's remarks are as follow:

REMARKS BY DAVID LADD, REGISTER OF COPYRIGHTS

The *Betamax* decision has exploded over the entertainment world. Indeed over the entire American public. And the effect is all the more sensational because the reversal of the trial court's judgment was unexpected in many quarters.

Whether the appellate decision stands or not (Supreme Court review will probably be sought), it can already be judged a landmark in American law—either for the precedent it establishes or for the legislation it prompts.

Legislation has already been proposed. Within days after the decision several bills were introduced in Congress. All of them would create a general exemption for home video taping and thus alter legislatively the judicial result.

The reaction to the decision has not only been prompt, it has been emotional: newspaper and television commentaries have abounded in dire alarms about intrusion into the privacy of the homes; questions have been raised about whether present owners can use their decks; ironic contrasts have been drawn with the lack of liability for the manufacture and sale of handguns; and, probably more in ridicule than anxiety, the specter of storm-troop-like midnight confiscation of videorecorders has been conjured up. Small wonder, then, such agitated public response.

This is no time for sensationalism. There is no need for it. The *Betamax* case does present profound and important issues. But those should not be discussed and resolved in heat or haste. There is time. The first thing to do with this time is to strip away the exaggerations in reporting the newsworthy event and expose the fundamental issues at stake.

First, the Betamax decision is no quirk from a wayward and obscure tribunal. It is a fully reasoned opinion of a unanimous three-judge U.S. Court of Appeals, reversing a similarly fully reasoned trial court judgment. The different defendants (manufacturers, retailers, users), different acts alleged to be infringing, the elaborate legal and historical grounds for both decisions, the variety of possible forms of relief—these factors make the case a much more subtle affair than the popular press has reported.

Neither is the decision final. If the Supreme Court takes the case, the final decision is more than a year away. Whether it does or not, the judgment and enforcement are some time away. There is time for thought, reflection, care.

The ultimate result, legislatively or otherwise, will predictably not be to forbid the sale of videorecorders, nor the public from using them. Calmer heads know this. The central problem, however, is how to allow both the public to have access and to secure to program producers, authors, and other creative talent, compensation according to use and enjoyment. That is the purpose of copyright. That is why our Constitution expressly provides for copyright.

A total statutory exemption for home video taping is the only solution proposed in the new bills in Congress. It is one possible solution. It is not the only solution. That solution would, in fact, run counter to the principles of the comprehensive revision of our copyright law in 1976. That revision recede from broad long-standing "not-for-profit" exemptions and substituted limited, narrow, and specifically defined exemptions qualiying broadly stated rights.

The Federal Republic of Germany and also Austria have already addressed the problem of home taping in legislation. Those countries have imposed levies on videorecorder hardware or blank tape, providing for distribution of proceeds to copyright owners. Germany's law has been in place since 1965. Other countries are working on the problem. So are legal groups in the United States; and they have been for some time.

Home video recording is a concern not just in the United States but throughout the world. The Joint Subcommittees of the Intergovernmental Copyright Committee (Unesco, the Universal Copyright Convention) and the Berne Executive Committee (Berne Convention) on the Legal Problems Arising from the Use of Video-Cassettes and Audio-Visual Discs have jointly called attention to systems that both affirm the public's right to home taping for non-commercial purposes and provide revenue for all rights holders from such recordings. In so doing, they generally confirmed the recommendations of the international Working Group of Experts which urged legislation to prevent inevitable harm to creators.

The mechanism which both the Working Group and Joint Subcommittees emphasized is the idea of a levy upon either the videotape hardware, blank cassettes, or both. In essence this would be a statutory license to record works for use in the home. It would obviously eliminate the staggering difficulties of enforcing private rights in private homes. It would also avoid the alternative of prohibiting the manufacture, sale and use of home recorders. The Court of Appeals in the *Betamax* case specifically recognized the potential public inconvenience in granting an injunction and indicated that a continuing royalty along these lines may be an "acceptable resolution."

If such a scheme were to be adopted in the United States, the levy would not need be large. It is not in Germany or Austria. The typical percentage of the retail price of

a video-cassette attributable to copyright royalty would be low—as it is now in commercial licensing. The balance, of course, represents the expense of any product—labor, invested money, advertising, promotion, distribution and the like. Thus, while the incremental cost to video-recorders or tapes represented by the levy would be small, the cumulative revenues would protect the copyright owners and encourage creation and production of new audiovisual works—exactly as copyright is intended to do.

The home recording issue is clearly joined. Earlier than some of us expected, perhaps; but now irresistibly presented. It will, of course, be resolved, either in the courts or in Congress. But it should not be resolved in undue haste. The particular question, and the broader problem it represents of accommodating the property rights of copyright to new technologies, are too difficult, too pervasive, too important, too profound to be resolved in posse-like speed. What is required is the same fullness of debate, and technical skill that marked the reworking of our copyright law culminating in the General Revision of 1976.

The public interest is paramount, to be sure. But the public is served quite as much by a respect for property—and copyright is the highest kind of property—as by expropriating it from its creators and owners for mass, free use.

Whether or how these ideas prevail, it is well to heed this statement from the Court of Appeals opinion in *Betamax:*

Article I, § 8, cl. 8 of the United States Constitution empowers the Congress: "To promote the progress of science and useful arts, by securing, for limited times, to authors and inventors, the exclusive right to their respective writings and discoveries." In commenting on this clause * * * our Supreme Court has said that "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and Useful Arts.'" *Mazer v. Stein,* 347 U.S. 201, 219, 74 S. Ct. 460, 471, 98 L. Ed. 630 (1954). Despite what is said in some of the authorities that the author's interest in securing an economic reward for his labors is "a secondary consideration," it is clear that the real purpose of the copyright scheme is to encourage works of the intellect, and that this purpose is to be achieved by reliance on the economic incentives granted to authors and inventors by the copyright scheme. This scheme relies on the author to promote the progress of science by permitting him to control the cost of and access to his novelty.

It is too often easy to convince people that the public interest is always served when someone else's property can be had for free. The more difficult task is to balance such impulses against the rights of our creative minority "to advance public welfare through the talents of authors * * * in "Science and Useful Arts'" and to fashion an "acceptable cost [for] * * * access to published works * * *"

That requires statesmanship. And statesmanship is not possible on the fly.●

TURNING BACK THE CLOCK

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. WYDEN. Mr. Speaker, this country has made significant strides in ridding ourselves of discriminatory regulations and statutes that treat unfairly women, minorities, and the handicapped people in our society. Unfortunately, a cruel effort is now trying to roll back these legislative gains and turn back the clock.

I recently received two letters from Oregon which tell this story better than I could hope to. I am inserting excerpts of these letters to be included as part of the RECORD.

OREGON STUDENT LOBBY EXPRESSES CONCERN

(By Robert Watrus)

The Oregon Student Lobby would like to express concern over the proposed modification or elimination of Title IX and, furthermore, other federal antidiscrimination regulations dealing with persons in educational institutions . . . including women, minorities and handicapped persons.

The key provision of Title IX is that "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance . . ."

Title IX, as it pertains to students, covers athletics (which has received the most attention, leading some to believe that Title IX covers only athletics), recruiting, admissions, financial aid, student rules and regulations, housing rules, health care and insurance benefits, student employment, textbooks and curriculum, single-sex courses and women's studies programs.

To date, at least two pieces of legislation have been introduced which would either seriously weaken Title IX or totally eliminate it—legislation which should be vigorously opposed.

Senate Bill 1361, introduced by Senator Orrin Hatch (R-Ut.), would severely diminish the federal commitment to sex equity in education. Specifically, SB 1361 would:

Narrow the definition of federal financial assistance to exclude most federally financed student aid for higher education, which is the bulk of federal assistance to college and universities.

Require that the particular program or activity in which discrimination is alleged itself directly receive the federal funds in order to be covered by Title IX, rather than simply be a part of a school or college which receives federal funding from another related or unrelated activity or receives benefits from federal funds received by the school or college.

These two changes would render Title IX virtually unenforceable. The narrowing of the definition of "federal financial assistance," taken in conjunction with requiring a particular program or activity to directly receive federal funds, would eliminate most college and university programs (including the controversial athletic programs) from title IX coverage. And even in those programs still nominally covered, like vocational education, people who claim to be aggrieved by unlawful discrimination would have to prove first that the activity received federal financial assistance before they could seek redress.

Redefine statutory beneficiaries from "persons" to "students", thereby curtailing coverage of teachers, administrators and other staff.

It should be noted that Deparatment of Education Secretary T. H. Bell also has proposed revoking the department's long-standing regulations barring sex discrimination in employment at schools and colleges. Regulations to enforce Title IX, developed during the Ford adminstration in June 1975, specifically banned discrimination on the job as well as against students.

Furthermore, Title IX was one of 30 rules targeted for possible elimination or easing by the Reagan administration in August as part of its attack on federal regulations considered unnecessary or counterproductive. In announcing the review of Title IX, Vice-President Bush (who heads the "Presidential Task Force on Regulatory Relief") said the administration feels the guidelines on sexual discrimination in athletic programs are too vague and impose excessive administrative burdens. Supposedly, the administration is looking for more efficient ways of achieving the objectives spelled out in Title IX.

The actual requirements of the law—as it relates to both students and employees—are not excessively burdensome; they insure sex equity in education. Furthermore, the role of the Reagan administration in the proposals to modify or eliminate Title IX is particularly disconcerting. President Reagan has asserted that the reason he does not support the Equal Rights Amendment is because there are so many equal rights laws on the books. Title IX is the equal rights law for education, yet the move to diminish Title IX is being supported by the administration.

In terms of handicapped persons, Section 504 of the Rehabilitation Act of 1973 is another regulation which has been targeted by the "Presidential Task Force on Regulatory Relief" for "review." Its key provision states that "no otherwise qualified handicapped individual in the United States . . . shall, solely by reason of handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

As with Title IX, the Reagan Administration appears to be confused as to what Section 504 of the Rehabilitation Act of 1973 requires of institutions of higher education receiving federal financial assistance. The following is an excerpt from the previously cited Chronicle of Higher Education article:

"In announcing that the Reagan administration would review Section 504 regulations . . . Vice-President Bush said educational institutions had complained about the costs of complying with the rules. For example, he said, an institution might be forced to install an elevator in a two-story building just to accommodate one student who was confined to a wheelchair.

"Spokesmen for groups representing the handicapped contended that the example was, as one of them put it, 'off the wall and has never happened.' They said the regulations emphasized that institutions must make programs accessible to students but provided leeway in how that could be achieved. The rules did not require that buildings be totally accessible to all handicapped people, they said."

In another action weakening the anti-discrimination protections afforded "protected classes," the Department of Labor has proposed liberalizing affirmative action requirements for recipients of federal contracts (as provided for in Executive Order 11246), which include public college and universities.

Under the proposed changes, employers would not have to submit a written affirmative action document outlining plans to hire and promote more women and members of minority groups unless they had a federal contract of $1 million or more. The current requirement is a $50,000 contract. The proposals would drop requirements that federal contractors submit an annual summary of their affirmative action plans to the government and that compliance reviews be conducted before federal contracts can be awarded. Furthermore, they would exempt employers from reviews for five years after they have had such a review, although the Department of Labor would retain the authority to investigate complaints made by employes during the five-year period.

According to the Women's Equity Action League, the $1 million limit would exempt 219 of the 272 colleges and universities that were required to file written affirmative action plans in 1980—a reduction of more than 80 percent. Additionally, approximately 70 percent of all females faculty members would be employed by institutions not required to have written affirmative action plans.

The Reagan administration's role in the weakening of equality of opportunity protections proves interesting. For an administration so concerned with "sending signals," what type of signal would be sent to educational institutions by the federal government weakening or eliminating the requirements of anti-discrimination regulations? It would signal a retreat by the federal government from its commitment to equality of opportunity and/or affirmative action which guarantees the rights of women, minorities and handicapped persons and, thereby, would signal to educational institutions that they no longer need to be concerned with providing equality of opportunity or affirmative action.

It is the responsibility of the federal government to assure persons throughout the country of equality of opportunity in education. It has only been through this commitment to equity (as embodied in Title IX and other antidiscrimination regulations such as Section 504 of the Rehabilitation Act of 1973 and Executive Order 11246), made to generations of Americans, that any progress to date has been made toward the ideal of equaltiy of opportunity. Continued progress toward this ideal is needed and must be made; if this is to come about, the federal regulations relating to equality of opportunity and affirmative action must be kept firmly in place.

In conclusion, the Oregon Student Lobby opposes any weakening or outright elimination of Title IX, Section 504 of the Rehabilitation Act of 1973 and Executive Order 11246 and urges you to do likewise.

RESOLUTION PASSED BY THE ASSOCIATED STUDENT SENATE AND WOMEN'S CENTER OF SOUTHERN OREGON STATE COLLEGE

Whereas from an excerpt from a September 2, 1981 Chronicle of Higher Education article (entitled "Administration Moves to ease Federal anti-bias Regulations"):

"In announcing that the Reagan Administration would review section 504 regulations . . . Vice President Bush said educational institutions had complained about the costs of complying with the rules. For example, he said, an institution might be forced to install an elevator in a two-story building just to accommodate one student who was confined to a wheelchair.

"Spokesman for groups representing the handicapped contended that the example was, as one of them put it, 'off the wall and has never happened.' They said the regulations emphasized that institutions must make programs accessible to students but provided leeway in how that could be achieved. The rules did not require that buildings be totally accessible to all handicapped people, they said."

Whereas Senator Orrin Hatch (R-Ut.) has introduced SB1361, which; narrows the definition of federal financial assistance to exclude most federally financed student aid for higher education which is the bulk of federal assistance to colleges and universities; redefines statutory beneficiaries from "persons" to "students," thereby curtailing coverage of teachers, administrators, and other staff; requires that the particular program of activity in which discrimination is alleged itself directly receive the federal funds in order to be covered by Title IX; rather than simply be a part of a school or college which receives federal funding from another related or unrelated activity or receives benefits from federal funds received by the school or college. According to the National Coalition for Women and Girls in Education, "this move would once again permit discrimination against women in school athletics and counseling to go unchallenged, with no legal relief. Even in programs which are still nominally covered, like vocational education, people who suffer discrimination would have to prove first that the activity was federally financed before they could seek redress. The law would become virtually unenforceable."

Whereas the Family Protection Act (HR 3955 and SB 1378) by Representative Albert Lee Smith (R-AL.) and Senator Roger Jepsen (R-IA.) includes a provision that simply would repeal Title IX, altogether.

Whereas under proposed liberalizing of affirmative action requirements for recipients of federal contracts, which includes public colleges and universities, employers would not have to submit a written affirmative action document outlining plans to hire and promote more women and members of minority groups unless they had a federal contract of $1 million or more. The current requirement is a $50,000 contract. The proposals would drop requirements that federal contractors submit an annual summary of their affirmative action plans to the government and the compliance reviews be conducted before federal contracts can be awarded. Furthermore, they would exempt employers from reviews for five years after they have had such a review.

Whereas the 1981 Oregon, Legislative Assembly's House Education Subcommittee on Affirmative Action found: ". . . as a state we have a long way to go to reach equity and the ideal of equality of opportunity set forth in our laws. Statistics, testimony of protected class members, and presence of litigation suggests that the State Board of Education, the Department of Education, the Superintendent, and the Chancellor must make a more dynamic commitment to affirmative action and equal opportunity both for student and employees." Therefore be it

Resolved, That the Associated Student and Women's Center of Southern Oregon State College do hereby publicly oppose the weakening or outright elimination of Title IX, Section 504 of the Rehabilitation Act of 1973, and the proposed liberalization of affirmative action requirements for recipients of federal contracts, which include public colleges and universities, by the Department of Labor (Executive Order 11246), as being proposed by Congress and the Reagan Administration.●

THE VIOLENT CRIME CONTROL ACT OF 1981

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. SAWYER. Mr. Speaker, on September 10, the FBI released the Uniform Crime Reports for 1980. The reports indicated that despite years of concerted efforts by State and Federal law enforcement agencies, crime, particularly violent crime, is increasing annually and shows no signs of significant reduction. A violent crime such as murder, rape, robbery, or assault now occurs every 24 seconds. If property crimes are included, then a crime occurs every 2 seconds.

These shocking statistics reveal a very discouraging trend in this country: Americans now rank crime as our second most pressing problem after the economy. More importantly, Americans are genuinely afraid of the growing pervasiveness of crime.

It is not only the ordinary citizen who is concerned about this issue. More than ever before, members of the executive, legislative, and judicial branches of Government are trying to coordinate an attack on crime.

On February 8, 1981, Chief Justice Warren Burger devoted his entire annual address to the American Bar Association conference in Houston to the subject of crime in America. The Chief Justice complained that for all our constitutional safeguards for accused criminals, our system of justice "fails to provide elementary protection for its decent, law-abiding citizens."

Similarly, on September 28, President Reagan outlined the administration's proposals on combating crime before the International Association of Chiefs of Police in New Orleans. The President noted:

The steady, ominous growth of crime in our Nation.

And pointed out that:

Crime is an American epidemic—it takes the lives of 23,000 Americans, it touches nearly one-third of American households, and it results in at least $8.8 billion per year in financial losses.

In the face of rising public feelings of frustration, fear, and anger, the Chief Justice and the President, among others, have made several good proposals for dealing with violent crime. Similarly, on August 17, after

months of testimony, research, and analysis, a nine-member, bipartisan task force, commissioned by the Attorney General, issued a detailed, 64-point report containing a number of legislative recommendations to help reduce the rising tide of violent crime. For the past 2 months I have been painstakingly working on a single bill which incorporates, I feel, 10 of the task force's most important recommendations. It is signifcant to note that the recommendations which are contained in my crime package are also in accordance with most of the proposals made by Chief Justice Burger, President Reagan, Attorney General Smith, and the task force.

Today, the Attorney General will appear before the House Judiciary Subcommittee on Crime on which I am the ranking Republican. Mr. Smith will testify with task force cochairmen former Attorney General Griffin Bell and Illinois Governor James Thompson on the recommendations of their August 17 report. I, therefore, think it is only fitting that I introduce my bill today, the Violent Crime Control Act of 1981, since I will be discussing the task force report on which the bill is in part based with some of its distinguished authors.

The bill is a detailed and complicated piece of legislation. It is subdivided into eight separate titles which I would like to summarize individually here.

TITLE I.—MANDATORY SENTENCES FOR THE USE OF FIREARMS IN FELONIES

Basic proposals

First, an individual who uses or carries a firearm in the commission of a felony will receive a 2-year prison sentence for the first offense and a 5-year sentence for second and subsequent offenses separate from the punishment for the felony committed.

Second, this mandatory sentence may not be suspended.

Third, no parole or probation may be given.

Fourth, the sentence cannot run concurrently with the underlying felony.

Fifth, this charge may not be plea bargained.

Sixth, these provisions will not apply if the sole offense is the Federal crime of illegal sale, possession, or transportation of a gun.

Comments

This proposal is widely supported by judges, law enforcement officials, legislators, and the public. If enacted, it will provide truly mandatory sentencing: A felon caught using a gun will be imprisoned specifically because of that gun. If one object of criminal laws is to deter crime before it happens, I believe this no-nonsense proposal will accomplish that end. This title is similar to task force recommendation 17, report, pages 29–30, and to goals stated by the President on September 28 and Attorney General Smith on October 23 before the Senate Judiciary Subcommittee on Criminal Law.

TITLE II.—ASSASSINATION-RELATED KILLINGS

Basic proposals

First, it is a Federal crime to kill a Federal public servant in the performance of his or her duties.

Second, Federal public servant includes U.S. Officers and employees designated by the Attorney General and Federal jurors.

Third, it is a Federal crime to kill, assault, kidnap, or conspire to kill or kidnap a U.S. official.

Fourth, a U.S. official includes the President, Vice President, Members of Congress, Cabinet heads, and Federal judges.

Fifth, it is also a Federal crime to kill a civilian in the course of an assassination of a U.S. official.

Sixth, the Attorney General may offer a reward of up to $100,000 for information and services under this section.

Seventh, the Federal Bureau of Investigation shall have authority to work with other local, State, and Federal agencies to investigate violations of this title.

Comments

For years there has been a concern that Federal laws governing assassinations were unduly vague as to jurisdiction. These concerns were made even more apparent by the March 30 assassination attempt on President Reagan during which the President, Secret Service Agent McCarthy, White House Press Secretary Brady, and Washington, D.C., police officer Delehanty, were wounded. The potential for overlapping city, State, and Federal investigations and varying court results on the same incident are self-evident. A need for this type of legislation has been mentioned by the Attorney General on October 23 and in task force recommendations 23 and 24, report, pages 34–35.

TITLE III.—BAIL REFORM

Basic proposals

First, after the arrest of an individual, a court may either allow the individual to be released on personal recognizance or unsecured appearance bond, conditionally released, temporarily detained to revoke a conditional release, or detained.

Second, an individual shall be released unless there is no assurance that the person will appear at trial or the individual presents a danger to another person or to the community.

Third, if an accused committed the offense while on release pending a felony trial, pending imposition, execution, or appeal of a sentence, he/she may be ordered to be detained.

Fourth, a hearing shall be held in each case during which the accused may be represented by counsel, testify, call witnesses, cross-examine witnesses, and offer evidence.

Fifth, the defendant may appeal an order of detention. The Government may appeal an order of release.

Sixth, failure to appear at trial will result in a fine or imprisonment. Commission of a crime while on release will result in imprisonment.

Seventh, a judicial officer shall be able to deny bail, if it is determined that the source of the income is nonlegal.

Comments

Current law restricts judges to basically considering a defendant's likelihood to appear except in capital cases. This severely constrains a judge when he has to determine whether or not to release an individual whom he is almost positive will be a danger to the community while not detained. This proposal fills a much-publicized gap in the law and will allow judges more flexibility in fairly and honestly setting bail. Also, this title is patterned after a successful bail statute which the District of Columbia has used for 10 years. Task force recommendation 38, report, pages 50–53, embodies this title as do proposals by the Chief Justice on February 8, the President on September 28, and the Attorney General on October 23.

TITLE IV.—INSANITY DEFENSE MODIFICATIONS

Basic proposals

First, the Federal Rules of Criminal Procedure are amended to include a new verdict: guilty but insane.

Second, a person may be found to be guilty but insane if all the elements of the crime are present except that the requisite criminal state of mind is absent due to mental disease or defect.

Third, either the defendant or the attorney for the Government may make a motion to determine the mental competency of the defendant to stand trial, or at the time of the offense, or after a verdict of guilty but insane, or after the defendant has been imprisoned.

Fourth, in any of the above cases, the court may conduct a hearing, order psychiatric or medical examination, or order the defendant placed in the custody of the Attorney General for appropriate hospitalization.

Fifth, if the defendant recovers, a new hearing shall be held to determine if the defendant should stand trial, finish the term of imprisonment, or be discharged, whichever is applicable.

Sixth, if no recovery occurs the defendant shall continue hospitalization until the term of imprisonment has expired at which time a new hearing will be held to determine if a discharge or civil commitment proceedings are in order.

Seventh, at no time shall statements made by the defendant during a psychiatric examination nor shall the defendant's competency to stand trial be

admitted as to the issue of criminal guilt.

Comments

This proposal is an attempt to prevent the unjust situation in which a criminal is freed because he is found to be not guilty because insanity has altered or eliminated the legal requisite of a criminal state of mind. Current law only provides for a verdict of guilty or not guilty which leaves judges and juries with no option to deal with an obviously mentally ill person requiring hospitalization. So broad is this gap in the law that it is possible that alleged Presidential assassin John Hinckley may be free within 50 days after his trial. This proposal will require long-term hospitalization followed by imprisonment if either is necessary. A similar suggestion can be found in task force recommendation 39, report, page 54.

TITLE V.—EXCLUSIONARY RULE MODIFICATIONS

Basic proposals

First, evidence seized in violation of the Constitution shall not be excluded if the law enforcement officer was acting in the reasonable good faith believe that his actions were in conformance with the fourth amendment.

Second, in cases where the above standard is met and the evidence is not excluded, a defendant shall have a tort damage remedy against the Government for actual and punitive damages up to $50,000.

Third, in addition, an officer who conducts a search and seizure in violation of the fourth amendment shall be subject to disciplinary action at the discretion of the law enforcement agency.

Comments

The exclusionary rule is a relatively seldom-used principle but, on occasion, it can result in the release of a known criminal. The purpose of the rule was to deter illegal police conduct, but the mechanism for this deterrence was often to throw out the case. The real victim then became the public since criminals were released without prosecution. A second casualty was police morale: An investigative error, however trivial or unintended, mean that the police agency has failed at its job. This proposal seeks to correct the problem by admitting evidence under certain, limited circumstances and by allowing disciplinary actions or fines against officers who act without good faith. Task force recommendation 40 is similar to this title as were statements made by the President on September 28 and by the Attorney General on October 23.

TITLE VI.—SENTENCING REFORM

Basic proposals

First, the U.S. Sentencing Commission will be established, and it will be composed of seven voting members (four Presidential appointees) and one nonvoting member.

Second, the Commission shall reform sentencing practices by (a) providing certainty and fairness; (b) avoiding unwarranted disparities in similar cases; (c) providing flexibility for sentencing individual cases with aggravating or mitigating circumstances; (d) measuring the effectiveness of criminal justice practices; and (e) reflecting advancements in sociological and scientific thinking.

Third, the duties of the Commission shall include establishing guidelines on probation, fines, imprisonment, conditional release, plea bargains, revocation proceedings, and sentencing ranges.

Fourth, the Commission shall submit a written report to Congress each year outlining recommended sentencing changes.

Fifth, there will be a new standard for appealing sentences. A defendant may appeal a sentence which exceeds the established guidelines while the Government may appeal a sentence that is under them.

Sixth, the U.S. Parole Commission shall be abolished.

Comments

The Sentencing Commission will have the power to establish what has been called truth in sentencing. Instead of punishments which confuse judges, attorneys, defendants, and the public with ranges of 2 to 20 years for the same crime, more fixed terms will be set. Thus if a crime has a 5-year penalty provision, a convicted person will serve 5 years. These kinds of determinant sentences will make penalties more uniform, more consistent, and easier to apply. This title is essentially the same as sections of the Senate Criminal Code Revision Act, S. 1630, which the President and the Attorney General have endorsed and is based on task force recommendation 41, report, pages 56-57.

TITLE VII.—HABEAS CORPUS CHANGES

Basic proposals

First, Federal courts shall not review habeas corpus petitions which raise a Federal question unless: (a) The Federal right asserted did not exist at the time of the trial and the right is now retroactive in application, or (b) State court procedures precluded assertion of the right, or (c) the prosecutor suppressed evidence which prevented raising a claim on the right, or (d) material and controlling facts have since been discovered by the defendent, and the violation of the Federal right prejudiced the petitioner's case.

Second, there is a 3-year limitation of filing petitions after the State court judgment becomes final.

Third, no Federal evidentiary hearing will occur if State court records demonstrate that the factual issues were litigated and determined.

Fourth, the State court record shall be viewed in a light most favorable to the prosecution.

Comments

In February, Chief Justice Burger complained about the "endless streams of petitions for writs" which cause cases to drag on for years and which often needlessly consume limited prosecutorial and judicial resources. Cases are occasionally reversed years after the witnesses and evidence needed for a retrial are gone. In addition, issues of federalism arise by the repeated intrusion of Federal courts into cases which were often thoroughly and fairly determined by State courts. The right of State prisoners to petition for Federal review is an important statutorily created principle. Unfortunately, it has so broadened itself in recent years that the petitions are putting great burdens on Federal and State courts. This proposal seeks to modify the availability of writs to habeas corpus to situations where it was originally intended to apply: emergency relief rather than frivilous and costly delays. The Attorney General is working on a similar proposal, possibly along the lines of task force recommendation 42, report, pages 58-60.

TITLE VIII.—CORRECTIONS FACILITY IMPROVEMENT

Basic proposals

First, the Attorney General will make grants to construct, repair, and improve correctional facilities.

Second, the Government will provide 75 percent of the grant money with the States supplying the remaining 25 percent but only if they can assure future operating funds.

Third, grant money will be apportioned equally on the basis of respective State populations, offender populations, and current corrections expenditures.

Fourth, Federal grant money will not exceed $500 million per year over a 4-year period.

Fifth, the Administrative Services Act will be amended to allow the Director of GSA to transfer or lease surplus or unused Federal property to the States, free of charge if necessary, for correctional purposes.

Comments

This is the only title in the Violent Crime Control Act of 1981 which seeks an expenditure of Federal funds. While I am a supporter of the administration's fiscal policies, I must nonetheless state that Federal assistance for prison construction and renovation is absolutely essential.

In the face of steadily rising crime rates and rapidly falling State revenues, local governments simply are not prepared to come to grips with the crisis of overcrowded facilities. Early this year, my home State of Michigan, crippled by the recession, had serious prison riots in Jackson, Ionia, and Marquette. Michigan is one of at least three dozen States in which lawsuits have been filed charging that prisons

are so overcrowded that the inmates' constitutional rights are being violated. Several courts have already ordered that States must either improve their prisons and jails or begin to release prisoners. Similar rulings are sure to follow.

Critics of this proposal have said that throwing people in jail won't stop crime. That is probably a correct statement but the corollary is, not keeping criminals in prison will create crime. The job of prisons is to rehabilitate the individual, deter criminal conduct, and protect the public. Early release of criminals or, worse still, rioting will accomplish none of these purposes.

The Federal Government and the States have ignored the problems of overcrowding and deterioration for too long. With higher prosecution and conviction rates and ever-increasing crime this problem simply won't go away. The Bureau of Justice Statistics reported on October 4 that 1981 State and Federal prison populations jumped at a rate twice that of the 1980 level, bringing inmate populations to a record 349,118. The States cannot assume the entire financial burden for prison construction and improvement in these lean economic times. The administration has declared war on violent crime but part of that war is going to have to involve some Federal assistance. Otherwise, we will all have to stand back and watch as the public safety is placed more and more in jeopardy.

I am not alone in my views on this subject, either. Chief Justice Burger mentioned the impending problems of prison overcrowding on February 8 as did the task force in recommendations 54 and 56, report, pages 75-79. This issue involves a responsibility which the Federal Government cannot abdicate to the States in order to reach a balanced budget. The real cost will simply be too high.

In conclusion, let me say that I believe the Violent Crime Control Act of 1981 incorporates 10 of the task force's most pressing and most basic legislative changes in Federal criminal law. I believe each of these eight titles will achieve the ends sought by the President, the Chief Justice, the Congress, and the task force and that they will achieve them swiftly, fairly, and cheaply.

I would like to point out that since the task force report was issued on August 17, a number of critics have attacked the recommendations claiming that revisions in Federal laws will only affect a small portion of the huge volume of crime in America. On the surface this criticism appears sound but, in reality, it misses the fundamental point, granted crime will not instantly end if the Violent Crime Control Act becomes law, but crime will most certainly not stop if we continue to do nothing. Crime statistics and public opinion polls are sending us a message. In an editorial on February 11 after the Chief Justice's speech in Houston, the Christian Science Monitor observed:

> The magnitude of the problem is no reason to abdicate the struggle to roll back crime.

That struggle grows more intense each day in America and today is the time to do something about it.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, November 5, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 6

9:00 a.m.
*Energy and Natural Resources
To continue oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

9:30 a.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 1081, S. 1594, S. 1749, and S. 1764, miscellaneous tax proposals.
2221 Dirksen Building

Rules and Administration
Business meeting, to consider certain provisions of Title I, providing legislative and procedural changes in providing Federal assistance to State and local governments of S. 807, establishing procedures for the administration and auditing of Federal assistance programs and the requirements imposed on assistance recipients.
301 Russell Building

10:00 a.m.
Budget
Business meeting, to continue markup of proposed Second Concurrent Resolution on the Congressional Budget for fiscal year 1982.
6202 Dirksen Building

Judiciary
*Courts Subcommittee
To hold oversight hearings on the administration of State and local court adjudication of driving while intoxicated.
2228 Dirksen Building

Labor and Human Resources
Investigations and General Oversight Subcommittee
To resume oversight hearings on the activities of the National Cancer Institute, examining deficiencies in the use of experimental drugs on cancer patients.
4232 Dirksen Building

Joint Economic
To hold hearings on the employment-unemployment situation for the month of October.
2359 Rayburn Building

NOVEMBER 9

9:30 a.m.
Foreign Relations
To resume hearings on the foreign policy and arms control implications of the President's strategic force modernization program.
4221 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Banking, Housing, and Urban Affairs
International Finance Subcommittee
To hold oversight hearings on nontariff barriers to the export of U.S. services.
5302 Dirksen Building

2:00 p.m.
Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings on S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on S. 732, providing for the disclosure of IRS information to assist with the enforcement of Federal and State criminal laws.
2221 Dirksen Building

NOVEMBER 10

8:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of F. Keith Adkinson, of West Virginia, to be a Federal Trade Commissioner.
1318 Dirksen Building

9:30 a.m.
*Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation and effects of the Staggers Rail Act of 1980 (Public Law 96-

448), reducing ICC regulations of the railroad industries and providing opportunities for railroads to improve their financial viability.
235 Russell Building

*Finance
Estate and Gift Taxation Subcommittee
To hold hearings on S. 649, amending current estate tax laws to ease the burden of inheritance taxes for the heirs of artists, and reversing the decline in donations of art to nonprofit institutions; S. 851 and S. 852, bills increasing the amount artists may deduct in taxes for their charitable contributions.
2221 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To hold hearings on international drug trafficking.
3302 Dirksen Building

Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Appropriations
Business meeting, to mark up H.R. 4241, appropriating funds for fiscal year 1982 for military construction programs of the Department of Defense, and proposed legislation appropriating funds for fiscal year 1982 for the Department of Defense.
1114 Dirksen Building

Energy and Natural Resources
Business meeting, to resume markup of Senate Joint Resolution 115, approving the President's recommended waiver of law to expedite the construction and initial operation of the Alaska Natural Gas Transportation System.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

11:00 a.m.
Foreign Relations
Business meeting on pending calendar business.
4221 Dirksen Building

NOVEMBER 12

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold oversight hearings on the proposed pipeline transporting natural gas from the Soviet Union's Yamal gasfields to Western Europe, focusing on the role of U.S. export controls.
5302 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on international drug trafficking.
3302 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Judiciary
*Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To hold hearings on Senate Joint Resolution 111, consenting to an extension and renewal of the interstate compact to conserve oil and gas.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to mark up S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and to hold hearings on S. 1247, S. 1235, and S. 587, bills providing for the exception of certain confidential information from disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

2:00 p.m.
*Energy and Natural Resources
Business meeting, to consider pending calendar business
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

NOVEMBER 13

9:30 a.m.
Governmental Affairs
To hold hearings on S. 864, to require each Federal agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.
6226 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building

Judiciary
Agency Administration Subcommittee
To hold hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.
5110 Dirksen Building

Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

NOVEMBER 16

9:30 a.m.
Judiciary
Agency Administration Subcommittee
To resume hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.
5110 Dirksen Building

Judiciary
Courts Subcommittee
To hold hearings on S. 1529, proposed National Court of Appeals Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to markup S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

*Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

NOVEMBER 17

9:00 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings on United States-Canadian trade policies, focusing on impact on border States' industries.
6226 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on international drug trafficking.
3302 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

NOVEMBER 18

9:00 a.m.
Select on Indian Affairs
To hold hearings on S. 1613, requiring the U.S. Court of Claims to consider the merits of certain claims filed by the Navaho Indian Tribe, alleging U.S. breach of legal and treaty obligations.
1318 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building
*Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
1224 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Environment and Public Works
Water Resources Subcommittee
Business meeting, to resume markup of S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and national harbors.
4200 Dirksen Building
Judiciary
Juvenile Justice Subcommittee
To resume hearings on S. 1688, making it a Federal offense when a convicted criminal commits a series of crimes involving firearms, and S. 1689, providing that a convicted criminal sentenced to life imprisonment under State habitual criminal statutes be incarcerated in a Federal penitentiary.
357 Russell Building
Judiciary
Security and Terrorism Subcommittee
To resume hearings to discuss the retention or destruction of certain Federal Government files.
2228 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to resume markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

NOVEMBER 19

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international drug trafficking.
3302 Dirksen Building
Labor and Human Resources
Business meeting, to consider the nomination of John R. Van de Water, of California, to be a member of the National Labor Relations Board.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Water Resources Subcommittee
Business meeting, to continue markup of S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and national harbors.
4200 Dirksen Building
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 186, authorizing funds through fiscal year 1988 for the Department of Justice, to provide assistance to State and local governments for the improvement of the States criminal justice system.
2228 Dirksen Building
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on S. 312, a private relief bill.
357 Russell Building

NOVEMBER 20

9:30 a.m.
Rules and Administration
To hold hearings on the application and administration of the Federal Election Campaign Act of 1971, as amended.
301 Russell Building

NOVEMBER 23

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on certain preference provisions of the Immigration and Nationality Act.
5110 Dirksen Building
Select on Indian Affairs
To hold hearings on S. 1370, authorizing the Secretary of the Army to acquire such oil, gas, coal, or other mineral interest owned by the Osage Tribe of Indians necessary for the construction of the Skiatook Lake, Osage County, Okla.
5302 Dirksen Building

10:00 a.m.
Judiciary
Security and Terrorism Subcommittee
To hold hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 24

9:00 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on State implementation of Federal regulations, focusing on standards of the Resource, Conservation and Recovery Act.
3302 Dirksen Building

9:30 a.m.
Rules and Administration
To resume hearings on the application and administration of the Federal Election Campaign Act of 1971, as amended.
301 Russell Building

10:00 a.m.
Governmental Affairs
To hold hearings on the nomination of Frederic V. Malek, of Virginia, to be a Governor of the U.S. Postal Service.
3302 Dirksen Building
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building
Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education programs and the Comprehensive Employment and Training Act (CETA).
4232 Dirksen Building

2:00 p.m.
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 25

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
*Governmental Affairs
To hold hearings on proposed legislation requiring the Inspectors General of certain Federal agencies to periodically review their department's programs.
3302 Dirksen Building
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

DECEMBER 1

9:30 a.m.
Agriculture, Nutrition, and Forestry
To hold joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building
Labor and Human Resources
To hold joint hearing with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

DECEMBER 2

9:30 a.m.
Agriculture, Nutrition, and Forestry
To continue joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building
Labor and Human Resources
To continue joint hearings with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

DECEMBER 4

9:30 a.m.
*Banking, Housing, and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of titanium.
5302 Dirksen Building

DECEMBER 8

9:30 a.m.
Environment and Public Works
To hold oversight hearings on the Endangered Species Act (Public Law 96-159).
4200 Dirksen Building

DECEMBER 10

9:00 a.m.
Judiciary
*Criminal Law Subcommittee
To hold hearings on S. 613, amending the Federal Criminal Code to revise the scope of, and penalties under the Hobbs Act, prohibiting interference with commerce by threat or violence.
2228 Dirksen Building

9:30 a.m.
Environment and Public Works
To resume oversight hearings on the Endangered Species Act (Public Law 96-159).
4200 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 23, 1982

11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

CANCELLATIONS

NOVEMBER 10

10:00 a.m.
*Government Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, establishing the National Nuclear Property Insurance Corporation, and providing supplemental insurance coverage for certain cleanup costs following damage to nuclear powerplants.
Room to be announced

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

DECEMBER 1

9:30 a.m.
Labor and Human Resources
To resume oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor
4232 Dirksen Building

DECEMBER 2

9:30 a.m.
Labor and Human Resources
To continue oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

HOUSE OF REPRESENTATIVES—*Thursday, November 5, 1981*

The House met at 10 a.m.

Rabbi Ephraim Sturm, National Council of Young Israel, New York, N.Y., offered the following prayer:

Our Father in Heaven:

With awe and trepidation, the legislators of this great democracy stand before You to beseech Your mercy and guidance as they endeavor to do Thy will.

In a world torn with distrust and confronted with starvation, with the threats of rattling sabres and the realities of hostilities, the United States of America remains as a citadel of moral integrity with the awesome responsibility of setting an example for the world.

King David said, "For the L-rd gives his people strength and blesses them with peace." Surely, strength is a prerequisite for peace.

May it be Thy will to bless the legislators with the power of moral and intellectual strength, to make America morally strong so that we, in turn, be granted the ultimate blessing of peace to all mankind. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3413. An act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3413) entitled "An act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982, and for other purposes," and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TOWER, Mr. WARNER, Mr. THURMOND, Mr. GOLDWATER, Mr. COHEN, Mr. QUAYLE, Mr. STENNIS, Mr. JACKSON, Mr. CANNON, Mr. NUNN, Mr. HART, and Mr. EXON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 4331) entitled "An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOLE, Mr. ARMSTRONG, Mr. HEINZ, Mr. LONG, and Mr. MOYNIHAN to be the conferees on the part of the Senate.

RABBI EPHRAIM STURM

(Mr. GREEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN. Mr. Speaker, today is the 70th anniversary of the Young Israel movement. The eloquent prayer just given by Rabbi Sturm, the executive vice president of the International Young Israel movement, is testimony to the strength of the goals and philosophy of this organization which has shaped and invigorated modern orthodox Judaism.

Rabbi Sturm has been a leader in the Young Israel movement for 33 years. He has recently achieved the highest rank ever, that of a lieutenant colonel, for a Jewish chaplain in the New York State Guard. In addition to serving the needs of Jews in the Armed Forces, Rabbi Sturm has been a spokesman for orthodox Jews in national and international forums.

Throughout his career with Young Israel, Rabbi Sturm has carried out the goals of the movement: To demonstrate to the Jewish community and the community at large that orthodox Jewish principles and "Americanism" are compatible. Young Israel has been instrumental in transforming a largely immigrant Jewish population into an American population with a vital Jewish heritage and culture. The Young Israel movement has played a historic role in shaping the melting pot culture that is America, to the benefit of its members, the society, and the people of all faiths and creeds whom its job training and other programs have served.

It is indeed an honor to have Rabbi Sturm and other members of the National Council of Young Israel with us at the Capitol today. I am sure all of my colleagues will join me in wishing them many more years of success.

ALARMING LEVEL OF BUSINESS FAILURES

(Mr. ALEXANDER asked and was given permission to address the house for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, the newest business reports provide us with data that business failures in the United States by way of bankruptcies have reached an alarming level. Failures so far in 1981 are 42 percent higher than they were for the same period in 1980 and more than double the same period in 1979.

In the present publication of Dun & Bradstreet, they predict that we may experience in 1981 the second highest level of bankruptcies since World War II. The reason is the high interest rate policy of the administration.

I am impressed with the proposal in the resolution proposed by Congressmen DASCHLE and DORGAN that it is time to appoint an independent businessman or a farmer to the Federal Reserve. I believe the proposal has great merit because it would bring to the Federal Reserve the experience of doing business, the experience that is lacking in the present high interest rate policy.

HOMEBUILDING INDUSTRIES NEAR BANKRUPTCY

(Mr. JENKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JENKINS. Mr. Speaker, new single family home sales in September fell to the lowest monthly level on record. Mortgage interest rates are now close to 19 percent. Since the initiation of a restrictive monetary policy by the Federal Reserve, a policy strongly supported by this administration, and the anticipated deficits we now face, the American dream of owning a home has become a pipedream for most Americans.

Business men and women in the homebuilding and related industries are being forced into bankruptcy or near bankruptcy by high interest rates. According to Dun & Bradstreet, business failures in the construction industry for the first quarter of 1981 were up 48 percent from a similar period in 1980 and 90 percent over 1979; in lumber and lumber products manufacturing failures in 1981 are up 44 percent over 1980 and 109 percent over 1979; in furniture and home furnishings retailing failures in the first

quarter of 1981 are up 30 percent over a similar period in 1980 and 71 percent over 1979; and in lumber, building material, and hardware retailing failures in the first quarter of 1981 have jumped 73 percent and 100 percent respectively over the same periods in 1980 and 1979.

In recent testimony before the House Small Business Committee, Mr. Wilbur Doyle, president of Doyle Lumber, Inc., summed up the problem—

To get right to the heart of the matter, record high interest rates are having a devastating effect on new housing starts which in turn has caused a genuine depression—not a recession—in the construction, furniture, and lumber manufacturing industries. Members of SLMA (Southeastern Lumber Manufacturers Association), all of whom are small, independent operators, fervently believe in the free enterprise system. They are anxious and willing to do their part in helping the country get back on its feet economically. Our problem is that it is unrealistic to ask our support of government long-range monetary and fiscal policies if in the interim, short-term measures drive us out of business.

REPUBLICAN RESEARCHERS WRONG ON SOCIAL SECURITY

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, the House Republican Research Committee recently issued a report outlining 21 different options for financing the social security system. It is not a bad report, except for one obvious problem—it fails to even mention the one option most preferred by the American people: raising the social security payroll tax.

I am certainly not advocating that we rush to increase the social security tax, but I would suggest that any serious effort to list options on how to preserve the social security system should include the one preferred by the American people and should not be tilted only toward the concept of cutting benefits. For example, 17 out of 21 options described by the Republican Research Committee involved benefit cuts of some kind. Only four dealt with increasing revenues. Heavy emphasis on benefit cuts is certainly in keeping with the original Reagan administration social security plan which justifiably drew much bipartisan criticism when it was proposed in May because it would have meant severe and permanent cuts in social security and continues to concern many Americans today.

I believe all of this raises some important points. First of all, the Republicans misunderstand America's views when the GOP suggest social security taxes are too high. According to the polls, only about one in four Americans say that the current social security tax is too high, given the retirement, disability, survivors' and medicare benefits provided by the program.

Second—and more to the point—a staggering 69 percent of those polled said they oppose lowering social security retirement benefits and 63 percent said they would rather pay higher social security taxes to avoid a cut in benefits.

The results of the National Commission poll, which was conducted by pollster Peter Hart, are not unusual. Virtually every poll taken on social security shows the same thing. For example, an ABC/Washington Post poll taken last month showed that 59 percent would rather increase social security taxes rather than reduce benefits.

Finally, Mr. Speaker, for the record I should note that after inquiry the Republican Research Committee said that the option of raising payroll taxes was supposed to have been in their report but that it was inadvertently omitted by the printer. How a printer manages to omit one paragraph was not explained.

Mr. Speaker, the social, security system is as sound as Congress and the administration care to make it. Congress armed with popular support, hopefully will wipe away the clouds induced by voodoo economics and maintain this all important social compact between generations of Americans and the National Government.

TIME TO TAKE A CLOSER LOOK AT REAGANOMICS

(Mr. DORGAN of North Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORGAN of North Dakota. Mr. Speaker, I have listened with great patience to the debate on the economy in recent days.

There has been enough hot air in this House on this issue to heat Minneapolis for the winter. I think it is time to try and add a touch of reality to the debate.

First, I agree with President Reagan that we need to control government spending. We spend too much, and often we spend it on the wrong things.

But it is also time to say that the President's advisers have led this country into a state of economic confusion.

Three months after they led the fight for the deepest tax cut in history, the Republicans are suggesting an $80 billion tax increase. Why? Well, it is not a mystery. Both the fiscal and monetary policies are unworkable.

We simply cannot have the largest tax cut in history, coupled with the largest military buildup in history, and expect to come out with a balanced budget. It will not work.

The high-interest-rate policies are not working either. It is very simple. High interest rates mean recession. Recession means unemployment. Unemployment means less revenue for government. That means a higher Federal debt. And that means higher interest rates. It just will not and cannot work.

We have to deal seriously with the deficit, but all I hear on this floor is the accusation by conservatives that the liberals have created the deficits. Frankly I do not see a dime's worth of difference between the two on spending levels. The liberals want to spend it on milk, and the conservatives want to spend it on aircraft carriers. Both liberals and conservatives have something to contribute, but instead of getting the best of what both have to offer we often end up with the worst of each.

It is time for some careful budget cutting, and it is time for plugging the giant tax loopholes that give away tens of billions of dollars to the major oil companies and other large corporations.

It is especially time to stop pointing fingers and start pointing the way to a moderate, rational economic policy that will steer us toward full employment and stable prices, and a future that America will be proud of.

CONSTRUCTION INDUSTRY IN DEPRESSION

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DASCHLE. Mr. Speaker, the construction industry is in a depression. Over 826,000 wage and salary workers in construction are unemployed. According to the National Association of Home Builders, another 200,000 self-employed construction workers are out of work.

The business failure rate among construction subcontractors is up 127 percent over 1980.

The single major cause of the high unemployment and high rate of business failures in the construction industry is high interest rates—a direct result of the unduly restrictive monetary policy and overly expansive fiscal policy of the administration.

In the last 6 months the Federal Reserve has allowed the money supply (M_{1B}) to grow at a mere 1.2 percent annual rate, far below the minimum of their target range of 3.5 to 6 percent. At the urging of the administration, the Federal Reserve has clamped down so tight that we are now in the second recession in as many years.

The administration is confused. It has one policy—business tax cut—to stimulate economic growth and another—tight money—which has pushed the economy into a deeper and deeper recession.

REVENUE ENHANCEMENTS

(Mr. KOGOVSEK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOGOVSEK. Mr. Speaker, just 3 months ago, Congress passed the Economic Recovery Tax Reduction Act of 1981. That was in August, and now in November there is talk of passing "revenue enhancements" because those who supported the tax cut bill are now seeing what their premature and excessive tax cut has done to the possibility of balancing the Federal budget by 1984. The discussion of revenue enhancements ranges from a national sales tax to user fees to a value added tax to closing loopholes. I am thoroughly confused that there is no serious discussion to repeal the $11 billion break given to American oil companies in the tax legislation. I find it hard to understand why, especially when last week, Mobil Oil announced its plans to purchase Marathon Oil—not one of the seven sister oil companies but certainly no small operation. This is the second major merger proposed by Big Oil since the tax legislation was passed, and yet we only propose to enhance Big Oil's revenues by giving them a huge tax break. Instead, we should repeal at least that portion of the Economic Recovery Tax Reduction Act before we begin looking at new ways to enhance revenues, or, in more simple terms, raise taxes.

SAVE THE COAST GUARD

(Mr. MICA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICA. Mr. Speaker, I just returned from a visit to the U.S. Coast Guard Station in my district in Florida. Two vessels, one for law enforcement and one for search and rescue, go out 3 days a month to cover 200 miles of coastline. They face the smuggling of narcotics and human cargo and they try to prevent events such as the tragedy we just saw last week.

For search and rescue, the only vessel we have left has lost its night searchlight. It went overboard in a storm. There is no money, no money in the budget to replace it.

I urge the conferees on the Transportation appropriations bill not to consider any cuts in the Coast Guard budget. This Congress ought to be talking about rebuilding this vital source of protection for this Nation's shores, and I hope my colleagues will support that effort.

□ 1215

SALE OF U.S. SPACE SATELLITE TECHNOLOGY

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, the circumstances surrounding the proposed sale of U.S. space satellite technology to a multinational consortium that includes Libyan strongman Mu'ammar Qadhafi indicate the need for more coordinated review and consultation between the agencies which are responsible for our country's national security and foreign policy.

As you know, the administration had notified Congress of its approval of a deal which would have allowed the Ford Aerospace Corp. to sell satellite parts to a French firm, Interspatiale, which is wiring Libya and 20 other African and Arab nations into an elaborate communications satellite system with potential military capabilities. The consortium also includes the Palestine Liberation Organization, and the Soviet client States of Syria and South Yemen. This news came on the heels of U.S. intelligence report that Qadhafi is planning terrorist attacks on four American embassies in Western Europe, including American diplomatic compounds in London, Paris, Vienna, and Rome. When questioned about the administration's plans at a Senate Foreign Relations Committee hearing on Monday, Secretary of Defense Caspar Weinberger expressed ignorance of the State Department announcement.

Mr. Speaker, the United States has expressed adamant opposition to the aggression and terrorism of the Qadhafi regime and has also issued a prohibition on selling sensitive technology to the Soviet Union or its allies. In light of this, the administration's approval of this sale, especially without any apparent coordination or consultation with the appropriate agencies, is disconcerting. These are tenuous times for our foreign relations. We cannot afford this kind of poor planning in matters affecting our national security or world peace.

MIDTERM EXAMS

(Mr. BONIOR of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONIOR of Michigan. Mr. Speaker, investment in new housing is at a post-World War II low putting the housing sector in a depression. Investment in durable goods like automobiles is at the lowest level in decades. Investment in household durables has declined 11 percent from June to September.

Investment in nondefense capital goods declined 9 percent in September. September orders for capital goods are 50 percent below a year earlier.

In the third quarter of 1981, the Consumer Price Index rose at an annual rate of 13.5 percent.

According to the administration's supply-side theorists, business should be responding to the tax reductions, effective January 1, 1981, with huge investment commitments.

According to the administration, the tight monetary policy was to bring down inflation; instead it has brought a recession.

Short-term interest rates are coming down, but only because of the recession-induced decline in the demand for credit. Long-term interest rates are still near historic highs.

To quote from the November 9 issue of Business Week:

> Companies seem to be acting on the Keynesian premise that investment plans respond mainly to a surge in demand that pushes up operating rates.

It may still be too early to give the administration's 1981 economic game plan a final grade. But, according to Business Week, "It is clear that the theory has flunked the midterm."

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I take this time for the purpose of inquiring of the distinguished majority leader the program for the balance of this week and the program for next week.

Mr. WRIGHT. If the distinguished minority leader will yield, I think Members will be pleased that when we complete our business this afternoon, presumably finishing action on the Nuclear Regulatory Commission authorizations, we will have no legislative business until 1 week from today, Thursday noon of next week.

There will be a pro forma session only tomorrow, a pro forma session on Tuesday next, no session at all on Monday, and, of course, we will be off for Veterans Day on Wednesday.

Therefore, as Members leave today, after having completed action on the Nuclear Regulatory Commission authorizations, they may confidently expect to make such plans as they desire and return at noon on Thursday of next week.

If the gentleman will yield further, I would like to stress that there is going to be significant business on the House floor next Thursday and, in all probability, Friday as well. Thursday and Friday of next week Members should plan to be here. We expect to have conference committee reports on the Interior appropriations, the Agriculture appropriations, and the social security bill, and the possibility of additional conference committee reports always exists.

Mr. MICHEL. Well, I thank the distinguished majority leader.

I might also make the observation that when we had an exchange earlier

with respect to this coming week, we were not sure whether or not Members would have Monday and Tuesday off, or the latter part of the week. While I think the Speaker would have preferred that the order be reversed, it is a question of facilitating the legislative committees that are involved here and, I might add that there would be a slight possibility, too, of the budget resolution coming up in the latter part of the week where there would be absolutely no opportunity for that to be considered the first part.

I would further make the observation that we want to have the Rules Committee meet on next Friday for the continuing resolution, so that that would be made in order, hopefully for the following Monday, and complete action on that, so that the other body then would have between Monday and Friday for a conference between the two Houses on that continuing resolution or we run up against that midnight deadline and and all the anxiety of whether or not we are definitely going to have that week off for the Thanksgiving period.

So I thank the majority leader for pointing out to the Members that it will be absolutely an important couple of days next week, on Thursday and Friday, and that by no means should Members expect now, with all the time off between now and then, that that program should be anything less than what the majority leader has laid out for us, because there will be plenty of business to do, and Members ought to be planning on being back here at that time.

Mr. WRIGHT. The minority leader is exactly correct. The situations which dictate our being in session next Thursday and Friday were the simple realities of the progress that the various committees of the House have made, both in conference and in their committees, on those matters that remain for the House to act upon before we can adjourn for the year. There are not many of them, but they are very important. It is true that we do expect to be able to consider the continuing resolution in the succeeding week, the week of Monday, November 16, and we would hope to have that the early part of the week, either on Monday, November 16 or on Tuesday, November 17.

Mr. MICHEL. I thank the gentleman.

I thank the Speaker.

SOCIAL SECURITY SAVINGS BOND

(Mr. SCHULZE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SCHULZE. Mr. Speaker, the social security OASI trust fund is in terrible shape. It is on the verge of insolvency, and the Congress must act now.

Yesterday, I introduced H.R. 4888, a bill to create a social security savings bond. These bonds would be available at the election of OASI beneficiaries in lieu of a monthly cash payment. The bonds would bear interest at the same rate as all-savers certificates, and they would be free of all income and estate taxes.

Research shows that there are many Americans who continue to make investments after their retirement. These Americans are not dependent upon their social security checks to meet their day-to-day needs, and I believe that they would be more than willing to invest in a Government bond that would help guarantee the security of retired Americans of less substantial means. Our projections indicate that the program would have raised $6.2 billion if it had been in effect during 1981. The cumulative benefit is even more impressive.

I solicit the support of the House for this legislation.

WILL THIS TRIP BE NECESSARY?

(Mr. WEBER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Ohio. Mr. Speaker, on August 4 I reminded my colleagues of the obligation we have to our constituents to reduce our spending of Government funds on our own foreign travel.

I recognize that some foreign travel by Members and selected senior staff is necessary. It must be done from time to time in order to keep abreast of events and get firsthand information on relevant matters, and to be more knowledgeable and effective in the discharge of our duties. However, foreign travel is usually viewed by our constituents as a vacation trip, carried out in a clandestine manner at enormous expense to the taxpayer.

Today, joined by some of my colleagues, I am introducing a foreign travel sunshine resolution which requires that an advance report of the purposes, itinerary, estimated cost, and names of the travelers, be published before the trip, and a similar accounting of the trip be published upon completion. The American taxpayer is entitled to know in advance why the trip is necessary.

Mr. Speaker, I invite my colleagues to join me in cosponsoring this resolution.

NATIONAL DISABLED VETERANS WEEK

(Mr. BADHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BADHAM. Mr. Speaker, on Wednesday, November 11, we will pay tribute to all those Americans who have honorably and bravely served their country in the Armed Forces. Of those who have served this Nation, there is a group of veterans, the disabled, which deserves special recognition.

Currently there are 2½ million disabled veterans in America. Disabled veterans have unique problems. In order to rebuild their lives and once again become productive citizens, disabled veterans need the understanding and strong support of not only their family and friends, but also of the Nation as a whole.

Much has already been done to assist these individuals. Much remains to be done, as it is a long and difficult path the disabled veteran must tread to regain a full life. Americans can never give back what has been taken from these brave individuals; however, we can let them know of our deep concern.

Thus, next week, on November 10, I intend to introduce a resolution declaring the week of November 7 through November 13, 1982, as "National Disabled Veterans Week" in order to pay tribute to all honorably discharged veterans who sustained disabilities from wartime military service. I would encourage any Members to cosponsor this resolution.

TRAVELING ROAD SHOW

(Mr. STANTON of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STANTON of Ohio. Mr. Speaker, I want to alert my colleagues in the House of Representatives to the continuing grassroots hearings on the state of the economy which the Banking Committee will hold this weekend in Seattle, Tucson, and Chicago. I must express my serious reservations about continuing to hold these hearings based on the cost involved and the clearly political undertones.

Two weeks ago the Banking Committee opened this series of hearings in St. Paul, Minn. My estimates of the costs involved in this first hearing are between $12,000 and $15,000. This is a significant amount of money for several members of the committee to gather the kind of information that is readily available in their own districts and with which they are all too familiar.

This weekend majority members of the committee will travel by military aircraft to Seattle on Friday, Tucson on Saturday, and Chicago on Monday. The taxpayers-supported aircraft this weekend alone will cost roughly $25,000. The same type of plane, which has a maximum capacity of 45

passengers, flew 7 members and three staff to St. Paul. I am sure that my colleagues and the citizens of the Nation will see that this is a gross waste of the taxpayers' money.

In addition to the full committee hearings, the Subcommittee on Domestic Monetary Policy has scheduled similar hearings in Miami, Philadelphia, and Indianapolis. Moreover, I understand that the Housing Subcommittee intends to hold related hearings in at least 12 States across the country. At the rate the majority is going, it would be cheaper to have two witnesses from every State in the Union travel to Washington to voice their complaints than to fly the Members around the country for purely political reasons.

Today, Mr. Speaker, I am asking the chairman of the Banking Committee, Mr. ST GERMAIN, to reconsider holding the rest of these hearings because they are fundamentally political in nature and because of the great cost to the American taxpayers. I would suggest that instead the Banking Committee would be wiser to harness its energy to find ways to strengthen the financial institutions of this Nation to meet the economic challenges in the years ahead.

MORTGAGE INTEREST DEDUCTIONS

(Mrs. ROUKEMA asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, as virtually every Member of the House knows, the housing industry is in the midst of one of the most severe slumps in our history. First-time homeowners are also struggling to make ends meet. They must contend with high interest rates on their mortgage and skyrocketing housing costs due to inflation.

Yet there is renewed speculation, fueled by the recent study by the Congressional Budget Office and reports from the Senate Budget Committee, that changes are being contemplated in the one national policy that clearly helps the homeowner and the housing industry. There is growing speculation that Congress or the administration might consider reducing or eliminating mortgage interest deductions to help bring the deficit under control. This would, in my opinion, be ill advised and ill timed.

Therefore, I am today introducing a sense of Congress resolution that will put an end to any speculation, rumors or uncertainties surrounding this issue. I am asking that the Congress go on record against any reductions in mortgage interest deductions. I am asking Congress to reassure our homeowners, our construction industry and financial institutions that we do not intend to tamper with the one factor that has opened up homeownership to so many Americans.

The reasons are compelling. Unemployment in the construction industry is twice the national average. It stands at 16.3 percent, with only 1 million housing starts expected for all of 1981.

We cannot afford to let such speculation continue and, therefore, I urge my colleagues to join me and 68 other cosponsors in opposing reduction in mortgage interest deductions.

I thank the Speaker.

□ 1030

A PRIVATE SECTOR TRAINING INITIATIVE THAT WORKS

(Mrs. FENWICK asked and was given permission to address the House for 1 minute.)

Mrs. FENWICK. Mr. Speaker, today I would like to bring to the attention of my colleagues an exciting and successful program in my home State of New Jersey. Given today's high rate of unemployment, especially among our young minorities, this private sector initiative is most encouraging.

Thirteen years ago, a number of New Jersey pharmaceutical companies, among them Hoffmann-La Roche which gave me these figures, created a training program to fulfill their need for laboratory technicians. In January, the technical training program will graduate its 25th class and the results throughout the years are a model for all private sector training initiatives.

The trainees are put through a rigorous 16-week course, spending the first 8 weeks in the classroom and the following 8 weeks in on-the-job training in the laboratories of participating companies. The training program has a 90-percent graduation rate, and an 87-percent job placement rate in private industry. The cost of training the 42 students who participate in the program each year is borne entirely by contributions from the pharmaceutical companies.

These New Jersey companies are very enthusiastic about the program. It continually provides them with quality graduates, trained to meet their specific needs, while offering employment to typically hard-to-employ urban youths. It is precisely this type of approach to our unemployment problem that we must encourage. It is my hope that private sector initiatives such as this one will serve as a model for many more to come.

ALL STORAGE CAPACITY MUST BE USED FOR STRATEGIC OIL RESERVE

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, to my mind, one element of our energy policy is absolutely crucial—the strategic oil reserve. Only after Congress gave clear direction to a reluctant Carter administration did this important project go forward. Presently, under the Reagan administration and in the face of the fortuitous worldwide oil glut, the reserve is being filled at a rapid rate—well in excess of the 300,000 barrels per day mandated by Congress. That is the good news.

The bad news is that the existing unused storage capacity soon will be used up. Quite aside from the rather obvious mismanagement considerations, running out of storage capacity when there is a world oil glut is simply unconscionable.

According to an excellent report on this subject in this week's National Journal, the current reserve capacity is about 250 million barrels, but with purchases running ahead of capacity increases, capacity may be reached by next October. Other reliable sources predict capacity may be reached as soon as next March.

Mr. Speaker, the current administration is to be commended for its dramatic oil purchase policy and for its concern over the capacity problem. I urge the SPRO managers to utilize whatever storage capacity they may find—from idle oil tankers to unused, privately owned domestic storage tanks—while moving ahead full speed in developing salt cavern storage capacity.

HIGH-INTEREST RATE—A PRODUCT OF THE CARTER ADMINISTRATION

(Mr. CONABLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I had not intended to extend this period of political chest thumping, but as I listened to the beat I was forced to muse a little about the allegation that this administration is a high-interest-rate administration.

To set the record straight, the previous administration, which was not a Republican administration, inherited a 5.75-percent prime rate. When it left office, it presented the Reagan administration with a 20.5-percent prime rate. Under President Reagan, the prime rate has come down at least 3 percentage points since that time.

On this record, it appears probable that the wrong chests are being thumped.

WHAT THIS COUNTRY NEEDS IS A GOOD 5-CENT CIGAR WITHOUT AN EXCISE TAX

(Mr. NELLIGAN asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, reports have circulated widely that one of the proposals under consideration to help bridge projected future budget deficits is a doubling of the excise tax on alcohol and tobacco products, including cigars.

I have written the administration, asking that any increase in the excise tax on cigars be ruled out.

I represent the 11th District of Pennsylvania, the largest cigar manufacturing district in the United States. The unemployment rate in my district is more than 10 percent, and any increase in cigar excise taxes would have a strong, adverse impact not only on total industry employment, but also on the 1,700 persons engaged in the manufacture of cigars in my district.

At the same time, the doubling of the excise tax would generate less than $40 million annually for the Federal Government. This is a drop in the bucket compared to $2.4 billion from cigarettes and $5.6 billion from alcohol beverages that would be generated by doubling the tax.

Also of importance is the fact that, in contrast to cigars, cigarettes and alcohol beverages are considered a health hazard. Increases in excise taxes on cigarettes and alcohol would not only generate significant revenues, but also, because of the increased cost to the public, almost certainly would result in a decline in consumption.

Between 1964 and 1980, cigar sales dropped from 9 billion to 4 billion units, while employment plunged from 25,000 to 10,000 jobs.

Any increase in the cigar excise tax can only result in a further adverse impact on sales and employment in Pennsylvania. If anything, the excise tax on this product should be eliminated in order to provide the beleaguered industry with a much-needed shot in the arm.

What this country really needs is a good 5-cent cigar—without an excise tax.

PRESIDENT'S CRITICS SHOULD STOP CARPING

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, one of the problems of present time, perhaps, is related to television in that we had whole generations of our people, and even politicians, grow up thinking that we can have every problem articulated, every solution figured out and actually applied within 30 minutes, including time for four commercial breaks. I guess what I am talking about is not a need for instant gratification, but a perceived need for instant problem solving.

We see that here in the Congress when people get up and criticize this administration for creating high interest rates, for creating inflation, for creating bad economic circumstances. It seems to me that the Banking Committee could do far better, instead of going to cities around the country with their road show, by just going back and looking at the data presented by the Joint Economic Committee in September of this year. It showed, for instance, that under the previous administration we had 3 years back-to-back of negative productivity growth; where we went from a position of positive growth in the gross national product to one of negative growth; where we went from an inflation rate in the 5 percent range all the way up to, as everyone knows, 13.5 or 14 percent; where we had interest rates go from 5.5 up to 20.5 percent—all over a 4-year period.

It seems to me we ought to have some sense of history, even though it is just a small sense of history, a sense of history over the last 5 years. I would suggest that those critics of the President's economic policies look back on what happened to this country when we followed their policies, and if they think that is better, come forward and admit it and say, "Look at our record, we are proud of it."

If they are not proud of that record, then I think that they should come up with something new or quit carping from the sidelines.

FIRE PREVENTION AND CONTROL ACT OF 1974 AUTHORIZATION

Mr. FUQUA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 999) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes, with a Senate amendment to the House amendments, and concur in the Senate amendment to the House amendments with amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendments, as follows.

In lieu of the matter proposed to be inserted by the House engrossed amendment to the text of the bill, insert:

TITLE I—EARTHQUAKE HAZARDS REDUCTION PROGRAM

SEC. 101. (a) Section 7(a) of the Earthquake Hazards Reduction Act of 1977 is amended by adding at the end thereof the following new paragraph:

"(3) There are authorized to be appropriated to the Director for the fiscal year ending September 30, 1982, $2,000,000 to carry out the provisions of sections 5 and 6 of this Act.".

(b) Section 7(b) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $35,425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(c) Section 7(c) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $27,150,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(d) Section 7(d) of such Act is amended by inserting "; and $425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(e) Section 7 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) FUNDS FOR CERTAIN REQUIRED ADJUSTMENTS.—For the fiscal year ending September 30, 1982, there are authorized to be appropriated such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by the preceding provisions of this section.".

TITLE II—FIRE PREVENTION AND CONTROL

SEC. 201. Section 17 of the Federal Fire Prevention and Control Act of 1974 is amended by adding at the end thereof the following:

"(d) Except as otherwise specifically provided with respect to the payment of claims under section 11 of this Act, to carry out the purposes of this Act, there are authorized to be appropriated—

"(1) $21,115,000 for the fiscal year ending September 30, 1982, and $25,338,000 for the fiscal year ending September 30, 1983, which amount shall include—

"(A) in each of the fiscal years ending September 30, 1982, and September 30, 1983, not less than $4,009,000 for research and development for the activities under section 18 of this Act at the Fire Research Center of the National Bureau of Standards; and

"(B) $654,000 for the fiscal year ending September 30, 1982, and $784,000 for the fiscal year ending September 30, 1983, for executive direction by the Federal Emergency Management Agency of program activities for which appropriations are authorized by this subsection; and

"(2) such further sums as may be necessary in each of the fiscal years ending September 30, 1982 and September 30, 1983, for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.

The funds authorized under section 18 shall be in addition to funds authorized in any other law for research and development at the Fire Research Center of the National Bureau of Standards.".

SEC. 202. (a)(1) The Administrator of the United States Fire Administration is authorized and directed to convey by quit-claim deed, without consideration, to Gallaudet College, a body corporate created by Act of Congress approved February 16, 1857, as amended, all right, title, and interest of the United States in and to the following described tract of land, together with all buildings and other improvements thereon, situated in the District of Columbia: Lots numbered 75 to 79 inclusive in square numbered 2745-F in the subdivision made by the Rock Creek Park Estates, Incorporated, as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber 115 at folio 193. Lots numbered 66 and 67 in said square numbered 2745-F in the subdivision made by Alpheus H. Ryan, as per plat re-

corded in said Surveyor's Office in Liber 104 at folio 3. Also parts of a tract of land called "Clouin Course". All of above described property being described in one parcel as follows: Beginning for the same at a point of intersection of the southerly line of Kalmia Road, with the west line of lot 80 in square 2745-F in the combination of lots made by Marjorie Webster Junior College, Incorporated, as per plat recorded in said Surveyor's Office in liber 146 at folio 188, and running thence along said west line of said lot 80, south 0 degree 05 minutes west 235.11 feet to the southerly or rear line thereof, and thence along the southerly line of said lot 80, south 69 degrees 18 minutes 10 seconds east 437.19 feet more or less to the west line of a 16 foot wide public alley; thence running south 0 degree 05 minutes west along said west line of said alley 20.16 feet; thence south 59 degrees 53 minutes 13 seconds west 610.64 feet to the northeasterly line of 17th Street, thence along said line of said street, deflecting to the right with the arc of a circle whose radius is 869.11 feet, 90.07 feet to a point of tangent, and running thence north 30 degrees 11 minutes 40 seconds west and still along the said northeasterly line of 17th Street, 538.81 feet to a point of curve; thence deflecting to the right with the arc of a circle whose radius is 41.51 feet northeasterly 66.35 feet to a point of tangency in the south line of Kalmia Road (60 feet wide) thence with the south line of said Kalmia Road, north 61 degrees 24 minutes east 187.84 feet; thence south 28 degrees 36 minutes east 15 feet to the most southerly line of Kalmia Road (90 feet wide); thence with the most southerly line of said road, and deflecting to the right with the arc of a circle whose radius is 385 feet, easterly 260 feet to the point of beginning.

(2) At the date hereof, the above described part of Clouin Course formerly taxed as parcel 77/63 is designated on the records of the Assessor for the District of Columbia for assessment and taxation purposes as lot 815 in square 2745-F.

(3) Lot numbered 80 in square numbered 2745-F in the combination of lots made by Marjorie Webster Junior College, Incorporated, is as per plat recorded in said Surveyor's Office in liber 146 at folio 188.

(b) Section 25 of the Federal Fire Prevention and Control Act of 1974 is repealed.

TITLE III—MULTIHAZARD RESEARCH, PLANNING, AND MITIGATION

SEC. 301. (a) Pursuant to the Earthquake Hazards Reduction Act of 1977, the Federal Fire Prevention and Control Act of 1974, and title III of Public Law 96-472 (which recognized that "natural and manmade hazards may not be independent of one another in any given disaster"), and further recognizing that emergency personnel are often called upon to meet emergencies outside of their primary field of service, section 301 of Public Law 96-472 is amended—

(1) by inserting before the period at the end of the first sentence the following: ",and it is also recognized that emergency personnel are often called upon to meet emergencies outside of their primary field of service"; and

(2) by striking out "and" after the semicolon at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon, and by adding after paragraph (6) the following new paragraphs:

"(7) conduct emergency first response programs so as to better train and prepare emergency personnel to meet emergencies outside of their primary field of service; and

"(8) conduct a program of planning, preparedness, and mitigation related to the multiple direct and indirect hazards resulting from the occurrence of large earthquakes.".

(b) Section 302 of Public Law 96-472 is amended—

(1) by inserting "(a)" after "SEC. 302."; and

(2) by adding at the end thereof the following new subsection:

"(b) For the fiscal year ending September 30, 1982, there are authorized to be appropriated to the Director—

"(1) $4,939,000 to carry out section 301, which amount shall include—

"(A) not less than $700,000 to carry out the purposes of paragraphs (1) through (6) of such section;

"(B) such sums as may be necessary, but in any case not less than $939,000, for use by the United States Fire Administration in carrying out paragraph (7) of such section; and

"(C) not less than $3,300,000 to carry out paragraph (8) of such section with respect to those large California earthquakes which were indentified by the National Security Council's Ad Hoc Committee on Assessment of Consequences and Preparations for a Major California Earthquake; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE IV—GENERAL PROVISIONS

SEC. 401. Funds authorized to be appropriated by title I, title II, or title III may be transferred among the program categories listed in that title, except that neither the total funds transferred from any such program category nor the total funds transferred to any such program category may exceed 10 per centum of the amount authorized for that program category unless—

(1) thirty calendar days have passed after the Director or his designee has transmitted to the Speaker of the House of Representatives, to the President of the Senate, to the chairman of the Committee on Science and Technology of the House of Representatives, and to the chairman of the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete explanation of the transfer involved and the reason for it, or

(2) before the expiration of such thirty days both chairmen have written to the Director stating that they have no objection to the proposed transfer.

For purposes of this section, the program activity or activities for which funds are authorized by each of the following provisions of law as amended by this Act shall each be deemed to constitute a "program category": Subsections (a), (b), (c), (d), and (e) of section 7 of the Earthquake Hazards Reduction Act of 1977; paragraphs (1)(A), (1)(B), and (2) of section 17(d) of the Federal Fire Prevention and Control Act of 1974; and paragraphs (1)(A), (1)(B), (1)(C), and (2) of section 302(b) of Public Law 96-472; and section 302(c) of such Public Law.

The Clerk read the House amendments to the Senate amendment to the House amendments, as follows:

In title I, section 101(b) strike "$35,425,000" and insert in lieu thereof "$34,425,000".

In title II, section 201(d)(1) strike "$21,115,000" and insert in lieu thereof "$20,815,000" and strike $25,338,000" and insert in lieu thereof "$23,312,800".

In title II, section 201(d)(1) strike all of subparagraph (A) and insert in lieu thereof:

"(A) Such sums as may be necessary for the support of research and development at the Fire Research Center of the National Bureau of Standards under section 18 of this act, which sums shall be in addition to those funds authorized to be appropriated under the National Bureau of Standards Authorization Act for fiscal years 1981 and 1982, and"

In title II, section 201(a)(1)(b) strike out "$784,000" and insert in lieu thereof "$732,480".

The SPEAKER pro tempore (Mr. BONIOR of Michigan). Is there objection to the request of the gentleman from Florida?

Mr. WINN. Mr. Speaker, reserving the right to object—and I shall not object—I want to point out that this side concurs in these amendments to the FEMA authorization. In fact, the authorization levels provided by this amendment reduce the bill to the requested budget levels, a total I strongly support. I want to congratulate Chairman FUQUA, subcommittee Chairman WALGREN, and my colleague from California, Mr. BROWN, for accepting this amendment. In particular, I want to compliment the gentleman from California for his acceptance of the amendment since this reduction does impact an earthquake hazards reduction program that he has been instrumental in establishing. I, too, feel that this program is important, but when we are confronting a fiscal year 1982 budget deficit of over $60 billion, we simply cannot afford it.

Mr. FUQUA. Mr. Speaker, will the gentleman yield?

Mr. WINN. I yield to the gentleman from Florida.

Mr. FUQUA. Mr. Speaker, S. 999 is a bill which amends the Earthquake Hazards Reduction Act of 1974 and the Federal Fire Prevention and Control Act of 1974 to authorize the appropriation of funds to the Director of the Federal Emergency Management Agency to carry out the earthquake hazards reduction program and the fire prevention and control program, and for other purposes.

The bill passed the House on October 13, under suspension of the rules. On October 16, the Senate offered an amendment in the nature of a substitute to the House version of the bill. In the Senate-passed version, the dollar amounts were not changed from the House version. However, the Senate revised title II to include a 2-year authorization for the fire program and language which transfers title of the Marjorie Webster College from the National Fire Academy to Gallaudet College. In title IV, the Senate deleted technical proportionality language related to appropriation levels, and the House has agreed to accept this change.

The amended version that is before the House today concurs with the changes made by the Senate except that the dollar amounts are now reduced to be in alinement with the administration's budget request—a reduction of $1.3 million. This change has been agreed to by minority represented on our committee. I urge you to support this balanced legislation.

Mr. WINN. Mr. Speaker, I support the amendment, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. BROWN of California. Mr. Speaker, reserving the right to object—and I hope I will not object—I am, as the gentleman from Kansas indicated, very much interested in this legislation and the programs which it authorizes. I guess I have been the stumbling block in reaching agreement at authorizing the program at the level that the administration has requested, but I feel that I should, under my reservation, explain why I have resisted this effort to reduce it.

First of all, the program is vitally important at this particular time in history; probably more important than ever before, because every indication indicates that we may be on the verge of major earthquake activity paralleling possibly the disastrous earthquake of 1906 in California, and generally occurring only once every 100 or 150 years. There are innumerable anomalous indications which we will be prevented from properly analyzing and exploiting if we reduce the level of the research provided in this bill

I feel this very strongly that it is unwise to do that.

Second, I should point out that, as the gentleman from Kansas has indicated, we are in this amendment bringing the authorized level down to the President's budget, but I hasten to point out that this is the President's budget of last March. The President's budget of today is not the same. In fact, we are not sure what it is, so that in effect we are offering an amendment to try and hit a moving target, and we do not know what the target is. So, I think it is a futile gesture to begin with. So, for these reasons, I have been reluctant to persuade, but I will say that, recognizing the fact that it probably would not make a great deal of difference in the overall outcome, I have been persuaded by my distinguished friend from Kansas, who I know is interested in this bill, and by the distinguished chairman of the full committee.

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So, Mr. Speaker, in return for this opportunity to explain my situation, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

A motion to reconsider was laid on the table.

AUTHORIZING APPROPRIATIONS FOR THE NUCLEAR REGULATORY COMMISSION

Mr. UDALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2330) to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2330, with Mr. GLICKMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Monday, October 19, 1981, all time for general debate had expired.

Pursuant to the rule, the text of the bill, H.R. 4255, shall be considered as an original bill for the purpose of amendment.

The Clerk will read.

The Clerk read as follows:

H.R. 4255

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) There is hereby authorized to be appropriated to the Nuclear Regulatory Commission in accordance with the provisions of section 261 of the Atomic Energy Act of 1954 (42 U.S.C. 2017) and section 305 of the Energy Reorganization Act of 1974 (42 U.S.C. 5875), for the fiscal years 1982 and 1983 to remain available until expended, $485,873,000 for fiscal year 1982 and $513,100,000 for fiscal year 1983 to be allocated as follows:

(1) Not more than $74,097,800 for fiscal year 1982 and $76,714,400 for fiscal year 1983, may be used for "Nuclear Reactor Regulation", of which an amount not to exceed $1,000,000 is authorized each said fiscal year to be used to accelerate the effort in gas-cooled thermal reactor preapplication review.

(2) Not more than $61,513,400 for fiscal year 1982 and $62,564,600 for fiscal year 1983 may be used for "Inspection and Enforcement".

(3) Not more than $17,591,000 for fiscal year 1982 and $17,630,200 for fiscal year 1983 may be used for "Standards Development".

(4) Not more than $45,766,000 for fiscal year 1982 and $47,059,600 for fiscal year 1983 may be used for "Nuclear Material Safety and Safeguards".

(5) Not more than $227,301,200 for fiscal year 1982 and $247,136,400 for fiscal year 1983 may be used for "Nuclear Regulatory Research", of which an amount not to exceed $3,500,000 for fiscal year 1982 and $4,500,000 for fiscal year 1983 is authorized to be used to accelerate the effort in gas-cooled thermal reactor safety research.

(6) Not more than $18,757,200 for fiscal year 1982 and $20,197,800 for fiscal year 1983 may be used for "Program Technical Support".

(7) Not more than $40,846,400 for fiscal year 1982 and $41,797,000 for fiscal year 1983 may be used for "Program Direction and Administration".

(b) The Commission may use not more than 1 per centum of the amounts authorized to be appropriated under paragraph (5) of subsection (a) to exercise its authority under section 31 a. of the Atomic Energy Act of 1954 to enter into grants and cooperative agreements with universities pursuant to that section. Grants made by the Commission shall be made in accordance with the Federal Grants and Cooperative Agreements Act of 1977 and other applicable law. In making such grants and entering into such cooperative agreements, the Commission shall endeavor to provide appropriate opportunities for universities in which the student body has historically been predominately comprised of minority groups.

(c)(1) Not more than $500,000 of the amount appropriated for a fiscal year to the Nuclear Regulatory Commission under any paragraph of subsection (a) for purposes of the program specified in that paragraph may be used by the Commission in that fiscal year for purposes of a program referred to in any other paragraph of subsection (a), and the amount available from appropriations for a fiscal year for purposes of any program specified in any paragraph of subsection (a) may not be reduced for that fiscal year by more than $500,000.

(2) The limitations on reprograming contained in paragraph (1) shall not apply where the Commission submits to the Committee on Interior and Insular Affairs and the Committee on Energy and Commerce of the United States House of Representatives and to the Committee on Environment and Public Works of the United States Senate a notification containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied on in support of such proposed action, and if—

(A) each such committee, before the expiration of a thirty-day period, transmits to the Commission a written notification that the committee does not object to the proposed action; or

(B) a thirty-day period passes during which no such committee transmits to the Commission a written notification that the committee disapproves of the proposed action.

The thirty-day period referred to in this paragraph shall commence upon the receipt by each such committee of the notice referred to in the preceding sentence. In computing such period there shall not be taken into account any day in which either House of Congress is not in session because of an adjournment of more than three calendar days to a day certain or an adjournment sine die. Each committee referred to in this

paragraph may approve or disapprove a proposal of the Commission under this paragraph in such manner as such committee deems appropriate.

SEC. 2. Moneys received by the Commission for the cooperative nuclear research programs may be retained and used for salaries and expenses associated with those programs, notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), and shall remain available until expended.

SEC. 3. During the fiscal years 1982 and 1983, transfers of sums from salaries and expenses of the Nuclear Regulatory Commission may be made to other agencies of the United States Government for the performance of work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriation so transferred.

SEC. 4. Notwithstanding any other provision of this Act, no authority to make payments hereunder shall be effective except to the extent or in such amounts as are provided in advance in appropriation Acts.

SEC. 5. (a) Except as provided in subsection (b), of the amounts authorized to be appropriated under this Act for the fiscal years 1982 and 1983, not more than $200,000 may be used by the Nuclear Regulatory Commission for the acquisition (by purchase, lease, or otherwise) and installation of equipment to be used for the "small test prototype nuclear data link" program or for any other program for the collection and transmission to the Commission of data from licensed nuclear reactors during abnormal conditions at such reactors.

(b)(1) The limitation contained in subsection (a) shall not apply to equipment for which the Commission prepares and submits to Congress a specific acquisition and installation proposal unless either House of Congress rejects such proposal within sixty calendar days of such submission.

(2) A proposal may be submitted to the Congress under paragraph (1) only after the Commission has conducted a full and complete study and analysis of the issues involved and prepared a detailed report setting forth the results of such study and analysis. Such proposal shall be accompanied by such report and by a concise statement, based on the report, setting forth the reasons and justification for the proposal.

(3) The study and analysis referred to in paragraph (2) shall include, at a minimum, an examination of—

(A) the appropriate role of the Commission during abnormal conditions at a nuclear reactor licensed by the Commission;

(B) the information which should be available to the Commission to enable the Commission to fulfill such role and to carry out other related functions;

(C) various alternative means of assuring that such information is available to the Commission in a timely manner; and

(D) any changes in existing Commission authority necessary to enhance the Commission response to abnormal conditions at a nuclear reactor licensed by the Commission.

The study shall include a cost-benefit analysis of each alternative examined under subparagraph (C).

SEC. 6. Of the amounts authorized to be appropriated by this Act for the fiscal year 1982, not more than $30,000,000 may be used to continue tests at the Loss-of-Fluid Test Facility.

SEC. 7 (a) Of the amounts authorized to be appropriated pursuant to paragraph (7) of subsection 1(a), such sums as may be necessary shall be available for interim consolidation of Nuclear Regulatory Commission headquarters staff offices in the District of Columbia and, to the extent necessary, in Bethesda, Maryland.

(b) No amount authorized to be appropriated under this Act may be used, in connection with the interim consolidation of Nuclear Regulatory Commission offices, to relocate the offices of members of the Commission outside of the District of Columbia.

SEC. 8. Of the amounts authorized to be appropriated under section 1, the Nuclear Regulatory Commission may use such sums as may be necessary, in the absence of a State or local emergency preparedness plan which has been approved by the Federal Emergency Management Agency, to issue an operating license (including a temporary operating license under section 12 of this Act) for a nuclear power reactor, if it determines that there exists a State, local, or utility plan which provides reasonable assurance that public health and safety is not endangered by operation of the facility concerned.

SEC. 9. No funds authorized to be appropriated under this Act may be used by the Commission to promulgate or publish a safety goal for nuclear reactor regulation until public hearings have been conducted by the Commission respecting the establishment of such safety goal. Development of a safety goal for nuclear reactor regulation should be expedited, to the maximum extent practicable, so as to allow for the establishment of a safety goal by the Commission no later than December 31, 1981.

SEC. 10. (a) No part of the funds authorized to be appropriated under this Act may be used to provide assistance to the General Public Utilities Corporation for purposes of the decontamination, cleanup, repair, or rehabilitation of facilities at Three Mile Island Unit 2.

(b) The prohibition contained in subsection (a) shall not relate to the responsibilities of the Nuclear Regulatory Commission for monitoring or inspection of the decontamination, cleanup, repair, or rehabilitation activities at Three Mile Island and such prohibition shall not apply to the use of funds by the Nuclear Regulatory Commission to carry out regulatory functions of the Commission under the Atomic Energy Act of 1954 with respect to the facilities at Three Mile Island.

(c) Of the amounts authorized to be appropriated under section 1 for the Office of Nuclear Materials, Safety and Safeguards, such sums as may be necessary shall be used by the Nuclear Regulatory Commission to promptly enter into a memorandum of understanding with the Department of Energy specifying interagency procedures for the disposition of radioactive materials resulting from the cleanup of Three Mile Island Unit 2, except those materials approved for disposition prior to the effective date of this Act. Nothing in such memorandum of understanding shall alter or impair any authority or responsibility of the Secretary of Energy or the Nuclear Regulatory Commission as provided under the Energy Reorganization Act of 1974 or under any other provision of law.

SEC. 11. (a) Of the amounts authorized to be appropriated under section 1 the Nuclear Regulatory Commission may use such sums as may be necessary to issue and make immediately effective amendments to a license for nuclear power reactors upon a determination by the Commission that the amendment involves no significant hazards consideration. Such an amendment may be issued and made immediately effective—

(1) in advance of the conduct and completion of any required hearing, and

(2) after notice to the State in which the facility is located.

The Commission shall consult with such State, when practicable, before issuance of the amendment: *Provided*, That such consultation shall not be construed to delay the effective date of any amendment issued as provided in this section. In all other respects the amendment shall meet the requirements of the Atomic Energy Act of 1954.

(b) The Commission shall periodically (but not less frequently than every thirty days) publish notice of amendments issued, or proposed to be issued, as provided in this section. Each such notice shall include all amendments issued, or proposed to be issued, since the date of publication of the last such periodic notice. The notice shall, with respect to each amendment or proposed amendment (1) identify the nuclear power reactor concerned, and (2) provide a brief description of the amendment. Nothing in this subsection shall be construed to delay the effective date of any amendment issued as provided in this section.

(c) The Commission shall promulgate, within ninety days from the effective date of this Act, standards for determining whether an amendment to a license involves no significant hazards consideration. Such standards shall be promulgated in accordance with the provisions of section 553 of title 5 of the United States Code.

SEC. 12. (a) Of the amounts authorized to be appropriated under section 1, the Nuclear Regulatory Commission may use such sums as may be necessary to issue temporary operating licenses for nuclear power reactors as provided in section 192 of the Atomic Energy Act of 1954, except that such temporary operating licenses may be issued—

(1) in advance of the conduct or completion of any hearing required by section 192 or by section 189 of such Act, and

(2) without regard to subsection (d) of such section 192 and the finding required by subsection (b)(3) of that section.

All hearings conducted as provided in section 192 in connection with the issuance of such a temporary operating license (or conducted in connection with any amendment of a temporary operating license), and the record established in any such hearings, shall be treated as part of, and consolidated with, the hearings and hearing record required under section 189 of such Act for issuance of the final operating license where the Commission determines that such consolidation will reduce duplication of effort and expedite the issuance of the final operating license.

(b) A temporary operating license issued as provided in this section may initially authorize fuel loading, tesing, and operation of the reactor at a specific power level, determined by the Commission, which does not exceed 5 per centum of the rated full thermal power. Pursuant to such license, and in accordance with the procedures and requirements of subsection (a), the Commission may thereafter permit operation of the reactor at power levels, determined by the Commission, which exceed the 5 per centum limitation set forth in the preceding sentence.

SEC. 13. (a) Such sums as may be necessary may be used by the Nuclear Regulatory Commission to establish an independent Temporary Advisory Panel (hereinafter in this section referred to as the "Advisory Panel") to carry out the purposes of this section. The Advisory Panel shall consist of members selected by the Commission and shall include representatives of the National Governors' Association, State agencies that regulate rates charged consumers for the use of electric energy, representatives of the nuclear power industry, and representatives from the general public who represent citizen or environmental organizations. Members of the Advisory Panel shall serve without pay. While away from their homes or regular places of business in the performance of services for the Advisory Panel, members of the Panel shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5 of the United States Code. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the establishment and operation of the Panel.

(b)(1) The Advisory Panel established under subsection (a) shall evaluate—

(A) the effectiveness of the nuclear powerplant licensing process in assuring that the requirements of the Atomic Energy Act of 1954 and the National Environmental Policy Act of 1969 are met in the licensing of nuclear powerplants;

(B) the efficiency of the nuclear powerplant licensing process and the potential for delays in the licensing of nuclear powerplants, including the extent to which there exists unnecessary duplication of effort in the licensing of nuclear powerplants;

(C) the extent to which there exists stability and predictability in the licensing process for nuclear powerplants; and

(D) the opportunity for public participation in the nuclear powerplant licensing process.

(2) The evaluation under paragraph (1) shall include, but shall not be limited to, an examination of—

(A) the manner in which need-for-power determinations are made concerning proposed nuclear powerplants by Federal and State agencies under Federal and State law and the extent to which there are duplicating or overlapping requirements and procedures respecting these determinations;

(B) the effect, if any, which the issuance by States of early site permits for nuclear powerplants would have on the nuclear powerplant licensing process, including—

(i) the issues which should be considered in the issuance of such permits,

(ii) the relationship between State decisions under an early site permit process and Federal requirements under the Atomic Energy Act of 1954, and

(iv) the effect which such permits should have upon subsequent licensing decisions by the Commission; and

(C) the extent to which States may determine the suitability of sites for the location of nuclear powerplants and relationship between such State determinations and the design and operation standards and requirements imposed under the Atomic Energy Act of 1954.

(c) The Advisory Panel established under subsection (a) shall commence its evaluation under subsection (b) within sixty days after enactment of this Act, and within one hundred and eighty days after enactment of this Act the Advisory Panel shall prepare a final report setting forth the results of the evaluation, including an assessment of deficiencies in the present nuclear powerplant licensing process and recommendations for any needed administrative or legislative changes to the process. The report shall be submitted to the Nuclear Regulatory Commission and to the Committee on Interior and Insular Affairs and the Committee on Energy and Commerce of the United States House of Representatives, and to the Committee on Environment and Public Works of the Senate. The Advisory Panel shall terminate upon submission of such report.

(d)(1) Within thirty days of the submission of the report of the Advisory Panel under subsection (c), the Commission shall provide to the committees named in subsection (c)—

(A) the Commission's views on the findings, conclusions, and recommendations set forth in the report of the Advisory Panel; and

(B) a report by the Commission recommending legislative and administrative actions to improve the filing, review, and issuance of construction permits, operating licenses, and license amendments for a facility for which an application is filed on or after October 1, 1981, under the Atomic Energy Act of 1954, as amended. Such report by the Commission shall include, but not be limited to, the same evaluations of the licensing process required of the Temporary Advisory Panel under subsection (b) of this section;

(2) Such sums as may be necessary may be used by the Commission to commence within sixty days after enactment of this Act and prepare the report required by subsection (d)(1)(A) of this section.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. LUJAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we are now working on an amendment authorizing a uranium mill tailings demonstration project included in the nuclear waste bill being marked up by the Interior Committee. I mention this now because such a demonstration project is necessitated by the fact that NRC's current regulations, applicable to the stabilization of mill tailings, will cost in the neighborhood of $1 billion to implement.

Although a good deal of research has been done on the stabilization of mill tailings, many questions remain unanswered. There are a lot of things we do not know about food uptake, the process by which cover vegetation collects radium, uranium, and other hazardous minerals, from a tailings pile and makes them available for consumption by grazing animals. We do not know enough about the best methods of eliminating the possibility of the entry of these minerals into man's food cycle.

The water mobilization of all hazardous minerals in a mill tailing pile is a very complicated matter. There is the concern that erosion will mobilize these hazardous minerals. A second concern is that these minerals will be leached from the tailings pile and end up in the ground water. We need to know more about the practical solutions to this problem.

Much needs to be learned about the cover for mill tailings. How deep should the cover be? Should the cover consist of top soil, crushed rock, clay, or something else? The cover should be designed to prevent erosion both by wind and water, as well as reduce the radon releases to a safe level.

In short, Mr. Chairman, we need a demonstration project to test the feasibility of both EPA's and NRC's regulations and to work out problems before we begin spending in the neighborhood of $1 billion stabilizing mill tailings.

We did not know all the answers when the Uranium Mill Tailings Radiation Control Act was enacted in 1978 and we still do not know them today. Before we implement a program on a full-scale basis, we need to know that it will be cost effective and that we will be protecting the health and safety of our citizens.

The demonstration project I am proposing will consist of up to three segments; one could be an inactive site, one could be an active site, and one could be a site that is partly active and partly inactive.

It is my intent that the effectiveness of Federal or State regulations shall be demonstrated and evaluated. If it is shown that there are problems in implementing these regulations or that they are not cost effective, then it is my anticipation that alternatives shall be demonstrated and evaluated.

Over and over again we have all heard testimony about the problems created by excessive Federal regulations. Here is a classic example of a possibility of regulations being implemented that will be excessive and unnecessarily costly. My proposal is intended to stop that from happening.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. LUJAN. I am happy to yield to the committee chairman.

Mr. UDALL. Mr. Chairman, the gentleman from New Mexico (Mr. LUJAN) has been a leader in this field. The gentleman has helped us and the committee to develop the legislation in 1978, and he has been concerned, along with me, about where we go from here.

As the gentleman knows, we have scheduled an initial overview hearing in the committee on November 12 to address the problems arising from implementation of the 1978 Uranium Tailings Control Act. We have encoun-

tered some rough spots with this law, and in January we are going to go in depth to consider this further.

I am advised that the Appropriations Committees of the House and Senate have recommended that the NRC be prohibited from using funds to implement the act during the next fiscal year. While I do not think that is a very good approach for solving problems, it does give us a little breathing space in which we can undertake a thorough review of the mill tailings demonstration project included in the nuclear waste bill, and we can then recommend any necessary changes, whether administrative or statutory.

So, Mr. Chairman, I will work with the gentleman, and I will consider carefully the proposal that he described to us just now.

Mr. LUJAN. Mr. Chairman, I thank the gentleman from Arizona (Mr. UDALL).

As the gentleman says, the buying of a little time for 1 year, while perhaps it is necessary at this point, is just a very, very small step toward something that needs to be expanded.

AMENDMENT OFFERED BY MR. MARKEY

Mr. MARKEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARKEY: Page 11, strike out line 11 and all that follows down through line 17 on page 12 and renumber the following sections accordingly.

Mr. MARKEY. Mr. Chairman, I am pleased to join with my colleague, the gentleman from Connecticut, today in introducing an amendment to strike section 12 of H.R. 4255, the provision allowing interim operation of nuclear powerplants without adequate or complete public involvement in the hearing process. To pass this authorization bill in its present form would be to undermine an already dubious nuclear regulatory process to an extent far out of proportion to any possible gain.

This concession to an over enthusiastic and single-minded nuclear industry is simply not necessary. If we do not make the effort to change this bill, we will truncate the democratic process in a way far exceeding what the Nuclear Regulatory Commission has itself requested.

Let us consider what we are granting with these unnecessary concessions to the nuclear industry in light of its track record of the past few years. The industry's only real example of a plant delayed by so-called overregulation, Diablo Canyon in California is now drowning in a controversy involving backward blueprints and serious design miscalculations. The most scrutinized nuclear powerplant in the world, Three Mile Island, is now embroiled in a scandal involving the possible cheating on exams by its operators. And, incredibly, this comes after operator error played a most serious role in the most serious accident to date, at Three Mile Island in March 1979. We have also seen the Indian Point plant in one of the most densely populated regions of the country, north of New York City, which has been found to be grossly underinspected and especially accident prone.

No, Mr. Chairman, now is not the time to compromise on nuclear safety. Now is not the time to fuel public skepticism about our concern for safety of nuclear powerplants. Now is not the time to compromise public safety in the well-established democratic hearing process and congressional responsibility, for the benefit of nobody.

I want to commend many of my colleagues on the Committee on Energy and Commerce and the Committee on Interior and Insular Affairs for their fine and admirable efforts to reach a carefully crafted compromise on this issue. Rarely has this Congress witnessed such a brilliant political compromise on such a contentious issue.

But my problem is that the facts which motivated this compromise are based upon faulty, deliberately misleading, and dangerously erroneous deceptions perpetrated by the cleverest voices from within the self-serving nuclear industry. I believe that this House is about to be duped into making a compromise on a compromise on a compromise without any need whatsoever.

Even worse, this could well become the precedent for even further and more drastic revisions of the Atomic Energy Act itself. We cannot allow this to happen.

Let me just conclude my opening statement by reading to the Members a statement by Commissioner Peter Bradford of the Nuclear Regulatory Commission on the subject of the need for additional exemptions for the nuclear industry from the licensing process. He says that the numbers that have been given to the Nuclear Regulatory Commission by the industry in support of the speedup of licensing "are written in sand, and they will change."

"And yet it is being used as an invitation to the Congress to change legislation that will remain on the statute books and affect the licensing process for years to come, long after the numbers themselves have proven to be completely erroneous—well, not erroneous, but good faith efforts. To use this chart as the basis for legislation (on interim licensing authority) seems to me to be terribly fallacious. You have to understand that when we look back at this chart a year from now, it is going to be seen that the delayed plans were neither delayed, nor, for that matter, were they plans. The costs are not costs. The months are not months. And the completion dates are not real completion dates. A year from now there will not, in any of these tables, turn out to be a single number worth relying on or a single column of numbers that one can rely on for the purpose of legislation that will affect the regulatory process for years to come."

Mr. Chairman, I hope that the amendment that the gentleman from Connecticut (Mr. MOFFETT) and I have offered this morning will be accepted in the light in which we offer it. We do not seek to cause any further unnecessary delay in the licensing of nuclear powerplants but, rather, to look at the facts and to look at the cases that have been presented as a justification for this legislation that will expedite or truncate the licensing process to limit severely the right of the public to ask in a meaningful way the tough questions that have to be asked before licensing nuclear powerplants in this country is allowed.

What I ask for is that we undertake a reconsideration at this time of the need for the legislation as it was originally passed out of the Energy and Commerce Committee, and that we look at the numbers that were asked for by the Appropriations Committee to be submitted by the Nuclear Regulatory Commission to this body.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I think the gentleman from Massachusetts (Mr. MARKEY) is making a very important statement, and, therefore, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1100

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 292]

Addabbo	Annunzio	AuCoin
Akaka	Anthony	Badham
Alexander	Ashbrook	Bafalis
Anderson	Aspin	Bailey (MO)
Andrews	Atkinson	Bailey (PA)

Bedell	Findley	Markey
Beilenson	Fish	Marks
Benedict	Fithian	Marlenee
Benjamin	Flippo	Marriott
Bennett	Foglietta	Martin (IL)
Bereuter	Foley	Mattox
Bethune	Ford (TN)	Mazzoli
Bevill	Forsythe	McClory
Biaggi	Fountain	McCloskey
Bingham	Fowler	McCollum
Blanchard	Frank	McCurdy
Bliley	Frost	McDade
Boland	Fuqua	McDonald
Boner	Garcia	McEwen
Bonior	Gaydos	McGrath
Bonker	Gejdenson	McHugh
Bouquard	Gephardt	Mica
Bowen	Gilman	Mikulski
Breaux	Gingrich	Miller (CA)
Brinkley	Ginn	Miller (OH)
Brooks	Glickman	Mineta
Broomfield	Gonzalez	Minish
Brown (CA)	Goodling	Mitchell (NY)
Brown (CO)	Gore	Moakley
Broyhill	Gradison	Moffett
Burgener	Gramm	Molinari
Burton, Phillip	Gray	Montgomery
Butler	Green	Moore
Byron	Gregg	Moorhead
Campbell	Grisham	Morrison
Carman	Guarini	Mottl
Carney	Gunderson	Murphy
Chappell	Hagedorn	Murtha
Chappie	Hall (OH)	Myers
Cheney	Hall, Ralph	Napier
Clausen	Hall, Sam	Natcher
Clinger	Hamilton	Neal
Coats	Hammerschmidt	Nelligan
Coelho	Hance	Nelson
Coleman	Hansen (ID)	Nichols
Collins (IL)	Hansen (UT)	Nowak
Collins (TX)	Harkin	O'Brien
Conable	Hartnett	Oberstar
Conte	Hatcher	Obey
Conyers	Heckler	Ottinger
Corcoran	Hefner	Oxley
Coughlin	Heftel	Panetta
Courter	Hendon	Parris
Coyne, James	Hertel	Patman
Coyne, William	Hightower	Patterson
Craig	Hiler	Paul
Crane, Daniel	Hillis	Pease
Crane, Philip	Hollenbeck	Petri
Daniel, R. W.	Holt	Peyser
Danielson	Howard	Pickle
Dannemeyer	Hubbard	Porter
Daschle	Hughes	Price
Daub	Hunter	Pritchard
Davis	Hutto	Pursell
de la Garza	Jacobs	Rahall
Deckard	Jeffords	Railsback
Derrick	Jeffries	Rangel
Derwinski	Jenkins	Ratchford
Dicks	Johnston	Regula
Dixon	Jones (OK)	Reuss
Donnelly	Jones (TN)	Rhodes
Dorgan	Kastenmeier	Richmond
Dornan	Kazen	Rinaldo
Dougherty	Kemp	Ritter
Dowdy	Kildee	Roberts (KS)
Downey	Kindness	Roberts (SD)
Dreier	Kogovsek	Robinson
Duncan	Kramer	Rodino
Dunn	LaFalce	Roemer
Dwyer	Lagomarsino	Rogers
Dymally	Lantos	Rose
Dyson	Latta	Rosenthal
Early	Leach	Rostenkowski
Edwards (AL)	Leath	Roth
Edwards (CA)	LeBoutillier	Roukema
Edwards (OK)	Leland	Rousselot
Emerson	Lent	Roybal
Emery	Levitas	Rudd
English	Lewis	Russo
Erdahl	Livingston	Sabo
Erlenborn	Loeffler	Sawyer
Ertel	Long (LA)	Schneider
Evans (DE)	Long (MD)	Schroeder
Evans (GA)	Lott	Schulze
Evans (IA)	Lowery (CA)	Schumer
Evans (IN)	Lowry (WA)	Seiberling
Fary	Lujan	Sensenbrenner
Fenwick	Luken	Shamansky
Ferraro	Lundine	Shannon
Fiedler	Lungren	Sharp
Fields	Madigan	Shaw
Shelby	Stratton	Weber (MN)
Shumway	Studds	Weber (OH)
Simon	Stump	Whitehurst
Skeen	Swift	Whitley
Skelton	Synar	Whittaker
Smith (AL)	Tauke	Whitten
Smith (NE)	Tauzin	Williams (MT)
Smith (NJ)	Thomas	Wilson
Smith (PA)	Traxler	Winn
Snowe	Trible	Wirth
Snyder	Udall	Wolf
Solarz	Vander Jagt	Wortley
Solomon	Vento	Wyden
Spence	Volkmer	Wylie
St Germain	Walgren	Yates
Stangeland	Walker	Yatron
Stanton	Wampler	Young (AK)
Staton	Washington	Young (FL)
Stenholm	Watkins	Young (MO)
Stokes	Weaver	Zeferetti

□ 1115

The CHAIRMAN. Three hundred and sixty-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

The gentleman from Massachusetts (Mr. MARKEY) has 30 seconds remaining on his original time.

The Chair recognizes the gentleman from Massachusetts.

(On request of Mr. OTTINGER, and by unanimous consent, Mr. MARKEY was allowed to proceed for 5 additional minutes.)

Mr. MARKEY. I thank the gentleman from New York for requesting the additional time.

Mr. Chairman, I think it is important for us to understand exactly which issue we confront here this morning, so I want to frame it for the Members in terms that are more simple than the language in the amendment itself.

□ 1130

Section 12 of the bill which is before us today allows for the granting of operating licenses to nuclear powerplant operators before the completion of the public hearing process.

Now this means not only may they begin operation up to the 5-percent operating power level but also allows them, theoretically under this bill, to go up to 100 percent of operating power without any completion of public hearings having been held on that particular powerplant.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

The bill provides for a license and for 5 percent operation before hearings. It is my clear understanding—in the general debate we tried to make this clear—that if you go from 5 percent to anything above 5 percent it will require a licensing amendment which will be subject to the full procedure of the act and therefore would require hearings.

Mr. MARKEY, That is not clear from the language of the bill.

Mr. OTTINGER. It is not clear, but that is the intent of the language, and indeed the language requires that the Commission, after granting the initial license, if it wants to go above 5 percent, it says the Commission must thereafter act in accordance with the provision of subsection (a) to increase the power.

I think it is very important that we make that clear in the legislative history and that it not be fuzzed up to go above the 5 percent.

In my interpretation and the interpretation of the gentleman from Arizona, it would require an amendment and seperate determination by the Commission in accordance with the licensing prodecures.

Mr. MARKEY. If I may reclaim my time, that may be the intention of the Chairman, but the language itself in the bill states that after the 5-percent license has been granted by the NRC, and without the conduct on completion of public adjudication safety hearings, that the process that is then used that section 12 of this bill permits the NRC to grant a temporary operating license theoretically up to 100 percent of power before the NCR has conducted much less completed public hearings. In accordance with the procedures and requirements of subsection (a), the Commission may following the 5-percent-interim-operating-license decision, thereafter permit operation of the reactor at power levels, determined by the Commission which exceeds the 5-percent limitation set forth in the preceding sentence.

There is no provision here at that point which provides for the protection of the public, that they will have any opportunity for public participation. But beyond that point, the question of whether or not the license ought to be granted even up to the 5-percent level before the public hearings have been completed is equally an important question.

Let me just make this point. At the time that we passed this provision against my opposition in the Energy and Commerce Committee, we were talking about allegations of 90 months of reactor delay in the completion of the hearing process for the licensing of nuclear powerplants in this country.

When we passed the amendments out of our full committee we were relying upon industry figures certified by the Nuclear Regulatory Commission saying that nuclear powerplants across this country would be suffering a total of 90 months or more of delay in the licensing process if we did not pass an amendment which expedited the process to get them off the ground.

Now it turns out upon subsequent examination of these figures by the

NRC, and the latest letter by Chairman Paladino of the NRC to Chairman BEVILL of the Appropriations Committee——

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MARKEY) has expired.

(By unanimous consent, Mr. MARKEY was allowed to proceed for 1 additional minute.)

Mr. MARKEY. Rather than 90 months, which was the premise upon which we passed the amendment in the subcommittee, and in the full committee, Chairman Paladino now says that the total amount of months that we are talking about for impacted plants is 13 months. What do those 13 months break down to? Nine of those months are at Diablo Canyon. Diablo Canyon, my colleagues may remember, is the powerplant that this past month was revealed to have been built using the wrong blueprints in the designing of the support system for the cooling of the core of the reactor. Diablo Canyon is not a nuclear plant that should be used as a good example of regulatory delay since I do not think the people in southern California or any part of this country want a nuclear powerplant on line that has not as yet had a cooling system constructed in accordance with the safety system blueprints. One of the other two powerplants that according to Chairman Paladino have projected licensing delays is at San Onofre, a nuclear powerplant in California that like Diablo Canyon is also built on an earthquake fault. San Onofre is projected to have only a 3-month delay. Eliminating those two nuclear powerplants we are left with the Susquehanna unclear powerplant, with a 1-month delay. For a 1-month delay in nuclear powerplant licensing hearings we are going to sweep away the public participation aspect of the nuclear regulatory process.

We are going to say that for the public, for the States, for those that want to come in and ask the good hard tough questions which are and should be asked before the licensing of a nuclear powerplant, that we are going to restrict, that we are going to truncate, we are going to abbreviate the process. We are going to allow this nuclear powerplant to go on line up to 5-percent power, and if the letter of this law is followed, theoretically up to 100 percent of power, without the public having had an opportunity of having a full exposure of all of the issues which any of these nuclear powerplants raised with regard to public health and safety.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MARKEY) has again expired.

(At the request of Mr. OTTINGER and by unanimous consent, Mr. MARKEY was allowed to proceed for 2 additional minutes.)

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from New York.

Mr. OTTINGER. Again, I want to make sure we do not make bad legislative history. There is a clear requirement that the hearings be held even though an interim license is granted subsequent to that license.

The gentleman talked about sweeping the hearing process away. What we are doing is in a limited circumstance allowing interim licenses, but it is made quite clear in the statute that those hearings do have to be held.

I want to make sure that the gentleman has that same understanding.

Mr. MARKEY. If I may respond, on line 14 through 19 of section 12, on page 11, it is stated that the operating licenses for nuclear power reactors as provided in section 192 of the Atomic Energy Act of 1954, except that "such temporary operating licenses may be issued in advance of the conduct or completion of any hearing," which means that a license could theoretically be granted before any hearings are conducted, much less completed.

Mr. OTTINGER. If the gentleman will yield further, the gentleman is correct in that, but that should be the extent of his concern.

I want to make it clear for the legislative history that in fact the statute does require that the hearings be held and be held promptly, and subsequently the issue of the temporary license, and that we have emphasized that the Commission has the power to revoke that temporary license if the applicant does not vigorously pursue the application to completion of the hearings. So we have definitely intended that those hearings be held, that they be held promptly, subject to the issuance of a temporary license.

The gentleman is correct that the temporary license may be issued in advance of the hearing and I understand that that is his concern.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MARKEY) has again expired.

(At the request of Mr. HILER and by unanimous consent, Mr. MARKEY was allowed to proceed for 2 additional minutes.)

Mr. HILER. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Indiana.

Mr. HILER. Under current law a hearing on an operating license application is not required, is it?

Mr. MARKEY. A hearing on an operating license?

Mr. HILER. Is not required, mandated by law?

Mr. MARKEY. Is required.

Mr. HILER. No. Is it not the case that it is a matter of right under the statute and under the regulation if any interested party requests one it may be held, but it does not have to be held unless there is a request. Is that not the case?

Mr. MARKEY. Yes, it is required if intervenors request. The public does have the right to request those hearings and force those hearings to have been completed before the issuance of a license.

Mr. HILER. It has never been a matter of law that a hearing has to be held unless one is requested; is that correct?

Mr. MARKEY. What we are saying in this particular provision in section 12 is that no hearing has to be held prior to the startup of the reactor. In the Atomic Energy Act, it is the law that a hearing should be held if requested, and we are now putting into law, codifying, a provision which will give the NRC the ability to completely reject any attempts by the pubic to have a full completion of issues which are raised on the request of interested parties, including States, or public health and safety issues before the license has been granted.

Mr. HILER. A hearing still must be held if requested; is that not correct?

Mr. MARKEY. No, not under this provision hearings do not have to be held prior to the reactor startup.

Mr. HILER. Prior to the issuance of a temporary interim license.

Mr. MARKEY. Temporary interim license, correct.

Mr. HILER. But before a final license application could be issued, if someone requested a hearing it would have to be held; is that not the case?

Mr. MARKEY. The problem is that when we talk about the granting of the license we talk about that first 5 percent of power as though it was incidental, as though it posed no real risk to the public. At that level you do not have to have completed the public hearing process. That is the problem with this legislation.

Now, the legislative history that is trying to be established by the gentleman from New York would indicate full hearings should be completed before a full operating license has been granted. That is not clear from the language of the bill that we have in front of us, however.

Mr. BROYHILL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think it is important that the committee members understand what we are trying to do in this particular section. This bill authorizes the NRC to issue temporary operating licenses.

The bill authorizes the NRC to issue these temporary licenses only where the environmental and the safety reviews have been completed. In other words, the staff safety evaluation reports all have to be in.

What is the problem that we are trying to correct? At the present time, it is projected that some 17 plants are going to be up for licensing by the end of 1983. The estimates are that, at the present rate of completion by NRC of work on these applications for permanent licenses, they will only complete about 6 or 8 of these, which means we are going to leave anywhere from 9 to 11 plants sitting idle without any permanent license.

What the language in this bill says is if licensing delays do occur, then the Commission, having completed all of the safety and environmental reports and staff work, may issue temporary operating licenses.

I want to go on to explain to the members of the committee that the temporary license is issued in a two-step procedure. No. 1, they issue a low power or fuel loading license up to 5 percent of the power. I want to also point out that under the terms of the law we are proposing, on any petition that goes before the NRC to issue a temporary license, just as soon as that petition is accepted by the NRC, and goes into the Federal Register, NRC must hold a hearing 10 days after notice and publication.

So there will be a hearing immediately thereafter on the temporary license. In the meantime, the hearing process on the permanent license goes forward so that there is going to be adequate opportunity for people to come forward and to be heard.

I want to repeat again that this temporary licensing authority has been requested by NRC. The purpose is to get these plants that will be completed in the next couple of years, to get them on stream, not sitting there idle costing the consumers billions of dollars.

At this point, I would like to summarize the several reasons why the sponsors of this legislation are urging a "no" vote on this amendment:

The bipartisan compromise licensing reforms are needed to reduce the temporary licensing backlog at the NRC and will save electric consumers over $1 billion in replacement power costs and 63 months of licensing delays at 11 completed powerplants by the end of 1983.

The licensing reforms are endorsed by Mr. DINGELL, Mr. UDALL, Mr. BEVILL, Mrs. BOUQUARD, Mr. LUJAN, Mr. BROYHILL and supported by over 10 days of hearings and consideration in both the Energy and Commerce Committee and the Appropriations Committee.

NRC has requested temporary authority to issue temporary operating licenses in order to reduce the licensing backlog.

The bill authorized NRC to issue temporary operating licenses only where environmental and safety reviews have been completed, such as EIS, staff safety evaluation report, and advisory committee on reactor safeguards report.

Under the bill, if licensing delays do not occur, NRC does not have to issue temporary operating licenses—no right to a temporary operating license is created.

Under the bill, temporary operating licenses are initially limited to fuel loading and low-power testing, and NRC may limit the licenses to such conditions, duration, and terms as it deems necessary.

Under the bill, temporary operating licenses may not be issued before public participation on the EIS is completed. In addition, public hearings are held on the construction permit, which is issued prior to final operating license.

This compromise bill already includes language on State consultation on license amendments similar to an amendment offered by Mr. MOFFETT in committee.

According to the bipartisan Nuclear Safety Oversight Committee, chaired by Gov. Bruce Babbitt of Arizona and appointed by President Carter, nuclear licensing reform is needed because—

We believe the operating license hearing has proliferated into a process dominated by issues not related to safety and by redundant issues * * * There is general agreement that operating license hearings have become protracted proceedings in which non-safety related * * * issues are extensively considered and in which many issues are litigated that should have been raised and decided at the construction permit hearing.

At this point I include the following letter in the RECORD:

THE SECRETARY OF ENERGY,
Washington, D.C., October 28, 1981.

Hon. JAMES T. BROYHILL,
Committee on Energy and Commerce, Washington, D.C.

DEAR MR. BROYHILL: I would like to inform you of my support for the temporary operating licenses which would be made possible under Section 12 of the Nuclear Regulatory Commission Authorization Bill, H.R. 2330, as it has come to the House of Representatives for consideration.

Section 12 of H.R. 2330 is consistent with the nuclear licensing thrust of President Reagan's October 8 nuclear policy statement. In that statement, the President said that he was directing the Secretary of Energy to ". . . give immediate priority to recommending improvements in the nuclear regulatory and licensing process." It is heartening that this bill, coming so soon after the October 8 policy statement, provides practical measures for dealing with power plants which have been delayed in the licensing process. It is heartening, too, to know that this approach has the endorsement of the leadership of the Committee on Energy and Commerce and the Committee on Interior and Insular Affairs.

Sincerely.

JAMES B. EDWARDS.

□ 1145

As has been pointed out, there will be adequate opportunity and protection for the public to come in to be heard. This is a bipartisan compromise bill that has been agreed to by the members of these two committees. It includes language on State consultation, on license amendments similar to an amendment that was offered by the gentleman from Connecticut in the committee, which we have put into this compromise.

I would hope that the Members, and would urge that the Members, reject this amendment and stick with the compromise language as reported from the two committees.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. Yes, I will be glad to yield.

Mr. MOFFETT. The gentleman has cited the 17 plants. I would ask how that squares with the latest NRC document submitted to Chairman BEVILL, which indicates no delay for those plants to be completed in 1983 and later. We have a list here that says zero delay for Clinton, Wolf Creek, Byron, Perry, Midland, Catawba River Bend, Seabrook, and others.

Mr. BROYHILL. I would point out that if there are no licensing delays, if the permanent licenses can be issued at the time construction is completed, then there is no right to a temporary operating license.

We are not creating a right to a temporary operating license. All we are saying is that there is a delay if the plant is sitting there idle and ready to go.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(By unanimous consent, Mr. BROYHILL was allowed to proceed for 1 additional minute.)

Mr. BROYHILL. if there is a licensing delay, then the NRC is permitted to issue a temporary operating license. If delays do not occur, NRC does not have to issue a temporary operating license.

Mr. MOFFETT. Mr. Chairman, would the gentleman yield further?

Mr. BROYHILL. Yes.

Mr. MOFFETT. I agree with the gentleman, that it is true that this authority might not be used in most or every instance, that is correct; but I believe, if I am not mistaken, correct me if I am wrong, the gentleman cited the possibility of delays here, I am saying that the NRC itself in a report to Chairman BEVILL indicates that these industry claims of delays on the horizon are bogus.

Mr. BROYHILL. Well, I can tell the gentleman that we have had a number of delays already. I do not have the list here before me, but I am sure that Members can cite the instances.

I know that we had one in North Carolina in which a plant was delayed for months from being licensed and we

have had these experiences all over the country.

I feel that this is in the public interest and will save consumers billions of dollars.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(At the request of Mr. MOFFETT, and by unanimous consent, Mr. BROYHILL was allowed to proceed for 2 additional minutes.)

Mr. MOFFETT. Mr. Chairman, will the gentleman yield to me briefly?

Mr. BROYHILL. Yes.

Mr. MOFFETT. The subcommittee which I chair and on which the gentleman from Indiana (Mr. HILER) is a member looked very, very carefully at the McGuire plant in North Carolina and concluded, it seems to me, quite clearly that the big problem with the McGuire plant in North Carolina was their own safety problems with the Three Mile Island-like characteristics.

There is absolutely no solid evidence that the McGuire plant, for example, if that is the one the gentleman is referring to, is an example of a plant that was delayed by NRC regulations.

Mr. BROYHILL. This plant was sitting there idle, ready to go, and could have had a permanent license a month before it was finally issued.

Now, all the safety requirements were met and all the changes that the NRC required as a result of TMI changes were adequately taken care of in advance of their request for a permanent license.

Mr. MOFFETT. Well, if the gentleman will yield further, just briefly, Chairman Hendrie at the time who was chairman told our subcommittee that on McGuire that the licensing board authorized fuel loading critically and zero power physics testing, that is nuclear operation, the plant has not fully used that authority; as a matter of fact, it has been carrying out a series of refurbishing operations on some equipment, things they found late in the startup process.

So they have, indeed, not used, so far as I know, the full authority which they already have, and even at this moment in late October, at least, they are still up to only 30 percent power and they had their operating license last June. That plant has problems of its own.

Mr. BROYHILL. I might point out that this is normal, as the gentleman knows. You do not start out these plants operating at 100 percent. They have low-level loading.

Mr. ERTEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to direct a question to the chairman of the Committee on Interior and Insular Affairs, the gentleman from Arizona (Mr. UDALL).

It is my understanding that the language in this bill granting the NRC the authority to issue temporary operating licenses prior to the completion of the public hearing process will not—and I repeat—will not apply to the NRC's deliberation on whether or not Three Mile Island unit 1 should be allowed to restart. I believe that it would be unwise to include TMI-1 with those reactor license applications for which this language is intended.

Is it the gentleman's understanding and intent that the Nuclear Regulatory Commission not include the Three Mile Island-1 restart under this new authority?

Mr. UDALL. Mr. Chairman, if the gentleman will yield, the gentleman is correct. As far as I am concerned, that is the correct interpretation and I would think that would be the way it would be carried out.

Mr. ERTEL. I thank the chairman for his statement.

Mr. Chairman, reluctantly I rise in opposition to the amendment offered by the gentleman from Connecticut and the gentleman from Massachusetts. Reluctantly, because I fear their concerns over the propriety and the prudence of allowing nuclear reactors to receive operating licenses before the public hearings, required under the Atomic Energy Act, are completed.

I believe that the people living near nuclear powerplants have an undeniable right to participate in the decisionmaking process on whether or not that reactor should be licensed to operate. Nevertheless, in recent years we have seen steps taken not to make citizen input more meaningful to the process, but, instead, to exclude them from the process—if not outright, then through various procedural steps.

The elimination of the pilot program within the Nuclear Regulatory Commission to provide copies of license hearing transcripts to intervenors in these hearings is a clear example of how citizen input is being diminished. Now, however, we are virtually eliminating their input by allowing the Nuclear Regulatory Commission to grant operating licenses before the hearing process is even begun.

However, the unfortunate reality is that we are not really facing a decision on whether or not we should permit interim operating licenses prior to the completion of the hearing process. The truth is, we are forced into deciding only what form that interim operating authority will take. If we were to adopt the amendment offered by the gentleman from Connecticut and the gentleman from Massachusetts, we would be running the serious risk that the bill which comes out of a conference with the Senate will contain a permanent provision allowing the Nuclear Regulatory Commission to grant operating licenses, conceivably without limits on when the utility may take the reactor up to full power.

At least we are not confronted with this type of language in the bill before us now. This bill does grant the NRC the authority to issue interim operating licenses, but only through fiscal year 1983. At that time the backlog of licensing applications will be eliminated and the NRC will return to its standard licensing procedures. Further, the language in the bill before us is not a blank check. While the NRC could grant temporary operating licenses, it does not have to do so, and if it decides to grant such a license, it will first be limited to no more than 5 percent of the reactor's capacity. To go beyond this level of operation, the utility must later come back to the NRC and make a new request. By limiting the power level the utility can take the reactor to, we at least have some assurance that any problems which might arise will be much more controllable than if a blank check were written to the utility.

We are not deciding whether interim operating licenses make sense or not. In truth, the other body had denied us that option. I believe that we are forced to decide which is the least bad approach. The language in the bill before us represents the best that we can realistically hope for. The adoption of the amendment may well undermine our ability to stave off a worse provision in conference. Consequently, I reluctantly urge my colleagues to oppose the amendment.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I would be happy to yield.

Mr. MOFFETT. Is the gentleman saying that this is the least bad bill, is that basically what he is saying?

Mr. ERTEL. Yes. Basically that is what I think we will come out with.

Mr. MOFFETT. I think the gentleman will agree with me, we have a responsibility to legislate to the best of our ability. I think that our amendment would make this bill a lot stronger going into conference.

Second, what is this backlog that the gentleman referred to with the NRC that they need to clear up? Can the gentleman provide any data or evidence that it is there?

Mr. ERTEL. All I can refer the gentleman to is what the NRC has been saying to us and what we have been reading in the press.

I understand the gentleman has a letter. I heard the gentleman discuss it with a previous speaker that there is no backlog. If there is no backlog, then they do not need this provision.

Mr. MOFFETT. Well, if the gentleman will yield further, the gentleman has been absolutely terrific in terms of analyzing the nuclear issue more than any of us have, perhaps.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(At the request of Mr. MOFFETT, and by unanimous consent, Mr. ERTEL was allowed to proceed for 1 additional minute.)

Mr. MOFFETT. I say this because of the gentleman's concern for the people in his district and his State; but this October 30, 1981, document, to our colleague, the gentleman from Alabama (Mr. BEVILL) very clearly lays out the fact that there is just simply no backlog, unless the gentleman wants to count McGuire's containment problem and Diablo's safety problem and Shoreham's emergency planning problem and so forth.

Mr. ERTEL. I will say to the gentleman that I am not a proponent of giving the interim license. I just feel in the perspective of where we are with the Senate, this is probably the best we can hope for and, therefore, I would support the committee position.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(At the request of Mr. MARKEY, and by unanimous consent, Mr. ERTEL, was allowed to proceed for 1 additional minute.)

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I am confused. Why does the gentleman exempt Three Mile Island, unit 1? Why should the people at TMI-1 be able to have public hearings exhausted and the people who are at Seabrook not be able to have their public hearings right exhausted; what is the difference? Why should a nuclear powerplant start up at Seabrook, but not start up at Three Mile Island? Why do we get the exemption for TMI and not for Seabrook?

Mr. ERTEL. If I can reclaim my time to respond to the gentleman, it seems to me that we have had an incident at Three Mile Island. The operator there has already been proven to a major degree, that they could not operate the utility correctly. It seems to me that now those people ought to be assured absolutely of the plant safety if that plant is ever to reopen. Absolutely every safety precaution and every operating provision should be in place.

Now, I understand the gentleman's argument with Seabrook is a good one. We are making a distinction here, but I think the distinction is based on history and the history of Three Mile Island is a bad one.

Mr. MARKEY. The history of Three Mile Island is a bad one, which is why we ought to have a public hearing process for these discussions to be raised.

Why exempt the public from this process, if the gentleman himself stated that the nuclear regulators, the operators, the contractors are suspect, and this is a nuclear powerplant at Seabrook and other places around the country which have been under construction before the Three Mile incident ever occurred.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(By unanimous consent, Mr. ERTEL was allowed to proceed for 1 additional minute.)

Mr. ERTEL. I would not in my own judgment set up a temporary operating provision up to 5 percent power; however, I think that we are faced with the fact that the Senate has done something different. I think this is the best we can hope for. That is why it is a compromise. I am not wild about the compromise. I would support the gentleman's position normally and I agree with the gentleman's logic.

Mr. MARKEY. I think if the gentleman has the courage of his convictions, he ought to put TMI in with those, with all the rest of the reactors and let them take their chances with everyone else, because that is what the gentleman is saying to the rest of us, that we do not have that right. If the gentleman wants to put us in that position, the gentleman ought to be willing to assume the same risk and have the courage of his convictions and say that there is something wrong with nuclear powerplants. I am making that statement about TMI and I make the same statement about the others.

Mr. ERTEL. Well, if I may reclaim my time, if I have the courage of my convictions, I would say to the gentleman that TMI-1 should not be relicensed until it goes through every possible step. I am saying that.

Second, I am saying to the gentleman that here we are talking about a compromise because it is what is realistic. I am not wild about the compromise, but that is the way it looks to me when I look at what the Senate has done. Therefore, I support the committee bill.

Mr. MARKEY. I think the gentleman makes the best case for this amendment that he could possibly make.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(At the request of Mr. GREGG and by unanimous consent, Mr. ERTEL was allowed to proceed for 2 additional minutes.)

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. ERTEL. I would be happy to yield.

Mr. GREGG. I would just like to advise the gentleman that at the testimony which was taken at the hearings which have been talked about earlier before the subcommittee on government operations, Mr. Hendrie said:

If we find down the line that one or another or several of the plants that we now don't show any estimated delay for go over into a delay column.

I think that's one of the reasons that I think an interim licensing authority which would extend through essentially the end of 1983 would be very useful and is probably the only way to get us completely through this peak period with minimum damage to the consumer.

So I think the testimony is there supporting the need for this interim licensing.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield briefly?

Mr. ERTEL. I would be happy to yield.

Mr. MOFFETT. The gentleman from New Hampshire, I hope, would agree that that is not the NRC's position today. Mr. Hendrie is gone and that is not the NRC position today.

Mr. GREGG. Well, I would suspect that the NRC was adequately represented at that hearing and that that was a well presented position. I believe that that probably is a consistent position.

Mr. MOFFETT. Mr. Chairman, if the gentleman would yield further, the fact is the October 30 document says that is not their position.

Mr. GREGG. Well, the individual writing the document was not the Chairman of the Commission; is that correct?

Mr. MOFFETT. No, it is the Chairman, the new Chairman of the Commission, and the other Commissioner is saying that there is no delay. There is nothing but zero in the delay column. They were legislating over a bogus issue.

Mr. GREGG. Mr. Chairman, will the gentleman yield further?

Mr. ERTEL. I yield to the gentleman from New Hampshire.

Mr. GREGG. I do not believe they are saying they are opposed to interim licensing, which is the issue, is it not? I think they are saying they still support interim licensing at 5-percent power.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield further?

Mr. ERTEL. I yield to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. What they are saying is that they are not standing up to the pressure from industry any better than we are.

The fact is we are trying to deal with facts here. The facts are that there are no delays projected here, except the delay over safety at these plants. That is what they are saying. They are backing up the contention of the gentleman from Massachusetts and myself on this amendment.

□ 1200

Mr. GREGG. I would suggest that the issue here is interlicensing, and that their position at the Commission, if we want to talk about facts, is basically interlicensing.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

(By unanimous consent, Mr. ERTEL was allowed to proceed for 1 additional minute.)

Mr. ERTEL. I might point out that going to 5 percent power in some way is a safety type of operation. At least you are having an opportunity to examine what is happening with the reactor. Although I am not wild about that kind of interim test period, still it tends to lead to some safety aspects, and to check out the safety aspects without going to full power. That is another argument that could be thrown into the equation.

Mr. MOORHEAD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the Moffett-Markey amendment to delete the bipartisan compromise licensing reforms in the NRC bill. According to the bipartisan Nuclear Safety Oversight Committee, chaired by Gov. Bruce Babbit of Arizona, and appointed by President Carter, nuclear licensing reform is needed because we believe the operating license hearing has proliferated into a process dominated by issues not related to safety, and by redundant issues. There is general agreement that operating license hearings have become protracted proceedings in which non-safety-related issues are extensively considered, and in which many issues are litigated that should have been raised and decided at the construction permit level.

The regulatory reforms in this bill provide NRC with a temporary authority to reduce its backlog of licensing cases over the next 2 years. This backlog, if not addressed, could delay as many as 11 plants scheduled to be completed in 1982 and 1983.

However, this bill explicitly maintains all existing safety and environmental requirements, and NRC's temporary authority would expire at the end of fiscal year 1983. In addition, if NRC decides a temporary license is unnecessary, it is not required to issue the license. Under section 12 of the bill the NRC is authorized but not required to issue temporary operating licenses to delayed plants only where environmental and safety reviews have been completed, such as the staff safety evaluation report, the environmental impact statement, the advisory committee on reactor safeguards report.

The temporary licensing must initially limit operation to fuel loading at 5-percent power levels. It may, however, authorize step-by-step progressions to a higher power level in the same manner that it can issue final permits to operate a nuclear plant. The Nuclear Regulatory Commission itself has requested temporary operating licensing authority, and the question came up a few months ago about the position of the Nuclear Regulatory Commission. NRC Chairman Paladino, on October 5 of this year stated that interim licensing authority is one worthwhile step that should be taken as soon as possible. There is a section providing interim licensing authority in both the House and Senate versions of the 1982 NRC authorization.

The underlying concept of both bills is sound. Since the regulatory commission has requested this authority, and because a hearing must be conducted upon request and be called at least 10 days after the initial granting of the temporary permit, undoubtedly the hearing would be held long before the plants have commenced generation of power, which takes about 90 days, and all the protections that are needed would be available to the public.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Chairman, I just want to associate myself with the gentleman from California. One thing is not being said here, and that is that an applicant can file a petition only after the report of the advisory committee on reactor safeguards, after the staff's final safety evaluation, and after the staff's final evaluation has been filed.

Before an applicant can file for an application, all of those three things must be accomplished. Then, the Commission can issue the temporary license only if it determines that, first of all, all requirements of law other than the conduct or completion of the required hearings are met; and that the issuance of such a temporary operating license provides reasonable assurance that there is adequate protection of the public health and safety and environment.

So, all we are saying here, you have got to comply with the law. The only thing that can be waived, and just for the purpose of expediting a licensing and just for a very temporary time, the only thing that can be waived is the hearing process. So, all of this entire law is complied with. First of all, all those reports must be filed; second, the Commission must find that it is safe to operate such a plant. Otherwise, they cannot.

The CHAIRMAN. The time of the gentleman from California has expired.

(At the request of Mr. MARKEY and by unanimous consent, Mr. MOORHEAD was allowed to proceed for 2 additional minutes.)

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield.

Mr. MARKEY. The gentleman from California mentioned the delays in the licensing process. Does he have any list of powerplants which are presently projected to have been delayed by the hearings process, by public participation? Does he have a list?

Mr. MOORHEAD. I do not have a list with me here in front of the Congress, but I have seen lists, as the gentleman has, I am certain.

Mr. MARKEY. The gentleman has copies? He says he has seen lists, but does he have a list in front of him?

Mr. MOORHEAD. I do not have a list in front of me right here at this podium.

Mr. MARKEY. I will give the gentleman the list. The list is the list presented by Chairman Paladino to Chairman BEVILL of the Appropriations Committee. The South Plant, no months delay. Grand Belt, no months delay; Sumner, no months delay. They have gone back and reevaluated all these nuclear powerplants and found that the greatest likelihood for the total number of delays for the 100 nuclear powerplants, for the 30 that are supposed to come on line in the next 2 years, is 0 to 5 months—0 to 5 months.

We are going to sweep away the right of the public to have a full, complete public participation in a hearing process because of a contention that—and the evidence may not even be substantiated—that some nuclear powerplants may be delayed, including all the powerplants in the country, for a grand total of 1 to 5 months.

I want to know which powerplants beyond that the gentleman is talking about because the basis, the foundation for this change in the Atomic Energy Act is that substantial delays have resulted from allowing the public into the hearing process. You have a responsibility of bringing to us the names of those plants, the number of months delay, and the amount of the cost to the public that will be incurred because of those delays. If that kind of evidence is not forthcoming, then I am really hard pressed to understand why we are going to gut this public participation process for the sake of streamlining.

The CHAIRMAN. The time of the gentleman from California has again expired.

(By unanimous consent, Mr. MOORHEAD was allowed to proceed for 2 additional minutes.)

Mr. MOORHEAD. There is no question that San Onofre has had some delays, and there are other delays that have been documented by the Commission. Actually every U.S. powerplant has been delayed when you consider it takes twice as long to license a plant in the United States as compared to Japan or Western Europe. It is the NRC itself that has asked for this legislation. If the NRC did not see a problem, why would they push for this reform? There are no public par-

ticipation rights that are being taken away in this process. It may be changed at the outset but ultimately full public hearings are required. In no case are health and safety considerations not fully considered. Under the bill, temporary operating licenses may not be issued before public participation on the EIS is completed. In addition, public hearings are held on the construction permit which is issued prior to the final operating license.

Mr. MARKEY. If the gentleman will yield further, I feel like Della Street walking in with evidence to Perry Mason during the last minute in the trial. What I have in my hand is a letter from the chairman of the NRC. What he says is that there is no delay in the construction of the nuclear powerplants that can be attributed to the public hearing process. What the gentleman is saying is that the public hearing process will be completed before these plants go on line. That is clearly not the case at all. In fact, these hearings will not and do not have to be completed.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. MOFFETT and by unanimous consent, Mr. MOORHEAD was allowed to proceed for 2 additional minutes.)

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I yield.

Mr. MOFFETT. Mr. Chairman, the gentleman has mentioned San Onofre. I think, although it may be unpleasant, what the gentleman from Massachusetts and I are trying to do is to see if we cannot get down to specifics here. San Onofre, the gentleman is correct if he is saying that San Onofre has had a record of timetable slippage. It was granted a construction permit by the NRC for unit 2 in October 1973. Southern California Edison and its partners predicted a fuel load under date of February 1979. That date was first revised barely a year later by 6 months to permit the utility to obtain a permit by the California Coastal Commission. A month later another 4 month slip was announced with no reason provided to NRC. In 1975, labor difficulties were announced as the reason for the additional slippage of 2 months. There were two more revisions in 1980, one in 1981, totaling a 28-month slippage for unit 2.

Now, San Onofre has seismic problems and it has emergency planning problems that are not yet resolved, and in the document the gentleman from Masachusetts was referring to, I would say to my friend from California, the October 30 document from the NRC, they say 3 months delay currently for San Onofre, and then they say the expected completion date was October 1981.

It has not been completed, so therefore even the 3 months has been shortened. So, what we are talking about here is delay from the time of expected completion until the time the license is obtained. It is not even going to amount to 3 months. It is a neglible amount. What are we talking about here? We are talking about a remedy without a reason, it seems to me. What are we legislating about?

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. I will be happy to yield to my colleague.

Mr. ROUSSELOT. Mr. Chairman, the gentleman knows as well as I do, the main problem has been government screwing up everything, and the reason there is so much stalling is because of all the lovely groups that you support that run around with signs and stop everything. They do not want any nuclear plants, and they have put this thing in a stall in San Onofre like you have never seen. They could not have built this Congress the way they do it.

Mr. MOFFETT. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak in favor of the amendment.

Mr. OTTINGER. Will the gentleman yield briefly? I would like to reply to the gentleman from California (Mr. ROUSSELOT).

Mr. MOFFETT. I yield very briefly.

Mr. OTTINGER. Mr. Chairman, I just wonder if the gentleman is aware that General Public Utilities is suing the Nuclear Regulatory Commission for granting a license too speedily and therefore contributing to the accident at Three Mile Island. We certainly do not want to do away with——

Mr. MOFFETT. If I could reclaim my time, those are facts, and it is also a fact, I would say to the gentleman from California, that they build them faster in Leningrad, they build them faster in Moscow, they build them faster in Prague. That is the fact, so the gentleman can attack democracy all he wants, but the fact is the record shows, I say to my friends—the record shows that this whole issue is being overblown.

We are talking about operating licenses here, operating licenses, not construction delays, but operating licenses. The delay from the time—I think the gentleman knows this—that the plant is expected to be completed, and what is the additional delay from that point until the license is granted, we are saying it is a negligible amount. If you want to use these groups as scapegoats for it, go right ahead, you have lots of company, there is no question about it. But, if you sit in the hearing room and listen to the testimony of even the most fervent nuclear power activist, it does not turn out to be the case.

Whoever would like to do some reading into the facts might want to read the report of the subcommittee that I am privileged to chair. Some of the members are here, and we have had disagreements on this issue, but the fact of the matter is, the conclusions are pretty obvious.

□ 1215

The conclusions say basically what the gentleman from Massachusetts (Mr. MARKEY) and I have been trying to say here today, that we found significant safety questions remain outstanding at a number of supposedly delayed plants. As detailed in our report, there are significant construction deficiencies at the Zimmer plant that are just now being verified by the NRC and at the Diablo plant that is being held up. And then we talk about all those terrible opponents of the Diablo Canyon plant.

Now what happens? We find out now that the seismic supports were put in backward. We find out that there were erroneous calculations on the key equipment which cast doubt on their earthquake resistance properties. We found out that this plant is not ready to go and has not been ready to go.

Is there is any Member here who can tell us that any of these things are made up by the intervenors or by anybody against Diablo, if any of these things have been made up, we would love to know about it.

But the fact of the matter is that these plants have problems of their own. At the Shoreham plant on Long Island, the equipment and evacuation problems are not yet resolved. At the McGuire plant that my good friend, the gentleman from North Carolina, mentioned, there are tremendous problems in terms of the containment ability, and at Three Mile Island, there are like problems.

Mr. Chairman, I feel that this is most disappointing. I love this House as much as anybody, but I think that we are doing ourselves a disservice when we legislate; No. 1, because some jurisdictional problems have arisen; or, No. 2, because this is the least bad bill; or, No. 3, because the industry tells us they cannot get anything built. I do not think we want to do that. We are better than that. We want to do this on the basis of a scholarly, deliberative analysis, and if we make that kind of an analysis, I say to the gentleman from California that he and I can sit down and I think we can come to the same conclusion on the facts. I think we want to do that.

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from California.

Mr. MOORHEAD. Mr. Chairman, I think that when we complete this ar-

gument, one major issue will come to us, and that is, on the problems that the nuclear plants have had, nine-tenths of their problems have been political.

There are a lot of people in this country who are opposed to nuclear energy, and since these hearings have taken place and we have had all of the rights of the public fulfilled to come forward, there have been all kinds of statements made against the plants, complaining about safety when all of the safety provisions have been built in.

And the hearings were there. There have been findings that there are no problems present there today, and we find members of the Nuclear Regulatory Commission telling this Congress that we would be well served by having this method of having a 5-percent operation available to them with a temporary license, and it may well be that many of the problems we want to see solved would be solved by that 5-percent buildup, because maybe they will find things that are wrong. If they do, they should be corrected, but we should go forward with something positive.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has expired.

(By unanimous consent, Mr. MOFFETT was allowed to proceed for 2 additional minutes.)

Mr. MOFFETT. Mr. Chairman, I appreciate what the gentleman from California (Mr. MOORHEAD) is saying, but again the gentleman is just as interested in dealing on the basis of the facts as I am.

What are the facts? The NRC might be for interim licensing, but they have made no factual demonstrations that tell us that the role of intervenors is the main reason for the delays.

Let us look at the problems. Whether it is the seismic issue, the hydrogen burn problem at McGuire, the construction problems, equipment inadequacy, or emergency planning, this is an industry in trouble.

When are we going to face it? It is not going to be addressed by our caving in every time they cry "wolf."

I say to the gentleman from California that I do not think this is going to amount to the end of the world, either figuratively or literally, but I am trying to get us to just focus for a moment on the integrity of the legislative process, and yet, in terms of what is on the table, we are legislating in direct contradiction to the facts. This is an industry that is well represented in all our districts, an industry which I feel means well and feels like it is totally wrapped up in redtape, but there are problems that are far greater than whatever the redtape might be.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I will just say this, and I am sure the gentleman from Connecticut (Mr. MOFFETT) agrees with me: We would be more than willing to withdraw this amendment right now if anyone can stand up and give us evidence of any substantial delay in any of the nuclear powerplants in this country due to the licensing process that involves the public. If anyone can present that evidence to me, we will withdraw the amendment, because what we are stating right now is, as the gentleman from Connecticut said, that the facts given to us by the industry were erroneous and were exaggerations, and they have turned out to be completely nonfactual. The facts that were presented by the Nuclear Regulatory Commission's chairman on October 30 gives evidence of that to us. I stand here waiting to hear testimony on that.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has expired.

(On request of Mr. UDALL, and by unanimous consent, Mr. MOFFETT was allowed to proceed for 2 additional minutes.)

Mr. UDALL. Mr Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, the gentleman from Connecticut (Mr. MOFFETT) has done a great job in the subcommittee, and as we get these requests for licensing plants, the facts have been pulled together in this report and they are very helpful.

I am no fan of nuclear power, as the gentleman knows. I have teeth marks in my posterior trying to get citizen participation, intervenor funding, and all the rest.

I disagree with the gentleman's premise. The gentleman's premise is that unless somebody can stand up here today and say that plant X, plant Y, or plant Z, at the following ZIP code and address, have had x delays in so many months due to this sort of thing, we do not need an amendment.

There is a lot of psychology in the country sustaining itself in getting along, and there is a feeling, as the gentleman from California, Mr. JOHN ROUSSELOT, expressed earlier—and I do not agree much with the gentleman—that we will be strangled in redtape, and that we take 13 years while the Soviets and the Japanese are doing it in 5 years. So why do we screw up this whole licensing process?

What we are saying is that we bow to these people and say, all right, if there is need for some kind of interim operating procedures, all right—and apparently we do not need it now, from what the gentleman was saying. But to have this as a need for some standdown machinery, we have to meet these suggestions that we are trying to delay and the industry is going to be strangled without giving a chance to the industry, and that the nuclear industry stockholders and customers are going to be hurt.

That is what we are trying to do, and that is why I am against this amendment which deletes this temporary system. It is surrounded by safeguards, and they have to go through a two-part process and all the rest.

Mr. MOFFETT. Mr. Chairman, I understand that. The gentleman has done a good job of trying to put a compromise together here. But the committee chairman just said it. We are legislating based upon a feeling, a feeling that is expressed to us around the country. It is not legislating on the facts.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I am happy to yield to my dear friend, the gentleman from New Hampshire.

Mr. GREGG. Mr. Chairman, I thank the gentleman for yielding.

I would just like to respond to this issue of what are the specifics. In June there were specifics. The Commission came to us and said this:

> In the aftermath of the Three Mile Island accident in March of 1979, the Commission diverted a significant portion of its resources to identifying the lessons to be learned from that accident and to determining what requirement should be imposed on existing and new facilities to assure their safe operation. * * *
>
> The result has been a significant enhancement of reactor safety, albeit at the cost of some delays in the processing of operating license applications.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has again expired.

(On request of Mr. GREGG, and by unanimous consent, Mr. MOFFETT was allowed to proceed for 3 additional minutes.)

Mr. GREGG. Mr. Chairman, if the gentleman will yield further, there have been some delays in licensing processing, and in June we had a list of facilities which they perceived to be delayed. Today they do not conceive that possibly they are going to have delays, but maybe when we hold hearings in March, they will have delays. All this does is give us standby procedures to proceed.

Mr. MOFFETT. Yes, that is all we are doing. That is what we keep saying, and all we are doing is setting a dangerous precedent with regard to licensing. And all we are doing, by the way, is putting more of a focus on speeding up licensing when the routine inspections are not even being done.

Do we want to go back to our constituents and say that 60 percent of the routine inspections are not even

being done in nuclear powerplants in our backyards? Yet we are going to rush up and license even more plants.

That makes absolutely no sense. It makes no sense at all.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I would like to say, yes, there is a feeling; there is a feeling that there is too much redtape. There is no evidence at all that that redtape is attributable to anything that has been raised by public interest groups in a way that is harassing or dilatory or meant to delay.

The only evidence presented is that the delay is attributed to poor construction design, to blueprints which have been erroneously used in the construction of powerplants, and to safety questions directly relate to the health and safety of people who live in the vicinity.

But there is a limit to it as well, and this is what the Kemeny Commission and the Rogovin Commission spoke to, and it is a question addressed by Commissioner Gilinsky of the Nuclear Regulatory Commission. This is what he says.

He says that it is a mistake to put too much pressure on this agency to crank out licenses. The people here are human, they respond to such pressures. The fact is that as a result priorities shift, in some indefinable way, there is less attention given to certain safety matters.

The CHAIRMAN. The time of the gentleman from Connecticut has again expired.

(On request of Mr. MARKEY, and by unanimous consent, Mr. MOFFETT was allowed to proceed for 1 additional minute.)

Mr. MARKEY. Mr. Chairman, to continue, in some indefinable way there is less attention given to certain safety matters that perhaps ought to be given more attention.

I think it is a terrible mistake for the nuclear industry to put too much pressure on this agency to grant licenses quickly. That is the feeling created in this agency, that there is a pressure to grant licenses.

It is also important for us to remember that the accidents that have occurred, the real serious accidents that have occurred, have occurred in the very early months of operation of the nuclear powerplant. That was true at Three Mile Island. At Browns Ferry and at Fermi they were in the very early months of the operation. We should not allow the licensing of these plants until all safety questions have been resolved because the greatest damage to people has been in the earliest months of the operation.

The CHAIRMAN. The time of the gentleman from Connecticut (Mr. MOFFETT) has again expired.

(By unanimous consent, Mr. MOFFETT was allowed to proceed for 1 additional minute.)

Mr. MOFFETT. Mr. Chairman, I remember as a 25- or 26-year-old, 11 years ago, watching this body from a distance on something called the Vietnam war. I know that we do not want to debate the Vietnam war all over again. But one of the impressions I had as a layman, as a citizen, was that the American public was making a decision on something, and that this body for one reason or another, just could not bring itself to face reality. I felt that this was going to be the last group of people to come into touch with reality, that the war was wrong.

Now I have had the feeling that we are doing exactly the same thing on nuclear power. From the State of Washington the returns are in. From Austin, Tex., the returns are in just in the last week. I have not analyzed them, but I think I have an idea of what the election results are saying. I think that what they are saying is: "Will you folks stop trying to prop up and bail out an industry that is in deep trouble? If that industry can make its own way, that is fine, but what are you trying to do here? How easy are you trying to make it, and how many of the real substantive problems that they have with regard to safety, the lack of capital, and their very understandable shortage of expertise, are you going to try to sweep under the rug with nifty little procedural arrangements like this?"

Mr. WINN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment by the gentlemen from Massachusetts and Connecticut to strike the new authority for interim operating licenses at new reactors, and I urge my colleagues to support the full compromise substitute (H.R. 4255).

I congratulate my colleagues for inserting provisions to allow some relief from the licensing delays that have been occurring under the NRC. I believe that the evidence is undeniable that several nuclear powerplants will soon complete construction and could be operating, except for the fact that the NRC is not scheduled to issue an operating license. Because of this projected NRC delay, more expensive replacement power will have to be purchased in lieu of the less expensive nuclear power. The utility industry calculates $1.2 billion in incremental replacement power will be required if a total of 10 plants over the next 2 years receive operating licenses substantially after they complete construction, as is now projected. I urge my colleagues to support the compromise substitute in order to give relief to the electric ratepayers who have already been hit very hard in the past few years.

These reforms would go a long way toward cutting out some of this unnecessary delay. The NRC would be authorized, but not required, to issue temporary operating licenses to delayed plants, only where environmental and safety reviews have been completed, such as the staff safety evaluation report, environmental impact statement, and an Advisory Committee on Reactor Safeguards report. The temporary operating license would be issued in advance of the final operating license hearing, but not prior to completion of public participation on the environmental impact statement. The temporary operating license must initially limit operation to fuel loading or 5 percent power levels.

Therefore, I believe that these licensing reforms provide the first step toward regulatory relief for utilities, and avoid unnecessary and substantial payments for replacement power, thereby relieving the Nation's overburdened electric ratepayers.

I join my colleagues in supporting this bill in the first year that the Science and Technology Committee has received substantial jurisdiction over the NRC authorization bill.

The sequential referral to the Science Committee was for the purpose of considering authorizations for the development of nuclear powerplant safety systems. Although the primary jurisdiction for nuclear regulatory research lies in the Interior Committee, the Science and Technology Committee has secondary jurisdiction over the NRC research program because of its generic jurisdictional grant over "all energy research, development and demonstration * * *".

The committee believes that the NRC research program should be properly coordinated with other, similar Government research efforts, and that this is best accomplished in the Science and Technology Committee. For example, we are particularly interested in the research and development program that the Nuclear Regulatory Commission has instituted on improved reactor safety. This program parallels the activities conducted by the Department of Energy which are authorized by the Science Committee.

The compromise bill provides for $227.3 million for fiscal year 1982 and $247.2 million in fiscal year 1983 for nuclear regulatory research. The January 1981 request from the NRC to the Congress provided for $231.9 million in fiscal year 1982 for nuclear regulatory research. Therefore, this bill provides $4.6 million less than the request.

One oversight I would like to point out, that does appear in the compro-

mise, is in the reprograming provisions of the bill. Under these provisions, reprograming of funds in excess of $0.5 million could be accomplished by notification to the Interior Committee and Energy Committee of the House, and the Environment and Public Works Committee of the Senate, and waiting a period of 30 days. The Science and Technology Committee should be included in this notification and reprograming process.

In closing let me reiterate my support for this compromise. I believe that it is time to look more realistically at the licensing process and this legislation does just that.

Mr. GEJDENSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment on several grounds.

I am philosophically opposed to any legislative activities that exacerbate the public's mistrust of the Federal role in nuclear oversight. Too often, I believe, the public has been misled on nuclear health and safety issues because of inaccurate information, biased myths, and industry's penchant for secrecy. The specter of Three Mile Island, and the recent revelations of possible design flaws at Diablo Canyon indicate that this is not the time to discourage public participation. Only by providing upfront hearing procedures can we gain the necessary level of public acceptance and confidence in the nuclear industry.

The hearing process provides the only real opportunity for intervenors and concerned citizens to get involved. The record has shown conclusively that the role of intervenors has been important in raising, analyzing, and resolving vital safety questions.

Furthermore, each nuclear reactor is site specific. That is, its environment is determined by the population and ecology particular to its surroundings. Therefore, each new site potentially raises new questions which can be valuable in evaluating existing reactors and those in the planning stage. No two sites are identical. Only through public hearings can questions particular to a reactor be answered.

More and more, the role of management is questioned with regard to nuclear safety. This amendment, in a sense, provides a management audit. It provides a one-on-one questioning period concerning the management's experience, intentions, and responsive capability for operating nuclear facilities. This is the type of dialog that provides confidence to the public at large, and assures State and local officials of the capabilities of nuclear plant operators.

In conclusion, Mr. Chairman, I support the amendment. I urge my colleagues to also support the amendment.

Mrs. BOUQUARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. I want to commend my colleagues, Messrs. DINGELL, BROYHILL, UDALL, LUJAN, OTTINGER, and MOORHEAD, for exercising the leadership in reaching agreement to bring this important legislation to the floor. I also commend Mr. BEVILL for his subcommittee's thorough investigations of the regulatory abuse of the Nuclear Regulatory Commission. The package of reforms in this legislation is good but it is only temporary medication aimed at the symptoms of the underlying disease.

Nuclear licensing reform is long overdue. The existing nuclear regulatory process needlessly costs utility customers and taxpayers billions of dollars in increased utility bills, lower productivity, and inflation. With the present backlog of licensing applications, the system now threatens to unnecessarily add billions of dollars in clearly identifiable costs to the licensing process.

The most obvious problem, which is adequately addressed by this bill, is that the NRC simply cannot license the nearly finished powerplants in time so they can begin operation when they are ready to go on line.

As was stated, this involves 11 powerplants which will sit idle a collective total of about 63 months. Since each day of delay can commonly cost a utility a million dollars, the total impact on our society is an extra cost to consumers of about $2 billion. Mr. BROYHILL also mentions the possibility of 57 other plants being delayed because of the backlog of cases. These obvious added and unnecessary costs are reason alone for the very modest changes recommended here. They are, however, symptomatic of an underlying problem of far greater proportions, which as I stated, needlessly raises utility costs to our constituents, decreases productivity, and stimulates inflation. The problem of which I speak involves the regulatory procedures used to reach a decision on an application. These procedures include the laws and regulations attempting to stimulate public involvement in the regulatory system. Although public involvement is a laudable goal, the implementation of the methods to reach this goal are invariably complicated, very time consuming, and neither enhance safety nor promote public involvement.

Simply stated, the problem is this: A utility will schedule the construction of its powerplant, and the corresponding cash outlays, based on the longest duration of two activities—the minimum time needed to build the facility or the minimum time needed to license the facility. The minimum time needed to build the facility is around 6 years. This corresponds to a minimum licensing time up to 15 years. That is 2½ times the construction period.

Part of the reason for this long licensing process is that public hearings must be held prior to the issuance of a construction permit, and at the request of any person, must be held prior to the issuance of an operating license. This was not a problem before there were organized groups dedicated to the destruction of our nuclear power option. These groups now routinely intervene in licensing proceedings, intent on delaying and raising costs as high as possible. This abuse of our system has been exacerbated by the longstanding NRC requirement, which is not mandated by law, that the hearings be adjudicatory-type hearings. These contributing requirements, set up early in our system, offer an obviously desirable circumstance for those in our society committed to stop or slow down the nuclear power option for producing electricity. It has been described by some as the attorneys welfare system.

The value of this licensing process could be assessed against the extreme costs to the utility customers if the safety of just one plant were improved by these methods. This is not the case, however, as attested to by the NRC's Director of Nuclear Reactor Regulation. He told the Commission as late as February 16 of this year that in looking at the last 10 years of decisions on operating licenses that:

> I think without exception they tended to be changes that required additional surveillance as opposed to changes in the design of the plant. In other words, they tended to be conditions for additional monitoring, sorts of things which we would not be prohibited from doing if a plant had been in low power at some time of operation.

The requirement for a public hearing prior to the issuance of an interim license seems, therefore, to be totally devoid of commonsense, proper management, and basic economics.

Part of the solution to reducing these clandestine costs of Government regulation is to allow interim licenses to be issued, if necessary, on the Commission's decision that the public health and safety is protected. Public hearings and nonsafety related issues should be held and considered beforehand if possible, but should not delay the issuance of the license. Additionally, the public hearing process should be made simpler so that the individual concerned citizen can readily participate, not simply the so-called professional intevenor groups. Legislative-type hearings should be the rule and adjudicatory-type hearing should be held sparingly and only when substantial issues can be best addressed through this type of hearing.

Much has been said about whether or not the licensing process causes delays in the operation of power-

plants. I think that the latest information that we have had access to from the NRC reflects only operating license delays through 1982. It does not address the potential for delay in later years, or the delay in construction permits. I would, therefore, call your attention to a report by the Utility Data Institute that does reflect all the forseeable delays through 1983. I have a copy of that report and will make it available to all those desiring to see it. Clearly, there is a disagreement between the utility industry and the NRC about the scope of the delays. Some have argued here today that only 30 or 60 days of delay is involved. Although I tend toward giving the benefit of the doubt to the utilities, I would remind my colleagues that, the cost to the ratepayers is $1 million for every day that we delay putting one of our plants online. These are millions of dollar in avoidable costs, and that is a lot of money.

□ 1230

I think we are also looking at the real heart of the problem in talking about licensing reform. Our Nation's utilities are not making the additional commitments for nuclear plants that we will need to support growth in our economy. Many of our utilities are mothballing their plans for nuclear reactor plants. Why? Because utilities cannot afford to tie up their investment capital for 15 years. This is the significance of what we are talking about today.

The licensing time should be no longer than the construction time. We are not talking about health and safety. We are talking about delaying nuclear powerplant operation until certain public hearings are held. In perspective, one should recognize that about 50 percent of the licenses are issued without these hearings. The law only requires that they be held if someone demands them.

Mr. Chairman, I join my colleagues in supporting the interim reforms called for in this bill and I urge that more meaningful and permanent reform be considered in the coming months.

I would also add that our Energy Research and Production Subcommittee of the Committee on Science and Technology intends to exercise its jurisdiction over the research portion of the NRC budget in coming fiscal years. We have not been entirely satisfied with the reports that we have been receiving on this program. In particular, preliminary staff investigations, confirmed by a recent Nuclear Safety Oversight Committee report, have found that the NRC is not using the research results to correct overly conservative technical requirements but is using them only to make more conservative those technical requirements found to be insufficient. This results in a continual upward spiral of technical requirements. Neither the utility nor the consumer is provided the economic benefits of this significant Government expenditure when the emphasis is away from rational regulations. Additionally, in at least one known case, the safety of the plants may be compromised by this approach.

Mr. Chairman, I urge a "yes" vote on the bipartisan Nuclear Regulatory Commission bill, and a "no" vote on the Markey amendment.

Mr. BROYHILL. Mr. Chairman, will the gentlewoman yield?

Mrs. BOUQUARD. I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Chairman, I would like to call to the attention of the Members the comments from the Nuclear Regulatory Commission former Chairman Hendrie with respect to this amendment, and to his assessment as to any delays at the Commission. I would like to read this paragraph of a letter that he wrote back on May 13.

He says:

I believe that this amendment, once enacted and effective, would rapidly clear the current logjam in bringing plants into operation when ready.

In other words, Mr. Chairman, he is admitting that there is a considerable backlog in the licensing procedure.

He also goes on to say, and I will insert this in the RECORD in its totality at the proper time, he says:

The savings to electricity consumers in the affected service areas would be substantial.

Mr. MARKEY. Mr. Chairman, will the gentlewoman yield?

Mrs. BOUQUARD. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Just to respond to the gentleman from North Carolina (Mr. BROYHILL) those figures in May have been discredited. Those figures in May are no longer valid. We now have the October 30 letter from Chairman Paladino which contradicts those statistics upon which the statements were made back in May.

Those are no longer operative facts that can be used as a basis for this. They have expired and are no longer good today.

Mr. UDALL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have had a good debate and I hope that we will be ready to vote fairly soon.

Let me make a couple of points if I might. I am no fan of nuclear power. I believe it is legal. We have about 12 percent of our electricity today being provided by nuclear powerplants.

I do not oppose finishing up the construction of these 60 or 70 powerplants that are now in that construction process. But I personally am opposed to going much beyond this.

I think we got into nuclear in all good faith, but I do not want to go any further into the swamp. I am opposed to the 200 additional plants that the Carter administration was pushing for before the turn of the century. As I understand, the Reagan administration is for cranking up the process and getting another couple of hundred plants built.

What I think we have to do is deal responsibly with the situation that faces us now. As I said, the gentleman from Connecticut has done a good job and I am skeptical of all of these claims that we have strangled the whole procedure, that you cannot get things done in this country.

I am committed to a process by which, as long as nuclear power is legal, and it is, that the nuclear applicants are entitled to have their day in court, they are entitled to have their prompt consideration of their applications; and we divide this country when we cannot get a process by which decisions can be made, yes or no. Are you going to build or are you not going to build it? Is it safe or not safe? I am going to be skeptical and I am going to wait and see what the administration sends us in terms of new legislation to speed up the licensing process.

If we can do it in 8 years instead of 18, if one piece of paper will do the job of two, if we can have one environmental impact study instead of four, we ought to be able and we ought to be willing to do that. That is why I have been proud and pleased to work with my friends on the minority, the gentleman from New Mexico (Mr. LUJAN), the gentleman from North Carolina (Mr. BROYHILL), the gentleman from Michigan (Mr. DINGELL), the gentleman from New York (Mr. OTTINGER), and others to put together a compromise so that we could get this thing to the floor and get out of the Rules Committee, and at least have in the law through this bill a procedure that we can use.

As I said earlier, I think the premise is a wrong one, that you do not need this procedure because you cannot cite 22 plants that are now stalled because of the lack of interim license. I think we need this procedure. I think it is a fair procedure. I think we ought to be able to load up and move up to 5-percent power on a slow, positive, checkout basis, even though some hearing is going on somewhere about the need for this power or something that has no relationship to health or safety. If you have passed all of the safety tests, you ought to be able to go ahead and do this.

We put a coalition together and it has not been talked about much, but I am going to put some of these letters in the RECORD at the appropriate time. The substitute bill which we put together is supported not only by Edison

Electric Institute, but the American Public Power Association, National Rural Electric Cooperative Association, American Nuclear Energy Council, Chamber of Commerce, Building and Construction Trades Department of the AFL-CIO, and others. But also not opposed to the bill I have some good letters here from the Sierra Club and the Union of Concerned Scientists saying in effect we live in a real world and that in a real world we are going to get clobbered if we try and insist on much harsher procedures for the issuance of temporary operating licenses than are in the compromise bill, and we are going to get beat. And in conference with the other body where views like those of the gentleman from Massachusetts (Mr. MARKEY) and the gentleman from Connecticut (Mr. MOFFETT) have less support than they do over here, we are going to get beat.

So if we will come out of the House with this compromise position that we have put together and if supported by this crazy coalition of utilities and nuclear people, and the conservation people, and folks who have doubts about nuclear power, all of these groups, if we can put them together as we have done here, I think it is incumbent upon all of us to give it a try. I think the amendment is not particularly needed or vital at this moment, but I think it is a part of the puzzle and part of the pieces we put together.

I made what I thought was an honest compromise with the people on both sides of the aisle and with the various groups interested, and I hope the amendment will be defeated.

The letters referred to follow:

SIERRA CLUB,
Washington, D.C., October 19, 1981.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN UDALL: The House of Representatives is scheduled to begin debate today on H.R. 4255, the revised version of the Nuclear Regulatory Commission Authorization for fiscal years 1982 and 1983. The Sierra Club takes this opportunity to thank you for the care and responsibility with which you have handled this important legislation.

As a result of a strenuous and concerted campaign on the part of the commercial nuclear industry and various major utilities, the primary focus of which has been to blame the ills of nuclear power on the federal regulatory process, the political pressure in the House to "relieve" the regulatory burden on the industry has become intense. Proposals made in various committees during the course of the year intended to short-circuit the Nuclear Regulatory Commission's licensing and hearing process have cast a cloud on the ability of the Commission to fulfill its mission of insuring the safety of nuclear facilities.

The Sierra Club continues to believe that such proposals are both misguided and damaging to the integrity of the regulatory process. In particular, proposals made earlier this year to limit the ability of the public and state and local governments to meaningfully participate in the licensing process pose serious questions regarding the degree to which industry pressure may lead to the erosion of the federal government's commitment to the public safety in questions of nuclear regulation.

Nevertheless, we recognize the political inevitability that some form of licensing restriction will be attached to the NRC Authorization as it moves through Congress this year. In this context, we believe that Sections 11 and 12 of H.R. 4255 represent a substantial improvement on the similar provisions which were contained in the version of the Authorization which was approved by the Energy and Commerce Committee as H.R. 2330, earlier this year.

Although we continue to question the efficacy of the interim licensing concept, and the reality of the "delays" to which it is addressed, we are pleased that H.R. 4255 treats the issue responsibly and includes essential safeguards missing from earlier versions of the proposal. These include the requirement that NRC grant an initial temporary license at lower power levels (no higher than 5 percent) before considering the need for futher interim licensing at higher power levels, and the provisions for prior public notice to affected states. Each of these safeguards, important in itself, and others included in H.R. 4255, serve to move this legislation towards a more responsible and careful resolution of the political issues surrounding the licensing process.

Sincerely,

BROOKS B. YEAGER,
Washington Representative.

UNION OF CONCERNED SCIENTISTS,
Washington, D.C., September 14, 1981.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR CHAIRMAN UDALL: UCS has reviewed the latest version of the Nuclear Regulatory Commission authorization bill for fiscal years 1982 and 1983 (HR 4255), and particularly those provisions that authorize the NRC to grant temporary operating licenses for newly constructed nuclear power plants (section 12) and to approve amendments to existing operating licenses before public hearings are held on such amendments (section 11).

We continue to believe that such provisions are neither necessary nor appropriate. They respond to alleged problems in the NRC's licensing and regulatory processes by restricting the public's access to and participation in those processes, rather than by directing NRC to improve the efficiency with which it performs its statutory responsibilities or furnishing to NRC the additional resources that may be necessary for it to review properly the safety issues raised in connection with such power plant licenses and license amendments.

Nevertheless, given the reality that some version of these provisions will be included in the authorization bill, sections 11 and 12 of HR 4255 represent a substantial improvement over the respective provisions in the version of this bill (HR 2330) previously reported by the Energy and Commerce Committee. More specifically, section 12 explicitly requires NRC to grant an initial temporary operating license at power levels no higher than 5% of full rated power. Any increase in power levels could be authorized, pursuant to subsection (b), only upon a further application by the prospective licensee and a reexamination of the plant's safety by the commission. Similarly, section 11 contains provisions for prior notice to affected states, periodic notice to the public, and promulgation by the NRC of standards for determining whether a license amendment involves "no significant hazards considerations". None of these safeguards had been included in HR 2330, and each of them moves this legislation in the right direction.

While we believe that, in some respects, the comparable provisions in the Senate bill (S 1207) offer more protection to the public, in our view, the better forum for resolving those differences will be the House-Senate conference committee, rather than the House floor. With that in mind, we hope that the safeguards you inserted in HR 4255 will not be weakened by further floor amendments.

UCS appreciates your efforts to move toward a responsible bill that does not unduly compromise the health and safety of those who live near nuclear power plants, and we encourage you to continue these efforts throughout the consideration of the 1982-3 NRC authorization bill.

Sincerely,

MICHAEL FADEN,
Legislative Counsel.

BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL-CIO,
Washington, D.C., November 4, 1981.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Building and Trades Department of the AFL-CIO is very concerned over the delays currently being encountered in the NRC licensing process. These delays are unnecessarily increasing the cost of electricity to consumers and fueling the spirals of inflation and unemployment. For these reasons, I support prompt passage of the NRC Fiscal Year 1982-83 authorization bill, as agreed to by the Interior and Energy and Commerce Committees, including the provision for temporary operating authority. I would ask that the Congress reject any floor amendments to strike or modify this important provision.

Sincerely,

ROBERT A. GEORGINE,
President.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, D.C., November 3, 1981.

Hon. MORRIS UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In the event you have not already seen it, I am attaching a letter we sent to Members of the House on September 17, 1981, expressing the U.S. Chamber's support for H.R. 4255, the bipartisan compromise amendment agreed to by you and Reps. Dingell, Broyhill, and Lujan to H.R. 2330, the Nuclear Regulatory Commission (NRC) Authorization.

Since that letter was sent, however, I have learned that Reps. Markey and Moffett plan to offer an amendment which would eliminate the provision which authorizes the NRC to issue interim power plant licenses in advance of public hearings. We believe the retention of this provision is essential to assist the NRC in reducing its backlog of licensing cases over the next two years.

In addition, I understand that Rep. Markey intends to offer an amendment which will begin a phaseout of U.S. export of highly-enriched uranium. This amendment is premature, in that it has never been the subject of Congressional hearings. Additionally, it unnecessarily calls into question this nation's ability to meet its commitment to other nations for nuclear materials and technology.

I want to reiterate that the Chamber supports the bipartisan licensing reform measures contained in H.R. 4255, designed to assist the NRC in reducing its backlog of cases while at the same time maintaining full safety and environmental protection. We oppose any and all amendments which would have the opposite effect.

Cordially,

HILTON DAVIS.

Attachment.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,

To: Members of the House.

From: Hilton Davis, Vice President, Legislative and Political Affairs.

Subject: Nuclear Regulatory Commission Authorization (H.R. 4255).

On behalf of the members of the U.S. Chamber of Commerce, I respectfully urge you to vote for H.R. 4255, a bill which will be offered as an amendment in the nature of a substitute for H.R. 2330, the fiscal year 1982 Nuclear Regulatory Commission (NRC) Authorization.

H.R. 4255 is a compromise bill agreed to by Representatives Dingell, Broyhill, Udall and Lujan, the chairmen and ranking minority members of the Energy and Commerce, and Interior and Insular Affairs Committees, respectively. It represents an important first step in substantially reducing delays being encountered in the issuance of construction permits and operating licenses for new nuclear power plants.

Briefly, H.R. 4255 would:

Authorize $485.9 million for fiscal year 1982 and $513 million for fiscal year 1983. This is three percent less than the Administration's request;

Authorize the NRC to issue interim power plant licenses in advance of public hearings, providing for a two-step phasing of power levels;

Overrule a federal court decision which would have required public hearings on every non-safety-related license amendment by the NRC;

Authorize the NRC to perform a comprehensive study on improvements to the licensing process. In addition, an independent advisory panel would be established to study the licensing process. Both are required to report their findings to Congress within six months;

Require the NRC and the Department of Energy to enter into an interagency agreement concerning the cleanup of the Three Mile Island accident. No NRC funds may be used for cleanup purposes;

Permit the NRC to approve an emergency evacuation plan for a nuclear power plant where the Federal Emergency Management Agency cannot review the plan in a timely fashion;

Require the NRC to hold legislative-type public hearings on the development of a nuclear power plant safety goal; and

Provide $500,000 for funding a "data link" program—a pilot program designed to link all nuclear power plant operating rooms with NRC headquarters.

Nuclear power has a vital role to play in the development of our country's energy sufficiency and security. H.R. 4255 goes a long way to help reduce regulatory barriers which hinder the timely development of this important energy source. Again, I respectfully urge you to vote for the substitute bill.

I hope you will find these views helpful in your deliberations. Should you desire further information, please contact our specialist, Ms. Susan DeMarr, 659-6173.

EDISON ELECTRIC INSTITUTE,
Washington, D.C., October 8, 1981.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

Hon JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, D.C.

DEAR MESSRS. CHAIRMEN: On behalf of the investor-owned electric utilities, we support prompt passage of the Nuclear Regulatory Commission Authorization bill for fiscal years 1982-83 (H.R. 4255), now pending before the House. As you know, this compromise bill, reported out of the Rules Committee on September 15, is supported by the Chairmen and ranking minority members of both the Interior and Insular Affairs and the Energy and Commerce Committees.

Presently we have 80 nuclear power plants under construction in the United States, representing 88,000 MWe of potential electric generating capacity. H.R. 4255 contains language which will help eliminate unnecessary delays in the licensing and regulation of these nuclear power facilities, helping to avoid needless costs while ensuring a more reliable supply of electric power.

Given the unstable situation in the Middle East and the uncertainty of foreign oil supplies, EEI believes the time is right to expedite licensing and to increase use of our domestic energy resources. Prompt passage of H.R. 4255 is a major step forward in achieving this goal.

Sincerely yours,

FREDERICK L. WEBBER.

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION,
Washington, D.C., November 3, 1981.

Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate the opportunity to express our support for H.R. 4255, the Nuclear Regulatory Commission authorization bill, as reported by the House Interior and Insular Affairs Committee. The National Rural Electric Cooperative Association understands that the bill, as reported, authorizes but does not require the NRC to issue temporary operating licenses through fiscal year 1983 before public hearings are completed. This flexibility will enable the NRC to more effectively deal with the large backlog of nuclear power plants that have been waiting to come on line for over a year.

The bill also authorizes the NRC to issue and make immediately effective, amendments to existing operating licenses for nuclear power plants, if the agency determines that the changes involve no significant hazard. This would effectively reverse the Sholly against NRC decision which requires that the NRC conduct public hearings on every license amendment application regardless of safety considerations.

We must, however, express our opposition to the amendment proposed by Representatives Markey and Moffett, which would strike language authorizing the NRC to grant temporary operating licenses before public hearings are completed. This amendment would serve only to delay many power plants from becoming operational. As a result, those delays would cost the American public an exorbitant amount in increased electricity bills, while deepending our dependence on foreign oil and thereby fueling inflation.

We appreciate this opportunity to express our position on this vital legislation.

Sincerely,

ROBERT D. PARTRIDGE,
Executive Vice President.

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., November 3, 1981.

Hon. MORRIS UDALL,
Chairman, Interior and Insular Affairs Committee, Longworth Building, Washington, D.C.

DEAR CHAIRMAN UDALL: On behalf of the American Public Power Association, which represents 1,750 publicly owned electric utilities in 48 States, I wish to express support for enactment of H.R. 4255, the substitute Nuclear Regulatory Commission fiscal years 1982-83 authorization bill, introduced by you, Mr. Lujan, Mr. Dingell, and Mr. Broyhill.

Local public power systems have a strong stake in a healthy nuclear power industry. Thirty-three publicly owned electric utilities—including joint action organizations which represent the interests of a number of systems—hold equity positions in 14.6 million kilowatts of capacity in 36 nuclear power units, and scores of others have purchased entitlements to the output of nuclear stations or buy power at wholesale from utilities with direct nuclear involvement.

Where it is a practical power supply option, nuclear power can help keep a damper on rising rates for electricity, decrease the necessity of relying on fossil fuels with their environmental and availability problems, and add desirable diversity to the nation's generation mix. However, if nuclear power is to retain and expand the power production position which it may be entitled on the basis of its economic performance, there is a need to streamline the licensing process. There is a bottleneck at the Nuclear Regulatory Commission in the processing of operating licenses. Projected delays would be costly to consumers who will pay today's high interest rates for plant construction plus the price of replacement power. While plants involved are being built by private power companies, a number of them incorporate consumer-owned utility partners. Congress should give its support to efforts to speedup the handling of licenses while preserving necessary health and safety and competitive protections.

Sincerely,

LARRY HOBART,
Assistant Executive Director.

AMERICAN NUCLEAR ENERGY COUNCIL,
Washington, D.C., September 21, 1981.
Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.
Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce, House of Representatives, Washington, D.C.

DEAR MESSRS. CHAIRMEN: On September 15 the Rules Committee cleared for floor action H.R. 4255, the NRC fiscal years 1982-83 authorization bill. This bill is a substitute for differing versions of the bill reported by the Interior Committee and the Energy and Commerce Committee. H.R. 4255 is supported by chairmen and ranking minority members of both committees.

In addition to authorizing funds for NRC, H.R. 4255 contains several provisions which are essential to eliminating costly and unnecessary delays in the licensing and regulation of nuclear power facilities. These include important provisions to authorize NRC to issue temporary operating licenses and reverse the holding in the Sholly case. We support H.R. 4255, as agreed to by the two committees of jurisdiction, and urge its prompt passage by the House. While we are aware that there are differences between H.R. 4255 and the Senate bill, S. 2330, which we also support, we are confident that they can be resolved without difficulty in conference.

Sincerely,

JOHN T. CONWAY.

Mr. ERTEL. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Pennsylvania.

Mr. ERTEL. I thank the gentleman for yielding.

Previously we got into a conversation about Three Mile Island unit 1 and whether it would be applicable here. But it is my understanding that Three Mile Island unit 1 has already an operating license and this would not apply to them in any way, shape, or form.

Mr. UDALL. That is the major reason Three Mile Island is not affected by the provision; they do have and have had a permanent operating license. So I believe that someday they are going to be restarted when they come up to the safety standards and make all of the corrections, but they do have a permanent operating license, and that is why they do not need to be covered by this section.

Mr. ERTEL. They have to go through these hearings because they have had real safety problems, and that is why we want them to go through it; is that correct?

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment, and all amendments thereto, close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. MOFFETT. Mr. Chairman, reserving the right to object, I would like to get an idea from the Chairman as to how many Members would like to speak, if any.

Mr. UDALL. I only see three or four.

Mr. MOFFETT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the unanimous-consent request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will be recognized for 1 minute and 45 seconds each.

The Chair recognizes the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I join my friend, the gentleman from Arizona (Mr. UDALL) in opposition to this amendment. I feel that this amendment is really needed as a safety valve. I remember that the gentleman and I reluctantly supported fast-track legislation that eventually did go through because we felt that if we did not provide for something sensible with respect to speeding up energy approvals that we were going to get left with very unsound provisions.

In this situation I agree completely with the gentleman from Connecticut that the case was misrepresented by the industry, that there are no plants now which are being delayed by the licensing process, but there are plants that may well be delayed in the future. If they are, and you have a bunch of plants that are sitting there and costing $1 million a day because of delays in the licensing process, then there is going to be tremendous pressure to sweep away very sensible and needed protections.

What we have provided here is a very circumscribed procedure. The Commission only has discretion to give a temporary operating license. It must have completed all of the safety reviews, including all supplemental safety reports and the final safety reports and all of the NEPA proceedings, including the final environmental impact statement. The hearings eventually must be held, and they must be held in a prompt way. Notice must be given immediately upon the filing of a petition and a hearing must be held within 10 days, as the gentleman from North Carolina has pointed out.

So what we have here is a circumscribed situation that only goes into effect if, in fact, there are delays, at reactors in the future. It will provide a procedure for only 5 percent licensing, and in those kinds of situations where there is a great deal of pressure and where delays are being caused, they could issue a full power of licensing. You would have to go back and get an amendment to the temporary operating license.

So I would urge the defeat of this amendment.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Connecticut (Mr. MOFFETT).

I do not dispute many of the arguments that my good friend and colleague from Connecticut has made in support of his amendment. Indeed, I would like to commend the gentleman for the work he has done as chairman of the Government Operations Subcommittee on Environment, Energy and Natural Resources in holding hearings on the issue of the causes of the alleged delays in the licensing process and for issuing a thorough and thoughtful report on this problem. The subcommittee's report clearly demonstrates that the initial estimates of the extent and cost of the projected delays in the operation of a number of reactors were greatly exaggerated. The Nuclear Regulatory Commission is to be severely criticized for its total reliance on industry supplied data as to the anticipated dates for the completion of construction of a number of plants, and for its failure to have independently verified this information before submitting it to the Congress. And the industry itself is to be criticized for providing what has been demonstrated to be inaccurate and misleading information. It is now clear that in the cases of Diablo Canyon and Maguire, which were alleged to be most blatant examples of delay, that the operating licenses were issued prematurely, in that the license was issued before, and in some cases, months before the licensee was ready to begin operation. Of the few plants which are now alleged to anticipate delays, only 1 or at most 2 months of delay are projected and given past experience, I expect that, with the passage of time, the delays will not in fact materialize. The gentleman from Connecticut has also very convincingly demonstrated that the NRC's hearing process and procedures are not, in and of themselves, the cause of any estimated delay in the operation of a single reactor. In fact, it was the Commission's decision to suspend the hearing process, rather than the operation of the process itself, which has raised the potential for delay. It is evident that if the hearing process had continued uninterrupted, the possibility of delay would not have arisen. Thus, even the delays projected by the industry were not attributable to the hearing process, to the Commission procedures or to the number of parties who intervened in such proceedings.

While I agree with the gentleman from Connecticut that the extent of the anticipated delays has been greatly exaggerated and probably will not in fact materialize and while I agree that even if the projected delays did occur, they would not be the result of

any problems in the Commission's hearing process and procedures, I still oppose the gentleman's amendment because I do not perceive the problem being addressed by the provision being opposed by the gentleman from Connecticut as being fundamentally related to anticipated delays in the licensing process. To me, the fundamental problem being addressed by the bill is the allocation of limited resources which, in this case, is the priority in the use of the staff's time. Although the Commission's budget has been significantly increased in the last few years, it was and still remains underfunded in that the budget is not adequate to enable the Commission simultaneously to address all outstanding and unresolved safety issues and to process pending license applications. That is why, following the accident at Three Mile Island, the Commission was forced to suspend the licensing process. It simply did not have enough staff to study the accident and incorporate its findings into the regulatory process and at the same time, process license applications. The Commission still does not have the funding needed to perform both functions. Indeed, this was an issue recognized in the gentleman's subcommittee report when it noted that safety considerations were being curtailed and deferred by the Commission as it implemented internal measures to accelerate the licensing process in order to avoid delays in the initial operation of completed facilities.

My support for the provision which is now being challenged by the pending amendment is based on my desire to avoid the need for diverting staff resources from resolving safety concerns. By eliminating the time pressures imposed by the hearing process, the committee, in effect, stated that the resolution of safety concerns was to take precedence over concerns about the timing of the hearing process. I cannot adequately emphasize my concern that the Commission's belatedly acquired interest in safety issues be sustained and that staff resources not be diverted from consideration of such matters in order to minimize the economic pressures imposed by the duration of the licensing process. I urge my colleagues to join with me in asserting Congress primary interest in safety issue by rejecting the gentleman's amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

The Chair recognizes the gentleman from Indiana (Mr. HILER).

Mr. HILER. Mr. Chairman, I rise in opposition to the amendment.

A Government Operations report on NRC licensing delay has been referred to several times, and I would like to read several excerpts from that report of additional views filed by nine members of the committee.

We should not lose sight of the principle that any delay which leads to increased costs for consumers should be approached from the standpoint of what can we do to eliminate the cause of these extra costs. Certainly industry is responsible for some of the extra costs involved. However, as elected officials it is our responsibility to do what we can to minimize the extra costs incurred by inefficient bureaucratic procedures and agency delay at the Federal level.

Continued and prolonged delays are not in the best interests of industry or the consumer, given the substantial costs of those delays to utilities and the rate payers. Even using the August Department of Energy projections, the anticipated licensing delays will cost the industry and ultimately the public $608 million. With these significant costs, it is important that the NRC minimize licensing delays without sacrificing safety.

The first nuclear reactor, a demonstration pressurized water reactor, was built and operating in less than 4 years from the date the Atomic Energy Commission gave permission for construction. Completion of the average reactor today takes anywhere from 12 to 16 years. To imply that it is impossible for the NRC to make any changes that will reduce the time it takes to construct and license a nuclear reactor without affecting safety is shortsighted. The NRC should take a multifaceted approach to nuclear power that stresses first and foremost safety, but an approach that also recognizes that nuclear power as an energy source should rise and fall on its own merits and not on the inability of the Federal Government to establish procedures that resolve questions on construction or licensing in an expeditious manner.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

The Chair recognizes the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, I would like to report on the five nuclear plants being built in Washington State for the Northwest. The people with the first chance to speak that they had voted 60 to 40 this week to require their consent before money be spent. Now here we are talking about doing away with the privilege of the people to speak.

Those plants are going bankrupt not from any delay caused by any hearings or environmental movement. All of the permits, everything was issued in the early 1970's to those five plants, and yet they are 5 to 8 years behind schedule without 1 single minute's delay from environmental protests or appeals or hearings, not a minute. They are behind schedule and with the cost overrun of 500 percent all on their own.

□ 1245

I would hate to think, because of the mismanagement and shoddy construction of those plants, that plant No. 2, which NRC has already said was shoddy and defective, would be brought on line without a public hearing.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Chairman, the gentleman from Indiana has read from the additional views to our report. I think it is important to point out that it is true that nuclear plants take a long time to build. We are not arguing that here. And I would say to my friend, the gentlewoman from Tennessee, that it is not just because they cost more or because the interest rates are so high, or there are, in her view, unwarranted delays. It is because many of these utilities overbuilt and they miscalculated on demand. That is a part of the record all over the country.

Our report does say, and the majority, of course, voted very clearly for this, that it is demonstrable that nuclear plants are taking longer to build and get on line. What has not been demonstrated in any substantive way by the industry is that those extended schedules are the fault of the NRC, its processes or citizens who raise safety questions as legal intervenors.

Now, I appreciate the gentleman from Arizona and his skillful attempt at compromising. But this is a compromise about a problem that does not exist. It is a compromise that features a remedy really without a reason. And I think the gentleman from New York, our good friend, who has raised great questions about nuclear safety in the past, agrees that it does not appear to be a problem at this moment.

We will be here, somebody will be here, next year, the year after. I think that is a safe assumption. Let us legislate on it when they come in and show us that in fact it is a real live problem.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Chairman, I think that the gentleman from Connecticut and I agree that reform is needed. But this in not a reform. This is a regression from the Kemeny Commission, to the Rogovin Commission, to every study that has been made on nuclear powerplants in this country.

The problem really has nothing to do with the public coming in and asking good, hard, tough questions about the operation of the nuclear powerplant. If we really want to reform the licensing process, here is what we should do: We should insure that, before plants go into operation, someone makes certain that the correct blueprints have been used, that stuck valves and poorly trained operators cannot turn a multimillion-dollar powerplant into a multibillion-dollar catastrophy, that reactors that are in operation for only a few years do not end up with the steel so brittle that it might crack during rapid cooling, that reactor vessels are not installed back-

ward so that an entire plant has to be rewired after it was constructed, so that a candle used by a careless plant worker to check the air leaks does not start a fire that nearly knocks out all of the electrical cables controlling the reactor itself. What we need is really reform to correct these deficiencies.

There is no licensing backlog, there is no need to truncate the public participation process, there is no crisis at hand in the delay of nuclear powerplants. No evidence has been presented. No need has been demonstrated. All we are acting upon here is some vague sense, some brooding omnipresence that says that the regulatory process has been dragging down nuclear power. The evidence is just to the contrary. It is not the public that has done in the nuclear power industry. It is the industry itself. It is that mindless boosterism, which has tried to convince us that it is the solution to our energy problem, which has overpromised nuclear power as a solution to the energy crisis in this country. That is what we are debating today, not any need to eliminate public participation.

● Mr. WEISS. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Connecticut (Mr. MOFFETT).

Mr. Chairman, this amendment would strike section 12 of H.R. 4255 and thus prohibit the Nuclear Regulatory Commission from issuing interim operating licenses to utilities without conducting public hearings first in accordance with the Atomic Energy Act of 1954. It would be a grave mistake to allow the NRC to issue such licenses when current safety provisions are barely sufficient and experience continues to show the serious risks of operating nuclear powerplants.

Section 12 of this legislation would allow operation of nuclear plants at 5 percent of full power before public hearings are conducted. It would also make it possible for utilities to operate reactors at full power under such an interim license still without public hearings.

These provisions violate the intent of the Atomic Energy Act as well as the primary role of the NRC. Many safety improvements gained through the licensing process might be lost or weakened by this type of interim licensing. What this section really does is encourage circumvention of the licensing process we have established and used for nuclear powerplants.

Section 12 is based on the assumption that no concerns could be raised in a licensing proceeding which might justify not operating a plant at all. I happen to think that such concerns are possible, but it is a mockery of the licensing process to render the question moot as the interim licensing provisions would do.

Section 12 is nothing less than a handout to the ailing nuclear industry. It is unnecessary, inappropriate, and creates potential hazards to public health and safety.

The industry has for several years bemoaned what it claimed were licensing delays caused by public participation in NRC proceedings. A recent Government Operations Committee study thoroughly refuted this contention, clarifying the real cause of most of the delays—industry mismanagement and regulatory inefficiency.

The real problems of the nuclear industry are not external, as the industry maintains, but internal. Nuclear power costs are skyrocketing despite massive Federal subsidies intended to keep nuclear-generated electricity competitive. The very serious health and safety concerns about nuclear power, coupled with weaknesses in the NRC's inspection and enforcement program, are now undermining the support the industry received in the past from the public, from elected officials, and from Wall Street and the investment world. The fact of the matter may well be that nuclear power is not as practical and economically feasible as it has been touted to be for almost 30 years now. We ought to make the industry stand on its own feet so that we might judge its real status rather than going from year to year authorizing makeshift supports to prop it up.

The recently issued Government Operations Committee report on the issue of licensing, "Licensing Speedup, Safety Delay: NRC Oversight," takes the nuclear industry to task for its assertions that licensing delays were the primary cause of industry woes. The report reaches three general conclusions.

First, the report found, industry claims of time delays caused by NRC proceedings have been "grossly exaggerated." What the industry seems to have been doing is creating the illusion that the NRC and public involvement in the licensing process were to blame for its own problems. It would be a grievous mistake for Congress to be fooled by this ruse.

The report also concluded that the NRC's responses to past industrywide problems have been poorly analyzed and prepared, and that the subsequent actions taken were often inappropriate or inadequate. The interim licensing provisions before us today are, for all intents and purposes, the NRC's response to the previously mentioned industry concern about licensing delays. This response seems to me to be a particularly poor response to a serious problem. The delays in question in most every instance are not caused by regulation or by citizen intervention. These delays are, as the committee report documents, due largely to industry shortcomings.

The final, and I believe overriding, finding of the report is that the current move toward licensing speedup is coming at the expense of essential safety programs. Section 12 of this bill would misdirect the emphasis placed by Congress on NRC activities on to licensing, when the far more urgent need is to put resources into inspection and enforcement and other programs.

The amendment before us really comes down to the issue of whether we place nuclear industry interests before the safety and well-being of American citizens and or our environment? I do not think this question should require much debate.

I urge passage of this amendment to delete section 12 of H.R. 4255. To grant power to the NRC to give interim licenses without public hearings would show a careless disregard for the serious and very real risks of operating nuclear power facilities.●

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. UDALL) to close debate.

Mr. UDALL. Mr. Chairman, I urge my colleagues to defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. MARKEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MOFFETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 90, noes 304, not voting 39, as follows:

[Roll No. 293]

AYES—90

Addabbo	Frank	Panetta
Anderson	Gejdenson	Patterson
AuCoin	Glickman	Rangel
Barnes	Gonzalez	Ratchford
Bedell	Gore	Reuss
Beilenson	Gray	Richmond
Benjamin	Guarini	Rodino
Bingham	Harkin	Rosenthal
Bonior	Hertel	Roybal
Bonker	Jacobs	Sabo
Brodhead	Jeffords	Schneider
Burton, John	Kastenmeier	Schroeder
Burton, Phillip	Kildee	Schumer
Clay	Leach	Seiberling
Collins (IL)	Leland	Shannon
Conyers	Long (MD)	Simon
Crockett	Lowry (WA)	Solarz
Deckard	Markey	St Germain
Dellums	Mattox	Stark
Donnelly	Mavroules	Stokes
Dorgan	Mikulski	Studds
Downey	Miller (CA)	Synar
Early	Minish	Walgren
Edwards (CA)	Mitchell (MD)	Washington
Edwards (OK)	Moakley	Waxman
Erdahl	Moffett	Weaver
Evans (IN)	Molinari	Weber (MN)
Fish	Mottl	Weiss
Fithian	Oakar	Wyden
Ford (TN)	Oberstar	Yates

NOES—304

Akaka	Alexander	Annunzio
Albosta	Andrews	Anthony

Applegate	Foley	Moore
Ashbrook	Forsythe	Moorhead
Aspin	Fountain	Morrison
Atkinson	Fowler	Murphy
Badham	Frost	Murtha
Bafalis	Fuqua	Myers
Bailey (MO)	Gaydos	Napier
Bailey (PA)	Gephardt	Natcher
Beard	Gibbons	Neal
Benedict	Gilman	Nelligan
Bennett	Gingrich	Nelson
Bereuter	Ginn	Nichols
Bethune	Goodling	Nowak
Bevill	Gradison	O'Brien
Biaggi	Gramm	Obey
Blanchard	Green	Ottinger
Bliley	Gregg	Oxley
Boggs	Grisham	Parris
Boland	Gunderson	Patman
Boner	Hagedorn	Paul
Bouquard	Hall (OH)	Pease
Bowen	Hall, Ralph	Pepper
Breaux	Hall, Sam	Petri
Brinkley	Hamilton	Peyser
Brooks	Hammerschmidt	Pickle
Broomfield	Hance	Porter
Brown (CA)	Hansen (ID)	Price
Brown (CO)	Hansen (UT)	Pritchard
Broyhill	Hartnett	Pursell
Burgener	Hatcher	Rahall
Butler	Heckler	Railsback
Byron	Hefner	Regula
Campbell	Heftel	Rhodes
Carman	Hendon	Rinaldo
Carney	Hightower	Ritter
Chappell	Hiler	Roberts (KS)
Chappie	Hillis	Roberts (SD)
Cheney	Hollenbeck	Robinson
Clausen	Holt	Roe
Clinger	Howard	Roemer
Coats	Hoyer	Rogers
Coelho	Hubbard	Rose
Coleman	Hughes	Rostenkowski
Collins (TX)	Hunter	Roth
Conable	Hutto	Roukema
Conte	Ireland	Rousselot
Corcoran	Jeffries	Rudd
Coughlin	Jenkins	Russo
Courter	Jones (OK)	Santini
Coyne, James	Jones (TN)	Sawyer
Coyne, William	Kazen	Scheuer
Craig	Kemp	Schulze
Crane, Daniel	Kindness	Sensenbrenner
Crane, Philip	Kogovsek	Shamansky
D'Amours	Kramer	Sharp
Daniel, Dan	LaFalce	Shaw
Daniel, R. W.	Lagomarsino	Shelby
Dannemeyer	Lantos	Shumway
Daschle	Latta	Shuster
Daub	Leath	Skeen
Davis	LeBoutillier	Skelton
de la Garza	Lent	Smith (AL)
DeNardis	Levitas	Smith (NE)
Derrick	Lewis	Smith (NJ)
Derwinski	Livingston	Smith (PA)
Dicks	Loeffler	Snowe
Dingell	Long (LA)	Snyder
Dixon	Lott	Solomon
Dornan	Lowery (CA)	Spence
Dougherty	Lujan	Stangeland
Dowdy	Luken	Stanton
Dreier	Lundine	Staton
Duncan	Lungren	Stenholm
Dunn	Marks	Stratton
Dwyer	Marlenee	Stump
Dymally	Marriott	Swift
Dyson	Martin (IL)	Tauke
Edwards (AL)	Martin (NC)	Tauzin
Emerson	Mazzoli	Thomas
Emery	McClory	Traxler
English	McCloskey	Trible
Erlenborn	McCollum	Udall
Ertel	McCurdy	Vander Jagt
Evans (DE)	McDade	Vento
Evans (GA)	McDonald	Volkmer
Evans (IA)	McEwen	Walker
Fary	McGrath	Wampler
Fascell	McHugh	Watkins
Fazio	McKinney	Weber (OH)
Fenwick	Mica	White
Ferraro	Michel	Whitehurst
Fiedler	Miller (OH)	Whitley
Fields	Mineta	Whittaker
Findley	Mitchell (NY)	Whitten
Flippo	Mollohan	Wilson
Foglietta	Montgomery	Winn
Wirth	Wylie	Young (MO)
Wolf	Yatron	Zeferetti
Wortley	Young (AK)	
Wright	Young (FL)	

NOT VOTING—39

Archer	Goldwater	Matsui
Barnard	Hawkins	Pashayan
Bolling	Holland	Perkins
Brown (OH)	Hopkins	Quillen
Chisholm	Horton	Savage
Danielson	Huckaby	Siljander
Dickinson	Hyde	Smith (IA)
Eckart	Johnston	Smith (OR)
Edgar	Jones (NC)	Taylor
Florio	Lee	Williams (MT)
Ford (MI)	Lehman	Williams (OH)
Frenzel	Madigan	Wolpe
Garcia	Martin (NY)	Zablocki

□ 1300

The Clerk announced the following pairs:

On this vote:

Mr. Wolpe for, with Mr. Huckaby against.

Mr. Hawkins for, with Mr. Jones of North Carolina against.

Mr. Eckart for, with Mr. Johnston against.

Mrs. Chisholm for, with Mr. Taylor against.

Mr. Garcia for, with Mr. Hopkins against.

Mr. Savage for, with Mr. Frenzel against.

Messrs. OBEY, VENTO, HUGHES, GINGRICH, and RAHALL changed their votes from "aye" to "no."

Mr. LOWRY of Washington changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MARKEY

Mr. MARKEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARKEY: Page 16, after line 20, insert the following:

SEC. 14. (a) Except as provided in subsection (b), no part of any funds authorized to be appropriated by the Act may be used by the Nuclear Regulatory Commission to review, process, or approve any application for a license to export uranium enriched to greater than 20 percent U-235.

(b) The prohibition contained in subsection (a) shall not apply to any application for a license to export uranium if such uranium is exported for use in reactors which the Nuclear Regulatory Commission determines cannot feasibly be converted to low enriched uranium.

POINT OF ORDER

Mr. BROYHILL. Mr. Chairman, I reserve a point of order against the amendment and, pending that, would permit the gentleman from Massachusetts (Mr. MARKEY) to proceed.

Mr. MARKEY. Mr. Chairman, the amendment that I offer here will encourage the shift away from the use of highly enriched uranium in the world's research reactors. It would prohibit by the United States the export of highly enriched uranium except for research reactors where it is essential.

This material is a vital element in the construction of nuclear bombs. The time has come for the United States to withdraw from unchecked commerce in highly enriched uranium. Israel's destruction of the Iraqi nuclear reactor last summer that used highly enriched uranium illustrates the tension that this dangerous substance creates in the world.

My amendment does not affect in any way U.S. shipments of low enriched uranium fuel for electric power reactors.

My amendment will not cause the shutting down of research reactors that burn highly enriched uranium.

There are some reactors in nations, such as Belgium, France, and Canada, which could not currently convert to low enriched uranium. Until the time that the Nuclear Regulatory Commission determines that these reactors can convert, they will be exempted from the highly enriched uranium cutoff.

This amendment allows the Nuclear Regulatory Commission this flexibility while expressing the intent to phase out all highly enriched uranium.

Already implicit in current U.S. nonproliferation policy is the idea that the United States should facilitate a shift from the use of highly enriched uranium to low enriched uranium in the world's reactors.

With this aim in mind, the Department of Energy, with the Argonne National Laboratory, operates a reduced enrichment research test reactor program, which is developing the technical means to facilitate the transition from highly enriched uranium to low enriched uranium.

This is an extremely valuable worthwhile program. Its work is critical if we are to eventually withdraw from highly enriched uranium commerce.

Some will say that the RERTR program provides a solution to the highly enriched uranium problem. But the program is only a partial solution to the problem because it is a voluntary program.

This amendment is necessary to insure that there will be no retrenchment from any commitment to withdraw from highly enriched uranium commerce.

Some have made the argument that nations will merely seek to enrich uranium on their own, but the cost of designing, building, and operating their own enrichment facilities would still be highly prohibitive.

My amendment is consistent with the basic guidelines announced by President Reagan on July 16 concerning further restrictions on dangerous international nuclear commerce. In specific, the President pledged to "work to prevent the transfer to nonnuclear weapon states of any significant nuclear material, particularly where the danger of proliferation demands."

This amendment would lend substance to those words. My amendment is consistent with resolutions passed

unanimously by both the House and the Senate on July 17 of this year.

In particular, the Senate resolution called for the President to take immediate action to eliminate the use of highly enriched uranium in all research reactors. My amendment is a sensible step down the road to reducing the spread of nuclear weapons capability. It will not halt the generation of electric power by nuclear fuel. It will not shut down research reactors. It does not demand undue sacrifice of our allies and friends, but this amendment does set us on the essential path toward reducing the dangers of nuclear weapons by their having been made available everywhere by this international commerce in highly enriched uranium.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

While our committee did not consider this amendment, I have no objection to it. I think it sends a very badly needed signal to the world or our seriousness here in Congress about preventing proliferation of weapons grade material and I would urge its adoption.

The CHAIRMAN. Does the gentleman from North Carolina (Mr. BROYHILL) insist on his point of order?

Mr. BROYHILL. I do, Mr. Chairman.

Mr. Chairman, I make a point of order against this amendment. I make the point of order against the amendment on the grounds that the amendment is not germane to the bill and the amendment is not germane to the nature of the substitute that is before us and thus is in violation of clause 7 of rule XVI of the rules of the House.

Proceeding further with my argument. I would point out that the measure before us, the purpose is to authorize appropriations through the Nuclear Regulatory Commission in accordance with the provisions of section 261 of the Atomic Energy Act.

In addition, the bill before us makes other changes in the authority of the NRC, granting them rights to issue temporary operating licenses to nuclear-powered electric generating plants and also gives disgression to the NRC to report to the Congress on their recommendations for reducing the licensing time for nuclear-powered electric generating facilities.

Now the amendment as proposed by the gentleman from Massachusetts (Mr. MARKEY) is an amendment to entirely different sections of the act. It sets up new criteria governing the exportation of certain nuclear material. That subject matter is found nowhere in the bill before us.

The bill before us does not address in any way the question of exportation of nuclear matter. In fact, the question of criteria governing the export of nuclear material is found in an entirely different section of the act, section 127.

This bill that is before us does not refer in any way to that section, not to any exportation at all. In fact, the committee has had absolutely no study of this subject matter whatsoever.

□ 1315

I would remind the Chair that not only should the fundamental purpose of an amendment be germane to the fundamental purpose of the bill, but also any amendment seeking to restrict the use of funds must be limited to the subject matter and scope of the provision sought to be amended. I do not believe that the amendment meets either test.

I would also question whether an amendment of this nature involving exportation of material to foreign countries might also fall within the jurisdiction of the Committee on Foreign Affairs. Their jurisdiction is over measures to foster commercial intercourse with foreign nations and to safeguard American business interests abroad.

I am questioning whether or not there might be jurisdiction of another committee involved here.

For all these reasons, Mr. Chairman, I feel it is imperative that this amendment is not germane and would urge the Chair to sustain the point of order.

The CHAIRMAN. The gentleman from Massachusetts may be recognized on the point of order.

Mr. MARKEY. Mr. Chairman, what we have before us at this time is the Nuclear Regulatory Commission authorization. The Nuclear Regulatory Commission is for all purposes, for all funding. This is merely a limitation on the expenditure of those funds from one of those functions.

Clearly, it is germane within the definition of the functions of the Nuclear Regulatory Commission to place a restriction upon the expenditure of funds for these purposes.

I would submit that the point of order made by the gentleman from North Carolina is not well taken.

The CHAIRMAN. The Chair is prepared to rule.

The gentleman from North Carolina makes a point of order that the amendment offered by the gentleman from Massachusetts is not germane to the bill and is in violation of clause 7, rule XVI, of the rules of the House.

The bill before the Committee is a general authorization bill for the Nuclear Regulatory Commission which provides funds for a variety of functions of the Nuclear Regulatory Commission, including nuclear reactor regulations, instructions and enforcement standards development, nuclear materials safety, safeguards, nuclear regulatory research program technical support administration and international programs.

The amendment offered by the gentleman from Massachusetts merely limits whatever funds are available under this authorization bill for the issuing of export licenses, that is, those funds that are used by the Nuclear Regulatory Commission to review, process, or approve any application for license to export uranium. If there are no funds authorized to perform those activities, the amendment would not be relevant; but the amendment merely restricts whatever role the NRC has with respect to the export of enriched uranium and it goes no further.

In addition, in the Interior Committee report the chairman of the Foreign Affairs Committee in a letter to the chairman of the Interior and Insular Affairs Committee states, and I read from his letter:

> We have paid particular attention to activities within both the Office of International Programs and the Office of Nuclear Material Safety and Safeguards, both of which have major responsibilities under the Nuclear Nonproliferation Act of 1978 to upgrade international standards, strengthen the export and import licensing process, and explore further international cooperation in the area of nuclear health and safety.

The letter goes on to relate those activities to the operation of the Nuclear Regulatory Commission.

So the Chair finds that the amendment offered by the gentleman from Massachusetts is germane and the point of order is overruled.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I rise with considerable reluctance to oppose the amendment offered by the gentleman from Massachusetts. The gentleman says that the purpose of his amendment is to encourage the conversion of research reactors from highly enriched uranium to low enriched uranium.

I totally agree with that objective. As a matter of fact, so far as I know, all the countries that purchase, our highly enriched uranium are also in agreement with that objective. They are working with us in the effort to develop fuel of a low enriched character which would be satisfactory for the operation of research reactors.

I simply do not think that the amendment offered by the gentleman from Massachusetts is the way to go about this. It touches on very complicated and sensitive relationships between us and some of our closest friends in Europe. It does so without benefit of any consideration by the Foreign Affairs Committee.

I did not want to make the point of order that the gentleman from North Carolina made. I do not believe that we ought to be stickers for jurisdiction. But the fact remains that this amendment, if it were adopted, would raise a lot of complicated problems between us and particularly the French, but also the Germans, the Belgians, and a number of other countries.

Now, let us see just what this amendment does. It sounds very reasonable. It says, in effect, that we should give no further licenses for the export of highly enriched uranium. Highly enriched uranium is defined rather arbitrarily as any uranium enriched above 20 percent. The amendment does not deal, incidentally, with the medium-enriched uranium, which is enriched to about 40 percent and is not weapons grade material.

Under the amendment, any license would be banned for uranium enriched beyond 20 percent, unless the Nuclear Regulatory Commission determines that the reactors for which this uranium is to be exported cannot feasibly be converted to low-enriched uranium. The word "feasibly" is the latest version of that phrasing. This is actually the fifth different text that I have seen of the amendment of the gentleman from Massachusetts (Mr. MARKEY). Until today, so far as I know, the word "feasibly" read "technically." I think maybe feasibly is an improvement. Anyway, that is the way the amendment now reads.

Now, the NRC would have to determine before it issues a license for highly enriched uranium that the reactor for which it was intended could not feasibly be converted to low-enriched uranium, or by contrast, that it could be.

The word feasibly is not defined. It might be a very expensive proposition to convert the reactors, but that is not the main point that I want to make.

The main point that I want to make is that the problem confronting us here is not whether these reactors can be converted at some point to a fuel that is low enriched. The problem is to develop fuel—low-enriched fuel—that will work in those reactors.

The fact of the matter is that fuel has not yet been developed. We are working on it. Our allies are working on this problem with us.

We have an ongoing DOE program to develop that type of fuel. It is a complex technical problem. It means in effect that the low-enriched fuel has to be more condensed so that it will operate in the reactor the way a highly enriched fuel does. It is a difficult technical problem and it has not yet been solved.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. BINGHAM was allowed to proceed for 5 additional minutes.)

Mr. BINGHAM. If, in fact, none of these reactors can feasibly be converted now, why the amendment?

This amendment will be in effect only for 2 years. This is a 2-year act we are dealing with.

Now, let us see what in fact the practical problems are. I have the list of anticipated shipments of high-enriched uranium for the next several years. There are not all that many. We are dealing with four reactors in France; one each in Greece, Switzerland, Belgium, the Netherlands, Sweden, Canada, and Romania. Those are the reactors for which shipments are anticipated in the next few years.

Now, these are not problem countries when you are talking about nonproliferation. I will not take a back seat to anyone when it comes to concern about the proliferation of a nuclear weapons capability to countries that are irresponsible, to groups that are irresponsible; but when we are dealing with France, we are dealing first of all with a power that is already a nuclear power and we are dealing, second of all, with a country that is a close friend. While we do not always agree on nuclear matters, there is a lot of room for cooperation. And in the development of an alternative fuel for research reactors, we are cooperating with the French.

It would be disruptive after 15 or 20 years of relations to suddenly impose this new restriction on these exports.

Incidentally, even though we do not export high-enriched uranium to Great Britain, the Government of the United Kingdom has officially made representations to the Government of the United States that they feel that this would be an unwise amendment to adopt. Although the gentleman from Massachusetts has told us that his amendment is not in conflict with the guidelines laid down by the administration as far as nonproliferation policy is concerned, that is not the way the administration sees it. The administration is strongly opposed to this amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I would be glad to yield, of course, to my chairman on the Interior Committee.

Mr. UDALL. I want to thank the distinguished gentleman for his help on this amendment and for all the good work he does. He has been a leader in this field of concern about proliferation and I share those feelings with the gentleman.

There is nothing more important for the country or for the world, as far as I am concerned, than getting a handle on proliferation; but I think the fact that we have not had hearings, the fact that foreign governments were not consulted, the fact that we have not given the State Department a chance to make their views known on this, all suggest that we would be wise to defeat the amendment at this time and continue in other ways to promote the concerns the gentleman has expressed.

Mr. BINGHAM. I thank the chairman for his comments.

Let me say to the gentleman from Massachusetts that I will give him my assurance that in the course of coming weeks and months the Foreign Affairs Committee will have hearings on this problem. We will explore what if anything can be done to expedite the transfer or the conversion to low enriched uranium.

I will yield in just a moment to the gentleman from Massachusetts, but let me say that we will have such hearings. I know that Chairman ZABLOCKI would agree with that.

Incidentally, the gentleman from Wisconsin (Mr. ZABLOCKI) is out of the country today; but he asked me to convey his opposition to the amendment to the Members. One of the points he makes in the statement that will be submitted by him for the RECORD, is to urge the gentleman from Massachusetts to devote his efforts to making sure that the DOE is properly funded for the purpose of developing the kind of fuel we need.

□ 1330

I will quote from the chairman's statement. He said:

> I would suggest that the gentleman from Massachusetts direct his efforts toward accomplishing full funding for the advanced reactor system program at the Department of Energy. I would be more than happy to offer my unqualified support in that regard.

So, we will have hearings—we should have hearings—and let us consider in a systematic way in the proper forum what should be done to advance the use of low enriched uranium in research reactors, which the gentleman is so interested in.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. MARKEY and by unanimous consent, Mr. BINGHAM was allowed to proceed for 5 additional minutes.)

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield.

Mr. MARKEY. I would like to begin just by complimenting the gentleman in the well, because nobody in the United States, much less in the Congress, gives more leadership on this issue of nonproliferation than does the gentleman from New York, and he has for many years been an articulate and outspoken critic of the policies which have led to the spread of proliferation in the world, but at the same time, I would comment that this bill is

not a radical step. It is not anything which will disrupt our relations with our allies.

Rather, it is something which is carefully crafted to avoid those problems. It is not a guillotine clause. It is not a clause that says that all highly enriched uranium has to be discontinued in international commerce. Rather, it says that it has to be cut off unless the Nuclear Regulatory Commission determines in its discretion that it is not feasible for a country to make a conversion from the use of highly enriched uranium to low enriched uranium or to middle enriched uranium, to any type of reduction from highly enriched uranium.

So, what we have done is put people on notice that we are going to put on the books, we are going to codify what is already implicit in U.S. policy, but we are going to do this because we recognize that perhaps there are weaknesses in this present administration's policy toward this proliferation issue.

The program that the gentleman from New York talks about, RERTR, is a program which was attempted by this administration to be eliminated in the budget process this year, or seriously curtailed. There is not any overt commitment by this administration to demonstrating the capacity of providing a substitute fuel for these reactors in lieu of the use of highly enriched uranium.

So, I think we run the risk of doing, by passing up this opportunity, is by not sending the correct signals to the White House; that is, we do not want to see a retreat on the nonproliferation issue, a retrenchment from the progress that we have made over the years, but we also want to see further commitment made to the development of RERTR, to a reduction in the sales of highly enriched uranium overseas.

We do not see that in this administration, and this is a good opportunity not to make any drastic change in policy. It only codifies what is now practiced and at the same time to send a signal to the administration that we want to see a reaffirmation of that policy.

Mr. BINGHAM. If I could reclaim my time, let me just make two points before I yield to the gentleman from Ohio. First of all, I have had the assurance of the Department of Energy that it is proceeding with a research program, and that it will provide at least $3 million for that program in this fiscal year. Now, that might not be enough in the gentleman's view. It is not enough in my view. But I do not think the way to press for additional funding for that program is through this kind of extraordinary measure—and the gentleman has to agree that this is an extraordinary measure. The way to press is through the Foreign Affairs Committee, the issue should be dealt with under the NNPA rather than in a sudden cutoff of exports under the NRC authorization bill.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman, and I think that we all recognize the tremendous contribution the gentleman from New York has made to this whole subject of nuclear proliferation and controls over the fissionable materials being sold abroad.

I must say that I am also encouraged by his pledge to conduct appropriate hearings on this in his subcommittee, and I certainly commend him for doing that.

I nevertheless am inclined to support this amendment even though I recognize that we must be a reliable supplier of uranium if we are going to have any leverage over actions by foreign countries with respect to proliferation, but we certainly do not want to be a reliable supplier of materials which are easily converted into weapons. I am concerned about the seeming lack of concern on the part of this administration and the tendency to just say, "Well, let everybody do his own thing. We are against controls. We are against regulations. Let the free market govern."

But when we get to the point where we are talking about materials that could blow up the human race, in effect, we have to adopt something more than a mere market philosophy.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. SEIBERLING and by unanimous consent, Mr. BINGHAM was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. So, I think that the gentleman from Massachusetts has made a real contribution by forcing us to confront this issue. I remember a time when we could not get but a handful of votes on the question of the Clinch River breeder reactor. We now have a raising of consciousness of the issue by virtue of the fact that it has been repeatedly brought up in Congress, and I think we need to educate this new administration as well as ourselves on the dangers inherent in highly enriched uranium. Therefore, I am inclined to support the amendment.

Mr. BINGHAM. Let me say to the gentleman that I share his concern about the lack of urgency that the administration appears to give to the nonproliferation problem. I do not like the emphasis that the administration has placed on being a reliable supplier. There is something to that point, as the gentleman has said. But here is a case where, if we adopt this amendment, we would be substantially interposing on our allies—a matter of great question as to whether we are going to continue uranium shipments contemplated for research reactors. I think that would contribute to the impression countries have that we tend to fly off the handle and act impetuously and without consultation with them.

Mr. BROYHILL. Mr. Chairman, I move to strike the requisite number of words.

Mr. SKEEN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I rise in opposition to the amendment which will begin a phaseout of the export of highly enriched uranium. After the Iraqi incident several months ago, the Markey amendment would seem to have obvious political appeal, but in my judgment, a legislative restriction of this kind would be unwise and ultimately counterproductive to the uranium industry, the nuclear industry, and the administration's announced national energy policy plan. The administration, of course, opposes any bill, or amendment which would prohibit the granting of export licensing for highly enriched uranium, and, any cutoff of highly enriched uranium exports would be contrary to the President's July 16 policy statement which commits the United States to reestablishing this Nation as a predictable and reliable partner for peaceful nuclear cooperation under adequate safeguards.

Mr. Chairman, my own State of New Mexico has a great interest in uranium enrichment. New Mexico is the Nation's leading supplier of uranium ore, and, the majority of all known uranium reserves are located in New Mexico. And Mr. Chairman, the uranium industry is not prospering in the land of enchantment, and at this time let me highlight the very real plight of the domestic uranium industry in this country.

More than half the uranium miners in New Mexico, Wyoming, and Colorado are unemployed.

Two thousand nine hundred jobs have been lost in Wyoming.

New mine and mill closings are being announced on an almost weekly basis.

There are now only four operating uranium mills in New Mexico, one of these, Anaconda, has announced plans to close by March 1, affecting 800 employees.

This will leave fewer mills than at any time since 1962.

The price of uranium has plummeted by about 50 percent in 2 years.

Uranium is an important strategic material.

Uranium offers a safe, clean means to generate the Nation's electricity.

In closing, Mr. Chairman, the industry is already beset by stringent new NRC regulations which other Govern-

ment agencies have criticized as unnecessary and unjustified. Congress should avoid imposing additional burdens on the industry, and I urge the defeat of this amendment.

Mr. BROYHILL. Mr. Chairman, I recognize the concerns that have been expressed here by the gentleman from Massachusetts, and I certainly do not fault him in any way for bringing this amendment up. I made my point of order because I felt that this is really not the proper forum and not the proper place to address this particular issue. It seems to me that with all the very complex arguments and facts surrounding this issue, that they must be deliberated in a far different forum than just in a few minutes and a few lines in an amendment in the House.

I am told, of course, that conversion is in progress, that many of these research reactors in foreign countries can be converted, but it is going to take some time. But, in the meantime, any cutoff of supply of uranium to these reactors could have the opposite effect of that that we might want. The gentleman from Ohio, I think, has made a good point, that we have to be concerned about the proliferation that might occur if the United States cannot be looked upon as a reliable supplier, because we must recognize that there are other suppliers around the world that have the capability just as the United States does of providing highly enriched uranium. So it seems to me that the suggestion that the gentleman from New York (Mr. BINGHAM) has made, and others have made also, that we do need to do this and take a look at this in a very careful manner in committee, is the best way to proceed.

I would hope that we would reject this amendment, and let us proceed in a more careful and thoughtful and deliberate way to address this important issue.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Chairman, I want to congratulate the gentleman for his statement. When he brought the point of order, I thought that was a very good thing to do, to highlight the fact that we have not had extensive hearings on this particular matter, whether we should be exporting highly enriched uranium or that we should not. To bring it up just all of a sudden is not very good.

I also think he makes a very important point in talking about the proliferation issue. We are all committed to nonproliferation; this administration, I think everybody in this Congress, this whole country. There is not a citizen of this country that I think would be for proliferation of nuclear weapons. But, the fact of the matter is that if we are not a reliable supplier, if we get out of the business of supplying highly enriched uranium, we cannot stick our head in the sand and say, "Well, that is the end of it, it is not going to be around," because there are plenty of other countries willing to move right in when we give up that leadership. So, I congratulate the gentleman.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I thank the gentleman. I just want to make a comment on what the gentleman from New Mexico just said. We are not here talking about whether or not the United States would be a reliable supplier or not. What this amendment is, is that the United States should continue to supply uranium to countries that need it in order to conduct their research reactor programs. What we are talking about is whether we supply highly enriched uranium, medium enriched uranium, or low enriched uranium.

What we are saying, the question here is not whether we are a reliable supplier or not. The question is whether we are going to export indiscriminately bomb-grade material for reactors that could use low enriched uranium just as well to conduct the experiment in nuclear research.

So, all we are saying here is that we substitute, substitute low enriched uranium, substitute medium enriched uranium for highly enriched, bomb-grade material. That is all we are saying. We are not curtailing the export of these materials.

Mr. BROYHILL. If I could reclaim my time, I think the gentleman is making some important points, but it seems to me that we should be making these points in an entirely different forum and see if we could not craft, if we are going to have legislation, craft legislation that would be workable. I am also concerned from a technical standpoint about the language here, because what we must recognize is that there are some policy questions here, and that the administration, working through the State Department is going to have a major role in making these decisions.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(By unanimous consent, Mr. BROYHILL was allowed to proceed for 2 additional minutes.)

Mr. BROYHILL. But, under the gentleman's amendment it would appear that the Nuclear Regulatory Commission is given that authority to make these decisions, and would in effect blank out any of the opinions or any of the guidance from our foreign policy experts.

Mr. ROUSSELOT. Mr. Chairman, would the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman yielding. I was going to ask the author of the amendment if Jane Fonda has endorsed this?

Mr. MARKEY. I think that any right thinking person who does not want bomb-grade materials sent around the world has——

Mr. ROUSSELOT. So she probably has endorsed it?

Mr. MARKEY. If the gentleman in the well is going to put her at odds on this issue on whether or not bomb-grade material should be commercially exported from the country, I think we will have a debate on who is right minded.

Mr. ROUSSELOT. Well, she has been wrong on so many things, but that is OK. If she has endorsed it, it is OK with me.

Ms. MIKULSKI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, this amendment is a necessary action to implement a policy which will help protect all nations from the dangers associated with greater availability of weapons-grade nuclear materials. The potential for theft by terrorists or other use of these materials against the interest of the United States is significantly greater as more highly enriched uranium is exchanged in international commerce.

The objective of this amendment is to reduce any unnecessary commerce in highly enriched uranium which could be used for nuclear weapons. While it is true that some of the nations receiving these materials already posess nuclear capabilities, the objective of reducing the potential for nuclear poliferation by reducing total commerce in these materials would be realized by this amendment.

The reduction in commerce of highly enriched uranium would not result in any closures of current reactors which would still be eligible for supply if, in the discretion of the Nuclear Regulatory Commission, the material was necessary to the continued operation of the reactors. This amendment represents a reasonable approach to rducing the dangers associated with international commerce in weapons-grade materials.

The time has come for this country and this Congress to take action on the rhetoric regarding nonpoliferation of nuclear weapons. Some may point out that this amendment alone will not solve the problems associated with the spread of nuclear weapons, but this is a start. It is a reasonable attempt to eliminate some of the unnecessary traffic of this potentially dangerous material.

I urge my colleagues to support this modest beginning.

□ 1345

Mr. SEIBERLING. Mr. Chairman, will the gentlewoman yield?

Ms. MIKULSKI. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I thank the gentlewoman for yielding.

I think it is terribly important to clarify this point of the United States being a reliable supplier. We want to be a reliable supplier of the kind of enriched uranium which is now conceded to be the kind that would be almost universally used in nuclear powerplants.

We do not want to be a reliable supplier or a supplier at all of weapons-grade material, and it is time that we sent a message to the other countries of the world that that is the stand we are going to take.

That is why it seems to me that is the overriding foreign policy consideration, despite the fact that there are some countervailing considerations, as mentioned by the gentleman from New York (Mr. BINGHAM). I feel that we are going to set an example in the world if we make that point clear, that we are not going to be a reliable supplier of weapons-grade material, but we will be of non-weapons-grade material to those countries that adhere to a similar policy.

Mr. Chairman, that is why this issue becomes terribly important, and we must not address the question by saying that we want to be a reliable supplier, but let us supply uranium for the right purposes.

Mr. LONG of Maryland. Mr. Chairman, will the gentlewoman yield?

Ms. MIKULSKI. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, a number of years ago I wrote an article in the Harvard Journal on international security, the title of which was "Can Congress Act in Time?"

Time is of the essence in this matter. During that period of time, country after country had been developing and had been getting enough uranium somehow to develop a bomb.

John Maynard Keynes once said, "In the long run we are all dead." Believe me, if we do not move fast on this matter, we will all be dead. We should not just move along step by step. Let us get going and stop the export of enriched uranium.

Mr. Chairman, I support the Markey amendment to phase out the export of highly enriched uranium usable to make nuclear weapons.

Since 1954, the United States has exported almost 21,000 pounds of uranium, enriched 90 percent or more, to 27 nations, including South Africa, Taiwan, Pakistan, and Argentina. Because an atomic weapon can be constructed from 20 pounds, we have exported enough highly enriched uranium to make 1,000 nuclear bombs.

In addition, the United States has exported over 30,000 pounds of medium-enriched uranium, 20 to 80 percent, to 16 countries including Romania, South Korea, and Argentina. Although technically not weapons grade, as enrichment increases beyond 20 percent, uranium becomes easier to make nuclear bombs.

This amendment may not halt the spread of nuclear weapons immediately but it will certainly slow it down and is a first step toward lessening the nuclear bombmaking capacity of unstable foreign governments or terrorist groups.

The threat of nuclear proliferation can scarcely be overstated. As many as 40 countries, underdeveloped and unstable may have nuclear weapons by 1990. Nuclear war anywhere risks escalation to United States and Soviet involvement, by deliberate intervention, miscalculation, bluff or panic.

Our strategy has the following, tortured, logic: Continue to export nuclear fuel and equipment to keep our leverage; but do not use that leverage for fear of losing it.

Mr. Chairman, our serious mistakes in the past have contributed to nuclear development in India, Pakistan, Brazil, South Korea, the Philippines and other countries through our supply to them of nuclear reactors, heavy water, enriched fuel, training scientists, as well as our spreading the phony notion that electricity from nuclear power will be inexpensive. But these past mistakes should not excuse continuing to ignore the dangers and the economic waste of nuclear power. Many wrongs do not add up to a right.

The nuclear programs of such countries as India, the Philippines, and Brazil were never designed to help their poor. On the contrary, nuclear power requires excessive capital and managerial skill, both of which are scarce and expensive in poor countries and can only divert their limited resources away from the roads, schools, and hospitals that the poor desperately need. In fact, the International Atomic Energy Agency admits that it costs more to generate electricity from a 600-MW nuclear reactor than from a similar sized, oil-fired plant, not counting the immeasurable costs of waste disposal and decommissioning, both of which require immense government subsidies.

In heaven's name vote for the Markey amendment. Send out the message: Do not leave a legacy of nuclear terror. Do not dump the burden of creating and cleaning up a devilish mess on the U.S. taxpayer so a few firms can make more money, or, more likely, lose less. A successful Markey amendment will tell the world that our nonproliferation goals are genuine. Finally it will tell this administration and any that follows, that Congress will not let it dismantle the Nuclear Non-Proliferation Act of 1977.

Mr. BINGHAM. Mr. Chairman, will the gentlewoman yield?

Ms. MIKULSKI. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I appreciate the gentlewoman's yielding.

Let me clarify two points. First of all, we are not talking about exports to power reactors. The gentleman from Massachusetts made that clear. We are talking about exports for research reactors.

Whether or not we are in a big hurry—and the gentleman from Maryland is concerned about this—the material is not yet developed that can enable these research reactors to convert. The table of expected exports shows the dates at which it is estimated that the various reactors concerned—and there are not that many—can be converted. The earliest date on that schedule is 1985.

Mr. Chairman, the bill before us only lasts for 2 years, so I do not see how this bill can have any effect on the problem whatsoever.

Mr. WEISS. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Massachusetts (Mr. MARKEY).

Mr. Chairman, the specter of nuclear war is perhaps the gravest threat we face in the world today. This amendment would help make the United States instrumental in controlling the spread of nuclear weapons and thus in limiting the possibility of nuclear war. I believe that the United States, as the world's largest producer of weapons-grade uranium, has a special responsibility to fill this role.

The amendment would prohibit the Nuclear Regulatory Commission from granting export licenses for enriched uranium which might be used to construct a nuclear weapon. Since 1954 the United States has shipped abroad some 23,517 kilograms of this weapons-grade material to more than 35 nations ranging on the political spectrum from Romania to South Africa to Taiwan.

With these shipments the United States also has exported the capability to construct a nuclear device. In the past few years it has become evident that many nations—indeed, many individuals—may well have the knowledge and expertise to construct a nuclear bomb. The dangers of such a weapon in the possession of terrorists, unstable governments, or world leaders hostile to the United States really do not need to be explained. We all are aware, I believe, of the crisis which would result should a nuclear threat be carried to the brink of execution.

It has long been our Nation's policy to oppose porliferation of nuclear

weapons and the spread of weapons-grade materials. Yet we do not have any concrete controls on the export of such materials produced here. This amendment would provide such a mechanism, and I believe it is crucial that we act now to limit the spread of nuclear weapons in all ways possible.

I commend the gentleman from Massachusetts for offering this amendment and urge its passage.

● Mr. ZABLOCKI. Mr. Chairman, I join our colleague, Mr. JONATHAN BINGHAM, in opposition to the amendment for a number of reasons, even though I do share the concern of the gentleman from Massachusetts over international commerce in highly enriched uranium. First, there has been a promising, ongoing program in the United States to develop and demonstrate nonweapons-grade fuels for use in research and test reactors. After a period of initial resistance, the majority of reactor operators the world over now agree with the efforts of the United States in this area and will cease to use highly enriched uranium as fuel once low enriched substitutes become available. If the program is funded at the appropriate level, it is conceivable that by the middle of this decade there will be only a handful of research reactors around the world still using highly enriched uranium. In this light, therefore, I would suggest that the gentleman direct his efforts toward assuring full funding for the advanced reactor systems program at the Department of Energy, and I will be more than happy to offer my unqualified support in this regard.

Second, the amount of highly enriched uranium the United States exports is actually rather small, and the individual exports go to countries with reactors which, for technical reasons, will find it more difficult than most to convert to lower enriched fuels. The major recipients of highly enriched uranium from the United States are Japan, Canada, the members of the European Community, Sweden and Switzerland. Others to which the United States has exported HEU have agreed to convert to lower enriched fuels at the earliest possible date, and understand that any further exports are only designed to serve as an interim solution until their respective reactors have been converted to low enriched uranium.

Third, from a procedural standpoint, this amendment would place the Nuclear Regulatory Commission in a position of having to determine whether or not certain reactors can be converted to low enriched uranium, a task which currently falls to the Department of Energy and which the NRC is technically incapable of performing.

Finally, although supporting the intent of the amendment of the gentleman from Massachusetts, am regretfully unable to support the amendment itself.●

● Mr. HUGHES. Mr. Chairman, I rise in support of the Markey amendment. We live in a period of uncertainty, where the random actions of small groups or crazed individuals can have a powerful effect on world events. We need only look to the assassination of Anwar Sadat and the attempts on the lives of the Pope and our President to realize this. In addition, we live in a time when a single actor in the world community who is bent on self-aggrandizement or terror, such as Colonel Qadhafi of Libya, can be frighteningly effective in creating instability and misery. What we have not seen thus far is any individual or group use the awesome power of nuclear weaponry to pursue their crazed goals. And this is an event that we must not see, that we must avoid at all costs.

We cannot allow ourselves to be an agent of nuclear proliferation. And the best way to avoid this role is to minimize our exports of highly enriched uranium (HEU). Recent history has shown us that even a bright college student can design a simple nuclear device. Fortunately, one needs advanced equipment and highly enriched uranium to build one. However, there are many countries which are not currently members of the "nuclear club" but are willing to devote the resources to join. We must not facilitate their membership.

The Markey amendment provides a simple means to phase out our exportation of nuclear weapons material. While it prevents new commerce in HEU, it still allows us to fulfill obligations to our allies. It greatly strengthens the incentive for those who must import uranium to fully convert to low enriched uranium reactors.

In addition, it establishes the Congress real and substantive commitment to nonproliferation. I believe that it is vital for the United States to maintain its such a commitment. Not only does it earn us the respect of those committed to peace and sanity, it also strengthens our bargaining position with other nations as we seek to gain assurances from them that they will not provide other nations with the means to develop nuclear weapons.

I urge my colleagues to support the Markey amendment.●

● Mr. McEWEN. Mr. Chairman, I rise to oppose most strongly any amendment which would phase out the export of highly enriched uranium. This unilateral preemptory action by the United States would send a most damaging signal to our international customers of enriched uranium negating our renewed efforts to establish our position as a reliable supplier of enriched uranium. This precipitous action would echo the effect of closing our books for uranium contracts in the early 1970's which nearly destroyed our future international market for enriched uranium. The result then and the probable result now would be to stimulate the growth of other suppliers for this market. There would be little long-range effect on the supply of highly enriched uranium to the international users—and there would be a great deal of long-range ill will created in the international community toward the United States from, as the gentleman from New York pointed out, our friendly customers.

The real tragedy of this proposed action is that in this area of nuclear use, the efforts of the United States to convince foreign customers to shift to lower enrichment has met with responsiveness and continuing success. This change cannot be made all at once—and in a few instances not at all. We must respect the processes that must occur in other countries who have their own regulations to meet and their own bureaucracies to contend with. There is already built into the DOE review of highly enriched uranium exports an elaborate procedure for obtaining lower enrichment usage. It has been meeting with success. There is demonstrated foreign sympathy to our objectives in this area. And it would be sad if, here where we have had receptivity internationally—where through persuasion and negotiations we have achieved cooperation—we then turn and hit them on the head with a unilateral decision to stop export of highly enriched uranium. The symbolic importance of this proposed action in the international community cannot be overdrawn. The result would be catastrophic both technically and politically.●

Mr. UDALL. Mr. Chairman, I ask unanimous-consent that all debate on the pending amendment, and all amendments thereto, cease in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for 1 minute each.

The Chair recognizes the gentlewoman from Tennessee (Mrs. BOUQUARD).

Mrs. BOUQUARD. Mr. Chairman, I rise in opposition to the amendment.

The Subcommittee on Energy Research and Production of the Committee on Science and Technology has sole jurisdiction over the program to demonstrate the feasibility of using low-enriched uranium in research and test reactors designed for high-enriched uranium.

I chair that subcommittee, and I can unequivocably state, for the benefit of the other Members, that it is too soon, in terms of understanding the technol-

ogy, to require the conversion to low-enriched fuel.

Even for U.S. research and test reactors, the conversion to low-enriched fuel is not now licensable by the NRC. The technology demonstration of the use of low-enriched uranium in only one type of test reactor is presently being conducted at the Ford reactor at the University of Michigan. When this first demonstration is finished in 1984, then, only three foreign reactors of similar design might be converted to low-enriched fuel. This will depend upon the successful confirmation that appropriate technology exists.

Additional demonstrations are planned for other types of reactors after this first demonstration. The second such demonstration would be complete in 1987. The import of this, is that for 90 of the 93 affected foreign research and test reactors, the information base to determine the advisability and technical suitability of switching to low-enriched fuel will not be available until late this decade or early next decade. Even then, not all these reactors may be converted to low-enriched fuel since some research programs require the very high neutron energies obtainable only with the high-enriched fuel.

This amendment is clearly antinuclear in character and is a direct affront to our Western European allies, Japan, and other allies that entered the test and research program with our support. There is no proliferation threat in supplying these reactors with fuel as the sponsors of the amendment would have us believe. All of these reactors are subject to the International Atomic Energy Agency safeguards or other equivalent standards meeting our requirements.

The sponsor of this amendment would also have us believe that this additional qualification on our supplying fuel is of no consequence since the amendment contains an exception if conversion to low-enriched fuel is not feasible. Does this mean technically feasible or economically feasible, or some combination. This exemption criteria is no guidance for the NRC. As examples of the problems that NRC could be faced with, one could ask—What should the NRC do if it is feasible to convert the reactor to low-enriched fuel but some of the important investigations could not be completed, such as research on structural materials or new fuels as is done in Belgium, Canada, and France? Also, what if the NRC should decide conversion is technically feasible but there is some compromise on safety? This is the case as it exists today for all the research reactors since the program to confirm the safety of using the low-enriched fuel will not be finished for many years.

The sponsors of the amendment explained in a "Dear Colleague" letter that the amendment will "demand an intensive study of these licenses and a future cutoff of highly enriched uranium * * *." The licensing process already takes about 2 years and I am sure an intensive study of each reactor will delay it even further. Additionally, the amendment provides no money or manpower for these studies in an already reduced budget climate. Is this the message of reliability that we want to send to our allies? I think it is not.

Do not be fooled into thinking this is a vote on nonproliferation. We already have numerous nonproliferation requirements on our trading partners that stringently protect our nonproliferation goals. I urge you to vote "no" on the Markey amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. McEWEN).

Mr. McEWEN. Mr. Chairman, I rise most strongly in opposition to this amendment or any other amendment which would circumvent bilateral negotiations by the United States on the export of highly enriched uranium.

This unilateral preemptory action by the United States would send a most damaging signal to our international customers of enriched uranium, and it would negate our renewed efforts to establish our position as a responsible, reliable supplier of enriched uranium. This precipitous action would echo the effect that closing our books to new uranium contracts had in the early 1970's. That action has virtually destroyed our future international market for enriched uranium.

The result then and the unavoidable result now would be to stimulate the growth of other foreign competitive suppliers for this market. There would be little long-range effect on the supply of highly enriched uranium to the international users, but there would be a great deal of long-range ill will created in the international community toward the United States from, as the gentleman from New York pointed out, our friendly customers.

The real tragedy of this proposed action is that in this area of nuclear use the efforts of the United States to convince foreign customers to shift to lower enriched uranium products has met with responsiveness and continuing success.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. McEWEN) has expired.

The Chair recognizes the gentleman from Pennsylvania (Mr. FOGLIETTA).

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. FOGLIETTA. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise to express my strong support for the Markey Amendment to the Nuclear Regulatory Commission authorization bill. I urge my colleagues to support this amendment to prohibit the granting of export licenses for highly enriched uranium.

Commerce in highly enriched uranium poses a serious threat to world peace. Uranium enriched to greater than 90 percent uranium-235 can be used to make atomic weapons. It only takes 20 pounds of highly enriched uranium to fashion a crude atomic bomb. The bomb dropped on Hiroshima 36 years ago, killing over 70,000 people and injuring 100,000 out of a total population of 344,000 was made from the same substance we export today.

It was shortly after the bombing of Hiroshima and Nagasaki that the United States began to develop policies to prevent the spread of atomic weapons. In order to insure our longstanding commitment on curbing the spread of nuclear weapons we must cease the exportation of materials that could contribute directly to a country's ability to build nuclear weapons. With our current export policy the United States cannot effectively support international efforts for the control of weapons grade materials and thus we are running counter to our goal of slowing nuclear proliferation.

The United States can provide a reliable supply of nuclear fuel with uranium that remains below weapons grade levels. Low enriched uranium can be used for the operation of nuclear electric powerplants and most research reactors throughout the world. Reactors that could not be converted to low enriched uranium would be exempted from the prohibition and no current research reactors would be shut down as a result of this prohibition on the export of highly enriched uranium.

The Markey amendment is consistent with the broad proliferation principles expressed by the President on July 16, 1981 and is consistent with the Non-Proliferation Treaty of 1970 which recognizes the right of all countries to develop, research, produce, and use nuclear energy for peaceful purposes without discrimination.

We cannot ignore the dramatic consequences of nuclear weapons proliferation. It is a major concern to all Americans today, as evidenced by recent polls which show how great the fear is among our citizens that nuclear war is a serious threat. Making weapons grade materials accessible is contrary to our nonproliferation policy and our commitment to nuclear arms control and disarmament.

If we do not accept this amendment today and we do not restrict our commerce in highly enriched uranium how can we continue to impress upon the world the dangers of nuclear proliferation.

Mr. FOGLIETTA. Mr. Chairman, I rise in strong support of this amendment.

The proliferation of nuclear weapons is the greatest threat to the world today. Tensions among nations are increasing, and leaders of those nations are becoming more and more distrustful of each other. A greater number of nations are gaining freedom and independence every year, and by their very nature are unstable. Their inexperienced leaders are looking toward the acquisition of advanced technical and atomic weapons to protect their countries. This is an extremely volatile—and, I think, a very scary—situation.

Mr. Chairman, I strongly believe that the production and exportation of enriched uranium—which is essential to the production of atomic weapons—should be scrupulously monitored and limited. The more that enriched uranium is being marketed in the world, the greater the likelihood is that it will fall into irresponsible hands—and be used in a negative way.

We must deter the production of atomic weapons in our own Nation and discourage their stockpiling in the other superpowers. And more than that, we must not encourage the spread of these weapons to all corners of the world.

It must be obvious to every one of my colleagues that the health and future of all the people on this planet depend in part on our vote today. We have a great responsibility and a great opportunity here at this moment, and I urge and implore my colleagues to support the amendment offered by Mr. MARKEY.

The CHAIRMAN. The Chair recognizes the gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Chairman, it seems that when we get on this subject matter, the level of rhetoric really goes up. We hear where the United States indiscriminately exports uranium.

The fact of the matter is that the uranium goes to our friends and allies, and that certainly is not an indiscriminate exporting.

We hear about making weapons as if anyone could just walk in and take uranium and manufacture weapons. The fact is that they need highly complex production and laboratory facilities.

I have even heard it said that this amendment might preclude us from responding to a nuclear attack from the Soviets because we would be exporting weapons grade material in responding to such attack.

So we get on these kinds of arguments, and the rhetoric rises. But the facts are, Mr. Chairman, that we cannot live with this amendment.

(By unanimous consent, Mr. WEAVER yielded his time to Mr. MARKEY).

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I think I made the main points that I had in mind to make, but let me just add a couple.

This is a technical question. It is not an easy one. The gentleman from Massachusetts (Mr. MARKEY) well knows that, because he has been through five different versions of this amendment trying to arrive at a reasonable solution. I think the very fact that he has changed one word in the last version suggests that.

I mentioned the fact that we are not opposed to the export of medium-enriched uranium. This amendment, however, would preclude that, because medium-enriched uranium is in the neighborhood of 40-percent enriched. That is a minor point perhaps, but it is an indication of the difficulty of this problem.

Finally, let me just point out that the NRC is not equipped to do the job that the gentleman suggests they must do here. There is no funding in this bill to permit them to do the job. They are already busy enough. They are already falling behind on the jobs they have to do. Let us not load them down with another job that is difficult, technical, and probably unnecessary.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. MOORHEAD).

Mr. MOORHEAD. Mr. Chairman, I rise in opposition to the amendment.

U.S. highly enriched uranium is exported primarily to Western European countries and Japan for use in approximately 60 reactors. All of the research reactors in question are subject to International Atomic Energy Agency safeguards or abide by equivalent standards. Most research reactors can in time be converted from using highly enriched uranium to using low-enriched uranium, and this conversion process is now underway.

Cutoff of highly enriched uranium to our allies would jeopardize the conversion process and it would harm our relationship with some of our closest allies who cooperate with us on peaceful nuclear research.

Additionally, if the United States were to cut off the supply of highly enriched uranium precipitously there could be an increase in the number of highly enriched uranium suppliers outside of the United States. And this, of course, would have a serious detrimental effect on nonproliferation efforts. There is no doubt that we must do all that we can to reduce the demand for export of highly enriched uranium for research reactors, but until we can achieve that goal in a reasonable way we must not irrationally cut off our allies.

I ask for a "no" vote.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I rise in support of the amendment, as I did before.

I think the important thing here is to send a signal to this administration that is seeking to weaken the nonproliferation treaty and who just recently sought to circumvent the shipment of materials to Brazil, and to tell them that the Congress is really serious about nonproliferation and sees this as one of the greatest problems.

(By unanimous consent, Mr. OTTINGER yielded the balance of his time to Mr. MARKEY.)

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Chairman, this amendment is not a radical amendment, but it is not an unnecessary amendment. It is one which sends a signal to the administration that the Congress is serious about putting together a nonproliferation policy which has some real teeth in it.

We give to the Nuclear Regulatory Commission the authority and the ability to grant exemptions, to grant waivers to those countries which are not technically, feasibly capable of converting their reactors from the use of highly enriched uranium to low-enriched uranium.

□ 1300

But we established a presumption that no longer will the United States engage in the international transport of highly enriched uranium without a really compelling reason for us to do so. We will put pressure upon our allies, upon all nations of the world, to begin the process of backing out of this commerce in highly enriched uranium, to indeed serve as a reliable supplier of low-enriched uranium, to give them access to low-enriched uranium which makes it possible for them to conduct their nuclear research but not to simultaneously, concomitantly, run the risk of nuclear proliferation. We must reduce the risk of bombs making programs being developed in countries with this material.

Before I conclude, I would like to address a misleading statement which was put forward by the gentleman from New York (Mr. BINGHAM). Mr. BINGHAM quoted from a statement by Chairman ZABLOCKI expressing the desire that my efforts on the highly enriched uranium issues be focused on retaining funds for the RERTR program. Let me briefly summarize my work on behalf of this program.

To protect the RERTR program, which has had a precarious budget for the past 2 years, my staff and I have worked with the principal staff and chairmen of the House and Senate Ap-

propriations Subcommittees dealing with RERTR, and with the management of DOE. I welcome the future support of Mr. BINGHAM and Chairman ZABLOCKI in continuing this effort.

Needing $5 million annually to compete its work expeditiously, RERTR received a $1 million appropriation for fiscal year 1981. It survived with help from the State Department. As late as mid-October, however, middle management at DOE in response to the continuing budget resolution, had scheduled it for $0.5 million, a termination budget. On October 27 I was told by DOE management that pending the appropriation bill, RERTR will be budgeted at about $3 million for fiscal year 1982. Clearly, there has been and will continue to be a strong effort made to preserve this program, and this amendment is intended as firm support for that program.

So I say to the gentleman from New Mexico (Mr. LUJAN) who said we could not live with this amendment, I would argue that we cannot live without it. It is time for the United States to make a statement, to make a statement to the world, and to not wait for others to make the statement before us that we no longer will condone, we will no longer sanction those kinds of experiments to go on in countries that use bomb grade highly enriched uranium. We will supply them uranium and help them in their nuclear technologies, but we will not be the vehicle by which they will obtain the materials which allow them or someone they give this material to have access to bomb grade highly enriched uranium.

I hope, with enthusiasm, that this Congress will endorse this position. It is a modest step, but it is a necessary one. It sends a signal to the administration that we will not accept their retrenchment from a nonproliferation policy which is very evident in all of their policies.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MARKEY) has expired.

The Chair recognizes the gentleman from Arizona (Mr. UDALL) to close debate.

Mr. UDALL. Mr. Chairman, I support very fervently most of the goals the gentleman from Massachusetts (Mr. MARKEY) and his colleagues have been talking about here in relationship to this amendment. But for the reasons stated by the gentleman from New York (Mr. BINGHAM), I personally will vote no on the amendment and I urge my colleagues to do likewise.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. MARKEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MARKEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 100, noes 293, not voting 40, as follows:

[Roll No. 294]

AYES—100

Addabbo	Gray	Pursell
Akaka	Hall (OH)	Rangel
AuCoin	Heckler	Ratchford
Bedell	Hertel	Reuss
Beilenson	Hughes	Richmond
Benjamin	Jacobs	Rinaldo
Bennett	Jeffords	Rodino
Blanchard	Kastenmeier	Rosenthal
Bonior	Kildee	Sabo
Bonker	Lantos	Schneider
Brodhead	Leland	Schroeder
Burton, John	Long (MD)	Schumer
Burton, Phillip	Lowry (WA)	Seiberling
Collins (IL)	Markey	Shannon
Conte	Mavroules	Smith (NJ)
Conyers	McCloskey	Snowe
Coyne, William	McDade	St Germain
Daschle	McHugh	Stark
Dellums	Mikulski	Stokes
Dixon	Miller (CA)	Studds
Donnelly	Minish	Synar
Dorgan	Mitchell (MD)	Vento
Downey	Mitchell (NY)	Walgren
Early	Moakley	Washington
Edwards (CA)	Moffett	Waxman
Evans (IN)	Mottl	Weaver
Fazio	Nelligan	Weber (MN)
Ferraro	Nowak	Weiss
Fish	Oakar	Wirth
Foglietta	Oberstar	Wolpe
Ford (MI)	Obey	Wyden
Frank	Ottinger	Yates
Gejdenson	Panetta	
Gonzalez	Patterson	

NOES—293

Albosta	Coelho	Fields
Alexander	Coleman	Findley
Andrews	Collins (TX)	Fithian
Annunzio	Conable	Flippo
Anthony	Corcoran	Foley
Applegate	Coughlin	Ford (TN)
Archer	Courter	Forsythe
Ashbrook	Coyne, James	Fountain
Aspin	Craig	Fowler
Atkinson	Crane, Daniel	Frost
Badham	Crane, Philip	Gaydos
Bafalis	D'Amours	Gephardt
Bailey (MO)	Daniel, Dan	Gibbons
Bailey (PA)	Daniel, R. W.	Gilman
Barnes	Danielson	Gingrich
Beard	Dannemeyer	Glickman
Benedict	Daub	Goodling
Bereuter	Davis	Gore
Bethune	de la Garza	Gradison
Bevill	DeNardis	Gramm
Biaggi	Derrick	Green
Bingham	Derwinski	Gregg
Bliley	Dingell	Grisham
Boggs	Dornan	Guarini
Boland	Dougherty	Gunderson
Boner	Dowdy	Hagedorn
Bouquard	Dreier	Hall, Ralph
Bowen	Duncan	Hall, Sam
Breaux	Dunn	Hamilton
Brinkley	Dwyer	Hammerschmidt
Brooks	Dymally	Hance
Broomfield	Dyson	Hansen (ID)
Brown (CA)	Edwards (AL)	Hansen (UT)
Brown (CO)	Edwards (OK)	Harkin
Broyhill	Emerson	Hartnett
Burgener	Emery	Hatcher
Butler	English	Hefner
Byron	Erdahl	Heftel
Campbell	Erlenborn	Hendon
Carman	Ertel	Hightower
Carney	Evans (DE)	Hiler
Chappell	Evans (GA)	Hillis
Chappie	Evans (IA)	Holland
Cheney	Fary	Hollenbeck
Clausen	Fascell	Holt
Clinger	Fenwick	Howard
Coats	Fiedler	Hoyer
Hubbard	Molinari	Sharp
Hunter	Mollohan	Shaw
Hutto	Montgomery	Shelby
Hyde	Moore	Shumway
Ireland	Moorhead	Shuster
Jeffries	Morrison	Simon
Jenkins	Murphy	Skeen
Jones (OK)	Murtha	Skelton
Jones (TN)	Myers	Smith (AL)
Kazen	Napier	Smith (NE)
Kemp	Natcher	Smith (PA)
Kindness	Neal	Snyder
Kogovsek	Nelson	Solarz
Kramer	Nichols	Solomon
LaFalce	O'Brien	Spence
Lagomarsino	Oxley	Stangeland
Latta	Parris	Stanton
Leach	Patman	Staton
Leath	Paul	Stenholm
LeBoutillier	Pease	Stratton
Lent	Pepper	Stump
Levitas	Petri	Swift
Lewis	Peyser	Tauke
Livingston	Pickle	Tauzin
Loeffler	Porter	Thomas
Long (LA)	Price	Traxler
Lott	Pritchard	Trible
Lowery (CA)	Rahall	Udall
Lujan	Railsback	Vander Jagt
Luken	Regula	Volkmer
Lundine	Rhodes	Walker
Lungren	Ritter	Wampler
Madigan	Roberts (KS)	Watkins
Marks	Roberts (SD)	Weber (OH)
Marlenee	Robinson	White
Marriott	Roe	Whitehurst
Martin (IL)	Roemer	Whitley
Martin (NC)	Rogers	Whittaker
Mattox	Rose	Whitten
Mazzoli	Rostenkowski	Wilson
McClory	Roth	Winn
McCollum	Rousselot	Wolf
McCurdy	Roybal	Wortley
McDonald	Rudd	Wright
McEwen	Russo	Wylie
McGrath	Santini	Yatron
McKinney	Sawyer	Young (AK)
Mica	Scheuer	Young (FL)
Michel	Schulze	Young (MO)
Miller (OH)	Sensenbrenner	Zeferetti
Mineta	Shamansky	

NOT VOTING—40

Anderson	Fuqua	Pashayan
Barnard	Garcia	Perkins
Bolling	Ginn	Quillen
Brown (OH)	Goldwater	Roukema
Chisholm	Hawkins	Savage
Clay	Hopkins	Siljander
Crockett	Horton	Smith (IA)
Deckard	Huckaby	Smith (OR)
Dickinson	Johnston	Taylor
Dicks	Jones (NC)	Williams (MT)
Eckart	Lee	Williams (OH)
Edgar	Lehman	Zablocki
Florio	Martin (NY)	
Frenzel	Matsui	

□ 1415

The Clerk announced the following pairs:

On this vote:

Mr. Crockett for, with Mr. Jones of North Carolina against.

Mr. Hawkins for, with Mr. Huckaby against.

Mr. Eckart for, with Mrs. Roukema against.

Mr. Garcia for, with Mr. Johnston against.

Mrs. Chisholm for, with Mr. Frenzel against.

Mr. Savage for, with Mr. Taylor against.

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. UDALL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, a number of Members have asked about our intention with

regard to finishing up this bill. As far as I know, there is only one amendment, which is generally acceptable on both sides, I am advised. I am advised that there is one request for a colloquy, which should take a couple of minutes, at the most. So if all goes well, and we have the cooperation of the Members, we should be voting on final passage within the next 10 minutes.

Mr. Chairman, I would be willing to yield to the gentleman from California (Mr. MOORHEAD) for that colloquy, if he wishes.

Mr. MOORHEAD. I thank the gentleman for yielding.

Mr. Chairman, I would like to ask my friend and distinguished chairman of the Interior Committee some questions concerning the compromise language on State consultation in section 11 repealing the Sholly court decision.

Am I correct this section requires that consultation with the States in no way be construed to delay the effective date of a no significant hazards license amendment?

Am I also correct that by consultation it is intended when practicable, a State, through the Governor or his designee would receive notice of the proposed license amendment, the NRC's evaluation of the license amendment and its proposed decision on the amendment, and the Governor or his designee would have an opportunity to make comments on the proposed amendment prior to its issuance.

Am I correct that in no way does consultation give the State a veto or concurrence right over the proposed license amendment, or a right to a hearing on the amendment, or a right to insist on delaying or postponing the effective date of the amendment? Am I also correct consultation under this section in no way alters present provisions of law which reserve to the NRC exclusive responsibility for setting and enforcing radiological health and safety requirements for nuclear powerplants?

Finally, am I correct that consultation would only be required under this section when practicable, and in some cases the NRC, despite good faith efforts, cannot contact the Governor or his designee and thus would not be required to consult prior to the effective date of the license amendment? For example, a utility may request a nonsafety-related license amendment late on a Friday afternoon, and the NRC may not be able to contact the Governor or his designee before the weekend, despite good faith efforts. Am I correct that in such a case, the NRC would be able to make a no significant hazards license amendment effective without prior consultation, if necessary to avoid the shutdown of the powerplant?

Mr. UDALL. I thank my distinguished colleague for his excellent questions regarding the interpretation of State consultation in section 11. My colleague is correct and my answer to his questions is yes in all respects.

Mr. MOORHEAD. I thank the distinguished Member for his response.

Mr. Chairman, I move to strike the requisite number of words.

I commend my colleague for his leadership in achieving the broad, bipartisan compromise agreement on this important bill. I would like to clarify two points with him.

First, is it not true that section 12 of this bill is narrowly and strictly limited to those powerplants which may be completed and ready to operate during fiscal years 1982 and 1983 only?

Mr. OTTINGER. If the gentleman will yield, the answer is yes, my colleague is correct.

Mr. MOORHEAD. Current projections are that anywhere from 11 to 20 plants may be completed during that time period, and it is important that those plants, whether they have yet been identified to be delayed or not, be eligible to apply for temporary operating licenses under section 12.

Second, is it not true that temporary operating licenses may be issued for up to full power operation under section 12, but must be initially limited to fuel loading and low power testing, and operation at higher power levels under the temporary license may only be undertaken with further authorization by the NRC?

Mr. OTTINGER. Mr. Chairman, if the gentleman will yield, it is my understanding that only plants which in fact are subject to licensing delays would be subject to the temporary operating licenses. The number of plants is correct. But the provision only goes into operation with respect to plants that may be delayed by the operating licenses.

Second, it is my understanding, from the language of the statute, that in order to go from a 5 percent fuel loading to a higher power level, an amendment would be required, and that amendment would be required subject to the ordinary procedures of the act.

Mr. MOORHEAD. I thank the gentleman from New York.

Mrs. SNOWE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to engage, for a moment, in a colloquy with the chairman of the Subcommittee on Energy Conservation and Power.

I think some of the language needs further amplification.

I would like to ask the gentleman for an explanation of the language in section 11(a) of H.R. 4255 which allows the Nuclear Regulatory Commission to issue and make immediately effective amendments to a license for nuclear power reactors when the Commission determines that the amendment involves no significant hazards consideration.

Does the language relating to the no significant hazards determination mean that the Commission will only grant license amendments in situations where there are no significant safety questions raised?

Mr. OTTINGER. If the gentlewoman will yield, the gentlewoman is absolutely correct.

Mrs. SNOWE. Would the gentleman anticipate this no significant hazards consideration would not apply to license amendments regarding the expansion of a nuclear reactor's spent fuel storage capacity or the reracking of spent fuel pools?

Mr. OTTINGER. If the gentlewoman will yield, the expansion of spent fuel pools and the reracking of the spent fuel pools are clearly matters which raise significant hazards considerations, and thus amendments for such purposes could not, under section 11(a), be issued prior to the conduct or completion of any requested hearing or without advance notice.

Mrs. SNOWE. Could the gentleman clarify the meaning of the further language in section 11(a) which states that the Commission shall consult with States in which facilities under consideration for a license amendment are located, where practicable, before the issuance of the license amendment.

Would I be correct in assuming that, in a vast majority of the cases, the Nuclear Regulatory Commission would find it practicable to consult with the affected State, and only in rare and unusual instances would the Commission find it impracticable to involve the State in a license amendment discussion?

Mr. OTTINGER. Again, the gentlewoman is absolutely correct.

Mrs. SNOWE. And the last question: Could the gentleman also clarify the meaning of the language which goes on to declare that the consultation shall not be construed to delay the effective date of a license amendment. Could the gentleman assure me that this would not mean that the NRC's actions would be influenced more by the desire for speedy action than by the necessity to assure public safety in license amendment cases?

Mr. OTTINGER. I can assure the gentlewoman that if a question of public safety is involved, these procedures would not be used, for the proposed amendment would then involve an issue which did raise a significant hazards consideration. I believe that when safety is a question, desire for speedy action should not be a factor unless the failure to act creates an even greater danger under the act.

The gentlewoman's questions are very good ones.

Mrs. SNOWE. I thank the gentleman for establishing more precisely

and clearly the legislative intent of this legislation.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On page 16 following line 20 add a new section as follows:

SEC. 14. No funds authorized to be appropriated under this Act may be used by the Commission to approve any willful release of radioactive water resulting from the accident at the Three Mile Island Nuclear Reactor Number Two into the Susquehanna River or its watershed.

□ 1430

Mr. WALKER. Mr. Chairman, this amendment is self-explanatory, and I think it is noncontroversial. There is no stated opposition to the substance of the amendment and I would ask for its approval.

Mr. Chairman, many of those who live in the shadow of Three Mile Island no longer trust their Government or the scientific community. Based on their experience during the course of the TMI accident, and the intervening period, they cannot help but believe that they have been repeatedly lied to, and that they have been used as unwilling guinea pigs.

Despite all this, we have not turned our backs on nuclear power. We recognize that there must be a place for the nuclear option in America's energy future. But we want assurances that controls will be better in the future. We want assurances that governmental and scientific response in case of future accidents will be far more rapid, far better organized, and infinitely more accurate than they were at Three Mile Island.

But most of all, we must let it be known that we will no longer be used as guinea pigs.

Today, I rise as the author of an amendment which, quite simply, says that we will no longer be experimented with without our knowledge or permission, that we will no longer be put at risk without our permission; and that, sadly, we no longer believe Government scientists when they tell us that there is no danger to small exposures to radiation.

The issue addressed by this amendment is the eventual fate of more than 600,000 gallons of radioactive water which resulted from that accident more than 2 years ago.

Starting only days after the accident, plans surfaced to dump that radioactive water into the Susquehanna River. There has been a smokescreen which has led many people to believe that the radioactivity can be filtered from the water. That is just not possible.

The water itself is radioactive. Tritium, a radioactive isotope of hydrogen, has replaced hydrogen as one of the atoms in the molecule of water inside the damaged reactor. The radioactivity cannot be filtered out. It cannot be reversed. It cannot be neutralized. The laws of physics cannot be repealed. The only way the radioactivity can be dissipated is through natural radioactive decay. The nuclear half-life of tritium is approximately 12 years.

Any dumping of that water into the Susquehanna River, regardless of filtration, and regardless of dilution, will be the introduction of radioactivity into a river which is the source of drinking water for tens of thousands of people who lived through the Three Mile Island incident. It would mean introduction of more than 600,000 gallons of radioactive water into a river which is a major source of fresh water for one of the finest estuary systems in the world, the Chesapeake Bay.

The adverse effects on the environment cannot be calculated. The potential for harm is terrible to contemplate. But these environmental consequences pale beside the psychological stresses that would be placed upon the human population downstream from Three Mile Island.

After all the unnecessary and spectacular media coverage of the TMI accident, the faith of the local population has been shaken. Since the accident, the opponents of nuclear power have repeatedly used this issue as a major rallying point. It is impossible to convince people who know that they already have been repeatedly lied to by their Government that they are at no risk by the dumping of 600,000 gallons or more of radioactive water into their drinking water. They don't believe there is no risk and they will not accept being put at risk for a mere miniscule economic advantage.

Studies have shown that there is more than enough room on Three Mile Island for safe storage of this radioactive water for long enough for natural nuclear decay to drop the radioactivity well below hazardous levels. Other studies have indicated that once this water has been filtered to remove highly contaminated radioactive resins and further treatment to condition the water it will be perfectly acceptable for use as industrial water on the island despite its radioactivity.

Obviously, the dumping it into the river, ignoring the environmental and psychological consequences, and forgetting the problem, will be economically cheaper in the short run.

But I can assure you that the public reaction against any move to dump that water would be a fire storm of protest. The issue is a potential rallying point for all of the antinuclear movement. The people who will be directly affected have passed the point of being willing to passively accept such treatment. They are tired of being pushed around. They are ready to fight.

Let me say that this battle is not necessary. This fight is not inevitable. There is no justification for us to keep pushing these innocent citizens until they finally feel their backs against the wall.

The economic advantages of river dumping are small. The value of lost public support and destroyed governmental credibility are potentially very great. Surely one balances the other and one's duty to protect the public health and welfare mitigates in favor of our acting to protect people over protecting mere economic advantage.

Mr. Chairman, my amendment places a limitation on the use of funds by the Nuclear Regulatory Commission to further any intentional release of radioactive waters resulting from the accident at Three Mile Island reactor No. II into the Susquehanna River or its watershed. The author of the amendment wants only to insure that this radioactive water is not intentionally dumped into the Susquehanna River when there are other alternatives available which are far more environmentally desirable and which pose no threat to those living downstream.

We cannot permit a callous and uncaring government to allow actions which are strongly resisted by the affected people for more minor economic advantage. We cannot permit Government agencies to ride roughshod over the citizenry. Let us send a message today to the NRC and the rest of Government.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I was opposed to this originally. I think and thought then it is kind of bad policy to have Congress legislating on one aspect of one nuclear reactor and one particular powerplant, the Three Mile Island case, and I am willing to go along with it on that basis. I do not know how we will fare in conference, but I will do my best.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I also have no problems with the amendment.

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. MOORHEAD. Mr. Chairman, we would be happy to accept the amendment on Commerce and have no objection.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Chairman, we also accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments?

If not, the question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GLICKMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2330) to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes, pursuant to House Resolution 217, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE WISDOM OF THE PEOPLE IS THE WISDOM OF THE WASHINGTON EXPERTS

(Mr. ST GERMAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ST GERMAIN. Mr. Speaker, as I have informed Members of the House as well as the public in recent weeks, the Banking, Finance and Urban Affairs Committee is in the midst of a series of field hearings in an attempt to hear directly from the people impacted by changing economic conditions and policies.

This information, coming from the grassroots, will be invaluable as this committee meets its responsibilities in housing, monetary policy, municipal finance, economic stabilization, trade, and other areas of our jurisdiction.

Some have suggested that the cost of hearing from the people is too high. Instead, they think the Congress should depend solely on the wisdom of the Washington crowd—the OMB experts, the Government economists, the trade associations, and others who are fond of telling us that they are the ones who truly know what the people are thinking. And that they know what the people want.

Mr. Speaker, we have decided policies and programs all too often by hearing only from these ivory tower Washington experts. I realize that there are some in the Congress and in the executive branch who shudder at the thought of having unemployment statistics translated into human terms. It is easier talking about percentages than actually facing the worker with a family who doesn't know where the next paycheck is coming from.

It is easier—much easier—to sit in Washington and talk about the glories of esoteric Federal research monetary policy than to look across the table in St. Paul, Minn., at the small businessman who tells you he is going out of business because of high interest rates—a lifetime of dreams down the drain.

Mr. Speaker, the American people do have a right to appear before committees of Congress on their own home grounds and to tell us how they see and feel economic policies in their communities.

Mr. Speaker, we heard 71 witnesses in Minnesota on October 19 and I do not know the political affiliations of any of them. They were simply people—from all walks of life—who wanted to be heard, to tell a committee of Congress how they viewed economic conditions, how they were faring in today's economy. Few of them would ever have an opportunity to come to Washington to testify and few to my knowledge had big national trade associations to broker for them in the capital.

Mr. Speaker, I find it sad indeed that a Member of Congress would attack the idea of Washington going to the people. This more than anything else probably illustrates just how important and how long overdue is the need for this committee to go into the field and see the people.

Let me assure those who attack the committee's efforts that the problems are out there and people are out there. The problems are not going away by adopting a head in the sand, Washington knows best attitude.

The attitude of some on the minority side is "Let them come to Washington if they have something to say."

Mr. Speaker, I think such a cavalier attitude about the people's concern over high interest rates, inflation, and economic uncertainties is appalling in the legislative body of the world's greatest democracy. And the ultimate cost of this "Let them eat cake" approach is far, far more costly than the costs of sending Members of Congress to hear from the people.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

CONFERENCE REPORT ON H.R. 4035, INTERIOR AND RELATED AGENCIES APPROPRIATION, 1982

Mr. YATES submitted the following conference report and statement on the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 97-315)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 5, 10, 15, 27, 29, 56, 66, 67, 80, 87, 91, 98, 110, 113, 120, 121, 128, 133, 137, 139, 141, and 142.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 13, 18, 19, 26, 30, 34, 40, 42, 43, 44, 45, 46, 47, 49, 50, 51, 52, 54, 59, 60, 61, 65, 68, 70, 71, 72, 81, 82, 83, 84, 89, 90, 94, 96, 100, 102, 105, 109, 115, 116, 129, 138, 140, and 143, and agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$6,961,000*; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$17,178,000*; and the Senate agree to the same.

Amendment numbered 17:

That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment insert *$6,000,000*; and the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$12,888,000*; and the Senate agree to the same.

Amendment numbered 24:
That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows:
Restore the matter stricken by said amendment amended to read as follows:

Urban Park and Recreation Fund

For supplemental grants to existing "innovation grants" made under authority of section 1003 of the Urban Park and Recreation Recovery Act of 1978 (title 10 of Public Law 95-625), $8,000,000, to remain available until expended.; and the Senate agree to the same.

Amendment numbered 28:
That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$107,773,000*; and the Senate agree to the same.

Amendment numbered 32:
That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$515,151,000*; and the Senate agree to the same.

Amendment numbered 37:
That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$108,161,000*; and the Senate agree to the same.

Amendment numbered 38:
That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$60,953,000*; and the Senate agree to the same.

Amendment numbered 39:
That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows:
In lieu of the matter stricken and inserted by said amendment insert: *$106,335,000, of which $16,000,000 shall be available to the Bureau of Mines to carry out research, demonstration, and reclamation projects authorized by section 403, Public Law 95-87, to be derived from receipts of the Abandoned Mine Reclamation Fund*; and the Senate agree to the same.

Amendment numbered 48:
That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$97,529,000*; and the Senate agree to the same.

Amendment numbered 53:
That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$49,125,000*; and the Senate agree to the same.

Amendment numbered 57:
That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$89,679,000*; and the Senate agree to the same.

Amendment numbered 58:
That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$84,352,000*; and the Senate agree to the same.

Amendment numbered 62:
That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$79,330,000*; and the Senate agree to the same.

Amendment numbered 63:
That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$18,333,000*; and the Senate agree to the same.

Amendment numbered 69:
That the House recede from its disagreement to the amendment of the Senate numbered 69, and agree to the same with an amendment, as follows:
In lieu of the matter stricken and inserted by said amendment insert *"111"*; and the Senate agree to the same.

Amendment numbered 75:
That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$66,315,000*; and the Senate agree to the same.

Amendment numbered 76:
That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$60,860,000*; and the Senate agree to the same.

Amendment numbered 79:
That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$223,278,000*; and the Senate agree to the same.

Amendment numbered 88:
That the House recede from its disagreement to the amendment of the Senate numbered 88, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$27,356,000*; and the Senate agree to the same.

Amendment numbered 99:
That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$161,490,000*; and the Senate agree to the same.

Amendment numbered 103:
That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$23,900,000*; and the Senate agree to the same.

Amendment numbered 107:
That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$82,207,000*; and the Senate agree to the same.

Amendment numbered 108:
That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$624,630,000*; and the Senate agree to the same.

Amendment numbered 118:
That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$10,481,000*; and the Senate agree to the same.

Amendment numbered 119:
That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$133,823,000*; and the Senate agree to the same.

Amendment numbered 122:
That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$8,000,000*; and the Senate agree to the same.

Amendment numbered 123:
That the House recede from its disagreement to the amendment of the Senate numbered 123, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$31,057,000*; and the Senate agree to the same.

Amendment numbered 124:
That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$3,850,000*; and the Senate agree to the same.

Amendment numbered 125:
That the House recede from its disagreement to the amendment of the Senate numbered 125, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$1,950,000*; and the Senate agree to the same.

Amendment numbered 126:
That the House recede from its disagreement to the amendment of the Senate numbered 126, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$119,000,000*; and the Senate agree to the same.

Amendment numbered 127:
That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$107,635,000*; and the Senate agree to the same.

Amendment numbered 130:
That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows:
In lieu of the sum proposed by said amendment insert *$106,000,000*; and the Senate agree to the same.

Amendment numbered 131:

That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$94,200,000*; and the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$11,800,000*; and the Senate agree to the same.

Amendment numbered 134:

That the House recede from its disagreement to the amendment of the Senate numbered 134, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$30,000,000*; and the Senate agree to the same.

Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$21,600,000*; and the Senate agree to the same.

Amendment numbered 136:

That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$12,000,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 4, 6, 8, 9, 11, 12, 20, 21, 22, 25, 31, 33, 35, 36, 41, 55, 64, 73, 74, 77, 78, 85, 86, 92, 93, 95, 97, 101, 104, 106, 111, 112, 114, and 117.

SIDNEY R. YATES (except amendment No. 97),
CLARENCE D. LONG,
JOHN P. MURTHA,
NORMAN D. DICKS,
LES AUCOIN,
JAMIE WHITTEN,
JOSEPH M. MCDADE,
RALPH REGULA,
SILVIO O. CONTE,
Managers on the Part of the House.

JAMES A. MCCLURE,
PAUL LAXALT,
JAKE GARN,
HARRISON J. SCHMITT,
THAD COCHRAN,
MARK ANDREWS,
WARREN RUDMAN,
MARK O. HATFIELD,
ROBERT C. BYRD,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
PATRICK J. LEAHY,
DENNIS DECONCINI,
QUENTIN N. BURDICK,
DALE BUMPERS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4035), making appropriations for the Department of the Interior and Related Agencies for the fiscal year ending September 30, 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that administrative expenses associated with the Oregon and California Grant Lands and Acquisition, Construction, and Maintenance appropriations may be funded in the Management of lands and resources appropriation.

Amendment No. 2: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $370,131,000 for management of lands and resources instead of $295,789,000 as proposed by the House and $367,631,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The net increase over the amount proposed by the Senate is a decrease of $750,000 for wilderness review, an increase of $750,000 for natural and cultural resources, and an increase of $2,500,000 for cadastral survey.

The managers agree that the amount provided includes $79,841,000 for general administration, including a reduction of $101,000 for the Office of Congressional Liaison. The managers also agree that General Administration should be treated as a separate budget activity, and should be fully justified in the FY 1983 budget submission, including a full explanation of any proposed changes.

The managers are aware of the concern with the Federal Prison Industry backlog. The National Park Service has begun discussions with the FPI and is encouraged by the spirit of cooperation the FPI is showing. The Department is to ensure that the Fish and Wildlife Service, the BLM, the BIA, and the NPS work closely with the FPI to reduce the backlog. If better service does not result, the Committee will support legislative relief in fiscal year 1983.

The managers agree that $356,000 is provided within available funds for operations in the Steese National Conservation Area and the White Mountain National Recreation Area in order to complete the necessary mineral inventory and processing plans of operation by December 1984. The managers also agree that an additional $300,000 is provided within available funds for withdrawal reviews in Alaska.

Amendment No. 3: Appropriates $12,720,000 for acquisition, construction, and maintenance as proposed by the House instead of $12,370,000 as proposed by the Senate.

Amendment No. 4: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $99,500,000 for the payments in lieu of taxes program instead of $105,000,000 as proposed by the Senate. In lieu of the matter proposed by said amendment insert the following:

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976 (31 U.S.C. 1601), $99,500,000 of which not to exceed $400,000 shall be available for administrative expenses: Provided, That this appropriation may be used to correct underpayments in the previous fiscal year to achieve equity among all qualified recipients.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 5: Restores House language stricken by the Senate which includes administrative expenses in the land acquisition account.

Amendment No. 6: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $3,137,000 for land acquisition instead of $1,137,000 as proposed by the House and $2,300,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The increase in the amount proposed by the House is $2,000,000 to Yaquina Head ONA.

Amendment No. 7: Deletes separate General Administration appropriation proposed by the House.

Amendment No. 8: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which prohibits the use of funds provided in this Act to determine the suitability or nonsuitability for wilderness of lands withdrawn by Executive Order numbered 3767 of December 19, 1922.

OFFICE OF WATER RESEARCH AND TECHNOLOGY

Amendment No. 9: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

Restore the matter stricken, amended to read as follows:

OFFICE OF WATER RESEARCH AND TECHNOLOGY

SALARIES AND EXPENSES

For expenses necessary in carrying out the provisions of the Water Research and Development Act of 1978 (Public Law 95-467) and provisions of Public Law 95-84, as amended (42 U.S.C. 1959-1959 i), $11,194,000, of which $2,955,000 shall remain available for obligation until September 30, 1983.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment provides $11,194,000 for salaries and expenses instead of $9,755,000 as proposed by the House. The net increase above the amount proposed by the House consists of an increase of $6,210,000 for state water resource research institutes and decreases of $950,000 for water reuse, $600,000 for special projects, $2,000,000 for saline water research and development, $250,000 for technology transfer and $971,000 for general program support.

The managers agree that the Department should undertake a serious review of the number of water research institutes, and expect the Department to submit a comprehensive plan for institute reorganization no later than February 15, 1982. A lesser number of strong, regional institutes appears to be preferable to the state-based, diffuse effort now in existence.

The managers also agree that industry should begin to assume the program for research and development in water reuse and saline water. The $4,950,000 provided for these activities should be used to continue the highest priority projects already under-

way, and to provide for support for government facilities at Roswell, NM, and Wrightsville Beach, NC until they can be dismantled or turned over to industry or industry-university teams for further use. The managers expect the Department to submit a comprehensive plan for program and facility transition by February 15, 1982.

Amendment No. 10: Deletes Senate language which established an Office of Water Policy, including functions of the present Office of Water Research and Technology. The managers agree that funds for water policy, planning and coordination ($1,400,000) and for general program support to such functions ($442,000) will be made available in the departmental management account. Although the managers strongly support the effort to establish a coherent National water policy, they believe such functions should be part of the Office of the Secretary rather than an independent office.

UNITED STATES FISH AND WILDLIFE SERVICE

Amendment No. 11: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *including administrative expenses associated with the management of funds provided under the head "Construction and Anadromous Fish", and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408,*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers recognize the importance of the Youth Conservation Corps and accordingly provide up to $3,000,000 but not less than $1,000,000 within available funds to maintain a program. The Fish and Wildlife Service is encouraged to use the maximum amount made available.

Amendment No. 12: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $229,531,000 for resource management instead of $207,235,000 as proposed by the House and $219,328,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of the following increases and decreases: increases of $400,000 for the Instream Flow Analysis Group, $194,000 for animal damage control, $707,000 for operation and maintenance of Corps of Engineers fish mitigation facilities operated by the U.S. Fish and Wildlife Service and the states of Idaho, Washington, and Oregon, and $29,360,000 for a new general administration budget activity; and decreases of $879,000 for environmental contaminant evaluation, $1,487,000 for area-wide planning, $500,000 for coal research and development, $30,000 for the federal coal program, $1,182,000 for water resource analysis, $500,000 for migratory birds research, $150,000 for mammal and nonmigratory birds research, $125,000 for the recreational user fee program on refuges, $150,000 for extension education programs, $253,000 for management services, $271,000 for refuge interpretation activities, $1,050,000 for education assistance and recreation activities, $700,000 for a fishery assistance grant to the State of Washington, and $1,088,000 for fishery assistance to the State of Alaska. No funds are provided for operation of the National Aquarium. The stock of the aquarium is to be distributed to aquariums following normal surplus disposal procedures.

Within available funds, the Service is to provide an increase of $456,000 above the 1981 level for acid rain research; $327,000 for the Barren Ground Caribou study, and $300,000 for the North Slope study for transfer to the Geological Survey. This will permit the Survey to discharge its duties as the lead agency in assessment of oil and gas exploration development and production on the Arctic Wildlife Refuge pursuant to Sec. 1002 of Public Law 96-487. There is no objection to initial development on new Alaska refuges while the refuge management plans are being prepared. The allowance for general administration includes increases over the House of $116,000 for public affairs and $36,000 for congressional and legislative affairs. The Service is to retain the general administration activity in this budget structure and to provide adequate justification of the base program and any increases or decreases.

The Managers agree that the Secretary should review the management structure of the Fish and Wildlife Service with special attention to the area offices. The results of the review should be available for the fiscal year 1983 hearings. The managers also agree the $300,000 in fishery assistance to the State of Washington will be the last grant associated with the Boldt decision.

Amendment No. 13: Deletes House language that would have transferred the National Aquarium to the Smithsonian Institution.

Amendment No. 14: Appropriates $6,961,000 for Construction and Anadromous fish instead of $9,475,000 as proposed by the House and $6,611,000 as proposed by the Senate. The increase of $350,000 over the amount proposed by the Senate is for the construction of 20 ponds at the Warm Springs NFH, GA.

The managers recommend that the Fish and Wildlife Service request a reprogramming to initiate construction of the Gainesville, FL, exotic fish research facility. If such a reprogramming request is not forthcoming, the managers will consider providing funds for the facility in a supplemental.

Amendment No. 15: Restores House language stricken by the Senate which includes administrative expenses in the land acquisition account.

Amendment No. 16: Appropriates $17,178,000 for land acquisition instead of $18,039,000 as proposed by the House and $8,000,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the following: an increase of $850,000 for Yaqui Topminnow Habitat, AZ; and decreases of $700,000 for San Francisco Bay NWR, CA, $151,000 for Trustom Pond NWR, RI, and $860,000 for emergency and inholding acquisition.

Amendment No. 17: Appropriates $6,000,000 for the national wildlife refuge fund instead of $7,000,000 as proposed by the Senate. This amount, with $1,900,000 available in receipts from 1981, will provide a program of $7,900,000.

Amendment No. 18: Deletes House language establishing a separate general administration appropriation for the U.S. Fish and Wildlife Service.

Amendment No. 19: Provides for an increase in the limitation for miscellaneous and emergency law enforcement activities from $75,000 to $100,000 as proposed by the Senate.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *including administrative expenses associated with the management of funds provided under the heads "Construction" and "John F. Kennedy Center for the Performing Arts", and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408,*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers recognize the importance of the Youth Conservation Corps and accordingly provide up to $3,000,000 but not less than $1,000,000 within available funds to maintain a program. The National Park Service is encouraged to use the maximum amount made available.

Amendment No. 21: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $534,252,000 for operation of the National Park system instead of $527,606,000 as proposed by the House and $530,982,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase above the amount proposed by the House consists of the following: increases of $50,000 for the Falls of Clyde and $31,965,000 for a new general administration activity; and decreases of $300,000 for concessions management, $200,000 for Shakespeare in the Parks, $100,000 for commemoration of the bicentennial anniversary of the Battle of Yorktown, $23,219,000 for maintenance, $150,000 for a Geological Survey study in Indiana Dunes, NL, and $1,400,000 for general management plans.

Within available maintenance funds the following projects are funded: RT 209 in Delaware Water GAP NRA—$1,700,000, headquarters security system in Indiana Dunes NL—$500,000, nautical boundary markers for Fort Jefferson NM—$228,000, road improvement in Denali NP—$500,000, and equipment and maintenance for 15 miles of road from September to May in Bryce Canyon NP—$267,000. The managers and the Secretary of Interior agree that the $10,000,000 of health and safety maintenance projects in the House bill may be funded within available funds. In addition to the $150,000 provided for the Geological Survey study $150,000, within available funds, is also to be applied to the study.

The managers agree that the Service should review law enforcement needs in all Park units. If there is disproportionate activity at Buffalo National River the Service should reallocate personnel to meet that need. The managers also agree that the new parks in Alaska should continue to be funded at the 1981 level of $4,700,000. The managers direct the Service to bring the parties involved with public access problems

at Piscataway NP together to resolve the problem in a way that is satisfactory to all parties. The allowance for general administration includes increases above the House for public affairs of $250,000 and $250,000 for the office of legislative affairs. The Service is to continue this separate activity in fiscal year 1983 and to explain the base program as well as any increases or decreases.

Amendment No. 22: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides $85,000 to the Town of Harpers Ferry, WV, for police force use.

Amendment No. 23: Appropriates $12,888,000 for National Recreation and Preservation instead of $13,088,000 as proposed by the House and $12,688,000 as proposed by the Senate. The increase of $200,000 over the amount proposed by the Senate is for grant administration. With this increase, $2,400,000 will be available to administer the Historic Preservation Fund grants and the Urban Park and Recreation Fund.

The managers agree that none of the funds are to continue work related to the Ozette Village archeological dig.

Amendment No. 24: Appropriates $8,000,000 for the Urban Park and Recreation Fund instead of $10,000,000 as proposed by the House.

HISTORIC PRESERVATION FUND

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $1,500,000 of the $26,500,000 appropriated in this bill shall be used to reimburse nine states which did not receive their full survey and planning grants in fiscal year 1981.

The managers agree that in order to perform essential activities, Historic Preservation Fund grants will not be used for acquisition or development or be transferred to local governments. State grants are to be targeted at improving survey and planning systems as the focal point for reducing regulatory problems, assisting Federal agencies, and identifying opportunities for private investment.

The managers also agree that the amount to be made available to the National Trust for Historic Preservation shall be $4,600,000 as proposed by the House instead of $4,700,000 as proposed by the Senate.

Amendment No. 26: Appropriates $88,721,000 for construction as proposed by the Senate instead of $108,771,000 as proposed by the House. The net reduction below the House consists of the following increase and decreases:

Blue Ridge Parkway	+$3,565,000
Repair Kutz Bridge	−3,900,000
Meridian Hill	−454,000
Gateway-Sandy Hook road rehabilitation	−1,965,000
Antietam-Piper barn	−422,000
George Rogers Clark NHS	−670,000
Guadalupe Mountains NP (trail system)	−1,664,000
Paul Douglas Environmental Center, Indiana Dunes NL	−50,000
Slippage	−3,402,000
Jefferson National Expansion Memorial Arch-old courthouse	−2,266,000
Martin Van Buren NHS	−878,000
Perry's Memorial	−2,444,000
San Juan NHS-protective breakwater	−5,500,000
Total	20,050,000

The managers agree that planning for the Paul Douglas Environmental Center, the west access road, and the east unit transit terminal and information center projects at Indiana Dunes NL is to be done within available funds. The managers also agree that the Office of Construction Management should provide the Committees with a plan to assist the Service in management of the Service Construction program.

Amendment No. 27: Restores House language stricken by the Senate which includes administrative expenses in the land acquisition and State assistance account.

Amendment No. 28: Appropriates $107,773,000 for land acquisition and state assistance instead of $100,468,000 as proposed by the House and $176,108,000 as proposed by the Senate. The net increase over the amount proposed by the House consists of the following: increases of $6,150,000 for Big Cypress NP, FL, $2,200,000 to Buffalo NR, AR, $14,500,000 to Chattahoochee NRA, GA, $1,000,000 to Lower St. Croix NSR, MN and WI, $2,000,000 for New River Gorge NR, WV, $500,000 to St. Croix NSR, MN and WI, and $3,550,000 to Virgin Islands NP, VI; and decreases of $2,200,000 to Appalachian Trail, $3,000,000 for Biscayne NP, FL, $5,395,000 for Santa Monica Mountains NRA, CA, $2,000,000 to War in the Pacific NP, Guam, $4,000,000 to deficiencies, $4,000,000 to inholdings, and $2,000,000 to Pinelands National Reserve, NJ.

Amendment No. 29: Deletes Senate language specifying that $100,000,000 of the appropriation is available for payments to the States and that an additional $2,282,000 shall be available for administrative expenses related to payments to the States. No funds are provided for payments to the States and administrative expenses of $4,564,000 are included to administer the existing State program.

Amendment No. 30: Deletes House language that would have established a separate account for administrative expenses of the National Park Service.

Amendment No. 31: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which prohibits the use of any National Park Service appropriations to phase out livestock grazing within Capital Reef NP, UT. The managers agree that the appropriate legislative committee should examine the situation and propose a permanent legislative solution.

GEOLOGICAL SURVEY

Amendment No. 32: Appropriates $515,151,000 for surveys, investigations, and research instead of $535,561,000 as proposed by the House and $508,703,000 as proposed by the Senate. The increase over the amount proposed by the Senate consists of $2,000,000 for volcano hazards, $1,000,000 for world energy assessments, $2,300,000 for regional aquifer system analysis, $1,000,000 for improved instrumentation in the federal water program, and $148,000 to non-energy mineral programs on Federal and Indian lands.

Although small reductions have been made in activity related to regulation and inspection of energy leases on Federal and Indian lands the managers agree that the provision of sufficient inspectors and the upgrading of royalty accounting systems involved in energy leasing to inhibit fraud and theft should be the Department's highest priorities and should not be affected by the reductions.

The managers expect the $2 million provided above the Senate amount for the volcano hazards program will be used to monitor volcanos in the Cascades range other than Mount St. Helens.

The managers agree that no office within the Survey should sustain a disproportionate reduction as part of the agreed to $7,216,000 general reduction in the agency.

The managers expect the Geological Survey to use $3,000,000 for the acquisition and use of side looking airborne radar to collect data from areas considered of highest priority by the Survey, to be derived from funds contained in the fiscal year 1982 appropriation. The Survey is expected to move expeditiously to initiate this program, and to keep the Committees informed of the status of the program; including which of two commercially available technologies is used to collect data in each project initiated by the Survey, in what area such data will be collected, and the programs from which funds will be derived.

Amendment No. 33: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing that $44,727,000 shall be available only for cooperation with States or municipalities for water resources investigations instead of $45,596,000 as proposed by the House and $46,946,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 34: Appropriates $2,288,000 for exploration of National Petroleum Reserve in Alaska as proposed by the Senate instead of $2,600,000 as proposed by the House. The reduction of $312,000 will be absorbed by unanticipated unobligated funds now available.

BUREAU OF MINES

Amendment No. 35: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $151,964,000 for mines and minerals instead of $143,460,000 as proposed by the House and $151,539,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The change from the amount proposed by the House is as follows: reductions of $300,000 for mineral health and safety technology and $900,000 from the $1,400,000 provided by the House for a demonstration reclamation project in the Tri-State district of Kansas, Missouri, and Oklahoma; and increases of $9,629,000 for the mineral institutes program and $75,000 for public affairs.

The managers agree that within available funds $336,000 is available for the Bureau of Mines to perform engineering and design work for a new facility at Bruceton, Pa.

The managers agree that the Department should undertake to reduce the number of mineral research institutes, and expect the Department to submit a comprehensive plan for institute consolidation no later than February 15, 1982. The managers expect that the program will be reduced in fiscal year 1983.

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *of which $9,629,000 shall be available to carry out the provisions of title III of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1221), and*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Within the amount made available from the Abandoned Mine Reclamation Fund, $850,000 will be available for the Centralia, PA, fire.

Amendment No. 37: Provides that $108,161,000 for mines and minerals shall remain available until expended instead of $109,361,000 as proposed by the House and $107,661,000 as proposed by the Senate. The increase over the Senate amount to remain available is $500,000 for minerals environmental technology. The $500,000 is for a demonstration reclamation project in the Tri-State district of Kansas, Missouri, and Oklahoma.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Amendment No. 38: Appropriates $60,953,000 for regulation and technology instead of $66,033,000 as proposed by the House and $60,838,000 as proposed by the Senate. The increase over the amount proposed by the Senate restores $115,000 of the reduction of $230,000 from the state and Federal programs.

Amendment No. 39: Appropriates $106,335,000 for the Abandoned Mine Reclamation Fund instead of $115,227,000 as proposed by the House and $105,335,000 as proposed by the Senate. The increase over the amount provided by the Senate is $1,000,000 for the Rural Abandoned Mine Program. The managers agree that $16,000,000 shall be transferred to the Bureau of Mines. Of this amount, $850,000 is to be used for exploratory drilling and related work in Centralia, PA. The managers expect the Bureau of Mines and the Office of Surface Mining to give top priority to the lives and property of Centralia residents. The managers expect the Department to develop a workable plan to implement this directive and report back to the House and Senate Appropriations Committees on the proposed implementation of this plan within 30 days after enactment of this bill.

The managers agree that the Department should formulate a comprehensive plan to provide for the most effective system for delivery of abandoned mine reclamation services. The Department should report back to the House and Senate Committees on Appropriations no later than February 15, 1982.

Amendment No. 40: Deletes House language as proposed by the Senate. The managers are in agreement that funds appropriated to the Office of Surface Mining Reclamation and Enforcement may be used for administrative expenses for a program that includes the reorganization of its field organization. The managers agree further, however, that any reorganization plan shall not include the transfer of the OSM Western Technical Center at Denver, Colorado.

BUREAU OF INDIAN AFFAIRS

Amendment No. 41: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed by said amendment, insert the following: *$835,646,000, of which not to exceed $4,000,000 shall be available for grants to the Navajo Community College, pursuant to 25 U.S.C. 640c-1, as amended, and*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The amendment appropriates $835,646,000 instead of $797,395,000 as proposed by the House and $814,742,581 as proposed by the Senate.

The net increase over the amount proposed by the Senate consists of the following: increases of $1,754,000 for Indian school equalization formula, $348,000 for the Institute of American Indian Arts, $998,619 for grants to new tribally-controlled community colleges, $2,700,000 for housing, $1,126,000 for the Office of Technical Assistance and Training, $650,000 for road maintenance, $3,450,000 for ADP procurement, $3,500,000 for facilities management, $4,545,000 for management and administration, and $10,000,000 increase resulting from a reduction to the Indian moneys, proceeds of labor (IMPL) offset; and decreases of $300,000 to Public Law 93-638 commitments, $972,000 for Navajo Community College, $2,000,000 for social services, $138,000 for law enforcement, $4,257,000 for employment assistance, $500,000 for irrigation and power, and $1,200 for rounding-off IMPL transfer amounts.

The managers are in agreement that the Indian school equalization formula includes a transfer of $754,000 formerly budgeted under P.L. 93-638 commitments and $1,000,000 budgeted under program management for P.L. 93-638 contracts. In the future, no P.L. 93-638 contract funds should be budgeted under school operations. The managers further agree that the amount provided for the Indian school equalization formula, $158,466,000, will provide a base student value of approximately $2,070, based on current estimates of student enrollment, and that no special programs, as enumerated in the FY 1982 January budget submission, are to be deleted. The managers further agree that the Bureau must complete work on its proposed educational standards, so that an adequate base for school funding can be determined in the future.

The managers agree that the reduction of $2,900,000 in the Johnson-O'Malley program is to remove tribally-controlled contract schools from the program. The managers note that these schools are funded under the Indian school equalization formula, and are also eligible to receive grants under the Department of Education's Indian Education program.

The managers are in agreement on a limitation of $4,000,000 for the Navajo Community College. The Bureau should take all necessary action, including initiating a periodic disbursement system, to ensure the College does not exceed this level of expenditure. The managers also agree that the $4,000,000 increase in the social services program is to provide for general assistance payments for Alaska natives for a six-month period. This will allow time for the Alaska State legislature to appropriate state funds to provide these payments from that time on. If the Bureau finds that $4,000,000 is not sufficient to provide the level of payments to eligible Alaska natives during this six-month period as required based on need, the managers agree that such payments may be made from the remainder of the Bureau's social services program until state funds become available, but not beyond April 1, 1982.

The managers are in agreement that the funds formerly budgeted under the Indian Action program, including the increases of $4,600,000 to housing, $4,450,000 to employment assistance, $750,000 to road maintenance, $1,400,000 to business enterprise development, $500,000 to agriculture, $323,000 to water resources, and $300,000 to wildlife and parks, should be available in FY 1982 at the same location at which the Indian Action money would have been spent. In particular, the Sandia Pueblo, Coushatta tribe, and Fort Hall reservation should receive the same level of support as they received in fiscal year 1981. The Bureau should develop clear guidelines for the use of these funds, in line with the recent Inspector General's report, and in future years, should evaluate these programs for adherence to the guidelines for program effectiveness before renegotiating contracts with the same tribes. The additional $2,700,000 provided for housing shall be used for priority projects under existing HIP guidelines.

The managers agree that within the funds provided for law enforcement, an additional $70,000 is to be available to establish a substation at Dunseith, North Dakota, and to improve law enforcement activities on the Standing Rock reservation.

The managers are in agreement that a total of $57,705,000 is included for General Administration, including reductions of $60,000 from the Office of Public Affairs, $1,550,000 from general management, $257,000 from the Office of the Commissioner, and $4,000,000 from facilities management; and increases of $2,853,000 formerly budgeted under the Construction appropriation, and $1,692,000 formerly budgeted under the Road Construction appropriation. The managers also agree that General Administration should be treated as a separate budget activity and should be fully justified in the FY 1983 budget submission, including a full explanation of any proposed changes and also including funds budgeted for administration of education programs.

The managers direct that as part of the fiscal year 1983 budget submission, all nonessential activities currently conducted by the Office of Technical Assistance and Training be identified as areas of possible savings for future years.

The managers are in agreement that the Bureau may conduct a pilot project in each of the areas to determine the impact of the proposed consolidated grant program. Such a pilot grant program shall be implemented only with the concurrence of the affected tribe.

Amendment No. 42: Provides $57,349,000 for higher education scholarships and assistance to public schools as proposed by the Senate instead of $60,249,000 as proposed by the House.

Amendment No. 43: Inserts codification of the Act cited by the House, as proposed by the Senate.

Amendment No. 44: Adds a reference to the sections following 25 U.S.C. 450, as proposed by the Senate.

Amendment No. 45: Inserts codification of the public law cited by the House, as proposed by the Senate.

Amendment No. 46: Adds a reference to a previously cited Act, as proposed by the Senate.

Amendment No. 47: Deletes a statutory citation, as proposed by the Senate.

Amendment No. 48: Appropriates $97,529,000 for construction instead of $112,619,000 as proposed by the House and $79,282,000 as proposed by the Senate. The net increase above the amount proposed by the Senate consists of the following: Increases of $200,000 for the Rosebud Sioux law enforcement facility, $18,500,000 for the Ak Chin irrigation project, $1,400,000 for other irrigation projects and $1,000,000 for irrigation construction, engineering and supervision; and a decrease of $2,853,000 for construction program management, transferred to the Operation of Indian programs appropriation.

The managers are in agreement that funds for the Black Mesa Day School cannot be provided until submission of the Navajo Day School Study by the Bureau, so that the proper size of the school can be determined. If this issue is resolved in a timely fashion, the managers agree that a request for supplemental funding in fiscal year 1982 will be carefully considered.

The managers are in agreement that a supplemental request for the Ak Chin irrigation project will also be carefully considered, if the project managers are able to maintain the original construction schedule and additional funds in fiscal year 1982 are required to meet the January 1984 deadline for first water delivery.

The managers are concerned with the current method of funding for Indian irrigation projects. Beginning with the fiscal year 1983 budget submission, the Bureau is directed to submit a legislative package to the appropriate authorizing committees for any irrigation construction projects for which initial funding is being requested. A complete justification of the funding required for the projects should also be submitted to the Appropriations Committees as part of the budget submission. No funds will be provided for any projects for which an authorization request has not been submitted to the Congress, in time to allow appropriate consideration by the Committees involved.

Amendment No. 49: Inserts the name and statutory citation of 25 U.S.C. 13, as proposed by the Senate.

Amendment No. 50: Inserts parentheses and comma after Code reference cited by the House, as proposed by the Senate.

Amendment No. 51: Inserts a reference to the Act of May 26, 1928, as proposed by the Senate.

Amendment No. 52: Inserts parentheses and comma after Code reference, as proposed by the Senate.

Amendment No. 53: Appropriates $49,125,000 for road construction instead of $48,800,000 as proposed by the House and $50,816,810 as proposed by the Senate. The increase over the amount proposed by the House is $325,000 transferred from the Indian moneys, proceeds of labor (IMPL) fund.

The managers agree that the amount appropriated does not include $1,300,000 for the Manila Creek Road on the Colville Indian Reservation, since the road is not the tribe's highest priority.

Amendment No. 54: Deletes separate General Administration appropriation proposed by the House.

Amendment No. 55: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *Provided further, That (except in the case of funds held in trust for Indian tribes or individuals) the funds available for expenditure under the "Indian moneys, proceeds of labor" accounts authorized by the Act of May 17, 1926 (Chap. 309, 44 Stat. 560; 25 U.S.C. 155); the Act of March 3, 1883 (22 Stat. 582) in the fifth paragraph under the heading "INDIAN AFFAIRS" (22 Stat. 590; 25 U.S.C. 155); and the Act of March 2, 1887 (24 Stat. 449) in the first paragraph under the heading "MISCELLANEOUS" (24 Stat. 463; 25 U.S.C. 155) may be expended until September 30, 1982, for any purpose for which funds are appropriated under the subheading "Operation of Indian Programs." On September 30, 1982, the balance of such accounts (except for the funds held in trust for Indian tribes or individuals, and not to exceed $10,000,000 which shall be available until expended by eligible tribes for purposes approved by the Bureau of Indian Affairs) shall be deposited into miscellaneous receipts of the Treasury to offset outlays of the Bureau of Indian Affairs and thereafter no funds shall be deposited in such accounts other than funds held in trust for Indian tribes or individuals*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers are in agreement that the amounts remaining in the Indian moneys, proceeds of labor (IMPL) funds, which are for the use of Indian tribes at the locations where deposited, shall remain available until expended. This will allow the tribes at each location where such funds exist to submit proposals to the BIA for use of the funds, and for BIA to make such funds available when the proposals are approved.

The managers do not intend that any funds in the IMPL account representing special deposits on sales of assets (i.e., timber, mining leases, etc.) belonging to the tribes, shall be affected by this provision. The Bureau should take extra care to identify and protect such funds.

Amendment No. 56: Restores House language which continues restrictions on academic and residential programs at the Chilocco, Seneca, and Fort Sill boarding schools, Oklahoma, and Stewart boarding school, Nevada.

The managers agree that excess space at currently operating facilities, such as the Southwestern Indian Polytechnic Institute or Haskell Indian Junior College, may be utilized for residential or non-residential adult vocational programs.

TERRITORIAL AFFAIRS

Amendment No. 57: Appropriates $89,679,000 for administration of territories instead of $92,571,000 as proposed by the House and $87,869,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following: increases of $135,000 for rehabilitation of the Guam crime lab, $270,000 for the Guam parks and recreation buildings, $180,000 for 4 replacement school buses for American Samoa, $1,500,000 for power generation equipment and repair for American Samoa, $1,000,000 for Virgin Islands hospital construction, and $225,000 for Northern Marianas hospital architect and engineering work; and a decrease of $1,500,000 for the Guam container yard expansion.

The managers' actions continue a 10% cost share for all construction activities in Guam, American Samoa and the Northern Marianas.

Because an Economic Development Administration (EDA) grant of $1,500,000 has been received by Guam for its container yard expansion, the managers agree to apply the funds, originally proposed by the Senate for the container yard, to the power needs of American Samoa.

Amendment No. 58: Provides that $84,352,000 remain available until expended instead of $87,444,000 as proposed by the House and $82,542,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following: increases of $405,000 for Guam construction projects, $180,000 for replacement school buses for American Samoa, $1,500,000 for power generation equipment to American Samoa, $1,000,000 for Virgin Islands hospital construction, and $225,000 for Northern Marianas hospital architect and engineering work; and a decrease of $1,500,000 to the Guam container yard expansion.

Amendment No. 59: Deletes House language specifying that funds for the Northern Mariana Islands Federal Laws Commission remain available until expended.

Amendment No. 60: Provides $5,327,000 for expenses of various organizations in administration of territories as proposed by the Senate instead of $5,127,000 as proposed by the House. The additional $200,000 is for the Northern Mariana Islands Federal Laws Commission. These funds are identified as annual funds rather than no-year funds as was the case in the House-passed bill.

Amendment No. 61: Identifies the Northern Mariana Islands Federal Laws Commission among the organizations receiving annual funds as proposed by the Senate.

Amendment No. 62: Appropriates $79,330,000 for the Trust Territory of the Pacific Islands instead of $78,830,000 as proposed by the House and $79,561,000 as proposed by the Senate. The increase over the amount proposed by the House is $500,000 for emergency public works construction projects in Palau.

The managers agree that funds for the College of Micronesia should be controlled by the Trust Territory Headquarters.

The managers also agree that the enhanced operations levels for Palau ($468,000 over the budget), the Marshalls ($468,000 over the budget) and the Federated States of Micronesia ($2,342,000 over the budget) may be allocated by those entities to their highest priority areas.

OFFICE OF THE SOLICITOR

Amendment No. 63: Appropriates $18,333,000 for salaries and expenses instead of $17,000,000 as proposed by the House and $19,667,000 as proposed by the Senate. The increase over the House level restores 22 staff years.

OFFICE OF THE SECRETARY

Amendment No. 64: Report in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $42,434,000 for departmental management instead of $36,194,000 as proposed by the House and $40,834,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The net increase over the amount proposed by the Senate consists of the following increase: $300,000 for equal opportunity, $1,400,000 for water policy, planning and coordination, and $442,000 for program support of the Office of Water Policy; and decreases of $58,000 for the executive secretariat, $69,000 for congressional and legisla-

tive affairs, $75,000 for field coordination, $200,000 for public affairs, $79,000 for administrative services, and $61,000 for policy analysis.

Amendment No. 65: Provides $5,000 for official reception and representation expenses as proposed by the Senate instead of $2,500 as proposed by the House.

Amendment No. 66: Restores House language probibiting the use of funds for development of four northern California offshore basins in lease sale No. 53.

Amendment No. 67: Restores House language prohibiting changing the name of Mount McKinley to Mount Denali. The managers agree that this provision is for one year only.

Amendment No. 68: Deletes House language as proposed by the Senate. The managers expect to be informed of all details of a non-reimbursable nature currently made within the Department as well as all such details made in the future.

Amendment No. 69: Changes the section number to 111.

Amendment No. 70: Deletes House language relating to the Office of Aircraft Services as proposed by the Senate.

Amendment No. 71: Deletes House language relating to the Office of Aircraft Services as proposed by the Senate. The managers expect the Office of Aircraft Services to develop and maintain a program in the contiguous 48 states similar to that now conducted in the State of Alaska.

Amendment No. 72: Deletes language of the House relating to reorganizations not approved in an appropriations act as proposed by the Senate. The managers agree that the Committee's reprogramming guidelines, as stated in Senate Report 95-1063, and House Report 95-1251, are to be followed in proposed reorganizations. The managers agree that all agencies funded in this Act should review such guidelines and comply with them in the future.

Amendment No. 73: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter proposed by said amendment, insert the following:

Sec. 112. Notwithstanding the provisions of section 6 of the Act of May 25, 1948 (62 Stat. 269, 273), appropriations of power revenues of the Flathead Irrigation Project on the Flathead Reservation, Montana, made pursuant to Section 3 of the Act of August 7, 1946 (60 Stat. 895) shall hereafter be available in an amount not exceeding 20 percent of the gross power revenues of said project for the preceding fiscal year, or $750,000, whichever is greater, for improvements and extensions to the power system: Provided, That no appropriations shall be made in excess of the Flathead Irrigation power revenues on deposit with the Federal Government.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

TITLE II—RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Amendment No. 74: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $114,992,000 for forest research instead of $109,722,000 as proposed by the House and $103,168,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The increase over the amount proposed by the Senate consists of the following: $10,590,000 for restoration of the base; $634,000 for renewable resource evaluation; $500,000 for forest watershed management; and $100,000 for forest recreation research.

Amendment No. 75: Appropriates $66,315,000 for State and private forestry instead of $68,715,000 as proposed by the House and $63,935,000 as proposed by the Senate. The increase above the amount proposed by the Senate consists of the following: increases of $1,800,000 for urban forestry assistance and $580,000 for the Gifford Pinchot Institute.

Amendment No. 76: Provides that $60,860,000 shall remain available for obligation until September 30, 1983, instead of $63,260,000 as proposed by the House and $59,060,000 as proposed by the Senate.

Amendment No. 77: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *including administrative expenses associated with the management of funds provided under the heads "Forest Research", "State and Private Forestry", "National Forest System", and "Construction and Land Acquisition", and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers recognize the importance of the Youth Conservation Corps and accordingly provide up to $3,000,000 but not less than $1,000,000 within available funds to maintain a program. The Forest Service is encouraged to use the maximum amount made available.

The managers agree that the Forest Service should review the House and Senate Appropriations Committee reprograming guidelines, as stated in House Report 95-1251 and Senate Report 95-1063, and comply with them in the future.

Amendment No. 78: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $1,007,074,000 for national forest system instead of $769,093,000 as proposed by the House and $996,410,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The increase above the amount proposed by the Senate consists of the following: $4,000,000 for forest fire protection; $1,000,000 for trail maintenance; $1,000,000 for reforestation and stand improvement; $3,664,000 for recreation management; and $1,000,000 for soil and water management.

The managers are in agreement that the amount provided includes $248,572,000 for general administration, which includes the administrative expenses for all of the Forest Service appropriation accounts. The managers also agree that General Administration should be treated as a separate budget activity, and should be fully justified in the FY 1983 budget submission, including a full explanation of any proposed changes.

Amendment No. 79: Provides that $223,278,000 shall remain available for obligation until September 30, 1983, instead of $226,278,000 as proposed by the House and $221,278,000 as proposed by the Senate.

Amendment No. 80: Deletes language proposed by the Senate that would have transferred funds for air-tanker services contracts from the forest fire protection budget activity to the fighting forest fires budget activity.

The managers agree that the Forest Service should provide more information as to the amount budgeted each year for contracts for air-tanker services. The Forest Service is directed to identify and justify this amount within the forest fire protection line in the fiscal year 1983 budget justification.

Amendment No. 81: Appropriates $265,101,000 for Construction and Land Acquisition as proposed by the Senate instead of $509,743,000 as proposed by the House. The managers agree that the reduction in recreation construction proposed by the Senate is to be taken from the lowest priority projects. Within the amount provided, $100,000 is for recreation and road construction on the Mount Magazine Recreation Area in the Ozark NF and $85,000 is to renovate the old Bickle fire tower in the Monongahela NF.

Amendment No 82: Provides $20,693,000 for construction and acquisition of buildings and other facilities from the Construction and Land Acquisition account as proposed by the Senate instead of $22,793,000 as proposed by the House.

Amendment No. 83: Provides $244,408,000 for construction of forest roads and trails by the Forest Service as proposed by the Senate instead of $486,950,000 as proposed by the House.

Amendment No. 84: Deletes House language referring to construction and maintenance of forest roads by timber purchasers as proposed by the Senate.

Amendment No. 85: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $1,485,000 be available for construction of the Bald Mountain Road in the Siskiyou National Forest.

The managers understand that this matter is currently under appeal, and agree that these funds will not be expended if, at the completion of the administrative appeals process, the appeal is sustained.

Amendment No. 86: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

: Provided further, That section 9 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (Public Law 93-378 as amended), is amended by deleting all of the sentence after the word "benefits" and inserting in lieu thereof, the following:

"Provided, That limitations on the level of obligations for construction of forest roads by timber purchasers shall be established in annual appropriation acts"

: Provided further, That no more than $242,542,000 shall be obligated for the construction of forest roads by timber purchasers

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment of the Senate deletes the portion of section 9 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, requiring funds used by timber purchasers for road construction be counted in budget totals. The amendment also provides a limitation of $242,542,000 on obligations for the construction of forest roads by timber purchasers. Limitations on obligations will also be included in future appropriation acts.

Amendment No. 87: Restores House language stricken by the Senate providing for administrative expenses in the Land Acquisition account.

Amendment No. 88: Appropriates $27,356,000 for Land Acquisition instead of $35,989,000 as proposed by the House and $15,120,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following: increases of $3,989,000 for acquisition management; $7,000,000 for the Lake Tahoe Basin; $2,000 for Nicolet NF; $500,000 for other high priority National Recreation Areas; $500,000 for other high priority Wild and Scenic Rivers; $1,570,000 for other high priority recreation composites; and decreases of $200,000 for the Boundary Water Canoe Area; $25,000 for the California Condor Habitat; $1,000,000 for Eleven Point WSR; and $100,000 for deficiencies and inholdings. The funds provided for the Middle Fork of the Salmon are for acquisition of easements only.

Amendment No. 89: Deletes Youth Conservation Corps account as proposed by the Senate. Up to $3,000,000 is to be made available by the Fish and Wildlife Service, National Park Service and the Forest Service to continue a minimal program.

Amendment No. 90: Deletes separate General Administration account proposed by the House.

Amendment No. 91: Deletes Lake Tahoe Acquisition account which had been added by the Senate. Funds for this project are provided in the Land Acquisition account of the Forest Service.

Amendment No. 92: Appropriates $7,500,000 for Rangeland improvements as proposed by the Senate instead of $6,500,000 as proposed by the House.

DEPARTMENT OF ENERGY

Amendment No. 93: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that the Great Plains Gasification Project remain under the jurisdiction of the Department of Energy and not be transferred to the Synthetic Fuels Corporation.

Funds for administering the project are available from unobligated balances in the alternative fuels production account.

Amendment No. 94: Deletes House language "(Including transfer of funds)" from the account title for fossil energy reserach and development.

Amendment No. 95: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed by said amendment, insert the following: *sections 302. (b), 302. (c), and 303. (c) of which are hereby repealed, $431,100,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment returns certain functions related to the leasing of Federal lands to the Department of the Interior.

The amendment also appropriates $431,100,000 for fossil energy research and development instead of $463,750,000 as proposed by the House and $408,490,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following: increases of $3,000,000 for H-coal; $7,860,000 for the BIGAS facility; $2,000,000 for low BTU gasification projects; $4,000,000 for pilot scale peat gasification at the HYGAS plant; $9,000,000 for the Grimethorpe pressurized fluidized bed test facility; $1,000,000 for western tight gas sands research and development; and $2,000,000 for an anthracite fluidized bed facility in Wilkes-Barre, Pa.; and decreases of $1,550,000 for the molten salt gasifier; $2,000,000 for advanced research and supporting technology in materials and components; and $2,700,000 for Geokinetics oil shale.

The managers expect the SRC-II pilot plant to be dismantled and decommissioned in an orderly manner and, if funds provided from the cancelled SRC-II demonstration facility are not sufficient, to request additional funds for that purpose.

Additional funds are being provided for the H-coal program to encourage the Department and the facility contractors to jointly pursue the further operation of the facility with minimal government funding. The managers agree that this is not a commitment to substantial future government funding. Any new agreements on facility operation will be considered when they are completed and presented to Congress.

The managers expect that the $2,000,000 reduction in indirect liquefaction will not be applied only to industrial projects but will also be applied to lower priority projects in the technology base activity conducted at Department of Energy facilities and laboratories.

The managers agree that within the amounts provided for low Btu gasification $8,000,000 is for the Waltz Mill, Pa., project and the reduction will be applied to other projects in this activity.

The managers agree that a total of $9,300,000 shall be available for research and development of atmospheric fluidized bed technology and that of this amount, $2,100,000 is intended to initiate a program of research in advanced fluidized bed concepts. The advanced concepts program should comprehensively consider solicitation of new ideas from industry and other sources, design and construction of a fluidized bed combustion research facility if necessary, and bench scale testing of advanced concepts. The Department should begin the solicitation of proposals this fall and report back to the Committees on Appropriations of the House and Senate with an evaluation of the advanced concept proposals in time for the Committees to review it and consider additional appropriations for the programs in fiscal year 1983.

The reduction in budget authority for Pressurized Fluidized Bed (PFB) activity results from the allocation of $10,500,000 of unobligated funds from the Component Test and Integration Unit (CTIU) project to PFB activity. The managers agree that the International Energy Agency facility at Grimethorpe, England and the Curtiss-Wright pilot plant in New Jersey should continue at the levels included in the House-passed bill.

The managers agree with the Senate proposal to make $1,000,000 available from mining R&D funds for operation at DOE's current Carbondale Mining Technology Center by Southern Illinois University.

In addition to the $2,000,000 in new budget authority being provided, the managers agree that unobligated funds remaining from the CTIU project after transfer of $10,500,000 to PFB projects (up to $1,100,000) should be applied to the anthracite fluidized bed facility in Wilkes-Barre, Pa.

The managers expect the Department to retain the Office of Anthracite Coal as part of its overall fossil energy program, within available funds. The managers further expect the Department to report to the House and Senate Appropriations Committees within 90 days of the enactment of this Act on how they will implement anthracite programs.

Amendment No. 96: Deletes House language providing that $400,000 for fossil energy research and development be derived from "Energy production, demonstration, and distribution", Department of Energy.

Amendment No. 97: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

Fossil Energy Construction

For necessary expenses in connection with the purchase and construction of fossil energy plants, including the acquisition of interests, including defeasible and equitable interests in any real property or any facility or for plant or facility acquisition or expansion, $4,000,000, to remain available until expended: Provided, That funds deferred under this head in the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) and further deferred (D82-9) in the special message transmitted by the President to the Congress on October 1, 1981 under section 1013 of the Impoundment Control Act of 1974 (Public Law 93-344), shall be used for continuing design of the Solvent Refined Coal-I (SRC-I) demonstration facility (Project No. 78-2-d) and that deferral (D82-9) is hereby disapproved.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment appropriates $4,000,000 for fossil energy construction as proposed by the Senate. The amendment also disapproves the deferral of $135,000,000 for the Solvent Refined Coal-I (SRC-I) demonstration facility.

The managers agree that the $135,000,000 for SRC-I may be used to pay all expenses of the project except for normal operation of the Wilsonville, Alabama, pilot plant whether or not they are considered "operating expenses" or "construction expenses" according to Department of Energy accounting procedures.

The managers also agree that costs of dismantling and decommissioning the SRC-II pilot plant in Ft. Lewis, Washington, may be paid out of fund balances from the SRC-II demonstration plant not otherwise allocated.

Amendment No. 98: Appropriates $222,023,000 for Naval petroleum and oil shale reserves as proposed by the House instead of $222,463,000 as proposed by the Senate.

Amendment No. 99: Appropriates $161,490,000 for energy conservation instead of $203,890,000 as proposed by the House and $130,340,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the follow-

ing: increases of $3,500,000 for residential conservation service; $1,000,000 for stirling engine research and development; $25,000,000 for energy policy and conservation grants to States; and decreases of $855,000 in building energy systems R&D; $5,000,000 for BEPS demonstrations and residential/commercial retrofit; $1,000,000 for analysis and technology transfer; $1,100,000 for appliance standards; $1,000,000 for buildings and community systems program direction; $250,000 for industrial program direction; $900,000 for vehicle systems; $1,000,000 for alternative fuels utilization; $100,000 for transportation program direction; $5,000,000 for energy extension service; $50,000,000 for schools and hospitals grants; $465,000 for State and local program direction; $830,000 for energy conversion and utilization technology; $4,000,000 from the effect of increased transfer of SRC-II funds; and $400,000 from the effect of increased transfer of energy production, demonstration, and distribution funds.

Deferred funds allocated by the Senate for residential conservation service are reduced by $3,500,000 to $3,500,000 and deferred funds for low-income weatherization are increased by $3,500,000 to $97,500,000. All other deferral allocations remain the same as in the Senate proposal.

The managers agree that the $5,850,000 provided over the Senate amount for buildings systems is to be used for the development of voluntary energy performance guidelines for new residential and commercial buildings and for building energy sciences research and development.

The managers agree that the $16,900,000 allowed for gas turbine engine development may be used for two major contractors if increased industrial cost-sharing allows this to be done on the same schedule and at the same approximate cost as one contractor would require based on current projections.

The managers also agree that $1,000,000 are provided within amounts for low-income weatherization for the ACTION community energy project.

The managers agree that funds for urban waste should be used to phase out current contracts and that the Department should reevaluate this program and reconstitute it into a more effective research and development program in future years.

Amendment No. 100: Provides that $172,608,000 for energy conservation be derived from "Fossil energy construction", Department of Energy, as proposed by the Senate instead of $168,608,000 as proposed by the House. The additional $4,000,000 would be derived from unobligated balances previously appropriated from the Solvent Refined Coal II (SRC-II) project which has been cancelled.

Amendment No. 101: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate transferring $400,000 from "Energy production, demonstration, and distribution", Department of Energy, to the energy conservation account.

Amendment No. 102: Provides that indebtedness guaranteed or committed to be guaranteed under section 10 of the Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976 shall not exceed $16,000,000 as proposed by the Senate instead of $21,500,000 as proposed by the House.

Amendment No. 103: Appropriates $23,900,000 for Economic Regulation instead of $32,000,000 as proposed by the House and $17,100,000 as proposed by the Senate. The increase in new appropriations of $6,800,000 over the Senate amount is for the compliance program.

The managers agree that the total fiscal year 1982 program for compliance is $35,000,000. In addition to the $6,800,000 appropriated in this bill, $28,200,000 of the amount deferred in the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) shall also be available for the compliance program. The Office of Special Council is to receive $22,500,000 and the Office of Enforcement $12,500,000.

The managers agree that the balance of the $38,200,000 deferred in Public Law 97-12 for Economic Regulation is to provide $5,000,000 for the Federal coal conversion program and $5,000,000 to make pay adjustments resulting from personnel changes.

The managers agree that the $5,000,000 for the coal conversion program is for the completion of outstanding prohibition orders and for the processing of prohibition orders for additional plants for which utilities submit the necessary certification under section 301 of the Powerplant and Industrial Fuel Use Act. The program is to be maintained at no less than current staff levels along with funds for outside contractors necessary to help in expeditiously processing new prohibition orders. The managers agree that it is important to retain experienced personnel whose valuable expertise is crucial to the effectiveness of the program.

Amendment No. 104: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *: Provided further, That of the funds deferred under this head in the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12), $5,000,000 shall be available for the Federal coal conversion program, of which $4,500,000 shall be available only for expenses in issuing prohibition orders under the Powerplant and Industrial Fuel Use Act and other related laws.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 105: Appropriates $199,408,000 for the Strategic Petroleum Reserve as proposed by the Senate instead of $3,383,408,000 as proposed by the House. The amendment removes funds for petroleum acquisition and transportation from this account. The action of the conferees on amendment No. 106 provides petroleum acquistion and transportation funds in an off-budget account in accordance with the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

Amendment No. 106: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SPR Petroleum Account

The aggregate amount that may be obligated under section 167 of the Energy Policy and Conservation Act of 1975 (Public Law 94-163), as amended by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), for the acquisition and transportation of petroleum, and for other necessary expenses, is $3,684,000,000, to remain available until expended.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

This amendment provides $3,684,000,000 for petroleum acquisition and transportation for the Strategic Petroleum Reserve in an off-budget account as proposed by the Senate instead of $3,184,000,000 in an on-budget account as proposed by the House. Approximately 85 million barrels of oil can be purchased with the agreed to amount.

Amendment No. 107: Appropriates $82,207,000 for the Energy Information Administration instead of $84,986,000 as proposed by the House and $79,851,000 as proposed by the Senate. The increase of $2,356,000 over the amount proposed by the Senate provides for the continuation of the Financial Reporting System.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH SERVICES ADMINISTRATION

Amendment No. 108: Appropriates $624,630,000 for Indian health services instead of $629,484,000 as proposed by the House and $606,905,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the following: an increase of $10,000,000, which reflects a reduction in the Medicare/Medicaid offset contained in the following amendment; and decreases of $9,083,000 for community health representatives, $1,290,000 for urban health projects, $1,317,000 for Indian health manpower, $1,164,000 for program management, and $2,000,000 for the equity health care fund.

The managers are in agreement that the Indian Health Service should conduct a program evaluation of all existing alcoholism projects in order to redirect funds to those projects of greatest merit. The managers also agree that those tribes receiving equity funding be allowed to use such funding only for the purposes of improving the deficient programs which led to their being qualified to receive such funds. The Indian Health Service is further directed to submit a comprehensive report no later than February 1, 1982 detailing the methodologies used and the impact of redistributing base funds to support the equity program, including both the $2,000,000 reduction to the equity fund, and the reallocation of the entire base program, as requested in the House report.

The managers agree that the total of $6,000,000 provided for the Indian health manpower program includes funds to continue the four Masters in Public Health programs, as well as an increase of $200,000 for the INMED program proposed by the Senate.

The managers further agree that contracts for all urban Indian health projects should be negotiated for six months only while all Phase II and III projects are evaluated. Any projects that are not found to be in compliance with the program regulations should be terminated, and the funds redirected to other urban projects.

The managers agree that the reduction in the Community Health Representatives program should be directed at those areas which have higher concentrations of health personnel in clinics or hospitals; or programs which have been evaluated and found to be less effective or not in compliance with program regulations. The Indian Health Service is directed to report to the Appropriations Committees the proportions of reduction which represent generalists and the proportion representing specialists.

Amendment No. 109: Provides that $5,000,000 of the amounts collected under

the authority of title IV of the Indian Health Care Improvement Act shall be used to offset appropriations for Indian Health Services as proposed by the Senate instead of $15,000,000 as proposed by the House.

Amendment No. 110: Deletes language proposed by the Senate which would have provided leasing authority with respect to housing to be constructed at Chinle, Arizona, and Inscription House, Arizona.

Amendment No. 111: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *: Provided further, That funding contained herein, and in any earlier appropriations Act, for scholarship programs under section 103 of the Indian Health Care Improvement Act and section 757 of the Public Health Service Act shall remain available for expenditure until September 30, 1983.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 112: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $49,117,000 for Indian Health facilities instead of $46,739,000 as proposed by the House and $46,617,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The increase above the amount proposed by the Senate is $2,500,000 for sanitation facilities.

Amendment No. 113: Deletes proposed Senate language with regard to the Talihina Hospital and the Zuni-Ramah Health Service Unit.

Amendment No. 114: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that employment funded by this Act shall not be subject to any personnel ceilings or other personnel restriction for permanent or other than permanent employment.

DEPARTMENT OF EDUCATION

Amendment No. 115: Provides $57,250,000 for Part A of the Indian Education Act as proposed by the Senate instead of $58,250,000 as proposed by the House.

Amendment No. 116: Appropriates $81,096,000 for Indian education as proposed by the Senate instead of $82,096,000 as proposed by the House.

Amendment No. 117: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur to the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *: Provided, That no funds shall be obligated for expenses of the Office of the Director of Indian Education after March 1, 1982 until the Secretary of Education has submitted to the Congress his report and recommendations on the study and analysis of the definition of the term "Indian" as required by section 453 of the Indian Education Act (86 Stat. 345), as amended (20 U.S.C. 1221h)*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION

Amendment No. 118: Appropriates $10,481,000 for salaries and expenses instead of $15,051,000 as proposed by the House and $4,981,000 as proposed by the Senate. The increase above the amount proposed by the Senate consists of $500,000 for the discretionary fund and $5,000,000 for relocation operations.

The managers are in agreement that the Commission must revise its schedule of benefits to establish classes of benefits which will distinguish between those living on the Reservation who must relocate, and those who are living away from the Reservation. No relocation payments may be made to those classified as "temporarily away" from the Reservation until such classes of benefits have been instituted.

SMITHSONIAN INSTITUTION

Amendment No. 119: Appropriates $133,823,000 for salaries and expenses instead of $136,374,000 as proposed by the House and $131,766,000 as proposed by the Senate. The net decrease below the House consists of an increase of $36,000 for American and Folklife studies and the following reductions: Museum of Natural History—$143,000 for the special exhibits gallery; $64,000 for insect baseline studies, $35,000 for research publications, $300,000 for transfer of the National Systemics Laboratory; Tropical Research Institute—$37,000 for research publications; $50,000 for vehicle replacement; and $54,000 for inflation; $116,000 for Radiation Biology laboratory; $185,000 for the Chesapeake Bay Center; $400,000 for maintenance of the National Aquarium; $174,000 for printing, supplies, and equipment of the National Museum of American History; $75,000 for the National Museum of American Art; $25,000 for the National Portrait Gallery; $12,000 for restoration of a position at the Freer Gallery; $42,000 for publications of the Museum of African Art; $143,000 for Smithsonian libraries; $47,000 for the Traveling exhibition service; $125,000 for major exhibitions; $300,000 for the Native American program; and $260,000 for administration.

The managers are concerned with the increased reliance of the Freer Gallery on Federal funding to support personnel costs and expect that no additional positions will be transferred from private to federal funding.

Amendment No. 120: Appropriates $4,500,000 for Museum Programs and Related Research (special foreign currency program) as proposed by the House instead of $5,250,000 as proposed by the Senate.

Amendment No. 121: Appropriates $1,150,000 for Construction and Improvements, National Zoological Park as proposed by the House instead of $1,650,000 as proposed by the Senate.

Amendment No. 122: Appropriates $8,000,000 for restoration and renovation of buildings instead of $8,500,000 as proposed by the House and $7,000,000 as proposed by the Senate. The increase over the amount proposed by the Senate is to be used for necessary roof and structure work.

NATIONAL GALLERY OF ART

Amendment No. 123: Appropriates $31,057,000 for salaries and expenses instead of $31,777,000 as proposed by the House and $30,067,000 as proposed by the Senate. The decrease under the amount proposed by the House consists of reductions of: $165,000 for special exhibitions, $75,000 for extension service, $230,000 for supplies and materials, and $250,000 for renovation of the West building.

The managers are concerned that the Gallery has used private funds to expand the scope of the West building renovation without adequate notification to the Appropriations Committees.

Amendment No. 124: Provides $3,850,000 for repair, renovation, and restoration of the original West building instead of $4,100,000 as proposed by the House and $3,100,000 as proposed by the Senate.

Amendment No. 125: Appropriates $1,950,000 for Salaries and Expenses, for the Woodrow Wilson International Center for Scholars instead of $2,260,000 as proposed by the House, and $1,903,000 as proposed by the Senate. The increase of $47,000 over the amount proposed by the Senate provides for an increase of 4.8% in the fellowship stipends.

NATIONAL ENDOWMENT FOR THE ARTS

Amendment No. 126: Appropriates $119,000,000 for salaries and expenses instead of $125,000,000 as proposed by the House and $89,300,000 as proposed by the Senate.

Amendment No. 127: Provides $107,635,000 for program funds instead of $113,635,000 as proposed by the House and $79,035,000 as proposed by the Senate. The managers agree the funds should be allocated to programs as presented to the House Committee on Appropriations during hearings. This allocation was reviewed by and agreed to by the National Council on the Arts assuming a total appropriation of $147,950,000.

Amendment No. 128: Provides $11,365,000 for administrative expenses as proposed by the House instead of $10,265,000 as proposed by the Senate.

Amendment No. 129: Appropriates $30,000,000 for matching grants as proposed by the Senate instead of $32,500,000 as proposed by the House. This provdes $15,000,000 for Treasury funds and $15,000,000 for challenge grants. This too, reflects the review and approval of the National Council on the Arts.

NATIONAL FOUNDATION FOR THE HUMANITIES

Amendment No. 130: Appropriates $106,000,000 for salaries and expenses instead of $112,087,000 as proposed by the House and $88,000,000 as proposed by the Senate.

Amendment No. 131: Provides $94,200,000 for program funds instead of $100,087,000 as proposed by the House and $77,000,000 as proposed by the Senate. The managers agree the funds should be allocated to programs as presented to the House Committee on Appropriations during hearings on the assumption that a total of $135,586,000 would be appropriated to the Endowment. This allocation was reviewed and approved by the National Council on the Humanities.

Amendment No. 132: Provides $11,800,000 for administrative expenses instead of $12,000,000 as proposed by the House and $11,000,000 as proposed by the Senate.

Amendment No. 133: Deletes language proposed by the Senate requiring the Endowment to fund the cost of administering the Institute of Museum Services.

Amendment No. 134: Appropriates $30,000,000 for matching grants instead of $31,974,000 as proposed by the House and $25,700,000 as proposed by the Senate. This provides $8,400,000 for treasury funds and $21,600,000 for challenge grants. This allocation was also approved by the National Council.

Amendment No. 135: Provides $21,600,000 for challenge grants instead of $22,950,000 as proposed by the House and $15,600,000 as proposed by the Senate.

INSTITUTE OF MUSEUM SERVICES

Amendment No. 136: Appropriates $12,000,000 for the Institute of Museum Services instead of $14,420,000 as proposed by the House and $8,400,000 as proposed by the Senate. The managers are in agreement that no funds are provided for assessment and accreditation grants or to initiate a program of multi-year grants. The Institute may, however, accept and fund applications from museums which have previously received *IMS* support.

Amendment No. 137: Provides a limitation on the compensation that may be paid to any employee of the Institute as proposed by the House.

NATIONAL CAPITAL PLANNING COMMISSION

Amendment No. 138: Appropriates $2,361,000 for the National Capital Planning Commission as proposed by the Senate instead of $2,371,000 as proposed by the House.

ARCHITECT OF THE CAPITOL

Amendment No. 139: Deletes Preservation of Area of Historical Significance account which was added by the Senate.

FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE

Amendment No. 140: Provides that $3,000 may be used for official reception and representation expenses as proposed by the Senate instead of $1,500 as proposed by the House.

Amendment No. 141: Deletes language proposed by the Senate making $1,000,000 available until September 30, 1983.

HOLOCAUST MEMORIAL COUNCIL

Amendment No. 142: Appropriates $800,000 for Salaries and Expenses of the Holocaust Memorial Council as proposed by the House instead of $770,000 as proposed by the Senate.

Amendment No. 143: Deletes language added by the House relating to timber exports. The managers agree that the amendment served merely to emphasize and restate the historical intent of the Congress, as reflected in the Senate language, and resulting long-standing Forest Service regulations regarding the practice of "indirect" or "third party substitution".

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1982 recommended by the Committee of Conference, with comparisons to the fiscal year 1981 amount, the 1982 budget estimates, and the House and Senate bills for 1982 follow:

New budget (obligational) authority, fiscal year 1981	[1]$7,629,048,000
Budget estimates considered by House, fiscal year 1982	[1]7,341,468,000
House bill, fiscal year 1982	[1]7,713,185,000
Budget estimates considered by Senate, fiscal year 1982	6,406,229,000
Senate bill, fiscal year 1982	7,353,456,391
Conference agreement, fiscal year 1982	7,541,651,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1981	−87,397,000
Budget estimates of new (obligational) authority, considered by House, fiscal year 1982	+251,573,000
Budget estimates of new (obligational) authority, considered by Senate, fiscal year 1982	+1,135,422,000
House bill, fiscal year 1982	−171,534,000
Senate bill, fiscal year 1982	+188,194,609

[1] Excludes estimates which have been taken off-budget (Strategic Petroleum Reserve and Timber Purchaser Credit Road Construction).

SIDNEY R. YATES,
(except amendment No. 97),
CLARENCE D. LONG,
JOHN P. MURTHA,
NORMAN D. DICKS,
LES AUCOIN,
JAMIE WHITTEN,
JOSEPH M. MCDADE,
RALPH REGULA,
SILVIO O. CONTE,
Managers on the Part of the House.

JAMES A. MCCLURE,
PAUL LAXALT,
JAKE GARN,
HARRISON J. SCHMITT,
THAD COCHRAN,
MARK ANDREWS,
WARREN B. RUDMAN,
MARK O. HATFIELD,
ROBERT C. BYRD,
J. BENNETT JOHNSTON,
WALTER D. HUDDLESTON,
PATRICK J. LEAHY,
DENNIS DECONCINI,
QUENTIN N. BURDICK,
DALE BUMPERS,
Managers on the Part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 4503, WATER POLLUTION CONTROL ACT AMENDMENTS OF 1981

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey? The Chair hears none, and appoints the following conferees: Messrs. HOWARD, ROE, OBERSTAR, EDGAR, YOUNG of Missouri, ROEMER, CLAUSEN, SNYDER, HAMMERSCHMIDT, and CLINGER.

COMMUNICATION FROM STAFF DIRECTOR OF COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

The SPEAKER laid before the House the following communication from the staff director of the Committee on Standards of Official Conduct:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT,
Washington, D.C., November 3, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: On November 2, 1981, I was served with a subpoena ad testificandum from the United States Distict Court for the District of Columbia. The subpoena was issued upon application of the United States Attorney, signed by the Deputy Clerk of the Court.

Pursuant to House Rule L, adopted January 5, 1981, this is to notify you of the receipt of the subpoena.

Sincerely,

JOHN M. SWANNER,
Staff Director.

LEGISLATION RELATING TO INCENTIVE AWARDS FOR FEDERAL EMPLOYEES

(Mr. DAUB asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAUB. Mr. Speaker, today I am introducing a bill that will, until such time as the budget is balanced, repeal chapter 45 of title 5, relating to incentive awards for Federal employees.

I do not question the wisdom of paying Federal employees an excellent wage when their abilities warrant, but I feel that at a time when we are reducing Federal benefits, laying off Federal employees, and considering raising taxes on Americans who already are paying too much of their income over to Government we cannot afford to continue these bonuses.

In 1980–81 performance awards amounting to nearly $8 million were awarded and "ranks" totaling another $4.5 million were awarded to those deemed "distinguished" or "meritorious".

Mr. Speaker, in private business when the bottom line reveals a deficit, bonuses and awards of this type are dispensed with until such time as the health of the enterprise is restored. I do not believe that anyone in this body can claim that the fiscal health of this Government is such that we can reward its employees over and above the already generous salaries. I see this measure as a symbol to the American people that we in this House are willing to scrutinize the Federal budget in all areas and are willing to enact economies that reflect the same sacrifices they endure daily.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4744 AND HOUSE CONCURRENT RESOLUTION 151

Mr. LOWERY of California. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 4744 and of House Concurrent Resolution 151.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

THERE IS NO MORALITY IN EUROPEAN NEUTRALITY

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LAGOMARSINO. Mr. Speaker, recent demonstrations in Europe against positioning nuclear missiles and nuclear weapons in NATO have been interpreted by the news media as indications of a growing desire for neutrality. If such a desire for neutrality is gaining strength, then it is a development we must deplore and one we seek to change.

Any Western European nation that ultimately turns its back on its NATO commitment or rejects appropriate defense policies will only succeed in inviting the loss of peace and freedom it so fervently seeks. Neutrality and, by extension, disarmament do not offer protection against an adversary determined to dominate its neighbors. Western Europe cannot escape the geographic realities of the threat represented by the Warsaw Pact and the Soviet Union. As Leon Wieseltier writes in a November 1, Los Angeles Times commentary, "There is no morality in European neutrality." I urge my colleagues to give thoughtful consideration to his comments, which follow:

[From the Los Angeles Times, Nov. 1, 1981]

THERE IS NO MORALITY IN EUROPEAN NEUTRALITY

(By Leon Wieseltier)

An old idea of Europe's is loose again, the idea that it is noble to be neutral. The sentiment is spreading—in England, Germany, Holland, Italy and elsewhere—that in the struggle between democracy and totalitarianism it is morally meritorious to have no position.

No position! The most successful system of human enslavement in history is just to the east; it is plainly eager to extend its reach; it has manufactured a military machine, more powerful than any in the world, for exactly that end—and hundreds of thousands of Europeans proudly proclaim that it is, to them, a matter of no consequence. The neutralist movement suggests yet again that European man is invertebrate.

The causes of this contraction of will deserve to be examined. The struggle between democracy and totalitariansim is, in the world of nations, the struggle between the United States and the Soviet Union. Neutralism is, then, a species of anti-Americanism. More precisely, it is founded on the belief that it makes no difference who wins, because both sides are more or less the same. That is neutralism's thesis. Corporate captialism is like state capitalism, the radicals argue; Utah State Penitentiary is like the Gulag; the ruling class is like the Communist Party, and so on.

It is hard to know what to do about such blindness. (These people cannot tell the difference between an eclipse of the moon and an eclipse of the sun. Here, we lose a little light; there, all is dark.) There were those on the left who argued, 40 years ago, that it mattered nothing if Churchill won, or Hitler. A new generation no less privileged is no less deluded. Europe's problem is no longer terrorism; it is timidity. The angry crowds in Europe's capitals have a horror of America. Soviet SS-20 missiles are aimed at them, but they refuse to allow the North Atlantic Treaty Organization to install American Pershings. They do not understand that it is the power of the United States that makes possible the newest Fassbinder film.

The moral prestige of neutralism has another cause, which is its confusion, in the minds of many, with the anti-nuclear movement. There is no doubt that the campaign to reduce, limit and abolish nuclear weapons is the moral priority of mankind, a priority that is, or should be, above politics. But the neutralists are not against nuclear weapons, they are against all weapons. They oppose not only bombs, but tanks. They agitate against the expenditures necessary for the conventional forces that make Europe secure. They wash their hands not only of military combats, but of ideological combats. They call for unilateral disarmament, a truly disgraceful idea, produced by people who think so little of themselves that they believe in nothing except life. (Besides, what makes them so sure that once they lay down their own missiles no missiles will ever fall?) No, it is not a holocaust that the neutralists wish to avoid, it is a defense. For that reason they are, as George Orwell would have said, "objectively" pro-Soviet, whatever their views. The human race may owe its future to those who make the call for multilateral nuclear disarmament, but those who make the call for multilateral nuclear disarmament, but those who make the call for neutrality are, wittingly or not, the instruments of Soviet foreign policy.

The reluctance of so many Europeans to defend themselves is not conscientious objection. It is cowardice, and something more. It is an expression of the notion that there is no such thing as a just war. The churches, most vocally in Holland, often make this point, and blame it on the nuclear age. But, once again, the problem is not exclusively nuclear. For the young of Europe, the just war was discredited not so much by Hiroshima as by Vietnam, particularly by the dirty way the war there was fought.

The argument is heard, as it was 40 years ago, that to defeat the enemy you have to become like the enemy; and so the enemy is not Russia, or Germany, it is war. To a certain extent, that is true. The toll that may be demanded for continuing to live as we do would be staggering, and there are no clean wars. But the purity of which the neutralists speak is no better. The pure usually perish, or defect. Wars are not won by surviving, but by surviving as you are; but to survive as you are you must believe in what you are. You must believe that you have something to lose. The hatred of all things military is a sign that you do not. Military adventures, because of the terrible arsenal that may now be employed, are surely crimes, but not every military action is an adventure. There have been wars that had to be fought.

It is especially shocking to find the notion of a just war challenged in Europe, where the most just war of all was made. Yet this is typical of the neutralists' attitude toward the past. Briefly, they would like to forget it. This is true, naturally, of the Germans, who have the most to remember. German neutralists portray their country as the sorry victim of the superpowers, as the battlefield unfairly chosen by the wicked nuclear imperialists. Not exactly. If the Federal Republic of Germany now has the Russians at its throat, that is because the Germans tried, a few decades ago, to conquer the world, and failed. They owe their tender place on the map not to the Cold War, but to the World Wars. They would not save themselves from tyranny in those days, and there are growing numbers who would not save themselves in these.

The Americans saved them, with the help of the unbowed among them. That is what the neutralists, and not only in Germany, most want to forget. They protest that they are not willing to die in America's war. But the landscape of Europe is dotted with the graves of Americans who died in Europe's war. The indifference to history of these European idealists is an insult to "the ghosts that still deploy upon the fields of France" (the words are Woodrow Wilson's). An insult, and a grave historical error. They do not understand why the ghosts are there, why Americans died away from home. They died there precisely because it was not Europe's war, it was America's war—or, more correctly, it was all our war. World War II is the proper historical context for the present predicament in Europe because it brought into being one of the essential ideas of our time, which it is the declared aim of neutralism to retire: the idea of Alliance.

The proper retort to neutralism is a moral interpretation of NATO. Such an interpretation is not frequently made. NATO is commonly perceived in just political terms, and crudely: as a collection of small nations cowed by the United States into serving its interests, as a humiliating price of Europe's postwar weakness, as the counterpart of the Warsaw Pact.

But NATO is the geopolitical expression of a profound moral community. It is not an artificial thing, like the Warsaw Pact, whose members are united by a fear of their friend. NATO's members are united by a fear of their enemy. They are united, in other words, by a set of ideals of institutions, and it is a natural unity, because these are ideals and institutions that only they, and a few others, possess. (The slow death of SEATO and CENTO demonstrated that a genuine alliance is made between ideals, and not merely between interests.)

The neutralists have tried to construe NATO as primarily a military organization, with no basis except in the defense industries of its members. That is a pernicious lie. NATO is in the hands of generals, but its generals are not in their own hands. They are mandated by governments freely chosen by peoples. And these governments cannot for very long spend more money on weapons than their peoples want them to. Not so the government of the Soviet Union, whose defense budget requires nobody's approval. Brezhnev has no need of Boll Weevils.

Staying above the struggle is not a spiritual triumph, it is a spiritual collapse. It represents a loss of interest in some of the most fundamental questions of human existence. To these questions the totalitarians and the democrats have given their answers, and they cannot both be right. And the questions—What are men's rights? How should human beings live together?—must be answered. The neutralists, however, would leave them hanging.

This amounts to a denial of the philosophical urgency of life. It is a flight from meaning; nothing less. For that reason it is, too, a flight from politics, because politics as pictured by the neutralists is nothing more than a cynical competition for power. They do not see that there are philosophical stakes in political systems. They find no principles in the forms of human association. Neutralism is not evil; it is hollow. And it is not treason; it lacks the stomach. It is a deformation of character that has acquired the dimensions of a mass movement.

Perhaps the most lamentable effect of neutralism will be to have made anti-communism appear to require a nuclear-arms race. There is a school of anti-communists, led prominently by Prof. Richard Pipes of Harvard University and an adviser to the Administration, for which that is so. Resisting the Russians, however, does not require rethinking the unthinkable. It requires a firmness in all our military and diplomatic means, precisely to prevent the button from being pushed. Freedom can be defended without blowing up the world, except according to the neutralists. They behave as if we must choose, sooner or later, dictatorship and death.

(The nuclear doctrine of many Europeans, incidentally, is not very high-minded. In the event of a Russian attack on Europe with tactical nuclear weapons, they say, retaliation should come not from tactical nuclear weapons in Europe, but from strategic nuclear weapons in the United States. A third world war, that is. Rain the bombs upon anyone but them.)

The neutralist choice, however, is unacceptable. There is a middle way, as some Western leaders know. The rehabilitation of America's armed forces by the present Administration is an act of responsibility, exactly as its laxness about nuclear arms and proliferation is not. The contradiction, in fact, is between arms control and neutralism.

For how can you care to live so much, and not care how? The neutralists fret about a future, but not about what it will hold. They fear for their children, though they would leave them in chains. They are visionaries without love.

These are the fallacies of the fortunate. The neutralists want peace, but they have had peace. Only decades of physical safety could have produced such a fervent desire for self-destruction. The peace that Europe has enjoyed for a generation it owes to its preparedness for war. And the war that may one day befall Europe it will owe, at least in part, to this dream of an abject peace.

IT'S TIME TO ELIMINATE "BANKRUPTCY FOR CONVENIENCE"

The SPEAKER. Under a previous order of the House, the gentleman from Nebraska (Mr. DAUB) is recognized for 5 minutes.

Mr. DAUB. Mr. Speaker, as an original cosponsor of H.R. 4786, the Bankruptcy Improvement Act of 1981, I urge each one of my colleagues to closely examine this important legislation.

This is an issue that is not limited to those in the credit or retailing industry, but is in fact a matter that concerns all Americans. The abuses made possible by the 1978 act have resulted in a dramatic increase in the use of straight bankruptcy—chapter 7 of the Bankruptcy Code—by individuals whom the law was not intended to protect. These individuals, who are discharging in the neighborhood of $1.6 billion this year alone, are capable of repaying their debts on the same basis that credit was extended—on the basis of future earnings. Unfortunately, because the existing Bankruptcy Code does not consider the basis upon which credit is extended in the modern sense, individuals are able to conveniently dispose of these debt burdens they knowingly assumed, and the impact falls on the businesses granting credit and eventually on the consumer.

There is no argument, that reasonable persons would accept, that would recognize the current situation as defensible. It is purely and simply an abuse of the law that results in the vast majority of Americans paying more for goods because of the losses incurred by businesses who in good faith extended credit. In this manner, it resembles the price honest Americans pay as a result of shoplifting: A cost is added to all goods in order to make up for those lost by theft.

As a former credit executive, credit union president, and attorney with bankruptcy client and court experience, I recognize the important role that credit plays in our society but I also recognize the impact of abuses. The results of the study by the Purdue University Consumer Credit Center indicate that at least half of the bankruptcies filed are hardship cases where the protection of the bankruptcy laws is a hallmark of our progressive and enlightened society. But in an increasing number of cases, society is being taken for a ride by individuals who deceive their fellow citizens by failing to discharge responsibilities freely and willingly entered into and then require that the rest of society, including and particularly the least affluent, pick up the bills.

That is why I call this Bankruptcy Improvement Act of 1981 to be an excellent example of "consumer" legislation. If it were discovered that American business was extracting $1.6 billion a year from the pockets of working Americans, I know that a great many of you would demand reform. I should expect that in these circumstances, there should be no lesser outrage.

I call upon each Member of this body to embrace this legislation and to put an end to the larcenous abuse of the bankruptcy laws. By prompt attention to this side of our sagging economy, we can restore to the time-honored values of America the prized possession of a good credit reputation based upon the traditional three "C's" of character, credit, and capacity—the capacity to repay. This is indeed a true test of one's credit reputation. Buy now—pay later, and by informing the buying public that when this measure of creditworthiness is used to extend the privilege of a "span of time in the future" repayment method, discharge in bankruptcy will now be evaluated in the same way, and this new definition of shoplifting, theft or abuse of credit will be welcomed by business and purchaser alike.

FRANK: A VIETNAM VETERAN

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. BAILEY) is recognized for 60 minutes.

Mr. BAILEY of Pennsylvania. Mr. Speaker, I have requested this special order to address two issues of great importance to Vietnam veterans. One of them deals with the so-called Vietnam Veterans Memorial to be dedicated, if all goes well with fundraising plans, on Veterans Day next year. The second issue concerns a Public Broadcasting System program entitled "Frank: A Vietnam Veteran" which will air in most parts of the United States on November 11, Veterans Day, just next week.

These two separate events express in many ways the continued frustration, guilt, and confusion over this Nation's view of the war, over her view of her combat veterans, and over her understanding of how these combat veterans perceive themselves.

My concern primarily is with how combat veterans of Vietnam see themselves—their dignity, their self-respect, and how they relate to the rest of the people in our country. I am also concerned with the perceptions we have as a nation of the Vietnamese people, many of them our citizens now. I had many Vietnamese friends die and many Vietnamese friends who cared, many good people, with a strong sense of decency and a fundamental and sincere love for basic political freedoms.

There is also an issue of responsibility: why the policy failed, but more importantly to Viet vets who made it fail. Whose failure was it? That is the question that must finally be resolved before Americans can put the Vietnam war to rest. Vietnam combat veterans spent many years as scapegoats, being blamed for the failure.

It is necessary to cast them in the role of losers, psychotics or highly neurotic people who could not deal successfully with life, or who were

dupes, fools who blindly allowed themselves to go to the slaughter, while all the brave and intelligent souls, the ones who claimed real courage, fought the war from Canada, by agitating on college campuses, or by resisting draft laws—or political leaders who felt obligated to speak out against the terrible, terrible war in Vietnam.

And oh, tis true, tis true—it was most certainly a terrible, terrible war. But it was necessary to stereotype the Vietnam veteran as a sick and dangerous fool to justify the resistance here.

In the backs of many a resister's mind lurked a nagging fear—what if the cause were just? That fear castigated the Vietnam veterans. It had to, to survive.

Its second face, its second expression, was much more painful than the war itself. And that was the realization that faced those combat veterans when they came home—that while they had fought long and hard and well, and while they knew that they had fought for a proper cause that the great Nation which they loved so deeply, simply had to—in order to internalize the conflict and justify the policy failure of our great Nation—fix the blame on these same veterans who had borne the brunt of war.

While we may not always do the correct thing in our country, we are certainly free, and the truth cannot be hidden, at least not for long. While he originally watched people, either as individuals or through group efforts disguise their cowardice and selfishness and their lack of responsibility with an endless series of rationalizations, the Vietnam veteran also watched his stereotypes on TV change from a violent, empty, misled, angry soul to a poor hapless victim of misguided and improper Government policy.

□ 1445

Now we enter phase 2—pity, an expression of compassion, and anger and revulsion over how this poor group of misused people has been treated. We have not yet, Mr. Speaker, arrived at the truth. We have not really addressed the real issue, because the real issue is whether or not the Vietnam war was a war that this Nation, in standing up for what we believed, should have fought for proper reasons. That, Mr. Speaker, is the question. There really is no other question, Mr. Speaker. That is the issue around which the pride of America's combat Vietnam veterans revolve. That is what most of the combat veterans of the Vietnam war truly want. That is what our new American citizens from Southeast Asia truly want—not just an ounce of flesh, not just a pound of flesh, not just a recognition of their sacrifices, but the open honest pronouncement of history that it was they who were right and it was not the sanctimonious, self-righteous opponents of decency and justice whom history has finally proven wrong.

This Nation is full of well-intentioned, warm, responsible, loving people who opposed the war. It is not my intent to challenge their sincerity; but integrity is an ultimate honest value. Its establishment is often a painful process. Truth is what I am sure we all seek. But the opponents of the war effort summon the courage we have already expressed in facing the fruits of their labors.

In this context, it should be said that the Vietnam Veterans Memorial is a sincere and proper outpouring of respect and compassion—a proper exercise in recognition of the men and women who gave up all they could, under the most difficult of circumstances, on behalf of what they sincerely believed. They willingly fought, but quite as obviously did not willingly die. They did what they had to do because when the last question was answered before they took up their weapons the conclusion came down on the side of everything they held dear, and everything for which this Nation stands—even if it sometimes forgets its sense of brotherhood.

So now we build them a memorial. There are objections to its design. I share some doubts about its design myself. I have people who have written concerning its being in the shape of a V because the V represented a peace sign that did not quite mean the same thing to the antiwar protesters in the rest of our country as it did to Winston Churchill, or the combat veterans who fought and died in Vietnam—combat veterans from the United States, from Vietnam, from Cambodia, from Thailand, from Korea, from Australia, and from Laos.

I have heard many objecting to the dark marble being used because some folks think it represents depression, or perhaps some reflection on the failure of our policy there. I am not so sure I share those objections.

My concern was with the inscription. My concern was with the stated goals and objectives of the Vietnam veterans memorial fund workers who have been primarily responsible for this truly laudable endeavor.

Let me read the prolog and epilog to you:

PROLOG

In honor of the men and women of the Armed Forces of the United States who served in the Vietnam War. The names of those who gave their lives and of those who remain missing are inscribed here in the order that they were taken from us.

EPILOG

Our nation remembers the courage, sacrifice and devotion to duty of its Vietnam veterans. This memorial was built through private donations from the American people. Dedicated November 11, 1982.

Perhaps what it does not say is a greater reflection of what we feel about our Vietnam veterans, particularly the ones who died, than what it really does say. Bear in mind that during the entire promotion effort, in the brochures and in the various statements about it, it was very carefully voiced and it was very strongly pushed, this notion, this idea, these words, "The monument contains or expresses no political statements about the war."

The Rules of the House of Representatives and my respect for this body and our country and our people do not permit me to use the language I would like to use to express my reaction to this approach. Once again, Vietnam veterans are called upon to shoulder the burdens of the obnoxious and offensive activities and policies of those who participated most directly in this Nation's backing away from a proper prosecution of the war.

Why could not someone say that this memorial should stand as a tribute to the heroism and sacrifices of a group of people who, more than any other group in the history of this country, with the exception of those who fought during the Revolutionary War, faced more oppression at home and abroad, around the world, but who indeed nonetheless gave the ultimate sacrifice in the face of ultimate challenges for a good and proper cause.

How many boat people do we have to see? How much genocide in Laos and Cambodia? How much tyranny must this country and the rest of the world witness in Southeast Asia? How much death and how much maiming? How much oppression? How many chemical weapons? How many refugees must die in sacrifice before we admit that the tyranny that we allowed to settle over Southeast Asia should not have been allowed to succeed?

How much does it take? How long will it take before we truly recognize what these people did? Does our Nation remember the courage and sacrifice and devotion to duty? Perhaps our Nation will recognize, perhaps our Nation will acknowledge the courage, sacrifice, and devotion to freedom, to liberty, of its Vietnam veterans.

Mr. Speaker, allow me for 1 minute to refer to a PBS story entitled, "Frank: A Vietnam Veteran" that will be aired on November 11.

In a magazine entitled "The Dial," authored by a person named Gloria Emerson, is an article entitled, "Facing Frank." The title of the show is "Frank: A Vietnam Veteran." Let me read a couple excerpts from this article to you.

It is Frank's request that his last name not be used, but little else is secret: His 100 different kinds of fury and fear, his use of alcohol and drugs, the mutilations he saw and the mutilations he performed, a loneliness so savage it sent him into the arms of

another man when he wanted to be held. A prostitute was paid to do the same, put her arms around him. He did not ask his wife because he felt real men, who had come through a war, could not need cuddling. She had every reason to be afraid: There was a killer in the house, who knew it, and gave warning. He thought he had become addicted to it.

Can you imagine writing some article in reference to Second World War veterans, blithely tagging them or referring to them as self-admitted or otherwise killers?

I go on.

I really wish I had lost a limb there. I wish it was just a leg, but when it's inside your head—he paused, then came back to me—I am dying inside.

What is most cruel about "Frank: A Vietnam Veteran" is that Frank is more heroic now, oh, because Frank admits that Frank is the guilty party. That is why Frank is more heroic now than he ever could be in that war and does not know it.

They go on and talk about Frank's experiences with the movie; but in the workshops, they understand Frank's anger and Frank's guilt.

THE TRANSCRIPT FROM FRANK

Let me point out a couple things for you. Opening paragraph in the introduction:

It has been estimated that more than 500,000 Vietnam veterans still feel stresses like those Frank talks about in this film.

I do not think there is any question about that, terrible stresses, terribly painful feelings.

These feelings and experiences seem to be a natural aftermath of the Vietnam War.

Oh, are they? I would suggest that Frank is not a face that the vast majority of Vietnam veterans wear, that Frank is a person for whom we should have compassion and concern and care, but he is not typical of the people that went to Southeast Asia and fought.

There are times that I wish I would've died there. I would say it's mostly about guilt and just wishing that it was over with, and just wishing that it would've ended over there and I could've come back and been put in a box and it would be all over with, y'know . . . and that it'd been the military funeral . . . y'know.

I will tell you something, I was over there and I am glad to be back and glad to be alive and I was scared to hell and back when I was there and I did not want to die and I still do not.

I mean, there's so many moral judgments and different values about what happened to people over there: "Oh, you're a baby killer," or "you're a mutilator." Even if they don't say it, it's the expression on their face.

It might very well be true. Documentaries like this help perpetrate and help continue those myths.

Now let us talk about Frank, and this is in the documentary:

The first time I joined the Navy, I joined the Navy because I had to. I was out of school. I was wheeling and dealing in drugs. I got caught. I was given an alternative. It was either go in the navy, or . . . probably go to jail. So, I chose the service.

Well, the vast majority of the young men and women that ended up in Southeast Asia were decent, law abiding, hardworking, sincere, intelligent, sensitive, compassionate American citizens.

I would like to help this fellow, but I do not like him being presented to me and being presented to the American public as an example of the sort of face the Vietnam veterans are. He is not.

I will go on. Frank's reflections:

I was all wrapped up in the excitement of it and carrying a gun and being a special person over there.

Well, you were not a special person over there if you carried a gun, you were pretty common. I think those things are held in perspective by most people that had to.

It goes on:

And I started shooting that 50-caliber machinegun like nobody ever shot a 50-caliber machinegun.

That is a pretty big weapon, pretty heavy caliber weapon. He was on a boat for the U.S. Navy river patrol.

And I remember watching a tree. I hit a pretty small tree, and I must've hit it three or four times. And this tree just, "b-chow!"—and, just this incredible sense of power, incredible sense of relief. I mean, when I stopped shooting that gun, I felt like a man. I mean, I felt good. Okay? And I could feel it—it was from the top of my head to the tip of my toe. I just felt great, y'know.

And I went on patrol after patrol after patrol. And I guess the first thing that I knew that I killed somebody was another incredible sense of power. Seeing somebody on the opposite shore, okay, and lighting them up and being able to see . . . being able to see parts of that person just fly.

Well, those are not Vietnam veterans. Those are not combat veterans of any war. It is a person that has got a problem. No one likes to be shot at. No one likes to be endangered. No one likes to kill. That is not normal and it is also not the face of this country's Vietnam veterans that should be presented to the public as representative of what we are.

But when you go out at dusk, y'know, all by yourself or with another person, and you are set up and you're quiet, you're waiting—you're the hunter. You are the hunter. And this incredible, just this incredible sense of power in killing five people . . . ah, between the two of us, it was five people. And the only way I can equate it is to ejaculation. Just an incredible sense of relief, y'know, that I did this. I was very powerful.

Then he talks about carrying a .38, being in a brothel in some Vietnamese town and firing holes through the ceiling.

This kind of reaction, this kind of discussion goes on. It is not representative of the vast majority of Vietnam combat veterans who have never had a problem because there has never been recourse to forums to tell their side or their view of this thing.

The antiwar side, yes; the antiwar veterans, a very small minority of combat veterans, yes; but the other argument, no; the other side, never.

There is a second side of this article, two different things I would like to read to you: Views of the Vietnamese people:

But there was another period in time in which we were doing a rescue operation for a flood.

And I remember this older woman had a kid in one hand and a pig in the other hand. And the cop was telling her, "You can't bring them both aboard." And she drowned the kid, and brought the pig aboard. I mean, I didn't understand that. For weeks, I did not understand that.

Then we get into some bad language here that I would rather not repeat.

Y'know, she drowned this kid! It couldn't have been, I don't know, six months old. She drowned him. She held him under the water and drowned him. And put the pig in the boat and got in the boat.

Well, that is garbage. The Vietnamese people are not like that. The vast majority of them are bright and sensitive. They are good people. Many of them are educated in universities all around the world, a very developed civilization full of good people. That is not representative of what the Vietnamese people are like, were like, and I am sure will be like.

□ 1500

But, that is their survival. She could have another kid, she might never be able to buy another pig.

Well, if that happened I would suggest that that person perhaps should be a proper object for our compassion, because she appearently has some of the same types of difficulties that this other gentleman does.

It goes into mutilations that he admits to, or says that he performed, I do not know. It refers to John Wayne, Steve McQueen, and Clint Eastwood, who are supposedly some type of macho figure that I guess means in this poor fellow's mind something to him.

Then, they go on with another thing about the Vietnamese people and maybe most of all, this is what is offensive most of all to a combat veteran of the Vietnam war.

I guess I had it in my mind that I was over there fighting for freedom. That . . . my view of it was that communism was taking over South Vietnam and this was their fight against the communism. OK? But I guess, just before I left, I allowed myself to really get to know some of the very real people that were there. Here I could speak a little bit of the language and I had some Vietnamese counterparts. We were friends. They'd take me to their home and I'd eat their food. I don't know. I came to understand a different view of Vietnam, in that the local farmer, all he wants to do is harvest his rice. He don't care whether it's communist, or democratic or socialistic. He

didn't care. All he wanted to do was grow his rice. And harvest it. And fish. And just live.

That is just downright disproportionate, dishonest representation of what the vast majority of South Vietnamese people sought and feel. You look at the numbers of those people and the proportions of those people that have taken to boats, who are in refugee camps, and they are still fighting there. This is a gross and unfair violation of representing their views; it is not fair.

Then, we go into different problems and additional difficulties that this person has; references to guilt again, that type of thing.

I would like to finish by reading something to the Members that I keep on my desk. It is a lucite embodiment of a copy of a small piece of paper that I will read and tell where I got it:

Senator Wayne Morse, AP, April 29, 1967: Wrapping a bad policy in a flag doesn't give it any more chance for success. It only means that more Americans will die to carry it out. Because they have grown conscious of that simple and harsh truth, many American GI's who have returned home after their tour of duty in Vietnam have staged demonstrations to demand an end to the Vietnam War, but how many more had fallen on the battlefield before they could speak out what they felt in their conscience against the dirty war in Vietnam? Think and act before it is too late. Demand that Johnson's war in Vietnam be immediately ended, the Vietnamese people be left free to settle their own internal affairs, the American troops be immediately be repatriated.

The fellow that had these, about 500 to a 1,000 of them in his possession, was a North Vietnamese major who was killed in an ambush attempt on a unit of which I was the leader, where we happened to win and he did not. I bear him no objection. I will admit that I am alive and he is not, since it had to be one of us, but it is difficult to explain how it feels, because most of the folks that were doing all the work back here in this country did not realize that we got all the news over there—all the news. While we could go up onto Nue Qhe mountain and find the remains of 200-some people who marched out of Hue, whose names were on an execution list marked for extinction, just the way Hitler marked people for extinction in Germany, the same way, and we would pick the paper up and we would read about things like this.

Well, I do not doubt the sincerity of the people who opposed the war effort. I do not doubt that, but that word "integrity" does mean something. It does.

The real question is whether or not it was a proper policy that should have been pursued, and there may be honest disagreement about whether or not it should, but I will say this to the Members: that for my part the fact that I lived at a point in time in history when I ended up being a participant in one way or another in that conflict, that I am proud of the fact that I did what I did and fought where I fought the way I fought for the things that I believed in, with the people I believed with; and for every Vietnamese refugee, for every ethnic Chinese that dies in the ocean or that makes it to a refugee camp, or that comes to this country, they are my friends and I am glad that I stood with them and I am glad that I made that choice, because I sincerely and truly believe it was a proper one. I hope that the people in our country never have to make those kinds of choices of being sent to reeducation camps, of watching friends and neighbors dragged and torn from their homes by the police, with no rights of process, and genocide against the Mao—Hmong you may call them—the Mao tribesmen in Laos where they will be eliminated; the genocide in Cambodia, and this world situation. Well, if there is an issue of guilt I reject it on my part.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. BAILEY of Pennsylvania. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Speaker, I appreciate very much the gentleman from Pennsylvania yielding. I am just thankful that I happened to be on the floor when the gentleman gave the splendid, courageous remarks.

I would like to point out for the record that the gentleman in the well is one of our few combat Vietnam veterans, one of our most decorated veterans. He knows the subject well that he spoke of. The gentleman in the chair (Mr. MURTHA) is also a combat veteran of the Vietnam war. I am very proud to be associated with the remarks that the gentleman has just made, and would point out that it is fortunate that I am chairman of the House Veterans' Affairs Committee, that the Vietnam veteran is coming forth and talking to us about the war and about the problems the Vietnam veteran might be having.

We are having different problems that we had from World War II and the Korean war and we are just learning how to cope with these situations. They are not really problems. The Vietnam soldier was one of the best fighters that we ever had. He was a better fighter than his father. He was physically bigger and he was smarter than his uncle or his father. He had a better education.

So, I am proud to be associated with the gentleman's remarks, and I think we need to hear things like he said today.

Mr. BAILEY of Pennsylvania. I want to express a special thanks to the gentleman from Mississippi, Mr. MONTGOMERY, who is Chairman of the Veterans' Affairs Committee and has done a great, great deal to try to bring to the country's attention the difficulties faced by Vietnam veterans. I know that in light of recent budget cuts there had to be some reasonable cuts made in behalf of veterans in general, but I would like to commend the gentleman for his leadership.

Mr. MOFFETT. Mr. Speaker, will the gentleman yield?

Mr. BAILEY of Pennsylvania. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Speaker, I want to congratulate the gentleman for putting his thoughts on the table. It sounds trite, but I congratulate him for his service to the country.

Mr. BAILEY of Pennsylvania. I thank the gentleman.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BAILEY of Pennsylvania. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman from Pennsylvania. I just want to commend the gentleman for taking the floor and saying what is needed to be said on this floor for many years.

The gentleman brought out one point, that he respects the opinion of those people who opposed the war, and I do, too. But, there is one thing that I do not respect and one thing I will never forget as long as I live. That is the way some of those people went about demonstrating and marching through the streets of this country and burning the American flag. There are some things I never will forget as long as I live, but the gentleman made an excellent point today, and I commend him from the bottom of my heart.

Mr. BAILEY of Pennsylvania. I thank the gentleman.

Mr. Speaker, today we had a short meeting, and it is the first time I have been able to experience it with Vietnam combat veterans, that they are starting to come forward and say what they feel about the strength of their convictions and the sense of service and their feelings during the service.

□ 1510

It is a good thing to see. I just hope that anyone who may have been offended by my remarks, because of their feeling in this matter, will understand, and I hope that we all will have the courage to fight and die everywhere in this world to maintain our freedom of expression. But we respectfully disagree.

● Mrs. HOLT. Mr. Speaker, I commend my colleague, Mr. BAILEY of Pennsylvania, for the timely special order to remind us about the Vietnam veterans. It is particularly apropos because Veterans Day is just 6 days away.

The veterans of World War I, World War II, and the Korean conflict certainly deserve to be recognized and they have been recognized. But the

veterans of the Vietnam war, especially the younger ones, seem to have become forgotten by our country. Perhaps it was because the Vietnam war was not popular and did not have the ground swell support of our country. But I strongly believe that the failure to sustain our national will and the political restrictions placed on our ability to win the war were the reasons that doomed our involvement there to failure.

Our men and women fought valiantly in Vietnam and those that are fortunate to have survived that war, whether they are still in uniform or back in civilian life, certainly deserve to be remembered and honored on Veterans Day on November 11 next week.

The true saga of the veterans that fought in the Vietnam war has not been portrayed with fidelity in the electronic media. It should not be distorted by melodramatic melancholy or misinterpretation. Only the veterans who were eyewitnesses to their comrades' performance in battle can attest to their caliber.●

● Mr. SANTINI. Mr. Speaker, I would like to take this opportunity to join my distinguished colleague from Pennsylvania in questioning the propriety of PBS in airing "Frank: A Vietnam Veteran." This program allegedly portrays the typical Vietnam veteran. In fact, it draws a distorted picture of a man who is not at all representative of the veterans who returned from that Asian conflict.

The Vietnam war will long remain a scar on the minds of Americans, especially those who gave their time and risked their lives to fight on Asian soil. These men and women are now respectable American veterans, living normal, healthy lives and are not the drug-addicted, violence-prone, mentally maladjusted individuals "Frank: A Vietnam Veteran" would have you believe they are. Additionally, to air this misleading pseudodocumentary on Veterans Day is an insult and injustice to all American veterans who fought proudly for their country when called to do so.

We cannot ignore the evidence that veterans of Frank's nature do exist, and yes, we should help them overcome their problems. But to infer that Frank is the typical Vietnam vet is erroneous and only serves to perpetuate an image that our Vietnam veterans are social misfits when in fact, they are not.

PBS performs a disservice to the Vietnam veterans, and the American people by airing this program without a disclaimer or further clarification that "Frank: A Vietnam Veteran" is one isolated case of poor adaptation to civilian, nonwar life on the part of a single veteran and is in no way representative of the majority of our Vietnam veterans or any American veterans of any war.●

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania (Mr. BAILEY) has expired.

INTRODUCTION OF BILL DEALING WITH AMERICAN MERCENARIES IN LIBYA

(Mr. MOFFETT asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and include extraneous matter.)

Mr. MOFFETT. Mr. Speaker, I am today introducing a bill to attempt to deal with the situation of Americans in Libya who are helping a regime which is exporting revolution all over the world.

I know that this is a sticky legal question. Our State Department spokesmen have condemned it, but I do not see any action by the administration at this point. I hope that we can have a bipartisan effort here to at least take some action to try to prevent, with regard to Libya, Americans participating in the service of a country that is engaged in international terrorism.

Mr. Speaker, I include here an article on the subject which appeared in the New York Times, as follows:

AMERICAN'S HELP CALLED KEY TO LIBYANS' MOVE INTO CHAD

(The following article is based on reporting by Philip Taubman, Jeff Gerth and Edward T. Pound, and was written by Mr. Taubman.)

WASHINGTON, October 31.—Libya would have had difficulty sustaining its intervention in Chad last year without the support of a former American intelligence agent, according to pilots and technicians who recently returned from Libya.

They said that the Western personnel and materiel that the intelligence agent, Edwin P. Wilson, supplied were indispensable to the Libyan military.

These sources confirmed accounts, published last week that Americans are flying and maintaining Libyan Air Force aircraft, including helicopters bearing Libyan Air Force insignia, that were used by the Libyans in the intervention in Chad.

"If the Americans left, within six months not one Chinook helicopter would be flying," said Michael D. Bedwell, a former Army pilot who returned Oct. 8 from Libya, where he worked for Mr. Wilson. Mr. Bedwell would not elaborate on his experiences in Libya, but other Americans and Britons agreed with his judgment and provided considerable detail about Mr. Wilson's role and that of the Western airmen.

The Libyan Air Force has a fleet of 20 CH-47 Chinook helicopters, an advanced cargo aircraft designed in the United States and manufactured in Italy.

Last week, a State Department spokesman said that there were no indications that Americans were involved with the Libyan Air Force. He added, without elaboration, that the department had received unconfirmed reports that Americans, working for a civilian charter airline in Libya, might have taken part in airlifts to resupply Libyan troops in Chad.

The spokesman, Alan Romberg, then added, "We believe it is totally inappropriate for any U.S. citizen to take any action which helps Qaddafi carry out such illegal activities as the occupation of Chad." He was referring to Col. Muammar el-Qaddafi, the leader of the militant Arab nation in North Africa.

Government spokesmen would not expand on Mr. Romberg's statement this week, even after they were provided with new evidence of military activities by Americans in Libya.

FLEW CARGO PLANES INTO CHAD

John Anthony Stubbs, a British pilot who worked for Mr. Wilson in Libya earlier this year, said in an interview this week that he had piloted C-130 Hercules airplanes on dozens of missions to advance bases in Southern Libya to resupply Libyan troops and aircraft operating in Chad.

Senior American intelligence officials said that Libya which has purchased a large arsenal of weapons and military equipment from the Soviet Union and Western nations, has a severe shortage of trained personnel. Without Soviet advisers and forces, supplemented by pilots and technicians recruited in the West, they said, Libya's military forces would be immobilized.

Mr. Wilson, by providing outside help, has emerged as a pivotal figure in Libya, as an ex officio chief of procurement and recruitment for that nation's air force, according to the pilots and technicians. That, in effect, places Mr. Wilson, who was trained and employed by the Central Intelligence Agency for 15 years, near the nerve center of a Government considered a pariah state by the United States.

Mr. Wilson left American Government employ in 1976. He was indicted last year by a Federal grand jury here on charges of illegally shipping explosives to Libya. He was reindicted this month and is a fugitive living in Tripoli, the Libyan capital.

He has repeatedly refused to accept telephone calls to his office and home in Tripoli.

'HITCHMAN' REPLIES PROFANELY

Yesterday, however, a man answered his phone and identified himself as Robert Hitchman. Mr. Hitchman is Mr. Wilson's deputy. He threatened the reporter who called him and issued a stream of invectives and profanities.

He accused The New York Times of "printing lies" and called the reporters working on the story "whores."

"You Jewish [expletive] are trying to destroy the C.I.A.," he said.

Mr. Wilson's work for Libya, which began in 1976 when he and another former agency employee, Frank E. Terpil, signed a contract to sell their expertise in intelligence and military matters to train terrorists, has grown to include five projects, according to recent Wilson associates. They are these:

An effort, considered illegal by Federal authorities, to obtain more than $35 million worth of spare parts in the United States and Britain for Libyan transport aircraft manufactured in America. This effort, which involves a complex plan to ship the parts through Italy, remains active, according to British and American law enforcement officials, and is considered essential to keeping the Libyan fleet of cargo planes and helicopters flying.

Recruiting American helicopter pilots and mechanics to train Palestinians and Libyans to fly and maintain the Chinook helicopters. This training program is directed by Mr. Hitchman, a former Marine Corps fight-

er pilot who worked for more than 10 years as a pilot for Air America, a company owned by the C.I.A.

Construction of at least one so-called "clean room" a sterile, soundproof chamber that has a variety of uses, including assembly of both conventional and nuclear weapons. Libya does not currently possess nuclear weapons or the ability to make them, according to American intelligence officials, but may be using the room for computers or the assembly of conventional warheads.

Employment of British pilots and mechanics to fly and maintain Libyan owned C-130 Hercules cargo planes. These planes served as the backbone for resupply of troops and material in Libya's military intervention in Chad, which began late last year.

Recruitment of American oil technicians and procurement of oilfield equipment, important to the development of Libyan oil resources, the main source of revenue for the Libyan Government. Mr. Wilson's work, which was done directly for the Libyan state oil company, supplemented similar activities of American oil companies that operate Libyan oilfields.

RECRUITING MAY NOT VIOLATE LAW

The recruitment of American pilots and technicians would not appear to violate Federal laws, according to Justice Department officials. They said that it was illegal for Americans to enlist in the military forces of a foreign government, but that Mr. Wilson's operation would not be covered by the laws because the Americans working in Libya were recruited and paid by a Swiss company controlled by Mr. Wilson.

The American authorities said that some other facets of Mr. Wilson's work for Libya, including the efforts to obtain spare parts, would be illegal because of a Government ban on the export of American aircraft and spare parts to Libya. Recent associates of Mr. Wilson said that the effort to obtain spare parts involved plans to disguise their final destination by making the purchase appear to be for nations permitted to acquire parts.

A Federal grand jury here is continuing the Government's investigation of Mr. Wilson's activities, and Federal law enforcement officials said that additional indictments were likely to be handed up later this year.

HOUSE PANEL OPENS AN INQUIRY

In addition, the House Select Committee on Intelligence recently began an investigation of Mr. Wilson's activities. The committee, according to staff members, plans to see whether there is a need for legislation on the activities of former intelligence agents. Currently, according to intelligence officials, the C.I.A. has no way to prevent former agents from selling their unclassified expertise to foreign governments, or using their intelligence and military connections to recruit other Americans for work abroad.

Mr. Wilson's interests, which have also included an effort to help modernize Libyan agriculture by attempting to introduce new irrigation technology and also to recruit Thai farmers to cultivate Libyan fields, produces for him an annual gross income of more than $3 million, according to recent associates of his.

These sources said that Mr. Wilson pays recruits a portion of what he receives from the Tripoli Government. Mr. Stubbs, for example, said that Mr. Wilson offered him $48,000 a year. He said that Mr. Wilson's contract with the Libyan Government called for Mr. Wilson to receive $180,000 a year for each C-130 pilot provided.

PAID AT LEAST $80,000 PER PILOT

Americans who worked in Libya reported that Mr. Wilson had been paid between $80,000 and $100,000 a year for each helicopter pilot he recruited. In turn, his organization promised the pilots about $60,000 a year, they said.

Several of the Americans said that Mr. Wilson still owed them money.

The effort to obtain spare parts for the Libyan Air Force began in Britain last year. Mr. Wilson provided several Englishmen with a list of more than 3,000 spare parts needed for Libya's C-130's. Mr. Stubbs who flew the planes and is familiar with the effort to acquire spare parts, said that the Libyan planes were "in desperate need" of maintenance.

He said that to keep some of the planes flying, the Libyans were forced to cannibalize other C-130's for parts. Mr. Wilson was said to have told his associates that Libya was prepared to spend more than $35 million on parts.

EFFORTS CONDUCTED IN ENGLAND

According to one of the Britons dispatched by Mr. Wilson to make the purchase, their first stop was Marshalls, a seller of aircraft parts in Cambridge, England. The plan called for buying the parts on behalf of an Italian buyer, using Swiss letters of credit indicated that the final user was the Italian Air Force. From Italy, the parts were to be shipped secretly to Libya.

When Marshalls discovered that the parts might be destined for Libya and refused to close the deal, according to one of the Englishmen involved, Mr. Wilson turned to the United States. He attempted to acquire parts from a Florida supplier. That effort also collapsed when his documents were questioned.

Despite the setbacks, Mr. Wilson is still actively shopping for parts, according to these sources. They said that Mr. Wilson telephoned one of his associates in England two weeks ago to ask about acquisitions.

Earlier this year, in a case that does not appear to involve Mr. Wilson, the Commerce Department denied export privileges to a Libyan company. The department claimed that the company sought to obtain American-made civilian and military aircraft and parts by clandestine means.

HELICOPTER SPARE PARTS SOUGHT

Mr. Wilson has also been seeking to obtain spare parts for the Chinook helicopters, according to Americans who worked with him in Libya. They said that Mr. Hitchman traveled to England about four months ago in an apparently unsuccessful attempt to buy parts for a civilian version of the helicopter. Mr. Wilson, in a telephone conversation in August, told an American pilot in Alabama that he needed 22 replacement engines for the helicopters, according to the pilot.

Mr. Wilson's recruitment of helicopter pilots and mechanics dates to 1979, when he signed a contract with the Libyan Government to provide trained personnel, according to Americans familiar with the operation. These sources said that the contract expired this month and that Mr. Wilson was attempting to renew it. To date, they said, Mr. Wilson has provided more than 50 Americans.

According to pilots and mechanics who worked in the program, the Americans flew and maintained Libyan helicopters and trained Libyans and Palestinians in their operations. The helicopter operation, they said, was directed by Mr. Hitchman, who is known within Mr. Wilson's organization by the code name "China Blue," at Air Force bases in Tripoli and in Al Kufrah.

TROOPS FERRIED TO CHAD FRONTIER

Americans and Britons familiar with the operation said that some of the helicopters were used to ferry supplies and troops to the Chad frontier. A British flight engineer said that American pilots "were at the controls" for flights into Chad, which is in north central Africa.

American pilots and mechanics interviewed by The Times denied this; they said that Libyans and Palestinians flew the planes. The Americans said, however, that use of the helicopters to support the intervention in Chad probably would not have been possible without maintenance provided by American personnel recruited by Mr. Wilson.

Mr. Stubbs, the British pilot, said Mr. Wilson's work was vital to the use of the C-130's during operations in Chad. First, he said, the British mechanics and engineers recruited by Mr. Wilson to work in Libya had played a critical role in keeping the planes in the air. A British flight engineer, who asked not to be identified, confirmed this account, saying that the Libyans were unable to maintain the planes themselves.

PAKISTANI PILOTS ALSO USED

According to Mr. Stubbs, who was recruited in England late last year by Wilson associates, the Pakistani Air Force, as part of an agreement between Pakistan and Libya, provides pilots and flight engineers to fly some C-130's.

Nevertheless, Mr. Stubbs said, he and another British pilot recruited by Mr. Wilson flew dozens of missions to southern Libya, carrying arms, ammunition and fuel for use by forces operating in Chad. He said he had carried wounded and dead Libyan soldiers on return flights to Tripoli.

Mr. Stubbs recalled that his colleague was "flying absolutely full out, doing 20 hours a day, because he was one of the few people who was operationally able to fly the C-130's, and they were hotting up the war with Chad at the time."

According to Mr. Stubbs, combat missions over Chad, using Soviet-built MIG fighters, were flown by Soviet pilots. The jet fuel used in the flights was brought in by C-130's flown by Mr. Stubbs and his British colleague, he said. "We were logistically keeping the Russians' MIG's airborne," he said.

WARNED TO AVOID CLEAN ROOM

American and British pilots and mechanics who worked in Libya could provide only sketchy details about the clean room constructed with Mr. Wilson's help. They said that it was highly secret and that they had been warned not to go near it.

Former Wilson associates in England said that Mr. Wilson had arranged to acquire materials for the facility in Canada, and that part of the transaction had been handled by Wilson associates in Belgium.

Several men who worked for Mr. Wilson in Libya said that he had made substantial profits through the procurement of oilfield equipment for Libya. His contract with the Libyan state oil company, which also called for Mr. Wilson to provide American oil workers, involved supplying oil equipment ranging from bolts to complete drilling rigs.

According to people recently returned from Libya, Mr. Wilson's operations there are centered in a villa in Tripoli that they

said would be considered "plush" by American standards. They said he had two secretaries and facilities to house guests and some employees.

SOCIAL SECURITY—VICTIM OF POLITICS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ARCHER) is recognized for 10 minutes.

Mr. ARCHER. Mr. Speaker, I sincerely hope the American people are fully aware of the purely political games being played in Congress this week at the expense of the solvency of the social security system.

Yesterday, we again saw the majority leadership of the House of Representatives refuse to permit consideration of lasting solutions to social security's financial dilemma. The Speaker was cited in this morning's Washington Post as saying that even if the Ways and Means Committee had reported out a long-term financing bill he would not have permitted it to be voted on by the full House.

That is unconscionable in view of the hard reality that actuarial projections now show that if we do nothing but interfund borrowing which is all the leadership will allow in this Congress all three social security trust funds could simultaneously run short of funds to pay benefits as early as the end of 1983.

Those of us who serve on the Social Security Subcommittee have worked very hard this year—on a bipartisan basis—to seek lasting solutions for social security * * * knowing full well that only a bipartisan approach can succeed in achieving that goal.

We were prevented by the majority leadership from continuing with that process several weeks ago—even though we had been at work for several months trying to come up with a responsible, workable, bipartisan bill.

The net result is a virtual guarantee that any cushion interfund borrowing will be used up by the time we are permitted to again consider long-term solutions. What that means is that any long-term solutions will of necessity be painful and abrupt with no time to phase in any changes which may have to be made in the system's financial structure.

We cannot permit social security to be a partisan political issue. It is far too important to millions of Americans—the 36 million who now receive benefits and the 117 million people who pay the taxes to support it—to let social security's future depend on political motivation.

That is in fact one of the major causes of the system's pending financial crisis. A succession of Congresses in the early 1970's took the politically expedient track of increasing benefits in election years—far in excess of inflation—without facing up to the need to pay for those benefits.

The Speaker and majority leader would now have us follow the same path—by again postponing the tough decisions until after they have had a chance to try to falsely label Republicans as the destroyers of social security between now and next November's elections.

Neither of them has stated any valid reason for postponing those decisions. They simply say the problem is not serious enough to warrant earlier action. They are wrong.

In my opinion, what they want to have happen is to use social security as a political issue in 1982, let it go to the brink of bankruptcy a few months after the elections are over, and then claim that the only solution is to change social security from an earned benefits program to a welfare program by using general revenues to pay benefits.

They know full well that once we are pushed to the brink, any other solutions will not be able to be phased in—because there will be no time left to phase them in before the system runs out of funds.

They know that the choices Congress will have at that point are simply these: First, a massive immediate increase in the payroll tax; second, large immediate reductions in current benefits; and third, using general revenues to change social security into a welfare program for older Americans who now consider their benefits to be an earned right, which it should be.

I have no doubt whatsoever that the leadership will choose the third alternative—and once they have done that, if the American people let them do that, there will be no end to the increased burden on a shrinking young work force that in the long run will impact destructively on our entire economy, resulting in massive deficit spending, injurious to the young, but even more to older Americans who have retired.

Do we want social security to end up that way? Do retired Americans want social security to become just another welfare program?

I do not think so—and yet that is exactly where the program is headed if we are not permitted to act now to solve its financial crisis while other responsible alternatives can still be phased in—with a chance of equity and fairness to all generations.

It is time that we in this House of Representatives earn our pay and act as statesmen, rather than as politicians.

My friend and colleague JAKE PICKLE, chairman of the Social Security Subcommittee, has shown that he has the courage to stand up and speak out as I am, even though the leadership of his party in the House has tried to put a gag on him at every opportunity. I admire him for his courage and I sincerely hope that there are enough other people in this House with the same degree of courage to stand up to the majority leadership and demand that we not postpone consideration of this issue any longer. We owe those millions of Americans who are part of the social security system that kind of statesmanship.

Mr. MOFFETT. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I am happy to yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Speaker, I applaud the gentleman from Texas (Mr. ARCHER) for speaking up on this issue. Any time anyone does, I think it is helpful.

I would say this, however: I think that if the gentleman went across America and tried to find an individual who is more concerned about the social security system and about how these older people are going to get along and who has tried harder to generate opposition to unfair cuts in social security, he could not find a better person than the Speaker of the House, and I am sure that he is recognized in that way.

Mr. ARCHER. Well, Mr. Speaker, I would say to the gentleman that I do not know why he refuses to permit our subcommittee to even consider solutions to the social security problem if what the gentleman said is true.

There is no one solution to the social security problem, and it is going to require a bipartisan effort to reach solutions. We should do it while we have enough time to phase in those solutions.

When the Speaker puts a gag rule on the chairman of our subcommittee and will not even let him hold hearings to present the facts that the actuaries have to the American people, then I say something is wrong and something needs to be changed.

This is what has happened in the last week, and it has happened time after time over the last month. The Speaker has called in the chairman of our subcommittee and told him that he cannot report a bill out, and if he does report a bill out, it will not get to the floor and we cannot consider it.

□ 1520

I think it is time to do away with party politics and on a bipartisan basis find equitable solutions to social security.

I thank the gentleman for his comments.

THE HERBERT CLARK HOOVER DEPARTMENT OF COMMERCE BUILDING—A FITTING TRIBUTE

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

● Mr. TAUKE. Mr. Speaker, today I am introducing a bill to name the Department of Commerce Building here in Washington in honor of the 31st President of the United States, Herbert Clark Hoover, a native of my home State of Iowa. Joining me in introducing this bill, which recognizes Herbert Hoover's dedicated service to his country as a President, as Secretary of Commerce, and in other important positions, is the entire Iowa delegation, Mr. BEDELL, Mr. EVANS of Iowa, Mr. HARKIN, Mr. LEACH of Iowa, and Mr. SMITH of Iowa. We are honored that Mr. CLAUSEN and Mr. STANGELAND, members of the Public Works Committee, have also joined us in introducing this bill.

Herbert Hoover entered President Harding's Cabinet with an outstanding reputation as a mining engineer and as an organizer of American relief efforts in Europe after World War I. He was often referred to as the "Great Engineer," and as head of the Committee for the Relief of Belgium, he organized and supervised the feeding of over 10 million Europeans a day. Harding, who had campaigned on the theme of bringing the best minds into Government, offered Hoover two positions: Secretary of the Interior or Secretary of Commerce. The former was, at that time, a far more prestigious position, for the Department of Commerce, organized largely for symbolic purposes, was essentially a collection of small offices lacking a strong central organization or purpose. Hoover chose the Commerce position because he believed the Nation's major problems were economic ones, and the Department of Commerce could be very instrumental in solving these problems.

Hoover gave the Department both a strong central organization and a sense of purpose or mission. He set about realizing his vision of the Department as a prime instrument for promoting and protecting American economic development, supplying expertise to American industry, introducing new technology, and advising American businesses of foreign and domestic trading and marketing opportunities.

Planning for the main Commerce Building, necessary to house this Department with its now rapidly growing responsibilities, was initiated during Hoover's tenure as Secretary. Construction of the Department of Commerce Building was completed during his Presidency. What more fitting way to honor this great American than to name the Department of Commerce Building after him?

ESTABLISHMENT OF A REGIONAL STRATEGIC PETROLEUM RESERVE BY UNITED STATES AND CANADA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.

● Mr. ST GERMAIN. Mr. Speaker, I am today introducing a resolution requesting that serious discussions be undertaken with the Government of Canada, regarding the establishment of a regional strategic petroleum reserve by the United States and Canada.

Recent events in the Mideast heighten my concern for future dependable sources of petroleum from the Persian Gulf area, especially for purposes connected with the continued uninterruptible operation of key American defense industries. A number of very important considerations dictate that the United States proceed immediately with the designation of and filling of regional strategic petroleum reserve requirements as provided for by the Energy Policy and Conservation Act of 1975. That act required that regional petroleum reserves be established in areas of the country which import at least 20 percent of the petroleum products consumed there. The completion date for all regional reserves was set for December 1978. No action has been taken.

A major concentration of the Western Hemisphere's defense industrial base is located in the Northeastern and Middle Western States of the United States and the Eastern Provinces of Canada. Any significant disruption of imported petroleum supplies to these areas would pose a critical threat to that concentration of key defense-related industries, and clearly endanger the national security and economic health of the two countries.

The existing strategic petroleum reserve is not located in the close proximity of this defense industrial base. Moreover, its pipelines could be subject to destruction from possible attack or sabotage.

It is in this special regard that I propose that President Reagan direct the Secretary of Energy and the Secretary of State to begin discussions with appropriate officials of the Government of Canada on the feasibility of establishing a joint strategic petroleum reserve by the United States and Canada.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DELLUMS) is recognized for 5 minutes.

● Mr. DELLUMS. Mr. Speaker, I feel very privileged to have attended and participated in the conference in Italy last week entitled, "the United States and Italy in the Framework of the Economic and Political Relations Between Europe and the United States."

While in Italy I was unable to cast my vote in six instances, and I would like to explain how I would have voted had I been there.

I would have voted for the passage of H.R 4603, the Depository Institutions Aid Act; for passage of H.R. 4437, the Energy Conservation Daylight-Saving Act; and for passage of S. 1193, State Department authorizations.

I would have cast votes against the amendment to the Energy Conservation Daylight-Saving Act which would have allowed States to exempt themselves from the extra 2 months; against the motion to kill the Schroeder amendment to instruct the House conferees on the Defense Department Authorization fiscal year 1982; and against the motion to recommit the State Department authorizations.

TAX LOOPHOLES AND THE DEFICIT

The SPEAKER pro tempore. Under a previous order of the House the gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes.

● Mr. DASCHLE. Mr. Speaker, President Reagan during his most recent economic address to the Nation proposed a new strategy for reducing the deficit and controlling the public debt. During his address, the President indicated he would soon ask the Congress to enact new proposals to eliminate abuses and obsolete provisions in the Tax Code. I applaud the President for this new initiative.

Earlier this year, I introduced the Tax Expenditure Reduction Act of 1981, legislation to eliminate abuses and obsolete provisions in the Tax Code which will, when enacted, reduce tax expenditures by an estimated $16 billion. I fully agree with President Reagan—there are many provisions in the Tax Code which are obsolete and should be repealed.

President Reagan has estimated the proposals which he will submit to the Congress designed to eliminate abuses and obsolete provisions in the Tax Code will reduce the deficit by $3 billion during fiscal year 1982. This $3 billion reduction in the deficit proposed by President Reagan is certainly a step in the right direction, but it is a small step and I believe a much bigger step is needed to foster economic recovery in our country.

The President during his address also proposed a further 12 percent across-the-board reduction in the fiscal year 1982 for most Government agencies and programs. I believe a proportionate 12-percent reduction in estimated tax expenditures for fiscal

year 1982 should also be proposed by the administration.

Earlier this year when the administration unveiled the specifics of the economic recovery program, OMB Director Stockman referred to the spending reductions by saying the thundering herd of sacred cows had now been reduced to a handful.

This characterization was colorful, but exaggerated. Mr. Stockman, the administration's chief economic cowpuncher, apparently lost his cattle prod when it came to the breed of sacred cow known as the tax loophole. Director Stockman should have known tax expenditures are a form of Federal assistance and are merely an alternative to direct spending, loans, and loan guarantees. Director Stockman, however, apparently considered the tax loophole a breed apart. President Reagan is right to correct this previous oversight of the administration.

By proposing a proportionate 12-percent reduction of the estimated $266.3 billion in tax expenditures for fiscal year 1982, President Reagan could reduce the budget deficit by $31.95 billion compared to the more modest $3 billion reduction in the deficit which he has already indicated he would propose. I encourage the President to recommend to the Congress proposals which will reduce estimated fiscal year 1982 tax expenditures by 12 percent and in support of the administration submitting such a proposal to Congress, I am today introducing a resolution expressing the sense of the House on this matter.

Tax expenditures have increased at an annual rate of 14 percent since 1975 and tax loopholes should not be exempted from the efforts of the administration and the Congress to reduce the deficit and control the public debt. Tax expenditures should share fully in the reductions sought by the administration and I request, Mr. Speaker, the text of the resolution I am introducing today be printed in the RECORD at this point.

H. RES. 262

Resolution requesting the President to submit to the Congress his recommendation for reducing fiscal year 1982 estimated tax expenditures by 12 percent

Whereas the President will propose legislation to eliminate abuses and absolute provisions in the tax code;

Whereas the President's efforts to balance the budget, eliminate deficit spending, and control the public debt by eliminating abuses and obsolete provisions in the tax code are deserving of support;

Whereas the public debt limit is $1,079,800,000,000 and efforts must be made to reduce the public debt;

Whereas tax expenditures are a form of Federal aid and assistance and are merely an alternative to direct spending, loans, loan guarantees, and other forms of Federal assistance;

Whereas 25 percent of the revenue authorized to be collected is forgone as a result of tax expenditures;

Whereas tax expenditures have increased at an annual rate of 14 percent since 1975 and are estimated to be $266,300,000,000 for fiscal year 1982;

Whereas the President has recommended a further 12 percent reduction in appropriations for fiscal year 1982; and

Whereas a 12 percent reduction in fiscal year 1982 estimated tax expenditures will reduce the deficit by $31,950,000,000 thereby contributing significantly to the goal of a balanced Federal budget, a reduction of the public debt, and a reduction in interest rates; Now, therefore, be it:

Resolved, That the House of Representatives requests that, as a part of the President's proposed changes in the Internal Revenue Code of 1954 to eliminate abuses, remove obsolete incentives, and enhance tax collections, the President submit to the Congress his recommendations for reducing by 12 percent the estimated tax expenditures for fiscal year 1982.●

CONTINUED NEED FOR FOREIGN LANGUAGE TRAINING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, the following is the text of a speech which I delivered in September before the Department of Foreign Languages at the University of Arkansas. The subject of my address was that the immense importance of foreign language skills in the economic, diplomatic, and military spheres, and our own Nation's alarming inadequacy in this regard. I believe that the message which I attempted to convey in my speech is one which has great relevance for the Congress, and I would like to have it reprinted here for the benefit of my colleagues and others:

THE CRITICAL NEED FOR FOREIGN LANGUAGE TRAINING IN THE UNITED STATES

In 1978, President Carter established a blue ribbon panel to examine our Nation's needs in the foreign language and international education fields. That panel was created in response to a growing awareness that our country's businessmen and diplomats were increasingly lacking in skills needed for interaction with other nations. Moreover, this lack of experience in the languages and cultures of the world appeared to extend throughout the U.S., threatening to result in a public uneducated in the manners and customs of nations with which we will increasingly be interacting in the years ahead.

I was selected to serve as a member of the President's Commission on Foreign Language and International Study, and I would like to summarize for you today the findings and recommendations of the Commission, as well as describe the progress which has been made since the Commission completed its work in 1979.

First, a sample of the Commission's findings:

Only 15 percent of American high school students now study a foreign language—down from 24 percent in 1965. That decline continues;

Only one out of 20 public high school students studies French, German, or Russian beyond the second year; four years is considered a minimum in which to attain some competence in a foreign language;

Only 8 percent of American colleges and universities now require a foreign language for admission, compared with 34 percent in 1966;

The foreign affairs agencies of the U.S. government have expressed a deep concern that declining foreign language enrollments in our schools and colleges will lower the quality of recruits for their services;

These are the facts. You may debate the reasons for this alarming decline in foreign studies—whether it is the result of liberalized course requirements in schools, or the knowledge that we will meet English-speakers in most countries of the world—however, you cannot question the effect of this trend. It has been to place the U.S. at a severe, and unacceptable disadvantage in diplomacy, commerce, and other areas of interaction between nations. The following examples may serve to illustrate my point:

When a Soviet soldier in Afghanistan sought asylum in the U.S. embassy in Kabul, there was not a single individual among the 18-member staff of the embassy who spoke Russian. Twenty Members of Congress joined me in a letter to the Secretary of State expressing shock and outrage over the incident;

When Chevrolet marketed its Nova model in Spanish speaking countries, it failed to recognize that "No va" in Spanish means "It doesn't go";

When our U.S. Embassy personnel in Tehran were seized by the Iranians, only two members of the staff there were proficient in the local language;

Finally, in one of the most shocking examples of our Nation's deficiency in foreign language skills, many of you may remember President Carter informing the Poles in Warsaw that he "lusted" for them. This happened because he spoke through a hired interpreter with a Ukrainian accent;

It is clear that in both the domestic and international spheres, an exposure to foreign languages, and foreign cultures, is indispensable to the national well-being. As a multi-ethnic, democratic society, our people must begin to appreciate diversity if our political institutions are to respond effectively to domestic challenges. On the international scene, of course, a world of diversity requires that our people have the capability to comprehend complex occurrences. The U.S. is no longer a self-sufficient, economic giant; we can no longer rely on other nations to learn our language, our customs. Today we must compete with a number of other successful industrial economies for sale of our exports, and to compete successfully we must be able to communicate effectively.

The remaining years of the 20th century promise to hold a number of unprecedented challenges to the wisdom and strength of our country. The technological progress of recent decades has reduced the distances between nations enormously, while at the same time the onset of the nuclear age has raised to an immense degree the stakes which are involved in the interactions between hostile countries. A familiarity with the language and the customs of a given country could mean the difference between peace and war in our world in the years to come.

The title of the report issued by the President's Commission on Foreign Language and International Studies was "Strength Through Wisdom." I think that phrase ought to be the guiding principle in our Na-

tion's campaign to extend its influence and win alliances in key regions throughout the world. Too often in the past our foreign policy mistakes—from China to Vietnam to Iran—have stemmed in large measure from insensitivity to local customs, local values, and local religious beliefs.

I look forward to the day when knowledge of a foreign language—and I don't mean superficial knowledge, but rather sound and thorough knowledge—will be regarded as an integral part of our educational experience. Every boy and girl in America should be studying another language, and every young adult should be able to continue to study a foreign language in depth through high school and in college. Every adult American should be given the opportunity to enjoy the experience of expressing oneself in another tongue. Such studies should be viewed not as an educational frill, but as an educational necessity in today's world.

The fact of the matter is that along with the learning of a foreign language comes a remarkable depth of understanding about the people who speak it. Our own language provides a good example—a careful examination of the English tongue tells a good deal of the story of Western history: the conquest of Northern Europe by the Latin-speaking Romans; the invasion of England by the French Normans; and the subsequent melding of two different languages into modern English. From such an examination also comes a good deal of information about our political institutions and our social interactions.

Xenophobia—the fear of foreigners—is bred from ignorance. Distrust and hostility between nations can often be attributed to a misunderstanding of motives and intentions. I do not mean to suggest that foreign language study will serve as some kind of panacea for the problems which face us today; to a great extent, the interactions of nations consist of deliberately concealed intentions. However, a close familiarity with another culture can serve us well in attempting to penetrate these screens, as well as in avoiding the unintended misunderstandings which have plagued nations throughout history.

I wonder how many of you here today know the origins of our word "barbarian"? To the ancient Greeks, from whom we get this term, "bar-bar" represented the unintelligible sounds made by any non-Greek speaking people. And, just as it does for us today, the word barbarian for the Greeks meant an uncivilized, uneducated, generally inferior human being.

I suspect that there are many in the U.S. today, and elsewhere for that matter, who look upon the people of Asia, or perhaps the Soviet Union, or Latin America, as being in some way "barbarians"—uneducated in our language, uncivilized in our culture, inferior by our standards. That kind of attitude is counterproductive to the efforts of U.S. businessmen and diplomats in the international sphere, and ill-serves the best interests of our Nation. The remedy can only be to encourage a greater learning on the part of Americans of the nature of other cultures.

Compared with other nations, both industrialized, newly industrialized, and developing, the United States has a dismal record in the area of foreign language and international studies. There are more teachers of English in the Soviet Union than there are students of Russian in the U.S. In Europe, both East and West, the study of another language is part and parcel of the learning experience.

The question with which we are confronted, therefore, must be: what are the prospects for positive change?

The President's Commission made a large number of recommendations for improvements in the international education of our citizens and public officials, including the following:

Language requirements should be reinstituted for both college admission and graduation;

Public and private funds should be directed toward the improvement of the skills of our foreign language instructors, through summer and overseas study and international exchanges;

Up to 60 language and international studies high schools should be established across the Nation;

I am pleased to report that in response to this last-cited recommendation of the Commission, a local school district in my area is presently in the process of establishing an international studies high school program to serve a broad region in central California. As part of their ordinary secondary level studies, a number of students in Monterey County will have the opportunity of receiving intensive training in French, German, or Spanish, together with accompanying instruction in international affairs. Additionally, beginning with students in the seventh year of grammar school, instruction in less-commonly taught languages, such as Chinese, Russian, or Japanese, will be made available.

If successful, graduates of this program are likely to find themselves equipped with a skill highly valued by many businesses and industries, and they will additionally find themselves in great demand for service in a variety of government positions. I am hopeful that this innovative program in my area will serve as a model for similar projects elsewhere in the Nation.

While the primary initiative for the enhancement of foreign language training and international studies in the schools must lie at the local level, as is now happening in Monterey County, there is much that we can and should do at the national level to encourage these local efforts. As one who served on the President's Commission, I, together with a number of my colleagues in the House and Senate, have attempted to steer the Congress toward a stronger emphasis on addressing our critical needs in this area. Since the Commission submitted its findings and recommendations to the President, a number of steps have been taken at the national level to draw attention to the importance of foreign language study, and I would like to summarize these briefly for you.

(1) As a follow-up to the President's Commission, the National Commission on Foreign Language and International Studies was created through a joint effort by private foundations, business corporations, and government agencies. The council's interests encompass all elements of language and international studies in the U.S.; advancing training and research; overseas study; global awareness; citizen and community education.

(2) A Washington office of the Joint National Committee for Languages was established to provide information to Congress and the executive branch concerning foreign language and international studies and to serve as a liaison with interested members of a variety of foreign language associations throughout the country.

(3) I myself have formed an informal international education group in the Congress in order to focus attention on issues of concern and build support for legislative and other initiatives on foreign language and international study. 35 Members of the House and 4 Senate officers comprise the membership of the group.

(4) Last year the House Permanent Select Committee on Intelligence expressed its grave concern about the shortage of linguists in the military and directed the Secretary of Defense and the Director of the CIA to develop a program which encompasses a community-wide approach toward alleviating the linguist shortfalls.

(5) As a result of amendments which I offered in the House, the Government Accounting Office issued a report on April 15, 1980, which concluded that more competence in foreign languages was needed among U.S. personnel stationed overseas. In addition, GAO has agreed to my request that it undertake a review of a variety of concerns related to the foreign language training provided our defense personnel at the Defense Language Institute in Monterey, California.

(6) Congressman Paul Simon's amendment to the Department of Education bill included foreign language and international studies as one of seven priority concerns of the new department.

(7) The Congress last year approved my amendment to the Foreign Service Act (H.R. 6790) requiring the establishment of at least two foreign language competence posts at U.S. diplomatic missions abroad.

(8) The Higher Education Act of 1980 authorized an increase of $8 million for international education programs, including an important new program, part B of the Act, which would provide U.S. businesses with a stronger international education base.

(9) Finally, earlier this year the Congress approved my resolution designating the week of March 1, 1981, as National Foreign Language Week, in commemoration of the work of the President's Commission and in recognition of the importance of further efforts in this field.

While these are significant steps toward reversing the decline in foreign studies, the foremost effort, again, must take place among local school districts and state college systems.

In conclusion, let me once again emphasize that no single thing is more important in helping us to understand foreign countries than knowledge of language. No single thing is more helpful to creating good feelings among different nationalities than the ability to speak the others' language. For too long we have insisted that foreign nationals learn English in order to deal with us; now it is time to change that approach. With over 150 countries in the world we need to make greater efforts in order to understand world events. In order to maintain a position of leadership in this diverse world, we must discard the image of the Ugly American by taking into account the importance of nationalism and pride in one's national heritage. To do so will mean learning about the cultures of the world through language study. To paraphrase Ezra Pound, one language is insufficient to convey the diversity of human experience.●

SETTING THE RECORD STRAIGHT

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Maryland (Mr. HOYER) is recognized for 5 minutes.

● Mr. HOYER. Mr. Speaker, recently Office of Personnel Management Director Donald J. Devine blasted a decision handed down by a Federal district court judge which preserved the rights of two insurance carriers to retain their benefit levels for the hard-pressed Federal employee.

Dr. Devine's protestations that this figure locked him into cutting health benefits and raising annual deductions are so misleading and inaccurate that I am compelled to set the record straight.

When the House passed the Treasury/Postal appropriations bill of 1982, it budgeted $792 million to pay the Government's share of annuitants' health care costs. This figure represents exactly the amount requested by the administration. Dr. Devine learned quickly, however, that his own office miscalculated the amount necessary to fund the program by a whopping $500 million. Though he has admitted the errors of his office, Devine has refused to correct the mistake through an additional budget request, and has, in fact, confessed that he is now asking the Federal employee to pay for his mistake.

Contrary to Devine's statements, the Congress has not placed an absolute limit on the amount of the Government's payment for employee health benefits for fiscal year 1982. The Government's contribution for health benefits for active employees is paid from each agency's appropriation for salary and expenses and are not a line item. Other than the legislative branch appropriation, no agency has had their appropriation passed by both Houses of Congress, and it is patently wrong to say that Congress has set a limit on the Government's contribution.

When Congress was considering the funding levels for the health programs, it relied upon the supposed expertise of OPM in developing the funding level. Congress had absolutely no indication from OPM that the figures presented were totally inadequate. Were Congress supplied the true cost of the Government's share, it undoubtedly would have budgeted an amount consistent with the needs of the health program. There clearly is no congressional intent to limit the Government's share of health insurance costs and thereby forcing drastic reductions in needed health care benefits.

Dr. Devine may consider himself a born-again jurist, but his flaming rhetoric targeted against the courts and his ill-founded legislative interpretations are not the harmless utterances of one man—they are dangerous omens of mismanagement in one of this Government's most important agencies.

Cuts in COLA, meager salary increases, RIF's, the "brain drain," and crippling reductions in health care benefits all seem to illustrate a continued assault on Federal employees and retirees who are being asked to bear much more than their fair share of balancing the Federal budget.

Mr. Speaker, the U.S. Government is the largest employer in the world. As every businessman knows, your personnel system must be managed efficiently, effectively, and sensitively. What we see in Mr. Devine's latest words of wisdom is just another example of how this administration is lowering morale, curbing productivity, and frustrating efficiency among an already depressed civil service.●

EXPLANATION AS TO VOTE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 5 minutes.

Mr. DANIELSON. Mr. Speaker, I was unable to be present on the floor of the House of Representatives on Thursday, October 28, 1981, when the House voted on rollcall No. 286, and approved the Journal of Wednesday, October 27, 1981. The vote was 346 yeas to 12 nays. Had I been present, I would have voted "yea."

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SHUMWAY) to revise and extend their remarks and include extraneous material:)

Mr. ARCHER, for 10 minutes, today.
Mr. TAUKE, for 5 minutes, today.
Mr. DAUB, for 5 minutes, today.

(The following Members (at the request of Mr. FRANK) to revise and extend their remarks and include extraneous material:)

Mr. ST GERMAIN, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. DELLUMS, for 5 minutes, today.
Mr. DASCHLE, for 5 minutes, today.
Mr. PANETTA, for 5 minutes, today.
Mr. HOYER, for 5 minutes, today.
Mr. DANIELSON, for 5 minutes, today.
Mr. LAFALCE, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. WEISS, immediately preceding vote on the Markey amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. SHUMWAY) and to include extraneous matter:)

Mr. LEE.
Mrs. ROUKEMA.
Mr. PARRIS.
Mr. MCGRATH.
Mr. BEREUTER in two instances.
Mr. DERWINSKI in two instances.
Mr. RITTER.
Mr. WOLF in two instances.
Mr. PHILIP M. CRANE in four instances.
Mr. BEARD.
Mr. WORTLEY.
Mr. MARTIN of North Carolina.
Mr. SOLOMON.

(The following Members (at the request of Mr. FRANK) and to include extraneous matter:)

Ms. FERRARO.
Mr. SANTINI.
Mr. HUBBARD.
Mr. LUNDINE.
Mr. MCDONALD in four instances.
Mr. JOHN L. BURTON.
Mrs. SCHROEDER.
Mr. SHELBY.
Mr. PANETTA.
Mr. VENTO in two instances.
Mr. ROE.
Mrs. COLLINS of Illinois.
Mr. LONG of Maryland.
Mr. MILLER of California.
Mr. STOKES.
Mr. FOWLER.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 736. An act to provide for the control of illegally taken fish and wildlife.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on November 4, 1981, present to the President, for his approval, bills of the House of the following title:

H.R. 661. An act for the relief of Blanca Rosa Luna de Frei;
H.R. 688. An act for the relief of Junior Edmund Moncrieffe;
H.R. 783. An act for the relief of Roland Karl Heinz Vogel;
H.R. 1469. An act for the relief of Madeleine Mesnager;
H.R. 1480. An act for the relief of Omar Marachi;
H.R. 1550. An act for the relief of Aurora Isidra Fullan Diaz;
H.R. 1785. An act for the relief of Gladys Belleville Schultz;
H.R. 2010. An act for the relief of Kai-Mee Chen;
H.R. 2185. An act for the relief of Hanife Frantz;
H.R. 2573. An act for the relief of Moses Bank;
H.R. 2975. An act for the relief of Yuk Yee Li;
H.R. 3975. An act to facilitate and encourage the production of oil from tar sand and other hydrocarbon deposits; and

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

ADJOURNMENT

Mr. MOFFETT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 21 minutes p.m.) the House adjourned until tomorrow, Friday, November 6, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2475. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the Extension Course Institute course materials function at Gunter AFS, Ala., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2476. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a description of a proposed transaction involving U.S. exports to Argentina and Paraguay, pursuant to section 2(b)(i) of the Export-Import Bank Act of 1945; to the Committee on Banking, Finance and Urban Affairs.

2477. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a description of a proposed transaction involving U.S. exports to Mexico, pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945; to the Committee on Banking, Finance and Urban Affairs.

2478. A letter from the Chairman, Board of Trustees, Harry S. Truman Scholarship Foundation, transmitting the annual report of the foundation for 1980-81, pursuant to section 13(b) of Public Law 93-642; to the Committee on Education and Labor.

2479. A letter from the Director, Office of Personnel Management, transmitting an interim report on the Government's experimental program of alternative work schedules for Federal employees, pursuant to section 304 of Public Law 95-390; to the Committee on Post Office and Civil Service.

2480. A letter from the Federal Inspector, Alaska Natural Gas Transportation System, transmitting his ninth quarterly report, pursuant to section 7(a)(5)(E) of Public Law 94-586; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HUGHES: Committee on the Judiciary. Supplemental report on H.R. 4481 (Rept. No. 97-293, Pt. II). And ordered to be printed.

Mr. FORD of Michigan: Committee on Post Office and Civil Service. H.R. 1710. A bill to authorize the use of the frank for official mail sent by the Law Revision Counsel of the House of Representatives (Rept. No. 97-314). Referred to the Committee of the Whole House on the State of the Union.

Mr. YATES: Committee of conference. Conference report on H.R. 4035 (Rept. No. 97-315). And ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STARK (for himself and Mr. DUNCAN):

H.R. 4908. A bill to amend section 280A of the Internal Revenue Code of 1954 with respect to rentals of dwelling units to family members, and for other purposes; to the Committee on Ways and Means.

By Mr. BEARD:

H.R. 4909. A bill to amend the Federal Employees' Compensation Act, and for other purposes; to the Committee on Education and Labor.

By Mr. BLILEY (for himself, Mr. DELLUMS, Mr. FAUNTROY, Mr. MCKINNEY, Mr. DYMALLY, Mr. BARNES, Mr. GRAY, Mr. LELAND, and Mr. PARRIS):

H.R. 4910. A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act and the charter of the District of Columbia with respect to the provisions allowing the District of Columbia to issue general obligation bonds and notes and revenue bonds, notes, and other obligations; to the Committee on the District of Columbia.

Mr. DAUB:

H.R. 4911. A bill to repeal chapter 45 of title 5, United States Code, relating to incentive awards for Federal employees; to the Committee on Post Office and Civil Service.

By Mr. FOWLER (for himself, Mr. MARTIN of North Carolina, and Mr. HEFTEL):

H.R. 4912. A bill to amend the Internal Revenue Code of 1954 to encourage greater energy conservation by commercial businesses, and for other purposes; to the Committee on Ways and Means.

By Mr. GIBBONS (for himself and Mr. BAFALIS):

H.R. 4913. A bill to reduce the duty on the pesticide commonly known as Dicofol; to the Committee on Ways and Means.

By Mr. McDONALD (for himself and Mr. JENKINS):

H.R. 4914. A bill to prohibit the removal before January 1, 1983, of houseboats or floating cabins from water resource areas under the jurisdiction of the Corps of Engineers; to the Committee on Public Works and Transportation.

By Mr. MOFFETT (for himself, Mr. HARKIN, Mr. DOWNEY, Mr. BARNES, and Mr. LANTOS):

H.R. 4915. A bill with respect to U.S. citizens acting in the service of international terrorism; to the Committee on Foreign Affairs.

By Mr. MOTTL:

H.R. 4916. A bill to amend the Motor Vehicle Information and Cost Savings Act to increase penalties for violation of the provisions of such act relating to odometers; to the Committee on Energy and Commerce.

By Mr. RANGEL:

H.R. 4917. A bill to amend the Internal Revenue Code of 1954 to clarify the local furnishing rule with respect to the tax-exempt status of interest on obligations issued to provide facilities for the local furnishing of gas; to the Committee on Ways and Means.

By Mr. SCHULZE (for himself and Mr. RUSSO):

H.R. 4918. A bill to amend the Internal Revenue Code of 1954 to exempt from excise tax certain trailers and semitrailers used primarily as railroad cars; to the Committee on Ways and Means.

By Mrs. SNOWE:

H.R. 4919. A bill to establish a procedure for the periodic review of Federal programs by the Congress; to the Committee on Rules.

By Mr. TAUKE (for himself, Mr. BEDELL, Mr. CLAUSEN, Mr. EVANS of Iowa, Mr. HARKIN, Mr. LEACH of Iowa, Mr. SMITH of Iowa, and Mr. STANGELAND):

H.R. 4920. A bill to designate the Department of Commerce Building in Washington, D.C., as the "Herbert Clark Hoover Department of Commerce Building"; to the Committee on Public Works and Transportation.

By Mr. WHITTEN:

H.R. 4921. A bill directing a study and report on requiring proper lighting of boat landing ramps adjacent to waters subject to the jurisdiction of the United States, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. ZEFERETTI:

H.R. 4922. A bill to amend title 18 of the United States Code—Crimes and Criminal Procedure; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.J. Res. 355. Joint resolution directing the Secretary of Energy to begin discussions with the Government of Canada regarding the establishment of a strategic petroleum reserve by the United States and Canada; to the Committee on Foreign Affairs.

By Mr. SIMON:

H.J. Res. 356. Joint resolution expressing the sense of Congress that the States have the authority to require counseling before an abortion is performed and to require the signatures of two or more physicians on statements of approval before an abortion may be legally performed; to the Committee on the Judiciary

By Mrs. ROUKEMA (for herself, Mr. ANDERSON, Mr. ANNUNZIO, Mr. APPLEGATE, Mr. ATKINSON, Mr. AUCOIN, Mr. BEARD, Mr. BLILEY, Mr. BONKER, Mrs. BOUQUARD, Mr. BROWN of Colorado, Mr. BURGENER, Mr. CARMAN, Mr. CHENEY, Mr. COLEMAN, Mr. JAMES K. COYNE, Mr. DANIEL B. CRANE, Mr. CROCKETT, Mr. DASCHLE, Mr. DE LA GARZA, Mr. DOUGHERTY, Mr. DUNCAN, Mr. DYSON, Mr. EMERY,

Mr. EVANS of Iowa, Mr. FORSYTHE, Mr. GOLDWATER, Mr. GONZALEZ, Mr. GREGG, Mr. GRISHAM, Mr. HOLLENBECK, Mrs. HOLT, Mr. HOWARD, Mr. HOYER, Mr. HUBBARD, Mr. KASTENMEIER, Mr. KEMP, Mr. KOGOVSEK, Mr. LEHMAN, Mr. MCKINNEY, Mr. MARTIN of New York, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MOLINARI, Mr. MURPHY, Mr. NAPIER, Mr. NOWAK, Mr. PARRIS, Mr. PAUL, Mr. PORTER, Mr. PURSELL, Mr. RAHALL, Mr. ROBERTS of Kansas, Mr. RODINO, Mr. ROE, Mr. ST GERMAIN, Mr. SAWYER, Mr. SHUMWAY, Mr. SNYDER, Mr. SPENCE, Mr. STANGELAND, Mr. VENTO, Mr. WEAVER, Mr. WEBER of Ohio, Mr. WHITEHURST, Mr. WILSON, Mr. WYDEN, Mr. JEFFRIES, and Mr. ROBERTS of South Dakota):

H. Con. Res. 214. Concurrent resolution expressing the sense of the Congress that no limitation should be placed on the Federal income tax deduction for interest paid on a residential mortgage; to the Committee on Ways and Means.

By Mr. DASCHLE:

H. Res. 262. Resolution requesting the President to submit to the Congress his recommendations for reducing fiscal year 1982 estimated tax expenditures by 12 percent; to the Committee on Ways and Means.

By Mr. JEFFORDS (for himself and Mr. GRADISON):

H. Res. 263. Resolution to express the sense of the House of Representatives concerning the Consumer Price Index; to the Committee on Education and Labor.

By Mr. WEBER of Ohio (for himself, Mr. ERDAHL, and Mrs. ROUKEMA):

H. Res. 264. Resolution requiring reports for foreign travel by Members, officers, and employees of the House of Representatives and prompt publication of such reports in the CONGRESSIONAL RECORD; to the Committee on House Administration.

By Mr. WINN:

H. Res. 265. Resolution relating to the management of U.S. assets; to the Committee on Government Operations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. LAGOMARSINO introduced a bill (H.R. 4923) for the relief of Jean and Romeo Mondragon Aguilar, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 25: Mr. BAFALIS, Mr. BUTLER, Mr. CRAIG, Mr. DANNEMEYER, Mr. MARTIN of North Carolina, Mr. PETRI, Mr. PORTER, Mr. RHODES, Mr. SHUMWAY, and Mr. SNYDER.

H.R. 27: Mr. BOWEN.

H.R. 1300: Mr. HAGEDORN and Mr. ALBOSTA.

H.R. 1506: Mr. SOLARZ.

H.R. 1509: Mr. WAXMAN.

H.R. 1647: Mr. SAWYER.

H.R. 1854: Mr. JOHN L. BURTON.

H.R. 1918: Mr. SMITH of Pennsylvania, Mr. ROGERS, and Mr. FARY.

H.R. 2488: Mr. BEVILL, Mr. JAMES K. COYNE, Mr. WALGREN, Mr. SMITH of Alabama, Mr. KASTENMEIER, and Mr. RATCHFORD.

H.R. 2973: Mr. RATCHFORD.

H.R. 3414: Mr. FINDLEY.

H.R. 3861: Mr. SHELBY.

H.R. 4022: Mr. EDGAR and Mr. MARKS.

H.R. 4432: Mr. DORNAN of California.

H.R. 4467: Mr. ST GERMAIN, Mr. DOWDY, and Mr. MOTTL.

H.R. 4509: Mr. CHAPPELL, Mr. DANIEL B. CRANE, and Mr. DAUB.

H.R. 4567: Mrs. HECKLER.

H.R. 4639: Mr. PATTERSON.

H.R. 4667: Mrs. FENWICK.

H.R. 4680: Mrs. HOLT, Mr. ERDAHL, Mr. FAUNTROY, Mr. FORSYTHE, Mr. LIVINGSTON, Mr. EDWARDS of California, Mr. DANNEMEYER, Mr. BURGENER, Mr. HUGHES, Ms. MIKULSKI, Mr. FISH, Mr. FAZIO, Mr. JEFFORDS, Mr. RICHMOND, Mr. PASHAYAN, Mr. DOWNEY, Mr. COELHO, Mr. WALKER, Mr. PANETTA, and Mr. HORTON.

H.R. 4705: Mr. PORTER, Mr. MARTIN of North Carolina, Mr. DERWINSKI, Mr. ROE, Mr. OXLEY, Mr. GINGRICH, Mr. MURTHA, Mr. FORSYTHE, Mr. WOLF, Mr. MAZZOLI, Mr. FARY, Mr. BEVILL, Mr. ADDABBO, Mr. MCEWEN, Mr. FAZIO, Mr. JAMES K. COYNE, Mr. ANTHONY, Mr. LEBOUTILLIER, Mr. LAGOMARSINO, Mr. SOLOMON, Mr. DYSON, Mr. HERTEL, Mr. DE LA GARZA, Mr. COELHO, Mr. NAPIER, Mr. SAWYER, Mr. RAILSBACK, Mr. LIVINGSTON, and Mr. HYDE.

H.R. 4786: Mr. SIMON, Mr. BEVILL, Mr. GUNDERSON, Mr. HANCE, Mrs. SCHNEIDER, Mr. MCEWEN, Mr. SMITH of Alabama, Mr. RINALDO, Mr. MARTIN of New York, Mr. DASCHLE, MR. LUNGREN, Mr. ROBERTS of South Dakota, Mr. SABO, Mr. JOHNSTON, Mr. BAILEY of Pennsylvania, and Mr. SOLOMON.

H.R. 4829: Mr. FORD of Tennessee, Mr. VENTO, Mr. OBERSTAR, Mr. LAFALCE, Mr. LONG of Maryland, Mr. JAMES K. COYNE, Mr. RICHMOND, Mr. BONIOR of Michigan, Mrs. SCHNEIDER, Mr. MINISH, Mr. BARNES, Mr. EDGAR, Mr. SCHUMER, and Mr. JOHN L. BURTON.

H.R. 4848: Mr. MATSUI, Mr. BARNARD, Mr. CORCORAN, Mr. FORSYTHE, Mr. SABO, Mr. FOLEY, Mr. MAVROULES, Mr. WON PAT, Mrs. SCHROEDER, Mr. VENTO, Mr. RAHALL, Mr. PANETTA, Mr. OTTINGER, Ms. OAKAR, Mr. MINETA, Mr. LEHMAN, Mr. FAZIO, Mr. GOODLING, Mr. HARKIN, Mr. LOWRY of Washington, Mr. ANDERSON, Mrs. SCHNEIDER, Mrs. HECKLER, Mr. DWYER, Mr. LONG of Louisiana, Mr. PHILLIP BURTON, Mr. WASHINGTON, Mr. MAZZOLI, Mr. BROOKS, Mr. BLANCHARD, Mr. BONER of Tennessee, Mr. CLAY, Mr. DASCHLE, Mr. WALGREN, Mr. WILLIAM J. COYNE, Mr. SCHUMER, and Mr. PATTERSON.

H.J. Res. 148: Ms. OAKAR.

H.J. Res. 197: Mr. ALBOSTA, Mr. ARCHER, Mr. ATKINSON, Mrs. BOUQUARD, Mr. BREAUX, Mr. BROWN of California, Mr. BURGENER, Mr. FISH, Mr. GORE, Mr. GREGG, Mr. HILLIS, Mr. JONES of Tennessee, Mr. KINDNESS, Mr. LEBOUTILLIER, Mr. LEVITAS, Mr. LIVINGSTON, Mr. LUJAN, Mr. MARRIOTT, Mr. MAZZOLI, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. MURTHA, Mr. NICHOLS, Ms. OAKAR, Mr. PURSELL, Mr. QUILLEN, Mr. RINALDO, Mr. ROBERTS of South Dakota, Mr. ROBINSON, Mr. SCHUMER, Mr. SKELTON, Mr. SMITH of New Jersey, Mr. SPENCE, Mr. STENHOLM, Mr. STUMP, Mr. TAUZIN, Mr. TRAXLER, Mr. WEISS, Mr. WOLPE, Mr. WON PAT, and Mr. WYDEN.

H.J. Res. 294: Mr. NELLIGAN, Mr. PHILIP M. CRANE, Mr. SMITH of New Jersey, Mr. MCDONALD, Mr. KRAMER, Mr. WALKER, Mr. BOWEN, Mr. CARMAN, Mr. ROBINSON, Mrs. MARTIN of Illinois, Mr. SMITH of Alabama, Mr. SCHULZE, Mr. NEAL, Mr. SILJANDER, Mr. KOGOVSEK, Mr. LEE, Mr. SUNIA, Mr. LOWERY of California, Mr. STATON of West Virginia, Mr. BADHAM, Mr. KEMP, Mr. MCCLOSKEY, Mr. WEBER of Ohio, Mr. LIVINGSTON, Mr. DICKINSON, Mr. SKEEN, Mr. IRELAND, Mr. HUGHES, and Mr. DYSON.

H.J. Res. 332: Mr. MCHUGH, Mr. FAZIO, Mr. CLINGER, Mr. LAFALCE, Mr. VENTO, Mr. WYDEN, Mr. PAUL, Mr. ROE, Mr. MOAKLEY, Mr. DONNELLY, Mr. RANGEL, Ms. FIEDLER, Mr. LEBOUTILLIER, Mr. WOLF, Mr. MARKEY, Mr. BEVILL, Mr. GREGG, Mr. PASHAYAN, Mr. PHILLIP BURTON, Mr. ZEFFERETTI, Mr. BARNES, Mr. FAUNTROY, Mr. FOWLER, Mr. ROBERTS of Kansas, Mr. CHAPPIE, Mr. LANTOS, Mr. SCHUMER, Mr. FASCELL, Mr. HUTTO, Mr. DIXON, Mr. FRANK, and Mr. SHUMWAY.

H.J. Res. 350: Mr. IRELAND, Mr. MORRISON, Mrs. SCHROEDER, Mr. STANGELAND, Mr. BROWN of Colorado, Mr. SMITH of Alabama, Mr. BLILEY, Mr. LUNGREN, Mr. LOEFFLER, Mr. EVANS of Iowa, Mr. DAUB, Mr. LOWERY of California, Mr. SANTINI, and Mr. GUNDERSON.

H. Con. Res. 195: Mr. LUKEN.

H. Con. Res. 207: Mr. DENARDIS.

H. Con. Res. 210: Mr. JACOBS, Mr. RICHMOND, Mr. WEAVER, Mrs. SCHROEDER, Mr. SMITH of New Jersey, Mr. MURPHY, and Mr. WHITLEY.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4744: Mr. LOWERY of California.

H. Con. Res. 151: Mr. LOWERY of California.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

255. By the SPEAKER: petition of the 10th annual conference of the Enlisted Association of the National Guard of the United States, Rapid City, S. Dak., relative to Reserve universal military training; to the Committee on Armed Services.

256. Also, petition of the 88th annual conference of the International Association of Chiefs of Police, New Orleans, La., relative to exempting police pursuit vehicles from emission control requirements; to the Committee on Energy and Commerce.

257. Also, petition of the International Association of Chiefs of Police, relative to ratification of the United States-Mexico vehicle theft treaty; to the Committee on Foreign Affairs.

258. Also, petition of the International Association of Chiefs of Police, relative to the FBI's provision of fingerprint examination services to private security agencies; to the Committee on the Judiciary.

259. Also, petition of the Enlisted Association of the National Guard of the United States, relative to penalties for defacing the American flag; to the Committee on the Judiciary.

260. Also, petition of the Enlisted Association of the National Guard of the United States, relative to "National Guard Day"; to the Committee on Post Office and Civil Service.

261. Also, petition of the International Association of Chiefs of Police, relative to the 55-mile-per-hour speed limit; to the Committee on Public Works and Transportation.

262. Also, petition of the International Association of Chiefs of Police, relative to Internal Revenue Service assistance in investigations of organized crime; to the Committee on Ways and Means.

263. Also, petition of the Enlisted Association of the National Guard of the United States, relative to peace through strength; jointly, to the Committees on Armed Services and Foreign Affairs.

264. Also, petition of the International Association of Chiefs of Police, relative to Federal support of State drug enforcement efforts; jointly, to the Committees on Armed Services, Foreign Affairs, the Judiciary, and Ways and Means.

265. Also, petition of the International Association of Chiefs of Police; relative to curtailment of drug abuse; jointly, to the Committees on the Judiciary and Energy and Commerce.

266. Also, petition of the International Association of Chiefs of Police, relative to continuation of the Bureau of Alcohol, Tobacco and Firearms as a separate agency; jointly, to the Committees on the Judiciary and Ways and Means.

SENATE—*Thursday, November 5, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

"Holy, holy, holy Lord God of hosts, Heaven and Earth are full of Thee, Heaven and Earth art praising Thee, O Lord most high." God of all righteousness forgive our propensity to make deals with evil. Forbear the ease with which we settle for something less than the best. Compromise is our business, because we seek identical ends by different means and we need the knowledge and experience that each brings to the issues. But keep us Lord from compromising with error. Deliver us from the pragmatism which defers to expediency and allows us to justify any means however wrong, because we purpose a good end.

We thank Thee Lord for the benefits brought to the Senate by the rich diversity of its Members coming from diverse places and subcultures with diverse views and convictions. We thank Thee for the wholeness that comes from broad differences which harmonize in arriving at just goals by righteous means to the benefit of all. Teach us to listen to each other, to hear, to respond in respect and love and wisdom so that laws written here will honor Thee and represent the very best in justice and equity for the welfare of our Republic and the world. In Jesus' name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, under the order previously entered, I believe, after the recognition of the two leaders under the standing order, there will be a brief period for the transaction of routine morning business, and at 10 o'clock the Chair will lay before the Senate S. 1408, the military construction authorization bill, on which there is a time agreement. Is that correct?

The PRESIDENT pro tempore. That is correct.

Mr. BAKER. I thank the Chair.

Mr. President, I have no further requirement for my time under the standing order and I am prepared to yield to the distinguished acting minority leader, or to yield it back.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. DIXON. Thank you, Mr. President.

I ask that 2 minutes of the time under the standing order be yielded to the Senator from Wisconsin.

Mr. BAKER. Mr. President, I yield back the remainder of my time.

The PRESIDENT pro tempore. The Senator from Wisconsin.

LANE KIRKLAND AND THE AFL–CIO STAND ON UNION CORRUPTION

Mr. PROXMIRE. Mr. President, yesterday, Lane Kirkland, president of the AFL–CIO, testified before the Senate Committee on Government Affairs' Permanent Subcommittee on Investigations in support of stronger action and tougher laws to combat fraud in union pension fund and welfare benefit plans.

Some may have been surprised that the head of the AFL–CIO would support stronger legal and criminal penalties in this area. It was reported as a man bites dog story.

But that was only because the reporters and the public are unaware of the strong support the AFL–CIO, and most all of its member unions, have given in the past to laws which would help clean up abuses in the pension funds and racketeering in the few—very few—unions where such abuses exist.

When the union pension and welfare fund laws were first put on the books back in the late 1950's, after extensive hearings by then-Senator Paul Douglas, it was the unions who supported toughening up the laws and the employers who objected.

So this is right in keeping with a very strong, clean, outstanding union movement that we should all be thankful for in this country. Too often there has been given the impression that there is widespread corruption, when the corruption is the rare exception to the rule.

What was going on then was that many companies were using the money in their employee pension funds to feather their own nests, or skipping town with the funds when the company went broke or got into financial troubles, or paid out most of the benefits only to management retirees. The scandals were legion.

But those hearings also exposed corruption in a few—mostly unknown or front—unions and the AFL–CIO then supported strong legislation to combat it.

But the bigger point is that the union movement in this country has always had a strong public interest element which many times has been stressed beyond what are the narrow wages, hours, working conditions, and interests of the union movement.

When the tremendous struggles over civil rights took place in the 1950's and 1960's, it was the union movement which financed and supported justice for everyone in this country.

You can count on them to side with the angels when it comes to the issues of both economic and social justice for all Americans.

And the union movement has spent its time and energy promoting political democracy and opposing the totalitarianism of both the right and the left in the world.

So it should come as no surprise that Lane Kirkland in his testimony yesterday carried on in the finest traditions of the trade union movement and supported legislation which would help rid his movement of a few bad apples.

I commend his example to some elements of the business community who have recently been trying to gut the overseas bribery legislation and to those who have historically been soft on white collar as opposed to overt illegal activities. And I also commend his actions to Members of the House and Senate who sometimes are quicker to criticize others than we are to help put our own Houses or own election contribution or ethical standards in order.

It would be very good if all of us took a page from Lane Kirkland's stand and tried to remove the mote in our own as well as the other person's eye.

PERSECUTION OF THE TOBA-MASKOY

Mr. PROXMIRE. Mr. President, I would like to call attention to the desperate plight of the Toba-Maskoy Indians of Paraguay. Their ordeal was the subject of a front page Washington Post article.

In January of this year the Toba-Maskoy were expelled by the Government from their tribal homelands and forcibly relocated on a desolate plot of land 60 miles away. There, according to the Post, they live corralled like cattle, surrounded by barbed wire, on land that has repeatedly failed to yield sufficient crops. The ground is so hard that when it rains the water forms huge lagoons.

According to Survival International, a human rights watchdog organization, during a past war with Bolivia hundreds of soldiers died on this site from fever and dehydration. Since hundreds of Toba-Maskoy were moved here by the

Government at least five children have died of disease and malnutrition. The land is so barren and the situation of the Toba-Maskoy so dire that those who work with the Indians fear they will not survive. As one anthropologist said, "In 10 or 15 years, forget about the Toba-Maskoy."

Although I would hesitate to accuse the Paraguayan Government of genocide—that is, the purposeful attempt to destroy an ethnic group—this treatment of the Toba-Maskoy is nonetheless a heinous violation of a people's most basic human rights. It is an atrocity that we, as a self-proclaimed leader in the area of human rights, must speak out against loudly.

Yet, Mr. President, how can we even begin to effectively criticize the actions taken against the Toba-Maskoy by the Paraguayan Government when we ourselves have refused to recognize that most fundamental human right of a people—the right to exist. I am of course referring to the Genocide Treaty.

An expert on the situation in Paraguay is quoted in the Post, describing the Government's attitude:

> Get the smallest possible reservations. Put the most number of people on them. And don't do anything against them—"we're benevolent, we have no desire to hurt them. And then just let them die tranquilly, because we don't want them, or they're not good enough, or not intelligent enough . . . You just let things go.

Mr. President, let it never be said we "just let things go."

To be a forceful voice in the international struggle for human rights it is critical that we demonstrate our uncompromising concern for the rights of all of humanity. Therefore we must act now to ratify the Genocide Convention.

I thank the distinguished acting minority leader.

Mr. DIXON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 10 a.m., with statements therein limited to 5 minutes each.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ABDNOR). Without objection, it is so ordered.

SOIL AND WATER CONSERVATION PROJECTS IN SOUTH CAROLINA

Mr. THURMOND. Mr. President, since its inception, the U.S. Department of Agriculture Soil Conservation Service has provided technical assistance to farmers and other landowners in an effort to reduce soil erosion, improve drainage, and develop irrigation capabilities.

Unfortunately, in recent years regulations have been promulgated that curtail the effectiveness of the soil conservation program. Executive Order 11990, which was issued by former President Carter, has the effect of restricting the Soil Conservation Service from providing technical assistance to farmers with problems caused by flooding and excess water.

This order, known as the wetlands policy, is in some cases more restrictive than appears to be necessary and has hampered the effectiveness of the Soil Conservation Service. Landowners have been denied technical assistance for needed drainage projects, which has hampered efforts to make poorly drained lands productive. In many cases, this is land that could be utilized for producing row crops, for growing timber, or for increasing available pasture land.

Mr. President, the South Carolina General Assembly has recently addressed this situation. The State legislature adopted a concurrent resolution which urges that changes be made in Executive Order 11990 and/or the regulations implementing it. This resolution was strongly supported by the South Carolina Association of Conservation Districts.

Mr. President, I ask unanimous consent that this resolution, along with a supportive letter from the South Carolina Association of Conservation Districts, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A CONCURRENT RESOLUTION

Whereas, this state's wetlands, agricultural lands and woodlands are vital natural resources of critical importance to the people of South Carolina and it is necessary that they be utilized wisely because of their value; and

Whereas, wetlands are areas of great natural productivity, hydrological utility and environmental diversity, providing natural flood control, improved water quality, recharge of aquifers, flow stabilization of streams and rivers and habitat for fish and wildlife resources; and

Whereas, many South Carolina farmers depend on the United States Soil Conservation Service for technical and financial assistance for the installation and maintenance of flood protection and water management practices to protect their lands from flooding and enhance the production of food. feed, fiber and timber which is essential to the health. security and economic success of the citizens of our State and Nation; and

Whereas, the problem of loss of wetlands arises mainly from unwise land use practices, and the Federal Government can influence the use of environmentally sound practices in the construction of projects and in the provisions of financial or technical assistance; and

Whereas, the South Carolina Association of Conservation Districts has found that the United States Soil Conservation Wetlands Policy is, in some instances, more restrictive than necessary to reasonably comply in word and spirit with Executive Order 11990 on limiting federal agency assistance on new construction located in certain wetlands; and

Whereas, the rules and regulations published in the Federal Register on July 30, 1979, and known as the United States Soil Conservation Wetlands Policy severely restrict that agency's authority to provide needed assistance to landowners for the protection of crops, pastures and timberlands from flooding and excess water; and

Whereas, the United States Soil Conservation Service is presently in the process of amending its wetlands policy to conform with the new wetlands definitions contained in Classification of Wetlands and Deepwater Habits of the U.S. published in the Federal Register by the United States Fish and Wildlife Service on October 2, 1980. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the General Assembly memorializes the Secretary of the United States Department of Agriculture and the Chief of the United States Soil Conservation Service to review the impact of present Soil Conservation Service Wetlands Policy on its participation in construction activities on wetlands types (1) inland seasonally flooded basis or flats (2) inland fresh meadows, and determines if increased assistance to construction within these wetlands types would contribute to maintaining the balance between the Nation's needs for productive farmland and the needs for environmental resource protection.

Be it further resolved, That the General Assembly urges that amendments to the wetlands policy now being prepared provide for Soil Conservation Service technical and financial assistance for construction in wetlands classifications, presently covered by types (1) and (2) wetlands whenever such construction is necessary for the efficient production of crops, pastures and timber and whenever such construction does not disrupt the environmental integrity of the watershed's wetlands.

Be it further resolved, That the General Assembly support the South Carolina Association of Conservation Districts in its effort to inform the Secretary of the United States Department of Agriculture and the Chief of the United States Soil Conservation of the hardships caused landowners by denial of Soil Conservation assistance on justifiable and needed drainage and excess water management construction projects and asks that the agency consider amending its policies so as to relieve this hardship on the state's farmers, while recognizing the aforementioned importance of wetlands resources.

Be it further resolved, That copies of this resolution be forwarded to the President of the United States, the Secretary of the United States Department of Agriculture, and the Chief of the United States Soil Conservation Service.

SOUTH CAROLINA ASSOCIATION
OF CONSERVATION DISTRICTS,
Columbia, S.C., October 14, 1981.

Hon. JOHN R. BLOCK,
Secretary of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: For many years the USDA-Soil Conservation Service has provided professional technical assistance to landowners in South Carolina with soil and water related resource problems such as erosion control, inadequate drainage, surface water supply and storage, irrigation and others. These are all valuable and necessary components of the technical assistance program needed by South Carolina's landowners.

During the last administration, President Carter issued Executive Order 11990 which requires federal agencies to develop rules and regulations to protect wetlands. Rules developed pursuant to this Executive Order restrict the USDA-Soil Conservation Service from providing technical assistance to farmers with problems caused by flooding and excess water. Furthermore, farmers affected by this policy will require greater amounts of farm inputs such as fertilizer and fuel, making their operations less efficient and more energy consumptive.

The South Carolina Association of Conservation Districts is in agreement with Concurrent Resolution No. 274 passed by the South Carolina General Assembly on May 27, 1981. This resolution memorializes the Secretary of the U.S. Department of Agriculture and the Chief of the Soil Conservation Service to review the impact of the present Soil Conservation Service wetland policies on its participation in construction activities on Wetland Types I and II.

The South Carolina Association of Conservation Districts further recommends and requests that Executive Order 11990 be rescinded, or revised to provide for the USDA-Soil Conservation Service to resume technical and financial assistance for construction on wetland classification Types I and II whenever such construction is necessary for effective production of crops, pasture and timber; and, whenever such construction does not destroy the environmental integrity of the watersheds wetlands.

Your assistance in restoring valuable Soil Conservation Service assistance in Type I and II Wetlands will be of great benefit to landowners in South Carolina and throughout the nation.

Sincerely yours,

FURMAN FENDLEY,
President.

U.S. TRADE DEFICIT WITH JAPAN

Mr. RIEGLE. Mr. President, in today's edition of the Journal of Commerce, there is a lead story on the front page, that states: "U.S. Deficit With Japan May Rise." This is with reference, of course, to the trade deficit. It goes on to say, "The U.S. trade deficit with Japan may jump to $25 billion next year," and clearly a figure of that size is something that can only do tremendous damage to our economy and to create massive additional unemployment in the United States.

Much of this trade deficit with Japan, which is growing at such an alarming rate, has to do with high interest rates in this country. The Reagan administration high interest rate policy, monetary overkill, is part of what is making American goods less competitive in foreign markets and is increasing this problem. One of the areas where it shows up is in this alarming increase in the trade deficit with Japan and with other countries.

Moreover, while the deficit is projected to be $25 billion with Japan next year, the article goes on to say that the entire trade deficit, with all nations, may be double or more than last year's trade deficit in the aggregate, which was $36 billion.

That is to say that there is a projection here that the trade deficit next year for the United States, with all foreign nations, is expected to exceed $72 billion.

I do not know how we can tolerate this, and I do not understand how we can accept the economic strategy that is in place today, when it is generating these kinds of massive trade deficits and the rising unemployment that goes with them.

I want to renew again the appeal that several of us made publicly yesterday to the Reagan administration to change the high interest rate policy, to get these interest rates down over the next 90 days, and particularly in those sectors that are being most damaged—in the auto sector, in housing construction, in the agricultural sector, in small business—and take away this interest rate penalty which is affecting our trade relationships and which is working to increase the trade deficit in the amounts that are cited in this article.

Mr. President, I ask unanimous consent that the article be printed in its entirety at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIEGLE. I think we better start paying attention to the fact that this economic formulation that we have in place right now is causing enormous additional problems: Rising unemployment, very high interest rates that are shutting down or crippling, causing permanent damage to, important sectors and regions of the economy, to regions of the Nation. It is causing our trade deficit to widen in the amounts that are cited in this article, and it is creating enormous hardship here in the United States.

I might say from a vantage point on the Budget Committee—and we are having trouble meeting in the Budget Committee because we are finding that our colleagues on the other side cannot work out, apparently, a position that they can agree upon with the Reagan administration on how to tackle the mounting budget deficits—that it is fair to say that the high interest rates are increasing that Federal deficit every hour. The deficit is rising. It is putting the budget more out of balance. It is creating a negative effect throughout the entire economy.

These high interest rates, which are shutting down so many sectors of the economy are also a major factor in this increase in our trade deficit. I would hope that the economic strategists in the Reagan administration would begin to pay attention to these issues while there is still some time left for us to start taking some of the corrective actions that are obviously very badly needed. The most important of those is to change this monetary policy and stop this monetary overkill, to get these interest rates down and get sufficient credit into the credit-starved sectors of our economy while there is still time to prevent some of this crippling and permanent damage that otherwise is taking place.

Mr. President, I yield the floor.

EXHIBIT 1

U.S. DEFICIT WITH JAPAN MAY RISE

(By Richard Lawrence)

WASHINGTON.—The U.S. trade deficit with Japan may jump to $25 billion next year, spurring "new protectionist pressures" in the United States against Japan, a former Treasury Department official said.

C. Fred Bergsten, assistant treasury secretary for international affairs during the Carter administration and now director of the new Institute for International Economics, Wednesday said the deficit will be part of "a massive deterioration of the U.S. trade balance and current account."

He has estimated that next year's U.S. trade deficit may be double or more last year's $36 billion deficit on a cost-insurance-freight import basis.

Reagan administration officials also forecast a large trade deficit next year but less of an increase than Mr. Bergsten projects. The Commerce Department, for example, puts the U.S. deficit with Japan next year at $18 billion to $20 billion.

Even a deficit that big could add to pressures on the Reagan administration for continued or increased restraints on Japanese car and steel exports.

Behind the coming record U.S. trade deficit, Mr. Bergsten told a House Banking subcommittee hearing on international monetary policy, is the "substantially overvalued" dollar. The country's "international price competitiveness has deteriorated severely . . . probably to 15 to 20 percent on average and close to 50 percent against Germany and Japan," he said.

The already declining U.S. trade position, he said, more than accounts for the total drop in the U.S. gross national product in the second and third quarters of this year.

The dollar's overvaluation, he argued, need not have been as great as it was this year if the Reagan administration had been intervening in the exchange markets. The administration's policy is not to intervene except when the markets are in "clearly disorderly conditions."

More basically, said Mr. Bergsten, is that the flexible exchange rate system is not working as well as had been expected. Exchange rate swings have been too "massive," suggesting that new approaches are needed.

"The problem is so severe," he said, "that the time has clearly come for serious discussion of this issue among the major countries and within the International Monetary Fund."

Mr. Bergsten suggested a few possible options: "meaningful" IMF surveillance over both the exchange-rate system and the underlying policies of the major nations and "better policy coordination, particularly on the mix between monetary and fiscal policy," by those countries.

Coordinated exchange market intervention, based on "target zones" agreements, would be "a minimal though important option," he said.

Mr. Bergsten's call for greater policy harmonization was strongly seconded by Stanford Professor Ronald McKinnon, also testifying before the House subcommittee. Mr. McKinnon argued that the key to a more "stable" international financial system is a

deliberate effort by "the big three"—the United States, Germany and Japan—to "harmonize" monetary policies. Their not doing so has led to the exchange market disruptions of recent years, he said.

WILLIAM G. KENTON

Mr. FORD. Mr. President, I am saddened to report that the Speaker of the Kentucky House of Representatives, William G. Kenton, died this morning at the University of Kentucky Medical Center in Lexington. He had undergone surgery there on Monday to remove blood clots in his lungs.

Only 40, Bill Kenton had served as speaker of the Kentucky House since 1976 and, just the day before yesterday, was reelected to another term as representative of Kentucky's 75th District. He lived in Lexington with his family where he also practiced law.

Like many others, I am stunned with the suddenness with which Bill Kenton was taken from us. He was a good friend and an individual for whom I had the greatest respect.

I do not know if the people of our State actually realize the monumental influence this man had in shaping the present and future course of our State in such a relatively short time of service. There is no doubt that the history of our State will record that a great Kentuckian passed on today, and there is no question that his positive leadership in the affairs of government will be sorely missed by not only us, but future generations.

I feel especially for his wife, Carolyn, and their young children. Their loss here is a great one and my deepest sympathy goes out to them.

PREVENTION OF NUCLEAR WAR

Mr. HART. Mr. President, there is no more important issue before our country than the prevention of nuclear war. For 36 years, nuclear weapons have been the ultimate challenge to our security; today they are fast becoming the immediate threat to our survival.

All Americans should be concerned about the continuing threat of nuclear war, no matter how abstract and remote that concept may be to our daily lives.

An article in yesterday's Washington Post by W. Averell Harriman is an important contribution to our common understanding of this issue. Governor Harriman argues that rather than focusing on the window of vulnerability which has driven this administration's strategic policies, we should instead take advantage of the window of opportunity we now have to limit nuclear arms.

This is wise counsel from one of America's most distinguished citizens. Governor Harriman, who turns 90 on November 15, has served his country for his entire lifetime. No man living has such an impressive record of public service. His wisdom and perspective are described in a column in the New York Times by James Reston.

Mr. President, I ask unanimous consent to insert both of these articles in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 4, 1981]

THE WINDOW OF OPPORTUNITY

(By W. Averell Harriman)

We are in danger of ceding our destiny to the whims of nuclear weapons, trusting to good fortune to see us through the nuclear arms race when we should be trusting to ourselves.

The strategic forces of the United States and the Soviet Union carry explosive power more than 100,000 times greater than the Hiroshima bomb. Far from saying "enough," both nations are increasing these forces.

We are moving to deploy thousands of nuclear-armed cruise missiles, by their nature difficult to count because of their small size. These missiles—unverifiable—will make existing agreements to reduce the numbers of nuclear arms obsolete and future agreements impossible. We are allowing the seduction of a momentary technological advantage to foreclose future limits on Soviet forces.

Today there are five nations that have tested nuclear weapons; in 10 years there could be 10 more, as well as terrorists adding nuclear explosives to their menace. Yet our policy to prevent the spread of these weapons now features promotion of the exports and technologies that could be fashioned to destroy us.

The SALT II treaty, which put a cap on the strategic arms race and placed significant limits on Soviet military power, has been abandoned. In place of the "real arms control" we were promised a year ago, we have only the promise of endless talks on nuclear arms in Europe and no talks at all on strategic arms until next year.

The results: a restive, divided NATO alliance that questions our competence to lead in a nuclear world, a progressive weakening of the negotiated restraints that can bound Soviet nuclear power and an emphasis on nuclear forces that are unusable in countering the Soviet challenge around the globe.

As we become more remote from the horrors of Hiroshima, there are doctrines of war fighting based on the fantasy of using nuclear destruction for some "rational" end. These doctrines blur the vital distinction between nuclear and non-nuclear weapons. And they encourage the nuclear choice by telling all nations that nuclear weapons are just another instrument of military power.

The truth is that nuclear weapons exist for one purpose only—to deter nuclear war. Once used, they will be instruments of mass destruction, consuming the destroyer as well as the destroyed.

If all Americans should be concerned about these developments, so should we be angered by those who weave a myth of America as a second-rate nuclear power, inferior to the Soviet Union. This myth demoralizes our friends, and it could tempt the Soviet Union to test our power when testing that power could have catastrophic consequences.

The nuclear arms race has a simple, unchanging rule: without limits, without verifiable negotiated restrictions, the United States can add to its nuclear forces, but so can the Soviet Union. For this reason, the MX missile and the B1 bomber are inadequate measures for American security. They merely attempt to match the Soviet military threat; they cannot reduce it. And they do nothing to reduce the risk of nuclear war.

Rather than seeking to close a false "window of vulnerability," America must take advantage of the window of opportunity it now has to limit nuclear arms. Without decisive leadership, suspicion and the weapons both nations are developing will see that this opportunity recedes perhaps forever beyond the reach of humanity. This means serious negotiations with the Soviet Union and mutual restraint while we negotiate. The objective should be major, equiable and verifiable reductions of nuclear arms, coupled with limits on the introduction of new weapons systems.

I emphasize the word "serious," for many in both nations will counsel proposals designed to be rejected by the other side but useful as an excuse for doing nothing.

Negotiations to limit nuclear arms and reduce the risk of war are hard-headed exercises to improve our national security. They signal no approval of other Soviet actions, such as Afghanistan—so more than do sales of American grain to the Soviet Union. They seek, despite the irreconcilable ideologies of our two nations, the common goal that nuclear weapons have made a necessity—the prevention of nuclear war.

In our short time on Earth, we have a choice about the kind of world we leave behind. With nuclear weapons in our custody, our generation carries a heavy obligation. There will be no historian to record one day that we failed on our watch.

[From the New York Times, Nov. 4, 1984]

HARRIMAN AT 90

(By James Reston)

WASHINGTON, November 3.—Averell Harriman, former Governor of New York, Secretary of Commerce, Ambassador to London and Moscow, among many other things, will be 90 in a few days, and he reminds us not of how old he is but of how young this Republic is.

He has lived for almost half the life of our history as an independent nation. He was born on Nov. 15, 1891, when Benjamin Harrison was President. He has survived 16 more Presidents since then, and plans to stick it out for a while longer until he sees another Democrat in the White House.

The Democrats naturally share his hope. They don't have much to celebrate these days, but they're going to throw a big party for him here next week, with John Kenneth Galbraith speaking for the Roosevelt years, Clark Clifford for the Truman years, Senator Kennedy for the Kennedy years, Lady Bird Johnson for the Johnson years and Fritz Mondale for the Carter years. Republicans need not apply, but some of them, remembering that Mr. Harriman was once a Republican, will be there anyway.

At 90, he still looks and lives like a Republican—tall and nobly handsome, with his elegant house on N Street in Georgetown, and the house next door filled with his papers, and his house in Virginia, with its views of the Blue Ridge Mountains.

He has not avoided the trials of advancing years. His sight and hearing are impaired. But he has the newspapers read to him every day, and he swims every morning and is now writing a book on Truman. He keeps young by seeing the young and telling them stories of the men of his time.

For example, he remembers congratulating Stalin at the Potsdam conference after World War II for leading the Red Army to Berlin in the final defeat of the Nazis. Stalin was still aggrieved that Eisenhower had kept him from advancing farther West. "The Czar Alexander got to Paris," Stalin complained.

Mr. Harriman has long memories of Winston Churchill, whose former daughter-in-law is now Mr. Harriman's wife. He was in London in the critical months after Pearl Harbor as Roosevelt's special envoy, and returned to Grosvenor Square as U.S. Ambassador in 1946.

He recalls a conversation with Churchill in which he ventured to criticize the British parliamentary system. Churchill was not amused, Mr. Harriman says, and replied, "Few men are so gifted as to understand the politics of their own country, let alone criticizing the politics of another."

Mr. Harriman is not exactly a Horatio

Alger rags-to-riches character. He inherited great wealth from the Union Pacific Railroad from his father, who also bequeathed to him a Presbyterian conscience. He has been trying ever since to be faithful to his father's admonition that "great wealth requires great responsibilities."

He is not very happy these days about the drift in U.S.-Soviet relations. He has kept a cool and wary eye on the Russians ever since his service as our Ambassador in Moscow from 1943 to 1946. I remember his appearance at the San Francisco conference on the formation of the United Nations, when he warned about the objectives of Soviet policy and insisted on a charter that would protect the rights of the free nations.

He has kept to his cautious skepticism about the Russians ever since, but is now vaguely depressed because he thinks the anti-Soviet temper of the Reagan Administration is going too far, and is leading to an arms race and even a revival of the cold war that may get out of control.

There is, of course, very little he can do about this now, but he keeps trying. He had lunch the other day with the Soviet Ambassador, Anatoly Dobrynin, and deplored the rancorous propaganda between Washington and Moscow. But he also observed that while President Brezhnev talked a great deal about peace, the Russians were still keeping their SS-20 missiles targeted on every European capital. How, Mr. Harriman asked, could we have peace or coexistence until these missiles were withdrawn?

This is his main regret: that he has devoted the last 40 of his 90 years to the belief that there will be no decent order in the world unless the United States and the Soviet Union somehow overcome their fears of one another, and reach some kind of accommodation, and on his 90th birthday he fears the trend is going the other way.

His happiest days were not when he was appointed to Federal office, but when he was elected by the people as Governor of New York, and his second regret is that he was defeated by Nelson Rockefeller for re-election.

But at his birthday party next week, everybody will call him "Governor," which is the title he likes best, and pay their respects to him for a long life of public service. This, however, is not likely to satisfy him. As his wife says, he has "a whole dungeon of papers" next door on N Street, and is determined to sort them out, so that younger men will remember at Georgetown University or somewhere else what he is likely to forget.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business?

If not, morning business is closed.

MILITARY CONSTRUCTION AUTHORIZATIONS, 1982

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now proceed to the consideration of S. 1408, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1408) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

The Senate proceeded to consider the bill.

Mr. THURMOND. Mr. President, the bill before the Senate, S. 1408, is an annual bill authorizing military construction projects for fiscal year 1982. In addition, it contains the authority for appropriations to support the existing inventory of military family housing and to construct over 2,000 units of new military family housing.

The total new authority recommended is $7,027,932,000. In earlier action on the fiscal year 1982 defense procurement authorization bill, the Armed Services Committee insisted that budget ceilings set by the Reagan administration not be exceeded. The committee imposed that same budget discipline in this military construction bill and the new authority recommended is $910,000 less than the budget request of $7,028,842,000. In addition, the committee has considered the President's most recent recommendations for budget reductions and at the appropriate time I shall offer a committee amendment to make certain additional reductions.

This is an important bill that provides the necessary capital investment to support our defense base structure. There is now a backlog of over $40 billion in validated construction requirements for the armed services. This bill represents some real growth over previous military construction bills; however, at current rates of inflation, even the budget level of this year's bill will not permit much headway to be made in addressing that backlog.

This bill includes the authority to construct over 700 different projects at over 400 military installations and involves construction in 49 States, the District of Columbia, Puerto Rico, and 22 foreign countries. It also provides operations and maintenance funds for the 384,000 units of military family housing now in the inventory.

Let me highlight several important aspects of the bill which are covered in more detail in the committee report.

CONSTRUCTION IN EUROPE

The United States has nearly 300,000 U.S. service personnel in Europe—15 percent of our entire force. During the spring, I visited with our service people in the United Kingdom and West Germany. I must report that they are living and working under deplorable conditions. I saw our troops living in barracks, built by the Germans after World War I, that were beyond repair. I saw maintenance units operating out of horse stables and in mud so deep that it was a hazard to human life. Our forces have been in Europe 1 year at a time since the end of World War II.

As a result of this year-to-year existence, the facility requirements in Europe have been badly neglected. The Army alone estimates its construction backlog in Europe to be $13 billion: Under current budget constraints, it is simply not possible to solve Europe's construction problems in the near future by depending only on appropriated U.S. dollars. Our forces must get funding from the NATO Alliance and from the host nations if any improvement in facilities can be hoped for. The committee is attempting to help on all three funding sources:

First, unilateral U.S. funding is up to over $1 billion for fiscal year 1982, nearly double the fiscal year 1981 authorization,

Second, the committee has continued its emphasis on NATO infrastructure funding and has insisted that NATO eligible projects be funded through this program, and

Finally, the committee continues to feel that host nations should do more, and where there are initiatives to seek additional host nation support, the committee has not agreed to unilateral U.S. funding.

MIDDLE EAST BASES

For the second year, the Defense Department is seeking funding to continue the construction of contingency bases in the Persian Gulf region. Construction continues on the island of Diego Garcia, in Somalia, Kenya, and Oman, and the first increment of construction is proposed for Egypt. This is a costly effort which will total nearly $1 billion before it is completed. I remind my colleagues that for the most part, these are contingency bases that will not include a significant U.S. military presence unless the world situation should demand the deployment of U.S. forces to the region.

OTHER HIGH PRIORITY PROJECTS

During consideration of this bill, I received letters from many Senators advising me of good, high priority military construction projects and asking that they be considered for inclusion in this bill. In some cases the committee was able to accommodate these projects; unfortunately, in many cases, due to the budget discipline which I mentioned previously, the projects could not be included. I have a list of these projects and I ask unanimous consent that this list be printed in the RECORD at the end of my statement.

The PRESIDING OFFICER (Mr. ARMSTRONG). Without objection, it is so ordered.

(See exhibit 1.)

Mr. THURMOND. Mr. President, the legislative record on this bill should be clear that the committee did, in fact, consider these projects, that they were deferred only for budgetary reasons, and that they should be at the top of the Department's request for fiscal year 1983.

I invite my colleagues' attention to the committee report for other details on the bill.

Before I yield the floor I thank the distinguished senior Senator from Colorado (Mr. GARY HART) for his work on this bill. During the last Congress, he chaired the Armed Services Committee's Military Construction Subcommittee and he knows how complex and important this bill is. As ranking minority member of the subcommittee he has contributed immeasurably on this bill; his work in getting the Defense Department involved in solutions to the energy crisis is most noteworthy.

Mr. President, I urge my colleagues to support this bill.

EXHIBIT 1

Unfunded project list

Senator, project, location, and estimated cost in millions of dollars:

Byrd of W. Va., Navy Reserve Center, Huntington, W. Va., $3.4.

Byrd of W. Va., Navy/Marine Corps Reserve Center, Wheeling, W. Va., $3.8.

Chiles, Main Gate Bridge, Pensacola, FL, $9.0.

Hayakawa, Pipe and Boiler Shop, Mare Island, CA, $24.8.

Hayakawa, Water pipeline, March Air Base, CA, $0.765.

Specter, Electronics Facility, Philadelphia Shipyard, PA, $14.0

Kennedy, Engineering Facility, Hanscom Air Base, MA, $9.1.

Helms, Cryogenics Plant, Cherry Point, N.C., $4.2.

The PRESIDING OFFICER. Who yields time?

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The bill clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

(By request of Mr. THURMOND the following statement was ordered to be printed at this point in the RECORD:)

Mr. HART. Mr. President, I support the bill now before the Senate and with one provision excepted—the waiver of the Davis-Bacon Act—I urge its favorable consideration by my colleagues.

Before discussing a few key features of this bill, let me congratulate my colleague, the distinguished President pro tempore of the Senate, for his handling of this legislation. As the chairman of the Military Construction Subcommittee during the 96th Congress, I am familiar with the complexities of this bill. The capital construction projects covered in this bill touch every facet of our defense effort—from evolving strategic programs to the replacement of mobilization assets.

I endorse the position of the chairman to maintain budget discipline to keep this bill within the budget ceiling recommended by the President and approved in the first concurrent budget resolution. And I support the recommended reductions and provisions which will be offered as a committee amendment to the bill.

One of these provisions is essential to the Army's plans for land acquisition at Fort Carson for necessary training missions. The provision requires the Army to adhere to all commitments regarding environmental mitigation measures contained in the environmental impact statement for the Fort Carson land acquisition.

We have a tremendous backlog of military construction requirements, and we could probably have doubled the size of this bill with valid military construction projects. But this bill must be considered in the overall context of defense requirements. And the level in this bill—which would total over $6.4 billion even with the President's recent recommended reductions—represents a significant increase over previous years and is, I feel, a prudent level. Let me mention just two areas for emphasis.

ENERGY PROJECTS

When I was chairman of this subcommittee, I made it a priority to use this bill as a vehicle to get the Defense Department involved in projects that would benefit not only the Defense Department but the entire Nation in addressing the energy crisis. That effort has been quite productive, and the Defense Department is the acknowledged leader among Federal agencies in efforts to conserve energy and to sponsor new energy initiatives.

This energy emphasis has been continued in this bill, and I applaud Senator THURMOND for his leadership in this regard. There are retrofit projects to make existing facilities more energy efficient. There are coal conversion projects where efficient central plants will replace hundreds of small oil- and gas-burning units; there are projects to install computer systems to optimize energy consumption; and there are projects to use solar energy.

Let me cite a few statistics to demonstrate the Defense Department's impressive role in solar energy. The Department now has 265 different solar projects in various stages of development. These projects range from the relatively simple flat plate collectors to generate domestic hot water to large, sophisticated photovoltaic fields to provide power to remote radar sites. These projects are spread across the country from Maine to Florida and from Virginia to Washington.

The Defense solar effort is undoubtedly doing more to foster public awareness, to create a solar design capacity in the private sector, and to build a data base on solar system cost and performance than any other solar program—public or private.

NATO CONSTRUCTION

Senator THURMOND has outlined quite vividly the facility situation facing our forces in Europe. We must get our allies to do more and we must use the NATO forum to optimize facility construction in support of U.S. forces. We are taking on increased military burdens—particularly the Middle East contingency role—and our allies must understand that they face the same threat and therefore, they must share in the efforts to address that threat.

DAVIS-BACON ACT WAIVER

Finally, let me briefly state my opposition—on both substantive and procedural grounds—to the provision of the bill which would waive the application of the Davis-Bacon Act to military construction projects. I will have more to say on this later, in support of a motion to strike the Davis-Bacon waiver provision.

Mr. President, with that one exception I support passage of this important bill.

BUDGET ACT WAIVER

Mr. THURMOND. Mr. President, I ask unanimous consent to lay the pending business aside and call up calendar order No. 199, S. Res. 159.

The PRESIDING OFFICER. Is there objection to the Senator's request? Hearing none, it is so ordered.

The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 159) waiving section 402(a) of the Congressional Budget Act with respect to the consideration of S. 1408.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 159) was agreed to, as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1408, a bill to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

Such waiver is necessary because section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

For the foregoing reasons, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to S. 1408 as reported by the Committee on Armed Services.

MILITARY CONSTRUCTION AUTHORIZATIONS, 1982

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate return to the consideration of S. 1408.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate resumed consideration of the bill.

Mr. ROBERT C. BYRD. Mr. President, our floor manager is on his way to the floor. Will the Senator suspend until he arrives?

Mr. THURMOND. I would be glad to do that. I put his statement in the RECORD and I thought I would take up the committee amendment. If the Senator wants to wait, that is all right.

I would be glad to wait if the Senator would like to do that. I am just saving time.

Mr. ROBERT C. BYRD. If the Senator would allow us a few minutes until the manager arrives, it would be very much appreciated.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time is it intended to be charged?

Mr. THURMOND. That would be on their time, Mr. President; that would be on the time of the minority because it is their wish that the delay take place.

The PRESIDING OFFICER. Is there objection to the Senator's request?

Mr. ROBERT C. BYRD. I would hope the time would be equally divided or not charged against either side. Would the Senator object to that?

Mr. THURMOND. Mr. President, I ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 584

(Purpose: To make reductions in certain programs and to make certain additions)

Mr. THURMOND. Mr. President, I send a committee amendment to the desk and ask the clerk to report.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. THURMOND) proposes an unprinted amendment numbered 584.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, strike out line 7.

On page 6, line 4, strike out "$336,320,000" and insert in lieu thereof "$245,520,000".

On page 10, line 24, strike out "$46,100,000" and insert in lieu thereof "$48,500,000".

On page 10, line 25, strike out "$27,800,000" and insert in lieu thereof "$24,760,000".

On page 11, line 15, strike out "$2,800,000" and insert in lieu thereof "$3,230,000".

On page 24, line 4, strike out "$1,500,000" and insert in lieu thereof "$1,200,000".

On page 24, line 20, strike out "$16,780,000" and insert in lieu thereof "$13,424,000".

On page 25, line 4, strike out "$115,054,000" and insert in lieu thereof "$113,086,000".

On page 26, between lines 13 and 14, insert the following new section:

AMENDMENT TO PRIOR AUTHORIZATION

SEC. 304. Section 602(3) of the Military Construction Authorization Act, 1977 (Public Law 94-431; 90 Stat. 1361) is amended to read as follows:

"(3) for title III: inside the United States $759,759,000; outside the United States $56,650,000; for a total of $816,409,000.".

On page 27, between lines 22 and 23, insert the following:

DEFENSE PUBLIC AFFAIRS

American Forces Radio and Television Service, Los Angeles, California, $6,125,000.

On page 28, line 11, strike out "$1,480,000" and insert in lieu thereof "$1,210,000".

On page 28, line 18, strike out "$980,000" and insert in lieu thereof "$800,000".

On page 28, line 19, strike out "$10,500,000" and insert in lieu thereof "$8,590,000".

On page 28, line 20, strike out "$6,140,000" and insert in lieu thereof "$5,030,000".

On page 28, line 24, strike out "$780,000" and insert in lieu thereof "$640,000".

On page 29, line 1, strike out "$9,920,000" and insert in lieu thereof "$8,120,000".

On page 29, line 24, strike out "$425,000,000" and insert in lieu thereof "$345,000,000".

On page 30, strike out lines 12 through 19.

On page 30, line 20, strike out "TITLE VII" and insert in lieu thereof "TITLE VI".

Renumber sections 701 through 705 as sections 601 through 605, respectively.

On page 36, beginning with the comma after "000" in line 15, strike out all down through "countries" in line 17.

On page 37, line 3, strike out "TITLE VIII" and insert in lieu thereof "TITLE VII".

Renumber sections 801 through 807 as sections 701 through 707, respectively.

On page 38, beginning with line 3, strike out all down through line 18 and insert in lieu thereof the following:

(1) for title I: inside the United States $345,476,000; outside the United States $373,930,000; minor construction $34,150,000; for a total of $753,556,000;

(2) for title II: inside the United States $957,078,000; outside the United States $236,445,000; minor construction $32,510,000; for a total of $1,226,033,000;

(3) for title III: inside the United States $657,141,000; outside the United States $563,550,000; minor construction $28,680,000; for a total of $1,249,371,000;

(4) for title IV: a total of $311,815,000, including $6,210,000 for minor construction; and

(5) for title V: a total of $345,000,000.

On page 52, line 10, strike out "VI and VII" and insert in lieu thereof "and VI".

On page 52, line 12, strike out "TITLE IX" and insert in lieu thereof "TITLE VIII".

Renumber sections 901 through 903 as sections 801 through 803, respectively.

On page 54, line 13, strike out "TITLE X" and insert in lieu thereof "TITLE IX".

Renumber sections 1001 and 1002 as sections 901 and 902, respectively.

On page 57, beginning with line 5, strike out all down through line 23 on page 66.

Renumber sections 1005 through 1009 as sections 903 through 907, respectively.

On page 72, after line 23, add the following new section:

ADHERENCE TO CERTAIN ENVIRONMENTAL MITIGATION MEASURE COMMITMENTS

SEC. 908. The Secretary of the Army shall adhere to all commitments made by the Department of the Army concerning environmental mitigation measures, including those regarding salinity, contained in the final environmental impact statement on the proposed Fort Carson Military Installation land acquisition.

Renumber sections 1010 through 1013 as sections 909 through 912, respectively.

At the end of the bill add a new section as follows:

LAND CONVEYANCE, SAN ANTONIO, TEXAS

SEC. 913. (a) The Secretary of the Navy (hereinafter in this section referred to as the "Secretary") is authorized to convey to the City of San Antonio, Texas (hereinafter in this section referred to as the "City"), all right, title, and interest of the United States in and to the land and improvements: comprising the United States Naval and Marine Corps Reserve Center, San Antonio, Texas. Such conveyance shall be made subject to such terms and conditions as the Secretary considers appropriate, but may not be made until a replacement facility for such Reserve Center has been made available to the United States in accordance with subsection (b).

(b) (1) In consideration for the conveyance authorized under subsection (a), the City shall make available to the Secretary funds in an amount equal to the fair market value, as determined by the Secretary, of the land and improvements to be conveyed by the Secretary under subsection (a).

(2) As a further condition to the conveyance authorized under subsection (a), the City shall pay the cost of relocating all goods and equipment of the Reserve Center from the site of the Reserve Center referred to in subsection (a) to the site of the replacement facility.

(c) Funds made available to the Secretary under subsection (b) (1) shall be used by the Secretary for the purchase of land for use as a site for the location of a replacement facility for the Reserve Center to be conveyed under subsection (a) or for the construction, renovation, repair, or improvement of a replacement facility for such Reserve Center, or for both the purchase of land and the construction, renovation, repair, or improvement of a replacement facility.

(d) (1) If the cost of a replacement facility is more than the fair market value of the existing Reserve Center facility referred to in subsection (a), the Secretary may pay the amount of the difference out of any funds appropriated for the acquisition of facilities for the Reserve Forces.

(2) If the cost of the replacement facility is less than the fair market value of the existing facility, the City shall pay the amount of the difference between such costs to the United States, and such amount shall be deposited in the Treasury as miscellaneous receipts.

(e) The exact acreage and legal description of any land conveyed under this section shall be determined by surveys which are satisfactory to the Secretary.

(f) (1) The Secretary is authorized to accept any land conveyed or any funds made available to the United States under subsection (b). Any such land shall be administered, and any such funds may be obligated and disbursed, by the Secretary for the purpose of providing a replacement Reserve Center facility for the facility referred to in subsection (a).

(2) The authority under this section to place improvements on land (including site preparation) may be exercised before title to the land is approved under section 355 of the Revised Statutes (40 U.S.C. 255).

Mr. THURMOND. Mr. President, the clerk has reported the committee amendment. This amendment is a comprehensive committee amendment that reflects certain changes to S. 1408 that are derived from actions by the President since this bill was orignally reported last June.

The two major actions were:

The President's announced intention to reduce fiscal year 1982 defense outlays by $2 billion, and

The President's decision with regard to strategic forces.

The committee met on October 15, 1981 and agreed to this amendment without objection.

Let me highlight the major features of this amendment:

The net reduction in authorization proposed is $546,644,000.

The major portion of this reduction is in MX construction—$366.000,000. This results from the President's strategic decision not to pursue a deceptive basing option for MX. The Air Force will be unable to spend construction funds in fiscal year 1982 on the silo hardening option selected by the President.

The second major reduction is a result of the strengthening of the dollar in relation to foreign currencies. For example, when the fiscal year 1982 budget was estimated last fall, the exchange rate in Germany was $1 to 1.8 marks. Today the exchange rate is $1 to 2.3 German marks. To be conservative, project costs have been reestimated at a rate of $1 to 2.2 German marks which yields about an 18 percent-reduction from the original estimates. The reductions are summarized below by account:

Army	$64,800,000
Air Force	5,624,000
Defense	5,410,000
NATO Infrastructure	80,000,000
Total	155,834,000

It should be emphasized that this reduction will not result in any decrease in buying power, it simply reflects fact-of-life currency revaluations.

The cancellation of the Roland air defense missile program results in possible reductions of $30,700,000 in construction projects in support of the Roland system. Except for one project at Fort Bliss, Tex., for $4,700,000, all of the Roland projects are in Germany.

There have been two urgent construction project requirements brought to the

committee's attention since the bill was reported last June:

The Navy bombing range near Corpus Christi Naval Air Station has been leased in past years. Agreement has been reached with the land owners to acquire permanent rights to this bombing range. The cost—$430,000—is very advantageous to the Government and the recommendation included in this amendment is to add that small amount.

The Navy has also recently completed negotiations with officials in the Norfolk area for the Navy to participate in a regional sewage treatment system. It is important for the Navy to pay its share of the cost—$2,400,000—as soon as possible to insure that the Navy is included in the final plans. This increase is more than offset by a reduction that is possible in the land acquisition project for Oceana Naval Air Station.

The amendment deletes certain MX general provisions related to impact assistance and congressional oversight that are considered no longer necessary.

Finally, there is included in the amendment a fair market value land exchange provision involving a Naval and Marine Corps Reserve Center in San Antonio, Tex. Under this provision, the Secretary of the Navy would convey to the city of San Antonio the existing downtown reserve center and in return the city would pay the fair market value for this property to enable the Secretary to find or construct a replacement facility.

I urge my colleagues to support this amendment.

(After the amendment is agreed to.)

Mr. President, I ask unanimous consent that the committee amendments just agreed to be considered as original text for the purpose of further amendments to the bill.

Mr. President, I now request action on the amendment.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, I am wondering if it might be in order for the distinguished floor manager of the bill to answer a few questions I have with regard to amendment No. 2, which strikes out $336,320,000 for the MX missile construction activities.

Mr. THURMOND. Mr. President, I would be very pleased to respond to the questions of the able Senator from Arkansas.

Mr. PRYOR. I appreciate very much the distinguished floor manager and my friend from South Carolina responding to these questions.

First, I would like to applaud the Armed Services Committee for the action it is taking today in bringing this amendment to the floor to stop any construction-related activities on the MX missile.

But I would like clarification on about three points, if the distinguished floor manager would answer these questions. One, does this mean that the Department of Defense may not reprogram funds from other sources to begin whatever construction activities it feels necessary to implement the President's recent decision on interim deployment of the MX missile?

Mr. THURMOND. Mr. President, the Senator from South Carolina would respond to the first question of the Senator from Arkansas by saying that reprograming is always possible, but it clearly requires congressional notification and approval and the Congress will certainly have the option to review any reprograming proposal.

Mr. PRYOR. The Senator's response, which I deeply appreciate, also relates, I would say to my friend, to my second question, and that is: Will the Department of Defense definitely have to come back to the Congress and the Armed Services Committee with a request for construction authorization, complete with details justifying the proposed expenditures, before it can legally undertake such activities on development of the MX missile?

Mr. THURMOND. Mr. President, in response to the second question of the Senator from Arkansas, the answer would be yes.

Mr. PRYOR. Then I can only assume that this would mean also that the Department of Defense would have to come back to the Congress to get authorized funds, let us say, to harden the silos or to heighten silos, for example, where possible deployment of the MX might take place?

Mr. THURMOND. In response to the Senator from Arkansas, the answer is yes.

Mr. PRYOR. The third and final question I would ask my friend from South Carolina is this: Will the information justifying any proposed funds for MX interim deployment be made available outside the Armed Services Committee? In other words, will it be made available to people like me who are not on the Armed Services Commitee? I am coming to the belief more and more that there ought to be more sharing of information, more involvement in the decisionmaking process with regard to weaponry which this committee has committed itself to outside the Armed Services Committee. In this observation I intend no disrespect whatsoever for that very distinguished committee, of course, I simply should like to see more Senators involved in these critical decisions.

Mr. THURMOND. Mr. President, in response to the last question of the Senator from Arkansas, I might say that the full Congress will note the details and have the opportunity to consider them.

Mr. PRYOR. I appreciate the response of my good friend.

If I might have one final minute on this particular amendment which is now before the Senate, I would like to say that on the MX decision, I think what we are doing today is basically taking away the funds for construction of MX deployment, which I think is a prudent step. I think it strikes at the heart of something which has gone wrong with Pentagon decisions and Department of Defense mentality in the last several years, that mentality which seems to say, "Spend now and decide later."

We commit all of these millions and ultimately billions of dollars for weapons, often not knowing what we are going to do with them. I think the MX missile decision is a perfect example of this absurdity.

Let me also tell my friend and my colleagues on the floor this morning of a conversation that I had in September with the Secretary of the Air Force, Mr. Verne Orr.

The distinguished Secretary of the Air Force met with the Arkansas delegation sometime in mid to early September and informed our delegation without any equivocation, without any reservation whatsoever, that it appeared to him at that time, at that juncture, that the decision based on MX deployment would in no way involve the present Titan II silos.

The State of Arkansas has 17 of these Titan missiles. Fourteen months ago, as the Senator knows, we had 18. As the Senator also knows, one of those Titans met a mishap and blew up in Damascus, Ark., in September 1980.

The Secretary told us that the MX's would not be going into the Titan silos.

One month later, the President, on October 2, announced a decision on the MX and B–1 bomber leaving the clear implication that the MX would be deployed in the present Minuteman silos and Titan II silos in Arizona, Kansas, and Arkansas.

I called the Secretary of the Air Force on the telephone about 3 days after this decision was made. I said, "Mr. Secretary, let me reconstruct what you told our Arkansas congressional delegation with regard to the MX and the ultimate deployment of the Titan II to see if I heard it right."

He said, "Senator PRYOR, you heard it absolutely correct. At that time I had no indication that we were considering deploying the MX in the Titan silo."

I would say to my friend from South Carolina that at that point I asked the Secretary of the Air Force, who is in charge of the MX program, who is in charge of the Titan II program, "Mr. Secretary, when did you, the person in charge of these two programs, know of the President's decision with regard to the MX?"

He said, "Senator PRYOR, I knew of that decision 10 minutes after the President's press conference was in progress and after he had already made this particular statement."

I simply relate this story to my friend because I think that it goes very deeply into the problem that we have with Pentagon decisions being made today.

I know Winston Churchill described the Soviet Union as a mystery wrapped inside an enigma. Sometimes when I look at decisions made inside the Department of Defense, I come up with the same conclusion. I feel that we have a 5-year spending plan in DOD, but we do not have a 5-year defense plan. That is why I am so proud that the Armed Services Committee today is at least backing away from further construction of those facilities necessary to deploy the MX missile until this Congress has had a chance to review, and until the President has clearly enunciated, the policy by which

this whole generation of missiles is ultimately going to be deployed. I think that is the least we can ask. Not only should we ask that question, but I think the people of this country are beginning to ask that question.

I thank my friend from South Carolina for his time.

Mr. THURMOND. Mr. President, I might say in response to the statement made by the Senator from Arkansas that the Secretary of the Air Force, I am sure, was sincere in what he told the Senator.

Mr. PRYOR. He was most sincere.

Mr. THURMOND. He acted on the information and the authority he had at that time. But evidently, the decision was made at a higher level, either by the Defense Department, the Secretary of Defense, or the President, in which event, of course, that decision would take precedence over any opinion or decision by the Secretary of one of the services.

Mr. PRYOR. In no way, may I respond, do I impugn the character nor do I question the integrity of the Secretary of the Air Force, Mr. Orr. He is a man totally dedicated to this country, to his job, to his profession. He has been a splendid Secretary of the Air Force.

My point was this: He is the man in charge of both the Titan program and the MX program, and he had absolutely nothing to do with the decision that was announced by the President on October 2. This incident goes to the heart of the matter of how these decisions are being made, who makes these decisions, and how they are made in isolation.

I think decisions that are of such a cosmic and worldwide nature should be made by those people who are in charge of the program or that those in charge should at the very least have major input in those decisions.

Mr. THURMOND. Mr. President, in response to that, I would say the Secretaries of the services have their duties to perform and responsibilities, but the Secretary of Defense is above them and he has more experts at his command and more advisers at his command. He also calls in consultants, which the services do not always do. So the decision has to finally come from the Secretary of Defense. In that particular case, the decision was probably made by the President of the United States. I do not think there should be any condemnation of the way the decision was made. That is the way they have been made in the past and it is the only way they can be made. Somebody has to have the final say-so.

The Secretary of Defense would consider the recommendations of the Secretaries of the services, but the Secretary of Defense himself has to make a decision, and he would make his recommendations to the President, who would make the ultimate decision.

I thought I might just make that explanation.

Mr. PRYOR. If I may please respond, the distinguished floor manager has mentioned a point that is dear to my heart. That is when he talked about consultants making decisions in the Pentagon. I think the only people who applauded President Reagan's decision on MX were from two groups, contractors and consultants. This is the type of thing that keeps them busy and keeps them in operation for a long time. At the same time, it keeps our defense posture weak and keeps us in the planning stage for longer than we should be.

We have been planning the MX, for example, Mr. President, for the last 10 or 11 years, and we have spent $4 billion in the process. We still do not have an MX missile. So where are we today? Who has reaped the harvest from this?

Mr. President, I have a very deep fear that consultants and others who are making Defense Department decisions are making them because of economic reasons and economic pressures and that they are working in conjunction with what General Eisenhower called the Military-Industrial Complex, which is alive and well today. And I must say that this is an incestuous relationship that is damaging the defense of the United States of America.

Mr. President, I do appreciate the Senators yielding.

Mr. THURMOND. Mr. President, I cannot agree at all with the statement of the Senator from Arkansas. I did not make the statement that consultants make decisions; I made the statement that they would make recommendations. I repeat, the Secretary of Defense makes the final decisions in the Department of Defense; in some cases the President himself comes in and makes the decision, as he did on the MX.

So far as the defense complex goes, Mr. President, I have heard that baloney around here for years. I simply want to say that, without defense contractors, the finest in the world, we would not have the finest weapons in the world.

I realize, Mr. President, that in some cases, everything has not gone just right and should be corrected and if there is any corruption anywhere, it ought to be exposed. If there is any waste anywhere, it ought to be exposed. If the Senator can uncover anything anywhere and expose it, I commend him. But I say we all have to work together.

I am sure that the Secretary of Defense made a recommendation to the President that he thought was best, an overall decision. I am sure the President made the decision that he thought was best for the country.

Mr. President, I move the adoption of the committee amendment.

The PRESIDING OFFICER. The question is on agreeing to the pending committee amendment.

Mr. JACKSON. Mr. President, a parliamentary inquiry before that is finally acted on. I have an amendment that is at the desk, a printed amendment, which would strike the so-called Tower amendment on Davis-Bacon. My understanding is that that will be in order under the agreement.

Mr. THURMOND. Mr. President, that is my understanding. I do not think there is any question about that.

Mr. JACKSON. I would like to know, Mr. President.

The PRESIDING OFFICER. The Senator will stand at ease momentarily while we check with the Parliamentarian on the question. Action has not finally been taken on the committee amendment.

Mr. JACKSON. If the Chair will hold that in abeyance.

The PRESIDING OFFICER. Very well, and the Senator will stand at ease for the moment.

The Chair advises the Senator from Washington (Mr. JACKSON) that the question is on agreeing to the committee amendment.

Mr. JACKSON. Mr. President, I ask unanimous consent that, notwithstanding the subsequent approval to occur on the committee amendments, my printed amendment No. 622, which is at the desk, be in order and that my unprinted amendment relating to health service facilities likewise be in order after the Senate has adopted the committee amendments as proposed by the distinguished Senator from South Carolina.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

Mr. THURMOND. Mr. President, we have no objection. We thought it was good to adopt the committee amendment and work from that as a basis.

The PRESIDING OFFICER. Without objection, the request of the Senator from Washington is agreed to.

The question recurs on agreeing to the committee amendment.

The committee amendment (UP No. 584) was agreed to.

Mr. THURMOND. Mr. President, I ask unanimous consent that the committee amendments just agreed to be considered as original text for the purpose of further amendments to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 585

(Purpose: To permit certain members and former members of the uniformed services and their dependents to use certain general health care facilities for a minimum of three years after the transfer of such facilities from the Public Health Service to public or nonprofit private entities)

The PRESIDING OFFICER. The Senator from Washington is recognized.

Mr. JACKSON. Mr. President, I call up my unprinted amendment, which is at the desk, and ask that it be considered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. JACKSON), for himself, Mr. GORTON, Mr. GLENN, Mr. SARBANES, Mr. COHEN, Mr. MOYNIHAN, and Mr. MITCHELL, proposes an unprinted amendment numbered 585.

Mr. JACKSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert a new section as follows:

CONTINUED USE OF CERTAIN FORMER PUBLIC HEALTH CARE FACILITIES

SEC. . (a) Any Public Health Service hospital or other station which was transferred to a public or nonprofit private entity pursuant to the provisions of section 987

of the Omnibus Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 603) shall be deemed to be a facility of the uniformed services for the purposes of chapter 55 of title 10, United States Code, if such hospital or other station was, on the day before the date of the transfer, a facility approved under such chapter to provide medical and dental care to members and former members of the uniformed services and their dependents.

(b) The Secretary of Defense and the Secretary of Health and Human Services may terminate, for purposes of chapter 55 of title 10, United States Code, the approved status, of any facility described in subsection (a) to furnish medical or dental care to members and former members of the uniformed services and their dependents at any time after the expiration of three years after the date of the transfer of such facility under section 987 of the Omnibus Reconciliation Act of 1981. The termination of such status in the case of any such facility may be effected only by an order jointly issued by the Secretary of Defense and the Secretary of Health and Human Services which identifies the facility whose approved status is being terminated and specifies the date on which such status is being terminated.

(c) The Secretary of Defense and the Secretary of Health and Human Services shall reimburse any facility described in subsection (a) for medical and dental care provided by such facility to members and former members of the uniformed services and their dependents who receive such care under chapter 55 of title 10, United States Code. The rates of reimbursement shall be negotiated and agreed upon by the Secretary of Defense, the Secretary of Health and Human Services, and the appropriate officials representing the facility concerned. The rates of reimbursement shall be based upon medical and dental care costs in the area in which the facility concerned is located.

Mr. JACKSON. Mr. President, I am calling up this amendment today in behalf of myself, Senator GORTON, and the other Senators named in order to permit members of the uniformed services, their dependents and retirees to continue to use the current U.S. Public Health Service hospitals for medical care once those hospitals have transferred to local control under administration-approved plans.

The administration proposed earlier this year to eliminate Public Health Service hospitals and clinics from the budget but to aid financially in local takeover should a community plan be accepted by the Department of Health and Human Services. Just yesterday, Secretary Schweiker, in testimony before a House Appropriations Subcommittee, stated that "transferring these * * * hospitals to organizations that can operate them as community facilities is preferable to closing them * * *", and requested $162 million to accomplish those transfers. He has also advised us that the Office of Management and Budget has no objections.

The way has been cleared now for all of the hospitals to be utilized, six under local sponsorship, including the one in Seattle. The other two will be taken over by DOD and the Navy. The plans are approved by all appropriate parties, and the earliest conversion, which is Seattle's, will occur on November 20, 1981.

There is an additional measure needed to facilitate the conversion process and to assure the future viability of these facilities once transfer is accomplished. That is what my amendment is about. This amendment would provide for the continued designation of converted facilities as uniformed services facilities.

Presently, uniformed services facilities are those health facilities administered by the Department of Defense and/or the Public Health Service and are available to all eligible beneficiaries of the uniformed services—Army, Navy, Air Force, Marine, Coast Guard, Public Health Service, and the NOAA.

The PHS facilities which have selected the option of converting to non-Federal status, a status no longer under the jurisdiction of the Department of Health and Human Services or the Department of Defense, no longer will have its USF designation and no longer will be qualified to receive direct reimbursement for services to USF beneficiaries.

In some cases, there would be significant inconvenience to the beneficiary for these individuals to receive their health care services should they have to travel up to 40 miles to reach the closest USF. I also believe that, without such a designation, the Federal Government will endure greater expense in terms of reimbursement for contract care. After all, the beneficiaries have a right to health care whether there is a USF or not in their area.

Should loss of USF designation occur, the continuity of care for patients at these converting facilities would be disrupted; DOD beneficiaries would be subject to increased paperwork, increased out-of-pocket expense for copayments, and in some areas would have difficulty finding medical providers who would accept CHAMPUS payment.

In addition, according to a December 1980, GAO report, the cost of providing services to beneficiaries through CHAMPUS would be much more costly than providing these services through uniformed services facilities. Also, the financial viability of the converted facility would be in jeopardy without the guaranteed revenue received from care provided to these federally entitled DOD and PHS beneficiaries.

This authorizing legislation requires no funds for implementation. Moreover, it will save money for DOD, DHHS, and other Federal agencies which would ultimately pay for services to these patients at higher costs through private providers. The major impact of not having this designation will be on retired personnel and dependents of retired and active duty personnel. These groups are the last in line for services, usually waiting longer for services and traveling greater distances to receive them.

Mr. President, my amendment limits the USF designation to a 3-year period. I urge this Senate to adopt it.

Mr. THURMOND. Mr. President, the amendment by the Senator from Washington attempts to mitigate the impact of the transfer of Public Health Service hospitals from Federal to private operation. As Federal hospitals, these facilities handled many patients who were eligible for military benefits. As private hospitals, the military patients may not use the facilities. To provide an orderly transition, Senator JACKSON's amendment permits a 3-year period during which military beneficiaries could continue to use these hospitals. I think his amendment provides a reasonable transition period.

Mr. President, on behalf of the committee, I am prepared to accept the amendment.

Mr. JACKSON. I thank the distinguished Senator from South Carolina.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 585) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. JACKSON. I ask unanimous consent that the time be charged equally on the Davis-Bacon amendment when it is called up.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 586

(Purpose: To authorize construction of a Rapid Deployment Joint Task Force Headquarters at MacDill Air Force Base)

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) proposes an unprinted amendment numbered 586.

On page 38, line 10, strike "$657,141,000" and insert in lieu thereof "$666,141,000".

On page 38, line 12, strike "$1,249,371,000" and insert in lieu thereof "$1,258,371,000".

Mr. CHILES. Mr. President, what this amendment does is to add to the Thurmond amendment to the bill $9 million to provide funds for the headquarters for the Rapid Deployment Force. This was not in the committee as such. It does provide that we will have funds for the headquarters of the RDF.

Mr. President, this amendment would provide $9 million, as originally requested by the administration, for the construction of a Rapid Deployment Joint Task Force Headquarters at MacDill Air Force Base. The funds have been authorized by the House, and this amendment would bring the Senate bill in line with their mark, and the administration's request.

I understand that the committee was reluctant to support this authorization, because there was a feeling that the Defense Department had not yet firmed up

where they wanted to put the headquarters.

I have shared with Chairman THURMOND a recent memorandum from the Joint Chiefs of Staff which affirms their view that the headquarters will remain at MacDill.

Mr. President, in creating a Rapid Deployment Force, we recognized that the national security commitments of this country depend on having some forces which have high mobility and which can be dispatched to handle fast breaking contingencies.

Command, control, and communications are critical to the success of such a force. The Joint Chiefs have good reason for placing the rapid deployment force headquarters at MacDill, because the readiness command and the Joint Deployment Agency are already located there.

During hearings some questions were raised about whether it might be more appropriate to place the headquarters at the location of the major subordinate command, wherever that might be. While on the surface, that might make sense, the Department testified that they explored this possibility, but concluded that it is "more efficient to integrate the three headquarters at MacDill."

The need to begin this project now is crystal clear.

The personnel assigned there are now existing in rented trailers and in a facility previously used by the Strategic Air Command, which has been termed a "mole hole."

Mr. President, the Air Force is prepared to go forward with award of the construction contract in fiscal year 1982. The Joint Chiefs and the Secretary have concluded that the most efficient place for the headquarters is at MacDill. The facilities there today are grossly inadequate for the personnel that are being assigned.

If this counrty is going to fulfill its commitment to develop a force capable of reacting to crisis with flexibility and strength, then we should act now to authorize the timely construction of this facility.

I think the committee is willing to accept the amendment, and I urge the adoption of the amendment.

Mr. JACKSON. Mr. President, the project which the distinguished Senator from Florida is seeking to add to this bill is a project that was in the original budget request.

Mr. CHILES. That is right.

Mr. JACKSON. The committee at the time that it marked up this bill was aware that the Reagan administration was involved in a reevaluation of the rapid deployment force concept and at that point it was inappropriate to consider building a headquarters for this rapid deployment force. Therefore, the committee deleted this item.

However, since our markup back in June the administration has completed plans for the management of this new rapid deployment force and has reconfirmed the need for a headquarters facility at MacDill Air Force Base.

Therefore, on behalf of the distinguished chairman of the subcommittee, Senator THURMOND, I am prepared to join with him in accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment (UP No. 586) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CHILES. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum on the same basis as previously requested.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. How much time does the Senator from South Carolina yield himself?

Mr. THURMOND. Such time as I may require.

UP AMENDMENT NO. 587

(Purpose: To add $14,000,000 for the Philadelphia Naval Shipyard and delete $14,910,000 from naval housing at Willow Grove, Pennsylvania)

Mr. THURMOND. Mr. President, I send to the desk an amendment on behalf of the distinguished Senators from Pennsylvania, Mr. HEINZ and Mr. SPECTER, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. THURMOND) on behalf of the Senators from Pennsylvania (Mr. HEINZ and Mr. SPECTER) proposes an unprinted amendment numbered 587.

On page 14, line 19, strike out "$3,030,000" and insert in lieu thereof "$17,030,000".

On page 32, strike out lines 21 and 22.

On page 36, line 6, strike out "$273,354,000" and insert in lieu thereof "$258,444,000".

On page 38, line 6, strike out "$957,078,000" and insert in lieu thereof "$971,078,000".

On page 38, line 8, strike out "$1,226,033,000" and insert in lieu thereof "$1,240,033,000".

Mr. THURMOND. Mr. President, I offer this amendment on behalf of the distinguished Senators from Pennsylvania. It is impossible for them to be here at this time.

I might say that this amendment is a no-cost amendment. I have gone over it with them and I am prepared to accept it on behalf of the committee.

The PRESIDING OFFICER. Is there further debate? [illegible] yields time?

Mr. JACKSON. Mr. President, there is no objection on our side to the amendment. I urge its adoption.

Mr. THURMOND. Mr. President, I might say, for the information of the Senate, that what the amendment does is delete a $14 million project at Willow Grove, Pa., and insert a $14 million project at the Philadelphia Shipyard.

Mr. HEINZ. Mr. President, my colleague, Senator SPECTER, and I, have offered this amendment which would redress two separate but important matters involving military construction in the State of Pennsylvania.

The amendment we offer has two major thrusts; the first is to establish a temporary moratorium on the funding of new naval housing for the Warminster/Willow Grove Naval Complex by means of removing the funding authorization for the construction of off-base naval housing; the second is to add an equivalent amount of funding to the authorization for construction projects at the naval shipyard in Philadelphia.

Mr. President, both of the proposed construction projects are important, and both should eventually be funded; however, under current circumstances, I believe it is in the best interests of all parties concerned if funding for the proposed housing construction is temporarily postponed, and if the electronics and communications building is speedily completed. I would like to address each of these worthy projects in turn.

Horsham township has had a long and congenial relationship with the Navy, and is proud and grateful for the presence of naval personnel in the community. However, the Department of Navy's proposed plan to meet a deficit in housing for enlisted personnel by purchasing a 30-acre tract of privately owned, industrially zoned land in Horsham will adversely affect the township's efforts to maintain essential community services.

Already 1,000 acres within the township are federally owned, and the community has agreed to allow the Navy to buy an additional 300 acres adjacent to the Willow Grove Naval Air Station. Altogether, nearly one-twelfth of township property is owned by the Federal Government, and exempt from township tax rolls. Frankly, in this time of reduced Federal assistance to localities, Horsham cannot afford to sacrifice local revenues generated by prime industrial property when the result will be poorer services—services available to the military as well as residents.

I should also stress, Mr. President, that there is unanimous opposition among local officials and governmental bodies in the area to proceeding with the project at this time. Also, the Congressman from the affected area, Representative JIM COYNE, has actively opposed funding at the present time.

I do not intend to minimize the crucial need for housing among enlisted naval personnel in the Philadelphia area. As a strong advocate of the volunteer military, I wholeheartedly support improvements which make the armed services an attractive vocation. Pay increases and other benefits are essential to the continued vitality of the volunteer system. Due largely to the variable housing allowance, slightly fewer than 200

families of enlisted naval personnel are living in substandard housing today, as compared to 279 families in January of 1980. Despite this heartening trend, new housing is clearly in order, and the proposed construction should go forward as soon as possible.

Deletion of authority for this construction in this fiscal year will permit the Navy and the local community, in a calm atmosphere, to review in detail other avenues for solving naval housing needs. The Department of Navy and Horsham officials and citizens are already engaged in a dialog to develop a suitable alternative to the off-base housing proposal. This amendment merely seeks to postpone funding until a consensus is achieved. The accommodation between the legitimate interests of the Navy and the surrounding community will certainly meet the Navy's criteria and protect the tax base of Horsham township. Once that is accomplished, I will fully support funding for their project.

The other half of the amendment, Mr. President, would provide funding for a very important construction project at the Philadelphia Naval Shipyard which has been delayed since 1973. In that year, the Navy was authorized to begin construction of a building, located in the Philadelphia Naval Shipyard, designed to consolidate various functions involved in the repair and maintenance of electronics, weapons, and optical components of combat systems. The project would have led to greater work efficiency at lower costs, but funding authority expired before the work was completed.

Today, the first and second floors of the building are finished and occupied; the third and fourth floors are incomplete and unused. As for the consolidation of functions which justified the initial authority for the project, it has yet to be attained. The functions are still performed by eight different operational working groups in six widely separated facilities.

It is high time that this project be brought to a close, since further delays will simply drive up the cost of future completion, while continuing the wasteful, inefficient use of naval resources.

In conclusion, I would like to commend Congressman JAMES COYNE for his active interest and mediation in the dispute between Horsham and the Department of the Navy. His efforts have already led to the House of Representatives adopting an amendment which eliminates funding for the Naval housing project. I would also like to thank Senator THURMOND and his staff for their full cooperation. I believe this amendment represents a sound and reasonable approach, and I urge its adoption by the Senate.

Mr. SPECTER. Mr. President, I am pleased to join with my colleague (Mr. HEINZ), in introducing this amendment to S. 1408. The amendment deletes the $14.9 million authorized for 200 housing units for the Naval Complex Warminster in Willow Grove, Pa., and would add $14 million for the completion of an electronics and communication maintenance shop at the Philadelphia Naval Shipyard.

I can certainly understand the Navy's need to provide adequate housing for its families, and neither Senator HEINZ nor I wish to prejudge the Navy's decision in this regard. However, we have both heard numerous complaints from the citizens of Horsham Township who strongly oppose the construction of the housing units, which they fear will erode the economic base of the community.

It seems that, given the vocal opposition of members of the Horsham community, more time should be given to allowing those complaints to be heard and to investigate possible other alternatives to the construction of these housing units. By deleting funds at this time, both the residents of Horsham Township and the Navy will have an opportunity to review the proposal and to arrive at a mutually acceptable solution.

On the other hand, the $14 million that this amendment would add to complete the shop at the Philadelphia Naval Shipyard is one that is sorely needed to help improve the efficiency of the yard and its work. It would allow for the completion of a four-story building which was constructed in 1973 to consolidate into one facility various functions relating to the repair, assembly, and testing of complex electronic components.

The project ran out of funds in 1973, so the third and fourth floors remain incomplete and unused. As a result, complex electrical work is now being performed at various makeshift spots scattered around the naval shipyard which significantly hampers the efficient working of the Philadelphia Naval Shipyard. At a time when the Navy is planning for significant additional construction and overhaul work, it is vitally important that the existing yards are functioning at top capacity.

The Navy had scheduled work on this construction project for 1986, which would mean the yard would have to function for an additional 4 years without maximizing upon its existing facilities. The authorization of these funds will allow for the utilization of unused space at a relatively low cost and, by consolidating complex electrical maintenance work, will improve the efficiency of such operations. It should also be noted that the technical accuracy of this work will be enhanced by creating a controlled environment for maintaining the increasingly delicate equipment needs of the modern Navy.

I believe this amendment would help resolve two difficult issues and would save $910,000 from the total cost of S. 1408. It would allow the people of Horsham and the Navy additional time to resolve their differences over the construction of controversial housing units and would provide the Philadelphia Naval Shipyard with the funds it desperately needs to be able to function at full capacity. I urge my colleagues to support this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina (Mr. THURMOND) for the Senators from Pennsylvania (Mr. HEINZ and Mr. SPECTER).

The amendment (UP No. 587) was agreed to.

Mr. JACKSON. I move to reconsider the vote by which the amendment was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. I understand the distinguished Senator from Arizona has an amendment.

UP AMENDMENT NO. 588

(Purpose: To make critically needed improvements in family housing at Yuma Proving Ground)

Mr. DECONCINI. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) proposes an unprinted amendment No. 588.

On page 35, between lines six and seven, insert the following: Yuma Proving Ground, Arizona, 289 units, $5,051,000.00.

Mr. DECONCINI. Mr. President, the amendment before us today is certainly a particular request. I realize the distinguished chairman and the ranking member here have consistently opposed amendments that would, in essence, earmark and designate certain funds for certain projects

First of all, Mr. President, this amendment adds no money, but it does, in fact, direct that $5,051,000 be spent for construction at the Yuma Proving Ground.

The reason for my being on the floor today is that, quite frankly, I have been unable to get the funds appropriated and designated for the Yuma Proving Ground and primarily for its housing. This particular amendment, of course, does not designate exactly what it would be used for, except it is already designated by the Department of Defense of where this dollar amount would be used. They have an itemized list. Let me just discuss a little bit of it.

Let me first say, Mr. President, I realize that, in the context of this multibillion-dollar authorization, the multibillion-dollar bill that is before us talks about a lot of weapons systems It talks about a great deal of construction. It just appears to me that if we are going to continue on the pattern of a volunteer Army, if we are going to attempt to upgrade, as we did and as I supported, the salaries of those volunteers, particularly the middle-level people, granting upward of a 17-percent pay increase, which I support wholeheartedly, we also have to look at the amenities and the ability for these people to live and to live at least in an adequate standard of living.

And when I say "adequate," if you have not visited the Yuma Proving Ground, believe me, it is tough to be adequate there. Yuma, Ariz., is a beautiful community. The people welcome the Army proving ground there. There is a good relationship between the civilian population,

particularly the business community, and the Army proving ground personnel.

This amendment, in accordance with what the Department of Defense would spend the money on particularly, would do such things as this:

Refurbish air-conditioning systems for all 289 quarters. This would cost a whopping $1.6 million. But let me tell you if you have been to Yuma, Ariz., in the months of May, June, July, August, and September, where the temperature averages about 115 in the shade, reaching upwards of 120 sometimes, you can appreciate the need to have air-conditioned quarters.

Those of us who live in arid desert climates understand that without air-conditioning, we would not exist. In some of these quarters, the air-conditioners are broken down as much as 40 percent of the time. I have visited there on two occasions and it is deplorable that we would house our Army personnel in these types of conditions.

We would expand the kitchens in 246 quarters, for an estimated cost of $1.7 million. Some of these kitchens, Mr. President, have not been remodeled or retrofitted with any type of modern facilities for the life of the existing quarters that are there.

We would convert 10 three-bedroom quarters to four-bedroom quarters, costing $168,000.

We would expand bedrooms in 103 quarters, costing $528,000.

We would refurbish bathrooms in 289 quarters, costing an estimated $705,000; and install privacy fencing for the entire complex, costing approximately $350,000.

So, Mr. President, I again want to implore the chairman and the ranking member to look favorably on a particular specific request for a part of our Army proving ground where the weapons systems of today's modern Army and tomorrow's modern Army and many of our allies' are tested today, right today, the helicopters, the tanks, and many other weapons systems that will be used, God forbid, if we should have to follow through with the President's commitment in the Persian Gulf, the rapid deployment forces, the advanced technology that they would use, much of it would come directly from the Yuma Proving Ground.

Again, I implore the chairman and ranking member to accept this amendment.

The PRESIDING OFFICER. Is there further debate?

The Senator from South Carolina.

Mr. THURMOND. Mr. President, we cannot accept this amendment. We have $40 billion in back projects now. The Armed Services Committee had to limit this. The Air Force has not requested this project. The Defense Department has not requested this project. The Senator from Arizona did not come before the committee to request this project. No one has requested this project before the committee. There has been no hearing on this project. It would be impossible to accept it.

I would like to accommodate the Senator from Arizona, for whom I have the highest esteem. However, I gave a list of projects this morning, an unfunded project list, which was printed in the RECORD. Various Senators requested projects running into the millions and millions of dollars.

It is just impossible to fund these projects. We simply do not have the money at this time to do it.

For that reason, we cannot accept the amendment.

If the ranking member wishes to make any statement, I will be glad to yield to him.

Mr. JACKSON. Mr. President, I wonder if this is not an item that my good friend from Arizona would be willing to work with the committee on so that we could take it up in connection with the military construction bill next year. We are caught in a situation, as outlined by the manager of the bill, in which we have not had any hearings on this matter. I am sympathetic and concerned about the proposed amendment of the Senator from Arizona, but with the budget constraints that we have at the moment, it does pose a problem because we have a number of other unfunded but authorized projects.

I would urge my good friend to withdraw the amendment so that we could take a look at it in connection with the budget that will be sent up right after the first of the year covering military construction for fiscal year 1983. As the acting manager of the bill on the minority side I would be glad to work with my good friend from Arizona.

Mr. THURMOND. Mr. President, I do not mean to impose on the time of the Senator from Arizona, but we have received letters from many Senators advising us of high priority military construction projects and asking that they be considered. But it is just impossible with the funding available to accommodate these Senators.

For instance, the distinguished Senator from West Virginia, the minority leader, requested projects at Huntington and Wheeling which would run about $7 million. The distinguished Senator from Florida (Mr. CHILES) requested one at Pensacola, $9 million. The distinguished Senator from California (Mr. HAYAKAWA) requested one at Mare Island of $24.8 million, and one at March Air Force Base of about three-fourths of a million dollars. Mr. SPECTER requested one at the Philadelphia Shipyard for $14 million. The distinguished Senator from Massachusetts requested one at an air base for $9 million. The distinguished Senator from North Carolina requested one at Cherry Point for over $4 million.

Mr. President, there are so many worthy projects. I just wish we had the money to do them. I would certainly favor them, because they are worthy projects.

I am sure that the one the distinguished Senator from Arizona is asking for now is worthy because I have full faith in him. However, for the reasons stated, it would be impossible for us to accept the amendment. I would suggest that he come before the Armed Services Committee next year and present his project so that it can be considered along with other projects on its merits.

Mr. JACKSON. Would the distinguished Senator from South Carolina join with me in January when the budget request comes up so that we can have a full ventilation of the arguments for and against this project? I would hope that the committee would give it serious consideration at that time.

I urge my friend from Arizona on that basis to withdraw the amendment and defer it until after the first of the year.

Mr. DECONCINI. Mr. President, I very much appreciate the desires expressed to enhance the military construction, and also the comments of the distinguished ranking manager of the bill. I cannot help but almost perspire today thinking of no air-conditioning for about a quarter of those units, and the majority of them not functioning well, with only a few months now until June when the temperatures will reach 150 degrees.

I see the handwriting on the wall. I appreciate the problem that the distinguished chairman has.

I wonder if the distinguished chairman can give me some encouragement that after the first of the year these items will be given serious consideration. I feel that sometimes the Department of Defense does not go out there in July and realize how hot it is, but expecting quality people, the technicians, to stay there, as well as with the other amenities which are way below substandard.

I wonder if the chairman can give me some encouragement that he would give serious consideration to this. Then I would certainly entertain withdrawing the amendment.

Mr. THURMOND. Mr. President, I am very sympathetic to the request of the very able Senator from Arizona. I can assure him that the project will receive serious consideration next year. I would suggest his possibly getting the Air Force to endorse it before it comes to us. In any event, we would be glad to have him come before the committee and present his project. He has made a strong showing here today.

Mr. DECONCINI. Mr. President, I have an alternate amendment I would like to address to the chairman. I feel an obligation to send it to the chairman. It only asks for $1,223,000, to have that sum earmarked. I suspect the chairman's feelings would be the same as to this, but it would be at least the beginning of getting this retrofitting and installing some of the amenities to the proving ground housing facilities.

Mr. THURMOND. Mr. President, we cannot accept this even though the distinguished Senator has reduced the amendment. It is not acceptable for the reasons I have already stated.

I will assure him again that if he comes before the committee next year, we will give every consideration to his project.

Mr. DECONCINI. I thank the chairman.

Mr. President, let me say that I appreciate the comments of the ranking minority member and the ranking majority member of the committee. I have enjoyed a fine relationship with him on the Judiciary Committee and on defense mat-

ters. I am reluctant to withdraw this amendment, though I am most appreciative of the chairman for his statement that he will give serious consideration to provide me an opportunity to appear before the Armed Services Committee and make the case. I thank him sincerely for that.

At this time, Mr. President, I ask unanimous consent that the amendment be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (UP No. 588) is withdrawn.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 622

Mr. JACKSON. Mr. President, I call up my amendment No. 622.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Washington (Mr. JACKSON), for himself and Mr. KENNEDY, Mr. CANNON, Mr. HART, Mr. LEVIN, Mr. MOYNIHAN, Mr. WEICKER, and Mr. WILLIAMS, proposes an amendment numbered 622.

On page 71, strike section 1008 on lines 7 through 15, and renumber the succeeding sections accordingly.

Mr. JACKSON. Mr. President, I disagree with the conclusion reached by the majority of the Armed Services Committee concerning exemption of military construction projects from coverage under the Davis-Bacon Act. This partial repeal of the Davis-Bacon Act is unwise and unjustified and, for this reason, I have offered this amendment to delete this provision from the bill, thereby preserving the existing law.

The Davis-Bacon Act benefits workers by insuring that Federal funds will not be used to undercut prevailing local wages. The act benefits contractors by helping to insure that contractors committed to upholding local labor standards are not placed at a competitive disadvantage with contractors who try to save money by paying low wages. The act benefits the public by encouraging quality public construction utilizing highly skilled craftsmen. These purposes are no less important today than in the decades of the 1920's and 1930's when prevailing wage protections were first introduced and passed into law. To eliminate these protections from military construction programs would be a shortsighted and costly mistake.

Mr. President, the most common argument used by opponents of Davis-Bacon is that the law unnecessarily inflates the costs of Federal construction. Indeed, the Armed Services Committee report claims "that such a waiver might save as much as 10 percent of the contract cost on those projects in the United States." Advocates of the repeal provision have estimated the dollar savings from repeal to be as high as $400 million in fiscal year 1982.

There is simply no pursuasive evidence for this claim. I asked Deputy Secretary of Defense Carlucci to comment on these estimates and, in a letter to me dated September 19, 1981, Mr. Carlucci stated:

The potential savings from complete waiver of the Act would be little different from the savings from proper administrative reform. . . . These savings were reflected in our amended budget. . . . A $400 million savings is completely unrealistic.

I ask unanimous consent that a copy of the full text of Mr. Carlucci's letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JACKSON. Mr. President, studies which have looked at total project costs under Davis-Bacon have concluded that prevailing wage laws do not inflate project costs at all. When President Nixon suspended Davis-Bacon for 2 months in 1971, a total of 1,263 contracts were bid under the act and then rebid during the suspension. The average low bid on these 1,263 contracts decreased by only six-tenths of 1 percent.

A HUD study of the cost of Indian housing projects concluded:

It was surprising to learn that many factors which were originally thought would add significantly to the costs of Indian housing projects did not do so. Factors in this category (included) Davis-Bacon wage rate requirements.

A study of public school construction costs by the Center To Protect Worker's Rights found that the States with prevailing wage laws actually had lower per-classroom costs than the States where prevailing laws were only partially applicable or not applicable at all. The authors concluded that—

Once interstate differences in price levels, urbanization and climate are adjusted for, there appears to be no significant relationship between the presence or absence of prevailing wage laws and the level of school construction costs.

Wages have not been the principal cause of increasing construction costs. Over the 50 years in which the Davis-Bacon Act has applied to federally financed construction, wages in the construction industry have consistently lagged behind both inflation and other wages, as well as mortgage interest rates.

Department of Commerce data indicates that the composite cost index for construction costs has gone up by 230 percent since 1965. During the same period, the construction wage index for all workers has gone up by only 168 percent. Between 1975 and 1980, all construction wages increased by 36 percent, union construction wages by 42 percent, manufacturing wages by 51 percent all nonfarm private industry wages by 47 percent, and inflation by 55 percent. These data do not indicate that the Davis-Bacon Act is an engine of inflation causing construction wages to increase unduly.

During the same 5-year period between 1975 and 1980, while construction wages for all workers have gone up at annual rates of 6 percent for all workers and 7.3 percent for union workers, the average rate of increase in construction materials has been 9 percent, and for construction machinery and equipment 9.5 percent. During the same period, profits for building materials companies have gone up by 11 percent per year, for construction contractors by 13 percent per year, and for real estate companies and housing developers by 30 percent per year. Mortage interest rates have increased by 7.5 percent per year and the prime interest rate for business loans is up by 9 percent per year. It is ironic that many of the groups that have benefited from these increases in the cost of construction are now among the advocates of repealing Davis-Bacon to the disadvantage of construction workers who have been consistently losing the battle against inflation.

Mr. President, it is frequently charged that Davis-Bacon requires that high union wage scales be paid by Federal contractors. The facts are that the act does not impose higher than normal wage rates on Federal contractors; it merely requires them to pay whatever rates are already prevailing in the area. A 1976 study sponsored by the Council on Wage and Price Stability concluded that wage determinations under Davis-Bacon were "not typically higher" than actual average wages in the communities studied. In addition, Davis-Bacon wage rates are set at union levels only in highly unionized areas. In areas where open-shop construction prevails, the Davis-Bacon rates are based on the wage rates paid by nonunion employers.

In fact, Davis-Bacon wage rates are set at union scale in less than half of the counties covered. As of March 1981, Davis-Bacon wage determinations for the residential construction sector were based on union wage rates in only 14 percent of the counties covered. For the commercial building sector, the Davis-Bacon determinations reflected union rates in 55 percent of the counties covered. For heavy construction and highway construction, the corresponding figures were 50 and 47 percent.

Thus, there is no reason to believe that removal of prevailing wage requirements would lead to any significant reduction in the cost of military construction—or of any other type of public construction. What is more, the Davis-Bacon Act continues to perform a number of very important functions in protecting workers, taxpayers, and the Government. The basic reasons which led Congressman Bacon to first propose prevailing wage legislation in 1927 remain just as valid today.

The basic motivation behind the Davis-Bacon Act is to make sure that Federal construction projects do not disrupt the wage pattern and labor standard of the local community.

Initial impetus for passage of the law came from experience with large-scale Federal public works programs in the 1920's. At the time, fly-by-night contractors were winning Government contracts by paying very low wage rates, often im-

porting labor from outside the local area in order to accomplish this, and having a detrimental effect on the local economy.

This type of wage cutting is especially likely to occur on public construction contracts as a result of the nature of the Government contracting process. By law, public projects are awarded to contractors on the basis of competitive bidding—that is, the lowest bidder must automatically be awarded the project. Since labor is one of the few elements of construction costs over which a contractor can exercise any significant control, contractors have an incentive to reduce wages as far as possible in order to become the successful bidder.

Coupled with this basic characteristic of Government contracting are various economic attributes of the construction industry itself, which make conditions extremely unstable for workers and contractors alike.

First, employment is casual in the construction industry, with workers moving from contractor to contractor as one project is finished and another begun. Construction employment varies considerably from season to season and recently there have been persistently high unemployment rates for the construction industry. Last year, the unemployment rate averaged 7.1 percent for all workers, but 14.2 percent for construction workers.

With these pools of unemployed construction workers, unscrupulous contractors will not hesitate to lower wages in order to undercut the bids of employers who desire to maintain local labor standards.

In addition to protecting workers against continual wage-busting practices, the Davis-Bacon Act helps to protect construction contractors by insuring that local firms, committed to upholding local labor standards, have a fair chance to compete for public projects.

Prevailing wage requirements also offer protection to taxpayers, by promoting competent and efficient construction work. Rather than saving money, wage-cutting practices can actually generate extra costs because the best qualified skilled workers are in demand and will not be willing to work for substandard pay. Employing less skilled labor at lower wages can mean longer completion times, waste when faulty work must be redone, and higher maintenance expenses in the future. While payment of prevailing wage offers no absolute guarantee of top quality work, paying much less than the prevailing wage is asking for trouble, especially in important national defense work covered by the Military Construction Act.

Finally, Mr. President, congressional action on the Davis-Bacon Act would be unwise at this time because of the major review of this issue which is currently underway within the executive branch.

I remind my colleagues that candidate Reagan, when he was running for President, affirmed the laudable purpose of the Davis-Bacon Act and indicated that he would merely "seek adjustments in the administration of the act so that it can return to its original goals." I ask unanimous consent that a publication of the Reagan and Bush Committee, describing then Governor Reagan's position on key labor issues, including Davis-Bacon, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. JACKSON. Thus, the President has clearly stated his support for the principle of labor standards protections on Federal contracts. At the same time, he has expressed reservations about the way in which the act has been administered and pledged to institute administrative reforms.

This is the position which a variety of administration spokesmen have outlined over the past few months. In April, Secretary Donovan speaking at the National Press Club stated, "The President is against repeal of the Davis-Bacon (Act), and so am I." In a June interview with reporters Secretary Donovan stated that while there is support in both the House and Senate for outright repeal, "I'm hopeful that we can do administratively what they want to do legislatively." I ask that an article from the Washington Star which more fully describes Secretary Donovan's views be printed in the RECORD at the conclusion of my remarks.

In hearings in the Senate Armed Services Committee on the military construction bill the administration witness was asked if the Defense Department would support a Davis-Bacon waiver. Deputy Assistant Secretary Fliakas responded:

> Well, the Administration as reflected in the President's budget envisions a better management of Davis-Bacon and a better application of it, as opposed to elimination. So I personally, Mr. Chairman, would not favor a waiver for military construction only. We do not feel that the Department of Defense should be out front and seek exemption or waiver to Davis-Bacon. This could be disruptive, and it could be counterproductive, and we believe that any reform or adjustment of this Davis-Bacon Act should be uniformly applied to all Federal construction.

Finally, in a recent letter to the president of a construction industry group which favors the repeal of Davis-Bacon, OMB Director David Stockman reiterated "the President's stated position that he will not seek repeal of Davis-Bacon." Mr. Stockman stated that the administration position "of not seeking repeal of the Davis-Bacon (Act) applies to (the military construction bill.)" Mr. Stockman pointed out that the direction the President has taken on Davis-Bacon has been to "develop * * * administrative changes, designed to improve the administration of the Davis-Bacon Act."

I ask unanimous consent that the full text of Mr. Stockman's letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. JACKSON. Thus, Mr. President, the action taken by the Senate Armed Services Committee in approving repeal of the Davis-Bacon Act for military construction projects is inconsistent with the administration's clearly stated policy on this subject.

Moreover, the Reagan administration is currently in the process of carrying out its pledge to adjust the administration of the Davis-Bacon Act. The Labor Department, the Office of Management and Budget, and other agencies have been studying the contract labor standards program. A notice of proposed rulemaking was published in the Federal Register on August 14 in which major changes in the regulations governing the Davis-Bacon Act have been proposed. These proposed regulations address all of the major complaints which have been made about the administration of the act.

The most significant changes include elimination of the 30-percent rule under which a wage rate was determined to prevail if 30 percent or more of the workers in a given area were paid at that rate. This rule had been in effect since 1935.

The proposed changes also would strictly prohibit the use of wage survey data obtained from a metropolitan area in issuing a wage determination for a rural area. This would eliminate the alleged problem of urban wage rates being imported into rural areas.

Another significant proposed change would eliminate the requirement that contractors submit weekly payroll reports to the appropriate Federal contracting agency. This would eliminate alleged paperwork burdens resulting from the Davis-Bacon Act.

Perhaps the most important proposed change is the recognition of helper classifications and their inclusion in wage determinations. This would permit helpers to be identified as a separate category from journeymen and allow a separate wage determination for this less skilled category of worker.

Quite frankly, I do not agree with all of the proposed changes which have been suggested by the Labor Department, but I do believe that these proposals indicate that the administration intends to preserve the basic protections of the act while administering it in a noninflationary and nonburdensome manner.

It would be inappropriate for Congress to legislatively modify the Davis-Bacon Act before the administration's proposals have even been tried. No matter what views any of us might hold on this issue, we should all be able to agree that the President should have a chance to set forth his proposals before the Senate takes action to curtail the scope of a law which has stood for 50 years.

When these regulations become final, most Senators with concerns about Davis-Bacon will find that their concerns have been completely alleviated. It would be very premature for the Senate to begin dismantling Davis-Bacon before we have had a chance to assess whether or not any possible problems with this law have been effectively resolved.

In conclusion, I think the evidence shows that the Davis-Bacon Act has worked well over the past 50 years. There is no persuasive evidence that it has been a source of inflationary pressure on construction industry wages or in the cost of construction. Repeal of Davis-Bacon will not lead to any significant reduction in military construction costs.

Davis-Bacon is a stabilizing force in the cyclical construction industry, and it continues to serve a valid purpose of pre-

venting the development of unfair wage busting tactics in Government contracting. It promotes fair competition among contractors by allowing contractors who uphold local wage standards to compete effectively for Government contracts; and, Davis-Bacon promotes quality workmanship on important Government construction projects. A partial repeal of the Davis-Bacon Act as proposed by the Armed Services Committee is ill-timed, ill-advised, and unnecessary.

EXHIBIT 1

THE DEPUTY SECRETARY OF DEFENSE,
Washington, D.C., September 19, 1981.

Hon. HENRY M. JACKSON.
U.S. Senate,
Washington, D.C.

DEAR SENATOR JACKSON: Thank you for your letter of 16 September regarding the Davis-Bacon Act. Since I am about to leave for a two-week visit to the Far East, I am sending this interim reply. I have asked Dr. Larry Korb to provide any additional information you might need as soon as possible.

The potential savings from complete waiver of the Act would be little different from the savings resulting from proper administrative reform. We estimate the savings to be about $70 million for the Defense Department in fiscal year 1982. These savings were reflected in our amended budget.

Our estimate assumes that about eight percent of direct labor cost would be saved through waiver or reform. Direct labor constitutes about 30 percent of the $2.9 billion construction program. I believe that savings larger than eight percent may be unachievable. A $100 million savings is completely unrealistic.

Sincerely,

FRANK C. CARLUCCI.

EXHIBIT 2

REAGAN AND BUSH COMMITTEE,
Arlington, Va., September 16, 1980.

GOVERNOR REAGAN'S POSITIONS ON KEY LABOR ISSUES

OSHA.—Governor Reagan would not repeal, but rather would work to reform OSHA to strengthen its ability to reduce job-related accidents and to eliminate unnecessary regulations which decrease health and productivity, and hamper the economy. His record in California's chief executive, in strong support of CAL-OSHA, demonstrates his continuing commitment insuring safety in the work place.

Right to Work Laws.—Governor Reagan believes that this issue should be left to the states. Therefore, he opposes a national right-to-work law, and opposes repeal of Section 14(b) of the Taft-Hartley Act.

Anti-Trust.—Governor Reagan opposes extending anti-trust laws as applied to labor unions.

Davis-Bacon Act.—Governor Reagan strongly supports construction workers' right to fair conditions. The original intent of the act was laudible. Unfortunately, as presently administered, the law sometimes raises the costs of public works in some areas so high that needed projects, such as new hospitals and schools cannot be built. He would seek adjustments in the administration of the act so that it can return to its original goals.

EXHIBIT 3

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 27, 1981.

Mr. FRANZ JUNE,
President, Associated Builders and Contractors, Inc., Washington, D.C.

DEAR MR. JUNE: In response to your request for clarification of the Administration's position with regard to the Davis-Bacon Act, I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

Amendments to the Military Construction Bill have been proposed which would waive the applicability of the Davis-Bacon Act and "related acts" to military construction. Our position of not seeking repeal of Davis-Bacon applies to related acts and would apply to the proposed amendments.

The Department of Labor, at the President's direction, has developed and proposed administrative changes, designed to improve the administration of the Davis-Bacon Act and reduce costs.

Sincerely,

DAVID A. STOCKMAN.

Mr. THURMOND. Mr. President, let me respond briefly to the Carlucci letter which Senator JACKSON has introduced into the record.

First, I would point out that the Carlucci letter contradicts testimony that has been given before the Military Construction Subcommittee of the Senate Armed Services Committee on two previous occasions—in April of 1979 and again in April of 1981. The Deputy Assistant Secretary of Defense for Installations and Housing, Mr. Perry J. Fliakas, has testified that he estimates that Davis-Bacon increases construction costs by 5 to 15 percent. Mr. Fliakas is the Department's construction expert who has testified before our committee for many years.

I might also point out that in a hearing in July of this year, Mr. Carlucci indicated in a response to a question from me that the Defense Department supported this waiver provision.

Let me point out some errors in the Carlucci letter, which should be obvious to anyone who understands the Davis-Bacon Act and the construction industry. First, Mr. Carlucci says that "8 percent of direct labor costs would be saved through waiver or reform." Mr. Carlucci should know that Davis-Bacon applies to both direct and indirect labor on Federal construction projects. Mr. Carlucci should also know there is a significant difference between Davis-Bacon reform and Davis-Bacon waiver.

No one should contend that waiver and reform produce the same results. Mr. Carlucci's letter also says that there is a "2.9-billion construction program." He neglects another $1 billion in family housing maintenance costs which are included in this bill and to which Davis-Bacon applies. Even using Secretary Carlucci's own formula, one gets savings of nearly $100 million on this bill. If you add in indirect labor, which he has neglected, those savings become closer to $200 million.

I would hope that anyone reading the Carlucci letter would keep these facts in mind.

(By request of Mr. JACKSON, the following statement was ordered to be printed in the RECORD):

● Mr. CANNON. Mr. President, I support the continued application of the Davis-Bacon Act to military construction.

Over the past 2 years, the opponents of the Davis-Bacon Act have unsuccessfully attempted to exclude a wide variety of Federal programs from the act's purview. It is especially ironic that the prevailing wage opponents are now attempting to exclude military construction from the act's jurisdiction.

Down through history, whenever our Nation has been called to arms, we have relied upon the highly skilled craftsmen of the building trades to construct emergency facilities for our national defense. And time and again, America's patriotic construction workers have answered that call, making countless sacrifices and even giving their lives.

During World War II, the Building and Construction Trades Department of the AFL signed an agreement to forego their right to strike in order to avoid any disruption of the war effort. Furthermore, thousands upon thousands of patriotic construction workers at the urging of their union leadership volunteered for the U.S. Navy construction battalions, better known as the "Seabees," and became the fighter-workers who secured Guadalcanal and Attu, Sicily, New Georgia and wherever American troops were planting a foothold in the Axis-controlled territory.

Throughout the war, the building trades unions worked closely with the War Production Board on manpower allocation. A few years later, that same patriotism mobilized American construction workers for the Korean war.

Following the Korean war, our Nation's construction workers were once again called upon during the 1960's missile program. The AFL–CIO Building and Construction Trades Department responded with a no-strike pledge, as they had during the Second World War.

The missile program was a national security measure to prevent future loss of life by making sure no one could win a world war.

The Davis-Bacon Act protects the wages and working conditions of construction workers engaged in this vital defense work, and in other work as well. It insures that the massive economic power of the Government is not used to undercut the labor standards of the local community. It helps make sure that local contractors, committed to upholding local wage rates and labor standards have a fair chance to compete for Government contracts. And it promotes top quality work by highly skilled construction craftsmen in all public projects.

All of these functions are of particular importance to military construction. Maintaining the labor standards requirements of the Davis-Bacon Act on military construction will help make sure that we will always have a skilled work force which can rapidly respond in a crisis as they have done so often in the past. This is why the proposed Davis-Bacon exemption must be removed from this bill.●

The PRESIDING OFFICER. Who seeks recognition?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Massachusetts?

Mr. JACKSON. I yield such time as the distinguished Senator may require.

Mr. KENNEDY. Mr. President, I welcome the opportunity to join the Senator from Washington (Mr. JACKSON) in

cosponsoring this amendment. The amendment, as the Senator has pointed out, strikes the provision in the committee bill which exempts military construction projects from coverage under the Davis-Bacon Act. That provision is another unjustified attempt to chip away and ultimately repeal the Davis-Bacon Act.

The Davis-Bacon Act simply requires that workers on Federal construction projects be paid no less than the prevailing wage in their local community. The act benefits workers by insuring that Federal funds are not used to disrupt local construction and labor markets. It also benefits contractors by helping to insure that competition is fair and based on management skills rather than the ability to slash wages.

Since its enactment in 1931 Davis-Bacon has brought a measure of stability to an inherently unstable industry. Eliminating Davis-Bacon from military construction projects would be a costly mistake.

If we fail to adopt this amendment I have no doubt that the quality of work on military construction projects will deteriorate, overall costs will escalate, and that the pattern of abuse which existed prior to the enactment of Davis-Bacon will reemerge quickly.

In my view, and in the view of many other Senators, it is totally improper to deal with a complex issue like the Davis-Bacon Act on the military construction bill.

In the first place, the Armed Services Committee has usurped the jurisdiction of the Committee on Labor and Human Resources, and it is not the first time the committee has done so; 2 years ago another Davis-Bacon waiver was attached to the same authorization bill.

By unanimous consent, that bill was referred to the Labor and Human Resources Committee which held 3 days of hearings and filed an extensive report recommending that the provision be removed from the bill.

That report is still relevant today. The committee found that piecemeal repeal of Davis-Bacon would create inconsistency in the administration of the act and would create confusion for both contractors and workers and would have the inevitable result of reducing the pool of skilled workers available to work on vital military construction projects.

For these reasons Defense Department officials in the Carter administration and the Reagan administration have opposed waiver of Davis-Bacon on military construction projects.

The point, Mr. President, is that there is a more appropriate forum for considering the Davis-Bacon Act.

The Labor Committee has been looking very carefully at the Davis-Bacon Act. In April we held 2 days of oversight hearings on the act. A bill to repeal the act has been introduced by the chairman of the Labor Subcommittee. There are other members of the committee who favor repeal.

If the Senate is going to amend or repeal Davis-Bacon we should act in an orderly manner with the benefit of a report from the committee which has expertise in this area.

For several years now, the public and Members of Congress have bombarded with charges about the operation of Davis-Bacon and its effects on the construction industry.

As ranking minority member of the Labor Committee and a strong supporter of Davis-Bacon, I want to take this opportunity to dispel the arguments that are being used by those who are arguing for repeal.

Critics have charged that Davis-Bacon is little more than a device to impose union wage rates on all Federal construction projects. But they fail to point out that studies by both the Department of Labor and the Council on Wage and Price Stability have shown that Davis-Bacon rates generally reflect local market conditions and are based on union rates only in highly unionized areas.

Opponents of Davis-Bacon claim that the act restricts job opportunities for women and minorities. In fact, Davis-Bacon has been the Government's principle tool for assuring that these workers are adequately represented in the construction trades and assures that women and minorities will have an opportunity to advance to journeymen status. Today minority participation in union apprenticeship programs is almost double the rate in nonunion programs.

But the principle charge that I want to discuss today—the charge that has been used most often—is that Davis-Bacon leads to excessive costs in Federal construction and is inflationary.

There is absolutely no credible evidence to support this contention. All the estimates of the alleged inflationary impact of Davis-Bacon have been based on antedotes, limited data, case studies which cannot be projected to the entire universe of construction projects.

In many cases the studies themselves are so flawed that they are meaningless.

For example, in 1979 a report issued by the General Accounting Office entitled "The Davis-Bacon Act should be repealed," concluded $715 million a year could be saved by repealing Davis-Bacon.

That GAO study used a sample of only 30 wage determination, or about two-tenths of 1 percent of the more than 12,000 Davis-Bacon wage determinations issued by the Labor Department in a typical year. In 18 of the 30 cases, the GAO concluded that the Labor Department wage determinations were too low rather than too high. But GAO discarded these 18 cases and based its conclusions on the 12 remaining wage determinations.

Obviously a study based on limited data which throws out evidence that fails to support the author's preconceived notion is fatally flawed. A study which looks at 12 out of 12,000 wage determinations cannot provide a basis for sound conclusions.

In fact, the authors admit this to be the case.

The report said, and I quote:

> Our sample size was insufficient for projecting the results of a universe of construction costs with any statistical validity.

Nevertheless, this study continues to be one of the principal documents relied on by those who favor repeal of Davis-Bacon.

Another document opponents of Davis-Bacon have relied on is a Carter administration options paper released earlier this year.

Although the options papers says that "it is virtually impossible to attach specific dollar savings or inflationary impact estimates * * *" to Davis-Bacon.

It goes on to assume that construction wages would be reduced by 10 percent if Davis-Bacon were reformed. Is this a logical assumption?

When Davis-Bacon was suspended by President Nixon in 1971, opponents claimed that removal would immediately lead to a sharp reduction in the costs of Federal construction projects negotiated during the suspension. Yet, data available for the 1,263 projects which were rebid during the suspension show that the average rebid was lower than the first by only 0.6 percent of 1 percent.

Despite this real world experience with Davis-Bacon suspension, the 10-percent wage reduction assumed in the Carter options paper has taken on a life of its own and has been used repeatedly to justify claims that cost savings will result if Davis-Bacon is repealed.

Where does this figure come from? Well, Mr. President, it comes from another GAO study—one performed in 1971 of 29 problem construction projects selected for study on the basis of complaints on other indications that wages on these projects were not representative of actual prevailing wages. GAO found that wage rates for commercial construction projects were being improperly applied to residential construction projects and concluded that as a result costs were increased by 5 to 15 percent on the projects studied.

Those findings have since been thoroughly discredited and rendered completely irrelevant by new Department of Labor procedures adopted immediately after the report was issued.

Mr. President, the basic problem with all those studies is that by focusing on wage rates alone they completely ignore potential differences on worker skill and productivity.

That is why the only valid way to examine the relationship between Davis and Bacon and inflation is by looking at the total costs or projects built under the law's requirements.

Only one study has ever done that—a 1976 study performed by HUD in an effort to identify the factors leading to high costs of housing built on Indian reservations.

That study found that there was no correlation between wage rates and total project costs.

Obviously more work needs to be done on the impact of wages on total project costs.

But it is equally clear that the charges leveled against the Davis-Bacon Act have not been substantiated.

It is time to stop blaming Davis-Bacon for inflation in the construction industry.

The Davis-Bacon Act is a source of stability in an unstable industry. In the absence of a prevailing wage law, competition for Government projects will quickly turn into a contest to see who

can slash wages the furthest in order to come in with the winning bid. Establishing of a floor under wage levels protects the interests of construction workers, of fair contractors, and of the taxpayers by assuring quality work for their construction dollar.

Permitting wage cutting on Government projects is bad construction policy and bad social policy.

Repealing Davis-Bacon is not an anti-inflation policy; it is just an antilabor policy.

A vote for the Jackson amendment is a vote to reaffirm the basic principle behind Davis-Bacon which is as valid today as it was when the law was enacted in 1931.

I urge the adoption of the amendment.

Mr. President, I understand that under a previous agreement, the Senate will vote on a tabling motion at this time. Is that correct?

The VICE PRESIDENT. The Senator is correct—at 12 o'clock.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS, 1982 (H.R. 4144)

The VICE PRESIDENT. Under the previous order, the hour of 12 noon having arrived, S. 1408 will be temporarily laid aside and the Senate will proceed to vote on the tabling motion on the motion to reconsider the vote by which the Bumpers-Humphrey amendment (UP No. 582), as amended, was tabled.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS), is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN) and the Senator from Nevada (Mr. CANNON) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The VICE PRESIDENT. Are there any other Senators wishing to vote?

The result was announced—yeas 50, nays 45, as follows:

[Rollcall Vote No. 356 Leg.]

YEAS—50

Abdnor	Hawkins	Pressler
Andrews	Hayakawa	Randolph
Baker	Heflin	Rudman
Bentsen	Heinz	Sasser
Burdick	Helms	Schmitt
Cochran	Huddleston	Simpson
D'Amato	Jackson	Specter
Danforth	Jepsen	Stafford
Denton	Johnston	Stennis
Dole	Kasten	Symms
Domenici	Long	Thurmond
East	Lugar	Tower
Ford	Mathias	Wallop
Garn	Mattingly	Warner
Gorton	McClure	Weicker
Grassley	Murkowski	Zorinsky
Hatch	Packwood	

NAYS—45

Armstrong	Bradley	Byrd, Robert C.
Baucus	Bumpers	Chafee
Biden	Byrd,	Chiles
Boschwitz	Harry F., Jr.	Cohen
Cranston	Inouye	Pell
DeConcini	Kassebaum	Percy
Dixon	Kennedy	Proxmire
Dodd	Leahy	Pryor
Durenberger	Levin	Quayle
Eagleton	Matsunaga	Riegle
Exon	Melcher	Roth
Glenn	Metzenbaum	Sarbanes
Hart	Mitchell	Tsongas
Hatfield	Moynihan	Williams
Hollings	Nickles	
Humphrey	Nunn	

NOT VOTING—5

Boren	Goldwater	Stevens
Cannon	Laxalt	

So the motion to lay on the table the motion to reconsider the vote by which Bumpers-Humphrey unprinted amendment No. 582, as amended, was tabled, was agreed to.

Mr. BAKER addressed the Chair.

The VICE PRESIDENT. The majority leader.

Mr. BAKER. What is the business now before the Senate?

MILITARY CONSTRUCTION AUTHORIZATIONS, 1982

The VICE PRESIDENT. The clerk will report the pending business.

The bill clerk read as follows:

A bill (S. 1408) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, may we have order?

The VICE PRESIDENT. The Senate will be in order.

The majority leader is recognized.

LEGISLATIVE SCHEDULE

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a brief moment, let me try to outline the program for this afternoon and perhaps for this evening.

Mr. President, I expect now that we will make good progress on the military construction bill and should be able to finish it before very long. I urge Senators to stay on the floor and try to complete this action as soon as possible.

After that, under the previous order, we are going to go back to the energy and water resources bill. I hope that we will be able to finish that bill today, as well.

Mr. President, I expect the Senate to be in reasonably late today. I would hope it would not be a very late session. I do hope that we are able to finish the military construction bill, the energy and water resources bill, and the defense conference report, as well, before we finish this day.

Mr. SARBANES. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. SARBANES. Assuming the schedule is carried forward as projected for the day, what could we expect on tomorrow?

Mr. BAKER. Mr. President, if we finish those three items, I would expect Friday to be a very light day. I am not prepared yet to announce what business the Senate would address on Friday, but if we finish the three items I have just identified, I think Friday would be a very light day.

The PRESIDING OFFICER. (Mr. QUAYLE). The question is on the amendment by the Senator from Washington (Mr. JACKSON).

Who yields time?

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Before the Senator proceeds, may we have order? Will the Senate please come to order? Those Senators desiring to converse, please retire from the Chamber.

The Senator from South Carolina.

AMENDMENT NO. 622

Mr. THURMOND. Mr. President, the Armed Services Committee agreed to include section 1008, the Davis-Bacon waiver provision, that appears in this bill. There is nothing new about this provision; it is identical to the provision that Chairman TOWER was successful in adding to the fiscal year 1980 military construction authoriation bill as reported by the Senate Armed Services Committee.

My motives in adding this provision are quite simple. I am convinced that it will save money and not degrade the quality of construction.

The Davis-Bacon Act has been debated for years. We have all heard those debates before. Labor argues that Davis-Bacon prevents the importing of cheap labor and protects the quality of construction. Management argues that Davis-Bacon results in artificially higher labor rates and, therefore, is inflationary. Both sides have debated Davis-Bacon with arguments that are largely theoretical with no real facts to prove either case.

I happen to believe strongly that Davis-Bacon is inflationary and adds significantly to the cost of Federal construction contracts. I feel that the Davis-Bacon Act should be repealed. I might note that I am not alone in that position:

GAO has called for repeal of Davis-Bacon,

Both the New York Times and the Wall Street Journal have called for repeal, and also the Washington Post.

Many construction associations such as, the Association of General Contractors, the Associated Builders and Contractors, and so forth, have pushed repeal for many years.

In this bill we have a unique opportunity to get facts about the impact of Davis-Bacon. We have several hundred military construction projects ready to go to contract in fiscal year 1982 which are essentially designed and on which cost estimates have been prepared. If this Davis-Bacon waiver provision is adopted, we can demonstrate in the marketplace whether or not Davis-Bacon costs money and whether or not Davis-Bacon protects the quality of construtuion. I shou'd think both labor and management would welcome this opportunity to prove their case. I know management supports this provision. Is labor afraid to let this test proceed? Is labor afraid that its claims will not be substantiated?

Now I know that the argument will be made that the Reagan administration has revised the regulations implementing Davis-Bacon, so why wait and see if that does not solve the problem. I cannot agree with that logic. I would be sur-

prised, in view of the controversy that will surround these new regulations, if these regulations could be implemented any sooner than 1 year from now—and it will probbaly take 2 years. Why not go ahead with this test case in the interim? Let us get some solid data on the impact of Davis-Bacon so that we can make sound judgments in the future—not based on theoretical arguments, but based on data generated as a result of this wavier provision.

Mr. President, as all my colleagues know so well, public opinion is a strong motivator for those of us in public service.

In the case of the Davis-Bacon Act, public opinion as reflected in the media of the press now reflects widespread support for the repeal, or at least major reform, of the Davis-Bacon Act. Back in July, in remarks here on the floor, I surveyed the positions taken by the press over the past year. Such major newspapers as the Wall Street Journal, the New York Times, U.S. News & World Report, the Baltimore Sun, and the Chicago Tribune all called for action on Davis-Bacon.

Since then, the Washington Post in an editorial on September 26, 1981, has labeled Davis-Bacon as a law that "has probably outlived its usefulness." I ask unanimous consent that the entire Washington Post article appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE FIGHT OVER LABOR REGULATIONS

As organized labor seeks to reassert its leadership among both its membership and the wider liberal community, it will have to pick its targets carefully. This may mean reexamining some matters of longstanding dogma. Two cases in point—both the subject of recently proposed Labor Department regulations—are the Service Contract and Davis-Bacon acts requiring federal contractors to pay "prevailing wages" for services and construction.

The new Labor Department rules are not the sweeping rollbacks that industry groups had sought. Partly this is because more substantial revisions may require new legislation. The Service Contract regulations will, however, take the Labor Department out of the dubious business of interfering with employer pay and work practices in a host of occupations from computer processing to timbering in which the case for federal wage protection was extremely thin. Since enforcement of the act has always been lax, and since the most vulnerable types of service workers—cleaning crews and the like—will still be protected, the changes should be relatively noncontroversial.

Not so the Davis-Bacon reforms. Davis-Bacon has acquired a symbolic importance to both its proponents and detractors that is totally disproportionate to its probable impact. The changes proposed are quite modest—likely to produce neither the several hundred million dollars in savings claimed by the administration nor the total disruption of the construction industry claimed by the building trade unions. Davis-Bacon will still apply to all federally aided construction projects costing more than the absurdly low $2,000 limit set back in the 1930s. A slightly higher ratio of "helpers" to high-paid "journeymen" will be allowed on projects and employer record-keeping will be cut substantially. To answer the frequent objection that the prevailing wages determined by the Labor Department tend to be the union level wages, the rule will require that the wage set for each craft be either that received by 50 percent of local workers—rather than the 30 percent previously used—or, if no such uniformity can be found, the average local wage.

Allowing the use of more lower-paid workers should save money, at least where collective bargaining agreements permit. Savings from the new wage-setting procedures are more speculative. What studies exist—and none of them is very good—do not show that the old 30 percent rule, whatever its conceptual failings, produced generally higher wages than the use of an average wage. Either procedure is sure to drive wages up somewhat—if they didn't it is hard to imagine why the unions would be so concerned. The inflationary effect is stronger in the predominantly non-unionized residential construction sector but probably minor in the heavily unionized commercial sector. With federal money scarce and getting scarcer, inflated wages mean less construction and fewer jobs.

The fight over Davis-Bacon is only heating up. Senatorial opponents, with the strong support of non-union builders, will continue to whittle away at Davis-Bacon coverage in each of the several federal construction bills to which it now applies. As organized labor prepares for battle it might want to consider whether—with so much other pressing public and private business on its agenda—it is worth dissipating the time, money and influence that will be needed to defend every jot and title of a law that has probably outlived its usefulness.

Mr. THURMOND. Mr. President, this editorial strikes to the heart of my concern with Davis-Bacon. I cannot understand why organized labor—which has been helpful to this country in the past and which could help the American work force—continues to hold Davis-Bacon sacrosanct. It actually penalizes the majority of the construction work force, since most contractors will refuse to bid on Government work because of the requirement to pay artificially high prevailing wages.

This waiver provision will enable everyone to learn the facts about Davis-Bacon. It is a start in the right direction.

Mr. President, the crux of the argument against section 1008, the Davis-Bacon waiver provision, appears to be that since the Labor Department has proposed new rules covering the implementation of the Davis-Bacon Act, there is no need for this waiver provision. Mr. President, I am glad to see these new rules; they may prove to be a small step in the right direction. However, I do not think that these proposed—and I emphasize proposed—rules are the solution to the Davis-Bacon problem.

First, setting aside how effective these proposed new rules may prove to be, I have serious concerns about ever getting them implemented. I feel sure that there will be concerted efforts to prevent these rules from ever being implemented. Promulgation of the rules will surely be contested in the courts and it may take years, if these new rules can ever be implemented. In the meantime, it will be business as usual under the old rules that drive up Federal construction costs beyond all reason.

Second, it is not clear to me that the proposed new rules are much of an improvement over the existing rules. Doing away with the 30-percent rule and allowing helper classifications will help. But it falls far short of the way that Americans are used to doing business in the marketplace. The Labor Department says these new rules will save $670 million annually. I doubt that they will save half that amount. Based on several studies of the cost of Davis-Bacon, these new rules will not produce a fraction of the savings that could be achieved through repeal.

Finally, and the bottom line as far as I am concerned, if and when these rules are ever implemented, is we will remain in the situation where a huge and unnecessary Federal bureaucracy is involved in the predetermination of wages for a small group of American workers—those involved in construction on Federal construction projects.

Mr. President, I do not know how any public official can condone such practices. Just envision, if you can, what it would be like to have the Government setting wages for every industry which is impacted by Federal funds. Why do we not predetermine wages for farmers whose crops are subsidized? Why not set wages for workers in the oil and gas industry? How about the auto industry? Does not the Chrysler loan guarantee give the Government the right to set the wages of its employees? Mr. President, what is so special about construction industry workers that they need the protection afforded by the Davis-Bacon Act?

Mr. President, let me repeat my earlier challenge to labor. Let us waive the Davis-Bacon Act on military construction and see what happens. Let us see if costs are affected. Let us see if the quality of work is affected. Today we debate in a vacuum, why not give both parties a chance to prove their case?

Mr. President, let me respond for a moment to the issue of Davis-Bacon costs. Much has been written and said on this issue.

In reality we do not know exactly what Davis-Bacon costs in terms of increased requirements on Federal construction projects. The act has been on the books for over 50 years and, except for a brief 35-day period in 1971 when President Nixon waived the implementation, every construction contract for more than $2,000 that has been awarded since 1931 and that has involved Federal funds, has required the payment of so-called "prevailing wages."

Mr. President, we do know with certainty one element of cost and it is this element that gives me the greatest problem with Davis-Bacon. We know that the Department of Labor employs more than 100 people and spends about $20 million each year to administer Davis-Bacon. These are the people who sort through reams of data to compute those so-called "prevailing wages" that are in turn dictated to the construction work force in Federal construction contracts.

These 100 Department of Labor bureaucrats scattered all over the country make about 20,000 wage determinations each year and each of these determinations includes "prevailing wages" for hundreds of categories of construction workers in thousands of discrete geographical areas. The very idea that the Federal Government should be

dictating wages to a small segment of the construction work force is to me revolting. Thank goodness the Federal Government does not set prevailing wages for the remaining 99 percent of the American work force.

Mr. President, let me briefly discuss the cost that Davis-Bacon adds to the contracts to which it applies. I want to reemphasize the point I made earlier that we do not know precisely what Davis-Bacon costs in terms of specifying higher wages than might actually prevail in a free, non-Davis-Bacon competitive situation. But most studies that have been done on Davis-Bacon conclude that it costs the taxpayer something. Let me summarize briefly the most reliable of those studies:

In 1975, a detailed analysis of contracts awarded during the period in 1971 when President Nixon waived the act by Armond Thieblot of the Wharton School of the University of Pennsylvania, concluded that Davis-Bacon costs 4 to 5 percent of the total cost of construction.

In 1979, the GAO, in a report entitled, "The Davis-Bacon Act Should be Repealed," concluded that Davis-Bacon "may have increased total construction costs by an average of 3.4 percent" and that increases "ranged from 1 to nearly 9 percent."

In 1980, GAO estimated that Davis-Bacon increased the cost of the Washington, D.C. Metro construction by 6.8 percent.

In 1979, in a confidential staff paper prepared by President Carter's Council of Economic Advisors, Davis-Bacon was deemed inflationary and, if certain changes were made reducing the "prevailing wage" by 10 percent, a savings of $1 billion annually would be realized.

In February of 1981, the Congressional Budget Office forecast an outlay savings of $2.4 billion over 5 years if Davis-Bacon were repealed.

Mr. President, I could go on and on with these studies that estimate Davis-Bacon costs. But all are only estimates. However, I think there is widespread agreement that Davis-Bacon costs something, maybe not the 10 to 15 percent alleged by some management studies, but probably more than the conservative 3.4 percent postulated by the GAO. My colleagues should be aware that a 1-percent cost represents $400 million each year because Davis-Bacon impacts $40 billion in annual construction costs. So the range of costs is from $1.36 billion to $6 billion each year. Regardless of which end of the range you choose, the cost of Davis-Bacon is staggering.

I happen to believe that Davis-Bacon costs are probably in the 8- to 12-percent range. Translating that to impact to the taxpayer, I estimate that the taxpayer pays about $4 billion each year in Davis-Bacon costs on all Federal construction projects.

On this military construction bill, Mr. President, project costs have already been reduced by $70 million in anticipation of cost benefits that will accrue as a result of the new Davis-Bacon regulations. If my 8- to 12-percent savings estimate is right, there are potential additional savings of over $200 million possible on this bill, this one bill alone.

Mr. President, no one knows exactly what Davis-Bacon costs. The overwhelming evidence suggests that Davis-Bacon costs are high and that the act is inflationary. We do have a way to prove the case once and for all. If the waiver provision in this bill becomes law, there will be a substantial data base to show what military construction projects are estimated to cost with Davis-Bacon and what they actually cost in the market place without Davis-Bacon.

Mr. President, I yield to the able Senator from Iowa (Mr. JEPSEN).

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. JEPSEN. Mr. President, I thank my distinguished colleague from South Carolina.

Mr. President, we all know why the Davis-Bacon Act was enacted and from all historical accounts of the situation at that time, it would appear that the law was justified. But, since the early 1930's, we have had a number of other laws enacted which do a much better job of protecting the working men and women of this country.

In addition, the Davis-Bacon Act has the practical effect of discouraging small businessmen, particularly minority contractors, from bidding on Federal jobs. At a time when we are making efforts to encourage the Federal Government to use small businesses, it seems ludicrous that we retain a law that keeps them from getting Government work.

The reason it discourages small businesses is quite simple. Davis-Bacon requires that any time anyone picks up a tool of a trade, he or she must be paid as a journeyman in that trade. This means that an unskilled laborer must be paid the rate of a highly skilled worker. More specifically, the contractor must pay a laborer the journeyman painter's rate when the laborer is painting and the journeyman carpenter's rate when the laborer is carrying boards or hammering nails.

This presents the small businessman with two equally unappealing choices: Pay his inexperienced laborer at high journeyman's wages or fire the laborer because he cannot be as productive as the wage rate demands.

If the businessman chooses the first option, he stands the chance of not being able to make a competitive bid because he will have workers whose productivity is low, relative to his competition. If the businessman chooses the second option, he runs the risk of losing an otherwise capable worker, who, given time, could have become a very productive employee. As a result, Mr. President, the minority small businessman chooses not to bid on the contract.

Upon closer examination, we find that it is not only the small businessman and the unskilled laborer who lose out, but the taxpaying public as well. If enough businessmen are discouraged from bidding on Federal contracts, those who are left to bid have a free hand to artificially inflate the price of the job. The competition presented by the small businessman would have forced the large contractor to make a competitive bid. This is no longer necessary because the Davis-Bacon Act has eliminated the competition.

The Armed Services Committee has been very concerned about the high cost of improving our military capability. For this reason we have been looking at a wide range of possibilities for bringing many of the costs into line. Waiving the Davis-Bacon Act for military construction projects will help us achieve this goal, but it will be done without hurting workers in the construction industry. I repeat, Mr. President, there are a number of other laws on the books which insure that these individuals will receive a fair wage for the work that is done.

As most of my colleagues will remember, I tried to bring some sanity to the Davis-Bacon issue during the last Congress. I offered an amendment to exempt 10 percent of all Federal building contracts from the Davis-Bacon Act. It was my hope that by doing this, we could then compare those projects built under Davis-Bacon against those built under a competitive bid system. In addition, we could look at who bid on the Davis-Bacon contracts and who bid on the non-Davis-Bacon contracts and see if we could draw some conclusions from this.

At one point, I was assured of some bipartisan support and support from organized labor on this amendment. Unfortunately, when we got down to voting on it, that did not turn out to be accurate and my amendment was not accepted.

During the debate on the Jepsen amendment, assurances were made by my colleagues on the other side of this issue that a comparative study would be undertaken by the Department of Labor. While I recognize that some significant changes have come about at the Department of Labor since this commitment was made, I hope that my colleagues still share my desire in seeing this type of study completed in the interest of fairness, in the interest of moving ahead in these economic, shark-infested waters that we find ourselves in now, to provide employment for every American man and woman who desires to work.

Mr. President, I believe the language approved by the Armed Services Committee is good language. It will help bring some stability to skyrocketing construction costs. It will help us to maintain our goal of improving the military capability of this Nation. It will help the working men and women of this Nation to assure that those who want to be gainfully employed will be able to find a job in those areas where military construction is being conducted. They will be able to do so not only with dispatch but also with the assurance of continued bidding and continued improvement to bring about the construction in the military areas which we need to improve the military capability of this Nation. This is a very important part of this bill, and it is imperative that we support it.

I thank my colleague fom South Carolina for yielding time.

Mr. THURMOND. Mr. President, I congratulate the able Senator from Iowa for his splended remarks.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I yield to the able and distinguished Senator from Florida such time as she may require.

Mrs. HAWKINS. Mr. President, I oppose the Jackson amendment to S. 1408.

I applaud the wisdom and courage of the Senate Armed Services Committee in including in S. 1408, this provision which waives the requirements of the Davis-Bacon Act on all military construction projects. The Associated Builders and Contractors have estimated that this one provision could save close to $214 million in defense expenditures without canceling a single project or displacing a single worker.

In a time when Congress is meeting the difficult challenge of reducing spending in a wide range of social programs, we cannot afford to overlook an act whose inflationary impact adds millions of dollars a year to construction costs. The General Accounting Office has conducted a series of nine studies of the administration of the Davis-Bacon Act, and each time has come away with progressively more negative findings. In 1979, the GAO released a report entitled "The Davis-Bacon Act should be Repealed." They based their recommendations on an analysis of the administration of the act which demonstrated that the Department of Labor had become so disorganized that it could not administer Davis-Bacon fairly even if it wanted to.

The Davis-Bacon Act was enacted in 1931 at the height of the depression when wage rates in the construction industry were steadily falling and the Federal Government's bidding procedures encouraged "fly-by-night contractors little concerned with the quality of construction industry or with the welfare of workers." The purpose behind the enactment of the Davis-Bacon Act was to improve the quality of construction and protect workers by establishing a wage floor under steadily falling construction wages. But in the 50 years since enactment of this law, Congress has enacted a myriad of Federal laws and regulations that monitor the quality and safety of construction work and protect the American worker from exploitation much more effectively than the Davis-Bacon Act. Therefore, the only real issue surrounding the repeal or waiver of this act is limited to the issue of wages.

The Davis-Bacon Act which was intended to insure that the prevailing local wage rate would be paid on Federal construction projects has the practical effect today of protecting unionized workers against competition from lower cost nonunion workers. The act's bias in favor of union employers stems to a large degree on the Department of Labor's inability to maintain and issue current and accurate prevailing wage determinations. The GAO found that often the wage selected by the Labor Department was not the wage actually prevailing, but the higher negotiated labor rate. An interagency task force study of Davis-Bacon which was completed during the Carter administration but not released until the Reagan administration, noted that Congress has attempted to insulate labor from competitive pressure.

This task force report cited Federal procuring agency criticism of the Department of Labor for setting wages that are higher than those actually prevailing and establishing inconsistent wage rates, thus reducing competition and increasing costs. A confidential report by the Council of Economic Advisors studied wage determinations in 13 cities and found that Davis-Bacon Act minimum wages were significantly above those in the local labor market for similar types of construction. The Joint Economic Committee in a report issued in 1977, found that Davis-Bacon wage requirements discourage nonunion contractors from bidding on Federal construction work, thus harming minority workers who are more likely to work in the nonunionized sector of the construction industry.

This discriminatory effect of the Davis-Bacon Act on minorities was reiterated by noted black economist Walter Williams in testimony before the Labor Subcommittee in the Senate Labor and Human Resources Committee in April of this year. Minority groups have traditionally encountered difficulty in obtaining employment in the construction unions. In fact, 83 percent of the nonwhite craftsmen in the construction industry are nonunion. Professor Williams cited the original debate on the Davis-Bacon Act to illustrate his point. The debate made reference to "cheap colored labor" that is in competition with white labor throughout the country. Professor Williams stated that in his opinion the Davis-Bacon Act is just another example of privileges given to one group which handicaps another.

It is not just the minority and nonunion construction workers that suffer from the Davis-Bacon Act. By reducing competition for Federal contracts and artificially raising the wage base for federally financed construction projects, the costs of these projects are inflated by as much as 10 percent.

I am encouraged by the Department of Labor's recently published proposed regulations to the Davis-Bacon Act and the Contract Service Act. I think that the proposed reforms in the areas of the 30 percent rule, paperwork burdens, semiskilled workers and urban-rural wage determinations are a major step in reforming this antiquated act. However, I share the skepticism of the General Accounting Office whether the Department of Labor can administer the act fairly even if it wants to. It is for these reasons that I joined Senator NICKLES in cosponsoring S. 1505, a bill to repeal the Davis-Bacon Act in its entirety. It is for the same reasons that I urge my colleagues to retain this provision which waives the Davis-Bacon Act requirements from military construction projects.

Mr. THURMOND. Mr. President, I wish to commend the able and distinguished Senator from Florida for the splendid statement she made on this subject. She has been in public life for a number of years and she understands these matters and an opinion from her should be very valuable to this body.

I congratulate her on her statement.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COHEN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I now yield to the able and distinguished Senator from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. President, I thank the Senator from South Carolina for yielding to me.

Mr. President, I support the waiver of Davis-Bacon requirements on military construction projects in S. 1408, the fiscal year 1982 military construction authorization. The Davis-Bacon Act requires that "prevailing wages," as established by the Department of Labor, be paid on all Federal construction projects over $2,000.

However, for 50 years the Department of Labor has failed to issue and maintain accurate wage determinations. The result has been disruption of local wages, imposition of unnecessary administrative burdens on Federal contractors and the waste of billions of dollars. Since serving in the House of Representatives and now as a Member of the Senate, I have supported the repeal of the Davis-Bacon Act and have cosponsored legislation to that end. Therefore, I am pleased with the action of the Armed Services Committee, which I feel is a wise step toward eliminating this law by exempting military construction projects from its requirements.

The Armed Services Committee has estimated that savings of $400 million can be achieved in fiscal year 1982 alone, if this waiver becomes effective. A budget savings of that magnitude should be incentive enough to support such a provision. Let me also add that neither the rights of construction workers nor the quality of construction will be harmed by the waiver of Davis-Bacon requirements.

Congress has enacted a number of laws that protect construction workers against the loss of wages through the exploitation of contractors. These safeguards would not be affected by the passage of this waiver. In addition, the Federal Government has specific requirements which prevent unscrupulous contractors from obtaining Federal construction contracts. These procurement laws will continue to be enforced. However, the waiver provision in S. 1408 would provide for a leaner, more efficient defense budget.

The Davis-Bacon Act has long outlived its usefulness. Significant changes in economic conditions and the economic character of the construction industry since 1931, plus the passage of other wage laws, make this act unnecessary. Whatever justification there may have been for such a law no longer exists. At the time the act was adopted at the onset of the Depression, the Nation was sliding toward economic disaster and the building trade industry was especially hard hit.

Its principal objective was to protect the prevailing wage structure in communities by placing a floor under sinking wage rates and discouraging nonlocal contractors from undercutting local contractors by importing cheap, itinerant labor.

Today, however, the fact that most nonunion construction wages are, on the average, higher than local manufacturing wages invalidates the argument that wage regulation in construction is necessary. Even the General Accounting Office has concluded that the estimated 3 million construction workers who work on projects not covered by Davis-Bacon are among the highest paid workers in the country. I suggest that construction workers do not need this special protection that organized labor deems so necessary.

Additionally, after nearly 50 years of administering the act, the Department of Labor has not developed an effective program to issue and maintain current and accurate wage determinations. The GAO addressed this problem in a recent study and concluded that in many circumstances wage rates were not adequately or accurately determined. About one-half of the area and project determinations reviewed by GAO were not based on surveys of rates paid to workers in localities, but rather on union-negotiated rates in collective bargaining agreements.

Furthermore, the Department of Labor deleted, added and changed wage data without adequate reason, according to GAO. Sometimes Labor officials simply ignore lower paid workers in their surveys. GAO cites a case in which exclusion of 113 nonunion workers raised carpenters wages from $4.85 to $6.54.

More typically, surveyors may apply an administrative shortcut called the "30-percent rule" in which they look for the highest wages paid to at least 30 percent of the workers performing a task, rather than estimating the average wage. New proposed regulations by DOL would change that "30-percent rule" to a "50-percent rule," which in my mind is equally arbitrary. The "50-percent rule" would still insure that half the entire wages in an area would not be taken into account when the prevailing wage is established.

To further illustrate the inaccuracies of the Department's procedures, let me add that DOL has historically surveyed previous Davis-Bacon projects when conducting wage surveys for new Federal projects. The practice of including wage data from other Davis-Bacon projects ultimately results in wage determinations which simply perpetuate Federal rates, not locally prevailing rates. When inaccurate wage rates are included in the surveys, it compounds and sustains errors for all future determinations.

Of paramount concern to me, however, is the inflationary effect the Davis-Bacon Act places on all Federal construction. It has been estimated that the act is costing the Federal Government at least three-quarters of a billion dollars a year in wasteful construction costs. It also imposes compliance costs estimated at $190 million on contractors and another $12 million on Federal agencies, including the Department of Labor. By the same token, the Federal wage floor tends to increase all construction wages. Contrary to the original intent of the act, local contractors, in many cases, are unable to bid on contracts because of the artificially high "prevailing wages" set by DOL. That, presumably, reduces the competition for Federal contracts and raises construction costs well beyond the direct Davis-Bacon premium.

As we know, the Department of Labor has attempted to ease the regulatory burdens of the act by revising its regulations. I commend the administration for taking an important step toward regulatory reform; however, the proposed regulations will not cure the current problem and unnecessary costs associated with the Davis-Bacon Act. Regulatory reform is not the answer.

We work toward total repeal of this inflationary, special interest law that subsidizes construction unions at the expense of the taxpayers. In the past, the Congress has refused to act responsibly and repeal the Davis-Bacon Act. I urge my colleagues to have the courage to stand up and vote to retain the Davis-Bacon waiver in this bill.

Mr. LEVIN. Mr. President, will my colleague from Michigan yield?

Mr. RIEGLE. I yield.

Mr. LEVIN. Mr. President, I support the amendment by my colleague from Washington State to delete from the fiscal 1982 Military Construction Authorization Act a waiver of the Davis-Bacon Act prevailing wage provisions on military construction projects. Such a waiver is unwarranted and unwise.

Indeed even President Reagan does not support the waiver position in the fiscal 1982 Military Construction Authorization Act.

Office of Management and Budget Director David A. Stockman has sent a letter dated October 27 to the Associated Builders and Contractors, Inc., the construction industry's Washington, D.C., representative, stating the President's nonsupport of the waiver. I ask unanimous consent that this letter be inserted into the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 27, 1981.

Mr. FRANZ JUNE,
President, Associated Builders and Contractors, Inc., Washington, D.C.

DEAR MR. JUNE: In response to your request for clarification of the Administration's position with regard to the Davis-Bacon Act, I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

Amendments to the Military Construction Bill have been proposed which would waive the applicability of the Davis-Bacon Act and "related acts" to military construction. Our position of not seeking repeal of Davis-Bacon applies to related acts and would apply to the proposed amendments.

The Department of Labor, at the President's direction, has developed and proposed administrative changes, designed to improve the administration of the Davis-Bacon Act and reduce costs.

Sincerely,

DAVID A. STOCKMAN.

Mr. LEVIN. Mr. President, the Davis-Bacon Act assures that building projects that affect our national security, those on our military bases, for example, are constructed by a highly qualified and experienced work force.

I disagree with the conclusions reached by the committee to exempt military construction from Davis-Bacon coverage because there is no persuasive evidence to support its claim that there would be a 10-percent savings in construction costs by this action.

On the contrary, the evidence indicates that Davis-Bacon prevailing wage requirements do not lead to excessively high military construction project costs.

Wages have not been the major cause of increasing building costs. Higher land prices, building materials prices, skyrocketing interest rates and increased profits are the principal causes of increasing construction costs. In fact, wage increases have lagged behind increases in other elements of building cost in recent years.

Nor does Davis-Bacon impose higher than normal wage rates on Federal contractors; it merely requires them to pay whatever rates are already prevailing in the area. In the majority of cases, Davis-Bacon rates are actually set at nonunion levels.

On the other hand, Davis-Bacon provisions benefit the Federal Government, the armed services, worker and contractors in many ways.

Contractors benefit by the assurance the act provides that competition for military construction projects is fair and not distorted by firms submitting deliberately understated and unrealistic bids. Workers are protected by the assurance that Federal funds will not be used to undercut prevailing local wages.

The Federal Government and the armed services benefit because they avoid the low-quality construction and delays in project completion which can result from attempts to employ less-skilled labor at below-prevailing wages.

Contrary to the committee's position, Mr. President, maintenance of the Davis-Bacon provisions are a net benefit for the country and they should be retained for military construction projects. The Labor Department already is addressing alleged administrative problems caused by the act through the issuance of new regulations in the near future. Davis-Bacon should not be waived in the Fiscal 1982 Military Construction Act, and that waiver should be deleted by passage of the Jackson amendment.

I thank my colleagues from Michigan.

Mr. RIEGLE. Mr. President, I rise in

support of Senator JACKSON's amendment to strike the language in this bill which would exempt military construction projects from the requirements of the Davis-Bacon Act.

The Davis-Bacon Act became law 50 years ago, in 1931. Its purpose then—and its purpose today—was to assure that wages for workers on Federal construction projects will be no less than the prevailing rates paid to other construction workers in the area. The act seeks to insure that Federal funds are not used to undercut locally prevailing wages. Its purpose is to also benefit contractors, putting competition for Federal contracts on a fair basis and it benefits the public by encouraging quality construction. These are important stabilizing forces in an industry that is very sensitive to changes in the business cycle.

I do not agree with those who argue that the Davis-Bacon Act compels Government contractors to pay artificially high wages. All the law requires is that the Government must pay no less than whatever wage rate is already prevailing in the locality. Nor is it the case that Davis-Bacon leads to the payment of union wages on all Federal construction projects, as is sometimes asserted by those who favor repeal of the Davis-Bacon Act.

In highly unionized areas, where union wage scales are, by anyone's standard, the prevailing wage, then it is certainly proper for these wages to be paid on Federal construction projects. In areas where open-shop construction predominates, on the other hand, Davis-Bacon requires only that wages be based on the prevailing wages paid by nonunion employers.

Mr. President, the Armed Services Committee does not have jurisdiction over the Davis-Bacon Act; the act is under the purview of the Labor and Human Resources Committee. That committee, on which I sit, earlier this year completed 2 days of hearings on the Davis-Bacon Act. There are members of our committee who would favor the repeal of the Davis-Bacon Act.

There are others, such as myself, who believe that the prevailing wage standards of the Davis-Bacon Act continue to serve a purpose and that the charges leveled against the act by its critics have yet to be adequately substantiated. I would hope that all of us would agree, however, that such a major and longstanding statute as Davis-Bacon—which was enacted 50 years ago and which affects millions of American workers—should not be lightly or hastily overturned, without the benefit of an orderly and considered process by the committee which has jurisdiction and expertise in this area

Furthermore, Mr. President, it is premature for this body to consider the elimination of Davis-Bacon prevailing wage standards for military construction projects at a time when the Labor Department is in the midst of issuing a major and comprehensive revision of the Federal regulations governing Davis-Bacon, a revision which is designed to address many of the very concerns which are expressed by those who advocate the repeal of the act itself.

Let me make very clear that I personally disagree with many of the changes which are being proposed in these regulations. But the fact of the matter remains that the administration has not supported repeal of Davis-Bacon, but is in the process of reviewing how the act has been implemented.

Davis-Bacon has served a worthwhile purpose for 50 years and it is my belief that its basic purpose is still relevant today.

I urge my colleagues to join me in supporting the Jackson amendment.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. RIEGLE. Yes.

Mr. TSONGAS. Mr. President, if I may enter the discussion, I will support the Jackson amendment and will support Davis-Bacon. But I think the reason Davis-Bacon is in some jeopardy is not so much the particulars, although I think you could argue the variations on the theme that there could be changes that would make sense, but I think Davis-Bacon has taken on a symbolism and so what we are arguing today is the symbolism of Davis-Bacon and where unionism is going in this Nation.

I would simply say, as one who has been in support of labor generally, that I hope in addition to these kinds of fighting off the opposition we can also engage in some constructive rethinking about unionism generally. As you know, the percentage of American workers who are unionized has declined over time and continues to decline, and I think there is a major need to have a reassessment, a rethinking, among unions generally as to how indeed they are going to recapture the public support they once enjoyed. Those of us who are supportive of unions, I think, have the obligation to send that message.

So I will join with my colleagues, as I perhaps would be expected to, but just would like to raise the larger question of whether unionism which, I think, is more important over time, although this issue is clearly the important one for today.

I thank the Senator from Michigan.

Mr. RIEGLE. Mr. President, I suggest the absence of a quorum, but before I do, I might say we are ready to vote on this side.

We have got no other requests for time, and I am wondering, I would inquire of the leader on the other side, are we at a point now where we can maybe wrap this up and vote?

Mr. THURMOND. We have some others coming in who want to make some remarks.

The PRESIDING OFFICER. Neither side is yielding time, so time is running equally on both sides.

Mr. THURMOND. That is agreeable that it run against both sides.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RIEGLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I want to state again that we are ready on this side to vote. I would like to expedite the matter.

While we are being delayed in that regard, I want to express some thoughts on a separate issue here that is important so that the time does not absolutely go to waste.

(The remarks of Mr. RIEGLE at this point on a nongermane matter are printed earlier in today's RECORD.)

The PRESIDING OFFICER (Mr. SIMPSON). Does either side yield time? Time will run equally against both sides.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I commend Senator TOWER and Senator THURMOND for their diligence in once again trying to protect the taxpayers and also in trying to hold down unnecessary costs in defense spending as well as other areas of the Government's budget.

In a time when it is necessary to cut inflationary spending, it is vital that we eliminate the wasteful practices of Davis-Bacon on military construction projects. I think this can be done. I think it should be done so we can maximize the use of the tax dollars that are now spent in the defense budget for what they should be spent for; protecting our country.

Mr. President, today I urge my colleagues to support the effort of Senator TOWER, Senator THURMOND, and myself to table the Jackson amendment.

Two years ago the Senate had the same opportunity to waive the Davis-Bacon Act application to military construction projects. Had the Senate forced the issue and accepted the amendment of the Armed Forces Committee, millions of dollars would have been saved in the interim. Instead, the legal and economic nightmare known as Davis-Bacon continues to run out of control. Today, the Senate again has the opportunity to send a signal to the taxpayer, to the Labor Department bureaucracy, and to the construction industry that we are serious in our effort to eliminate wasteful spending wherever it is found.

I say to my colleagues that we can send this signal by voting against the Jackson amendment.

Mr. President, it is in the best interests of our economy, the best interests of our country, and certainly in the best interests of a strong national defense to defeat the Jackson amendment at a time when we all recognize the need to cut wasteful Federal spending, at a time when even the most ardent supporters of cutting defense spending are some of the same people who are for the Jackson amendment.

Mr. JACKSON, I do not think anyone can doubt or dispute the fact that the Jackson amendment, if it prevails, will waste millions and millions of dollars in the defense area.

So many people, not necessarily on both sides of the aisle but primarily from the opposite party, have been screaming that we are spending too much for defense and the defense budget as proposed by President Reagan is too much.

I think we can all make a big step forward. I am for eliminating defense spending when we can, and I think this is an excellent area where we can save a couple hundred million dollars and put

those millions of dollars into productive, useful, very much needed and long neglected areas of defense.

The evidence against the Davis-Bacon concept is overwhelming.

Just to reiterate a few key points, over the years the General Accounting Office has conducted numerous studies of the application of the act and has come to the conclusion that there is only one solution: To repeal the act.

Mr. President, I ask unanimous consent that there be printed in the RECORD a copy of a letter signed by the Comptroller General, Elmer B. Staats, on April 27, 1979. It was a letter to the President, the Senate, and the House.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., April 27, 1979.

To the President of the Senate and the Speaker of the House of Representatives.

This is our report to the Congress, "The Davis-Bacon Act Should Be Repealed."

We are recommending that the Congress repeal the Davis-Bacon Act because (1) there have been significant changes in the economy since 1931 which we believe make continuation of the act unnecessary, (2) after nearly 50 years, the Department of Labor has yet to develop an effective program to issue and maintain accurate wage determinations, and it may be impractical to ever do so, and (3) the act is inflationary, and results in unnecessary construction and administrative costs of several hundred million dollars annually.

We are sending copies of this report to the Secretaries of Labor; Commerce; Defense; Health, Education, and Welfare; Housing and Urban Development; Transportation; and the Treasury; the Administrator, Environmental Protection Agency; the Postmaster General; and the Director, Office of Management and Budget.

ELMER B. STAATS,
Comptroller General.

Mr. NICKLES. The letter states, in part:

This is our report to Congress "The Davis-Bacon Act should be repealed."

He continues:

We are recommending that the Congress repeal the Davis-Bacon Act because (1) there have been significant changes in the economy since 1931 which we believe make continuation of the act unnecessary, (2) after nearly 50 years, the Department of Labor has yet to develop an effective program to issue and maintain accurate wage determinations, and it may be impractical ever to do so, and (3) the act is inflationary, and results in unnecessary construction and administrative cost of several hundred million dollars.

Mr. RIEGLE. Will the Senator yield at that point?

Mr. NICKLES. I am happy to yield.

Mr. RIEGLE. Does President Reagan support the repeal of Davis-Bacon?

Mr. NICKLES. To my knowledge, the President does not.

Mr. RIEGLE. Has he made a statement? Is he neutral on the issue or is he opposed to repeal?

Mr. NICKLES. I have seen correspondence where the President indicated he did not support repeal. I have not seen that he has opposed it, however.

I am amused with the fact that there are so many Senators running here on what the President wants to do. They do not want to do what the President wants to do on budget cuts or on spending cuts or on rearming America. Yet they want to do what the President wants to do in this area.

Mr. RIEGLE. I think many Senators support him on many issues but on this issue they do not support him. He is saying, "Do not rush ahead; do not take this step right now."

He is your President, representing your party. It seems to me that a contradiction here is a contradiction on your side. What the President is saying is that the fact he has a reservation about it, does not think it ought to be done, you want to substitute your judgment for his. That, I think, is what is surprising.

I thank the Senator for yielding.

Mr. THURMOND. Mr. President, does the Senator have a direct statement from the President on this matter?

Mr. RIEGLE. That is why I was inquiring. That is why I——

Mr. THURMOND. I understand the White House has taken no part in this.

Mr. RIEGLE. What I asked was, does the President support the repeal of Davis-Bacon? I was told by the Senator from Oklahoma that he does not.

Mr. THURMOND. I do not know whether he does or does not. It is my understanding that the White House has taken no part in this.

Mr. RIEGLE. That means he does not support the repeal of Davis-Bacon.

Mr. THURMOND. It does not necessarily mean that.

Mr. RIEGLE. Does he support it?

Mr. THURMOND. I do not know. If you have any evidence, cite it.

Mr. RIEGLE. I have the evidence I cited just a moment ago.

Mr. THURMOND. What?

Mr. RIEGLE. The fact that the President is not supporting repeal of the Davis-Bacon Act.

Mr. THURMOND. Where is your evidence?

Mr. RIEGLE. I am citing the comment a moment ago of the Senator from Oklahoma.

Mr. THURMOND. I do not know if he knows or not.

[Laughter.]

The PRESIDING OFFICER. There will be no response from the gallery.

Mr. RIEGLE. I shall give the evidence, if the Senator would like to have it. I think that is a fair question. Let me read from a letter from the Reagan-Bush committee, dated September 16, 1980. Under the heading of "Davis-Bacon Act," this is what it says:

Governor Reagan—

Of course, he was former Governor at that time, not yet the President—

strongly supports construction workers' right to fair conditions. The original intent of the act was laudable. Unfortunately, as presently administered, the law sometimes raises the costs of public works in some areas so high that needed projects, such as new hospitals and schools, cannot be built. He would seek adjustments in the administration of the act so that it can return to its original goals.

I say to my friend, that is what is happening. The Labor Department is doing that. But the Senator wants to come in and wants to change the thing for them. I do not understand that. That is in direct opposition to what the President has said.

Mr. THURMOND. Mr. President, I am very pleased that the Labor Department has taken these steps that they should have taken under the Carter administration and under other administrations. That does not necessarily mean that the administration is taking an active part here.

Mr. NICKLES. Mr. President——

Mr. RIEGLE. If I may——

Mr. THURMOND. Unless you have some evidence——

Mr. RIEGLE. Let me give you something else.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield? The Senator from Oklahoma has the floor. Does the Senator from Oklahoma yield?

Mr. NICKLES. Thank you, Mr. President. Not at this time.

Mr. President, the point that is important to make is the fact that—I am still amused by the fact that we have a lot of Senators for the first time, maybe the first time this year, who want to get behind the President. They have been opposed to everything else the President has tried to accomplish economically and militarily, yet when they find they agree with him on one thing, they expect, yes, they want us to toe the line. We have not always toed the line. At times when we have not supported the President, it has been to the detriment of this country and certainly to the detriment of the taxpayers.

Mr. President, I think we can keep this amendment as proposed by the Senator from South Carolina. I think it is very well thought out, a much-needed amendment, an amendment that is going to save hundreds of millions of dollars in the years ahead.

We talk about waste; we talk about options. I think Senator THURMOND brought out a good point.

Actually, 2½ years ago, the Carter administration completed a study to answer controversies surrounding the Davis-Bacon Act. That study was not released until this year. Following a request by myself and Senator HATCH and Representatives ASHBROOK and ERLENBORN, OMB Director David Stockman readily released their findings. The options paper, "Interagency Review of Contract Wage Laws," was compiled by a special OMB task force comprised of Labor Department officials and procurement officers from various agencies including the Defense and Energy Departments, the General Services Administration, and the National Aeronautics and Space Administration. The Carter administration refused to release the study in spite of numerous requests and a lawsuit under the Freedom of Information Act.

The study took a very critical view of the prevailing wage law saying admin-

istrative changes alone could reduce Federal expenditures about $1 billion per year. Even more damaging to the act is its condemnation by officials who oversee the daily administration of the law. Among the administrative changes the study suggests are elimination of the 30-percent formula for calculating the prevailing wages in an area, issue job classification standards in accordance with local building practices, and change of the rules governing the use of unskilled labor, again recognizing local building practices.

One additional point about the options paper: the recommendations were never implemented when the Davis-Bacon regulations were redrafted by then Labor Secretary Ray Marshall.

The Reagan administration has also studied the problem, and, to its credit, is attempting to promulgate new regulations. I applaud their effort, but I question whether their proposed changes will be effective when finally implemented. The same forces that are fighting for the Jackson amendment are resisting any administrative changes and are attempting to further weaken the administration's package even at this minute. We might ask ourselves why. Because these forces do not believe that the Congress is serious in attempting Davis-Bacon legislative relief.

It is no surprise to anyone in this Chamber that I support repeal of the Davis-Bacon Act. Senators TOWER and THURMOND also support repeal. We stand here today united in our resolve to finally get Davis-Bacon relief.

At this point, I would like to shed light on the reasons why I concluded that repeal of the act is the only answer.

Mr. RIEGLE. Will the Senator yield at that point so that I may respond to the question that Senator THURMOND raised earlier? He has been waiting for an answer. I would like to give him one. It will only take about a minute. Will the Senator be willing to yield for that purpose?

Mr. NICKLES. I am happy to yield.

Mr. RIEGLE. I thank him for his courtesy.

I say to my friend from South Carolina, here is a letter from David Stockman, Executive Office of the President, the Office of Management and Budget. It is dated October 20, not very old. It is addressed to Franz June, president of the Associated Builders and Contractors, Inc.

This is what the first paragraph says:

> In response to your request for clarification of the Administration's position with regard to the Davis-Bacon Act, I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

Mr. President, I do not know how they can make it any plainer in terms of the use of the English language than that statement.

I submit this to my colleague from South Carolina. This is said in the name of the President by David Stockman. It seems to me that is about as clear-cut a statement as one could want to have.

Mr. NICKLES. I might respond——

Mr. THURMOND. Will the Senator yield to me?

Mr. NICKLES. I am happy to yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, he did say he would not seek repeal, but he did not say he would oppose it, either, did he?

I just heard you read it. He said he would not seek repeal. But he did not say he would oppose repeal. That is Stockman.

Let us take Carlucci.

Mr. RIEGLE. Which one is he?

Mr. THURMOND. He is the Deputy Secretary of Defense, the second top man in the whole Defense Department.

Mr. RIEGLE. Is he higher or lower than Stockman?

The PRESIDING OFFICER. May I please remind the Senators to address the Chair when responding to questions. That is the rule of the Senate.

Mr. THURMOND. Mr. President, in reply to the Senator from Michigan, I point out that on July 28, 1981, Mr. Carlucci testified before the Senate Armed Services Committee, and this is what he said. I propounded some questions to him, and one I propounded was this:

> Does DOD support this waiver provision?

That is as direct as you can ask it. This was his answer:

> Yes, sir, we do. We think that would be very important.

Then I said:

> I want to commend you for that, and I feel you are on the right track, and I hope we can get it through.

The Deputy Secretary of Defense, in July of this year, made the direct statement, and he is in the Defense Department.

I realize that Senator Jackson has a letter from him; but if he takes a position different from this, he has switched his position. But, as I understand, he did not necessarily do so. He just answered questions by the Senator.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. THURMOND. I yield.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. JACKSON. Mr. President, will the Senator from Oklahoma yield? I will yield additional time to him, or I ask that it come out of my time.

Mr. NICKLES. We have had the letter entered in the record four times today.

Mr. JACKSON. Mr. President, I have in my hand a transcript referring to the colloquy that the distinguished Senator from South Carolina had with Mr. Carlucci. Secretary Carlucci was simply caught off guard at that hearing. The subject of the hearing was waste and fraud in defense spending; not the military construction bill or Davis-Bacon. After he was advised as to the position of the administration, he attempted to amend his answer of July 28, and I have it right here. Here is a Xerox copy of it. He crossed it out, because he did not realize that the policy of the administration was opposed to repeal. Hence, the letter I received from Mr. Carlucci completely contradicts the earlier response of July 28. My letter is already in the RECORD, and it is dated September 19, 1981. I am not going to read it again, because I already have read it into the RECORD.

I think it is quite clear that the policy of the Reagan administration is opposed to repeal. I do not care how you dress it up.

The letter from Mr. Stockman, who speaks for the President, is as clear as anything can be. He said in the letter of October 27, to the Associated Builders and Contractors:

> I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

I thank the Senator from Oklahoma.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. NICKLES. I yield.

Mr. THURMOND. As to Mr. Carlucci, who administers these programs—the second top man in the Defense Department—there is no question about what he testified to at that time. Whether he changed his testimony, he spoke from the heart. He stated what he thought was his opinion and the truth. If somebody else influenced him later, that is another matter.

Mr. NICKLES. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from South Carolina has 157 minutes under his control.

Mr. THURMOND. The Senator may have such time as he desires.

Mr. JACKSON. How much time do I have?

The PRESIDING OFFICER. The Senator from Washington has 189 minutes under his control.

Mr. JACKSON. That is too many. Let us get on with the vote.

Mr. NICKLES. Mr. President, I appreciate the comments of the Senator from Washington, and I also respect where he has been coming from for years in national defense. Yet, there is no way in the world by the passage of the Jackson amendment that we are going to contribute to a strong national defense. We will be taking a couple of hundred million dollars and wasting it.

It is important that everybody realize that the money spent will not be spent to build and rebuild the weapon potential and the national defense potential of our country. I believe it is even a double crime at this particular time, when we have deficits to the degree we have, when we have the recognized need, on both sides of the aisle, to cut Federal spending, that we should be wasting money in this area, particularly wasting money in defense.

There has been a great deal of criticism from many people, particularly on the other side of the aisle, who say, "You're wasting too much money on defense." This is one way, if we follow Senator THURMOND'S example, we can eliminate that waste. We owe it to the consumers, the taxpayers, the people of this Nation, to defeat the Jackson amendment. It makes no sense whatsoever.

Economically, you cannot justify having the Federal Government set up a so-called prevailing wage. Who is going to determine the prevailing wage? The marketplace? No. The Federal Government is going to determine it, the Labor Department. What in the world gives the Department of Labor the wisdom

to superimpose what they seem to think is the prevailing wage?

Talk of social control, talk about wanting to restore competition in the defense industry or any other industry—if the Federal Government is going to say, "This is what you are going to pay," and actually take the highest wage rates anywhere in the community, in some cases well outside the community, and say, "This is going to be the rate you will have to charge for this labor," then we take away the competitiveness, because material cost is almost always fixed.

It has been stated by the General Accounting Office that this act is impossible to administer. What we are doing by having these artificially high rates is saying that a bureaucrat in Washington says, "You will have to charge this, regardless of the size of the project. Regardless of what the marketplace dictates, this is what the rate should be."

The bureaucrat says, "No, we know better, Mr. Contractor, about the labor rates you should be paying. We don't care if 90 percent of your contracts are not Federal contracts and you determine overall from these contracts that your average labor rate is $7 an hour. If we determine that the prevailing rate is $15 an hour, Mr. Employer, that is what you are going to have to pay."

The evidence is outstanding. I think there is no justification for the Davis-Bacon Act. I commend the Senator from South Carolina for getting this amendment put on the bill by the Armed Services Committee. I think it makes sense for those who want a strong national defense. It makes sense for those who want to eliminate wasteful Government spending. It makes good sense for those who want to eliminate cost overruns on defense projects—which have been criticized, and rightfully so—to support Senator THURMOND, Senator TOWER, and me in defeating the Jackson amendment.

At its inception in 1931, the Davis-Bacon Act was designed to preclude fly-by-night construction contractors from being awarded contracts at the expense of local employees and employers. The theory behind the act is noble—local contractors and their employees should not be underbid on Federal projects by outside contractors cutting the wages of their work force. But take a look at what is happening 50 years later. Washington—the Department of Labor—is engaged in setting local wage rates that are often higher than those that are indeed prevailing.

I find it ludicrous that Washington, D.C., is in the business of setting local wage rates for projects all across the United States—wages which in many cases are higher than those dictated by the private marketplace. Because the Davis-Bacon Act and 77 related Federal-aid statutes mandate false prevailing wage scales, it is the taxpayer who ultimately suffers—to the tune of at least $1 billion a year—because of inflated construction costs. At a time when we must cut Federal spending, repeal of this inflationary and wasteful act is the only answer. Not one job will be lost, not one project will be canceled, in fact, the unemployed would benefit because more jobs would be provided and more projects would be built with the same amount of tax dollars. Consequently the Federal taxpayer would stop being soaked for the difference.

I should like to call to the attention of my colleagues four recent and/or ongoing Davis-Bacon case studies that are enlightening. These four cases illustrate common occurrences under the Davis-Bacon Act—they are not isolated incidents.

First, in my home State of Oklahoma, the Wage and Hour Division of the DOL has recently attempted to impose an incorrect and imported wage determination on the $135 million McGee Creek dam and reservoir, a Bureau of Reclamation water project being constructed in conjunction with Oklahoma City and other local parties.

Although the dam construction is clearly heavy type construction, the Labor Department attempted to "import" Oklahoma City building rates on the project. The McGee Creek project, I might point out, is being constructed in Atoka County, a locality over 125 miles from Oklahoma City. By ignoring both geography and the language of the Davis-Bacon Act, which speaks in terms of "city, town, village, or other civil subdivision" for the purposes of predetermining wage rates, the Labor Department almost cost Oklahoma City water users and taxpayers some $20 million in excessive wage costs.

Thankfully, the original wage determination was protested and the problem has been taken care of, at least for the initial stages of construction. But I suspect this nightmare is not over yet for Oklahoma City and Oklahoma taxpayers, which I might point out, are paying over $100 million of the total cost of the project.

The following tables compare the Labor Department's first and second wage determinations for the initial site clearing work. The first determination calls for bulldozer operators to be paid $13.24 per hour; laborers, $8.11 per hour; and oilers, $11.99 per hour. The second determination, made after a request to reconsider the first determination, reflects a Labor Department survey of Atoka County.

The newer wage rates are: Bulldozer operator, $7.00 per hour; laborers, $4.50 per hour; and oilers, $6.50 per hour. The 25-percent differential between the first determination and the second determination, reflecting the true prevailing wage in Atoka County, vividly demonstrates the inflationary aspects of the Davis-Bacon Act. This 25-percent differential translates into over $20 million over the lifespan of the project: $20 million that the water users of Oklahoma City can ill afford to waste.

Mr. President, I ask unanimous consent to have printed in the RECORD the tables to which I have referred, together with an editorial published in the Daily Oklahoman.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CLEARING COSTS, McGEE CREEK PROJECT

1ST WAGE DETERMINATION—ESTIMATE USING LABOR DEPARTMENT DECISION NO. 81-OK-108

	Rate per hour
2 dozers, at $55/hr each	$110.00
2 operators, at $13.24/hr each	26.48
4 laborers, at $8.11/hr each	32.44
1 oiler, at $11.99/hr	11.99
Total (say $181/hr)	180.91
Cut, stack, and burn ½ acre per hour, $181/hr = $362/acre using equipment, 120 acres of clearing	(43,440.00)
1 dozer, at $51/hr	51.00
1 operator, at $13.24/hr	13.24
4 laborers, at $8.11/hr each	32.44
1 oiler, at $11.99/hr	11.99
2 chain saws at $2.25/hr each	4.50
Total (say $113/hr)	113.17
Cut, stack, and burn 0.08 acre per hour, $113/hr = $1,412.50/acre, clearing 35 acres of land	(49,438.00)
Total	(92,878.00)

2D WAGE DETERMINATION—ESTIMATE USING LABOR DEPARTMENT DECISION NO. 81-OK-122

	Rate per hour
2 dozers, at $55/hr each	$110.00
2 operators, at $7/hr each	14.00
4 laborers, at $4.50/hr each	18.00
1 oiler, at $6.50/hr	6.50
Total (say $150/hr)	148.50
Cut, stack, and burn ½ acre per hour, $150/hr = $300/acre using equipment, 120 acres of clearing	(36,000.00)
1 dozer, at $51/hr	51.00
1 operator, at $7/hr	7.00
4 laborers, at $4.50/hr each	18.00
1 oiler, at $6.50/hr	6.50
2 chain saws, at $2.25/hr each	4.50
Total (say $88/hr)	87.00
Cut, stack, and burn 0.08 acre per hour, $88/hr = $1,100/acre, clearing 35 acres of land	(38,500.00)
Total	(74,500.00)

COMPARISON OF COSTS

Costs using decision No. 81-OK-122	$74,500
Costs using decision No. 81-OK-108	92,878
Difference	18,378

Increase of 24.7 percent.

[From the Sunday Oklahoman, Sept. 20, 1981]

DAVIS-BACON ACT HITS HOME

Until recently, many Oklahomans may have figured they didn't have much of a stake in the campaign seeking repeal of the archaic Davis-Bacon Act governing wages paid on federal or federally assisted construction projects.

But Davis-Bacon chickens now have come home to roost, and in the process pose the prospect of messing up the vitally needed McGee Creek project designed to meet Oklahoma City's long-term water needs.

City officials currently are caught in the middle of a bureaucratic dispute between the Interior Department's Bureau of Reclamation, which will build and operate the McGee Creek dam and reservoir, and the Department of Labor, which administers the depression-era Davis-Bacon law. And regardless of how it is resolved, the issue demonstrates anew why the 50-year-old law should be wiped off the books.

As applied by the Labor Department, the law's "prevailing wage" almost automatically reflects an excessively high union scale that has added billions to the cost of government projects over the years. The McGee Creek

dispute provides a splendid illustration of this folly.

The Labor Department first issued a rate for laborers on the first phase of the project, mostly ground and road clearing at the site. The scale satisfied organized labor but drew Reclamation Bureau opposition as too high.

Upon review Labor lowered the rate—which Oklahoma Sen. Don Nickles of Ponca City claims is still too high. That prompted an appeal by organized labor, specifically the Tulsa local of the International Union of Operating Engineers.

Should the union pressure prevail, forcing payment of the higher rate, Nickles and Oklahoma City Manager Jim Cook fear it would set a precedent for subsequent McGee Creek contracts that could inflate the project's costs by as much as $20 million.

This in turn would force increases in water rates for Oklahoma City consumers to pay the city's share of the increased cost. The same would hold true for Atoka. Atoka County and communities represented in the Southern Oklahoma Development Association which will share the reservoir's water supplies.

Years of experience and documented studies by the General Accounting Office suggest the fears expressed by Cook and Nickles are well justified. GAO says Davis-Bacon is costing taxpayers more than $1 billion a year through wage inflation alone. Earlier this year, hearings by a Senate Labor subcommittee which Nickles heads turned up a long list of horror stories indicating that Davis-Bacon may be an even bigger ripoff than the studies indicate.

For one thing, many contractors are discouraged from bidding on federal projects because Davis-Bacon forces them to pay workers detailed to federal projects more than other employees performing the same job or craft on non-federal projects.

So far, the Reagan administration, curiously, has shied away from recommending or endorsing outright repeal of Davis-Bacon. Instead, Labor Secretary Ray Donovan has proposed only an "administrative" reform of the act's administrative procedures—a move that satisfies nobody, neither organized labor nor the U.S. Chamber of Commerce and construction industry groups pressing for total repeal.

As the president seeks to identify more necessary budget cuts across the entire spectrum of government spending, Davis-Bacon is an inviting target that should be obliterated.

Mr. NICKLES. Mr. President, the second case study also points out the inflationary tendencies of the Davis-Bacon Act, although on a much smaller scale.

Just last month—September 1981—the city of Richmond, Va., requested bids to insulate the William Fox Elementary School. They wanted interior storm windows and planned to use Federal funds already made available through a 50–50 funding arrangement.

They preliminarily awarded a contract to Thermo-Press Corp. for $42,000. Thermo-Press is a small nonunion supplier owned by a vice president of VEPCO, who invented their patented product. It employs four people. Thermo-Press was the only company that could do the job required and was the only bidder.

Subsequently, the city informed Thermo-Press that due to their intention to use Federal funds, Thermo-Press would have to comply with Davis-Bacon. This was Thermo-Press' first exposure to the act. They spent two days working with Federal authorities to determine classifications of their four employees Their two helpers—untrained, recent high school graduates—regularly receive $4.50 an hour, Davis-Bacon required $7.20. Their two managers regularly receive $7 an hour, Davis-Bacon required $13 an hour. The wage rates of their framing subcontractors had to be increased from $7 an hour to $14 an hour.

This resulted in a rebidding of the contract. Once again, Thermo-Press was the only bidder. They had to up their bid to $58,000—$4,000 for bonding and $12,000 more for labor costs as a result of Davis-Bacon mandated wages. The city of Richmond was unable to award a contract as they did not have that much in Federal funds set aside, therefore, the elementary school now has no window insulation.

I might point out that Thermo-Press is not a shoddy company. They have been in business for 4 years. Their stockholders include, among others, a VEPCO vice president, a Richmond attorney, and a retired Virginia judge. They have installed their product in such places as Senator HATFIELD's home in Georgetown, the historical Dooley Mansion in Richmond which is run by the Maymont Foundation, and the Edgar Allen Poe Museum in Richmond.

So, who loses in this case? The school system which must pay heating and cooling costs; the school children who do without the benefit of the new windows; the Thermo-Press company and its employees who ultimately were out that particular job; and, of course, the taxpayer who eventually will be forced to pick up the increased costs—$16,000 or more—to do the job. Congratulations Davis-Bacon.

The third case study exemplifies the most frequent Davis-Bacon problem encountered by the construction industry: Wage rates set so high that qualified, indigenous builders cannot bid on a project without totally destroying their work force. I submit for the RECORD a letter sent to the Treasury Department from the Amos Construction Co. of Valdosta, Ga. As we can see, the predetermined wage rates for the Federal project are way out of line, with two exceptions, with similar private work. Private prevailing wage rates for three crafts are: $9.75 an hour for bricklayers; $7.25 an hour for ironworkers, and $5.75 an hour for plumbers. Davis-Bacon requires $10.25 an hour; $12.30 an hour, and $12.95, respectively, plus fringes. Increases range from 8 percent for bricklayers to 157 percent for plumbers. It is no wonder that contractors like Mr. Amos refuse to bid on Federal contracts. Besides Mr. Amos and the taxpayers, the real losers are Mr. Amos' work force. Again, congratulations to Davis-Bacon.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMOS CONSTRUCTION CO., INC.,
Valdosta, Ga., October 9, 1981.

Re Doe Grant & 20X0103–Z.

TREASURY DEPARTMENT,
Federal Law Enforcement Training Center, Procurement Office, Building 28, Glynco, Ga.

DEAR SIR: We are returning your drawings and specifications and are not submitting a price on the above referenced job even though we were the second bidder on 6/16/81. The predetermined wage rate is ridiculous. We have just completed a $704,098.00 job for General Electric which is within 1000 yards of this site.

Listed below is a comparison of the wages that were paid by us and our subcontractors to that scheduled for this job.

Trade	Rate paid	Scheduled rate	Difference	Percent difference
Bricklayers	$9.75	[1] $10.52	$0.77	8.0
Carpenters	7.00	7.03	.03	.4
Electricians	6.85	[2] 14.46	7.61	111.0
Ironworkers	7.25	[3] 14.03	6.76	94.0
Laborers	4.00	3.87	(−.13)	(−3.0)
Plumbers	5.75	[4] 14.78	9.03	157.0
Roofers	5.00	5.50	.50	10.0

[1] $10.25 plus $0.27.
[2] $12.35 plus $2.11.
[3] $12.30 plus $1.73.
[4] $12.95 plus $1.83.

With the administration that is attempting to get a handle on inflation, curb interest rates and still keep the railroad running, this addendum that raises these scheduled wage rates is like trying to make a river run uphill. We do not wish to be a part of this self-destruct process. Somebody, somewhere, has got to take a stand. Hopefully, it will be someone at Treasury at Glynco or a member of the House in Washington or even a member of the United States Senate. This ridiculous inflationary Bacon-Davis cycle is on going.

I do not know if the 30 percent rule caused these rates, but its repeal would correct some of these gross inadequacies.

Thank you.

Yours truly,

WILLIAM G. AMOS,
President.

Mr. NICKLES. Mr. President, the fourth and final case study, and by far the most egregious, concerns the prevailing wage psychology as it applied to federally assisted public housing projects. In testimony last April before the Senate Labor Subcommittee, Mr. Renault Robinson, a commissioner of the Chicago Housing Authority (CHA), outlined the debilitating effect the Davis-Bacon Act has on the programs of the CHA. I commend Mr. Robinson for his courageous testimony. Perhaps, if the Senate sends a strong signal today, we can help Mr. Robinson solve his problems. Every Senator should read Mr. Robinson's statement and the questions and answers that follow. Perhaps then those Senators so unalterably opposed to Davis-Bacon changes will understand the great stress caused to those that must live with the act.

The nature of the CHA's Davis-Bacon problem is complex and not easily understood. Essentially, the CHA is charged with housing some 140,000 people and employs about 3,000 workers. The Davis-Bacon psychology, as imposed by the Chicago regional Housing and Ur-

ban Development Office (HUD) assures that the 3,000 employees of the CHA benefit at the expense of the 140,000 residents. According to Mr. Robinson's testimony—the CHA must use a pipefitter to relight pilot lights at $15.75 an hour plus $2.53 in fringes; the CHA must use an electrician to fix a small electrical fixure at between $11.25 an hour to $15.95 per hour; the CHA must pay a painter to wash a wall at $11.50 an hour plus fringes; the CIA must pay elevator repairmen between $50,000 and $100,000 each year.

This, believe it or not, does not include overtime. Overtime paid to these elevator mechanics for 10 months in 1980 came to more than $3 million; 31 of the more industrious elevator mechanics earned in excess of $10,000 in overtime; 19 earned in excess of $20,000; 14 earned in excess of $30,000; 15 earned in excess of $40,000; 7 earned in excess of $50,000; 2 in excess of $60,000; 3 in excess of $70,000; and one enterprising soul earned in excess of $80,000. All this just in overtime and just for 10 months in calendar year 1980. Needless to say a private concern paying these wages would go broke in no time. Private housing concerns utilize maintenance mechanics for most of their routine tasks. HUD should encourage the CHA to do likewise through regulation. This is a matter of public record if any of my colleagues cares to investigate.

It is indeed ironic that a public housing authority in debt up to its eyeballs has the wherewithal to pay these outrageous wage scales. But, lo and behold, guess who is picking up the tab? There is only one entity that I know of that is in a position to throw money away like this. You guessed it—Uncle Sam. Just for the record, the Chicago Housing Authority, as of last April was $30 million in debt and was trying to borrow $50 million from HUD. This is in addition to the $61 million HUD annually pumps into the CHA. Unless changes are made now to the Davis-Bacon Act, I submit that there is little likelihood of the Federal Government ever recovering any of this money. And little likelihood that the Federal dollars will alleviate the chronic problems facing the CHA.

Perhaps now my colleagues can understand why I am so deeply opposed to the Davis-Bacon concept. Senators TOWER and THURMOND have given us a fine opportunity to send the message that I spoke of earlier. Let us waive the application of the Davis-Bacon Act to military construction projects. This is a necessary first step to getting rid of the act altogether. Only then will the problems shared by Oklahoma City, the Richmond, Va., school board, the Amos Construction Co. of Georgia, and the Chicago Housing Authority be solved. I submit these entities share a common problem—the Davis-Bacon Act—with the American taxpayer. The only solution to the problem is repeal of the act.

Mr. President, this past week, a contractor from Bartlesville, Okla., called my office with yet another example of the problems caused by Davis-Bacon.

He told us that he had just signed his first Federal contract and, to quote him, "No doubt my last." He said that the high school students who had been given employment previously at $4 an hour, which is well above the minimum wage, must now be paid $8 an hour, to meet the Davis-Bacon requirements. That is $8 an hour for unskilled labor which previously was paid $4. This doubled the labor requirements on the unskilled portion of that contract.

It is difficult to understand how and why the Federal Government would continue to contribute to the very high rates of unemployment among teenagers. Among minority teenagers, the unemployment rate today is about 36 percent, and many of those teenagers have just turned 18 or 19 and are prohibited from entering the job market. They could not work for many of these defense contractors because the so-called prevailing wage might be $10 an hour. That person may have graduated from high school or not, and automatically would be prohibited from entering the labor market.

I believe that the example I have given of the Oklahoma businessman well illustrates the fallacy of this situation. If we are able to defeat the Jackson amendment and have a waiver on military construction, we will be able to see—and I think the opponents are afraid to see—what a trial period will do. I have heard the figure mentioned of saving $100 million. I think it will save above $200 million annually.

That is $200 million not only in savings this year but that will be compounded next year, since contractors will not be seeking supplementals to come back and pay for their labor rates which all of a sudden are higher than their estimates because of an unfair, unjust, and unrealistic Davis-Bacon Act.

I have yet to hear one person in defense of this amendment come in and say any defense contractor has unfairly discriminated against his employees, but this act is actually protecting those employees.

I wish to see some evidence that they have been discriminated against.

We have heard testimony that in 1931 maybe some migrant crews were coming in and undercutting the wage rate.

That is not happening today. It has not happened for some time. We have other laws on the books that can protect them against this type of discrimination. It has not happened and is not needed. Repeal of Davis-Bacon is needed and certainly the waiver as proposed by Senator THURMOND, Senator TOWER, and myself needs to be supported and the Jackson amendment needs to be defeated.

I yield the floor.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Washington is recognized.

Mr. JACKSON. Madam President, I yield such time as I may require.

Madam President, one of the interesting things about the history of the Davis-Bacon Act is that the legislation came into being as a result of the uncertainty and turmoil that occurred during the 1920's in the construction industry, and the Secretary of Labor during that period was a man by the name of James J. Davis, of Pennsylvania. Think of it. He was Secretary of Labor in the Cabinet of Warren G. Harding, Calvin College, and Herbert Hoover, and in 1930 he was elected to the Senate, and of course, he was a Republican from Pennsylvania.

I wanted the Senate to get the leftwing background in connection with the origin of this legislation.

And who was Mr. Bacon? Mr. Bacon came from upstate New York. He was one of the most conservative Members of the House of Representatives and had taken an active lead in trying to bring stability in the construction industry.

I have heard people get up and say, "That New Deal, leftwing Davis-Bacon Act," and I thought the time had come that we should open up the history books and find out who these invidious characters were during that leftwing era of the 1920's.

My colleagues should know that historically this legislation has been very important in bringing stability to the construction industry and has had the strong, strong support of Republican Presidents. The Davis-Bacon Act was signed into law on March 3, 1931 by Herbert Hoover.

That is the history of this legislation.

I think that the fact that Ronald Reagan has recognized the Davis-Bacon Act as an important and valuable statute—is a clear indication of the continuity of support by all American Presidents going way back to the 1920's in support of this legislation.

President Reagan, who came out of a labor background—after all he was a president of a union and a labor organizer—has made it clear through the letter submitted by Mr. Stockman that they oppose the repeal of this legislation.

I think it is important that I reread this letter because I want to complete the legislative history of Davis-Bacon.

This letter is dated October 27. Bear in mind it is addressed not to a union but to Mr. Franz June, president of the Associated Builders and Contractors, Inc., Washington, D.C.

Dear Mr. June:

In response to your request for clarification of the administration's position with regard to the Davis-Bacon Act, I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

Madam President, that is about as unequivocal as anything I can think of.

Let me go on and read the second paragraph:

Amendments to the military construction bill have been proposed which would waive the applicability of the Davis-Bacon Act and 'related acts' to military construction. Our position of not seeking repeal of Davis-Bacon applies to related acts and would apply to the proposed amendments.

Madam President, if I may interrupt at this point in reading the letter that applies precisely to the situation before the Senate.

I go on to the third paragraph:

The Department of Labor, at the President's direction—

At the President's direction. That is my repetition.

has developed and proposed administrative changes designed to improve the administra-

tion of the Davis-Bacon Act and reduce costs.

Sincerely,

David A. Stockman.

Madam President, I do not think there is any need to belabor this point, but I thought it was useful from the standpoint of the RECORD to make clear about the authors, their long-time interest in this legislation, and what has occurred since the bill was signed into law by Herbert Hoover on March 3, 1931.

Mr. NICKLES. Madam President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. NICKLES. I appreciate the Senator's viewpoint going back to the time of enactment of this legislation.

The desire to eliminate migrant workers coming in and displacing workers who might be infringed upon was brought out. Could the Senator give me an example of where that is happening today or are some of the major defense contractors letting their people go and bringing in so-called cheap labor to do a particular project? Is that actually happening today? Is this law really needed in 1981 as it may or may not have been in 1931?

Mr. JACKSON. I want to point out to the Senator that if we repeal this act a contractor could bring into Oklahoma City, where they have a pretty high wage level labor from another part of the country where the wage level is much lower than prevails in the great metropolitan area of Oklahoma City and with repeal of Davis-Bacon this could create great instability in the labor market.

Mr NICKLES. Madam President, if the Senator will yield further, that is exactly what is happening today under Davis-Bacon. We have a little project in Atoka County, Okla., about 130 miles from Oklahoma City. Yet they imported higher wage workers from Oklahoma City and drove up the cost of that particular project by over 20 some percent and cost the taxpayers $20 some odd million because of the importation of higher wage rates. That is exactly what has happened.

Mr. JACKSON. Wait a minute. The matter that the Senator from Oklahoma is referring to is covered by the new regulations which would prohibit the very activity that he has referred to. That is why the administration has taken the position that they will pursue administrative changes rather than any statutory changes.

Madam President, I yield to the distinguished Senator from South Carolina for the purpose, I believe, of making a unanimous-consent request.

UNANIMOUS-CONSENT AGREEMENT

Mr. THURMOND. Madam President, I ask unanimous consent that at the hour of 3:30 p.m. today the Senate conduct a rollcall vote on the Jackson amendment to the military construction bill. Further, I ask unanimous consent that immediately following the conclusion of that vote the Senate proceed without any intervening motions, debate, or points of order or amendments to a third reading and then final passage of the military construction bill, S. 1408.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Reserving the right to object, Madam President, may I suggest to the distinguished Senator that following third reading he include that there be no further intervening debate, appeals or points of order at that point also because such debate could occur after third reading.

I am just trying to help the Senator.

Mr. THURMOND. I would be pleased to amend my request in that request.

The PRESIDING OFFICER. Is there objection?

Will the Senator repeat his request?

Mr. THURMOND. Madam President, there has been a modification and I will just repeat the entire request.

I ask unanimous consent that at the hour of 3:30 p.m. today, the Senate conduct a rollcall vote on the Jackson amendment to the military construction bill. Further, I ask unanimous consent that immediately following the conclusion of that vote the Senate proceed, without any intervening motions, debate, appeals or points of order or amendments, to third reading and then final passage of the military construction bill, H.R. 3455, after discharging the committee and substituting the language of S. 1408, as amended.

Mr. ROBERT C. BYRD. Madam President, I think we have an understanding of what the Senator wants to do, and we on our side are fully in accord with that.

May I state that it is our understanding that following the vote on the Jackson amendment, which will occur at the hour of 3:30 p.m. today, the Senate, without further debate, amendments, points of order, appeals, or motions, will proceed immediately to third reading, and upon third reading will proceed to the House bill, take it up, strike out all after the enacting clause, insert the Senate bill as amended, if amended, and then to final passage without any further intervening debate, motion, appeal, point of order, and so forth.

We have that understanding, and that being the intent of the request, there is no objection on this side.

The PRESIDING OFFICER. The Chair should remind the Senator from South Carolina that his request included a request for a rollcall vote on the Jackson amendment, and that the Senate would have to order the yeas and nays.

Mr. THURMOND. I was going to ask for the yeas and nays as soon as the request was agreed to.

The PRESIDING OFFICER. Is there objection?

Mr. THURMOND. I ask for the yeas and nays on the Jackson amendment and also on final passage of the military construction bill.

The PRESIDING OFFICER. Is there objection? Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered on the Jackson amendment.

The PRESIDING OFFICER. Is there a sufficient second on the final passage of the military construction bill? There is a sufficient second.

The yeas and nays were ordered on final passage of the military construction bill.

The PRESIDING OFFICER. Without objection, it is in order to order the yeas and nays at this time on the House bill. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered on the House bill.

The PRESIDING OFFICER. Is there objection to the prior request? The Chair hears none, and it is so ordered.

Mr. THURMOND. Madam President, I have another request.

Mr. ROBERT C. BYRD. Madam President, will the distinguished Senator yield to me for a question? May I ask the Chair, the Senate has now ordered the rollcall vote on the Jackson amendment; it has ordered a rollcall vote on the House bill, as amended by the Senate bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Has a rollcall vote been ordered on the Senate bill after advancing it to third reading?

The PRESIDING OFFICER. There has been no rollcall vote ordered on the Senate bill.

Mr. ROBERT C. BYRD. I thank the Chair. So, there are only two rollcall votes.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Madam President, I have another question. Does the request as put and acceded to by the Senate rule out a motion to reconsider the Jackson amendment?

The PRESIDING OFFICER. The language of the request is that there would be third reading of the bill without intervening motions.

Mr. ROBERT C. BYRD. So indeed a motion to reconsider would be ruled out.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I do not believe the Senator really meant that. Would Senator Thurmond wish to change the order so that a motion to reconsider would be in order?

Mr. THURMOND. I think we ought to be allowed to reconsider on passage of the military construction bill. Madam President, I ask that an exception be made so that a motion to reconsider on final passage be in order.

The PRESIDING OFFICER. Is the Senator from South Carolina requesting that there be a motion to reconsider the bill?

Mr. THURMOND. On the Jackson amendment, too.

The PRESIDING OFFICER. On the Jackson amendment or both?

Mr. ROBERT C. BYRD. Madam President, will the Senator allow a motion to reconsider on the Jackson amendment if Senators should wish to make such a motion, and does the Senator wish to provide that there be no debate on a motion to reconsider on the final passage of the House bill?

Mr. THURMOND. That is agreeable with me.

Mr. ROBERT C. BYRD. That is agreeable all around.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Madam President, a motion to reconsider the vote on the Jackson amendment would be in order; am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. And a motion to reconsider the passage of the House bill would be in order but would not be debatable; am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair and I thank the distinguished Senator and all Senators.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Will the Senator from Washington yield me 3 or 4 minutes?

Mr. JACKSON. Yes, I yield such time as the distinguished senior Senator from Massachusetts requires.

Mr. KENNEDY. Madam President, during the earlier part of the discussion, the Senator from Oklahoma raised the issue of the Carter administration's options paper.

I wish to briefly discuss it because it is one of the studies that the proponents keep using to justify the repeal of Davis-Bacon. I have already d'scussed the 1979 GAO report, which called for repeal of the act and explained why its findings are meaningless for purposes of our discussion.

More recently, however, this Carter administration options paper on prevailing wage laws has been used to support the argument that measurable cost savings can be achieved from repeal.

In the first place that report states at the top of page 6 that: "It is virtually impossible to attach specific dollar savings or inflationary impact estimates to each of the specific administrative changes to be proposed here."

Then it goes on to do just that. It says that if reform reduces prevailing wages by 10 percent a savings of $1 billion would be realized. No explanation is given, no documentation is provided to support the assumption that reform of Davis-Bacon will reduce wages by 10 percent. But opponents of the law are now using this $1 billion figure.

I submit, Mr. President, that even a cursory examination of this option paper will satisfy any objective observer that it simply cannot be used to support the contention that significant cost savings will be achieved by repealing Davis-Bacon.

Madam President, I ask unanimous consent that the paper entitled "Options Paper: Interagency Review of Contract Wage Laws" be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

OPTIONS PAPER: INTERAGENCY REVIEW OF CONTRACT WAGE LAWS

THE ISSUE

What administrative changes, if any, should be made in the way contract wage rates are set under the Davis-Bacon and Service Contract Acts in order to—

(1) improve administration of these contract wage laws; and

(2) minimize unwarranted inflationary pressures.

BACKGROUND

Federal procurement statutes mandate competition. For labor-intensive contracts, such as construction and services, Congress has attempted to insulate labor from competitive pressure by enacting laws which mandate payment of locally "prevailing" wage rates. The Secretary of Labor is required to determine prevailing wage rates for hundreds of occupations and thousands of local areas.

The Davis-Bacon Act (1931) cover construction wages. Department of Labor issues 18,000 wage determinations annually covering $40 billion worth of contracts and 1 million workers, about one-fourth of all U.S. construction activity. The Act covers both direct Federal contracts ($11 billion) and Federal assistance monies.

The Walsh-Healey Act (1936) covers manufacturing or furnishing of materials. This law has become a dead letter, however. Legal barriers have prevented DOL from obtaining sufficient private wage data upon which to base wage determinations and none have been issued since 1964.

The Service Contract Act (1965 and amendments in 1972, 1976) covers both blue and white collar service wages for direct Federal contracts but not Federal assistance monies. In addition to the prevailing wage determination, it also requires any successor contractor to pay not less than the prior wage and fringe benefits paid in a prior collective bargaining agreement. DOL issues 36,000 wage determinations annually covering $5 billion worth of contracts and 350,000 workers. Recent DOL rulings have tended to expand the coverage of the SCA to more types of contract activity to compensate for the defunct Walsh-Healey Act.

PROBLEM AREAS

Significant administrative issues fall into four broad categories:

(1) Wage Rate Calculations.—With a range of wages being paid, what is the minimum "prevailing" rate: the average, the mode, the rate paid at least 30 percent of the workers?

What data should be used, collected from whom, and how frequently?

How are job categories defined for comparability in settling wages?

(2) Definition of Locality.—How are "localities" defined and bounded, especially when heavy concentrations of Federal workers (and Federal wage rates) in the vicinity, such as the Cape Canaveral area in Florida, may severely skew the results?

Which wage rates should be used when the place of performance is unknown until a winning contractor is selected?

Under the Service Contract Act, how should the "successorship" requirement be applied when the new contractor is geographically far removed from the prior place of performance?

(3) Collective Bargaining Conflicts.—How should wages set under collective bargaining agreements be treated when contract wage determinations by DOL are different?

How should new wage determinations issued by DOL be allowed to affect ongoing negotiations?

(4) Interagency Procedures.—How can the Labor Department enforce the laws when procuring agencies neglect to request wage determinations or ignore rulings?

How can procuring agencies get timely determinations to support contract actions or appeal apparent discrepancies?

Without these protections, especially the Service Contract Act "successorship" provision, the local labor force is periodically cast off, wages cut and fringes lost with each new contractor who wins the next competition,

These laws do not export high wages; they prevent the disruptive export of jobs to areas of the country where workers cannot follow,

Procuring agencies have systematically ignored and subverted DOL rulings by not requesting wage determinations and by inserting protective clauses in contracts in lieu of the required wage rates,

Procuring agency interests will always be inimical to wage protection laws. Their narrow budget interests always seek to squeeze labor costs,

Labor should not have to keep fighting this issue, year after year, through both Republican and Democratic Administrations, just because procuring agencies are never satisfied and can take a never ending series of bites of this apple,

DOL's current administration of the laws falls short owing to poor wage surveys which do not take into account the latest collective bargaining agreements.

The procuring agencies have for years contended that the way the Labor Department has administered these laws disrupts the contract process, bloats their budgets, and contributes to unwarranted inflationary pressures. They contend that implementation of these laws by DOL is inflationary: procedures followed by DOL result in minimum wage determinations that are higher than the actual prevailing rates in the locality,

Procedures and regulations carried out by DOL serve to reduce competition for both Federal construction and Federal service needs, with its attendant increase in costs and subsequent budgetary impact,

Service Contract procedures employed by DOL under locality, successorship, and use of labor management agreement issues, represent an intrusion in and disruption of nationally ad historically recognized principles of collective bargaining,

DOL has systematically expanded coverage of the Service Contract Act to more and more nonservice contract activity, not to fulfill statutory intent but to compensate for the weakened Walsh-Healey Act coverage of manufacturing activity,

DOL rulings have been historically inconsistent, changing which Acts should apply and giving different wage rates for the identical jobs in identical locations for different contracts during the same year. Even DOL's administrative law judges have overruled the Department owing to these reversals and discrepancies.

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REVIEW SITUATION

OMB's Office of Federal Procurement Policy convened an interagency task force to address these issues last August. DOL, DOD, DOE, NASA, and GSA were participants. This latest review follows earlier efforts which led to the issuance and then retraction of changes to Service Contract Act regulations during the early months of this Administration.

GAO review

The General Accounting Office recently circulated a draft report calling for outright repeal of the Davis-Bacon Act. They reasoned that significant changes in economic conditions and the economic character of the construction industry, since 1931, plus the subsequent passage of other wage protection statutes makes the Act unnecessary. The report also finds that after nearly 50 years, DOL has not developed an effective program to issue and maintain current and accurate wage determinations and it may be impractical to ever do so. The legislative intent of the Act is seldom achieved, in GAO's view, and the Act itself results in unnecessary annual construction costs of $715 million including $215 million for administrative costs. At least eight bills with over fifty sponsors for repeal have already been introduced in the 96th Congress. Special interest in this review was also stimulated by the President's Special Advisor on Inflation.

CEA review

CEA has completed a confidential staff paper on the effects of these laws which it released to the members of the interagency review group. With regard to Davis-Bacon, the study makes the following points:

In 13 cities for which wage data are available, Davis-Bacon minimum wages are significantly above those in the local labor market for similar types of construction, this despite the fact that the sample was much more heavily unionized than the industry as a whole. The cost-increasing impact of the Act was found to be greater, as a rule, in areas of lower unionization, as you would expect.

Minimum fringe benefits on Davis-Bacon projects tend to be set at levels comparable to those mandated by collective bargaining agreements, despite the presence of significant nonunion employment and the generally lower levels of fringe benefits paid to nonunion workers.

Setting Davis-Bacon minimum wages at the local mean wage within each occupation category would reduce the wage premium on Davis-Bacon projects, but, because there is significant dispersion in the wage distribution, it would not eliminate that premium for all workers. The law would still have the effect of raising many workers' wages above their free-market equilibrium levels.

Employment of helpers is a widespread practice in construction not covered by the Act but is usually not allowed in Davis-Bacon construction. This makes it very likely that comparisons of journeyperson wage rates to Davis-Bacon minimums understate the cost-increasing effect of the law as presently administered.

With regard to the Service Contract Act, the CEA study asserts that Service Contract minimum wage rates for at least some DOD and NASA installations tend to be higher and increasing faster than local private sector wages.

It is virtually impossible to attach specific dollar savings or inflationary impact estimates to each of the specific administrative changes to be proposed here. However, the CEA staff study provides some estimates on which to base decisions. Davis-Bacon covered employment represents about 2.25 percent of the Nation's total private nonagricultural wage bill for production and nonsupervisory employees. Wages of Service Contract covered employees are .6 percent of the private nonfarm wage bill for production and nonsupervisory employees.

If the proposed changes result in 10 percent lower "prevailing" rate determinations, a reasonable expectation, then total Federal dollar savings under the Davis-Bacon Act would be $1 billion ($40 billion total, of which 25 percent is wages, times 10 percent reduction). The aggregate rate of inflation would be reduced by .225 percentage points.

A similar 10 percent reduction in Service Contract Act prevailing wage determinations would result in a total Federal dollar savings of $900 million ($10 billion total, of which 90 percent is wages, times 10 percent reduction) and a .06 percentage point reduction in the inflation rate.

In rough terms, then, proposed administrative changes which could result in 10 percent reductions in wages paid under both Davis-Bacon and Service Contract Acts could reduce Federal expenditures on the order of $1.9 billion and the inflation rate by .285 percentage point. In addition, there would be indirect inflation-reducing effects of unknown magnitude, operating through wage-price-wage feedbacks.

OPTIONS OUTLINE

The presentation of issues is ordered so as to permit sequentially more extensive reforms. Options are not mutually exclusive, but rather are packaged to build on each other:

Option 1 would limit reforms to seven administrative changes where the interagency group has reached agreements.

Option 2 offers nine contested changes, any one or all of which can be selected:

2(A) Davis-Bacon 30 percent Rule.

2(B) Davis-Bacon Job Classification.

*2(C) Davis-Bacon Nonskilled Worker Classification.

2(D) Service Contract Prevailing Wages.

2(E) Service Contract Locality.

*2(F) Service Contract Successorship Application.

*2(G) Collective Bargaining Agreements.

*2(H) Weekly Payroll Reporting.

*2(I) Enforcement of Davis-Bacon and Related Acts (DBRA).

Those starred (*) options, if endorsed, would require Justice Department follow-on review to settle conflicting opinions on permissible legal latitude.

Option 3 proposes more far-reaching administrative simplifications which could be added provided that at least the four legally permissible changes are endorsed, 2(A), (B), (D) and (E).

Finality of review

One other related decision is sought: Whatever the results of this review, it will be the last major review of these contract wage laws, barring extraordinary circumstances, under a Carter Administration. Decisions reached here will be considered firm and stable. This commitment will materially enhance the reception changes receive and cooperation in implementation, especially from organized labor.

Agree ———.

Disagree ———.

Option 1

Non-controversial administrative changes

This option would have OMB monitor and coordinate DOL and procuring agencies follow-through on those administrative changes where general agreement has been reached:

(A) Improve procedures for conforming "missing" classifications in a given wage determination.

(B) Revise variance hearing procedures to give all parties more equitable treatment.

(C) Establish a service contract appeals process in DOL with at least one appeals board member appointed in consultation with the procuring agencies.

(D) Clarify and standardize guidelines for conflicting applications of Walsh-Healey versus Service Contract Act, including the contested engine overhaul case.

(E) Forego new wage determinations as "successorship" requirements when exercising options with the same contractor.

(F) Prohibit new DOL Service Contract wage rulings after (a) 10 days prior to contract award or (b) 90-days before contract start-up, whichever is later.

(G) Define "locality" to include the county or standard metropolitan statistical area surrounding a Federal enclave.

Option 2

Selective additional administrative changes

This option would extend reforms to other selected changes which are more controversial and contested. Each proposed change is considered independently. OMB, again, would monitor and coordinate follow-through on the alterations and the Justice Department would have to rule on the permissible legal latitude for some, if selected.

(A) Davis-Bacon Definition of Prevailing Wage: Define prevailing wage as the mean wage in a representative sample of wages actually paid.

Current DOL regulations define the "prevailing" rates in terms of the number of workers receiving the identical (to the penny) wage rate. If at least 30% of the workers receive the exact same rate (as in a collective bargaining unit), then the rate paid to the largest number of workers is defined to be "prevailing." Often, however, union wage scales are presumed to prevail based on "available evidence and general knowledge of the past practices" (Construction Wage Determinations Manual of Operations, DOL, p. 18). In other cases surveys are conducted. Only if a survey is conducted and it is found no single wage is paid to any group of workers constituting at least 30% of the workforce does DOL designate the mean as the prevailing wage.

Industry and procuring agencies argue that this procedure:

Gives undue weight to union wage scales because union workers are most likely to be grouped at a single exact wage rate and because union rates are often adopted without even conducting a formal survey.

Inflates wages since nearly 70% of the workers could be required to be paid more than they are otherwise receiving. DOL's studies of the effect of the 30% rule are misleading since they ignore the large number of determinations which are not based on surveys but which implicitly rely on the 30% rule. GAO found, for example, that 57% of area determinations were not supported by survey data. (Area determinations account for about 75% of Davis-Bacon construction volume.) The studies also ignore many sur-

vey-based determinations in which the average wage was not designated as the prevailing wage because 50% or more of the workers received the same wage.

Labor argues that the 30% rule:

Is not inflationary, since in about half the cases, the 30% rule gave a rate lower than the simple average, based on a study of 1,600 wage determinations. The differences ranged from $1.31 an hour above average to $0.80 an hour below average, with a net weighted effect of only $.09 an hour increase, according to DOL statistics.

Is legally supported by past practice since 1935 and repeated congressional recognition, although susceptible to regulatory change without statutory modifications

Option 2(A): Convert prevailing wage definitions to mean of a representative sample.

Agree ———.

Disagree ———.

(B) Davis-Bacon Job Classifications: Base DOL job classifications on local practice.

The law requires wage determinations for various classes of workers on projects of similar character. DOL issues separate wages for 277 different job skills broadly grouped into four project categories (building, heavy, highway and residential). Determinations are issued by geography (area determinations: 530 in a year) and for 120 days covering a particular activity (project determinations: 18,000 in a year).

Industry and procuring agencies argue that DOL classifications:

Mismatch projects and job skills by superimposing DOL's definitions on differing local practice.

Confuse and aggravate labor differences by requiring different wages for the same workers depending on which part of a project they work on from one day to the next.

Labor argues that:

Classifications are suitably flexible

Multiple schedules are judiciously issued to exclude incidental work when less than 20 percent of total cost is of a different character.

Appeals and clarifications are available when conflicts arise through the Wage Appeals Board. Recent 1978 policy revisions have further clarified classification problems.

Option 2(B): Issue job classifications which conform to local practice:

Agree ———.

Disagree ———.

(C) Davis-Bacon Nonskilled Worker Classification: Establish separate "helper" and "trainee" classifications across the board.

DOL generally requires all workers to be paid at the fully-skilled rates unless required by law(as for trainers on highway projects) or enrolled in a formal apprenticeship program.

Industry and procuring agencies agree that the failure to routinely recognize trainee and helper job categories

Disregards common local practice, contrary to the intent of the law. Helpers and trainees are legitimate separate classifications of workers distinguishable by the amount of supervision they require. Current DOL practice defines occupations and assigns minimum wage rates in terms of functions alone, ignoring the fact that many jobs DOL reserves for those paid at skilled journey-person rates are often delegated to less skilled workers in private construction. These semiskilled helpers work in teams under the supervision of a single skilled worker.

Inflates construction costs by requiring top wages even for helper functions.

Discriminates against young, minority and female workers trying to break into the construction trades.

Labor argues that:

"Helpers" and "trainees" can be covered by the unskilled and semiskilled classifications issued on virtually all wage determinations.

"Helpers" and "trainees" are not separate classes of laborers, generally within the meaning of the law.

Nevertheless, trainees enrolled in authorized apprentice programs are recognized.

Wage protections would be gutted by general application of lower-paid "helper" and "trainee" categories.

Option 2(C): Establish separate "helper" and "trainee" classifications for those workers not covered by DOL approved training programs.

Agree ———.

Disagree ———.

(D) Service Contract "Prevailing" Wages: Convert wage determinations to simple average and fringe benefits to local statistics.

DOL currently sets "prevailing" rates either at (1) a "50 percent rule" if more than half of the workers receive the identical rate; (2) a median, the rate at which half the workers receive less or more; or (3) a simple average, or mean, of all the data collected. For fringes, a simple national average is generally applied to all localities.

Industry and procuring agencies argue that these methods:

Inflate labor costs above local norms through imported fringes and "ratcheting" whereby half the workers covered by a new wage determination have their wages raised—and are then used in the base for the next wage determination which goes higher still.

Severely distorts local wages because BLS data is spotty and only national fringe data is used.

Labor argues that these methods:

Conform to the legal requirement to pay prevailing wages as a minimum—not less than prevailing wages.

Base fringes on the only data realistically available from BLS without adding several million dollars to the cost by seeking to define local variations.

Option 2(D): Convert SCA wage determination to simple averages and fringe benefits to local statistics.

Agree ———.

Disagree ———.

(E) Service Contract "Locality": When bidders might come from different parts of the country, convert "locality" definition to the place where the contract is actually performed.

When ultimate place of performance is unknown, DOL sets wage determinations for all bidders in advance based on either (1) the locality of the procuring office or (2) an average of all the places where the work might be performed.

Industry and procuring agencies argue that this approach:

Violates the statutory requirement to pay local prevailing wages, not imported or averaged nation-wide rates, as found last year by the South Carolina District Court.

Inflates labor costs and disrupts wage rates by importing different rates when the winner turns out to be located in either metropolitan or rural areas which deviate substantially from composite figures.

Could be corrected by issuing separate wage determinations for all bidders based on their locations.

Labor argues that this approach:

Conforms to legislative intent that wages are to be equalized for competitors to prevent wage busting.

Prevents undesirable and unintended export of jobs from high wage to low wage areas of the country.

Should continue pending possible appeal of the South Carolina District Court decision.

Option 2(E): Convert SCA "locality" definition to the place where the contract is actually performed.

Agree ———.

Disagree ———.

(F) Service Contract "Successorship" Application: Limit carry-over of collective bargaining agreements to successor contracts to cases where the contract coverage is (1) the same and (2) performed in the same locality.

The Service Contract Act requires any successor contractor to pay the same wages and fringes collectively bargained by the prior contractor when "substantially the same services are furnished." DOL's implementation requires the successorship application when (1) the original work is only part of the new contract coverage and (2) the new contractor is located in a different locality.

Industry and procuring agencies argue that these practices:

Disrupt local wage bargaining; import different wage standards; confuse wage rates when contract coverage is altered; and inflate labor costs.

Labor argues that these methods:

Conform to literal legal requirements, as supported by subsequent legislative expressions.

Protect incumbent contractors from unfair competitive advantages from low-wage areas of the country.

Option 2(F): Limit successorship requirements to cases where the work is the same and performed in the same locality.

Agree ———.

Disagree ———.

(G) Collective Bargaining Agreements: Permit contractors to use their collectively bargained wage rates as the basis for their bids and prohibit new wage determinations during or after wage negotiations.

DOL's wage determinations override existing collective bargaining agreements and are sometimes issued during or immediately after wage negotiations.

Industry and procuring agencies argue that these practices:

Subvert the collective bargaining process and are used as levers to increase wage demands.

Inflate costs and decrease competition.

Create internal labor strife with some workers paid at collectively bargained rates while others receive different DOL rates.

Could be changed by DOL exercising its variance hearing authority to make exceptions to "prevailing" determinations.

Labor argues that these practices:

Are required by law which does not permit payment of lower than prevailing rates, even if collectively bargained.

Prevent competition for Federal contracts on the basis of localities with lower wage rates.

Option 2(G): Permit biddings contractors to use their collectively bargained wage rates and prohibit new wage determinations during or after negotiations.

Agree ———.

Disagree ———.

(H) Weekly Payroll Reporting: Reduce contractor reporting to a statement that (1) each employee received wages due under the law, and (2) the records will be retained three years for review.

Under the Copeland Anti-Kickback Act, DOL requires contractors to submit weekly payroll information for each employee working under a Federal construction contract to the Federal or State representative of the agency in charge at the building site or to the agency contracting for or financing the work. The records are to be preserved by the contractors and the agency for three years from the date of completion of the contract.

Industry and procuring agencies argue that the level of detail for this requirement is no longer needed because:

Added legislation, records retention regulations, complaint practices, and audit procedures offer sufficient enforcement mechanisms.

It creates a huge paperwork burden and increases construction costs to the Government.

Most of the weekly reports now filed by contractors and subcontractors are not reviewed by the contracting agencies receiving them.

Labor argues that:

To track contractor compliance and to meet the legislative mandate a weekly submission of at least a statement containing information regarding the wages paid each employee during the preceding week is necessary.

An increase in the cost of enforcement and the number of violations going undetected would be the result of any reduction in the present reporting requirements.

The proposed alternative would serve little use as a Davis-Bacon enforcement tool.

Option 2(H): Reduce contractor's weekly report to a statement that wages were paid in accord with applicable laws, and that payroll records are available for scrutiny for a period of three years from completion of the work.

Agree ———.

Disagree ———.

(I) Enforcement of Davis-Bacon and Related Acts: Consolidate all enforcement authority into DOL.

Currently, the Secretary of Labor is responsible for determining the minimum prevailing wages, issuing regulations and interpretations, and the enforcement oversight function. The contracting agencies have the day-to-day enforcement responsibility.

Labor argues that:

Consolidation of enforcement resources into DOL would be more efficient and economical and would offer more protection to workers.

Workers do not receive the protections they have a right to expect under the law because enforcement procedures receive low priority and emphasis in the contracting agencies.

DOL has a field structure which coordinates and oversees these laws which could readily assume the additional responsibilities.

Separating primary enforcement function from the policy setting and oversight mechanism prohibits any coherent or uniform approach to enforcement of labor standards.

Procuring agencies argue that:

From a policy standpoint, responsibility for determining Davis-Bacon coverage should remain with the procuring agencies because of the complexities of establishing interfaces between construction and industrial activities at a job site.

Since contracting officers are on the scene and have firsthand knowledge of the contract, they are in a better position than DOL to conduct enforcement of labor standards requirements.

Deficiencies in the present enforcement system could be overcome if agencies were provided with additional resources.

Option 2(I): Consolidate all enforcement authority into DOL.

Agree ———.

Disagree ———.

Option 3

Comprehensive administrative reform package

If the four legally permissible changes are endorsed under Option 2—

(A) Davis-Bacon 30 percent Rule.

(B) Davis-Bacon Job Classifications.

(D) Service Contract Prevailing Wages.

(E) Service Contract Locality.

then the way is open to build a new administrative foundation which goes beyond the individual changes. OMB would monitor and coordinate additional changes to:

Consolidate data collection for both wages and fringe benefits in the Bureau of Labor Statistics (BLS):

BLS would take over all data collection for both wage laws from the Wage and Hour Division.

A thorough, consistent, and complete data collection effort would be the rule based on statistically sound methods.

Simplify and consolidate the data base:

A single, nation-wide set of localities would be prescribed for all purposes.

A new, single set of skill classifications would be prescribed.

Simplify and consolidate wage determinations:

All wages determinations would be shifted to a single data base (to be newly and thoroughly collected by BLS).

Only wage determinations based on these localities would be issued on a regular, periodic basis (monthly, quarterly, semi-annually).

Advantages

Goes to the root problem: The bitterest complaints and severest criticism from industry, procuring agencies, GAO, and labor, too, focus on the inconsistent, untimely and sporadic collection and treatment of wage and fringe data.

Simplifies administration for Government, agencies and contractors alike. The vast bulk of wage determinations under Davis-Bacon are project by project, issued for 120 days. By shifting to even quarterly area determinations based on each locality, Federal resources can be shifted to collecting quality data readily available to all parties without case by case delays, intervention and questions over mismatching, with direct certification by contractors that they are using the appropriate and recently published prescribed rates.

Builds participatory constituencies: Labor and industry alike would have a vested interest in (1) reviewing revised definitions for localities, project and skill definitions after which a new stability could be enjoyed; and (2) voluntarily providing uniform data to the BLS to update wage determinations. Today, industry virtually refuses to contribute and labor complains their latest bargaining agreements are not treated adequately.

Presents strongest possible political posture: If the Administration must oppose legislative repeal, then these changes constitute the strongest posture for arguing that, if we are going to keep the laws then we can make them work right. GAO's recommendation for repeal emphasizes the administrative breakdown of current wage determination procedures.

Disadvantages

Could require additional DOL resources, even if current personnel are consolidated and even if exclusive attention goes to a periodic updating of locality determinations only.

Disrupts current relationships and procedures which have become workable and familiar within DOL, industry and procuring agencies.

DECISION SUMMARY

Option 1: Proceed with administrative changes where consensus has been reached. (———).

Option 2: Proceed with the following additional administrative changes and DOJ review if legally contested (*) options are checked: (———).

2(A) Davis-Bacon 30 percent Rule (———).

2(B) Davis-Bacon Job Classification (———).

*2(C) Davis-Bacon Nonskilled Worker Classification (———).

2(D) Service Contract Prevailing Wages (———).

2(E) Service Contract Locality (———).

*2(F) Service Contract Successorship Application (———).

*2(G) Collective Bargaining Agreements (———).

*2(H) Weekly Payroll Reporting (———).

*2(I) Enforcement of Davis-Bacon and Related Acts (———).

Option 3: Proceed with additional administrative simplifications, provided legally permissible options are checked: 2(A), (B) and (D) and (E) (———).

Finality of Review: Agree this will be the last major review under a Carter Administration (———).

Mr. KENNEDY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. I yield such time as he may require to the distinguished Senator from Colorado.

Mr. HART. Madam President, first let me thank the distinguished Senator from Washington.

I wish to support the motion of my distinguished colleague from Washington, Senator JACKSON, to strike section 1008 of the bill.

Piecemeal repeal of the Davis-Bacon Act, without any hearings in any committee of the Senate, is hardly the way informed decisions are made. A few hours debate on the floor of this Chamber should not be a substitute for the kind of complete record such a major policy shift indicates.

The Davis-Bacon Act was passed to prevent the type of cut-throat competition that would undermine prevailing local wages by bringing in cheap labor. The act protects against such unfair competition and helps promote wage stability in the construction industry. These goals are still worthy and in need of protection. The Federal Government should not be a party to depressing labor standards by removing the protections of Davis-Bacon here.

A number of leading figures in this administration agree with that conclusion. President Reagan supported continuation of the act during his campaign. So did the Secretary of Labor, Mr. Donovan, in a speech last spring before the National Press Club. And the Armed Services Committee heard Deparment of Defense witnesses testify against repeal for military construction during our hearings on this bill.

Madam President, high quality and timely completion of our military construction projects, which help keep our national security strong, are in our vital interest. But removing the long-standing protections of the Davis-Bacon Act could have marked consequences for the quality of and timeliness of military construction. Lower wages will attract less capable workers. Less capable people will also be less skilled and less productive. This translates into delays in project completion, waste when faulty work must be redone, a shoddy product, and higher costs for maintenance and repair. These are the so-called benefits of removing the protections of Davis-Bacon.

The proponents of exempting military construction from the Davis-Bacon Act have raised a number of arguments in

its favor. Under scrutiny, these arguments just do not hold up.

First, there is the contention that the Davis-Bacon Act is inflationary and adds to the cost of our military construction projects. But wage increases have not been the principal cause of increased construction costs in recent years. Over the past 5 years, wages in construction have risen at an average rate of 6 percent per year, while materials and financing costs, 9 percent and profits, 13 percent have gone up much more rapidly.

Proponents of waiving Davis-Bacon predict that there would be cost savings of 10 percent on military construction projects if this provision is adopted. But these projections assume there will be no variation in the productivity, quality or timeliness of the less skilled and qualified workers who inevitably would be used on military construction projects—a large and unwarranted assumption.

The most recent test of potential savings from Davis-Bacon repeal occurred during the first Nixon administration, when the President suspended the act for a period. No significant cost savings resulted for the 1,263 projects which were bid under the act and then rebid during the suspension. This is because, as I noted earlier, Madam President, wages are not the principal cause of increasing construction costs.

There has also been the allegation that a prevailing wage under Davis-Bacon is generally a union wage—normally higher than a nonunion wage. That equation is just not the case. The prevailing wage reflects what is being paid in the locale where the project is being constructed. And in a majority of the current wage determinations these are nonunion wage rates. Indeed, the Council on Wage Price Stability found that Davis-Bacon wage rates were not typically higher than actual average wage rates in the communities examined. In fact, the General Accounting Office, even while criticizing the act, found that a majority of the Davis-Bacon wage rates it studied were set too low, not too high.

In any case, higher wages generally attract more skilled, efficient workers. Thus, higher wages do not automatically mean an overall increase in project costs. Just as lower wages do not always mean lower costs.

Finally, there have been complaints about the administration of the act. Some are clearly justified. But these complaints do not justify this waiver provision. The administration has now responded to these complaints by proposing new Davis-Bacon regulations addressing some of these problems. We should focus on making those regulations work, not on a piecemeal slicing of a statute which has helped stabilize wages and quality in a volatile, often seasonal industry.

There is no need to enact this waiver provision. There is no persuasive evidence that we could save 10 percent on military construction costs.

Proper administrative reform will achieve whatever savings might be possible. I strongly support such reforms. Waiving the act on military construction projects will save no more money, maybe less, and will have a high cost. Waiver will deprive construction workers of the benefit of stable wages, construction contractors of the benefit of fair competition for contracts and the public of the benefits of encouraging quality public construction. Therefore, I strongly support the motion of my colleague from Washington and urge the waiver provision be stricken from this bill.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. HART. I yield.

Mr. JOHNSTON. The Senator mentioned the administration's position. What is the administration's position on this?

Mr. HART. To the knowledge of the Senator from Colorado, based upon statements made by the candidate for President, then Governor Reagan, the position of that gentleman, now President of the United States, which I understand has not been changed, is that the act should be reformed but not repealed.

Mr. JOHNSTON. That would mean that the administration would be in favor of the Jackson amendment?

Mr. HART. Far be it from me to put words into the mouth of the administration, but my understanding, based on all the public statements I have seen, not only from Candidate Reagan but from President Reagan and from the Secretary of Labor, is that they oppose outright repeal.

Mr. JOHNSTON. I thank the Senator. That was my understanding.

Mr. HART. I might further clarify this by a letter dated October 27, signed by the Director of the Office of Management and Budget to the president of the Associated Builder and Contractors where Mr. Stockman says, "I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon."

Mr. JOHNSTON. I thank the Senator.

Mr. SPECTER. Madam president, I support the administration's position on maintaining the provisions of the Davis-Bacon Act in the military construction bill, recognizing that the Davis-Bacon Act is in urgent need of regulatory reform as currently undertaken by this administration.

Although this matter is complex and controversial, I believe that the best balance is maintained by significant regulatory return to Davis-Bacon Act proposed by the President.

After a careful assessment of this controversial Federal law and consultation with leaders of industry and labor, I have concluded that the Davis-Bacon Act remains necessary. I concur with the administration in opposing its repeal.

The Davis-Bacon Act continues to provide reasonable assurances of fair labor standards and quality workmanship in all construction projects where Federal funds are used. This resounds to the benefit of all citizens.

The Federal Government, with its inordinate economic power, must scrupulously avoid responsibility for the deterioration of community labor standards. Applying the standard of prevailing wages insures that a Federal presence in any local construction market will not undermine existing wage scales.

Competition in the construction industry is already extraordinarily intense. The unrestricted entry of the Federal Government into this arena will inevitably invite erosions in the quality of construction and materials by competitive bidders. Whatever savings are effected by resorting to cheaper labor will probably be sacrificed, if not exceeded, by repairs ultimately needed for the inferior product.

Adjusting compensation to prevailing wage rates is established Government policy. The McNamara-O'Hara Service Contract Act of 1965 requires pay at prevailing rates for employees under contract to the Federal Government. The Walsh-Healey Public Contracts Act requires Government payments at prevailing wage rates in manufacturing industries. Wages of blue-collar workers hired by the Federal Government are also determined according to the prevailing local rates in the communities where they are employed. The Davis-Bacon Act, therefore, should not be viewed as an isolated and distorted expression of Federal policy.

While I support the underlying purpose of the Davis-Bacon Act, regulatory changes are clearly required. The administration has undertaken a careful reexamination of the act and proposed a number of material changes in its enforcement. The proposals constitute a reasonable accommodation which preserves the act's stabilizing effect while eliminating its most glaring excesses.

The current 30-percent rule for defining prevailing wage rates does not calculate these rates with sufficient accuracy. It defies commonsense to adopt a rate paid to as few as 30 percent of the construction workers in a particular area while ignoring the rates paid to the overwhelming majority of workers. By defining the prevailing wage rate as that paid to a majority of workers, a more accurate calculation should be possible. According to the administration, this would yield construction cost savings of at least $120 million for fisal year 1982.

Similarly, ending the use of urban area data in the determination of rural area prevailing wages will avoid distortions caused by importing the extreme differences between these labor markets.

Madam President, the administration proposals further address the problems of excessive payroll reporting requirements, premature project wage determinations, the status of helper classifications in wage calculations, and the self-perpetuation of certain wage levels caused by the inclusion of Davis-Bacon projects in assessing prevailing wage rates.

My endorsement of the administrative objectives in changing the Davis-Bacon Act led me to consider offering my own amendment to the military construction bill that would codify these regulatory proposals. I decided not to do so in order to allow the administration to finalize their review of the proposals. Over 2,000 comments were submitted regarding the regulatory changes. These will have to be carefully reviewed. Ideally, hearings

will be held before the final proposals are promulgated. It is my hope that the administration will seek to finalize these proposals expeditiously.

Madam President, let me say briefly that I have found this Davis-Bacon Act to be the most controversial issue on the industry-labor scene in Pennsylvania today, with numerous contacts having been made with me and with my office by both sides. I think that the best balance is the one which I understand is advocated by President Reagan and the administration; that is to retain Davis-Bacon but to make it subject to substantial administrative reform.

I have conferred with the majority leader (Mr. BAKER) and had reserved some space for an amendment that would provide for some codification of these administration changes. After having been urged by both sides not to do that at this time because it will complicate the bill, I have decided not to advance those amendments in the form of codification of changes and regulatory reforms which have been advocated by the Reagan administration. My judgment is, at least at this time, that the best balance is maintained by retaining Davis-Bacon and by moving ahead with regulatory reform.

Mr. JOHNSTON. Will the Senator yield?

Mr. SPECTER. Yes, Madam President, I yield.

Mr. JOHNSTON. I am glad the Senator has cleared something up with me that I just discussed with Senator HART. I tend to come down on the same side of this issue that the Senator does; that is, that the Davis-Bacon Act needs some reform, as the President has promised. As I understand, the President does oppose repeal of Davis-Bacon. Senator HART confirmed that and now we are getting it from the other side of the aisle, as well.

Mr. SPECTER. Madam President, let me say to Senator JOHNSTON that my understanding is that it is true that President Reagan and his administration do oppose repeal of Davis-Bacon.

Mr. JOHNSTON. Ergo, to be consistent with that position, they would oppose this amendment.

Mr. SPECTER. Does this amendment provide for a way for Davis-Bacon to be stricken?

Mr. JOHNSTON. When I say this amendment, I mean actually, they would, therefore, have to oppose that position contained in the military construction bill, which strikes Davis-Bacon from defense contracts.

Mr. SPECTER. They would oppose the position striking Davis-Bacon. The double negative threw me.

Mr. JOHNSTON. I appreciate the Senator's confirming my understanding.

Mr. SPECTER. That is my understanding, Madam President. It is not always easy to get accurate understanding with all the factors involved, but the Department of Labor has taken a position, again, as I understand it, that Davis-Bacon ought to be retained with substantial regulatory reform.

They have proposed those reforms. I have advocated codification of them, except they have received numerous comments, and procedure is not yet complete on evaluating the comments. But I think we are headed for a situation where the administration—the President and the Department of Labor—are going to be in favor of retaining Davis-Bacon with substantial changes. I do not know if that is going to make anybody happy, certainly will not make everybody happy, but it appears to me that is the best balance that can be worked out on this issue at this time.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. At this point, Madam President, I would like to make clear the administration's position. The administration is not supporting the amendment, they simply are taking the position, and I quote from a letter from Max Friedersdorf:

> The administration is not seeking repeal of the Davis-Bacon Act and does not support statutory changes to make the act inapplicable to particular activities such as military construction.

I just thought at this point we ought to set the record straight as to what the President's position was specifically on this issue.

Mr. GRASSLEY and Mr. JACKSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. JACKSON. Madam President, I yield such time as may be required by the senior Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. WILLIAMS. Madam President, I rise in support of the amendment to strike section 1008 from S. 1408, the military construction authorization bill.

S. 1408, the Military Construction Authorization Act, 1982, was reported by the Committee on Armed Services with a provision which would seriously affect an important program within the jurisdiction of the Committee on Labor and Human Resources. This provision—section 1108 of the Military Construction Authorization Act—would waive the application of the Davis-Bacon Act with respect to any construction activity authorized by S. 1408 or any other military construction activity.

The effect of this amendment would be to repeal a portion of our basic labor standards laws. With one stroke, the Armed Services Committee, which has no jurisdiction over and incomplete understanding of our Nation's labor laws, has eliminated nearly all military construction activity from the Davis-Bacon Act's provisions.

Madam President, I oppose this action of the Armed Services Committee for two very distinct and very important reasons. The first reason is procedural—the Senate does its business through a committee system. These committees are established and assigned jurisdictional responsibilities, and labor standards legislation is clearly within the jurisdiction of the Committee on Labor and Human Resources, and is not within the jurisdiction of the Committee on Armed Services.

This is spelled out clearly in rule XXV of the Standing Rules of the U.S. Senate. I read from that rule:

> (1) The following standing committees shall be appointed at the commencement of each congress, with leave to report by bill or otherwise on matters within their respective jurisdictions.
>
> (m)(1) Committee on labor and human resources, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:
>
> 12. Labor standards and labor statistics.
>
> 13. Wages and hours of labor.

Madam President, the action of the Armed Services Committee in incorporating section 1008 in the Military Construction Authorization Act, 1982, was taken without the opportunity for the Labor and Human Resources Committee to evaluate this provision or its effects on our Nation's construction industry.

Yet this action of the Armed Services Committee, which was taken without the benefit of hearings, would seriously affect an important program within the jurisdiction of the Committee on Labor and Human Resources.

I remind this body that in 1979, the Armed Services Committee reported a military construction authorization bill with a similar Davis-Bacon provision. At that time, the Senate, by unanimous consent, referred that bill to the Labor and Human Resources Committee for consideration of the Davis-Bacon provision.

The Labor and Human Resources Committee did its work on that bill promptly and completely. The committee held hearings on this important provision and issued a report which was filed with the Senate. Based on the committee's examination of this provision, the committee recommended, with a vote of 12 of the 15 committee members, that the Davis-Bacon provisions continue to apply to these militaryy construction contracts. Based on the recommendations of the Labor and Human Resources Committee, the Senate subsequently struck the Davis-Bacon waiver in that bill.

Today we are addressing a provision similar to that we faced in 1979. The only difference is that in 1979, this matter was appropriately referred to the Labor and Human Resources Committee. This bill, however, has not been referred to the appropriate committee with subject matter jurisdiction over this provision.

In my opinion, the Senate acted judiciously and with due respect for the committee system under which we operate in its consideration of the military construction bill in 1979. We should do no less so today. For the Senate to act favorably on the actions of the Armed Services Committee would invite us to abandon our system of committee jurisdiction. It would be to take an irreversible step toward legislative chaos and anarchy, which I believe, we would in the end, deeply regret.

The second reason that I believe the Senate should delete this destructive provision is because it is entirely devoid of merit.

The provision included in the military construction authorization bill would render inapplicable the prevailing wage requirements of the Davis-Bacon Act from our vital military construction projects. It would endanger our important military construction projects by inviting unrestrained wage-cutting competition and the employment of substandard, low-wage workers on these projects.

It would needlessly jeopardize the livelihood of a susceptible force of workers and the stability of an already volatile industry. The likely consequence of such an action would be slipshod work on our vital military construction projects.

Madam President, I think it is important to note at the outset that the Davis-Bacon Act has been repeatedly endorsed and supported on a bipartisan basis since 1931. This has been stated here in many ways, and I think it should be stated again.

Indeed, President Reagan has endorsed the Davis-Bacon Act, stating that the original intent of the act was laudable and has committed himself to improving its administration. Lest there be any doubt on where this administration stands on the Davis-Bacon Act, it should also be noted that Secretary of Labor Donovan has stated the opposition of the Reagan administration to the repeal of Davis-Bacon. In incorporating this provision in the military construction bill, the Armed Services Committee is marching out of step with the efforts of the administration to insure that the right of construction workers to fair labor standards is preserved.

Even now, the administration is preparing modifications in the administration of the Davis-Bacon Act. These changes will be designed to remove many of the objections voiced by critics of the administration of the Davis-Bacon Act and will likely have the strong support of Government contractors.

Some of these changes may include elimination of the so-called 30-percent rule for determination of the prevailing wage rates. It may also include a provision to drop weekly payroll reporting requirements, and to provide liberalized flexibility for the use of helpers and trainees in lieu of apprentices. While I may personally disagree with some of the changes that the administration is considering, the fact remains that the Armed Services Committee is not allowing the administration the opportunity to fulfill the commitments made by their Presidential candidate in the campaign last fall.

Putting these questions of party loyalty and proper Senate procedure aside, there is good reason why this administration, as well as every administration prior to this one, since the passage of the act in 1931, whether Republican or Democratic, has supported the Davis-Bacon Act and the inclusion of Davis-Bacon provisions in many other laws.

The act is part of our basic labor standards legislation which has been the law of the land for decades. The Davis-Bacon Act is simple in concept, requiring only that workers on Federal construction projects be paid at no less than the wages prevailing in the local area for corresponding classes of laborers and mechanics employed on construction projects of a character similar to the proposed Federal project.

However, the benefits of the Davis-Bacon Act are manifold and are important not only to construction workers, but to construction contractors and to the public interest as well.

The primary purpose of the Davis-Bacon Act and related provisions is to assure fair labor standards in our Federal construction projects by assuring the payment of the minimum locally prevailing wages in our Federal construction projects, these acts prevent unfair contractors from using substandard wages as the key factor to underbid local contractors to obtain Federal construction contracts.

The Davis-Bacon Act thus helps to assure that when the Federal Government, with all its resources, enters a local construction market by undertaking support of a construction project, this action does not set up a wave of disruption to the local construction and labor market conditions. We must recognize that in the absence of this act, when the Federal Government enters the local construction market it has the potential for severely disrupting local construction market conditions for allowing outside contractors to underbid local contractors, and for allowing the importation of cheap or unskilled labor that would disrupt local labor conditions. At the same time, the Davis-Bacon Act helps to assure that adequately trained and skilled workers—who are a key to quality construction—are utilized on our Federal construction initiatives.

The prevailing wage requirements of the Davis-Bacon Act are important not only from the viewpoint of construction contractors and construction workers, but from the viewpoint of the public interest as well. Over the years, the Senate has worked long and hard to assure that our Federal construction projects have a basic front-end quality that will assure the long-term success of these projects. In undertaking these programs, the Federal Government has the responsibility for assuring that military construction projects it undertakes are not of an inferior quality.

Providing front-end quality in construction makes good economic sense as well, for quality construction helps to avoid future excessive maintenance, rebuilding, project default and deteriorated living environments.

The Davis-Bacon Act works hand-in-hand with these objectives of our military construction projects by assuring adequate and fair labor standards in their construction. Repeal of the Davis-Bacon Act applicability to our military construction projects would open the door for the introduction of shoddy construction. Adequate labor standards are every bit as important as adequate building codes in assuring the quality of our public construction projects.

The construction industry, by its very nature, is a highly competitive industry with a preponderance of small, locally oriented firms, keen business competition, and a lack of control over many nonlabor production costs, such as materials, land, and financing. The incentive to cut corners and cut costs wherever possible is very great in the construction industry. Even with prevailing wage requirements of the Davis-Bacon Act on the books as the law of the land, construction contractors have failed to pay thousands of their workers properly under the law.

In the programs administered by the Department of Housing and Urban Development alone there were well over $2.9 million in Davis-Bacon wage violations in 1978 alone. One can only speculate on how drastically local prevailing wage standards would be disrupted by these Federal programs in the absence of the Davis-Bacon Act, and how many workers would be offered substandard wages for their work on such projects.

Yet, the payment of adequate wages is vitally important to the successful completion of these projects. We must recognize that shoddy construction, poor work quality, and project defaults go hand-in-hand with contractors who would offer substandard wages and cut corners for their profit margins. In the end, it is the projects themselves, and the public interest, that will suffer.

The payment of workers on our military construction projects at less than the prevailing wage for the area would have the predictable result of utilizing less skilled workers on such projects, since a skilled, trained construction worker will go elsewhere to seek a wage proportionate with those skills.

In hearings in 1979, the Committee on Labor and Human Resources heard testimony from management and labor representatives alike that repeal of Davis-Bacon would result in the utilization of less skilled workers on federally assisted construction projects. The testimony of the National Electrical Contractors Association is particularly important in this regard.

> Look at the facts. Today a skilled, trained construction tradesman commands a wage commensurate with those skills. An experienced worker even in the so-called "unskilled" trades can command a decent living wage. There is plenty of demand for these services in most parts of the country . . . and today's construction worker has shown that he is willing to travel to where the work is going on.
>
> So, what happens if Davis-Bacon is removed? If a contractor bids a job extremely low, based on undercutting prevailing wages in one or more trades, he is simply not going to get skilled employees to man the job. And with unskilled personnel, perhaps working under the supervision of one or two skilled craftsmen, the result is going to be an incredible drop-off in productivity, a slowdown in construction or a drastic lowering of job quality . . . probably all three.
>
> Lower productivity or job delay mean increased costs to the owner. Reduced job quality means the builder . . . and the taxpayer . . . do not get full value for their money. Davis-Bacon, by requiring the payment of the prevailing wage, assures that quality workers will be on the job, that productivity will not be drastically reduced, and the construction schedule and building quality will not suffer.

In case after case we have heard of the problem of substandard work where substandard wages were paid because the

prevailing wage requirements of the Davis-Bacon Act were not enforced. For example, the Committee on Labor and Human Resources received testimony in 1979:

> The Davis-Bacon Act's prevailing wage requirements were not properly enforced by the Army Corps of Engineers at the Bayonne Military Ocean Terminal and workers were utilized by contractors in construction duties for which they were untrained. Thus, a mason was used to install insulation in a building renovation project. Evidence before the committee indicated that the insulation was improperly installed. The result was that the construction was slipshod and substandard.

I recall that we received extensive testimony that where the Davis-Bacon Act was not applied or enforced, the resulting work was slipshod, and had to be torn out and had to be replaced. This is just one of the adverse effects that follow the lack of application and enforcement of the Davis-Bacon Act.

In hearings this spring, the committee heard similar testimony concerning shoddy workmanship, poor work quality, and project defaults in Arizona and New Mexico where contractors paid substandard wages in violation of the Davis-Bacon Act.

If some unscrupulous contractors are willing to engage in these sorts of activities in violation of the law, then we must ask ourselves what the effect would be on our construction project quality if the prevailing wage requirements were repealed. The message is clear—if this provision is passed, our military construction projects will surely suffer.

But, of course, the Davis-Bacon Act serves many other important purposes besides assuring front-end quality of construction through the preservation of fair labor standards.

By preserving existing wage scales in the locality, the act helps to stabilize construction wages, particularly in a period of economic slowdown, by restraining wage-cutting competition of Federal Government construction contracts. In this country, the construction industry has always been volatile and intermittent in its business volume and in the employment opportunities it provides. Over 4 million workers are attached to the construction labor force. They are employed by about one-half million businesses, and divided into more than 30 crafts and trades.

This factor is particularly important given the current economic situation in the construction industry, which has been in a period of severe economic recession for the past several years. In fact, the chief economist for the National Association of Homebuilders has pointed out that the housing industry "is in the longest postwar decline on record, surpassing now even the 1954–57 housing recession with its 27 months between the high and the low, as well as the 1973–74 recession, which lasted 23 months." Under these circumstances, should the applicability of the Davis-Bacon Act be repealed on military construction projects, wage competition would likely result in bidding down construction worker wages on these Federal construction projects. This would affect the workers and contractors directly involved as well as the local economies of which they are an integral part.

The construction industry tends to magnify the cyclical fluctuations of our Nation's economy. Construction workers pay a heavy price during these fluctuations. Their work is by nature intermittent, as they move from contractor to contractor, project to project. Where there is an economic slowdown, the unemployment rate in the construction industry tends to rise to extremely high levels.

At the peak of the last recession, the unemployment rate for construction workers reached depression levels of 21.6 percent in May of 1975, while the unemployment rate for all workers was 9.1 percent.

In the current recession, the unemployment rate for construction workers has already reached levels of 16.7 percent in August of 1981 compared with the national average of 7.2 percent.

The potential for wage-cutting competition under these circumstances is obvious, and the need for the wage stabilizing effects of the Davis-Bacon Act is equally apparent.

The construction worker has enough troubles already without the additional threat of wage busting that the Davis-Bacon repealer in the military construction bill would create. In 1978, the last year for which statistics are available, the annual wages and salaries of construction workers, 15,371, actually trailed that of workers in several other industrial sectors, including that of workers in mining, 19,016, transportation, 17,318, communication industries, 18,279, and electric gas and sanitary services, 18,060.

Moreover, construction workers whose real spendable earnings have fallen by 8.7 percent over the last year, are losing ground in the midst of today's spiraling economy more than workers in any other industry. Yet, this provision would further jeopardize the earnings of construction workers by allowing wage busting to occur on federally financed construction.

Workers on construction projects, such as the ones authorized by this bill, are especially vulnerable to wage erosion forces. Typically, these are not long-term employment relationships. A contractor will bid successfully for a contract and obtain his skilled labor from the local construction market. Construction workers are particularly susceptible to wage-cutting competition during high unemployment due to short-term fluctuations in employment and unemployment. This industry has limited job security, high skill requirements, and a preponderance of small locally oriented firms who exhibit keen business competition due to a lack of control over many nonlabor construction costs.

Waiving the applicability of the Davis-Bacon Act would not only result in tremendous hardship for the workers in the highly volatile and unstable construction industry, but it would also be to the distinct disadvantage of employers, especially small employers, in the construction industry.

Not only do workers in the construction industry feel a continuing need for the protections and stability of the Davis-Bacon Act, but many of the employers in the industry also see a continued need for the protection and stability which the Davis-Bacon Act assures.

For example, representatives of the National Electrical Contractors Association have testified before the Labor and Human Resources Committee in opposition to waiving the Davis-Bacon Act's requirements. Those contractors said that prevailing wage requirements in Federal construction contracts enable them to bid on federally financed construction projects with the reasonable assurance that they will be able to recruit the skilled workers they need to perform the contracts.

Without that assurance, many of these small contractors would be unable to bid on and receive Federal contracts. We can, therefore, disabuse ourselves of the idea that the Davis-Bacon Act protects only workers. In fact, its protections are valuable to employers in the construction industry, and most especially, to small employers.

Madam President, adoption of the Davis-Bacon repealer in the military construction bill would bring with it the very real potential for the disruption of the construction industry at a time of crisis for that industry. We could very easily see the already unstable construction industry racked by wage- and union-busting battles which we had thought were decades behind us. Members of minority groups and women who have labored so hard and so long in their quest to establish a foothold in the construction industry would be thoughtlessly endangered.

At the same time, the exempted projects themselves could be imperiled by the utilization of unskilled workers who would no doubt be attracted by the substandard wages. Compounding this situation, unscrupulous contractors who rely on criminally low wages to offer low bids would accrue windfall profits. The productive work of thousands of highly skilled construction workers would no doubt be lost in the resulting disruption of local economies.

Madam President, these military construction projects are just too vital to the defense of our Nation to be sloppily built. Our military personnel have the right to expect that our missile sites, radar stations, and other military construction projects will be well constructed, and will be built according to specifications when the need is there; they must know that these vital installations will function properly. If not, the few pennies saved in construction, at the cost of reliable buildings, will be a poor bargain indeed.

By building our military structures in a manner which will insure the well-being of our citizens, in a manner which will insure that Government contractors do not exploit their laborers, in a manner which will provide hope for a brighter future for all our citizens—we will be getting true value for our dollar.

We are being asked by a committee without subject matter jurisdiction to abandon a public policy which has existed and been reaffirmed over and over again since 1931. We must not allow this to happen. We must act to prevent a precipitous action by the Senate which

would have the effect of endangering our committee system. We must act to insure that that dangerous provision in the military construction authorization does not become law.

For all these reasons, Madam President, I hope that the amendment by the distinguished Senator from Washington will prevail. Davis-Bacon has been good for our country, good for its workers, and good for the construction industry. It is an insurance that where our important military construction projects are undertaken, they will be sound and of high quality and that the taxpayers of this country will be getting their money's worth.

I thank the Senator from Washington for yielding. I strongly support him.

Mr. JACKSON. Madam President, I thank the distinguished senior Senator from New Jersey for a very fine statement.

I now yield to the senior Senator from Georgia, to offer an amendment, such time as he may require.

Mr. NUNN. Madam President, I am operating under a time agreement. The amendment that I shall propose has been discussed with both Senator THURMOND and Senator JACKSON and their staffs. It is my understanding it is going to be accepted.

But as we are under a time agreement, I ask unanimous consent that it may be in order that I present this amendment to the military construction bill at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 589

Mr. NUNN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HUMPHREY). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN) proposes an unprinted amendment numbered 589.

Mr. NUNN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert a new section as follows: That section 2665 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(e)(1) Each State in which is located a military installation or facility from which timber and timber products are sold in a fiscal year is entitled at the end of such year to an amount equal to 25 percent of the amount received by the United States during such year as proceeds from the sale of timber and timber products produced on such installation or facility after reimbursement of appropriations of the Department of Defense under subsection (d) for all expenses of production of timber and timber products on such installation or facility during such year.

"(2) The amount paid to a State pursuant to paragraph (1) shall be expended as the State legislature may prescribe for the benefit of the public schools and public roads of the county or counties in which the military installation or facility is situated.

"(3) In a case in which a military installation or facility is located in more than one State or county, the amount paid pursuant to paragraph (1) shall be distributed in a manner proportional to the area of such installation or facility in each State or county.".

SEC. 2. Subsection (e) of section 2665 of title 10, United States Code, as added by the first section of this Act, shall apply with respect to timber and timber products sold after September 30, 1981.

Mr. NUNN. Mr. President, I rise to introduce H.R. 4543 in the form of an amendment to the military construction bill. This amendment amends title 10, United States Code, section 2665, for the purpose of standardizing the use of timber harvest receipts from Federal military lands with that existing for such receipts from national forest lands. It would entitle State and local governments to receive 25 percent of net receipts from timber harvesting on military installations located within their boundaries for public school and public road purposes.

State and local governments are presently entitled to receive 25 percent of gross receipts from timber harvests on national forest lands located within their boundaries under title 16, United States Code, section 500. This entitlement is designed to compensate the host area for impacts associated with Federal presence. Recipients are permitted to use such proceeds as prescribed by their respective State legislatures for public school and public road purposes.

State and local governments are not entitled to timber harvest receipts from Federal military lands under present law. The Department of Defense has control over and responsibility for approximately 2.5 million acres of productive forest land, and over 150 military installations in 38 States and the District of Columbia have active forest management programs. In my judgment this amendment is warranted because of present law covering national forest land timber receipts and because of the impact of military presence on State and local governments.

This amendment, if agreed to, would entitle State and local governments to 25 percent of net receipts rather than 25 percent of gross receipts as originally proposed. This distribution formula will permit the military services to apply timber proceeds against their related operation and maintenance costs before any receipts are distributed to State and local governments.

Receipts made available to the States would be allocated on the basis of plans adopted by the respective State legislatures for public school and public road purposes to those areas where military timber operations resulted in a surplus of funds. In cases where an installation is located in more than one county, the net proceeds would be distributed on a pro rata basis reflecting the amount of timber acreage of the Federal military installation in each county.

This legislation would help offset, to a modest extent, the reduction in State and local government tax bases and to defray additional public service costs related to the military presence. The fiscal impact of this amendment would be minimal. In fiscal year 1980 for example, gross timber receipts for the armed services totaled approximately $12.4 million. Related costs were $8.1 million. Under this amendment, therefore, eligible State and local governments would have shared 25 percent of the approximately $4 million in net receipts, or $1 million, for public school and public road purposes. The use of funds in this manner is consistent with existing law as it applies to timber proceeds from national forest lands.

H.R. 4543 was passed unanimously by the House of Representatives. The Department of Defense recommends passage of legislation similar to H.R. 4543, and the Office of Management and Budget offers no objection to enactment.

Mr. President, I urge my colleagues to accept this amendment.

Mr. THURMOND. Mr. President, this is a new subject that has come up. There have been no hearings in the Senate. However, it appears to be a reasonable amendment and I understand it.

The Defense Department does not object to it, and since it does appear to be a practical and fair arrangement, we are willing to accept it.

Mr. NUNN. I thank the Senator from South Carolina.

Mr. JACKSON. Mr. President, I concur in the comments of the manager of the bill, Senator THURMOND.

It simply applies to military reservations the apportionment of funds that now applies to Federal timberlands as it relates to the U.S. Forest Service.

I think it makes a lot of sense, and I concur in the approval of the amendment.

Mr. NUNN. Mr. President, I thank the Senator from Washington.

I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment (UP No. 589) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 622

Mr. JACKSON. Mr. President, I yield 5 minutes to the distinguished junior Senator from Nebraska (Mr. EXON).

Mr. EXON. I thank my friend and thank the Chair.

Mr. President, we are about to vote once again on the Davis-Bacon matter.

I think that those of my colleagues in the Senate know that I have had a great deal of concern about Davis-Bacon as it affects Government construction and contracts.

Indeed, on several occasions I have been in the Chamber trying to address the threshold arrangement whereby we would raise the threshold from the present $2,000 limit to a more reasonable figure.

I happen to believe that necessary

improvement in Davis-Bacon should and must be made.

I was very pleased to see during the last campaign that then-candidate Reagan made the commitment to change the Davis-Bacon Act through proper administration of the act.

I have long felt that if we had that kind of direction in the executive branch we would not have to further amend the act in this Chamber.

But I still maintain that we need some changes in Davis-Bacon and I think if all would sit down and work something out we could maintain some of the original intentions of Davis-Bacon and still not totally destroy the act.

It comes back then to once again a consideration of the basic administration of this act.

I have a letter dated October 27 in front of me from Mr. David Stockman which says:

> The Department of Labor, at the President's direction, has developed and proposed administrative changes, designed to improve the administration of the Davis-Bacon Act and reduce costs.

Likewise I have a statement from President Reagan back when he was a candidate when he said he will seek adjustments in the administration of the act so that it can return to its original goal.

I also have a copy of a letter of September 19 from Mr. Frank Carlucci, the Deputy Secretary of Defense, which leads me to believe that the Defense Department indeed is not enthused about the position that was taken in the Armed Services Committee.

Therefore, in an effort to give the President and his administration a chance to make the changes that they think are necessary in the administration of Davis-Bacon I believe it would be best in this instance to support the amendment that is being proposed by the Senator from Washington.

I say that with the understanding that I have received from various Senators that, if indeed the President does not proceed to make the necessary changes in the administration of the act that obviously are necessary, we will indeed in the very near future have an opportunity to vote on the whole Davis-Bacon question again at least with regard to the threshold amount of the act.

I thank my friend from Washington.

Mr. JACKSON. I thank the distinguished Senator from Nebraska.

Mr. HATCH. Mr. President, I rise in opposition to the Jackson amendment. This is not the first time the Senate has considered the question of whether to exempt military construction from the Davis-Bacon Act. In the 96th Congress, the military construction authorization bill, S. 1319, contained a similar exemption. That provision was specially referred to the Labor Committee for review. The Labor Committee held 2 days of hearings on July 17 and 19, 1979. It filed a report recommending—not surprisingly—that the exemption be deleted from the bill. Unfortunately, the full Senate did not pass the exemption but accepted a watered down substitute changing the monetary threshold of the Davis-Bacon Act. And even that provision was not enacted, but rather dropped in conference.

The pending military construction authorization bill, S. 1408, contains a similar exemption from Davis-Bacon for work authorized under the bill. This was added in the Armed Services Committee. However, unlike the previous bill, the Davis-Bacon provision was not specially referred to the Labor Committee.

But contrary to the suggestion of the distinguished Senator from New Jersey (Mr. WILLIAMS) there is little need for the Labor Committee to have specifically considered this bill. For the committee this year has in fact spent considerable time reviewing the administration of the Davis-Bacon Act during oversight hearings. These hearings were held on April 28 and 29, 1981. The committee heard from a wide variety of witnesses—the construction industry, the building trades, former Government officials who were in charge of procurement policy and who were quite familiar with the actual operation of the Davis-Bacon Act. Some of the most compelling testimony came from Mr. Renault Robinson, a commissioner on the Chicago Housing Authority. He recounted specific instances of how Davis-Bacon is inflating wages by as much as 50 to 75 percent. He noted:

> If we could cut down on the costs that we are paying our crafts people and if we could hire new classifications, which is in my statement, we could save a tremendous amount of money—30 percent off the top, which translates into millions of dollars, millions of dollars.

The costs associated with Davis-Bacon, of course, have an impact on the taxpayer. It is a matter of simple waste.

However, the inflated wages have ramifications in very real human terms as well: Artificially high wages aggrevate the unemployment problems, especially among youth, as Mr. Robinson's testimony vividly demonstrated. Equally alarming is the fact that fewer dollars are available for maintenace and upkeep of public housing—as a result, the people who must rely upon public housing face abominable living conditions.

The Davis-Bacon waiver in this bill will of course not alleviate the kind of problems brought out in our subcommittee hearings. The waiver does not repeal Davis-Bacon itself. The waiver does not amend the controversial features, such as the manner in which prevailing wages are determined, or the manner in which jobs are classified, or the manner in which apprenticeship ratios are set. All that the waiver will do is save millions of dollars on defense construction projects. Indeed in testimony before the Armed Services Committee the Department of Defense estimated the range of costs attributable to Davis-Bacon was 5 to 15 percent.

What the waiver will seek to do is to maximize the dollars which we are spending on defense by insulating the Department of Defense from the kind of "horror stories" which construction contractors generally have experienced over the years.

Let me just cite a few examples for the record.

The little town of Dickson, Tenn., 65 miles west of Nashville, wanted to add a room to its local water plant. Federal aid was involved. Without taking a local survey to determine actual prevailing wage rates, the Labor Department ordered the Dickson contractor to pay the Nashville union scale. A bulldozer operator accustomed to $4.75 an hour, got $10.40 instead; a backhoe operator, accustomed to $5.87, got $10.70. As a consequence, the new room cost $44,000, about double the projected cost.

On a 50-unit HUD project in Jacksonville, Fla., the Davis-Bacon wage determination was modified immediately before construction began. The hourly wage rate rose $2 per hour for plumbers, (to $13.73) and $1.57 for unskilled labor (to $9.64). The result was an increase in cost of over $11,000 for the plumbing installation alone, and, the subcontractor was only 1 of over 40 subcontractors who had to adjust their bids upward.

Davis-Bacon has so inflated the cost of pollution-control projects that the EPA's plan to finance a nationwide series of water-treatment plants has largely been stymied. A treatment plant in Houston, for instance, was held up and nearly canceled because Davis-Bacon inflated the price of its filter houses and dryers by 55 percent.

In Montgomery County, Md., a bulldozer operator can be hired for about $9 per hour. Yet when construction of the Metro, Washington's subway, pushed into the country, Labor officials ordered that bulldozer operators be paid $13.72 per hour. They ordered similarly inflated wages for other Metro workers. The net result, according to the General Accounting Office, is that Metro will cost at least $149 million more than it should. Construction of the line to Anacostia, the city's poorest and hardest-to-reach area, has been postponed indefinitely. The reason is because of "fiscal contraints."

In addition, the entire system was classified as a "building" project, even though most of its trackage is above ground, and above-ground rail construction more closely resembles heavy-rate highway work than anything else. This classification significantly added to the costs.

In a determination of wage rates for painters in Carson City, Nev., the data available showed that eight painters received wages between $6.25 and $12.40 per hour. Three, or 37.5 percent, were paid the $12.40 rate; the others received from $6.25 to $9. According to the 30 percent rule, however, the prevailing wage must be the higher, union-negotiated wage; therefore, the wage for Government painters in Carson City was set at $12.40 an hour.

Davis-Bacon escalated the cost of EPA's multibillion clean water program, due to the act's wage classification system. EPA and the city of Houston sought "heavy" rates for the Almeda-Sims Sludge Disposal Plant in Houston. But the Houston Gulf Coast Building Trades Council and the Labor Department insisted on the higher "building" rates for the structures to house dryers and filters. This raised the cost of the structures by

roughly 55 percent and hiked the total contract price by 7.5 percent to $6,139,946, according to the Texas Olson Construction Co. of Houston, the prime contractor.

The effect of inflated Davis-Bacon wage costs has simply diminished the number of builders interested in doing Federal work, thereby diminishing competition. As an example, a builder in Lancaster, Pa., priced his sewer project at $125,000 to be done nonunion but refrained from bidding it since he found out Davis-Bacon regulations applied. An out-of-town contractor was awarded the job for $200,000, paid union wage scale and incurred the additional cost of having his own men come into town and stay in a motel until the job was finished. Even if the local builder had gone ahead and bid the job at the higher rate, personnel problems would have resulted because it is difficult to have a stable work force work on one job, and be paid anywhere from $2 to $5 more an hour on that one project, and then be paid the usual wage for his work on other non-Federal projects.

The examples could go on and on.

Finally, I think there is considerable merit in the Thurmond amendment as a test case of whether the original justification for Davis-Bacon is viable today. Original purpose was to prevent "wage busting" in a locale by the importation of cheap labor. Today there is considerable doubt whether that is a real problem. The GAO in its 1979 report on the Davis-Bacon Act recommended repeal in part because "wage busting" was no longer a real threat in the construction industry. The Thurmond amendment would carve out a small area for exemption from Davis-Bacon. It would provide the current experience to determine whether the contention of the GAO is well founded.

I therefore urge that the Jackson motion to strike the Davis-Bacon waiver be rejected and that we sustain the waiver.

WHY THE DAVIS-BACON ACT SHOULD BE SUPPORTED

Mr. PROXMIRE. Mr. President, I support the amendment by the Senator from Washington (Mr. JACKSON) to strike out the Davis-Bacon waiver in the military construction bill.

The whole purpose of the Davis-Bacon Act is to make certain that the Government itself does not promote cutrate and cutthroat bidding on Government contracts. It may be that in some areas of the private sector, contractors may get contracts by bids which have unusually low labor costs due to the fact that the employer is antiunion or has no union contract, that substandard wages are paid, and that corners are cut on working conditions, including safety and other features.

What the Davis-Bacon Act says is that in order that the Government does not become a substandard employer, the wages paid on a Government contract shall be the existing prevailing wages already agreed to and bargained for by the employers and employees in the community.

Instead of a Government established wage, we have a collectively bargained wage established by the private sector. Without Davis-Bacon we end up with either a Government established wage or a substandard wage. The whole point of the Davis-Bacon Act is to accept the prevailing established wage.

That principle is correct. And the Jackson amendment makes certain it is carried out when the Government seeks bids to construct military establishments.

The Davis-Bacon provisions are very important.

They help to prevent "buy-ins" by shoddy contractors at the expense of the working men and women on a construction project.

They keep the Government itself from becoming a bad employer.

They help to make certain that working men and women get a decent wage, are provided working conditions that are not substandard, and that the contractor provides health and safety conditions which are not below par.

Without the Davis-Bacon provisions the Government itself would become or could become an irresponsible employer.

MYTHICAL CHARGES

Now what about the charges made against Davis-Bacon.

First, most of them are mythical. Time and again I have asked contractors who have come to my office to provide specific examples of an abuse of the Davis-Bacon provisions. Inevitably these abuses happened somewhere else, in some other State, or are mere rumors or myths.

Second, to the degree there is any substance to them, the answer is that in virtually every case the abuse is not condoned by the law itself. The Davis-Bacon Act does not provide that a contract for work 50 miles away in the Virginia countryside must pay downtown Washington, D.C., or Richmond, Va., wages. If that happens, and the proof that it does happen is largely absent, that is a failure of the Labor Department to administer the terms of the act.

That is why the Jackson amendment should be passed and why the "waiver" in this bill should be defeated.

REAGAN ADMINISTRATION AGAINST REPEAL

The Reagan administration itself has taken this view; namely, that the Davis-Bacon Act should not be repealed but that any genuine abuses in the law can be rectified administratively.

But the "waiver" provision in the bill would make the Davis-Bacon Act inoperable in an area where we need the finest construction and where shoddy and second rate work would greatly harm the safety and defense of our country.

What do we want? Missile silos constructed by cheap labor with no or little expertise in construction of missile sites? You can cut the labor costs by not applying Davis-Bacon but you do so by getting inexperienced, semi- or unskilled labor.

Do we want an important ballistics missile site produced by a work force which is paid less than the prevailing wage? If so you will get less than a properly functioning ballistic missile site.

Do you want an Army intelligence center, with the kind of highly technical computers and machinery which characterizes such a center, built by scab labor or labor which is not paid the prevailing wage because it is in fact incompetent or semicompetent?

Do we want our rapid deployment centers constructed with a second-rate or third-rate working force hired by a contractor who "buys in" to the contract by cutting costs through hiring a work force guaranteed to provide shoddy construction?

Certainly, we can save money initially by providing unskilled labor to work on highly sophisticated machinery or to build buildings to house sophisticated computers, but that initial savings will cost us much more in the long run, provide our military with a less than first-class product, and could even endanger our security.

Not only that, but combined with the shoddy product we would have the Government of the United States supporting or subsidizing the least efficient, irresponsible, fly-by-night employers in the country.

The Jackson amendment should be overwhelmingly supported. The Davis-Bacon waiver can endanger both our security and the wages, hours, and working conditions of our people.

AN ANTEDILUVIAN ISSUE

Mr. President, this is an amazing situation. Twenty-four years ago when I first came to the Senate, there was a series of Davis-Bacon amendments and fights on the Senate floor. Each time the anti-Davis-Bacon forces were defeated and driven from the arena.

One thought that issue was settled.

But now, 25 years later, once again this issue is before us.

The world is not flat.

The Civil War is over.

The airplane is here.

It is time to accept the Davis-Bacon Act. In fact this situation reminds one of Margaret Fuller's famous statement, "I accept the universe."

Carlyle responded immediately, "She'd better."

There is a word for the move to overthrow the Davis-Bacon Act. The word is "antediluvian." It means something which happened before the flood—the Old Testament Flood. This is an issue which predates the Deluge.

One might have questioned the fundamental purposes of the Davis-Bacon Act in the 1920's or the early 1930's. And it did come up briefly and was soundly defeated in the 1950's.

But this is 1981. The Deluge is more than 2,000 years in the past.

The time to settle this issue finally, once and for all, is now.

The Jackson amendment deserves an overwhelming majority.

Mr. RANDOLPH. Mr. President, just over 50 years ago, Congress enacted the Davis-Bacon Act. This measure was signed into law by President Hoover on March 3, 1931. I have had the opportunity and the responsibility to serve on the Labor Committees with jurisdiction over this landmark legislation for 38 of its 50 years. This service has been as a member of the Labor Subcommittee in the House of Representatives and in a like capacity in the Senate for 23 years.

It is my judgment that the Davis-Bacon Act has made a significant con-

tribution to productivity and efficiency in the construction industry. It provides a sound framework for stable labor relations. There are factors which make employment in the construction industry uncertain for workers, including fluctuations in employment and unemployment periods, limited job security, skill requirements, the vast number of small locally oriented firms, stiff competition, and a lack of control over many nonlabor production costs—materials, land, and financing.

The Davis-Bacon Act provides stability through the prevailing wage provisions by insuring that wages being paid in Federal construction projects accurately reflect wages paid for similar projects in the locality.

"Prevailing wages" automatically does not mean artificially high wages, or union wage scales on all Federal projects. The Davis-Bacon Act requires payment of union scale in areas that are highly unionized, where these wages prevail. But, and this is important, where open shop construction is predominant, prevailing wages are based on rates paid by contractors.

Mr. President, the stability provided by the act has facilitated the development of apprenticeship programs. It has augmented the quality and efficiency of production in the construction industry. The Federal Government deserves skilled construction workers and quality Federal projects. It may be true that less skilled workers are available who are willing to work for less than the prevailing wage, but what have we gained? Mr. President, I submit that taxpayers who ultimately pay the bill for Federal projects deserve a quality product.

The bill before us, S. 1408, provides for a waiver of the provisions of the Davis-Bacon Act for construction of any project authorized under this act. This proposal is a dangerous and misguided precedent. The act protects workers and responsible contractors who perform Federal contracts. I support the amendment offered by the able Senator from Washington (Mr. JACKSON) to strike the Davis-Bacon waiver section from S. 1408.

REAL VALUE IN THE DAVIS-BACON ACT

● Mr. MOYNIHAN. Mr. President, it is with great concern that I rise to join those opposed to a deletion of Davis-Bacon Act provisions in our Nation's military construction effort.

I must remark that this is not a new matter to me; but rather it is one to which I bring a concern that goes back two decades to the time I was an Assistant Secretary of Labor in the administrations of President Kennedy and President Johnson.

What has always struck me about the Davis-Bacon Act, and it is a point that is important to keep in mind, is that this legislation was enacted by a Republican Congress and a Republican administration. And it makes good sense now, just as it made good sense to the Republicans then. It is an achievement which my friends on the other side of the aisle ought to regard with some measure of pride.

That I have always been a supporter of Davis-Bacon is one mark of my belief that a study of the numbers and the arguments behind the legislation reveals a carefully-written law which makes good economic sense.

The Federal Government has a long and not undistinguished history in the maintenance of stable employment conditions in the construction industry, which, by definition, is an industry very much affected by the Federal Government. That the Davis-Bacon Act has contributed to stability in the construction industry is not something we should remark upon lightly.

Critics of Davis-Bacon make the argument, on occasion, that the act compels Government contractors to pay artificially high wage rates—in most cases, what they really mean to say is the union wage rate—on Federal construction projects. Yet the evidence is to the contrary. The act requires payment of prevailing rates and in this, helps to bring stability to the wage structure of an industry which might otherwise be fraught with havoc.

The most recent Davis-Bacon survey analysis conducted by the Labor Department provides the numbers we need to document the proposition that Davis-Bacon wage determinations contribute to stability in the industry. As of October 1980, the Department looked at all 84,984 wage classifications made in the 2,310 surveys it conducted during the year. A majority wage rate was set in 36.2 percent of the cases, and of these, 19.1 percent were the union wage and 80.9 percent the nonunion wage.

The 30-percent rule was applied in 21.8 percent of the cases. Now, Mr. President, if I may make the point, the results here were somewhat unexpected, even to supporters of Davis-Bacon. Use of the 30-percent rule resulted in adoption of the union wage only 3.7 percent of the time, whereas it produced a nonunion wage 96.3 percent of the time.

I note here, Mr. President, that officials of the current administration charged with enforcing the Davis-Bacon Act were themselves rather startled with these findings. According to the National Journal of September 5, 1981, Anthony J. Ponteriero, head of the Labor Department's division of Government contract wage determinations, was moved to note:

If the accuracy of these data holds up, this is really a surprise to a lot of people.

Mr. President, every study available shows that Davis-Bacon wage determinations tend to reflect actual prevailing wages. And the Government, by maintaining prevailing standards, rather than having public work performed by the cheapest labor available, encourages fair wages and high quality. Everyone benefits: Workers are paid a fair wage, reputable contractors have a fair chance to compete for Government projects, and the taxpayer gets quality construction for his tax dollars.

From the earliest times in the Republic, we have had these matters before us. Architecture, to be sure, is the one necessary Federal art. In the middle of the 19th century we began the series of 8-hour days, for example, which established a standard. The Federal Government was the first employer to establish such a standard, and not without some difficulty.

The Davis-Bacon Act is yet another instance of this important Federal role. The act establishes another standard; it provides a wage floor and labor protections for an otherwise highly seasonal, fragmented, and hazardous industry. Congress has not strayed from this standard since it was first enacted in 1931. It has defeated every effort to exempt Federal programs from Davis-Bacon requirements.

We are now faced with just such an effort—a provision to exempt military construction from the Government's longstanding commitment to pay workers prevailing wages on Federal projects. I call upon my distinguished colleagues to support the amendment before us that would repeal this unwise exemption. The construction industry, the workers of that industry, and the public cannot afford to lose the vital protection of the Davis-Bacon Act.●

● Mr. WEICKER. Mr. President, I rise today in opposition to section 1008 of the military construction authorization for fiscal year 1982, S. 1408. That section would waive the requirements of the Davis-Bacon Act as they apply to any military construction project executed after the date of enactment. Accordingly, I support the Jackson amendment to strike the waiver from the bill.

I understand that the Committee on Armed Services included the Davis-Bacon waiver section after a Department of Defense witness testified that such a waiver could result in a 10-percent savings in construction costs on military projects. While I question the accuracy of this cost savings figure presented by the Defense Department, my objection to the Davis-Bacon waiver in S. 1408, is on different grounds.

Mr. President, critics of the Davis-Bacon Act indicate that the most serious problems with the law stem from its administration by the Department of Labor. They point to burdensome administrative procedures that in their view, result in excessive wage rates, extreme paperwork requirements, ill-defined craft classifications and a host of other problems.

I am not here today to debate the validity of these charges; however, I am here to advocate the completion of a review currently underway: A comprehensive review of the administration of the Davis-Bacon Act by the Department of Labor. The Labor Department recently published major proposed changes in the regulations that govern Davis-Bacon administration. I understand that these changes attempt to rectify many of the administrative problems with the law and I believe that these regulations should be the focal point of debate and discussion on the Davis-Bacon issue.

The rules were published for public comment so that all interested parties could express their views on the regulatory changes. And I would like to point out that the Labor Department received more than 3,000 sets of comments on the proposed rules: comments that will now be reviewed by the Department prior to

its issuance of final changes in the way it administers the Davis-Bacon Act.

I simply do not understand why the Armed Services Committee believes it is necessary to take a "piecemeal approach" to Davis-Bacon when the administration is conducting a regulatory review of the act. I am not here today to comment on the content of the proposed rules. Rather, I am simply pointing out that since the Department of Labor is in the process of studying ways to solve some of the regulatory problems connected with the Davis-Bacon Act, I consider it untimely and unwise to repeal the act's applicability to certain types of public contracts.

Mr. President, I urge the Senate to support the Jackson amendment to delete section 1008 of S. 1408. I encourage my colleagues to carefully consider changes to the Davis-Bacon Act—an act designed to protect the rights of construction works on Federal projects—in a meaningful, thoughtful manner. In my opinion, piecemeal attacks to a law of such importance are both unwise and irresponsible.●

● Mr. DANFORTH. Mr. President, I support the amendment offered by Senator JACKSON. The requirements of the Davis-Bacon Act should not be waived with regard to military construction projects.

The Davis-Bacon Act is a fundamental component of our Nation's labor policy. For 50 years the Davis-Bacon Act has governed Federal labor relations in the construction industry, and 41 States—including the State of Missouri—have adopted similar "prevailing wage" statutes for their construction contracts. Moreover, Davis-Bacon requirements have been incorporated into more than 50 other Federal statutes.

The policy underlying the Davis-Bacon Act is to stabilize economic conditions in the highly volatile construction industry—to prevent outside contractors from undercutting local wages—to avoid making the Federal Government a disruptive force, contributing to the deterioration of local community labor standards—and to promote fair competition for Government construction contracts based on decent labor standards, sound management, and quality workmanship. The Davis-Bacon Act reflects a deliberate choice by the Federal Government to forgo the privileges and benefits of its market power in order to achieve these ends.

Those opposed to Davis-Bacon have argued that it is outmoded, anticompetitive and inflationary. They question the need for wage floors in the construction industry because of the relatively high hourly wage rates paid to the building trades.

Mr. President, such critics of Davis-Bacon ignore the realities of the construction industry: The hazards of the work, its seasonal and cyclical nature, and the industry's extreme sensitivity to fluctuations in the economy. Because of this linkage to the economy, the hard-working men and women of this industry are faced with greater job instability and higher unemployment than many others. In my home State of Missouri, for example, such building trades as the carpenters are presently having great difficulty finding jobs, and it is exactly at a time like this—when the economy is sluggish—that unscrupulous competition in the form of wage-cutting is most likely to occur without the safeguards of the Davis-Bacon Act.

In addition, those who persist in attacking Davis-Bacon as anticompetitive and inflationary are shortsighted. The act only prevents exploitative competition based on wage cutting and leaves contractors free to compete with each other for Government projects on the basis of efficiency, know-how, and skill, rather than wage rates and fringe benefits.

Indeed, in an industry where there are many small contracting firms, where entry is easy, and where the competition is intense, the driving down of wages is a constant concern, because labor is likely to be the only element of cost over which an employer can exercise any short-term control. In such circumstances, an established local contractor, committed to paying wage rates sufficient to retain skilled and experienced workers, could not hope to compete without the prevailing wage requirement.

Mr. President, the result in the long run is that, by denying Government awards to contractors who rely on low-quality, cutrate labor, the David-Bacon Act may reduce costs, especially with regard to maintenance and repairs. Moreover, when one speaks of the inflationary impact of the Davis-Bacon Act, one must look not only at the wage data—which is at best inconclusive—but at the gains in productivity resulting from the employment of higher-paid, skilled workers, and at the savings achieved by decreasing industrial strife through the maintenance of decent labor standards.

To be sure, past criticism of the act's administration may be justified. It can, in fact, be argued that some or even most of the alleged cost-raising effects of the Davis-Bacon Act result from the way in which the Department of Labor has administered the act, particularly the way in which the Department has chosen to define and measure the local prevailing wage. The act leaves the Department tremendous latitude in this regard.

But these administrative problems do not negate the merits of the act, and the Department of Labor has proposed new regulations to address these difficulties. These proposed regulations deal with such matters as the Department's prevailing wage determination procedures, and they are intended to assure that such determinations reflect more accurately local community labor standards. Hopefully, these regulations will successfully address the present administrative problems and produce a substantial saving in construction costs for the Government.

Accordingly, Mr. President, I support the amendment to strike the Davis-Bacon Act waiver contained in this military construction authorization bill. I believe that the Davis-Bacon Act is needed today, as it was 50 years ago, and nothing worthwhile can be achieved by the continuing effort to undermine this fundamental labor law.

Indeed, today the effort to battle inflation and get the economy of this country moving again requires the active participation of organized labor as well as management, and I do not think such essential cooperation is fostered by attacks on the Davis-Bacon Act. Instead of seeking to do away with this basic expression of our Nation's labor policy, our efforts should be directed at creating jobs, improving productivity, and increasing exports.

For these reasons, I support the Jackson amendment and urge my colleagues to support it.●

Mr. DOLE. Mr. President, I would like to speak out in strong support of this provision to waive Davis-Bacon requirements for military construction. It seems to me that especially in this year of overall budget tightening, juxtaposed with an ever-more costly defense budget, we should seek out all legitimate savings in defense spending—particularly any saving such as this which induces no adverse effect upon the strength of our national defense.

The Department of Defense has estimated that this waiver would save taxpayers 10 percent of the $4 billion military construction budget. Here we have a situation in which everyone wins—the taxpayer, our national security forces, and even the local military-site construction worker.

QUALITY CONSTRUCTION

Mr. President, I do not buy the argument that the Davis-Bacon Act guarantees quality work for military construction. To my knowledge, no study has ever proven that higher—and usually inflated—wages result in greater productivity. In fact, the quality of military construction contracted under Davis-Bacon may indeed suffer. When determining a "prevailing local wage," the observance of this act favors union wage system, or something comparable, and produces a flat-rate wage scale that does not accommodate differences in experience, job difficulty or demands of the market. Under this Government-imposed one-dimensional pay scale, individual achievement, merit programs and the quality service that results from competition in the market are squandered—sucked into the sanctuary of this Government-sponsored behemoth, the Davis-Bacon Act.

It is helpful to remember that the Department of Defense has determined that these wage requirements have indeed been a large factor in excessively high project costs. A 10-percent savings in a budget of this size is quite significant. The greatest saving will appear in construction in rural areas—which accounts for a large portion of the package presented in this bill. In rural areas especially, the Davis-Bacon Act has imposed artificially high wage scales which would be more suitably implemented in metropolitan areas. This awkward regulation, enacted way back in 1931, has ceased to achieve what it was created to do—to insure payment of "prevailing local wages."

FREE ENTERPRISE WORKS

After all, it is the natural progression of our free enterprise system that in fact, produces a "prevailing local wage." Let us operate from the basis of this nat-

urally set local pay level, rather than burdening the defense budget, and robbing the taxpayer's pocket, with construction costs staggered by artifically set wage levels.

Mr. President, we have been issued a mandate to exercise fiscal responsibility. Let us carry out that responsibility with the confidence and determination that has typified this budget program from the beginning.

Mr. PERCY. Mr. President, I am today voting for the Jackson amendment to strike the Davis-Bacon waiver provision of the military construction authorization, S. 1408, because I believe the changes in the administration of the act proposed by the President and the Secretary of Labor should be given a chance to work before we engage in legislative remedies. I am also voting to support President Reagan in this regard and ask unanimous consent to have printed in the RECORD at this point, a letter from OMB Director David Stockman dated October 27, 1981 in which he states the President's position.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit I.)

Mr. PERCY. I am convinced by studies issued by the General Accounting Office, particularly its most recent study of April 1979, that serious problems exist with respect to the implementation of the act and that the status quo can no longer be justified. This administration, unlike past administrations, has made a good faith effort to review the way in which the act is carried out. Proposed regulations were published in August which, when issued in final form, could make substantial progress in addressing the criticism levied against the act. I hope substantial progress is made.

I would like to take this opportunity to alert my colleagues, and others interested in this issue, that we should all be watching the effect of any new regulations very carefully. If they do not result in a noticeable improvement, we will have no recourse but to reassess the basic validity of the act itself.

EXHIBIT I

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 27, 1981.

MR. FRANZ JUNE,
President, Associated Builders and Contractors, Inc., North Capitol Street, Washington, D.C.

DEAR MR. JUNE: In response to your request for clarification of the Administration's position with regard to the Davis-Bacon Act, I would like to reconfirm the President's stated position that he will not seek repeal of Davis-Bacon.

Amendments to the Military Construction Bill have been proposed which would waive the applicability of the Davis-Bacon Act and "related acts" to military construction. Our position of not seeking repeal of Davis-Bacon applies to related acts and would apply to the proposed amendments.

The Department of Labor, at the President's direction, has developed and proposed administrative changes, designed to improve the administration of the Davis-Bacon Act and reduce costs.

Sincerely,

DAVID A. STOCKMAN.

Mr. BAKER. Mr. President, I rise in support of the Jackson amendment which permits the Davis-Bacon Act to apply to military construction projects.

During the 96th Congress, several attempts were made to exempt certain Federal projects from the applicable provisions of the Davis-Bacon Act. While I have been anxious to see a thorough examination of this complex and controversial subject take place in committee, I have opposed attempts at "piecemeal" reform.

I, therefore, stand by my previously announced commitment not to support changes in the Davis-Bacon Act until the Senate presents a bill designed to make all of those changes that are necessary to insure fair, equitable and noninflationary applications of this act.

It is my understanding that the distinguished Senator from Oklahoma (Mr. NICKLES) has introduced a bill that deals with the issue in its entirety, and I would like to assure my colleagues that at that time, I will support changes, modifications or outright repeal of the act if the evidence merits such a move.

Mr. JACKSON. I have no further requests for time on this side. Mr. President, we could go back to the previously pending legislation on some noncontroversial matters which had been agreed to previously.

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from Texas as much time as he may require.

The PRESIDING OFFICER (Mr. HUMPHREY). The Senator from Texas.

Mr. TOWER. Mr. President, I believe the Jackson amendment should be defeated and the Senate should sustain a position which has been twice adopted by the Committee on Armed Services, and that is that there should be a waiver applied on Davis-Bacon on military construction.

At a time when we are facing up to the fact that Government expenditures have to be reduced, at a time when there is some suggestion that we should reduce military spending, it makes very little sense to continue a system that really adds costs by our own mandate, by the Government's own mandate, by the Congress' own mandate to military spending.

It is estimated that if the provisions of the committee bill were to be sustained and the amendment of the Senator from Washington defeated it could effect a savings of around $200 million. Let me translate that point; $200 million is the cost of a naval frigate; $200 million will buy us 10 tactical aircraft. That could be translated into savings that could go into a weapons system, and I think we could argue it on that point alone. But we could look beyond that and note what Davis-Bacon means, which is that when you have a defense construction contract in some remote place you do not really pay the prevailing wage rates in that place but the highest union-negotiated rate at the nearest big city, which could be hundreds of miles away.

It discriminates against nonunion employers; it drives up the cost of doing business to nonunion employers, and drives up the cost of construction overall in areas away from big cities where you go on the basis of union-negotiated rates.

There is an ample body of testimony in both the Banking, Housing, and Urban Affairs Committee and in other committees to sustain the fact that Davis-Bacon is costing our Government hundreds of millions of dollars a year and accomplishing no useful purpose.

So I urge the Senate to sustain the position of the committee and to defeat the amendment offered by the Senator from Washington (Mr. JACKSON).

Mr. THURMOND. Mr. President, I just want to make a few points in summary on this question. Davis-Bacon costs money. It will increase the cost of this bill by about $200 million. Is it fair to the taxpayers to make them pay $200 million when we can avoid that? I think the answer is obvious.

Davis-Bacon is inflationary; Davis-Bacon is discriminatory. It discriminates against small and minority contractors who cannot pay the artificially high Davis-Bacon wages. Davis-Bacon hurts three-fourths of the American construction work force, those who work on private construction contracts.

Davis-Bacon is a major burden to the taxpayers. This waiver provision contained in our bill would give us an unique opportunity to prove the Davis-Bacon arguments once and for all.

The General Accounting Office has recommended repeal of Davis-Bacon. We are only asking here that it be waived in this one bill. Nine different studies by the General Accounting Office have exposed how bad the Davis-Bacon Act is. Yet we are not asking its repeal, just to waive it on this bill.

The press has told the Davis-Bacon story, and there is widespread editorial consensus for a major overhaul of the act.

We are about to witness the power of organized labor here. We are about to see Senators vote against this waiver provision knowing it could save the taxpayers substantial money. We are about to see Senators vote for a provision that is discriminatory and damages the construction industry. We are about to see Senators vote against a test case that will prove once and for all what the facts are as to Davis-Bacon costs. Labor is afraid that the costs of Davis-Bacon are too high.

Mr. President, I hope the Members of the Senate will take all of these facts into consideration and think first about the taxpayers. Our first obligation as Senators here is to represent the people of this country, to represent the people of our States and of the Nation. Are we representing the people properly when we do not take a step where we can save $200 million?

This bill will save about $200 million for the taxpayers. How could we take any other stand? I realize there are pressures here, I realize there are lobbyists here working, trying to get the Senators to vote against this waiver. But what is our duty? Our duty is not to them. Our duty is not to any special interest, it is not to any particular lobby. Our duty is to protect the people of this country.

Here we are trying to cut down, to cooperate with our great President to reduce expenses. He has said he wants to stop big spending, he wants to reduce the size of Government. Well, here is a chance to save the taxpayers money.

Two hundred million dollars. We could put that into ships, we could put that into other weapon systems, we could put that into many other things for defense or we could put it into other programs for the people of this country. We do not think it is right to single out one segment of the population and give them special treatment. That is what is being done now.

Construction workers are the only group here that gets such special consideration. What about the other working people of this country? Why should they be discriminated against? Why not treat them all alike?

Mr. President, I think the time has come to act on Davis-Bacon. The General Accounting Office in nine different surveys has said that Davis-Bacon is bad, that Davis-Bacon is costing the taxpayers a lot of money.

If this is the case, and it has not been refuted, there have been many private surveys made and they have all found the same thing, why do we not take the action we know in our hearts we ought to take, and waive Davis-Bacon on this bill? It does not repeal the whole act. We could waive it, run a pilot program, and then we will be in a position to better judge the situation.

Even those who are against this waiver would be in a position to adjudge the situation if we merely give it this test. How will we ever know if we do not test it?

The GAO, through their surveys and through their research, has found that it does cost the taxpayers a lot of money, and it seems to me that we will have a hard time testifying back home to the taxpayers when we face them eyeball to eyeball and confront them and they ask, "Why didn't you save $20 million in waiving Davis-Bacon for us? You had a chance to do it and you voted against it."

Mr. President, I think, in all fairness, we ought to stand by the position of the Armed Services Committee. The Armed Services Committee has voted to waive it—just waive it, not repeal it—on this one bill and try it out. And if it will save $200 million, and maybe more, then it is certainly worth allowing this waiver to remain in this bill in order to save the taxpayers this money.

I hope Senators will think over this matter, because this is an important matter.

Money is tight and we are trying to save all we can. Here is a chance to save money. We ought not to turn this chance away. We ought to accept this opportunity.

The Armed Services Committee should be complimented, they ought to be praised for what they did, because we know that here we can do something without detriment, we can do something for the taxpayers, we can do something for the people back home, we can do something to help the budget, and we can do something to help our President. From any aspect you look at it, it is wise to support the Armed Services Committee here and waive Davis-Bacon on this particular bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I rise to associate myself with the remarks just made by the distinguished senior Senator from South Carolina. I think Senator THURMOND has made a powerful argument on behalf of the committee position. He has gone into considerable detail as to the importance of the committee amendment to the taxpayers of the United States.

I join with the Senator from South Carolina in expressing the hope that the Senate will approve the position taken by the Committee on Armed Services.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I rise in support of Senator JACKSON's amendment to bring the military construction authorization bill back into conformity with the long-standing provisions of the Davis-Bacon Act.

The Davis-Bacon Act requires that federally funded construction projects—including military projects—pay prevailing wage rates to their workers.

There is no basis on which military projects ought to be exempted from the basic requirements that apply to every other federally financed project. But unless the Jackson amendment is passed, projects built for the military will be constructed under standards and requirements that differ from all other construction that the Federal Government supports.

The need for reform of the Davis-Bacon Act has been argued. Reforms are now under way. The Department of Labor is making administrative changes in the way it applies the act, and the Department of Defense has included the savings from those changes in the construction costs contained in this bill.

The Defense Department believes that total savings may be as much as $70 million. Opponents of Davis-Bacon have made the completely unsupported contention that elimination of Davis-Bacon requirements from the military construction bill would save $400 million.

I believe the Department of Defense has made a responsible effort to estimate the savings that reforms in the act will achieve $70 million. And I strongly endorse Undersecretary Carlucci's statement that "a $400 million savings is completely unrealistic."

We ought not undo an important component of our Nation's laws on the basis of unsound and unsubstantiated savings estimates. These estimates have neither the support of the Defense Department, nor the Office of Management and Budget. Budget Director Stockman has recently reiterated that although the administration supports reform of Davis-Bacon, it does not support its repeal or its selective dismantling.

The case for reform has been argued. Reforms are now being made. The need for repeal has been neither demonstrated nor proven. And the dangers of repeal—either total repeal or selective repeal, which is being attempted on this bill—are as real today as they ever have been. For that reason, I will vote to reinstate the Davis-Bacon requirements for military construction projects.

Mr. MELCHER. Mr. President, this is a peculiar bill to be debating the merits and the value of the Davis-Bacon Act, but, nevertheless, Davis-Bacon repeal for military construction is in the bill right now. I want to just summarize a few of the points on Davis-Bacon.

Fifty years ago—a half century—the act was passed. The act essentially means that on a bid on a Federal Government building contract, the successful bidder must pay the prevailing wage of that area or that community so as not to undercut the existing wage levels. That need not be the union scale and often is not the union scale, because the prevailing wage in a community or area may be lower than the union scale. The value of the act over this last half century has proven to be that it stabilizes the local community's work force.

A 1976 study by the Council on Wage and Price Stability—and by the way, Mr. President, that was during the Ford administration—demonstrated that the cost of the Federal Government building contracts, was not higher because of the Davis-Bacon requirements that the area's prevailing wage scale be paid to workers employed by the contractor.

In 1971, for 60 days, President Nixon suspended the Davis-Bacon Act. And during those 60 days, 1,263 contracts were rebid. That is Federal construction contracts were rebid. They found out that those contracts after being rebid were six-tenths of 1-percent lower, an insignificant amount.

A HUD study on Indian housing demonstrated the Davis-Bacon Act was an advantage not a disadvantage in construction of Indian housing. And a study of public school construction costs by the group known as the Center to Protect Workers' Rights produced evidence that where there were prevailing wage laws that applied on school construction, as compared to school construction in areas where there was no prevailing wage laws, there was no significant relationship in difference in cost of school construction.

I believe that the Davis-Bacon Act favors local workers. It does not allow cutting the local workers' pay scale by bringing in a cheaper outside work force. That helps the community by generally holding to the same wage scales and holding a local work force right there to encourage its local labor force.

A contractor may pay his work force higher because the work force he has is more productive. But Davis-Bacon discourages a contractor from bidding on a

Federal Government construction contract on the basis of scalping with a cheap imported work force.

Generally, Mr. President, if the prevailing wage scale in a community or in an area is below union scale, that, however, need not indicate that the contractor who uses union workers does not submit the lowest bid on the contract and, therefore, is the successful winner of the contract. In effect the logical argument for the passage of the Davis-Bacon Act 50 years ago is still right today. It helps the local work force to maintain the prevailing wage, and that is good for workers and their communities. It works. It should be preserved.

In conclusion, Mr. President, I believe the amendment before us is a very meritorious amendment which would remove repeal of the Davis-Bacon Act from consideration under this bill and keep the act's requirements in place on military construction.

The PRESIDING OFFICER. The hour of 3:30 having arrived, the Senate will now vote on the amendment of the Senator from Washington. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 55, nays 42, as follows:

[Rollcall Vote No. 357 Leg.]

YEAS—55

Andrews	Exon	Metzenbaum
Baker	Ford	Mitchell
Baucus	Glenn	Moynihan
Biden	Hart	Murkowski
Bradley	Heflin	Packwood
Bumpers	Heinz	Pell
Burdick	Hollings	Percy
Byrd, Robert C.	Huddleston	Proxmire
Chafee	Inouye	Randolph
Chiles	Jackson	Riegle
Cranston	Johnston	Sarbanes
D'Amato	Kennedy	Sasser
Danforth	Leahy	Specter
DeConcini	Levin	Stafford
Dixon	Long	Tsongas
Dodd	Mathias	Weicker
Domenici	Matsunaga	Williams
Durenberger	McClure	
Eagleton	Melcher	

NAYS—42

Abdnor	Hatch	Pryor
Armstrong	Hatfield	Quayle
Bentsen	Hawkins	Roth
Boren	Hayakawa	Rudman
Boschwitz	Helms	Schmitt
Byrd, Harry F., Jr.	Humphrey	Simpson
	Jepsen	Stennis
Cochran	Kassebaum	Symms
Cohen	Kasten	Thurmond
Denton	Laxalt	Tower
Dole	Lugar	Wallop
East	Mattingly	Warner
Garn	Nickles	Zorinsky
Gorton	Nunn	
Grassley	Pressler	

NOT VOTING—3

Cannon	Goldwater	Stevens

So Mr. JACKSON's amendment (No. 622) was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MITCHELL. Mr. President, I rise in support of S. 1408, the fiscal year 1982 military construction authorization bill, which provides $31,615,000 budget authority for military construction projects in the State of Maine.

The bill provides spending authority for projects at the Brunswick Naval Air Station, the Kittery-Portsmouth Naval Shipyard in Kittery, and Loring Air Force Base in Limestone.

Five projects totaling $16,378,000 are authorized for the Brunswick Naval Air Station. The largest of the five is a project to modify the existing heating plant. Currently, the naval air station is heated by steam which is generated by four boilers, two active and two standby. The $12,800,000 contained in this authorization bill will enable the Navy to convert two of the boilers from oil to woodchips.

The woodchips will be supplied by a private contractor who will utilize cull wood—waste—from the surrounding area. The authorized funds will finance the entire project, including the conversion of the two boilers, construction of a storage area for the woodchips, and associated facilities. In undertaking this project, Brunswick Naval Air Station will become one of the first military installations in the United States to use wood as its primary source of energy. The air station expects to consume 30,000–40,000 tons of woodchips each year.

The two boilers which will be continued to be fired by oil will be the backup boilers. Once the project is complete, they will be used only if some troubles arise with the wood chip boilers. Significant savings to the Department of the Navy should result from this interesting project. The Department estimates that the conversion of the two boilers from oil to wood chips will pay for itself over a 12½-year period.

In addition to the boiler renovation at Brunswick, this bill will permit the Navy to complete an already-begun avionics maintenance building which is associated with the air station's new hanger; $1,450,000 has been slated for this project.

The existing Child Care Center at Brunswick is of wood frame construction and is in great need of replacement. Is was built during World War II and is one of the oldest structures on this base. This bill provides $490,000 which will enable the air station to construct a new child care center which will meet the most stringent fire codes.

Arms and other explosive materials destined for Europe are routinely loaded on aircraft at Brunswick. Unfortunately, these materials must now be loaded on a runway apron which is, by Navy standards, too close to the base's newest hangar. This military construction bill contains funds—$1,450,000—which will permit the naval air station to construct a new loading pad which will be located some distance away from the hangar. This new pad will meet the Navy's own safety guidelines.

Last, the bill contains $185,000 which will enable the Army National Guard to store ammunition at the Brunswick Naval Air Station. In recent years the Army National Guard has increased its activities in southern Maine. The Guard, as a result, requires a secure area in the region in which to store ammunition which would be used for weekend exercises, and in the event of the Guard's mobilization. The funds contained in this bill will be used to finance the construction of additional arms storage bunkers on naval air station property.

This bill authorizes one project at the Kittery-Portsmith Naval Shipyard in Kittery. At a cost of $2,900,000, a transmission line and a transmission station will be constructed for the yard. The Kittery facility now receives its power from the Public Service Co. of New Hampshire, via an underwater cable which crosses the Piscataqua River. The cable is very old and both the Navy and the utility believe that a transmission alternative should be developed.

With the authorization contained in this bill, the Navy will contract for the construction of new transmission facilities which will connect the yard with an existing over-the-river cable, owned by Public Service Co. of New Hampshire, which crosses the Piscataqua River at Eliot, Maine. This construction effort will insure that the Kittery Shipyard has a more dependable source of electrical energy.

Last, this bill provides $12,340,000 in authority for three projects at Loring Air Force Base in Limestone. All three projects involve new construction.

First, $1,010,000 is authorized for the building of a data process facility. The Strategic Air Command is requiring all of its major installations to possess such facilities, which house computer equipment.

Second, the bill contains $5,100,000 for the construction at Loring of a new maintenance facility. At the present time, much of the maintenance work at the base is accomplished in nose-dock, hangers designed to accommodate the front ends of bombers no longer stationed at Loring. The nose-docks, which are several stories high, have virtually no insulation and are very costly to heat. In an effort to cut heating costs, and to modernize maintenance facilities, the Air Force proposes to build a centralized maintenance shop. This authorization would fund the first phase of this construction effort, and would also permit the overhaul of two fuel oil docks.

The third Loring project was added to the administration's request by my colleague from Maine, Senator COHEN, who is a member of the Committee on Armed Services. The committee wisely accepted his amendment which would authorize the construction of a $6,200,000 dormitory for enlisted personnel. The proposed building would house 450 men and women who now live in wooden dormitories which are falling apart. This dormitory will be the second new residential unit at Loring. Last year, the Congress saw fit to authorize the construction of

a similar dormitory, the groundbreaking for which should occur shortly.

Mr. President, the people of Maine are proud to contribute to the defense of our country.

Maine's three major military installations, Brunswick Naval Air Station, Kittery-Portsmouth Naval Shipyard, and Loring Air Force Base, play important roles in our national security effort. Passage of this bill, which authorizes a total of $31,615,000 for improvements and additions to these three Maine facilities, will guarantee that they are in the kind of condition which will allow them to be productive in the years ahead and ready for any defense contingencies which may arise.

YONKERS-MOUNT PLEASANT, N.Y., ARMORY

Mr. MOYNIHAN. Mr. President, I would like to enter into a brief colloquy with the distinguished chairman of the committee in order to clarify, if I may, the intentions of the committee and the Senate with respect to a particular construction project in my State of New York.

Mr. THURMOND. I would be pleased to answer any questions I can for the Senator.

Mr. MOYNIHAN. The New York National Guard intends to build an armory in Westchester County to replace an existing facility which is in declining repair. It has not yet been determined exactly where the new armory will be built, but it is clear that it will be in Westchester County. Although earlier submissions to Congress by the Department of Defense of budget justification data indicated that the Westchester armory would be built in the town of Mount Pleasant, consideration is now being given by New York State Guard officials to placing the facility in the city of Yonkers, where the present facilty is located.

My question is this: Is it the understanding of the chairman that the armory previously designated by the Department of Defense as the Mount Pleasant Armory for the purposes of this authorization can be considered the Yonkers/Mount Pleasant Armory—in order to leave the final decision on site selection to be made by New York State and local officials, in cooperation with the Department of Defense?

Mr. THURMOND. I have no objection to leaving this option open. The Armed Services Committee would expect the Department of Defense to return to the committee to report on the final site selection, but the committee would have no objection to locating the armory in either Yonkers or Mount Pleasant, as the New York State National Guard determines is most appropriate. It should be noted that the committee does not authorize specific construction projects for the Guard and Reserve, because of the large role played in these decisions by the States, which provide a portion of the funding.

Mr. MOYNIHAN. I thank the distinguished Senator from South Carolina.

ITALY COMMENDED FOR ITS SUPPORT OF NATO TNF

Mr. PERCY. This bill includes funds for the construction of facilities to support the deployment of ground-launched cruise missiles (GLCM's) at a site in Comiso, Sicily.

On August 7 of this year, the Italian Cabinet gave final approval to the GLCM site at Comiso, Sicily, a decision that was supported by the Italian Parliament during 2 days of debate despite sharp opposition from the Italian Communist Party. At a time when other NATO members are finding it exceedingly difficult to reach or maintain a national consensus on the need for TNF modernization, it is especially gratifying and commendable that Italy continues to make active preparations for the deployment of cruise missiles on its soil.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is seeking recognition. May we have order?

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Armed Services be discharged from further consideration of H.R. 3455.

Mr. PERCY. Mr. President, I ask unanimous consent that the following statements be incorporated in the RECORD in full.

Mr. SARBANES. Mr. President, I object. May we conclude with the business of the Senator from South Carolina?

Mr. THURMOND. Mr. President, we would like to complete this procedure.

Mr. SARBANES. Mr. President, reserving the right to object——

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Under the previous order, the Committee on Armed Services is discharged from further consideration of H.R. 3455, and the Senate will proceed to its immediate consideration. All after the enacting clause is stricken, and the text of S. 1408, as amended, is inserted in lieu thereof.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 3455) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON) is necessary absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER (Mr. SYMMS). Are there any other Senators in the Chamber who care to vote?

The result was announced—yeas 95, nays 2, as follows:

[Rollcall Vote No. 358 Leg.]

YEAS—95

Abdnor	Garn	Mitchell
Andrews	Glenn	Moynihan
Armstrong	Gorton	Murkowski
Baker	Grassley	Nickles
Baucus	Hart	Nunn
Bentsen	Hatch	Packwood
Biden	Hawkins	Pell
Boren	Hayakawa	Percy
Boschwitz	Heflin	Pressler
Bradley	Heinz	Proxmire
Bumpers	Helms	Pryor
Burdick	Hollings	Quayle
Byrd, Harry F., Jr.	Huddleston	Randolph
	Humphrey	Riegle
Byrd, Robert C.	Inouye	Roth
Chafee	Jackson	Rudman
Chiles	Jepsen	Sarbanes
Cochran	Johnston	Sasser
Cohen	Kassebaum	Schmitt
Cranston	Kasten	Simpson
D'Amato	Kennedy	Specter
Danforth	Laxalt	Stafford
DeConcini	Leahy	Stennis
Denton	Levin	Symms
Dixon	Long	Thurmond
Dodd	Lugar	Tower
Dole	Mathias	Tsongas
Domenici	Matsunaga	Wallop
Durenberger	Mattingly	Warner
East	McClure	Weicker
Exon	Melcher	Williams
Ford	Metzenbaum	Zorinsky

NAYS—2

Eagleton	Hatfield

NOT VOTING—3

Cannon	Goldwater	Stevens

So the bill (H.R. 3455), as amended, was passed.

Mr. THURMOND. Mr. President, I ask unanimous consent that S. 1408 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. SYMMS) appointed Mr. TOWER, Mr. THURMOND, Mr. WARNER, Mr. HUMPHREY, Mr. COHEN, Mr. STENNIS, Mr. HART, Mr. JACKSON, Mr. CANNON, and Mr. EXON conferees on the part of the Senate.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS, 1982

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4144 which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

The Senate resumed consideration of the bill.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, it is my understanding that pursuant to the previous order my amendment is now in order.

The PRESIDING OFFICER. The Senator's amendment has a time limitation. There are still pending several excepted comittee amendments which have to be set aside.

Mr. HATFIELD. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. I believe there has to be a unanimous-consent agreement, first of all, to set aside the committee amendments before the Senator from Texas proposes his amendment.

The PRESIDING OFFICER. Under the previous order, the managers do have authority to set those amendments aside.

Mr. TOWER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. Let us have order in the Senate.

Mr. TOWER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. HATFIELD. Mr. President, I have not asked unanimous consent.

Mr. TOWER. I beg the Senator's pardon.

Mr. HATFIELD. If the Senator will yield for just a moment, we are trying to take care of some technicalities.

Mr. TOWER. Mr. President, I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business before the Senate is the first excepted committee amendment on page 3, line 5. The clerk will report.

COMMITTEE AMENDMENT ON PAGE 3, LINE 5

The assistant legislative clerk read as follows:

On page 3, line 5, strike "$1,518,941,000", and insert "$1,416,992,000";

Mr. HATFIELD. Mr. President, I move its adoption.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the committee amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

COMMITTEE AMENDMENT ON PAGE 19, LINE 2

The assistant legislative clerk read as follows:

On page 19, line 2, strike "$2,115,499,000", and insert "$1,970,119,000";

Mr. HATFIELD. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the committee amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

COMMITTEE AMENDMENT ON PAGE 37, LINE 15

The assistant legislative clerk read as follows:

On page 37, after line 14, insert the following:

SEC. 507. None of the funds appropriated in this Act shall be used to implement a program of retention contracts for senior employees of the Tennessee Valley Authority.

Mr. HATFIELD. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the committee amendment.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it so ordered.

Mr. HATFIELD. Mr. President, I ask unanimous consent to temporarily set aside the committee amendment.

The PRESIDING OFFICER. The Senator has the authority to do so. The amendment is set aside.

Mr. HATFIELD. Mr. President, I ask unanimous consent, now that we have the committee amendment set aside temporarily, that the Senator from Texas be recognized for the purpose of offering an amendment.

The PRESIDING OFFICER. The Senator from Texas.

UP AMENDMENT NO. 590

(Purpose: To increase funds for critical atomic energy defense activities)

Mr. TOWER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 590.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, between lines 5 and 6, insert a new section as follows:

SEC. 305. In addition to any other funds appropriated in this title, there is appropriated (1) for operating expenses of the Department of Energy necessary for atomic energy defense activities, the sum of $180,900,000, and (2) for expenses of the Department of Energy in connection with the purchase, construction, and acquisition of plant and capital equipment and other expenses incidental thereto necessary for atomic energy defense activities, the sum of $328,450,000.

Mr. TOWER. Mr. President, I yield myself such time as I may require.

On Tuesday, the Senate considered and passed, without a single dissenting vote, S. 1549, the fiscal year 1982 Department of Energy national defense programs authorization bill. Today we are asked to consider an appropriations bill that makes the appropriations for these same national defense programs. But there is one major difference in these two bills; the amount recommended in this appropriation bill is $509 million less than the amount required in the authorization bill which the Senate agreed to on November 3. My amendment is quite simple, it restores that same $509 million to this appropriations bill.

Mr. President, I am concerned that the Appropriations Committee take due cognizance of the work of the authorizing committees. In the case of this bill, I can find no evidence that the Appropriations Committee even looked at the authorization bill. Vital program elements were slashed or eliminated altogether. The Appropriations Committee even saw fit to include funds for one project which the full Senate did not authorize. I am not suggesting that the Appropriations Committee must follow without exception the programs as included in authorizing bills, but the authorizing committees are charged by the Senate to do the in-depth analysis of budget issues and their views should be given due consideration by the Appropriations Committee.

As I said, I am seriously concerned as to the impact of the funding level in this appropriations bill. But I am not the only one concerned. Let me share with you the concerns of the two Departments that would be impacted by this funding shortfall. I ask unanimous consent that two letters, delineating the impacts of the proposed Appropriations Committee mark, be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. TOWER. Let me quote briefly from each of those letters.

From the Secretary of Defense comes the following:

I am concerned about the serious impact such reductions would have on DOE's ability to support Department of Defense programs and the resultant effect that would have in our efforts to restore our nuclear capabilities.

The specific impact of the proposed reductions for FY 1982 can best be addressed in detail by DOE. I am informed that they could result in delaying production of warheads for MX, for cruise missiles, for 155mm

artillery fired atomic projectiles, and for the modern strategic bomb. Beyond these specific impacts, I am concerned that the production base will simply not be available for a stockpile effort that I know will be required, no matter how the particulars may vary.

The production of special nuclear materials is of special concern because of the long lead-times involved. The proposed reduction will delay by a year virtually all of the material production initiatives DOE took in FY 1981, and will mean that available material will be insufficient to meet our projected requirements a year earlier than we had thought. We should not continue to pursue our needed modernization programs with such close margins.

I am concerned also that the overall weapons technology base in R&D and nuclear testing will be hurt. I am informed that with the proposed reductions we will not increase the underground testing program enough to restore nuclear R&D capabilities and support planned future developments for DoD. Furthermore, the manpower levels at the weapons laboratories will not be increased according to the planned revitalization program, and may even decrease. R&D facilities construction will be severely limited.

The overall effect, then, of those reductions will be to halt or perhaps even reverse the heartening progress made in FY 1981 toward the restoration of DOE's nuclear weapon capability.

In another letter received from the Assistant Secretary for Defense Programs, Department of Energy, Mr. Herman Roser, comes the following:

Specifically, the action taken by the Senate Appropriations Committee would not permit important work in several defense programs areas.

Mr. President, I also ask that a table showing the details of my amendment be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. TOWER. Mr. President, what are we really dealing with in this amendment, what are the national defense programs of the Energy Department? These programs are the very heart of our strategic nuclear deterrent. This money buys the business end of our strategic delivery systems. I can hear the arguments now—we are only trimming a little here and there; we have simply disagreed with risk factors, inflation estimates or contingency allowances; we have not really hurt these programs. Mr. President, I for one do not want to gamble with these programs—to do so is to gamble with our national security. And let me emphasize that the Appropriations Committee has proposed cutting the authorization bill by 10 percent—substantially more than a little trimming.

Mr. President, we are striving to meet President Reagan's defense budget targets. I am confident that with the adjustments that have been made in the Defense procurement authorization bill on which we have just concluded our conference, on the military pay bill which was below the administration's request, and on the military construction bill just enacted a few minutes ago, we will be below the President's target—even with my amendment on this bill. In any event, if further defense cuts were to be the will of the Congress, I would suggest that these vital DOE national defense programs should not be reduced below the authorized amount and that further defense cuts should be accommodated elsewhere in the defense budget.

Mr. President, I reserve the remainder of my time.

EXHIBIT 1

THE SECRETARY OF DEFENSE,
Washington, D.C.

Hon. JOHN G. TOWER,
Chairman, Senate Armed Services Committee, Washington, D.C.

DEAR MR. CHAIRMAN: The Department of Energy (DOE) has informed me of reductions proposed by the Senate Appropriations Committee to DOE's FY 1982 weapons activities appropriation request. I am concerned about the serious impact such reductions would have on DOE's ability to support Department of Defense programs and the resultant effect that would have in our efforts to restore our nuclear capabilities.

The level of activity—production, R&D, nuclear testing—in DOE's nuclear weapon complex declined substantially during the 1970's. Because of this, a revitalization effort for the 1980's was proposed over a year ago by DOE, endorsed by DoD and started on its way by approval of Congress for increased funding for FY 1981.

We in DoD continue to believe that this revitalization is essential. Because of the low weapon production during the 1970's, the stockpile will require a major rebuilding during the 1980's. Several weapons must be retrofitted with modern safety and control features. New weapons must be built to meet the force structures required by DoD in restoring the nation's defense posture.

The specific impact of the proposed reductions for FY 1982 can best be addressed in detail by DOE. I am informed that they could result in delaying production of warheads for MX, for cruise missiles, for 155mm artillery fired atomic projectiles, and for the modern strategic bomb. Beyond these specific impacts, I am concerned that the production base will simply not be available for a stockpile effort that I know will be required, no matter how the particulars may vary.

The production of special nuclear materials is of special concern because of the long lead-times involved. The proposed reduction will delay by a year virtually all of the material production initiatives DOE took in FY 1981, and will mean that available material will be insufficient to meet our projected requirements a year earlier than we had thought. We should not continue to pursue our needed modernization programs with such close margins.

I am concerned also that the overall weapons technology base in R&D and nuclear testing will be hurt. I am informed that with the proposed reductions we will not increase the underground testing program enough to restore nuclear R&D capabilities and support planned future developments for DoD. Furthermore, the manpower levels at the weapons laboratories will not be increased according to the planned revitalization programs, and may even decrease. R&D facilities construction will be severely limited.

The overall effect, then, of those reductions will be to halt or perhaps even reverse the heartening progress made in FY 1981 toward the restoration of DOE's nuclear weapon capability. The DOE request has been structured to support the design, development, and production of essential nuclear weapons consistent with the authorization provided in the approval of the Nuclear Weapons Stockpile Memorandum last year, and to continue, in a fiscally responsible way, a modest improvement in the technology base.

The DoD's nuclear modernization program is aimed at reestablishing the basis for restoring the strategic balance and thereby strengthening the credibility of nuclear and non-nuclear deterrence through the remainder of the century. The DOE nuclear weapons program is a vital and integral element of this effort.

I am providing a similar letter to the Chairman, Committee on Appropriations and requesting his support.

Sincerely,

———.

DEPARTMENT OF ENERGY,
Washington, D.C. November 2, 1981.

Hon. JOHN TOWER,
Chairman, Armed Services Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request for information on the impacts of the October 22 Senate Appropriations Committee action on the Fiscal Year 1982 Atomic Energy Defense Activities Appropriation.

Specifically, the action taken by the Senate Appropriations Committee would not permit important work in several Defense Programs areas. In the weapons Production and Surveillance activity, the Committee's allowance would not allow us to support the current Initial Operational Capability (IOC) date for the DOD's Missile-X program. In addition, the funds provided for capital equipment and construction projects comprising our restoration and maintenance program for the weapons complex would slip that completion date by at least one year, allowing deterioration of existing equipment and utilities to continue, and increasing the risk that future weapon delivery schedules will not be met. The allowance for inflation, contingency, and design uncertainties for construction projects is substantially less than that considered absolutely necessary. This reduction would unacceptably increase the risk of IOC slippages for weapons systems, schedule delays and, ultimately, higher construction project costs, should inflation continue at the projected rates. Lastly, some FY 1981 construction funds were deferred to FY 1982. In the Committee mark, these funds are not restored in FY 1982 which would result in stopping five construction projects. Included in these projects is one necessary for production of the Modern Strategic Bomb.

The proposed allowances for our weapons Research, Development and Testing operating activities will eliminate most of the planned growth in laboratory employment and cut in half the increase projected in the number of underground nuclear tests. If not rectified, this would represent a clear Congressional repudiation of the need to restore and maintain a strong and aggressive forward-looking nuclear weapons research and development effort begun with the revitalization steps approved by Congress in FY 1981.

For Nuclear Materials Production activities, the proposed appropriation would severely delay the schedules for realization of the new material production initiatives which are necessary to meet the increasing nuclear materials requirements of the weapons program, and which were approved by the Congress in FY 1981. Funding at the proposed level will precipitate a plutonium shortfall in the mid 1980's, since we will not be able to maintain the schedules for the following production capacity additions and improvements: (1) N Reactor conversion to weapon-grade plutonium production; (2) upgrade of the Savannah River L Reactor in preparation for an FY 1984 restart; and, (3) restart of the PUREX Processing Plant at Richland. Washington to recover plutonium produced in the N Reactor at Richland.

The sum of these impacts is that the Senate mark would not permit the Department to fulfill the requirements of the Presidentially-approved Nuclear Weapon Stockpile Memorandum in terms of both weapons and nuclear material production. This means that DOE would be delaying the deployment of important DOD strategic and tactical nuclear weapon systems.

I ask your help in alleviating this serious problem, by your supporting such reasonable floor amendments as may be introduced when the Atomic Energy Defense Activities Appropriations Bill is considered by the Senate.

Sincerely,

HERMAN E. ROSER,
Assistant Secretary for Defense Programs.

EXHIBIT 2.—SUMMARY

ATOMIC ENERGY DEFENSE ACTIVITIES

[Dollar amounts in thousands]

	March 1981 budget request	S. 1549 Senate authorization	Senate appropriation allowance	Proposed Senate allowance	Difference from committee allowance	Impacts
Operating expenses:						
Naval reactors development	$279,500	$279,500	$279,500	$279,500	0	
Weapons activities:						
Research and development	586,100	586,100	578,100	586,100	$8,000	Eliminates planned employment growth in R. & D. technology base activities.
Testing	369,000	369,000	360,000	369,000	9,000	Reduces increase in planned testing level by 50 percent. Affects technology base testing.
Inertial fusion	104,725	141,000	104,725	141,000	36,275	Terminates supporting research. Cuts experiments on glass lasers 23 percent, gas lasers 17 percent, and pulse power 25 percent.
Production and surveillance	1,351,800	1,351,800	1,306,800	1,351,800	45,000	Jeopardizes DOE's ability to deliver nuclear weapons to the DOD on schedule.
Program direction	42,675	42,700	42,675	42,700	25	
Subtotal weapons	2,454,300	2,490,600	2,392,300	2,490,600	98,300	
Verification and control	48,900	50,400	48,900	50,400	1,500	Eliminates dedicated resources for foreign energy technology assessments.
Material production	616,200	632,400	597,600	632,400	34,800	Delays production initiatives hampering plutonium production.
Defense waste management	262,028	263,328	247,028	263,320	16,300	Delays transfer of high level wastes to new double shell tanks by 1 yr.
Nuclear materials security and safeguards	44,300	44,300	44,300	44,300	0	
Security investigations	23,600	23,600	23,600	23,600	0	
Subtotal atomic energy defense activities	3,728,828	3,784,128	3,633.228	3,784,128		
General inflation reduction	0	0	−30,000	0	30,000	Restricts planning level for R.D. & T. employment, forces reductions in NMP supporting services, and reduces alternate waste from R. & D.
Total operating expenses	3,728,828	3,784,128	3,603,228	3,784,128	180,900	
Equipment:						
Naval reactors	28,000	28,000	28,000	28,000	0	
Weapons activities:						
(Inertial fusion)	11,000	11,000	11,000	11,000	0	
(R.D. & T.)	93,000	93,000	82,100	93,000	10,900	Continues deterioration of existing equipment inventory in labs and at NTS.
(P. & S.)	92,500	92,500	75,000	92,500	17,500	Permits the ongoing deterioration of equipment in the weapons production complex to continue.
Verification and control	1,100	1,100	1,100	1,100	0	
Materials production	73,600	73,600	63,000	73,600	10,600	Precludes meeting plutonium requirements in nuclear weapons stockpile memorandum.
Defense waste	24,472	24,472	24,472	24,472	0	
NMSS	3,700	3,700	3,700	3,700	0	
Total equipment	327,372	327,372	288,372	327,372	39,000	
Construction:						
Naval reactors	54,000	19,000	54,000	54,000	0	
Weapons activities:						
(Inertial fusion)	63,200	0	63,200	63,200	0	
(R.D. & T.)	62,700	48,600	74,900	88,900	14,000	
(P. & S.)	419,700	383,000	275,650	414,200	138,550	
Materials production	240 900,	479,800	238,100	323,600	85,500	
Defense waste	103,500	123,200	113,100	151,500	38,400	
Fiscal year 1981 deferrals	0	0	−30,000	−17,000	13,000	Halts work on 5 prior year projects including 79-7-P, facilities for the modern strategic bomb.
Total:						
Construction	944,000	1,053,600	738,950	1,078,400	289,450	
Plant and capital equipment	1,271,372	1,380,972	1,077,322	1,405,772	328,450	
Atomic energy defense activities	5,000,200	5,165,100	4,680,550	5,189,900	509,350	

WEAPONS PROGRAM

Operating expenses: Weapons activities:						
Research and development	$586,100	$586,100	$578,100	$586,100	$8,000	Eliminates planned employment growth in R. & D. technology base activities.
Testing	369,000	369,000	360,000	369,000	9,000	Reduces increase in planned testing level by 50 percent. Affects technology base testing.
Inertial fusion	104,725	141,000	104,725	141,000	36,275	Terminates supporting research. Cuts experiments on glass lasers 23 percent, gas lasers 17 percent, and pulse power 25 percent.
Production and surveillance	1,351,800	1,351,800	1,306,800	1,351,800	45,000	Jeopardizes DOE's ability to deliver nuclear weapons to the DOD on schedule.
Program direction	42,675	42,700	42,675	42,700	25	
Total weapons operating expenses	2,454,300	2,490,600	2,392,300	2,490,600	98,300	

FISCAL YEAR 1982 WEAPONS PROGRAM PLANT AND CAPITAL EQUIPMENT

Research and development:						
CE-D-130, R. & D. capital equipment	$65,550	$65,550	$59,500	$65,550	+$6,000	Equipment inventory deterioration rate will not be reduced.
82-D-100, general plant projects, VL	13,500	13,500	13,500	13,500	0	
81-D-106, weaponization facilities, LLNL	4,300	1,000	4,300	4,300	0	
81-D-107, utility system restoration, VL	4,000	0	4,000	4,000	0	
81-D-108, reactor support facility, SNL	8,000	1,000	8,000	8,000	0	
81-D-110, upgrade industrial liquid waste treatment plants, LANL	3,000	0	3,000	3,000	0	

EXHIBIT 2.—SUMMARY—Continued

FISCAL YEAR 1982 WEAPONS PROGRAM PLANT AND CAPITAL EQUIPMENT—Continued

[Dollar amounts in thousands]

	March 1981 budget request	S. 1549 Senate authorization	Senate appropriation allowance	Proposed senate allowance	Difference from committee allowance	Impacts
81-D-111, water system upgrade, LANL	7,000	0	7,000	7,000	0	
81-D-133, earthquake damage restoration, LLNL	2,000	1,000	2,000	2,000	0	
81-D-134, earthquake damage restoration, SNL	1,000	0	1,000	1,000	0	
79-7-c, proton storage ring, LANL	14,000	0	14,000	14,000	0	
82-D-144, simulation technology laboratory, SNL	0	1,200	1,200	1,200	0	Will design research facilities to simulate weapons testing capabilities.
82-D-151, high explosives application facility, LLNL.	0	10,000	0	10,000	+10,000	Will provide additional capabilities for development and analysis of high explosives.
82-D-152, new detonator facility, LANL	0	8,000	8,000	8,000	0	Will initiate replacement of deteriorated detonator research and testing facility.
82-D-153, new tritium facility, LANL	0	0	3,000	0	−3,000	Not required in President's budget.
82-D-154, weapons laboratory building, SNL	0	7,000	0	7,000	+7,000	New facility will replace temporary facilities and add additional capability.
Total R. & D. construction	56,800	42,700	69,000	83,000	+14,000	
Testing:						
CE-D-132, testing capital equipment, NV	27,450	27,450	22,550	27,450	+4,900	Equipment inventory deterioration rate will not be reduced.
82-D-100, general plant projects, NV	2,300	2,300	2,300	2,300	0	
82-D-142, North Las Vegas Atlas facility, NV	3,600	3,600	3,600	3,600	0	
Total:						
Testing construction	5,900	5,900	5,900	5,900	0	
R.D. & T. equipment	93,000	93,000	82,100	93,000	+10,900	
R.D. & T. construction	62,700	48,600	74,900	88,900	+14,000	
Inertial confinement fusion:						
CE-D-110, ICF capital equipment	11,000	11,000	11,000	11,000	0	
81-D-101, particle beam fusion accelerator II, SNL	20,000	0	20,000	20,000	0	
80-AE-12, target fabrication facility, LLNL	1,100	0	1,100	1,100	0	
80-AE-11, target fabrication facility, LANL	7,300	0	7,300	7,300	0	
78-4-A, high energy laser facility (NOVA), LLNL	25,000	0	25,000	25,000	0	
75-3-B, high energy laser facility, LANL	9,800	0	9,800	9,800	0	
Total ICF construction	63,200		63,200	63,200	0	
Production and surveillance:						
CE-D-135, P. & S. capital equipment	92,500	92,500	75,000	92,500	+17,500	Continued deterioration of equipment to poor and/or inadequate.
82-D-103, general plant projects, VL	16,300	16,300	11,300	16,300	+5,000	Reduces ability to stop deterioration.
82-D-104, new weapons production facilities, VL	5,000	5,000	5,000	5,000	0	
82-D-106, weapon assembly facilities, Pantex plant	23,500	23,500	23,500	23,500	0	
82-D-107, utilities and equipment restoration, replacement, and upgrade, VL	87,500	100,000	68,000	100,000	+32,000	Extends restoration program from 6 to 7 yr and reduces ability to meet outyear production workload.
82-D-108, nuclear weapons stockpile improvement, VL	9,500	32,200	9,500	9,500	0	
82-D-109, 155-mm artillery-fired atomic projectile (AFAP) production facilities, VL	35,000	35,000	35,000	35,000	0	
82-D-110, exhaust plenum modification, Rocky Flats	0	12,000	0	12,000	+12,000	Does not eliminate potential of hazardous materials escaping from buildings if a fire should occur.
82-D-111, interactive graphics system, VL	9,000	9,000	0	9,000	+9,000	Delays capability to improve productivity in the production plants by 1 yr.
82-D-146, production and production support facilities, VL	8,000	8,000	8,000	8,000	0	
82-D-147, pressure test facility, Savannah River	3,500	3,500	3,500	3,500	0	
82-D-115, MX warhead production facilities, VL	60,000	30,000	22,550	30,000	+7,450	Funding will not support IOC date.
82-D-116, utilities and equipment restoration, replacement, and upgrade, phase 2, VL	60,000	10,000	50,000	60,000	+10,000	Extends restoration program from 6 to 7 yr.
81-D-120, control of effluents and pollutants, Y-12 plant	3,400	3,400	3,400	3,400	0	
80-AE-6, utilities and equipment restoration, replacement, and upgrade, VL	24,000	0	24,000	24,000	0	
79-7-o, Universal pilot plant, Pantex plant	12,100	5,200	0	12,100	+12,100	Continued use of inadequate high explosive facilities that do not meet current safety standards.
78-16-a, cruise missile production facilities, VL	44,700	80,700	44,700	44,700	0	
78-17-d, steam plant improvements, Y-12 plant	9,000	0	9,000	9,000	0	
78-17-e, high explosive machining facility, Pantex plant	5,600	5,600	5,800	5,600	0	
77-11-c, 8-in artillery-fired atomic projectile (AFAP) production facilities, VL	3,600	3,600	3,600	3,600	0	
Subtotal	419,700	383,000	326,650	414,200	87,550	
General reduction:						
Inflation estimates			−26,000	0	+26,000	Reduces fiscal year 1982 estimated inflation rate from 11 to 3 percent and increases potential for future cost increases.
Contingencies and uncertainties			−25,000	0	+25,000	Reduces contingencies end uncertainties included in fiscal year 1982 funding from 16 to 6 percent. Potential programmatic impact on production schedules.
Total construction projects	419,700	383,000	375,650	414,200	+138.550	

MATERIALS PRODUCTION, SAC MARK VERSUS SASC BILL, FISCAL YEAR 1982

Operating:						
Production reactor operations	$280,630	$280,630	$275,030	$280,630	$5,600	Delays conversion of N reactor at RL by at least 6 mo.
Processing of nuclear materials	148,650	148,650	148,650	148,650	0	
Special isotope separation	21,800	30,000	21,800	30,000	8,200	Delays enrichment demonstrations by at least 1 yr.
Supporting services	163,320	171,320	150,320	171,320	21,000	Delays N reactor conversion and conceptual engineering for both the replacement production reactor and the ID replacement facility design; reduces maintenance of SR and RL facilities; decreases restoration program primarily at SR; and reduces support for the SR L reactor for operator training, reactor equipment inspection, and equipment operational tests.
Program direction	1,800	1,800	1,800	1,800	0	
Subtotal operating	616,200	632,400	597,600	632,400	34,800	
Capital equipment	73,600	73,600	63,000	73,600	10,600	Defers equipment essential for PUREX operation; delays N reactor conversion schedule, and increases the risk of key equipment failure at SR. Precludes meeting plutonium requirements of approved nuclear weapons stockpile memorandum (NWSM).

EXHIBIT 2.—SUMMARY—Continued

MATERIALS PRODUCTION, SAC MARK VERSUS SASC BILL, FISCAL YEAR 1982—Continued

[Dollar amounts in thousands]

	March 1981 budget request	S. 1549 Senate authorization	Senate appropriation allowance	Proposed Senate allowance	Difference from committee allowance	Impacts
Construction:						
82-D-116, GPP, VL	23,000	23,000	20,000	23,000	3,000	Impacts PUREX operability by delaying installation of emergency power system, emergency cooling water system, emergency ventilation system, and other mods.
82-D-117, P.E. & D., VL	3,000	1,000	3,000	3,000	0	
82-D-118, N plant security, RL	1,000	4,000	1,000	1,000	0	
82-D-124, restoration phase II, VL	55,800	126,000	54,000	55,800	1,800	Precludes replacement of worn out equipment at the Feed Materials Production Center, Fernald, Ohio, needed to process uranium for the DOE production reactors at Savannah River and Richland.
82-D-126, reactor safety, VL	10,000	42,900	6,000	10,000	4,000	Requires operation of the 4 major production reactors at increased risk by delaying needed safety improvements.
82-D-127, safeguards, SR	2,000	34,600	2,000	2,000	0	
82-D-128, perimeter security, ID	1,000	4,400	1,000	1,000	0	
82-D-136, IFPF upgrade, ID	14,000	40,000	14,000	14,000	0	
82-D-200, new production reactor	0	40,000	0	40,000	40,000	Delays PPR program thereby delaying the availability of a replacement facility by about 1 yr.
82-D-201, Pu recovery fac., SR	0	2,000	0	0	0	Funded under PE&D.
82-D-202, adv. isotope sep. lab	0	21,200	0	21,200	21,200	Provides R. & D. facilities to support technology development leading to operation of a production-scale facility for the separation of plutonium isotopes for DOE programs.
81-D-125, N reactor safety	0	0	1,000	1,000	0	
81-D-126, pollution abate. facs., RL	2,600	4,300	2,600	2,600	0	
81-D-128, restoration, phase I, VL	15,000	14,400	15,000	15,000	0	
81-D-131, remote anal. fac. upgrade, ID	13,000	0	15,000	15,000	0	
81-D-141, N reactor storage	0	0	3,000	3,000	0	
81-D-142, steam transfer headers, SR	5,500	1,000	5,500	5,500	0	
81-D-143, L reactor upgrade, SR	40,000	66,000	40,000	52,500	12,500	Delays L reactor restart by 12 mo to 4/84 and increases TEC from $184 million to $220 million.
80-AE-2, rep. obsolete processing fac., SR	5,000	0	5,000	8,000	3,000	Lack of deferral delays project completion and the associated reduction of risk of Pu contamination for operations personnel.
80-AE-3, steam generation fac., ID	10,000	5,000	10,000	10,000	0	
77-13-a, FAST facility, ID	40,000	50,000	40,000	40,000	0	
Subtotal construction	240,900	479,800	238,100	323,600	85,500	
Total materials production	930,700	1,185,800	898,700	1,029,600	130,900	
Fiscal year 1981 deferrals	0	0	−9,000	−9,000	0	Fiscal year 1981 deferrals for projects 81-D-125, 131, 141, and and 80-AE-2.
Grand total	930,700	1,185,800	889,700	1,020,600	130,900	
DEFENSE NUCLEAR WASTE						
Operating:						
Interim waste operations	$181,084	$181,084	$171,084	$181,084	+$10,000	Delays transfer of high-level waste at Savannah River 23 old tanks to new double-shell tanks by approximately 1 yr. Total estimated cost for this effort will increase about $15,000,000.
Long-term waste management technology	59,400	59,400	59,400	59,400	0	
Terminal storage	3,700	5,000	3,700	5,000	+1,300	Provides increased technical support consistent with accelerated construction project (see construction impact).
Transportation	6,067	6,067	6,067	6,067	0	
Decontamination and decommissioning	10,200	+10,200	5,200	10,200	+5,000	Limits program to minimum safe maintenance and surveillance activities. Does not allow for clean up of high priority DOE sites (Niagara Falls storage site, Weldon Springs site, and ORNL curium facility).
Program Direction	1,577	1,577	1,577	1,577	0	
Subtotal operating	262,028	263,328	247,028	263,328	+16,300	
Capital equipment:						
Interim waste operations	20,569	20,569	20,569	20,569	0	
Long-term waste management technology	2,593	2,593	2,593	2,593	0	
Terminal storage	400	400	400	400	0	
Decontamination and decommissioning	70	70	70	70	0	
Transportation	840	840	840	840	0	
Subtotal capital equipment	24,472	24,472	24,472	24,472	0	
Construction:						
82-N-101, GPP—Interim	11,400	11,400	9,000	11,400	+2,400	Delays repair/replacement projects associated with Richland Landlord program by 1 yr.
82-N-103, waste handling and isolation, RL	10,000	34,400	10,000	10,000	0	
82-N-104, waste transfer, RL	4,000	6,750	4,000	4,000	0	
82-N-107, rail replacement, RL	6,000	12,000	3,000	6,000	+3,000	Delays replacement of rail lines servicing the PUREX facility by at least 6 mo. This could jeopardize PUREX operations. Total estimated cost is expected to increase by $1,000,000.
82-N-110, P.E. & D., Long term, DWPF	10,000	0	0	0	0	
81-T-103, 6th set of bins, ID	7,500	0	7,500	7,500	0	
81-T-104, rad. waste fac. imprt, OR	10,000	0	7,000	10,000	+3,000	Will delay several ongoing facilities improvements. Will increase total estimated cost of this project by about $2,000,000 due to delays in completion until fiscal year 1984 (versus original planned date of fiscal year 1983).
81-T-105, DWPF, SR	0	20,000	20,000	20,000	0	
77-13-f, WIPP, AL	44,600	38,600	44,600	74,600	+30,000	Expedites project by 6 to 8 mo and saves $30,000,000 to $40,000,000. Provides funding site validation efforts required by the State of New Mexico agreement. Provides funding to protect the site through acquisition of hydrocarbon leases.
Prior year projects (fiscal year 1981 deferred)	0	0	8,000	8,000	0	
Subtotal construction	103,500	123,200	113,100	151,500	+38,400	
Total defense nuclear waste	390,000	411,000	384,600	439,300	+54,700	

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President I hardly know where to begin to correct all the misinformation that has been stated on behalf of this amendment thus far, but let me try to begin with point A.

Let me suggest, Mr. President, the record will bear out these facts: Even with the President's proposed reduction in military spending, $8 billion in BA and $2 billion in outlays, in 1982, defense will increase by 49 percent from what was spent in fiscal year 1980. Over that same period of time, all other appropriations accounts, nondefense, will decrease by 12 percent.

Defense increases does not include weapons production, which has more than doubled in the same period of time from $866 million to $1.86 billion.

Over the past 5 fiscal years, defense purchases have shown an inflation rate more than 1.5 percentage points above the general inflation rate.

DOD has demonstrated a $4.3 billion cost overrun in selected weapons systems, outside of inflation, in a single year.

As of September 1980, $437 billion worth of military weaponry was in the process of being purchased by the U.S. Government—this is according to GAO statistics—and $777 billion for the entire Federal Government.

Now as a portion of all the appropriations accounts, defense now consumes 49 percent, up from 36 percent in 1980. This does not include weapons production under the energy and water bill.

The Congressional Budget Office estimates of national defense outlays for 1982 are significantly higher than the projections made by the administration.

This $5.2 billion underestimate stems, for the most part, from technical differences concerning the rates at which appropriated funds are spent out; to a lesser degree they also arise from the use of different economic assumptions. Now that is the general foundation.

Now let me address the specific Tower amendment. The committee recommendation provides about $4.68 billion for energy defense programs. Mr. President, this is an increase of over $1 billion above last year's level; over $1 billion increase over last year's level. This amounts to nearly a 30-percent increase over fiscal year 1981.

Although substantial increases in these programs and activities are justified, the committee recommends some modest reductions to the budget requests, totaling 3.4 percent overall, to insure more efficient use of the large spending increases provided.

The committee proposal is for $158.5 million, including the $9.5 million for materials production at Savannah River added by my earlier amendment below the revised budget submitted by the administration. On the other hand, Senator TOWER recommends an increase of $509 million above the committee's recommendation and $342 million over the President's request. That is the fact. The Tower amendment goes $342 million over the President's budget.

The Director of OMB, Mr. Stockman, has written to express his support for our efforts in this appropriation bill to reduce Federal spending. The adoption of the Tower amendment simply will result in a veto of the bill.

That will put us nearly $1 billion over the President's request, the total bill. I can just assume now that this bill will go down the drain.

Might I add, if we go to the conference with the House, we are still going to end up with a higher amount, because the House bill is higher. I am not out here on a futile exercise to hear myself talk. I want to get a bill passed and I want to get a bill signed. If you add this kind of excess baggage to the bill, you can just kiss the bill goodbye, in my view, as far as getting the President's signature. As I have stated, this proposed amendment is $509 million over the committee's recommendation that increased this same category over $1 billion.

I would remind my colleagues that there is a distinction between authorizing and appropriation budget requests. Authorizing requests tend to be higher than the appropriation requests which we receive from the executive branch.

This is historically true. There is a reason for the higher levels in many cases. Many times, the authorization covers a number of years. For example, some construction programs in this bill are authorized for 3 years in the future, through 1984. In the appropriation we deal with the appropriation request for the amount needed in 1 fiscal year. If we appropriated funds to the level of the authorizations in all programs we could not borrow enough money or print enough money for the effort.

Let me also remind you, Mr. President, and my colleagues, the committee level provides the full amount requested by the President for warhead production on all weapons systems except the MX, until they determine the basing mode. The committee tripled the funding over fiscal 1981 to restore and upgrade weapons complex. The weapons testing program is increased by 25 percent for an expanded testing program. Materials production is increased by 35 percent to meet increased requirements.

The committee recommendation of over a $1 billion increase from fiscal year 1981, as I say, is about a 30-percent overall increase. The Appropriations Committee recommendation is only a 3.4-percent reduction above the revised budget estimate, which was exempt from cuts.

I think we have to put this into context. Is it reasonable to expect that any agency can take on this kind of escalation of expenditures in a single year, over $1 billion? That does not even count all the other increases. Remember, this body has increased military spending by $1.6 trillion for the next 5 years. I think we have to recognize that there are certain limitations. Even if we could dump all the money from every wheelbarrow in this country at the Pentagon doorstep, can they efficiently and effectively expend that kind of increased program? I do not think they can.

I must say with all honesty and bluntness, if we add this amendment and we are almost $1 billion over, we will have to come around and review all the water projects and all the other accounts in this bill. It may be necessary to rerefer this bill back to committee if this amendment passes, to review all of those projects, because I do not believe it is worth anyone's time to go through the whole process of appropriations, only to get a bill vetoed.

I have resisted every amendment that has been offered from this floor or that has been announced as being intended to be offered from this floor, including amendments that only had an increase of $75,000, a $1 million increase, a $2 million increase.

Here comes, again, that great institution that wants to gobble up most of the budget anyway and they want a half billion dollar increase which would put us close to a $1 billion total increase over the President's request.

Mr. President, it is not reasonable, it is not practical, and, most of all, it is not needed.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I think the question here is whether or not we want to proceed with the modernization of our strategic capability. In fact, next year the United States will lose its equivalency to the Soviet Union strategic capabilities. The increase in funding of nuclear weapons is necessitated by the fact that we must modernize our forces.

Senator HATFIELD is right when he says we have increased funding. We have increased funding for defense across the board.

The reason we have done so is because we have underfunded defense for so many years the authorization and appropriations process for defense programs has been used as a back door means of arms control. The time has come when we recognize the fact that the security of the United States is going to be in serious jeopardy if we do not do what is necessary to adequately fund our strategic capability.

I again refer to the fact that Secretary Weinberger has written a letter stating in the most urgent terms that our testing capability and our ability to produce materials from which nuclear weapons are constructed make it essential that we increase the funding that was included in the appropriations bill.

Therefore, Mr. President, I urge that the amendment that I offer today be adopted. I might add that, again, we have already absorbed $2 billion in reductions recommended by the President on defense in the authorization bill that has recently been reported out of conference and which we expect to act on this evening.

Mr. President, I yield 5 minutes to the Senator from South Carolina.

Mr. HATFIELD. I wonder if the chairman of the Armed Services Committee will yield for a question on my time?

Mr. TOWER. Yes.

Mr. HATFIELD. Could the chairman indicate what is the figure of the Secretary of Defense, Mr. Weinberger?

Mr. TOWER. In his letter he simply talks about impact. He does not mention a specific figure. That is not included in the letter that I inserted into the RECORD.

Mr. HATFIELD. I thank the Senator. The Secretary of Defense does not address himself to a figure on that. The Secretary of Defense is talking about general policy, general goals, and expectations. He does not refer to a specific figure.

Mr. TOWER. Mr. President, I yield 5 minutes to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of the amendment offered by the distinguished chairman of the Senate Armed Services Committee. In recent years, I have brought to the attention of the Congress the need to restore the full operational capability of the Department of Energy's nuclear materials production system.

This system provides critical nuclear materials for our national defense effort. The three production reactors and two chemical processing facilities at the 182,000-acre Savannah River plantsite are presently the backbone of the Nation's nuclear weapons materials production effort.

These facilities are now about 30 years old and in need of restoration. The restoration of lost production capacity in this vital complex should proceed in an expeditious manner.

In our consideration of the fiscal year 1982 budget, we should recognize this need and insure that the DOE nuclear materials production budget is consistent with the thrust to strengthen our national defense posture, a thrust that is reflected in our production and deployment of key Department of Defense strategic nuclear systems.

To keep the nuclear materials production capability consistent with nuclear weapons production schedules, it is necessary that a fourth reactor, the L-reactor, be restarted at the Savannah River plant and that the necessary upgrading activities continue at a pace that will allow startup in 1983. To accomplish this objective, it is necessary to fund the L-reactor upgrade effort at the level recommended by the Senate Armed Services Committee.

Funding of the fiscal year 1981 project at the required level will prevent a 1-year delay in the restart of L-reactor and avoid the associated shortage of plutonium which will be needed for nuclear weapons.

In addition, capital equipment and operating expenses are required to maintain existing production facilities. This funding is necessary to reduce the risk of key equipment failures and resulting unscheduled plant shutdowns if nuclear materials production schedules are to be met.

This funding is required for repair and maintenance of basic items, such as processing plant piping and equipment, site power distribution, and plant equipment required to assure plant operation and production.

Mr. President, the safety of operating personnel at the Savannah River plant has always been of the highest concern to me. We have an obligation to these people to insure that their safety is protected in these aging production plants. My colleagues' support of restoring full funding for the reactor safety and reliability project is strongly urged to continue to implement some of the important lessons we learned from the Three Mile Island incident.

The effort to insure the production of nuclear weapons materials for national defense encompasses a responsibility to address the prudent management of the waste generated in the process.

At the Savannah River plant, a significant ongoing activity to manage the nuclear waste must be sustained at a level that will continue public confidence in the health and safety aspects of the program. It is for this reason that I bring to the Senate's attention the fact that the defense nuclear waste management allowance, as reported by the Senate Appropriations Committee, severely impacts ongoing operations at the Savannah River plant.

Necessary funding is not being provided for the transfer of high-level waste from 20- to 30-year-old single-shell tanks to recently constructed improved double-shell tanks to improve the containment of high-level waste at Savannah River.

We already have built these new tanks, and we must expedite our efforts to use them. The longer the waste remains in these old tanks, the greater the potential for leaks. We would, indeed, be open to criticism if we supported the construction of these improved tanks but failed to provide the funds to use them.

I urge the Senate to support funding levels recommended by the Senate Armed Services Committee and included in the Tower amendment.

Mr. HATFIELD. Mr. President, I yield 5 minutes to the Senator from Louisiana.

Mr. JOHNSTON. I thank the distinguished chairman.

Mr. President, the question posed by this amendment is whether or not we should add $342 million to the President's budget request—to the President's request, Ronald Reagan's budget request. This amendment would add $342 million. Is it needed? I think the Committee on Appropriations very carefully considered this question and determined that the answer is no.

Mr. President, let me state what we do in this amendment: First of all, we add $1 billion over last year; $1 billion—that is a 30-percent increase over last year. It is a 3.4-percent reduction below the revised budget estimates, which was exempt from cuts. Why can we cut 3.4 percent? It is decidedly not a cut from weapons in production.

Every weapon in production is being fully funded and we are going to make the bombs and the missiles, the cruise missiles and the Trident missiles and the others that are provided for. We are not sparing on what it takes to fight a nuclear war in this budget, Mr. President. What we are cutting is things like, for example, inertial confinement fusion.

This is not basically a defense program, Mr. President; that is basically a power production experimental program, of which we have a number of different kinds. We have mirror fusion and we have Tokamac and we have this inertial confinement, which is laser fusion. They hope to be able to use some of the experiments in some kind of way to help defense. They have not figured out precisely how yet, but they hope they can. But this is not hurting our basic nuclear capability.

We are letting that program, that NOVA program, they call it, which is inertial confinement fusion, go forward. They are just not building it as fast as some of the scientists would like. I can assure my colleagues that does not hurt the defense program.

Mr. WARNER. Will the Senator yield for a question on my time at the appropriate point?

Mr. JOHNSTON. Let me say just one other thing, Mr. President. There is one other question involved here. I said we fund all weapons in production. One we do not fund fully is the MX missile. We actually fund it at $13 million more than the House. Why do we not? Because the Committee on Armed Services has not yet made the decision and the Senate has not yet made the decision on what we are going to do with MX. I do not think we ought, in this bill, to make that decision, in effect.

I shall be perfectly honest. Mr. President, I am confused by the MX question. I was all sold on the racetrack in Jimmy Carter's day. All the generals had me convinced that we had to have a racetrack so that we could put 4.600 holes out there and we could escape all the shots from the Russians. Now I am told that that is not practical; we cannot pave over the States of Utah and Nevada. I wonder why we cannot, but the Senators from those areas say we cannot.

Therefore, if we cannot pave those over and we cannot build the racetrack, the question is, What should we do on the MX? I do not know. I suppose we ought to go ahead and build the MX so we can put it in the Titan holes. But the Committee on Armed Services has not told us that that is what we ought to do, the Senate has not told us that is what we ought to do.

It beats me, Mr. President, why we ought to increase the budget $342 million over this President's, Ronald Reagan's, in order that we can make a premature decision on such things as the MX and in order that we can goldplate the laser fusion program out at the lab in California. That beats me, Mr. President, at a time of budgetary stringency.

If we were shortchanging the weapons program—to hear the proponents of this amendment talk about it, you would think there were rockets ready to go without a warhead on them. But that is not what is happening, Mr. President. We are taking care of all the warheads, all the bombs, the Trident missile, the Cruise missile. All those missiles are being taken care of. We are a billion dollars over last year.

But, Mr. President, in this time of budget stringency, we cannot go out and goldplate premature programs and pro-

vide for laser fusion, which really does not, if you want to know the truth about it, have much weapons impact, anyway. We are doing plenty for weapons—all we need, every cent the President wants in every weapons system except the MX, and we are doing $13 million more than the House on MX.

The PRESIDING OFFICER. The 5 minutes yielded to the Senator from Louisiana has expired.

Who yields time?

Mr. TOWER. Mr. President, I yield 3 minutes to the distinguished Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I regret to say that I cannot support the amendment in its present form as much as I would like to. I could support everything that is in it, but basically, it is $200 million too high. If the distinguished Senator from Texas would reduce it by $200 million, I could support it. In supporting it, with all deference to my good friend from Louisiana—he has talked about these numbers compared to the President's. If the distinguished Senator from Texas will reduce this by $200 million, I say to my friend, it will be exactly the President's March number—not 325 over; exactly the President's March number.

If the Senator is talking about September, that is a different story.

Mr. JOHNSTON. Is not September later than March?

Mr. DOMENICI. Yes. But I ask the Senator if we are using September in all the appropriation bills to compare the President's September 12 percent across-the-board cut and bringing all those bills in and saying that is the new mark. I do not need an answer, because the answer is that we are not.

If the Senator will reduce this number—I do not know if he will, but I hope he will—it will put this precisely within the March request, No. 1. Second, it will be precisely on the crosswalk number allocated for this. That means that I can support it on the basis that it is within the budget.

Mr. President, I regret to say that I cannot support any amendment which would propose adding over $500 million to the energy and water appropriations bill for DOE military activities. This is not because I do not agree that this area of the budget does not deserve the strongest degree of budget support. I know the extent to which the nuclear weapons production complex and infrastructure in this country has been allowed to erode.

Indeed, it is amazing to me to hear so much debate about the esoteric nuclear delivery systems which are contemplated by the United States, but hear virtually nothing said about the failing vitality of the production and design complex which we rely upon to produce the weapons which really make deterrence credible.

If the merit of the amendment was all that was at question I would support it unquestioningly. I regret that this is not the case and I am not happy that I cannot support it.

However, budget realities and budget discipline must be factors in considering every aspect of the appropriations process—even in an area as important as this one. The fact is that this amendment would exceed the amount assumed in the first budget resolution for DOE military activities by some $200 million.

Although this would not exceed the total energy and water allowance under the first budget resolution, it would infringe on budget cutting fiscal discipline in other areas of the bill and I do not think this is appropriate. I would encourage the Senator from Texas, the distinguished chairman of the Armed Services Committee, to alter his amendment so that it would provide only the amount originally assumed for this area of DOE activity and, in so doing, be within the guidance established by the Congress in the first concurrent budget resolution.

I will add one thing: Those who are working on military authorizations want this at this level, and it will save the $2 billion the President wants, or even more, in other programs they recommend that are not in this bill. This bill is just DOE military. We do not have DOD appropriations here.

The authorizing committees are recommending the saving of $2 billion recommended by the President, or more, in that particular bill.

So when I look at the things that are here and the eroding capacity to do R. & D. and to stay ahead in this very important field in terms of America's security, I wish I could support the $500 million, but I cannot. I hope the Senator will amend it.

Mr. TOWER. Mr. President, in response to the Senator from New Mexico, if we reduce this to what he recommends, it will be slightly above the September mark and compatible with the March recommendation of the President.

After all, we in Congress can exercise some discretion of our own. I do not think the Senator will say that we must accept the President's appropriation request in every instance.

Therefore, Mr. President, I think the Senator from New Mexico makes a valid point to suggest some reduction, which means it will slow our restoration effort. It will slow the replacement reactor, and it will have an effect on waste management.

Mr. President, I ask unanimous consent to have printed in the RECORD a table indicating what the consequence will be in this connection.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SUMMARY

ATOMIC ENERGY DEFENSE ACTIVITIES

[Dollar amounts in thousands]

	March 1981 budget request	Senate appropriation allowance	Proposed addition by Tower amendment	Impacts
Operating expenses:				
Naval reactors development	$279,500	$279,500	0	
Weapons activities:				
Research and Development	586,100	578,100	$8,000	Eliminates planned employment growth in R. & D. technology base activities.
Testing	369,000	360,000	9,000	Reduces increase in planned testing level by 50 percent. Affects technology base testing.
Inertial fusion	104,725	104,725	36,275	
Production and Surveillance	1,351,800	1,306,800	45,000	Jeopardizes DOE's ability to deliver nuclear weapons to the DOD on schedule.
Program direction	42,675	42,675	0	
Subtotal weapons	2,454,300	2,392,300	98,275	
Verification and control	48,900	48,900	0	
Material production	616,200	597,600	18,600	Delays production initiatives hampering plutonium production.
Defense waste management	262,028	247,028	15,000	Delays transfer of high level wastes to new double shell tanks by 1 yr.
Nuclear materials security and safeguards	44,300	44,300	0	
Security investigations	23,600	23,600	0	
Subtotal atomic energy defense activities	3,728,828	3,633,228	131,275	
General inflation reduction	0	−30,000	30,000	Restricts planning level for R.D. & T. employment, forces reductions in NMP supporting services, and reduces alternate waste form R. & D.
Total operating expenses	3,728,828	3,603,228	161,275	

SUMMARY—Continued

ATOMIC ENERGY DEFENSE ACTIVITIES—Continued

[Dollar amounts in thousands]

	March 1981 budget request	Senate appropriation allowance	Proposed addition by Tower amendment	Impacts
Equipment:				
Naval reactors	28,000	28,000	0	
Weapons activities:				
(Inertial fusion)	11,000	11,000	0	
(R.D. & T.)	93,000	82,100	10,900	Continues deterioration of existing equipment inventory in labs and at NTS.
(P. & S.)	92,500	75,000	17,500	Permits the ongoing deterioration of equipment in the weapons production complex to continue.
Verification and control	1,100	1,100	0	
Materials production	73,600	63,000	10,600	Precludes meeting plutonium requirements in nuclear weapons stockpile memorandum.
Defense waste	24,472	24,472	0	
NMSS	3,700	3,700	0	
Total equipment	327,372	288,372	39,000	
Construction:				
Naval reactors	54,000	54,000	0	
Weapons activities:				
(Inertial fusion)	63,200	63,200	0	
(R.D. & T.)	62,700	74,900	0	
(P. & S.)	419,700	275,650	94,050	
Materials production	240,900	238,100	2,800	
Defense waste	103,500	113,100	8,400	
Less fiscal year 1981 deferrals	0	−30,000	30,000	Halts work on 5 prior year projects including 79-7-P, facilities for the modern strategic bomb.
Total:				
Construction	944,000	788,950	135,250	
Plant and capital equipment	1,271,372	1,077,322	174,250	
Atomic energy defense activities	5,000,200	4,680,550	335,525	

V E\PONS PROGRAM

Operating expenses: Weapons activities:				
Research and development	$586,100	$578,100	$8,000	Eliminates planned employment growth in R. & D. technology base activities.
Testing	369,000	360,000	9,000	Reduces increase in planned testing level by 50 percent. Affects technology base testing.
Inertial fusion	104,725	104,725	36,275	
Production and surveillance	1,351,800	1,306,800	45,000	Jeopardizes DOE's ability to deliver nuclear weapons to the DOD on schedule.
Program direction	42,675	42,675	0	
Total weapons operating expenses	2,454,300	2,392,300	98,275	

FISCAL YEAR 1982 WEAPONS PROGRAM PLANT AND CAPITAL EQUIPMENT

Research and development:				
CE-D-130, R. & D. capital equipment	$65,550	$59,550	+$6,000	Equipment inventory deterioration rate will not be reduced.
82-D-100, general plant projects, VL	13,500	13,500	0	
81-D-106, weaponization facilities, LLNL	4,300	4,300	0	
81-D-107, utility system restoration, VL	4,000	4,000	0	
81-D-108, reactor support facility, SNL	8,000	8,000	0	
81-D-110, upgrade industrial liquid waste treatment plants, LANL	3,000	3,000	0	
81-D-111, water system upgrade, LANL	7,000	7,000	0	
81-D-133, earthquake damage restoration, LLNL	2,000	2,000	0	
81-D-134, earthquake damage restoration, SNL	1,000	1,000	0	
79-7-c, proton storage ring, LANL	14,000	14,000	0	
82-D-144, simulation technology laboratory, SNL	0	1,200	0	
82-D-152, new detonator facility, LANL	0	8,000	0	
82-D-153, new tritium facility, LANL	0	3,000	0	
Total R. & D. construction	56,800	69,000	0	
Testing:				
CE-D-132, testing capital equipment, NV	27,450	22,550	+4,900	Equipment inventory deterioration rate will not be reduced.
82-D-100, general plant projects, NV	2,300	2,300	0	
82-D-142, North Las Vegas Atlas facility, NV	3,600	3,600	0	
Total: Testing construction	5,900	5,900	0	
R.D. & T. equipment	93,000	82,100	+10,900	
R.D. & T. construction	62,700	74,900	0	
Inertial confinement fusion:				
CE-D-110, ICF capital equipment	11,000	11,000	0	
81-D-101, particle beam fusion accelerator II, SNL	20,000	20,000	0	
80-AE-12, target fabrication facility, LLNL	1,100	1,100	0	
80-AE-11, target fabrication facility, LANL	7,300	7,300	0	
78-4-A, high energy laser facility (NOVA), LLNL	25,000	25,000	0	
75-3-B, high energy laser facility, LANL	9,800	9,800	0	
Total ICF construction	63,200	63,200	0	

SUMMARY—Continued

ATOMIC ENERGY DEFENSE ACTIVITIES—Continued

FISCAL YEAR 1982 WEAPONS PROGRAM PLANT AND CAPITAL EQUIPMENT—Continued

[Dollar amounts in thousands]

	March 1981 budget request	Senate appropriation allowance	Proposed addition by Tower amendment	Impacts
Production and surveillance:				
CE-D-135, P. & S. capital equipment	92,500	75,000	+17,500	Continued deterioration of equipment to poor and/or inadequate.
82-D-103, general plant projects, VL	16,300	11,300	+5,000	Reduces ability to stop deterioration.
82-D-104, new weapons production facilities, VL	5,000	5,000	0	
82-D-106, weapon assembly facilities, Pantex plant	23,500	23,500	0	
82-D-107, utilities and equipment restoration, replacement, and upgrade, VL.	87,500	68,000	+19,500	Extends restoration program from 6 to 7 yr and reduces ability to meet outyear production workload.
82-D-108, Nuclear weapons stockpile improvement, VL	9,500	9,500	0	
82-D-109, 155-mm artillery-fired atomic projectile (AFAP) production facilities, VL.	35,000	35,000	0	
82-D-111, interactive graphics system, VL	9,000	0	+9,000	Delays capability to improve productivity in the production plants by 1 yr.
82-D-146, production and production support facilities, VL	8,000	8,000	0	
82-D-147, pressure test facility, Savannah River	3,500	3,500	0	
81-D-115, MX warhead production facilities, VL	60,000	22,550	+7,450	Funding will not support IOC date for any warhead design option.
81-D-116, utilities and equipment restoration, replacement, and upgrade, phase 2, VL.	60,000	50,000	+10,000	Extends restoration program from 6 to 7 yr.
81-D-120, control of effluents and pollutants, Y-12 plant	3,400	3,400	0	
80-AE-6, utilities and equipment restoration, replacement, and upgrade, VL.	24,000	24,000	0	
79-7-o, universal pilot plant, Pantex plant	12,100	0	+12,100	Continued use of inadequate high explosive facilities that do not meet current safety standards.
78-16-a, cruise missile production facilities, VL	44,700	44,700	0	
78-17-d, steam plant improvements, Y-12 plant	9,000	9,000	0	
78-17-e, high explosive machining facility, Pantex plant	5,600	5,600	0	
77-11-c, 8-in artillery-fired atomic projectile (AFAP) production facilities, VL.	3,600	3,600	0	
Subtotal	419,700	326,650	63,050	
General reduction:				
Inflation estimates		−26,000	+16,000	Reduces fiscal year 1982 estimated inflation rate from 11 to 3 percent and increases potential for future cost increases.
Contingencies and uncertainties		−25,000	+15,000	Reduces contingencies and uncertainties included in fiscal year 1982 funding from 16 to 6 percent. Potential programmatic impact on production schedules.
Total construction	419,700	275,650	+94,050	

SAC MARK VERSUS MARCH 1981 BUDGET, MATERIALS PRODUCTION, FISCAL YEAR 1982

Operating expenses:				
Reactor operations	$280,630	$275,030	$5,600	Delays conversion of N reactor by at least 6 mo.
Processing of nuclear materials	148,650	148,650	0	
Supporting services	163,320	150,320	13,000	Delays N reactor conversion and conceptual engineering for both the replacement production reactor and the ID replacement facility design; reduces maintenance of SR and RL facilities; decreases restoration program primarily at SR.
Special isotope separation	21,800	21,800	0	
Program direction	1,800	1,800	0	
Subtotal operating expenses	616,200	597,600	18,600	
Capital equipment	73,600	63,000	10,600	Defers equipment essential for PUREX operation; delays N reactor conversion schedule, and increases the risk of key equipment failure at SR. Precludes meeting plutonium requirements of approved nuclear weapons stockpile memorandum (NWSM).
Construction:				
82-D-116, GPP	23,000	20,000	3,000	Impacts PUREX operability by delaying installation of emergency power system, emergency cooling water system, emergency ventilation system, and other mods.
82-D-117, P.E. & D	3,000	3,000	0	
82-D-118, security, RL	1,000	1,000	0	
82-D-124, restoration, phase II	55,800	54,000	1,800	Precludes replacement of worn out remelt furnaces and instrumentation at the Feed Materials Production Center, Fernald, Ohio. These components are needed to process uranium for the DOE production reactors at Savannah River and Richland. Replacement will be delayed at least 2 yr with accompanying risk of breakdowns leading to production losses.
82-D-126, reactor safety and rel	10,000	6,000	4,000	Requires operation of the 4 major production reactors at increased risk by delaying needed safety improvements.
82-D-127, security, SR	2,000	2,000	0	
82-D-128, security, ID	1,000	1,000	0	
82-D-136, Idaho fuels processing facility upgrade	14,000	14,000	0	
81-D-125, N reactor safety	0	[1] 1,000	(1,000)	
81-D-126, pollution abatement facility	2,600	2,600	0	
81-D-128, restoration, phase I	15,000	15,000	0	
81-D-131, remote anal. facility, ID	13,000	[1] 15,000	(2,000)	
81-D-141, N reactor storage	0	[1] 3,000	(3,000)	
81-D-142, steam transfer headers	5,500	5,500	0	
81-D-143, L reactor upgrade	40,000	40,000		
81-T-502, AIS facility	0	0	0	
80-AE-2, HB line replacement, SR	5,000	[1] 5,000	0	Delays project completion and the associated reduction in the risk of plutonium contamination for operations personnel.
80-AE-3, steam generation facility, ID	10,000	10,000	0	
77-13-a, FAST facility, ID	40,000	40,000	0	
Subtotal construction	240,900	238,100	2,800	
Total materials production	930,700	898,700	32,000	
Fiscal year 1981 deferrals	0	9,000	9,000	
Grand total	930,700	889,700	41,000	

DEFENSE NUCLEAR WASTE

Operating:				
Interim waste operations	$181,084	$171,084	+$10,000	Delays transfer of high-level waste at SR from 23 old tanks to new double-shell tanks by approximately 1 yr. Total estimated cost for this effort will increase about $15,000,000.

SUMMARY—Continued
ATOMIC ENERGY DEFENSE ACTIVITIES—Continued
FISCAL YEAR 1982 WEAPONS PROGRAM PLANT AND CAPITAL EQUIPMENT—Continued
[Dollar amounts in thousands]

	March 1981 budget request	Senate appropriation allowance	Proposed addition by Tower amendment	Impacts
Long-term waste management technology	59,400	59,400	0	
Terminal storage	3,700	3,700	0	
Transportation	6,067	6,067	0	
Decontamination and decommissioning	10,200	5,200	+5,000	Limits program to minimum safe maintenance and surveillance activities. Does not allow for clean up for high priority DOE sites (Niagara Falls storage site, Weldon Springs site, and ORNL carium facility).
Program direction	1,577	1,577	0	
Subtotal operating	262,028	247,028	+15,000	
Capital equipment:				
Interim waste operations	20,569	20,569	0	
Long-term waste management technology	2,593	2,593	0	
Terminal storage	400	400	0	
Decontamination and decommissioning	70	70	0	
Transportation	840	840	0	
Subtotal capital equipment	24,472	24,472	0	
Construction:				
82-N-101, GPP—Interim	11,400	9,000	+2,400	Delays repair/replacement projects associated with Richland landlord program by 1 yr.
82-N-103, waste handling and isolation, RL	10,000	10,000	0	
82 N-104, waste transfer, RL	4,000	4,000	0	
82-N-107, rail replacement, RL	6,000	3,000	+3,000	Delays replacement of rail lines servicing the PUREX facility by at least 6 mo. This could jeopardize PUREX operations. Total estimated cost is expected to increase by $1,000,000.
81-T-103, 6th set of bins, ID	7,500	7,500	0	
81-T-104, radioactive waste facility improvement, OR	10,000	7,000	+3,000	Will delay several ongoing facilities improvements. Will increase total estimated cost of this project by about $2,000,000 due to delays in completion until fiscal year 1984 (versus original planned date of fiscal year 1983).
81-T-105, DWPF, SR	0	20,000	0	Provides for line item funding of DWPF at a $10,000,000 increase over the President's proposed P.E. & D. funding level of $10,000,000. Allows buildup of design personnel to allow an early fiscal year 1983 construction start.
77-13-f, WIPP, AL	44,600	44,600	0	
Prior year projects (fiscal year 1981 deferral)	[2] 8,000	8,000	0	
Subtotal construction	111,500	113,100	+8,400	
Total defense nuclear waste	398,000	384,600	+23,400	

[1] Includes fiscal year 1981 deferrals of $9,000,000.

[2] Included for comparability purposes since deferral occurred subsequent to March 1981 budget request.

Mr. TOWER. Mr. President, I ask unanimous consent that I may modify my amendment as follows:

On line 6, delete $180,900.000 and substitute therefor the figure $161,275,000.

On line 10, delete the figure $328,450,000 and substitute therefor the figure $174,250,000.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The modified amendment is as follows:

On page 31, between lines 5 and 6, insert a new section as follows:

SEC. 305. In addition to any other funds appropriated in this title, there is appropriated (1) for operating expenses of the Department of Energy necessary for atomic energy defense activities, the sum of $161,275,000, and (2) for expenses of the Department of Energy in connection with the purchase, construction, and acquisition of plant and capital equipment and other expenses incidental thereto necessary for atomic energy defense activities, the sum of $174,250,000.

Mr. TOWER. Mr. President, I am prepared to let the opponents use some of their time, if they wish.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. TOWER. On the Senator's time.

Mr. JOHNSTON. I do not have any time. I only want to ask how much over the President's September request this is.

Mr. HATFIELD. I yield 2 minutes.

Mr. TOWER. Will the Senator tell me specifically what the President's recommendation is?

Mr. JOHNSTON. The President's September recommendation is $4,847,635,000.

Mr. TOWER. About $150 million over the September mark.

Mr. JOHNSTON. Will the Senator tell me why he needs $150 million more than this President, Ronald Reagan, asked for?

Mr. TOWER. Because a number of Senators have a vital interest in these security programs, and they have the full right to exercise some discretion in this matter. We have exercised some congressional initiatives. We have tried to stay within the broad budget guidelines the President has recommended and have made some of our own decisions on weapons systems. I believe that in the eyes of the authorizing committee, this is an appropriate way to do it.

Mr. JOHNSTON. I feel uncomfortable disagreeing with the Senator from Texas, because he and I are usually together, in lockstep, on defense matters.

Mr. TOWER. I will be willing to go with the President's figure if the Senator from Louisiana will assure me that he will accept the President's figure on everything else in appropriation bills. Will he give me that assurance in every instance?

Mr. JOHNSTON. Not in every instance, no.

Mr. TOWER. Then, I think we obviate the need for any further argument on the subject.

Mr. JOHNSTON. The Senator did not agree with the President on MX, as I recall from TV.

Mr. TOWER. The Senator did not agree on the basing mode, but the missile itself is enormously important.

I might add that that is not the only missile we have under development. We also have the D-5, the Trident missile.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from Virginia (Mr. WARNER), who is chairman of the Strategic Systems Subcommittee of the Armed Services Committee.

Mr. WARNER. Mr. President, the Strategic and Theater Nuclear Forces Subcommittee of the Senate Armed Services Committee has the responsibility for reviewing the DOE budget for national defense programs. We have examined these programs in depth and the Senate has passed an authorization bill for these programs for fiscal year 1982.

I am most concerned that the Appropriations Committee recommendations do not support the work of the Armed Services Committee in recognizing the necessity for continuity and consistency of purpose in the year-to-year funding by the Congress of these vital national defense programs.

STRATEGIC SYSTEMS

I am most concerned that cuts proposed by the Appropriations Committee impact on the ability of this Nation to deploy strategic systems as currently planned. The President has announced his decision on the MX deployment and the Department of Energy is trying to provide the warheads for that system on schedule. However, this appropriation allowance will delay initial delivery of warheads for the DOD's missile-X program.

Further, the significant general reductions proposed against the requested

construction funding could jeopardize timely delivery of vital weapon warheads for the cruise missile and the 155-millimeter artillery-fired atomic projectile and will delay the modernization of selected stockpiled nuclear weapon systems. The Appropriations Committee recommendations do not restore fiscal year 1981 construction funds which were deferred to fiscal year 1982. If these funds are not provided in fiscal year 1982, construction on five projects would be halted. One of these projects provides plant capacity required for production of the modern strategic bomb.

WEAPONS COMPLEX RESTORATION

One major long-range objective the committee has is to restore production complexes. The weapons manufacturing, research, development and testing facilities, some of which are 30 years old have, through underfunding in the decade of the 1970's, deteriorated to the point where their reliability in meeting the current workload requirements is suspect. Given that the workload in fiscal year 1982 and beyond will be increasing as new strategic systems are brought online, the deteriorated condition of these facilities will become an increasingly important factor. The risk of failures and breakdowns that could prevent ontime delivery of our new weapons, and increase their cost will continue to rise.

In 1977, the Congress required by law that the Department of Energy document the existing conditions in the weapons complex and the need for maintenance and repair. Based on that study and with the support of Congress, the Department in fiscal year 1980 began the facility restoration program to halt deterioration of these plants and laboratories and restore them to acceptable condition. Funding support for this work was continued in fiscal year 1981. However, now, this appropriation bill, as reported, would cutback that effort. The proposed reductions to the capital equipment and construction projects related to the ongoing restoration and maintenance of utilities and equipment throughout this Nation's nuclear weapon complex would delay completion of this very important work by at least 1 year.

This would allow deterioration of these vital facilities to continue, and would increase the risk that future workload requirements and weapon delivery schedules might not be achieved. The accomplishment of DOE's restoration management plan on schedule is crucial to being able to meet the major nuclear weapons production workload planned for the 1980's and beyond. Based on the heavy weapons production workload planned, it would not be prudent to extend the schedule for completing the weapons restoration program.

In program areas as crucial to our national security as this, we must be steadfast in our support. Restoration of the weapons complex must not slip a year.

PRODUCTION COMPLEX RESTORATION

A similar situation exists regarding the need to restore DOE nuclear materials production facilities. Over the past decade the availability of maintenance and capital equipment funding has not been adequate to maintain productivity levels of the U.S. nuclear materials production complex. Much of the production complex has been in continuous operation for about 30 years. This use, together with the effects of aging, has resulted in equipment wear out, facilities deterioration, and obsolescence. The extent of this problem reached the point in the late 1970's when corrective action had to be initiated to assure continued operation of the material production complex.

In 1978 Congress directed the Department of Energy to conduct an analysis of the measures required to restore the production complex to a satisfactory condition and submit a corrective action plan for the deficiencies identified, similar to the weapons complex study I just mentioned. DOE's analysis showed that deterioration and obsolescence were both serious and pervasive. This DOE plan was submitted to Congress in June 1979. Accordingly, in fiscal year 1981, Congress authorized and appropriated funding to initiate a multiyear program for restoration of production capability. This funding allowed work to be begun and improvements in plant efficiency and reliability are now being made. Work must be continued in fiscal year 1982 and in successive years to continue these urgently needed upgrading activities.

Funding cuts at this stage of this long-range program in either the operating or plant and capital appropriations risk equipment failures that will cause losses in production outputs and extended facilities outages.

There are no viable alternatives to the restoration program. DOE's nuclear materials production complex represents a plant investment of nearly $10 billion in today's cost that the Government cannot afford to replace nor allow to deteriorate further. An increased need is foreseen for these plants and alternate sources of nuclear materials supply are not available. This program is absolutely mandatory to progress at the planned and prioritized restoration pace if this Nation is to have a satisfactory nuclear weapons program. We must again follow through with constancy in our support of this work.

The funding reductions being proposed in DOE's other fiscal year 1982 construction requests in the materials production area will lead to further deterioration and obsolescence of the nuclear materials production complex not identified in the restoration program. General plant projects funding is used to support both direct production activities as well as construction needs; also increased production demands expand the number of new construction activities that must be performed.

Similarly, as the plants age, increased funding is needed to update buildings to meet new requirements and standards. Funding cuts in this area will not save money but will only add to the amount of unfunded work already accumulated.

REACTOR SAFETY

The third area of construction budget cuts, the reactor safety and reliability project, is of particular concern. This project provides for improvements to the safety systems of DOE's production reactors in keeping with lessons learned from the Three Mile Island incident.

WASTE MANAGEMENT

Now, let me turn to the waste management problem. The defense nuclear waste management Appropriations Committee allowance before use does not adequately provide for efforts necessary to replace or repair deteriorated and obsolete facilities in support of nuclear waste operations at the DOE sites. These support facilities and systems have deteriorated through past funding reductions and could jeopardize safe operations, and in the case of the Hanford Reservation, activities to produce nuclear materials to support Department of Defense needs. With regard to reductions at the Oak Ridge National Laboratory, the bill reduces second year funding of an ongoing, 3-year construction Project 81-T-104, radioactive facilities improvements, by $3 million which will delay planned contracts required to insure safe operations at Oak Ridge.

I say to the distinguished Senator from Louisiana that I rose to make an inquiry which he has answered; namely, in his blanket statement earlier that he would not delay any missile, he did say that the MX missile would be delayed.

Mr. JOHNSTON. I disagree with the Senator. I did not say it would be delayed. I said we actually did not fund it. The President requested $60 million, and the House allowed $91.9 million.

Mr. WARNER. But it is clear that unless these funds are added, the missile will be delayed.

Mr. JOHNSTON. No. This is the warhead. The warhead is about 10 percent of the missile.

Mr. WARNER. I read from the letter of the Secretary of Defense, which was placed in the RECORD by the Senator from Texas:

I am informed that they could result in delaying the production of warheads for MX.

Unless we raise the funds, the warhead for the MX, as stated by the Secretary of Defense, will be delayed.

Mr. JOHNSTON. Can the Senator assure me that Congress will go with the MX, as opposed to an alternate technology?

Mr. WARNER. It would be presumptuous of me to assume what Congress would do.

In the 50 hours of hearings over which I presided, there was no disagreement with respect to going ahead with the MX missile. The basing model is still under consideration, and the Armed Services Committee has yet to make its recommendation.

The PRESIDING OFFICER. The 2 minutes yielded to the Senator from Virginia have expired.

The Senator from Texas has 30 seconds.

Mr. TOWER. I cannot do much in 30 seconds. I am prepared to yield back the remainder of my time, if the Senator from Oregon is prepared to yield back his time.

Mr. STENNIS. Mr. President, if there is any time. I should like a minute.

Mr. TOWER. I am delighted to yield

my remaining time to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. HATFIELD. How much time does the Senator from Texas have?

The PRESIDING OFFICER. Thirty seconds.

Mr. HATFIELD. That was before his last remarks.

Mr. STENNIS. I waive that.

The PRESIDING OFFICER. Does the Senator from Oregon wish to yield time? The Senator has 3 minutes and 20 seconds.

Mr. HATFIELD. I yield 1 minute of my time to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I feel that I should say something. I told the Senators here that I would listen to them. I wanted to learn more about this.

I have never served on a subcommittee that looked after the missiles that came from the Atomic Energy Commission, down to the present situation; but I am convinced, after hearing the arguments of Senators, that there must be some slight error here about the figures.

However, passing that over, I am convinced that this pertains to the warhead for the MX, however, it may be positioned or conditioned later. This money must go to the warhead.

The Secretary of Defense says in the letter, as I understand it, that if he does not get this money, it will relay the warhead for the MX.

I have been disappointed that the MX has been delayed without any disposal base, and with all this delay over the years, and I have pushed it.

Now, this is the warhead, and, as I say, there may be some error. But I am inclined to believe that the situation that preponderates here is that this money is necessary to keep the warhead on schedule at the greatest speed. I will vote for the modified amendment for that reason.

Mr. HATFIELD. Mr. President, I have 2 minutes remaining I believe.

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. Mr. President, I only comment briefly that this would still put us about $600 million or $700 million over the President's total figure that is in the total bill that we have before us.

We have heard a lot of game plan today about shifting from one bill to another.

Mr. President, the President gets 13 separate bills one at a time. So let us not be misled by this game plan that by adding this amount here we still have the Department of Defense budget to sort of balance it out or offset it some way.

Tell me one time in the history of this body when the Subcommittee on Military Expenditures ever got their hands on $1 that they ever returned it.

All we had is a series of cost overruns, waste, duplication, and overlapping, and every time there is a challenge made all we hear is, "The Russians are coming," and that is supposed to then put fear in all of our souls in order to peal out another billion or $2 billion.

I suggest we put the same kind of demand for cost-effective military dollars that we put on the food stamp dollars. Unless we do that I do not think we have a right to go ahead and go this far over the President's request and invite a veto on water projects in this bill and other projects that are dear to our hearts as individual Senators.

I am glad the Senator from Texas indicated that a Senator had certain special interest in this bill. I think this is the time we should consider the defense of this Nation rather than the special parochial interests that may involve the economic development or economic income to a State.

I yield the remainder of my time to the Senator from Louisiana.

Mr. TOWER. Mr. President, if the Senator will yield a second, I did not say parochial interests, I said defense interest.

Mr. JOHNSTON. Mr. President, who is recognized?

The PRESIDING OFFICER (Mr. COCHRAN). The time of Senator HATFIELD has expired.

All time having expired, the question is on agreeing to the amendment, as modified, of the Senator from Texas.

Mr. TOWER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Texas.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Utah (Mr. HATCH) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to a death in the family.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. MOYNIHAN), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. MOYNIHAN) would vote "yea."

The PRESIDING OFFICER. Are there other Senators who wish to be recorded on this vote?

The result was announced—yeas 49, nays 43, as follows:

[Rollcall Vote No. 359 Leg.]

YEAS—49

Abdnor	Garn	Murkowski
Armstrong	Glenn	Nickles
Baker	Gorton	Nunn
Bentsen	Grassley	Percy
Boschwitz	Hart	Quayle
Byrd, Robert C.	Hawkins	Sasser
Chiles	Hayakawa	Schmitt
Cochran	Heflin	Simpson
Cohen	Helms	Stennis
Danforth	Hollings	Symms
DeConcini	Humphrey	Thurmond
Denton	Jackson	Tower
Dole	Jepsen	Wallop
Domenici	Kasten	Warner
Durenberger	Laxalt	Zorinsky
East	Mattingly	
Exon	McClure	

NAYS—43

Andrews	Hatfield	Packwood
Baucus	Heinz	Pell
Biden	Huddleston	Pressler
Boren	Inouye	Proxmire
Bradley	Johnston	Pryor
Bumpers	Kassebaum	Randolph
Burdick	Kennedy	Riegle
Byrd, Harry F., Jr.	Leahy	Roth
Chafee	Levin	Rudman
Cranston	Long	Sarbanes
Dixon	Lugar	Specter
Dodd	Mathias	Stafford
Eagleton	Matsunaga	Tsongas
Ford	Metzenbaum	Weicker
	Mitchell	

NOT VOTING—8

Cannon	Hatch	Stevens
D'Amato	Melcher	Williams
Goldwater	Moynihan	

So Mr. TOWER's amendment (UP No. 590), as modified, was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WARNER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 591

(Purpose: To restore general funds for the uranium enrichment activities)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. HATFIELD. Mr. President, an amendment is not in order.

The PRESIDING OFFICER. Does the Senator from Oregon make a point of order?

Mr. HATFIELD. Yes. May we have order?

The PRESIDING OFFICER. The Senate will be in order. Will Members please take their seats? The Senate will be in order.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendment be temporarily set aside in order that the Senator from Ohio may offer his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM), for himself and Mr. GLENN proposes an unprinted amendment numbered 591.

On page 25, line 2, strike out "$1,811,000,000" and insert in lieu thereof "$1,901,000,000".

Mr. METZENBAUM. Mr. President, I yield to the senior Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I am glad to rise in support of the amendment of my colleague from Ohio to restore the $90-million cut recommended by the Committee on Appropriations for the Department of Energy's uranium supply and enrichment activities. I want to address, in particular, DOE's uranium enrichment program and the importance of the Portsmouth gas centrifuge enrichment plant (GCEP) to that program.

The uranium enrichment program has been the backbone of our nuclear effort for nearly 30 years. Since the inception of the "atoms-for-peace" program first proposed by President Eisenhower in 1953, it has played an important role, both here and abroad, not only in aiding

the expansion of our nuclear industry, but also in helping our nuclear nonproliferation effort.

Unlike most Government activities, the uranium enrichment program provides a commercial service and represents a significant business operation. The program has been the sole supplier of all enrichment services to domestic civilian reactor customers since the Shippingport reactor started up in 1957 as the first U.S. power reactor.

I will repeat that. It has been the sole supplier of all enrichment services to domestic civilian reactor customers. In addition, the program has supplied much of the free world's enriched uranium needs, as well.

The uranium enrichment enterprise collected over $1.25 billion in revenues in fiscal year 1981—it is a moneymaker—and expects revenues during this fiscal year 1932, to exceed $1.8 billion. Foreign sales of enrichment services have helped us to reduce our enormous trade deficit over the years—more than $3 billion in total sales, including some $539 million in fiscal year 1981 alone. We also have 295 contracts for enrichment services with United States and foreign utilities, extending beyond the year 2000, with a total value in the neighborhood of $75 billion.

Mr. President, I do not particularly appreciate the competition. I wonder if we might have a little order in the Senate.

The PRESIDING OFFICER. The Senator's point is well taken. Will the Senate please be in order?

The Senator from Ohio.

Mr. GLENN. In addition to these commercial activities, the uranium enrichment program plays a vital role in support of national defense by supplying all defense requirements for highly enriched uranium, including the requirements of the Nation's naval nuclear propulsion program. Furthermore, the program has provided all the highly enriched uranium used in our nuclear arsenal—a requirement that will escalate dramatically as we modernize our current stockpile of nuclear weapons with enhanced radiation and other advanced design warheads.

We have provided more than 330 million separative work units (SWU's) for United States and foreign civilian nuclear power facilities and for U.S. defense requirements, representing over 92 percent of the total free world production. To have generateed the equivalent electrical energy from this quantity of enriched uranium would have required nearly 27 billion barrels of oil—enough to supply all our domestic needs for about 4 years and 8 months at our current rate of consumption.

It is vitally important for the United States to remain a principal supplier of foreign enrichment needs for several reasons. First, we will be able to exert maximum influence on foreign users to cooperate in our nuclear nonproliferation objectives. If nations continue to develop their own enrichment capability, then this could also be a source of nuclear weapons materials. Second, we will continue to reap the benefits of helping to reduce our balance-of-payments deficit. Third, we will be able to optimize the use of our available capacity in order to minimize the cost for all customers, both domestic and foreign.

Key to this strategy is timely completion of the Portsmouth GCEP which will provide an additional 8.8 million SWU's upon its completion. GCEP will provide further assurance to our domestic and foreign customers that the United States is the most economical and reliable source of enriched uranium. GCEP brings to the enriched uranium marketplace the prominent advantages of the centrifuge separation process technology including: First, operation using only 5 percent of the power of the currently used gaseous diffusion process; second, adaptability to construction in modular increments consistent with market expansion; and third, the opportunity to develop and utilize even more advanced centrifuges which promise further efficiency improvements when they are fully developed in the mid- to late 1980's.

As I just noted, relative to the currently used gaseous diffusion uranium enrichment process, GCEP is some 20 times more energy efficient—using only 5 percent of the electric power to produce an equivalent number of SWU's. Construction of GCEP will avoid over $3.5 billion in construction of electric generating plants and save the energy equivalent of 150,000 barrels of oil per day, or some 1.5-billion barrels over its lifetime, relative to operating a similar capacity using diffusion technology. GCEP leads to an incremental production unit cost 30-percent lower in 1982 dollars, and, with escalation, to a cost of only one-third that of the diffusion process in 1996.

Further cuts in the uranium enrichment program could result in yet another delay in the startup and completion of the project. Another 1-year delay will be very, very costly for at least three reasons.

First, contracts in excess of about $700 million have been placed. A 1-year stretchout will, in addition to inflation, add an additional year of needless overhead, capital, and administrative costs to these contracts. These costs could amount to at least $200 million.

Second, a 1-year delay in GCEP would require the use of additional diffusion production capacity costing an additional $600 million due to the increased energy requirements. Furthermore, we will have wasted the energy equivalent of over 1 billion barrels of oil annually for every year the completion of the full 8.8 million SWU capacity of GCEP is delayed.

Third, schedule slip could result in a reduction in the production rate of centrifuge machines and other hardware needed for GCEP. The degradation of efficiencies resulting from such a schedule slide could cost in the neighborhood of $50–$100 million if manufacturing rates are reduced significantly. Furthermore, the project's viability could be threatened by the possibility of vendor withdrawal because of the continuing starts and stops.

In addition, Mr. President, there is a matter of jobs. Today some 10,000 people are employed in the operation, maintenance, and support of the three diffusion plants at Oak Ridge, Tenn.; Paducah, Ky.; and Portsmouth, Ohio. There are also in excess of 3,000 people at all locations, engaged directly in the design and construction of the Portsmouth GCEP. These GCEP numbers do not included the subcontractors who supply the components, materials, and services—some 5,000 to 7,000 people—nor do they include the indirect activities induced not only in my State of Ohio, but also on the home States of the subcontractors as well, some 36 States in all.

The Appropriation Committee's $90-million reduction for DOE's uranium supply and enrichment activities clearly threatens the $601 million level needed in fiscal year 1982 to keep GCEP on track. This level of funding has been supported by all the House and Senate authorizing committees of jurisdiction. It is also supported by the Office of Management and Budget and by the Department of Energy. I would ask my colleagues to support this amendment so that this vital project can move forward.

Mr. President, I ask unanimous consent that a letter concerning this project from the Department of Energy to me, dated November 4, 1981, be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF ENERGY,
Washington, D.C., November 4, 1981.

Hon. JOHN GLENN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GLENN: We are pleased to respond to your request concerning the Gas Centrifuge Enrichment Plant (GCEP) at Portsmouth, Ohio. As you know, the Senate Appropriations Committee has reported a FY 1982 Appropriations bill with a $90 million general reduction in the uranium enrichment program. This reduction goes well beyond the levels in the Omnibus Reconciliation Act and the Administration's revised budget request submitted to Congress.

The current Administration's budget has revised the uranium enrichment program by reducing plant operations to the minimum level, deferring maintenance, reducing research and development activities, deferring or eliminating some gaseous diffusion plant projects, and reducing $68 million from GCEP. The additional $90 million reduction will have to come predominantly from GCEP as all other activities are at their lowest operational level. We currently estimate that at least $70 of the $90 million will have to be taken from GCEP.

A $70 million reduction in GCEP on top of the $68 million reduction will have severe impacts. The reduction will require moving fifteen to twenty construction and procurement packages to FY 1983 which will delay GCEP completion by up to one year. A number of contracts will have to be renegotiated and together with the project delay will result in increased costs, by at least $125 million over the next few years, to construct the plant and a delay in realizing the economic benefits from GCEP operations.

Finally, experience from the project's delay in FY 1981 indicates that several key contractors will have to reassess their involvement in the project. Should they choose not to continue with the project, serious

consideration would have to be given to terminating the project.

Termination of the GCEP project would leave no alternative to high enrichment production costs from the existing power-intensive gaseous diffusion plants in the late 1980's and 1990's. The loss of GCEP would seriously damage the ability of the U.S. to maintain a competitive market price and, thereby, retain existing customers and attract new customers in expanding international markets. This would adversely impact achievement of U.S. national policy objectives such as nuclear non-proliferation, improved balance of payments, and energy independence.

In sum, the GCEP project is vital to the U.S. maintaining world leadership in the uranium enrichment industry. The project will not only conserve energy and save money when it comes into operation, but will also avoid the expenditure of large sums of monies in the mid-1980's for the purchase of power to operate the existing plants, thus, further increasing enrichment operating costs and consumer electric rates.

If you should have questions concerning this matter, please call us.

Sincerely,

SHELBY T. BREWER,
Assistant Secretary for Nuclear Energy.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, the amendment that Senator GLENN and I are offering today will reserve a provision of this bill that trades a short-term savings for much larger long-term costs. I refer to the committee's decision to reduce by $90 million the funds recommended by the administration and already appropriated by the House for DOE's uranium enrichment activities.

If this reduction stands, enrichment facilities in various parts of the country will be effected. But the main effect will be to delay by at least 1 year and possibly terminate altogether the gas centrifuge enrichment program (GCEP).

In a letter dated November 4, Shelby T. Brewer, DOE's Assistant Secretary for Nuclear Energy, states that:

This reduction goes well beyond the levels in the Omnibus Reconciliation Act and the administration's revised budget request submitted to Congress.

The current administration's budget has revised the uranium enrichment program by reducing plant operations to the minimum level, deferring or eliminating some gaseous diffusion plant projects, and reducing $68 million from GCEP.

The additional $90 million reduction will have to come predominantly from GCEP as all other activities are at their lowest operational level. We currently estimate that at least $70 of the $90 million will have to be taken from GCEP.

A $70 million reduction in GCEP on top of the $68 million reduction will have severe impacts. The reduction will require moving 15 to 20 construction and procurement packages to fiscal year 1983, which will delay GCEP completion by up to 1 year. A number of contracts will have to be renegotiated and together with the project delay will result in increased costs by at least $125 million over the next few years, to construct the plant and a delay in realizing the economic benefits from GCEP operations.

Finally, experience from the project's delay in fiscal year 1981 indicates that several key contractors will have to reassess their involvement in the project. Should they choose not to continue with the project, serious consideration would have to be given to terminating the project.

Termination of the GCEP project would leave no alternative to high enrichment production costs from the existing power-intensive gaseous diffusion plants in the late 1980's and 1990's. The loss of GCEP would seriously damage the ability of the United States to maintain a competitive market price and, thereby, retain existing customers and attract new customers in expanding international markets. This would adversely impact achievement of U.S. national policy objectives such as nuclear nonproliferation improved balance of payments, and energy independence.

In sum, the GCEP project is vital to the United States maintaining world leadership in the uranium enrichment industry. The project will not only conserve energy and save money when it comes into operation, but will also avoid the expenditure of large sums of monies in the mid-1980's for the purchase of power to operate the existing plants, thus, further increasing enrichment operating costs and consumers electric rates.

Similarly, in a letter to Congressman CLARENCE BROWN dated October 29, Budget Director David Stockman wrote as follows:

In response to your question concerning the administration's requested level of funding for the gas centrifuge enrichment program, I wish to assure you that we have not modified our recommendation contained in the September revised budget for fiscal year 1982.

As you recall, the President's budget for fiscal year 1982 requested $699 million for GCEP. Due to the deteriorating deficit posture we faced by September, we revised most discretionary appropriation requests downward by 12 percent. Our current request for GCEP, as transmitted to the Appropriations Committees, is $600 million. This is the level of funding we believe most appropriate in light of the eventual benefits that GCEP will produce in the form of lower costs for separative work units and lower consumer electric costs.

Mr. Stockman's statement is fully consistent with the Omnibus Reconciliation Act of 1981, which deferred $68 million from fiscal 1982, but increased the fiscal year 1983 authorization by the same amount "to assure that the project continues on schedule."

Mr. President, Senator GLENN has on many occasions pointed out the vital importance to our nonproliferation goals of our remaining a reliable supplier to enriched uranium to foreign customers. But according to the American Nuclear Energy Council, uncertainties over the future of our enrichment program have since 1978 cost us 10 foreign enrichment contracts worth $29 billion.

This Nation has as a top priority the reduction of our dependence on foreign energy sources. But here we have proposed a needless delay in bringing on line an enrichment technology—the centrifuge process—that is 20 times more efficient, in its use of power than the existing gaseous diffusion process.

Twenty times more efficient, Mr. President—in a process in which electric power accounts for 75 percent of operating costs. It has been estimated that over its lifetime GCEP will save for this Nation the energy equivalent of 1.5 billion barrels of oil.

Mr. President, this cut makes no sense from a business point of view.

It is a cut that the House has refused to make—and to which the Reagan administration is strongly opposed.

It is a cut, in other words, that should not be made. I urge the Senate to join with us in correcting what I believe to be a pennywise, pound-foolish cut.

Mr. President, I ask unanimous consent that a letter from Mr. David Stockman stating the administration's position be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C.

Hon. CLARENCE J. BROWN,
U.S. House of Representatives,
Washington, D.C.

DEAR BUD: It was good to hear from you again yesterday. In response to your question concerning the Administration's requested level of funding for the Gas Centrifuge Enrichment program, I wish to assure you that we have not modified our recommendation contained in the September revised budget for FY 1982.

As you recall, the President's budget for FY 1982 requested $669 million for GCEP. Due to the deteriorating deficit posture we faced by September, we revised most discretionary appropriation requests downward by 12 percent. Our current request for GCEP, as transmitted to the Appropriations Committees, is $600 million. This is the level of funding we believe most appropriate in light of the eventual benefits that GCEP will produce in the form of lower costs for separative work units and lower consumer electric costs.

I hope this clarifies the situation for you. If I may be of further assistance, please let me know.

Sincerely,

DAVID A. STOCKMAN,
Director.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I appreciate the importance of the matter that the Senators from Ohio (Mr. GLENN and Mr. METZENBAUM) have raised here. Let me say that the committee has merged the operating plant and the capital equipment accounts as proposed by the administration. We have made a general reduction of about $90 million from the revised budget request. The $90 million cut is a general reduction from the total, not earmarked against any specific program or activity—not GCEP, not the gaseous defusion program, not isotope separation technology—none of them.

If the Senator will turn to page 40, for reference, the language states that:

The $90,000,000 general reduction proposed for uranium supply and enrichment activities should be prudently allocated so that, to the extent possible, there is minimal impact on production capability.

We took into consideration this very important operation that the Senators are concerned about. They have been valiant in their constant effort not only to advocate but to make sure that that is consonant with our national defense and other needs. I commend them for that kind of leadership.

I really must say, however, Mr. President, not in any way to denigrate their

particular interest or to demean the importance of the questions they are raising here, but from a fiscal point of view, we are resisting all amendments, as I have just tried to resist the Tower amendment and failed. We are resisting all amendments to this bill because we are $350 million above the President's level. Now, with the Tower amendment, we are going to move close to the $700 million over the President's requested level. That puts us in real jeopardy of getting the bill signed. Nowhere does this remark reflect at all on the project itself.

Mr. GLENN. Mr. President, I appreciate very much the remarks of the distinguished floor manager of the bill. As he has pointed out, the language in the committee report says:

> The $90,000,000 general reduction proposed for uranium supply and enrichment activities should be prudently allocated so that, to the extent possible, there is minimal impact on production capability.

So we can spell this out, Mr. President, is it the view of the appropriations committee that "minimal impact on production capability" could be achieved by allocating the general reduction in such a way that planned increases in the efficiency of production are allowed to move forward on presently projected time frames?

Mr. HATFIELD. Yes, Mr. President, future increases in efficiency as a means of maintaining or increasing production capability would be highly desirable, and should be taken into account by DOE in allocating any general reduction.

Mr. METZENBAUM. Mr. President, I inquire of the manager of the bill, the distinguished Senator from Oregon, is it the view of the Appropriations Committee that, in drafting the passage referred to by the senior Senator from Ohio, the committee did not wish to suggest that DOE should make a decision in this area that could cause delays in bringing enrichment capacity on line that would be needed for competing for new contracts for enriched nuclear fuel?

Mr. HATFIELD. It is definitely the intent of the committee that DOE should avoid any delays at all.

Mr. GLENN. Mr. President, I appreciate that statement by the distinguished chairman. I want further to ask, does the chairman of the Committee on Appropriations agree with the assessment that the gas centrifuge enrichment project will be an important tool for easing U.S. balance-of-payments problems, for promoting electrical energy efficiency while increasing our nuclear fuel production capability, and for aiding the U.S. nuclear nonproliferation effort by making the United States a reliable supplier of low-cost nuclear fuel to foreign as well as domestic utilities?

Mr. HATFIELD. Absolutely; I believe GCEP can help very definitely in these areas, as well as all other areas where it has already proven its worth.

Mr. METZENBAUM. Mr. President, does the chairman of the Appropriations Committee agree that the allocation of the general reduction by DOE should not create a situation in which costs to the Government for enhancing uranium enrichment capacity in the future will rise by an amount greater than the general reduction?

Mr. HATFIELD. I agree that the allocation of any general reduction by DOE should be performed in a way that is cost effective and every effort should be made by DOE to avoid significantly greater costs for DOE programs in the future.

Mr. METZENBAUM. I have one last question, Mr. President. We are aware of the fact that we are $90 million below the House bill in this area. I also respect and I know that my colleague from Ohio equally well respects the position of the chairman of the Appropriations Committee in resisting any effort to go beyond the excesses that are in the bill, excesses over the amount. My question is, Can we who have a major concern about this subject be reasonably well-assured that, when this matter is considered by the conference committee, the Senator from Oregon, the chairman of the Committee on Appropriations (Mr. HATFIELD), will give every possible consideration to bringing the $90 million back into it? Can he, hopefully, find ways to do that, as is provided in the House bill and, rather than make the issue on the floor of the Senate, can we hope that the matter can be resolved at the conference committee level?

Mr. HATFIELD. I shall make sure this Senator will put a double asterisk on this item in conference to remind us to be very sympathetic to the request of both Senators from the State of Ohio.

Mr. METZENBAUM. Both of the Senators from Ohio will be doubly appreciative of the double asterisk and be even more grateful if they put the $90 million back in.

I yield to the senior Senator from Ohio.

Mr. GLENN. Mr. President, I thank the distinguished floor manager of the bill for his consideration in this matter. I think this colloquy very well spells out what we hope will take place. It is an important project. It is one of the very few facilities in the world like this; in fact, it is the only one like this exactly. It is energy efficient, as I pointed out in my earlier statement. If we cut back now, it will have some very serious implications in international markets as well as domestic.

I point out once again this facility is a moneymaker for the country. It is not a drain on the budget. We are particularly grateful for the support indicated by the floor manager of the bill.

Mr. METZENBAUM. Mr. President, in view of the double asterisk assurances given by the chairman of the Committee on Appropriations, on behalf of the senior Senator from Ohio and myself, I now withdraw the amendment.

The amendment (UP No. 591) was withdrawn.

Mr. SIMPSON. Mr. President, I want to express my support for the limitation now in this bill on NRC's implementation of its uranium mill licensing regulations. I believe that the limitation is an appropriate and necessary step in restoring a rational and workable regulatory program for uranium mills and mill tailings.

As chairman of the Nuclear Regulation Subcommittee, I have directed considerable attention to the implementation of the Uranium Mill Tailings Radiation Control Act of 1978 (UMTRCA). On June 16, 1981, the Nuclear Regulation Subcommittee held a hearing to review certain problems that have developed in the implementation of UMTRCA. I believe that the hearing record discloses a number of serious problems in the implementation of the act. These include the following:

First, the Environmental Protection Agency has failed to adopt final environmental standards for uranium mill tailings at active sites, even though the act imposed a statutory deadline of May 8, 1980, for such standards. These environmental standards were an essential element in the integrated regulatory program involving EPA and NRC established by the act, and were to serve as the basis for NRC's subsequent development of specific technical requirements for mill tailings disposal at active mill sites.

Second, NRC has proceeded to adopt its final technical requirements for uranium mill licensing without the benefit of the EPA standards. These NRC regulations, which became effective on August 5, 1981, include general environmental standards such as specified reductions in radon releases from mill tailings disposal sites, and technical requirements for earth and rock cover to achieve these standards. The issuance of these NRC regulations violates the careful division of regulatory responsibilities for mill tailings in the act and creates the potential for future shifts and conflicts in regulatory requirements affecting present and new uranium milling operations.

Third, there appears to be substantial disagreement within the scientific community regarding the basis for certain of the technical requirements adopted by NRC. In particular, there appears to be considerable disagreement over whether the NRC's stringent radon release limits, and the cover requirements to achieve these limits, are actually needed to protect the public health, safety and the environment. This is one of the questions the EPA environmental standards were intended to resolve.

Fourth, certain of the technical requirements adopted by NRC—most notably, the radon release limits, and the cover requirements to achieve these limits—are cast as absolute requirements, and NRC has provided no flexibility in applying these requirements at existing sites where large quantities of mill tailings already exist. In adopting these absolute requirements, particularly for existing sites, NRC does not appear to have given sufficient attention to considerations of practicability such as the economic and environmental cost of meeting the requirements.

Finally, from the date of enactment of the act until the hearing held by the Nuclear Regulation Subcommittee on June 16, the NRC appears to have insisted that all agreement States must adopt the NRC regulations as an absolute minimum without regard to differing local or regional conditions, if the State is to retain its authority for uranium mill licensing. This position, which was modi-

fied in testimony before the subcommittee, stands in marked contrast to the words of the act, which provide that a State must adopt standards that are "equivalent, to the extent practicable, or more stringent than," the NRC standards. This position may also have denied some agreement States the opportunity until recently to develop and propose alternatives to those NRC requirements that a State believes are not practicable.

Mr. President, it is clear to me that the technical requirements contained in NRC's uranium mill licensing regulations are a significant contributor to many of the problems experienced in the implementation of the act. Now that the NRC technical requirements are in effect and the deadline for amended agreement State programs is approaching, the adverse impact of these technical requirements is likely to increase substantially. For these reasons, I believe that a prompt suspension of NRC's implementation and enforcement of these technical requirements is an essential first step in correcting the problems described above. Enactment of the provision in this bill would acomplish this objective and would provide the time needed to accomplish more detailed changes to the regulatory program through subsequent legislation and administrative action.

Mr. President, the Commission has recently advised me that enactment of the House provision might have several detrimental effects. In particular, the Commission notes that the House provision would prevent the Commission from imposing on a case-by-case basis license conditions on uranium milling needed to protect the public health and safety, as it did prior to adopting its uranium mill licensing regulations. In addition, the Commission notes that the House provision would force the Commission to terminate all agreement State uranium mill licensing programs after November 8, 1981—the present deadline for amended agreements.

Mr. President, I believe that the changes made to the House provision fully address the NRC concerns. Specifically, the provision in the bill makes it clear that NRC retains the authority to regulate mill tailings in the manner and to the extent permitted prior to the adoption of the NRC's technical regulations, and that agreement States may continue to regulate uranium mills during the period in which NRC's technical requirements are suspended.

The Commission has also indicated that the House provision might lead to renewed litigation on the question of the fuel cycle health effects of radon in some individual reactor license proceedings. On further study, however, it appears that the NRC's Atomic Safety and Licensing Appeal Board has also calculated radon source terms assuming that the NRC technical requirements do not take effect. Including these radon source terms in the ongoing NRC proceedings to determine the health effects of radon should minimize the potential for future disruption of these reactor license proceedings.

Mr. President, the provision in the bill would simply preserve the situation in effect prior to the effective date of the NRC regulations, thereby allowing time to develop the more detailed legislative and administrative changes needed to correct the problems in implementing the Mill Tailings Act. During this 1-year period, NRC would be prohibited from implementing or enforcing their uranium mill licensing regulations; those States that have acted to exercise uranium mill and mill tailings regulatory authority under State law would not be required to adopt requirements comparable to the suspended NRC regulations; and NRC would be prohibited from exercising any regulatory authority for uranium mills and mill tailings in any State that has acted to exercise regulatory authority for uranium mills and mill tailings under State law. I strongly support the provision in the bill as an essential first step in restoring a rational and workable regulatory program for uranium mills and mill tailings.

● Mr. HART. Mr. President, the Energy and Water Appropriations Act (H.R. 4144), under consideration by the Senate today, contains a provision that would drastically restrict the authority of the Nuclear Regulatory Commission to carry out its responsibilities under the Uranium Mill Tailings Radiation Control Act of 1978 (P.L. 95–604). This provision prohibits the NRC from spending appropriated funds to implement and enforce the final regulations, which it promulgated 1 year ago, for managing and cleaning up piles of uranium mill tailings scattered around the country.

I understand that the chairman of the Senate Appropriations Committee accepted this provision on the advice that these restrictions enjoyed the support of the Environment and Public Works Committee, on which I sit. Although I will not press today for a vote opposing this provision, I want the record to show that I do not support efforts to delay implementation of the Mill Tailings Act.

The Mill Tailings Act has two purposes. First, it establishes a remedial action program to clean up over 25 million tons of tailings at two dozen abandoned uranium mills in several Western States and Pennsylvania. The affected States and the Federal Government will share the cost of the cleanup program, currently estimated at around $405 million.

Second, and just as important, the act provides a new Federal program for regulating management and disposal of uranium tailings to protect public health and safety from the radiological and nonradiological hazards of these tailings. As part of this regulatory scheme, the NRC has promulgated health and safety standards. The four States that have received authority, delegated from the NRC through the agreement States program, to regulate uranium millings within their boundaries must adopt, by November 8, 1981, standards "which are equivalent, to the extent practicable, or more stringent than" the NRC's standards. The NRC will continue to regulate directly uranium mill tailings in those States that do not participate in the agreement States program.

The Mill Tailings Act, in essence, established a uniform system for protecting the public from the dangers of uranium milling and the resulting tailings.

Several arguments have been made for suspending NRC's authority under the Mill Tailings Act. I do not find any of these persuasive.

First, it has been argued that agreement States cannot meet the November 8 deadline for conforming their standards to the NRC regulations. This apparently is the primary stated reason for suspending NRC's regulatory authority. Yet, three of the four agreement States—Texas, Washington, and Colorado—will come very close to meeting the November 8 deadline. In fact, only New Mexico has appealed to the Environment and Public Works Committee for an extension of the deadline—for up to 2 years. Thus, the provisions in the Energy and Water Appropriations Act constitute a private bill for New Mexico. In granting New Mexico relief, however, this provision disrupts efforts in three other States to comply with Mill Tailings Act. Indeed, the suspension of the NRC's regulatory authority could cause all the staff resources and funds spent by the other agreement States in establishing adequate programs for regulating uranium milling to go for naught.

Second, those supporting a suspension of the NRC's regulatory authority maintain that because the Mill Tailings Act assumes the EPA would issue its mill tailings standards prior to promulgation of the NRC's final regulations, the NRC regulations should not go into effect before the EPA has acted. Admittedly, the EPA has missed by almost 2 years the deadline in the Mill Tailings Act for issuing its standards. I have repeatedly criticized the EPA's chronic inability to meet deadlines for issuing its various radiation standards, including those for mill tailings. After working closely with EPA staff to anticipate the EPA standards, the NRC properly decided to go ahead and promulgate its final regulations. None of the testimony taken by the EPA standards, when finally issued, would significantly alter the NRC regulations. If EPA is still unable to issue its standards, the proper solution is not to disrupt the entire Federal regulatory program by suspending the NRC's authority under the Mill Tailings Act, but rather to discharge the EPA from further responsibility under the act. Indeed, given the administration's apparent intent to dismantle the agency through unprecedented budget cuts over the next few years, it seems highly unlikely that EPA will issue its standards soon.

Finally, it has been argued that the NRC has not given agreement States the flexibility provided under the Mill Tailings Act to adopt standards "equivalent, to the extent practicable" to the NRC's final regulations. If indeed this is the case, then it is more appropriate for authorizing legislation to make clear that the NRC should give agreement States the flexibility provided under the Mill Tailings Act to adopt standards that deviate from the NRC's final regulations. It is highly inappropriate, however, to use an appropriations bill to suspend the entire NRC mill tailings regulation program, particularly for those agreement States that have already adopted their own standards based on the NRC regulations.

Mr. President, I strongly object to this apparent attempt at end-running the authorization process to disrupt the uranium mill tailings regulation program. Uranium mill tailings pose a significant hazard to public health and safety. They contain 85 percent of the original radioactivity of the uranium ore. Moreover, according to the U.S. Geological Survey:

Windblown tailings from inactive, unstabilized piles in the Western States are responsible for (radiation) dose rates greater than 25 millirems per year at distances up to one mile from the pile.

This dose rate equals the rate EPA permits per person each year for the entire nuclear fuel cycle.

Attempts to disrupt the uranium mill tailings regulation program, or to relax the restrictions on managing and disposing of mill tailings, places the public health and safety at continued risk.

We should realize that it is not the additional cost of properly controlling mill tailings that has created the financial problems the uranium industry now faces. Rather, these financial difficulties result from pure economic—from the decreased demand for uranium to fuel commercial power reactors, which in turn stems from a decreased demand for nuclear-generated electricity.

Mr. President, this provision does not foreclose further debate on the Federal program for regulating uranium mill tailings. I hope the full Senate will carefully review this issue, when it comes up again in the next few weeks as part of Senate consideration of the NRC Authorization Act for fiscal years 1982 and 1983 (S. 1207). That is the only proper forum for debating an issue that could seriously affect the health and safety of people living in many States throughout the Nation.●

Mr. DOMENICI. Mr. President, NRC's uranium mill licensing requirements have been roundly criticized by Government agencies and by responsible representatives of the uranium industry. The Department of Energy has specifically declined to support the 2 pico curie per meter squared per second radon emanation standard which is a key element of NRC's regulations. DOE has stated:

Because radon dispersion from unstabilized piles does not produce measurable effects even at short distances from their boundaries, we cannot support the proposed 2pCi/m2-sec radon flux standard, which is very close to or lower than background in many parts of the nation.

The New Mexico Environmental Improvement Division has explained that NRC's radon limit is "based on highly uncertain and speculative estimates of health effects and on unfounded assumptions that adverse health effects might occur in certain hypothetical situations."

Similarly, the New Mexico Environmental Improvement Board, after taking extensive testimony and public comments, found that NRC's "standards are unsupported, unreasonable, and impracticable."

NRC's uranium mill licensing requirements are troublesome for an independent reason: They were issued in advance of EPA standards. Under section 275 of the Atomic Energy Act, EPA must issue the standards, not NRC. EPA has not yet issued standards. NRC erred in issuing standards and more detailed requirements in advance of EPA's standards. NRC's action is not only contrary to the statute but also subjects agreement States and regulated industry to shifting and conflicting regulatory requirements.

NRC's uranium mill licensing requirements will be extremely expensive. NRC estimates that they will cost the domestic industry $1 billion or more. Industry believes that the cost is far greater. Moreover, NRC has indicated to DOE that it intends to apply its regulations to inactive sites for which DOE is responsible. DOE estimates that comparable requirements imposed on inactive sites will cost the taxpayer almost $500,000,000, even before inflation. The burden to the taxpayer will be far more if the standards are applied to other sites for which DOE is responsible or to that portion of the tailings at active sites which was produced under Government contract.

This is a tremendous cost for taxpayers and domestic industry to bear. This is especially true in view of the fact that NRC admits that there is no evidence that establishes that exposure to radon at low levels associated with tailings is hazardous and the fact that NRC's estimate for the average hypothetical risk under the linear nonthreshold model from tailings is only 1 in 70,000,000.

Incidentally, this risk, even if it occurs, is equivalent only to the risk from a few puffs on a cigarette, a few drinks of wine, or driving the family car a few blocks. And NRC represents that this remote risk is for three times the numbers of mills now in existence even if the tailings from all those mills are totally unregulated. It is difficult to explain to unemployed uranium miners why this remote and hypothetical risk warrants these tremendous costs. And there are a lot of unemployed uranium miners. Half the uranium miners in Wyoming, Colorado, and New Mexico are already out of work. New closings and cutbacks are being announced on an almost weekly basis.

The provision adopted by the Appropriations Committee is responsive to these concerns. It has the effect of suspending the NRC regulations until EPA issues standards. It does not interfere with NRC's ability to regulate uranium mills as it did prior to the adoption of the regulations. In fact, all problems raised by NRC with respect to the amendment have been carefully considered and addressed by the Senate Appropriations Committee, as indicated in the detailed discussion of the committee's version of the amendment in the committee's report.

Soma may ask why the suspension should be included in this bill. The fact is that NRC has indicated that it intends to treat all State regulatory programs pertaining to uranium mill tailings as automatically terminated on November 8, 1981, unless the States adopt regulations patterned on NRC's standards and requirements before that date.

It now appears that most States—including Colorado, Texas, and New Mexico—will be unable to meet this date. Termination of these State programs will cause totally unnecessary regulatory confusion and will be an unwarranted blow to Federal-State cooperation in the regulation of atomic energy as provided in section 274 of the Atomic Energy Act. The suspension language, as modified by the Appropriations Committee, makes clear that Congress did not intend any automatic termination of agreement State programs on November 8. Because of this imminent date, it is essential that we act immediately to suspend NRC's uranium mill licensing requirements. I therefore support the Appropriations bill as reported by the committee on this subject.

UP AMENDMENT NO. 581

Mr. PRYOR. Will the Senator from Oregon yield to me?

Mr. HATFIELD. Does the Senator wish to offer an amendment?

Mr. PRYOR. I say to the distinguished floor manager, Mr. President, I should like to ask unanimous consent to make a correction to an amendment that Senator BUMPERS and I introduced yesterday and the Senator from Oregon and the Senator from Louisiana so graciously accepted. It is a one-word correction, not an amendment.

Mr. HATFIELD. Mr. President, we have discussed this matter. I yield to the Senator to describe it. It is perfectly satisfactory to the managers of the bill.

Mr. PRYOR. Mr. President, this amendment basically relates to the Ouachita River navigation project, UP amendment 581, accepted by the Senate yesterday afternoon. I ask unanimous consent that one word be changed from "authorization" to "appropriations" in the amendment. I understand both sides of the aisle are in agreement with the amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

So the amendment (UP No. 581) reads as follows:

UP AMENDMENT 581

(Purpose: To provide that no funds may be used to construct channel realignment work on the Ouachita and Black Rivers navigation project until a restudy is made)

On page 8 following line 23 add the following new section:

Section 107—No funds appropriated in this Act may be used to construct channel realignment work on the Ouachita and Black Rivers navigation project in Arkansas and Louisiana until such time as the Chief of Engineers has completed a restudy of the various options for navigation above Crossett, Arkansas, including the two barge abreast configuration, with a view toward reducing the number of cutoffs and bend-widenings required. The results of this restudy should be reported to the respective appropriations committees of both houses of the Congress for review, and should accurately reflect the economic and environmental tradeoffs of providing greater than two-barge navigation.

UP AMENDMENT NO. 592

Mr. DOMENICI. Mr. President, I have a technical amendment with reference to the Nuclear Regulatory Commission language in this bill. It changes two

words in the amendment which are improper. I have checked with the floor manager and the minority manager, and they are willing to accept it. I send the amendment to the desk.

The PRESIDING OFFICER. Do the managers of the bill set aside the committee amendment for the purpose of considering the amendment of the Senator from New Mexico?

Mr. JOHNSTON. I ask unanimous consent that that be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The bill clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 592:

On page 34, lines 11 and 12, strike "reinstate NRC" and insert in lieu thereof "exercise any".

Mr. DOMENICI. Mr. President, this amendment would make a technical correction to the provision now in the bill to reflect that any action by NRC to assert regulatory authority over uranium mills and milltailings in a State that has acted to exercise regulatory authority over these activities under State law would be a new exercise of authority rather than a reinstatement of any previous authority exercised by the Commission. Thus, the amendment simply provides the correct terminology to make it clear that NRC will not assert any regulatory authority over uranium mills and milltailings in a State that has elected to exercise regulatory authority over uranium mills and milltailings during the period in which the NRC regulations are suspended. During this period, the State's authority under State law to regulate these activities will remain in effect and the State will not be required to adopt requirements comparable to the suspended NRC regulations in order to continue to exercise this authority.

Mr. HATFIELD. Mr. President, this is a technical amendment. It has been checked by the staff, and we have no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 592) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. I thank the distinguished managers of the bill.

Mr. HATFIELD. Mr. President, I believe we have one more amendment, to be offered by the Senator from Oklahoma.

The PRESIDING OFFICER. Does the Senator ask unanimous consent to set aside the pending amendment?

Mr. JOHNSTON. I ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 593

Mr. BOREN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Oklahoma (Mr. BOREN) proposes an unprinted amendment numbered 593.

Mr. BOREN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, line 20, beginning with "Appropriations" strike all that follows through "Project" on page 18, line 7, and insert in lieu thereof the following:

"Appropriations in this title shall be available for acquisition of land for the McGee Creek Project, Oklahoma; provided that land required for the dam, dike, and any other authorized permanent features shall be acquired in fee title (surface and minerals); provided further, that mineral and subsurface interests shall be acquired by subordination in the conservation pool area of the reservoir, natural scenic recreation area, and the wildlife management area in such a manner as to allow the present mineral owners, their successors and assignees the right to explore for and extract minerals under restrictions required to protect the project; provided further, that only the surface estate be acquired for any other lands required for the McGee Creek Project."

Mr. BOREN. Mr. President, this is a noncontroversial technical amendment which I understand has been cleared with the majority and the minority.

The amendment simply clarifies language in the committee amendment to make it clear that the mineral development will proceed in a manner that will also protect the wildlife management area as well as the conservation pool and the wilderness area. The measure would subordinate the mineral interests to those purposes. It would allow the mineral ownership to continue, but it subordinates use and development of those minerals to methods that would be in keeping with the preservation of the purposes of those areas.

Mr. HATFIELD. Mr. President, the Senator has stated the situation correctly. We have checked this, and it is a local matter relating to the State of Oklahoma. The approach the Senator has made in this amendment is satisfactory.

Mr. JOHNSTON. Mr. President, we are willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 593) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOREN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

USER-COUPLED CONFIRMATION DRILLING PROGRAM

● Mr. CANNON. Mr. President, I wonder if the distinguished floor manager of the bill would yield for a question or two.

Mr. HATFIELD. I am happy to yield to my good friend, the senior Senator from Nevada.

Mr. CANNON. I thank the Senator.

It is my understanding from reading the committee's report on the pending legislation that $2.7 million was included in the committee amendment for the two remaining geothermal energy projects under the Department of Energy's user-coupled confirmation drilling program.

Mr. HATFIELD. The Senator is correct. Some $2.7 million was included in our amendment for reservoir confirmation drilling work for the final two user-coupled projects—a space heating and cooling project in Reno, Nev., and an alcohol fuel plant at Vale Hot Springs in Oregon.

Mr. CANNON. Could the Senator explain, for the benefit of our colleagues, how the user-coupled program works?

Mr. HATFIELD. I will be happy to do that.

The user-coupled confirmation drilling program is an innovative public-private sector cooperative effort. It was started by the DOE to encourage geothermal developers to sink wells into promising geothermal areas in order to verify the presence of economically recoverable geothermal resources for nonelectrical applications.

To obtain funding ,a geothermal developer must conduct appropriate exploration activities and pay for drilling the confirmation wells. Once completed and tested, if the wells are as successful as anticipated, DOE will reimburse the developer for 20 percent of the drilling and associated costs.

If the wells are less than a complete success, the Federal commitment increases on a sliding scale. The maximum Federal contribution for a totally unsuccessful project has been set at 90 percent in the past.

Mr. CANNON. The Senator said that "in the past" the maximum Federal commitment was 90 percent of the costs associated with a completely unsuccessful project. Does the present legislation change that upper limit?

Mr. HATFIELD. It would under certain circumstances. Because of other pressing budgetary priorities, the total Federal contribution for the two remaining projects is limited to $2.7 million. That means that the maximum available for either project, in the unlikely situation where both fail, would be approximately 78 percent. In other situations, the upper bound would still be set at 90 percent.

I should emphasize, however, that the Energy Department has carefully limited participation in the program to experienced companies with promising geologic sites. The final Federal expenditure for these two projects should be a lot less than the $2.7 million amount.

Mr. CANNON. I believe that the user-coupled program is a good way to stimulate the direct-heat utilization of geothermal resources with a minimal expenditure of Federal funds.

Mr. HATFIELD. I agree with the Senator. I look forward to seeing the administration move ahead promptly with the remaining two projects.●

Mr. McCLURE. Mr. President, I was pleased to note the inclusion on page 70

of the report accompanying the energy and water development appropriations bill for 1982 language which recognizes consideration by the Senate of S. 306, an act authorizing the Secretary of the Interior to construct hydroelectric facilities on existing water projects. I am sure the chairman will agree that the potential increased power supply generated by these new facilities is important not only to the States in which they are located but also the energy supply of the region, particularly the Pacific Northwest. Now that the Senate has passed S. 306 and in light of this importance, I want to clarify that the effect of the language on page 70 committing the committee to seek funding for S. 506 upon passage, is operative now and further, that the intent of the Senate report language on H.R. 4144 is to authorize the Secretary of the Interior to use any discretionary, unobligated or uncommitted funds available to him, for the purpose of implementing the final provisions of S. 506 or a similar bill by the other body, upon enactment into law. Are these interpretations correct?

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendment that has been temporarily laid aside now be included with the other committee amendments and agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment agreed to is as follows:

On page 37, after line 14, insert the following:

"SEC. 507. None of the funds appropriated in this Act shall be used to implement a program of retention contracts for senior employees of the Tennessee Valley Authority."

IN SUPPORT OF TVA'S RETENTION CONTRACT PLAN FOR SENIOR POWER PROGRAM EXECUTIVES

Mr. BAKER. Mr. President, TVA has a utility responsibility to provide power to an 80,000-square-mile area covering parts of seven States in which over 7 million people live and work.

To carry out that responsibility, TVA needs people that can manage its power system, the Nation's largest. TVA has a problem peculiar to it. Salaries paid by private utilities for people with the management capability needed are far beyond what TVA can pay under the TVA Act of 1933.

Records filed with the Federal Energy Regulatory Commission show that similar executives in smaller private utilities are paid up to two or three times the $52,700 per year salary TVA can pay. For instance, FERC records show that Georgia Power Co., with one-third the capacity and revenues of TVA, paid its President a salary of $175,484 in 1980, its senior vice president for power supply $100,900, and its vice president for power generation $85,558. The three comparable executives at TVA earn between $52,250 and $52,700.

In 1979—the year of the last executive pay increase—TVA's Office of Power lost 4 percent of its executives and its engineering office lost none. From January 1980 through August 1981, 28 percent of power executives—7 out of 25—and 23 percent of engineering and construction executives—3 out of 13—left TVA. This compares to executive attrition of about 13 percent in the rest of the Agency for that period and a 5-percent annual attrition rate in the total management ranks.

There seems to be some misunderstanding about why some of these executives have left. Of these 10, only 3 have actually retired. Six others had been with TVA long enough when they left to be eligible for immediate pension benefits, even though they are continuing to work for private companies. For example, one TVA engineering executive retired after 30 years from his $51,200 a year TVA job, began drawing a TVA-financed pension of $15,600 per year, and went to work for a major architect/engineering firm at a salary higher than his TVA salary. Another executive, the Director of Nuclear Power, with 31 years of TVA service, left his TVA job with a TVA salary of $50,700, began drawing a TVA pension of $22,400, and went to work for a private utility at double his TVA salary.

In any event, the holes in TVA's management team created by executives who leave TVA, whether they go to work for private industry or leave the work force entirely, must be filled. Filling such positions with the skills and experience, the responsibilities these positions demand requires an appropriate level of compensation.

Executive turnover among other utilities is substantially lower than TVA's. In seven utilities surveyed by TVA, executive turnover rates range from less than 1 percent to about 2½ percent annually.

Executive turnover rates are made up of small numbers of individuals. But this small group of top-level managers are one of the most vital factors to the successful performance of TVA programs. Each TVA power system executive performs a critical function in the safe and efficient operation of the system. Each executive who leaves TVA leaves a void.

At current turnover rates TVA would have to completely replace the executive management in these programs every 7 years. TVA's power system cannot be managed to effectively carry out its complex responsibilities without a greater degree of stability and cohesion in leadership.

The TVA power system is a national resource. It simply must have and be able to keep the people to run it efficiently and as safely as possible.

The legal basis for these arrangements was carefully considered and is set out in an opinion letter to GAO from TVA's General Counsel and in an independent opinion of outside counsel to TVA. I ask unanimous consent that both these opinions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OCTOBER 21, 1981.

HARRY R. VAN CLEVE, Esq.,
Acting General Counsel, U.S. General Accounting Office, Washington, D.C.

DEAR MR. VAN CLEVE: In accordance with the request of Donald Guritz of your staff, we are enclosing a copy of the transcript of the October 7 meeting of the TVA Board of Directors which includes my response to the Board on the propriety of the proposed contractual arrangements with certain key managers who perform duties deemed essential to the operation of the TVA power system. We are summarizing below the basis for that opinion.

THE PROBLEM

TVA operates the Nation's largest integrated electric power generating and transmission system. That system now includes plants having an installed generating capacity of 32.3 million kilowatts, which includes 5 nuclear units with a capacity of 5.9 million kilowatts, 63 coal-fired units with a capacity of 17.8 million kilowatts, and 129 hydro units with a capacity of 4.6 million kilowatts. An additional 9.2 million kilowatts of nuclear capacity is under construction. The homes and businesses of an area containing about 7 million people and 80,000 square miles spread over portions of 7 states are dependent on this system for their power supply. So also are various Federal defense installations and atomic plants, as well as a number of large industrial facilities which are vital to the Nation's economy and, at least in some cases, to the national defense.

Operation of this system effectively, efficiently, and safely obviously places heavy responsibilities on the TVA Board. The Board's ability to discharge these responsibilities is now being placed in direct jeopardy by TVA's increasing inability to employ and retain essential management personnel in competition with private utilities and other organizations offering much higher salaries and other financial inducements.

Section 3 of the TVA Act, 16 U.S.C. § 831b (1976), expresses Congress's interest in TVA operating efficiently, by stating that "[t]he Board shall . . . provide a system of organization to fix responsibility and promote efficiency." When Congress in 1928 created by statute, 52 Stat. 154 (1938), a special joint congressional committee to investigate all aspects of TVA, the first in a list of 20 specific items included in the statute for investigation was "[t]he efficient and economical administration of the Act as amended by the Board of Directors of the Tennessee Valley Authority and any of its subordinates." TVA's Basic Bond Resolution, which was entered into pursuant to express authority contained in Section 15d(a) of the Act, 16 U.S.C. § 831n-4(a) (Supp. III, 1979), and by its own terms constitutes a contract by TVA with the holders of its revenue bonds, contains an express covenant by TVA that it "shall at all times operate and maintain its power properties and conduct its power operations in a sound and economical manner" (at 7). Sections 15d (h) and (f) further contemplate that TVA shall provide an "ample supply" of power for the area it serves—as one of the "primary objectives of the Act"—"at rates as low as are feasible."

And, of even greater importance, implicit in the TVA Act and explicit in the Atomic Energy Act as to any party granted a license to construct or operate a nuclear generating plant is an obligation to conduct operations in a manner fully consistent with public health and safety. See 42 U.S.C. §§ 2013(d), 2133(b) (1976).

Given the statutory and contractual obligations noted, and the impairment of TVA's ability to discharge them caused by a continuing loss of key employees, we believe the TVA Board would have been derelict had it failed to formulate and adopt a plan to meet the problem. Indeed, with particular reference to the problem's public health and safety aspects, any such failure might conceivably have had the effect of subjecting members of the Board to personal legal liability in light of the body of law which has been in the process of development since the Supreme Court's decision in *Butz* v. *Econ-*

omou, 438 U.S. 478 (1978). And, possible personal liability apart, administrators of a power system including large amounts of nuclear capacity would hardly be acting responsibly if they failed to take account of the Nuclear Regulatory Commission's statement in its report on the Three Mile Island disaster:

"[N]uclear technology is different in kind from the traditional technology of electric generation by fossil fuel and hydroelectric means—more dangerous, more sophisticated and more demanding of advanced management, maintenance, and quality control. It may be that some utilities, because of their limited size, limited technical staffs or limited capital, simply will not be able to meet the increased demands we think the Three Mile Island accident demonstrates must be made upon them by the NRC to provide a technically competent site management team on every shift, first class operator training programs and other safety improvements." (NRC, Three Mile Island: A Report to the Commissioners and to the Public, vol. I, at 110 (Apr. 5, 1979)).

The Report of the President's Commission on the Accident at Three Mile Island found that:

"The equipment was sufficiently good that, except for human failures, the major accident at Three Mile Island would have been a minor incident. But, wherever we looked, we found probelms with the human beings who operate the plant, with the management that runs the key organization, and with the agency that is charged with assuring the safety of nuclear power plants.

"Nuclear power requires management qualifications and attitudes of a very special character as well as an extensive support system of scientists and engineers. We feel that insufficient attention was paid to this by the General Public Utilities Corporation (GPU).

"We agree that the utility that operates a nuclear power plant must be held responsible for the fundamental design and procedures that assure nuclear safety. However, the analysis of this particular accident raises the serious question of whether all electric utilities automatically have the necessary technical expertise and managerial capabilities for administering such a dangerous high-technology plant. We, therefore, recommend the development of higher standards of organization and management that a company must meet before it is granted a license to operate a nuclear power plant." (At 8, 22–23.)

We think some of the determinative considerations were well stated by one of the Board members, S. David Freeman, in explaining as follows his vote in favor of the retention contract plan adopted by the Board as a method of meeting the problem:

"I vote in favor of retention contracts as an action absolutely necessary to protect the health and safety of the people of the Tennessee Valley from the increased risks of nuclear accidents which might take place if we did not take this action to retain our skilled managers. One million dollars invested in keeping our key people amounts to one fiftieth of one percent of our revenues. I can think of no investment that will save our consumers more money than this one. We have invested billions of dollars in equipment. We cannot fail to take action necessary to retain the people that can operate that equipment efficiently and safely. If we don't it will mean 10s and perhaps 100s of millions of dollars in increased power costs if power plants we paid for don't operate properly. It will mean higher electric rates to each and every one of our consumers. I therefore vote in favor of the retention contracts in addition to the health and safety reason also because they are absolutely necessary to keep electric rates as low as feasible as required by the TVA Act."

This problem was recently considered in hearings held by the Senate Committee on Environment and Public Works in the exercise of its oversight jurisdiction over TVA. The hearings were chaired by Senator Baker of Tennessee. The committee's report following such oversight hearings includes the following language:

"The successful operation of TVA's power program depends on its maintaining a large, permanent staff of experienced persons. Testimony from several witnesses indicate that TVA is having difficulty maintaining such a staff because salaries for the TVA directors and top management officials are not competitive with salaries paid to private utility executives with similar responsibilities. TVA is experiencing high staff turnover and faces serious problems in staff recruitment which adversely affects efficiency and productivity. To keep power rates as low as possible, TVA must retain its best power system professionals and executives. The Committee notes recent losses of a number of high-level experienced employees in engineering, construction and operation divisions, which bear the greatest responsibility for management of the power system. TVA has also lost some of its best young professionals to jobs in private industry where their earning potential is several times greater than at TVA.

"Because TVA's power program completes with private industry for talent in fields that suffer from a shortage of skilled personnel and which pay much higher salaries than TVA, the Committee believes that TVA needs to strengthen its compensation programs applicable to these employees. Steps already underway to alleviate this situation include a plan to provide those employees with the highest level of responsibilities an opportunity to earn a supplement to their retirement income through performance, and payment of their portion of the FICA tax. Despite these efforts, the loss of key TVA personnel has continued (Recommendations and Conclusions of the Committee on Environment and Public Works Regarding the Tennessee Valley Authority (draft copy), at 12 (1981.") (Emphasis added.)

The transition team report prepared for President Reagan by Robert L. Sansom in March 1981 entitled "Major Policy Issues Facing the Tennessee Valley Authority and Its Ratepayers," and submitted to the Committee on Environment and Public Works, reached a similar conclusion:

"TVA's salary structure needs an overhaul. Top level executives who manage $5 billion in assets with another $12 billion in construction need to be compensated accordingly. Nor can TVA pay the chief engineer and chief construction manager at a nuclear construction site only $40,000 when such individuals would receive at least $80,000 elsewhere. TVA's salaries are generally too low at the top, about right in the middle range, and too high at the entry level for nonengineering skills." (At 32.)

THE RETENTION CONTRACT PLAN ADOPTED BY THE BOARD

The plan adopted by the TVA Board calls for offering retention contracts to a number of key managers. Under each such contract, the manager would agree to forego other employment and work for TVA exclusively for a period of three years. In consideration for such agreement by the manager, TVA would agree to pay the manager a retention amount on execution of the contract and further retention amounts on April 1 and October 1 of each year during the contract term. These retention amounts would not be part of the manager's salary; on the contrary, the contract would provide that they not be considered salary for any purpose, including other benefit determinations. If the manager voluntarily resigned or retired (for reasons other than disability) during the contract term, the contract would obligate the manager to repay to TVA all retention amounts received during the then current fiscal year.

LEGAL AUTHORITY FOR THE RETENTION CONTRACT PLAN

TVA does not enter into term contracts with its full-time employees. Such employees are free to resign and accept other employment at any time. This is equally true of members of the TVA Board of Directors. The retention contract plan contemplates that managerial employees who sign such contracts will receive specified retention amounts in addition to their salaries in consideration of their giving up, as stipulated in the contracts, this right freely to resign and accept other employment.

There can be no question that the giving up of such rights by the managers concerned is valid consideration for TVA's agreement to pay them the retention amounts. The question has often been presented in instances where private employers agree to provide bonuses, pensions, stock options, or the like in consideration of employees' promises to remain or remaining in their employ for a specified period of time. As stated in Corbin on Contracts §206 (1963) citing numerous cases:

"Continuance in service at an existing wage has been held to be a sufficient consideration for a promise of a bonus to those so remaining in service, or for a promise to pay a pension on specified terms. Undoubtedly, the promise is made to induce the continuance in service, and the service is continued in actual reliance; but in most such cases, a bargaining exchange may reasonably be discovered." (At 256–57).

State ex rel. Marsh v. *Lum*, 111 A. 190 (Conn. 1920), is illustrative. In that case, school teachers in the town of Wallingford had entered into teaching contracts at specified salaries under which they retained the right to terminate their contracts and leave on stipulated notice. They indicated to the town their intention so to terminate, but were persuaded not to do so by a promise on the part of the town to pay them an extra amount for their services during the balance of the school year. The court held that the teachers' remaining in employment was good consideration for the town's promise, which it enforced, saying:

"The teachers . . . continued in their work, receiving salary at the new rate. In this way they expressed as plainly as they otherwise could have done their acceptance of the proffered adjustment and their decision to forbear, at least for a season, the exercise of their contract privilege of terminating their employment upon the giving of a 30 days' notice. They thus gave up something that was legally theirs, and the town has received the benefit of their surrender. 'If a man by a promise induces the promisee or some other person on account of or for the benefit of the promisee, to do some act or part with some chattel, title, interest, privilege, or right, which the law regards as some value there is sufficient consideration for the promise.'" Rice v. Almy, 32 Conn, 297, 304 (at 192).

See also Hartung v. *Billmeier*, 66 N.W. 2d 784 (Minn. 1954); *Dolak* v. *Sullivan*, 144 A.2d 312 (Conn. 1958); *Haag* v. *Rogers*, 72 S.E. 46 (Ga. Ct. App. 1911); *Rochester Corp.* v. *Rochester*, 450 F.2d 118 (4th Cir. 1971); *George A. Fuller Co.* v. *Brown*, 15 F.2d 672 (4th Cir. 1926); and Annot., 43 A.L.R. 3d 503, § 6 (1972).

The TVA Act contains ample authority for TVA's entry into contracts of the type involved. Section 3 of the Act, 16 U.S.C. § 831b (1976), provides, that:

"The board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, *appoint such managers, assistant managers,*

officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board. No regular officer or employee of the Corporation shall receive a salary in excess of that received by the members of the board." (Emphasis added.)

Section 4, 16 U.S.C. § 831c (1976), provides:

"Except as otherwise specifically provided in this Act, the Corporation—

"(d) May make contracts, as herein authorized.

"(g) *Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.*" (Emphasis added.)

Section 9(b), 16 U.S.C. § 831h(b) (1976), provides, in part:

"That, subject only to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the Corporation is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary. . . ."

And Section 31, 16 U.S.C. § 831dd (1976), states that:

"This Act shall be liberally construed to carry out the purposes of Congress to provide for the disposition of and make needful rules and regulations respecting Government properties entrusted to the Authority, provide for the national defense, improve navigation, control destructive floods, and promote interstate commerce and the general welfare. . . ."

(As to the effect of Section 31, see *United States ex rel. TVA* v. *Welch*, 327 U.S. 546, 551 (1946), where a district court had held that the common law rule of construction required that TVA's statutory authority to condemn land be narrowly construed, the Supreme Court held that "[i]n the face of this declaration [in Section 31 that the TVA Act is to be liberally construed], the District Court erred in following the asserted common law rule.")

Section 15d(h), 16 U.S.C. § 831n–4(b) (1976), reiterates the liberal construction directive with regard to an aspect of TVA's power program. The fact that TVA was created as "a corporation clothed with the power of government but possessed of the flexibility and initiative of a private enterprise" in President Roosevelt's words should also be considered in interpreting the Board's authority.

The legal question as to TVA's authority to enter into retention contracts is essentially the same as that presented in 1939 when the TVA Board, pursuant to the authority contained in Section 3, established a retirement plan for its salaried employees. Its action in so doing was expressly upheld in *Tennessee Valley Authority* v. *Kinzer*, 142 F. 2d 833 (6th Cir. 1944). In so holding, the Sixth Circuit stated that:

"[The establishment of the TVA Retirement System] tended to attract a better class of employees, to promote a more intimate relationship between employer and employee, gave a sense of security, encouraged thrift and loyalty, identified the employer's interest with that of the employee, *tended to continuance of employment, with resultant reduced employment turnovers*, and avoided the necessity of retention in service, by humane and considerate employers, of superannuated employees whose efficiency and usefulness had diminished with the coming of old age.

"Such a plan as the Retirement System of the Authority, *obviously, promoted efficiency.*" (At 836; emphasis added).

Not only was the TVA Retirement System, as noted by the court, intended in part to help bring about continuance of employment, but one feature of it directly related to that end was very similar in principle to the retention contracts here. Under the System's Rules and Regulations, an employee is entitled to a retirement benefit (other than merely the return of the employee's own contributions) only if the employee remains in TVA employment for at least 10 years (or 5 years if the termination is involuntary).

It may be noted also that the portions of the TVA Act quoted above are similar to provisions customarily included in private corporate charters and that such provisions are regularly held to authorize payments in addition to ordinary employee salaries in return for an employee's foregoing a right to leave the employment. *See, e.g., Harker* v. *Ralston Purina Co.*, 45 F.2d 929, 930 (7th Cir. 1930), *cert. denied*, 284 U.S. 619 (1931), and *Elward* v. *Peabody Coal Co.*, 132 N.E. 2d 549, 552 (Ill. Ct. App. 1956).

The only question that has been raised about the legality of the retention payments is whether they are compatible with the last sentence of the portion of Section 3 quoted above, which states that "[n]o regular officer or employee of the Corporation shall receive a salary in excess of that received by the members of the board."

In our opinion the retention payments, as in the case of retirement payments, do not conflict in any way with this provision. "Salary" has been defined by the Supreme Court as "a fixed annual or periodical payment for services." *Benedict* v. *United States*, 176 U.S. 357, 360 (1900). Managerial employees who sign retention contracts will receive the same salaries for the same services as before, and these salaries will be less than those received by Board members. Such employees will also receive retention amounts in return for giving up the right freely to leave TVA's employment at any time. Board members will continue to have that right and will get no retention benefits. The retention amounts are thus not salary paid "for services," but contract amounts paid in exchange for the employees' relinquishment of the right freely to terminate their employment.

This contradistinction is underscored by the fact that Section 3 of the TVA Act empowers the TVA Board broadly to fix managers' and employees' "compensation," while limiting any employee's "salary" to that received by Board members. The use of these two different terms in the same paragraph of the same section of the Act can hardly have been accidental; and, in any event, such terms, particularly when used in a corporate charter provision, must be given their accepted legal meaning. As stated in *Henry* v. *United States*, 251 U.S. 393, 395 (1920), "The law uses familiar legal expressions in their familiar legal sense. . . ." *Accord, Bradley* v. *United States*, 410 U.S. 605, 609 (1973). The legal distinction between "salary" and "compensation" was clearly noted in *Benedict* v. *United States, supra*. The Supreme Court there held that, where a district judge retired under a statute permitting him to receive "the same salary" which had been paid to him before retirement, such "salary" did not include extra compensation which had been paid to him for holding court from time to time outside his own district. The Supreme Court stated, in so holding, that:

"This *compensation* was. . . . something entirely distinct from the *salary* paid to him as Judge of the District Court for the Eastern District of New York, but was in fact, as was held by the Court of Claims, extra pay for extra work performed—for particular as distinguished from continuous services." (176 U.S. at 361; emphasis added.)

In short, while "salary" is "a fixed annual or periodical payment for services" (*id.* at 360), "compensation" is much broader and may include "extra pay for extra work," fringe benefits, and the like. See also, in this connection, *Twohy* v. *Harris*, 72 S.E.2d 329 (Va. 1952), where the court upheld a contract under which an employer agreed to pay additional compensation to an employee measured by the value of certain stock if the employee would remain in his employ. In so doing, the court stated:

"[T]he claim of Harris is that Twohy offered him *additional compensation, measured by the value of certain stock* controlled by Twohy, if he (Harris) would refrain from severing the business relations between the parties and continue the services he was then performing.

"The necessary implication is that Harris was to continue such services as long as Twohy should require him to perform them, or, to put the matter another way, until Harris gave Twohy just cause to end the employment. In Norfolk Southern Ry. Co. v. Harris, 190 Va. 966, 976, 977, 59 S.E.2d 110, 114, 115, we held that employment on such a basis was for a definite length of time.

"A further implication from the offer, viewed in light of the circumstances, is that Harris was to receive *the same salary*, or such other as the parties might agree upon." (At 335; emphasis added.)

See also Morrissey v. *Curran*, 302 F. Supp. 32 (S.D.N.Y. 1969), *aff'd in relevant part*, 423 F.2d 393 (2d Cir.), *cert. denied*, 399 U.S. 928, 400 U.S. 826 (1970); *Boyle* v. *United States*, 309 F.2d 399 (Ct. Cl. 1962); *United States* v. *Shea*, 55 F.2d 382 (D.N.D. 1932); *Kolcum* v. *Board of Ed. of Woodbridge School Dist.*, 335 A.2d 618 (Del. Super. Ct. 1975); *Taylor* v. *McGuire*, 420 N.Y.S. 2d 248 (Sup. Ct. 1979); and *State ex rel. Emmons* v. *Farmer*, 196 S.W. 1106 (Mo. 1917).

Accordingly, while Section 3 of the TVA Act limits employee salaries to those paid to Board members, it does not require that total employee compensation be so limited. One of my predecessors as TVA General Counsel formally advised the Board, for example, that the Section 3 limitation on employee salaries did not legally prohibit payment of overtime to certain employees entitled to overtime even though such payment might result in their receiving dollar amounts in excess of those received by Board members. The TVA Retirement System presents another example. TVA Board members have been excluded from membership in the system from its inception, at which time they also were not members of any other Federal retirement system. TVA contributions to the system on behalf of some higher-paid TVA managerial employees—which, as already noted, had as one purpose encouragement of their continuance of TVA employment—brought their total compensation above that of Board members. Two other former TVA General Counsels concluded that "the power to establish a retirement system was to be implied in the express powers given the Board of Directors by section 3 of the Tennessee Valley Authority Act to 'fix . . . compensation . . . and provide a system of organization, to fix responsibility and promote efficiency.'" Memorandum, William C. Fitts, Jr., to Gordon R. Clapp, "Proposed TVA Retirement System" (Aug. 9, 1939).

As pointed out in *Tennessee Valley* v. *Kinzer*, 142 F.2d 833 (6th Cir. 1944), Congress later amended the Civil Service Retirement Act to bring Board members and others under that act, except where they were already "subject to another retirement system for Government employees." 5 U.S.C. § 8331(1)(ii) (1976). Thus Congress expressly recognized that TVA had acted within its statutory authority in establishing the TVA Retirement System which provided for total compensation to some employees in excess of Board members' salaries. Since 1956 the TVA Retirement System has been integrated with Social Security. The TVA Retirement System is a fully funded system, unlike

the Civil Service system which involves lower contribution rates but billions of dollars of unfunded liabilities. The percentage of an employee's salary paid annually by TVA in contributions to the TVA Retirement System and Social Security taxes therefore exceeds the percentage of salary paid as contributions to the Civil Service system. Thus, the total compensation of a number of TVA employees, including such payments, has for years exceeded both the salaries and the total compensation, including contributions to the Civil Service retirement system, of TVA Board members. This has been the case since the TVA Retirement System's establishment. Thus, in fiscal year 1939, several TVA employees were paid salaries of $9,500 which, together with TVA's Retirement System payments of as much as $990 on their behalf, made their total compensation exceed the then $10,000 salary of Board members.

Finally, the TVA Board resolution approving the retention contract plan contains an express finding that the plan is necessary to carry out the provisions of the TVA Act. The 1941 amendment to Section 9(b) of the TVA Act, 16 U.S.C. § 831h(b) (1976), added an express provision that:

"[N]otwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasurer or other accountable officer or employee of the Corporation, shall not disallow credit for, nor withhold funds because of, any expenditure which the board shall determine to have been necessary to carry out the provisions of said Act."

On the basis of this provision, the Comptroller General has consistently refused to consider protests of TVA's contracting decisions. *See, e.g.*, B–199069 (July 1980); B–196068 (Oct. 1, 1979); B–190746 (Dec. 9, 1977); and B–180725 (Mar. 2, 1974).

The above-quoted language included in the 1941 amendment to Section 9(b) was adopted after the Comptroller General had written a letter to the House Military Affairs Committee, which then had jurisdiction over TVA legislation, stating that:

"[A]ny governmental agency charged with the responsibility of conducting operations of the charter of those of the Tennessee Valley Authority should have some latitude of authority beyond that needed and usually granted by the Congress to the regular departments and establishments of the Government." (H.R. Rep. No. 956, 77th Cong., 1st Sess. 5).

At the time the letter was written, the problems involved in operating the TVA power system could almost be described as minuscule compared to those which exist today. The system then consisted of 1.1 million kilowatts of generating capacity compared with 32.3 today; virtually all such generating capacity was in the form of hydroelectric dams, whereas such capacity today is overwhelmingly in the form of nuclear and coal-fired plants; and the system was financed primarily from appropriations, whereas financing today is primarily through issuance of bonds which, under the express provisions of Sections 15d(a) and (b) of the TVA Act, 16 U.S.C. §§ 831n-4(a) and (b) (1976), are payable as to both principal and interest solely from TVA's net power proceeds and are not obligations of nor guaranteed by the United States.

The foregoing considerations formed the basis for my oral response to the TVA Board as to the legality of the contract retention plan, and I am glad to provide this summary of them in accordance with Mr. Gurtiz's request.

Sincerely,

HERBERT S. SANGER, JR.,
Central Counsel.

OCTOBER 28, 1981.

HERBERT S. SANGER, JR., ESQ.,
General Counsel,
Tennessee Valley Authority,
Knoxville, Tenn.

DEAR HERB: On October 1 you asked my views as to whether the TVA Board could lawfully adopt a proposed "retention contract plan" for certain key employees. In so doing, you indicated your belief that my views would be especially helpful because of my familarity, as a former General Counsel, with the TVA Act and its practical construction from 1934, when I first joined TVA, until 1967 when I left it to enter private practice. After analyzing the proposal, I called you on October 6, advised you that, in my judgment, the proposed plan was within the authority vested in the TVA Board and explained my reasons for that conclusion. At the same time, I promised to send you a formal opinion. This letter is a somewhat belated carrying out of that commitment.

The factual background, as I understand it, is substantially as follows. The TVA Board is charged by statute with responsibility for administering a multibillion dollar power system including 5 nuclear plants that are now in operation and additional nuclear plants that are now under construction. The salaries paid to key personnel are far below the salaries paid to personnel with similar duties in private industry. As a result, TVA has been losing key personnel to private industry and the attrition rate has reached such proportions that TVA is concerned that its inability to retain key personnel with the high degree of competence required in an electric system of the size and complexity of TVA's is creating a serious risk that standards of construction and operation will deteriorate, with a consequent increase in the cost of producing electric power and, particularly in the case of nuclear plants, a hazard to the public health and safety.

In an effort to stem the tide of resignations, TVA staff proposed, and the TVA Board adopted on October 7, its retention contract plan which calls for offering retention contracts to a number of key employees. Under each such contract, the employee will agree to forgo other employment and to work for TVA exclusively for 3 years, in consideration of which TVA will agree to pay the employee a retention amount on execution of the contract and further retention amounts during the contract term.

In my opinion, the TVA Act clearly authorizes the adoption of the retention contract plan.

In his message of April 10, 1933, to the Congress, President Roosevelt asked the Congress to create a corporation "possessed of the flexibility and initiative of a private enterprise." H.R. No. 15, 73d Cong., 1st Sess. (1933). The Congress complied with this request. The House Committee stated: "We intend that the corporation shall have most of the essential freedom and elasticity of a private business corporation." H.R. 130, 73d Cong., 1st Sess. 19 (1933). This intent is reflected in the provisions of the Act:

Section 3 authorizes the Board, without regard to the provisions of the Civil Service laws, to ". . . provide a system of organization to fix responsibility and promote efficiency."

Section 2(g) specifies that "[t]he Board shall direct the exercise of all powers of the corporation" and Section 4(g) confers on the Board "such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred on the corporation."

Section 9(b) authorizes the corporation "subject only to the provisions of the Tennessee Valley Act of 1933 as amended . . . to make such expenditures and to enter into such contracts, agreements, and arrangements upon such terms and conditions and in such manner as it may deem necessary. . . ." That the final decision as to what is necessary is to be made by the TVA Board is underlined by the further provision of Section 9(b) which prohibits the General Accounting Office from disallowing credit for or withholding funds because of "any expenditure which the Board shall determine to have been necessary to carry out the provisions of said Act."

Finally, Section 31 provides: "This Act shall be liberally construed to carry out the purposes of Congress. . . ."

It cannot seriously be questioned that the retention contract plan would be well within the powers of a private corporation. It is clearly authorized by the TVA Act, unless it is prohibited by the provision of Section 3 that "No regular officer or employees of the corporation shall receive a salary in excess of that received by the members of the board." In my judgment, the proposed plan does not violate Section 3.

Section 3 authorizes the Board to appoint managers, etc., and to "fix their compensation." The same section contains a prohibition against an employee receiving a salary in excess of that received by the Members of the Board.

While the terms "salary" and "compensation" as sometimes used as synonyms they have distinct and different meanings. "Compensation" is the generic term which includes all emoluments received by the employee that arise out of his employment. It includes not only salary but other benefits, such as bonuses, contributions to retirement funds for the employee's account and a variety of fringe benefits. The basic nature of this distinction can be illustrated by a simple example. "Vehicle" is a generic term and "Passenger car" is a more restricted term included within the meaning of "vehicle". A statute imposing requirements with reference to passenger cars would not be construed as imposing the same requirements upon trucks or off-the-road vehicles.

It cannot be assumed that Congress did not know what it was doing when, in Section 3, it authorized the Board to fix the compensation of employees and further provided that no employee should receive a salary in excess of that received by the Board. It must be assumed that Congress understood that the two terms have distinct meanings and meant to differentiate between "compensation" and "salary", even though the two terms are sometimes used interchangeably in the vernacular. Cf. *State of Alabama* v. *TVA*, 636 F.2d 1061 (5th Cir. 1981), *cert. den.* 50 Law Week 3238 (1981).

The foregoing construction of Section 3 is consistent with long administrative practice. Over 40 years ago, the TVA Board adopted a retirement system under the provisions of which the total compensation of the highest salaried TVA employees exceeded the total compensation of the members of the Board. The retirement plan was upheld in *TVA* v. *Kinzer*, 142 F.2d 833 (6th Cir. 1944).

I am satisfied that the foregoing construction of Section 3 is correct but, even if the meaning of Section 3 were less clear, the action of the TVA Board should be upheld. The construction of the TVA Act in the first instance is primarily the responsibility of the TVA Board. The TVA Board could not, of course, adopt a construction contrary to a clear provision of the statute. Where the statute is susceptible of two possible constructions, however, the TVA Board is entitled to adopt that construction which, in its judgment, is consonant with the other provisions of the Act and is required to enable it to carry out the grave responsibilities entrusted to it as TVA's governing body.

If the provisions of Section 3 are susceptible of alternative constructions, the construction given to them by the TVA Board must be sustained.

"To sustain the Commission's application of this statutory term, we need not find that its construction is the only reasonable one or even that it is the result we would have reached had the question arisen in the first instance in judicial proceedings." *Udall* v. *Tallman*, 380 U.S. 1, 16 (1964), quoting from *Unemployment Commission of Alaska* v. *Aragon*, 329 U.S. 143, 153 (1946).

". . . the construction of a statute by those charged with its execution should be followed unless there are compelling indications that it is wrong." *Miller* v. *Youakim*, 440 U.S. 125, 144 fn. 25 (1979), quoting from *Red Lion* v. *Columbia Broadcasting Co.*, 395 U.S. 367, 381 (1969).

This principle has been applied specifically to determinations of the TVA Board. Thus, in *Hardin* v. *Kentucky Utilities Co.*, 390 U.S. 1, 8, the Court said: ". . . the determination of the TVA Board is entitled to acceptance unless it lies outside the range of permissible choices contemplated by the statute. . . ."

In *Young* v. *Tennessee Valley Authority*, 606 F.2d 143 (6th Cir. 1979), the Court said:

"In considering the legality of agency action under an enabling statute, we do not write on a clean slate. Ordinarily, a court should give great weight to the frequent, consistent, and long standing construction of a statute by an agency charged with its administration. (Citations omitted) Particularly this is true with respect to a statute which is reasonably susceptible of two different interpretations. The construction of a statute by those agencies charged with its execution should be followed unless there are compelling indications that it is wrong." p. 145.)

Sincerely yours,

CHARLES J. MCCARTHY.

Mr. BAKER. Mr. President, I want to further address section 507 of the bill now under consideration. Section 507 provides that no funds appropriated in this act shall be used to implement a program of retention contracts for senior employees of the Tennessee Valley Authority. While I agree that no appropriated funds should be used to make payments under such retention contracts. I do not agree that TVA should be prohibited from entering into such arrangements with employees paid from TVA power funds. I do not believe the Senate should be interfering in the day-to-day operations and management of the TVA power program which receives virtually no funding from Federal appropriations.

Section 104 of the Government Cooperation Control Act expressly preserves TVA's authority to use power funds in conducting TVA's power business, but provides for Congress to limit TVA's use of appropriated funds. With this as the basis it would be the prerogative of TVA to enter into retention contracts using power funds even under the limitations of section 507. In my mind, the clear meaning of section 507 is that no appropriated funds shall be used to pay the salaries for the time expended by any employee in implementing such contract. Section 507 would not prevent the Board of Directors of the Tennessee Valley Authority from delegating authority to negotiate and principally implement these contracts to senior management employees of the power program. Or the TVA Board could shift those senior management level employees who are paid partially from appropriated funds, such as the general manager, and general counsel, over to be paid entirely from power revenues.

I am sympathetic to the position of the junior Senator from Tennessee, but I did want to establish today that if the Board desires to take such action it could do so. TVA must have the ability to administer its programs such that it provides the most efficient, and least expensive power in the safest way to the residents of the Tennessee Valley. I firmly believe that solving the problem being addressed by the retention contract plan is integral to the Tennessee Valley Authority's accomplishment of this mission.

I am convinced that there is a need to provide additional compensation for key employees in the power program. I am also convinced that there are not many individuals who would be eligible for such compensation, but the few to whom it would apply are of vital importance to the overall operation of the agency. Those key individuals have to be able through administrative or procedural means to reasonably administer and manage all TVA programs.

Mr. SASSER. Mr. President, I want to commend the distinguished Senator from Oregon, the chairman of the Energy and Water Subcommittee and I want to commend the distinguished Senator from Louisiana, the ranking minority member, for their hard work and dedication in drafting this important piece of legislation.

Mr. President, included in this bill is a limitation designed to prevent the Board of Directors of the Tennessee Valley Authority from implementing a $36,000 per year retention contract plan for 75 of TVA's senior executives.

This retention contract program was approved by the TVA Board on October 7 as a means of providing substantial pay raises for those 75 executives whose salaries are capped by virtue of the TVA Act and the statutory limitations on Federal pay.

Mr. President, by any other name these retention contracts amounts to pay raises for these employees who already make over $50,000 a year. If implemented, this program will allow several TVA employees to make more than any other government employee except the President of the United States. Think about it. Seventy-five TVA employees making more than the Secretary of State or Defense. Seventy-five TVA managers making more than the members of the Nuclear Regulatory Commission or the General in charge of the Strategic Air Command, the Secretary of Energy and all other members of the President's Cabinet. These TVA executives could be paid more than the Vice-President of the United States.

Mr. President, this Congress has not lifted the pay cap for any Federal agency. The Tennessee Valley Authority is a wholly owned corporation of the U.S. Government.

There is a pay compression problem in every Federal agency—but pay raises will not be granted until the pay cap is lifted. TVA has attempted to find what its legal department terms a loophole in TVA's charter which, the TVA general counsel believes, allows the agency to grant these pay raises—an action which is clearly contrary to the spirit and intent of the TVA act and the Federal pay cap.

Mr. President, this Congress cannot allow the heads of any Department or Agency to circumvent the intent of the laws of the land. By legal subterfuge the TVA Board is attempting to justify these unjustified pay raises. When an agency exceeds its authority as the TVA has done in this instance, the Congress must step in and bring that agency back under control.

Mr. President, the TVA general counsel claims the retention contracts are legal because the TVA Act gives the Board authority to "set compensation." The TVA general counsel feels these contracts are "compensation" as opposed to salary. By any other name, these bonuses provide pay raises of up to 70 percent for TVA executives.

I would also point out that section 3 of the TVA Act states "no regular officer or employee of the corporation shall receive a salary in excess of that received by the members of the Board."

The salaries of the TVA Board are set by title 5 of the United States Code which sets the level of pay for all Government employees. The Chairman of the TVA Board is paid at executive level III, currently $55,400 and the other two members of the Board are paid at executive level IV, currently $52,800.

The rates of pay for executive levels III and IV are currently held in place by the Federal pay cap. The Congress continued the Federal pay cap on the continuing resolution, Public Law 97–51.

Therefore, TVA salaries are not only restrained by the TVA act but by the Federal pay cap as well.

In addition, Mr. President, on August 18, 1981, the Chairman of the TVA Board of Directors wrote to the chairman of the Senate Subcommittee on Civil Service, the distinguished Senator from Alaska. In his letter, Chairman Dean said:

The TVA act prohibits any TVA employee from receiving a salary in excess of the directors, currently $52,750.

The letter goes on to discuss the Federal pay cap.

We cannot pay appropriate salaries unless Congress acts to remove or modify the statutory restrictions which are effectively freezing federal executive salaries.

The Congress voted to retain the pay cap and less than 2 weeks later the TVA Board voted these $36,000 per year pay increases.

Internal TVA documents also indicate that pay at TVA is capped by virtue of the Federal pay cap. The Booz-Allen report which was drafted in January 1980 at the request of the TVA Board states:

As an agency of the Federal government, TVA personnel policies are subject to certain regulations and constraints. The office of power is subject to certain constraints which result from TVA's unique situation as an agency of the federal government. Constraints which particularly impact personnel management include a ceiling on executive salaries.

I also want to point out that the provision of section 3 of the TVA Act which states that "no regular officer or employee of the corporation shall receive a salary in excess of that received by the members of the Board," has not been changed by the Congress since the TVA Act was enacted in 1933.

Even when the Congress passed the 1969 act amendments which placed the TVA power program on a self-sustaining basis, the language of section 3 which caps salaries at TVA remained unchanged.

So it is clear that the Congress has not granted the TVA any authority over its salaries that exceeds the authority of any other Federal agencies.

TVA's salaries still are subject to the same limitation they were subject to in 1933.

Mr. President, the only major book written about the TVA personnel system was written by Harry L. Case in 1955 entitled Personnel Policy in a Public Agency: The TVA Experience."

Mr. Case states the following:

The policy on compensation of employees in the uppermost grades has remained relatively constant from the beginning; namely, that these should be related generally to standards in the Federal service. Perhaps the most obvious reason for this is that the ceiling for TVA employees is fixed by the salary which Congress sets for members of the board. This, of course, is related to the general level of Federal salaries.

Mr. President, this action by the Tennessee Valley Authority has been the subject of much debate and discussion in the Tennessee Valley. I have received literally hundreds of phone calls and letters expressing opposition to the amendment.

I ask unanimous consent that a number of editorials be inserted at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Tennessean, Oct. 10, 1981]

TVA'S PAY-RAISE DECISION AN AFFRONT TO RATE PAYERS

The TVA board of directors seems to be living in a dream world when it comes to handing out pay increases to its executives.

The board voted Wednesday to give 75 of its top-paid executives raises of up to $36,800 a year. This will boost some executives' salaries to more than $80,000 a year, as much as a 70 percent raise in some cases.

The TVA act prohibits any TVA employee from receiving a salary in excess of what the directors draw—currently $52,750 a year.

But the board is attempting to get around that limitation by arguing that the pay raises for its executives are "bonuses," not salary.

Everyone from Congress down to the TVA consumers, who will be paying for these bonuses in their light bills, can see that for what it is—a subterfuge.

TVA Chairman Charles H. Dean wrote Sen. Ted Stevens, R-Alaska, in August asking congressional help in raising the pay of TVA executives.

"We cannot pay appropriate salaries unless Congress acts to remove or modify the statutory restrictions which are effectively freezing federal executive salaries," he wrote. And he added that "the TVA act prohibits any TVA employee from receiving a salary in excess of the director's. . . ."

This shows that the board knew in August it couldn't legally raise the salaries of TVA's executives to more than $52,750 a year. But since then, apparently, someone in the agency has come up with the idea of calling the pay increases bonuses and TVA's house lawyers have pronounced it "legal."

This sleight-of-hand is not in keeping with the TVA board's prior reputation of fair dealing with its consumers. In fact, it is an outright deception.

TVA consumers don't care what it is called. All they know is that when they receive their light bills they will be charged for paying some TVA executives $80,000 a year salaries when the law says they are entitled to no more than $52,750.

One of TVA's biggest problems in recent years has been its credibility. More and more of its customers have come to mistrust it. Many don't believe what its directors are saying and are suspicious of what they are doing.

The board has not shown to the public's satisfaction that TVA's executives will resign and go elsewhere if they are not paid $80,000 a year. If they do, let them go. Not many private industries are handing out such profligate pay increases in these days of cutbacks, austerity budgets and stiff anti-inflation measures. Ten per cent raises, rather than 50 per cent, seem to be more in line with reality, especially for public employees.

Twelve-thousand air controllers were fired in August because they thought they deserved salaries up to $59,000 a year and struck to get them. The president fired them for demands far more modest for each controller than the "bonus" the TVA wants to give each of its executives.

TVA's executives are not likely to strike, or to be fired. But they seem to be outdoing the air controllers in asking exorbitant salaries—by about $21,000. They are going to end up with the same public support the air controllers got.

It is incredible that in a period when it is raising power rates at almost every other meeting the TVA board has approved fantastic executive salaries to be paid by power users in their light bills. To suppose that the rate payers will accept this without strenuous protest—or to think that they should—is what gives the board's decision a dreamlike quality.

The board's action is arrogant and insensitive. It suggests a public-be-damned attitude which has been foreign to TVA's decision-making process through most of the agency's existence.

The pay raises should be rescinded at the board's next meeting at the latest.

[From the Times (Huntsville, Ala.), Oct. 9, 1981]

TVA'S BONUSES

Ignoring the request of congressional critics, the Tennessee Valley Authority board Wednesday unanimously approved a proposal giving top managers annual bonuses of up to $36,000 if they agreed not to leave the agency.

The proposal followed studies by a U.S. Senate committee and a Reagan transition team which said too many TVA managers were taking better-paying jobs with private utilities.

Alabama Rep. Ronnie Flippo and Tennessee Sen. Jim Sasser had both criticized the proposed salary hikes, but board member S. David Freeman said the bonuses were essential to protect the health and safety of the Tennessee Valley from nuclear accidents.

Perhaps the question that ought to be answered is: Why are the executives getting bonuses? What have they done to deserve them? Merely threatening to leave ought not to get one a bonus. The bonuses, which will amount to up to $36,000 a year, will place some of the upper level personnel at annual salaries of near $90,000 a year. The approval of the bonuses comes only weeks after the TVA board forced the 17,500 white-collar workers at TVA to accept small pay increases. Lower level personnel will receive only a 4 percent cost-of-living hike this year, far below the actual inflation rate.

The act creating TVA forbids any employee from making more than the board members, but TVA has gotten around that law by insisting that the bonuses are "compensation," not salary and are not covered by the act.

Rep. Flippo, who asked that the bonus plan be delayed, said that it appeared that it was the intent of the TVA board to violate the intent of Congress. Sen. Sasser was right when he said it would enrage the homefolks who are paying the higher utility rates. The bonuses would come from money paid from customer's utility bills.

The bonuses would be almost automatic every year, depending evidently not upon performance but upon negotiations between the general manager and the 75 eligible employees. Those managers who didn't get raises would get substantial retirement credits—of up to $10,500 a year—which can be collected when the individual retires or leaves TVA.

If any individual wants to leave TVA employment, that is his prerogative, but as Rep. Flippo and Sen. Sasser noted, this is a poor time to be asking homeowners to subsidize bonuses for executives within TVA.

Perhaps adjustments in salary levels are necessary, but that ought to be done within the provisions of the act creating TVA, even if it means changing the act so that employees can make more than the board members. The bonuses needed far more study, and the congressional committees may give them that scrutiny.

[From the Virginian-Tennessean, Oct. 9, 1981]

INSULT UPON INJURY

Tennessee Senator James Sasser hit the nail squarely on the head yesterday when he noted that the latest financial shenanigan of the Tennessee Valley Authority was carried out "too quickly . . . with little opportunity for public input."

If that method of operation on the part of TVA comes as a surprise to Senator Sasser, it surely doesn't to the thousands of persons throughout the seven-state TVA power region who have been repeatedly beaten with the authority's hard-hitting rate-hike club while their hands have virtually been tied behind their back.

In other words, it's the same old stuff. The TVA's board of directors, dominated by the one-two punch of Freeman and Freeman, has repeatedly enacted rate increases in recent years with no regard whatsoever to public input or the enormous burden the agency's excessiveness places upon ratepayers.

Now comes the latest. Only this time it isn't a rate increase. It's a fat bonus for "selected key managers" working for TVA who are already raking in salaries in the neighborhood of $50,000 a year. But where will the money for the bonuses come from? Where else? From customers' electric bills. And will those customers have anything to say about the action? According to Sen. Sasser, not even members of Congress were informed. Most of them, he says, learned about it by way of news reports one day before the board meeting.

In its action on Wednesday, mildly described by Senator Sasser as "taken hastily," the TVA board approved bonuses of up to $36,000 a year for some 75 executives if they agree to stay with the agency for at least three years.

According to Director David Freeman, justification for the action lies in keeping

the executives with TVA rather than see them leave for higher paying jobs in private industry. He declares such bonuses are "absolutely necessary to protect the health and safety of the Tennessee Valley from nuclear accidents," and adds that "I can think of no investment that can save our consumers more money."

Would Mr. Freeman have us believe that if these bonuses do not materialize, the entire TVA power region will suddenly be under the threat of dire nuclear accidents simply because a few high-paid executives may sell their talents to somebody else? Does TVA, which allegedly prides itself in highly skilled workers, have no competent people who can step into such positions? Is the agency's present training program so weak that it cannot provide people coming up through the ranks who can fill the positions of these so-called "key people" the agency is apparently afraid of losing?

We submit Mr. Freeman is fielding a dog that won't hunt. Furthermore, he and the other board members are adding sheer insult to the injury already inflicted upon ratepayers by increases totaling 37 percent in less than three years. In more direct terms, Bristol area residents were paying $30 per 1,000 kilowatt hours in 1979; now the same amount costs $45.

In the face of such realities, TVA should be looking for every possible way to cut costs rather than approving millions for bonuses to those already making far more than the majority of persons who must fork over through their electric bills to pay for such extravagance.

Sen. Sasser wants the General Accounting Office to investigate the bonus idea to see if it violates any regulations limiting raises for federal employees already earning more than $50,000 a year. He further says he will do "everything possible" to see the bonus action reversed, and has been joined in that effort by several other members of Congress including Rep. James H. Quillen who has predicted a court challenge if the bonus plan is enacted.

Yet, whether the action violates regulations or whether it may wind up in court are matters secondary to the principles involved. At a time when the American people are repeatedly being called upon to tighten their belts and sacrifice, it is simply not right to inflict greater burdens upon thousands of persons already sorely pressed to pay their electric bills, just for the sake of fattening the accounts of already high-paid executives.

The TVA board has apparently come to feel that it answers to nobody. It is long past time that such a notion be put to rest and the TVA does more listening and less dictating.

[From the News-Examiner, Gallatin, Tenn., Oct. 12, 1981]

RESCIND PAY BONUS

It is incredible, absolutely incredible, that the Tennessee Valley Authority officials plan to give 75 of their top executives bonuses that in some cases will be $36,000 more than their salaries. The pay package, totaling $1 million, was approved, agency officials say, because the top executives weren't getting the pay they deserved and were leaving TVA for higher paying jobs at private utilities.

That's what the officials initially said, at least. But upon questioning, they admitted that many of these same top executives were recently hired away from other government agencies, private utilities and universities where they made less than they do at TVA without the bonuses.

The raise approved last week would give some executives salaries and benefits of more than $100,000, a raise that power users must bear in increased rates. The bonus plan was hit upon because TVA is prohibited by the very act establishing the utility from paying employees a salary that exceeds that of directors. Currently, that's $52,750.

Some of those who are in line for the big bonuses are longtime TVA employees who already are making big bucks. It seems highly unlikely that these TVA officials with more than 20 years would give up their built-up benefits if they didn't get the bonuses.

What does seem likely is that TVA officials are using the same poor judgment that has marked the utility's running in recent years. It took a heavy hand from Congress, for example, to finally convince TVA to look at its building program when it was going ahead pell-mell with plans that had been outdated by tightening of oil supplies and domestic conservation of energy.

TVA has continued to hike costs to consumers and preach frugality of energy use, at the same time it's been profligate in its operation and spending.

This is not to say that TVA's personnel don't need raises. It is to say that raises that in some cases would be 70 percent are absurd. And even if TVA chooses to give 8 to 10 percent as many private businesses are handing forth, it would sound steep when you consider that other government employees—the military excepted—will see a 4.3 percent hike in their wages.

We are past due for TVA to return to acting in the best interest of the public, as it did for so many years. Consumers are cooperating with TVA to conserve energy, they're bearing justified increases in rates with minimum fussing nowadays. But TVA is wrong, very wrong, if it thinks that consumers will agree to higher rates to pay bonuses for executives.

The TVA board should rescind the bonus plan before it finds Congress, spurred by angry constituents, stepping in again to demand just that.

[From the Nashville Tennessean, Nov. 5, 1981]

EXECUTIVE BONUS BLUNDER IS DOING DAMAGE TO TVA

The TVA board is clinging to its plan to pay bonuses of up to $36,000 a year to its executives despite growing opposition by members of Congress and by ratepayers in the valley.

Sen. Jim Sasser, who has taken the lead in the fight against the bonuses, and other members of Congress are attempting to block the payments, and Rep. Robin Beard has filed suit in federal court charging the bonuses are illegal because they exceed federal pay ceilings and violate portions of the TVA act.

The TVA board tried to claim the bonuses are necessary to keep its top executives from quitting to take jobs in private industry. But Senator Sasser says the board has exaggerated the number of executives TVA has lost in this way.

Quoting figures from the General Accounting Office, he said that despite TVA's claim that it lost about 15 people in the last two years, only three who left the agency during that time did so to take higher paying jobs.

"The vast ma'ority of management officials who have left TVA in the last two years have retired, and yet they are counted among those who have left because of inadequate pay," Senator Sasser said.

The kindest thing to say is that the board members were mistaken in their claims about how many executives were leaving for better jobs. The board apparently was advised about this by members of the TVA staff.

Board Chairman Charles H. Dean Jr. said he didn't think anybody on the TVA staff would deliberately give false information about the personnel changes and some board members have accused members of Congress of political interference in the board's business.

It may be true that nobody on the staff would deliberately falsify information. At best, the staff failed to investigate how many executives quit for higher paying jobs. And it is fair to ask whether the staff who failed to investigate—those suggesting the raise—will benefit if the increases go through. But that is not the point. Nobody is being accused of deliberately giving wrong information. The point is the board's grossly bad judgment in voting exorbitant pay raises for its executives while it is raising power rates to its consumers every few weeks.

It is not political interference to speak out against this kind of a thick-headed decision. Congressman Beard called the board's decision an "end run around the law." It is that and more. It is an affront to the ratepayers and a blow to the board's credibility.

The board should not expect the ratepayers to accept its statement that the pay raises are necessary without convincing proof that this is so. So far the public has not been provided this proof and Senator Sasser and the GAO have raised serious doubts that the proof exists.

This newspaper has always defended TVA against genuine attempts at political interference—usually those initiated by the private power lobby for the purpose of destroying TVA. But the board is not immune to criticism for silly mistakes. And the three directors should understand that they will not be able to deliver a slap in the face to TVA's customers without a justified outcry from Congress.

It is unfortunate that TVA has now been involved in political controversy. But it is the TVA board itself which is doing damage to TVA, not its political enemies.

[WTVF Editorial, Oct. 14, 1981]

TVA

The Tennessee Valley Authority has circumvented the intent of Congress by giving 75 TVA executives bonuses of up to 36 thousand dollars. The TVA Board did this despite a federal law limiting top salaries to 52 thousand 7 hundred dollars a year. The Board said the bonuses are necessary in order to keep its top brass from being hired away by private utilities at higher salaries. These bonuses and other fringe benefits carry a price tag of 3.2 million dollars that you and I are going to have to pay through our utility bills. We feel this is wrong and we urge our Congressmen to overturn TVA's practice. TVA has been blaming its recent rate increases on poor planning by its staff in overestimating the amount of power businesses and residents in the valley will be using. If that's the case, then why should TVA spend millions of dollars to retain some of the same people who are responsible for our high utility rates. Congress set a limit on salaries and the Board should not try to circumvent that limit through the hocus-pocus of a so-called bonus.

[From the Post (Athens, Tenn.), Oct. 16, 1981]

TVA MOCKS PUBLIC WITH AWARDING OF BONUSES

TVA has put a new meaning on the word bonus.

Once it was used as an incentive or reward for a work well done.

It might even be sharing a portion of profits as the results of increased production.

But until TVA decided to pay several thousand dollars to many managers of its systems, bonuses were not given for status quo performance.

The sprawling utility system is giving 70 key managers bonuses up to $36,000 to keep them from going somewhere else for salaries exceeding $52,500 per year, which is the pay level for those managers now.

The extra thousands did not ask for more efficiency; they did not say find ways to save

energy; they did not say to help lower rates for consumers; all they ask is, please don't leave TVA.

We think the bonus, if it is a bonus is untimely and borders on defiance of the principles of economic energy, long the claim of TVA.

It will be difficult for Congress to halt TVA's action because that body has approved a built-in living cost and many members of the body are privileged to make what they can as public speakers. A nice fringe benefit.

We hope TVA will do something to offset its bonus giving action.

Because it actually is not a bonus.

It is a distribution of the wealth at the top level at the expense of those who provide the wealth.

[From the Leaf-Chronicle (Clarksville, Tenn.), Oct. 7, 1981]

BOGUS BONUSES

TVA calls its plan to hold on to top employees a bonus plan, but it's not a bonus plan at all.

A bonus plan is a tried and proven method of rewarding employees and keeping them happy on the job. But true bonus plans are designed to recognize employees who are doing outstanding work—over and above their expected performance.

The TVA plan, as outlined in a memo to Sen. Howard Baker earlier this week, in effect trades big money incentives for pledges from top nuclear management employees that they will stick around for at least three years.

Sign this 3-year retention contract, the plan says, and we'll pay you a bonus of up to $36,800 per year. That's not a bonus, that's a bribe.

Initial estimates are that this bonus plan, designed to hold on to some 75 top level nuclear power management employees, will cost $1 million per year.

And who pays the bill? The agency's rate-paying electricity customers, that's who.

There is no argument that top level management employees of TVA could find higher-paying positions in private industry. Perhaps an overhaul of the restrictions on TVA's pay scale—which limits even top employees from making more than $52,700 per year—is in order.

But a bonus plan that's not a bonus plan is not the answer. It is neither fair to the rate-payer nor a true incentive to do a better job to the TVA employees affected.

Mr. SASSER. Mr. President, the Tennessee Valley Authority, in attempting to justify these $36,000 a year bonuses for top executives greatly exaggerated its turnover problems among management officials.

The figures TVA used to justify these bonuses were very misleading. The vast majority of management officials who have left TVA in the last 2 years have retired, and yet they are counted among those who have left because of inadequate pay.

The U.S. General Accounting Office has reviewed the matter, and has only been able to obtain figures relating to attrition at TVA within the past few days. TVA had not compiled the information at the time the TVA board approved the bonus plan October 7.

It is obvious that the board had incomplete and unreliable information when it approved this bonus plan. The facts uncovered by the GAO also appear to dispute the TVA contention that the bonuses are needed to retain highly skilled individuals who are essential to the safe operation of nuclear powerplants.

There are only 4 people out of the 75 executives eligible for bonuses that are involved in day-to-day operations of nuclear plants. There are another 8 people who are involved in policy decisions concerning the nuclear program that might be eligible. Even if you accept TVA's contention that all 12 people are essential to the safe operation of the plants, it is very misleading to raise the specter of a nuclear accident to justify the entire bonus program. This amounts to playing on the fears of people living near the plants to justify an outrageous pay increase for lawyers and others who have virtually nothing to do with the operation of nuclear plants.

In all divisions related to the power program where executives are eligible for the bonuses, there are only 3 employees known to have resigned solely for the reason of taking jobs in the private sector out of a total of 75 executives. That amounts to 4 percent in turnover.

Mr. President, former TVA Director Bob Clement recently said the bonus plan should not have been approved without first being approved by Congress. He said:

Even if the TVA managers are underpaid and I am sure some are, then they should have pleaded their case with Congress instead of using this backdoor approach.

Former TVA Chairman Aubrey Wagner said the bonus is not needed:

Private utilities have always paid more than TVA—that has been true throughout TVA's history. The spread now is no greater than when I was there. The managers are not leaving because they are not being paid enough. Many are leaving because of morale problems.

Mr. President, the intent of my amendment is very clear—it is intended to present the TVA board from implementing the retention contract program.

At this point in the RECORD, I ask unanimous consent to insert in the RECORD a copy of the language which appears in the committee report which accompanies this bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The Committee has included bill language designed to instruct the TVA Board of Directors to rescind a program of retention contracts for its senior employees. The effect of the contract plan is to grant as many as 75 employees pay bonuses of as much as $37,000 per year for 3 years. The Committee feels that such a program runs contrary to the intent of the Congress in view of the Federal pay cap. It is the intent of the bill language that no employee of the TVA who receives salary paid in whole or in part by appropriated funds can either accept the retention contracts or take any action to implement the program. The language is intended to prevent the members of the board, the general manager, the general counsel, and other TVA employees paid in whole or in part by appropriated funds from taking any action to implement the program including negotiating or signing contracts for the retention program for other employees paid through power revenues.

Mr. President, the report language and my intent as the author of this legislation is very straightforward. I designed my language in a way that should prevent TVA from implementing these contracts.

Almost every management employee of the Tennessee Valley Authority receives a portion of their salaries from appropriated funds. My amendment is designed to prevent these individuals from receiving the contracts; and from taking any action in the negotiations or implementation of the program.

For instance, the language prevents the general manager, the general counsel, and other senior management level employees, including power program employees, who have been delegated the authority by the board to negotiate and/or implement the retention contract program from negotiating or signing the contracts if any portion of their salaries are paid through appropriate funds.

And let me say that this is the case. The general manager and the general counsel receive 7 percent of their salary, I believe, from appropriated funds. This would mean that these two individuals and any other senior management employees including power program employees who receive a portion of their salaries from appropriations would be prevented from receiving the contracts or negotiating them or implementing them for other TVA employees, including those in the power program.

I want to make my position very clear on this matter. My amendment is intended to assure that the TVA does not implement the retention contract program for its senior management employees. The TVA has grown increasingly arrogant and indifferent to the people of the valley—the ratepayer. Approval of these contracts by the board was another insensitive and ill-advised act by TVA.

Mr. President, the language and intent of section 507 is very clear. It is intended to prevent these retention contracts from being approved for TVA employees. It is also my intent that the TVA should take no action to implement this retention contract program while the Congress works its will on this matter. The Committee on Appropriations unanimously adopted this section 507. The Senate will shortly adopt this provision as part of the energy and water appropriations bill. This bill will be going before a House-Senate Conference Committee. It is my intent that the TVA take no action to implement the retention contract program during this congressional process.

Mr. President, it is unfortunate that the Congress has had to take this action.

But, by approving this retention contract program, the TVA board has exceeded the authority granted it by the Congress. Under this circumstance, I had no alternative but to draft section 507 and the report language.

Mr. President, I hope the TVA board takes note of the action by the Committee on Appropriations and the entire Senate. The TVA should rescind the retention contract plan as soon as possible. I urge the TVA board to reconsider this action at the next board meeting.

Mr. President, I yield the floor.

Mr. HARRY F. BYRD, JR. Mr. Presi-

dent, will the Senator from Oregon yield?

Mr. HATFIELD. I yield.

Mr. HARRY F. BYRD, JR. As I understand it, the bill as it now stands is approximately $700 million——

Mr. HATFIELD. Mr. President, may we have order, so that I can hear the Senator?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRY F. BYRD, JR. As I understand it, the bill as it now stands is approximately $700 million over the President's request.

Mr. HATFIELD. The precise figure is $632 million over the President's request; $309 million of that is the amendment adopted by the Senate, by a vote. The other was that adopted by the committee.

Mr. HARRY F. BYRD, JR. So that the total exceeds $600 million.

Mr. HATFIELD. It is $632 million.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. DOLE. Mr. President, I rise today in support of the committee's recommendations for energy and water appropriations in fiscal year 1982. This bill does an excellent job of allocating our scarce Federal resources and I applaud the members of the committee for the many difficult decisions they made to reduce Federal spending.

Mr. President, it is not my intent to attempt to alter the numbers in the Senate bill. I do, however, want to express my concern that an unintentional injustice may occur as a result of efforts by both Houses to reduce spending and appropriate money in a responsible manner. Specifically, I am referring to the $50,000 appropriated in the House-passed version of H.R. 4144 for study at the El Dorado Reservoir in El Dorado, Kans., an appropriation which is not included in the Senate bill.

I do not believe that it was anyone's intention to eliminate funding for this badly needed study of alternative access routes to the reservoir. The appropriation included in the House bill was achieved by reducing the construction account for the El Dorado Reservoir by $50,000 and transferring those funds to a general investigation account for study at the El Dorado Reservoir. In so doing, the House did not exceed the President's budget request for the El Dorado Reservoir as a whole. The transfer of funds was, in my mind, a very responsible action on the part of the other body, satisfying the concerns of the area's residents and the administration.

Unfortunately, the Appropriations Committee in the Senate correctly noted that the $50,000 appropriation for study was not requested by the administration and consequently deleted it from the bill. In almost all instances, I would support that action. However, in this case, the deleted appropriation was achieved by an earlier reduction in a companion account by the House.

By accepting the administration's zero appropriation we have in this bill eliminated a very valuable study. A study that the residents of the area, the Corps of Engineers and the House of Representatives felt was more worthwhile than an additional $50,000 for construction as requested by the administration. A study which does not do violence to the original budget request.

Mr. President, I make these points because I want to encourage the Senate conferees to accept the House figure in conference. The conferees will face many, more difficult, and much more costly issues when they reach the conference with the House. I would hope that they will see their way clear to accept this relatively minor item and restore a badly needed study that was consciously funded, in a responsible manner, by the House.

AUTOMATIC TERMINATION

● Mr. SCHMITT. Mr. President, this bill contains language which I sponsored barring NRC from implementing its uranium mill licensing requirements until EPA issues pertinent standards. This language is well-explained in the conference report. One point, however, merits some amplification. Because of the necessary delays between final passage of this bill, the House-Senate conference and signature by the President, it is unlikely that the November 8 deadline will be met.

Advocates of needless and mindless regulation should not take advantage of the necessary delay to thwart the will of Congress. Amended agreements will not have been entered by New Mexico, Colorado, Texas, and several other uranium-producing States by November 8.

The Senate does not wish the NRC to reassert jurisdiction on November 8. This not only will disrupt State regulatory programs, hamper the scheme of Federal-State cooperation envisioned under section 274 of the Atomic Energy Act, and cause unwarranted regulatory confusion, but also is contrary to the intent of Congress.

Neither the Mill Tailings Act nor its transitional provisions confer authority on NRC to automatically terminate all or any part of a discontinuance agreement. A discontinuance agreement may only be terminated as provided under section 274(j) of the Atomic Energy Act.

That section provides that NRC may terminate an agreement only upon request of the Governor of the State or after reasonable notice and an opportunity for a hearing.

The language adopted by the Appropriations Committee and now the full Senate and the comparable House prohibition reaffirms this intent and thus prevents NRC from unnecessarily terminating valid and successful State regulatory programs.●

Mr. HATFIELD. Mr. President, I know of no other amendments. Therefore, I request third reading.

Mr. DOMENICI. Mr. President, I have no amendments, but will the Senator yield 30 seconds?

Mr. HATFIELD. I yield.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. HATFIELD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from New York (Mr. D'AMATO), the Senator from Arizona (Mr. GOLDWATER) and the Senator from Utah (Mr. HATCH) are necessarily absent.

I also announce that the Senator from Alaska (Mr. STEVENS) is absent due to death in the family.

I further announce that, if present and voting, the Senator from New York (Mr. D'AMATO) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from New York (Mr. MOYNIHAN), the Senator from New Jersey (Mr. BRADLEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yea."

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 71, nays 22, as follows:

[Rollcall Vote No. 360 Leg.]

YEAS—71

Abdnor	Glenn	Murkowski
Andrews	Gorton	Nunn
Baker	Hart	Packwood
Bentsen	Hatfield	Pressler
Boren	Hawkins	Pryor
Boschwitz	Hayakawa	Quayle
Burdick	Heflin	Randolph
Byrd, Robert C.	Heinz	Rudman
Chafee	Hollings	Sasser
Chiles	Huddleston	Schmitt
Cochran	Inouye	Simpson
Cohen	Jackson	Specter
Cranston	Jepsen	Stafford
Danforth	Johnston	Stennis
DeConcini	Kassebaum	Symms
Denton	Kasten	Thurmond
Dodd	Laxalt	Tower
Dole	Levin	Tsongas
Domenici	Long	Wallop
Durenberger	Lugar	Warner
East	Matsunaga	Weicker
Exon	Mattingly	Williams
Ford	McClure	Zorinsky
Garn	Melcher	

NAYS—22

Armstrong	Grassley	Nickles
Baucus	Helms	Pell
Biden	Humphrey	Percy
Bumpers	Kennedy	Proxmire
Byrd, Harry F., Jr.	Leahy	Riegle
	Mathias	Roth
Dixon	Metzenbaum	Sarbanes
Eagleton	Mitchell	

NOT VOTING—7

Bradley	Goldwater	Stevens
Cannon	Hatch	
D'Amato	Moynihan	

So the bill (H.R. 4144), as amended, was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which this bill was passed.

Mr. HAYAKAWA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I move that the Senate insist on its amendments and request a conference with the House

of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. SPECTER) appointed Mr. HATFIELD, Mr. MCCLURE, Mr. GARN, Mr. SCHMITT, Mr. COCHRAN, Mr. ABDNOR, Mr. KASTEN, Mr. MATTINGLY, Mr. JOHNSTON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. BURDICK, Mr. SASSER, and Mr. PROXMIRE conferees on the part of the Senate.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, may I be recognized for a brief moment? Is there an order for the next item of business before the Senate?

The PRESIDING OFFICER. There is an order.

Mr. BAKER. What is the order, please?

DEPARTMENT OF DEFENSE AUTHORIZATIONS, 1982—CONFERENCE REPORT

Mr. TOWER. Mr. President, I submit a report to the committee of conference on S. 815 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 815) to authorize appropriations for fiscal year 1982, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 3, 1981.)

Mr. BAKER. Mr. President, this is the defense authorization conference report. There is no time limitation on it. But I hope, and I would really urge, that we try to finish this conference report tonight. I am prepared to ask the Senate to remain in for a reasonable time tonight, since this is Thursday and the regular late evening, in order to accomplish that.

If we do, in fact, finish this conference report tonight, it will be my expectation that the leadership would ask the Senate to convene at noon tomorrow and we would take care of routine business and be out at a fairly early hour.

If we cannot finish the conference report tonight, then, of course, it would be the pending business when we return.

I have no idea, Mr. President, whether there will be a rollcall vote requested on final passage, but all Senators should be on notice that there is a distinct possibility that there will be rollcall votes on this conference report.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. BAKER. Yes.

Mr. TOWER. I know of no one on this side who wants a record vote. I talked to some of the Senators on the other side who are going to speak on the measure. So far as I can determine, I have not uncovered anybody who wants a record vote. However, it is my understanding from the distinguished minority leader that someone might still raise it.

Mr. BAKER. Mr. President, I will say to the Senator from Texas I have talked to a number of Senators as well, and I also have not found someone to request a rollcall. But I would strongly urge Senators not to leave because on a bill of this importance and of this potential impact I think they should entertain the probability, certainly the possibility, that there will be a rollcall vote on the conference report later tonight.

Mr. ROBERT C. BYRD. Mr. President. will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. I want to support the statement that has just been made by the distinguished majority leader. There is at least one Senator, I will say at least two Senators, on this side of the aisle who do not waive the possibility that there might be a rollcall vote on the adoption of this conference report. So I am going to ask my cloakroom to put out that word so that Senators will be on notice. I am not saying there will be a rollcall vote, but I would not want Senators to go home under the impression that there will not be a rollcall vote.

Mr. GARN. Will the Senator yield?

Mr. BAKER. I yield to the Senator from Utah.

Mr. GARN. Let me comment that in the few years I have been here this situation has occurred many, many times, when we get into this position in the evening, when we might like to go home and have our dinners with our wives. I realize Thursday night is a late night, as we have been warned. I have no particular place to go.

But when we get into this situation where they say "we might," what often happens is we stay around for an hour or an hour and a half, miss dinner, and then there is no vote. That bothers me so much that if I am around here for an hour or an hour and a half, we will have a vote. That is the worst of all things, to stand around here, waste your evening listening to rhetoric and then not have a vote and have wasted it for nothing.

So whoever might want to have one, if they do not want to tell us now and I sit around here for an hour and a half, then I am going to call for a vote.

● Mr. JEPSEN. Mr. President, I rise today in support of the conference bill and report on S. 815. The conference bill contains language that will allow the Department of Defense to enter into multiyear contracts on large-scale weapons programs. Experts in the fields of economics and Government contracting have long pointed out the savings that could result to the taxpayers if the scope for multiyear contracts was broadened within the Department of Defense.

Until now, our current funding procedures for large-scale defense contracts have been erratic and counterproductive. Present regulations have restricted multiyear funding to all but the smallest contracts, even though many defense industry leaders have graphically pointed out the savings that could result. Moreover, the current instabilities of year-to-year funding have put many subcontractors out of business altogether. The result has been spiraling costs, fewer weapons, and longer leadtimes before the weapons on order can be produced.

Last spring I introduced S. 1051, a bill to allow more flexible use of multiyear contracting. My distinguished colleague from South Carolina, Senator THURMOND had also introduced legislation with this intent. During the course of the defense authorization cycle, many provisions from our legislation were incorporated in the language of the authorization bill. With the passage of the conference bill, the Department of Defense will be able to select candidate programs for multiyear funding and greater efficiency in the procurement process will result.

As with any new procedure, the Department of Defense must now proceed very carefully and deliberately with this new authority. There have been too many examples in the past of promising contracting procedures which had to be discarded because they were not properly applied. In the case of multiyear funding, the goal must be to inject as much stability in the defense acquisition process without jeopardizing future congressional flexibility in the funding process. By continuing our careful review of application of multiyear funding, I am convinced that we can insure the maximum savings and efficiency from this new procedure.

Mr. President, the American people have mandated that we halt the decline of our military strength. In response, we have programed an increase in defense spending. We must concurrently develop ways, such as multiyear, to cut the costs of defense programs, if we are to properly fulfill this mandate.●

Mr. THURMOND. Mr. President, I rise in support of the conference report on the fiscal year 1982 military authorization bill, which authorizes $130.7 billion in badly needed defense expenditures.

The conference was required to make very difficult reductions in the original budget amendment offered by President Reagan. However, these adjustments were dictated by the serious fiscal problems faced by our Government.

Frankly, I would have supported the original Senate bill, but the conference determined that reductions totaling about $5.8 billion were justified in view of the Nation's fiscal difficulties.

This report, however, does affirm a number of important initiatives taken by President Reagan and the Congress. Chief among these is approval, subject to

This report, however, does affirm a number of important initiatives taken by President Reagan and the Congress. Chief among these is approval, subject to a two-House veto by November 18, of the President's strategic recommendations—specifically the revival of the B–1 bomber program and production of the MX missile.

While the conference was unable to fully fund the strategic command, control, and communications program to the extent recommended, an important step was taken in initiating this much-needed modernization.

Another needed action taken by the conference was the approval of a modest Guard and Reserve modernization effort, although the final program was well below that originally approved by the Congress. Mr. President, with about one-half of the Nation's combat power in the Guard and Reserve, we must give more support to the needed funding in these areas.

The Navy account approved by the Congress included a significant increase in ship construction and approval of reactivation of the battleship *New Jersey*. My efforts in behalf of the battleship date back to the last year of the Carter administration when an amendment I offered on the Senate floor for funds to reactivate the *New Jersey* was narrowly defeated. With the full support of the Reagan administration, it now appears this much-needed reactivation will take place.

Unfortunately, due to budget constraints, the rates of aircraft procurement programs were reduced by the conference. It is my hope that in the future it will be realized this approach not only delays introduction of these aircraft into the service inventory but results in higher unit costs for the planes.

The conference did give strong support to needed research, development, and testing programs as well as to the long overlooked operations and maintenance accounts. These steps will undoubtedly pay significant dividends in the years ahead.

One highly significant language amendment in this bill provides for the repeal of the Vinson-Trammell Act. This repeal is long overdue, and it comes none too soon. However, I believe that this action will result in more business participation in defense contracts and bring about increased competition which will lead to lower costs to the Defense Department.

In view of the severe budget constraints faced by the conference, Mr. President, I believe this bill allocates funding in the most practical way, and I urge its support by the Senate.

Mr. WALLOP. Mr. President, as we pass this conference report, I want to register my dismay at what it does not contain.

In May the Senate by a vote of 91 to 3 passed an amendment to the DOD procurement bill authorizing an additional $50 million to speed work on space laser weapons. This amendment was chopped to a mere $5 million in this conference report. Both the Department of Defense and the Senate conferees, who once strongly supported the amendment, simply turned their heads the other way.

Note well that we are not dealing here with just another weapon, just another program. The United States is in deep trouble because the Soviet Union has overwhelming—and possibly permanent—superiority in the field of hard-target warheads. We Americans will not exit the current period of strategic inferiority until we find a way of neutralizing this central element of the Soviet force.

Today, what weapons are under development which offer any hope at all of neutralizing this key Soviet advantage? What weapons are under development which offer us any hope at all of safeguarding our lives and homes in case of nuclear war? Unfortunately the answer is simple: only the chemical laser battle station. That is the program which this conference report, most unfortunately, cuts.

Note also that the key to President Reagan's strategic package, that which alone sets that package apart from the sad, hopeless plans of the last administration, is the section on strategic defense. But no one contends that strategic defense can be effective without a space-based component. President Reagan, in his wisdom, specifically put into that package a provision to develop the technologies for space-based ballistic missile defense.

The money this conference cut out was absolutely indispensible to doing that. Without that money and a lot more, President Reagan's words are just words. Words are not going to keep Soviet warheads from landing on this country.

Last May 13 the Deputy Secretary of Defense addressed a letter to Senator TOWER saying that the DOD intended to augment the space laser program by $50 million each year beginning with fiscal year 1982. This was insufficient funding—not enough to keep from being beaten by the Soviet Union. But it was enough to set the Air Force and industry to thinking, to planning. Now that is not to be, and I am gravely disappointed.

Events may soon show how shortsighted has been the action of this conference committee. If ever a Soviet success with space weapons or the pressure of Soviet nuclear blackmail weigh upon this country, people will ask why their leaders did not act in time to provide them with protection. People will ask, with proper anger, where were you when we had a chance to do something? What were you thinking of then?

I hope that those who wrote this conference report will have good answers.

Mr. KENNEDY. Mr. President, it is with reluctance that I support the conference report on the fiscal year 1982 defense authorization bill. I am deeply troubled by decisions made in conference which will weaken, not strengthen, our national defense.

First, this conference report reduces funding in areas essential to the readiness of our military forces. Cutting back on the days at sea for the Navy and on spare parts for the Air Force is not the way to demonstrate that America is prepared and able to defend its interests around the world.

Second, this conference report includes reductions in our existing force structure. It makes no sense to decommission ships and to reduce our forces in the Indian Ocean by half a carrier battle group, at a time when the United States faces many global challenges.

Third, this conference report accepts a reduction in the number of KC–10's we will purchase. The administration speaks of the need to increase the Nation's ability to deploy our forces wherever they may be needed. Yet in October, the administration proposed the elimination of this air-refueling tanker vital to that mission.

The administration has yet to propose a coherent and thoughtful defense strategy for our Nation and our allies. Instead of a strategy, it has presented random defense decisions to Congress and the American people. If we are to possess strong military forces ready to protect our interests, we must develop a clear military strategy that our economy can sustain and that the American people and our allies will support.

NO FURTHER ROLLCALL VOTES TODAY

Mr. BAKER. Mr. President, I am advised by the minority leader, and we have checked with our cloakroom and they with theirs, that it does not appear likely that there will be a request for a rollcall on final passage of this conference report. While I cannot totally rule out the possibility of asking for a rollcall on this measure, I am prepared to say and do now say that there will be no more record votes tonight. I hope we will not have to have a record vote on this matter tomorrow, but if one is asked for it will not be taken tonight. There will be no more rollcall votes tonight.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, it is my understanding that the pending business is the Defense Authorization Act of 1982, the conference report to accompany S. 815.

The PRESIDING OFFICER. The Senator is correct.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, we are now on the conference report. My remarks are going to be rather brief. I suspect that we will be able to wind up the comments that some of us think are necessary on this action in a relatively short period of time.

Mr. President, the U.S. Senate is being asked to approve a conference report today which has been arrived at in a most peculiar and disturbing fashion. A little history is necessary to understand the position in which we find ourselves.

After the House and Senate each passed their versions of the Defense authorization bills, the President called for a reduction in 1982 defense spending on the order of $2 billion in outlays. This outlay reduction translates into the need to cut $7.7 billion in the overall national defense function—$5.8 billion of that total in this bill. The formal documentation from the administration recommending where these cuts should be made arrived on October 9, in the middle

process already in motion, the conferees were placed in a difficult position—not to mention the fact that the President's new strategic modernization program was announced on October 2.

Why were these last-minute spending reductions proposed? The answer lies with the President leaning on the Congress to rush headlong into an economic recovery plan based upon false and unrealistic asumptions that are clearly resulting in what is all but certain to be enormous Federal deficits.

In short, our national security policy is being driven not by a comprehensive threat assessment or "parity" or a "sufficient deterrent" and not by the most quick and efficient method of meeting our security needs—it is being driven instead by economy policy, or the lack thereof.

What has happened is that the administration has embraced the Jack Kemp economic philosophy, that "the Republican Party no longer worships at the altar of a balanced budget," coupled with, at the very minimum, a dramatic retreat from documented administration commitments to moving aggressively forward on closing the window of vulnerability that was the key catch phrase militarily in the 1981 campaign.

And so, Mr. President, in order to accommodate these defense spending reductions, what was proposed? Here is a partial list. One, early retirement of our B–52D aircraft. Two, early retirement of our Titan missiles. Three, reduction of the air-launched cruise missile program. All of these steps will have the effect of actually opening further and extending the so-called strategic window of vulnerability which we have heard so much about and which has been acknowledged by all of our current military and civilian leadership.

The list goes on. We are reducing by 25 percent our carrier battle groups in the Indian Ocean—the critical Indian Ocean of all places. The conference is reducing steaming time by 1 day per quarter of our nondeployed naval fleets—valuable training time for the ships and men who will soon be deployed forward to the Atlantic, Pacific, and Indian Oceans. We are reducing the force structure of the Army by 6,000, represented by deactivation of a separate brigade currently stationed in Europe—a flat reduction and not a scaled-back increase. At the same time, we all decry the shortage of airlift and tanker aircraft, the administration proposed cutting all eight of the KC–10 aircraft which had been approved by both Houses.

The administration also proposed reduction of the Senate-passed shipbuilding budget of $8 billion by 25 percent—or $2 billion. Also recommended was elimination of the critically needed Senate authorization of $50 million for Army National Guard equipment and $77 million for Guard and Reserve construction. Fortunately, these latter two programs and part of the shipbuilding and KC–10 reductions were restored; however, this partial list should give my colleagues some idea of the magnitude of the problem "dumped" on the Congress at the very last minute—in fact, after the fiscal year had already begun.

The President's strategic forces modernization program, announced less than 5 weeks ago, proposes a radical departure from years of work on the part of previous administrations and Congresses. In short, our strategic defense posture has been turned "on its head" by these recommendations. The rush to finish work on this conference was designed to provide the Appropriations Committees with useful guidelines to begin their work. However, conference action on the important MX and B–1 programs works against this goal. By approving a two-House veto on these programs no later than November 18, we are turning over the future of these programs directly to the appropriations process. Do we really want to put MX missiles in vulnerable, existing silos? We have not done our job responsibly.

Mr. President, this Senator is most concerned over the process involved here. There was no opportunity provided for comprehensive hearings and evaluation of these spending reduction proposals and their implications before their approval in the authorization process. This fact seems to have been overlooked and, further, not many people seem to care. This is irresponsible policymaking and we all know it. And at the same time, we proceed full-speed-ahead with a program to bring four World War II battleships out of "mothballs" at an eventual cost of $2 billion. This logic certainly escapes me.

Mr. President, I will vote for this conference report, despite my serious reservations, because there are many vital programs contained in this legislation which simply must go forward as soon as possible. But the process involved in arriving at this conference report, the inadvisable program starts contained therein and the unwise readiness reductions made as a result of the President's recommended changes represent bad policy and a sloppy way of doing business and determining defense policy.

I hope we have seen the last of this type of activity. Our national security is just too important to be subjected to what we are witnessing today.

Mr. President, I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I rise to express concern about one particular area. I will not send an amendment to the desk, but there has been testimony recently before both the Armed Services Committee, before the distinguished manager of the bill on the floor, the Senator from Texas, and the Foreign Relations Committee, from Secretary Weinberger, General Jones, and the Secretary of State, involving one particular item that I felt particularly concerned about.

We have just gone through a long and grueling session in the Senate regarding the AWACS sale, the importance of the Mideast, the importance of the Persian Gulf area, an area that I look at as literally the energy jugular of the free world. It probably will remain that for the next 10 to 15 years, until we get sufficient alternative sources onstream or get sufficient research done on better means of conservation that we can lessen that dependency on the Persian Gulf.

We still get about 20 percent of our oil from the Persian Gulf. Europe gets 50 percent of its oil. Japan gets 75 percent of its oil. Of those totals, Saudi Arabia supplies about 60 percent of those percentages I just mentioned.

I see that area of the world as being one of the most important. Probably, if the Soviets were given 5 square miles of territory to control that might give them literally control over the industrial world, they would be well advised not to pick the center of Washington, London, Tokyo, or Bonn. But they would be well advised to pick that 5 square miles on the in and out channels of the Persian Gulf, the Strait of Hormuz, because they would come closer to taking over the future of the free world in a more rapid way than any other piece of geography they could pick in the whole free world.

So it came as a great shock to me to find out in testimony originally given before the Armed Services Committee, and which I expanded upon later in hearings before the Foreign Relations Committee with the witnesses, that while we are talking about this area of the world being so important, how it needs AWACS, how it needs all sorts of equipment in that part of the world, we are setting up potentially a rapid deployment force largely because of the situation in that part of the world. The President is saying that we will guarantee not only the external security but even the internal security of Saudi Arabia, and the external security of other nations in the Persian Gulf area with whom we do business. While we are doing all that, Mr. President, it came out in testimony that instead of two carrier task forces, we are now going to assign one carrier task force to the Indian Ocean, the only bluff force that we have in that area.

By bluff, I mean we will go over one of these days and drop paratroopers to show our ability to drop forces in that area. I suppose that will be done on the upper Nile or Cairo, somewhere in that area. We will have B–52's go over and demonstrate what they can do on a test mission. We will have the Marines come in and land off the carriers in the Indian Ocean and up the Mediterranean, about 1,600 or 1,800 in one area and about 3,000 or 4,000 in the other.

But these are demonstrations. The honest-to-goodness combat forces that we have ready to go in case there is an attack on those oil heads at Ras at Tannura in the Persian Gulf or anyplace else are the carrier forces that we have maintained there, and they go off every day loaded. They have live ammo; they have live missiles. They can be up there defending those areas in a very, very short period of time, those areas that are critical energy lifelines of the whole free world. Yet, in the interest of budgetary considerations, we are saying that the Navy does not have sufficient steaming time money, which means at-sea money, to keep more than one car-

rier, out of the 13 that we have, on station over there all the time.

In the past year, the figures I have been given are that we have two-carrier task forces assigned and the average number that we had on duty was one. What we are saying now, as I understand from testimony given by Mr. Weinberger before the Foreign Relations Committeee, is we are now going to assign one, augmented for certain periods of time, and it will average about 1.2, according to the testimony he gave.

That concerns me because, at a time when we are trying to stress our reliability and our ability to cope with any situation that might develop in that area, we are actually cutting down our forces, the only combat forces that really can come to anyone's help in that area; that, to me, is unconscionable, Mr. President.

I was told by some of those same people, well, this is what had to go through OMB. I say if that is how we are going to run our armed services around the world and that is how our policy is going to be run, that we are going to have to run them through OMB, there is very little need for any bill to construct a bigger navy, because we are going to have to keep it in Portsmouth or Norfolk or San Diego or Pearl Harbor, because we cannot really use it.

It does not make sense to spend these billions if we do not have sufficient steaming time, do not have sufficient time at sea to keep the forces where they are needed. If there is one place I would think they would be needed, that we should be augmenting forces, it is in that area in the Indian Ocean.

Mr. President, there are other problems, personnel problems, keeping people at sea for a long period of time that we have to address. But I say when we are starting to cut back on our carrier forces in that most vital area of the world because of our economic situation here, then we would be well-advised, it seems to me, to take some of this money that we are applying to other things that I support and put it on operational funding, on Navy steaming time money. If we need additional money for transporting crews back and forth on a shorter rotational basis, then we should be voting that. But in this bill, as I understand it, we are cutting back by some $246 million, if I am not mistaken, on that funding that would enable us otherwise to keep at least the same level, the two-carrier level, that we have had in the Persian Gulf up to now. I object to that very, very strongly.

I am not submitting any amendment on this. I am sure if the administration so desires and Mr. Stockman can see fit to approve it through OMB, perhaps the administration can find ways that we can get steaming time money so that we are not just running a bluff in the Persian Gulf.

One thing you do not do in high stakes poker or high stakes international politics is run a bluff of this magnitude, because they are aware of what our true forces are in that area as well as we are. They are aware of what kind of air superiority we might be able or not be able to maintain over Ra's at Tannurah or other areas there.

Mr. President, I think it is very foolish to be cutting back on that kind of funding. I think we can find other places to accommodate budget cuts rather than this steaming time for the U.S. Navy that cuts down on time at sea. I am sure we can solve those personnel problems. I yield the floor.

Mr. TOWER. Will the Senator yield for a question?

Mr. GLENN. Yes, I yield.

Mr. TOWER. Would he take it out of modernization?

Mr. GLENN. I have not figured out, in answer to the distinguished Senator, how to take it out. I do not know exactly where it would come out. I am for modernization. I shall be voting for most of the things that have been proposed by the President in the strategic package, the modernization package. We are so far behind on that, have been delayed so many years.

It seems to me when we have our package, have an overall force, and then we cannot even put more than one carrier where it is needed most in this world, then there is something all fouled up with our priorities for how we are spending our defense dollars. Somewhere, it seems to me, that $246 million for additional Navy steaming time should be provided in this. I shall not propose it on the conference report but I certainly hope the administration, and Mr. Stockman, can find ways to get that kind of money.

Mr. TOWER. Let me point out that I am certainly loath to accept any cuts, Mr. President, would not have advocated any reductions. But I think it became a fact of life with us. Let us not kid ourselves. If we think the original Reagan request would have been fully funded by the Congress of the United States, we are not really being totally honest. We know the Appropriations Committees would have reduced funding. If you have to achieve larger outlays, if we tried to take over $2 billion out, with exempting O. & M., then we would have to take about $14 billion in obligational authority. That would cut deeply into the bone and sinew of our modernization program.

Mr. GLENN. Mr. President, I think for too many years we have cut O. & M. I do not think that is one area to be cut. We have pilots leaving the service because they were not flying enough.

Mr. TOWER. I agree, Mr. President, but I think it should be noted for the RECORD that even with our reduced funding, we are raising O. & M. above previous levels in real terms.

Mr. GLENN. I repeat, Mr. President, when we have a 13-carrier Navy and we find ourselves incapable of keeping more than one carrier in that most important waterway in the world, something is wrong with our priorities. I think we should be able to find some more——

Mr. TOWER. Does the Senator mean there are 13 carriers that would otherwise be available for duty in the Indian Ocean if it were not for this?

Mr. GLENN. I did not say that, Mr. President. If we have a carrier working out of Pearl Harbor, Portsmouth, Norfolk, I think we can find one carrier to go to that area in the world, one spot where there may be an immediate requirement for combat planes operating off carriers, not 4 or 5 days steaming time from the Suez or the South China Sea. We are talking about matters of minutes getting up to that Persian Gulf to take care of a threat that might be devastating to the whole free industrial world.

I cannot think of any spot in the world where I would rather see our carrier forces enhanced instead of being cut back when the reason they are being cut back is not that there are other danger spots, but the lack of funds for steaming time for the Navy. I know the distinguished chairman of the Committee on Armed Services agrees on the importance of that area and would like to see more carriers in that area as much as I would. It seems there are few areas or few purposes for which I would rather vote additional funds than to keep additional carrier forces in that area.

Mr. LEVIN. Mr. President, the conference report before the Senate contains many serious flaws, and it was produced by a seriously flawed procedure.

The Senator from Nebraska has outlined some of the problems with the procedure that was used to reach the conclusion we reached in conference.

Two billion dollars in cuts were made by the conference, many of them below the figures which had been adopted by the House and the Senate, without any record, without any hearings, and in some very critical areas.

Whatever anyone happens to think about the merits of these cuts substantively, I hope that the least we should insist upon is a procedure which allows us to study such things as to whether we should be reducing our Indian Ocean presence at this time, reducing our Persian Gulf presence at this time, and a number of unconventional cuts in conventional forces, which I will enumerate in a moment.

Some of the cuts we made in our conventional forces, in the privacy of this conference, without hearings, were the 25-percent reduction in Persian Gulf and Indian Ocean naval presence, a reduction in badly needed refueling tanker planes to help get our forces to the Persian Gulf and other critical places. The House put in eight planes, and the Senate put eight planes in our authorization bill. We go to conference and end up with four planes.

That is a rather strange way, it seems to me, to be implementing our decision to have a Rapid Deployment Force and to be able to readily deploy in critical parts of the world.

The Army end strength was cut by 6,000, $60 million below the House and Senate authorizations. I do not think that is the direction in which we should be moving—reducing Army end strength below even the Carter budget.

Early retirement of nine ships, earlier than projected. We have been talking about increasing the size of our Navy. Yet, we make this cut in conference,

without a hearing, which results in the early retirement of nine ships.

Naval fleet modernization cut $80 million below the Senate authorization, $40 million below the House authorization—in conference, without hearings. Those are important readiness items.

Early retirement of B–52's, and so forth.

Again, those cuts trouble me greatly. But whether or not one supports those cuts ultimately, it seems to me that, at a minimum, the process has to be protected. We were unable to protect that process because of the demands the administration placed on us time wise. It was certainly no doing of the chairman that we were unable to have hearings, which I would think even he would support, normally, before these kinds of cuts could be made.

Certainly, the lack of hearings before these cuts was not the result of our chairman's doing at all. That should be made clear on the record. But that was the outcome. There were no hearings on Indian Ocean readiness, and so forth.

The B–1 money is in here. We have not even finished our hearings. In fact, I do not think we have begun our hearings on the B–1.

In any event, those hearings on strategic programs, including B–1 and MX, are still in progress. There is no report from the Armed Services Committee, a valued committee in the Senate, which has some historical importance. I am looking at the former chairman of this committee. We have done much in terms of America's readiness with respect to our defense posture. What a tradition this committee has. Yet, there are $2 billion in conventional cuts, without the benefit of a hearing. That is not in keeping with the traditions of the Armed Services Committee or the traditions of this body.

The money for the MX basing mode is in here, again without the benefit of a report from the Armed Services Committee.

The B–1 bomber: We have received more inconsistent information on the B–1 bomber than on any other program in recent history. There are four critical questions about the B–1 bomber and the Stealth bomber.

No. 1. when will the B–1 be ready? There are two different figures—1986 and 1987. When will Stealth be ready? There are two different figures. One says 1989 and another says the early 1990's.

How much will the B–1 bomber cost? Do we care? Is it relevant whether we proceed to use it? Of course, it is relevant. The first figure is $19.7 billion, in fiscal 1981 dollars. Within a week, it was $20.8 billion. The GAO says it is billions more.

The group which advises the Secretary of Defense on this matter, the independent group which advises him on this matter, the Cost Analysis Improvement Group, last weekend told the Secretary of Defense it would cost $27 billion to $28 billion.

I repeat the statement, even though the Secretary of Defense said that was not accurate this morning. I repeat the statement now.

Does it make a difference to the Senate whether we are going to pay $19 or $28 billion for a B–1 bomber which could have a penetrating life of 2 years? Or is it 6 years? We have received completely different figures within 2 days on that question. Yesterday we were told 1995 or 1996. Today we are told 1990.

How long can the B–1 penetrate? What is the cost of the B–1? When will the B–1 be ready, and when will the Stealth alternative, which many of us favor, be ready?

We have received totally inconsistent data on that. Are we ready to put this money in for a B–1 bomber, under these circumstances? I am not. I do not think many members of the committee are. I do not think many Members of the Senate are.

Institutionally, it seems to me that we should be in a position in which we can judge a decision of this magnitude on better data than we have, which is totally inconsistent data, as many of us who have sat on the Armed Services Committee through those hearings for the last 2 weeks know.

Mr. President, we have a way by which we can correct two of these items. We can file a resolution of disapproval of the B–1 bomber that has been produced by the President, and that resolution of disapproval can be heard before November 18, under a privileged procedure on this floor. We can file a resolution of disapproval on the MX basing mode, and that resolution of disapproval will be heard by November 18, under a procedural device that is in this bill.

A number of us intend, immediately after the approval of this conference report, to do exactly that tonight—to file these resolutions of disapproval on the B–1 bomber and the MX basing mode, as soon as this debate is over, as soon as the conference report is adopted.

Mr. President, we also can correct both the procedural flaw and the substantive flaws in our readiness posture. We can correct the cut in Indian Ocean and Persian Gulf presence. We can correct the cut in tankers which allow our fighters to get there. We can correct the cut in the end strength in the Army. We can correct the cut in the increase in the early retirement of ships and a number of other conventional force cuts I have described.

We can correct that and at least have hearings, by the filing of a supplemental authorization bill to do that; and a number of us will be filing that measure tonight, as soon as this conference report is adopted.

Mr. NUNN. Mr. President, will the Senator yield for a brief observation?

Mr. LEVIN. I am happy to yield to the Senator from Georgia.

Mr. NUNN. I have not decided whether it will be the B–1 or the MX, but I have many of the same questions that the Senator from Michigan has already outlined in that area, as well as the readiness area.

I know that the Senator from Michigan tried to extend the date of November 18 on the two-House veto, and I joined him and the Senator from Nevada (Mr. CANNON) and others. That was defeated in conference.

However, the interesting thing about the dilemma we are in with respect to the two-House veto by March 18 is that, first of all, the expedited procedures to consider those resolutions of disapproval are not effective until the bill is in law.

Mr. LEVIN. That is correct.

Mr. NUNN. I am also informed that, of course, the House of Representatives does not have a rule yet. Frankly, I do not know what the date is today because we had a busy week and I lost track of it, but I know it is in the first part of November. I believe it is about the 5th.

Mr. EXON. It is the 5th of November.

Mr. LEVIN. Mr. President, if the Senator will yield on the question of the date, the date to use the B–1 approach is somewhere between the 2d and 15th of November.

Mr. NUNN. I will accept the Senator's observation on that.

Assuming the date is somewhere around the 5th of November, which I am so informed, that means that if the House of Representatives does not get a rule very quickly and pass this very quickly, there is no chance that the expedited procedures for consideration of the resolution of disapproval can become effective, and also the President can hold the bill for a while, so, in effect, between the House of Representatives and the President the whole question of veto on both the two major systems is going to become in all likelihood inoperative which means, in essence, that on these two major systems which the President has announced as far as the authorizing committees go we are not going to be in a position to have much effect on them as such.

I know we will hopefully discuss these in committees.

Senator WARNER has done a superb job of having a lot of hearings. The unfortunate part of the hearings is many of the administration witnesses do not seem to be able to give us any details on the MX at least. We are in a curious position. We have a provision in the bill on the two-House veto that is virtually inoperative.

I do think that forces the debate on the appropriations measure.

Mr. LEVIN. I thank the Senator from Georgia. He is correct. There is a reasonable likelihood that we will never be able to debate this, but there is a chance we can. If the House of Representatives gets its rule and the President acts quickly enough there is a chance we will be able to debate this resolution of disapproval, and it is based on that hope and that chance, which I think is probably less than 50–50, but it is still a chance.

Mr. NUNN. If we can get the President to expedite the signing of the bill, we can then take up a veto resolution on his two programs.

Mr. LEVIN. I think the President might want to do that. I do not think he would want to deprive us of the opportunity to do this because I think it more likely that we would turn down the appropriations of these if he does not give us the opportunity institutionally to argue and debate these matters on the authorization bill. I think he would be well advised not to delay the signing of this bill.

Mr. NUNN. I agree with the Senator's observation and I agree with his hope. I do not know that I join in his expectation. I at least share the hope.

Mr. LEVIN. Mr. President, in conclusion, let me just make two observations.

First of all, I commend our chairman who has had to deal with this proposal of the administration under very, very difficult circumstances. I do not think there is anyone who does not appreciate that.

The outcome is one that we may or may not particularly be 100 percent delighted with, but the outcome is not one which one created. Neither the procedural problems nor the substantive reductions are really something which was a product of his labors, certainly, and I commend him for his willingness to do what was possible under very impossible time circumstances in this matter.

Second, I have made some statements here about contradictory cost estimates on the B–1. I have made some statements here about contradictory statements relative to when the Stealth plane will be ready. I have made some statements here about how long the B–1 bomber can penetrate the inconsistencies in those statements. And I have made some statements here tonight about the time when the B–1 bomber will be operational.

I have set forth each and every one of those inconsistencies, many of which take place within a period of a day or two, in a document which I now ask unanimous consent to have printed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

STATEMENTS

Following are a series of contradictory statements from Pentagon officials on various aspects of U.S. strategic forces:

I. DIFFERENT AND CONTRADICTORY COST STATEMENTS ON B–1B

July 13, 1981—AF Legislative Liaison Document, $19.7 Billion (FY 81 $).

Oct. 5 & 6, 1981—Dr. Richard DeLauer, UnderSecDef Research & Engineering, and Lt. Gen. Kelly Burke, AF R&D Chief, to House Defense Approps. Subcommittee, $19.7 B (FY 81 $) or $21.4 B (FY 82 $).

Oct. 27, 1981—Milton Margolis, Head of DoD Cost Analysis Improvement Group, at direction of Dep Sec. Def. Carlucci at Sen. Gov. Affairs Comm., $19.7 B (FY 81 $) from AF Program Manager or $20.2–20.7 B (FY 81 $) in independent AF estimate not. inc. possible additional sub-systems.

Oct. 28, 1981—Jack Borsting, Asst. Sec. Def. (Comptroller) to SASC Strategic Subcomm., $20.5 B (FY 81 $) or $22 B (FY 82 $) plus another $50 million for an unnamed "nuclear feature" which will be added and possibly another $600–$900 million more as a 3–4% estimate of further add-ons. Borsting also confirmed that the independent AF estimate was $800 million above the AF program manager's estimate of $19.7 B in FY 81 $.

Oct. 29, 1981—Lt. Gen. Kelly Burke (AF R&D Chief) to SASC Strategic Subcommittee, $20.8 B (FY 81 $) which includes $300 million more for flight training simulators. Burke refused to add another $624 million to represent a 3% contingencies factor he himself said an AF audit showed added to the program. Adding that would yield a $21.4 B in FY 81 $ program.

GAO Draft Statement of Facts (late October, 1981), $2.266 billion in FY 81 $ in questionable reductions by AF to achieve $19.7 B program cost. At least almost $500 million more in possible program adds. ($1.1 B identified by in this area admitted above).

October 31/November 1, 1981, DoD Cost Analysis (CAIG) Improvement Group briefs Sec.Def. Weinberger that B–1B program will cost $27—28 B in FY 81 $.

II. STEALTH IOC STATEMENTS

Secretary Weinberger to full SASC, Oct. 5, 1981: "Our vigorous ATB program will lead to that plane's deployment under current plans beginning in 1989."

Principle Dep. Under Sec. Def. (Research and Engineering) James Wade to SASC strategic Subcommittee on Oct. 28, 1981: "Our vigorous ATB program will lead to that plane's deployment in the early 1990's."

Gen. Richard Ellis, then CinC SAC to HASC Member last year: "Conversely, opting for the B–1 at this time could preclude procuring a more advanced aircraft available by 1990."

Gen. Lew Allen, AF Chief of Staff, to SASC Strategic Subcommittee on Oct. 29, 1981: "At the same time we will be proceeding with a vigorous program to develop an advanced technology bomber, aiming toward deployment in the early 1990s."

III. B–1 PENETRATION CAPABILITIES CALLED INTO QUESTION BY SECRETARY OF AIR FORCE CHARTS

June 2, 1981 Charts in Memorandum from Sec. AF to Sec. Def. show B–1B's ability to penetrate improving Soviet air defenses begins to degrade well before AF testimony contends it will ("well into 1990s").

Charts show B–52Hs will be able to penetrate for at least one year after B–1B's penetration capability begins to degrade, and that B–1B won't penetrate much longer than B–52Hs.

Charts show our B–52Gs and Hs, if armed with cruise missiles, will be able to shoot their missiles and then penetrate Soviet air defenses to drop bombs well into 1990s, and that B–1Bs will have to adopt this same "shoot and penetrate" tactic only shortly after the B–52Hs must in order to accomplish B–1B missions.

Charts show B–52Gs and Hs will be able to shoot and penetrate Soviet air defenses well into 1990s and well after charts show Stealth bomber will be available to assume strict penetration mission role.

IV. B–1B BOMBER IOC (INITIAL OPERATING CAPABILITY) IN DOUBT, DESPITE DOD/AF TESTIMONY

Sec. Def. Weinberger, to full SASC on Oct. 5, 1981: "Specifically, we will develop a force of 100 BO1 bombers with an initial operating capability in 1986."

AF Chief of Staff, Gen. Lew Allen, to SASC Strat. Subcomm. on Oct. 29, 1981: "We propose to build and deploy a force of 100 modified B–1 bombers with an initial operating capability of 1986 . . ."

However, DOD's own "Dictionary of Military and Associated Terms," published by the JCS on June 1, 1979, and known as JCS Pub. 1, provides the following definition of **"initial operational capability**—the first attainment of the capability to employ effectively a weapon, item of equipment or system of approved specific characteristics, and which is manned or operated by an adequately trained, equipped, and supported military unit or force."

And, the B–1B IOC is being defined by the AF, according to GAO, as "delivery of the 15th aircraft to SAC."

Not only does this deviate from what is supposed to be a system's IOC, but GAO has been informed by AF that IOC for B–1B does not represent or require operational capability. GAO was told it would be at least mid-1987 before even limited nuclear certification of the B–1B is complete.

Most importantly, the AF Strategic Systems Program Office officials, according to GAO to me just today (yesterday) stated to its investigators that: ". . . it will be at least a year after the 15th aircraft is delivered before the first LRCA(B–1B) squadron will have the capability necessary to stand nuclear alert." (GAO quote.)

Mr. LEVIN. I ask unanimous consent that the following documents be printed in the RECORD at the close of my prior statement: One, a statement which I made today before the Senate Armed Services Committee; and, second, a document entitled "FY 1982 O&M Budget Revisions, An Analysis Which I Prepared."

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

STATEMENT BEFORE THE SENATE ARMED SERVICES COMMITTEE

The administration's strategic program is a shambles. The proposed MX basing mode does not solve the Minuteman vulnerability questions that many perceive—it isn't mobile and simply makes bigger missiles more tempting targets. And Senator Nunn showed yesterday that it contains technical violations of SALT.

As to the B–1 Bomber, the DoD will apparently say just about anything to sell it. A few months ago, we were told that the B–1 could penetrate Russian radar only a few years after their deployment in the mid-80's. Yesterday we were told they could penetrate about nine years.

The cost of the B–1 has been understated for no other apparent reason but to help sell it. Within a week after its $19.7 billion price tag was announced, the Air Force acknowledged it was at least a billion more and the GAO has tentatively found it will cost billions more, and I am informed your own independent cost analysis improvement group (CAIG) just this last weekend told you it would cost $27 to $28 billion dollars. These are all in constant FY81 dollars. Other facts have been exaggerated or change to sell B–1.

"Just a few weeks ago, you told us that the Stealth Bomber, which many of us prefer as an alternative to the B–1, could be ready in 1989. Then DoD changed that to the early 90's with the obvious effect of strengthening the case for the B–1.

"In order to sell the B–1, you have even tried to rewrite the dictionary. You have advertised that the IOC, the initial operating capability of the B–1, would be 1986 but the Air Force has told us that date is when 15 bombers will be delivered to SAC. But the mandatory DoD definition of IOC is the 'first attainment of the capability to employ effectively a weapon.'

"The GAO obtained from the Air Force Strategic Systems Programs Office the admission that the first squadron of B–1's would not be ready to stand nuclear alert, which is their mission, until mid-1987.

"By the admission of every Administration spokesperson we have heard, the strategic program is offered only as an 'interim' solution to what you believe is a serious window of vulnerability. But to achieve this 'interim' solution—a solution which begins 5 years from now and arguably provides additional protection for a grand total of another 5 years—we are being asked to pay a terrible price. It's not only a price in terms of dollars. It's also a price in terms of security. Yesterday, General Davis, head of SAC, admitted that the net effect of adopting your program would be to weaken the defense of the United States for the next five years. This is because of earlier-than-planned retirement of B52D's and Titans. We will be worse off for the next five years than we are now. I've never heard of closing a window by opening it wider. This from an administration that promised to hit the ground running and to rearm America.

"Mr. Secretary, with all due respect, you have created an impression that we are weak—and now, through your actions, you are creating that reality.

"Not only is the strategic program a shambles and a waste but the funds wasted are draining our real conventional forces' needs and readiness needs.

"The administration proposed $2 billion in cuts, mostly in conventional forces, within the last few weeks and that they be made in a Senate-House Conference which is private rather than following public hearings. Here are just a few of the cuts in the Conference Report:

"Persian Gulf and Indian Ocean naval presence (25% reduction);

"Badly needed refueling tanker planes to help get our forces to the Persian Gulf and other critical places (cut from 8 to 4);

"The Army strength is being cut by 6,000 ($60 million below the House and Senate authorizations);

"Early retirement of 9 ships;

"Navy fleet modernization is cut $80 million below Senate authorization and $40 million below House authorization."

FISCAL YEAR 1982 O. & M. BUDGET REVISIONS

[Dollar amounts in millions]

	Fiscal year 1980	Fiscal year 1981	Carter fiscal year 1982	Reagan March fiscal year 1982	Senate fiscal year 1982	House fiscal year 1982	Initial conference fiscal year 1982	Reagan October fiscal year 1982	Conference agreement
1. Army force structure changes—end strength reduction		780,000	786,300	786,300	785,800	786,368	786,000	780,300	780,300
Reduction of 6,000 end strength due to deactivation of a separate brigade produces savings of $27.3 in O. & M. support.									
2. Navy steaming days		$2,136.9	$2,475.3	$2,534.5	$2,534.5	$2,534.5	$2,534.5	[1] $2,361.5	[2] $2,425
Associated operating tempo (average steaming days per quarter across the fleet)	42.6	43.8	39.7	42.5	42.5	42.5	42.5	40.2	40.7
The fiscal year 1982 Carter budget anticipated withdrawal of one carrier battle group from the 2 currently stationed in the Indian Ocean; the original fiscal year 1982 Reagan amendment added funds to maintain the 2d carrier battle group in the Indian Ocean through fiscal year 1982. The reductions in steaming days proposed in the October amendment will be achieved by: (1) withdrawing ½ of a carrier battle group from the Indian Ocean; (2) a reduction in overall steaming time throughout the fleet averaging 2 days per quarter. The conference agreement restores 2 days per quarter cut from the Mediterranean (6th) Fleet but only 1 day per quarter steaming time to the rest of the fleet.									
3. Navy Fleet modernization program		$824.7	$964.1	$977.1	$977.1	$937.1	[3] $957.1	[4] $897.1	$897.1
This program provides for modernization updates to equipment and weapon systems on ships during regularly scheduled overhauls. Examples of updates canceled by cut are defensive upgrades for 2 destroyers and 19 auxiliary ships and hardening of the superstructure of 5 DD–963's against shrapnel damage. Conference agreement accepts full cut.									
4. Air Force B–52D retirement		([5])	([5])	([5])	([5])	([5])	([5])	−$18.9	−$18.9
The Air Force has proposed retirement of B–52D aircraft beginning in fiscal year 1982. Although the B–52D's are the oldest and least capable of the B–52's, these aircraft were expected to operate at least until fiscal year 1987 prior to the October budget amendment. Conference agreement proposal accepts retirement proposal.									
5. Early retirement of 9 active and Reserve ships		([6])	([6])	([6])	([6])	([6])	([6])	−$15.2	−$15.2
Conference agreement accepts early retirement of 3 active and 6 Reserve ships. In the case of the 3 active logistics support ships, it is unclear how the Navy will compensate for the loss of this capability in the near term.									
6. Trident support			$231.4	$231.4	$231.4	$221.4	$221.4	$221.4	[7] $201.4
Conference agreement includes a reduction of $20,000,000 to operating support for Trident submarines. This reduction was not included in the administration's amendment.									
7. Army force modernization				$976.6	$948.6	$936.6	$942.6	$976.6	[8] $916.6
The initial conference agreement reduced this line by $34,000,000 because of poor justification by the Army. No justification given for the additional reduction of $26,000,000 in the conference agreement. The administration requested the full budget request.									
8. M88Aa (tank recovery vehicles)	(67)$41	(166)$124	0	(180)$153	(180)$153	(180)$153	----------	(172)$148	(150)$123.7
Reagan original budget add done to continue M88 production at a rate to maintain the production line and to be consistent with fielding increased quantities of tanks and (armored personnel) carriers. Cut means uneconomic production runs and could yield eventual shortfall of tank recovery vehicles since increases to tank and IFV lines maintained.									
9. KC–10 advanced tanker/cargo aircraft	(4)$183.2	(6)$312.3	0	(8)$437	(8)$437	(8)$437	----------	0	[9] $220.2
Recognized shortfalls of airlift and tankers exist. The latest Reagan proposal delays redressing this. KC–10's would be especially useful in assisting AF fighters to ferry nonstop to Persian Gulf.									
10. Harpoon missiles	(240)$145.7	(240)$175.7	(240)$212.5	(340)$282.7	(340)$282.7	(240)$212.5	----------	(240)$232.7	(240)$232.7
Missile inventories are low across the board for tactical missiles. This delays modernization both HASC and SASC have said is necessary in past when approving accelerated buys of Harpoon.									

[1] —$173 from March request.
[2] —$119.5 from March request.
[3] —$20 from March request.
[4] —$80 from March request.
[5] Retain B–52D's in force structure.
[6] Retain ships in fleet.
[7] —$20 from conference agreement and amended request.
[8] —$60 from amended request; $26 from conference agreement.
[9] For 4 a/c.

Mr. LEVIN. Mr. President, I yield the floor and thank the Chair.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Georgia is recognized.

Mr. NUNN. Mr. President, I first of all share the concerns that my colleagues from Michigan and Nebraska have already indicated and also the concerns of the Senator from Ohio (Mr. GLENN).

Mr. President, the fiscal year 1982 defense authorization conference report before us tonight represents what I would call a "Dr. Jekyll and Mr. Hyde" situation. When the bills went into conference last July, they represented many positive developments and major enhancements in terms of strengthening our military posture. However, a dramatic transformation has occurred and what the emerging conference report contains compared to the bill that passed the Senate and the House are significant decreases in military capability and readiness and other potentially serious problems.

The Reagan administration and Weinberger Department of Defense led the charge last March toward a long overdue increase in our national security programs. This fall, however, the changes in President Reagan's proposals make a significant retreat in the commitment to improve readiness and restore the strategic balance.

In their September-October changes, they recommended defense budget authority reductions of close to $7 billion and then announced a strategic modernization program that raises serious questions about the near and long-term strategic nuclear balance.

Mr. President, I think it is worthy of note at this point that there has been an awful lot of talk about huge defense budgets, and so forth, but the outlays in this defense budget, even if there are not significant new cuts in the appropriations measures, the outlays will be almost the same as the Carter budget would have been. Of course, the authorizations are higher but the authorizations have not been converted into appropriations in this measure and that is in considerable doubt.

A real disservice was rendered to the two primary defense authorization committees by the late decisions of the administration in making a very radical change in the defense budget that had already been through the process of hearings. We were then forced to deal with these major ships within a conference committee.

To his credit, our able chairman, Senator TOWER, consistently pushed the Department through the spring and summer to provide the details of the strategic program so the committees could consider them in the normal order. No one has been more supportive of improving the strategic posture and readiness than Chairman TOWER. His ability to adhere to these principles, however, was greatly complicated by the awkward situation that occurred during conference.

GOOD FEATURES

On the "good side," the conference agreement provides a favorable level of support for key procurement, readiness, and other initiatives compared to previous years. Provisions on multiyear procurement were adopted to help improve the acquisition process. A needed step was taken in closing the gap in the shortfall of assault shipping by adding an LSD–41. The sea-based leg of the Triad was strengthened with approval of Trident II funding. A new provision authorizing military cooperation with civilian law enforcement officials was approved and an early warning system for cost overruns was added.

There are also key initiatives in the area of improving the overall strategic communications, command, and control capabilities, so-called C–3 capabilities.

Also there are improvements in the tactical warfare area and there has been funding added in that area. There is also improvement in the R. & D. area and future weapons systems.

Also I must say in all frankness there have been improvements in the readiness area, and I can cite other details that are on the positive side. So I do not want to be placed in position of saying only negative things about this conference report and the procedures that led to it.

In the tactical warfare area, the funding level supports many of the needed modernization programs to include the M–1 main battle tank, the Marine Corps amphibious assault and lightweight armored vechicles, needed artillery pieces, small arms such as machine guns and ordinary combat rifles. Numerous tactical missile programs such as the Sidewinder, the Phoenix, and Sparrow are approved. The long-awaited Patriot air defense system is approved as well as strategic missile systems as the ongoing Trident I.

Another important area is, of course, research and development where important work on ballistic missile defenses, V–STOL aircraft, new ship designs and other new technologies are supported. R. & D. provides the backbone for future weapons systems and has received positive attention in this bill. The readiness area has long overdue enhancements in spare parts, maintenance, and other supplies. I could cite many other individual procurement, readiness and R. & D. items which are essential to our military capabilities as provided for in this $130.6-billion defense authorization bill.

However, the conferees did emphasize their convictions that the authorization amounts initially committed to conference more nearly reflect the long-term requirements for achieving the marked improvements in national defense posture that are needed.

On the negative side or "bad side," there are also unfortunately numerous examples.

In the readiness area, which the Senator from Michigan has already alluded to, the reductions are painfully obvious but their long-term impact is unknown as there was not time to analyze it. Our own Preparedness Subcommittee under Senators HUMPHREY and LEVIN worked long and hard during the hearing and markup cycle to insure that readiness did not remain the traditional orphan. Today's bill is $1.4 billion under what the Senate approved version viewed as appropriate. The results are reduced steaming hours, reduced flying hours, reduced joint training exercises, deactivation of Army combat units, and reductions in war reserves.

The conference agreement assumes that the Navy will withdraw one-half of a carrier battle group from the Indian Ocean; that at a time after we have just completed a very, very tedious, tough, and emotional debate on our defense responsibilities in the Indian Ocean on the AWACS sale.

The United States has maintained two-carrier battle groups on station in the Indian Ocean since the Russian invasion of Afghanistan. If there is a reduced threat in that area of the world now to allow us to prudently make this reduction, then I think we should be informed about it in our committee. I have not been so informed.

There are reductions in steaming days across most of the fleet which bring the Navy's projected overall operating tempo for fiscal year 1982 down to 40.7 steaming days per quarter.

To give some base of reference there, that is lower than the fiscal year 1980 steaming days, 42.6, and also lower than the fiscal year 1981 steaming day level of 43.8. These reductions translate into cuts in training time for the U.S. Navy. If there is a reason for that that relates to the reduction of the overall threat I think again we should be so informed.

Nine Navy ships will be retired early. The conference agreement approved the administration's request to advance the retirement date to fiscal year 1982 of three active duty ships and six ships assigned to the Naval Reserve.

There is a 7-percent reduction in the request for Army ammunition which will delay buildup of war reserve ammunition inventories.

In procurement there are also some very disturbing trends. I certainly do not relate all of this to the conference report. I think we have to face facts and realize that the procurement cost overruns are having a dramatic effect on our overall defense budget.

This budget authorizes fewer combat aircraft than were procured in fiscal year 1980. There are fewer combat ships in this budget—9 versus 10—than in the fiscal year 1980 budget. Considering the early retirements, how will it be possible to sustain the existing fleet with this building rate let alone increase to the so-called 600-ship Navy?

I think we ought to ask a legitimate question: What happened to the 600-ship Navy? I was asking my staff in the spring how we were going to build up a 600-ship Navy, and then I picked up my paper one day and it said that top officials in the Department of Defense had announced a 700-ship Navy. It does not know how we are going to get to a 600-ship Navy. It seems to me the combat Navy is going down, not up.

One of the major casualties of the conference changes is the rapid deployment force which is essential to support our Persian Gulf commitments outlined by both President Carter and Reagan. Major force reductions include elimination

of six ships that were to be converted to maritime prepositioning ships to support timely deployment of well-equipped combat forces into the area.

The problem of timely mobility, one of our most significant problems in the conventional area, is exacerbated by the administration's recommendations in the aerial refueling area. All the major commanders, Army, Navy, Air Force, and Marines, have stated time and time again that the deficiencies in tanker capabilities significantly constrain our strategic and tactical mobility forces. Yet the administration recommended cancellation of the KC–10 tanker program and decreasing the KC–135 reengining plan. The conference did restore 50 percent of the KC–10 request but this provides just four tankers versus the original eight tankers justified. The future is uncertain for both programs.

At a time of growing concern about the NATO alliance, the administration canceled the centerpiece of alliance standardization and interoperability efforts—the Roland.

There is no military replacement for this all-weather air defense system which already has over $1 billion in sunk costs. It was ready for production and the conference action of providing $50 million of the requested $500 million essentially terminates the program.

We may be able to find a military alternative. But I submit there is no political replacement for the damage that is being done to the so-called two-way street of procurement which many of us have worked on long and hard, and to the absolute essential standardization effort if we are indeed going to improve NATO forces.

In the strategic area, however, I am most disturbed. The bill provides funding authority for two major strategic programs over which there is a great deal of confusion and skepticism, the B–1 bomber and the MX missile and basing mode. This bill authorizes funding for the MX system but no one seems to understand exactly what kind of system this is going to be specifically in terms of the basing mode.

Secretary Weinberger says he plans to significantly harden either Minuteman or Titan silos or both for an interim basing mode for the new MX missile. But no one is certain how much this will cost and how or why it should be done.

The Senate Armed Services Committee or the Subcommittee on Strategic and Theater Nuclear Forces, under the very able leadership of Senator JOHN WARNER, who is occupying the chair at the moment, with very solid staff backup, is working diligently to try to unravel many of these mysteries. But, frankly, the administration witnesses who appeared so far are largely unprepared for these hearings. There is an appalling lack of information and explanation.

Dr. Fred Ikle, the Undersecretary for Policy, stated there was "no analytical foundation for the interim hardening decision."

Dr. Jim Wade stated there "is no definite cost data available."

Many of the military witnesses—in fact, all of them that I have heard—are very skeptical or either outright opposed to the hardness plan. Engineers questioned whether these levels of hardness can be achieved, and many experts discount the survivability of this kind of system even with hardness.

The Air Force, in the early 1970's, decided to increase the hardness of certain Minuteman silos but decided it was not cost-effective or militarily sound to harden to the levels contemplated today.

Since that time, of course, the accuracy of the Soviet missiles has gone up not down. So any analysis at that time would certainly have to be more pessimistic today, and there has been no subsequent analysis that I know anything about.

Earlier testing in this area with actual explosions, according to information I have received, demonstrated that some hardness might help protect the missile. But the launcher, with the missile, under these experiments tilted over in the hardened cocoon that was in the crater formed by the explosion. So the result of all that test, as I understand it, was that the blastoff might have launched the missile, but it would have gone into the next county rather than into ballistic trajectory, and certainly no one desires that result.

So the questions remain unanswered. Will these silos really be hard enough to survive a Soviet attack? Does hardening make any sense from both a cost and military standpoint?

There are other concerns that have come up just in the last couple of days. Yesterday in the hearing we had Gen. Bennie Davis the new Strategic Air Commander, who stated his belief, again after many questions, that hardening the Minuteman silos would violate certain, what he called, "technical provisions of both SALT I and SALT II."

I have a question, and I am sure others will have that question increasingly, whether the administration really intends this or whether there is some plan to deal with this possibility. Secretary Weinberger said today there were ways this could be done, that hardening could be done, without this violation occurring, at least that is what I understood him to say.

I asked for documentation, and at this point we have not received it. But I hope we will in the next few days. This is not an insignificant matter and not an unclear matter. Both SALT I and SALT II specifically point out the limitations on increasing the volume of silos and, as I recall, and this may not be the right recollection, and the Senator from Texas probably could refresh my recollection on this, but as I recall that was something that the United States pushed very hard because of our great concern about the new Soviet missile programs being located in existing Soviet silos.

So this opens up an unknown field of questions about not only what we may do and whether we may violate SALT I and II, which none of us want to do, including the administration, but even more significantly what the Soviets may do with their own silos and with their own missile programs.

I do not know the answer to this, but I am under the impression that the administration has not thought through this and, until very recently, did not even know the possibility existed that there was this kind of technical violation.

In respect to the airbreathing leg of the Triad, there are a significant number of unanswered questions.

Can the improved version of the B–1 penetrate and what are the cost implications for both the United States and the Soviet Union of a U.S. II bomber program? What is the concept of operations for the B–1 if approved? The Air Force apparently has one view and senior defense officials another.

It is very apparent the Air Force is not contending that you are going to have penetration for a very long period of time. In fact, they project out to the year 2000 or so. The administration, Secretary Weinberger, I am told, today in hearings said three or four times that we were going to have penetration with the B–1 only until 1990.

Well, all of us know if we have penetration until only 1990, what we are talking about, basically, is the B–1 being a conventional bomber and a cruise missile carrier not a strategic penetrator. It may be a superb conventional bomber, but can we afford to pay $250 million a copy for a conventional bomber? These are questions that are extremely important that have not in any way been answered.

Another important question that I have that I think is of concern to many people is—and I know the Presiding Officer shares this concern—is the cruise missile program being slowed down, reduced, or both? Witness after witness in the last week or so, week or 10 days, has been questioned and they have been requested to provide a comprehensive crosswalk between the Carter cruise missile plan and the Reagan plan, but this data is still unavailable, as far as I know.

The previous program called for deploying 3,000 ALCM's on the B–52G force with the option to deploy more on the B–52H, and B–1 force. This appears to be 3,000 ALCM's on the combined B–52G, B–52H, and B–1 force. This appears to be a reduction and stretch out but we do not have enough information to clearly understand this issue.

So when I read the headlines that the cruise missile program is being accelerated and I get down and try to find the facts to justify that, I cannot find those facts.

In another area that we cannot discuss in detail—and I think it is becoming increasingly difficult to discuss the whole strategic program without discussing this one in detail and I think we are going to have to have some closed sessions eventually on this, but that is a matter to decide on another day.

These are alarming developments to me in the sensitive area of Stealth technology. We cannot discuss this in a nonclassified session. But, suffice it to say, that it appears to this one Senator to be

the subject of a very serious funding cut and a deliberate program slowdowns in the whole area of Stealth technology.

This, to me, is an area where the United States should pursue quantum technological leaps which have the potential of significantly altering the military balance. We certainly need, as I think all of us would agree who follow the strategic area, to make quantum leaps in order to close the gap that is obviously not being closed at the present time with the present program.

I doubt that we will recognize the potential for this technology in the short term or any time soon under the current plan. But, again, we have a lack of information in this area and we need a lot more information than any witnesses have been able to provide so far.

One other area of great concern, this bill provides DOD with a basic funding mandate to phase out the B–52D squadrons. If you couple this with the plan to retire the Titan II missile, this will reduce the weapon megatonnage availability to the single integrated operational plan (SIOP) by over 30 percent. That was the basis of the questions that I posed to General Davis yesterday about whether, indeed, after talking about the window vulnerability for 2 or 3 years, we have a strategic program now that is basically going to make the window of vulnerability even wider than it is now over the next 5 years.

And the answer, very reluctantly from General Davis, was that, yes, the window of vulnerability is going to be widened in the next 5 years. Perhaps that is inevitable. There are no easy answers here. But certainly if that is the case, then we should know it and we should be able to discuss it.

Mr. ROBERT C. BYRD. What does the Senator mean when he says the window of vulnerability will be widened in the next 5 years?

Mr. NUNN. When you are phasing out the B–52 and you are phasing out the Titan missiles—and, again, there may be justification—but when you are doing that, you are reducing dramatically the overall megatonnage during the 4- or 5-year period where we are the most vulnerable. That is what I mean by intensifying the problem we have with window vulnerability.

Mr. ROBERT C. BYRD. Heretofore, what has been the time span of the window of vulnerability?

Mr. NUNN. It has been talked about as being mid-1980's. It is not a very precise term. The most precise definition is a definition that the Strategic Air Command has, and they defined the window of vulnerability by going back to the reference point of the 1977 balance, strategic balance, between the U.S.S.R. and the United States. Everything has been measured against that balance. I guess a lot of people have their own definition, but that is the only precise definition I have ever seen.

That is the reason I was asking the SAC commander about that, because we will have, hopefully, we may have now some information from SAC as to exactly what the new Reagan program does to that window of vulnerability and what it does to our residual weapons system, which is a very important comparison.

Mr. ROBERT C. BYRD. What I am trying to understand is when the Senator says it will widen the window of vulnerability—I am trying to quote him—in the next 5 years, is he saying that the window of vulnerability will be expanded by an additional 5 years?

Mr. NUNN. No. What I am saying now—and that is an unknown to me. I do not say that now, but I am concerned about lengthening it, stretching it out over more years so that it may be longer than 5 to 6 years.

But I will limit my comments now to this point. I think it is clear that the window of vulnerability in the next 5 years that already exists is going to get wider under this program. So the problem in the next 5 years is going to be increased, not decreased.

I am not concluding now that we are going to have that window lengthened in terms of the numbers of years, but rather magnified in the 5-year period. And that is what the witnesses testified.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. LEVIN. Will the Senator from Georgia yield on that?

Mr. NUNN. Yes.

Mr. LEVIN. The minority leader asked a question which is a critical question. I would answer the way the Senator from Georgia did and also as follows: that we will be even more vulnerable during this 5-year period, because of this program, than we would have been under the previous program.

Mr. NUNN. I think the Senator is correct.

Another way of saying it, and I believe the witness probably used these words yesterday, something to this effect, although I do not want to try to quote him precisely, General Davis, but another way of saying it is that we will have a declining strategic nuclear capability over the next 5 years; that curve will not be going up, it will be going down.

Mr. ROBERT C. BYRD. What will the curve be doing in the light of this budget conference report after the next 5 years? Will the curve level off, will it continue to go down, or will it begin to go up?

Mr. NUNN. We do not have enough information to be able to answer that. I, myself, am afraid—and I have not seen all the analysis on this—that we are going to have less residual weapons capability—by "residual" I mean after a first strike. I think we are going to have less residual weapons capability under this program, under the Reagan program, than we would have under the Carter program. That is not a question of Democrat versus Republican. It is just the realities of the way these programs work.

The residual program, I think, is an important measure. I think the Senator from Texas has expressed the same concern. In fact, he was the one who originally raised the point about the vulnerability of the MX.

So we have some very serious problems and we do not have the information to be able to make the judgments.

The unfortunate position is when we vote on this conference report tonight we are, in effect, authorizing the MX and B–1. That is what it amounts to, in reality. The November 18 date closes in on us. We have to have a two-House veto, so we are authorizing it.

We still have the debate coming up on the appropriation bill. I think that debate is going to have to be a very meaningful debate on these programs and these issues.

But, at this point in time, the strategic program, to say the least, is in a great deal of confusion and is in a muddle.

Mr. President, I guess I have covered almost everything I intended to say here. I will just go a little further in the explanation that I was giving the Senator from West Virginia.

For the past several years, the Strategic Air Command has prepared what they call a dynamic strategic balance assessment, analyzing and comparing the balance which exists at any given point of time, including projections in the future, with the balance which existed between the U.S.S.R. and the United States in 1977, when, at that time, it was thought we had what was known then as essential equivalence. SAC has also projected the balance into the future, using the present and planned strategic programs. So it is going to be very interesting to compare the Carter and Reagan programs, especially in the area of military damage expectancy and what I referred to a few minutes ago as in the area of residual weapons.

This analysis, when we get it, will help to find the window of vulnerability as it exists now and as it will exist in 1985 and as it will exist in the late 1980's and early 1990's.

Mr. President, the conference bill today does provide some major positive additions and needed funding for defense programs and I intend to support it. However, the disturbing elements give me a great deal of concern. It represents a turning point in very early high expectations of a stronger defense program and higher funding levels. It raises many serious questions about readiness, procurement, and strategic forces which are yet to be answered. We must all work to insure that this conference bill does not reflect the beginning of the unraveling of the defensive systems which are needed over the long term to preserve this Nation.

I again repeat that when we get to the appropriations measures, we will have to decide the crucial issues which should have been decided in this bill, but were not able to be decided in this bill because the recommendations from the administration were so late in coming that we had already had the conference. I think our committee is doing everything possible now under the leadership of Senator TOWER and Senator WARNER to get this information, but a lot of the information is not available.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. NUNN. I yield.

Mr. ROBERT C. BYRD. I noted in the press some time ago that an Army division would be skeletonized by the cut-

backs in defense funding. What does the authorization here do in that respect? Will there be a skeletonizing of Army divisions?

Mr. NUNN. I believe that is the 7th Division, in effect, one brigade, and I would think that is probably an appropriate term. Those are reductions which are being considered for next year, and are not in this bill. But there is a reduction of one Army combat brigade included in this authorization bill.

Mr. ROBERT C. BYRD. One brigade.

What does this authorization do with respect to laser research?

Mr. NUNN. I would defer on that one to the Senator from Texas. I think he could give a better answer on that one than I could.

Mr. ROBERT C. BYRD. Would the Senator from Texas like to answer me?

Mr. TOWER. If the Senator will restate his question in about 3 minutes, I will have an answer for him at that time.

Mr. NUNN. I know it is enhanced. I know the laser program is enhanced, but I do not know what part of this is classified.

Mr. TOWER. We did enhance the laser program. We did back away from some of that, but we pretty well tracked with the recommendations of the previous administration and this administration. There was not a vast difference in that respect. As a matter of fact, there were some Members of this body who, for 2 or 3 years, have tried to separate it more than the DOD under the previous administration or under the present one were prepared to do. I believe the head of R. & D. in the previous administration indicated that if we pushed too far and too fast with too much funding what we might actually do is not to live up to the expectations and, in the final analysis, it would damage the program because people would get disenchanted with it and refuse to fund it altogether.

Mr. ROBERT C. BYRD. I believe Mr. WALLOP some time ago proposed an increase in laser weaponry. I supported his effort in that regard. I am very interested to hear that in the judgment of the distinguished Senator from Texas the laser weapon technology will be enhanced.

Mr. TOWER. Actually, we did add some money. The House balked at some of the money that we had added here in the Senate. That has nothing to do with the administration. That was simply a matter between the House and the Senate. They did not want to accept that but we were able to prevail on some of the Senate positions.

Mr. NUNN. The administration request was virtually zero in this area, I believe. We had $50 million that we put into the Senate bill and it came back from conference with $5 million. That was the Wallop amendment. I think $20 million of that was for the Defense Advanced Research Project Agency (DARPA) and $30 million for the Air Force. It came back with $5 million for DARPA.

The Senator is correct.

Mr. TOWER. I think, though, that the budget request for March was $59.2 million and the final conference action was $64 million, which means, when you consider that the Senate bill was $79 million, it did represent a reduction of the Senate figure, which was in excess of the administration recommendation.

Mr. ROBERT C. BYRD. Mr. President, I thank both Senators for their information.

Mr. NUNN. I will stand corrected on the administration proposal.

Mr. PRYOR. Will the Senator yield?

Mr. NUNN. I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, I do not want to take much time of the Senate tonight.

Mr. President, I think this is a significant dialog we are having this evening, and I think it is significant because of the Senators who are involved in it. I think if the President would take notice of our colleagues in the Chamber, he will see individuals participating and asking some major questions about defense decisions and about defense commitments, not necessarily those Senators who might have been called in the past "doves" or "soft" or those people who are antimilitary.

We have heard tonight on this Senate floor people like Senator NUNN from Georgia who has impeccable credentials in the field of defense, knowledge, I imagine, that would approach any Senator's knowledge in this entire body.

We have heard from Senator LEVIN, who has articulately expressed some of the concern relative to the B–1 bomber and the decision that the President made.

We heard from our friend, the distinguished Senator from Nebraska, Senator EXON, who spoke basically about these same decisions and asked questions where there seemed to be no answers.

I think all of this indicates concerns, with those concerns also expressed by our friend and a very, very eminently knowledgeable individual, Senator JOHN GLENN, of Ohio.

So we see tonight on this Senate floor members of the Armed Services Committee who are very strong defense proponents, strongly supporting a strong national defense, who are asking questions that today seem not to be answered by the administration.

When I say, Mr. President, the administration, I categorize this not as President Reagan's decision or the "administration" decision, but I think what we are almost talking about is the announcement of a nondecision, a decision that was not ready to be announced but somehow or other the administration, or whoever announced it, decided it was time to say something so they said, "We are going to build MX missiles and 100 B–1 bombers, and we might put them in the Titan silos or the Minuteman silos. We do not know where we are going to put them, but we are going to build all of this stuff, we are going to manufacture all of these missiles and all of these bombers."

Mr. President, we have just concluded in the Governmental Affairs Committee—and I am not a member of the Armed Services Committee, not one who has a great depth of knowledge about many of the things that these Senators are talking about tonight—3 days of hearings relative to the decisions made by the Department of Defense on weapon procurement. I am convinced more than ever before, Mr. President, that what we are attempting to do at this moment in the history of America is not necessarily to make us strong but to create the illusion of strength.

We want to go out here and spend a lot of dollars and we want to build something that people can see, something big like the B–1, something that we can threaten the Russians with, like the MX missile. We are going to put them down in those silos.

Mr. President, that is one thing I would like to talk about just a moment, the MX. This event happened in the State of Arkansas. The clear implication on October 2 was, here come the MX's that are going out here in the Titan II silos in the State of Arkansas. We had 18 of those silos up until 14 months ago. We have 17 of them now. Someone dropped a monkey wrench down in one of them and it blew up. The nuclear power head literally rolled out in the pasture among the cows, and nobody could find it. That is kind of crazy to admit. But it happened in Arkansas.

I want to talk about the security of the Titan silo, Mr. President; not necessarily how secure the MX is, but the silos. This is a true story that was printed in the Arkansas Gazette a few days ago. It never made the national media, and I guess it is because they felt everybody would be embarrassed. A young man about 22 years of age decided to make a visit to the Titan II silo site, about 20 miles out of Little Rock—allegedly the most highly guarded, protected silo, Titan missile site in the whole world. No one could get close to it, guards all around it. That is what we assumed was happening. We knew it was safe. Nobody could penetrate it. This young man called up an Arkansas Gazette photographer and reporter and said, "Meet me at the silo site."

He drove up in a little Volkswagen, parked the Volkswagen near the fence, put a blanket over the barbed wire fence, climbed over the fence, walked 200 yards to the silo. He climbed up to the top of the Titan II silo in this little community in Arkansas, read the scriptures from the top of the silo, and sprinkled holy water down inside from the top of the Titan II missile silo. Thirty-one minutes later a security guard came by in his truck. He looked up there and said, "My goodness, someone is up there on top of the Titan missile!"

What would have happened if this had been one of the Colonel Qadhafi's agents, Mr. President? Thirty-one minutes. Think what could have happened there?

Basically, this is a question, Mr. President, that I propose: The security, the safety of the Titan II silos as it might result in the MX missile. Once again, Mr. President—I stated it earlier this morning, and I think it was significant—the Armed Services Committee recommended, if I am not mistaken, that we basically withdraw the funds for the MX basing mode method. That amendment was accepted earlier today in a short dis-

cussion on this floor. I participated in that discussion. But I think that is significant, Mr. President.

I think that demonstrates the unrest that Members of this body have about this momentous decision that affects all of mankind and all of this globe and that, once again, demonstrates how frail and fragile and crazy this world has become.

That was a significant vote, I think, that we accepted by unanimous consent a decision in this body today withdrawing those funds, at least on a temporary basis.

Mr. President, there is one other point or two that I might mention. I feel very strongly, as to the MX decision and the B–1 decision, announced on October 2, that I think one individual should have been a part of at least the MX decision. That individual is the Secretary of the Air Force, Mr. Verne Orr. His responsibility is to run the Titan II program. His responsibility is to run the MX program. He knew of the President's decision on the MX and the B–1 only 10 minutes into the President's press conference on October 2. He had nothing to do with the MX decision.

He did tell me he had something to do with the B–1, but absolutely no part whatever in any decisionmaking process relative to the MX as it relates to the Titans or to the Minuteman.

Mr. President, in conclusion, I want to comment on the B–1 bomber on which my distinguished friend from Michigan (Mr. LEVIN) has so ably stated his position. In my opinion, the B–1 bomber today, Mr. President, I do not think is going to sell in this body. I do not think it is going to sell out in the country. There are too many unanswered questions about it. When we talk about a window of vulnerability, we are talking today about a window of credibility that exists in procurement dollars, those dollars that the contractors think they can build it for or attempt to buy into these systems for, and then, ultimately, find, a few years down the line, that those prices have doubled, tripled, quadrupled, and so forth. So there is a window of credibility with regard to our relationship with the Department of Defense procurement people.

But, Mr. President, when the Department of Defense decided that they could not sell the B–1 bomber, they said, "Well, let us deflect this argument a little bit. Let us now go out and commit $25 billion to the Stealth bomber, the invisible bomber," especially after GAO had said that the Defense Department was hiding figures and costs from the Congress. They just said that last week, that they are hiding figures from us. That is not fair, Mr. President. It is not kosher.

So, basically, what we are doing now, Mr. President, is committing ourselves to two invisible bombers. One of them is the Stealth bomber, invisible to the Russians. The other is the B–1 bomber, invisible to this Congress, because we do not know how much it is going to cost and we are never going to know how much it is going to cost.

Basically, Mr. President, I would like to join with my colleagues this evening in not only expressing concern about the decision of October 2 on the B–1 and on the MX, but saying that we have a right, we have an obligation, we have a responsibility to ask some questions. And we have a right to know those answers before we make these massive commitments that we are about to make in this country to two weapons systems, the MX and the B–1, that are, perhaps, going to drain off and sap from other areas of conventional weaponry and warfare that this Nation so critically needs at this time.

To be honest, Mr. President, the only people I have heard applauding the October 2 decision were the defense contractors and the consultants. The other day, down in Magnolia, Ark., a fellow came up to me and said, "Boy, Senator PRYOR, I sure hope you are all going to go with this MX system."

I said, "Why is that? What do you do?"

He said, "Well, I am a concrete contractor, and I may be able to pour some concrete in those Titan II holes."

Economic pressures and ecnomic decisions today, I think, are driving us to make the wrong decisions that are going to do nothing to strengthen our defense posture except to attempt to create an illusion of strength. I do not think the Soviets believe we are any stronger because of these decisions. I do not think the taxpayers of this country think that we are any stronger for making these decisions.

I think it is time, sincerely, Mr. President and my colleagues, that we take another look, that we be prudent, that we be sane, and that we try, if we can, to find those answers before we make these appropriations and make these commitments that, many times, are totally irreversible when set into concrete. That is the way we have done it for too long, Mr. President, and I hope and I pray that we are going to change that process.

Mr. President, I have no more remarks. I see my distinguished leader rising and I know that he might have some comments in this area. I yield to him.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the distinguished Senator from Arkansas for his incisive remarks concerning this particular conference report.

I also compliment Mr. LEVIN, Mr. EXON, and Mr. NUNN. I have listened with great interest to what they have had to say.

While complimenting Senators on my side of the aisle, I wish to compliment the distinguished chairman, Mr. TOWER. I was back in the State of West Virginia when I read of his very keen disappointment over the decisions of the administration with respect to the B–1 and the MX. He had the courage to speak out and to express his disagreement with the administration, and that was not an easy thing to do. It was not easy for him to do. It might be easy for someone on this side of the aisle, but he is the chairman of the Armed Services Committee. I believe that many people throughout this country took heart when they read and heard and saw the media accounts of his reaction to the administration's decision in that instance.

I also compliment the distinguished Senator from Virginia (Mr. WARNER). His name has been alluded to a number of times here this evening, particularly by Mr. NUNN.

So what I have to say is with respect to the leadership these men have demonstrated. I think I am speaking in consonance with their viewpoints.

I will support the conference report, although I am unhappy with the procedure by which the programs and funding level were reduced without the consent of the full Senate. We are faced with a conference report here tonight.

As the distinguished Senator from Georgia has indicated, there are areas of that conference report that, in his judgment, will strengthen our defenses and there are areas that will have just the opposite effect. So one has to vote up-or-down on the conference report. One cannot vote "maybe." So I will vote for the conference report, as Mr. NUNN said he will do.

The conferees clearly went beyond the authority this body gave them when we passed the legislation on May 14, 1981, by a vote of 92 to 1; 92 to 1. When I voted for that measure last May, I stated that I felt it took "a first step toward rebuilding America's defenses." I stated that the bill was "the first step in what has rightly become a major reassessment of our defense posture." The overwhelming support for that measure, which authorized an historically high $136.5 billion for procurement, readiness functions, R. & D. and manpower levels, reflected a nationwide consensus that our defenses were in poor order and needed fresh and large infusions of funds.

More important, the bill represented a renewed commitment by the Senate to redress the imbalance in strategic forces with the Soviet Union, to expand and reinvigorate the Navy, put teeth into the defense of the Persian Gulf, and to attend to a serious depletion in our operations and maintenance accounts.

Since that time, the administration, because of the Kemp-Roth multiyear tax cut is facing massive deficits, and, wedded to an economic theory of highly questionable effectiveness, has decided to reduce its commitment to national defense.

We have waited patiently for nearly the whole of the first session of this Congress to get some hard and detailed information on the administration defense proposals. Mr. NUNN repeatedly alluded to this failure on the part of the administration to supply information that the Armed Services Committee needs and has requested.

In the strategic area, the administration appointed a high-level panel of experts to review our strategic situation, particularly regarding the vulnerability of our land-based missile forces. The recommendations of this panel, delivered in July, have not been provided to the Senate—despite the explicit request of the Senate Armed Services Committee. Instead, the administration announced it could not come up with a viable basing mode for the MX. It scrapped the

multiple protective shelter system and in its place decided to put some of the missiles in current silos, mainly Minuteman.

This option, termed an interim option, while 4 more years of study are done on a viable basing mode, leave us with only the illusion of decisionmaking. The vulnerable silos will be just as vulnerable with MX missiles in them as they are with Minutemen. Furthermore, Soviet advances in missile accuracy may very well render the silo-hardening—at a cost of $5 to $7 billion—a futile exercise. In addition, there are some indications that the volume increase in the silos necessary to accommodate the MX missile will violate the SALT Treaty text—at the same time the administration has said it has no plans to take any action to violate SALT. Mr. NUNN covered that in his statement.

Even more important, the early retiring of Titan missiles, in conjunction with the early retirement of some B–52 bombers, has led to the possibility that the mid-1980's window of vulnerability will be moved backward—closer to the present. Thus, there is a legitimate concern that the program announced by the administration will make us more vulnerable than we would have been with the program of the previous administration.

There are similar problems with the administration's bomber decision. The B–1 will not provide us with assured penetration capability of the Soviet Union beyond 1990, I am told, according to Secretary Weinberger, only this week, if I recollect correctly what Mr. LEVIN has said.

In addition, the Central Intelligence Agency has testified that the B–52 force will have the capability of penetrating Soviet airspace through this entire decade and the difference between it and the B–1 in this regard is not substantial. Other Air Force documents indicate that the B–1 may extend our B–52 penetration capability perhaps by 3 years.

The key point is that the new Commander of the Strategic Air Command, General Davis, stated in hearings before the Armed Services Committee yesterday that the funding for Stealth would, because of fiscal realities, be reduced, due to the B–1 program. This is a very bad trade, in my judgment—a very bad trade. The possibility of an initial operating capability for Stealth by the end of this decade is a goal worth striving for.

The B–1 is now estimated to cost—I have heard various estimates. I have heard on the floor tonight an estimate of $250 million. I have read estimates of up to $280 million. So I do not think the taxpayers' money is being well spent.

There are a host of additional concerns regarding our conventional programs. This conference report delivers less power to the Persian Gulf than the United States had there last summer. Instead of two carrier battle groups, we are now reducing our presence to an average of one and one-half. Our commitment, in terms of naval forces, is therefore going backward.

We still do not know what the administration has in mind for our future Navy. We heard a great deal of talk about a 600-ship Navy. Mr. NUNN mentioned talk of a 700-ship Navy. So we do not know what kind of ships, or the procurement schedules, because we do not yet have a 5-year shipbuilding program. The program is a legal requirement, to be submitted each year by the administration with its budget requests. Where is it? The administration requested a $1.8 billion decrease in the shipbuilding account this fall, down from its March request. So, as Mr. NUNN has said, and as I paraphrase him, is this going to get us a 600-ship Navy?

The $5.8 billion cut from the original Senate bill also includes reductions of some $1.3 billion in operations and maintenance, and some $700 million in research and development.

Mr. President, I share the concerns expressed by the distinguished Senator from Michigan (Mr. LEVIN) over the inadequacies of the funding in this bill for such crucial functions as operations and maintenance, for additional fleet steaming days, for modernization purposes, for the retaining of naval ships in the Active and Reserve fleet, for retaining B–52D's in our inventory. I share the concern that we procure KC–10 tanker aircraft, which are particularly suitable in the Persian Gulf. I share Mr. LEVIN's concern that the funding level of this conference report is inadequate for the defense of this Nation. I, therefore, am pleased to cosponsor the proposal which will be offered by Mr. LEVIN for a supplemental authorization bill to rectify at least some of the shortfalls in this bill. He would add back only 15 percent, I believe, of the funds cut out of the bill, but that is better than nothing.

I also share the concern of Senator LEVIN that the administration is buying second-rate technology in procuring the B–1 and delaying the Stealth. So I am also pleased to cosponsor his resolution of disapproval in that regard, under the procedures provided for in this bill, of that weapons system. In my judgment, the B–1 money should go to accelerating the Stealth and to rectify other shortfalls in our conventional forces, shipbuilding and readiness.

Mr. President, in closing, let me again express my appreciation to the conferees on the Senate side, and mainly I wish to again commend Mr. TOWER, the chairman, and Mr. STENNIS, the ranking minority member, Mr. NUNN, Mr. LEVIN, Mr. EXON, and Mr. WARNER, because I believe there is plenty of evidence to show that while they are going to support this conference report—I do not think we have any alternative at the moment—they at the same time are doing so with considerable reluctance in many respects and with disappointment as well.

I commend them and thank them, and I hope that there will be another day in which we can take action to rectify some of the shortcomings that appear in the conference report.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. STENNIS. Mr. President, I shall not delay the Senate but for a few minutes.

I commend the Senators here who have given these statements of real substance and worthiness on this conference.

I was a member of the Ship Subcommittee, and I did not get to hear the report of the subcommittee that dealt with the bombers and the MX and the related matters.

But I think they made a real contribution in making these statements here tonight, and that is no reflection whatsoever on Chairman TOWER of Texas who has done a splendid job and devoted a remarkable amount of work since he became chairman under difficult conditions and change in recommendations, and so forth, as it took the administration some time to get the facts, and his work was shared greatly by the Senator from Virginia (Mr. WARNER) and by other members of our committee in both the majority and the minority.

But really, and this is not critical of anyone, I do not feel good at all about the recommendations and I have not finally decided, frankly, just what my position is going to be with reference to these old bases being made over, basing points for the missiles, the Titan and Minuteman.

I am in a quandary about it and disturbed. I just put it off in my mind until the appropriations bill when we have to decide and have some recommendation to make.

This discussion has been very helpful to me here tonight and to anyone who heard it.

Further, as to the substance of it, I wish to mention that the conditions were such in this Chamber where a person could hear. We could hear what was being said. Here were knowledgeable Senators speaking on these subjects.

Ordinarily we are cut off here during debate, and that is not critical of the leaders or anything like that. But we just have conditions here in the Chamber where one cannot hear and get the benefit of each other's thinking.

I hope we could have some more quiet discussions. These are the gravest decisions in a way that I have ever had to make as a member of the Armed Services Committee.

As I say, we had some important ones on ships this time, but that was not as difficult. It fell in line. I think the recommendation is good.

I am going to dig right on through here and through the appropriations process and seek additional light.

I was back over there this morning to hear the Secretary of Defense and he has worked hard, but I warned early now do not think just a whole lot of money is going to solve the problem.

I did say further that "This year you are going to get money easily for the military, but you better look out next year and the next year and the next year because I have seen those things develop and happen."

But I am going to support what I think will be a strong program, and the Armed Services Committee's contribution—I am a member of it—I think has been very helpful and been splendid, and Chairman TOWER has not just taken everything that might have been sent over to him. He has a mind of his own and spoke up and spoke back and worked hard and was helped by other Members on both sides really.

So, we are going to have to plow on through this thing. It takes a lot of money but we get into this matter of the appropriations bill and this bill carries certain provisions about a little more time. But time is short, and certainly all is not bad about these programs.

I believe we will wind up with something that will meet the situation, but it will take some followup time.

Mr. President, I yield the floor.

Mr. TOWER. Mr. President, I appreciate all the kind things that have been said about me here in the Chamber this evening by some of my distinguished friends, and I appreciate what I think is the spirit in which they were said. However, I think I feel a little bit like the tomcat that was having a romance with a skunk and he observed that he enjoyed about as much of that as he could stand.

I am certainly delighted to hear that there apparently is a party position forming over here to add money, to add authorization, I would assume, and it would follow they would support the appropriation to add money for O. & M. and readiness items.

I would assume that that is also an implied commitment by this side of the aisle to oppose any reductions by the Appropriations Committee in these areas, and I would assume that that is an implied commitment that the Democrats on the Appropriations Committee will oppose any reductions in funding for operation and maintenance and readiness items.

With that assumption, I welcome the initiative that is being taken here tonight.

Mr. NUNN. The Senator does not include the MX and B–1 in the readiness item?

Mr. TOWER. I am not including the MX and B–1. As the Senator has already observed, I have some reservations of my own about certain strategic systems.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. TOWER. I am delighted to see this concern because I feared that we would have difficulty sustaining budget levels, even those recommended in the revised September request of the President.

I am glad to see this solid phalanx of support from this side of the aisle and the assurance that there will not be any significant reduction by the Appropriations Committee in what has already been authorized in connection with the items that we talked about.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. TOWER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I did not wish to interrupt the Senator in his speech but Senator NUNN did do that so I just wish to remind the distinguished chairman that from this side of the aisle he may recall that last year and the year before this side of the aisle has not been reticent or lax in supporting increased appropriations. We upped the budget that was submitted under the Carter administration for national defense.

Mr. TOWER. I am aware of that.

Mr. ROBERT C. BYRD. We also upped the figure over what the House authorized in appropriations. So this Senate, under the leadership of Mr. NUNN, Mr. HOLLINGS, and Mr. STENNIS, and Senators on the other side of the aisle, stood for a stronger defense and increased funding. Having done so under Mr. Carter's administration, I think the Senator can well understand our concern about this budget conference report and he, I think, should feel renewed confidence that there are those on this side of the aisle who will support increased appropriations when those bills come along where we think there is justification. By our record of the last few years, we in the Senate, sought to improve our defense capability even over and above the requests of the administration that was then under the leadership of our own party.

Mr. TOWER. I might say I am delighted that we had such good solid support last year. I might note that what the Appropriations Committee did, if I can say so in all modesty, the real credit is due Senator STENNIS, who was chairman of the Armed Services Committee at the time, but it was a result of initiatives on the part of the Armed Services Committee offered in bipartisan spirit that resulted in this increase, and, thank heavens, we were able to fund most of what the authorizing committee recommended, not all.

I did not even imply that there was not any support, but there are going to be great pressures on Members of both parties to reduce defense appropriations, there always is, and, therefore, I am glad to know that there is this strong level of support on that side of the aisle. I think, given that kind of support, perhaps we can fund defense at an adequate level.

I might note, however, to go further as to what the distinguished minority leader has said, that the Congress in fact has been derelict in past years in underfunding defense, and we would not even be having this debate tonight had it not been for the fact that Congress consistently, up until last year, underfunded the defense request of both Republican and Democratic administrations, and we did that to the tune of about $40 billion over a decade to Democratic and Republican administrations alike.

The reason we have come to the point now where we have to make dramatic increases in defense spending is because we ourselves did not have an adequate perception of the threat. Perhaps if we had we would have acted differently.

I would further take up another matter—I am not going to respond to everything that has been said here tonight in detail because that would mean taking as much time as taken in the aggregate by the Senators who have spoken—but I do want to point out one thing, and that is on the 24th of September there was a meeting between Mr. PRICE, the chairman of the Armed Services Committee on the House side, Senator STENNIS, the ranking Democrat on this side, Mr. DICKINSON, the ranking Republican on the House Armed Services Committee, myself, along with the Secretary of Defense, in which we talked about the budget reduction in the overall amount requested by the President.

Then on October 6, in the full conference, as a result of a colloquy between Chairman PRICE of the House side and myself, a colloquy that went on for a few minutes—it was in full conference—it was agreed without objection, without any objection being raised at the time, it was agreed, and that is not to say everybody was affirmative in his attitude toward it, but nobody objected, to proceeding to try to incorporate the overall reduction figure into our bill, and that is not to say we would accept each specific recommendation of the administration, and we did not. We used our own judgment. But that procedure was not objected to.

The first objection that I heard to it was 3 weeks later, and I just wish my colleagues had responded at the time that Chairman PRICE and I had this colloquy. I wish they had said, "We disagree with this procedure. We should not follow this procedure." But it was not until we were in the final days of the conference, 3 weeks later, that this objection was raised.

So I hope that in the future when my colleagues have some concerns about what we are doing in conference, they will raise those concerns early, and perhaps we can accommodate them then, or perhaps even embark on a line of procedure suggested by them.

That is all I will say on that matter this evening, Mr. President. I am prepared to act on the final passage of the conference report.

Mr. STAFFORD. Mr. President, title VIII of S. 815 as reported by the conference committee would amend the Federal Civil Defense Act of 1950 to authorize the use by States—in preparing for and providing emergency assistance in response to natural disasters—of funds made available to them for civil defense.

The use by States of such funds for this purpose would have to be consistent with, contribute to, and not detract from other attack-related defense activities. The administrator would be directed to prescribe regulations necessary to carry out this activity.

While there has long been a close correlation between the providing of disaster assistance and State and local civil defense operations, I believe this is the first time in recent years that specific authorization would be extended by Congress for direct use of funds appropriated for civil defense to be used for preparing for aid in natural disasters.

Most direct Federal aid for disaster relief has been provided through appropriations to the President's emergency fund, which is now administered by the Federal Emergency Management Agency (FEMA), although some aid is also

made available from other programs as well. The basic law authorizing disaster assistance, of course, is the Disaster Relief Act of 1974 (Public Law 93-288), which along with its predecessor laws of 1950, 1966, 1969, and 1970, were considered and reported by the Senate and House Public Works Committees.

Mr. President, the concept of dual-use of civil defense funds incorporated in S. 815, which under some limitations would allow States to expand those funds for certain disaster assistance as well as civil defense purposes, may have much to commend it. I am concerned, however, about new subsection (b) which would define "natural disaster" for purposes of this act.

While this definition builds upon a similar definition in the present disaster relief law (Public Law 93-288), it proposes also some very significant changes that could raise important questions and which involves a matter which the Senate Committee on Environment and Public Works at present has under consideration.

New section 207(b) would first of all use the term "natural disaster," a phrase which is not employed in the Disaster Relief Act of 1974. Under Public Law 93-288, two types of disasters can be declared—major disasters and emergency disasters. The purposes for which the President may declare either a major disaster or an emergency are listed specifically as follows: Any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe.

The definition proposed in S. 815, section 207(b) repeats all of these purposes except the next to the last—"explosion" but adds the following new phrase:

Which causes, or which may cause, substantial damage or injury to civilian property or persons, and for the purposes of this Act, any explosion, civil disturbance, or any other manmade catastrophe shall be deemed to be a natural disaster.

Thus S. 815 would in effect define any civil disturbance or other manmade catastrophe to be a "natural disaster." This is particularly important at this time because, as many Senators know, the Committee on Environment and Public Works has been for some time considering what should be included or excluded from the phrase "or other catastrophe," language which, incidentally, has been part of the basic disaster relief legislation since 1950.

Serious questions have been raised about the determination by those who administer the disaster relief laws to provide assistance for losses incurred in events which are not the result of natural causes. For instance, such declarations of emergency in 1980 as those providing Federal assistance for the handling of illegal aliens and for cleaning up toxic dumps are believed by some not to be within the scope of the phrase "other catastrophe" as intended by Congress.

Mr. President, the committee is concerned about the effect adoption of this new definition might have at this time, especially when it is reviewing the basic law and considering how the language might best be changed to meet current needs.

I would not want to delay the Senate at this time; however, I would like to mention some questions raised by this language in the conference report which I believe the committee will want to pursue.

How would the new provision relate to the Disaster Relief Act of 1974, which is under the legislative jurisdiction of the Committee on Environment and Public Works?

Is it correct that the new definition would apply only to civil defense funds appropriated under the Federal Civil Defense Act and not to any other disaster relief funds?

Under this new provision, who would determine which events would qualify as natural disasters for such funds? Under the Disaster Relief Act of 1974 that determination must be made by the President.

Would the resources provided in the Civil Defense Act overlap or supplant resources provided under the Disaster Relief Act?

What standards, if any, are to be applied in that determination? The Disaster Relief Act provides that, in declaring a major disaster, the President must determine that damge has been of "sufficient severity and magnitude to warrant major disaster assistance * * * above and beyond emergency services by the Federal Government, to supplement the efforts and avilable resources of States, local governments, and disaster relief organizations * * *."

With respect to emergency declarations, the act states:

It must be one which requires Federal emergency assistance to supplement State and local efforts to save lives and protect property, public health and safety or to avert or lessen the threat of a disaster.

There do not appear to be any such standards or restrictions in the new definition used in S. 815.

Fourth, is there any danger that use of the term "natural disaster" may lead to confusion and uncertainty, especially since it is not part of Public Law 93-288 and also because S. 815 itself would include "civil disturbance" and "any other manmade catastrophe" within that definition?

To define in U.S. law a civil disturbance or any manmade catastrophe as a "natural disaster" might well lead many to believe that Congress intended to apply such a broad interpretation to all major disasters for purposes of all Federal funding.

Would the President interpret this language to mean that Congress now intended to broaden the basic law so that he could declare a major disaster for a civilian riot or for a collision between two jumbo jets killing hundreds of people?

Mr. President, S. 815 calls for regulations to carry out the new provisions. I will be interested—and I feel sure the Committee on Environment and Public Works will be interested—in the development and implementation of these regulations. The committee will want to examine any proposed regulations carefully as it continues its oversight of the Disaster Relief Act of 1974 and amendments thereto. I believe it will be essential that implementation of this provision and the Disaster Act be consistent with one another and that this provision conforms to—and does not conflict with—the Disaster Relief Act.

Mr. TOWER. Mr. President, I appreciate learning of the interest of my good friend, the Senator from Vermont, in the actions taken by the conferees with regard to dual-use of civil defense funds. As is clear in our conference report, the Senate conferees were extremely concerned that the House language could result in a use of the funds made available under function 050, the National Security Function, for a purpose consistent with natural disaster preparedness but not necessarily supportive of attack-related preparedness.

I would like to call to the attention of my colleagues the important stipulation attached to the dual-use provision appearing as section 803 of this legislation:

Funds made available to the States under this Act may be used by the States for the purposes of preparing for, and providing emergency assistance in response to, natural disasters *to the extent that the use of such funds for such purposes is consistent with, contributes to, and does not detract from* attack-related civil defense preparedness. (Emphasis added.)

I would also point out that the conferees have agreed that they expect to follow closely the development and implementation of the regulations called for in this section and will consider additional statutory direction in the future should it prove necessary to do so to conform the use of funds authorized pursuant to this Act to the conferees' intent.

I will be pleased to work with the distinguished chairman of the Environment and Public Works Committee to insure that, in fact, the implementation of this act does conform with the intent expressed in the statement of managers accompanying S. 815.

Additionally, we in the Armed Services Committee will cooperate fully with the Senator's committee to make certain that the accountability of FEMA for expenditures made for natural disaster will be complete and consistent with the full body of pertinent statute.

Mr. STAFFORD. Mr. President, I appreciate the remarks of the Senator from Texas and I look forward to working with him and his committee on this important issue in the future.

Mr. LEVIN. Mr. President, was the Senator from Texas finished? If he is, I ask unanimous consent that the following items be printed in the RECORD: First of all, questions and answers between Senator NUNN and General Davis which took place yesterday at the Strategic Subcommittee.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

COLLOQUY

Senator NUNN. I understand that, and I know we all have to concern ourselves about the budget and there may be a legitimate argument that we stretch out, but aren't

we in effect, whatever the reason and whatever the budgetary pressures, are we not in effect extending the window of vulnerability for a longer period of time by reason of the phaseout of these B–52's and Titans?

General DAVIS. In terms of absolute numbers, certainly you lose capability. In terms of some items that I have proposed, like let's consider keeping a couple of squadrons of D's in longer and the fact that you have a fairly long phase-out period for Titan IIs, you lose an increment of capability. There is no question about that.

Senator NUNN. We are really going down in capability in the next four or five years, isn't that correct?

General DAVIS. But it is not precipitously.

Senator NUNN. But it is a gradual reduction in capability over the next five years?

General DAVIS. In absolute terms, yes.

Mr. LEVIN. Mr. President, I ask unanimous consent that the following two resolutions and a bill be printed in the RECORD: One is a resolution of disapproval of the basing mode for the MX missile introduced by Mr. PRYOR for himself, myself and Mr. EXON; second, a resolution of disapproval of the B–1 bomber introduced or which is going to be introduced by myself on behalf of Mr. HART, Mr. PRYOR, and Mr. ROBERT C. BYRD of West Virginia; third, is a supplemental authorization bill which I will be introducing immediately after we close and adopt the conference report on behalf of myself, Mr. NUNN, Mr. PRYOR, and Mr. ROBERT C. BYRD of West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the two resolutions and the text of the bill are printed in today's RECORD under Introduced Bills and Joint Resolutions, and Resolutions Submitted.)

Mr. LEVIN. I thank the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I do not know that there are any more speakers. I believe we are prepared to act.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the conference report was approved.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 8:30 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

INVESTIGATIONS OF TERRORIST GROUPS

Mr. WALLOP. Mr. President, 4 years ago I rose to protest the fact that three officials of the FBI were being prosecuted for having ordered intrusive investigations of friends of the Weatherman terrorists. I argued then that these men were neither criminals, nor even misguided, but well-intended public servants. I argued that Messrs. Felt, Miller, and Kearney were correct in their judgment that the subjects of their investigation were, first, terrorists dangerous to our lives and to the public safety, and second, people acting in close concert with our enemies in the world—specifically the Soviet Union, North Vietnam, and Cuba. Well, the prosecution went on at a cost of $21 million to the taxpayers and of $1 million to the defendants, and a conviction was obtained. During the appeal, however, President Reagan showed wisdom in pardoning the three.

The pardon partially lifted a personal burden from these three dedicated public servants. They still must contend with civil suits. But it could not right the wrong which the prosecution had done to American public opinion. More harmful to the country than the injustice done to three men is the view that the people who fought a violent political battle to defeat the American cause in Vietnam were somehow not deserving of being treated as enemies. The successful prosecution of these three men gave this view official status. The sentiments which inspired both this view and this prosecution have also led the American people to accept a reduction in the size and scope of our efforts at counterintelligence and counterterrorism.

Former Senators Frank Church, Walter Mondale, and their allies in the bureaucracy and the press bear a heavy responsibility before the American people for all of this. Alas, such derailments of public opinion cannot be undone by mere Presidential actions. Often, only cruel contact with reality can break the hold of wrong opinion.

That contact with reality came 2 weeks ago when three innocent men in uniform were gunned down by the people whom Messrs. Felt, Miller, and Kearney were punished for investigating. Ironically, one of the persons charged with the triple murder, Judy Clark, is a plaintiff in one of the civil suits against the three FBI men.

Let us then look again at the reasons why those responsible for our safety 10 years ago investigated as they did. They said that the Weather Underground—and the constellation of radical groups of which it was and is a part—were dangerous. I must now ask, how many dead does it take to prove that proposition? They also said that these radical groups work with our enemies in the world. The evidence for this proposition is conclusive. Their operational strategy in the early 1970's was worked out in countless meetings with Cuban and North Vietnamese agents in the United States, Canada, Cuba, Czechoslovakia, and Hungary. When they got in trouble, they left this country for safe haven in Communist countries.

Kathy Boudin, after blowing up a house in New York City, spent the early 1970's nowhere else but in Havana. Now she is charged with three counts of murder in Rockland County. I hasten to add that we learned about their travels and ties by investigative techniques, including intercepts of mail, which have not been allowed for almost a decade. If today's rules had been in effect 10 years ago, we would not even know what little we do know. Today, for all we know, there are any number of her kind building the same kind of relationships with our enemies.

Where do we go from here? The details of rebuilding our capability for intelligence are complex. As a member of the Senate Intelligence Committee I will continue to try to prod the bureaucracy to reshape itself into something capable of handling the big job it faces. Bureaucracies are not normally receptive to suggestions that they reshape themselves. The FBI and CIA are no exception.

But the essence of the matter is not complex. This country has a large and growing number of enemies in the world. There are also Americans who would very much like to see our enemies succeed, and who are prepared to work with them to that end. Knowing who these Americans are and what they are doing is important to the safety of the majority of loyal citizens.

Each officer of the U.S. Government from the President on down takes an oath "to protect and defend the Constitution of the United States from all enemies, foreign and domestic." No officer can fulfill his oath, however, if the intelligence agencies are handicapped in their work by hostile public opinion and timid political support. In our democracy, public opinion, more than the details of internal regulations, sets forth the task which the intelligence agencies pursue, and sets the limits within which they work.

Public officials and the press bear special responsibility for having shaped the climate of opinion which, in turn, has made our intelligence agencies what they are today. It is, to say the least, sad to have to find out about the vitality of terrorist groups by measuring the blood they spill. It is now time to awaken to the dangers we face.

I ask unanimous consent to have printed in the RECORD various newspaper reports detailing the extent of the crimes and conspiracies known to exist.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the National Review, Nov. 13, 1981]

FOR THE RECORD

Arrests of Weather Underground should help Administration's drive to revamp security guidelines. Under old rules, FBI would have had Judith Clark under surveillance ever since she served time ten years ago. Under present guidelines, imposed by Attorney General Edward Levi in 1976, FBI can investigate only those suspected of a crime or who are about to commit a crime. Had Miss Clark been under surveillance she would have led FBI to Kathy Boudin before an armored-car holdup in which two cops and a guard were killed. With recent arrests, only two members of Weather Underground are still at large: Katherine Ann Power and Silas "Trim" Bissell.

[From the New York Times, Oct. 28, 1981]

TWO NEW BRINK'S SUSPECTS HELD IN MANHATTAN AND MISSISSIPPI

(By Leslie Maitland)

In raids on a rural Mississippi farmhouse and a Manhattan apartment yesterday, Fed-

eral agents and the New York City police arrested two new suspects in last week's $1.6 million Brink's robbery.

The arrests brought to seven the number of suspects seized since the Oct. 20 robbery in Rockland County that led to widespread Federal and state investigations.

Heavily armed Federal agents in Mississippi arrested a woman for conspiring in the Brink's robbery, in which two policemen and a security guard were killed. In New York, a woman whose car was used by the holdup gang was apprehended in the East Village.

DEVELOPMENT OF THE DAY

The latest arrests came on a day in which there were these other developments:

Federal authorities disclosed the names of two other men being sought for questioning in connection with the armored-car holdup. One of them, who fled South, was named in an arrest complaint filed by the Federal Bureau of Investigation in Federal District Court in Manhattan. The other is being sought as a fugitive from a prison in New Jersey.

John S. Martin, Jr., the United States Attorney in Manhattan, said he would convene a grand jury to examine the entire matter. Mr. Martin said he would conduct the investigation under Federal racketeering statutes to determine whether all of those associated with the gang could be charged with participating in a criminal enterprise that resulted in the robbery and murders.

In Jersey City, Jeffrey C. Jones and Eleanor Stein Raskin, fugitive members of the Weather Underground arrested in a Bronx apartment last Friday, were arraigned on charges stemming from the discovery of explosives in their Hoboken apartment in 1979.

Nathaniel Burns, a fugitive Black Panther arrested in a shootout with the police in Queens last Friday, was arraigned on charges of attempted murder in proceedings held in his Kings County Hospital room. He is being treated for abdominal injuries, burns and bruises that he contends resulted from being beaten by the police after his arrest.

The arrest complaints underscored the view that members of the Weather Underground had joined forces with members of black terrorist organizations.

The suspect was arrested in Mississippi—Cynthia Boston, 33 years old—was identified in the complaint as the minister of information for the Republic of New Africa, described as a terrorist organization. A man who has so far eluded the authorities was identified as her common-law husband, William Johnson, 33, also known as Balil Sunni-Ali.

The complaint said Mr. Johnson was believed to be affiliated with the Black Liberation Army and Joanne Chesimard, its leader who escaped in 1979 from prison in New Jersey, where she was serving a life sentence for the slaying of a state trooper.

The suspect seized in New York, Eve Rosahn, 30, was charged with criminal facilitation on the ground that she allowed the Brink's robbers to use her Honda as a getaway car.

Authorities said they had found a car-rental agreement that showed Miss Rosahn had rented a van also used in the robbery. She had been released on $10,000 bail in Queens last week on charges stemming from a violent protest at Kennedy International Airport against the Springbroks, a South African rugby team touring the United States.

ARRESTED ON STATE WARRANT

With a state warrant obtained from authorities in Rockland County, members of the joint task force—comprising Federal agents, New York City police and police from Clarkstown, N.Y., where the robbery occurred—arrested her yesterday shortly after 5 P.M. She was picked up in an apartment at 188 Second Avenue, identified as belonging to Dana Biberman.

In 1978, Miss Biberman was one of 11 plaintiffs who charged in a $100 million lawsuit, still pending, that former President Richard M. Nixon and other former officials had violated their constitutional rights by making them subjects of illegal intelligence activities, including burglaries and wiretaps. The other plaintiffs included Judith A. Clark, already arrested as a member of the holdup gang.

The Rockland County District Attorney, Kenneth Gribetz, announcing the arrest, said Miss Rosahn, using the alias Judith Schneider, had also rented a 1981 red Chevrolet van used in the robbery.

"We've had ample evidence for several days now" of Miss Rosahn's involvement, Mr. Gribetz said. "We took this imminent action rather than proceed directly to a grand jury because of a fear that she may flee the jurisdiction," he said.

An agreement for another vehicle rented earlier this month, signed by Miss Rosahn, was found in a search of Katherine Boudin's apartment at 50 Morningside Drive, Mr. Gribetz said. He added that "there is additional evidence that we have that ties her to Boudin," but declined to disclose it. Miss Boudin is being held as a suspect in the Brink's robbery.

Mr. Gribetz said the case would be presented to a grand jury today and that Miss Rosahn faced up to 15 years in prison on the charges.

In a news conference at the New York headquarters of the Federal Bureau of Investigation, 26 Federal Plaza, Richard Bretzing, special agent in charge of its criminal division, said that a tan van spotted in Mississippi had led to the arrest there of Miss Boston.

Photographs of Miss Boston and Mr. Johnson had been picked out by the superintendent of a Mount Vernon apartment that authorities have determined was a "safe house" or refuge for the group, according to her arrest complaint. Forensic experts who examined the apartment, at 590 East Third Avenue, also found one of Mr. Johnson's latent fingerprints, it said.

IDENTIFIED BY SUPERINTENDENT

The superintendent, Dennis Vasquez, identified the couple as being among five persons who visited the apartment hours before it was raided by Federal agents and the police. Mr. Vasquez said he had watched them load the contents of the apartment into several vehicles, including the tan van later found in Mississippi.

The three others whose photographs were identified by Mr. Vasquez, were Marilyn Jean Buck, a member of the Black Liberation Army, already being sought in the robbery; Samuel Smith, a former convict killed in a shootout with the police in Queens last week; and Donald Weems, a former Black Panther who escaped from prison in New Jersey.

Mr. Weems, 35, was the only one of the original Panther 21 defendants to be convicted in a conspiracy indictment that alleged a plot to kill police officers and dynamite department stores. He pleaded guilty in 1971 to helping a sniper shoot at patrolmen in New York. The man accused of being the sniper was Mr. Burns, now being held in connection with the shootout in Queens last week. Mr. Burns, who eluded arrest when indicted with the other Panthers in 1969, had been a fugitive until last week.

A FUGITIVE SINCE 1978

Mr. Weems has also been a fugitive since his escape in 1978 from Rahway State Prison, where he was serving time for armed robbery and assaulting a police officer, among other charges.

According to Mr. Bretzing of the F.B.I., Mr. Johnson also had an extensive arrest record. The bureau official, who declined to say whether Miss Chesimard's fingerprints had been uncovered in any of the several apartments used by the robbers, also said the Republic of New Africa had long been associated with violence against the police.

The organization to which Miss Boston belonged was involved in a violent gun battle in Jackson, Miss., in 1971, resulting in three members being convicted for the killing of a police officer. And in 1969, a year after the organization was founded in Detroit, a member was linked to the shooting of a police officer in that city.

The Republic of New Africa, a self-proclaimed black separatist organization, has stated that its goal is the establishment of a separate black nation formed of five Southern states.

Mr. Bretzing said the organization owned and operated the farmhouse in Gallman, Miss., where Miss Boston surrendered to authorities without resistance.

Weapons were seized in a search of the tin-roofed house in cattle-raising country 35 miles south of Jackson, but no shots were fired, Mr. Bretzing said.

The following have been identified by authorities as suspects, or individuals linked to suspects, in the Rockland County armored-car robbery in which two police officers and a guard were killed Oct. 20:

Cynthia Priscilla Boston, 33 years old, held on $500,000 bond on charges of conspiracy in connection with the robbery; identified by Federal authorities as the minister of information for the Republic of New Africa, said to be a violence-prone group formed in 1968 and dedicated to establishing a black nation within the United States; traced from safe house in Mount Vernon, N.Y., to New Orleans and then to farmhouse in Gallman, Miss., where she was arrested; has used a variety of African names; her common-law husband, William Johnson, a member of the Black Panther Party, also wanted for conspiracy in the robbery.

Katherine Boudin, 38 years old, held without bail as a suspect in the robbery; a fugitive member of the Weather Underground last seen in 1970 fleeing from a Greenwich Village town-house explosion that killed three persons and exposed a radical bomb factory; has a 1-year-old baby and has lived under a false name in recent years near Columbia University.

Samuel Brown, 41, held without bail as a suspect in the robbery; a former convict with a long record of arrests and convictions for armed robbery, assault, burglary and illegal possession of weapons; has recently lived in Staten Island; has not been identified as a member of any radical group.

Marilyn J. Buck, 34, the only white member of the Black Liberation Army; sought as an accomplice in the Rockland robbery because a getaway car was traced to an East Orange, N.J., apartment she rented under a false name, along with other suspected hideouts where the police found bomb plans and materials, weapons, disguises and floor plans for police stations and courthouses in New York City.

Nathaniel Burns, 35, held for arraignment on charges of attempted murder in a shootout in Queens on Friday; shootout took place after the police saw on his car a license plate that had been on another car Wednesday outside a suspected hideout of the robbery gang in Mount Vernon, N.Y.; a fugitive Black Panther, he jumped bail in a purported 1969 plot to kill policemen and blow up department stores.

Judith A. Clark, 31, held without bail as a suspect in the robbery; a member of the Weather Underground who served a nine-month jail term in the "Days of Rage" anti-war protests in 1969 in Chicago; has not been

a fugitive but has lived and worked in Manhattan.

David J. Gilbert, 37, held without bail as a suspect in the robbery; a fugitive member of the Weather Underground wanted by authorities in Colorado on charges of arson and assaulting a police officer; a student activist at Columbia University in the 1960's; has recently lived under a false name in the New York City area.

William Johnson, 33, wanted for conspiracy in the robbery; one of his fingerprints found in the Mount Vernon safe house; said to be among group that helped empty contents of the Mount Vernon house into a tan van that was traced to farmhouse in Gallman, Miss.; member of Black Panther Party, common-law-husband of Cynthia Priscilla Boston; also known as Bal Sunni-Ali.

Jeffrey C. Jones, 34, and Eleanor Stein Raskin, 35, members of the Weather Underground arrested at their Bronx apartment Friday by Federal agents and city police who said they were executing a search warrant in the Rockland case; the search warrant is the only known link between them and the robbery gang; each held in $200,000 bail on charges stemming from the discovery of explosives in their Hoboken, N.J., apartment in 1979.

Eve Rosahn, 30, of Brooklyn, taken into custody yesterday on charge of lending her Honda car for use in the bank robbery after having been released on $10,000 bail in Queens last week on charges stemming from a violent protest at Kennedy International Airport against the Springboks, the South African rugby team, her car said to be one of the Rockland gang's getaway vehicles.

Samuel Smith, 37, slain in the shootout in which Mr. Burns was captured; a former convict with a record of attempted murder, assault and armed robbery; a bullet-proof vest he wore was dented over a body bruise suffered in a recent shooting; ballistics tests determined that a .38-caliber slug in his pocket had been fired from the gun of one of the police officers slain in Nyack.

Donald Weems, 34 years old, said to have participated in emptying contents of Mount Vernon safe house just before it was raided; wanted for escaping from New Jersey state prison in Rahway on May 27, 1978, while serving time for armed robbery, assault and battery on a police officer and other charges; suspected member of Black Liberation Army; past history of narcotics use, according to New Jersey state police.

[From the New York Times, Oct. 29, 1981]

HANDGUNS PROVIDE LINK IN BRINK'S INVESTIGATION

(By Joseph B. Treaster)

Several of the automatic pistols recovered after last week's Rockland County armored-car robbery and slayings were purchased from gun dealers in Texas, law enforcement officials said yesterday.

One of the weapons, a German-made .380 Walther PPK/S, which was found in one of the getaway cars, was bought by a woman at a gun show in Austin, Tex., in October 1979, according to Kenneth Gribetz, the Rockland County District Attorney.

Law enforcement sources said they were investigating whether one of the suspects in the case, Marilyn Jean Buck, was involved. No charges were filed against Miss Buck yesterday in connection with the gun purchases.

Miss Buck, who escaped from Federal detention while on a furlough in 1977, grew up in Austin and her family remained in the area.

CONVICTED IN CALIFORNIA

Miss Buck, the only white member of the Black Liberation Army, had been convicted of using false identification to buy weapons and ammunition in California and Arizona and indicted on similar charges in Texas and Oregon. She is being sought as an accomplice in the Rockland robbery because a getaway car was registered to her under a false name and, using the same identity, Nina Lewis, she had rented two apartments linked to the robbery gang, authorities said.

In 1973, at her sentencing on weapons charges in San Francisco, she was described by the prosecutor as "the quartermaster" for the Black Liberation Army, with responsibility for procuring guns, ammunition and false identity papers. She was sentenced to 10 years in prison.

As Federal and local investigators searched yesterday for at least four suspects in the $6.1 million armored-car robbery, Mr. Gribetz said that a grand jury in New York City would begin hearing evidence this morning against Eve Rosahn, the 30-year-old Brooklyn woman who was charged Tuesday with letting the robbers use her Honda car. Five others are being held in connection with the robbery.

In Washington, Roger Young, a spokesman for the Federal Bureau of Investigation, said that "a large truckload" of evidence recovered from safe houses, or refuges, in East Orange, N.J., the Bronx, and in Mount Vernon, N.Y., as well as from the scenes of the robbery and shootings had arrived at the F.B.I. laboratories.

SEVERAL GROUPS LINKED

Investigators say they have uncovered numerous connections between black radical organizations and the mainly white, middle-class Weather Underground, but they have been unable to explain how these groups, once mutually exclusive, became connected and what their goals are.

The investigators have focused special attention on an apartment in a six-story Tudor-style building in Mount Vernon that the group used as a safe house.

According to Dennis Vasquez, the building's superintendent, the apartment the group use was rented at least a year ago by a woman who gave her name as Carol Durant, one of several aliases that authorities say Miss Buck has used.

In an interview, Mr. Vasquez said there were "a lot of visitors" to the apartment and they would often come late at night or on Sundays.

Shortly after last Tuesday's robbery, in which two policemen and a Brink's guard were killed, six people including Miss Durant rushed into the apartment, hurriedly gathered their belongings and tossed them into a tan van, Mr. Vasquez told investigators.

Minutes after the group sped off in the vehicle, Mr. Vasquez said, 15 to 20 heavily armed policemen descended on the apartment.

The police said they found clues inside that led them to some of the suspects, and the vehicle was subsequently traced to a farm house in rural Mississippi where one of the suspects, Cynthia Boston, was arrested Tuesday and charged with conspiracy.

Mr. Vasquez, who is now in protective custody, identified Miss Buck and several of the others through photographs the investigators showed him.

[From the New York Times, Oct. 26, 1981]

TWO MORE SUSPECTS IDENTIFIED IN HOLDUP OF BRINK'S TRUCK

(By Josh Barbanel)

Investigators have identified at least two new suspects wanted in connection with the $1.6 million Brink's robbery last Tuesday that resulted in the deaths of two police officers and an armored-car guard in Rockland County.

The robbery and subsequent events spawned a widespread investigation of radical terrorist organizations.

Lieut. Ron Purdum, a detective in the Clarkstown Police Department in Rockland, said that "two to three" names would be released today, following an intensive review of the evidence in Rockland County, New York City and Washington.

As investigators sifted through evidence compiled last week from a rapid succession of events, tight security was planned in Queens where three court sessions were planned for today. The events included searches of more than half a dozen apartments, a shootout in Queens that left one man dead and another in custody and the arrest of two suspects in connection with a 1979 bomb factory in Hoboken.

FINGERPRINTS UNDER STUDY

In Washington, fingerprint experts worked through the weekend to identify hundreds of samples from cars used during the bungled daylight holdup at the Nanuet Mall and through searches of what investigators said were "safe houses" that yielded bloody clothing and plans of New York City public buildings.

In New York City, ballistics experts examined bullet fragments and guns found in a variety of places to determine whether any of the guns had been used in the Brink's holdup.

And a joint terrorism task force of city detectives and Federal agents sifted through the evidence, seeking new leads and connections in the case.

In Queens, the arraignment of Nathaniel Burns, a 35-year-old former Black Panther, was moved from a courthouse in Jamaica to the ground floor in the Criminal Courts Building in Kew Gardens because of security considerations.

The heavy security was needed after plans of the courthouse were discovered in one of the apartments raided by the police, according to Tom McCarthy, a spokesman for John J. Santucci, the Queens District Attorney.

"I would say there would be shotguns all over the place, it will be like an armed fortress," Mr. McCarthy said.

GRAND JURY TO START WORK

In addition, a grand jury on the fifth floor of the Kew Gardens courthouse will begin hearing evidence of the shootout, and a State Supreme Court hearing will be held for Eve Rosahn, the owner of a getaway car used in the robbery, and four other persons in connection with a violent demonstration at Kennedy International Airport a month ago against the Springboks, a South African rugby team.

Lieutenant Purdum refused to say whether the suspects had connections with the Weather Underground, the Black Liberation Army or any other groups that Federal investigators said had "possible links" to the holdup.

Four suspects, including members of the Weather Underground, were arrested following the robbery. Between four and eight suspects are being sought.

The lieutenant would not say whether Marilyn Jean Buck, a 34-year-old Black Liberation Army fugitive, was on his list of suspects. One of the group's getaway cars, a white Oldsmobile that had been abandoned in Pelham, N.Y., is believed to be owned by her.

REVIEWING THE MATERIAL

At the New York headquarters of the Federal Bureau of Investigation, agents and city detectives spent much of the day reviewing the material they had obtained.

"The only thing that has been going on today is that we're reviewing the material that we've obtained through searches and arrests," one investigator said. "There is no new evidence."

On Saturday, funerals were held for the three persons killed in the holdup: Sgt. Edward O'Grady and Officer Waverly Brown of the Nyack police and the Brink's driver, Paul Paige.

The two officers were killed at a roadblock several miles from the Nanuet Mall on Tues-

day afternoon. Mr. Paige was killed instantly, when at least four gunmen opened fire on three Brink's guards as they were loading six bags of money onto an armored truck.

IDENTITY OF TWO OF THE SUSPECTS

A day later, the Rockland County District Attorney identified one of the suspects as Katherine Boudin, a 38-year-old Weather Underground fugitive wanted since she fled from a Greenwich Village town house that exploded in 1970, exposing a bomb factory and killing three persons.

A second suspect was identified as Judith Clark, who served nine months in jail in connection with disturbances in Chicago in 1969.

As cars were traced, apartments were searched in Manhattan, the Bronx, Brooklyn, Mount Vernon, N.Y., and East Orange, N.J. Weapons, ammunition, walkie-talkies and bomb manuals were found.

Then on Friday a detective working on the investigation in Queens spotted a license plate he had seen on another car outside an apartment raided in Mount Vernon. As the detective followed, the car sped away.

Following a high-speed chase, the two men inside jumped out shooting. One, Samuel Smith, who was charged in 1970 with the attempted murder of two police officers, was killed, and Mr. Burns was captured after his 9-millimeter gun jammed.

[From the New York Times, Oct. 26, 1981]

CITY AND U.S. OFFICIALS TO SEEK FOREIGN TIES TO BRINK'S HOLDUP

(By Marjorie Hunter)

WASHINGTON, Oct. 25.—The chief spokesman for the Federal Bureau of Investigation said today that there would be a "major coordinated effort" between Federal and local authorities to investigate ties between a wide range of domestic and foreign terrorist groups in the $1.6 million Brink's robbery in Rockland County last week.

But the spokesman, Roger Young, said there was "no hard evidence" yet of involvement of foreign terrorist groups.

"At this point," he said, "we're a long way from knowing what we have."

"Why did they steal the money? How far does the network extend? It's obvious they were out to finance something," he said, referring to the four persons charged in the incident, in which two policemen and a guard were killed.

"When you have something as big as this, you leave all the doors open," Mr. Young said. "You look into possible foreign entanglements."

DOMESTIC OPERATIONS

A spokesman for the Central Intelligence Agency said that the C.I.A. considered the Brink's robbery "a domestic operation" at this point.

But he added that if the agency gathered any information that bore on the incident, "we would pass it along to the State Department's Office for Combating Terrorism."

The possibility of links between radical organizations in the United States and foreign terrorist groups was raised yesterday by Kenneth Walton, director of a joint Federal-New York City Terrorism Task Force. He is the F.B.I.'s deputy assistant director in charge of the New York office.

Mr. Walton declined to say what foreign groups might have connections to the domestic radical organizations, which are the target of an inquiry begun after the robbery and slayings on Tuesday.

LINKS TO CUBANS

Three of the four suspects have been identified as members of the radical group, Weather Underground. They are Katherine Boudin, Judith A. Clark and David J. Gilbert.

Mr.. Walton noted yesterday that some links between the Weather Underground, the Black Liberation Army and Black Panthers had been uncovered so far in the inquiry.

Mr. Young said today that the F.B.I. has been aware for some time that the Cuban intelligence service "has been supportive in the past of the Weather Underground."

Two former F.B.I. officials, who were convicted last November of authorizing secret break-ins of private homes in the early 1970's in search of bombing suspects, contended during their trial that the fugitives of the Weather Underground had foreign connections with Cuba and North Vietnam.

UNCONDITIONAL PARDON

During their trial, attorneys for the former officials, W. Mark Felt and Edward S. Miller, argued that the two men considered that they were conducting a foreign counterintelligence operation, not just a domestic criminal investigation.

However, Mr.. Felt and Mr. Miller were convicted of conspiring to violate the constitutional rights of American citizens by authorizing the secret searches. They were granted unconditional pardons last April by President Reagan.

In granting the pardons, the President said that the two men had "acted on high principle to bring an end to the terrorism that was threatening our nation."

[From the New York Times, Oct. 10, 1981]

RADICAL RESURGENCE

(By Robert D. McFadden)

Wild car chases, blazing shootouts, police officers slain, raids on radicals' bomb factories and hideouts—the stunning events of recent days have burst upon the New York metropolitan area with a fury unseen since the heyday of political terrorists in the 1960's.

NEWS ANALYSIS

Less than a week after an armored-car robbery in Rockland County that left three people dead, the case has spawned a sweeping investigation of radical and terrorist groups, resurrected a political rhetoric not heard in years and brought on an avalanche of questions:

Why has it all happened now? Are the culprits political desperadoes or mere bands of thugs whose claims to legitimacy have long since been lost in their own criminal violence? Is there a conspiracy afoot among many radical groups? If so, what is its scope and purpose? Is there, as Federal officials claim, a threat to the nation?

Federal officials in the case say they have found links between the Weather Underground, the Black Liberation Army and the Black Panthers, and they say they are looking for other connections with the F.A.L.N. terrorists who seek Puerto Rican independence, with a clandestine Communist group known as the May 19 Movement and possibly with some foreign radical groups like the Irish Republic Army.

While no evidence has been put forward for some of the purported connections, the Federal officials say the groups share common purposes, including what one called "the creation of a socialist state" and "an end to the United States Government as we know it."

EROSION OF RANKS

But the groups have issued no manifestos or declarations, such as were popular among radicals of the 1960's, and there has been no hard evidence that their aims are political rather than criminal. It is also hard to envision any serious threat that the radical groups could pose to the Government.

The groups identified by the Federal officials, in fact, are known to be relatively small, with at most a few dozen members. They were never large, even in their heyday, and now their ranks have been eroded by time, arrests and defections.

Moreover, none of the groups ever held broad public support. The crimes with which they were associated—bombings, slayings of police officers and other violent actions—shocked much of the nation in the late 1960's and early 1970's and estranged even many of the leftists who shared their liberationist, anti-Establishment views.

Indeed, there continues to be, as there was years ago, resentment in many quarters that the radicals' violence had besmirched civil rights, antiwar and other legitimate causes and organizations from which they had sprung.

The national climate for radical political activity seems hostile. With the nation at peace and no major civil-rights battles being waged, the election of Ronald Reagan and a general conservative drift in the country have left most Americans seemingly more concerned with economic matters than politico-ethical conundrums.

ASTONISHING DISCLOSURES

It is thus not clear why radical groups would now seek to forge new alliances, or to establish safe-houses and bomb factories and to stage a series of armored-car holdups to finance their activities, as Federal officials contend they have done.

On the other hand, the Federal officials' warnings of conspiracies follow on astonishing series of disclosures—the discovery of bomb factories and suspected gang hideouts in New York City, New Jersey and Westchester County; links with the Black Liberation Army and the Black Panthers, and connections with two gunmen involved in a wild car chase and shootout in Queens.

[From the New York Times, Oct. 25, 1981]

LAST GASP OF THE 1960's

(By William Safire)

MIAMI, Oct. 24.—Crime buffs up North are thrilled and horrified by the running gun battles of political terrorists, the early investigations of whim caused the decade-long harassment of F.B.I. officials. Times have changed: the lawmen are once again the good guys, and we give as much encouragement to enforcing the law as to upholding the law. It took until the early 1980's to bring the 1960's to an end.

Crime buffs down South have an even gorier story, of a "voodoo death boat," to tell: Two Haitian boat captains, illegally running immigrants into the U.S., have been accused of carving up perhaps 16 of their starving passengers with machetes and throwing the bodies overboard. Because the alleged crimes took place outside the 12-mile limit of the United States, prosecutors have merely been able to charge "smuggling that involved the use of murder and privation," which is not a capital crime.

You don't have to be a crime buff, however, or be caught in a running gun battle or a death ship, to be touched by crime. It is not the televised crime that frightens most people, it is the single, not-very-newsworthy weapon pointed at them that counts. Here in Miami, one person in ten was victimized by criminals last year.

"Miami Beach has gone from being the fun and sun capital of the world," says a local politician, "to the slum and bum capital." Seven out of the ten worst urban crime rates in the nation are in Florida, from Miami to Gainesville to Tallahassee.

Police officials explain that their crime figures are inflated because of visitors, but they cannot deny the alarming increase over past years with the same percentage of tourists. The breakdown in law enforcement was best shown by Gregory Jaynes, a New York Times reporter, in a single figure: gun dealers reported sales up 46 percent from the year before. These are not guns for criminals; in the main, these are guns bought by frightened citizens who feel the need to protect themselves.

Chamber of Commerce types are torn between the desire to downplay the crime wave, lest it damage tourism, and the urge to holler for help to protect small businesses from holdups. Tourists are understandably nervous, even though this season's more conservative swimsuit fashions offer more room to pack a rod.

What is causing the shadow of crime to fall across the Sunshine State? A local narcotics war is drilling some holes in some heads, but that's normal. Some blame the sharp increase in violent crime on the emptying of Fidel Castro's jails upon the population of Florida, and suggest this goes hand in hand with Cuban support of Weathermen terrorists in a campaign to harm the United States.

The Senate Intelligence Committee should investigate why that campaign has been so poorly investigated by the F.B.I. and C.I.A. For more than a decade, the emphasis has been on the protection of the privacy rights of the accused; now we should have ways of probing terrorist activities without undermining the Constitution. Using grand juries and search warrants, lawmen should be proceeding to break up terrorist rings and track down any overseas connections without undue fear of being prosecuted or sued themselves.

Another reason given for the crime wave in Florida is the influx of Haitians, fleeing from hunger and overcrowding at home. The Federal Government is now stopping the illegal traffic on the high seas, to the cluck-clucking of far-off media. We should go further and tie aid to Haiti to its cooperation with a voluntary blockade of its coast, thereby curtailing the need for odious detention centers here and stopping terror aboard the "death ships." The people-smuggling will stop when it becomes clear that illegal immigrants will be towed home and the boat owners, captains and crews jailed in Haiti.

But immigration cannot be the primary cause of a crime wave more often, the immigrants are the scapegoats. The Federal Government should pay for policing the nation's borders, and for boarding or detaining those for whom exceptions in immigration policy are made. The citizens of Florida can then look to their state and local officials, who would have no place to pass the buck for inadequate law enforcement. Epidemics require emergency measures; the best quick answer is more local police and tougher juries and jurists, which must come from aroused local citizens and not from Washington.

In the spectacular crimes North and South, there is an interesting contrast in motives.

The romanticized revolutionaries often from well-to-do homes, see themselves as the subject of future Bonnie and Clyde movies, and have pledged their lives, fortunes and sacred dishonor to the hatred of American values; they probably intended to symbolize their defiance by the murder of lawmen. The hungery immigrants who braved the savagery of sadistic captains were breaking our immigration laws to taste the freedom and opportunity that only this country offers.

Why is it that nobody commits the crime of breaking into Cuba or the Soviet Union? Because what the Weather Underground seeks to destroy, the world's underclass pleads for the chance to share.

[From the New York Times, Oct. 25, 1981]

BRINK'S HOLDUP OPENS INQUIRY ON LINKS AMONG TERRORIST GROUPS

(By Robert D. McFadden)

A Federal official said yesterday that the investigation of the $1.6 million Brink's robbery that left three persons dead in Rockland County last week had grown into a major inquiry of radical organizations and terrorists.

* * * * *

The groups identified by Mr. Walton as targets of the inquiry are known to be relatively small, with the membership of each limited to no more than a few dozen people.

"We are looking at this as a major racketeering investigation and will look at possible links between all these groups and possibly some foreign organizations," said Mr. Walton. He refused to say what foreign groups he referred to and declined to comment when asked if the Central Intelligence Agency had been drawn into the inquiry.

2 FUGITIVES SEIZED IN BRONX

Meantime, two fugitive members of the Weather Underground wanted on 1979 warrants stemming from a raid on a bomb factory in Hoboken were held in lieu of $200,000 bail each yesterday in an arraignment before a United States Magistrate in Manhattan. The two, Jeffrey Carl Jones, 34 years old, and Eleanor Stein Raskin, 35, were arrested at a Bronx apartment late Friday.

Mr. Walton, in a news conference, said that some links between the Weather Underground, the Black Liberation Army and the Black Panthers had been uncovered.

But he said no connections had thus far been definitely established among any of the other radical groups. He added, however, that they appeared to share common purposes, including "the creation of a socialist state" and "an end to the United States Government as we know it."

Even in the heyday of most of the groups identified by Mr. Walton—during the racial turmoil and antiwar protests of the 1960's and early 1970's—the groups, which set off bombs, killed police officers and committed other violent acts in an effort to topple the Establishment, never held broad public support.

Moreover, as support from the left has waned with the passing years, many of the groups have been dormant or nearly inactive, with leaders and members in jail, in hiding or, having resurfaced after years underground, returned to normal lives.

William N. Kunstler, who has represented many radicals in criminal conspiracy cases, said yesterday that he feared a "public frenzy" over the Rockland County case would prompt the Reagan Administration and some Congressmen to seek a new role for the Central Intelligence Agency in domestic intelligence.

"I'm afraid that this will feed the notion that there's some conspiracy out there," he said in an interview. "I regard the case as an extremely isolated situation, but I think it is going to be blown out of proportion."

Mr. Walton, who is deputy director of the New York office of the Federal Bureau of Investigation, and James T. Sullivan, the chief of detectives of the New York City Police Department, discussed the inquiry in a news conference at F.B.I. headquarters at 26 Federal Plaza yesterday afternoon.

Pressed for specifics about the nature of possible links among the various radical groups, Mr. Walton said: "There is association and there is communication. That is why we are treating this very much as a racketeering investigation."

Mr. Walton noted that three of the four suspects captured after the three robbery slayings in Rockland last Tuesday—Katherine Boudin, Judith A. Clark and David J. Gilbert—were members of the Weather Underground.

He also noted that one of the gang's getaway cars had been traced through a license plate to an East Orange, N.J., apartment that had been used by the gang and had been rented by Marilyn Jean Buck, a member of the Black Liberation Army who had also rented safe houses for the gang in the Bronx and in Mount Vernon, N.Y.

A LINK IN SHOOTOUT

Still another link was established Friday when a gunman was killed and a former Black Panther, Nathaniel Burns, was captured in Queens after a high-speed chase and shootout that developed when three police detectives spotted their car bearing a license plate linked to the Brink's robbery. The plate had been seen Wednesday on another car parked outside the gang's suspected hideout in Mount Vernon.

Mr. Jones and Miss Raskin, the Weathermen fugitives seized late Friday, were taken into custody at an apartment at 2965 Decatur Avenue in the Bronx, where members of the joint Terrorism Task Force had gone to execute search warrants in connection with the Rockland robbery.

An F.B.I. spokesman later said it was not known if the two had any connection to the Brink's holdup. "At this point, there is no connection," he said. No links were mentioned at the couple's arraignment later.

As Federal agents and the police in New York, New Jersey and Connecticut pressed the search for four to eight members of the gang that escaped from the robbery in Rockland County, the F.B.I. said it had ordered a nationwide hunt for two other radical fugitives whom it characterized as "extremely dangerous."

They were identified as Katherine Ann Power, 32, formerly of Denver, who was wanted for 1970 bank robberies in Brighton, Mass., and Philadelphia, and Silas Bissell, 39, a Weather Underground member wanted for the 1970 firebombing of a Reserve Officer Training Corps building at the University of Washington in Seattle.

[From the Washington Post, July 9, 1980]

WEATHERMAN FUGITIVE ENDS 10 YEARS IN HIDING

(By Margot Hornblower and James L. Rowe, Jr.)

NEW YORK, July 8.—Attacking racism, imperialism, the CIA and the FBI, Cathlyn Platt Wilkerson, one of the most famous fugitives of the radical Weathermen movement, emerged today after 10 years in hiding.

Wilkerson, who was last seen fleeing half-naked from her father's bombed-out townhouse in Greenwich Village, surrendered to the Manhattan district attorney this morning and was arraigned tonight on charges of criminally negligent homicide and possession of dangerous instruments—dynamite.

Now 35, she refused to tell reporters where she has been for the last decade. Instead, her hands trembling, she read a statement to reporters reminiscent of the Weathermen tracts of the 1960s and early 1970s.

Asserting that her reasons for surrendering were "personal,'" Wilkerson added, "However, it should not be taken to mean that my beliefs have changed or that social or political conditicns have improved. The conditions are the same, and I have the same commitment to struggle against them."

Dressed in black slacks, a white blouse and printed scarf, she pleaded "not guilty" at the arraignment.

The charges stem from a March 6, 1970, explosion which wrecked the fashionable townhouse of her father, broadcasting executive James Scott Wilkerson. Three Weathermen were killed in the blast, and two women survived, fleeing with their clothes in shreds.

Police said later that the Weathermen, a radical faction of the Students for a Democratic Society (SDS), were operating a bomb factory in the basement. The two women, Wilkerson and Kathy Boudin, daughter of attorney Leonard Boudin, were taken in and clothed by a neighbor. They disappeared within an hour, while the neighbor went to the explosion scene.

Wilkerson was released on $10,000 bail and personal recognizance today after a 10-minute hearing before Judge Rose McBrien. Her attorneys, Elizabeth Fink and Margaret Ratner of the Center for Constitutional Rights,

a civil rights firm, had negotiated the terms of the surrender over the past month with District Attorney Robert Morganthau.

Her once-long brown hair now cropped short, Wilkerson was calm throughout the hearing as she clutched two paperbacks, one of them "Obscure Destinies," by Willa Cather. She agreed to report to her defense counsel once a week and not to leave New York City without permission of the district attorney or the court.

If convicted, Wilkerson could face up to seven years in jail. Since the charges were filed against her in March 1970, a statute of limitations does not apply.

In the rubble of the Wilkerson townhouse, police found more than 60 sticks of dynamite, 100 blasting caps and several pipes packed with dynamite and wired. So badly damaged was the house next door, owned by actor Dustin Hoffman, that it had to be condemned.

The Weather Underground Organization—as it later called itself when female members protested the word "weathermen"—took its name from a line in a Bob Dylan song, "You don't need to a be a weatherman to tell which way the wind blows."

The group, whose numbers may once have been in the hundreds, advocated bombing police stations and other government targets to bring about revolution. More than a dozen members are still known to be at large and have claimed responsibility for about 25 bombings in the last decade.

Among those at large are Boudin, Bernadine Dohrn, and two sought by the FBI, Silas Bissell and Jeffrey Jones, Mark Rudd, a former Columbia University Weatherman who formed the basis of the Doonesbury character "Megaphone Mark," surrendered in 1977.

Rudd was fined $2,000 and placed on two years' probation for his part in the "Days of Rage," a Weatherman riot in Chicago in 1969. Rudd is now working and going to school in a southwestern state, according to his attorney Gerald Lefcourt, and has not altered his political beliefs.

Like many of the Weathermen, Wilkerson came from a privileged background. Her father owned a chain of Midwest radio stations. Her mother was remarried to Harlan D. Logan, former majority leader of the New Hampshire House.

Raised as a Quaker, Wilkerson attended New Canaan Country Day School in Connecticut and Abbot Academy in Andover, Mass., and was a 1966 graduate of Swarthmore College, outside Philadelphia.

Friends described her as totally alienated from her upbringing. At the time of her disappearance, she was free on $40,000 bail on charges of assaulting a police officer during the four "Days of Rage" in Chicago. She had also been arrested for occupying a building at George Washington University in April 1969.

Wilkerson was listed as one of three SDS members on a delegation visiting Hanoi in 1967.

After the New York explosion, the FBI mounted a massive effort to find the Weathermen. They found few of them, but their efforts were so zealous that today two former FBI officials, W. Mark Felt and Edward S. Miller, are being prosecuted by the Justice Department on charges that they approved illegal break-ins to search for the Weathermen. The trial is scheduled for next month in District Court here.

At the time of the explosion, James Wilkerson and his second wife were on vacation at St. Kitts in the Caribbean. He told reporters he opposed his daughter's radical activities and had no idea what was going on in his house.

In today's statement, Wilkerson said the Vietnam war, the killing of Black Panthers by police and the brutalization of women in U.S. prisons caused her to "re-examine her privileged status in the world."

"It is now 1980," she said. "The U.S. has made no reparations to Vietnam. Instead, it wages a war of economic sabotage . . . CIA assassination . . . is a continuing threat . . . in the Caribbean. Despite a United Nations prohibition, U.S. corporations continue to trade and sell arms to South Africa . . .

"The FBI, police and the courts are still waging bitter battles against Third World peoples," she added, citing "white cops who murder and brutalize black people (and) walk free . . ."

Although it has been reported that Wilkerson and other Weathermen went to Canada, Cuba and possibly Russia, a source close to the group said yesterday she "pretty much stayed in this country" and was "very close" to Rudd until a feminist dispute split the group in 1974.

[From the New York Times, Oct. 9, 1977]

CUBA AIDED WEATHER UNDERGROUND IN WAR PROTEST YEARS, F.B.I. SAYS

(By Nicholas M. Horrock)

WASHINGTON, Oct. 8.—Cuban espionage agents operating in the United States and Canada supplied limited aid to the Weather Underground, a militant antiwar organization in the late 1960's and early 1970's, according to a top-secret report of the Federal Bureau of Investigation.

Some technical assistance was also provided by North Vietnam, the report says, but there was no evidence that the Soviet Union, China or Eastern European nations ever made direct attempts to stir up American dissidents.

KEY DISCLOSURES

The 400-page report, a copy of which has been obtained by The New York Times, was prepared in August 1976 after the Department of Justice opened a criminal investigation into charges that bureau agents had committed burglaries and carried out illegal mail openings and wiretaps in their attempts to apprehend Weathermen fugitives.

The closely held report—only 10 copies were sent to the bureau director, Clarence M. Kelley—was aimed at establishing that members of the Weather Underground were operating as secret agents of a foreign power and were thus legitimate targets of counterintelligence measures.

The report disclosed, however, that Communist bloc nations had given little tangible support to the American antiwar movement. The report was based upon information from the Central Intelligence Agency, several foreign intelligence services, a wide range of American and foreign police agencies, electronic eavesdropping and reports of several confidential informers.

The following were some of the key points:

Three years before militant members of the Students for a Democratic Society split off to form the Weather Underground Organization in 1970, North Vietnamese and Cuban officials were influencing radical antiwar strategy through foreign meetings. Many of these meetings were held in Communist countries, including Hungary, Czechoslovakia and North Vietnam.

The conduit for contact in the United States was a group of intelligence agents assigned to the staff of the Cuban Mission to the United Nations in New York. These agents arranged for American youths to be inculcated with revolutionary fervor and, occasionally, to be trained in practical weaponry through the so-called Venceremos Brigades, nominally sugar cane harvesting units.

After the Weathermen went "underground" in 1970 and many of them were being sought by the F.B.I. on criminal charges, Cuban intelligence officers were in touch with them from both the New York mission and the Cuban Embassy in Canada.

Cuban officials helped several Weather Underground adherents who feared arrest in the United States to travel to Prague, Czechoslovakia, and then to reenter the United States surreptitiously.

ADVICE LINKED TO VIOLENT PROTEST

The report linked the growing militancy of certain members of the Students for a Democratic Society, which resulted in the so-called Days of Rage in Chicago in 1969, to North Vietnamese advice the year before to choose youngsters who would battle with police.

The North Vietnamese, according to S.D.S. literature of the time, had suggested that the antiwar movement needed not just intellectual protestors but also physically rugged recruits. The Days of Rage, unlike previous antiwar demonstrations, in which clashes seemed to be accidental, was a violent protest.

The report noted that the objective of Cuban intelligence officers in the General Directorate of Intelligence (known by its initials in Spanish as the D.G.I., Cuba's equivalent of the C.I.A.) was not always the same as that of the young members of the Weather Underground.

INTELLIGENCE OBJECTIVES

It said the ultimate objective of the D.G.I.'s participation in setting up the Venceremos Brigades "is the recruitment of individuals who are politically oriented and who someday may obtain a position, elective or appointive, somewhere in the U.S. Government, which would provide the Cuban Government with access to political, economic and military intelligence."

The report said this conclusion was based on information from former officials of the D.G.I.

The Cuban intelligence officers were described as particularly eager to recruit Americans who had political contacts or who were related to United States government officials.

"A very limited number of VB members have been trained in guerrilla warfare techniques, including use of arms and explosives," the report said. "This type training is given only to individuals who specifically request it and only then to persons whom the Cubans feel sure are not penetration agents of American intelligence."

AGENTS AND COUNTERAGENTS

It also reported that contact wtih the Cubans in the United States was made at the Cuban Mission to the United Nations on East 67th Street in Manhattan. Several top officials stationed at the Embassy in 1969 and 1970 were identified in the report as Cuban espionage agents.

A man who was publicly described as the most effective informer the F.B.I. ever placed among the Weathermen, Larry Grathwohl, reported to the buerau that a code system for communciations had been set up by the Cubans, the report said.

"In February 1970, leading WUO member Bill Ayers told fellow underground WUO member Larry Grathwohl that if communication could not be made through these Canadian numbers, an individual should get in touch with the Cuban Embassy in Canada in order to establish contact with other members of the WUO," the report said.

"To do this an individual should use the code name 'Delgado' when referring to himself and the person with whom he desired to make contact," it said.

In another incident, the report said, the Cubans sent four Weathermen back to the United States through Czechoslovakia after an explosion of a house on West 11 Street in Greenwich Village killed two members of the Weather group, Diana Oughton and Ted Gold. They feared arrest, the report said, and the Cubans "obliged" them.

LITTLE TANGIBLE SUPPORT

On the whole, however, the report appeared to be more significant for the paucity of support by Communist bloc nations than for the

extent of it. There was no firm evidence that senior Communist intelligence services in the Soviet Union, China or Eastern Europe ever made any active attempt to incite American dissidents, the report said.

Moreover, the data in the report indicate that the Cubans and the North Vietnamese gave relatively little tangible support. The only cash donation mentioned was $5,000 from an American living in China.

There is no indication in the report that the bureau or other intelligence services ever established that weapons, communications equipment or espionage tools had been fed to the antiwar radicals by the Communists.

Several bureau agents have said privately that they believe the report might be helpful to John Kearney, a former bureau official under indictment in connection with the Weathermen investigation.

But Justice Department lawyers resisted turning it over to Mr. Kearney on the ground, as one of them put it, that it was a "classic red herring—it has absolutely no relevance to any available defense."

"The question of whether a particular target is a foreign agent or a collaborator with a foreign power is relevant only to the question of whether the President or his alter ego for such matters, the Attorney General, may constitutionally bypass the Fourth Amendment's warrant requirement in permitting an electronic surveillance of such a target," a Government plea in court said.

EKOJI BUDDHIST TEMPLE TO BE DEDICATED ON SUNDAY

Mr. MATSUNAGA. Mr. President, one of the hundreds of religions in this great country of ours, where freedom of worship is a fact of life, is the Jodo-shinshu Hongwanji sect of Buddhism, which will be celebrating a most historic event this coming weekend—the official dedication of its first temple in our Nation's Capital.

Judo-shinshu Hongwanji is considered to be the largest of the Buddhist sects emanating from Japan. It was first introduced into the United States in 1868 by Japanese immigrants who arrived as laborers to help build our Nation's railroads and expanding industries. Since then, the sect has quietly grown in the United States and now has 300,000 actively practicing members and 135 temples and branches. In my State of Hawaii alone, there are about 200,000 adherents. Despite the spread of Jodo-shinshu Hongwanji throughout the United States, there has not been a temple in the Nation's Capital; that is, of course, not until this weekend.

The story of the establisment of this temple is a truly inspiring one, involving considerable faith and more than just a litle bit of luck. Since the mid-1940's members of the sect who live in Washington, D.C., have been meeting together to practice their religious beliefs. In those early days, a small band of dedicated Buddhists from the area would make the long trip to the New York Buddhist Church as often as possible.

Then, in 1959 the Reverend Shojo Honda and his wife, June, moved from New York to Washington, D.C. Since their arrival, the Buddhist community in the Washington area has been flourishing and has left its mark on our Nation's Capital. It was under his leadership that the Jodo-shinshu Hongwanji members established a Sangha, or "brotherhood," an informal group which met regularly at the Honda home, at individual members' homes, and at the Unitarian Church.

The Reverend Shojo Honda also participated in another event of historic importance which has special meaning to me. In 1965, Reverend Honda conducted a Buddhist ceremony in the Prayer Room for our Congressional Members in the Capitol to commemorate the first anniversary of the death of my father, Kingoro Matsunaga. This was the first and, I might add, the only time that a Buddhist ceremony was conducted in the Capitol chapel .

Finally in 1979, members of the Washington, D.C., Sangha, led by Ken and Nori Nakamura, established a Dharma School, primarily for the purpose of instructing their children in the tenets of Buddhism. They were greatly encouraged and helped in this endeavor by the then Bishop of the Buddhist Churches in America (BCA) the Reverend Kenryu Tsuji. This school was the direct predecessor of the new temple.

Although members of the Washington, D.C., Sangha had long dreamed about having a temple in the Nation's Capital, it would never have been possible without the generous financial assistance of a stranger to them, Mr. Yehan Numata. Mr. Numata is a Japanese industrialist and the founder of the Bukkyo Dendo Kyokai (Society for the Advancement of Buddhist Understanding). The son of a Shinshu Buddhist priest, he is a graduate of the University of California at Berkeley. It was while he was working his way through college, more than 50 years ago, that Mr. Numata decided to dedicate his life to the propagation of Buddhism, even though he had already set his sights on a career in business. Working as a dishwasher and cook, he suffered a serious illness shortly after he enrolled at Berkeley. Recalling those years, Mr. Numata has said:

> In a foreign country, with no friends or money, living poorly as an animal, I imagined that if I should die . . . nobody would pay any attention to me and my body would be left lying in the fields somewhere. It grieved me deeply to think of this, but the words of Shinran Shonin saved me when I was in such a miserable and sad state.

Today, Mr. Numata is the president of Mitutoyo, the world's largest manufacturer of micrometers. A multimillionaire, he has given much of his fortune and time to the activities of the Bukkyo Dendo Kyokai.

Mr. Numata met Kenryu Tsuji, the future Buddhist Bishop of the BCA during a postwar tour of the United States and Canada. In 1979, the bishop renewed his acquaintance with the businessman during a visit to Japan. Bishop Tsuji had only recently met with Shig Sugiyama and other young members of the Washington, D.C., Sangha to help them organize their school, and, during his conversation with Mr. Numata, he just happened to mention the Sangha's deep desire to establish a temple in the capital city of the United States.

"That is a great challenge," Mr. Numata exclaimed.

After that, things moved very quickly. When Bishop Tsuji retired last year from his post as bishop of the Buddhist Churches of America, he was invited to become the minister of the new temple, to be named "Ekoji," or "Temple of the Gift of Light." Bishop Tsuji promptly accepted the position. The building itself was completed last month.

The Ekoji Buddhist Temple, which is located in Springfield, Va., will be officially dedicated on Sunday, November 8, 1981. His eminence Kosho Otani, Monshu Emeritus of the Jodo-shinshu Hongwanji in Kyoto, Japan, and the Lady Yoshiko Otani are expected to participate in the ceremony with the able assistance of the Reverend Tsuji and the Reverend Honda. Mr. Numata and representatives from Hawaii, Canada and Europe will also be in attendance.

In reflecting on the importance of this historic dedication, I think it is appropriate to consider the words Mr. Yehan Numata recently wrote in a letter to Mr. Shigsugiyama, chairman of the board of directors, regarding his efforts in establishing the Ekoji Buddhist Temple. The letter said, in part:

> . . . I was very happy that I could help a little in establishing Ekoji in Washington, D.C., the capital of the U.S.A. . . . I had been taught in the United States while I was young. To help to establish Ekoji is, therefore, a kind of my duty. I sincerely hope that Ekoji could be a Center for spreading the Teaching and Compassion of the Buddha not only among American people who have had no chance to know Buddhism, but also among other races so that the temple will contribute to the establishment of peace and happiness of mankind. I would like to express my deep gratitude to you and the members of Washington, D.C. Sangha Dharma School who have cooperated and devoted their efforts to establish Ekoji.

I know that my colleagues will join me in congratulating Mr. Yehan Numata, Reverend Tsuji, Reverend Honda, Shigsugiyama, Ken Nakamura and all the members of the new Ekoji Buddhist Temple on the historic occasion of its establishment in our Nation's Capital.

THE CLINCH RIVER BREEDER REACTOR

Mr. HAYAKAWA. Mr. President, I was wavering yesterday about the funding of the Clinch River breeder reactor. I would like to report to my colleagues on a conversation I had just last night with Dr. Edward Teller, the great nuclear scientist.

I feel, as he does, that the Clinch River project has been and will continue to be very expensive and time consuming. However, after a long conversation yesterday with my friend of many years, Dr. Edward Teller, I am convinced that the Clinch River breeder reactor is integral to this Nation's energy needs, and more importantly to the nuclear industry which our country cannot afford to lose.

The nuclear industry is in a critical state. Capital expenditures have become three fourths of the cost of nuclear electricity. The licensing progress has dragged the building of nuclear plants out even further, and the long-term effects add more costs to the consumers. Dr. Teller tells me that we must stream-

line this process, and this can be done through proper reform of the Nuclear Regulatory Commission. However, this alone cannot save the industry, or solve our energy needs completely. To quote Dr. Teller:

No single prescription exists for a solution to the energy problem. Energy conservation is not enough. Petroleum is not enough. Coal is not enough. Nuclear energy is not enough Solar energy and geothermal energy are not enough. New ideas and developments will not be enough by themselves. Only the proper combination of all of these will suffice.

We have been working on all of these alternatives, but we have not given enough attention to new ideas and to future technologies. We will need to find sources of energy for the indefinite future, not just the immediate future. The fast breeder is not the best, but it is a start.

We are developing better mining techniques to extract uranium more effectively and to get uranium from poorer ores. Dr. Teller tells me that another possibility that we have not as yet investigated fully is the use of thorium. Thorium is being used today, for example, in the Canadian Deuterium reactor known as Candu. This reactor uses thorium. Thorium can supply our long-range needs and at a smaller cost.

We also need to look into the possibility of combining thorium and uranium—this can be done in a hybrid reactor which combines fusion and fission.

Dr. Teller made an interesting observation. He said:

Clinch River cannot be stopped. I have ceased my efforts to stop it. I am for it. It is the only game in town.

I would like to see a study of these various types of reactors. I think we should finish Clinch River, and learn from it. We have already spent $1 billion. Let us not throw that away. But let us look into what comes after Clinch River, and not close our eyes to what will happen after the year 2000. Our Nation has the capability to be once again the world leader industrially, but this can only happen through a combined effort on our part to make an energy policy that will provide for this country's increasing energy needs.

A SIGNIFICANT ACCOMPLISHMENT

Mr. PELL. Mr. President, I wish to mark a significant accomplishment in the world of individual and team sports, and one which has special meaning to me. Stephen Binns, a freshman at Providence College, in Rhode Island, set a new meet record in winning the individual IC 4A cross-country running championship on November 2. His time over the 5-mile course at Van Courtlandt Park in New York City was 23 minutes, 52.5 seconds.

In addition, Providence College took the team championship with 5 runners in the top 13 finishers. The individual and team accomplishments reflect the extraordinary skills of Providence coach, Bob Amato, whose teams have not lost a cross-country meet since 1973.

When I was a college student some 40 years ago, I too ran cross country, and I once competed in a meet over the same course as this championship race. Needless to say, I did not cover it under 24 minutes. But I did enjoy running, and I still do. As one runner to another, I congratulate Mr. Binns and his teammates. And I commend Coach Amato for sustaining such a strong program at Providence College for so many years. I am sure that my colleagues in the Chamber join me in these good wishes.

HAPPY BIRTHDAY TO W. AVERELL HARRIMAN

Mr. PELL. Mr. President, I wish to extend a happy birthday to Averell Harriman who will shortly be 90 and with whom I know many of us here look forward to sharing his birthday celebration. His has been a full, varied life marked by a profound sense of service.

It was 29 years ago that I resigned from the Foreign Service to be deputy director of his campaign for the Democratic Presidential nomination. That campaign was a happy, imaginative one and, although we did not win, it left me with a profound regard for Averell's prescience, kindheartedness and tough-mindedness.

Illustrating these qualities are two articles that appeared in yesterday's press—one by Averell Harriman himself in the Washington Post and the other by James Reston in the New York Times and I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 4, 1981]

THE WINDOW OF OPPORTUNITY

(By W. Averell Harriman)

We are in danger of ceding our destiny to the whims of nuclear weapons, trusting to good fortune to see us through the nuclear arms race when we should be trusting ourselves.

The strategic forces of the United States and the Soviet Union carry explosive power more than 100,000 times greater than the Hiroshima bomb. Far from saying "enough," both nations are increasing these forces.

We are moving to deploy thousands of nuclear-armed cruise missiles, by their nature difficult to count because of their small size. These missiles—unverifiable—will make existing agreements to reduce the numbers of nuclear arms obsolete and future agreements impossible. We are allowing the seduction of a momentary technological advantage to foreclose future limits on Soviet forces.

Today there are five nations that have tested nuclear weapons; in 10 years there could be 10 more, as well as terrorists adding nuclear explosives to their menace. Yet our policy to prevent the spread of these weapons now features promotion of the exports and technologies that could be fashioned to destroy us.

The SALT II treaty, which put a cap on the strategic arms race and placed significant limits on Soviet military power, has been abandoned. In place of the "real arms control" we were promised a year ago, we have only the promise of endless talks on nuclear arms in Europe and no talks at all on strategic arms until next year.

The results: a restive, divided NATO alliance that questions our competence to lead in a nuclear world, a progressive weakening of the negotiated restraints that can bound Soviet nuclear power and an emphasis on nuclear forces that are unusable in countering the Soviet challenge around the globe.

As we become more remote from the horrors of Hiroshima, there are doctrines of war fighting based on the fantasy of using nuclear destruction for some "rational" end. These doctrines blur the vital distinction between nuclear and non-nuclear weapons. And they encourage the nuclear choice by telling all nations that nuclear weapons are just another instrument of military power.

The truth is that nuclear weapons exist for one purpose only—to deter nuclear war. Once used, they will be instruments of mass destruction, consuming the destroyer as well as the destroyed.

If all Americans should be concerned about these developments, so should we be angered by those who weave a myth of America as a second-rate nuclear power, inferior to the Soviet Union. This myth demoralizes our friends, and it could tempt the Soviet Union to test our power when testing that power could have catastrophic consequences.

The nuclear arms race has a simple, unchanging rule: without limits, without verifiable negotiated restrictions, the United States can add to its nuclear forces, but so can the Soviet Union. For this reason, the MX missile and the B1 bomber are inadequate measures for American security. They merely attempt to match the Soviet military threat; they cannot reduce it. And they do nothing to reduce the risk of nuclear war.

Rather than seeking to close a false "window of vulnerability," America must take advantage of the window of opportunity it now has to limit nuclear arms. Without decisive leadership, suspicion and the weapons both nations are developing will see that this opportunity recedes perhaps forever beyond the reach of humanity. This means serious negotiations with the Soviet Union and mutual restraint while we negotiate. The objective should be major, equitable and verifiable reductions of nuclear arms, coupled with limits on the introduction of new weapons systems.

I emphasize the word "serious," for many in both nations will counsel proposals designed to be rejected by the other side but useful as an excuse for doing nothing.

Negotiations to limit nuclear arms and reduce the risk of war are hardheaded exercises to improve our national security. They signal no approval of other Soviet actions, such as Afghanistan—no more than do sales of American grain to the Soviet Union. They seek, despite the irreconcilable ideologies of our two nations, the common goal that nuclear weapons have made a necessity—the prevention of nuclear war.

In our short time on Earth, we have a choice about the kind of world we leave behind. With nuclear weapons in our custody, our generation carries a heavy obligation. There will be no historian to record one day that we failed on our watch.

[From the New York Times]

HARRIMAN AT 90

(By James Reston)

WASHINGTON, November 3.—Averell Harriman, former Governor of New York, Secretary of Commerce, Ambassador to London and Moscow, among many other things, will be 90 in a few days, and he reminds us not of how old he is but of how young this Republic is.

He has lived for almost half the life of our history as an independent nation. He was born on Nov. 15, 1891, when Benjamin Harrison was President. He has survived 16 more Presidents since then, and plans to stick it out for a while longer until he sees another Democrat in the White House.

The Democrats naturally share his hope. They don't have much to celebrate these days, but they're going to throw a big party for him here next week, with John Kenneth

Galbraith speaking for the Roosevelt years, Clark Clifford for the Truman years, Senator Kennedy for the Kennedy years, Lady Bird Johnson for the Johnson years and Fritz Mondale for the Carter years. Republicans need not apply, but some of them, remembering that Mr. Harriman was once a Republican, will be there anyway.

At 90, he still looks and lives like a Republican—tall and nobly handsome, with his elegant house on N Street in Georgetown, and the house next door filled with his papers, and his house in Virginia, with its views of the Blue Ridge Mountains.

He has not avoided the trials of advancing years. His sight and hearing are impaired. But he has the newspapers read to him every day, and he swims every morning and is now writing a book on Truman. He keeps young by seeing the young and telling them stories of the men of his time.

For example, he remembers congratulating Stalin at the Potsdam conference after World War II for leading the Red Army to Berlin in the final defeat of the Nazis. Stalin was still aggrieved that Eisenhower had kept him from advancing farther West. "The Czar Alexander got to Paris," Stalin complained.

Mr. Harriman has long memories of Winston Churchill, whose former daughter-in-law is now Mr. Harriman's wife. He was in London in the critical months after Pearl Harbor as Roosevelt's special envoy, and returned to Grosvenor Square as U.S. Ambassador in 1946.

He recalls a conversation with Churchill in which he ventured to criticize the British parliamentary system. Churchill was not amused, Mr. Harriman says, and replied, "Few men are so gifted as to understand the politics of their own country, let alone criticizing the politics of another."

Mr. Harriman is not exactly a Horatio Alger rags-to-riches character. He inherited great wealth from the Union Pacific Railroad from his father, who also bequeathed to him a Presbyterian conscience. He has been trying ever since to be faithful to his father's admonition that "great wealth requires great responsibilities."

He is not very happy these days about the drift in U.S.-Soviet relations. He has kept a cool and wary eye on the Russians ever since his service as our Ambassador in Moscow from 1943 to 1946. I remember his appearance at the San Francisco conference on the formation of the United Nations, when he warned about the objectives of Soviet policy, and insisted on a charter that would protect the rights of the free nations.

He has kept to this cautious skepticism about the Russians ever since, but is now vaguely depressed because he thinks the anti-Soviet temper of the Reagan Administration is going too far, and is leading to an arms race and even a revival of the cold war that may get out of control.

There is, of course, very little he can do about this now, but he keeps trying. He had lunch the other day with the Soviet Ambassador, Anatoly Dobrynin, and deplored the rancorous propaganda between Washington and Moscow. But he also observed that while President Brezhnev talked a great deal about peace, the Russians were still keeping their SS-20 missiles targeted on every European capital. How, Mr. Harriman asked, could we have peace or coexistence until these missiles were withdrawn?

This is his main regret: that he has devoted the last 40 of his 90 years to the belief that there will be no decent order in the world unless the United States and the Soviet Union somehow overcome their fears of one another, and reach some kind of accommodation, and on his 90th birthday he fears the trend is going the other way.

His happiest days were not when he was appointed to Federal office, but when he was elected by the people as Governor of New York, and his second regret is that he was defeated by Nelson Rockefeller for reelection.

But at his birthday party next week, everybody will call him "Governor," which is the title he likes best, and pay their respects to him for a long life of public service. This, however, is not likely to satisfy him. As his wife says, he has "a whole dungeon of papers" next door on N Street, and is determined to sort them out, so that younger men will remember at Georgetown University or somewhere else what he is likely to forget.

FUTURE GREEK-AMERICAN RELATIONS

Mr. PELL. Mr. President, 3 weeks ago, Greek voters chose what many Western analysts had long feared: They elected Andreas Papandreou as prime minister of Greece. Since then, much commentary in the American press, centered on the questions of whether—or to what extent—Mr. Papandreou and his Panhellenic Socialist Movement will dissociate Greece from NATO and from the European Community. These are obviously important questions, indicative of the fact that Greece has arrived at a crucial juncture in her modern history. But danger lies in focusing too narrowly on such questions alone, for doing so obsures just why these issues have arisen in the first place.

In exercising their democratic franchise on October 18, a plurality of Greek voters selected the candidate who gave voice, most passionately, to the myriad emotions and concerns which have surged through Greece over the last decade. By all evidence, the prevailing electoral issue was the Greek economy; Greece now suffers severe unemployment and a cruel inflation which is the worst in Europe. But Mr. Papandreou's call for change extended to geopolitics as well. His promise for a restructuring of Greece's international position clearly found empathy in a Greek electorate which sustains a fervent belief that Greece has been seriously mistreated by her allies in the West.

At the center of this indictment stands the United States, accused first of conspiring with the brutal junta that took power in 1967, and then of remaining negligently indifferent to Turkey's 1974 occupation of Cyprus and its assertion of expanded air and sea rights in the Aegean. Greek politics today features a broad spectrum of opinion. But few Greeks dissent from the view that American power has failed to uphold Greek interests.

Nor can it be said that this viewpoint is entirely without merit. Throughout the 7 tragic years of the junta's rule, I for one remained a constant critic of an American foreign policy that operated far too comfortably with the Greek colonels. Moreover, when they fell in 1974, after inspiring the abortive coup in Cyprus that precipitated Turkey's invasion, the United States did far too little to insure that the Turkish military presence on that island republic would be short lived. To be sure, a 4-year partial embargo was eventually imposed by Congress on U.S. arms shipments to Turkey. But the overriding fact today is that Turkish forces continue to occupy 40 percent of Cypriot territory. If the United States will cooperate with a Greek dictatorship that tortures its citizens, and acquiesce in Turkey's prolonged occupation of an independent nation, then what else—Greeks have asked—will the Americans allow?

To express some understanding of this current Greek mentality, I should emphasize, is far from expressing sympathy with the conclusion that Greek-American relations should be in any way curtailed or fundamentally altered. Both nations have too much at stake to allow their longstanding bond to be weakened. But the passion of existing Greek attitudes does underscore the delicacy of the current relationship and the consequent imperative for leaders on both sides to act constructively and with care.

On the economic front, which appears to be Mr. Papandreou's first priority, we Americans can do little more than leave the new prime minister to his own devices, wishing him well while hoping that his expertise exceeds that of certain economists who have recently gained sway in Washington. Meanwhile, we can, of course, continue to support the thriving commerce which makes the United States Greece's second largest trading partner, and we should also do our best to encourage a continuation of Greece's European Community membership, which began in January this year.

Although Mr. Papandreou has called for a Greek referendum regarding the latter, it appears that a substantial majority of Greek citizens does in fact support community membership, recognizing the political as well as economic benefits. It is therefore likely that this primarily economic issue can be addressed through a concerted Greek effort—similar to one recently and successfully undertaken by Britain—to negotiate more favorable terms of trade with her Common Market partners.

On the military and strategic front, in contrast to the economic, the role for the U.S. Government can and indeed must be broader. Prime Minister Papandreou has worried Western observers by calling for a revision of Greece's military relations with the United States and NATO. But he has also made clear his intent to take no action which would undermine the strategic balance.

This posture suggests both flexibility and realism—a realism Mr. Papandreou and other Greek leaders must necessarily bring to bear as well on their obvious concern with the regional military balance, meaning Greek strength vis-a-vis Turkey. Certainly, the new Greek Government cannot fail to recognize that a policy of curtailing military links with America would have as its direct corollary a weakening of Greece's Armed Forces and an even greater emphasis by the United States on its military relationship with Turkey.

Thus, when negotiations resume on the status of American bases in Greece, the United States can expect tough bargaining—as an expression of Greek pride and legitimate Greek interests—but we may also undertake such talks with the reasonable hope of encountering a greater measure of Greek pragmatism than earlier rhetoric may have suggested.

Meanwhile, to set the stage for productive negotiations, the obvious prescription for U.S. policy is to do all possible to encourage appreciation in Greece of the mutual benefits of a continuing and strengthened bilateral relationship. I commend President Reagan for his initial message to Mr. Papandreou, expressing congratulations to the prime minister-elect and offering to work with him. But more substantial steps are needed, one being to make clear to the Greek Government and people a sincere American intent to uphold an appropriate balance in U.S. military assistance to Greece and Turkey.

Another critical step, though one requiring cooperation by other parties, would be real progress toward a Cyprus settlement. Here the United States can formally provide no more than good offices; none of the parties involved wants a made-in-America solution. But it is clear—not least to the Greeks—that the United States can exercise considerable leverage with the Turkish Government, particularly a government not at this moment subject to populist pressure. It will therefore behoove the Reagan administration to apply the full force of its diplomatic power to foster in the coming months what is already long overdue: A just and lasting negotiated settlement on Cyprus, preceded by or accompanied by a full Turkish withdrawal.

We cannot now be sure what lies in store for Greek-American relations. But as we survey the implications of Greece's recent election, we should—above all—take heart that the democratic process is alive and well in its birthplace. The Reagan administration may reasonably expect to find working with Mr. Papandreou a challenge considerably more difficult than getting along with a dictatorial regime, such as that which held Greece in its grip for 7 agonizing years. But a constructive American effort to do so will be a far more noble effort, and will certainly, over time, prove far more beneficial—both to Greece and to the United States.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point an excellent op-ed piece which appeared in the New York Times on October 30, written by Christopher Hitchens, former foreign editor of the New Statesman.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GREECE, CYPRUS, AMERICA

(By Christopher Hitchens)

There was a time when Greece seemed friendly to the Sixth Fleet and when Andreas Papandreou appeared to be a noisy economics professor. But that time is definitely over. What is disappointing is that many observers continue to apply old criteria to a wholly different setting.

Thus, most comments on the Panhellenic Socialist Movement's stunning electoral victory concentrated on the old "will-they?" or "won't-they?" questions. For instance, will the new Government of Prime Minister Papandreou allow military activity by the North Atlantic Treaty Organization on its soil? Will it mellow in office? Can business be done with the Socialists after all?

This preoccupation seriously underestimates the Greeks' central concerns and feelings. Today, their main focus is not military but domestic and political.

The Papandreou Government is pledged to take at least two major steps that will make the Reagan Administration's life more complicated, and neither has to do with the American bases in Greece. The first is to open the files on Washington's alleged complicity with the military dictatorship, which ran from 1967 to 1974. The second is to get tough about Cyprus.

Mr. Papandreou's first foreign guest, who arrived within days of the election, was President Spyros Kyprianou of Cyprus. The visit emphasized the new Greek Government's commitment to make withdrawal of Turkey's occupation forces a condition for resumption of the Cypriots' internal negotiations.

Anybody who has visited Greece recently will know that the two issues arouse passion.

Greeks believe they were betrayed by the West through the instrument of a corrupt military Government, and also feel that the conservative regime that succeeded the junta, while infinitely more decent and democratic, did not dare publish all the facts. This thinking, perhaps more than anything, explains the decisive defections from the center and even from the right to Mr. Papandreou.

There is also a feeling that the junta in Athens fell only at the cost of provoking Turkey's invasion of Cyprus, and that, ever since, the Cypriots have had to bear a hideous and unfair burden.

Mr. Papandreou has publicly and repeatedly committed himself on the two issues. Even if he wanted to dilute his position on them, it is doubtful that his party would let him. Yet, most official comment in Washington ignores these related and highly emotional matters. This means that Americans can be forgiven if they do not understand that the Panhellenic Socialist Movement's victory derives largely from outraged national sentiment. "Socialist," as President François Mitterrand has shown, can mean many things in foreign policy. But in the case of Greece it certainly does not mean making life easier for the Atlantic alliance, as Mr. Mitterrand is doing. Panhellenism, when added to Socialism, makes a volatile mixture.

Unlike all other countries in NATO, Greece does not feel that the major external foe is the Soviet Union. Rather, it feels menaced by its large neighbor, Turkey, which has occupied nearly 40 percent of Cyprus since 1974 and which contests Greece's interpretation of seabed rights in the Aegean. Many mainland Greeks, including Mr. Papandreou himself, come from the islands. They consider the islands a political extension of the mainland, and passionately resent any claim that would sever the islands from it or from one other.

Add to this the differences in religion between Greece and Turkey, the fact that Turkey has a military Government, the fact that Turkey is seen as colonizing Cyprus, and the fact that it is viewed as the favored partner of the United States. Add to this the recent parliamentary-election results in Cyprus. The Communists, traditionally the largest party, got almost 40 percent of the vote and now have the most seats. The small Socialist party, more militant than the Communists on the issue of the occupation, got just under 10 percent—a neat reversal of the electoral outcome on the mainland. True, the pro-Western party, the Democratic Rally, almost matched the Communists' vote but only by pitching its slogans in a much more intransigent anti-Turkish key than it preferred. Subsequent parliamentary elections in the Turkish sector also registered strong gains for the left. In both elections, the No. 2 issue was the presence in Cyprus of large British military bases, used informally but publicly by the United States for overflights and surveillance in the Middle East. For many years, their presence was not a major issue in local politics, but if a Cyprus settlement is delayed much longer they will certainly become a focus of protest.

Andreas Papandreou's triumph should serve as a reminder that the eastern Mediterranean has been too low on the international agenda for far too long.

MILITARY ARTS

Mr. PELL. Mr. President, a recent letter to the Editor of the New York Times points out with an appropriate touch of irony that funds available for the sustenance of military bands in the defense budget for 1982 exceed the sum that President Reagan would like to give the National Endowment for the Arts. Because of the cuts being asked by this administration, many of our most valued cultural institutions are going to be faced with very serious financial problems. Sadly, some will inevitably be forced to close their doors.

I urge my colleagues to ponder this situation as well as their own priorities as they consider their vote on a final appropriation for the National Endowment for the Arts.

I ask unanimous consent that the letter from Professor Chaikin of Long Island University from the New York Times of November 2, 1981 be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON'S CHAMPIONS OF THE ARTS

To the Editor:

It turns out that the Reaganomicists haven't abandoned the arts after all. Critics of the Administration's slicing in half—to $88 million—of the 1982 budget for the National Endowment for the Arts should pause and reconsider.

One gratefully discovers, tucked away discreetly in the vast recesses of the Defense budget, that appropriations for military bands have steadily increased over the past few years: from $73.9 million (fiscal year 1980), to $88.3 million (1981) to a high-flying $89.7 million for fiscal 1982.

Of course, for those who don't happen to love a parade this may not exactly be sweet music. But elitism of the sort that pampers wild-eyed avantgarde composers is a luxury we can't afford nowadays. Rather, what's needed is merely a small esthetic adjustment: to more Sousa, say, and less Copland.

This neat feat of musicial transposition—from Carnegie Hall to West Point—in fact merits the nation's admiration. Arranging to support the arts while simultaneously assisting the military to fight Communism around the world is really awfully ingenious. Onward and upward!

JACK W. CHAIKIN,
Chairman, Music Department.

A SWORD, LEGEND ARE GOING HOME

Mr. HAYAKAWA. Mr. President, I want to bring my colleague's attention to a clearly selfless and humanitarian act by one of my constituents, Mr. Gerald Wilda of Lomita, Calif.

Mr. Wilda recently returned to its rightful owner a priceless samurai sword which is said to have belonged to Yoshida Chuzemon, one of the 47 "ronin" of the "Chushingura" saga, the most famous of the samurai stories in all of Japanese literature. A collector of an-

tique swords, Mr. Wilda gained possession of the sword in the early 1960's and presented it to Consul General Tsuneo Tanaka in San Francisco in early October. Mr. Tanaka is forwarding the sword to the Sengaku-ji Buddhist Temple in Tokyo from where it had been taken in 1946.

Through this generous action, Mr. Wilda has exhibited a keen understanding and compassion toward the culture and history of Japan. His gift is being warmly received and will enhance the growing friendship between the people of these two nations.

Mr. President, I ask unanimous consent that two items be printed in the RECORD regarding Mr. Wilda's gift. The first is a letter to Mr. Wilda from the consul general in San Francisco, Mr. Tsuneo Tanaka, commending him for returning the sword to its home. The second is an article from the Los Angeles Times of October 3, 1981, entitled "A Sword, Legend Are Going Home" which details the history surrounding this important remembrance of Japan's past.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONSULATE GENERAL OF JAPAN,
Los Angeles, Calif., October 2, 1981.

Mr. GERALD E. WILDA,
Lomita, Calif.

DEAR MR. WILDA: It is with great pleasure that I accept from you the sword of Yoshida Kanesuke in order that it be transmitted to Sengaku-ji.

The fact that you have maintained this sword with great care and have chosen to have it returned to its rightful owner demonstrates your sincerity.

The return of this important and priceless object will be deeply appreciated by many thousands of Japanese. You have made a lasting contribution to closer ties between our two peoples.

I would like to express my heartfelt gratitude for your gesture of kindness. You are to be commended for your spirit of generosity.

Thank you.

Sincerely,

TSUNEO TANAKA,
Consul General.

A SWORD, LEGEND ARE GOING HOME

(By Patt Morrison)

The sword lay shining atop the wrappings of plum-colored silk, as alive under the fluorescent lights Friday as it had been in the furnace glow three centuries ago when it was made.

For almost all of those three hundred years, the samurai's weapon had fulfilled its destiny of blood and honor—as revered a symbol to the Japanese as King Arthur's sword, Excalibur, was to the English, or El Cid's blade, Colada, to the Spanish.

But it was lost in the chaos after World War II, and was bought for a pack of cigarettes by a souvenir-hunting GI. It lay for twenty years in a garage in East Los Angeles before it was traded in 1964, for a Colt pistol, and stored away.

Now, one of the fabled swords of the Chushingura legend is going home, to the Tokyo Buddhist temple whence it disappeared in 1946. On Friday, the Lemita collector who has cherished it for 17 years presented it to Japanese Consul General Tsuneo Tanaka, to be placed in the temple to honor the 17th century samurai warrior who took his life with it.

Gerald Wilda has several hundred swords—some of them older, some of them more elaborate—but none of them with the pedigreed past of the one he felt "a little sad" to part with Friday, although "it's going home—it belongs there."

The sword Wilda cradled with as much reverence as care was a crucial prop in a historical occurrence that has been commemorated as both a Kabuki play and a film, and as a symbol of the knightly code of feudal Japan.

It belonged to 67-year-old Yoshida Chuzemon, one of 47 samurai knights to Lord Asano, Wilda related. It is Yoshida's carefully preserved blood, from his ritual suicide with that sword, that has let the tip of the weapon rusted and pitted even now.

The samurais' master had, in 1701, been a guest of the shogun at Tokagawa Castle, where precise ritual dress was required for each elaborate reception.

The chamberlain who prescribed proper dress, Lord Kira, was accustomed to "selling" dress code information to the lords, and when Lord Asano refused to pay, Kira deliberately told him to show up the next day in short trousers.

"When he (Asano) did, the rest of the court was in long trousers," Wilda recounted. And Asano, enraged, chased Kira and hurled a dagger at him. But the throw was wild—the dagger pierced a sacred, 800-year-old door of the palace's Pine Corridor. The shogun ordered Asano to commit seppuku—ritual suicide.

Asano did, but not before he swore his 47 samurai to a blood oath of vengeance on Kira. For a year, the 47 "ronin"—now masterless samurai—lay low, pretending to be "alcoholics, wastrels." Then, on Dec. 14, 1702, they attacked Kira's castle, dragged him from the woodshed where he had hidden, killed him and took his head as a trophy of revenge to their master's grave.

"It was very hard for him (the shogun) to make a decision of what to do," Wilda said. On the one hand, Kira's demise was murder, and on the other, it was "an honorable thing they did" to fulfill their master's of revenge to their master's grave.

So the 47 samurai were ordered to follow their lord in "seppuku," lest any other act in their lives defile the purity of their vengeance. And in four groups, they did so—in an act of loyalty and honor that the Japanese have revered ever since, Wilda said.

The sword Wilda flexed tentatively Friday had belonged to Yoshida, the number two samurai, and along its "tang" (grip), whose silver fittings had been sold separately for $300 just an hour before Wilda spotted the sword in 1964, was the inscription that told the story of Yoshida's obedience and death.

It had been in Wilda's possession since he was 19, when he traded the $800 Colt for it, and he had tried three times before to return it to Japan.

"I didn't know then (when he bought it) what sword it was, but I knew it was good."

It is, in truth, a "pedigreed" sword, made in 1681 by the master Yoshitake, a sort of Stradivarius of Japanese swordmakers. It is fashioned like the fabled Damascus blades, of layered and tempered metal, folded and drawn nine times, as finely wrought as jewelry and as sharp and spare as a haiku poem.

And now it is going home, Wilda said, gripping it one last time.

The Yoshida family knows it is coming back, and on the Dec. 14 anniversary of the attack on the castle, the reverent will visit the Sengaku-ji temple "with great pleasure and gratitude," Consul General Tanaka said.

The sword is being sent home in a carefully packed casing of Wilda's making. With it goes a small envelope, also of Wilda's making, with a letter and some money as an offering—"to pray for the souls of the warriors and retainers, and to tell them the sword is back home again."

EL SALVADOR

Mr. HAYAKAWA. Mr. President, we are all aware of this dispute over the tragic situation in El Salvador—relating to both U.S. policy in providing assistance and as to the true nature of the problem. Some would have us believe that the guerrillas are agrarian reformers fighting a despotic government and a ruthless military. In the belief that justice is on the side of the guerrillas, this group is naturally opposed to U.S. involvement. Others contend, including the administration and this Senator, that the guerrillas are Soviet-backed terrorists bent on destroying the fragile reed of democracy represented by the moderate Duarte government and imposing Communist rule on El Salvador.

This argument is usually carried on by Government officials, diplomats, and journalists of various persuasions—most of whom have never been in El Salvador. I found it refreshing and enlightening, therefore, to read an account in the Wall Street Journal of October 19 of the visit to the United States of five labor leaders from El Salvador. These are men who have experienced the killing and destruction being wrought by the guerrillas in the countryside. There is no question in their minds who is responsible for the Salvadoran tragedy. While they say it is true that the military has been guilty of some brutal excesses, the labor leaders place the blame squarely on the guerrillas. They say, "Guerrillas have the guns, but they do not have the people." I hope my colleagues will read this article. I wish all Americans would. It would enhance their understanding of the problem in El Salvador and help solidify their support of the President's policy.

I ask unanimous consent that this article, "Forgotten Trabajadores," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 19, 1981]

FORGOTTEN TRABAJADORES

Thanks to a disturbingly effective left-wing propaganda campaign, the Reagan administration has been largely stalled in its efforts to gather public support for a U.S. counterattack against the Soviet-Cuban conquest of Central America. But it is far too early to give up the fight. The propaganda lies are by now so transparent that even the most liberal Congressmen, newspaper editors and churchmen surely cannot avoid recognizing them.

For example, can anyone still doubt that Nicaragua has been a victim of a Communist takeover? The Cuban-style "neighborhood committees" are in place, the secret police are being trained, La Prensa has been told it will be closed if it continues to speak up, Archbishop Obando y Bravo is being suppressed and a spectacular military build-up is under way. The Sandinistas are creating an army and militia of over 250,000, equivalent to a full one-tenth of the population, even though the country can't feed itself or pay its debts. Heavy equipment, including 30 T-55 tanks, has been pouring in from the Soviet bloc. The combined forces of Nicaragua and Cuba soon will dwarf any army south of the Rio Grande and drive a Soviet strategic wedge between North and South America.

Little Costa Rica, once a model democracy, has been destabilized and intimidated by the Nicaraguan buildup and internal subversion.

The territory of Honduras is being used with impunity to funnel arms from Nicaragua to the Communist guerrilla army in El Salvador. An active terrorism campaign is under way in Guatemala, drawing the usual counter-terror from the right with its predictable additional contributions to destabilization.

In Panama, where domestic politics were thrown into disarray last summer by the air crash death of strongman Omar Torrijos, Castro's guerrillas are operating in the bush. The big prize, if they succeed, will be the Panama Canal.

The biggest current military and propaganda effort, of course, centers on El Salvador. The fighting is in the hand of the Cuban- and Soviet-supported Farabundo Marti Liberation Front (FMLN). The propaganda is being orchestrated by something called the Democratic Revolutionary Front (FDR), which has been given the undivided attention lately of communist propaganda outposts throughout the world, including some of the groups in this country that once helped break down U.S. resistance to the Soviet conquest of Southeast Asia. The techniques—marches, demonstrations and blown-up photographs of maimed bodies (all of them naturally victims of the other side)—are the same ones propagandists have used for decades. Their effectiveness was demonstrated a few weeks ago when some brainwashed reporters and Congressmen came very close to publicly insulting the visiting Napoleon Duarte, Salvador's populist president, because of the sins the FDR has alleged against him.

But the Salvadoran government is proving harder to vanquish on the ground than in the North American press. We received a clue to why last week when four Salvadorian union leaders, including the secretary general of the equivalent to the AFL–CIO, and the head of the campesino or peasants union, visited New York. All are under daily threat of death and in fact have all succeeded men who were murdered. They were traveling under the auspices of the AFL–CIO but at the expense of their own unions.

Their message: The war in El Salvador did not result from an indigenous worker and peasant uprising, as Communist propaganda insists. "The war involves 10 percent of the people, with 90 percent in the middle," declared Jose Luis Grande Preza, the labor federation leader. It is true that the Salvadoran army has committed brutalities and the group would like U.S. military aid to be accompanied by greater U.S. efforts to train Salvadoran troops in combating guerrillas, so as to avoid civilian casualties. But the five had no doubt that the origin of the killing was the campaign of destruction and terror conducted by the FMLN. The FMLN and FDR, so romantic sounding to the cocktail liberals of Washington, are not loved by the trabajadores (workers) and campesinos of El Salvador who must brave their bombs and bullets each day. "They have the guns but they don't have the people," says the country director in El Salvador for the AFL–CIO's American Institute for Free Labor Development, which attempts to encourage formation of free labor unions.

There is a bitter irony in all this. The American government is not taking a more forceful role in Central America in part because so many Americans have been convinced that this would be making war on the common man. But representatives of the common man are pleading for help in driving out what they know full well is a foreign-backed army that will enslave them if it wins. As we said at the outset, the Reagan administration has an obligation to all Americans, North, Central, South, to not be so easily deflected. What's happening in Central America is by now so obvious that only knaves or fools can pretend not to understand it.

CALIFORNIA INDEPENDENT BUSINESS FAVORS ANTITRUST ENFORCEMENT

Mr. CRANSTON. Mr. President, the National Federation of Independent Business has announced that a majority of its membership responding to its September mandate ballot favor limiting mergers and acquisitions among the very largest businesses.

In my State of California, of the 3,938 business members responding, 63 percent favor limiting mergers and acquisitions among the largest businesses.

This result should not be surprising.

Independent business historically flourishes when the Sherman antitrust laws are vigorously enforced. Independent business is the natural victim of larger enterprises seeking to eliminate competitors and to acquire a larger share of the market. When giants clash, the small people caught in the middle tend to be crushed.

Another reason is that financing of mergers and acquisitions is a waste of good capital from the point of view of the independent sector of the economy. Capital drawn into mergers and acquisitions is not available for new tools, new plants, or innovative research and development. The transfer of assets from one set of hands to another does not open many market opportunities for small, independent businesses. They need more customers, not fewer.

At a time when the administration seems to be deemphasizing antitrust enforcement, it is worth noting that California's independent businesses support effective enforcement against unproductive mergers and acquisitions among the very biggest businesses. As the NFIB mandate put the issue, "Freedom to run your business is a good thing; freedom to control markets is not."

ADEQUATE PRISON HOUSING

Mr. HAYAKAWA. Mr. President, I have joined with Senator GRASSLEY in cosponsoring S. 1422 because of a serious and growing problem in our country today.

The burden of crime often falls most heavily on our State and local governments. According to the Department of Justice, about 92 percent of all prisoners incarcerated in the United States are held in State prisons, and that number is rising daily. It has been estimated that this year's prison population increase will be the highest ever recorded—a statement that will not surprise State officials who have resorted to housing prisoners in tents and prefabricated buildings, double bunking them, or releasing them in the face of severe overcrowding.

The swelling of State prison populations is just a part of a troubling cycle. As incidences of crime have increased, the public has demanded a crackdown, and rightly so. But as State governments have reacted by enacting stiffer penalties and reducing or eliminating parole, State criminal justice facilities have become choked with prisoners, making the task of rehabilitation tougher than ever. My own State's prisons are now filled to 114 percent of capacity.

Although much of the burden of crime and the corresponding rise of prison population may be within State jurisdiction, I believe that the Federal Government can and must play a responsible role in easing the strain. After all, it is not governments but citizens who suffer the effects of crime. It is individual citizens who lose their lives and property to crime and it is they who suffer most when dangerous prisoners are released into society because of a shortage of space in State facilities.

I believe that S. 1422 is a positive step that the Federal Government can take in helping the States cope with prison overcrowding. The bill will allow the Federal Government to donate surplus property to the States for use as criminal justice facilities. Under the bill a State that wants to save money by constructing or modernizing facilities on surplus Federal land will submit its plans to the Attorney General, who will then make a recommendation to the Administrator of General Services. States will not only use surplus Federal property for prisons, but also for courts, law enforcement schools, or any other criminal justice facility.

Mr. President, the best place for criminals is in prison, not on our streets. I believe that S. 1422 will offer our States an important option as they seek to insure adequate prison housing.

ANSEL ADAMS TAKES ON THE PRESIDENT

Mr. KENNEDY. Mr. President, Ansel Adams has been photographing America since 1927. His photographs have captured the awe-inspiring beauty of our Nation. A brilliant pioneer in his field, it was Ansel Adams who transformed the taking of pictures into the art of photography.

Now, at age 79, he has enlisted in the crusade to save the natural wonders that he loves. He has taken his stand against the environmental policies of the Reagan administration and Interior Secretary James Watt in particular. He stated his views in a recent interview in Saturday Review magazine.

I have called for Mr. Watt's resignation—and I am more convinced than ever that it was right to vote against his confirmation. I think we can all learn more about this issue from Ansel Adams, whose perspective on public policy is as clear and as inspiring as his photographs.

Mr. President, I ask that his interview be included in the RECORD at this point.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

ANSEL ADAMS TAKES ON THE PRESIDENT

(By Susan K. Reed)

Photographs by Ansel Adams have become synonymous with majestic and intimate visions of the American West: snow-covered peaks in the morning sun, storm clouds rolling through a mountain pass, moonrise over a New Mexico landscape. A well-known crusader as well as photographer, Adams

campaigned for years to get photography accepted as an art, and he helped establish the first department of photography in a museum—at New York's Museum of Modern Art in 1940.

A member of the Sierra Club since 1919, Adams has been a familiar face in the conservation movement, lobbying determinedly for the protection and expansion of national parks and wilderness areas. This year he has taken on the Reagan administration, publicly criticizing what he considers the destructive environmental policies of the President and his Interior Secretary, James Watt.

Adams' earliest passion was neither photography nor nature. It was music and his dream was to become a concert pianist. Though his piano training proved rewarding, by 1930 he had come to see more potential, artistically and economically, in photography. Commercial work supported his family and still left him time to roam the West, from his beloved Yosemite to New Mexico, photographing nature. "If I feel I have any niche at all in the photographic presentation of America," he later wrote, "it would be chiefly to show the land and the sky as the settings for human activity . . . how man could be related to his magnificent setting, and how foolish it is that we have the disorganization and misery that we have."

Now a sprightly 79, Adams's elfin humor complements his profoundly gentle demeanor. We talked recently at his home in Carmel, California, overlooking the Pacific Ocean and Big Sur.

S.R. You've been in the news recently not because of your photography but because of your opposition to James Watt. Why have you taken such a strong stand publicly?

ADAMS. It would be quite a task to describe the relationship my photography has with the environment, my interest in Yosemite, and the natural scene that I was raised in. My interest in the national parks and the wilderness has always been an abiding one. I haven't ever made pictures specifically for environmental purposes, but a lot of the pictures I have made have been used in environmental work. Environment to me involves a level of conscience—it's your environment, it's my environment, it's living. Mr. Watt seems to be reveling in doing as much damage to it as possible. The President and his group of anti-environmentalists dont' have any interest in the future. To them it's a matter of making the biggest profit for their generation.

S.R. How would you characterize Watt's attitude toward the environment?

ADAMS. I think he would place environmental protection at the low end of his totem pole. There's an aesthetic quality to natural areas that he completely overlooks, and it's very important. Recreational quality is also overlooked. The use of the land for profitable production is the main objective.

S.R. Which of his plans do you find most objectionable?

ADAMS. Well, let's put it this way. There are certain elements of the national parks, forests, and monuments that are sacrosanct. He's in favor of allowing snowmobiles in the parks, motorized trips down the Grand Canyon, plus drilling, mining, and timbering in many of these areas. He's tried to allow drilling off the coast of California and initiated directives to many of his departments about giving up public lands. It all indicates a blatant insensitivity, and it's a statement of intention. And his religious convictions are very dangerous. He's a fundamentalist, you know. When people have asked him about the danger of exhausting our resources for future generations, he has said, "I don't know how many future generations we can count on before the Lord returns." Then, when people have asked him about his religious convictions, he's said that it's improper to ask that question because it's his private business. But it's also improper for him to apply his religious convictions to the running of the Interior Department. It's a very serious thing to say, "To hell with the future generations because I believe in the Second Coming."

S.R. He did say in the second part of the statement to which you're referring that what we have we should preserve.

ADAMS. I've seen enough disparity between his statements—which could be taken verbatim out of the National Parks Act—and what he does.

S.R. But Watt has recently withdrawn the proposed sale of oil leases off the coast of California.

ADAMS. He's said he's going to come back in 1982. He's only temporarily withdrawn, because he didn't have time to prepare an answer to the legal questions raised. People may think we've won, but we haven't won at all. He's very tenacious, very suave, and very brutal. I don't trust him. This administration has no wisdom whatsoever about balanced and appropriate use of the land. So now I declare ideological war on Watt and ideological war on the President of the United States.

S.R. What are you doing to fight Mr. Watt?

ADAMS. I'm using whatever influence I have. I write articles and give interviews and let my photographs be used. I'm working closely with the Wilderness Society, which has published a wonderful book called "The Watt Book." I write letters every day, and try to get other people to write . . . to be a living petition.

S.R. Do you feel that your photographs help the environmental effort?

ADAMS. Yes, but more by inference. I try to get to people who have no interest in conservation or environment.

S.R. If you want to limit the use of parks and wilderness areas to only certain kinds of uses, aren't you depriving others of what they regard as appropriate use?

ADAMS. Let's put it this way. You would be depriving a limited number of people of the community to commandeer a place for their own advantage, as against the potential 10 to 20 million citizens who could enjoy that place as a reserve.

S.R. Don't we have to be concerned about getting the natural resources this country is going to need?

ADAMS. We'd better concentrate on getting as much parks and wilderness areas as possible now, to protect them. There are plenty of other places we can go for resources. Watt wants to set a precedent though, so he can go in wherever he wants.

S.R. What do you think of Watt's statement that Ansel Adams has never taken a picture with a human being in it?

ADAMS. Well, it's obvious that he's no better an art historian than he is a Secretary of Interior. I wrote a letter to Mr. Watt's secretary asking her to advise him that I've made at least 1,000 portraits. A book of them is out, there's a major monograph coming. All my life I've made portraits. Some of them have even received considerable acclaim. I asked her to please tell Mr. Watt this fact.

S.R. Did you receive a response?

ADAMS. No I don't want one. I don't want to play into the man's hands.

S.R. What purpose do you think wilderness areas serve?

ADAMS. Well, there are a variety of purposes. One is the preservation of the natural qualities of the world. It's involved with recreation and also re-creation. It's important to keep some wild areas of the world intact while other areas are being chewed up. It is, admittedly, a certain intangible value. But it's vitally important. Why would we maintain the arts? Those are intangible. Nothing useful about a Beethoven symphony. You can't mine it or drill it or chop it down. Wilderness areas are shrinking very rapidly. Soon there won't be any place where people can experience the land. It's like selling seats at the opera. You sell all the seats, then standing room, and soon all that's left is lap room.

S.R. Do you think that more artists should be directly involved in politics?

ADAMS. I can't say what other artists should do, but what bothers me now is that there doesn't seem to be any great theme in the arts. The last really important theme was the time of the Depression, the Dust Bowl, in the photography of Walker Evans, Arthur Rothstein, and Dorothea Lange. They really focused their attention on a situation. They turned the direction of photography.

S.R. Do you see any kind of theme now?

ADAMS. Well, there's a journalistic theme coming in again, which is healthy. There are people who are interested in doing things other than conceptual. Conceptualism is observation without feeling.

S.R. How important is craft to an art?

ADAMS. I think it's absolutely essential. You cannot express anything in writing or in music or in photography without the appropriate craft. If I play a concert, and I can't play my scales, or don't know my notes, then I'm limited.

S.R. Do you think that craft is equally as important as conception?

ADAMS. Yes, because without craft the conception doesn't live. It's born, but it struggles. I've seen many portfolios where photographers have no technique, but a good eye—they've seen something. And others come in and they have good prints, but they're empty pictures. A fuzzy image is bad enough, but a sharp image of a fuzzy concept is worse.

S.R. Critics have noted that your prints have become more intense over the years. Why is that?

ADAMS. Well, you never forget the original visualization in making the negative, but as you proceed you see more in the pictures and you extract more in printing. It's very similar to playing a Beethoven sonata. For six months you play it the same way, but in a year or so you discover different themes. You're not doing anything against the original musical construction, but you're putting in another interpretive ambience, stronger dynamics.

S.R. It seems that many photographers—Wynn Bullock, Don Worth, and Paul Caponigro, for instance—were trained as musicians. What's the relationship?

ADAMS. Music is entirely creative, with very little physical contribution from the instrument. Photography is similarly creative, with the camera like a musical instrument. The negative is something equivalent to the score. You have your subject and then you've got the problem of image management, which is exposing, and value management, which is developing. Finally comes the print, which is the performance.

S.R. Aside from campaigning against Secretary Watt, what are you working on now?

ADAMS. I'm writing my autobiography. I'm writing the third volume of a series on photographic and printing technique. I'm printing museum sets, and I'm putting together a book of my letters.

S.R. Why did you stop printing for public sale in 1975?

ADAMS. I wanted to be free to do new creative work. I wanted to stop market sales so I made a final offer to dealers. I set a high price and a minimum order of prints. We thought we'd get about $900 a print. As soon as the prints were out, though, the figure went to $1,000 and just kept on going.

S.R. And what do you think of $72,500 paid for your "Moonrise" earlier this year?

ADAMS. Like the stock market, I have nothing to do with it. I have no control.

S.R. You're going to leave your negatives to the Center for Creative Photography in

Arizona. You've said you will allow advanced students to print from those negatives.

ADAMS. I want students who are capable of printing under supervision (so as not to hurt the negatives) to be able to make prints in the future. Just like I'm able to play music written hundreds of years ago. I'd like them to be able to perform the scores, the negatives. A composer doesn't write a composition for piano or orchestra and then say "Put this in a museum now." It's supposed to be played.

S.R. Why do you think photography has become such a popular art?

ADAMS. Technical advances have made it possible for many more people to make pictures. But they're not photographs.

S.R. What is the difference between pictures and photographs?

ADAMS. People come to Yosemite and like to have a picture of Papa fishing. It's a visual record, a snapshot. A photograph is a concept, it is composed. It takes practice.

S.R. When you started taking pictures in Yosemite when you were young, were you making pictures or photographs?

ADAMS. What I was doing was keeping a visual diary. I took pictures of everything . . . my camps, my donkey, the mountains I climbed, people I was with. Then in 1923 I got my first view camera. I was gradually beginning to see more clearly. I made the photograph of Half Dome in 1927. Right away I knew I had something more than just a record. It was the first time I had consciously visualized the picture before I took it. I made it with two filters, and I realized, "That's going to look like what I feel now."

You know Alfred Stieglitz's great definition of making a photograph? "I see the image in my mind's eye, and I make the photograph as the equivalent of what I felt, of my emotional or aesthetic experience." Most pictures are the equivalent of what I saw—here's the view, here's the campsite, there's little Joey swimming.

S.R. Why is the West your subject matter?

ADAMS. Because I was born here and was raised out near the ocean and the sand dunes. Photographing the natural scene was the direction I took. Obviously if I had been born in St. Louis or Detroit I might have gone into some other art.

S.R. Was there a point at which you began thinking of your photography as art?

ADAMS. I always thought that if I could express something intangible and emotional in a photograph, then it must have art qualities. I've tried to tie it all into one general attitude toward the world.

S.R. How would you characterize that?

ADAMS. It's an artistic attitude, not an acquisitive one. I want my creative concepts to be directed outward to people. You just hope that what you say will affect them in a constructive way. You can't be didactic. That's why I hate titles other than just "Old Faithful Geyser" or "Big Sur Coast." If you give a photograph some literary title, you put a fence up between yourself and the viewer. Mr. Watt has said that there aren't people in my pictures. Well, there are always at least two people in every picture: the person who took the photograph and the person looking at it.

CELEBRATION COMMEMORATES NATIONAL ANTHEM COMPOSER

Mr. PERCY. Mr. President, Francis Scott Key wrote the Star Spangled Banner 167 years ago this past September 13. Key was a patriot whose story should be known by all and never forgotten.

In Georgetown where Key made his home and where I make my home away from home in Illinois, the Business and Professional Association recently honored Key and his anthem on the weekend of September 12 and 13. Stores decorated their windows, artists displayed their work, antique cars and buggies lined the streets, bands played, and fireworks burst in air. All in all, it was a "Star Spangled September" that I dearly enjoyed attending with my wife, Loraine.

During the celebration, I talked with "Francis Scott Key" who did a fine job in telling me how at 35 he, a lawyer, had gone to Baltimore on September 4, 1814 to plead with the British for the release of his neighbor, Dr. William Beanes. The story of how he witnessed the Battle of Baltimore and defense of Fort McHenry on his mission and his inspiration to write the Star Spangled Banner is told remarkably well in an article printed by the Georgetowner. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Georgetowner, Sept. 4–17, 1981]

THE STAR-SPANGLED BANNER

(The story of its writing by Francis Scott Key at Baltimore, September 13–14, 1814.)

(By John Snyder, Jr. and Samuel M. Levy)

AN ERRAND OF MERCY

On September 4, 1814, in the midst of Baltimore's girding for battle with the British, a fine-looking man rode into the city from the southwest. Thirty-five years old and slender, he was of medium height and wiry. He had blue eyes and wavy brown hair. His name was Francis Scott Key, and he had come from his home in Georgetown near Washington, where he practiced law.

Though Key had taken part in the Battle of Bladensburg, he was not coming to Baltimore to fight. Instead he was on an errand of mercy. A neighbor of Dr. William Beanes had begged the young lawyer to plead with the British for the release of the elderly physician. As a close friend of Dr. Beanes, Key was distressed at his arrest and promptly agreed to press for his release.

Before leaving Georgetown Key obtained official appointment for his task from President Madison. Then he mounted his horse and rode to Baltimore to join John S. Skinner, United States agent for exchanging prisoners of war with the British, who would take him to the British fleet.

On September 5th Key and Skinner left Baltimore in a small sailing vessel flying a white flag to show that it was on a peaceful mission. Two days later, near the mouth of the Potomac River, they sighted the British fleet and signaled for permission to board the flagship, the *Tonnant*.

Admiral Alexander Cochrane received the two Americans courteously. When Key asked for the release of Dr. Beanes, however, the British commander and his advisers, Admiral George Cockburn and General Robert Ross, firmly refused. The charge against the doctor was serious, Cockburn declared. When British troops first had entered Upper Marlboro, they had not made a prisoner of Dr. Beanes on the condition that he would remain a noncombatant. The physician had agreed. Yet, when the British were passing through Upper Marlboro on their return to their ships, the doctor had caused the arrest of three disorderly British stragglers. This seemed to be evidence that Dr. Beanes had broken his word. He would be taken to Canada for punishment.

When his turn came to reply Key needed all the skill that had made him a successful lawyer. Dr. Beanes, he argued, was a peace-loving gentleman who knew nothing of the rules of war. In ordering the arrest of the British stragglers, he had not intended to break his promise to remain neutral. To him the soldiers seemed to be ruffians who had trespassed on his property and demanded something to drink. Key also described the attentive care given to the enemy sick and wounded and produced letters from some of them—letters addressed to friends in the fleet. These would prove, he said, the kind treatment given by Americans to those of the British left behind.

Gradually Key won over the British. They agreed to free Dr. Beanes. However, since they were planning to attack Baltimore in a few days, they could not release anyone at this time, not even Key and Skinner. The risk of their carrying useful information to the defending forces would be too great. They would be treated well and released immediately after the battle.

As the British fleet stood up the Chesapeake, Key's thoughts must have turned to his family. Before leaving Georgetown he had sent his wife and children to Frederick County, Maryland, far inland, to await his return from this mission. Polly, his wife; Frank, John and Edward, his three sons; and Elizabeth, Maria and Anna, his three daughters, were now safe at the peaceful farm in the foothills of the Blue Ridge Mountains. He knew that countryside well, for there on a large farm called "Terra Rubra" he had been born on August 1, 1779. There he had spent his childhood years, and his mother had given him his early education. There his father had taught him to ride and to hunt as well as to understand something about running a farm. His mother was deeply religious, musical and poetic, while his father was a veteran of the Revolutionary War, a successful farmer and a respected judge.

As a lad of ten his parents had sent him to grammar school at the new St. John's College in Annapolis. Seven years later he had graduated from the college. Then, under the guidance of his uncle, Philip Barton Key, a successful lawyer and member of Congress, he had read for the bar. In 1800 he had returned to Frederick County to practice law, leaving at Annapolis a beautiful young lady named Mary Tayloe Lloyd whom he deeply desired to make his wife. Two years later they had married. They had made their home in Frederick County until 1805, when Key's uncle had retired and turned over his Georgetown law practice to his nephew.

Key's life in Georgetown had been happy. He and his wife were popular—to their many friends they were "Frank" and "Polly." They tried to be good parents, carefully bringing up their children, and Key was becoming better known as a lawyer. In his occasional free time he enjoyed writing articles and verses. Especially he liked to write poetry.

Now, aboard the British warship, he must have wondered if he would enjoy that peaceful life again. How long would it be before he could see his family? What would happen to relatives and friends in Baltimore when the attack came? What would happen to him?

He could not know. He was held aboard an enemy vessel going into battle against his countrymen. Danger would surround him on every side.

CITIZEN-SOLDIERS THROW BACK REGULARS

On Sunday, September 11, 1814, the British fleet of over 50 ships entered the Patapsco. Watchers along the shore notified General Smith in Baltimore that the enemy's fleet was moving toward the city.

Promptly the commander-in-chief ordered the alarm given. From a small cannon standing in front of the court house the prearranged signal of three rounds boomed out. Scarcely had the last report echoed over the city than Baltimore's volunteer soldiers were

on the move, headed by General John Stricker, a strong scouting force of 3000 men pushed out from Hampstead Hill to check the invaders if they put troops ashore.

Late in the evening of September 11th the British ships were anchored off the western shore of North Point, about 12 miles from Baltimore. At early dawn Monday, September 12th, about 6000 British soldiers began landing. Commanded by General Ross, they were crack troops flushed with recent victory over one of the armies of the great Napoleon. With small advance parties of scouts moving ahead, the column cautiously march up Long Log Lane without meeting an American soldier until late morning. Suddenly scattered shots rang out ahead. Advance parties of the opposing forces had met. The firing increased steadily.

The British commander spurred his white horse and rode toward the gunfire. He had scarcely reached the spot when he was struck by snarpshooter fire. Ross swayed forward in his saddle, was caught by one of his officers and lowered to the ground. In a few minutes he died. Ironically enough, he had been the first of the British officers to agree to the release of Dr. Beanes.

Disconcerted by the loss of their commander and by the strength of the American resistance, the British camped for the night on the battlefield. Next morning, Tuesday, September 13th, they took up their dogged march. When the troops reached the Philadelphia Road, they turned west and pushed toward Baltimore, soon coming within sight of the positions on Hampstead Hill. Then they stopped to reconnoiter.

Unwilling to risk a frontal attack, early on the morning of Wednesday, September 14th, the British began a retreat along the Philadelphia Road, down Long Log Lane to North Point where they re-embarked on the transports. General Smith had successfully defended Baltimore against attack by land.

A SONG BORN IN BATTLE

While the British were advancing, fighting and retreating on land, their warships were seeing even more action. After putting ashore Ross and his troops on Monday, September 12th, Cochrane kept his transport vessels at anchor off North Point and detached some of his largest ships to protect them. Then he sent 16 bombardment vessels up the Patapsco, slowly and cautiously sounding for the channel. His part in the joint land and sea attack on Baltimore was to bombard Fort McHenry into surrender and penetrate the inner harbor.

By daybreak on Tuesday, September 13th, the enemy vessels were anchored in two great semicircles about three miles off Fort McHenry. Key, Skinner and Beanes were transferred to their sailboat and stationed outside the zone of danger but under a guard of British marines. Then the fleet opened a heavy fire and bombs, mortar shells and rockets began to fall upon the fort over which General Smith's great new battle flags was flying.

Major Armistead, commander of the fort, ordered his cannoners to reply. Immediately they discovered that the American guns were not powerful enough to reach the British ships. The defenders in the fort protected themselves from the heavy firing as best they could. One British shell squarely struck an American cannon and badly damaged it. Six men were wounded and two killed. Another bomb fell on the roof of the powder magazine, but failed to explode.

Day changed to night and night today as the bombardment continued. Twenty-five hours passed with only a few short periods of silence. In Baltimore, two or three miles away, the shock of the gunfire shook buildings to their foundations. From upper windows and from housetops many people anxiously watched and listened to the firing. The brilliant flashes in the sky and the unending explosions told them that a terrifying battle was at their doors. In everybody's mind the question was—could Armistead and his men hold out?

During the bombardment two exceptional events occurred. Once Fort McHenry's guns remained silent for so long that the British thought the defenders might be ready to surrender. Cochrane ordered several of his ships closer, but as soon as they came within range a blaze of gunfire leapt from the fort, and hurriedly the admiral ordered his vessels to drop back.

Again, about midnight September 13th to 14th—after the rain began to pour—1200 soldiers attempted to land behind Fort McHenry and attack it from the rear. Unknowingly, they were putting in toward Fort Babcock, one of the batteries built to protect Fort McHenry against a flank attack. Immediately the Americans opened fire with Fort Babcock's six guns. Quickly the cannon at Fort Covington, Fort McHenry and the Lazaretto joined in. For over an hour the battle was sharp and vicious. American shot and shell sank one of the barges and damaged others. Finally the British barges gave up the attack and scurried back to the safety of their fleet.

Meanwhile, from the deck of their little boat, Key and his friends witnessed the battle. He heard the gunfire of the North Point engagement on Monday, September 12th, and with his telescope excitedly tried to follow the British as they marched toward Baltimore. Then darkness fell, and no sound of battle came from Hampstead Hill.

Dawn broke to cannon fire. All day the three Americans watched the British pour shot and shell on Fort McHenry. Once a shell tore one of the stars from the great battle flag. But "at the twilight's last gleaming" General Smith's banner—"that star-spangled banner"—still floated proudly "o'er the ramparts." Thereafter, only when "the rocket's red glare, the bomb bursting in air," split the gloom could Key see the flag still flying.

Carried away by the grandeur of the scene, by the spirited resistance of his countrymen, by his own agonizing uncertainty, Key was thinking in poetic phrases. He began jotting down his thoughts.

Then, for fear of hitting their own men trying to land behind the fort, the British held their fire. Key was torn with anxiety. Had the defenders surrendered? The fierce cannonade as the landing party was discovered answered his question. The gunfire was music to his ears. Americans still manned the fort.

Quiet followed the prolonged outbursts as the British barges retreated. Nervously Key paced the deck, leaned on the rail. Almost wild with apprehension, he peered vainly through the night. Was the flag still there?

At last the sky lightened. "On the shore dimly seen" was a flag. American or British? Lifelessly it clung to the pole, its color and design concealed. The morning gleamed brighter, the wind freshened. Fitfully the banner stirred, fell limp. Then the breeze caught it. Key and his friends saw the ensign's "full glory" stream out. It was the American flag!

Relief swelled to exultation. Within an hour or two Key and his party saw the nearby ships preparing to withdraw down the Patapsco. The marine guards returned to their ship. The Battle of Baltimore had ended in victory for the Americans, and stirring verses had been born in the mind of Francis Scott Key.

As the flag-of-truce boat sailed into Baltimore harbor, Key began to fit together the ideas and phrases that had come to him. Gradually he formed lines into stanzas. As soon as he reached the quiet of a hotel room, he wrote out the first fair copy of his verses. With a fresh sheet of paper before him, he penned his poem just as he had lived it—just as if he were still watching the bombardment. Without giving his poem a title, he wrote:

"O say can you see by the dawn's early light . . ."

Early the next morning the poet showed his verses to Judge Joseph Hopper Nicholson, his brother-in-law. Having served as an artillery officer at Fort McHenry during the Battle of Baltimore, Nicholson was quick to recognize the stirring spirit of the verses. A patriotic poem with fine literary qualities, he thought, would give a finishing touch to the victory celebration. He rushed the manuscript to the printing office of the Baltimore American and had the verses printed in handbill form.

Under the title of "The Defense of Fort McHenry," Key's poem soon passed from hand to hand through the city. Almost at once someone—Nicholson, it is believed—discovered that the verses could be sung to the tune of an old favorite song, "Anacreon in Heaven." Soon groups of soldiers, professional actors and people in their homes and on the streets were singing the new song. Within a few weeks, under the title of "The Star-Spangled Banner," Carr's Music Store in Baltimore printed both the words and the tune in sheet music form. The song became even more popular than the poem.

For many years "The Star-Spangled Banner" was known best in the armed forces of the United States. Then, in 1904, the Secretary of the Navy ordered its music to be played throughout the navy at morning and evening colors. Twelve years later President Woodrow Wilson, by executive order, made the song the national anthem for the United States.

Today, believing in the destiny of their country and trusting in God, Americans sing their patriotic hymn with pride and confidence. May we always sing it so!

THE PRESIDENT'S COMMISSION ON HOUSING ENDORSES GREATER USE OF PENSION FUNDS FOR HOME MORTGAGES

Mr. PERCY. Mr. President, for many years I have strongly supported and actively worked to encourage the concept of giving discretion to pension funds to invest in housing. In June of this year, the President established a Commission on Housing to study and make recommendations on the Federal role in the housing industry and its future. This Commission, chaired by William F. McKenna and with Carla Hills serving as vice chair, has been looking into housing adequacy and affordability, low-income assistance, and other policy questions.

Last week, the Commission published an interim report in which it affirms that "consistent pursuit of the administration's program for economic recovery is the most effective contribution Government can make to restore health to the Nation's housing sector." I heartily agree. However, the report goes on to make several intriguing recommendations for specific Government action in the housing field and lays out an agenda for its continuing examination of housing issues over the next 6 months. In a short period of time, the Commission has already made a significant contribution to the thinking on the Federal Government's role in housing, and I look forward to a full discussion on its final recommendations in the spring.

I was most gratified to see that the Commission has specifically recommended the elimination of provisions of current regulation or law that inadvertently limit the housing investments of pension funds, insurance companies and other potential major sources of housing capital. Last month, I was delighted to

join the distinguished chairman of the Labor Committee (Mr. HATCH) as a cosponsor of his S. 1678 which will amend ERISA to smooth the way for increased investment in home mortgages by private pension funds. The recommendation of the President's Commission on Housing in this area is good news from two standpoints: I believe it will raise the level of public interest in this important question and also will greatly assist the chances of passage of S. 1678.

The October 30 interim report of the Commission is well worth reading in its entirety. At this time, Mr. President, I ask unanimous consent that the portion of the report addressing pension fund investments be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE PRESIDENT'S COMMISSION ON HOUSING—INTERIM REPORT

PENSION FUNDS

The Commission recommends the elimination of provisions of current regulations or laws that inadvertently limit the housing investments of pension funds, insurance companies, and other potential major sources of housing capital.

Discussion

There has long been interest in the possibility of increasing mortgage investment from nontraditional sources of funds, particularly pension funds. Private pension plans held more than $400 billion in assets at the end of 1980; three-fifths of this amount was held by noninsured plans and the balance was accounted for by plans with life insurance companies. In addition, roughly $200 billion in assets was held in retirement plans for employees of state and local governments.[1]

Some public pension funds have acquired substantial amounts of residential mortgage assets. However, mortgage investment by private pension funds has been small. As nearly as can be ascertained, residential mortgages and mortgage pass-through securities held by private, noninsured plans account for less than 1 percent of the total assets of these funds, and mortgage assets constitute only a minor share of the investments of insured pension funds that utilize separate investment accounts. Of course, private pension plans with life insurance companies commonly do not involve separate accounts, and thus information on the types of investments behind the reserves for these plans is not available. Overall, life insurance companies, which had been a major source of residential mortgage credit in the 1950s and early 1960s, have shifted away from housing loans toward nonresidential mortgages and other types of assets.

Pension and retirement funds have very long-term liabilities, which should make long-term residential mortgages potentially attractive investments. In this respect, pension funds are more favorably situated for mortgage investment than savings and loan associations, which traditionally have borrowed in the short-term (deposit) market and made long-term mortgage loans.

In the case of private pension funds—both noninsured funds and insured funds that utilize separate investment accounts—implementation of the Employee Retirement Income Security Act of 1974 (ERISA) has imposed constraints upon mortgage investment. ERISA does not specify a list of investments that a pension plan may or may not make. However, it does establish definitions that dictate the types of transactions that are prohibited as well as standards that investment managers of pension funds should follow when making investments. The main difficulties have been posed by broad Department of Labor regulatory definitions of the circumstances and conditions under which pension plan investments can and cannot be made.

The regulations have attempted to ensure that investment managers do not enter into conflict-of-interest situations and unwise investments, but they have failed to recognize the realities of the housing finance marketplace and have had the effect of limiting pension plan investment in mortgages and mortgage-related securities. Moreover, adjustments to the ERISA regulations have been slow to evolve, and those modifications that have been implemented are not fully adequate to meet the needs of the marketplace.

It is important to ensure that transactions involving possible conflicts of interest are not made to the detriment of the pension plan beneficiaries, but it does not appear reasonable to prohibit the development of relationships that arise in the normal course of business between the pension plans and such parties as loan originators, sellers, servicers, and mortgagors. The Department of Labor has recently begun to ease the restrictions on pension fund investment in mortgage-backed securities. It should undertake further actions along the following lines:

1. The Department of Labor should promptly issue the housing portion of proposed regulations that would exclude from ERISA regulations mortgage pools associated with pass-through securities issued or guaranteed by the United States or an agency or instrumentality thereof, including the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association.

2. The Department of Labor should expand its recent class exemption for mortgage pass-through securities that are not issued or guaranteed by a federally related entity, in order to cover pools of second mortgages and to clarify the treatment of forward-purchase commitments that are commonplace in mortgage market transactions.

3. In the case of whole mortgages or mortgage participations, the Department of Labor should issue a class exemption in order to permit normal business transactions.

4. The mechanisms for evaluating applications for mortgage-related exemptions should be streamlined and improved. To accomplish this goal, the Department of Labor should rely upon the mortgage and housing expertise that already exists at the Federal Home Loan Bank Board and at HUD.

The Commission intends to investigate more fully the potential for improving access of pension funds, insurance companies, and other sources of private capital to the mortgage market. The Commission considers it important that no artificial constraints be imposed by government at any level, or by others, that impede the free flow of funds into the mortgage market from such investment sources. These issues will receive the Commission's careful attention in the course of developing its Final Report.

[1] Board of Governors of the Federal Reserve System, Flow of Funds Accounts.

ILLINOIS BLUE CROSS AND BLUE SHIELD HOLDS SIXTH ANNUAL SYMPOSIUM

Mr. DIXON. Mr. President, "The Organization and Management of the Health Care System in the 1980's" was the subject of the Illinois Blue Cross and Blue Shield's sixth annual symposium held Friday, October 30 at the Hyatt Regency in Chicago.

Perspectives and opinions on health care in the United States were explored at the symposium, which featured a comprehensive forum of speakers representing many disciplines. Many of our colleagues from the congressional leadership were included in the presentations and discussions: "Effects of Revitalization on Health Care Management;" "Impact of Social and Economic Forces on the Health Care System;" and "The Congressional Leadership Views Health Care in America."

In addition to having become one of the most widely respected annual forums on health care, the Illinois Blue Cross and Blue Shield symposia have been the birthplace of proposed ideas and concepts which have resulted in major health care cost containment programs.

The symposium has grown from 400 participants the first year to 1,000 participants in 1981. Those attending represent business, labor, health care, civic government, and many other professions.

Speakers at the 1981 symposium included: Speaker of the House, THOMAS "TIP" O'NEILL; House Republican leader BOB MICHEL; chairman of House Ways and Means Committee, DAN ROSTENKOWSKI; Virginia Knauer, Director, U.S. Office of Consumer Affairs; Lloyd McBride, president, United Steelworkers of America; Arthur B. Laffer, economic advisor to the President; Mrs. Coretta King, president, Martin Luther King, Jr. Center for Non-Violent Social Change; Charles Schultze, former chairman, Council of Economic Advisors; Laurence J. Peter, author of "The Peter Principle"; Donald N. Frey, chairman of the board, Bell & Howell Co., and Alvin Tarlov, M.D., professor of medicine, University of Chicago Hospitals and Clinics; Edward J. Connors, president, Sisters of Mercy Health Corp.; and S. Martin Hickman, president of the Illinois Blue Cross and Blue Shield plan.

We applaud the Illinois Blue Cross and Blue Shield plan in its continued sponsorship of the annual symposia, and are pleased the 1981 forum was as fruitful as previous meetings. Good luck to continuing an excellent effort toward the all-American goal: Quality health care at a contained cost.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

A message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that

the House has passed the following bill, with an amendment:

S. 1672. An act to expand the membership of the United States Holocaust Memorial Council from 60 to 65 and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3464. An act to amend title 10, United States Code, to provide that naval vessels of the United States may not be built in foreign shipyards;

H.R. 3598. An act to authorize funds for the Carl Albert Congressional Research and Studies Center;

H.R. 4543. An act to amend title 10, United States Code, to provide for the sharing with State and local governments of amounts received by the United States from the sale of timber produced on military installations;

H.R. 4591. An act to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes;

H.R. 4624. An act to amend title 10, United States Code, to provide employment protection for employees of nonappropriated fund instrumentalities of the Department of Defense who report violations of law or mismanagement;

H.R. 4625. An act to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the United States Army at the end of World War II; and

H.R. 4792. An act to amend title 10, United States Code, to improve the military justice system.

At 12:51 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, with amendments:

S. 266. An act to foster greater coordination and sharing of health care resources between the Veterans' Administration and the Department of Defense, and to amend title 38, United States Code, to authorize appropriate coordination and sharing of such health care resources, and for other purposes.

The message also announced that the House agrees to the amendments of the Senate to the amendments of the House to the following bill, with amendments:

S. 999. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3517. An act to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes; and

H.R. 3942. An act to amend the Commercial Fisheries Research and Development Act of 1964.

ENROLLED BILL SIGNED

At 2:51 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled bill:

S. 736. An act to provide for the control of illegally taken fish and wildlife.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 4:02 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. HOWARD, Mr. ROE, Mr. OBERSTAR, Mr. EDGAR, Mr. YOUNG of Missouri, Mr. ROEMER, Mr. CLAUSEN, Mr. SNYDER, Mr. HAMMERSCHMIDT, and Mr. CLINGER as managers of the conference on the part of the House.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 3464. An act to amend title 10, United States Code, to provide that naval vessels of the United States may not be built in foreign shipyards; to the Committee on Armed Services.

H.R. 3517. An act to authorize the granting of permanent residence status to certain nonimmigrant aliens residing in the Virgin Islands of the United States, and for other purposes; to the Committee on the Judiciary.

H.R. 3598. An act to authorize funds for the Carl Albert Congressional Research and Studies Center; to the Committee on Labor and Human Resources.

H.R. 3942. An act to amend the Commercial Fisheries Research and Development Act of 1964; to the Committee on Commerce, Science, and Transportation.

H.R. 4543. An act to amend title 10, United States Code, to provide for the sharing with State and local governments of amounts received by the United States from the sale of timber produced on military installations; to the Committee on Armed Services.

H.R. 4591. An act to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 4624. An act to amend title 10, United States Code, to provide employment protection for employees of nonappropriated fund instrumentalities of the Department of Defense who report violations of law or mismanagement; to the Committee on Armed Services.

H.R. 4325. An act to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the United States Army at the end of World War II; to the Committee on Armed Services.

ENROLLED BILL PRESENTED

The Secretary reported that on today, November 5, 1981, he had presented to the President of the United States the following enrolled bill:

S. 736. An act to provide for the control of illegally taken fish and wildlife.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations:

Robert L. Barry, of New Hampshire, a career member of the Senior Foreign Service class of Minister-Counselor, to be Ambassadore Extraordinary and Plenipotentiary of the United States to Bulgaria.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Robert L. Barry.

Post: Ambassador to Bulgaria.

Contributions and amount:

1. Self, none.
2. Spouse, none.
3. Children and Spouses Names, none.
4. Parents, Names, none.
5. Grandparents Names, none.
6. Brothers and Spouses Names, none.
7. Sisters and Spouses Names, none.

Evan Griffith Galbraith, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States to France:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Evan G. Galbraith.

Post: Ambassador to France.

Nominated: August 5, 1981.

Contributions, amount, date, and donee:

1. Self, $250, 3-11-81, James Buckley; $250, 10-80, James Buckley; $32, 7-80, George Bush; $50, 6-23-81, Greenwich Republicans; $220, 2-29-80, London Dinner for Bush; $60, 2-30-80, Republicans Abroad; $30, 5-70, European Rep.; $25, 9-78, European Rep.
2. Spouse, none.
3. Children and Spouses Names, none.
4. Parents Names, deceased.
5. Grandparents Names, deceased.
6. Brothers and Spouses Names: John Galbraith, $250, 1980, Reagan; $200 per yr., 1977-80, Republican Party.
7. Sisters and Spouses Names, Sister, deceased.

Geoffrey Swaebe, of California, to be the Representative of the United States to the European Office of the United Nations; with the rank of Ambassador.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Geoffrey Swaebe.

Post: Ambassador and U.S. Representative, United Nations, Geneva.

Contributions, amount, date and donee:

1. Self. $25, 3/10/77, National Republican Senatorial Club; $50, 2/4/78, Yes on Proposition 13 in California; $500, 5/25/78, United Organization of Taxpayers for Prop. 13; $1,000, 6/23/79, Reagan for President; $1,000, 6/4/80, Republican Presidential Unity Dinner; $250, 1/8/81, Reagan 10 Club; $100, 1/8/81, Inaugural Fine Arts Committee—purchase of Codex.
2. Spouse, $1,000, 23 June 1979, Reagan for President.
3. Children and Spouses Names, none.
4. Parents Names, none.
5. Grandparents Names, none.
6. Brothers and Spouses Names, none.
7. Sisters and Spouses Names, none.

Jean Broward Shevlin Gerard, of New York, for the rank of Ambassador during the tenure of her service as the United States Permanent Representative to the United Nations Educational, Scientific, and Cultural Organization:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Jean B. S. Gerard.

Post: Ambassador to UNESCO.

Contributions, amount, date, and donee:

1. Self, see attached.
2. Spouse, see attached.
3. Children and Spouses Names: James W. Gerard V. $25, 1978, Conn. St. Repub. Party; $10, 1981, CPAC.
4. Parents Names, none.
5. Grandparents Names, none.

6. Brothers and Spouses Names: Edwin Shevlin, $10, 1978, Minn. Repub. Party; $10, 1980, Ronald Reagan.

7. Sisters and Spouses Names, none.

POLITICAL CONTRIBUTIONS OF JEAN S. GERARD, FOR THE YEARS 1976, 1977, 1978, 1979, 1980, AND 1981

1976—Friends of Jim Buckley, $50; Ernie Konnyu, $30; Metropolitan Republican Club, $15.

1977—Metropolitan Republican Club, $15.

1978—American Conservative Union, $150; Metropolitan Republican Club, $15; Governor's Club (N.Y.S. Republican), $500.

1979—CPAC '79, $250; Metropolitan Republican Club, $15; Reagan for President, $625.

1980—Metropolitan Republican Club, $15; Paul Laxalt for U.S. Senate, $250; Molinari for Congress Comm., $100; Reagan for President, $375; Federal Republican Club (Rabb-Gerard), $1,000; Friends of the Conservative Party, $250.

1981—N.Y. County Conservative Party (Washington's Birthday Dinner), $100; CPAC $200; CPAC, $80; NCPAC, $300; NYFPAC, $500; N.Y. Republican State Committee, $400.

POLITICAL CONTRIBUTIONS FOR JAMES W. GERARD II FOR THE YEARS 1976, 1977, 1978, 1979, 1980, AND 1981

1976—East Side Conservative Club, $50; East Side Conservative Club, $300; Friends of Jim Buckley (Primary Campaign), $200; Wiley for Congress, $100; Wiley for Congress, $100; Wiley for Congress, $80; Friends of Jim Buckley, $150; Bob Daniel for Congress Committee, $100; Metropolitan Republican Club, $15; Friends of Jim Buckley, $250; Friends of Jim Buckley, $250; Conservatives for Buckley, $300; Committee to Elect Marie Vale, $100; East Side Republican Club, $20; Hayakawa for U.S. Senator, $100; Harry Del Roso, Republican Club (Gen. MacArthur), $76; Gurney Defense Committee, $180; Gurney Defense Committee, $50; Goodman for Senator, $150; Black Voters for Republican Congress, $100; Metropolitan Republican Club, $15; Baker for Congress Committee, $100.

1977—Governors Club, $500; East Side Conservative Club, $400; Young Americans for Freedom, $50; N.Y. County Conservative Party, $50; Charles Wiley for Congress, $300; Charles Wiley for Congress, $225; Helms for Senate Committee, $200.

1978—New York County Conservative Party, $325; Conservative Party, $50; Wiley for Congress, $250; Wiley for Congress, $200; Wiley for Congress, $150; Wiley for Congress, $200; Ashbrook for Congress, $100.

1979—Young Republican Yearbook Committee, $25; Rhode Island Republican Gala, $200; New York Republican Club, $75; Washington & Lee Republicans, $50; Reagan for President, $500; N.Y. Republican County Committee (Theatre Account), $150; Florida Conservative Union, $35.75; East Side Conservative Club, $30; Congressional Club, $200.

1980—Reagan for President, $125; Congressional Club (Ronald Reagan Campaign), $200; Prelude to Victory, $2,000; Conservative Party 1980 Victory Fund, $100; Republican National Committee, $100; Ronald Reagan Victory Fund, $100; Reagan for President in "80", $250; Independent Voters for a Republican Victory, $100; Friends of Al D'Amato, $100; Paul Atanasio Campaign, $50; Bob Daniel for Congress Committee, $200; Hamilton Fish, Jr. in '82, $100; Caputo for Senate Committee, $100; Caputo for Senate Committee, $100; Goodman for Senate Committee, $200; New York Republican County Committee, $450; Fund for Conservative Majority, $100; Doug Prescott for Assembly, $100; Citizens for Buckley, $250; Citizens for Buckley, $250; National Republican Heritage Group Council, $250; Republican National Committee, $150; Young Republican National Federation, $50; Citizens for Buckley, $100; Friends of Jim Abdnor, $100; Charles Wiley for Congress, $150; Atanasio for Congress, $50; Roy Wesley for Congress, $40; Committee To Rebuild American Incentives, $100; New York Republican State Committee, $400; National Federation of Republican Women, $50; East Side Conservative Club, $50; East Side Conservative Club, $380; Americans for an Effective President, $100; East Side Conservative Club, $108; Dinner Committee, $320; Americans for a Change, $100; Senator Arlen Specter, $100; New York Republican State Committee, $400.

1981—NCPAC, $100; Citizens for Buckley, $300; the Congressional Club, $500; Republican County Committee (N.Y), $400; East Side Conservative Club, $300; Fund for a Conservative Majority, $50; New England Conservative Political Action Comm., $1,000; Conservative Political Action Committee, $300; Presidential Inaugural Committee, $145; Friends of D'Amato, $1,000; Committee To Rebuild American Incentives, $200.

Mark Goode, of California, to be a Member of the Board for International Broadcasting for a term expiring April 28, 1983; and

L. Ebersole Gaines, of Idaho, to be Executive Vice President of the Overseas Private Investment Corporation.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: In the Air Force there are 263 permanent promotions to the grade of major general and below (list begins with James A. Abrahamson) and Col. Donald W. Hansen, U.S. Army, to be brigadier general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. In addition, in the Regular Air Force there are 2,203 appointments to the grade of lieutenant colonel and below (list begins with Theodore M. Allen), in the Navy there are 26 permanent promotions to the grade of lieutenant commander (list begins with Alan H. Bennett), Floyd A. Rauch, Jr., for reappointment to the grade of chief warrant officer (W-2) in the Marine Corps, in the Regular Air Force there are 881 appointments to the grade of captain and below (list begins with Amrit S. Abing), in the Air Force there are 943 permanent promotions to the grade of colonel (list begins with Densel K. Acheson), in the Air Force there are 2,342 permanent promotions to the grade of lieutenant colonel (list begins with Raymond E. Abel, Jr.), in the Air Force there are 279 permanent promotions to the grade of lieutenant colonel (list begins with Francis W. Ahearn), in the Air Force there are 17 permanent promotions to the grade of lieutenant colonel and below (list begins with Michael J. Mansfield), in the Air Force there are 8,977 permanent promotions to the grade of lieutenant colonel (list begins with John C. Aarni, Jr.), in the Air Force there are 518 permanent promotions to the grade of major (list begins with Wiley F. Adams), in the Air Force there are 6,167 permanent promotions to the grade of major (list begins with Nicholas Abate), in the Air Force there are 3,173 permanent promotions to the grade of major (list begins with Roy L. Aanerud), and in the Air Force there are 3,670 permanent promotions to the grade of colonel (list begins with Rallin J. Aars). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of October 6, October 21, October 22, and October 27, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MOYNIHAN:

S. 1815. A bill to amend Title 18 of the United States Code—Crimes and Criminal Procedure; to the Committee on the Judiciary.

By Mr. LEAHY:

S. 1816. A bill to amend the Internal Revenue Code of 1954 to provide incentives for the conservation of energy, and for other purposes; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 1817. A bill to further the national security of the United States and the Nation's economy by providing grants for foreign language programs to improve foreign language study for elementary and secondary school students and to provide for per capita grants to reimburse institutions of higher education for part of the costs of providing foreign language instruction; to the Committee on Labor and Human Resources.

By Mr. MATHIAS (for himself, Mr. EAGLETON, and Mr. RUDMAN):

S. 1818. A bill to promote the orderly conduct of international relations by facilitating the operation of foreign missions in the United States, thereby promoting the secure and efficient operation of United States missions abroad; to the Committee on Foreign Relations.

By Mr. WALLOP (for himself, Mr. SYMMS, Mr. LONG, Mr. BOREN, Mr. MATSUNAGA, Mr. JOHNSTON, and Mr. BENTSEN):

S. 1819. A bill to amend the Internal Revenue Code of 1954 with respect to the taxation of crude oil purchasing cooperatives; to the Committee on Finance.

By Mr. LEVIN (for himself, Mr. NUNN, Mr. PRYOR, and Mr. ROBERT C. BYRD):

S. 1820. A bill to authorize supplemental appropriations for fiscal year 1982 for procurement of aircraft, missiles, and tracked combat vehicles, and for operations and maintenance, and to increase the authorized personnel strength for the Army; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOYNIHAN:

S. 1815. A bill to amend title 18 of the United States Code—Crimes and Criminal Procedure; to the Committee on the Judiciary.

LICENSING THE SALE OF BULLET-PROOF VESTS

● Mr. MOYNIHAN. Mr. President, I rise today to introduce a bill that would require those who sell bullet-proof vests to obtain proper licenses.

I introduce this bill after consulting with Phillip Caruso, president of the New York City Patrolmen's Benevolent Association, who has told me that bullet-proof vests frequently give criminals added protection in the commission of a crime. This fact, sadly, has been borne out by recent events.

On October 20, one armored car guard and two police officers were killed in a robbery in Rockland County, N.Y., in which at least one of the holdup gang was wearing a bullet-proof vest. The vest allowed the assailant, who later was found to have a spent bullet from the policeman's gun in his pocket, additional time to inflict a fatal wound on one of the officers.

Unfortunately, this was not an isolated incident. According to New York City police statistics, there have been 18 rolice officers shot in the line of duty during 1981. Two of them have been killed. Clearly we cannot tolerate a situation in which those who would kill or maim police officers hide behind the protection of bullet-proof vests.

Current Federal law restricts importing, manufacturing, interstate commerce, or dealing in firearms and ammunition to those who have obtained licenses. My bill would amend this law to include bullet-proof vests. Violation of the statute would carry a fine of not more than $5,000, a 5-year prison term, or both.

This bill will not prevent honest, law-abiding citizens who are concerned about their safety from obtaining vests. It will, however, make it much more difficult for those who would sell these vests to individuals who intend to use them in the commission of a crime to do so.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1815

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 921 of Title 18, United States Code, is amended in subsection (a)(3) by—

(1) striking out "or" before "(D)"

(2) inserting after "destructive device" the following ", or (E) any bullet-proof vest".●

By Mr. LEAHY:

S. 1816. A bill to amend the Internal Revenue Code of 1954 to provide incentives for the conservation of energy, and for other purposes; to the Committee on Finance.

ENERGY CONSERVATION INCENTIVE ACT OF 1981

● Mr. LEAHY. Mr. President, today I am introducing legislation to insure that energy conservation tax credits are available to Vermonters.

I am opposed to the administration's efforts to abolish the energy conservation tax credits which are so important to Vermonters.

Almost 30,000 Vermonters took advantage of these credits. Abolishing these credits will cost Vermonters over $3 million per year.

Vermonters have been twice as effective as the rest of the Nation in saving energy. I believe these efforts should be accelerated, not slowed down.

The legislation I am introducing will extend the energy conservation tax credits, which will expire in 1982, through 1986.

It will increase the limit on the amount of the credit which a homeowner can claim. Inflation has cut the value of the present $2,000 limit in the 1978 act in half. The new limit would be $3,000.

It will also make the cost of an energy audit qualified for a tax credit. An energy conservation audit is the most important first step in a homeowner's energy conservation efforts. The costs of the audit are not now eligible.

Finally, my legislation will make a computer-controlled energy conservation system which controls heating equipment to save energy eligible for the tax credit. These systems are popular with small businesses, but are not eligible under the existing law.

I believe this energy tax credit legislation is critical to Vermont homeowners and businesses. Every Vermonter wants to do his part to address our serious energy problem. This legislation gives Vermonters the economic incentives they need.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1816

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Energy Conservation Incentive Act of 1981".

SEC. 2. PERIOD TO WHICH ENERGY INVESTMENT CREDIT APPLIES.

(a) IN GENERAL.—Subclause (I) of section 46(a)(2)(C)(i) of the Internal Revenue Code of 1954 (relating to energy percentage) is amended by striking out "1982" and inserting in lieu thereof "1985".

(b) CONFORMING AMENDMENTS.—Clause (iii) of section 46(a)(2)(C) of such Code is amended—

(1) by striking out "1990" and inserting in lieu thereof "1993",

(2) by striking out "1982" and inserting in lieu thereof "1985",

(3) by striking out "1983" and inserting in lieu thereof "1986", and

(4) by striking out "1986" and inserting in lieu thereof "1989".

SEC. 3. AUTOMATIC ENERGY CONTROL SYSTEM DEFINED.

(a) IN GENERAL.—Subsection (1) of section 48 of the Internal Revenue Code of 1954 (defining energy property) is amended by adding at the end thereof the following new paragraph:

"(18) Automatic energy control system.—For purposes of paragraph (5)(G), the term 'automatic energy control system' means equipment comprising a system which by automatic controls reduces the energy consumed in environmental space conditioning or in other industrial or commercial processes or activities, and includes, but is not limited to, a system which automatically controls—

"(A) fuel or electric power inputs to a combustion system or process,

"(B) the utilization or transfer of energy within a process, or

"(C) process variables (other than energy) in order to minimize energy consumption.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to periods beginning after December 31, 1981, under rules similar to the rules under section 48(m) of the Internal Revenue Code of 1954.

SEC. 4. EXTENSION AND INCREASE IN AMOUNT OF RESIDENTIAL ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) IN GENERAL.—Subsection (f) of section 44C of the Internal Revenue Code of 1954 (relating to termination date) is amended by striking out "1985" and inserting in lieu thereof "1983".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 44C(b)(6) of such Code (relating to carryover of unused credit) is amended by striking out "1987" in the text and heading thereof and inserting in lieu thereof "1988".

(b) INCREASE IN AMOUNT.—Subsection (b) of section 44C of such Code (defining qualifying expenditures) is amended—

(1) by striking out "$2,000" in paragraph (1) and inserting in lieu thereof "$3,000", and

(2) by striking out "$10,000" in paragraph (2) and inserting in lieu thereof "$15,000".

(c) EFFECTIVE DATE.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1981.

SEC. 5. ENERGY AUDIT COST INCLUDED IN ITEMS ELIGIBLE FOR RESIDENTIAL ENERGY CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 44C(c) of the Internal Revenue Code of 1954 (defining energy conservation expenditures) is amended by inserting ", or for an energy audit conducted by a professional, qualified energy auditor in connection with," before "a dwelling unit".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.●

By Mr. MOYNIHAN:

S. 1817. A bill to further the national security of the United States and the Nation's economy by providing grants for foreign language programs to improve foreign language study for elementary and secondary school students and to provide for per capita grants to reimburse institutions of higher education for part of the costs of providing foreign language instruction; to the Committee on Labor and Human Resources.

FOREIGN LANGUAGE ASSISTANCE ACT

● Mr. MOYNIHAN. Mr. President, the recent report of the President's Commission on Foreign Language and International Studies offers us a litany of statistics to support its conclusion that "American incompetence in foreign languages is nothing short of scandalous, and it is becoming worse." The Commission proferred a host of recommendations for combatting this incompetence, including grants to elementary, secondary, and postsecondary educational institutions for foreign language instruction.

Today I am introducing the Foreign Language Assistance Act, which embodies this recommendation. My bill would provide grants to State educational agencies for partial funding of model

foreign language programs in both public and private primary and secondary schools.

This legislation would also provide per capita grants to institutions of higher education for foreign language instruction. These grants will encourage pedagogical experimentation, language study beyond the second year, the study of less commonly taught languages, and the establishment of foreign language requirements in universities.

The Foreign Language Assistance Act would authorize $87 million to be appropriated for each of the fiscal years 1983, 1984, and 1985. Representative PAUL SIMON, a member of the President's Commission and chairman of the House Postsecondary Education Subcommittee, has introduced identical legislation in the House of Representatives.

This legislation addresses concerns that are real, and conditions that are dangerous. Our linguistic incompetence threatens our national security and damages our economy. Let me recount some examples which are indicative of the problem:

The foreign affairs agencies of the U.S. Government fear that declining foreign language enrollments in our educational institutions will lower the quality of recruits for their services, and increase language training costs.

There are more teachers of English in the Soviet Union than there are students of Russian in the United States.

Of the 11 million American students seeking graduate and undergraduate degrees, fewer than 1 percent are studying the languages spoken by three-fourths of the world's population, and only a small number of those will ever achieve a reasonable degree of fluency.

Of the 53 American hostages held in Iran, only three spoke Farsi.

The Federal Government has established a category in some jobs labeled "language essential," yet a GAO report shows more than one-third of these not satisfactorily filled. In some languages, such as Arabic, well over half of "language essential" positions are not filled.

It is estimated that there are over 10,000 English-speaking Japanese salesmen in New York, while we have only a handful of Japanese-speaking salesmen in all of Japan. Meanwhile, our trade deficit continues to mount.

Because knowledge of foreign languages has diminished so dramatically, the State Department no longer requires any background in a foreign language as a condition of entry into the Foreign Service.

I could go on, but I think it is apparent that the state of foreign language skills in the United States is damaging to our national welfare. Moreover, to paraphrase the report of the President's Commission, this welfare depends on the intellectual and psychological strengths derived from perceptive visions of the world beyond our borders. We now contemplate increases in defense spending, yet we fail to invest in a more elemental form of security: The ability to communicate with and understand not only our adversaries, but also our allies throughout the world. Our foreign language capability makes us an anomaly among nations, and is sadly paradoxical in this ethnically rich and culturally diverse land.

The Foreign Language Assistance Act is an important step toward resolving this paradox. It leaves flexibility to the States and the educational institutions, encourages experimentation, and requires modest expenditures. At the same time it would advance our national security and economic strength.

I urge my colleagues to join me in support of the Foreign Language Assistance Act.●

By Mr. WALLOP (for himself, Mr. SYMMS, Mr. LONG, Mr. BOREN, Mr. MATSUNAGA, Mr. JOHNSTON, and Mr. BENTSEN):

S. 1819. A bill to amend the Internal Revenue Code of 1954 with respect to the taxation of crude oil purchasing cooperatives; to the Committee on Finance.

TAXATION OF CRUDE OIL PURCHASING COOPERATIVES

Mr. WALLOP. Mr. President, I am today introducing a measure to permit independent and small refining companies, as well as farmers' cooperatives and consumer cooperatives, to form crude oil purchasing cooperatives that qualify for so-called "exempt" status under the Internal Revenue Code.

In hearings earlier this year before the Senate Finance Committee Subcommittee on Agricultural and Energy Taxation, the subcommittee explored several tax and tariff based approaches designed to help preserve a viable U.S. domestic refining industry. After careful examination of the written and oral testimony submitted at the March 27 hearing, it is my conclusion that collective purchasing efforts by the independent refining industry offer the best long-term hope of keeping their crude oil costs at a reasonable level. The purpose of this legislation is to make the establishment of crude oil purchasing cooperatives easier—resolving some existing impediments to their formation while granting a Government sanction to the efforts of those independent refiners and consumers groups that collectively seek to obtain long-term crude oil supply contracts.

It is certainly true that current world spot market prices are, in many cases, lower than contract prices for equivalent grades of crude oil. However, this situation is apt to be reversed at any time when world oil markets begin to tighten. This legislation needs to be passed now so that purchasing cooperatives can be established and long-term contractual negotiations begun while the opportunities to purchase cheaper long-term crude oil are the greatest.

This legislation is very modest—both in terms of what it seeks to achieve and in the changes that are sought in existing law. Under sections 521 and 1382 of the Internal Revenue Code, farmers' cooperatives are currently permitted a deduction for income distributed to members which arises from nonpatronage earnings.

Farmers' co-ops are also permitted to operate as federated, decentralized cooperatives with local groups owning shares in a national or regional co-op. Under this legislation, crude oil purchasing cooperatives would be permitted to organize along the same lines.

For example, independent refiners could organize collectively according to the type of refinery, asphalt or lubricating oil refiners, or by geographical region.

Provision is also made in the legislation to allow either farmer or consumer cooperatives to participate along with independent refiners as members.

This would give both farmers and other users of petroleum products the benefits of lower crude oil prices which would be reflected in the prices of the petroleum products they purchase. This could benefit ranchers in my State who are interested in reducing the cost of gasoline and fuel oils for their farm equipment. It could also benefit co-ops comprised of New England homeowners interested in reducing home heating oil costs.

During congressional consideration of the President's tax package, I declined to offer this legislation as an amendment. This was not because I had any problems with the substance of the provision—but rather because I believed the macroeconomic aspects of personal income tax cuts and capital cost recovery were of the highest priority. The administration asked that minor amendments be held for consideration in a second tax package to be offered later in the session. I complied with this request.

The time is now right for enactment of this provision. Hearings have been held in the Senate Finance Committee. The legislation is revenue neutral—in fact there could well be a modest revenue pickup from enactment of the cooperative purchasing legislation if independent refiners with crude access problems are saved from bankruptcy in the months ahead as a result of successful cooperative purchasing efforts.

Enactment of this legislation is completely in keeping with the spirit of the decontrol of crude oil prices. It will encourage independent refiners to band together in the most economical fashion to purchase crude oil in bulk for subsequent refining and distribution.

To the extent that independent refiners are able to purchase crude oil at cheaper prices, the consumer should benefit in the form of lower prices for petroleum products—particularly in those regions of the country which are so heavily dependent upon the independent sector.

This legislation will have the practical effect of permitting independent refiners without large crude oil purchasing divisions to compete on more or less equal terms with the purchasing departments of major oil companies.

The bill also would permit independent refining cooperatives to sell any excess volumes of oil to the strategic petroleum reserve for storage without jeopardizing the cooperative status of the purchasing effort. To the extent that the discounts associated with bulk purchases of crude oil are passed through to the strategic petroleum reserve, the entire country will be the beneficiary and our energy security will be enhanced.

Finally, I would like to emphasize that the savings realized by the cooperative

will be taxable for U.S. tax purposes. If the cooperative chooses to sell crude oil to its members at or below acquisition cost, U.S. tax collections will improve on the increased refinery margin which is earned by the individual refining company.

On the other hand, if the crude oil is marked up and sold to the member companies at a profit, income tax will be paid when the profits are distributed to the member patrons in accordance with our tax laws governing cooperative taxation.

No tax subsidy is offered or intended; the entire purpose of this legislation is to permit independent refiners to achieve more flexibility in their crude oil acquisition endeavors.

Mr. President, the measure which I am introducing today can do much to restore a needed balance in the downstream ability of independent refiners to supply petroleum products to the American people at the lowest possible cost. No regulatory morass or apparatus is created. The U.S. Congress can—through enactment of this measure—do much to assist the independent refining industry in a manner which is completely consistent with our efforts to reduce the role of Government in the energy business. I would welcome cosponsorship by my colleagues on both sides of the aisle and hope that the Senate will proceed to early consideration and passage of this measure.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF THE CRUDE OIL PURCHASING COOPERATIVES BILL

1. In general. This bill would amend the Internal Revenue Code of 1954 by adding a new section 522 to provide for so-called "exempt" status for crude oil purchasing cooperatives—the same status as presently exists for agricultural cooperatives. The term "exempt" is a misnomer in that each dollar earned is taxable at either the cooperative or patrons level. The purpose of the bill is to assist independent and small refiners and certain other cooperatives and consumer groups to cooperate with one another in gaining access to international crude oil markets. An analysis of the major provisions of the new section follows.

Section 522(a). Provides for tax treatment similar to that applicable to farmers' cooperatives under current section 521. Exempts crude oil purchasing cooperatives from taxation except as provided in Part I of Subchapter T (relating to tax treatment of cooperatives), which applies to both farmers' and other types of cooperatives.

Section 522(b)(1). Defines crude oil purchasing cooperatives which qualify for section 522 treatment. Qualifying cooperative activities include the purchase and resale of crude oil with rebate of net sale proceeds to patrons and the purchase of supplies and equipment and resale to patrons at cost plus necessary expenses. Qualifying cooperatives may trade (but not transport) or store crude oil and insure risks associated with any of these activities.

Section 522(b)(2). Provides that section 522 shall extend to cooperatives having capital stock if the dividend rate is equal to or less than the legal rate of interest in the cooperative's state of incorporation, and if all voting stock is owned by independent refiners or other exempt and non-exempt cooperatives who purchase oil, supplies or equipment through the cooperative. This provision parallels current section 521(b)(2).

Section 522(b)(3). Provides that section 522 shall extend to federated cooperatives. This provision enables independent and small refiners and other qualifying cooperatives to organize locally, yet participate effectively in an association sufficiently large to deal in international crude oil markets.

Section 522(b)(4). Provides that qualifying cooperatives may sell to nonmembers, but only to the extent that the value of oil, supplies and equipment purchased for nonmembers does not exceed the value of oil, supplies and equipment purchased for members. The value of purchases for nonmembers may not exceed 25 percent of the value of all purchases. (A 15 percent rule applies to farmers' cooperatives. A 25 percent rule is necessary in this context because crude oil is typically traded in greater bulk than agricultural products and supplies.)

Section 522(b)(5). Provides that business done for the United States government or its agencies, or for any foreign government or its agencies, will be disregarded in determining whether a cooperative qualifies for section 522 treatment. This rule allows the cooperative to trade-off excess quantities, where necessary, to foreign governments as well as the U.S. government (a necessary provision for trading large quantities on an international level).

Section 522(b)(6). Provides that any activity incidental to the qualified activities under section 522(a)(1) is also a qualified activity. Where the activity increases the efficiency of the qualifying transactions, it is also deemed qualified.

Section 522(b)(7). Provides that a cooperative shall be exempt only if each of its members is an independent refiner, an exempt farmers' cooperative or any other non-exempt cooperative. Thus, farmers' cooperatives that operate their own refinery can be a member; a farmers' cooperative that does not have its own refinery but wants to save on product costs, can be a member; and a non-exempt "consumers" cooperative comprised of farmers and ranchers interested in reducing costs of gasoline and fuel oils (or homeowners interested in lowering heating oil costs) can be a member.

Section 522(c). Defines certain terms utilized.

(1) "Crude oil" is defined in section 4996(b)(1) of the Internal Revenue Code of 1954.

(2) "Independent refiner" includes only refiners who obtain more than 70 percent of their crude oil from unrelated producers.

(3) "Necessary expenses" are determined by reference to costs for crude oil, supplies and equipment purchased. Necessary expenses are the greater of 15 percent of such costs or an amount demonstrated by the taxpayer to the satisfaction of the Secretary as properly allocable to costs. This provision is intended to alleviate unnecessary controversy and uncertainty as to what are necessary or reasonable expenses. It is noteworthy that crude oil is a commodity which is not financed over a long period of time and which is purchased, refined and sold over a relatively short period.

2. Section 1(b) of the bill describes conforming amendments to the Internal Revenue Code of 1954.

3. Section 1(c) of the bill describes clerical amendments.

4. Section 2 of the bill provides for an effective date after enactment.

Mr. BENTSEN. Mr. President, I join with Senator WALLOP, Senator LONG, and other colleagues on both sides of the aisle in introducing legislation designed to encourage the formation of crude oil purchasing cooperatives (COPCs). This legislation is proposed as a minor modification to existing Internal Revenue Code provisions which provide for the taxation of cooperative organizations. The measure will permit crude oil purchasing cooperatives to be organized and treated, for tax purposes, much like farmer cooperatives.

The legislation will allow independent refiners, farmer cooperatives, and consumer groups to organize under a new section 522 of the Internal Revenue Code for the purpose of buying crude oil in large volumes for subsequent processing and distribution. There is currently a structural problem existing within the independent refining community in this regard.

Independent refineries typically process only 10,000 to 50,000 bbls/day of crude oil. Lacking large distillation and storage capability, the independent refiner, having little if any crude oil production of his own, is unable to make large bulk purchases of crude oil.

As a result, the refiner is often forced to pay higher prices for crude—especially during times of tight supply. This legislation will permit independent refiners and their customers to join together in crude oil purchasing cooperatives for the purpose of achieving the economies of scale associated with bulk purchasing.

While it is certainly true that a crude oil purchasing cooperative can be set up under subchapter T of the Internal Revenue Code, the legislation which is being introduced today will give the cooperative a certain degree of flexibility in negotiating for crude oil contracts which might not be permitted under existing rules.

For instance, if a purchasing cooperative were to successfully negotiate a large crude oil contract at a favorable price, the cooperative would undoubtedly need the flexibility to exchange or sell that portion of the contract which, for reason of volume or crude oil quality, could not be processed in certain refineries belonging to the member patrons. In the absence of the proposed legislation, income on such a transaction, unlike similar income earned by farmers cooperatives, would be taxed twice—at both the cooperative and member level.

Second, this legislation would clarify and permit the establishment of federated crude oil purchasing cooperatives. This would permit independent refiners or consumer groups to set up their own local or regional cooperatives which could in turn own shares in a national crude oil purchasing cooperative.

Third, the cooperative would be permitted the flexibility of selling a substantial volume of crude oil to the U.S. Government or other Government agencies without jeopardizing the cooperative status of the group.

Therefore, the strategic petroleum reserve could conceivably have lower crude oil acquisition costs if the unused portion of a cooperative crude oil contract were purchased by the reserve at a competitive price.

It is important to realize that any savings realized by such a cooperative will be fully taxable in accordance with well-established rules governing cooperative taxation. There should be no revenue loss to the Federal Treasury as a result of this legislation. Given the dismal downstream earnings in the refining

industry, it is most likely that any savings associated with economies of scale in crude oil purchasing would be passed through directly to the member refining companies who would in turn pay taxes on increased refining profits.

However, should the refining industry come out of the current recession and the decision be made to sell crude oil to the member patrons at a markup—then the profit would be taxable to the member patrons when distributed.

Legislation fostering the establishment of independent crude oil purchasing cooperatives is very much in keeping with the decision to decontrol crude oil prices and allow a free market to govern energy supply and demand. The cooperative idea encourages independent refiners to pool their resources and compete in the free market with crude oil purchasing departments of major international oil companies for long-term supply contracts.

Permitting this competition to occur can only have healthy results for the American consumer—and particularly for those consumers who must rely on the independent sector for petroleum products.

It should also be noted that this legislation will not establish any sort of Government control over private crude oil purchasing efforts. The bill merely establishes the parameters under which crude oil purchasing efforts can be undertaken and clarifies the tax treatment that these transactions will be subject to.

It would be my hope, however, that enactment of this provision would encourage such cooperatives to be formed, and also send a signal to foreign producers that the U.S. Government will look favorably upon the efforts of these purchasing groups.

This is a minor but potentially significant tax provision which should find favor with independent refiners as well as consumers. Its intended purpose is to increase downstream competition in the oil industry at a time when many independent refiners are going out of business.

However, this is not an attempt to preserve otherwise inefficient refineries. Rather, it seeks to encourage independent refiners and consumers to help themselves through collective purchasing efforts to hold down raw material costs. I would encourage my colleagues in the Senate to join with me in endorsing this approach to a more competitive, efficient U.S. refining industry.

By Mr. LEVIN (for himself, Mr. NUNN, Mr. PRYOR, and Mr. ROBERT C. BYRD):

S. 1820. A bill to authorize supplemental appropriations for fiscal year 1982 for procurement of aircraft, missiles, and tracked combat vehicles, and for operations and maintenance and to increase the authorized personnel strength for the Army; to the Committee on Armed Services.

DEPARTMENT OF DEFENSE SUPPLEMENTAL AUTHORIZATION ACT, 1982

Mr. LEVIN. Mr. President, I ask unanimous consent that the bill and a summary of the items appearing in the bill be printed in the RECORD.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

S. 1820

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Supplemental Authorization Act, 1982".

TITLE I—PROCUREMENT

AUTHORIZATION OF SUPPLEMENTAL APPROPRIATIONS

SEC. 101. In addition to the funds authorized to be appropriated under title I of the Department of Defense Authorization Act, 1982, funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, and tracked combat vehicles in amounts as follows:

AIRCRAFT

For aircraft: for the Air Force, $220,200,000, to be available only for the procurement of four KC–10A (ATCA) aircraft.

MISSILES

For missiles: for the Navy, $50,000,000, to be available only for the procurement of one hundred AGM–84A Harpoon missiles.

TRACKED COMBAT VEHICLES

For tracked combat vehicles: for the Army, $29,300,000, to be available only for the procurement of thirty M88A1 recovery vehicles.

TITLE II—OPERATION AND MAINTENANCE

AUTHORIZATION OF SUPPLEMENTAL APPROPRIATIONS

SEC. 201. In addition to the funds authorized to be appropriated under title III of the Department of Defense Authorization Act, 1982, funds are hereby authorized to be appropriated for fiscal year 1982 for the use of the Armed Forces of the United States for operation and maintenance in amounts as follows:

For the Army, $87,300,000, of which $60,000,000 shall be available only for force modernization and $27,300,000 shall be available only for force structure changes.

For the Navy, $234,500,000, of which $119,300,000 shall be available only for additional fleet steaming days, $80,000,000 shall be available only for ship alterations under the fleet modernization program, $20,000,000 shall be available only for support of the Trident submarine program, and $15,200,000 shall be available only to retain nine ships in the active and reserve fleet.

For the Air Force, $18,900,000, to be available only to retain the B–52D aircraft in the active forces.

TITLE III—ACTIVE FORCES

INCREASE IN FISCAL YEAR 1982 ACTIVE DUTY END STRENGTH FOR THE ARMY

SEC. 301. Clause (1) of section 401 of the Department of Defense Authorization Act, 1982, is amended to read as follows:

"(1) The Army, 786,300.".

Summary

4 KC refueling tankers	$220,200,000
100 Harpoon missiles	50,000,000
30 M88A1 recovery vehicles	29,300,000
Army force modernization (restore 6,000 end strength cut)	60,000,000
Army force structure restoration (restore 6,000 end strength cut)	62,300,000
Navy steaming days (restore Indian Ocean, Persian Gulf, naval presence)	119,300,000
Navy ship modernization	80,000,000
Navy—Trident support	20,000,000
Navy—retain 9 ships in the fleet	15,200,000
Air Force—retain B–52D's in the force structure	18,900,000
	675,200,000

ADDITIONAL COSPONSORS

S. 604

At the request of Mr. MATHIAS, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a manner which permits their use by persons with hearing impairments.

S. 1326

At the request of Mr. SASSER, the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 1326, a bill to amend title 38, United States Code, to authorize a service pension of up to $150 per month for veterans of World War I and for certain surviving spouses and dependent children of such veterans.

S. 1448

At the request of Mr. MATHIAS, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1448, a bill to provide for the issuance of a postage stamp to commemorate the 70th anniversary of the founding of the Girl Scouts of the United States of America.

S. 1641

At the request of Mr. GRASSLEY, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 1641, a bill to extend the Reed Act and to authorize the designation of funds in State accounts as Reed Act funds in certain circumstances.

S. 1651

At the request of Mr. BENTSEN, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1651, a bill to combat international terrorism.

S. 1701

At the request of Mrs. HAWKINS, the Senator from Arkansas (Mr. BUMPERS), the Senator from New York (Mr. D'AMATO), the Senator from Missouri (Mr. EAGLETON), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Michigan (Mr. RIEGLE), the Senator from Vermont (Mr. STAFFORD), the Senator from Wyoming (Mr. WALLOP), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. 1701, a bill to amend title 28, United States Code, to authorize the Attorney General to acquire and exchange information to assist Federal, State, and local officials in the identification of certain deceased individuals and in the location of missing children and other specified individuals.

S. 1787

At the request of Mr. ROBERT C. BYRD, the Senator from Oklahoma (Mr. BOREN), the Senator from Kentucky (Mr. FORD), the Senator from Michigan (Mr. LEVIN), the Senator from Nebraska (Mr. ZORINSKY), the Senator from Arizona (Mr. DECONCINI), the Senator from Tennessee (Mr. SASSER), the Senator from Michigan (Mr. RIEGLE), and the Senator from Missouri (Mr. EAGLETON) were added as cosponsors of S. 1787, a bill to assure the American people that the administration's budget goals will be met, that the deficit for fiscal year 1982 will not exceed $43,100,000,000, that the deficit will not exceed $22,900,000,000 for fiscal year 1983, and that the budget will be bal-

anced in fiscal year 1984, and to assure the representation of small business interests on the Board of Governors of the Federal Reserve System.

SENATE RESOLUTION 98

At the request of Mr. BENTSEN, the Senator from Alabama (Mr. HEFLIN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), the Senator from Massachusetts (Mr. TSONGAS), the Senator from New Jersey (Mr. WILLIAMS), the Senator from California (Mr. HAYAKAWA), the Senator from Indiana (Mr. LUGAR), the Senator from Maryland (Mr. MATHIAS), and the Senator from California (Mr. CRANSTON) were added as cosponsors of Senate Resolution 98, a resolution to designate February of each year as "American History Month".

SENATE RESOLUTION 232

At the request of Mr. CHAFEE, the Senator from New York (Mr. MOYNIHAN), the Senator from Missouri (Mr. EAGLETON), the Senator from Wisconsin (Mr. PROXMIRE), and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors of Senate Resolution 232, a resolution expressing the sense of the Senate with respect to the need to continue the tax incentives for energy conservation and renewable energy sources.

SENATE RESOLUTION 239—RESOLUTION DISAPPROVING DEFERRAL OF CERTAIN VETERANS' ADMINISTRATION FUNDS

Mr. CRANSTON (for himself, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. DECONCINI, Mr. MITCHELL, Mr. BRADLEY, Mr. GLENN, Mr. METZENBAUM, and Mr. WILLIAMS) submitted the following resolution; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, and the Committee on Veterans' Affairs:

S. RES. 239

Resolved, That the Senate disapproves the proposed deferral, D82–140, which would defer the amount of $91,300,000 of budget authority for the Veterans' Administration, as set forth in the message transmitted by the President to the Congress on October 23, 1981, under section 1013 of the Impoundment Control Act of 1974.

S. RES. 239: DISAPPROVAL OF DEFERRAL OF VETERANS' ADMINISTRATION HEALTH-CARE FACILITY CONSTRUCTION FUNDS AND OF ADMINISTRATION PLANS TO STUDY "VOUCHERING OUT" OF VA HEALTH CARE

Mr. CRANSTON. Mr. President, I am today submitting an impoundment resolution, pursuant to section 1013(b) of the Impoundment Control Act of 1974, disapproving the proposed deferral of $91.3 million in the Veterans' Administration's construction, major projects account. According to the deferral document, D82–140, transmitted by special message from the President on October 23, 1981, the funds involved in this deferral are for five construction projects—a phased facility replacement at the Chillicothe, Ohio, VA Medical Center ($13.7 million); facility renovation at the East Orange, N.J., VAMC ($29 million); a research and education addition at the Long Beach, Calif., VAMC ($11.4 million); a surgical addition at the Palo Alto, Calif., VAMC ($14.8 million); and a nursing home and parking garage at the Washington, D.C., VAMC ($22.4 million).

Joining with me as original cosponsors of this resolution are Senators RANDOLPH, MATSUNAGA, DECONCINI, MITCHELL, BRADLEY, GLENN, METZENBAUM, and WILLIAMS.

ADMINISTRATION ANNOUNCES ITS FORMAL CONSIDERATION OF "VOUCHERING-OUT"

Mr. President, a primary reason for my action introducing the impoundment resolution is the stated basis for this deferral. In his October 23, 1981, message, the President proposes to defer funds covered by deferral D82–140 "pending completion of a project review" described in the enclosed deferral report as being "while the administration reviews all major construction projects for VA medical facilities and considers alternative methods for providing readily available quality medical care for eligible veterans."

Mr. President, the only alternative to the provision of care through VA facilities that has been under consideration within and without the administration is to provide veterans with health care in non-VA hospitals by way of a voucher system, with the Federal Government paying for the care received.

This is the so-called mainstreaming approach in non-VA hospitals, a misnomer in my view because the VA is already in the mainstream of modern medicine. That the administration is giving such an alternative serious consideration is troublesome enough; but I find it especially disconcerting that the President himself, by specifically explaining the basis for the deferral—in the transmittal message that he signed—apparently condones his administration's consideration of such an alternative, an alternative that clearly is the first giant step toward shutting down the entire VA hospital system.

For my own part, I unequivocally reject such an approach, and I believe that the vast majority of Senators do so as well. In my view, once you start down the road of vouchering, it becomes inevitable that the whole VA system will lose its identity, its vitality, and its cohesiveness and will eventually wither away.

Thus, I strongly believe that any deferral based on giving the executive branch time to explore this alternative is extremely ill advised and deserves to be turned down flatly and quickly.

ARGUMENTS AGAINST "VOUCHERING-OUT"

Mr. President, the VA runs a nationwide, comprehensive health care system through which veterans with disabilities incurred during their service are given the treatment that they need and deserve. Providing such care is a national moral commitment of the highest order. Any suggestion such as in the President's message that our obligation to service-connected veterans can be met by Government payment for their health care in community facilities is simplistic and overlooks the unique benefits of the VA system.

Mr. President, by virtue of its obligation to care for service-connected veterans, the VA system has developed great skill and expertise in treating the immediate and residual effects of injuries related to combat service, such as amputations, spinal cord injuries, and many others, including the psychological after-effects of combat. Although under "vouchering-out" there may be facilities in some communities that could provide comparable care for some of these disabilities, there would be no way to insure that service-connected, disabled veterans would receive either the comprehensiveness of care or the priority for getting it that they now receive in the VA system.

Moreover, any kind of vouchering system would also lead to financially needy veterans and—coupled with what appear to be inevitable cutbacks under medicare and medicaid—elderly veterans with non-service-connected disabilities having to go without needed medical care or receiving less than adequate care.

Substituting access in community facilities in place of the VA system would have a number of other significant drawbacks. Under legislation, H.R. 3499, just signed by the President on Tuesday, Public Law 97–72, and another bill currently under active consideration in the Congress, S. 266, which the Senate passed on September 27, 1981, the VA is given a formal role as the primary backup to the Department of Defense to treat casualties of armed conflict. Any significant reduction of VA health care resources would preclude the VA from filling this very vital role.

Mr. President, the VA is a national health care resource that is becoming ever more important as the Nation's population ages and the need for acute and extended care health care facilities grows as a result. In anticipation of the significant increase in the number of aging veterans that will be turning to the system in the near future as the over 12 million World War II veterans reach an average age of 65, the VA has become a leader in both research on the aging process and the effects of aging and on caring for the diseases and disabilities that come with aging. Because of its extensive relationships with medical schools throughout the country, the VA's actions in this regard hold promise of far-reaching impact.

The very size of the VA health care system is often overlooked in discussions about reducing or eliminating it. The VA at present operates over 80,000 hospital beds and over 9,500 nursing home care beds and, in this fiscal year, will provide over 16 million outpatient treatments. With cutbacks in Federal, State, and local assistance for health care, the VA's health care capacity becomes even more critical. Veterans without service-connected disabilities who are in need of care and those who are 65 or older or who cannot afford the cost of care elsewhere receive it today at the VA. As I have noted, there is no guarantee that they would continue to receive such care if the VA system were reduced or eliminated.

Although the primary importance of the VA's research and education efforts in cooperation with affiliated medical schools and other health care professional training institutions is to improve the quality of care provided to

eligible veterans, these efforts have larger benefits for all society. Last year, for example, over one-third of all medical students received some of their training in VA facilities as did 70,000 nursing and allied health students.

Mr. President, yet another reason for disapproving this deferral is that, to the extent that vouchering-out became the method of providing health care to veterans, veterans would be forced to receive health care in community facilities at Government expense and the cost of that care might be greater than the cost of the same care provided in VA facilities. In this regard, an internal VA study—fiscal year 1980 episode of medical care costs comparison—which is currently undergoing an independent validation review by GAO, found that VA medical care is 18.3 to 22.5 percent less expensive than similar care provided by private health-care facilities. Assuming that this analysis is validated, cost alone is a strong reason to continue to provide the care through the VA's own facilities.

Also on the cost-of-care issue, there is reason to believe that the degree to which the cost of health care is increased as a result of inflation may be less in the VA than in community facilities. On that point, an article by Susan Matson entitled "Setting an Example, VA Hospitals Restrain Costs" in the April 1981 issue of HCFA Forum, a publication of the Department of Health and Human Services, concluded that:

Through an emphasis on ambulatory care and shortened in-hospital stays, the country's largest centrally directed health care system—that of the Veterans Administration—has held its increase in costs of care [in 1979] to just 60 percent of the national average.

Mr. President, I ask unanimous consent that a copy of this article from the April 1981 HCFA Forum be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SETTING AN EXAMPLE: VA HOSPITALS RESTRAIN COSTS

(By Susan Matson)

Through an emphasis on ambulatory care and shortened in-hospital stays, the country's largest centrally directed health care system—that of the Veterans Administration—has held its increase in costs of care to just 60 percent of the national average.

Although the average VA patient is older than patients generally and might be expected to use more care, the VA reported an increase in operating costs of just 7.5 percent in 1979, while U.S. health care costs grew about 12 percent. The VA sets an example for other budget-watching health administrators.

The Veterans Administration health care system encompasses 172 medical centers (a VA medical center consists of a hospital, outpatient clinic, and usually facilities for medical education and research), and 54 satellite or independent clinics. It also operates 16 domiciliaries and 92 nursing homes. The quality of care at VA hospitals is monitored by 43 professional groups, and all the hospitals are accredited by the Joint Commission on the Accreditation of Hospitals (JCAH). In 1979, the VA treated about 1.3 million hospital patients, while outpatient visits amounted to over 17 million.

VA patients are of course almost exclusively veterans—individuals retired or separated from active military service. (A relatively few active duty service personnel and members of veterans' families are treated, under special circumstances.) First priority is given veterans for service-connected disabilities; then veterans with such disabilities who are seeking care for some other medical problem; and finally all other veterans, on a space-available basis, may receive needed hospital care if they cannot afford it elsewhere. (Veterans in the last category who are 65 or older do not have to prove financial need.)

Vast as it is, the VA health care umbrella is just a part of a system that eventually touches most American males. We now have over 30 million veterans—45 percent of U.S. men. That proportion will rise to just over half in 1990 and to 52.5 percent by the year 2000. Two-thirds of living veterans have received at least one veteran's benefit since leaving the armed forces, a 1978 survey indicated.

In demographic profile, veterans largely echo the civilian population (see box)—except for being older. Given this, it might be expected that a sizable percentage of VA clients would be in nursing homes or extended care facilities. Not so. Of the 2.4 million applications for care processed by the VA in 1979, only .2 percent were for nursing home and domiciliary care, while 37.8 percent were for hospital care and 46.1 percent were for ambulatory (outpatient) care. (The rest either did not need care or were ineligible for the VA benefit they were seeking).

(Heart disease ranks as the VA system's number one broad diagnosis area, followed by psychotropic disease—including alcoholism, drug abuse, and psychiatric disorders. As a single diagnosis, alcoholism is the largest reported concern.)

OUTPATIENT CARE STRESSED

Because many of their clients have lifelong eligibility for care, the VA is more attuned to long-term recovery than some private hospitals might be.

In response to the need for long-range care, the VA has expanded types of care available, many at the lower end of intensity. The system is currently examining hospital-based home care, which utilizes the multidisciplinary health care team—what may be called "the 1980s version of the house call." Teams include practitioners ranging from medical to rehabilitation specialists and social workers.

While partly a reflection of a national trend, the outpatient phenomenon at the VA also stems from a conscious policy decision implemented in the mid-1970s. Nowhere is it evident than in psychiatric care.

PIONEERING IN PSYCHOTROPIC DRUGS

"The mental health field was encouraging ambulatory care long before medicine and surgery did," explains Dr. Robert Custer of the VA's mental health division. "Our outpatient program have doubled out the past ten years, and we know that the patients are a lot happier and better off."

The division's outpatient arm is represented by VA mental hygiene clinics, which now total 136 units. Day treatment centers number 55 and hospital facilities, 40.

Directed and encouraged from the VA's central office in Washington, ambulatory care has considerable grassroots support at VA facilities. "Our increased use of an open-door policy means a change in attitude for both staff and patients," says Dr. Custer. "More responsibility means enhanced mental health."

The VA supplements its dependence on ambulatory care with a stepped-up training program in living skills for patients and the judicious use of tranquilizers and other psychotropic drugs. VA medical researchers are credited with development of many of the psychotropic drugs that now form the industry standard for treating psychiatric disorders.

Usage of ambulatory care may have peaked, some VA administrators believe (the 17,263,000 outpatient visits in 1979 represent a slight drop from 17,416,000 in 1978). "There is a finite limit, but we are well on our way," says Dr. John Castellot of the internal medicine staff. "The mandatory inpatient workload has to be our first priority."

SHORTER STAYS, GREATER SAVINGS

Emphasis on outpatient treatment goes hand-in-hand with making sure that inpatient care, when needed, is as short and intensive as possible. In general, length of stay is still somewhat longer in VA hospitals than in community hospitals, probably because of the difference in:

(1) Case-mix (the VA sees relatively fewer acute, medical/surgical patients and more patients with long-term conditions, as well as older patients requiring extended care), and

(2) Conditions of discharge (patients may be delayed in leaving the hospital while arrangements for post-discharge placement are made, in cases of long-standing medical problems).

But over the past decade, the VA's average length of hospital stay dropped sharply: from 20.8 days in 1970 to 15.3 in 1980. (This is for the group representing the vast majority of patients—97 percent—who stay fewer than 100 days.)

One reason may be the system's length of stay screening process, now three years old. Employing a comprehensive series of booklets for field use, the process was tailored to each of seven provider types and established specific standards for 19 disease categories. The system was originally mandatory.

"Hospitals were supposed to screen their lengths of stay for each of the categories to see if they were generally within the norm," explains VA Dr. Carl Tribble. "But some hospitals went too far in taking the norm literally, as an ultimate mandate."

Screening is no longer mandatory, but the majority of VA hospitals still use it on a voluntary basis, both to contain length of stay and to monitor clinicians' behavior. The example has been set, and Tribble is optimistic about the self-monitoring process.

At the same time, he acknowledges any such cost containment program requires flexibility. "If you put a patient out two days too early, he may come back again with the kind of problems that really call for intensive care."

Obviously, length of treatment is often discretionary. Prolonged illnesses, such as cancer, that permit the clinician the most discretion in the number of visits may be worth further examination in terms of cost containment. The VA's systematic internal review (SIR) process, under the auspices of the agency's Health Services Review Organization, furthers this idea by requiring that each facility examine length of stay along with other treatment considerations. Outside review is provided by the systematic external review program (SERP), which teams multidisciplinary professionals from several hospitals to review SIR systems. SERP, which sets higher standards than does JCAH, is coordinated by team leaders from the VA's central office.

Shorter lengths of stay mean increased turnover, which means greater cost effectiveness. While the number of admissions today has doubled since 1969 (159,771 versus 87,150), the VA operates successfully with half the number of beds (25,375 versus 50,129).

Since 1970, although the VA's per diem costs have more than tripled, its cost per inpatient treated has been much less inflationary, about 180 percent, as indicated in Figure 1.

FIG. 1.—COST EFFECTIVENESS OF INCREASED TURNOVER IN VA HOSPITALS

	Average cost per inpatient day		Cost per inpatient treated	
	Amount	Index (1970=100)	Amount	Index (1970=100)
Fiscal year:				
1970	$38.42	100	$1,524	100
1971	43.41	113	1,626	107
1972	52.61	137	1,851	121
1973	57.92	151	1,769	116
1974	65.08	169	1,855	122
1975	75.71	197	1,984	130
1976	87.86	229	2,135	140
1977	103.27	269	2,346	154
1978	119.10	310	2,583	169
1979	133.82	348	2,772	182

Source: Veterans' Administration, Annual report, 1979.

Much of the progress has taken place in the last three years. With national health care cost rising at a rate of about 12 percent a year, the VA health care system showed an operating cost increase of just 7.5 percent in 1979, an improvement over 1977 (see Figure 2.) Costs per patient day also represent a substantial improvement from 1977.

[Figure 2 is a graph not printed in the RECORD.]

When expenses per acute-care episode are compared, VA hospital figures for fiscal year 1978 show their costs to be 93.4 percent of AHA data for community hospitals ($2,450 per episode vs $2,622). (The VA adjusted its data to be as comparable as possible, dropping out some research and medical education costs not generally found in community hospitals.)

CLEANING UP ON LAUNDRY BILLS

While ambulatory care and inpatient turnover are the major contributors to the VA's inflationary scaledown, several innovative projects have also contributed to cost savings.

For example, laundry bills were a sizable component of inpatient costs, until a recent program found ways for regional VA hospitals to centralize their cleaning services. The grouping of forces—together with a campaign encouraging the use of chemical cleaners effective in cold water—in 1979 saved the VA $3 million over the previous year.

One cost containment oddity is the VA's silver recovery program, begun in 1963. Throughout VA medical centers, silver is collected from x-ray processing solutions and scrap medical x-ray film. During fiscal year 1980, over $13.6 million was received from the sale of the bullion and scrap film. These proceeds are returned to the medical centers. The rising income from this source over 17 years (see Figure 3) reflects intensified VA initiatives as well as the recent boom in silver market prices. For example, receipts spiked in 1978 when the VA sold silver it had withheld from the market in 1977 for administrative reasons; dropped to a "normal" increase in 1979; then spiked again in 1980 because of increased prices of silver.

[Figure 3 is a graph not printed in the RECORD.]

Centrally procured supplies offer another opportunity—which the VA has seized—for savings. This area of achievement is perhaps most directly related to the large size of the health care system. The annual cost of furnishing supplies, equipment, utilities, and services to VA facilities in fiscal year 1979 was $1.1 billion (another $37 million was spent to supply other government agencies participating in the centralized supply system). The VA's revolving fund for supplies, without fiscal year limitation, covers the cost of warehouse inventories at depots and medical centers.

Most supplies are procured centrally at volume discounts, which accounts for an annual savings of over $100 million or about 6 percent of the total. It is reasonable to assume that facilities in other centrally operated health care systems could achieve similar savings by pooling resources and operations.

VA BLUEPRINTS MULTILEVEL CARE

To offset the rising salaries of professional staff, the VA has increased its use of paraprofessionals. Three-fourths of medical and surgical expenses are personnel-related, according to Lawrence Bettes of the VA's medical resource management office, who also pointed out that VA salary levels are fixed by statute. In some instances, the new stress on ambulatory services has required an extended staff, as in hospital-based home care (mentioned earlier).

This could mean higher costs. But many VA facilities have determined that, by employing two-and-one-half nurses for the cost of one experienced physician, they can expand services without increasing costs. This is especially true in the case of triage, in which routine activities, such as histories and physicals, can be satisfactorily conducted by non-physicians.

A multidisciplinary team approach was a primary consideration in phasing many VA psychiatric patients from inpatient to ambulatory care. The other health professionals gave physicians considerable help in presenting a united front about the patient's needs, according to VA psychiatrist Dr. Robert Custer.

VA officials are still developing blueprints for a system of multilevel care that holds promise for both cost containment and resource tracking. The objective is to match each patient's variable medical needs with different levels of health care resources. Thus, patients with severe, but dissimilar diseases that require several physician visits per day might be placed in the same ward to consolidate staff efforts.

A financial management subsystem will help determine: (1) average per diem costs by level of care; (2) costs per episode of care; (3) the efficiency of mechanisms for resource monitoring and management; (4) the viability of a prospective budgeting system based on patient needs and staff workload.

After two years of development, multilevel care was tested in 1978 in ten VA medical centers; it is still under scrutiny by the VA's national program planning office.

The VA has other cost control plans and procedures, including a current cost comparison study of inpatient services scheduled for completion this spring. But of equal concern to health care providers is the quality of care—as seen by both VA staff and patients.

GOOD CARE, SATISFIED PATIENTS

To ensure quality of care is the special work of the VA's evaluation and analysis branch. As previously discussed, the SIR and SERP review procedures work to ensure adherence to internal and external standards of medical care. The VA has launched two long-term projects to refine the external review system. The first develops objective, uniform criteria for outside surveyors examining a particular service, while the second, a quality assurance information system, will use SIR and SERP information to improve the validity, reliability, and usefulness of evaluation data within the VA.

Quality of care assurance is managed by the VA's chief medical director, working through divisional chiefs who are in continuing contact with medical regional and district directors. The most recent data show fewer than four malpractice claims made by patients per 100 VA physicians, considerably below the private sector figures of approximately six claims *closed* per 100 physicians. This comes at a time when the VA's staff-to-patient ratio is at an all-time high.

Patient satisfaction is documented in the VA's third biennial patient survey, distributed and analyzed in fiscal year 1979. More than 19,000 hospitalized patients and 28,000 clinic patients participated as a representative sample. For the system as a whole, satisfaction is high. Most aspects of satisfaction received positive ratings in the 80s (on a scale of 100), with some in the 90s.

In fact, comparing findings with data from studies of the general population, VA hospitalized patients appear to be considerably more satisfied with their nursing care and food than are patients receiving care from other sources and somewhat more satisfied with the care provided by their physicians.

Comparisons show that VA outpatients are somewhat more satisfied with the time spent waiting for treatment and the courtesy of employees than are those in the non-VA sector. There were no areas in which VA patients were significantly less satisfied than those receiving care from other sources.

CENTRALIZATION, FLEXIBILITY CITED

While ensuring premium quality and responsiveness in the health care it provides, the Veterans' Administration has made cost containment a high priority. The VA's chief medical director, Donald L. Custiss, M.D., believes that the VA's cost containment efforts are worthy of attention and attributes its achievements to improved technology, the fact that the system is the nation's largest and most comprehensive, and the VA's capability of procuring and distributing supplies and equipment on a national basis.

"An integrated and centrally managed system," he says, "obviously provides opportunities or economies of scale and for sharing. We have taken and will take advantage of such opportunities."

At the same time, however, he pointed out that management flexibility at each individual health care facility is the key to an effective system in this as in other matters. In other words, "Centralized management does not mean micromanagement," he says. "If that happens, the balance for successful operations tilts, and something inevitably falls."

In any case, he expresses certainty that those VA and other systems in our pluralistic health care universe can learn from one another without falling into the trap of attempting to mechanically apply set patterns that may not fit a given situation.

Clearly the VA is a giant that bears watching—for its pleasant surprises in cost containment.

PROFILE OF VETERANS

As a whole, veterans do not suffer more unemployment than their non-veteran counterparts nor are they necessarily poorer. In 1978, the last year for which statistics are available, 84.5 percent of male veterans in the civilian, non-institutional population worked at some time, compared with only 80.6 percent of non-veteran males.

The median 1978 income of U.S. families headed by male war veterans was $21,760 compared with $17,350 for families headed by nonveterans. (However, total income declines rapidly for families whose veteran head reaches the age of retirement; this means a median income of $13,960 when that head is between 65 and 69, and $10,710 for those aged 70 or over.)

Women now constitute only 2 percent of the veteran population, but their numbers are increasing.

Since the Veterans Administration automatically qualifies all ex-military over the age of 65 for veterans' benefits, one would expect an older health care population. The statistics bear this out: almost 13 percent of all VA applications for health care represent those 65 and over. Further, the average ex-military man in civilian life (47.5 years old in 1979) will be 52.5 years old in 2000.

Even more significant in terms of health care will be the increasing number of veterans 65 and over resulting from the population "bulge" of World War II vets. In the 65-plus age bracket, it is estimated the numbers will jump from 2.96 million in 1980 to 7.188 million in 1990 (a projection based on 1979 military requirements) before tapering off due to natural attrition.

CONFUSION ABOUT ADMINISTRATION POSITION

Mr. CRANSTON. Mr. President, I thought the administration understood and appreciated the importance of and need for the VA health-care system. Certainly, that was the clear impression I got when Robert P. Nimmo, now Administrator of Veterans' Affairs, told the committee just this past July 9 at his confirmation hearing—in response to a question from the committee chairman, my good friend from Wyoming (Mr. SIMPSON) on his "position on the need for a separate, an independent VA medical care program"—that:

Well, I think it is indispensable. I think that a separate independent VA medical care program represents a commitment of the people. It represents a commitment of the President.

I am fully aware that the siren song of mainstreaming and some other things have been floating around, but those are hazardous ideas that ought not to be pursued.

Nominee Nimmo reiterated this view in response to my request for clarification as to whether it was clear that his rejection of "mainstreaming" reflected the President's position. He responded—

As I understand it, I think the President has been quite clear on that.

And the Chief Medical Director of the Veterans' Administration, Dr. Donald L. Custis, has spoken out forthrightly in opposition to "mainstreaming" on numerous occasions. In a comprehensive discussion of this topic that he delivered to the American Legion department of Minnesota the day following his meeting with the American Medical Association's board of trustees to discuss a resolution pending before that body that advocated the "mainstreaming of services to veterans," Dr. Custis stated, as he had to the AMA, with reference to the pending resolution—

To advocate such an option [mainstreaming] is entirely contrary to the historical position and commitment of the electorate and the law.

Apparently his presentation to the AMA was quite persuasive because the "mainstreaming" resolution failed to gain support. Instead, a watered-down resolution reaffirming the need to maintain the historical relationship between the AMA and the VA health-care system was adopted by the AMA this summer.

Mr. President, I ask unanimous consent that the full text of Dr. Custis' very thoughtful and persuasive remarks to the American Legion department of Minnesota on the issue of "mainstreaming" be printed in the RECORD at this point.

There being no objection, the remarks were ordered to be printed in the RECORD as follows:

VA IN THE MAINSTREAM

(By Donald L. Custis, M.D.)

Speculating on possible new directions the Reagan Administration and the 97th Congress may take in the pursuit of national health care policies, Doctor James Sammons of the American Medical Association recently noted that "in politics there are two kinds of people who can hurt you: your enemies—and your friends."

I have just come from Chicago where yesterday I sat with my friends on the AMA Board of Trustees to discuss the implications of the AMA House of Delegates' Resolution III, euphemistically entitled "Mainstreaming Services to the Veteran". The Resolution is explicit in its antipathy to any segregated medical services to a class of citizens—namely, the nation's veterans—and urges that Congress "mainstream" veterans care into the private sector, implicitly, through a fee-for-service voucher system.

It occurred to me that this audience must have more than a passing interest in the issue for both the VA's academic affiliates and the Veterans Service Organizations are fully alert to what could be a deleterious impact. The American Legion, the DAV, and the VFW have registered their concern in letters to the AMA and the American Association of Medical Colleges has assured me of its intention to do so.

Understandable is the motivation of the Oregon delegation to the AMA House of Delegates who introduced the mainstream resolution. An article in the January 9, 1981 AMA Medical News carries the headline "Oregon Physicians face empty offices". Noting that Portland's doctor to patient ratio has dropped to 1:167, the reporter states that "physicians who were prospering only a few years ago find they are now in fierce competition for patients and the Oregon Medical Association has organized a promotional campaign to oppose alternatives to fee-for-service private practice."

The resolution has its counterpart in other contemporary health policy reports, notably from the Heritage Foundation and the National Tax Limitation Committee, both arguing for our partial dismemberment as a system. Adversaries of the VA health care system are understandably emboldened as the debate over competition in the health care field gathers steam in Washington.

Minneapolis' own economist Doctor Gary Appel predicts that the fortunes of bills to promote competition in medicine will take an upswing because three competition advocates are now in high positions: Secretary Schweiker, Senator Durenberger and OMP Director David Stockman.

These and other advocates of the competitive medical model have indeed moved to the center of the stage. Their message, however, as yet lacks clarity and the model itself is ill defined. It remains to be seen whether a pro-competition mainstreaming of health care into the private sector can satisfy all of the varied needs now being served by the pluralistic public-private systems now in operation. It remains to be seen how university hospitals and the medically indigent would fare under universal competition-oriented systems; how graduate medical education would be financed; and whether medical research, innovation and technology would be stifled purely on the basis of cost savings in an all comprising competitive medical market place.

Alain Enthovin, one of the leading advocates of the competitive medical model, is disdainful of such concerns. Writing in a recent issue of the New England Journal of Medicine, he states "hidden subsidies through Medicare and Medicaid that are now supporting teaching and research are major contributors to misallocation of resources". He chooses to ignore that medical education and research are not only inseparable from patient care, but the guarantors of its quality and a legitimate component of consumer costs.

Similarly, it also remains to be seen whether the competitive mainstream model is applicable to the varied needs of the veteran patient.

The proposition of melding Veterans medical care into community practice and partially or completely dismantling VA medical facilities has surfaced on numerous occasions. Our response then as now, is that the proponents of "mainstreaming" first make the effort to be fully informed on the complex nature of the VA health care system and objectively consider the consequences of its abandonment.

To advocate such an option is entirely contrary to the historical position and commitment of the electorate and the law.

Since before the birth of the nation, the people of this country have recognized an obligation to those who have participated in its defense. The health care now provided America's veterans has evolved from a simple system of maintenance to one involving the most complex medical care and employing many of the foremost health care personnel in the world. The system has been specifically addressed by every president since Abraham Lincoln and consistently reviewed and endorsed by both Houses of Congress. It is a record of unparalleled support for a separate, comprehensive health system providing the specialized care that veterans have merited through faithful service to the nation. During his recent campaign, President Reagan also asserted his commitment to the continuity of a separate veterans health care system.

Those who advocate the transferal of veterans medical care to the private sector are assuming that the private system is capable of providing care to more than 179,000 additional patients each day. They also assume that such care is reasonably accessible to the general veteran patient population.

Such assumptions ignore many realities of the complex framework which provides for the nation's health care needs. Accessibility to private sector care is more a matter of chance than of design. It is dependent upon the patient's ability to find his own way through the system, whereas the VA assumes this responsibility.

If there is such a concept as a comprehensive health care system in American medicine today, it is embodied by the Department of Medicine and Surgery through its system of 172 medical centers, 92 nursing home care units, 16 domiciliaries, and 49 free standing outpatient clinics.

No other delivery system currently available could reasonably be expected to provide premium medical care as consistently or evenly. The reasons are manifold, but the fundamental difference revolves about the fact that the Department of Medicine and Surgery operates a coordinated, integrated and comprehensive system of care that is simply not available in an organized manner in the private sector.

Allowance is made for system entry for each individual veteran at any one of over 250 locations. Once a patient has entered the system, an entire range of modalities and expertise is available, due to the fact that the existence and balance of VA services have been predicated upon the actual needs of the veterans it serves.

Many of these services are of special value to disabled veterans, such as spinal cord injury care, blind rehabilitation and psychological trauma treatment. They are enhanced and refined through the nation's most comprehensive system of health provider education and research. Each play a substantial role in maintaining the excellence of patient care.

As the private sector has its PSRO, the VA mandates its HSRO. From its systematic external review process through closely monitored facility based quality assurance programs, DM&S is able to maintain a consistency of quality on a national basis. Although the primary assurers of quality are

those personnel providing care at the local level, advice, assistance, counsel and resources from the system as a whole are made available wherever they might be needed. This "targeted" approach is one unique to the DM&S system and in large measure accounts for the fact that every VA medical center in the country is accredited by the Joint Commission on Accreditation of Hospitals. It is this system of local and centralized reciprocal review and analysis that permits the VA to assure itself of a premium quality of care and to function as its own professional review organization.

The advocates of "mainstreaming" the medical care of veterans have done so in the erroneous belief that such an action would reduce costs and maintain access, consistent quality, and comprehensiveness of care for veterans. Those pursuing this course have taken little notice of the unique and efficient nature of the DM&S health care system.

The inevitable results of implementation of resolutions either severely limiting the mission of DM&S or abolishing it completely are evident. They would result in either a health care system shell, providing marginal levels of care to clientele unwanted and unserved by the private sector, or an agency providing administrative oversight activities only.

These proposals would transform DM&S from a dynamic, fully integrated comprehensive health care system providing premium care, into a maintenance agency operating chronic and intermediate care facilities with concomitant losses in the quality of care provided, quality of medical staff, and quality of life of the veterans entrusted to its care—in short, a reversion to a system of old soldiers and sailors homes.

The phraseology of the AMA resolution is in itself specious. Can a system, like the VA, with the following features, be considered as outside the mainstream of American medicine?

1. Affiliation with 105 medical schools with almost fifty percent of its 11,000 physicians being part time employees of those schools and 85 percent of all its physicians holding faculty appointments.

2. Every VA hospital has on its roster consultants drawn from the ranks of private practice. These number 8,500 at the present time. They made over 200,000 paid visits to VA hospitals last year.

3. A Special Medical Advisory Group, chartered by Congress, made up of leading figures in American Medicine give oversight and policy guidance for the entire system. As a matter of fact, three past presidents of the AMA have served with distinction on this Counsel, bringing to its deliberations the perspective of organized medicine.

4. Contrary to the contention of the resolution's proponents, fee-for-service private care is an option much used in the system. Private practitioners were paid for 2¼ million veteran outpatient visits last year, and an average daily census of 1,000 veterans were supported in community hosiptals at a cost of 61 million dollars. Contract community nursing homes cared for over 8,000 veteran patients, all under treatment by private doctors.

5. The VA system is committed to progressively increased sharing of medical care and medical care support resources with university, community, and military hospitals. Over 250 sharing contracts are now in effect and legislation now in Congress promises to remove all residual obstacles for such interfacility expansion of sharing.

Is this a health care system deserving to be labeled "segregated" and "outside the mainstream" of American medicine?

It is, on the contrary, a national resource for health manpower production and the most on-line contingency medical backup for military medicine. One half of all physicians in practice in the United States have had some portion of their training within the VA hospital system and in any given year one third of the country's resident physicians in specialty training are to be found within the VA system, along with 70,000 nursing and allied health students. 172 VA medical centers have over 2,000 training contracts with schools of health sciences. The great bulk of this health manpower output accrues to the private sector.

Contributions from the VA's clinical research laboratories are legion. From them was born the specialty of nuclear medicine and the scientific knowledge base for radio immune assay and axial tomography. Controlled clinical trials within the VA made major contributions to the development of anti-tubercular and psychotropic drugs.

Even conceding the productivity of the VA medical system, other detractors charge it with inefficiency and waste. Yet a nationwide survey released in FY '79 indicated that the average acute medical episode within the VA cost $2,276 while in the private sector $2,368; comparable surgical episodes were $2,928 for the VA and $3,321 for private care. VA's commitment to cost containment is aided by bulk buying and distribution of supplies and equipment and progressive reductions in lengths of patient stay. The VA has not been party to the growth in numbers of the nation's hospital beds. During the past 10 years, 20,000 VA beds have been closed while total inpatients and outpatients treated have doubled in volume.

All of which is not say the VA system is free of problems. Every VA physician could expound on our deficiencies. Notable are obsolete facilities, marginal staffing, inadequate automation of clinical services and the ever growing dilemma of increasing patient demand in the face of dwindling budgetary resources.

The point to be made, however, is that we all have our share of problems and concern for what's coming on the national health care scene.

The federal physician, whether VA or military, has as much, if not more, reason than the private physician to chaff under the medical regulatory process, but he views it a myth to think that medical competition legislation will free us from medical regulation. He, too, contends that government control of health care costs, capacity, and utilization has failed economically, socially, and politically. He does not view the VA system as a harbinger for other models. He is every bit the strong proponent for maintenance of the pluralistic public-private voluntary health care systems which have so well served this nation.

And, finally, he submits that patient care in general will not be served when, in political debate, friends in the health care professions turn on one another.

Mr. CRANSTON. Moreover, Mr. President, there was good reason to believe that these views were shared elsewhere in the administration. Earlier this year, in the June 1, 1981, issue of U.S. Medicine it was noted that—

Donald Moran, associate director for human resources, veterans and labor in the Office of Management and Budget assured the NAVAP [National Association of VA Physicians] group that the idea of "mainstreaming" veterans' care—that is, shifting it to the private sector—is one the Administration is neither pursuing nor even interested in.

This assurance seems totally at odds with the reference in the administration's deferral documents on D82–140 to giving active consideration to "alternative methods of providing readily available quality medical care for eligible veterans."

Mr. President, I want to note also the views of the Veterans of Foreign Wars on the language used by the administration in the October 23 deferral message. In an October 30, 1981, letter to Presidential Counselor Edwin Meese, VFW Executive Director Cooper T. Holt indicates that his organization had thought that the matter of the administration's consideration "of alternative methods for providing readily available, quality medical care for eligible veterans" had earlier this year "been laid to rest" following a meeting between Mr. Meese and Mr. Holt. I agree with Mr. Holt that "a clarification" of the administration's plans is very much in order at this time.

Mr. President, I ask unanimous consent that the text of that letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., October 30, 1981.

Hon. EDWIN MEESE, III,
Counselor to the President,
The White House,
Washington, D.C.

DEAR MR. MEESE: In a document presented to the staffs of the Committees on Veterans' Affairs, the OMB Director wrote: "In addition, the existence of excess medical care capacity in many areas of the United States makes questionable the need for a separate VA medical system. This Administration will conduct a complete review of alternative methods for providing readily available, quality medical care for eligible veterans." Mr. Stockman later denied this was the position of his office and that the quoted verbiage should not have been included in the document. You will recall this was one of the issues addressed in my meeting with you on March 31, 1981.

Having thought this matter had been laid to rest, I was shocked to find similar wording in Deferral No. D82–140 deferring $91.3 million in major construction projects of the Veterans Administration transmitted to the Congress by the President on October 23, 1981. Quoting from the deferral, a copy of which is enclosed, "This amount is deferred while the Administration reviews all Major Construction projects for VA medical facilities and considers alternative methods for providing readily available quality medical care for eligible veterans."

At the VFW National Convention in August 1980, Candidate Reagan said, "—to me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA." In addition, the 1980 Republican Party Platform states, "In particular we feel it is of vital importance to continue and expand the health-programs provided to veterans through the Veterans Administration hospitals. Here we see the need for increased access to care, especially for older veterans."

In view of these conflicting statements with respect to hospital and medical care for our nation's veterans, a clarification from your office is eagerly awaited not only by the 1.9 million men and women of the Veterans of Foreign Wars of the United States, but the entire veteran population.

Sincerely your friend,

COOPER T. HOLT,
Executive Director.

IS OMB DIRECTOR STOCKMAN RUNNING THE VA?

Mr. CRANSTON. Mr. President, this very muddled and alarming picture of administration policymaking is a further example of the imposition of major policy decisions by the Office of Management and Budget and its Director, David A. Stockman, on the VA, or even worse of OMB making the decisions without any input from the VA or even the courtesy of notice to the VA of the decision made. I discussed this matter at some length with Mr. Nimmo at his July 9 confirmation hearing, and he assured me that he intended to stop this process and play a strong, appropriate role in the determination of VA budgetary and other policies. Specifically, we had the following exchange:

Senator CRANSTON. You indicated in your response to question 1–C that you have received assurances from the White House and the OMB that you will be included by other agencies in the formulation of policies affecting veterans and their dependents. Who at the White House and who at OMB gave you that assurance?

Mr. NIMMO. At the White House it was Edwin Meese III, counselor to the President. And at OMB, Don Moran.

Senator CRANSTON. Fine. You also stated that you have "every reason to believe" you will be consulted by the appropriate departmental secretaries in all policy matters pertaining to veterans.

If you are confirmed, do you intend to discuss directly with the appropriate Cabinet members the development of a procedure for such consultation?

Mr. NIMMO. I am not sure at the moment, Senator, which or how many Cabinet secretaries will be involved in veterans matters. But certainly, as I perceive issues coming up in which other agencies are involved, I will indeed at that time solicit their consideration and cooperation.

Senator CRANSTON. The American Legion believes that there may be a potential conflict between the President's desire for fiscal austerity and the Administrator's responsibility to seek full funding for those programs that have been mandated by Congress for veterans.

Would you agree that there may be such a conflict and, if so, how do you propose to resolve it?

Mr. NIMMO. I don't think that I would agree that there is a conflict. I think we got started off wrong this year with the urgent and drastic budget cuts that were proposed and that was done very quickly, as you know. But subsequently, as you also know, with the Gramm-Latta amendment, the budget cuts were eventually restored.

I have been assured by OMB that they are going to give us some breathing time to get our house in order and make our own recommendations and not be subjected to arbitrary proposals.

So I am comfortable with where we are and I don't think we need be overly concerned about the problem of budget cuts.

Senator CRANSTON. Can we assume that you don't intend to let the Director of OMB keep on making major decisions, virtually unchallenged, that affect the VA's program?

Mr. NIMMO. They will be challenged.

Senator CRANSTON. Good. Have you been assured by the President direct access to him in the event of a major conflict between your decision and that of the Director of OMB or some White House official?

Mr. NIMMO. I have not sought that assurance specifically from the President, Senator Cranston. In the recent meeting that I had with Mr. Meese, he assured me that I would have immediate access to the White House on all matters of concern to me and I take that as assurance that if necessary I have the access to the President also.

Senator CRANSTON. And you will seek and use that opportunity if need be?

Mr. NIMMO. I will.

However, despite these reassurances to me and the committee, in September the President transmitted to the Congress a budget amendment proposing reductions totaling nearly $450 million from the VA's fiscal year 1982 appropriation levels that had been agreed to by the conferees on H.R. 4034, the HUD-Independent Agencies Appropriations Act, 1982, levels that Congress went on to approve for the VA through November 20 in the October 1, 1981, fiscal year 1982 continuing resolution—Public Law 97–51. Thus, I wrote to Administrator Nimmo on October 20, 1981, expressing my concern about the extent to which his reassurance to the committee was operative in terms of who was actually running the VA, he or David Stockman.

I received Mr. Nimmo's reply today. In it, he states that apportionments of appropriations by OMB under the continuing resolution through November 20 were made at the HUD-Independent Agencies Appropriations Act conference report level for the medical care, GOE, and State home construction accounts, and at the President's September reduced level for the other accounts except for the parking revolving fund for which the resolution made no appropriation at all; that the FTEE employment levels for the three medical accounts have been provided by OMB at the level specified by the Congress in connection with enactment of the resolution; and that 100 percent of the October 1981 pay raise costs have been allocated through November 20 by OMB except for the minor construction account, although no decision had been made by OMB on the extent of full-year pay raise absorption for the VA. He further states in his November 5 letter:

I did meet with the Deputy Director of OMB, Mr. Ed Harper, and other OMB senior officials to discuss the September 30 revisions and to express my particular concern about the magnitude of reductions in the Medical Care and General Operating Expenses appropriations. Based on our discussions and on their understanding of the President's commitment to a high quality VA health care system and to the maintenance of the current benefit service level, it was agreed that the Administration would not oppose restoration of $296.9 million in Medical Care and $55.8 million in General Operating Expenses, as reflected in the Conference Report for 1982 appropriations. As I have already noted, we are functioning under the Continuing Resolution with this understanding.

I congratulate the Administration on much of what he has outlined. He has certainly achieved a considerable amount.

However, I do wish to point out that Mr. Nimmo nowhere states that he was in any way involved before transmission of the President's September budget reductions to the Congress. Indeed, his words suggest that his involvement followed the transmission since he talks of discussing the "revisions" and "the magnitude of the reductions," not "proposals" for same.

Indeed, had his meeting taken place before transmission of the budget revisions, it would seem a rather cynical process with the President transmitting the reductions while at the same time his agents enter into a private deal—not revealed until 6 weeks later—not to support the President's reductions in two respects. If that occurred, I very much regret the game-playing and the confusion and concern that has been created—so unnecessarily if this is the case—for veterans, VA employees, and the public in general.

If the Administrator's involvement occurred after the reductions were transmitted, then the facts are as I suggested in my letter—that the administration's reductions were proposed without VA involvement. Either way, however, here is certainly legitimate cause for concern about what transpired.

In any event, I do congratulate the Administrator on the generally beneficial results of his activities.

Mr. President, I ask unanimous consent that the full text of my letter of October 20, 1981, to Administrator Nimmo, and his reply to me of November 5, 1981, and other related material be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., October 20, 1981.

Hon. ROBERT P. NIMMO,
Administrator of Veterans' Affairs,
Washington, D.C.

DEAR BOB: I am writing in order to obtain, as quickly as possible, firm information regarding the levels of operations of certain major VA programs under the Continuing Resolution (Public Law 97–51).

As you know, with respect to VA programs the Continuing Resolution provides funding at the levels contained in the Conference Report on the HUD-Independent Agencies Appropriations Act, 1982 (H. Rept. No. 97–222 on H.R. 4034). The funding levels in that Conference Report reflected those provided for in the Gramm-Latta substitute budget resolution, which the Administration supported and you referred to in your confirmation hearing as the "Reagan Bi-partisan Budget Resolution".

Nevertheless, on September 24, 1981, President Reagan submitted budget revisions that reduced the VA appropriations requests to levels that are a total of $447.6 million below those provided in the Conference Report for VA appropriations accounts, as follows (in millions of dollars):

Medical care	−296.9
Medical and prosthetic research	−22.5
MAMOE	−11.0
Major construction	−56.3
Minor construction	−7.1
Grants and State homes	−2.2
Parking facilities	+4.1
General operating expenses	−55.8

In addition, Committee staff has been advised that the Office of Management and Budget has instructed that VA operations during the period covered by the Continuing Resolution, October 1 through November 20, be limited to the levels specified in the President's budget revisions, and, as to the medical care and medical and prosthetic research accounts, that instructions have already been sent to field stations reducing operating levels accordingly. If you were to continue to follow the OMB approach, it is my understanding that VA programs in the eight above-mentioned accounts would receive approximately $62 million less than Congress

has appropriated for them during the period from October 1 to November 20.

In this connection, I note that OMB has taken the position in OMB Bulletin 82–1 that the Continuing Resolution should be viewed as establishing spending "ceilings"—apparently as opposed to providing actual appropriations. To whatever extent that position may have validity with respect to programs other than those provided for in the HUD-Independent Agencies Appropriations Act, 1982, I do not believe that it is applicable to programs provided for in that Act. As section 101(e) of the Resolution specifies, appropriations were made "for projects or activities provided for in the Department of Housing and Urban Development-Independent Agencies Appropriations Act, 1982 (H.R. 4034), at a rate of operations and to the extent and in the manner provided in the conference report . . . *as if such Act had been enacted into law.*" (Emphasis added.) Clearly, appropriations made in this fashion are not intended to be in the nature of mere ceilings for the programs involved.

Thus, I would greatly appreciate your advising me, as soon as possible, as to VA programs under each of the above-mentioned accounts, whether operations are being carried out at the levels provided in the Continuing Resolution or the levels proposed in the President's September 24 revised budget.

In addition, I would very much like to know what personnel ceilings have been provided to you by the Director of OMB for the medical care, research, MAMOE, construction, and GOE accounts. Specifically with respect to the first three of these accounts, I am enclosing copies from the Congressional Record of a colloquy between Senator Garn, the Chairman of the Appropriations Subcommittee on HUD-Independent Agencies, Senator Simpson, the Chairman of this Committee, and myself and a statement of Representative Montgomery, Chairman of the House Committee on Veterans' Affairs, clarifying the employment levels provided for those accounts by the Continuing Resolution and, thus, under section 5010(a)(4) of title 38, United States Code, required to be authorized by the OMB Director. I would further note the amendment to section 5010(a)(4) enacted in section 601(b)(1) of Public Law 97–66 (the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981), which was signed into law on October 17, clarifying that section 5010(a)(4) applies to continuing resolutions that provide VA appropriations.

In responding to the foregoing requests, please provide specific information as to how it is planned that the costs of the October 1981 civilian pay raise for VA employees will be defrayed under each VA account.

Because the period covered by the Continuing Resolution will expire no later than November 20 and any failure to use fully the personnel ceilings mandated pursuant to section 5010(a)(4) would represent a loss of health-care capacity that could never fully be restored, I believe that time is now of the essence with respect to these matters Thus, I reiterate the urgency with respect to the information I am requesting.

In closing, I want to express my keen disappointment that, according to information I have received, the reductions noted above were proposed by the Director of OMB and submitted to the Congress by the President without you having had any opportunity to participate in the decision-making process. If true, this situation would be completely at variance with the way you indicated, at your July 9 confirmation hearing, that important VA budgetary decisions would be made after you took office (copy of excerpts from the hearing record enclosed). At that time, you clearly indicated that you did not intend to let the Director of OMB continue making major decisions, virtually unchallenged, that affect VA programs and that you would seek and use the opportunity, if need be, to take to the President himself matters involving major conflict between you and the Director of OMB.

Unfortunately, it appears that the process has not changed and that the Director of OMB is still calling the shots with respect to the VA's spending. That you did not have the chance to make your views known within the Administration before the President submitted the September 24 budget revisions seems especially regrettable in light of the strong positions you expressed in the October issue of The American Legion and the October 1 issue of U.S. Medicine that the March budget cuts proposed by the President for VA program were "mistakes" which the President had corrected. Those mistakes were repeated and compounded in the September 24 revisions, which proposed even deeper cuts.

If I am misinformed as to your not having participated in the decisions that resulted in the September reductions, I hope that you will set the record straight.

I would greatly appreciate your giving these matters your immediate personal attention.

With best personal regards,

Cordially,

ALAN CRANSTON,
Ranking Minority Member.

HEARING ON THE NOMINATION OF ROBERT P. NIMMO TO BE ADMINISTRATOR OF VETERANS' AFFAIRS—JULY 9, 1981

Mr. NIMMO. I think we got started off wrong this year with the urgent and drastic budget cuts that were proposed and that was done very quickly, as you know. But subsequently, as you also know, with the Gramm-Latta amendment, the budget cuts were eventually restored.

I have been assured by OMB that they are going to give us some breathing time to get our house in order and make our own recommendations and not be subjected to arbitrary proposals.

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Senator CRANSTON. Can we assume that you don't intend to let the Director of OMB keep on making major decisions, virtually unchallenged, that affect the VA's program?

Mr. NIMMO. They will be challenged.

Senator CRANSTON. Good. Have you been assured by the President direct access to him in the event of a major conflict between your decision and that of the Director of OMB or some White House official?

Mr. NIMMO. I have not sought that assurance specifically from the President, Senator Cranston. In the recent meeting that I had with Mr. Meese, he assured me that I would have immediate access to the White House on all matters of concern to me and I take that as assurance that if necessary I have the access to the President also.

Senator CRANSTON. And you will seek and use that opportunity if need be?

Mr. NIMMO. I will.

[Congressional Record, September 30, 1981, pp. S10893–4]

VA HEALTH-CARE APPROPRIATIONS AND PERSONNEL CEILINGS

Mr. CRANSTON. Mr. President, as ranking minority member of the Veterans' Affairs Committee, I would like to clarify one point with respect to the appropriations for Veterans' Administration health-care staffing. Section 5010(a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, after the enactment of each law making appropriations for the VA, to provide the VA with authority to employ under the three VA health-care accounts the numbers of employees for which funds have been appropriated.

The accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses account. Since VA appropriations laws do not themselves specify employment levels for that agency, it is important that the legislative history of any law making appropriations for the VA be clear and specific as to the numbers of employees for which appropriations have been made in these accounts.

In this connection, I would note that section 281 of the continuing resolution specifies that VA appropriations are being made until November 20, 1981, in the amounts "necessary (for VA accounts) at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept. No. 97–222) [on the HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034] filed in the House of Representatives on September 11, 1981, as if such act had been enacted into law." With respect to the VA's medical care account, the joint explanatory statement accompanying the conference report on H.R. 4034 states that $330,054,000 and 5,181 staff years were restored to the President's March budget request. With that restoration, it is clear that fiscal year 1982 appropriations are being proposed for 186,287 staff years in the medical care account—the same number originally proposed for fiscal year 1982 in the President's budget submitted on January 15 of this year.

It seems clear to me, in light of the language used in section 201 of the continuing resolution and the clear legislative history of the conference report on the HUD-Independent Agencies Appropriations Act, 1982, that it is intended in the continuing resolution to provide appropriations for a pro rata portion of 186,287 staff years; that is, 186,287 full-time-equivalent employees for the 51-day period covered by the continuing resolution.

Thus, Mr. President, to make sure that there is a complete understanding on this, I ask the very able and distinguished chairman of the Appropriations Subcommittee on HUD-Independent Agencies (Mr. Garn) whether I have correctly stated the intent of the continuing resolution in this regard.

Mr. GARN. Mr. President, the Senator from California (Mr. Cranston) is correct. During the period covered by the continuing resolution, appropriations are made for 186,287 full-time-equivalent employees under the VA's medical care account.

Mr. CRANSTON. I thank the Senator from Utah (Mr. GARN) for that clarification and would note that, using the same reasoning for the medical and prosthetic research account, it seems clear that it is intended in the continuing resolution to provide appropriations for the employment of 4,487 full-time equivalent employees for the period covered. Likewise, under the medical administration and miscellaneous operating expenses account, it seems clear that the continuing resolution is intended to provide appropriations for the employment of 866 full-time-equivalent employees for that period. Does the Senator agree with this analysis?

Mr. GARN. I do agree, Mr. President. That analysis is correct.

Mr. CRANSTON. Given the clear legislative history on these matters, it is the obligation of the Director of the Office of Management and Budget under section 5010(a)(4), following the President's approval of this resolution immediately to provide the VA with these ceilings for the period ending November 20, 1981, together with the necessary funds, and promptly provide the Congress with his certification to that effect.

Mr. GARN. Mr. President, the Director's obligations to provide those ceilings and make that certification are clear, and I thank the Senator from California (Mr. CRANSTON) for his assistance in clarifying these very important matters.

Mr. CRANSTON. Mr. President, I thank the Senator from Utah once again for his cooperation and his great concern for the well-being of this Nation's veterans.

Mr. SIMPSON. I agree with the statements of the two Senators regarding this important matter and thank them for making these clarifications.

[Congressional Record, October 2, 1981, pp. H4586–7]

H.J. RES. 325, MAKING CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1982

(By G. V. (SONNY) MONTGOMERY)

Mr. MONTGOMERY. Mr. Speaker, I would like to clarify one point with respect to the appropriations for Veterans' Administration health-care staffing. Section 5010(a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, after the enactment of each law making appropriations for the VA, to provide the VA with authority to employ under the three VA health-care accounts the numbers of employees for which funds have been appropriated. The accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses account. Since VA appropriations laws do not themselves specify employment levels for that agency, it is important that the legislative history of any law making appropriations for the VA be clear and specific as to the numbers of employees for which appropriations have been made.

In this connection, I would note that section 101(e) of the continuing resolution specifies that VA appropriations are being made in the amounts "necessary [for VA accounts] at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept. No. 97–222) [on the HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034] filed in the House of Representatives on September 11, 1981, as if such act had been enacted into law." With respect to the VA's medical care account, the joint explanatory statement accompanying that conference report on H.R. 4034 makes clear that $330,054,000 and 5,181 staff years were restored to the President's March budget request. When that staffing figure is added to the 181.106 staff years proposed in the March-revised budget, the total of 186,287 staff years, the same number originally proposed for fiscal year 1982 in January of this year by the President's predecessor.

It seems clear to me, in light of the language used in section 101(e) of the continuing resolution and the clear legislative history of the conference report on the HUD-Independent Agencies Appropriations Act, 1982, that it is intended in the continuing resolution to provide appropriations for a pro rata portion of 186,287 staff years, that is 186,287 full-time-equivalent employees for the 51-day period covered by the continuing resolution.

Using the same reasoning for the medical and prosthetic research account, it is clear that it is intended in the continuing resolution to provide appropriations for the employment of 4,487 full-time-equivalent employees for the period covered. Likewise, under the medical administration and miscellaneous operating expenses account. It is clear that the continuing resolution is intended to provide appropriations for the employment of 866 full-time-equivalent employees for that period.

Mr. Speaker, I trust that, in accordance with the provisions of section 5010(a)(4) of title 38, United States Code, the Director of the Office of Management and Budget will, following the President's approval of this resolution, immediately provide the VA with these ceilings for the period ending November 20, 1981, together with the necessary funds, and promptly provide the Congress with his certification to that effect.

I have discussed this matter with the distinguished chairman of the subcommittee, Mr. Boland, and he fully concurs in my analysis.●

VETERANS ADMINISTRATION,
Washington, D.C., November 5, 1981.

Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR ALAN: Thank you for your letter of October 20, 1981, which raised a number of timely and important questions with respect to the operation of certain VA programs under the Continuing Resolution (P.L. 95–51). Specifically, you asked whether VA operations are being carried out at the levels provided in the Continuing Resolution or at levels proposed in the President's September 30 budget amendment.

I am pleased to report that OMB has approved apportionments under the Continuing Resolution for Medical Care, Grants for Construction of State Extended Care Facilities and General Operating Expenses appropriations at or above the Conference Report level; however, funds for Medical and Prosthetic Research, Medical Administration and Miscellaneous Operating Expenses (MAMOE), Construction, Major Projects and Construction, Minor Projects were apportioned at levels based on the President's September 30 budget amendment. The Construction and Operation of Garage and Parking Facilities revolving fund was not provided for in the Conference Report nor was it apportioned.

As for employment levels, we have been advised that OMB will provide the following full time equivalent (FTEE) levels:

	Ceiling	Non-ceiling	Total
Medical care	184,886	1,401	186,287
Medical and prosthetic research	4,472	15	4,487
MAMOE	855	11	866
Construction, minor projects	767	10	777
General operating expenses	21,720	117	21,837

The three VA health-care accounts employment levels set forth above are identical to those you specifically referred to in your remarks in the CONGRESSIONAL RECORD of September 30, 1981. It should be noted, however, that until final action is complete, firm employment levels for the Medical and Prosthetic Research and MAMOE appropriations are uncertain.

You requested information about the absorption of the costs of the October 1981 civilian pay raise. While we have not received a decision from OMB on pay raise funding on an annual basis, through November 20, 1981, OMB has apportioned 100 percent of the pay raise costs for all appropriations, except for Construction, Minor Projects which was apportioned at only 50 percent. Therefore, we must absorb 50 percent or about $81,000 of those pay raise costs.

Unfortunately, your information concerning my not having participated in the September reduction decisions is somewhat incomplete. For the record, I did meet with the Deputy Director of OMB, Mr. Ed Harper, and other OMB senior officials to discuss the September 30 revisions and to express my particular concern about the magnitude of reductions in the Medical Care and General Operating Expenses appropriations. Based on our discussions and on their understanding of the President's commitment to a high quality VA health care system and to the maintenance of the current benefit service level, it was agreed that the Administration would not oppose restoration of $296.9 million in Medical Care and $55.8 million in General Operating Expenses, as reflected in the Conference Report for 1982 appropriations. As I have already noted, we are functioning under the Continuing Resolution with this understanding.

In conclusion, I am quite pleased at having been able to work effectively within the Administration to protect those essential veterans programs that the President so strongly supports.

Sincerely,

ROBERT P. NIMMO,
Administrator.

THE DEFERRALS THEMSELVES LACK MERIT

Mr. CRANSTON. Mr. President, as to two of the projects covered by deferral D82–140—the Long Beach, Calif., and Washington, D.C., projects—both Houses of the Congress are already on record in oppositon to the deferrals but, because of the status of H.R. 4034, the HUD-Independent Agencies Appropriations Act for fiscal year 1982, this disapproval has not been fully effective. During consideration of this bill, the House Appropriations Committee included, and the House approved, a provision in the bill disapproving the deferral of $23,361,000 for the Washington, D.C., VAMC nursing home and parking garage project.

This provision was agreed to by the Senate Appropriations Committee and, during the Senate's consideration of H.R. 4034, my amendment to that provision to disapprove the deferral of the Long Beach VAMC research and education building was adopted by the Senate with the support of the chairman of the HUD-Independent Agencies Subcommittee (Mr. GARN). The conference report on H.R. 4034 included in the act the disapproval of the deferrals of both projects and the House passed the conference report with these disapprovals on September 15, 1981.

However, because of uncertainty about the administration's plans for further cuts in the Federal budget for fiscal year 1982 and a veto threat, the conference report on H.R. 4034 remains on the Senate calendar and, as I indicated earlier, the VA and other agencies funded through the HUD-Independent Agencies Appropriations Act are operating through November 20 under the continuing resolution, Public Law 97–51.

In this regard, it should be noted that section 101(e) of the continuing resolution—the section relating to activities funded under the HUD-Independent Agencies Appropriations Act—provides that funding under the resolution for purposes covered by the HUD-Independent Agencies Appropriations Act are to be funded "at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97–222) filed in the House of Representatives on September 11, 1981, as if such act had been enacted into law."

Thus, it is clear that both Houses of Congress disapprove of these two deferrals, and I urge speedy action to remove the doubt that exists on that score on the part of the administration.

DEFERRALS WILL RESULT IN SUBSTANTIAL PROJECT COST ESCALATION

Mr. President, in addition to the need to express strong congressional disagreement with any proposal to dismantle the VA health-care system, deferral D82–140 should be rejected for sound economic and fiscal reasons. Delay in undertaking the various projects covered by the deferral can only result in increased governmental expense. According to informal contacts with VA staff, the so-called "inflation cost" of this deferral—the difference in the fiscal year 1983 cost over the fiscal year 1982 cost for the five projects—is $25.7 million. I see no valid reason to incur such additional expense for the construction of projects the need for which is not in dispute. I do not believe American taxpayers want us to spend $25.7 million to give this administration time to consider a proposal for dismantling the VA health-care system.

OTHER DEFERRALS

Mr. President, in proposing that this one deferral be rejected, I want to note expressly that I am not endorsing the other deferrals of VA funds—D82–138, D82–139, D82–141, and D82–142—submitted with the same October 23 message from the President. Rather, as to those deferrals, I am as yet unable, on the basis of information presently available, to form a final judgment on their impact; they propose to defer funds for a period not beyond the expiration of the continuing resolution or any extension thereof whereas D82–140 proposes to defer the funds in question for the entire year.

These other four deferrals of VA funds are described in the deferral documents as necessary so as to defer these funds to preserve all funding level options in appropriations action taken by the Congress subsequent to October 1, 1981. Although I do not agree with this approach—because it anticipates reductions in the various VA appropriations accounts below the levels included in the conference report accompanying H.R. 4034, the HUD-Independent Agencies Appropriations Act of fiscal year 1982—I can understand the administration's perspective.

RELATIONSHIP OF "VOUCHERING OUT" CARE OF VETERANS TO A–76 CONTRACTING-OUT STUDIES

Mr. President, at a hearing of the Committee on Veterans' Affairs this morning, I pointed out the significant relationship between the proposal for vouchering out veterans health care and the issues arising from the proposed contracting out of the performance of various functions within the VA's Department of Medicine and Surgery under OMB Circular A–76.

Mr. President, I ask unanimous consent that a copy of the opening statement that I made at that hearing be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

OPENING STATEMENT OF SENATOR ALAN CRANSTON, RANKING MINORITY MEMBER, COMMITTEE ON VETERANS' AFFAIRS

I welcome the many witnesses that are here today for this morning's hearings on the implementation of O.M.B. Circular A–76 on the Veterans' Administration—especially in the V.A.'s Department of Medicine and Surgery. I look forward to hearing your testimony as the Committee attempts to come to terms with the potential impact of this circular.

The issue before us is a complex one. As attention has been focused on the implementation of Circular A–76 in the VA, there has been a tendency recently to paint the issue in very stark terms. I suspect, however, that this is not an either/or issue. Rather, I anticipate that there is some role for greater contracting by the VA with the private sector for certain commercial or industrial activities and that this opportunity may extend into D.M.&S.

I am equally certain, however, that the VA cannot and should not launch headlong into wide-scale contracting-out activities before the Congress has thoroughly analyzed the issues involved. The very cost of the studies—in both dollars and personnel hours—that would have to be undertaken in D.M.&S. before contracting-out decisions are made is ample reason—during this time of severe budgetary and personnel constraints—for the Congress to insist that there be a much greater degree of understanding of the many ramifications of Circular A–76 before any full-scale implementation in D.M.&S. That is why we recommended to the Chairman on September 22 that the compromise agreement on S. 917, the compensation bill then under negotiation between the Houses, be amended to include a provision precluding the use of any VA health care appropriations to carry out any studies of contracting out such as required by Circular A–76.

Thanks to the cooperation and good work of my good friend, Al Simpson, and our counterparts on the House Committee, Sonny Montgomery and John Paul Hammerschmidt, that provision was enacted as section 601(b)(2) of Public Law 97–66. It is noteworthy that the President, in his signing statement on this legislation, acknowledged that the provision would have the desired effect, that is, he said, it "effectively precludes the VA from conducting cost comparisons under O.M.B. Circular A–76". After many frustrating attempts to have O.M.B. understand and follow the mandates of another provision of law relating to D.M.&S. resources—section 5010(a)(4) of Title 38—it was a pleasant surprise to see that the intended meaning of this law was readily understood.

I want to thank Al Simpson also for his prompt response to our letter calling for the scheduling of an A–76 hearing. His actions in this regard are another good example of the close cooperation and accommodation that has characterized our very good personal relationship from the start. I believe that the Committee must undertake a thorough evaluation of this issue, and I view today's hearing as an important step in that process.

I would like to touch briefly on a few points that I think must be addressed by the Committee as we undertake the necessary evaluation of Circular A–76. I believe that any projected gains from the A–76 process—whether fiscal or in furtherance of the underlying philosophy of the circular that the government should not compete with its citizens—must be measured against the impact of the contracting-out process in two general areas: namely, the VA's ability to provide benefits and services, most particularly quality medical-care services, and fairness and due consideration for VA employees.

The VA health-care system is the area of the VA most susceptible to change through Circular A–76 simply because the vast majority of VA employees are employed in D.M.&S. and also because providing health care is a very labor-intensive undertaking.

I believe that the VA's General Counsel, in an opinion dated March 21, 1980, was absolutely correct in his conclusion that there is a "national policy to provide, as a governmental function, a complete medical and hospital service for our Nation's veterans". Indeed, the U.S. District Court for the District of Oregon recently endorsed this position in the case of Coalition for Better Veterans Care, Inc. vs. The Administrator of Veterans' Affairs. If this premise is accepted—as I believe it must be—the question that must be addressed is the degree to which the various functions currently performed within D.M.&S. are lawfully and appropriately susceptible to contracting out. At one end of the spectrum, it is easy to determine that it would be improper to apply A–76 so as to contract for the functions currently performed by VA health-care professionals and others providing direct, hands-on health-care services and by managerial personnel. Toward the other end of the spectrum, where various job functions within D.M.&S. are less directly tied to providing health care, the answers are less clear. I believe that the Committee must develop the best possible understanding of the relationship of other functions within D.M.&S.—such as food services—to the Department's ability to fulfill its primary mission of providing quality health care to eligible veterans.

As I noted earlier, the other area of concern that I have regarding Circular A–76 is its impact on current VA employees. My concerns in this regard are both short and long term ones. In the short term, I believe that it is critical that we not lose sight of the fact that a goal of Circular A–76 is to reduce the number of government employees. Although much of the discussion on this point often seems to take place on a theoretical plane, the positions that would be eliminated are filled by real people who, in the vast majority of cases, are loyal, hardworking government employees, and we need to understand and evaluate fully the impact of the implementation of Circular A–76 on them. If government positions are eliminated, what protection and assistance will be provided to those now holding the jobs? Will they be employed elsewhere by the government? By the contractor who takes over the function? What will happen to their retirement benefits, their health-care coverage?

These are important questions to which I believe the Committee needs the answers before we support implementation of the A–76 process in D.M.&S. In this regard, I think it is important that we recognize that just the present discussion regarding Circular A–76 is reported to be having a serious impact on employee morale. How much greater and widespread will that impact be if the process gets underway, and what are the implications that such morale problems have for patient care?

Additionally, and very importantly, I am concerned that contracting out would nullify the advances we've made over the years in the employment of veterans, particularly those with service-connected disabilities and those from the Vietnam era,—much of which is by the VA—through veterans' preference, VRA appointments, and other provisions facilitating federal employment of veterans.

My long-term concerns relating to VA employees center on the ability of the system to continue to provide quality health care if significant numbers of those performing work in the system no longer owe any allegiance to the VA. I believe that this is a very significant concern that must be addressed before the Congress endorses any further action in the VA on Circular A–76.

A final long-term question I have about this Circular A–76 process is how far the Administration may be planning to push this emphasis. Attachment "A" of the Circular, which provides examples of activities within the scope of the Circular, lists—with no specific expression of special limitation or condi-

tions—"health services", including, for example, "surgical, medical, dental, and psychiatric care; hospitalization, outpatient, and nursing care", thus indicating that virtually the entire D.M.&S. system should be considered for contracting out. Is this really what is being proposed?

Until October 23, I felt that it couldn't really be, but my concerns have been heightened by a statement explaining the President's proposed deferral of appropriations for five VA major construction projects that was forwarded to the Congress on that date. As justification for the proposed deferral of $91.3 million funds previously appropriated that were to be expended this fiscal year, it was stated that the funds were deferred while the Administration "considers alternative methods for providing readily available quality medical care for eligible veterans". The only alternative to the provision of care through VA facilities that has been under consideration within the Administration is to provide veterans health care by way of a voucher system—so-called "mainstreaming"—under which veterans would receive health care in non-VA hospitals and the federal government would pay for the care received.

By whatever name it is called, this is clearly the ultimate "contracting-out" of VA health-care functions and would, in my view, inevitably lead to the true demise of the VA health-care system. The fact that such an approach is under active consideration by the Administration at this time should give all of us in the Congress reason to pause and reflect very seriously on the extent to which Circular A-76 should be implemented by the VA.

I also want to note that, with reference to this deferral of major construction funding, I will today introduce, on behalf of a number of Senators, an impoundment resolution disapproving the deferral in order to make clear that the Congress rejects this stated justification. I intend to press for swift Senate passage of this resolution to demonstrate our overwhelming opposition to the suggestion that there is an appropriate role for the concept of "mainstreaming" or "vouchering out" veterans' health care and I would welcome the cosponsorship of each member of the Committee. Frankly, I view this resolution as a true watershed—a continental divide, if you will—affording the Senate the clear opportunity at this critical point in the history of the VA health-care system, at this time of extreme budgetary constraints, to stand up and say, in an entirely bi-partisan way, that it totally rejects the notion that any part of the federal government should consider the dismantling of that system and the creation of a voucher system to replace it.

As I noted earlier, I look forward to the testimony today, and thank all the witnesses for participating in today's hearing.

CONCLUSION

Mr. President, I want to note that I do not consider veterans programs and benefits to be sacred cows. The Congress achieved spending reductions in veterans' programs through the reconciliation process for fiscal year 1981 and for fiscal year 1982 in the Omnibus Budget Reconciliation Act of 1982, and has worked and is working in other ways to achieve economies in VA programs, such as facilitating the sharing of VA and DOD health-care resources through the passage of S. 266, which I noted earlier. But the VA health-care system must be maintained, and I believe the Senate should go on record in that regard by registering its resounding opposition to deferral D82-140 which is premised totally on consideration of ways to eliminate the VA hospital system as we know it today.

Therefore, I strongly urge that the Appropriations Committee give this resolution speedy consideration and report it back favorably to the full Senate at an early date and that, at that time, the Senate take swift and decisive action to adopt it.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the texts of the President's October 23, 1981, message and of deferral D82-140 be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 72 deferrals of fiscal year 1982 funds totaling $482.9 million. I am also reporting two new proposals to rescind $88.2 million in budget authority previously provided by the Congress.

Seventy-one of the deferrals totaling $391.6 million represent the second in a series of messages that I am transmitting deferring fiscal year 1982 funds made available by the Continuing Resolution, P.L. 97-51.

These actions are being taken in accord with the stated intent of the Congress to provide minimal and temporary funding for the duration of the Continuing Resolution which expires November 20, 1981. As indicated in my last special message of October 20, I plan to restrain spending to insure that the Congress has the opportunity to enact regular appropriations for the entire fiscal year at levels that are consistent with my revised budget request.

Deferrals under the Continuing Resolution are included in this special message for the Executive Office of the President and 20 departments and agencies.

I am also reporting in this message a deferral of $91.3 million for Veterans Administration construction pending completion of a project review and two rescission proposals for programs in the Department of Defense that are consistent with amendments to the Defense budget sent to the Congress on October 15.

The details of each rescission proposal and referral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 23, 1981.*

[Deferral No. D82-140]

DEFERRAL OF BUDGET AUTHORITY

Agency: Veterans' Administration.

Appropriation title and symbol.

Construction, Major Projects 36X0110.[1]

OMB identification code: 36-0110-0-1-703.

Grant program: No.

Type of account or fund: No-year.

New budget authority (P.L. 97-51), $60,844,420.

Other budgetary resources, $786,528,000.

Total budgetary resources, $847,372,420.

Amount to be deferred: Entire year, $91,300,000.

Type of budget authority: Appropriation.

Justification: This account provides funds for the construction and renovation of VA facilities where the project cost exceeds $2 million. Amounts shown reflect a decision to defer contract awards through FY 1982 for five construction contracts (Chillicothe, Ohio, phased facility replacement; Washington, D.C. nursing home and parking garage; Long Beach, Calif. research and education addition; Palo Alto, Calif. surgical addition; and East Orange, New Jersey, facility renovation). This amount is deferred while the Administration reviews all Major Construction projects for VA medical facilities and considers alternative methods for providing readily available quality medical care for eligible veterans.

Estimated Effects: This deferral action may result in the delay of these projects while VA's medical facility construction program is being evaluated.

Outlay Effect: This deferral action will have the effect of shifting outlays by fiscal year as follows:

1982 into 1983 $7 million;
1983 into 1984 $31 million;
1984 into 1985 $42 million.

[1] This account is the subject of another deferral (D82-141).

● Mr. BRADLEY. Mr. President, the administration has proposed to defer $91.3 million in funds authorized and appropriated by law for major construction projects by the Veterans' Administration. I am pleased to cosponsor this resolution of disapproval and outraged that the administration intends to hold back expenditures voted by the Congress and needed by the veterans of our country.

Mr. President, there are two strong reasons why this referral of funds should not be allowed. The first is the commitment we as a people have made to the soldiers and sailors and airmen who have fought for our country on our behalf. These military men and women put duty to country before thoughts of self. We owe them a deep debt of gratitude, and we should not go back on our commitment to their health and welfare.

The second reason we should not allow this deferral of funds is our commitment to the soldiers, sailors, and airmen of the future. Many of us are eager to avoid the need to coerce young people into the Armed Forces. One way to encourage young people to volunteer to serve in their country's Armed Forces is to make military service worthwhile; make the experience challenging and exciting; pay soldiers, sailors, and airmen a decent wage; help those recruits who do not pick up marketable skills while in the military to go to college when they get out; and, finally, promise to care for them if they are disabled in the line of duty to their country. To the extent that we do not offer these encouragements, we make it more difficult to enlist volunteers, and we make the draft more likely.

Mr. President, the $91.3 million that the administration now proposes to defer would fund five major construction projects, one in Washington, D.C., two in California, one in Ohio, and one in New Jersey. This last project is a long-overdue and oft-postponed facility renovation at the 900-bed Veterans' Medical Center in East Orange, N.J. It would correct various fire and safety deficiencies and it would provide air-conditioning in the wards. Committees in both Houses of Congress, majorities in the full House and full Senate, and the President all agreed that this renovation is needed and justified. Now the administration wants to overturn that decision.

Mr. President, we have a commitment to military men and women who have served their country well in the past. We have an obligation to those young people

considering the benefits of service to their country. And we cannot allow the economic mistakes of this administration to be used as an excuse to overturn the judgment of the Congress.

I urge my colleagues to support this resolution of disapproval.●

SENATE RESOLUTION 240—RESOLUTION DISAPPROVING THE B–1 BOMBER

Mr. LEVIN (for himself, Mr. HART, Mr. PRYOR, and Mr. ROBERT C. BYRD) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 240

Whereas the B–1 bomber proposed by the President will have penetrating capability for only a few years after its initial operating capability; and

Whereas the expenditure of the tens of billions of dollars for the proposed B–1 bomber will delay the initial operating capability of the advanced technology bomber (commonly referred to as the "stealth" bomber).

Resolved, That the Senate does not favor the decision of the President announced on October 2, 1981, regarding the development of long-range combat aircraft.

SENATE RESOLUTION 241—RESOLUTION DISAPPROVING THE BASING MODE FOR THE MX MISSILE

Mr. PRYOR (for himself, Mr. LEVIN and Mr. EXON) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 241

Resolved, That the Senate does not favor the decision of the President announced on October 2, 1981, regarding the basing mode for the MX missile.

AMENDMENTS SUBMITTED FOR PRINTING

TREASURY, POST OFFICE APPROPRIATION, 1982

AMENDMENT NO. 623

(Ordered to be printed and to lie on the table.)

Mr. D'AMATO (for himself, Mr. ANDREWS, Mr. BURDICK, Mr. DIXON, Mr. DODD, Mrs. HAWKINS, Mr. LEAHY, Mr. LEVIN, Mr. MELCHER, Mr. MOYNIHAN, Mr. WILLIAMS, and Mr. SARBANES) submitted an amendment intended to be proposed by him to the bill (H.R. 4121) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1982, and for other purposes.

MENTAL HEALTH BENEFITS

● Mr. D'AMATO. Mr. President, I am submitting an amendment to the Postal/Treasury appropriations bill which will maintain what I consider one of the most important benefits for Federal employees—mental health benefits. We are all working hard to diminish Federal spending of the budget, and this necessitates we use the utmost wisdom in what we allow to be cut.

As most of you know, the Office of Personnel Management inherited a major economic shortfall. We know that OPM must work within its budget. We are not asking for money from the Federal Government. This is not a request for more benefits. My amendment says to Blue Cross/Blue Shield and the Office of Personnel Management to provide civil servants with mental health coverage that is equal and comparable to other medical coverage.

In hearings before the Postal/Civil Service Subcommittee on Monday, October 19, OPM reported that the Federal Government's cost for mental health is $100 million. This figure is misleading. I am not asking for an additional $100 million. I am saying out of the total Federal outlays for Federal insurance, the cuts should not primarily be made in the area of mental health.

The total cost of the Federal Employees Health Benefits Plan is $4 billion. Mental health benefits amount to 6 percent of the total cost—$240 million. Of the nine million civil servants, employees, and their beneficiaries, 5.2 million were subscribers of Blue Cross/Blue Shield in 1980; of this, 96,610 patients used mental health benefits. Blue Cross' total budget is $2.2 billion. Out of this figure, $165 million or 7.7 percent is paid out for mental health benefits, while $2.035 billion is paid out for other medical benefits.

During the negotiations between the Office of Personnel Management and Blue Cross, OPM requested a cut of 10 percent in benefit costs, or $200 million for Blue Cross. Blue Cross proposed a cut of 30 percent in mental health benefits ($45 million) and only 7-percent cut ($155 million) in other medical benefits. Retention of present mental health benefits is equivalent to a 2-percent reduction in other medical benefits. The American Medical Association is totally supporting my amendment, because the AMA believes in the principle that mental health coverage should be equal and comparable to the medical benefits.

My amendment only deals with Blue Cross/Blue Shield because it is the largest carrier, and it has the most civil servants subscribing. Blue Cross is the benchmark insurance company; Champus, which serves the dependents of military personnel, is tied by law to the benefit levels of Blue Cross. Many Federal employees have chosen Blue Cross because it offered good mental health coverage. The proposed limit of 50 visits for outpatient psychotherapy would be a hardship for a small percentage in need of intensive treatment, which needs unlimited visits.

As I have indicated in my communication with Members, this benefit has proven to be one of the most cost-effective investments for employers as well. Studies have shown that long-term psychotherapy or psychoanalysis, done by competent practitioners, results in decreased utilization of other medical procedures and hospitalization to an extent sufficient to offset the cost of psychotherapy. For every $1 put in mental health benefits, the Government gets back $2.50 to $5 in reduced absenteeism and higher productivity.

Blue Cross says that if they are the only carriers offering adequate mental health coverage, they will have everyone who wants this benefit flocking to them. Past experience clearly does not show this to have occurred. According to the Office of the Actuary of the U.S. Civil Service Commission, Blue Cross/Blue Shield's mental health outlay has been 6.8 to 7.7 percent of their total budget, steadily for the last 10 years. This same Office says that for every 1,000 claims processed by Blue Cross/Blue Shield, only 13.3 claims were for mental health.

My amendment is only a stopgap measure for 1 year to give the appropriate Senate and House committees an opportunity to review the whole OPM process of negotiating with insurance carriers. There is a need to have governmental comment and review, to have the negotiations open, and to include representatives of the Federal work force in the negotiations.

To my colleagues who have expressed a strong belief in allowing the competitive market to operate. I, too, believe in this. There are now almost 600 corporations which offer more extensive coverage than Blue Cross/Blue Shield, which currently provides the best mental health insurance for Federal employees. Walter B. Wriston, the chairman of Citicorp, has said that no business can afford to be without such insurance.

In the Federal Government, the Office of Personnel Management and insurance carriers, by law carry out negotiations in secret, thereby creating a situation which excludes market forces and allows the whims and philosophic beliefs of a few individuals to affect the lives of the many. The market cannot operate when the leader directs the insurance carriers to make their cuts in mental health.

I urge you to support my amendment to restore mental health benefits for Federal employees at a level comparable and equal to all other medical benefits.

Mr. President, I ask unanimous consent that my amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 623

On page 47, between lines 12 and 13, insert the following new section:

SEC. 617. None of the funds appropriated by this Act or any other Act shall be used for payments under any contract for Federal employee heatlh benefits with the Service Benefit Plan (Blue Cross/Blue Shield) for calendar year 1982 (1) which includes provisions for benefits for nervous and mental disorders which are not equal and comparable in every respect (including the length, frequency, and total number of visits permitted, the duration of treatment permitted, the coinsurance ratio, the deductible, and the total amount payable to any individual in such calendar year) to the benefits provided for such disorders under the contract for Federal employee health benefits with the Service Benefit Plan (Blue Cross/Blue Shield) for the calendar year 1981 or (2) which includes provisions for

benefits for such disorders for calendar year 1982 which exceed in any respect the benefits provided for the treatment of other medical disorders under any such contract for calendar year 1982.●

AUTHORITY FOR COMMITTEES TO MEET

ENERGY AND NATURAL RESOURCES

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, November 5, to consider the implementation of title I of the Natural Gas Policy Act of 1978, provided that H.R. 4144, the energy and water appropriations bill, is not under consideration, other than the vote to reconsider the vote by which the Bumpers amendment was tabled.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. BAKER. Mr. President, I have one unanimous-consent request that has been cleared by the distinguished minority leader.

I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Thursday, November 5, to hold a markup hearing on amendments to the Clean Air Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. THURMOND. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, November 5, to hold a business meeting to discuss the Texas Eastern Transmission Corp. Natural Gas Pipeline.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, GOVERNMENTAL AFFAIRS COMMITTEE

Mr. BAKER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate at 9:30 a.m. on Tuesday, November 10, to discuss international narcotics trafficking.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate at 9:30 a.m. on Thursday, November 12, to discuss international narcotics trafficking.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate at 9:30 a.m. on Friday, November 13, to discuss international narcotics trafficking.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON CRIMINAL LAW OF THE COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Criminal Law of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 12, to hold hearings on the exclusionary rule dealing with S. 101 and S. 751.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE THREAT OF LIBYA

● Mr. HART. Mr. President, for 12 years, Libya's Col. Mu'ammar Qadhafi has promoted war and international terror throughout the world but particularly in North Africa. Last week, in testimony before the Subcommittee on Africa of the House Committee on Foreign Affairs, Prof. I. William Zartman, head of the African studies program at John Hopkins University School of Advanced International Studies outlined the threats Libya poses for its African neighbors. He also raised some options the United States could pursue to curb Colonel Qadhafi's wicked terror, including the boycott of Libyan oil.

Last month, as an amendment to the foreign assistance bill, I proposed a ban on American imports of Libyan oil. Oil sales provide over 60 percent of Libyan Government revenues. As the largest single importer of Libyan oil, we have a special obligation to lead an international effort to end the Free World's support of Colonel Qadhafi. Although the amendment was narrowly defeated, it received strong bipartisan support. Dr. Zartman's testimony underscores the need for congressional enactment of this proposal.

I ask that Dr. Zartman's testimony be printed in the RECORD and I recommend it to my colleagues.

The testimony follows:

LIBYA: PROBLEMS FOR U.S. POLICY

(By T. William Zartman)

Libyan foreign policy today is the creation of the Libyan chief of state, Col. Mu'ammar Qadhafi, and stems from his messianic view of his role in his world. Qadhafi's world is Muslim. Arab, revolutionary and Saharan. Combining the first three elements—like the three circles of Nasser, whom he emulates—Qadhafi believes that the Arab world should be united and revolutionized by the application of modernized principles of Islam, embodied in the Third Way which he has laid out in his Green Book. While Qadhafi does not feel that he has been anointed by God to perform this task, he feels that it must be performed and that he has the insight and some of the means to do so.

There is much that is deeply humanistic in this Third Way; much that is wildly naive; it is a mixture of something old, something new, something borrowed from many revolutionary philosophies and something true to the original principles of Islam. In some ways Qadhafi is a typical Islamic fundamentalist, in that he finds his faith and basis in Islam, and in fact has tried to convert many of Africa's heads of state to Islam when he visits them. In other ways, he is far from the percepts of fundamental Islam, in that he follows his own recreation of religions principles as a guide for religious revolutionary modernization distinct from capitalism and communism. Qadhafi is deeply and fundamentally anticommunist in his beliefs, although this does not prevent his making common cause with communist states.

The ideas of a madhi (messiah) as a renewer of Muslim faith among his people and a restorer of greatness to the Arab Muslim community through reattachment to fundamental principles is not new in Libya, where resistance to the Ottoman Empire grown dissolute and the foreign imperialism of Mussolini was led by a major fundamentalist sect established in Libya, the Sanussiva. Qadhafi's revolution in 1969 overthrew the Sanussi monarchy but Qadhafi can be clearly seen in a national tradition; indeed, Libya's has a longer history of mahdis than it has of monarchs. This is not to say that any ruler of Libya would see foreign policy goals as Qadhafi does. Libya's foreign policy under King Idris, the Sanussi monarch, was timid, moderate, Western-oriented, and uninterested in Arab unity or revolution. But it does indicate that Qadhafi's style of leadership fits the nation and the nation follows Qadhafi, particularly when his coming to power coincides with an oil boom that has brought broad economic benefits to Libya's small population (3 million people with a per capita income of $8,000).

The Saharan bent of Libyan policy is more special. It is not found in the Green book, and seems to be a later discovery; during Qadhafi's 1972 visit to Mauritania, he discovered that his own Saharan origins were similar to those throughout the area and subsequently he has come to realize that the whole Saharan-Sahelian region is a vast power vacuum, vacant for the filling. This region includes the Western Sahara, Mauritania, Mali, Niger, Chad, Sudan, and—geographically at least—southern Algeria.

Out of this general orientation there is probably no grand plan for a foreign policy, anymore than any state can afford to have a grand plan in this complex world. At best there is a notion of opportunities to be seized, directions to face, and further opportunities to develop. Some of these are clear in Qadhafi's case. He is interested in developing a general policy orientation on the part of other states, favoring Arab unity, the destruction of Israel, the defeat of the North and particularly the West, and the reconstruction of Arab Muslim society. He is concerned with creating a territorial base for these objectives, uniting rich underpopulated Libya with other contiguous countries which will give it a better source of strength from which to pursue his policy objectives. And initially he was driven, above all, by a desire to free Libya, his first base, from all forms of foreign control and influence, so he could be master in his own house. Lately, Qadhafi has been fascinated by the notion of choke-points, and has focused at strategic nexi—straits, geopolitically significant locations—as he plans his strategies.

In these goals, Libya only expresses—sometimes in extreme terms—ideas that are common to many parts of state and society in the Middle East. His style may be extreme and his tactics those that more "respectable" states avoid, but Qadhafi often expresses themes which are felt more widely and in ways which are regarded as daring. Like the student revolt that turns passive onlookers into sympathizers when it can claim police brutality, Qadhafi can gather more sympathy for his ill treatment at the hands of the West than he can for his original demands or actions.

In carrying out his policy, Qadhafi has one major means—money. Other than its glut of loose cash to be spent on foreign adventures, Libya has no other foreign policy resources. Its army is relatively small—no more than 40,000. Its position and prestige in the Arab world and Africa is low in the ranks of power. Its population is not only small but chronically deficient in skilled cadres, to the point where Libya is a major importer of skilled labor and white collar workers from other Middle Eastern countries. But Libya has money to buy arms, float others' budgets, buy off diplomats, train subversives, and bankroll allies domestic and foreign needs.

Libya was quite successful in its initial goals: elimination of foreign bases, take-over of foreign oil companies, reorientation of foreign policy. On its second level of activities since the early 1970s, it has generally been a resounding failure. In his attempt to unite with other major Arab states, including the heartlands of the Arab world—Egypt and Syria. Qadhafi failed: The four-part union with Sudan, Syria, and Egypt, the tripartite union with Syria and Egypt, the dual unions with Egypt and then with Tunisia, all in the early 1970s, and then the dual union with Syria in 1980 all died without consummation. The merger with Chad has been denied and arrested in the face of a strong reaction from Africa and the outside world. Nearly a dozen states in the world, most of them in Africa, have expelled the Libyan embassy or broken diplomatic relations with Libya in the last two years when the embassy was turned into a people's bureau, outside of diplomatic conventions and always devoted in part to internal subversion. But Libya's policies do not stop at these failures. Despite its renunciation of support, Libya continues to stand behind the PoLiSaRio in the Western Sahara; it continues to occupy Chad with 6,000-10,000 troops; it trains subversives, plans infiltrations and/or claims territory from Niger, Sudan, and Mali; and it has entered into a treaty with Ethiopia and South Yemen which, if implemented, can put strains on moderate countries and upset gradual accommodations in the Red Sea region.

Libya is a threat to Sudan. While it is unlikely that it will be able to stretch its logistics to the point of marching or driving to Khartoum, it is capable of continuing a flow of subversives into Sudan both as politically-trained bands and through Sudanese workers returning from Libya to Sudan and it can urge and subsidize Ethiopia to develop the same kind of subversion from the south against the Sudanese regime. Libya can also continue to bomb Sudanese territory along the Chadian border and gradually nibble away bits of Sudanese territory, humiliating the Sudanese army or provoking it into a war of attrition far away from the borders of Libya. Libyan activity on the border with Sudan is now justified as support for the Transitional National Union Government of Chad under Goukouni Weddei against the rebellion of Hissene Habre: it is not certain that the campaign against Sudan would stop if Sudan and Egypt ceased supporting Habre. It should be noted that Libya is capable of doing serious damage to the Sudanese economy by attacking the oilfields which have just opened between the border and Khartoum.

Libya is a threat to Chad, or at least the northern two-thirds of the country. Libyan troops are now occupying Njamena and points throughout the country north of about the eleventh parallel. While Goukouni has stated that he would ask the Libyans to leave when they are replaced by an Inter-African Force. Goukouni is weak and has been threatened by the Libyans; he is also replaceable by the Libyans' more favored candidate, Foreign Minister Acyl Ahmat. The merger with Chad is a reaction to the failure of earlier unification schemes; Libya cannot unite with a coherent state structure, such as Tunisia, Egypt, or Syria, but it can attempt to take over a territory whose state and government has collapsed, as in Chad. If Chad does not provide Libya with a central base in the Arab world, it does put it in a position to continue its subversion of other African and Saharan states.

Libya is also a threat to Niger, Mali and Morocco. It has placed troops in the northern corner of Niger, which it claims by an unratified 1934 colonial treaty (the same treaty which gives it its claim to the Aouzou strip of northern Chad), has made threats against the moderate stable government of Sevne Kountche, and supports the son of former Nigerois President Hamani Diori and his followers as a subversive movement. Niger is rich in uranium, which it has sold to Libya in the past, but control of the Nigerois mines would give Qadhafi his own source. Libya also supports some Malian dissidents and a Liberation Front for Southern Sahara, and with the PoLiSaRio occupies the northern corner of Mali. Libya has been the supplier of 80–90 percent of the PoLiSaRio arms over the past two years, including the missiles which were used in the recent attack on Guelta Zemmour from Mauritania and which has gravely endangered the OAU referendum process in the territory. The PoLiSaRio is an irredentist guerrilla group which has on occasion claimed southern Morocco and Mauritania, as well as the former Spanish Sahara, has laid a heavy burden on Morocco through its six-year war, and has envenomed Moroccan-Algerian relations which were earlier on a path of reconciliation.

Finally, Libya also poses a territorial threat to Algeria, even though the two are united by a 1975 treaty of Hassi Messaoud. Algerian and Libyan army units have on occasion met along the border at points claimed by Libya by the same 1934 treaty.

Libya is its own master in these adventures; it is not the tool of the Soviet Union, although the two countries are often on parallel paths, are useful to each other, and serve each other's interests. There are no Soviet bases in Libya as yet. The Libyan arms build-up is a purely commercial relation, an exercise in market economics in which Libya can buy and Russia can sell. Although the two regimes are very different, their alliance of convenience is becoming closer, however, and too strong direct pressure on Libya could push it to ask for more direct Soviet protection. In view of the Soviet reluctance in the past to move in direct support of Egypt, a much more valuable country, one might suspect an even greater reluctance to engage directly in support of Libya; however, Libya with its vast territory and low population could be easier to use and control than Egypt, if the Soviet Union were able to find an ally among the Libyan leadership who was ideologically closer to them than is Qadhafi.

American policy has a number of options through which it helps contain Qadhafi without making such a public target of him that his punishment wins him broader Arab or Russian support.

1. Qadhafi's weapon is a glut of oil money: this can be stopped by a Western agreement to suspend oil purchases. Action must be concerted. Libyan production is down to 300,000–500,000 bpd, the lowest level it can reach (from a previous level above 2 million bpd) without the pipelines waxing over. Suspension of purchases will not remove presently accumulated funds but it will prevent further accumulations. Libyan support for the Chadian treasury, for example, has now dropped seriously compared with early 1981, weakening its position.

2. Neighboring countries' defenses can be shored up, not only in military terms but also economically. In its foreign assistance recommendations, this Subcommittee has already underscored African economic needs. If Qadhafi's attempts to destabilize its neighbors fail, his list of failures grow, forming his reputation.

3. In 1982, Libya will host the 19th OAU summit and Qadhafi will be OAU president for a year as well as chairman of the Saharan Implementing Committee. The OAU has found it hard to undo an accepted invitation, and has precedent from 1965 for using such an occasion to pressure the host good behavior. The US can urge such a move on the OAU Council of Ministers, particularly specifying a withdrawal from Chad in accordance with earlier OAU resolutions as a condition for meeting in Tripoli.

4. The US can give active support to the French policy of strengthening Goukouni to call for withdrawal of Libyan troops from Chad and preparing an InterAfrican Force to take their place. Logistic support, financial support and political counsel are elements that the US can bring to this policy. The Habre option should be dropped in the process: Habre is an unattractive candidate, even if a stronger personality than Goukouni.

5. The US can help move along the OAU referendum in the western Sahara, whether the PoLiSaRio wants to participate or not. There are many technical problems to be worked out, despite the immense progress already made. The means for ending the war, removing the military burden from the Moroccan economy, and restoring a situation propitious for cooperation in the Maghreb is already indicated, and the end of the suspended decolonization process means an end for Libyan interference in the area.

6. These hearings are not directed toward any immediate legislation, but there is legislation soon to appear before this Committee which has real relevance to American interests, positions and knowledge of the area. The revised State Department authorization bill, providing funds for the USICA, emasculates the 35-year old Fulbright Program and other cultural exchange programs. The Fulbright Program has sent about 4 scholars per year to Sudan in recent years, another 6–10 scholars to Egypt, a number of individuals to Tunisia, Algeria, CAR, and other countries in the region, and is preparing a new expanded program for Morocco. Whether these scholars are in social sciences or in some other field, they become a national resource of knowledge about the region, an area whose importance is suddenly thrust upon us and about which we are shamefully ignorant. The proposed budget cuts would concentrate on third world programs, eliminating educational contact with this very region. If this Subcommittee has witnesses to testify today, it is because they have benefitted from Fulbright scholarships to the region. There is no other organization, and certain no private organization, that can replace these educational exchanges if interrupted. These proposed reductions are not in the national interest.●

INTERNATIONAL DRUG TRADE

● Mr. ROTH. Mr. President, over a 5-day period beginning November 10 the Permanent Subcommittee on Investigations, which I chair, will examine in detail the $100 billion international drug trade and its profound effect on our society. There is no facet of American life today which is exempt from the consequences of illegal narcotics. The flow of "narcobucks" to key import States such as Florida, Texas, and California grossly distorts these States' economy and stability. Violent crime is explicitly associated with the immense quantities of drugs moving into the United States.

And, most importantly, a generation of our youth may bear the physiological and psychological ravages of drug usage—effects we cannot yet fathom—for years to come.

These observations, Mr. President, do not come as a revelation to most. Many of us have read or heard from others about the devastating impact of drugs. Others know of drug dependency and its destructiveness from personal experience.

The Permanent Subcommittee on Investigations has long been at the forefront of examining illegal narcotics trafficking. The Federal drug enforcement effort was reviewed in 1976 under the chairmanship of Senator HENRY JACKSON. PSI's current ranking minority Member, Senator SAM NUNN, chaired hearings in 1979 to explore the relationship between drugs and organized crime, and showed at that time that drugs and crime together rank as a serious national domestic problem.

When I became chairman of the subcommittee last March, I expanded our work to include an examination of drug source country problems, the performance of U.S. treaty obligations, and international financial operations of drug smugglers and distributors. To assess, first-hand, source country situations our subcommittee staff traveled to South America—Colombia, Brazil, and Peru, Jamaica, and the Far East—Japan, Malaysia, Hong Kong, Burma, and Thailand.

Our investigation of the past year indicates that drug imports continue to rise in the face of our law enforcement trafficking are more sophisticated, and that the impact of drugs on the lives of American citizens is more pervasive than has been realized.

Mr. President, I can recall vividly that when we first announced the war on drugs more than 10 years ago we naively believed we could lick this problem. Instead, the ensuing battles have left us drained as the flow and usage of drugs continues to spread. This is the message we want to bring to the American public at our hearings—the narcotics war, far from over, calls for new tactics based on our understanding of the enormity of the problem.

The numbers involved in narcotics trafficking, Mr. President, are beyond comprehension. First, there is the amount of drugs brought into the country last year—as much as 50 metric tons of cocaine, an estimated 15,000 metric tons of marihuana, and perhaps as much as 4 metric tons of heroin. Even more mind boggling is the retail value of this quantity of drugs, all of it paid out in hard cash.

Within one 10-day period in February 1981, law enforcement officers from State agencies confiscated over 1,300 pounds of cocaine with a street value of $100 million. In another raid this year, Florida law enforcement officers uncovered a drug organization which brought an average of one to three loads of marihuana per week into the State. Each load averaged 40,000 to 80,000 pounds of marihuana with a street value of $500 per pound. Estimated per load value was placed at $20 to $40 million.

There are business costs to smuggling drugs. Cocaine production and marihuana harvesting overseas are labor intensive activities. Expensive planes and large trucks are used to transport narcotics. Unregistered airstrips may be bought, or airport personnel have to be bribed.

Other foreign and domestic government officials also want their palms greased by the traffickers. Pilots, mechanics, drivers, cargo loaders, and runners have to be hired. Warehouses must be acquired.

But after all of the business expenses have been tallied, unbelievable amounts of money are netted as profits of the trade. And these profits represent an enormous power which may be used to corrupt and control large segments of the economy.

All of this cash, literally tons of $20 bills, is plunked down casually for expensive cars or large tracts of real estate, or it is funneled out of the country to offshore tax havens.

Indeed, a sophisticated international banking system has evolved as a means through which black market money exchangers can convert drug dollars to "laundered" currency more desirable to traffickers. The Dallas Morning News, in a story datelined October 18, 1981, reports that Federal investigators have identified about 2,000 Texas businessmen, conmen, and couriers who they suspect are using the Grand Cayman Islands to hide or launder money.

The article further notes that an estimated $500 million is exported yearly from this country to the Caymans.

One kingpin of the new breed of money changers who launder and invest smuggling money, Isaac Kattan, was recently arrested in Florida with $17,098 in cash, $330,000 in cashiers checks, and a letter from a brokerage firm discussing a $1.2 million wire transfer to Switzerland.

In the condominium from which Kattan operated agents found an Apple computer, a Western Union telex machine, and five high-speed money counters with counterfeit bill detectors.

It is estimated that Kattan was laundering $100 million a year for a dozen drug rings—and every penny of that amount represents untaxed revenue.

Reconstructing the trail of drug money is a tedious, complicated investigative task. But a crackdown on smugglers' financial manipulations serves a twofold purpose: If we can confiscate a dealer's assets we can successfully diminish the profit motive of the trade, and at the same time we may also force smugglers to use more overt methods to divest themselves of their assets. Physical transportation of such huge amounts of cash is more dangerous and it also increases vulnerability to capture.

Violence is an inevitable consequence of drug smuggling. Murders occur during the smuggling operations or in tandem with "ripoffs" by rival drug rings. Violent retribution for alleged offenses against a narcotics organization, or to protect the group from disclosure and police action, happens frequently.

The illicit narcotics trade with its immense profits only serves to fuel the machinery of organized crime. Other criminal activity, too, is generated by the smuggling business.

Passports obtained under false identities are tied to the lucrative drug trade—traffickers have been apprehended with several passports under fictitious identities.

Presumably, identify switches coincide with traffickers' plane changes.

My concern over the use of false passports and counterfeit visas to facilitate narcotics trafficking has led the subcommittee staff to begin a comprehensive investigation into black marketing of Federal identifiers.

I believe the misuse of all types of Government identity cards will also prove to be a costly Government fraud perpetrated on the American taxpayer.

We pay a grave social price for narcotics trafficking, an expense not easily measured in dollars. No social stigma is associated with drug usage. On the contrary, drug ingestion enjoys the social approval of many. It is absolutely frightening that there is this increasing social acceptance of drugs even though there is no medical evidence to support such acceptance. Potential ill effects of drugs, passed along to the unborn generations, is very real. So is the specter of a society weakened by apathy, paranoia, and confusion.

There is a growing body of medical knowledge documenting the harmful effects of prolonged drug use: alteration of brain functions, brain damage, behavioral changes, formation of cancerous lesions on lung tissue, as well as changes effected on the reproductive and cellular processes and the immune system.

Is this the legacy we want our children to leave their children? The easy availability of drugs in our public and private schools is shocking.

As sad a commentary as it is, it may be that the ABC's of drug dealing is the only lesson uniformly learned in our schools.

Mr. President, during our 5-day hearing we will explore all of these issues. We will hear testimony from convicted drug traffickers about their smuggling operations as well as their financial manipulations. Administration witnesses will delineate current and planned efforts to combat drug trafficking.

We will hear testimony about the "Yakuza," a Japanese organized crime group which trafficks in heroin. Additionally, the current U.S. Ambassador to Colombia and the former Ambassador to Peru will appear to testify about drug trafficking in source countries.

By holding these hearings, my colleagues on the subcommittee and I hope to move against public apathy about the flow of narcotics to this country and explore ways of coping with the problem through remedial legislation and program changes.●

REGULATORY BUDGETS

● Mr. LEAHY. Mr. President, I place in the RECORD today a letter from the chairmen of the Committees on Energy and Commerce and the Subcommittees on

Energy Conservation, Health, and Telecommunications to President Reagan warning him of the harmful effects of cuts in regulatory budgets of agencies under their jurisdiction.

I compliment these gentlemen for bringing these matters to our attention. Sweeping changes in the activities of the regulatory agencies should not be made through the budget and appropriations process.

The letter follows:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, D.C., October 26, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We feel an obligation to warn you of the serious consequences of this Administration's single-minded pursuit of an additional 12 percent budget cut and reduction in Federal regulatory responsibilities.

While we are not in agreement with many of your regulatory goals, our present concern is that the course the Administration has set with its most recent initiatives will be damaging to your own cause and will result in regulatory chaos.

For example, reduction in the staff and operating budget of the Nuclear Regulatory Commission must necessarily slow down the processing of applications for nuclear power plants, thus frustrating your recently announced policy of assisting the nuclear industry. Should the NRC endeavor to speed up processing in the absence of adequate resources, the likelihood of failure to detect serious problems (such as the defect uncovered in the Diablo Canyon Plant earlier this month) would be materially increased and would entail potentially serious consequences for the development of the nuclear industry which you seek to promote.

The danger we foresee resembles the results of the Administration's single-minded pursuit of budget cuts and tax reductions earlier this year. The deficit projected as a result of enactment of these programs has undermined the confidence of the financial community in the Administration's economic recovery program and helped to throw the nation into its current recession.

The hazard of your present course is increased by the fact that you have not yet sent to the Congress any specific proposals to alter the basic statutes creating and governing the regulatory agencies whose programs will be restricted by the new budget cuts and regulatory changes. This means that the cuts will be effected without the legislative authority required by the Constitution and that many agencies will be quite unable to carry out statutory requirements. Aside from the Constitutional questions that are involved, there is almost unlimited potential for complicated and protracted litigation, which could paralyze important duties of the government.

This can only further impede economic recovery and, like the deficit dilemma you now face, will not be easy to resolve.

We want to take this opportunity to alert you to some of the types of problems we foresee in regard to the effect of this present program on the independent regulatory agencies which are under the jurisdiction of this Committee and with which we are most familiar:

SECURITIES AND EXCHANGE COMMISSION

The financial community, the confidence and strength of which is vital to the success of efforts to restore the health of the United States economy, relies upon the Securities and Exchange Commission to protect corporations, the capital markets and the investing public from financial marauders and deceptive and manipulative practices. Prior to the SEC's creation, irregularities in the securities markets inflicted major financial losses on large and small investors and seriously disrupted the nation's economy periodically. It is largely as a result of the SEC's actions that the United States' markets enjoy an unparalleled reputation throughout the world for stability and integrity. Cuts on the order you proposed could not be accomplished without very severely undermining—and perhaps crippling—the effectiveness of the Commission.

Because the Commission's expenses are largely for personnel, a 12 percent reduction in the Commission's budget will reduce its personnel by approximately 20 percent. This will eliminate even selective SEC review of corporate proxy filings (7,184 in FY 1981) and periodic reports (38,000 in FY 1981), reducing investor protection and overall confidence in the nation's securities market.

With reduced staff, the SEC will be unable to review, or will be delayed in reviewing, the documents needed for fast-moving tender offer transactions (205 in FY 1981), which are of vital importance to the companies involved, their shareholders, and the investment community. The result will be protracted litigation, costly for all parties, who will have been deprived of the assurance provided by SEC's prior review procedures.

The office which responds to investor inquiries and complaints will be closed and Commission field office structure will be constricted, increasing inconvenience and costs for issuers and particularly small businessmen who have benefited greatly from the convenience and economy afforded by the use of the Commission's regional offices.

The Commission's programs to aid small businesses will have to be curtailed or shelved indefinitely.

A 15 percent reduction in enforcement activity will adversely affect capital formation since only a public that believes the markets are honest and well-policed will risk its money in them.

Any action that reduces the resources of the SEC will also reduce receipts by the U.S. Treasury. Between 1970 and 1981, the SEC has returned between 42 and 73 percent of its annual expenditures through collections of filing and transaction fees.

In short, crippling the SEC can only serve to undermine your economic recovery program and burden the community whose interests you seek to help.

NUCLEAR REGULATORY COMMISSION

At Secretary Edwards' press conference on October 8th, NRC Chairman Nunzio Palladino said:

"Between now and the end of 1983, we will expect to issue some 33 operating licenses. And this will represent approximately a 50 percent increase in the number of operating nuclear power plants by that time. So, it will be an unprecedented pace of licensing and we will have to do a careful and professional job to make sure that we are consistent with our mandate to protect the health and safety of the public."

And Secretary Edwards himself said, "There will be no sacrifice of safety or environmental aspects as we move ahead to license these plants."

The confidence of investors and of the public in nuclear energy has been badly shaken in recent years. Your October 8th announcement of a new nuclear policy apparently was designed, at least in part, to overcome that lack of confidence. The proposal to cut $45 million from the Commission's budget, at a time when your stated goal is to "streamline the nuclear regulatory and licensing process" is internally contradictory: fewer staff people and a smaller budget are unlikely to bring quicker licensing of new power plants unless all that is intended amounts to an indiscriminate rubber stamp approval of any license application. Since 1976, the Commission has never licensed more than six plants in any one year. To propose licensing of 16 plants—many much larger and more complex than earlier plants—will require the Commission to increase its work output by 37 percent. Even at present funding levels such acceleration cannot provide adequate protection of public health and safety.

The $45 million cut you propose in the NRC budget will require reductions in personnel and contractor services. This can only slow down the processing of licensing and probably impose further limits on the adequacy of the protections afforded. Obviously such a program will neither help the nuclear industry nor increase public confidence. In fact it is likely to have quite the contrary result in both cases.

The proposed budget cuts are equally counterproductive in another important aspect of your nuclear policy: developing safe and publicly acceptable nuclear waste depositories. If the NRC lacks the resources to develop standards and guidelines for waste disposal, the Commission will be unable to provide the Department of Energy with the guidance required by law for the location and construction of waste facilities.

The EPA is another area where your proposed cuts work against your stated nuclear policy goals. Until the EPA sets standards for off-site radiation levels, the Nuclear Regulatory Commission cannot possibly finalize standards for on-site discharge levels; this is especially true in the case of uranium mill tailings, where the EPA is already three years late in promulgating standards.

In sum, cuts in the budget of the Nuclear Regulatory Commission can only frustrate your avowed goals of restoring the health of the nuclear and utility industries. And the cuts will do nothing to restore confidence either in nuclear energy as an investment or as it affects public health and safety.

FEDERAL ENERGY REGULATORY COMMISSION

The Federal Energy Regulatory Commission, formerly the Federal Power Commission, was established in 1920 and was intended to halt abuses and shorten delays in the development of hydroelectric power projects. The Commission's mandate was subsequently enlarged to deal with abuses and adverse monopolistic practices in the electric and gas utility industry, and to protect companies engaged in providing those utility services to the public. The benefit to such companies, as well as to the public, over the past 61 years has been amply demonstrated.

In recent years, the Commission has suffered a considerable backlog in its cases, and this Committee has tried to help the Commission to achieve its goal of reducing that backlog.

We would like to point out that, even with your regulatory reform goals, the Commission appears unlikely to be able to achieve both the reduction in its case backlog and to continue to carry out its statutory responsibilities. Even if you were successfully to accelerate the deregulation of natural gas prices, FERC will retain considerable other responsibilities—in the natural gas area, as well as in oil pipeline regulation, electric utility rates in interstate markets, hydroelectric licensing and dam safety.

As Commission Chairman C. M. Butler III wrote to your Director of the Office of Management and Budget on August 11, 1981:

"This Administration has placed high priority on areas of reducing regulation and increasing reliance on free market forces. There is great potential to achieve significant deregulation in the natural gas area in the next several years. However, the Federal Energy Regulatory Commission has before it other burgeoning problems."

In a subsequent letter to Energy Secretary Edwards, dated September 14, 1981, Mr. Butler stated:

"I should note that the Commission's FY 1983 request does not account for significant cost increases which could result if Congress passes pending regulatory reform legislation. Specifically, one such proposal would require agencies to prepare a regulatory impact analysis assessing the costs and benefits of major rules. If this proposal becomes law, the Commission may have to request a budget amendment to cover the additional costs of performing such analyses."

It is highly unlikely that the Commission will be able to function properly and carry out its statutory responsibilities if its budget for fiscal year 1982 is now further reduced by 12 percent. A substantial portion of the FERC budget is dedicated to salaries, and it will be highly disruptive of the Commission's activities if there is now a significant reduction in staffing levels. Again to quote Chairman Butler in a letter of October 22, 1981:

"Preliminarily, it appears that since about 80 percent of the Commission's budget is related to personnel in the form of salaries and direct administrative support, I may be forced to implement a reduction in force of some 150 positions. A RIF [Reduction in Force] of that magnitude could severely impact the Commission's ability to perform its roles and missions at a time of increasing workload. It would also materially and adversely impact our ability to continue to reduce workload."

To pursue the goals of efficient regulation and the restoration of the economic health of the utility industry, by reducing the budget and staff of the very Commission able to help achieve these goals, seems feckless.

FEDERAL TRADE COMMISSION

Fundamental to your reliance on the free market is adequate antitrust monitoring and enforcement to assure that there is fair competition in the marketplace, with adequate protections for the small businesses which provide 80 percent of the new jobs and much of the innovation to create new products and services.

The additional 12 percent budget cut in 1982 would leave the Commission with less than two-thirds of its enforcement capability of recent years, significantly cutting resources available for enforcement of the Robinson-Patman Act prohibitions against price discrimination, the Clayton Act prohibition of anticompetitive mergers, and investigations of anticompetitive problems in the food, energy and health care industries.

The cut would effectively eliminate the ability of the Commission to analyze and provide comment on the economic and competitive impacts of regulations promulgated by other agencies.

There will be a 50 percent reduction in personnel to staff the regional offices of the Commission, four of ten offices will be eliminated and the others would be reduced significantly in average size, thus cutting their level of effectiveness. These cuts will eliminate much of the agency's ability to respond to local small business complaints, to advise local businesses of their rights, to assist state enforcement, and to investigate and initiate law enforcement actions.

These serious reductions in the nation's basic agency for enforcing laws against abuses in the marketplace would take place during a period when deregulation of business activities and economic hard times will make anticompetitive practices more likely.

FEDERAL COMMUNICATIONS COMMISSION

Many of the new private sector jobs needed to fulfill your promise to put America back to work will come in the communications industry, a major growth industry in today's sagging economy. Communications accounts for $150 billion sales annually in the United States and over 10 percent of U.S. foreign exports. The FCC has statutory responsibility for dealing with the new developing technologies in this industry, which will contribute to an increase in the GNP and produce new jobs. At current budget levels it has lacked the resources to deal with important new developments such as the promotion and licensing of low-power TV stations, Direct Satellite Broadcasting and Cellular Mobile Radio.

An additional 12 precent budget cut will reduce the FCC staff by almost 20 percent in FY 1982, from 1,941 to 1,566. This will further impede processing of basic applications and delay actions necessary to promote profitable new technologies and services.

In addition, the FCC has issued a series of decisions to reduce regulation and allow new competition in existing services. According to a recent GAO report, this has created a need for the Commission to expand its resources to assure fair competition—a need which will increase materially if Congress reforms the 1934 Communications Act, as your Administration has strongly urged.

INTERSTATE COMMERCE COMMISSION

The ICC is a major proving ground for the effort to reduce government regulation and give the forces of the free market greater rein.

A major responsibility facing the Commission is the implementation of the Staggers Rail Act of 1980, which provides for the orderly deregulation of the railroad industry. An additional 12 percent cut in the ICC's budget would require cuts of up to 300 of the Commission's 1,600 staff positions. This in turn will delay the rulemaking and studies mandated by the Act and necessary to effect its purposes. Such delays will embed inefficient and archaic regulations and prolong ratemaking, merger and abandonment proceedings. The result will be to delay the return to financial health of much of the railroad industry. In particular, such delay will be a major obstacle to Conrail's drive for self-sufficiency and unnecessarily prolong its dependence on Federal government subsidy. This would be directly contrary to your Administration's policy with respect to Conrail and add significantly to the 1982 budget deficit.

CONSUMER PRODUCT SAFETY COMMISSION

You may remember that your Administration's earlier proposal to abolish the Commission was opposed by many industries, first, because they need Federal preemption to protect them from State and local regulatory forays and, second, because the Commission's regulations can protect ethical manufacturers from unfair competition by assuring that all competitors are required to adhere to consistent and adequate safety standards.

Earlier budget cuts have already resulted in longer delays and increased costs for industries involved in regulatory proceedings and product defect investigations. For example, the Commission announced last week a 130-day further delay in reaching a decision on a proposed rule which could ban the use of Urea Formaldehyde Foam (UFF) (16 CFR 1306) in home insulation; this a proceeding, which has been underway since 1976 and casts a shadow on the business of approximately 19 manufacturers and 1,500 to 2,000 suppliers of the product.

Detection of product defects in advance of accidents and injuries helps to protect industry from costly product liability suits. Last year product defect investigations by CPSC led to the voluntary recall of 24 million products.

Your additional 12 percent budget cut would slash the CPSC staff by two-thirds, from 650 to 219 positions, and cripple programs which are beneficial to both industry and the consumer.

These are only a few examples of the regulatory problems that must be addressed promptly in the interests of preserving orderly government. We urge you to consider these problems now before this program, too, gets out of hand and throws additional roadblocks in the path of national economic recovery.

We wish to make it clear at this point that this letter is not motivated by any altruistic desire to help you implement your programs. We support responsible spending reductions and regulatory reform, such as that initiated in the Staggers Rail Act, which was enacted under a prior Administration. But, as we stated at the beginning of this letter, we oppose many of your specific proposals as damaging to the interest of the general public. Our concern in this letter is to point out to you that your proposals are also dangerously disruptive to orderly and responsible government and will benefit nobody. We have not restated our concern over the devastating impact your proposals will have upon the consumers of this nation, the ordinary citizens who have become so accustomed to these protections that many are not conscious yet of what they will lose under your program. This point has been made forcefully and repeatedly to representatives of your Administration and they have indicated an understanding of the effects of the program and a willingness to accept responsibility for them.

We stand ready to provide whatever additional information or guidance you may need in coming to grips with these issues and will give careful consideration to any specific legislative proposals you make make.

In view of the very serious nature of the matters involved and the fact that the proposed cuts are either already in effect or imminent, we respectfully and urgently request that you respond at your earliest convenience.

Thank you for your attention to this matter.

Sincerely,

JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce,
RICHARD L. OTTINGER,
Chairman, Subcommittee on Energy Conservation and Power.
HENRY A. WAXMAN,
Subcommittee on Health and the Environment.
TIMOTHY E. WIRTH,
Chairman, Subcommittee on Telecommunications, Consumer Protection, and Finance.●

ANTI-SEMITISM IN THE SOVIET UNION

● Mr. HEINZ. Mr. President, in addition to the other testimony from the October 6 hearing on anti-Semitism in the Soviet Union already printed in the RECORD during the past few days, I would like to submit the statements of the panel of witnesses that reported on their experiences while visiting the Soviet Union. With the aid of Rev. John Steinbruck, Father Eugene Brake, and Dr. Israel Kugler, we were all able to obtain the benefits of firsthand accounts of the prevailing conditions in the Soviet Union.

Reverend Steinbruck is the pastor of the Luther Place Memorial Church here in Washington. Father Brake, an oblate of St. Francis de Salles, has been stationed in a number of positions ministering to Washington's poor and hungry. He currently serves as chaplain at the Lorton Reformatory. Both individ-

uals have long been active in Soviet Jewry advocacy efforts in the United States. Furthermore, both Reverend Steinbruck and Father Brake had the opportunity to travel in the U.S.S.R. during 1979 where they were able to visit with members of the refusenik movement in Moscow, Kiev, and Leningrad. It is from this particular experience that those present at the hearing were able to benefit.

Dr. Israel Kugler is professor emeritus of social sciences at the City College of New York and the former president of the United Federation of College Teachers. Dr. Kugler serves as the national president of the Workman's Circle and is on the National Administrative Committee of the Jewish Labor Committee. He has served on the staff of the Association of Jewish Publishers at the International Book Fair in Moscow in late August and early September of this year, and was able to visit people in several different Soviet cities including Minsk and Kiev.

Mr. President, I ask that the testimony of Reverend Steinbruck, Father Brake, and Dr. Kugler be printed in the RECORD.

The testimony follows:

TESTIMONY OF REV. JOHN STEINBRUCK

Mr. Chairman, the experience of being in the Soviet Union is one very difficult to articulate. From the moment we left Helsinki we felt as if a darkness had come over us. That feeling did not end until we re-emerged from the USSR.

There were many incidents that we experienced that are instructive of conditions in the Soviet Union. Kiev stands out in my mind because it is the location of Babi Yar. It is also a centerpiece of historic anti-Semitism in the Soviet Union. We visited there, unannounced, a family named Tzitverblit. It's a very sad family. The father, I think, began to suffer great guilt that because of his application to emigrate he had brought great suffering to his family. His wife is very sick. She has cancer of a kind for which medical help can only be found in the West.

The night we visited him he called his son, Naftaly, into the room. The night before, on his way back from religious studies, he was intercepted on the way back to the apartment. He saw someone in the bushes, ran for the small entranceway to his apartment and there two KGB thugs seized the child, beat him severely—a very frail 16-year-old child named Naftaly. They beat him with fists and with elbows. The night we visited him his face was still swollen. Cuts were on one side of his face and his father said that that morning his nose was still bleeding from the night before.

This was shocking to us. Now we wish to contribute all we can to the freedom of these people, so that ultimately they can experience what their ancestors did in having been freed from captivity in Egypt and having been brought to a promised land, Israel, which is their natural refuge, ordained by G-d to be so.

We cannot undo the tragic history of oppression of the Jews. We cannot undo 2,000 years of oppression, 2,000 years of brutality, 2,000 years of atrocities in just about every city of every country in the Western world. But we can look into the future and develop a solidarity, a mutual respect for the great faith traditions so that we all can be and should be and, G-d willing, will be free among the rest of the world.

In the same way, we work for the refugees from poverty and hunger here in the shadow of the steps of the Capitol in Washington. We learned in Kiev that when the Churches were taken in the revolution they found hoards and hoards of gold which had been collected by the church while the poor were going hungry in the streets. My great fear is that we will not learn that lesson and that just opens the way for our own self-destruction. We believe that G-d created this world to be a refuge, to be complete, for all in this society. The Hebrew word for that is Shalom. To the degree to which we deviate from that goal we are sentencing ourselves to suffer the fate that earlier societies experienced.

TESTIMONY OF FATHER EUGENE BRAKE

Mr. Chairman, I am pleased to have this opportunity to share with you the experiences that Rev. Steinbruck and myself had in visiting with Jews in the Soviet Union.

When we arrived in the Soviet Union we experienced ourselves the oppression of the Soviet Union, as we went through customs we were detained for over four hours merely because we had with us some books on Jewish themes. Just having those materials as we entered the country was enough to have Soviet officials detain us, to search us, to put us in separate rooms and stripped for a body search.

The first experience was one that typified the kind of daily oppression to which the people of the Soviet Union are constantly subjected.

Because I am a Roman Catholic priest, and a deeply committed one, I was interested in learning what impact the Catholic Church had had on anti-Semitism in the Soviet Union. We visited St. Sophia's Cathedral in Kiev. The floor of that cathedral has large mosaic blocks with symbols of Islam and Judaism in them. That was meant to portray the superiority of Christians over Jews and Muslims.

For me it was indicative of the worst that I have ever experienced in my ministry of the Church and its witness against Jews.

It grieves me to have seen that cathedral and to know what it represents. It means to me that I must turn that around and to let as many as I can know that all free people, all persons of faith must change.

TESTIMONY BY DR. ISRAEL KUGLER

It was my good fortune two or three weeks ago to be in Moscow as part of a trip I took to search for my roots and to examine relations with Jews in the Soviet Union.

Our journey began when three of our delegation from the Association of Jewish Book Publishers in New York were denied visas. My visa was referred to Moscow and I didn't receive it until the very last day before scheduled departure.

We began our journey in Leningrad. We went to the Synagogue on Saturday and met some of the refuseniks who had come all the way from Riga, Latvia. One of them was on the second week of a hunger strike trying to dramatize her desire to receive a visa and her inability to get it.

From there we went to Minsk. I discovered a rather interesting story. There is a Colonel of the Soviet Air Force, Lev Ovscissher. We visited his home unannounced. When he announced that he wanted to leave the Soviet Union he was stripped of the rank of Colonel and was told that he could not go to Israel because he had access to state secrets. He went back to the Soviet Air Force headquarters, where he had some friends, and they said, "you've been out of the airforce so many years that secret knowledge has passed you by. You know no secrets. It is ridiculous. You should be able to go where you want to." He went back to the airforce and asked them to put in writing that he held secrets. They said, "Oh, no. We can't put anything in writing." This poor man, whose daughter is now in Israel, is bounced back and forth like a ping pong ball.

In that city of Minsk there is a monument with an inscription in Yiddish and Russian—I think is the only one like it in Russia—because the Jews of Minsk erected it, themselves, testifying to the fact that the Nazis murdered some 5,000 Jews in the vicinity of the Minsk ghetto. Ovscissher told me that one time, after he had been stripped of his rank, 5,000 Jews gathered at this monument. He wanted to say something in Yiddish. The authorities stopped him and he shouted out, "Do you want to hear me?" They all responded, "Yes! yes! We want to hear you." In definance of the authorities he read off a list of all the historic Jewish generals, colonels and lieutenants who had fought against the Nazis.

The next year he was prevented from attending an observance at the anniversary of the victory of the so-called "Great Patriotic War." That year the oldest man in that Minsk Jewish community seized the microphone and he began to read off the list. The authorities were taken aback, taken by surprise. Young Jewish men and women raised bouquets of flowers with inscriptions in Hebrew and Yiddish as he spoke.

The next year this same old man again tried to grasp the microphone. He got it, but the sound was switched to martial music. Now all that they have at that ceremony is wreaths of flowers, a moment of silence and martial music.

Now about the Moscow Book Fair. Since, of course, the Soviet Union practices censorship it had a chilling effect on the variety of books that could be brought in. Nevertheless, we did bring in about 800 books in Hebrew, Yiddish and English on themes dealing with Jewish culture, Jewish history, Jewish tradition, children's books, records.

We had an interesting experience with the Soviet publishing authority. We met with them as professional book publishers, and they displayed for us the handful of Yiddish books that they publish.

I asked them "How many copies of these do you publish?"

They replied, "Well, about 1,500 to 3,000."

I asked, "Why so few?"

They said, "There isn't really much of a demand."

I said, "Why is it that at every bookstore I visited in Kiev, Minsk, Leningrad and Moscow, I didn't see any of these Yiddish books?"

"Well, as soon as they're printed they're gobbled up."

"Do you print any of the books of the great Yiddish writers of this century who were 'purged' by Stalin but later 'rehabilitated' by Khrushchev?"

"No, only living authors."

"Do you publish any children's books?"

"No, only adult books."

"Do you publish any primers, dictionaries, or song books?"

"No, only novels."

In just our little booth of 20x10 feet at the Book Fair, 15,000 Jews poured in to look at these books, to touch them, to browse through them, to look at them in wonder and to cry and to beg and to hope that at least once every few years they would have this oasis to keep their hopes up.

We brought in some 8500 recordings to be distributed as souvenirs. But they wouldn't allow us to distribute them because they had Yiddish songs on one side and Hebrew songs on the other.

It was a terrifying experience, and one that completely corroborated what Dr. Korey, Dr. Azbel and the others have testified today. Only it was tangible, it was palpable and it was a terrible confirmation.●

SALUTE TO GOVERNOR HARRIMAN

● Mr. MOYNIHAN. Mr. President, it is remarked often that of the many titles once bestowed upon Averell Harriman, the one he prefers most is "Governor."

That this is so does not surprise me in the least, as I began my own time in public service as a young assistant to Governor Harriman, serving successively as assistant secretary and then acting secretary to the Governor during the years 1955 to 1958.

These were memorable years for the State of New York and ones which were remarkably filled with Governor Harriman's able presence. A good many things happened during his tenure in Albany which New York has not forgotten, in large part because they have made no small difference in the manner in which the State is governed today. His keen sense of government as an act of science and precision—as well as an act of compassion for those less fortunate—left our State a strong tradition of reasonable and effective government with a special concern for the needs of all its people.

In the many years since, Mr. President, Governor Harriman brought his considerable talents to bear on a range of problems—both national in scope—when he served as Secretary of Commerce—and international—when he served as our Nation's Ambassador to the Court of St. James and Moscow.

Soon, Mr. President, as James Reston observed Wednesday in the New York Times, Averell Harriman will be 90 and he "reminds us not of how old he is, but of how young this Republic is."

He also, I should amend, reminds us all of our own youth. It was just barely more than one-quarter century ago that I entered his office in Albany for the first time, an occasion I should well remember since it was, after all, my first government job. In truth, I remember the day more clearly because it was then that I first encountered another member of the Governor's staff, Elizabeth Brennan.

Yet there is something else compelling, for me, about the Harriman years. It has to do with my somewhat inglorious role in the campaign that preceded the Governor's election. In those pretelevision days, candidates rode about in open cars making themselves visible to the citizenry. They were invariably preceded by a large pickup truck with loudspeakers, driven by a harried campaign worker who announced the candidate's arrival.

I was that announcer, driving block after block to intone: "Here to say hello is Averell Harriman, the next Governor of New York." It was not a position, as they say, of influence and I had not had occasion to come to the notice of the candidate until the last Monday before the election, when I seized what seemed my last chance. As our entourage wound its way through midtown Manhattan, I at last began to bark: "As you go down into the subway to pay the 15 cent fare imposed on you by the callous indifference of the government in Albany, remember that if elected, Averell Harriman * * *." My maiden political speech was interrupted by a rather firm tap on the shoulder from a burly police officer who said, "Mac, Mr. Harriman says don't make policy, just announce."

Opportunities for policymaking would come in time, but the young campaign worker learned a lesson that day, just as he learned many from the wise Governor in the years which followed. Mr. President, may I take this occasion to acknowledge my own debt to Gov. Averell Harriman and to express the sentiments I know my colleagues will share that his 90th birthday should be filled with great happiness, fond memories, and the lasting respect he earned from all of us whom he taught so well.

Mr. President, I ask that the text of Mr. Reston's fine commentary on Averell Harriman be printed at this point in the RECORD.

The material follows:

[From the New York Times, Nov. 4, 1981]

HARRIMAN AT 90

(By James Reston)

WASHINGTON, Nov. 3.—Averell Harriman, former Governor of New York, Secretary of Commerce, Ambassador to London and Moscow, among many other things, will be 90 in a few days, and he reminds us not of how old he is but of how young this Republic is.

He has lived for almost half the life of our history as an independent nation. He was born on Nov. 15, 1891, when Benjamin Harrison was President. He has survived 16 more Presidents since then, and plans to stick it out for a while longer until he sees another Democrat in the White House.

The Democrats naturally share his hope. They don't have much to celebrate these days, but they're going to throw a big party for him here next week, with John Kenneth Galbraith speaking for the Roosevelt years, Clark Clifford for the Truman years, Senator Kennedy for the Kennedy years, Lady Bird Johnson for the Johnson years and Fritz Mondale for the Carter years. Republicans need not apply, but some of them, remembering that Mr. Harriman was once a Republican, will be there anyway.

At 90, he still looks and lives like a Republican—tall and nobly handsome, with his elegant house on N Street in Georgetown, and the house next door filled with his papers, and his house in Virginia, with its views of the Blue Ridge Mountains.

He has not avoided the trials of advancing years. His sight and hearing are impaired. But he has the newspapers read to him every day, and he swims every morning and is now writing a book on Truman. He keeps young by seeing the young and telling them stories of the men of his time.

For example, he remembers congratulating Stalin at the Potsdam conference after World War II for leading the Red Army to Berlin in the final defeat of the Nazis. Stalin was still aggrieved that Eisenhower had kept him from advancing farther West. "The Czar Alexander got to Paris," Stalin complained.

Mr. Harriman has long memories of Winston Churchill, whose former daughter-in-law is now Mr. Harriman's wife. He was in London in the critical months after Pearl Harbor as Roosevelt's special envoy, and returned to Grosvenor Square as U.S. Ambassador in 1946.

He recalls a conversation with Churchill in which he ventured to criticize the British parliamentary system. Churchill was not amused, Mr. Harriman says, and replied, "Few men are so gifted as to understand the politics of their own country, let alone criticizing the politics of another."

Mr. Harriman is not exactly a Horatio Alger rags-to-riches character. He inherited great wealth from the Union Pacific Railroad from his father, who also bequeathed to him a Presbyterian conscience. He has been trying even since to be faithful to his father's admonition that "great wealth requires great responsibilities."

He is not very happy these days about the drift in U.S.-Soviet relations. He has kept a cool and wary eye on the Russians ever since his service as our Ambassador in Moscow from 1943 to 1946. I remember his appearance at the San Francisco conference on the formation of the United Nations, when he warned about the objectives of Soviet policy, and insisted on a charter that would protect the rights of the free nations.

He has kept to this cautious skepticism about the Russians ever since, but is now vaguely depressed because he thinks the anti-Soviet temper of the Reagan Administration is going too far, and is leading to an arms race and even a revival of the cold war that may get out of control.

There is, of course, very little he can do about this now, but he keeps trying. He had lunch the other day with the Soviet Ambassador, Anatoly Dobrynin, and deplored the rancorous propaganda between Washington and Moscow. But he also observed that while President Brezhnev talked a great deal about peace, the Russians were still keeping their SS–20 missiles targeted on every European capital. How, Mr. Harriman asked, could we have peace or coexistence until these missiles were withdrawn?

This is his main regret: that he has devoted the last 40 of his 90 years to the belief that there will be no decent order in the world unless the United States and the Soviet Union somehow overcome their fears of one another, and reach some kind of accommodation, and on his 90th birthday he fears the trend is going the other way.

His happiest days were not when he was appointed to Federal office, but when he was elected by the people as Governor of New York, and his second regret is that he was defeated by Nelson Rockefeller for re-election.

But at his birthday party next week, everybody will call him "Governor," which is the title he likes best, and pay their respects to him for a long life of public service. This, however, is not likely to satisfy him. As his wife says, he has "a whole dungeon of papers" next door on N Street, and is determined to sort them out, so that younger men will remember at Georgetown University or somewhere else what he is likely to forget.●

CONFERENCE ON INTERNATIONAL COOPERATION

● Mr. HEINZ. Mr. President, the conference on international cooperation between developed and developing nations was recently completed in Cancun, Mexico.

That was a timely event. For too long there has been a desperate lack of cooperation between the developed and developing nations of the world. Indeed, the so-called North-South dialog has been more a dual monolog, with neither North nor South listening to the others. Concern represents a step back toward realism in the dialog.

Recently, David Rockefeller, former chairman and chief executive officer of the Chase Manhattan Bank addressed the Council of Foreign Relations on the need to forge a workable plan whereby the developed and developing countries can work together to address the problems of economic development.

Mr. President, I ask that Mr. Rockefeller's remarks be placed in the RECORD for the purpose of stimulating thought

on how developed and developing nations might be able to work together in meeting today's international economic development challenges.

The remarks follow:

REMARKS BY DAVID ROCKEFELLER

Though I have presided at and participated in numerous meetings of the Council over the past several years, I have not addressed the Council here in New York for quite some time.

I am especially happy to do so today since this gives me an opportunity to raise a question which I believe deserves far more concentrated attention than it has received—the relationship of the United States with its Third World neighbors.

Quite understandably and correctly, I believe, the prime focus of the Reagan Administration during its first eight months has been on domestic economic policy. Our own house must be in order before we can deal effectively with others on a broad front, and controlling inflation and increasing productivity are key to that goal.

The strategy has been to use monetary and fiscal restraint combined with economic stimulation through tax incentives. The expectation has been that a relative decline in government expenditures would trigger a corresponding growth in private savings and investment which in turn would lead to improved productivity.

The Administration can claim remarkable success in gaining the nearly unanmous support of the Congress and a broad spectrum of the people in having the first stages of its economic program adopted virtually in their entirety. Yet, for many who are looking for instant results, the jury is still out on the final effectiveness of the overall program. Two factors continue to cast serious shadows on the horizon.

First, tight monetary policy, coupled with the need to finance ongoing government deficits through the marketplace, has forced up interest rates to unprecedented levels—and they have persisted over an unprecedented period without a clear, near-term indication of a sufficient reduction in inflation. While high interest rates have helped to strengthen the dollar, they also have caused severe strains in our own economy and have created havoc with our trading partners.

Second, cuts in our domestic budget for social programs have been offset to a considerable degree by Administration proposals currently being debated for increased defense expenditures. While fully justifiable in strictly national security terms, such increases combined with sizeable tax cuts obviously cloud the prospect of a vanishing Federal deficit in the absence of drastic further cuts which will be difficult and painful to achieve.

Conflicting pressures such as these are undermining the domestic economic outlook and they make more difficult the creation of a comprehensive and credible U.S. international program.

I am not suggesting that difficulties on the domestic front have caused the Administration to ignore foreign affairs or shy away from action, or even controversy, in the global arena.

There have been several new foreign policy signals. A clear foreign policy note has been sounded, for example, with respect to the seriousness of the threat of direct or indirect Soviet aggression and the need to meet this squarely with a firmer posture and strengthened defenses. I have long believed in the value of constructive dialogue, but when dialogue is used—or abused—as a cover for subterfuge, subversion or armed intervention, it should be treated as such and responded to as such. This should not be an "either/or" proposition, but rather we must recognize that different situations demand different strategies.

In another area, the reassessment by the Administration of our human rights policy has caused considerable controversy, with some seeing the new interpretation as a backing away from the traditional U.S. commitment to global democracy and justice. To my mind, the contrary could prove to be the case. It is a fact of history, for example, that human rights rhetoric in many nations which are sanctimonious advocates has not been matched by reality. Pragmatic approaches to this issue may in many cases produce far more positive results than a policy of widespread verbal condemnation. No one is suggesting, of course, that we should ever condone injustice either here or abroad. But I agree with the Administration that end results are more meaningful than public protestations, no matter how worthy their motivation. Time will tell how successful the new approach will be.

Finally, there has been in this Administration a heightened focus on U.S. self-interest. This has been exemplified by the intensified focus on the Caribbean Basin and Central America. In dealing with these sensitive areas so close to our shores, there has been a growing emphasis on the role of the private sector and on bilateral—rather than multilateral—forms of assistance. I personally have been involved in this effort through my ro'e as chairman of the U.S. Business Committee on Jamaica, and I so far have found many aspects of the Administration's approach very heartening.

What has not emerged so far from this Administration, however, is a clear articulation of a policy toward the developing nations as a whole. This obviously is of grave concern, not only to the developing nations but also to our more "developed" allies in Europe, Asia, Africa and Latin America who believe that their very survival depends on an integrated and balanced strategy that recognizes the fact of global economic and political interdependence.

This concern, when you consider the importance of the developing nations to the well being of our own country, should cause us preoccupation as well. But I fear this fact often gets lost in the dust of ideological dispute.

The developing nations now provide a larger export market for the U.S. than all the developed nations put together, excluding only Canada. Between 1973 and 1979, U.S. exports to developing countries grew at an average annual rate of 20 percent, compared with a rate of 15 percent to industrialized countries.

On the import side, the developing countries contribute significantly not only to supplies of oil and strategic raw materials, but also to lower priced consumer goods which help combat inflation in this country.

All of this underscores to me the tremendous importance of the developing nations as a whole to the self-interest of the U.S. On the other side of the coin, it is interesting that in 1978—under the prior Administration—U.S. official aid to LDC's amounted to less than what American citizens spent on flowers and plants; $4.8 billion as opposed to $5 billion. And, in the same year, we spent $18 billion on tobacco and $31 billion on alcoholic beverages!

However one evaluates or judges such facts, the relationship of the U.S. to the developing nations is not an issue which can be swept under the rug as it has been so often in the past. We must deal with it soon. We must deal with it forthrightly and effectively.

This subject already has come up to some extent in President Reagan's meetings with President Lopez Portillo and with Prime Minister Trudeau. It will be the principal topic of discussion at the Cancun summit only a few weeks away. I am convinced it is, and must be, an increasingly compelling subject as this decade progresses.

I do not claim to have the answers to what our policy toward the Third World should be, but I would like to suggest some of the issues which need to be addressed and some sense of the perspective which might guide us in coming to grips with them. Though they obviously are mixed and intertwined, I would like to lay out a few of the issues in two categories—first, political and rhetorical, and, second, practical. Then I would like to suggest a mechanism to help us move closer to pragmatic strategies.

Unfortunately, the shibboleths and rhetoric of so-called "North-South" dialogues have tended to generate more heat than light in the past.

Indeed, the very term, "North-South", is misleading when it is used to imply that all goes well on one side of the equator while all goes badly on the other. Clearly this is not true—countries on both sides share very similar and very different problems and opportunities.

Similarly, all the discussions of a "new international economic order" often tends to degenerate into pure political rhetoric. We will get nowhere, I believe, if this term continues to be defined as an issue simply of whether we should or shouldn't redistribute wealth among nations. On the other hand, there is not that much wealth to be distributed and, further, it is unrealistic politically to believe that even wealthy nations such as the U.S. which face major domestic cutbacks are going to be willing or able to share their wealth to the extent hoped for by the Third World. In the U.S., moreover, we must remember that many of our own citizens live in poverty despite our overall opulence. On the other hand, many formulations of the so-called "new international economic order" by Third World militants neglect the role, responsibility and resources of the developing nations themselves with respect both to them and to the world at large. Development is not a one-way street. It demands cooperative and mutual effort by all involved both to achieve lasting results and to preserve the dignities of all nations involved.

The real issue, it seems to me, is not the redistribution of wealth, but rather the generation of wealth. That—to be successful—must be a cooperative undertaking. More rhetorical confrontations can only result in more hot air—one commodity in more than ample supply in both North and South!

To say this is not to ignore the needs of the Third World countries—or, indeed, the parts of our own nation—which suffer from a very low standard of living and where prospects for improving their lot are abysmal without concerted assistance from the more fortunate. Some 800 million people worldwide now live in absolute poverty. In addition, some 850 million people now have no access to education and some 460 million people are now malnourished. Only one-fourth of the people in developing nations have access to safe water. This is not simply a concern of the 120 nations comprising the Committee of 77. It must be a concern of us all. It cannot simply be an economic and political concern. It must be a human and moral concern.

But developing nations cannot be classified as a single homogeneous entity—they fall into many categories. One cannot equate Haiti with Brazil, or Chad with Nigeria, or Bangladesh with Korea or Singapore. While the older concepts of the need for outright public aid still apply in some cases, there are now many cases where private interactions such as increased trade and greater availability of capital are the more essential ingredients. The more developed of the developing nations require much more creative approaches beyond "aid" in the traditional sense of philanthropy.

I applaud the current Administration's focus on bilateral assistance and private sector involvement, but I also would suggest that we not ignore the importance of multilateral assistance and internationally agreed upon economic development strategies.

While efforts in both areas have had their share of waste and abuse, they also have had their share of real accomplishment. What is needed, to my mind, is not the abandonment of one form of aid or another, but rather a much sharper focus on the measurement of requirements and successes. What works? What doesn't work? What is or is not in our own broadly-defined self-interest? What can we afford to do in such a manner that both we and the recipients—our fellow nations—find acceptable?

The economics of foreign assistance has been studied over and over again—indeed, I have personally been a member of two Presidential commissions on the subject. It is a difficult subject, about which there have been some very good approaches though certainly no panaceas, and politics make it virtually impossible to gain any easy victories. National pride, varying governmental structures, and ideological differences springing from geopolitical conflicts all tend to create flies in almost any ointment. The U.S. is no longer in the dominant position with respect to the Third World we were in thirty years ago. We must more and more work with others to develop joint strategies that involve both realistic development and realistic decision-making.

Nevertheless, I think President Reagan's emphasis on U.S. self-interest and the role of private enterprise is both heartening and refreshing. It is realistic at the core. Neither the so-called "truths" of the extreme Right or the extreme Left have worked so far in international development. It is time for a pragmatic, results-oriented approach. It is, in short, time to be more creative and build for the future on the past experiences—both positive and negative—of the public and private sectors.

Because of my current role with the U.S. Business Committee on Jamaica, I think I have learned at least a few lessons about how a variation of bilateral assistance and private involvement can be both efficient and effective. In fact, the effort which has been adopted in Jamaica is not strictly bilateral, since counterpart committees to our U.S. Committee have been established in Canada, Venezuela and the United Kingdom, as well, of course, as in Jamaica. More traditional multilateral agencies such as the I.M.F. and World Bank also are involved, and the focus is on mutually agreed upon goals and strategies, with no one nation imposing its will upon another. I am encouraged by the progress to date of what could eventually serve as a model for development elsewhere.

We certainly have not come up with all the answers, but I think we are identifying some key questions which deserve further study. Let me just cite a few.

One question I already have touched on concerns the relative merits of a multilateral or bilateral approach when the private sector is involved. My suspicion is that in certain cases the bilateral approach works better since it can be targeted on a project-by-project basis. However, in many other cases there certainly is a strong ongoing role for multilateral strategies with respect to capital availability and trade.

Another question relates to agricultural productivity—a subject which often must be viewed in the context of land reform. Land reform can take many forms and may or may not be compatible with agricultural expansion. Each case presents a separate problem. On the other hand, my own feeling is that the two can go together in the case of certain crops if the private sector is given the freedom to help in the areas it knows best such as technical assistance, marketing and distribution. Healthy agriculture is vital not only in providing a local source of food and foreign exchange, but also because it can create an important internal market by farmers for consumer goods.

Yet another question relates to the role of smaller businesses. Discussions of international development always tend to revolve around the role of major multinational corporations. Our experience in Jamaica, however, has convinced us more and more that smaller corporations have resources and expertise that are too often overlooked. Ways must be found to support them as well.

Then there is the fundamental question of the relative roles in development of the public and private sectors. While, as I have said, I believe that the new emphasis on the private sector and free enterprise is welcome and long overdue, I also believe it is critical to realize the limitations of the private sector's capabilities without appropriate public support. In Jamaica, for instance, we have found a number of cases where shorter-term public aid is essential to successful longer-term private development. It seems to me that a great deal more has to be done to define the relative roles of the two sectors.

These are just a few of the very practical questions which I believe need to be addressed. And, of course, these are compounded in complexity by the political issues I have alluded to—sovereignty versus global interdependence, the division of resources among nations, and the question of political systems in development strategies

I believe it is equally clear that it is in the interest of the United States that the problems be addressed openly. To ignore them would only further compound the extremely grave and dangerous issues which confront the world.

I am told that thought is now being given in the State Department and in other areas of the government to the Third World problem, but I believe that the time has come when well-informed private citizens who are concerned with our country's relationship with the Third World should also undertake a review of the subject.

The type of review I envision should be undertaken in the broad context of U.S. self-interest. Indeed, perhaps one of the first tasks would be to define more clearly just what our self-interest is. This would involve looking at many of the issues I have mentioned, such as trade patterns, as well as examining the relative effectiveness of both public and private assistance mechanisms. The review also should take account of the relationship of our position to the developing nations as compared with that of our allies among the industrialized nations.

The reviewing group should, I believe, be headed by a distinguished private citizen who commands respect in both the private and public sectors. Membership might be drawn from the best minds of the private sector, and it should certainly represent a broad range of views. This should not be an endless voyage, but a task with a specific timeframe—perhaps 6 months. The outcome should include recommendations for close follow-up and implementation. Most importantly, the endeavor should be action-oriented.

There have been many excellent, as well as some downright bad, studies of this issue, and I am sure they could fill this room if they were all pulled together. What I am proposing is not another study, but rather the creation of a strategy and a program in the best interests of the U.S. and the rest of the world in relation to global development.

This is no easy task, and there will certainly be many questions that cannot even be addressed. Unless it is undertaken, however, I feel our efforts will only continue to drift and eventually founder on various ideological shoals. Whether we like it or not, the world has become increasingly interdependent, and we must recognize this fact as we approach the developing nations with both vision and ingenuity. Such an approach will, I believe, redound to our benefit and that of future generations around the globe.●

RAILROAD REVITALIZATION

● Mr. SASSER. Mr. President, the Economic Recovery Tax Act of 1981 provides our Nation's railroads with substantial tax reductions.

This is in line with the desire of the Congress and the President to insure that our Nation's basic industries play a major part in our economic recovery.

For the information of my colleagues, I request that two recent articles appearing in the Wall Street Journal describing the features of the 1981 Tax Act be printed in the RECORD.

The articles follow:

NORFOLK & WESTERN TO BUY TAX CREDITS TO SHELTER NET FOR 1981

NEW YORK.—Norfolk & Western Railway will soon buy tax credits from a nonrailroad concern to help N&W shelter its unusually high 1981 earnings.

John R. Turbyfill, executive vice president, said after an analysts' meeting here that N&W had agreed to buy the 10 percent investment tax credits and depreciation on $125 million of assets from an unidentified nonrail company to reduce N&W's 1981 taxes.

He declined to say how much N&W is paying for the credits and depreciation, or how much the transaction would reduce N&W's 1981 taxes. But the amount is in addition to two other accounting charges—permitted in the new 1981 tax law—that will cut N&W's 1981 tax bill by $90 million. These two other changes will cut N&W's taxes by $230 million in the 1981–1985 period, he said.

N&W announced yesterday that its third quarter earnings of $92.7 million, or $2.85 a share, rose 113 percent from the $43.6 million, or $1.38 a share, a year earlier. They were the highest of any quarter in the company's history. Third quarter revenue advanced about 35 percent to $506.1 million from $375.8 million a year before.

For the first nine months, earnings were a record $197.5 million, or $6.08 a primary share, up about 31 percent from the $151 million, or $4.81 a share, a year earlier. Nine month revenue was $1.31 billion, up 13 percent from $1.15 billion in the like 1980 period.

N&W handled a record 26.5 million tons of coal in the third quarter, up nearly 26 percent from the 21.1 million a year before. For 1981's first nine months, however, the total fell 3 percent because of the second quarter coal strike.

The new federal tax measures are already having a favorable effect on N&W's financial reports. Yesterday, N&W said its working capital as of Sept. 30 rose to $357.8 million from $198.9 million a year earlier. Daniel L. Kiley, vice president, taxation, told analysts here that this year's working capital figure includes $86.5 million due to the company's decreased current tax liability.

Robert B. Claytor, N&W's president and chief executive officer, expects N&W's traffic in coal destined for export markets will continue "very good" for the balance of 1981. But he doesn't see any "significant improvement" in N&W's general merchandise traffic in the near future.

Unless the Soviet Union starts buying U.S. grain soon, one executive said, N&W's fourth quarter grain traffic will decline about 12 percent to 15 percent. For the third quarter, N&W's grain shipments declined more than 35 percent from the year-earlier quarter. For the first nine months of 1981, the concern's grain shipments fell 19 percent from the year before.

TAX CHANGES GIVE RAILROADS A BIG BREAK

(By John D. Williams)

NEW YORK.—The country's railroads will get flooded with hundreds of millions of dol-

lars in cash from tax savings over the next few years.

The 1981 tax law permits the railroads to start writing off, this year, about $8 billion in rail track, some of which has been carried on the books since 1887. The write-offs will reduce or eliminate the railroads' federal tax bills. This year, in which the biggest part of the break occurs, few if any carriers will pay any federal income taxes at all.

Consequently the railroads are busy trying to decide how to use all the cash. It can go into new facilities, the repayment of high-cost debt, investment in high-yielding securities, or acquisitions of nonrailroad companies. "The cash-flow ramifications are enormous," says Jack Kawa, a securities analyst at Dean Witter Reynolds, Inc.

SPECIAL BREAK

Besides gaining from tax-law changes that affect business in general, the railroads got a special break in this year's law. Under previous law and accounting policy, the railroads took deductions for the capital cost of track only as it was abandoned. Thus, the cost of much of the track now in use never was depreciated, or deducted from income, to reduce taxes.

Under the new law, the railroads can start writing off the cost of track over periods ranging from five years to 50 years. The shorter the write-off period, the bigger each year's income-tax deductions and cash flow. The more profitable railroads, which have greater income to offset with depreciation deductions, will choose the fastest write-offs. Marginally profitable or unprofitable roads will try to conserve their write-offs by stretching them out over longer periods.

A railroad choosing a five-year write-off will take 40 percent of it this year, 24 percent in 1982, 18 percent in 1983, 12 percent in 1984 and 6 percent in 1985.

The following table shows the book value of track owned by leading railroads at the end of 1980. It also shows how much cash the roads will keep in tax savings for the first year, 1981. The figures come from financial officers of the railroads.

[In millions]

	Track Value	Cash Flow
Burlington Northern	$1,000	N.A.
CSX Corp.	1,000	$220
Santa Fe Ind.	550	100
Norfolk & Western	450	87
Union Pacific	440	81
Missouri Pacific	430	79
Southern Railway	400	75
IC Industries	327	60.2

Burlington Northern gave no estimate of its 1981 cash flow because it hadn't decided over how many years it would depreciate its track. Once a depreciation schedule is chosen, it can't be changed. In some cases that makes decisions difficult, because they require earnings and tax projections for years ahead.

If all railroads took the fastest, five-year track depreciation, they would get as much as $1.5 billion in tax benefits in 1981. But overall the railroads, which paid only $600 million in federal taxes last year, can't use such a huge one-time deduction.

The railroads plan to spend their cash in a variety of ways. Missouri Pacific Corp. will improve its facilities faster, completing in three years an improvement program that had been planned to take five. For one thing, a new locomotive repair shop at Little Rock, Ark., will be started early.

LESS BORROWING CUT

Robert L. Hintz, senior vice president for finance at CSX Corp., a holding company that has more tax benefits than it can use right away, says that "we won't have to call on our banks for borrowings as frequently." Frank Bregar, vice president and treasurer of Santa Fe Industries Inc., says, "The additional cash flow will permit us to reduce our borrowings while increasing out 1982 capital spending."

IC Industries Inc., which owns the Illinois Central Gulf Railroad, will use part of its write-offs to tax-shelter the earnings of newly acquired companies. "One of the reasons we were recently seeking to acquire Sunbeam Corp.," says J. P. Fagan, senior vice president for finance at IC industries, "was to shelter Sunbeam's earnings with the tax benefits of Illinois Central." But the merger attempt failed.

Andras R. Petery, an analyst at Morgan Stanley & Co., believes the railroads' bigger cash flow will mean bigger dividends, less borrowing and more modern rail facilities to handle coal. "It's a once-in-a-lifetime opportunity for railroads," says John J. Cirigliano, vice president of Merrill Lynch's Merrill Lynch White Weld Capital Markets Group, "and most of them are pulling together all the intelligence data they can to take advantage of it."●

SHEPHERD COLLEGE RESOLUTION ON LEGAL SERVICES

● Mr. MATHIAS. Mr. President, the Social Welfare Association of Shepherd College has adopted a resolution in support of the Legal Services Corporation. The Senate is expected to act on the State, Justice, Commerce Appropriations bill soon, so I think the resolution is timely. The appropriations bill includes a $241 million funding level for the Corporation for fiscal year 1982, which is the same as the level passed by the House this summer in its authorization and appropriations bills.

Since its beginning, our Nation has consistently been dedicated to the cause of equal justice for all. In the past few years, the Legal Services Corporation has played a vital role in helping us maintain that commitment. I urge all my colleagues to support the pending appropriations measure for the Corporation and ask that the resolution be printed in the RECORD.

The resolution follows:

RESOLUTION

We, the members of the Social Welfare Association of Shepherd College, Shepherdstown, West Virginia, do state:

Whereas, one of the goals and objectives of this Social Welfare Association is to promote and support any service programs necessary to improve the quality of life for the poor and underprivileged members of this country; and

Whereas, the services provided by the Legal Services Corporation since 1974 have made a reality of the constitutional right of equal access to our system of justice; and

Whereas, President Reagan has recommended the abolition of the Legal Services Corporation and the termination of federal funds for legal services to the poor; and

Whereas, the 97th Congress will consider the reauthorization of the Legal Services Act and funding for legal services to low-income people;

Now, therefore, be it resolved, that the Social Welfare Association strongly supports the Legal Services Corporation and its reauthorization with no limiting amendments and with adequate appropriations; and

It is further resolved, that this Social Welfare Association urges the full United States Senate to support full reauthorization and a funding level of not less than $241 million; and

It is further resolved that a representative of this Association shall forward a copy of this Resolution to Senator Charles Mathias of Maryland, with a request that it be formally read into the Congressional Record.●

U.S. POPULATION

○ Mr. PACKWOOD. Mr. President, I wish to report that, according to the latest U.S. Census Bureau approximations, the total population of the United States on November 1, 1981 was 230,127,610. This represents an increase of 254,815 since October 1, 1981. In 1 short month we have added enough people to our population to more than fill the entire city of Rochester, N.Y.

Currently in the United States, there is approximately 1 birth in every 9 seconds and 1 death every 16 seconds. One immigrant enters this country every 60 seconds and one emigrant leaves every 15 minutes. This results in an addition of one person to our population every 16 seconds.●

A NEW ADMINISTRATION POSITION ON CLEAN AIR?

● Mr. HART. Mr. President, I should like to bring to the attention of my colleagues and the public a 12-page document which was delivered to my office yesterday by a Mr. Thomas E. Jones, who identified himself as an employee in the Environmental Protection Agency's Office of Congressional Liaison.

This document may be a new administration position on the reauthorization of the Clean Air Act.

The document outlines 38 positions on the reauthorization of the Clean Air Act. Thirty-five changes would weaken the act; three would affirm existing provisions; not a single one would strengthen it. Several proposed changes go far beyond the 11 general principles on clean air which the President approved and which EPA Administrator Anne M. Gorsuch announced on August 5. Three are directly contrary to those principles:

The administration's official principles state that the "basic concept of the health-based primary standards in the Clean Air Act should be maintained"—while the document delivered to my office proposes to change the basic concept that the standards be adequate to protect the public health with an adequate margin of safety, by amending the act to protect only against a "significant risk" to public health.

The official principles state that the "current program for the prevention of significant air quality deterioration should be maintained for the protection of park and wilderness areas"—while the document proposes to eliminate the strictest part of that current program, by amending the act so that the increments of allowable short-term pollution increases over national parks and wilderness areas would represent limits on pollution from only a single pollution source instead of permanent limits on pollution from all future sources.

The official principles state that a "more effective hazardous pollutant pro-

gram should be established to allow, for the first time, efficient control of the serious health hazards posed by airborne toxic pollutants"— while the document proposes to undercut the hazardous pollutant control program by: First, amending the act to prevent against only "unreasonable" health risks and to allow EPA "to tailor compliance schedules to the complexity of control required" instead of the current requirement that toxic pollutant controls be strict enough to protect the public health with an adequate margin of safety; and second, not proposing new steps to control any hazardous air pollutants beyond the four for which EPA has set control requirements. Other proposed changes in the document would weaken parts of the Clean Air Act not even addressed by the administration's official principles. These proposals would:

Remove State authority to require the use of "best available control technology" on sources covered by weaker EPA "new source performance standards";

End EPA review of the controls to be required on pollution sources, the most important part of State plans for meeting air quality standards;

Establish an unprecedented statutory presumption that EPA would have to assume State controls are adequate to meet the air quality standards;

Replace the statutory requirement that States adopt automobile inspection and maintenance (I/M) programs in very polluted areas with new "flexibility" over whether States must adopt I/M;

Replace the current requirements that certain Federal funds be withheld from States not complying with specific requirements of the act with discretionary EPA authority to impose sanctions where a State is not making a "good faith effort" to reduce pollution;

Replace the 1984 requirement that automobiles meet emission standards at high altitudes with discretionary EPA authority to set (or not set) separate high altitude standards; and

Remove the 1984 requirement that trucks reduce their emissions of carbon monoxide and hydrocarbons by 90 percent and of nitrogen oxides by 75 percent, instead giving EPA "rulemaking flexibility" to set different standards.

Taken as a whole, these proposed changes would lead to untold millions of tons of extra air pollution each year.

This document and its delivery are most unusual. The document did not come with a letter of transmittal, as has been done in every other situation in which an executive agency has transmitted a position to my office. There is no title on the document, although each of the 12 pages has a heading identifying a major portion of the Clean Air Act, followed by the words "Proposed Changes." The document does not have either an indication of authorship or a date.

When asked by my staff to explain what the document represents, Mr. Jones refused to characterize it in any way except to say that it came from EPA and that it had already been given to some other members of the Committee on Environment and Public Works. After expressing initial reluctance, Mr. Jones agreed to add to the first page of the document a handwritten note explaining that he delivered it to my office. After first signing that note with just his name, Mr. Jones eventually agreed to add the identification "EPA" following his signature.

I have written today to Mrs. Gorsuch, asking her to explain these extraordinary and baffling EPA actions on an issue of such great importance. In particular, I have asked her:

Does the document represent EPA's position or the administration's position on the reauthorization of the Clean Air Act?

If so, why is EPA expressing that position in this surreptitious manner, rather than giving Congress and the public a clear and unambiguous position?

If the document does not represent EPA's position or the administration's position, what does it represent, and why are agency officials distributing it to Members of Congress?

At this morning's meeting of the Committee on Environment and Public Works, Chairman STAFFORD agreed that it would be helpful to have these questions answered by Mrs. Gorsuch as rapidly as possible. Prompt clarification of this matter would end this most unusual confusion over the administration's position on the reauthorization of the Clean Air Act.

I submit for printing in the RECORD at this point the statement of Mrs. Gorsuch on the 11 principles approved by the President for the reauthorization of the Clean Air Act, and the new document which EPA delivered to me yesterday.

The material follows:

STATEMENT OF EPA ADMINISTRATOR MRS. ANN M. GORSUCH

At a meeting of the Cabinet yesterday, the President determined to seek extension of the Clean Air Act and approved a general approach for new legislation which is required. The approach he approved for this extension is based on recommendations and options presented to him by the Cabinet Council on Natural Resources and Environment and its Working Group on the Clean Air Act which I head. It provides the framework for continuing work with Congress in developing legislation to extend the Act.

The Administration's decision was based on these basic principles:

1. The Nation should continue its steady progress toward cleaner air.

2. Statutes and regulations should be reasonable and should be related to the economic and physical realities of the particular areas involved.

3. The basic concept of the health-based primary standards in the Clean Air Act should be maintained. Cost-benefit analysis should not be included as statutory criteria in setting these standards, but standards should be based on sound scientific data demonstrating where air quality represents real health risks.

4. Secondary standards should also continue to be set at the Federal level.

5. The current program for the prevention of significant air quality deterioration should be maintained for the protection of park and wilderness areas. In other areas, protection should be based on uniform technology requirements for pollution control.

6. States should be accorded a full partnership in implementing the Nation's standards. The Federal Government will monitor state achievement of national health and welfare standards.

7. A more effective hazardous pollutant program should be established to allow, for the first time, efficient control of the serious health hazards posed by airborne toxic pollutants.

8. Research on acid deposition should be accelerated.

9. Deadlines for achieving primary air quality standards should be adjusted to reflect realities in particular areas.

10. As suggested by the National Commission on Air Quality, automobile standards should be adjusted to more reasonable levels. The limit for nitrogen oxide could be raised to a level slightly higher than that suggested by the Commission without affecting air quality goals.

11. Pollution control standards for new coal-fired plants should be based on uniform emissions standards. Environmental protection should be the criterion.

Working with the key Congressional leaders, we are confident that specific legislation based on these principles can be drafted which will ensure we choose the most effective means to maintain continued improvement in the quality of the air that all Americans breathe.

AMBIENT AIR QUALITY STANDARD SETTING
PROPOSED CHANGES

Retain margin of safety requirement.

Add a "significant risk" criterion to present health and welfare tests.

Do not include cost as a factor in primary standard setting.

Expand review role of CASAC to include advising the Administrator on possible range of standards.

PERCENT REDUCTION REQUIREMENT PROPOSAL

Eliminate the percentage reduction requirement.

HAZARDOUS AIR POLLUTANTS
PROPOSED CHANGES

After consultation with the Clean Air Science Advisory Committee, allow Administration to identify categories, or subcategories, of source and pollutants which pose significant risk to health.

Regulations to be based on prevention of unreasonable risks.

Based on public comments, allow Administrator to withdraw specific source categories and/or pollutants from consideration.

Expand regulatory options to include section 112 and 111(d), and generic "good housekeeping" work practice standards.

Administrator should be given discretion to tailor compliance schedules to the complexity of control required.

STATE IMPLEMENTATION PLAN REVIEW PROCEDURES UNDER SECTION 110
PROPOSED CHANGES

SIPs submitted to EPA for review would contain only the basic building blocks of the control strategy necessary to attain and maintain the ambient air quality standards.

Each state would still develop source-specific emission limitations pursuant to applicable Federal regulations, but these individual limitations would not be submitted for EPA review. Instead states would be allowed to develop and implement an operating permit system. Such permits would be Federally enforceable.

EPA would be required to audit periodically the approved SIP, source-specific emission limitations and other controls to determine if the state's program is adequate to attain and maintain the air quality standards.

A general presumption would exist that the state had met the requirements of the law, unless EPA demonstrated to the contrary. After the SIP has been proposed and

time provided for public comment, the SIP would become effective in 90 days if EPA did not object.

ENFORCEMENT: DEADLINES

PROPOSED CHANGES

Extend the statutory date for attainment of all standards.

Require reasonable further progress and expeditious attainment to prohibit backsliding.

In extreme cases allow for an extension beyond the date for any pollutant where the State can show that attainment is not possible with all reasonable measures. To obtain an extension the State would have to bear the burden of proof on the extent of the problem and the adequacy of control measure adopted. This extension should be limited to areas where all significant existing sources have implemented reasonable available control technology and the State shows that all other reasonably available control measures have been adopted. A commitment to reasonable further progress toward attainment would be required.

INSPECTION AND MAINTENANCE

PROPOSED CHANGES

Provide additional flexibility to the States to employ I/M and transportation control measures in the development of control strategies in applicable State Implementation Plans.

ENFORCEMENT SANCTIONS

PROPOSED CHANGES

Allow the Administrator the discretion to apply sanctions to circumstances where there is lack of a good faith effort to prepare and implement a plan.

ENFORCEMENT: TECHNOLOGY REQUIREMENTS

PROPOSED CHANGES

Redefine BACT to be equal to the applicable NSPS if one has been promulgated in the past 5 years. If there is no current NSPS make a case-by-case determination of BACT that considers costs and energy.

Replace lowest achievable emissions rate with BACT.

INTERSTATE POLLUTION

PROPOSED CHANGES

States may petition Administrator for determination whether emissions from any major source, group of sources or geographic area or areas in another state unreasonably interfere with attainment or maintenance of national standard.

Prior to filing petition, state must attempt to negotiate its claim with state in which emissions are claimed to originate.

In making finding of unreasonable interference, Administrator must consider: (1) comparabilility of control requirements in petitioning state and state named in petition; (2) extent to which out-of-state emissions are preventing standard attainment or maintenance in petitioning state; (3) whether petitioning state could attain or maintain standard by applying BACT to in-state sources; (4) availability and cost of control measures; (5) economic, social and energy impacts of requiring emission reductions; and (6) any other relevant factors.

Petitioning state bears burden of demonstrating that emissions cited in petition are causing interstate pollution and, in making demonstration, must rely on EPA-approved models or monitoring data meeting EPA or state plan requirements.

If Administrator determines that interstate pollution is causing unreasonable interference, emission reductions are justified, and control measures are reasonably available, he must propose and promulgate the determination and source-specific emission limits adequate to eliminate the interference.

Any promulgated limitations must be implemented as expeditiously as practicable for a primary standard and within a reasonable time for a secondary standard.

PREVENTION OF SIGNIFICANT DETERIORATION AND VISIBILITY

PROPOSED CHANGES

Retain current "Class I increments" in national parks, but evaluate only the emissions from the proposed source (instead of the cumulative impact *all* sources) against limitations for periods shorter than annual average.

Substitute technology standards for Class II and III increments in areas other than national parks and similar large federal areas of special environmental concern.

Require Best Available Control Technology, defined as equal to New Source Performance Standards when promulgated within the last five years.

Incorporate a "significant impairment" test in the visibility program.

MOBILE SOURCES PROVISIONS OF THE CLEAN AIR ACT

PROPOSED CHANGES

Set standards for cars at 7.0 gpm CO and 2.0 gpm for NO_x.

Affirm authority for setting the hydrocarbons standard on a non-methane basis.

Provide for setting of high altitude emission standards by rulemaking in lieu of the requirement that all cars meet standards at all altitudes.

Provide for rulemaking flexibility in revising the emission standards for heavy duty engines, and eliminate the percentage emission reduction requirement.

Retain current authority to control diesel particulates.

JUDICIAL REVIEW

PROPOSED CHANGES

Allow challenges to any "nationally applicable" EPA action to be brought in any circuit.

Provide for the random selection of the court to hear the case initially, if the case was filed in more than one circuit.●

ECONOMIC RECOVERY

● Mr. GARN. Mr. President, as we continue our search for ways to reduce the size of the Federal deficit, to cut Federal spending, and to bring the budget into balance, we should not fail to put these efforts into some sort of historical perspective.

Donald M. Kendall, Chairman of the Board of the U.S. Chamber of Commerce and chairman and chief executive officer of PepsiCo, Inc., recently gave an excellent speech at a Conference on National Priorities at George Washington University, in which he does just that. At the same time, he effectively emphasizes the urgent need to continue the program we have just begun.

He points out that:

Over the past 10 years, taxes on the average working American have increased by 249 percent. The federal budget more than tripled. And the hidden price tag of regulations reach and exceeded $100 billion for consumers, not to mention thousands of lost jobs for workers. In other words, the government has been getting richer while the people have been getting poorer.

Mr. Kendall effectively responds to cries that President Reagan is dismantling 50 years of social progress by cutting 5-percent from the 1982 budget increases planned by the previous administration this way:

What is seldom mentioned is that the budget for fiscal 1982, which began October 1, will still be the largest in our history. In fact, unless further cuts are made, it will still grow by $54 billion over the 1981 budget, and by $114 billion over the 1980 budget.

If Jimmy Carter could be credited with meeting the social needs of our people in 1980 with $600 billion budget, why can't we do it today with $723 billion?

If Lyndon Johnson was a hero with a Great Society budget in 1965 of $118 billion, of which 40 percent was spent on defense, why is Ronald Reagan a villian for spending over $700 billion, of which just 27 percent goes for defense?

The charges we have been hearing just don't square with the facts—and the only conclusion we can draw is that they are politically motivated. The federal budget has doubled since 1975. It has tripled since 1970. Are we to believe that not one single dime can be cut from that budget?

Mr. President, the wails of those who would have us abandon the President's carefully coordinated, long-range policy, after less than 45 days into it, are clear testimony to their support for the rudderless economic drift of the previous administration. But the only alternatives I hear them offering are the old, obviously failed policies of "tax and tax, and spend and spend."

Mr. Kendall's entire speech is well worth taking the time to read. I strongly recommend it to my colleagues, and ask that it be printed in the RECORD.

The speech follows:

PRESIDENT REAGAN'S ECONOMIC PROGRAM: THE UNTOLD STORY

It is a real pleasure to be here this morning. I would like to congratulate George Washington University and Burson-Marsteller for sponsoring this important garthering of representatives from government, business, labor and academia to discuss our nation's economic future.

Listening to the various critical comments about the President's economic recovery program, I am struck by the fact that most of those doing the criticizing are the same ones who got this country into the economic mess in the first place. And they are criticizing a program which, for the most part, hasn't even taken effect.

Ladies and gentlemen, I was asked here this morning to present the business point of view on what needs to be done to rebuild America in the 1980s. But I'm not going to do that. Instead, I would like to discuss what needs to be done from the point of view of all Americans—because economic growth, in a free society like ours, benefits all people and all economic interests.

If you think about it, broadly based economic progress has always been the glue that has held our heterogeneous society together. Thomas Sowell discovered as much in his brilliant new history of ethnic America. "The rich economic opportunities of this country have made fighting over existing material things less important than the expansion of output for all, and rewarded cooperative efforts so well as to make it profitable to overlook our differences."

There's an important message there: Let's not resign ourselves to squabbling over slices of the existing economic pie. We can and we must create a bigger pie so that the slices for all Americans grow larger. Instead of saying to each other, "Give me more of yours," let's work together to create more of ours.

If economic progress is the answer to our problems, and I sincerely believe that it is,

then it is easy to see why we are in deep trouble today. When I assumed the chairmanship of the U.S. Chamber of Commerce in April, I said then that the success of our mission to rebuild America would depend on our ability to address two critical problems: declining productivity and declining U.S. competitiveness in world markets.

In the first decades following World War II, our economy was the wonder and envy of the world. Our productivity growth averaged 3.2 percent per year. But by the end of the 1960s, our productivity growth began to taper off. For the last three years, it actually declined—the first time that has happened since we started measuring our economic performance this way in 1909.

There is a clear and direct link between our declining productivity growth and our declining competitiveness in world markets. It used to be that exports were viewed as little more than the spillover production that Americans couldn't consume. That attitude was common both in the government and the business community.

But thank God we woke up: Exports aren't a luxury. They're a necessity—an integral part of our hopes for the future—the hopes of business and labor.

Nationwide, one out of every eight jobs in manufacturing and one of every four in agriculture is supported by exports. And each additional one billion dollars in new orders translates into 40,000 new jobs.

But in recent years, our share of world markets has shrunk from 21.3 percent in 1970 to about 18 percent in 1980. In 1960, America produced half of all the cars in the world. Today we produce barely more than a fifth. After World War II, we produced roughly half of the world's steel. Today—only a sixth. Trade deficits seem like old hat to us now, don't they? Well, the one we had in 1971 was our first trade deficit of the 20th Century! And we have run almost continuous and increasingly large deficits ever since.

Sagging productivity and sagging exports. These deeply rooted problems are at the foundation of all the economic ailments with which we are more familiar: double-digit inflation, persistent unemployment and sky high interest rates.

What has gone wrong? Have our workers grown lazy? Have our business people lost their nerve? Nonsense! We're still the most productive people in the world. But something else was happening during those same years that our economy began its downward slide from unsurpassed supremacy to no more than sixth place among nations in terms of per capita income.

It has been estimated that over the past 10 years, taxes on the average working American have increased by 249 percent. The federal budget more than tripled. And the hidden price tag of regulations reached and exceeded $100 billion for consumers, not to mention thousands of lost jobs for workers.

In other words, the government has been getting richer while the people have been getting poorer. The correlation is clear and indisputable—if not to all the so-called experts, then at least to a broad-based majority of Americans in last fall's elections. The people have had enough of a government that won't stop growing. They want a different course.

As a matter of fact, the results of the latest Gallup survey commissioned by the U.S. Chamber of Commerce reveal that 59 percent of Americans support the budget cuts that the President has succeeded in getting through Congress. And the same survey shows that a majority of union members—54 percent—support those budget cuts. What is more, a plurality of union members want additional budget cuts. It is clear that there is solid support for what the President is doing.

Treasury Secretary Don Regan put it in a nutshell this way: "The less we tax, the more we can save. The more we save, the more we invest. The more we invest, the more we can produce. The more we produce, the more we can provide for everyone's benefit."

These words express precisely what the President's economic recovery program is all about: to slow the growth of government and remove the economic roadblocks which threaten the American dream for millions of workers and their families. The President's tax and budget bills were passed by a bipartisan majority in Congress. Various parts of this program were supported by Democratic Senators such as Moynihan, Glenn, Sarbanes and Jackson, as well as Republicans. The same kind of bipartisan support was evident in the House. Together, these bills represent a major shift in economic policy in America—and it comes not a moment too soon.

As historic as they are, let's put the budget and tax cuts passed so far into proper perspective.

If Jimmy Carter could be credited with meeting the social needs of our people in 1980 with a $600 billion budget, why can't we do it today with $723 billion? If Lyndon Johnson was a hero with a Great Society budget in 1965 of $118 billion, of which 40 percent was spent on defense, why is Ronald Reagan a villian for spending over $700 billion, of which just 27 percent goes for defense?

The charges we have been hearing just don't square with the facts—and the only conclusion we can draw is that they are politically motivated. The federal budget has doubled since 1975. It has tripled since 1970. Are we to believe that not one single dime can be cut from that budget?

In his Labor Day message, Lane Kirkland described those of us who want to slow the growth of government as "suspicious of government programs to feed the hungry, educate the young, secure dignity for the elderly, care for the sick, safeguard the rights of minorities, protect consumers and defend the environment from plunder."

He's absolutely right. We are suspicious of those programs—not because we object to their goals, but because so often they don't work. We are suspicious, along with most Americans, when we read of a study of government poverty programs by economist Walter Williams. He figured that if we took all the money spent on poverty programs at all levels of government, and divided it up among the families we classify as poor, we would be able to give each of them $40,000 a year. Obviously, our needy get only a fraction of that. They could and should get more. But someone is taking a mighty big cut off the top. And both the taxpayers and the poor are suffering for it.

As for the tax cuts, no amount of rhetoric is going to convince working Americans that a 25 percent tax cut is bad for them—or that indexing, which represents permanent protection from inflation, is evil. But it won't be for lack of trying. We are told that the tax cuts are going to big business and the rich. Yet, of the $725 billion in taxes to be but by 1986, individuals will get $565 billion and business $160 billion. The vast middle class of America—working America—now pays three-quarters of the income tax, and they'll get three-quarters of the tax relief. The average worker will see his marginal tax rate reduced by 25 percent, the marriage penalty cut, the child care credit increased and the personal exemption indexed for inflation. And he can reduce his federal tax another $200 starting in 1982 by putting $20 a week into an individual retirement account. He can save up to $2,000 per year in that account and deduct those deposits from his taxable income.

Now, there is no question that it will take some time for the effects of budgetary discipline and new tax incentives to flow through our economy. No one ever said that this new course would be quick or easy. But I am absolutely convinced that we are on the path to unleashing a new era of economic prosperity in the 1980s.

The Reagan economic program is only the beginning. A major share of the burden for increasing productivity and prosperity now falls on the business community. We've been properly complaining for years that if only government would get itself under control, and remove some of the roadblocks, that there is little that American private enterprise cannot accomplish. Now that many of the disincentives to investment and expansion are removed, it is time for business to act. And I am confident that we will act as the measures designed to spur capital formation take effect.

Recent history provides a good example of how business will respond. In 1978, a significant reduction in caiptal gains tax rates was enacted. It was attacked then as a boondoggle for the rich. But look what happened to small businesses which employ 100 workers or less—businesses which account for more than 80 percent of all new jobs created in our economy.

In 1977, under the old law, these small companies raised just $42.6 million in equity caiptal. The number of companies that went public and issued stock for the first time totaled 13. But this year, under the new tax law, $2.2 billion will be raised, with 348 companies going public. Even Uncle Sam has come out all right. By the end of 1981, according to preliminary figures, that lower caiptal gains tax rate passed in 1978 will be generating more revenue than government was getting under the higher rate.

Business will respond to the new incentives provided by the President's program—and so will the economy. The U.S. Chamber's forecast center predicts that our economy will be weak for perhaps the remainder of this year. But 1982 and 1983 promise to be years of accelerating growth in the GNP, a rapid increase in business investment, lower inflation, more jobs, rising productivity and, yes, falling interest rates. In fact, there have already been some encouraging signs:

Inflation, while still too high, has dropped 25 percent since the President took office. It is now running between eight and nine percent, below last year's double-digit pace.

Interest rates have begun a noticeable decline.

Just one of the measures designed to spur savings, All-Savers Certificates, generated over $15 billion in deposits during the first few days of October alone.

The percent of after-tax income saved by Americans, the lowest of any industrial nation, has begun an impressive climb, from 4.3 percent back in January to an estimated 5.3 percent today.

How many newspaper headlines and network news reports have been telling this side of the story?

Despite these encouraging signs, there is still a great deal more to be done to get our economy back on track.

One big fight the U.S. Chamber and the business community intend to wage is for regulatory reform. We must have a more rational approach to regulation in this country that allows us to pursue those worthy goals without costing workers their jobs and consumers their buying power.

Take the Clean Air Act, for example: 2,500 pages of statutes and regulations so wrought with confusion, contradiction and complexity that even EPA officials themselves don't know exactly what they are supposed to be requiring of the private sector.

But we know all too well what the result has been: Vital energy and industrial proj-

ects have been delayed and canceled. This has meant lower productivity, higher prices, fewer jobs and even—are you ready for this—delays in cleaning up the air.

Make no mistake. The business community believes just as strongly as anyone that the air should be cleaned up and the environment protected. I've been a hunter, fisherman and outdoorsman longer than I've been a businessman. But we are also problem solvers and innovators, and you can't tell me that we can't move toward our goals of clean air, good health and good business all at the same time. The U.S. Chamber is now working hard to convince Congress to pass the Clean Air Act, which has come up for renewal, as soon as possib'e—but to pass an Act that will work better. And we are being joined in this effort by the nation's governors, mayors and a number of labor unions in recognition of our common interest.

In addition to regulatory reform, the business community will take the lead on a number of other fronts as well. We are pushing for specific legislation to help expand our exports. Chief among these efforts is the need to encourage the formation of export trading companies. Toward this end, there is legislation pending which would ease concerns about antitrust laws and allow banks to participate, thereby bringing both capital and international expertise. This legislation must be passed. There are more than 20,000 small, job-producing businesses with an untapped export potential which now account for no more than 10 percent of our total exports. We need incentives such as trading companies to bring more small businesses, including service-oriented businesses, into international markets.

And let's not forget budget control. No one should have been surprised by the President's call for additional budget cuts. The federal government has been spinning out of control for decades, and it is going to take many more cuts before we bring that budget under control and in balance. I am convinced we can do that and still provide the essentials for those less fortunate than we—as long as the bureaucrats do their job and cut fat instead of services.

One area where budget control needs to be exercised is in the payment of overdue debts owed to Uncle Sam. The Office of Management and Budget figures that $175 billion is now owed to the federal government. More than $25 billion is either delinquent or in default. Thousands of Americans have left unpaid loans made to them in good faith by us, the taxpayers—and yet Uncle Sam turns around and writes tax refund checks to many of these same people.

I'll be very frank. Business must take a large part of the blame. About 60 percent of the delinquent debts are owed by businesses. This is an intolerable situation, and the U.S. Chamber strongly supports legislation to crack down on these debtors.

Those are just a few of the new fronts on which the business community is fighting to rebuild our economy in the 1980s. As business people we are ready to meet the challenge to invest, expand and create jobs provided by the Reagan economic program.

But we have assumed another role in recent years, the responsibility for which rests squarely at the doorstep of the U.S. Chamber of Commerce. Thanks to the initiatives of the Chamber, the business community has become more involved in the political process than ever before in American history. We intend to expand this political activism in the future. And we make no apologies for it.

As a matter of fact, it could be said that business has finally caught on to wnat organized labor has realized for many years: that political activism is a necessary and legitimate tool for getting our message across.

Taking labor's lesson to heart, business worked hard last fall to elect both Republicans and Democrats to Congress who believe that economic prosperity depends on a rejuvenated private sector. And we worked hard for passage of the President's tax and budget bills because we are convinced that they are in the best interest of all Americans. We intend to continue to fight in the political arena for the many remaining reforms that are necessary to rebuild America.

I don't begrudge for one second the right and, yes, even the responsibility for organized labor to involve itself in the political process. And I hope they would acknowledge the same right and privilege of business to do the same. After all, isn't that what our democracy is all about?

As business managers and political activists, we have reason to be optimistic about the prospects for our country and our economy in the 1980s. As managers, we will respond in a big way to the challenge put to us in the form of new incentives to expand, retool and rebuild. As political activists, we are more committed than ever to draw for the American people again and again the sharp contrast between the defenders of the status quo in Washington and the bipartisan leaders of a new era for our country. The first group says we can't cut the budget. That it must grow bigger every year. That we can't cut taxes, but that taxes should be increased to pay for new programs. They say don't reexamine the effects of federal regulations, but increase those regulations.

The business community, a bipartisan majority of Congress, the President and no doubt, a vast majority of Americans reject that thinking. We are sick and tired of the "can't-do-status-quo." We are ready to move ahead on a different path in pursuit of new economic opportunities which can be shared by all. Let's never forget that by rolling up our sleeves and working together in private enterprise we Americans built the most prosperous and prestigious society man has ever known out of a continent of wilderness, deserts and swamps. I am convinced that we will rebuild America the same way.●

S. 1810—INSURED MUTUAL SAVINGS BANKS

● Mr. D'AMATO. Mr. President, yesterday I introduced S. 1810, a bill to amend the Federal Deposit Insurance Act regarding insured mutual savings banks which convert into Federal mutual savings banks.

I now ask unanimous consent that my bill be printed in its entirety in the RECORD.

The bill follows:

S. 1810

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831c) is amended to read as follows:

"CONVERSION OF MUTUAL SAVINGS BANKS

"SEC. 26. (a) With respect to any State-chartered insured mutual savings bank which converts into a Federal savings bank or merges or consolidates into a Federal savings bank or a savings bank which is (or within 60 days after the merger or consolidation becomes) an insured institution within the meaning of section 401 of the National Housing Act, the Corporation shall indemnify the Federal Savings and Loan Insurance Corporation against any losses incurred by it which arises out of losses incurred by the converting bank prior to conversion as follows: One hundred per centum of such losses incurred by the Federal Savings and Loan Insurance Corporation during the first two years after conversion, 75 per centum during the next two years, 50 per centum during the next two years, and 25 per centum during the seventh year. The Corporation and the Federal Savings and Loan Insurance Corporation shall mutually agree on what shall be treated as 'losses incurred by it which arise out of losses incurred by the converting bank prior to conversion' for the purpose of this section, and in such agreement those losses resulting from a decline in the market value of assets due to interest rate fluctuations shall be treated as 'losses incurred by it which arise out of losses incurred by the converting bank price to conversion'.

"(b)(1) Before acting on a proposed merger, branch, or other application involving a converted savings bank during the indemnification period, the Federal Home Loan Bank Board shall request a report on the financial and managerial resources and future prospects of the proposed transaction from the Corporation. The Corporation shall furnish such report within thirty days of the date on which it is requested, or within ten days after such date if the Federal Home Loan Bank Board advises the Corporation that an emergency exists requiring expeditious action.

"(2) In the case of any proposed transaction requiring regulatory approval which the Federal Home Loan Bank Board is prepared to grant but in which the Corporation does not concur, the Board of Governors of the Federal Reserve System shall have the authority to arbitrate, and its decision shall be final and binding. For the purpose of this subsection, the Corporation and the Board of Governors of the Federal Reserve System shall have access to any books, accounts, records, and memoranda, including reports of examination, of the Federal savings banks in the custody of, or in use by the Federal Home Loan Bank Board.

"(3) Nothing in this section may be construed to confer the authority to conduct examinations for insurance purposes of converted banks on any agency other than the Federal Savings and Loan Insurance Corporation.

"(c) Any conversion, merger, or consolidation covered by this section shall not be deemed a termination of insured status under section 8(a) of this Act."●

LOW-INCOME WEATHERIZATION PROGRAM

● Mr. HEINZ. Mr. President, winter will soon be upon us. As we consider the future of energy conservation programs, I wish to bring to the attention of my colleagues the importance of the low-income weatherization program.

I firmly believe conservation in all sectors, industrial, institutional, and residential, must play a vital role in our country's energy policy for the coming years. At the same time, we must allocate our limited Federal dollars carefully, where need is greatest and the money is most productively spent. One proposed approach to this problem would eliminate all Federal conservation programs, including weatherization, and turn responsibility for such initiatives over to the States without any assurances that the neediest would be served. This strikes me as taking grave risks with the taxpayers' money.

Mr. President, I urge my colleagues to recognize that any approach which fails to consider the experience gained under current programs risks endangering those efforts that are now proving successful. As we debate how best to administer conservation programs and where to trim unnecessary costs, I must emphasize how difficult it is for the low-income elderly to adjust to extremes of tem-

perature and to the skyrocketing costs of natural gas and decontrolled oil.

Because of the importance of the low-income weatherization program to older Americans, the Special Committee on Aging, of which I am chairman, held hearings earlier this year entitled "Energy and the Aged." I would like to share some of the information gathered at that hearing.

To set the context in which the weatherization effort should be considered, I want to point out that it now costs low-income households 30 to 35 percent of their incomes to heat with fuel oil, compared to a 7 or 8 percent average for all U.S. households. Furthermore, despite the success of past weatherization efforts, which have made improvements in over 800,000 homes to date, 12 million eligible low-income homes remain unserved by this type of effort. Analysis shows that a one-time investment of $986 by the Department of Energy low-income weatherization project provides an average energy savings of 26.7 percent.

Mr. President, this program works, and it seems to me no responsible plan for increasing Government efficiency should endanger a program that reduces the demand for Federal assistance, substantially upgrades low-income housing, and lessens our Nation's dependence on imported oil.

This was the unanimous conclusion of public witnesses at the Committee on Aging's hearing, witnesses ranging from program administrators and fuel dealers to aging experts and consumers. The importance of the weatherization program to the low income and elderly cannot be overstated. The simple economic fact is that despite increases in income, the poor will have lost 16 percent of their total purchasing power to energy costs alone in 9 years. Clearly, the market has provided the incentive for conservation, but the market seems unwilling or unable to provide for essential human needs. The stark fact is that poor and elderly households lack the $800 to $1,200 in cash or credit to respond to astronomical increases in home fuel costs, and there is no bank or other source where they can beg or borrow it.

At the same time, the elderly are especially vulnerable to extremes of temperature. They are known to be at high risk of heat stress and hypothermia, a lethal lowering of core body temperature. Furthermore, elderly people who cannot afford to maintain or heat their old houses are being forced into nursing homes. Those that stay are often eligible for energy assistance payments, but without weatherization we will find ourselves spending millions of dollars, year in and year out, to keep people barely alive in inadequate housing.

The weatherization program responds to these needs; it does so effectively and it does so economically.

Now, with energy costs still rising and the staff and institutional resources for weatherization assistance severely cut back, the last thing we should consider would be further reducing our support for conservation. I agree some conservation measures are producing better results than others, but let us not hastily throw the good out with the bad. The issue of Federal and State roles is legitimate, but we must give first priority to people who literally cannot afford to heat their homes and who will surely suffer this winter.

If anyone wonders whether or not we can afford a low-income weatherization program, I bring to their attention just one of the hundreds of comments I have heard from older Americans on this issue. At the Committee on Aging's "Energy and the Aged" hearing, Mrs. Mona Musser of Millersburg, Pa., stated flatly:

> The only reason I am able to stay in my home and enjoy it is because of the program.

Mr. President, the days are growing cold, frost and snow have begun, winter has already arrived across much of the country. Clearly, if our most vulnerable citizens are to be well served this year, we must provide flexible, adequately funded, and responsive conservation assistance that can be suited to regional needs. At the same time, as I believe the testimony quoted here demonstrates, we must take care to preserve the benefits of a program that successfully addresses a matter of truly national urgency.●

THE URGENT NEED FOR NUCLEAR ARMS CONTROL

● Mr. KENNEDY. Mr. President, at this time of growing concern over deployments of nuclear missiles in Europe and the prospect of an expanded nuclear arms race between the Soviet Union and the United States, two distinguished journalists—Tom Wicker of the New York Times and William Beecher of the Boston Globe—have written incisive and compelling articles about these critical issues.

As these articles point out, the Reagan administration's surprising insensitivity to European concerns over the theater nuclear force modernization program has undermined European support for our policy and created serious problems for our NATO allies. In addition, the administration's simple-minded emphasis on military capabilities has frightened the Europeans, who are increasingly concerned by the administration's repeated suggestions that a nuclear war can be limited and can be won.

Many of us in Congress share our allies' concern over the administration's unnecessarily belligerent statements on nuclear arms policy and the administration's exaggerated claims of U.S. nuclear weakness. These proclamations of weakness are not credible to our European allies—or to Americans. The United States and the Soviet Union still maintain overall parity in nuclear forces, and I am commited to maintaining that parity.

Unfortunately, the Reagan administration, in its policy pronouncements and its action, has put its emphasis on nuclear arms buildup, to the exclusion of meaningful nuclear arms control.

We must maintain the strength of our nuclear deterrent. But we must not neglect the vital need to pursue an effective nuclear arms control agreement. Only in that way can we escape the horror and destruction of humanity's final war.

Mr. President, the articles by Mr. Wicker and Mr. Beecher are important contributions to this essential public debate, and I ask that they be printed at this point in the RECORD.

The articles follow:

[From the New York Times, Oct. 29, 1981]

SPURNING EUROPE

(By Tom Wicker)

That 52–48 Senate victory in the AWACS fight was another demonstration of Ronald Reagan's clout in Congressional politics, but it didn't give him a coherent foreign policy. For example: when hundreds of thousands of anti-nuclear protesters have just marched in five major European capitals, what sense does it make for the Reagan Administration to insist that these demonstrations will have "no impact" on plans to deploy 572 more nuclear missiles in Europe?

In the first place, the decision to deploy the missiles supposedly is that of NATO, not of Washington alone. Why spread the already prevalent impression that the United States is forcing those missiles on Europe?

In the second place, President Reagan is already the main target of the demonstrators. Why add one more to the insensitive statements that have caused much of the trouble?

In the third place, the deployment is part of a "dual decision" that includes negotiations with the Soviet Union on missiles in Europe. Why not emphasize the negotiations, which begin in November and which the demonstrators want, rather than the deployment, which they don't want and which can't begin until 1983, if at all?

In the fourth place, responsible governments, not marchers in the streets, make major security decisions. But those decisions won't be worth much without public support; why appear to spurn public opinion now, needlessly fanning the opposition?

In the fifth place, the Administration may be dangerously wrong to insist as it did in the White House statement that the demonstrations "do not represent a widespread view of West European citizens."

That contradicts the evidence of continuing Government difficulties on this issue in the Netherlands and Belgium, intense pressures on Chancellor Schmidt in West Germany and the strident disarmament movement in the British Labor Party.

John Hume, the leader of the moderate Social Democratic and Labor Party in Northern Ireland and a member of the European Parliament, has been saying on a visit to the U.S. that the anti-nuclear protest is a serious matter, representing deep and sincere concern about a drift toward war. In particular, he reports, Europeans were "outraged" by Mr. Reagan's recent suggestion that a limited nuclear war might be fought in Europe without involving the United States.

But in the Administration's determination to alert the world to a dire Soviet military threat, tough talk is the norm—and so, as in the scramble for AWACS votes, is exaggeration and misinformation.

Mr. Reagan himself commented recently that the United States might have been threatened by war "when we were unilaterally disarming." No one asked him just when that was.

But even allowing for the President's offhand style, this country has not been "unilaterally disarming" at any time since the Korean War. Military expenditures did decline in the 70's—under Presidents Nixon and Ford, from 8 percent of gross national product in 1970 to 5.4 in 1976. President Carter, however, eventually reversed that trend and outlays rose from 5 percent of G.N.P. in 1978

to 5.1 in 1980—or 22.7 percent of all Federal outlays.

That's unilateral disarmament? When the Carter Administration left office with 9,000 deliverable nuclear warheads, the Stealth bomber on the drawing boards and the cruise missile coming on line?

Gen. Robert L. Schweitzer, fired from the National Security Council staff for insubordination but not repudiated for his views, insisted among other things that the Russians had achieved "superiority in every leg of the triad"—land-, air- and sea-based strategic weapons. That's an exaggeration to match Mr. Reagan's.

On land, the Russians deploy 1,398 ICBM's to our 1,052. But American missiles, solid-fueled and hence more reliable, can deliver over 2,000 warheads; with their bigger missiles, the Russians soon may have more land-based warheads, but even in this "leg" their "superiority" is at least questionable.

In strategic submarines, although Moscow has 62 boats to Washington's 41, our fleet can deliver 5,000 warheads compared with 1,000 to 1,500 for the Russians. As for aircraft, the only way General Schweitzer's claim could be even remotely correct is if he counts the Soviet Backfire bomber—and he'd still be on shaky ground because that would require him also to count American fighter-bombers based in Europe. In long-range bombers, the U.S. leads with 360 B–52's vs. 156 Soviet Bears and Bisons.

And from the Pentagon's recent glossy, four-color pamphlet supposedly detailing Moscow's overwhelming power, how's this for a unilateral con job? The statement is made on page 49 that the Russians have the second largest force of marines in the world. The statement is not made that the U.S. is No. 1, with 191,000 marines to 12,000 for the Russians.

Even so, the claim that Moscow is No. 2 is a little off. Taiwan and South Korea have more marines, and Brazil has at least as many.

[From the Washington Post, Oct. 29, 1981]

HOW NOT TO WIN FRIENDS

(William Beecher)

WASHINGTON.—In the afterglow of their impressive victory in the Senate on the AWACS issue, some of the President's men feel vindicated and self-satisfied.

To be sure, they will concede privately there were mistakes aplenty both in shaping and selling the arms package for Saudi Arabia. But President Ronald Reagan and his inner circle had consciously put economic reordering at the top of their priority list and, once Reagan turned his attention fully to AWACS, he was able to use his magic as a salesman.

The momentum, earlier demonstrated in domestic policy, seems to be gathering speed in foreign policy as well. Unless one takes a closer look.

Case in point, the rhubarb over antinuclear demonstrations in Western Europe.

At a recent White House gathering of out-of-town editors, Reagan was asked whether he was concerned about the hundreds of thousands marching with ban-the-bomb placards in Berlin, Bonn, Brussels, Paris, Rome and London. Not to worry, he said, the crowds were incited by propaganda ginned up in Moscow. And anyway, NATO governments were not abandoning their pledge to deploy medium-range missiles starting in a couple of years.

Well, he was asked, could he conceive of an exchange of nuclear weapons that would not escalate to an all-out nuclear cataclysm?

"I could see where you could have the exchange of tactical weapons against troops in the field without its bringing either one of the major powers to pushing the button."

In your living room or mine, after a Sunday football game, such casual answers would be perfectly reasonable and acceptable. It doesn't take a team of CIA agents to discover that the Russians are working overtime to egg on antinuclear sentiment in the West. And there might well be circumstances where, after each side had lofted a couple of tactical nuclear weapons at the other to prove they meant business, they would think better of escalating and back off.

But the President wasn't in our living room, he was in the White House fishbowl—with all the world looking on. And the mood in Europe today is far from what one encounters at home when the bowl of popcorn is down to a few unpopped kernels and the beer is running out.

After years of taking for granted that Uncle Sam's superior nuclear umbrella made the very idea of Soviet aggression pretty much unthinkable, growing numbers of Europeans are awakening to the realization that the umbrella has shrunk, and developed leaks.

Add to that the growing truculence of American rhetoric of late, jitters about weapons coming to Europe which for the first time will reach well beyond the potential battlefield into the Russian heartland, and concern that the daft Yanks might just be toying with the idea of configuring weapons and strategy for a limited nuclear war in Europe.

Belatedly, well after Reagan's offhand remarks had been bent out of shape into advocacy of a limited European war, the White House reacted. What the President meant, it explained, was that flexible response remains the policy and "no aggressor should believe that the use of nuclear weapons in Europe could reasonably be limited to Europe."

The President's merry men were way off the mark.

First, they should have alerted him to the nervous winds coursing through the alliance and cautioned that, regardless of what was asked about nuclear war, his answers should consciously aim to calm the political storm.

Second, the content of his message ought to be that, because gaps have developed in the spectrum of deployed nuclear weapons, NATO is trying to fill those gaps lest the Russians in a crisis be tempted to exploit them. The whole exercise is aimed at deterring war, at every level, not fighting it at an agreeably safe distance from Washington.

A savvy, sophisticated staff would have so sensitized the President that if someone even inquired about the future of nuclear energy, part of his answer would have stressed the importance of shoring up nuclear deterrence.

That's statecraft. It's necessary for a successful foreign policy. And, AWACS notwithstanding, it shows little evidence of being practiced at 1600 Pennsylvania Avenue.●

ORDERS FOR FRIDAY

ORDER FOR RECESS UNTIL 9:30 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:30 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF VARIOUS SENATORS

Mr. BAKER. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order, that the following Senators be recognized for not to exceed 15 minutes: The Senator from Mississippi (Mr. COCHRAN), the Senator from Michigan (Mr. RIEGLE), the Senator from Tennessee (Mr. SASSER), the Senator from Montana (Mr. MELCHER), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Ohio (Mr. METZENBAUM), the Senator from Oklahoma (Mr. BOREN), the Senator from Wisconsin (Mr. PROXMIRE), and the Senator from Maine (Mr. MITCHELL).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I further ask unanimous consent that following the recognition of the two leaders under the standing order and the special orders just awarded, there be a period for the transaction of routine morning business of not to exceed 20 minutes in length with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I had hoped that on tomorrow it might be possible for the Senate to take up the Export Administration Act, S. 1112, but it appears that that is not likely to be cleared on tomorrow and it appears instead, that it will be a matter that the leadership may ask the Senate to address on Monday the 9th of November.

Tomorrow, Mr. President, I would hope that the Senate could turn to the consideration of S. 778, a bill to authorize additional funds for the development of the area south of the original Smithsonian Institution building; S. 794, a bill to amend the National Trails System Act; and Senate Concurrent Resolution 43, a concurrent resolution granting the status of permanent residence to certain aliens; and any other items, Mr. President, that may be cleared on either the Calendar of General Orders or the Executive Calendar on tomorrow.

Mr. President, I have a number of items that are cleared on this side. I would inquire of the minority leader if he would be in a position to clear for action by unanimous consent any of the following. I have five items that I would recite.

First, two items on the calendar to be passed, Calendar Order No. 355, Senate Resolution 210, which is marked cleared here, and Calendar Order No. 358, House Concurrent Resolution 106, which is also cleared on our side.

In addition, Mr. President, I would invite the minority leader to consider, if he will, the possibility of indefinitely postponing three items: Calendar Order No. 63, Calendar Order No. 78, and Calendar Order No. 303.

Mr. ROBERT C. BYRD. Mr. President, before responding to the distinguished majority leader, could he tell us when we might expect the small business innovations bill to be called up?

Mr. BAKER. Yes. Mr. President, I had hoped to take up that bill on Monday. I understand certain complications have arisen on our calendar, but I would be hopeful, based on conversations that I had during the day today, that those complications may clear up. So it is possible, Mr. President, that bill would be taken up on Monday.

Could I inquire of the minority leader if he expects amendments to that bill?

Mr. ROBERT C. BYRD. I do.

Mr. BAKER. Could the minority leader tell me anything about the number of amendments and the nature of the amendments, which might help in the process of trying to clear the measure?

Mr. ROBERT C. BYRD. I cannot at this moment state the number or the nature. I will be glad to do that perhaps on tomorrow. But may I say that there is no problem on this side of the aisle with clearance.

Mr. BAKER. I thank the Senator. Perhaps the minority leader and I could confer on that in the morning and it may be that the bill could be rescheduled then for next Monday as originally contemplated.

Mr. ROBERT C. BYRD. Mr. President, in response to the majority leader's inquiry, the minority leader is ready to proceed with the items listed.

Mr. BAKER. I thank the minority leader.

MEASURES INDEFINITELY POSTPONED

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate indefinitely postpone Calendar Order Nos. 63, 78, and 303.

The PRESIDING OFFICER. Without objection, it is so ordered.

The measures indefinitely postponed are as follows:

Calendar 63, S. Con. Res. 19, a concurrent resolution setting forth the recommended congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984, and revising the congressional budget for the United States Government for the fiscal year 1981;

Calendar 78, H.R. 3132, an act to amend the Truth in Lending Act to encourage cash discounts, and for other purposes;

Calendar 303, S. Con. Res. 37, a concurrent resolution disapproving the proposed sales to Saudi Arabia of E–3A airborne warning and control systems (AWACS) aircraft, conformal fuel tanks for F–15 aircraft, AIM–9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft.

THE CALENDAR

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate the two calendar items previously identified.

HISTORY OF THE COMMITTEE ON THE JUDICIARY

The resolution (S. Res. 210) to compile and print a history of the Committee on the Judiciary, was considered and agreed to, as follows:

S. RES. 210

Resolved, That a compilation of materials relating to the history of the Committee on the Judiciary be printed, with illustrations, as a Senate document, and that there be printed such additional copies not to exceed $1,200 in cost of such document for the use of the committee.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRINTING OF "HOW OUR LAWS ARE MADE"

The Senate proceeded to consider the concurrent resolution (H. Con. Res. 106) to provide for the printing of the brochure "How Our Laws Are Made," which had been reported from the Committee on Rules and Administration, with an amendment:

On page 2, after line 6, insert the following:

SEC. 2. There shall be printed for the use of the Senate fifty-two thousand additional copies of the document specified in section 1 of this concurrent resolution.

The amendment was agreed to.

The resolution as amended was agreed to.

The resolution, as amended, is as follows:

H. CON. RES. 106

Resolved by the House of Representatives (the Senate concurring), That the brochure entitled "How Our Laws Are Made", as set out in House Document Numbered 96–352 of the Ninety-sixth Congress, be printed as a House document, with a suitable paperback cover of a style, design, and color, to be selected by the chairman of the Committee on the Judiciary of the House of Representatives with emendations, and with a foreword by the Honorable Peter W. Rodino, Junior; and that there be printed two hundred and forty-six thousand additional copies, of which twenty-five thousand shall be for the use of the Committee on the Judiciary and the balance prorated to the Members of the House of Representatives.

SEC. 2. There shall be printed for the use of the Senate fifty-two thousand additional copies of the document specified in section 1 of this concurrent resolution.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MILITARY JUSTICE AMENDMENTS OF 1981

Mr. BAKER. Mr. President, there is another matter that I will address. I inquire of the minority leader if he is in a position to consider H.R. 4792, the Armed Forces Military Justice Amendments of 1981, which are cleared on this side of the aisle.

Mr. ROBERT C. BYRD. Mr. President, that item has been cleared on this side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader.

I ask that the Chair lay before the Senate H.R. 4792.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4792) an act to amend title 10, United States Code, to improve the Military Justice System.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read the first and second times and the Senate will proceed to its immediate consideration.

Mr. JEPSEN. Mr. President, H.R. 4792 contains a number of changes in the military justice system which the Senate originally provided for in S. 1181, the Uniformed Services Pay and Benefits Act of 1981. The provisions were not in the House version of the military pay bill. In the conference, the Senate conferees agreed to recede on these changes to avoid a potential point of order when the military pay bill came to the House floor. However, the House conferees agreed to prompt action on separate legislation embodying the elements of the Senate provisions. H.R. 4792 is the fulfillment of that commitment. The revisions will help enhance the efficiency and effectiveness of the administration of military justice. They also will help promote discipline in the armed forces, while retaining intact the fundamental rights of members of the armed forces during the military justice process.

The changes made in H.R. 4792 are technical and of a drafting nature, and should be acceptable to the Senate. The provisions of the bill are substantively the same as the terms originally contained in S. 1181 so there is no need to refer this bill to the Armed Services Committee for consideration. The Committee Report on the military pay bill (Senate Report No. 97–146) contained a detailed and lengthy explanation of the need for these military justice changes, the scope of the provisions and the intent of the committee. In view of the substantive identity of the military justice provisions in the two bills—S. 1181 and H.R. 4792—the explanations and views of the Senate in Senate Report 97–146 are equally applicable with respect to the changes proposed by H.R. 4792.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 4792) was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION OF APPROPRIATIONS FOR FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 999.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendments of the Senate to the amendments of the House to the bill (S. 999) entitled "An Act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes", with the following amendments:

(1) Page 1, line 14, strike out "$35,425,000", and insert: "$34,425,000".

(2) Page 3, line 1, strike out "$21,115,000", and insert: "$20,815,000".

(3) Page 3, line 2, strike out "$25,338,000", and insert: "$23,312,800".

(4) Page 3, strike out all after line 4, down to and including line 10, and insert:

(A) such sums as may be necessary for the support of research and development at the

Fire Research Center of the National Bureau of Standards under section 18 of this Act, which sums shall be in addition to those funds authorized to be appropriated under the National Bureau of Standards Authorization Act for Fiscal Years 1981 and 1982; and

(5) Page 3, line 12, strike out "$784,000", and insert: "$732,480".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

Mr. BAKER. Mr. President, I have two unanimous-consent requests.

REFERRAL OF H.R. 4431

Mr. BAKER. I ask unanimous consent that the Committee on Environment and Public Works be discharged from further consideration of H.R. 4431, a bill to provide the designation of the E. Michael Roll Post Office, and I ask that it be referred to the Committee on Governmental Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMISSION TO FILE REPORT TO ACCOMPANY S. 807

Mr. BAKER. Mr. President, I ask unanimous consent that the Rules Committee have until the close of business on Monday, November 16, to file a report to accompany S. 807.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I know of no other business to come before the Senate. I would inquire of the distinguished minority leader if there are other matters he wishes to dispose of at this time.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his customary courtesy. I believe there are certain other matters that are cleared for unanimous consent.

Mr. BAKER. I thank the minority leader.

Mr. President, there are apparently four items that are cleared now on both sides of the aisle, and I make those requests at this time.

(The Senate granted authority for certain committees to meet, which proceedings are printed under Routine Morning Business.)

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, there appears to be no further business to be transacted by the Senate. I move now in accordance with the order previously entered, that the Senate stand in recess until the hour of 9:30 a.m. on tomorrow.

The motion was agreed to; and, at 8:29 p.m., the Senate recessed, until Friday, November 6, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate, November 5, 1981:

DEPARTMENT OF STATE

Milan D. Bish, of Nebraska, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Barbados, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Commonwealth of Dominica, Ambassador Extraordinary and Plenipotentiary of the United States of America to St. Lucia, Ambassador Extraordinary and Plenipotentiary of the United States of America to St. Vincent and the Grenadines, and Ambassador Extraordinary and Plenipotentiary of the United States of America to Antigua and Barbuda.

THE JUDICIARY

Robert G. Doumar, of Virginia, to be U.S. district judge for the eastern district of Virginia vice Richard B. Kellam, retired.

David V. O'Brien, of the Virgin Islands, to be U.S. district judge for the district of the Virgin Islands for the term of 8 years vice Warren H. Young, deceased.

EXTENSIONS OF REMARKS

MORTGAGES TO MEET THE HOUSING CRISIS

HON. STAN LUNDINE
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. LUNDINE. Mr. Speaker, the problems of the Nation's housing industry have reached crisis proportions. According to figures compiled by the New York Times, less than a million new homes will be constructed this year, half the number constructed last year and less than 40 percent of the Nation's estimated annual demand for new housing. Sales of existing homes are running more than 8 percent below last year's disappointing level. The inability of potential home buyers to secure mortgages at reasonable rate has not only dropped housing demand to record levels, but has caused the first significant decline in housing prices since World War II.

This decline in housing activity has put hundreds of thousands of Americans out of work. Reported bankruptcies among general building contractors during the first months of 1981 increased nearly 50 percent over last year. The failure rate among smaller subcontractors was up 150 percent. Unemployment in the construction industry is currently 16.3 percent, over twice the national unemployment rate. A more far-reaching effect has been the closing or reduced operation of lumber dealers and sawmills throughout the Nation. This has resulted in the laying off of more than 100,000 sawmill workers in the Western States alone.

The slump in the Nation's housing industry has undermined efforts to revitalized the Nation's economy and guarantees that housing shortages and record-high housing costs will continue. Current conditions will also limit our ability to meet future housing demand even if interest rates drop dramatically. The loss of capacity represented by the closing of hundreds of building firms and lumber yards means that several years will be required just to bring the industry back to full production.

Most economic analyses attribute the current housing crisis to continued high interest rates. Such explanations, however, should be taken a step further. At fault is the practice of adjusting mortgage interest rates to anticipated levels of inflation and adding this cost to every monthly payment throughout the life of the mortgage. This leads to a faster amortization of debt and larger than necessary initial mortgage payments. The high initial payments on current fixed-rate and adjustable-rate mortgages, more than actual housing construction costs, are the most important factor pricing housing out of the reach of potential buyers.

During the past year, I have been studying an alternative home financing concept known as price-level adjusted mortgages, or simply "real dollar" mortgages. The concept has been proposed as a solution to the problems posed by the limited availability of mortgage funds and the inability of prospective home buyers to meet initial home financing costs. The concept is a simple one: Instead of adding the cost of anticipated levels of inflation to the mortgage interest rate, the real cost of inflation would be added over time to the principal of the mortgage. Mortgage payments would begin as if no inflation existed and would be adjusted annually according to changes in a selected price index.

For the buyer, this would provide a low initial mortgage obligation and monthly payments that would remain below current fixed-rate levels for the first 10 years of the mortgage. These mortgages would also eliminate current disincentives for making mortgage financing available, since it guarantees that money borrowed would be repayed in "real" dollars at any point in the life of the mortgage.

Real dollar mortgages would substantially reduce initial financing costs on housing loans, enable tens of thousands of households to reenter the housing market and provide a needed stimulus for the housing industry. It would do this without Government subsidies and with a substantial reduction in the Federal tax revenue now lost to mortgage interest deductions.

Where once I had reservations regarding the additional risk these mortgages might pose to borrowers, I am now convinced that there is no risk, even 20 years into an inflation adjusted mortgage, that is not present in current high-interest, fixed-rate and adjustable-rate mortgages. The real dollar mortgage concept may offer one of the only answers to the current situation in which housing is not being constructed, financed, or purchased.

Having come to these conclusions, I was pleased to find in the October 27 issue of the Washington Post an article advocating price-level adjusted mortgages. The article, jointly authored by Harvard economist Martin Feldstein and his wife, Kathleen, offers one variation of the inflation adjusted mortgage concept. I insert this article in the RECORD and recommend it to the attention of my colleagues.

THERE'S A BETTER WAY TO PAY A MORTGAGE

(By Martin and Kathleen Feldstein)

An unprecedented surge in long-term interest rates has carried mortgage rates to 17 percent, an increase of nearly six percentage points in just two years. The resulting jump in monthly mortgage payments has cut back sharply the demand for new homes. The home construction rate has dropped to less than 1 million units a year, only half the 1978-79 rate.

With figures like these, it's not surprising that potential home buyers and sellers alike, along with the construction industry, are turning in protest to their representatives in Washington. The temptation will be strong for Congress and the administration to try to force the Federal Reserve to ease credit or even to try some form of credit controls or direct intevention in mortgage markets. Any such move would weaken the administration's anti-inflation program without resolving the fundamental problem in the financing of homeownership.

The plight of the potential home buyer is a serious one. Even for relatively affluent families, the usual method of financing a home purchase can impose prohibitive initial carrying costs.

It would certainly not be unreasonable by conventional standards for a couple with an annual income of $40,000 to aspire to an $80,000 home. But with a normal down payment of 20 percent and a 17 percent interest rate on the loan of $64,000, this couple would be spending $11,000 a year on mortgage payments alone—more than one fourth of their annual income.

It's true that the federal government would assist this couple by allowing the deduction of these interest payments in the calculation of taxable income. But even after a tax saving of $3,200, the net annual mortgage cost of $7,800 would still take nearly one-fourth of the couple's income net of federal and state taxes.

Furthermore, even if a couple is willing to take on this burden, they often find it impossible to obtain credit. Banks and savings and loan associations are frequently unwilling to take the risk of lending to a couple for whom meeting the monthly payment represents a serious financial strain. The financial institutions understandably fear that if the couple experiences even a temporary loss of income or large unexpected expenditure, the mortgage might be thrown into default.

But serious as the problem is, it would be wrong to seek a solution in artificially low mortgage interest rates. Imposing a ceiling on the interest rate that could be charged on mortgages would simply dry up all of the supply of mortgage funds as lenders turned to the corporate and government bond markets instead. Similarly, a return to the old regulations limiting the interest rate that banks and thrifts can pay for their funds would not only distort savings incentives but would induce an outflow of funds from which the savings banks and the S&Ls might never recover.

Alternatively, a direct government subsidy that lowered mortgage rates and thereby permitted home buyers to borrow at a lower cost of funds than businesses would mean that too much of the nation's savings would flow into housing and not enough into investment in plant and equipment.

The correct solution to the problem is to reduce the borrower's monthly repayment burden without distorting the cost of borrowed funds. Fortunately, it is possible to alleviate the heavy initial carrying cost

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

without creating wrong incentives for savings and investment.

The real problem for the home purchaser is not the high mortgage interest rate in itself but the flat monthly payments for interest and amortization. Monthly mortgage repayment under current home financing arrangements is spread in equal dollar installments over a period of up to 30 years. But equal dollar installment may mean very different payments of real purchasing power when inflation reduces the value of a dollar very substantially over a period of two to three decades.

With the usual method of constant monthly payments, most of the real value of the loan is actually repaid in the first few years even if payments continue for 30 years. For example, at 7 percent inflation, the annual payment of $11,000 referred to earlier declines in terms of purchasing power from $11,000 in the first year to $5,600 a decade later, less than $3,000 in the 20th year and only $1,500 in the final year. If the couple's real income just keeps pace with inflation and enjoys no real growth, a constant monthly payment mortgage that took a very burdensome 25 percent of income in the first year would take a very moderate 10 percent of income 15 years later. And if the couple's income growth exceeds inflation by 2 percent a year, it would take only a decade to reduce the mortgage payments to 10 percent of income. The problem is, therefore, to avoid the heavy burden of the first few years by shifting more of the repayment to later years.

In place of the present system of fixed monthly payments, mortgage payments should increase gradually with the general rise in prices and incomes. In this way, the purchasing power value of the repayment installments could remain constant or even increase as real income grows.

The principle of gradually increasing mortgage payments could be incorporated into any of the currently available types of mortgages. A bank might, for example, issue a 30-year mortgage with a 17 percent interest rate, but, instead of a constant monthly repayment, might use a repayment schedule that starts low and then rises at 6 percent a year. Such a change would permit cutting the annual mortgage payment in the first year from $1,000 to $7,000 or, net of the benefits of tax deductibility, from $7,800 to $4,800. this reduction of nearly 40 percent in first-year payments shows how much relief could be achieved without distorting interest rates.

Permitting monthly payments to increase at an annual rate of 6 percent over the entire life of the mortgage does run the risk that they will become too high relative to income in later years if inflation falls sharply. This risk can be greatly reduced by using a mortgage in which monthly payments increase only for a limited time and then remain level. Fortunately, a 6 percent rate of increase limited to the first decade and followed by constant montly payments would still succeed in reducing the $11,000 first-year mortgage repayment to only $7,900 (with a correspondingly smaller net-of-tax amount).

In the last few years, banks and thrift institutions have introduced "variable rate" mortgages in which the interest rate is periodically adjusted up or down in response to the general movement of interest rates. A variable interest rate could easily be combined with a graduated payment schedule. Indeed, a variable rate may be necessary to induce lenders to accept the greater risk that is associated with slowing the rate at which the loan is repaid. It is unfortunate, therefore, that the government still resticts the use of variable rate mortgages. By doing so, it discourages lenders from offering the kind of graduated payment mortgages that could substantially ease the burden of home buying. The government's restrictions on the use of variable rate mortgages have been eased in recent years, and the remaining restrictions should be eliminated as quickly as possible.

It is crucial for the government to avoid the temptation to lower mortgage interest rates by an inevitably futile policy of easy money. Such an increased growth of the money supply would only add to inflation and thus ultimately raise interest rates. Let's hope that Congress and the administration have instead both the wisdom to eliminate the restrictions that are impeding change and the patience to allow the market to solve the mortgage problem.●

CHIEF FIRE MARSHAL JOHNSON TO RETIRE

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. RUSSO. Mr. Speaker, in the midst of our budget battles and foreign policy questions and the construction of tax bills, we can get caught up in a whirlwind of problems that seem endless. It is easy to forget the day-to-day substance of this country and to overlook the people that manage quite nicely in maintaining our values and forming a strong and durable fabric that holds together in the roughest times.

So much of our greatness as a land is due to countless dedicated people who are quietly going about the business of leading their lives and working in the service of others. Occasionally we need to stop and be grateful, and to say "thank you."

Such a citizen from my district is retiring this month after 25 years of service for the city of Harvey. Chief Fire Marshal Robert Johnson is an outstanding example of the dedicated public servant and thanks to his efforts, he is leaving behind one of the finest fire departments in the south suburbs.

Many people will be gathering to honor Chief Johnson on November 29 and it is a tribute well deserved. Through the years he already has received various awards and certificates of commendation from several community organizations for his commitment to the community. He has, to cite one example, been actively involved in the Optimists organization, both on the local and the State level, where he became State Lieutenant Governor in 1978.

And in maintaining his own high degree of professionalism in his work, he has concentrated on training for himself and on improving the unit. He received a technical certificate in fire science from Prairie State College—one of the first such certificates awarded not only to a member of the Harvey Fire Department but one of the first awarded by Prairie State. He received certification as a fire prevention officer from the State fire marshal's office. He was one of the first people to complete the 240-hour course for this certification and there are currently less than 200 certified fire prevention officers in the entire State.

For 4 years, Chief Johnson served on the inspectors ad hoc committee of the State fire marshal's office. In 1977 he was instrumental in the passage of State legislation allowing the Harvey Fire Department Arson Investigation Unit to act as peace officers in the State of Illinois—the first such unit to have such powers and now many communities in Illinois are using the Harvey Unit as a model to establish their own similar units.

He has received the Illinois Fire Inspectors Association award as outstanding fire investigator in recognition of his involvement in the development of the Harvey Arson Investigation Unit and his contributions to the field or arson investigation throughout the State. For the last 4 years he has served on the South Cook County Emergency Medical System board of directors.

Chief Johnson is a man who cares, who brings his best to his work and who has an impact. Such men are the backbone of our country. He has given much and he deserves the best in his retirement in Florida. I know my colleagues join with me in thanking him for a job well done.●

ITALIAN EARTHQUAKE RELIEF WORK PROGRESSING

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. BIAGGI. Mr. Speaker, on November 23, 1980, Italy was ravaged by a massive earthquake which left more than 3,000 persons dead and another 300,000 homeless. In response to this enormous tragedy, the United States, under the terms of legislation which I cosponsored, provided $50 million in relief and rehabilitation aid to the Provinces of Salerno, Naples, Potenza, and Avellino. Approximately $5 million was spent on relief while almost $40 million has been committed for the construction of some 12 schools.

I traveled to Italy last December to meet with the Italian Government officials who would be involved in the rehabilitation effort. In addition to the aid provided by Congress, thousands more dollars in donations have been raised by various private organizations thus demonstrating this Nation's generosity to those less fortunate.

I wish to share with my colleagues an article which appeared in the October 29 edition of Il Progresso outlining the progress which has been made in the all-important effort of providing

housing for those who were left homeless by the earthquake. The news is indeed encouraging and I commend the work of Director Zamberletti.

DIRECTOR PRAISES GOVERNMENT'S WORK IN EARTHQUAKE ZONE—70 PERCENT OF 23,000 HOMES BUILT

(By Marc Ferranti)

ROME.—The Italian government has done a good job of getting people out of huts and into houses in the area devastated by the Nov. 23, 1980 earthquake, according to Giuseppe Zamberletti, director of the earthquake recovery operations.

Zamberletti is responsibile for supervising reconstruction projects in the area the giant 1980 earthquake hit hardest—the rugged stretch of land that runs from Naples through the region of Campania down to Basilicata.

Zamberletti was interviewed by journalists as he presented a consignment of prefabricated houses to the towns of Serino and Montorio, a few kilometers away from Avellino, south of Naples.

"The state has done its duty," Zamberletti said, "No other part of the world has ever experienced so vast a project undertaken in so short a time, in an area ten times bigger than Friuli (a northern Italian region hit by an earthquake several years ago). The challenge that the earthquake presented society with has met a precise response."

The Italian state has already committed two trillion lire, about $1.8 billion, to reconstruction projects in the south. Zamberletti reports that 70 to 80 percent of this money has already been spent. And what has been done with the money?

According to a census taken by the Extraordinary Commission for Campania and Basilicata, 1,200 construction units have been set up in the earthquake zone. About 25,000 workers took part in the reconstruction efforts. In addition, the census indicates that 70 percent of the 23,000 prefabricated houses destined for homeless people are now ready.

The plan to reconstruct the earthquake-stricken south has four main objectives:

The construction of 13,000 prefabricated houses in 35 towns situated in the center of the earthquake area. These houses will be tested to assure they will last for at least ten years.

Construction of another 10,000 houses of the same type to be placed in 85 towns outside the epicenter of the earthquake. Two thousand special services buildings will also be built in this area.

The transferral of 12,000 mono-block houses, or "containers." to the earthquake area (including Naples).

Repairs on houses not seriously damaged by the earthquake.

"The tent cities are gone and in a few weeks we will eliminate the campers as well," say Zamberletti. "The south can be proud of this reconstruction."●

COMMENDING KAWASAKI HEAVY INDUSTRIES, LTD.

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. BEREUTER. Mr. Speaker, some months ago I included in these proceedings a commendation of the Kawasaki Heavy Industries, Ltd., plant in Lincoln, Nebr. That plant, under American management and with an American labor force, had achieved quality and productivity ratings that equaled or exceed those of its Japanese counterparts.

Once again the management of Lincoln Kawasaki plant has won acclamation, this time for its innovative and public-minded approach to a temporary need for reduction in its work force. The actions of the management of this mid-American plant are evidence that a government-private sector partnership is indeed possible and I hereby, call their experience to the attenton of my colleagues.

[From the Lincoln, Neb., Star, Oct. 22, 1981]

KAWASAKI WORKERS SHIFT JOBS

(By Mike Butler)

Eleven new employees will be working on special renovation projects for the city of Lincoln starting Monday, but they'll be on Kawasaki Motors Corp's payroll not the city's.

Kawasaki's personnel director Bob Summers, at a news conference with Mayor Helen Boosalis Wednesday, said there's no need for those 11 employees—possibly more—because of a slack production period.

Summers declined to say at just how far short of production capacity Kawasaki is operating, but he did say the good times aren't exactly rolling along.

When that has happened in the past, Summers explained, Kawasaki has shifted its production people into maintenance and other plant departments to keep them on the payroll

"The selfish aspect," he said, "is we get our employees back when we need them, and we have retained the skills in case of an immediate start-up."

If the 11 employees who will be picked to work for the city were to go on unemployment instead, Summers said, the most the company would have to pay out in compensation benefits would be $106 a week. Some of the selected city crew will continue to earn salaries as high as $280 a week.

"This is positive," Summers said, "whereas unemployment is a negative drain." He said it was unclear at this time whether the company might get a federal tax break from the program.

The program has attracted another eye of the federal government, however.

In a telegram to Kawasaki President Kichiro Ando, made available to reporters Wednesday, President Reagan commended the company for developing such a program. Reagan said: "Kawasaki's commitment to maintain a constant level of employment, thereby eliminating layoffs, reinforces the company's commitment to the community. This alliance is precisely what I'm encouraging throughout the country."

Reagan reiterated those sentiments in a separate telegram to Mayor Roosalis.

The mayor said she thought the project reaffirms "the public-private partnership that has existed in this community for years."

She emphasized that the Kawasaki employees will be doing special projects for the city and that no civil employees' jobs will be taken. Although the Kawasaki employees will choose projects they'd like to tackle from a list, possible examples were restoring the old City Hall, installing motorcycle trails, helping maintain city parks and renovating the pump house at Holmes Lake.

How long they'll work for the city depends on business, according to Summers, who said it could be several months.

Kawasaki's plant at 6600 N.W. 27th St. is the corporation's American headquarters. The U.S.A. division employs nearly 600 persons and produces more than 60,000 motorcycles yearly.

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[From the Lincoln, Nebr., Journal, Oct. 23, 1981]

KAWASAKI, CITY PARTNERSHIP MAY BE NATIONAL PACE SETTER

Congratulations are being passed around like popcorn at the flicks, and why not?

Kawasaki Motor Corp. fully deserves the credit it is receiving for taking innovative steps to prevent or mitigate work force layoffs caused by changing economic conditions.

It was the executive management of Lincolns Kawasaki plant which initiated the idea of keeping 11 assembly-line people on the company payroll, but allowing them to work on City of Lincoln projects instead of at the 200,000 square foot factory complex north of Lincoln, where there just are not enough industrial jobs at the moment.

That action at once helps the workers, obviously assists the municipal government and is beneficial for Kawasaki in at least two ways—a reserve pool of skilled blue-collar workers is instantly available, and costs involved in training future new employees need not be spent.

Eleven people are not all that many, and at some point, Kawasaki may be compelled by circumstances to look at balance sheets. But this creative solution to a painful problem is welcomed for its precedential value.

It's also one which already has attracted much national interest. Anyway, that surely was one swell, uplifting telegram of congratulations sent by President Reagan to the parties concerned.

—

[From the Omaha World Herald, Oct. 30, 1981]

KAWASAKI PLAN DRAWS PRAISE

The Kawasaki Motor Corp. and the city of Lincoln have come up with an unusual answer to an employment problem caused by falling snowmobile sales.

Kawasaki, which also makes motorcycles and jet skis in Lincoln, had more employees than it needed when snowmobile production was cut back.

But rather than firing, the company loaned 10 of them to the city government. Kawasaki, the subsidiary of a Japanese firm, will continue paying their salaries. The city has given Kawasaki a list of projects to work on and Kawasaki is assigning its workers to them.

A Kawasaki spokesman said this will insure that its workers will be available when production goes up again. It will be cheaper to have experienced workers ready rather than having to train new employees, he said.

The innovative plan has drawn national attention. The New York Times carried a story and picture in its business section last week. President Reagan said of the plan that such cooperation between the public and private sectors "is precisely the kind of effort I am attempting to encourage throughout the country."●

NEW CITIZENS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. LONG of Maryland. Mr. Speaker, it is with particular pleasure that I congratulate 36 residents of Maryland's Second Congressional District who have chosen to become American citizens, accepting all of the responsibilities that freedom and citizenship entail. I hope that my colleagues will join me in welcoming these new Americans.

Sheng Mei Lee, Severino Portuges, Subramanyasastry Ramamurthy, Yoon Bae, Gustayo Castro, Chenarong Suphavejkornukij, Saardchitt Suphavejkornkij, Young Hee Park, Chang Yeol Park, Rupert Terrelonge, Elaine Terrelonge, Rakesh Chandra, Sun Chang, Myung Shin, Teck Shin, Ali Ehteshami, Carlo Alinsod, Chae Song, Byong Song, Adelmo Marana, John and Diane Griggs in behalf of their daughter Christa, Efthalia Karagiorgos, Szu Shan Lee, Anna Ferrara, Erika Focht, Victor A. Khouzami, Marie-Louise Khouzami, Kon Chaing Lai, Margaret Taggart, Sushila Patel, Chimanlal Patel, Liba Rifkind, Hyo Chong, Ding Thornton, Seyed Majedi, and Fateme Namini.●

CONTRIBUTION OF ROBERT KLEIN TO BLACK PROGRESS AND RACIAL HARMONY

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. GRAY. Mr. Speaker, at this point in our history when various forms of racial bigotry and misunderstandings regularly come to our attention, I believe it is appropriate to recognize the positive contributions of one man to the cause of racial progress, peace, and prosperity in the city of Philadelphia. The contributions of this man, Robert Allen Klein, have taken many forms. Over the course of more than 30 years, Bob Klein has demonstrated, by deed as well as word, a continuing concern for the needs, and the well-being of others.

After his service during World War II, Mr. Klein earned two university degrees. Thereafter, he commenced what would become an extended career of service with radio stations WDAS and WDAS-FM in Philadelphia.

Bob Klein was named general manager of the stations in 1951. In that position, Bob immediately recognized that the growing black population of Philadelphia was virtually unserved by the existing media. From that point forward, he devoted his energies and the resources of WDAS to the service of the community.

Mr. Speaker, it is most important to recognize that this service was not merely in meeting black entertainment needs. WDAS, with Mr. Klein at the helm, consistently broke new ground in naming blacks to executive offices previously unopen to them. In addition to on-the-job training and the upward mobility afforded black employees at the station, Bob Klein directed the station from the outset to be an active member and participant of the black community. Mr. Klein, together with staff members of WDAS, particularly George Woods, sought to go beyond the constraints of entertainment by black performers for the black community. A substantial number of such events were on a nonprofit basis and devoted to charitable causes. Indeed, to help facilitate charitable service to the many diverse needs brought to the attention of WDAS, "WDAS Charities" was created under Bob Klein's direction. This arm of WDAS ultimately raised and disposed of thousands of dollars to local charitable causes.

During the more than quarter century in which WDAS was directed by Bob Klein, the stations were the ombudsmen for black needs and concerns in Philadelphia. Under Mr. Klein's sensitive and responsive direction, the stations served as a rallying point in good time, and as a focal point during the civil rights struggles of the fifties, sixties, and seventies.

During these years, WDAS won many local and national awards for excellence in editorial accomplishment, news coverage, and community service. These included Jim Klash's performance as editorial director of WDAS, highlighted by his nationally recognized and award-winning antidrug campaign in 1972 to "Bust-a-Pusher"; or the time that the resources of stations WDAS and WDAS-FM were concentrated upon the restoration of order while Georgie Woods and other staff members went into the streets to calm the anguish at Martin Luther King's assassination.

WDAS charities sent black children to camp, provided money for food, rent, and clothing to needy families, helped support deprived children, and contributed to the financial support of hundreds of black civic, civil rights, and charitable organizations. No matter what the event, if it involved the community, Bob Klein and WDAS became involved when they were needed most.

To be sure, Mr. Speaker, the success of the efforts of Mr. Klein and others at WDAS were reflected in polls and surveys at that time which consistently placed WDAS far above any competitors. But the activities of the stations during this period of time went well beyond the basic responsibilities normally expected from radio stations.

In the course of the almost 30 years during which Mr. Klein directed WDAS, this country suffered some severe spasms of growing up. Nevertheless, in the midst of riots, assassinations, and a growing militancy in both the black and white communities, there was never any hesitancy on the part of Bob Klein or WDAS to remain involved. The stations could be counted on to do what seemed right and just, and to do them in a sensitive and responsible manner.

In late 1979, Mr. Speaker, stations WDAS and WDAS-FM were sold and transferred to new ownership. However, Bob Klein left in WDAS a strong and permanent institution. He left behind a legacy founded upon service, decency, and a humane resolution of those problems which always beset a complex society.●

SUPPORT BUDGET CUTS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. HUBBARD. Mr. Speaker, in reference to the latest round of budget cuts suggested by the Reagan administration, Mr. and Mrs. Steven R. Burgi, of 403 Colonial Terrace, Hopkinsville, Ky., a city that I represent, have written me in support of the proposed cuts. As a family of eight living on a single salary, the Burgis could qualify for various types of Government assistance. However, they have declined that assistance and would rather be helping others. I feel their letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR CONGRESSMAN HUBBARD: I pray every day for President Reagan and those who are trying to lead this country according to the will of God and in honorable and upright paths.

We are a family of eight trying to live on one salary—a self-employed contractor doing small jobs and remodeling. We both have college degrees and are certified teachers. We feel the home is the most influential learning place on earth and so mom tries to stay here and teach.

It is very difficult. There have been times when my husband could have drawn unemployment but we chose not to. We qualify each year for free lunches for our children at school, but we choose not to take advantage of others when we can do without and get by. We would rather be helping others.

Knowing all this, perhaps it will make our support of President Reagan's budget cuts more meaningful. A man is nothing without honor. He is thinking of integrity, the future, self-respect, and honesty. It is hard to pull uphill—easy to continue to slide down. Please support our President in all his efforts to heal our economy.

Sincerely,

DARLENE AND STEVE BURGI.●

TURNING SILVER INTO GOLD

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. McDONALD. Mr. Speaker, although many of us have long advocated a return to the gold standard for America, it has only been in the last year or two that the popular press and the serious magazines have seen fit to even discuss the subject. For years, influential people in our Department of Treasury have responded in very condescending tones to anyone who dared inquire about the subject. Therefore, I was pleased to see Leaders magazine, October-December issue, print comments on the gold standard by Louis Lehrman. It is my strong view that a return to the gold standard is a necessary step to real economic health for the United States. Louis Lehrman outlines how this can be done. The article follows:

TURNING SILVER INTO GOLD

(By Louis Lehrman)

President Reagan was elected to end inflation and restore economic growth. His administration moves in that direction; slowing the growth of Federal spending, cutting taxes and eliminating costly government regulations. But the President's program is still missing a critical fourth wheel—a comprehensive financial and monetary policy based on a balanced budget and a gold-backed currency.

Without such a policy, interest rates will come down slowly from twenty percent. Reagan advisers might, however, force a recession and unemployment in order to bring down interest rates more quickly. No sound and compassionate person can desire such a dismal prospect.

On the other hand, a gold-standard policy is the clear implication of the 1980 Republican National Platform which stated: "Ultimately, inflation is a decline in the value of the dollar, the monetary standard, in terms of the goods it can buy. One of the most urgent tasks in the period ahead will be the restoration of a dependable monetary standard—that is, an end of inflation." a Commission to examine the gold standard was authorized in 1980 by Congress. Its task is to examine an institution which is ridiculed by most academic economists and almost all politicians. Their skepticism is quite natural because the gold standard would end the political and bureaucratic manipulation of money. The gold standard would return the control of money to the people and to the marketplace. In free markets, free people should decide between a gold or paper dollar—not the authorities! Free people must in the future determine what is a trustworthy and acceptable dollar. Given a true choice, people will once again choose a gold dollar as the stable standard for their money, just as they will choose a balanced budget at the current level of tax receipts as the basis of any authentic program for financial order.

A true gold standard and a balanced budget will promptly pave the way to four percent interest rates. There is no other way.

There is a compelling case for a gold dollar: gold is found in limited quantities; its production is not susceptible to economies of scale or quick increases in supply; and its marginal cost of production has historically been above or close to its average cost. In other words, the gold standard naturally provides the sort of brake on monetary growth that monetarists seek to achieve through open market interventions of the Federal Reserve System.

Gold also exhibits best another unique characteristic of money; it is an excellent standard, a measuring rod, of economic value. Gold takes a relatively constant rate of application of capital and human labor to produce a constant quantity of gold. Like the yardstick for length, gold is a metering device which gauges the relative productivity, over time, of capital and labor. For this reason, gold money is the best economic measuring rod of the value of other products desired in the market, all of which require capital and labor to be produced. Over the long run, the value of gold is more constant than that of any single commodity or product which could be used as a monetary standard. Stable gold money encourages people to save. The security and plenitude of savings enhances the ability of industry to plan long-range growth.

The only program for enduring financial order must include the gold standard and a balanced budget. Together they establish a stable legal framework, a monetary constitution, within which the central bankers and the prime ministers and presidents must work. Under such a program deficits cannot be financed by printing currency, or by creating false new credit at the bank. Free people would exchange undesired paper or credit money for gold. But under a gold standard, authorities must maintain the convertibility of the currency to which they are pledged by law or the constitution. Hence a balanced budget and equilibrium in the balance of payments follow from the decision to adopt the gold standard. As a result we could also count on permanent low, long-term interest rates.

A STRAIGHTFORWARD TECHNIQUE

The technique President Reagan must use to return to the Gold Standard is straightforward:

First, he would announce that within two years he would propose to Congress a statute which would establish a gold dollar. In fact there would be no price of gold. Properly speaking, the dollar would be redefined in law as a weight of gold. The price, or weight, would be determined largely by market conditions preceding the date of resumption. Two years from the date of announcement, the value of gold in paper dollars would reflect the supply and demand for gold, relative to supply and demand conditions for all other goods. But because the President's announcement and steady Fed policy, the price of gold would be substantially devoid of the inflationary or deflationary expectations that are now included in the fluctuating paper price of gold. All market participants would realize that, with the resumption of convertibility, the fluctuation in the value of paper dollars, and therefore of gold prices expressed in paper dollars, would end. The speculation in currencies in general, and gold in particular, would lose its rationale. One of the virtues of the gold standard is that it suppresses unproductive speculation in currencies and sends the speculators back to producing real goods and services for the market.

During the transition period, in addition to establishing an unequivocal trend toward a balanced budget, at the current level of tax receipts, the credit policy of the Federal Reserve System would have to be cautious and steady. It could not be volatile nor could it be expansionist. The total value of Federal Reserve Bank credit (or the monetary base which is its counterpart) would have to grow slowly at a predictable pace. The Federal Reserve from 1913-1971 operated unhappily under the constraint of the gold standard; it must be required to do so in the future.

An International Monetary Conference would be convoked one year after the President's announcement to plan for the establishment of a true international gold standard. The President would announce that a stable dollar and a stable international monetary system are the enduring bases upon which the policy of economic growth and low interest rates will be established in America and throughout the world.●

FAUNSDALE, ALA., COUNCILMAN RETIRES

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. SHELBY. Mr. Speaker, I would like to recognize Mr. Mims Walker McKee, who has just recently retired after serving on the Faunsdale City Council for 51 years. I believe that congratulations are certainly in order for this loyal public servant and his outstanding record.

Mr. McKee, now 81 years old, is a 1923 graduate of the University of Alabama with a major in French. He was born at the family home known as Cedargrove which was built in 1840. He has been surrounded in the political arena all his life, for his grandfather Mims Walker was a State senator.

During his 51 years of public service, McKee saw and implemented many changes in Faunsdale and Marengo County. His life has been devoted to helping others. He served the county over 30 years as president of the Marengo County Board of Education.

He is now board member emeritus of the Production Credit Association after serving for 16 years. He was also chairman of the board of Watkins Banking Co. for many years and was on the board of Central Bank of Uniontown for several years until he resigned this position.

McKee is an elder in the Faunsdale Presbyterian Church as his father was before him, and his son George is now. Both father and son are partners in the dairy farming business known as M. W. McKee & Son.

He is married to the former Elizabeth Christian of Northport. The couple has one son, George, and four grandchildren, George, Jr., Robert, Elizabeth, and Garland.

Not many people achieve the measure of admiration and respect that Mims Walker McKee has enjoyed. He earned this because he has always truly cared about the people he served and about the welfare of his community. His 51 years of council membership is an outstanding accomplishment in today's standards.

Mr. Speaker, it is indeed an honor for me to share this wonderful story

with my colleagues in the House of Representatives. "Times have changed in my 51 years in public office," McKee said. "Now it is time for me to vacation."●

CIVIL SERVANTS: WAR AND PEACE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mrs. SCHROEDER. Mr. Speaker, we must keep former Attorney General John Mitchell's warning to "watch what we do, not what we say" in mind when we view the Reagan administration. While administration officials say they have respect and admiration for the career civil service, their actions belie this claim. Office of Personnel Management Director Donald Devine's frontal assault on the Federal employee health benefit program is merely one example of the Reagan administration's effort to reduce the benefits, responsibilities, and stature of Federal workers.

Murray Comarow, the distinguished seer of public administration, has captured the tension between what the administration says and what the administration does in regard to civil servants in a recent Washington Post article. I ask that it be printed in the RECORD at this point.

[From the Washington Post, Oct. 31, 1981]

CIVIL SERVANTS: WAR AND PEACE

(By Murray Comarow)

At 1 p.m. on Sept. 25, 1981, Edwin Meese III, considered second only to the president in authority, began a speech to a group of senior bureaucrats at a Marriott Hotel in Virginia. Meese said, "I can't think of any more important group in government except possibly the Cabinet * * * I have a real appreciation, as does the president, of the value of this group."

At 9 that evening, in his fifth major television address, President Reagan gibed that some programs benefited "those who administer them rather than those who were the intended beneficiaries," and told a funny story, with bureaucrats the butt of the joke.

Reagan has fulminated against "the advocates of a different philosophy [who] are manning the barricades in those puzzle palaces on the Potomac." He has described "one of the most remote, protected areas of our country: the federal bureaucracy in Washington."

In light of the president's relentless public attack on career civil servants, what are we to make of Meese's words of praise and comfort?

The president and his sheer chutzpah aside, the explanation may be found in an ambivalence about bureaucrats within the minds of our recently elected leaders. Reagan's dominant image is that of bureaucrats who have their own agendas; who are allied with congressional staff and client groups to sabotage political initiatives; who are not that bright or creative (or they'd be out making money, right?); and who are, above all, survival specialists.

The opposite picture of career executives as competent and indispensable is being slowly absorbed by some of the Reagan team as they learn their jobs, gain respect for their staffs and relay their discoveries up the line.

The dominant image—government people as disloyal and incompetent—is the product of ritual-level thinking (e.g., "politicians are crooks," or "Mexicans are lazy") buttressed by undeniable anecdotal evidence. Of course there are government executives who are less than competent. Of course some have conspired with committee staffs and special interests to resist budget cuts. When bureaucrats exceed the bounds of propriety, they should be disciplined or dismissed.

In truth, however, such excesses are infrequent. Bureaucrats want to be trusted; they want their experience to count; they want to be part of the action. When they are appreciated, they are overwhelmingly loyal and effective. Shutting them out, much less maligning them, produces the very mind-set that Reagan and Co. predicted coming in-a classic case of self-fulfilling prophecy.

But what kind of a voice should senior civil servants have? They were not, after all, elected by the 26 percent of the American voters who gave the president his mandate for change. The issue is distorted by Donald Devine, head of the Office of Personnel Management, who says things such as "the task of the civil service is to administer and manage, not to determine policy." He cites with reverence Max Weber, a German sociologist, who half a century ago tended to see employees as interchangeable parts. Public administration today has moved as far from Weber as psychiatry has moved from early Freud, a development that may have escaped Devine, whose own management experience is not readily apparent.

Still, Devine is right: civil servants should not determine policy. Nor do they believe they should, with a scattering of dissidents at the margins. They do believe, however, that their experience should be placed at the disposal of elected and appointed policy makers, and seriously considered. That done, the vast majority will earnestly try to carry out whatever plan is decided upon.

Devine does not just talk. He acts out his limited and unfortunate view of the role of career people. First, he has surrounded himself with a cadre of personal loyalists, a sure sign of insecurity and distrust of career staff, leading to insulation from differing views. And meetings with his senior staff tend to be for the purpose of giving him information, not opinions or alternatives. The staff is generally dismissed without being informed of Devine's reaction or decisions.

Many of Reagan's Cabinet officers have learned that their career staffers are first rate. Among those appreciating the value of senior careerists are the likes of Attorney General William French Smith, Secretary of the Treasury Donald Regan and Interior Secretary James Watt. (Watt? Yes, Watt.)

The combined effects of the Reagan-Devine treatment and the pay cap may be devastating. Many of the best people are leaving. Treasury reported to Congress that it is at a "severe disadvantage in recruiting from business." Interior said it is hard to attract executives; fewer excellent people want in; early retirements are up. At NASA, turnover of senior people in 1979 was 6 percent; it now runs about 20 percent. Less experienced people are monitoring contracts running to billions of dollars and are supervising programs affecting millions of citizens. On the other side of the table are the sharpest minds in industry. Can we really expect inexperienced people to safeguard the public interest?

Or do you suppose that appointed people like Devine can do the job with the half-hearted support of the men and women who have been scorned, excoriated and—the ultimate putdown—patronized by men like Meese who must believe that civil servants can neither read, hear nor remember.●

THANK YOU, SAUDI ARABIA

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. McGRATH. Mr. Speaker, the recent approval of the AWACS/F-15 enchancement sale to Saudi Arabia is the portent of a major shift in the balance of power and U.S. interests in the Middle East. Saudi Arabia now appears to be the "linchpin" of U.S. policy in the Mideast, and Secretary of State Haig has, unfortunately, "welcomed"—presumably for the mere fact of its presentation—a proposed Saudi peace solution which falls outside the parameters of the Camp David accords.

To date, all that has happened since the approval of AWACS has been an increase in Saudi oil prices coupled with a reduction in production, and increased attention to a Yasir Arafat-endorsed solution to the Mideast problem which is unacceptable. To this, I say "Thank you, Saudi Arabia. For nothing."

I insert at this point a thoughtful article by columnist William Safire.

[From the New York Times, Nov. 1, 1981]

ISRAEL AFTER AWACS

(By William Safire)

WASHINGTON.—Exactly one day after its triumph in the U.S. Senate, Saudi Arabia raised the price of its oil by $2 a barrel and delighted the Libyans by curtailing production to keep world oil prices up. The U.S. motorist suddenly discovered who would be paying for the missiles, bomb racks and AWACS in the greatest arms sale in history.

Israel, which had given up its Sinai oilfields six years ago in return for a written pledge from the United States not to deal with the P.L.O., now finds itself pressed three ways:

1. The Future Military Threat. Despite verbal assurances from Mr. Reagan and his aides that Israel would maintain its necessary "qualitative and quantitative edge," the fact is that the edge is being lost.

Arab states are not only being massively armed by the United States, but will also buy from France and England; Libya is sending Soviet-made weapons to the P.L.O., and Saudi Arabia is reportedly financing Syrian purchase of Soviet arms. Israel cannot afford to match that combined buildup; even if it could, our only reliable Mideast ally would have to turn its West Bank into a huge tank-and-plane parking lot.

2. The Psychological Pressure. Suppressed during the AWACS debate was the Syrian victory in keeping its missiles in Lebanon, helping make permanent its creeping annexation of Israel's northern neighbor. America's Habib mission, which promised Israel the restoration of the status quo ante, has been a failure. We treat our restraining of the Israelis as a great accomplishment, but the Arabs under the protection of a cease-fire know that they have inflicted a defeat on the Christians and Jews. The Is-

raelis know that the Syrian missile triumph encourages radical Arabs.

3. The Reagan Diplomatic Shift. Most dangerous of all is the apparent decision to make Saudi Arabia, rather than Egypt, America's Arab linchpin. America's silent acquiescence in the Saudi price hike and production cut is one signal. Another is the new respect being shown by Reagan aides to Prince Fahd's plan, embraced by Yasir Arafat, to establish a P.L.O. state on the West Bank, divide Jerusalem, give up the Golan and otherwise ensure the destruction of Israel.

By "welcoming" the Fahd-Arafat proposals, Secretary Haig torpedoes the Camp David process. Why should any Palestinian Arab accept any autonomy deal worked out by Egypt and Israel if the Americans are hinting at a much better deal available through the Saudis, who revile Camp David? The Reagan Saudis-first, Egyptians-second approach does not induce any Arab to follow Egypt's lead toward peace with Israel; on the contrary, the strange new policy rewards the rejectionists and forces Israel to rethink its riskiest commitments.

In light of these new dangers, and after Mr. Reagan's unforgettably malign news conference admonition not to seek to make U.S. policy, what should Israel do?

First, it should resist its natural inclination to react to the Syrian challenge in Lebanon for at least the next few weeks, or until Mr. Habib can test Saudi willingness to end its support of the Syrian takeover of that country. Israel should let the world know that frustration of the Habib mission by Syria is intolerable; the cease-fire is not a substitute for a solution.

Next, it should explore the degree of substance in the promises of strategic cooperation with the United States. Will the Americans position U.S. tanks and planes in Israel, or warehouses of Band-Aids? Is that talked-about squadron of F-15's for Israel, to equal the Saudi purchase, real or imagined? Is the cooperation between United States and Israeli armed forces to be substantive or cosmetic?

Finally, Israel should await clarification of Reagan's Middle East policy before making any further preparations to return the final quarter of the Sinai to Egypt. If Mr. Reagan's Saudi-first beguilement continues to downgrade the Camp David Accords, Israel would be foolish to hand over the last vestiges of its territorial security. Our State Department is aware that the Israeli Ambassador, dismayed at Saudi ascendency at the expense of Camp David participants, is returning to Jerusalem this weekend to make such a wait-and-see recommendation to his Prime Minister.

Now that Mr. Reagan has expended so much political capital demonstrating his friendship to the Saudis, what should the President do?

Before fear of U.S. irresolution freezes positions, he should unequivocally assert the primacy of Camp David as the only track to Arab-Israeli peace. He should immediately appoint Sol Linowitz to be our representative at the autonomy talks. He should take up former Prime Minister Rabin's suggestion of Camp David II—a Reagan-Begin-Mubarak summit joined by Jordan's King Hussein.

The Saudis, if they felt so inclined, could produce King Hussein. The Saudis could renew financial support of Egypt—which has been suspended since Sadat's trip to Jerusalem—and direct a few U.S. motorists' dollars to Palestinians willing to experiment with autonomy. If our delighted Saudi friends cannot or will not—then what was Ronald Reagan's glorious Awacs victory all about?

CONGRATULATIONS TO VICTORY OUTREACH

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. ROYBAL. Mr. Speaker, I would like to take a few moments to congratulate Victory Outreach of Los Angeles on its 14th anniversary on November 9.

Victory Outreach is an enormously successful drug rehabilitation and prevention program. Both nonprofit and nonsectarian, the program was established 14 years ago by Sonny Arguinzoni to serve the greater Los Angeles area. From that simple beginning, Victory Outreach has now established 37 sites thoughout California, Texas, and New Mexico. It has been credited with helping over 3,000 individual drug addicts.

The focus of Victory Outreach has expanded along with the area it serves. In addition to its drug rehabilitation program, the organization has also been successful in reaching and changing the lifestyle of hardcore and violent gang members. An extensive prison ministry program has also been established, in which thousands of inmates are contacted, both personally and through correspondence, each month at county and State facilities.

This organization reaches out to the community through both literature and its weekly television program, "Treasures Out of Darkness." This program is aired nationwide, and deals with such social problems as crime, suicide, gang warfare, drug addiction, alcoholism, and child abuse. People who have actually experienced these problems and have dealt successfully with them are featured.

Throughout all its many services and programs, Victory Outreach maintains a spiritual approach to help people find a new way of life. The program encourages church attendence and family participation in the program's activities during the process of rehabilitation and resocialization, and constantly encourages those who seek help to help themselves through their own inner strength and resources. For example, drug addicts who are going through the painful detoxification period are not given substitute drugs such as methadone, but instead overcoming their addiction through spiritual strength.

The entire Victory Outreach organization is totally committed to bringing a message of hope to persons in our community who are mired in drug addiction, alcohol abuse, gang activity, or just plain loneliness. Victory Outreach is providing a positive solution to some of our most vexing social problems, and I am sure you will all join me in congratulating this fine organization and expressing best wishes for many more years to come.●

THE AMERICAN SOCIETY FOR METALS AND THE NATIONAL BUREAU OF STANDARDS START VALUABLE ALLOY INFORMATION PROGRAM

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. RITTER. Mr. Speaker, I would like to enter into the RECORD a news release from the American Society for Metals regarding an important program that they have entered into along with the National Bureau of Standards. This program is an information management scheme that will provide metal alloy facts worldwide. As a former practicing metallurgist, I can vouch for the value of this type of information. It should save design engineers many hours of duplicative work and result in better, safer designs that will cost less.

The text of the news release follows:

At a time when Federal budget cuts are reducing or totally phasing out many social and scientific programs, one of the largest American technical societies and the U.S. Government are teaming up on a new and, for the most part, privately funded program to fill in an important gap in modern technology.

American Society for Metals of suburban Cleveland, Ohio, and the National Bureau of Standards, Gaithersburg, Maryland, long the keeper of the nation's exacting technical and scientific standards, jointly announce today the beginning of a new worldwide program to gather, computer-store and disseminate alloy phase diagrams, along with all technical data relating to the generation of phase diagrams.

Alloy phase diagrams have been described as "recipes", "road maps" or "blueprints" to the combination of two or more metals in various relationships and conditions.

Metallurgists describe them as the graphic displays of the thermodynamic relationships of two or more metals at different temperatures or pressures. They are used by engineers as guides in the selection, use, and processing of materials. As one scientist puts it, the utility of alloy phase diagrams for a metallurgist parallels that of Gray's Anatomy for a surgeon.

Phase diagrams are more than 100 years old. The first systematic compilation of diagrams dates back to 1936, the pioneering work of Dr. Max Hansen. Other important contributions were made by Elliot and Shunk in the 50s and 60s. These efforts were not continuous, however, and the ASM/NBS program is the first major international effort to compile this important information and the first computerizations of the graphic diagrams and accompanying data.

Edward L. Langer, Deputy Managing Director of the Society and prime mover of the project says, "This is a most important scientific and technological undertaking and represents a major breakthrough in developing information of incalculable value to industry and research." Dr. John D. Hoffman, Director of the National Measurement Laboratory of the National Bureau of Standards said, "This joint effort fits in beautifully with the business that the Bureau is in, namely, that of providing the industrial and scientific community with

standards, methods, and data. We know the program to be timely and needed and consider it to be well worth the effort of all concerned."

Data developed in the program will be valuable in countering product failures resulting from designs based upon unreliable data, unnecessary over design of alloys and metal products, and misdirected or needlessly duplicated research, Langer said.

Following the 1975 discussions of a blue ribbon scientific Ad Hoc Committee at the National Academy of Sciences on the problem of alloy phase diagram information, M.I.T. Professor John F. Elliott commented, "the business of compilation of data on (alloy) phase diagrams . . . is in a state of disarray."

So it became increasingly obvious, officials of both organizations explain, that some agency should do something about gathering and critically evaluating existing alloy phase diagrams, motivating additional research activities, and developing the mechanisms to disseminate quickly this vital information.

In 1978, American Society for Metals joined forces with the National Bureau of Standards, a branch of the Commerce Department in a pilot program to begin collecting and storing alloy phase diagrams.

It was a logical link-up for both organizations. American Society for Metals, founded in 1913, already had computerized the world's largest bibliographic data base of technical papers and other printed material covering the entire field of metals.

As keeper of the scientific weights and measures and technical standards for the nation since 1901, the National Bureau of Standards had established an alloy data center in 1966 and pioneered in the development of technology for computer-drawn phase diagrams and their data bank storage for speedy access.

"The techniques developed during the pilot operation of the program have proved to be very successful", Langer said, "and we are now ready to move into a fully-operational mode."

Coincidentally with the announcement of the full-scale program, Langer also announced the initiation of a $4,000,000 funding effort, led by Mr. William D. Manly, Senior Vice President of the Cabot Corporation, to support the program through the next four years, at which time the program will become self-sustaining. He said the funding program is well on the way toward reaching its goal due to the pre-campaign support committed by a number of U.S. companies and organizations.

To date, pre-campaign support nearing the $1,000,000 level has been pledged by the Cabot Corporation Foundation, Inco Limited, Battelle Memorial Institute, Carpenter Technology Corporation, and National Forge Company.

Support is so widespread for this project, metallurgists explain, because the experimental determination of alloy phase diagrams is very time consuming. The diagrams produced are usually very complicated and sometimes not totally reliable.

One major U.S. metal producer estimates it spends several million dollars of technical staff time each year simply researching the existing literature for alloy phase diagrams to use in its research and production. The cost is so high because only trained metallurgists can do the searching and because there is, as yet, no centralized file of the diagrams.

"The lack of current, critically-evaluated phase diagrams costs the U.S. economy alone many millions of dollars annually. These costs are diffused throughout industry, and in many cases are not readily discernible," Langer added. "It is estimated that the data emanating from this program will save industry 5,000 times the cost of providing this data through the phase diagram program."

These diagrams are essential elements to the many applications of materials science that include: finding substitutes and recycling scarce metals; devising smelting and refining processes to make the most efficient use of metallic ore; and selecting materials for use in harsh environments or in critical applications.

Officials of both organizations point out the phase diagrams are increasingly important to the national defense of this country as they are the building blocks for engineers to find new and different combinations of metals to take the place of some metals already in critically short supply, such as chromium, which come from unstable places in the world.

"The specter of an OPEC-like control over the world price and supply of critically important metals such as chromium, manganese, cobalt, and columbium is very real. Virtually all this nation's cobalt and manganese is imported as is most of its chromium, used in making stainless steel which is used in everything from jet airplane engine fan blades to electric power generating equipment" explains Langer.

"One of the greatest problems today as most scientists will concede," explains ASM's Langer, "is the information explosion. For example, you may have a metallurgist in West Germany about to study a metal combination problem while another researcher in Brisbane, Australia may have just completed an alloy phase diagram of the same two metals. Under the present system, it could be easily two or three years before the Australian phase diagram would show up in the published literature, and by that time, the German metallurgist would have 're-invented the wheel' so to speak."●

TRIBUTE TO LEVITAN-MASPETH POST NO. 673 JEWISH WAR VETERANS OF THE UNITED STATES

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Ms. FERRARO. Mr. Speaker, the Levitan-Maspeth Post No. 673 of the Jewish American Veterans is celebrating their 25th anniversary. For 25 years this veterans post has been a pillar of the community in Queens and I would like to pay tribute to them today.

The individuals who make up this organization represent the true spirit of American service to our country. This post has given years of dedicated service to the veterans hospitals of New York, supporting the veterans hospital in Manhattan and then expanding their services to St. Albans Veterans Hospital in Queens and to Northport Veterans Hospital on Long Island. The servicemen and veterans who have been treated at these hospitals over the years owe a debt of gratitude to post No. 673.

Today Levitan-Maspeth Post No. 673 continues to maintain the burial grounds of the Hebrew Veterans of the war with Spain. Twice a year this post holds memorial services at this burial site and sponsors a gathering for families of the deceased.

The Levitan-Maspeth Post No. 673 was the sponsor of the first CPR course offered in Maspeth, N.Y. and has been among the most active in bringing public recognition to the Maspeth Volunteer Ambulance Corp. for its service to the community.

With other veterans organizations of the New York area, Levitan-Maspeth marches proudly each year in the Memorial Day parade paying tribute to our country's servicemen.

For their dedicated service, we pay tribute today to the Levitan-Maspeth Post No. 673 of the Jewish War Veterans of the United States on the occasion of their silver anniversary and offer our thanks and deep appreciation to the members for their important contributions to the well-being of our community.●

B'NAI B'RITH HUMANITARIAN AWARD

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. PEPPER. Mr. Speaker, distinguished colleagues, and all who read this RECORD, I would like to commend to your attention an esteemed businessman, a respected leader in the banking community, and a most eminent humanitarian of my district in Dade County, Fla., Mr. Stephen Hudson.

Mr. Hudson, chairman of the board and chief executive officer of Flagship National Bank of Miami, will be honored by B'nai B'rith with its prestigious Humanitarian Award at their annual testimonial dinner and ball to be held at the Sheraton in Bal Harbour, on November 21, 1981.

Much more than a businessman, Mr. Hudson is an involved community leader.

As well as being former president of the southeast region of the Cystic Fibrosis Foundation and former director of the Dade County Chapter of the American Red Cross, Mr. Hudson has unfailingly devoted his time to many other community endeavors. In listing just a few of his many achievements, He became a member of the board of trustees of the University of Miami, president of the Greater Miami Chamber of Commerce, vice chairman of the Dade County United Fund Campaign, and director of the Florida State Chamber of Commerce.

In addition, Mr. Hudson was the recipient of the Jaycees highest honor, the Outstanding Young Man in America Award.

You will please let me commend to everyone this capable and responsible citizen of our community, who has un-

selfishly extended himself over the years beyond his personal interests in the service of humanity. He is an involved community leader who exemplifies the finest in both American and Jewish tradition and I know B'nai B'rith is proud to honor him with this award.●

RAY SLANEY IS CITIZEN OF THE YEAR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. ANDERSON. Mr. Speaker, it is with great pleasure that I bring to the attention of my colleagues the fact that the South Bay Cancer Foundation is going to bestow the honor of Citizen of the Year on Raymond Slaney. This event will be realized by a dinner in his honor, which will be held at the Seaside Lagoon in Redondo Beach this November 12. I would like to take just a few moments of my colleagues' time to tell them a bit about Ray Slaney, and all that he has done over the years for the entire South Bay community.

Ray's involvement in community affairs is deep indeed. For 9 years he served as mayor and city councilman of the city of Rolling Hills Estates. For 5 years Ray was director and alternate director for the Los Angeles Sanitation District, and also was a member of the State Committee for the League of California Cities' Committee of the Future for 2 years. Additional memberships involved the State league as well as the Los Angeles County Committee on Underground Utilities. Ray's active participation in the quality of our environment is evident by his service to the Los Angeles County Special Review Committee on Air Pollution Control as its manager for a year and a half, as well as chairman of the Subcommittee on Scientific Technical Data and Atmospheric Contaminant Trends. Ray has continually contributed to the betterment of life here in the South Bay, and has shared his expertise willingly. Although Ray Slaney is currently vice president of the electronics and defense sector of TRW Inc., a full-time task, Ray not only served the abovementioned organizations, but many more as well.

As president of the Coroner's Building Corp., president of the Redondo Beach Improvement Corp., president of the Prospect One Corp., Ray Slaney has worked tirelessly for all. Additionally, as president of the Redondo Beach Civic Storm Drain Co., and as director of the Redondo Beach Chamber of Commerce, Ray has shown that one man can indeed do it all. Mr. Speaker, Ray Slaney's service to the community has now been well documented, but I am still not finished with all of his affiliations. Ray Slaney's membership on the board of trustees of the Torrance Memorial Hospital is further proof of his devotion to better health and quality of life for everyone. As an active member of the South Bay YMCA board of trustees, Ray was recognized for his fine service with the Layman of the Year Award in 1974.

Yet this dinner in Ray Slaney's honor is not simply a fun affair without meaning; it is a fundraising dinner on behalf of the South Bay District Hospital. So, while everyone will be enjoying themselves, Ray Slaney continues to help; because of him, the hospital will be the recipient of much needed equipment. The South Bay Cancer Foundation could not have chosen a more fitting individual for its tribute dinner. I am pleased to be able to participate in this manner, as my wife Lee joins me in congratulating Ray Slaney and his family and friends for being recognized for his many fine achievements and contributions. Mr. Speaker, I know that you join me as well in wishing Ray Slaney all the best in the future, secure in the knowledge that he will continue to be a most outstanding member of our community.●

100,000 KILLED

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. McDONALD. Mr. Speaker, as a medical doctor, I am naturally interested in the development of new drugs that will alleviate pain and suffering and improve the general health of Americans. Much to my dismay, however, I have seen otherwise safe and effective drugs withheld from the American public because of the "Efficacy Clause" of the Food, Drug, and Cosmetic Act of 1962. Quite simply, the clause says that a drug must be proven "effective" before it may be made available to the public.

Query: When is a drug effective? Any physician will tell you that no drug, given in the same dosage, will have exactly the same effect on any two people. If a drug will save the life of 1 person in 10, do we ban the drug and tell the 10th person that we are sorry but the life-saving drug is not available because it was a waste of money for the other 9? Yet, this is exactly what happens.

This scenario is generally given the innocuous title of "drug lag." Lest the title fool you, drug lag is a killer. There are literally hundreds of examples of where drug lag has been responsible for tens of thousands of deaths every year—lives that could have been saved, but because of the FDA bureaucracy, a loved one died because the life-saving drug was not available because it had been deemed "ineffective" or because the FDA failed to act.

The most recent example is the drug propranolol, a drug which has proven itself to be effective in the treatment and prevention of heart disease. The drug went on the market in England in 1965, but in the United States, after years of testing and after an estimated 100,000 people died prematurely while waiting for the FDA to appove the drug, the FDA has finally appoved propranolol, but only for a very limited use.

It was in an effort to remedy this type of situation that I introduced H.R. 983, to remove the "Efficacy Clause" from the Food, Drug, and Comestic Act of 1962. Without question, this legislation will reduce drug lag and will save lives.

For more detailed information, I commend the following article, which appeared in the Wall Street Journal on November 2, 1981, to the attention of my colleagues.

100,000 KILLED

A federal agency's announcement last week that its tests show a drug called propranolol can save 6,500 lives annually by warding off second heart attacks may have given some readers the impression a new wonder drug had been found. In truth, propranolol is not so much a success story as a scandal. Doctors could have been saving those lives years ago had the Food and Drug Administration not obstructed the use of propranolol.

Propranolol is indeed something of a wonder drug. It is a member of the family called beta blockers, which act on the nervous system to regulate nervous impulses and smooth heart rhythms. But it is by no means new. One version of it went on the market in England in 1965. Results since then have shown that propranolol and other beta blockers have remarkable success with heart and artery diseases. But to this day, nearly 20 years after the earliest beta blockers appeared, propranolol has not been given FDA approval as a preventive for second heart attacks. It has only been approved, and relatively recently, for relief of angina, irregular heart rhythms, high blood pressure and migraine.

Although there are plenty of other examples of how the FDA's bureaucracy has delayed use of life-saving drugs, the propranolol case is one of the most dramatic. If you use last week's estimates made by the testers at the National Heart, Lung and Blood Institute, propranolol could have prolonged more than 100,000 lives in the U.S. over the last 16 years.

That estimate is no doubt conservative, given the basic statistics on heart disease. Some 300,000 people die of second or subsequent heart attacks in the U.S. each year. Though not all patients can take propranolol, the NHLBI researchers who have administered it to first heart attack victims in three years of "double-blind" tests found that it reduced the chances of a second heart attack by 26 percent. These figures give some idea of the broad national interest in the effectiveness of a drug of this kind.

The beta blockers ran into trouble with the FDA very early. These drugs do have certain toxic possibilities that have to be guarded against in their use, but an early test on mice also suggested that they might be carcinogenic. That finding has not been replicated, one drug scientist says, but the late 1960s and early 1970s were periods

when consumerists were making their heaviest political attack on the drug and chemical industry, using the carcinogen banner as their bloody flag. The FDA, demonstrating the typical bureaucratic susceptibility to political intimidation, put a moratorium on anti-hypertensive and cardiac drug approvals, even though heart disease had already become the nation's leading killer.

The fact that foreign tests and usage were showing beta blockers to be effective did not make much of an impression on the FDA. The agency concluded that even where well-controlled studies have been made abroad, two studies must be made in the U.S.

The FDA insists on double-blind studies. That means that the NHLBI, in its tests since 1978, has given propranolol to 1,916 patients and a placebo to 1,921. The unfortunate 1,921 had a 9.5 percent death rate and the fortunate 1,916 had a 7 percent rate. Given that finding we are not surprised that the NHLBI researchers decided to cut the testing short by nine months and report their results, no doubt in the hope that the FDA would approve propranolol before more carnage was committed.

The propranolol history raises a question, unthinkable a few years ago, about whether we should even have an FDA. So far as we know, no one has added up the numbers on the lives that would have been prolonged in the absence of regulatory delays caused by the agency. But we are becoming increasingly convinced that they would far outweigh the number of lives likely to be lost or damaged if the responsibility for safety were merely returned to the drug makers and doctors. It should be kept in mind that drug makers and doctors also have a vital interest in drug safety for their own protection.

It is by now clear that the FDA bureaucrats will never take any risks they can avoid. They have nothing to gain from approving an effective drug and everything to lose from making a mistake. This kind of approach guarantees huge loss of life. How much longer should it be allowed to prevail?●

BROOKS HAYS

SPEECH OF

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. MICHEL. Mr. Speaker, I am pleased to have this opportunity to join with our colleagues in honoring the memory of our late colleague from Arkansas, Brooks Hays.

Very often, history judges the career of a Congressman by the number of his victories. Brooks Hays had his share of victories, but he is perhaps best known for the way he ended his career, standing for his principles. There is a line in Shakespeare, as I recall, that says, "Nothing in his life became him like the leaving of it." There was quite a bit that was admirable about Brooks Hays' political life—but his "leaving of it" remains for all of us a standard by which our own decisions must be measured.

I know some of our colleagues, especially those from his home State of Arkansas, have placed in the RECORD facts and anecdotes about the life and career of this distinguished man. I will not add to them, except to say he was a fine man and an excellent legislator. He left Congress relatively shortly after I arrived here. I came to know him and always found him a delightful man and, as I said, one of the few persons I have ever known who were able to rise above defeat so magnificently and go on to serve others. His participation in the "Close-Up Foundation" which helps young Americans better understand our system and as a founding member of Former Members of Congress, are only two of the worthwhile activities he undertook after his congressional career was over.●

TRIBUTE TO WILLIAM J. ARMANINO

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. JOHN L. BURTON. Mr. Speaker, Mayor Dianne Feinstein has appointed William John (Bill) Armanino steering committee chairman of San Francisco's Year of St. Francis, which has the responsibility of coordinating events celebrating the 800th anniversary of the birth of St. Francis of Assissi, the patron saint of San Francisco.

Bill Armanino's drive and dedication make certain an outstanding series of programs.

A San Francisco native, is executive vice president of Armanino Farms, Armanino Marketing Corp., and Armanino International Inc., part of California's vast agribusiness. The Armanino corporations specialize in the production of freeze-dried chives, herbs, and spices for international distribution, and in fresh produce for domestic consumption.

Mr. Armanino's parents, Guglielmo Armanino and Mary Picetti Armanino came to the United States from Italy in 1921. Mr. Guglielmo Armanino, with a vast knowledge of farming, started Armanino Farms.

Besides being a corporate executive, William Armanino has found time to be active in the Greater San Francisco Bay Area communities, building a reputation for his participation with many civic and charitable organizations. Among them are: Carina, Inc. (Home for Italian Aged); Boys' Town of Italy; Italian Welfare Agency; St. Mary's Hospital and Medical Center of San Francisco; California Growers Association; Italian-American Chamber of Commerce; National Italian-American Foundation Council of 1,000 (charter member); St. Francis Hook & Ladder Co. No. 1; Santa Clara University (member, board of regents); World Trade Club; Italian Earthquake Relief Committee (cochairman); American Cancer Society; and many more.

San Francisco Mayor Dianne Feinstein recently appointed Mr. Armanino, chairman and her special representative for the mayor's "The Year of St. Francis Celebration Committee." The committee operates under the auspices of the Mayor's "San Francisco/Assisi Sister City Committee," of which Mr. Armanino is also chairman.

He has received many honors, which include: Order of Merit from the Italian Government (Rank of Cavalieri); the President's "E" Award (for international trade); Sovereign Military Order of Malta (Knights of Malta); and Honorary Citizen of Varese, Italy.

Mr. Armanino is a widower and has four children; three sons, David, 27; Robert, 14; Richard, 12; and a daughter, Deborah Armanino Capurro, 29. His recreation is an active enjoyment of yachting.●

ST. MICHAEL'S PARISH

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. VENTO. Mr. Speaker, this year, St. Michael's Parish of West St. Paul, Minn., is celebrating its 115th anniversary. Throughout its history, this Roman Catholic parish has been an integral part of the community and a vibrant force in the neighborhood.

As the Irish immigrants moved from the east coast, many came to the St. Paul/West St. Paul area to settle. Here they hoped to meet their physical needs by finding jobs, housing, and food.

Physical necessities were not the immigrants' only needs. For these individuals, their spiritual lives were equally important. Thus, in 1866 construction began on a wooden church. The first mass was celebrated at St. Michael's that year during the Christmas season. The founding pastor of St. Michael's was Father John Ireland, who soon after became the first archbishop for the St. Paul Archdiocese.

As the community grew, so did St. Michael. To meet pressing everyday needs, the St. Vincent de Paul Society and other church organizations provided assistance. Adult classes were conducted in the basement of the church to help those who had recently come to the United States.

A school was built and the Sisters of St. Joseph began their long and illustrious association with the parish. Today, the good sisters are still an important part of the parish and community life.

Tradition has been very important for St. Michael. In 1907 a decision was made to expand upon the old St. Michael rather than build a new facility. Thus, while doubling the size of the church, the basic structure remained.

Today, St. Michael's Parish continues its rich traditions. While St. Michael has relocated, it has continued the good works among the local community under the direction of its pastor, Rev. Francis Dudley, Assistant

Pastor Joseph Kennedy, and the Sisters of St. Joseph. From its senior citizens group to its youth group, St. Michael continues its strong commitment to meeting the needs of all people of all ages. The parish is active in the community meals on wheels program and the Neighbors Incorporated effort to provide help for those in need.

St. Michael has been a cornerstone in the West St. Paul community. I salute the members of this parish on the 115th anniversary and wish them success in meeting the challenges of the next 115 years.●

CRIME, VIOLENCE, AND RHETORIC

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. BROWN of California. Mr. Speaker, violent crime is a problem that has plagued our society for years, clearly worsening with each passing year. It is a classic example of those types of problems about which we seem able to do next to nothing. In fact, despite the various postures we have adopted toward the problem over the years, the rate of violent crime in this country has risen consistently and continually.

The difficulties abound: Our control of firearm usage is nonexistent; our laws by turn either too strict or too lax; our implementation of those laws inconsistent; or alternatives to incarceration sorely limited; and our prison facilities inhumanely overcrowded. Preventive measures are rarely taken, and the source of the problem is almost never addressed. What traditionally occurs is a focus on one or another aspect of the problem, but a comprehensive approach to the whole problem is rarely attempted.

One thing we do about it is talk. All of the major weekly magazines have recently contained cover stories of an alarming nature, all pertaining to violent crime. And regarding the findings of the administration's task force on violent crime, the President spoke to the International Association of Chiefs of Police in New Orleans last month. Although basing most of his remarks on the conclusions of the task force, he left unmentioned several principal recommendations. It appears he is caught between a law and order mentality and the budget axe. Left untouched was the major recommendation: The immediate construction of new prisons spurred by $2 billion in Federal aid. Also ignored was the call for stronger controls of firearms. But, most disconcerting was the denial of the relationship between unemployment and crime. All of the statistics confirm that there is indeed a direct relationship between unemployment rates and crime rates, and point to the implied relationship between poverty and crime generally. In the midst of a recession, however mild, and with the dissolution of many programs and budget reductions in the rest, the problem is likely to be exacerbated. The solution is not to ignore the cause and concentrate only on stiffer penalties, but to address equally all fronts of the issue—beginning with preventive measures and ending with humane and adequate punitive measures.

An excellent article by one of our Nation's most respected journalists, Richard L. Strout, appeared in the Christian Science Monitor recently. It addressed the basic weaknesses in the President's approach to crime control, as exemplified in his speech of last month. I would like to call this article to the attention of my colleagues.

The article follows:

[From the Christian Science Monitor, Oct. 23, 1981]

POTSHOTS AT THE CRIME RATE

(Richard L. Strout)

So far as I am concerned President Reagan's speech against crime last month was a flop. He made it before the International Association of Chiefs of Police in New Orleans who applauded warmly. They showed particular enthusiasm for a proposal to end the 77-year old judicially-created "exclusionary rule" under which a case can be thrown out for a law-enforcement error. Fine, if the courts will approve it. But studies by the General Accounting Office indicate that only about 2 percent of all evidence is thrown out for technical reasons, and a far smaller percentage of cases are thrown out altogether for the same reason.

On March 23 Time magazine ran a cover story with a horrendous picture "The Curse of Violent Crime". By a coincidence Newsweek ran a similar story the same day also showing a mean-looking revolver pointed right at you—"The Epidemic of Violent Crime." US News and World Report had a cover story, Oct. 12 (another revolver), "Our Losing Battle Against Crime". It began to look like an anti-crime trend. I have covered half a dozen commissions investigating crime, ever since the original Wickersham Commission. And on Aug. 17, 1981, the attorney general's eight-member Task Force on Violent Crime submitted its final recommendations. Yes, it appeared that reform was looking up.

I do not know of anything on which an American can feel more embarrassment in talking with a European than on our crime rate. It simply is not comprehended abroad. Why do we allow it? They politely ask about it and then change the subject. In Canada in a recent year there were 52 handgun murders; England, Scotland, and Wales had 55; the United States 10,728. The FBI says all violent crime in the US rose 11 percent from 1979 to 1980. But when a timid Congress finally passes a law banning import of handguns it allows the parts to be imported. That way they are assembled here. And that is only a small part of the crime problem.

I thought the Reagan speech at New Orleans was disappointing. Most of his recommendations were based on those of the administration's task force, but he omitted the group's call for stronger controls of firearms, as well as the principal recommendation in the report—the immediate construction of new prisons launched by $2 billion in federal aid. They are desperately needed. Alas, the federal government is retrenching; let us balance the budget first and think about crime later is the attitude.

That is also the view of several of the states; they are cutting back on police to save money. There are about 440,000 law-enforcement officers all together over the country, organized in 17,000 units, up from a tiny sheriff office to the FBI itself. Many are overworked, understaffed, and now they face force reductions. Boston which had 2,500 officers in 1968 is down to 1,620. The situation in American prisons is particularly savage, nearly two-thirds confined in cells smaller than the 60 square feet recommended by experts as the minimum essential. It's unpleasant to read about it and that perhaps has produced a silence: "Privacy is simply unavailable . . . Opportunities for violence and sexual abuse are largely uninhibited."

Mr. Reagan's speech, as I say, ignored this principal recommendation of the task force set up by William French Smith, the attorney general. Mr. Reagan stressed many justifiable subjects of criticism—delays in court, technical flaws, coddling of criminals, overlenient justices. These have been denounced for years, no doubt justifiably. But Mr. Reagan also made some statements that seem questionable. He minimized the effect of poverty on crime: "It's obvious that prosperity doesn't decrease crime," he said and added, "deprivation and want don't necessarily increase crime."

Well, I disagree. The Federal Bureau of Prisons reported, for example in 1975, that since the 1950s the size of the federal prison population has been directly related to the national unemployment rate. Increases in one are accompanied by increases in the other. Mr. Reagan can see the tables if he wants to. Research by the Joint Economic Committee estimated that one percentage point increase in the unemployment rate increased state prison admissions by about 4 percent.

That's the latest report on the crime front. The nation's weeklies have reminded us again of the situation. Handguns are omnipresent in America and one of them nearly killed the President. (There are 10,000 dealers or pawnbrokers who sell them.) At the same time the attorney general's task force urges a big prison building program to relieve intolerable conditions and some judges are letting offenders out of the overflowing jails early rather than crowd them anymore.

Mr. Reagan in his crime speech declares in his summary that crime "is a problem of the human heart" and that we must ultimately recast "our deep moral values."

Who will deny that? Meanwhile the rate is increasing.●

NUCLEAR POWERPLANTS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. STARK. Mr. Speaker, I would like to express support of my distinguished colleagues' amendment to strike section 12 of H.R. 4255, the provision allowing interim operation of nuclear powerplants while public safety hearings are still incomplete.

My support is based largely on a report that was released October 20 by the Subcommittee on Environment, Energy, and Natural Resources. The report, entitled "Licensing Speedup,

Safety Delay: NRC Oversight," is a very thorough accounting of nuclear plant safety problems. It lays to waste industry claims that NRC regulation delays plant operation. The subcommittee should be applauded for an outstanding piece of work.

Public hearings have not caused delays in plant startups. These delays have resulted from poor planning on the part of industry, industry's inadequate attention to public safety, and financial realities. Public hearings are used as a scapegoat.

These hearings are useful and necessary. Joseph Hendrie, former chairman of the NRC, testified to the subcommittee that "wide public participation in the nuclear licensing process is something that is mandated in the Atomic Energy Act of 1954 and that the agency supports." NRC Commissioner Peter Bradford recommended to the committee that the public hearing process be expanded. To pursue "the direction of more effective public participation," he suggested, "intervenor funding and an Office of Public Counsel, that sort of thing which we have not been considering."

One expert testifying before the subcommittee cited three instances where intervenors' testimony in public hearings led to revelation of safety problems that were later rectified. These examples involved the Seabrook plant in New Hampshire, the North Anna plant in Virginia, and the Northern States' Prairie Island plant.

As the subcommittee points out in its report,

> There were a number of contexts in which citizen groups tried to raise emergency planning before Three-Mile Island. They argued repeatedly that an emergency plan should be required as a precondition to the operation of the plant.

Unfortunately these calls went unheeded.

The report shows that delay of operating licenses due to NRC regulation and money lost as a result is nowhere near as great as industry spokesmen claim.

Furthermore, the report shows that where there has been delay, it has resulted from safety problems. The blatant disregard for public safety shown by operators of the McGuire, Zimmer, Commanche Peak, and Diablo Canyon reactors as outlined in the report is shocking.

Nuclear energy may still present a viable alternative to help meet our energy needs. But it will aid our country only if safety problems involved in its production are solved. Section 12 is a slap in the face of public safety. By striking it from the bill, the Moffett-Markey amendment helps solve the safety problems incident to nuclear power generation.●

TRILLION DOLLAR DEBT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, the national debt has reached proportions unfathomable to most Americans. On October 22, 1981, the national debt went over the trillion dollar mark. That 13-digit debt figure is the result of tax and spending decisions made by Congress months or years ago. There have been seven decades of deficit spending by the Federal Government, yet over half of the debt was incurred in the last 7 years.

The national debt grows when the Government spends more than it raises in taxes and borrows money in the private credit market to make up the deficits. The interest payments on the money borrowed will amount to more than $100 billion, another unfathomable figure. That constitutes the third largest item in the budget, just behind social benefit programs. Compared to the size of total national output, GNP, the public debt constitutes about 35 percent. It will take a long time to reduce that debt. Even with a balanced budget for several consecutive years, the amount owed would take years to reduce.

What all of this points up is that Congress must take the necessary corrective action. Bill Zimmermann, of my district, wrote an open letter on the topic, noting some of the problem's facets. I include the text of his letter and commend it to your attention:

STOP INFLATION NOW

It is reasonable to assume that the 1982 Federal budget treats everyone as fairly as Congress can make it. So, let's agree that the proportions are O.K.

Now we have another problem. Within the next two weeks, Congress must decide whether to raise the Federal debt limit to one trillion dollars. To do this means continuing inflation. That is unacceptable.

A trillion dollar debt is a psychological boundary beyond which lie horrible possibilities; hyper-inflation, for instance, that would ruin our economy.

There is an alternative. It is for Congress and/or the administration to act immediately to cut all Federal expenditures by 5 percent—right across the board, in every department regardless of the squealing. Let everyone share the burdens and the benefits, we're all Americans.

Taken at once, such action will have the support of 90 percent of all thinking citizens.

The future of America demands this action now.●

TITLE IX, EDUCATIONAL AMENDMENTS OF 1972

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mrs. COLLINS of Illinois. Mr. Speaker, today I am cosponsoring a resolution focused upon the preservation and continuation of title IX of the Educational Amendments of 1972.

This comprehensive program which covers all areas of student life: admissions, financial aid, academic programs, health services, competitive athletics, testing and counseling—was established to rectify some of the inequities existing before its enactment. The progress that women have achieved as a result of the creation of title IX has been unprecedented and I condemn any move to repeal or alter the guidelines.

The initial reason for this amendment was founded upon the Nation's commitment to review accusations of sex bias and ban discrimination in education and other areas.

First. Admissions practices and policies often discriminated on the basis of sex.

Second. Studies had showed that women were less likely to receive financial assistance in the form of scholarships.

Third. Athletic programs were another source of blatant sex discrimination.

Fourth. Student health services were providing adequate services to males but were not attuned to the needs of females.

Providing services on a nondiscriminatory basis to men and women alike does not violate, but sustains our freedom of choice principles. It is an indictment of our society that so-called corrective measures are even being considered. The success and benefits reaped by women in the areas of enrollment, services, activities and employment should not be denied. To deny women equal access in education is to amplify the already staggering statistics. Women have higher unemployment rates than men, but women with 4 or more years of college have a lower employment rate than women with less education. The less education we have, the higher our rate of unemployment.

As the result of title IX, attempts to resolve the most blatant discriminatory policies and practices in education have been noteworthy. Females are now permitted to take courses which were previously male dominated. It has encouraged both females and males to participate in extracurricular and other school activities that were once indicative of the opposite sex only.

I do not think that the public is fully aware of the many positive changes title IX has afforded both

sexes in the field of education. There are several sectors of student life which have appreciably changed since the amendments passage: women are treated more equitably in the areas of career and academic counseling, financial aid and health services. Improvements in programs and activities have benefited men as well as women, providing them entrance into courses previously closed to the opposite sex. These areas have also been modified to meet the needs of women.

Two divisions which have viewed the most profound and dramatic changes are admissions and sports. Women are earning increasing proportions of degrees at every level, particularly in professional schools. Athletic scholarships and competitive athletics for women are finally coming into fruition. Media attention is not only confined to male sports, but it expanding to cover female participation.

Employment in education is lacking and still needs improvement. Women administrators, superintendents, and tenured professors still remain scarce.

This resolution simply states the facts and recommends the maintenance of a sound and effective program. Title IX is not only responsive to the needs of women but is cognizant of male demands.

I urge my fellow Members to uphold title IX and access to educational opportunity for all members of society and request that they too support this resolution by cosponsoring it.●

PARRIS URGES THE CONGRESS TO SUPPORT FEDERAL RETIREES

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. PARRIS. Mr. Speaker, 2 months ago, a vast majority in the House voted to restore the minimum social security benefit. I joined my colleagues at that time to correct an inequity which would have adversely affected 3 million senior citizens. Last week, the Senate approved legislation which would also restore the minimum benefit. The Senate added some language, however, which would be just as devastating as eliminating the minimum benefit.

Under the Senate proposal, Federal retirees would have their social security benefits reduced because they recieve Government pensions. These Government retirees would be required to have their social security benefits offset, dollar for dollar, when their Government pension exceeds $300 a month.

This is an unjust proposal which unfairly penalizes about 350,000 senior citizens who have contributed greatly to their country. They should not be asked to bear the burden of the social security system's financial problems.

These individuals took their jobs and planned their retirements with their social security and Government pensions in mind. By changing the rules in the middle of the game, the Federal Government would be breaking a commitment to provide these earned benefits.

There is absolutely no justification in discriminating against a particular group of elderly persons when there are more reasonable alternatives available. If a change in this area must be made, I feel it should at least be phased-in over a period of years and not directed toward those individuals who have retired or are about to retire.

When the House considers this legislation again, I urge my colleagues to reject the Senate language and to support the original intent of the House to restore the minimum social security benefit for all senior citizens.●

GLEN CANYON DECISION SPEAKS WELL FOR SECRETARY WATT'S ENVIRONMENTAL RECORD

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, for 10 months now, Interior Secretary James Watt has been advocating a balanced approach to natural resource management. Although his detractors paint him as a ogre bent on ravaging the national parks and shorelines, his record to date reveals a different picture.

The Secretary has indeed departed from the game plan of his predecessor, Cecil Andrus. Recognizing that extreme preservationist policies of the past have contributed to the country's current dependence on unstable foreign sources for a disproportionate share of our fossil fuels and strategic minerals, Mr. Watt is gradually reopening designated public lands for exploration and orderly development. He argues persuasively that we must methodically inventory our vast energy and mineral resources if we are to avert a crisis that would be catastrophic to the environment. This is consistent with his legal mandate to manage our public lands for multiple uses, for the benefit of all Americans.

Just as many of Mr. Watt's critics have conveniently overlooked the resource development functions on his job description, they've also tended to ignore or downplay his environmental accomplishments. Last week's announcement that the Interior Department had recommended against a proposed expansion of Glen Canyon Dam was another recent example of a low-key reception for a significant Department ruling.

Glen Canyon Dam impounds Lake Powell at the upper end of Grand Canyon National Park. In 1979 Interior's water resources arm, the Bureau of Reclamation, began a 2-year preliminary study to investigate the feasibility of producing additional hydroelectric power at the site. The proposed $200 million project would have added two new turbines to generate supplemental electricity at peak loan periods. Supporters of the project contended the additional capacity was needed to meet increasing energy requirements in the Southwest. Opponents challenged the suitablity of Glen Canyon for the expansion, citing other locations where the economic and environmental risks would be more acceptable.

Critics further argued that additional peaking power would cause the Colorado River flow through Grand Canyon to fluctuate dramatically each day, from 3,000 cubic feet per second to 40,000 cubic feet per second. There was widespread concern that such variations would cause irreversible ecological damage to the canyon floor and sharply curtail recreational activities, particularly river rafting.

Agreeing that the project's adverse environmental impact would exceed its economic benefits, Secretary Watt directed the Reclamation Bureau to seek alternative sites for the expansion.

The Glen Canyon decision comes on the heels of other recent, proconservation rulings by the Interior Department, most notably the Secretary's opposition to the Dickey-Lincoln School Lakes project in Maine, his intention to seek wilderness status for Arizona's majestic Aravaipa Canyon, and his efforts to discourage development on coastal barrier islands.

History will be the final judge of Mr. Watt's policies, but thus far they have proved to be prudent and well balanced.●

BANKING COMMITTEE HEARING IN ST. PAUL, MINN.

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. VENTO. Mr. Speaker, the recent Banking Committee field hearing in St. Paul was a valuable method of giving the residents of the St. Paul-Minneapolis area a chance to express their opinions of the current economic situation. The purpose of these hearings was to get the Committee on Banking, Finance and Urban Affairs, the committee with significant jurisdiction over economic issues, out of Washington, D.C., and away from the professional lobbyists that we, in Congress, hear from daily. Perhaps those Members who are critizing the committee for going directly to the people are more comfortable discussing abstract economic projections and hear-

ing just from Washington lobbyists. Certainly, the testimony the committee heard was unpleasant for those Members who support President Reagan's trickle-down economic policy.

The committee heard more than 70 witnesses including senior citizens, homebuilders, unemployed auto workers, farmers, smalltown bankers, small businessmen and families unable to purchase a home. Both the Democrats and Republicans were given an opportunity to invite witnesses to present testimony. This hearing was not organized solely for the purpose of criticizing President Reagan and those charges fly in the face of the facts. Indeed, we had several witnesses who defended the administration's economic policy. One witness supported the resurrection of the gold standard. Another witness testified that the Reagan's budget and tax cuts were the correct economic medicine. The witness continued that since the patient (that is, the economy) was so sick, the country should take this bitter medicine of high interest rates and high unemployment until the disease is cured. When asked how long that would take, he replied that the Nation may have to wait 5 years. More importantly, most witnesses were nonpolitical—simply people with a message for those willing to listen.

The majority and minority parties of the committee were equally represented by the members at the hearing. In addition, attendance requests of the Minnesota delegation Republicans and Democrats were accommodated. Representatives MARTIN SABO and JAMES OBERSTAR attended the entire meeting.

I am dismayed that an elected official would characterize a responsible congressional field hearing throughout this Nation in which we enlist the views of people—the grassroots, not just lobbyists—as a waste of our time and money. Giving my constituents the opportunity of speaking directly to the chairman, ranking minority member of the committee, and other powerful Members of Congress, is something I am proud to do. These Congressmen got firsthand information on the effect of the Reagan economic policy upon residents of St. Paul and upon our local and State governments. It is time we got out of the shell of the District of Columbia. Hopefully, it will prove valuable when they decide how to vote on many issues including social security cuts, reduced aid to States with large concentrations of refugees, a smaller low-income energy assistance program or the reduction of homeownership programs.

I would like to share with my colleagues, Republicans and Democrats, a report about the dire state of affairs in Minnesota. Today, Governor Quie, a former distinguished Member of this body and a respected member of the Republican Party, went before the people of Minnesota to set forth the growing economic problems facing the State. It is ironic that on the same day, our ranking minority Member takes to the House floor to criticize these hearings for painting too gloomy a picture, the Governor is describing a picture upon which the committee only touched. Clearly, the grave state of Minnesota's economy, as confirmed in today's St. Paul Dispatch article on the Governor's speech, is a confirmation of the folly of Reagan's economic policies.

[From the St. Paul Dispatch, Nov. 5, 1981]

QUIE CALLS DEC. 1 SESSION; DEFICIT IS $767.6 MILLION

(By Robert J. O'Keefe)

Minnesota legislators will be called into a special session Dec. 1 to solve a cash flow problem and a $767.6 million deficit in the state budget.

Gov. Al Quie, in an address delivered on radio and television from the state capitol, said today he will recommend that the cash flow difficulty be handled by temporarily withholding $140 million or more in funds which would be otherwise sent to school districts.

The biggest problem by far will be the huge budget deficit.

The deficit comes about because every major source of state tax funds is expected to produce considerably less than the state Finance Department projected last April.

The fund shortfall is actually $859.9 million, but the budget includes a cushion of $92.3 million, leaving the deficit of $767.8 million. If Quie and legislators want to keep a cushion in the budget, the deficit figure will climb above $767.6 million.

Quie will make recommendations to legislators in about two weeks for facing the budget deficit. He could recommend cuts to state spending, increases in state taxes or a combination of the two.

"I want to assure you that the steps we will take in the coming weeks and months will be in the best long-term interest of Minnesota," Quie said. "There will be—there can be—no quick fixes.

"We will do nothing that compromises Minnesota's future."

Val Vikmanis, acting state finance commissioner, said in effect that he expects the Dec. 1 special session to run into the regular 1982 session that starts Jan. 12. Having the special session, he siad, is the same as starting the 1982 session early.

Quie blamed the national recession for Minnesota's money problems. "These projected revenues are far lower than what was anticipated only a few months ago by anyone, Republican or Democrat, optimist or pessimist," he said.

What makes the situation even sadder, Quie added, is that the nation's economy is likely to get worse before it improves.

To emphasize what $67.6 million means to the state. Quie said in his speech:

"If we were to shut down—completely shut down—for the entire beinnium (two years), all the institutions run by the Department of Public Welfare, including hospitals for the mentally ill: the whole Department of Corrections, including all the prisons: all seven campuses of the Minnesota State University System and all 18 campases of the Minnesota Community College System, we would save less than $500 million.

And this assumes that there shutdowns started not today, but at the start of the biennium last July."

Vikmanis said the state will be $120 million short of the amount needed to meet its expenses in December.

About $170 million, he said, is the amount of school aid payments scheduled to be made Dec. 31. He estimated that the state could retain $140 million to $160 million by withholding the amount that schools don't need because they have reserves on hand.

Later, the money would be repaid with interest, although there is no assurance that the interest paid by the state would be as high as school districts get by investing their funds.

"This plan will not affect the total amount of state aid received by any school district over the current biennium," Quie said. "What it will do is enable the state to meet its obligations during this period of cash flow shortages."

The cash flow problem is expected to ease during early 1982 because state revenue comes in at a speedier clip during the early months of the calendar year.

Despite Quie's statement that total state aid wouldn't be affected over the biennium by his proposed cash flow solution, the rest of the problem facing the state could affect schools.

Vikmanis confirmed that plans to meet the $787.8 million budget shortage could involve reductions in school aid.

As for the cash flow problem alone, the commissioner envisioned the State repaying schools in July or October.

Cutting into school aids in December, Vikmanis said, would permit payment of December aids to other local governments. But a legislative decision is needed, he said, by Dec. 15.

Harold Lofgreen, state economist, said projections of revenue from personal income taxes, corporate income taxes, sales taxes, and the excise tax on new car sales are all down from April.

Personal income taxes, he said, are expected to be down $218 million from the April forecast, sales taxes are expected to drop $225 million, corporate taxes are anticipated at $135 million less than previously, and the auto excise tax is expected to drop $28 million. All of the figures are for the period through June 30, 1983.●

CONCERNS OVER 5-YEAR LEASING PROGRAM

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. PANETTA. Mr. Speaker, I testified before the Subcommittee on the Panama Canal/Outer Continental Shelf on the Committee on Merchant Marine and Fisheries recently to express my concerns about the Secretary of Interior's accelerated leasing plan for our Nation's Outer Continental Shelf areas. I would like to commend the text of my testimony to my colleagues' atttention:

TESTIMONY OF HON. LEON E. PANETTA

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to come before you today to express my concerns about the Department of Interior's accelerated five-year leasing schedule. Although there are many issues regarding this plan which bear scrutiny, I would like to address only two basic concerns: the basic unsoundness of the "planning area" concept,

and the counterproductivity of the accelerated plan.

PLANNING AREAS

As you know, Secretary Watt has proposed a new concept in environmental and geologic assessment—a planning area. Contrary to former Interior Department policy of assessing individual tracts and areas with regard to environmental impacts of leasing, oil and gas reserve estimates, and geologic assessments, evaluation of entire planning areas would be called for. Planning areas could range from nine to over 100 million acres in size. Environmental impact statements would be required, but only before tract selection took place, and only for entire planning areas.

In California, for example, the area comprising Lease Sale 73, which stretches from Point Concepcion in the south to the Oregon border in the North, would receive only one Environmental Impact Statement. No site-specific assessments of environmental or other effects would be required. This change could be potentially devastating to coastal areas. In California, for example, the area stretching from Point Concepcion, near Santa Barbara, to the Oregon border, is extremely diverse. In some areas, marine mammal populations would be threatened by development of oil and gas reserves. In others, a billion dollar fishing industry depends on a constant supply of fish. Disruption of the ecology of certain areas of the ocean could severely impact on this vital industry. Finally, a multi-billion dollar tourism industry, worth $11 billion a year to California, depends on a pristine and unpolluted ocean environment to draw tourists to the area.

While drilling might be relatively risk-free in some tracts offshore of this area, it will be impossible to determine the relative risks versus the relative benefits of such action under the Interior Department's accelerated plan. Without tract-by-tract analyses of environmental and economic risks, and without tract-by-tract analyses of resource estimates, no sound basis for judgment will be available. The people who reside in California and depend on its unique natural beauty and resources for a living, expect that at the least, such a basis for judgment be presented to them. Current USGS estimates, for example, indicate that only about 30 days worth of oil lies in the Outer Continental Shelf from Point Concepcion to the Oregon border. While under some circumstances this amount of potential energy would be significant, our current situation simply does not warrant the threat posed to some of the nation's most productive fishing grounds, the pristine quality of some 1,000 miles of coastline, and the economic vitality of hundreds of coastal communities.

If leasing is to be allowed offshore of these areas, the government owes a reasonable explanation of why it is necessary to those who will be directly affected by it, and what it hopes to gain in terms of resources from such action. In addition, specific environmental impact studies should be undertaken for areas which are known to be high-risk. One environmental study spanning the entire 1,000-mile coastline will not possibly be able to address the diversity of environmental and economic factors which play into a decision regarding drilling.

COUNTERPRODUCTIVITY OF THE ACCELERATED PLAN

In addition to my concern about the environmental and economic impacts of the new leasing plan, I am frankly concerned about its ultimate effect on our nation's energy resource development. As you know, Secretary Watt's proposal would result in the offering of 875 million acres in five years, if allowed to go forward as planned. The entire Outer Continental Shelf comprises 1 billion acres, and most of it would be leased by 1986 under this plan.

As you know, some representatives of industry have themselves indicated that this acreage is simply too vast to deal with effectively. Concern have been raised about whether industry can meet the demands of evaluating and developing such large tracts of offshore resources. The vastness of these reserves is hard to comprehend—in the 28-year history of the leasing program, only 20 million acres in the OCS have been leased. Again, this plan would call for the leasing of 875 million acres within five years. Without the government playing the crucial role of evaluating the potential and risks of leasing in specific tracts, industry will be forced to take on this type of assessment itself. For many companies, personnel and equipment shortages will result in spreading their resources extremely thin in order to evaluate and develop this acreage.

Not only will industry not be able to keep up with the pace of this plan in an efficient and concentrated manner, but also greater environmental risks than currently exist in drilling will certainly come about. With resources spread thin over vast areas, the quality of the industry's performance to date is likely to deteriorate. Many cite the relatively good record of offshore drilling to date in terms of creating environmental disasters. While many small spills occur annually, larger spills are relatively few and far between. However, if this plan is put into effect, and companies are forced to reduce the quality of their operations in order to be competitive with other companies, and increase in oil spills and environmental disasters will almost certainly result. Such a result could only raise a public outcry against any offshore development whatsoever.

State and local governments, as well as individual citizens, fear the environmental and economic effects of this plan, due to these reasons. Because their stake in offshore drilling is so high, it is particularly important that these governments not be shut out from the planning process. Already, we have seen an example of a state, California, banding together with other coastal states to litigate for its right to participate in pre-lease decision-making regarding offshore leasing. Under the accelerated plan, states and localities would not know the specific tracts which were proposed for leasing until one month before the final Sale took place. The Secretary of Interior has proposed the virtual elimination of the Proposed Notice of Sale stage in developing a Lease Sale, and has indicated he may not reveal specific tract selections until the Final Notice of Sale stage, 30 days before the actual Sale. Thus, states and local governments will not only have to fear the potential risks of drilling, but will not even be able to plan ahead to deal with these risks, as they will not even know which tracts are to be leased.

This accelerated plan, then, seems designed to actually *increase* fears about offshore drilling, rather than allay them. Industry's ability to develop offshore oil efficiently and cleanly will diminish. Resource estimates will not be available to compare with environmental risks in specific areas. State and local govenments will have their input into the leasing process, as well as their ability to respond to leasing decisions, curtailed sharply. What possible results will this combination yield except further delay in extracting oil and gas due to litigation? Even former Secretary Andrus' plan, a more balanced approach to speeding OCS development, was sent back to the Interior Department for revision by the U.S Court of Appeals for the District of Columbia. The Court ruled that Andrus' plan failed to consider the relative environmental sensitivity and marine productivity of different OCS areas, failed to strike a proper balance which would include environmental factors—and not just administrative need and economic factors, and failed to quantify environmental costs to the best extent possible, among other failings.

If the Secretary's accelerated plan is implemented as proposed, delays due to litigation will become an ever-increasing occurrence. States and localities will *all* have to fear development off their coastlines, as no specific tract selection information will be available. The precarious balance between development and the environmental and economic status quo will be threatened. Until now, states and the Federal government have proceeded in a cooperative manner toward the balanced development of offshore resources. This cooperation is being seriously jeopardized by this accelerated leasing plan.

In conclusion, then, I would urge the members of this Subcommittee to carefuly weigh these factors in evaluating the accelerated five-year leasing plan. The economies and environment of countless coastal communities, as well as the progress of offshore energy development itself, are at stake.●

FECA ANTI-FRAUD AMENDMENTS OF 1981

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. BEARD. Mr. Speaker, today I am introducing a bill designed to effectively combat waste and fraud in the Federal Employees' Compensation Act (FECA) program, which is the workmen's compensation plan for Federal civilian employees. Under FECA, Federal workers injured on the job are entitled to wage loss compensation and medical expense coverage.

Senate hearings were held in July of this year on the increasing problem of waste and fraud in this program, a program that has seen a 300-percent rise in costs since 1974, despite the growing effectiveness of Federal on-the-job safety efforts. In fiscal year 1980, the cost of this program was almost $800 million.

One of the more startling discoveries at those hearings was the fact that internal controls over medical benefit expenditures are completely lacking as are cost containment measures to limit the fees that providers charge. There was also a striking incidence of medical practitioners submitting fraudulent bills to the program without fear of detection. Department of Labor officials admitted that under current law they did not have the authority to effectively combat this fraud.

My bill will mandate that medical costs will be reimbursed at the same level that similar services are reimbursed under medicare, unless the Secretary of Labor makes a determination in the individual case that a higher

level of reimbursement is justified. Medicare rates are based on locally prevailing schedules and are already in existence, thus there will be no need to create a new bureaucratic apparatus within the Department of Labor to set reimbursement rates.

My bill also mandates that those providers found unfit because of engagement in fraud and abuse of the program will be excluded from further participation. This bill, entitled the FECA Anti-Fraud amendments of 1981, is designed to create an administrative mechanism that will allow the Department of Labor to identify and exclude those practitioners who commit medical claims fraud. Examples of such fraud were uncovered in the hearings. In one instance, a physician billed, and was paid, for applying and reapplying the same cast to a patient's wrist over the course of several months. In another case, a doctor received thousands of dollars for stitching a patient's knee on each of over 50 visits. In both cases, treatment was actually provided only once; the Department of Labor did not question whether subsequent treatment was in fact rendered.

The Senate hearings also uncovered instances of former Federal workers who received FECA disability payments during the time they were incarcerated for felony convictions. Last year, Congress restricted the payment of social security disability payments to individuals who were imprisoned on felony convictions. This bill would extend this policy to FECA benefits.

This bill is similar to a bill introduced in the other body by Senators ROTH, NUNN, COHEN, and RUDMAN.●

SOLOMON ENDORSES PRESIDENT'S DEFENSE AND VETERANS PROTECTION PROPOSALS

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. SOLOMON. Mr. Speaker, soon Congress will be considering the details of President Reagan's defense proposals. At that time, we will probably be bogged down in the details of the various options and we might be unable to see the forest for the trees. Before the debate begins, I think we should take a step back and see where we have been and consider where we are going.

The election of Ronald Reagan was a great thing for this country. With him in the White House we finally have a President who recognizes the need for a strong defense and who realizes that America must never be No. 2 to any other country.

For the past 15 years, our leaders have been hemming and hawing while the Soviet Union has pursued an unprecedented military buildup that threatens American interests both here and abroad.

Ever since those who view themselves as opinion leaders got it into their heads that we could not win the Vietnam war, they have vigorously worked to decrease American prestige and weaken our military might. American influence and self-esteem hit rock bottom during the Carter administration when those very people who had welcomed our humiliation in Vietnam were appointed to leading foreign policy positions.

And what was the record of the Carter administration?

The production of the B-1 bomber was stopped;

The production of the neutron bomb was delayed;

Our military presence in South Korea was reduced by 47,000 men;

Soviet combat troops were permitted to stay in Cuba;

Our commitments to our NATO allies were cut back so that the Russians now have a 5-1 superiority in both tanks and troops;

Our faithful friends and allies, like Taiwan and the Shah of Iran, were sold down the river for political expediency;

And finally: total, unconditional amnesty was granted to draft dodgers.

Is it any wonder then, that the Russians thought they could get away with invading Afghanistan? Is it any wonder that those madmen in Iran thought they could get away with kidnapping our embassy people?

Those Carter days were the salad days for the Russians. America was giving up right in front of their eyes and they did not have to do a thing except build more weapons. Let us face it, the confrontation between America and the Soviet Union should be explained in terms of America giving up, since the Russians are clearly bent on world domination.

I remember very vividly the scene 20 years ago when Mr. Kruschev took off his shoe and banged on the table at the United Nations, shouting that the Russians would bury the United States of America. "Your grandchildren will be Communists," he told our leaders at the time.

Forty years ago, Stalin had the same goal and 60 years ago, Lenin thought up the idea. What do you suppose today's Soviet leaders think about world domination?

I, for one, believe that ever since Lenin formulated the Communist doctrine of world domination more than 60 years ago, the Soviets have not changed their minds one bit. Their expansionist policies into Cuba, Vietnam, Africa and South America are visible evidence of this.

And how have our policymakers responded to this challenge up till now?

In 1960, the Soviet Union spent 8 percent of its gross national product for its military; this year, the Soviets will spend close to 20 percent. Since SALT talks began more than 10 years ago, Soviet military expenditures have increased more than 50 percent. Meanwhile our defense spending, as a portion of our GNP, has been steadily declining since 1960.

Here are just a few results of what has amounted to a unilateral disarmament by the United States:

The Soviets' military manpower totals 3.7 million while we have just over a million;

The Russians have more than 47,000 tanks; we have just over 12,000;

The Russians have 248 attack submarines to our 80;

And they have almost 4,000 fighter planes while we have only 1,700.

If that is not appeasement, I do not know what is. And has it made us one bit more secure or convinced the Soviets to abandon their arms buildup? Hardly. In fact, President Carter himself acknowledged that we were closer to a major war during his administration than at any time since the end of World War II.

The American people looked at that record last November and made a choice. If Ronald Reagan had any one single mandate last November, it was to strengthen the military, increase American prestige, and stand up to those two-bit countries that had been kicking us around. President Reagan has responded just like he promised—the defense budget has been increased, the American flag is once again respected and there is a new feeling abroad that Americans no longer want to be treated like citizens of a third-rate country.

Let there be no doubt, President Reagan is off to a great start:

He has approved a comprehensive defense strategy that will increase our land, sea, and air nuclear capabilities;

He has ordered the construction of the neutron bomb;

He has told the Soviets that America is willing to engage in arms reduction talks, but only when they stop trying to win an arms race.

Let us not forget what happened when two Libyan jets attacked two American planes. We shot them down without hesitation. Do you think those brave pilots would have acted so decisively under the previous administration?

Perhaps the most important step the President has taken to improve American defense is to sign into law a big pay raise for our servicemen. All the military hardware in the world will not mean much if we do not have capable men and officers to back it up.

An equally important aspect of the country's defense, but one that is often overlooked, is America's moral commitment to its former servicemen. We have also been working to increase veterans benefits during the last 9 months.

The projected spending level next year for veterans programs is $24.1 billion. This includes increases in medical care such as the continuation of Vietnam-era veterans readjustment counseling centers, medical care adminis-

tration, and medical research. Compensation for vets and their families will increase by more than 11 percent.

The Prisoner of War Health Care Benefits Act of 1981 would authorize a new program of educational assistance for persons entering the military on or after January 1, 1981.

The Veterans Training and Business Loan Act of 1981 has passed the House and is awaiting action in the Senate. This bill would establish a veterans business loan program in the VA for veterans rated 30 percent or more disabled.

One other major medical-related bill which has passed both the House and the Senate is the Veterans Health Care Act of 1981. This bill provides for the continuation of the Vietnam-era veterans readjustment counseling centers for 3 years. Furthermore, the number of these storefront counseling centers will be increased from 93 to 140. Also, veterans who have a disability they believe is the result of agent orange will receive priority treatment in a VA hospital if a VA doctor concurs that the disability may be the result of that exposure.

Between the President's proposals for defense and his budget requests for veterans, I think it should be clear for the world to see there is a new attitude in America.

But even in the face of overwhelming public support for a strong military and a fair veterans program, there are voices in Washington who would gladly cut our defense and veterans budgets and spend the money on giveaway programs.

They are the ones who say we cannot afford a strong military.

Well, I say we can not afford not to be able to protect ourselves.

America is the greatest country in the world and there is no reason it should not stay that way. We just have to work at it—by speaking out for a strong America at every opportunity.

Mr. Speaker, we may not agree with every comma and every semicolon in the President's defense package but it is clear that he is headed in the right direction. We must never return to the days of appeasement and surrender.●

INDUSTRY, LABOR CHALLENGE DONOVAN'S HOMEWORK DECISION

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. MILLER of California. Mr. Speaker, on May 5, 1981, Secretary of Labor Donovan published in the Federal Register his proposal to revoke the 40-year-old regulations under the Fair Labor Standard Act, which prohibited the use of industrial homeworkers in seven industries. The proposal shocked both workers and employers in the affected industries, primarily ladies' and children's garments and jewelry. Neither workers nor business people in these industries had sought such a change.

After the Secretary published his proposal, the Labor Standards Subcommittee of which I am chairman, held 2 days of hearings on the proposal. Representatives of the unions which represented workers in those industries testified in opposition to the proposal. They were seconded in this opposition by a broad cross section of the garment industry itself—the major industry associations; small jobbers and contractors; manufacturers ranging in size from the very smallest to industry giants such as the Levi-Strauss Corp.—all joined in strong opposition to the elimination of the ban on industrial homework. Their concerns were amplified by State law enforcement officials who testified publicly—and Federal officials who spoke confidentially—as to the virtual impossibility of enforcing wage and hour standards when work is done in people's homes, and garages, and basements, and tenements.

In the face of this near unanimous opposition to the proposal by all segments of the effected industries, law enforcement officials, five previous Secretaries of Labor, and more than 140 of our colleagues who joined me in a letter of opposition, I thought it wise when Secretary Donovan, in his final rule published on October 9, 1981, retreated from his initial proposal, and decided to retain the current prohibition on industrial homework in six of the seven basic industries. The Secretary's proposal to reverse that policy, and to permit the use of industrial homeworkers in the seventh, the knitted outerwear industry, was puzzling, however. Under law, that decision must be based on the Secretary's conclusion that to do so would safeguard the minimum wage and other Federal labor standards. I could find little in the record which leads me to believe that permitting homework in the knitted outerwear industry will enhance the Secretary's ability to enforce wage and hour standards and safeguard the minimum wage.

I have made concerns known to Secretary Donovan, and have asked him to provide me with certain information about his Department's plans to enforce wage and hour standards once he permits work in the knitted outerwear industry to be performed in workers' homes. That information is essential to the Labor Standards Subcommittee's oversight of this matter.

I have asked the Secretary to estimate the number of homeworkers who will be employed in the knitted outerwear industry.

I have asked for a description of the "concerted compliance effort" which the Secretary says the Department will "undertake" in that industry.

I have asked how that compliance effort will deal with the peculiar problems that can be expected in enforcing the wage and hour laws when work is performed in homes rather than in traditional workplaces.

I have asked for certain information concerning past enforcement activities of the Department relating to industrial homework.

One would expect that all of this information which I have sought would have been considered by the Secretary of Labor in the decisionmaking which led to the publication of his final rule permitting homework in the knitted outerwear industry. With this information readily at hand, the Secretary should have been able to immediately respond to my questions and assist the subcommittee in the performance of its oversight responsibility. Yet, Mr. Speaker, today, more than 3 weeks after I sought this information, I have received no responses to these questions from the Department of Labor.

While the ordinary legislative oversight process requires that the Subcommittee on Labor Standards ask these questions, and evaluate the responses, the workers and manufacturers in the knitted outerwear industry cannot bear the risk of waiting. They are pursuing their remedy through the judicial process.

As they stood together before my subcommittee in jointly denouncing the Secretary of Labor's proposed rule, labor and management have joined together now, in Federal court, seeking to restrain the Secretary from implementing the new rule, and seeking, eventually, to overturn the rules. The United Knitted Manufacturers' League and the International Ladies' Garment Workers' Union have each denounced the new rule. Both labor and management continue to share a grave concern about the devastating impact that the rule will have on their industry, and I ask that their statements be printed in the RECORD:

TRADE ASSOCIATION DENOUNCES LIFTING OF HOMEWORK REGULATIONS

NEW YORK, Oct. 13, 1981.—A spokesman for the major trade association of knitted apparel manufacturers in New York today denounced Labor Secretary Raymond Donovan's recent announcement of deregulation in the knitted outerwear industry.

"This action endangers all progress we have made in the past 40 years in upgrading conditions in shops making sweaters, dresses, suits, skirts, pants and other knitted apparel," said Harold Korzenik, counsel to the United Knitwear Manufacturer's League.

"The 1941 ban on industrial homework was a culmination of prolonged investigation and exhaustive hearings by representatives of labor, management and the public sector," he continued. "We have already lost half our market to foreign imports and have been fighting the reemergence of sweatshop conditions with limited success."

"Mr. Donovan's disregard for the ban and its purpose—to bring order, decency and industrial progress to the apparel trades in

America—seriously threatens our domestic factories, our investment and our workers, and will promote the return of industrial homework to all branches of the apparel industry."

"Homework calls up a vision of contented little old ladies working with hand needles in a pastoral setting," Mr. Korzenik added. "This is not what will happen. Productive knitting machines and sewing machines will be set up in kitchens, basements and garages of homes, attended by multiple members of a family, producing substantial quantities of knitted apparel for the competitive market. There will be no actual records of overtime or any work time; no records of minimum wage or required sanitation; no observed ban on child labor or effective control of any kind."

DONOVAN ACTION THREATENS HUNDREDS OF THOUSANDS OF GARMENT INDUSTRY JOBS

NEW YORK, Oct. 8, 1981.—Hundreds of thousands of workers and billions of dollars of production will be jeopardized by a new regulation lifting the 40-year old federal restriction on industrial homework in the knitted outerwear industry. The announcement of the deregulation, made today by Secretary of Labor Raymond Donovan, has been met with dismay and disbelief by both management and labor.

"Mr. Donovan's action turns American industry's calendar back to the darkest days of industrial exploitation," Sol. C. Chaikin, President of the International Ladies' Garment Workers' Union (ILGWU), said. "By taking advantage of the most deprived members of our society—undocumented aliens, the poor and the unprotected—unscrupulous employers will deprive thousands of American workers, both organized and unorganized, of decent jobs and decent conditions of employment, and they will cheat government out of millions of dollars in revenues."

Mr. Chaikin added that history has proven there is no effective way to police industrial work done in the home and therefore no way of improving these sweatshop conditions.

Noting that efforts to wipe out the practice go back to state legislation enacted one hundred years ago, Mr. Chaikin said these laws were not successful until they were backed by Federal action begun during the New Deal. Passage of the Fair Labor Standards Act in 1938 established the minimum wage with premium pay for overtime, required employers to keep records of wages and hours and regulated child labor.

In 1949, Mr. Chaikin continued, Congress amended the FLSA to incorporate into the law the restrictions on industrial homework in the seven industries in which the practice was most prevalent and most pernicious—knitted outerwear, women's apparel, embroideries, buttons and buckles, gloves and mittens, handkerchiefs and jewelry.

"Now, with one rash stroke, the Labor Department has removed one of the major areas of protection that took American workers and employers more than one hundred years to build. The spillover into the other six areas is inevitable and unstoppable."

Questioning the legality of the new regulation, Mr. Chaikin said, "The Labor Department simply does not have the right to remove restrictions that were imposed by an act of Congress."●

THE RELATIONSHIP BETWEEN ABORTION AND CHILD ABUSE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. LONG of Maryland. Mr. Speaker, Mr. Steve Clarkson of Randallstown, Md., a constituent called my attention to a piece by syndicated columnist Pete Hamill, entitled "The Relationship Between Abortion and Child Abuse."

Mr. Clarkson said several of his coworkers were unable to finish reading the article, and that they turned away in horror after the first two paragraphs. He asked that the article be reprinted in the CONGRESSIONAL RECORD, so that it might widen the tunnel vision of others.

The article follows:

THE RELATIONSHIP BETWEEN ABORTION AND CHILD ABUSE

When the cops finally opened the door, waves of glistening brown cockroaches swarmed around their feet. Flies buzzed and droned. A foul stench assaulted them, a sweet rotting compost of decayed garbage, stagnant water, urine, human feces. The floor was carpeted with a wilderness of dirty clothes, broken bottles, empty food cans, foam mattresses, a toppled lamp, a supermarket shopping cart, paper, diapers, bones, filthy plates and glasses.

Somewhere in there a child was crying.

The cops entered, found a boy who was 2½ years old, another about 15 months. Their bellies were swollen, eyes glazed, skin covered with sores. The cops couldn't see the third child, but they could hear it moaning. They threw the garbage and refuse aside and found a 6-month-old boy wedged between a bed and a wall. He was covered with roaches and flies.

This was on a Sunday. This was on a day when people all over America put on their best clothes and went to church. This was in an apartment in New York, the richest city in the world.

"The mother wasn't around since Friday," said one of the neighbors. "The mother didn't care about them. The roaches would come out from under the door and we were always spraying, and we tried to tell the mother, but she didn't care. She didn't care about nothin'."

The children were taken to Bellevue Hospital to be cleaned and examined and fed; the cops began looking for the mother. On Monday, after stories appeared in the newspapers, she turned herself in. She was 20 years old, unmarried, living on welfare. When the cops and the reporters took a look at her, they knew there was very little to be done. The law could punish her for child abuse or neglect, but that would be only one more blow in what was obviously a bruised and baffled journey through life.

One day she had been a child herself, a schoolgirl, and then suddenly, mysteriously, children were growing in her body and then were born in pain and blood, and then were crawling on the floor beside her, needing food, clothes, love. Needing what she could barely give them, needing what she needed herself and clearly didn't have. There had been nobody, no friend, no relative, to present her with the choice of an abortion. There had been no man, giddy with joy, offering her home, companionship, a shared life. She was alone. She had three tiny children and she was still alone. Human beings have been deranged by less.

Every day more cases of the beating and starvation of children by their parents come across the city desks of newspapers across the nation. Obviously, there are too many Americans bringing children into the world who shouldn't.

Meanwhile, the leaders of our society are ensuring that more and more of these brutalized children will be born. They refuse to pay for abortions for the poor, the very people who need that service most. Characters like Jesse Helms speak through tunnels of stupidity about the sanctity of life, knowing they will never have to live with the results. Nobody who walked into that apartment the other day and saw those children could talk very glibly about the sanctity of life. Helms and the so-called "pro-life" people are wonderful on the rights of the fetus; they're just not very good on human beings who actually live here.

If this society truly cared about human beings it would make some immediate changes in its laws. Abortion would be available to all (the rich, after all, will always find a way). Unmarried welfare mothers would undergo mandatory instruction in birth-control methods and be provided with birth-control devices. Men who abandoned their children would be jailed; if they crossed state lines to avoid parental responsibilities they would be subject to federal prosecution. All parents must understand that they will be prosecuted for all criminal acts against their children.

If something isn't done soon, the flood of unwanted children will increase, with brutalized children having their own damaged offspring, until the horror is general. Those preachers and politicians who talk about "protecting" the family by outlawing abortion, reviving corporal punishment or instituting school prayer are naive fools. They live in a safe, well-defended suburban world, and want to impose movie fantasies on the real world of cities. But they should know this: In that real world, unwanted children starve in the company of roaches and flies. The preachers must share some of the responsibility for their existence and their degradation.●

PUBLIC EDUCATION GETS TOP GRADES

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. ROSENTHAL. Mr. Speaker, I am pleased to bring to the attention of my colleagues the recent standardized reading test scores released by the New York City Board of Education for the New York Public Schools. These results show a great improvement over the reading scores of previous years; an accomplishment in which New York City educators, parents, and students can take great pride. More importantly, the scores reflect the fact that quality public education still exists, despite recent claims to the contrary.

I am particularly proud of the excellence demonstrated in the public schools located in Queens, N.Y., my congressional district. School district 26 has all 22 of its schools ranking

above grade level in reading achievement. And P.S. 178, located in district 26, goes to the head of the class by scoring highest among all of the elementary schools in the city of New York.

Another, district 25, has all but one of their schools above grade level, and that school has a disproportionately high population of students who are newly arrived immigrants and not yet proficient enough in English to even take the reading test.

While reading scores and national averages are not the only criteria for measuring excellence in education, they are indicators of achievement in the mastery of basic skills and of improvement in performance. These scores are especially gratifying to see at a time when public schools, particularly urban public schools, are being depicted as incapable of educating our children and are being threatened with decreasing public sector financial support.

In Queens, our children are well educated because our public officials, educators, parents and communities have determined that public education can succeed and have dedicated themselves to achieving excellence in education. These schools are a noteworthy illustration that high quality public education is possible when you have the active participation of the local community.

There are still major obstacles to surmount: Funds are being cut; too many children are still achieving below their grade level; some schools are not as safe as they should be. However, these problems exist in other areas of our society and we do not stop trying to solve them. We cannot give up on our public schools. The improved reading scores prove that commitment and hard work can produce success.●

AND YOU THINK YOU HAVE TROUBLES: PART II OF A CONTINUING SAGA

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. FORSYTHE. Mr. Speaker, in part I of the continuing saga on how the FCMA works, I explained how the Department of Commerce would "rapidly" issue final regulations for the submission of data so that a regional fishery management council could decide whether or not to do a fishery management plan. One might be tempted to assume that such a blatant example of delay would be rare indeed. Well, take heart. Here are a few more examples that will make you wonder how we ever get anybody to serve on a fishery management council.

A routine amendment to the Atlantic groundfish plan was submitted to the Secretary of Commerce in September 1979 with a draft supplement to the environmental impact statement for that plan. The amendment was not approved until almost a year later, August 22, 1980. The regulations to implement the amendment were not made final until a year after that, on August 5, 1981. Now that is 23 months. While this delay was unusually long, it is not at all unique. As the chairman of the New England Fishery Management Council testified before the Subcommittee on Fisheries and Wildlife Conservation and the Environment on September 24, 1981, "Other Councils have their own horror stories for comparison." Let me give you a few of those.

The following are excerpts from statements made by representatives of various councils at the September 24, 1981, FCMA hearings. A member of the North Pacific Fishery Management Council testified:

We have found that it has taken over 450 days to get relatively straight-forward amendments to a fishery management plan implemented after they have gone to the Secretary of Commerce for review. That does not include the time the Council has spent developing, drafting, and discussing, through public review, the plan or amendment. I can cite numerous instances in the North Pacific where regulations opening or closing seasons have not taken effect until well after the seasons were completely over. The same thing is true of regulations which establish catch limits. If it weren't that the State of Alaska's regulations have been generally complementary to those proposed by the Council and that the domestic fishing industry has been willing to follow those regulations in the Fishery Conservation Zone, the situation would be truly chaotic.

A member of the Pacific Fishery Management Council testified:

In 1981, the commercial fishing season (for salmon) began May 1, but the plan was not approved until June 1, and the regulations were not published until June 10. During the absence of Federal regulations, the states regulated the fishery through state landing laws.

The chairman of the Western Pacific Fishery Management Council testified:

The precious coral Fishery Management Plan was approved by the Secretary of Commerce in May 1980, but the regulations have yet to be implemented.

The Gulf Council submitted for the record a copy of a July 1981 letter from the council to the Administrator of the National Oceanic and Atmospheric Administration. This letter noted:

The Reef Fish Plan was submitted to the Secretary for approval. Procedurally, the Secretarial Review was scheduled to end on January 15, 1981. As of this date (July 8, 1981) the Council has not received a Secretarial decision. In fact, the decision meeting on this FMP (Fishery Management Plan) was not scheduled until May 27, 1981. And, the decision meeting is a first stage in the Secretarial review process.

The letter to the Administrator also noted:

In the case of the Shrimp FMP, we formally submitted it to the Secretary on January 31, 1980. The Plan was approved on May 29, 1980, nearly two months after the 60 days prescribed in the (Fishery Conservation and Management) Act. Final regulations were not promulgated until May 15, 1981, almost a year later. Because the shrimp FMP is contentious, we believe the Secretary was most responsive in approving the plan. We do not object to the three months and 22 days used to approve the plan. We do object to the inordinate time that it is taking to promulgate the final regulations, i.e., implementing a Secretarial decision.

The Gulf Council went on to say:

Under the provisions of the Fishery Conservation and Management Act, the secretary of Commerce has 60 days in which to approve, partially disapprove, or disapprove a Fishery Management Plan. We have never received a decision within a 60-day period.

In addition, the council noted its understanding that the NOAA general council is supposed to provide the regional council with a legal review within 30 days after the regional council forwards the draft fishery management plan to the Department of Commerce for an advance review. The council received a legal review on the reef fish fishery management plan on April 14, 1981, more than 1 year after submission of the plan to the Department.

How about another example of the snail's pace at which decisions are made. A Polish fleet came into waters off Alaska and ruined U.S. fishermen's crab pots. In a special regional council meeting, there was unanimous agreement on the need for the Poles to fish in some other area. A plan amendment was submitted to the Department of Commerce in August 1980. That amendment was finally published in the FEDERAL REGISTER in July 1981. As of the September 24, 1981, subcommittee hearing the amendment still was not in effect, and the crab fishery in that area started 15 days before the hearing.

If you sometimes feel frustrated with the glacial progress of legislation in Congress, be happy you do not have the honor of serving as a regional council and watching the seasons go by while you watch your handiwork go from desk to desk in Washington.●

DAY OF SORROW, NOVEMBER 4, 1981

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. WORTLEY. Mr. Speaker, as our Nation grows increasingly concerned about the troubled world we live in, I would like to take this opportunity to remind my colleagues of what took place in the Soviet Union 64 years ago this month. In the fall of 1917, the Bolshevik Revolution brought the world's first Communist Government to power. Since that time, we have watched the cancer of

Communism gain control over many nations and peoples. Almost invariably, this system of oppression has spread through the force of Soviet troops, or armaments, or both.

As we observe the continuing Soviet attempt to subjugate the brave people of Afghanistan, and as the specter of Soviet intervention continues to threaten the growth of freedom in Poland, I would ask my colleagues to consider the following declaration by the Congress of Russian-Americans marking November 7th as a "Day of Sorrow." In submitting this declaration, I would like to thank Benedict Kossovsky, chairman of the Syracuse chapter of the Congress of Russian-Americans, for the fine work of his organization.

The declaration follows:

AN APPEAL FOR A "DAY OF SORROW"

On November 7th the rulers of the Soviet Union will celebrate the 64th anniversary of the "Great October Socialist Revolution". On this tragic anniversary of the Bolshevik takeover in Russia, the Congress of Russian Americans reiterates its continued concern for the condition and destiny of all the people living under Communist rule. Sixty-four years ago a tragedy occurred which scarred not only the Russian nation but also the entire free world: Lenin and his minority party overthrew the democratic Provisional Government of Russia. Two months later the Bolsheviks dissolved the freely elected Constituent Assembly, in which they had polled only 25 percent of the vote and then renamed the nation the Union of Soviet Socialist Republics.

Despite the bitter struggle waged in the ensuing Civil War which lasted more than three years and was followed by numerous peasant and worker uprisings against Communist domination, Lenin and his successors were able to consolidate their iron hold over the people that make up the USSR. Moreover, since World War II Communist leaders have added to their empire most of Eastern Europe. This tyranny has caused millions of deaths and untold suffering in the prisons and concentration camps of the Gulag Archipelago, and has kept life at a subsistence level for most of the population.

The Soviet build-up of armaments in conjunction with foreign policy aimed at spreading the Communist system wherever possible has caused the threat of world war to hang over the United States and the free world for several decades. Furthermore, unsolicited Soviet meddling in the affairs of the developing nations continues to cause serious foreign policy problems faced by the United States and its allies.

For sixty-four years Russian immigrants have repeatedly warned the world of the dangers of Communism. Too often they have been not only misunderstood, but even mistaken for Communists. As a result, the words "Russian" and "Communist" or "Soviet" have ironically become synonymous. Moreover, despite being the first and foremost victim of Communism, the Russian nation is not even included on the list of captive nations.

Thus, in the light of the ever-increasing threat of Communist domination, we appeal to all people of good will to join us in condemning the inhuman and evil practices of Communism, reminding ourselves of all the people deprived of their basic human rights, defending those persecuted for their religious beliefs, and praying for the souls of the millions of victims of Communist terror in all captive nations.

Therefore, we mark November 7th as a "Day of Sorrow" for all free peoples and urge all to become fully aware of the dangers inherent in a Communist form of government.●

GUNS CAN'T BE CONTROLLED

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, those who wish to disarm the populace, and who feel criminals are mistreated, never seem to meet reality. "Gun control," a sweeping term meaning Federal confiscation of all firearms to most of the anti-gun crowd not only abridges the constitutional rights of American citizens but is not the proper approach to crime control. When criminals realize that they will face quick and stern retribution from the courts for using a firearm in breaking the law, less violent crime will result and gun confiscation will be unnecessary.

Robert Frisby, a University of Maryland junior, recently wrote an excellent piece in the university newspaper. I commend the article to my colleagues' attention. The article follows:

[From the Diamondback, Oct. 5, 1981]

GUNS CAN'T BE CONTROLLED

(By Robert Frisby)

The attempted assassination of President Reagan has prompted many otherwise sensible people to advocate the confiscation of handguns. A federal handgun ban would be unenforceable and would not have any significant effect on the rate of violent crime. Moreover, serious efforts to enforce such a ban would lead to the violation of fundamental American liberties and could ultimately threaten the very existence of our republic.

Any plan to confiscate the estimated 55 million to 60 million handguns currently in circulation and prevent the manufacture and importation of new ones would encounter innumerable difficulties. Under the best of conditions, the physical collection of so many weapons would severely strain the resources of the nation's law enforcement agencies. Since few handgun owners would voluntarily comply with the law, confiscation is little more than a utopian dream.

Handgun owners have yet to obey the registration laws now on the books. For example, Cleveland police estimated that more than 85 percent of that city's handguns had not been registered, as required by a 1976 ordinance. Evidently, many gun owners refused to register because they saw registration as the first step toward confiscation.

The American experience with Prohibition and current drug laws clearly illustrates the problems of enforcement. Democratic governments cannot enforce laws that a substantial number of people oppose. If people demand a commodity, be it liquor, narcotics or firearms, someone will find a way to supply it. Not even totalitarian governments like Nazi Germany and Soviet Russia have been able to suppress black markets.

Even if government could persuade law-abiding citizens to surrender their weapons, criminals would undoubtedly retain possession of their handguns. People with a history of criminal or violent behavior commit the vast majority of murders in the United States. In fact, 68 percent of convicted murderers have previously been arrested for at least one major felony. The percentage of murderers with a history of violent behavior is actually much higher because many acts of violence involving friends or relatives do not result in arrests. In 90 percent of domestic homicides police had been to the home at least once before to stop a beating. In half of these murders the police had been there five or more times before. People inclined to commit felonies and beat and kill their friends and relatives are likely candidates to ignore a handgun ban.

Proponents of gun control frequently cite the experience of Great Britain and Japan. Both of these nations have strict laws prohibiting handguns and both enjoy low crime rates. Therefore, the reasoning goes, gun control reduces violent crime. Those who argue in this way fail to demonstrate any causal relationship between gun control and lower crime rates.

A closer look at the evidence reveals that cultural factors, not gun control, determine the level of crime. In 1971 Cambridge University studied the British experience and found that the use of firearms in crime was very much less before 1920 when there were no controls of any kind. Although Japanese-Americans have full access to handguns, they have a slightly lower homicide rate than their disarmed counterparts in Japan. Switzerland has a very low crime rate despite the fact that every man between the ages of 18 and 60 is required to keep a handgun or fully automatic rifle in his home.

While implementation of a handgun ban would not reduce crime, it would violate several basic American rights, including the right to self-defense, the right to be free from illegal searches and seizures, and the right to keep and bear arms.

Millions of Americans own handguns to protect themselves, their families and their businesses. To deprive them of their means of self-defense while criminals remain armed is clearly stupid and unjust. Any attempt to enforce a handgun ban would leave many innocent people more vulnerable to crime.

If handgun owners refuse to comply with a ban and the government nevertheless elects to enforce it, the police might resort to indiscriminate and warrantless searches of homes, cars, and places of work. In foreign countries the police enforce gun laws in this way. The potential for abuse of the sacred Fourth Amendment right to be safe from arbitrary searches and seizures is mind-boggling. Searches of this type would undermine the right to privacy as well. In the case of gun control, the cure is definitely worse than the disease.

The nation's founding fathers realized that a well-armed citizenry constitutes an invaluable hedge against tyranny. They recognized that the American Revolution succeeded in part because those who opposed British rule possessed the will and the means to resist oppression. Likewise the authors of our Bill of Rights, rightly distrustful of centralized power, comprehended the danger of a government monopoly on lethal force and wrote the Second Amendment with that danger in mind. Insofar as a ban on handguns might lay the foundation for the eventual confiscation of rifles and shotguns, it poses a very real threat to American liberty.

No evidence exists to support the contention that gun control will reduce crime. A handgun ban would be impossible to enforce. Any serious effort to enforce it would entail violations of basic American rights and could jeopardize the free institutions I,

for one, still cherish. In the final analysis, the government that does not trust its people with firearms cannot be trusted.●

PARK FOREST, ILL., RESOLUTION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. DERWINSKI. Mr. Speaker, I wish to insert into the RECORD a resolution which was recently adopted by the village of Park Forest, Ill. Park Forest is an outstanding and progressive community, which has twice won the honor of being acclaimed an "All American City." This resolution, in tribute to the peace initiatives of the late President of Egypt, Anwar Sadat, is typical of the vigor and vitality of the citizens of Park Forest and its village board under the leadership of its president, Ronald Bean and the village clerk, Shirley Sullivan. I wish to share this resolution with my colleagues:

RESOLUTION

Whereas, Anwar Sadat, President of Egypt, together with the elected leadership of Israel and of the United States of America, was responsible for important peace initiatives affecting the Middle East and the World; and

Whereas, Anwar Sadat was slain by assassins on Tuesday, October 6, 1981, depriving the people of his country, his region, and the entire world of his leadership for peace; and

Whereas, Anwar Sadat's leadership for peace has importance to the welfare of American citizens, including those residing in Park Forest; people who are committed to the process of winning the peace, a process that was begun by President Sadat, but must be continued in the face and in the aftermath of his death and the world's deprivation thereby:

Now, therefore, be it *Resolved* that the people of the Village of Park Forest deplore the assassination of Anwar Sadat and call upon American and world leaders to renew their commitments to work diligently and vigorously to achieve the fruits of peace, a peace that will be a tribute to the memory of Anwar Sadat, a great world leader, and to the citizens of the Earth.

Be it further *resolved* that the Clerk be and she is hereby directed to send a copy of this resolution to Mrs. Sadat, the President of the United States, to our Congressional delegation, to our State Department, to the Egyptian and Israeli embassies, to the Secretary General of the United Nations, and to the general news media in order that any and all might know that leadership for peace, especially in the face of deadly terrorism, is a fervent interest of the people down to the municipal level and into the very homes of our All-America City.

Adopted this 12th day of October, 1981.

Approved:

RONALD BEAN, *Village President.*

Attest:

SHIRLEY SULLIVAN, *Village Clerk.*●

CONTINUED PAY CAP POSES POTENTIAL THREAT TO OUR NATIONAL SECURITY

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. WOLF. Mr. Speaker, Mike Causey has written a timely article in the November 5, 1981, edition of the Washington Post about the potential threat to our national security as a result of the continued pay cap. I ask that the complete text of Mr. Causey's article be printed at this point in the RECORD.

THE FEDERAL DIARY

WEINBERGER SOUGHT TO LEAD WAGE FIGHT

(By Mike Causey)

Defense Department brass—generals, admirals, and senior civil servants—are hoping to persuade Secretary Caspar Weinberger to become the point man in the battle to upgrade salaries of government executives and military personnel.

They want Weinberger to make the case, to President Reagan, Congress and the public, that sophisticated military weapons and programs are only as good as the officers and bureaucrats who operate them—and that those experts are leaving government at an alarming rate.

Rank-and-file federal workers got a 4.8 percent raise last month, boosting the average white collar government worker here to $26,000 a year. Most military personnel got even larger increases. Top military and civilian bosses, who have been frozen at the $50,000 level for several years, were left out.

Language that limits federal-military career pay at the $50,112.50 level is attached to the continuing resolution financing operations of agencies without approved budgets. The resolution expires Nov. 20. A new one will be needed to keep agencies operating, and pay raise backers hope it is approved with a new, higher pay ceiling for U.S. officials.

The problem is partly fiscal, but mostly political. The average member of Congress would rather have skunk replace bean soup on the Capitol Hill dining room menu than have to deal with top federal pay raises.

House leaders—Democrats and Republicans—generally favor pay raises for frozen federal and military leaders, provided members of Congress (who make around $60,000 a year) get a raise of around 4.8 percent themselves. But the Senate, which recently raised outside income limits for itself, doesn't want any part of a federal-military pay raise that includes members of Congress. Sen. Ted Stevens (R-Alaska) is pushing a bill that would give military-civilian brass graduated pay raises lifting some to around $57,500, but without any increases for members of Congress.

Pay raise backers believe that Weinberger, perhaps Reagan's favorite cabinet member, is the man to sell the raises based on national security needs. Pentagon brass have worked up this set of statistics they hope will impress Weinberger, and the president:

Because of the pay freeze, which also has an impact on retirement benefits, the Navy last year lost 20 percent of its senior executive corps.

Four of every 10 top Navy civilian executives are eligible to retire now.

The retirement rate of Navy civilian executives, which was 17 percent in 1978, is skyrocketing. Last year 95 percent of Navy's executives (many in key research and development programs) retired when they became eligible.

Seven of every 10 top Defense Department civilian executives are in the highly technical R&D fields, which command big bucks in the private sector, especially now that Defense spending is increasing.

Half of the Navy and Marine Corps general officers are now "capped" at $50,112.50 per year and by next year nearly all will be earning the same salary as junior officers and bureaucrats down to the Grade 15 level.

If the freeze continues, every long-service (22 years) colonel and captain—the backbone of the military establishment—will be at the pay ceiling by 1984 and more than 4,000 of them will be eligible to retire.

Senior Executive Association president Jerry Shaw says he has been assured by House Speaker Thomas P. O'Neill (D-Mass.) that the leadership supports pay raises, but it needs bipartisan support and, most of all, words of encouragement from 1600 Pennsylvania Ave.●

THE COMMERCIAL BUSINESS ENERGY TAX CREDIT ACT OF 1981

HON. WYCHE FOWLER, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. FOWLER. Mr. Speaker, despite the current lull produced by the temporary condition of an adequate international oil flow at relatively stable prices, I remain convinced that the energy problem remains one of the most serious challenges confronting our Nation.

Unless we can bring our energy demand more into line with the supply from absolutely secure sources, we will continue to face the severe national defense problem of needing to defend oilfields halfway around the world from us but right next door to the Soviet Union.

Unless we curb our appetite for expensive and depleting fossil fuels by vigorously pursuing both conservation and the development of alternative energy resources, we will continue to face the economic problems of higher inflation and a worsened balance of trade.

In the simple, theoretical world of economic textbooks we could expect that total reliance on the free marketplace would solve our energy supply and demand imbalance in the most efficient manner. In such a case, Government intervention would be neither desirable nor necessary.

However, we must live in the real world of energy cartels that set price and production levels; we must face the legacy of previous Federal policies which subsidized the production and consumption of fossil fuels through special tax breaks, federally funded research and development, and, in the previous decade, through Government price controls. While we have belatedly moved to revise these policies in light of today's realities, the bias that

they have created within our economy against energy conservation and against unconventional energy sources remains.

Therefore, I am pleased to introduce, along with my colleagues JIM MARTIN and CEC HEFTEL, the Commercial Business Energy Tax Credit of 1981. This bill is identical to S. 1288 authored by Senator DURENBERGER and is similar, except in the amount of tax credit offered, to H.R. 4789 sponsored by Representative JEFFORDS. Thus my legislation represents a bipartisan attempt to continue the efforts of recent years to partially offset the decades of subsidies that discouraged energy efficiency.

As the name suggests, the Commercial Business Energy Tax Credit is primarily directed at providing tax incentives to the commercial sector for the purchase of energy-saving equipment.

The retail and other establishments that comprise the commercial sector of our economy are major consumers of energy, accounting for about 15 percent of total U.S. energy demand in recent years. A trip to the neighborhood restaurant or grocery store will confirm this fact. Yet, in spite of their significance, commercial enterprises have largely been excluded from the tax and other energy-saving incentives enacted in the past few years. Thus, it should not be surprising to note that the Department of Energy has estimated that around 40 percent of all the energy used in commercial buildings is waste.

The potential, and the technological capacity, for major energy savings in the commercial sector is large. What has been lacking is the necessary economic incentive to spur these often small and capital-poor establishments to make the conservation investments. According to industry figures, a company now investing in energy saving equipment finds such an investment economical only when the annual reduction in energy costs reaches 40 percent of the investment. Under the 20-percent tax credit provided by my bill, it is estimated that commercial conservation investments would be cost-effective when their average annual energy savings total 32 percent. From this it is calculated that the Commercial Business Energy Tax Credit Act would produce additional energy savings of 119 million barrels of oil equivalent for each year the credit is in effect at a net annual cost to the Treasury of about $665 million. I know of few other opportunities where we can purchase the equivalent of a barrel of oil for less than $6.

The Commercial Business Energy Tax Credit Act of 1981 corrects several problems in energy conservation tax credits that have been created by the Treasury Department's implementation of the National Energy Tax Act and the Windfall Profit Tax Act. Specifically, Treasury has interpreted the congressionally mandated energy conservation tax credit for the commercial sector to apply only to manufacturers, and it has not used its authority to make additional energy-saving equipment—including that which could be employed by commercial establishments—eligible for the conservation tax credit.

Furthermore, under current law neither industrial nor commercial enterprises receive a tax credit for the purchase of insulation material.

In response to these limitations, which have essentially excluded commercial sector conservation investments from Federal energy tax credits and have made these investments less economically attractive than similar purchases by other sectors of our economy, the Commercial Business Energy Tax Act does the following:

Makes the purchase of energy-saving equipment and insulation for an "existing industrial, retail, or commercial process, activity, facility, building or equipment" eligible for the energy tax credits. These changes will remove the exclusion of commercial establishments from the business and insulation tax credits.

Adds to the list of specially defined energy property items which are particularly useful to commercial enterprises in saving energy. Though no one connected with this legislation is particularly happy with the "laundry-list" approach, it is absolutely necessary because the discretionary power to specify additional qualifying energy-saving property has not been utilized.

Increases the level of the conservation tax credits to 20 percent. This figure was chosen as a minimum amount that would provide sufficient incentive to encourage widespread conservation investments by the commercial sector. Higher energy costs will no doubt someday induce such investments, but for the sake of our economy and our national security, can we afford to "let nature take its course"?

Provides the credits for energy property and insulation purchased after December 31, 1980, and before January 1, 1987. They are not intended to be an open ended, permanent Government subsidy, but rather would serve as transitional assistance to help move the capital-starved commercial sector away from the period when we subsidized comsumption toward today's and tomorrow's energy realities.

I urge all of my colleagues to take a close look at this legislation and I would welcome further cosponsorships.

As I stated earlier, it is my strong belief that the energy problem is still with us and I can think of few better investments of Federal dollars than to promote energy conservation. Such expenditures strengthen our national security by making us more energy self-sufficient. They strengthen our economy by reducing our energy import bill and by cutting production costs for American business and industry. They provide jobs for the American workers who manufacture the energy-saving devices. They protect the environment.

The Commercial Business Energy Tax Credit Act will promote energy savings at relatively little cost to the taxpayer. In truth, I believe that we cannot afford not to make such an investment for the future of our country.

H.R.—4912

A bill to amend the Internal Revenue Code of 1954 to encourage greater energy conservation by commercial businesses, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Commercial Business Energy Tax Credit Act of 1981".

SEC. 2. SPECIALLY DEFINED ENERGY PROPERTY.

Paragraph (5) of section 48(l) of the Internal Revenue Code of 1954 (defining specially defined energy property) is amended—

(1) by striking out "or" at the end of subparagraph (L), and

(2) by striking out all that follows subparagraph (L) and inserting in lieu thereof the following:

"(M) an energy management or control system or device, including, but not limited to—

"(i) a mixed air, cooling coil discharge, and hot deck temperature reset device,

"(ii) an economizer or enthalpy controls,

"(iii) a thermostatic radiator valve,

"(iv) a computer or microprocessor control system which adjusts lighting, or which adjusts the supply of heating, cooling, and ventilation to meet illuminating or space conditioning requirements,

"(v) automatic equipment settings controls, load shedding devices and relay devices, including associated hardware,

"(vi) variable speed motor control packages combining a microcomputer with an alternating current inverter, and

"(vii) equipment required to operate or convert to variable energy supply systems,

"(N) a heat pump apparatus, cooling tower, condenser or evaporator which modifies or replaces existing components in heating, ventilating, air-conditioning or refrigeration systems,

"(O) an energy redistribution system, device or component for heating or cooling, including a duct, pipe, vent, pump or fan which exchanges the air, gas or fluids within or between rooms to increase or decrease temperature or humidity,

"(P) a furnace or boiler replacement burner designed to achieve a reduction in the amount of fuel consumed as a result of increased combustion efficiency,

"(Q) a device or control package retrofitted to an electric motor to improve its efficiency,

"(R) a mechanical or programable timer or motion detector to turn on or off energy using equipment,

"(S) a meter or submeter which displays or records the cost or quantity of energy usage,

"(T) a replacement, modification or conversion of a lighting system,

"(U) a device which modifies refrigeration equipment, including—

"(i) a compressor or humidity control,

"(ii) a device for automatically defrosting refrigerator or freezer equipment,

"(iii) a demand waste heat or ambient air defrost system,

"(iv) a heat reclaim coil,

"(v) a temperature compensated evaporator pressure regulator, and

"(vi) a refrigerator fixture cover or door,

"(V) an energy storage system, including a heat sink,

"(W) equipment used in the preparation, storage, cooking, display, or serving of food or cleaning of dishware which incorporates design features specifically engineered to reduce energy consumption, and which replaces similar equipment of the taxpayer purchased before January 1, 1976, or

"(X) any other property of a kind specified by the Secretary by regulations,

which is installed and a principal purpose of which is reducing the amount of energy consumed, in connection with any existing industrial, retail or commercial process, activity, facility, building or equipment. The Secretary shall not specify any property under subparagraph (x) unless he determines that such specification meets the requirements of paragraph (9) of section 44C(c) for specification of items under 44C(c)(4)(A)(viii).".

SEC. 3. INSULATION PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 48(l)(2) of the Internal Revenue Code of 1954 (defining energy property) is amended—

(1) by striking out "or" at the end of clause (viii),

(2) by inserting "or" at the end of clause (ix), and

(3) by adding at the end thereof the following new clause:

"(x) insulation property,".

(b) INSULATION PROPERTY DEFINED.—Subsection (l) of section 48 of the Internal Revenue Code of 1954 (relating to energy property) is amended by adding after paragraph (17) the following new paragraph:

"(18) INSULATION PROPERTY.—The term 'insulation property' means property which is specifically and primarily designed to reduce when installed in or on an existing industrial, retail or commercial building or facility the heat loss or gain of such building or facility, including, but not limited to—

"(A) insulation materials installed as part of the building envelope including the wall, ceiling, floor, and roof,

"(B) insulation materials installed in connection with mechanical system equipment, ducts and piping,

"(C) heat reflecting and heat absorbing window and door materials and reflective and heat absorbing window and door films and coatings,

"(D) storm or thermal windows or doors for the exterior of a building,

"(E) thermal curtains which separate areas of different temperatures,

"(F) vestibules,

"(G) exterior skylights which have one or more sheets of glazing or other type of panel, and

"(H) caulking or weatherstripping of an exterior door, window, or skylight.".

SEC. 4. CHANGES IN AMOUNT AND PERIOD OF APPLICATION OF ENERGY PERCENTAGE.

The table contained in clause (i) of subparagraph (C) of section 46(a)(2) of the Internal Revenue Code of 1954 (relating to energy percentage) is amended by adding at the end thereof the following new subclauses:

"VII. Specially Defined Energy Property.—Property described in section 48(l)(5).	20 percent..	January 1, 1981.	December 31, 1986.
"VIII. Insulation Property.—Property described in section 48(l)(18).	20 percent..	January 1, 1981.	December 31, 1986.".

SEC. 5. EFFECTIVE DATE

The amendments made by this Act shall apply to periods beginning after December 31, 1980, under rules similar to the rules contained in section 48(m) of the Internal Revenue Code of 1954.●

NIAGARA FALLS, 1901

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. LaFALCE. Mr. Speaker, I have the good fortune of representing Niagara Falls, N.Y. in the United States House of Representatives. This fine city, which has been the focus of national environmental concerns, also happens to be the home of one of the world's natural wonders: The falls.

In this morning's Washington Post, a fascinating historical account of the first human being to go over the falls in a barrel—and live—was written as a reminder that the 80th anniversary of this amazing feat has just passed.

In our age of great technological feats, including the journey to the Moon by *Apollo* astronauts and the successful voyage of the *Columbia*, it is worth remembering that conquering nature can often be a staggering and life-threatening endeavor.

Niagara Falls is, indeed, the greatest work of nature in the world. At a time when we grapple with Federal budgets and scientists work to master more of the universe's secrets, it is well worth pausing to reflect on a most amazing accomplishment of another age—the stunning voyage of Annie Edson Taylor on October 24, 1901.

The article follows:

[From the Washington Post, Nov. 5, 1981]

OVER THE FALLS, OVER A BARREL—DARING ANNIE TAYLOR NEVER FOUND THE BIG BUCKS

(By Joyce Wadler)

NIAGARA FALLS, N.Y.—It was noted little at all, not even here, where the deed was done, but 80 years ago last week Annie Edson Taylor became the first person to go over Niagara Falls in a barrel and survive.

Many earlier stuntmen and women here had tried assorted death-defying feats. The great Blondin, whose real name was Francois Gravelet, had walked over the falls on a tightrope. A few had shot the rapids and whirpools on barrels and rafts and such. One woman had—for the public becomes so easily jaded—walked a tightrope across Niagara with peach baskets on her feet. But no one, before the sharp autumn day of 1901, had dared Annie's way of braving what one of the newspapers termed "the greatest and most appalling work of nature in the world."

She'd planned it all carefully, too. She found a carriage maker to make a stout barrel with a harness inside. She put a lead weight at the bottom and a pillow for her head. She even, the day, before, tested her barrel by placing a cat inside and giving it the old heave-ho. Not very nice, particularly as the cat died, but, as we will see, Annie was often not a particularly nice person. She lied. She cheated. The stunt, she herself said, was simply to make a buck. So of course she died 20 years later in the county home dead broke.

And yet, as another paper said at the time, there was "something sublime about her daring."

"I will not say goodbye, but au revoir," she said to the thousands who came to see her off, "for I am confident we shall meet again."

After the stunt, although described in the Niagara Falls Gazette as "a trifle hysterical," she likewise gave a fine conference to the press.

"I made the trip voluntarily, but I would not do it again for a million dollars," she said. Also, "I would sooner walk up to the mouth of a cannon knowing it was going to blow me to pieces than make another trip over the falls."

People do such marvelous things these days—parachuting onto or off of the World Trade Center, reading the new John Irving book on the wing of a plane—that it is easy to assume with our fine technology we must have the only word on dare-devilry, but this is not so. Niagara Falls, before the turn of the century, served as a magnet for stunters—quite a few of them, the feminists will be pleased to note, female. One Martha E. Wagenfluhrer went through the rapids of Niagara in a barrel the month before Annie's venture. The following day another woman, Maude Willard, forfeited her life when she tried the same.

Nineteen hundred and one was a good year for stunters, owing to the presence of the Pan American Exposition in Buffalo, a short trip away.

Into this arena, in late October, came Annie. If you can trust her autobiographical pamphlet—and the people of the Niagara Falls Historical Society caution that Annie liked to exaggerate—she had, even prior to her stunt, led an interesting life. A widow at age 20, she'd survived an earthquake, traveled cross country, been a ladies' companion and dance instructor and taught school. Once, traveling out west by stagecoach, she was attacked by robbers and, according to her account, valiantly resisted their threats.

"Blaze away," she said. "I would as soon be without brains as without funds."

By 1900, when Annie claimed to be 42 and was at least a decade older, she was having hard times. She had been burned out of a home in Chattanooga; she had lost money she had invested with a clergyman. Nor were people willing to help.

"When I was younger and a good deal better looking than I am now, I could make money easier. People are more willing to help a young woman than they are a woman in middle life," wrote Annie of this time in the New York Journal. Nonetheless, she was not prepared to give up.

"Now I am a little proud," she says, "I didn't want to lower my social standard, for I have always associated with the best class of people, the cultured and the refined. To hold my place in the world I must have money, but how to get it?"

The answer came to her one evening while reading the papers. "No one has ever gone over Niagara Falls in a barrel. It will be fame and fortune or instant death. I resolved firmly from that moment to do it."

She sketched a diagram of the barrel, found the carriage maker to execute the plan. She traveled to Niagara from her home in Bay City, Mich., and, though the town coroner came to warn her against the stunt, went ahead with it. After they took her out of the barrel, she had a cut on her head, and later announced to doctors she thought she might wish to cry, but otherwise seemed all right. "Have I rally gone over the falls?" were her first words.

Later on, according to Niagara historian Teresa Lasher, she failed to honor her contract with the carriage maker to go on tour with him and the barrel, hiding out instead in Niagara Falls. Also, in later years, there is evidence she ran a whorehouse and welshed on her coal bills.

She never got rich. Seven years after her stunt she was hawking the story of her life in the streets of Niagara Falls. Twenty years later, she died in the county poorhouse. There was talk of putting her in a pauper's grave, but that never had to happen. Some people in Niagara Falls put up the money for a small pink and white marble tombstone.

They buried here in Stunter's Row, next to the valiant Capt. Mathew Webb, who died in 1883, age 35, after an unsuccessful attempt to swim the rapids, and next to Carlisle Graham, the first man to run the rapids on a raft. Graham, who had helped Annie out of her barrel after her stunt, had been her friend. And on Annie's grave, they wrote a simple epitaph.

"First to go over the Horseshoe Falls in a barrel and live—October 24, 1901," it says, listing, interestingly, not the date of her death but the date of her triumph.●

BROAD SUPPORT EXPRESSED ON CLEAN AIR ACT WARRANTY LEGISLATION

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. LEE. Mr. Speaker, on October 5, 1981, I introduced H.R. 4681, a bill to amend the warranties in the Clean Air Act to preserve consumer freedom of choice to select parts and service of the consumer's own choosing and to promote competitiveness in the motor vehicle aftermarket. Since that time I have received statements indicating united support from several automotive aftermarket associations. These associations represent well over 100,000 small business firms.

For the benefit of my colleagues, I would like to enter in the RECORD these letters so that they can see the overwhelming, united support for this legislation which would return equity to the automotive aftermarket industry. This industry is comprised mainly of small businessmen involved in every aspect of automotive care and maintenance, from the manufacture of parts, through the distribution channels, independent garages—both mechanical and auto body—and retail outlets, down to the smallest service station. The impact of the Clean Air Act warranties has been onerous on this segment of the small business community. Their only goal is to have open competition restored so that the consumer may freely choose where and by whom his motor vehicle will be maintained.

The letters follow:

AUTOMOTIVE SERVICE INDUSTRY ASSOCIATION,
Chicago, Ill., October 22, 1981.

Hon. GARY A. LEE,
House of Representatives,
Washington, D.C.

DEAR MR. LEE: Automotive Service Industry Association (ASIA), the automotive world's largest and most comprehensive organization extends its sincere appreciation for your action in introducing H.R. 4681. We commend you for your leadership role on behalf of consumer freedom of choice and for your recognition of the anti-competitiveness of the present mandated emissions warranties and the harmful impact of such warranties on the consumer and the independent aftermarket.

ASIA is totally committed to support H.R. 4681 which is a fair compromise measure that addresses the anticonsumer and anticompetitive issues created by the Clean Air Act warranties by establishing a mandated warranty that closely conforms to the voluntary commercial warranty now offered by the vehicle manufacturers. ASIA activities with respect to the warranty are closely coordinated with Production Engine Remanufacturers Association (PERA) and the state warranty task forces in the 50 States, each of which also extend full support of H.R. 4681.

Prompt consideration and passage of H.R. 4681 is imperative. Each day that the mandated long-length emissions warranty is in effect, consumer freedom of choice is eroded and the competitive structure in the aftermarket is severely damaged. It's our hope that Congress will act on this bill without delay.

Sincerely yours,
JOHN W. NERLINGER, CAE,
President.

INDEPENDENT AUTOMOTIVE SERVICE ASSOCIATION,
Bedford, Tex., October 29, 1981.

Hon. GARY A. LEE,
U.S. House of Representatives, 322 Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN LEE: On behalf of the 5,000 shop owner members of the Independent Automotive Service Association (IASA) I would like to express our sincere appreciation for your continuing support. We are particularly indebted to you for introducing H.R. 4681.

The future of the entire independent automotive service market is at stake. There are millions of people involved with aftermarket, parts manufacturing, the distribution of these parts, and the repairing of automobiles. Under the EPA-mandated warranty, this important segment of our economy would be placed on "hold" for five years. Considering the fact that independents currently perform 75 percent of the nation's automobile repairs, I do not feel our transportation system or perhaps this country could survive this extensive rearrangement of the marketplace.

Again, we deeply appreciate your understanding and your continued support in Congress. Our members will do whatever they can to support you and H.R. 4681.

Sincerely,
ALLEN RICHEY, *Executive Director.*

AUTOMOTIVE PARTS REBUILDERS ASSOCIATION,
McLean, Va., October 23, 1981.

Hon. GARY A. LEE,
Room 322, Cannon House Office Building, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN LEE: On behalf of the entire membership of the Automotive Parts Rebuilders Association, I wish to express our appreciation for your continued support of the automotive aftermarket and your efforts to relieve the extremely adverse effects of the Clean Air Act on our membership as well as on the entire automolive aftermarket. Our membership is composed of 1,012 companies, mostly small businesses.

We were particularly pleased to note the introduction of your bill, H.R. 4681. Obviously, we very much would have liked to see passage of your original bill, but recognize that practical considerations dictate language more akin to H.R. 4681.

In our testimony before Congressman Waxman's committee on September 23, we expressed support for a bill which would include the 12 month—12,000 mile warranty provision.

As you can well appreciate, the Automotive Parts Rebuilding Industry is highly energy oriented and provides quality parts at a considerable savings to the motoring public. The existing law and the administration of it by the Environmental Protection Agency would cause businesses like ours to virtually disappear. Such a development, including the substantial loss of jobs, is totally unnecessary in the campaign for clean air.

Thus, you may count on our continued strong support in your efforts to solve this very complex problem.

Cordially,
LAWRENCE P. MUTTER,
Executive Vice President.

SERVICE STATION DEALERS OF AMERICA,
Washington D.C. October 30, 1981.

Hon. GARY A. LEE,
U.S. House of Representatives, 322 Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVE LEE: On behalf of the 60,000 members of the Service Station Dealers of America I wish to express our appreciation for your leadership in introducing H.R. 4681. At our recent convention a resolution was adopted supporting your efforts.

Should the provisions contained currently in the Clean Air Act and EPA's interpretation of them be allowed to stand, our members face the reality of being unable to service the consumer's vehicle for 5 years or 50,000 miles. For years, as you know, our industry has done the majority of service work in this country by choice of the consumer. All we ask is that we be allowed to continue to compete for this business instead of having the law force that business into the hands of the franchise dealer because the consumer believes he has coverage under the Clean Air Act warranties. H.R. 4681 would correct this misconception by forthrightly addressing the anticonsumer and anticompetitive aspects of the Clean Air Act warranties.

Service is, and always has been, a major portion of our members' business. The ability of our industry to continue to service the vehicles of this nation is in the hands of

those such as yourself who recognize the anticonsumer and anticompetitive impacts of the Clean Air Act warranties and are willing to take the leadership in fighting to correct this complex and often misunderstood situation.

We pledge our total support and energies to assisting you in any way we can to assure adoption of your bill.

Sincerely,

JOSEPH J. GRISH, *President.*

MOTOR & EQUIPMENT MANUFACTURERS ASSOCIATION,
Washington, D.C., November 2, 1981.

Hon. GARY A. LEE,
U.S. House of Representatives, 322 Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN LEE: The Motor and Equipment Manufacturers Association, representing more than 750 manufacturing firms throughout the United States, would like to thank you for introducing H.R. 4681, The Automotive Aftermarket Coalition Bill.

As you stated in the preamble, the objective of your bill is "to preserve consumer freedom of choice to select parts and service of the consumers own choosing". MEMA, too, wholeheartedly endorses this goal and to this end, we pledge our strongest support to seek passage of H.R. 4681.

The Motor and Equipment Manufacturers Association represents manufacturers who supply both original equipment to motor vehicle manufacturers and replacement parts to the independent automotive aftermarket industry. Components supplied to the vehicle manufacturers are built, for the most part, to that manufacturers specifications. However, when many of these same companies produce their own branded replacement parts, there is a competitive motivational force for that company to employ technological innovation to improve upon the design; thereby advancing the state of the art, benefiting the ultimate car owner or consumer.

However, if government mandates warranties beyond the normal 12 month/12,000 mile period, it conceivably forecloses an open market for replacement parts, thereby taking away incentives for investing corporate resources for technological innovation except for the vehicle manufacturers. One of the reports prepared for the federal government last year, concluded that survival of the domestic motor vehicle industry depends upon new technology from their suppliers. To put it simply, if government seals the hood of every new car 5 years/50,000 miles, what will be the incentive for a parts manufacturer to develop new technology if that manufacturer has no market to sell?

It is our opinion the amendments you have offered, through H.R 4681, to the Clean Air Act are vital economic changes that will result in greater consumer benefits without defeating the objectives of clean air.

Sincerely,

WILLIAM A. RAFTERY, *President.*

AUTOMOTIVE PARTS & ACCESSORIES ASSOCIATION,
Lanham, Md., October 21, 1981.

Hon. GARY A. LEE,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN LEE: Thank you for your recognition of the problems this industry faces as a result of certain provisions of the Clean Air Act, as is evidenced by your introduction of H.R. 4681.

APAA firmly believes that active enforcement of Sections 207 and 209 of the Act distort the competitive balance that exists in the free parts replacement and service market. Federal and California regulations strongly encourage many consumers to return to new car dealers for a broad range of services long after the expiration of the manufacturer's commercial warranty, and long after the time that experience in the marketplace suggests would occur if consumers had a free choice between using new car dealers or independent aftermarket parts and services. They do so either because they hope, usually without a basis, that a problem they have is covered by an emissions control warranty mandated by the Act for a period of 5 years or 50,000 miles, or because of concern that service or repairs performed by independents on nonwarranty work may affect future warranty coverage.

Most cars in need of emission control service or repairs are in that condition because of poor maintenance and neglect by the owner and, hence, are not covered by warranty. The artificial distortion of competition—the true anticompetitive and anticonsumer impact—stems from the fact that extended emissions warranties result in customers going to more expensive, less convenient new car dealers for work that they learn, too late, is not covered by the warranty. In those cases, the aftermarket loses the opportunity to do both the work not covered by the warranty and the other repair or service work that is done while the customer is at the dealer. We project that this will mean a severe loss of business for our industry as 1981 and later model warranted vehicles take over the vehicle population.

The Automotive Parts and Accessories Association is a trade association of 1400 manufacturers, distributors, retailers and independent sales agents who do business in the $60 billion a year automotive aftermarket. As you know, the aftermarket consists of products manufactured for and services provided motor vehicles by companies independent of the new car manufacturers and their dealers.

The 1400 members of this Association join you in calling upon the House to pass H.R. 4681 in order to undo the gross injustices borne by the automotive aftermarket as a result of the 5/50 warranties. We appreciate your support. You can count on ours.

Sincerely yours,

JULIAN C. MORRIS, *President.*

AUTOMOTIVE SERVICE COUNCILS, INC.,
Elmhurst, Ill., October 21, 1981.

Hon. GARY A. LEE,
Room 322, Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVE LEE: On behalf of the 5,000 members of this Association and the hundreds of thousands of other independent automotive repair shop owners who do not belong to any national trade association, Thanks.

We hope that you will accept this genuine expression of our appreciation for your understanding and efforts connected with the introduction of the joint automotive trade coalition proposals related to the anticompetitive warranty provisions in the Clean Air Act.

ASC and its members support and applaud your bill, H.R. 4681, to promote competitiveness in the motor vehicle aftermarket and to preserve consumer freedom of choice to select parts and service of the consumer's own choosing.

ASC pledges to work for and to promote constituent support from its members throughout the United States.

Best wishes.

Sincerely,

JERRY B. MCFARLAND,
National Chairman of the Board.
GEORGE W. "BUD" MERWIN,
National President.

TUNE-UP MANUFACTURERS INSTITUTE,
Teaneck, N.J., October 27, 1981.

Congressman GARY A. LEE,
House of Representatives, 322 Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN LEE: I am writing as President of the Tune-Up Manufacturers Institute, a nonprofit trade association composed of manufacturers of automotive parts used in vehicle tune-ups. The members of our association are vitally concerned about the competitive implications of the Clean Air Act in the aftermarket parts and service industries.

We are extremely grateful to you for the introduction of H.R. 4681. This bill is supported by all segments of the automotive aftermarket, including TMI. As citizens we are concerned that clean air be maintained; as manufacturers we are concerned that government rules not arbitrarily upset the competitive structure in the marketplace. Your bill, H.R. 4681, strikes a proper balance in this regard, and consequently deserves widespread support.

On behalf of TMI I pledge that we will support H.R. 4681 and will work for its passage. Again, we appreciate your concern for our industry as well as clean air.

Sincerely,

ROBERT RIDLEY, *President.*

AUTOMOTIVE EXHAUST SYSTEMS MANUFACTURERS COMMITTEE,
Teaneck, N.J., October 27, 1981.

Congressman GARY A. LEE,
House of Representatives, 322 Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN LEE: I am writing as Executive Director of Automotive Exhaust Systems Manufacturers Committee, a nonprofit trade association composed of manufacturers of automotive exhaust system parts. The members of our association are vitally concerned about the competitive implications of the Clean Air Act in the aftermarket parts and service industries.

We are extremely grateful to you for the introduction of H.R. 4681. This bill is supported by all segments of the automotive aftermarket, including AESMC. As citizens we are concerned that clean air be maintained; as manufacturers we are concerned that government rules not arbitrarily upset the competitive structure in the marketplace. Your bill, H.R. 4681, strikes a proper balance in this regard, and consequently deserves widespread support.

On behalf of AESMC I pledge that we will support H.R. 4681 and will work for its passage. Again, we appreciate your concern for our industry as well as clean air.

Sincerely,

RALPH W. VAN DEMARK,
Executive Director.

AUTOMOTIVE WAREHOUSE DISTRIBUTORS ASSOCIATION, INC.,
Kansas City, Mo., October 15, 1981.

Hon. GARY A. LEE,
Room 322, Cannon House Office Building, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN LEE: On behalf of the entire membership of the Automotive Warehouse Distributors Association, let me take this opportunity to extend our sincere thanks for your support of our aftermarket position on the Clean Air Act by introducing H.R. 4681.

AWDA is in total support of this legislation. As President, I am pleased to tell you that I shall contact our membership immediately urging them to write, wire, or telephone their individual Representative requesting support of H.R. 4681. The members of AWDA are also being encouraged to write Congress requesting urgent action—before the end of 1981—on the Clean Air Act itself. It is vital to the interests of the entire automotive aftermarket that legislation such as you have introduced be made law as swiftly as possible.

Again, Congressman Lee, let me express the sincere thanks of AWDA, its distributor and manufacturer members, for your actions on behalf of the automotive aftermarket. You can rest assured that you have the full support of the Automotive Warehouse Distributors Association in your efforts.

Sincerely,

MARTIN FROMM, *President.*●

UNITED STATES-GREEK RELATIONS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. DERWINSKI. Mr. Speaker, the recent political developments in Greece have merited the attention by all of us in Government. In view of the long history of friendship between the United States and Greece, I was especially pleased to note the editorial in the Southtown Economist Newspapers, which serve suburban Cook County, Ill. The editorial, appearing in the November 2 edition of that publication, emphasizes the need for stronger ties between our Government and that of the recently elected Greek Government. Certainly, the difficult situation in Cyprus and in the Aegean Sea area complicate United States-Greek relations; however, there are far more areas of mutual interest than there are differences of opinion:

[From the Southtown Economist Newspapers, Nov. 2, 1981]

U.S. SHOULD SEEK FRIENDSHIP OF NEW GREEK GOVERNMENT

The Greeks, who invented ancient democracy but suffered modern dictatorship, used democratic elections recently to usher in Greece's first socialist government.

The new prime minister, Andreas Papandreou, is a Harvard-educated economist and former chairman of the economics department at Berkeley. He campaigned primarily on an economic platform that resembles the moderate socialist program of French President Francois Mitterand. In foreign policy, he called for Greece to withdraw from NATO, to freeze U.S. military installations, and to consider leaving the Common Market. But he stressed moderation and friendship with the United States. He promised a public referendum on the Common Market and said, "We will not lead the country into any adventure."

Washington finds itself in the situation of having a former U.S. citizen—Papandreou became a U.S. citizen during his exile from Greek dictatorship, but renounced it after the Greek dictatorship fell in 1974—leading his country away from America. But perhaps American meddling in Greek affairs may have led Papandreou from the United States. When Papandreou's father was the favored candidate in 1967, the military seized power. Successive U.S. administrations did little to pressure the Greeks to return to democracy, and many Greeks believe that the CIA engineered the military take-over.

How should Washington react now?

We hope the Reagan administration supports the Greek people's decision, and extends the hand of friendship to the socialist government.

Democracy unites the West more powerfully than any position on the constantly swinging pendulum of economic policies. By supporting Papandreou's government now, we can dispel the distrust of many Greeks, and weld Greek-American bonds. Greece has left NATO before, and our military presence can be shifted to Turkey, if necessary.

But perhaps by maintaining cordial relations with Greece despite economic differences, we can forestall Greek pullout from NATO and the Common Market, and keep joint military cooperation, if not U.S. bases.

The Papandreou government has much to decide between campaign rhetoric and pragmatic policy. Democracy is not perfect, but it remains the best way for people to decide their political future. We learned democracy from the ancient Athens, and we must do nothing to take it from the modern Greeks.●

EFFECT OF PAY CAP UPON ADMINISTRATIVE LAW JUDGES

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. WOLF. Mr. Speaker, there are approximately 1,100 Federal administrative law judges nationwide. They are not within the Senior Executive Service. Congress properly excluded them because of their exercise of judicial functions. Bonuses for administrative law judges are improper because bonuses tend to diminish impartiality and independence of judicial action.

Supreme Court Justices, circuit court and district court judges of the United States function under the authority of the Constitution which provides their salaries may not be impaired. Because of this, those judges have successfully challenged the pay freezes imposed on other Federal officials.

Administrative law judges are creatures of Congress. They serve, for the most part, as trial judges for Federal agencies which enforce or regulate Federal laws.

However, they are vested with no less responsibility for maintaining the integrity of our judicial system than the constitutional judges. The Supreme Court, in 1978, recognized in *Butz* v. *Economou*, 438 U.S. 478, that ALJ's are "functionally comparable" to judges employed in the judicial branch and conferred on them absolute immunity for judicial acts. In doing so the Court observed:

There can be little doubt that the role of the . . . administrative law judge is "functionally comparable" to that of a (constitutional) judge. His powers are often, if not generally, comparable to those of a trial judge. * * *

In 1980, the Supreme Court again addressed the role of administrative law judges. In *Marshall* v. *Jerrico, Inc.* 466 U.S. 238, 250 the Supreme Court commented upon the role of administrative law judges. Thus, the Court observed that the independent administrative law judge is one "whose impartiality serves as the ultimate guarantee of a fair and meaningful proceeding in our constitutional regime."

For pay purposes, the administrative law judges are assigned ratings in the Government's GS pay schedule. Their capped salaries cannot compare with the compensation of other trial judges and members of the bar practicing in the private sector. The ranks of the latter serve as an area of recruiting the high-caliber legal abilities and judicial temperament necessary to maintain the Federal judicial administration at optimum capacity. Private sector legal fees are notoriously grossly higher than the present pay cap. Clearly, therefore, to maintain such a cap for Federal administrative law judges is to nurture erosion of their ranks.

Also, such a pay restraint tends to reduce the judicial independence of ALJ's. This independence was recognized by the Supreme Court and by Congress in exempting such judges from the Civil Service Reform Act's bonus provisions. Independence is diminished if one is beset with adverse financial considerations.

Failure to provide pay relief severely impacts to the detriment of equal and impartial justice precepts and loses the virtues inherent in our system of law enforcement.

I ask that an excerpt of an opinion of the U.S. Court of Appeals (third circuit) decision in NLRB against Permanent Label Corporation, decided June 30, 1981, be printed at this point in the RECORD. In relevant part, Judge Aldisert wrote a concurring opinion in which he expressed his views of administrative law judges. The pertinent remarks appear on pages 30 through 33. Those remarks are submitted for further testimony that the pay cap must be removed.

Accepting for purposes of argument that to be impartial judges must be independent of all political or employment pressures, I submit that the view that the ALJs are not sufficiently independent or competent is now so shopworn as to be totally obsolete. To the contrary, ALJs, though not yet annointed with life tenure, enjoy an independence that in my view is plainly sufficient to satisfy reasonable doubts.[10]

[10] *See generally* Lubbers, *Federal Administrative Law Judges: A Focus on our Invisible Judiciary*, 33 Admin. L. Rev. 109 (1981); Admin. Conference of the United States, Federal Administrative Law Judge Hearings 7-20 (1980), *Cf. Nash* v. *Califano*, 613 F.2d 10 (2d Cir. 1980) (ALJ has standing to challenge attempted interference with decisional independence by Social Security Administration).

For example, although ALJs are considered agency personnel, they are selected by the Office of Personnel Management (OPM) independently of agency recommendation or rating, 5 U.S.C. § 5362, and cannot be removed from office without a hearing establishing good cause before the Merit Systems Protection Board, 5 U.S.C. § 7521. Their pay is controlled by the Civil Service Commission. ALJs can be disqualified from a case only upon petition by either the agency or a private party, 5 U.S.C. § 556(b). Similarly, cases are assigned on a rotating basis so that the agency cannot "fix" the result by choice of judge, 5 U.S.C. § 3105. They are not subject to the whim of the agency. ALJs are strictly independent of investigative or prosecutorial personnel in the agency. 5 U.S.C. § 554(d).

Moreover, the selection process for ALJs should inspire more respect for this office than is generally extended by Article III judges; it is a process that requires rigorous inquiries into the background and competence of the candidates. Applicants must supply twenty professional references. A minimum of seven years of litigation experience is required to meet the threshold selection requirement. A test opinion must be drafted and evaluated on the basis of many factors including clarity and conciseness. See Office of Personnel Management, Announcement No. 318, Administrative Law Judge 13-16 (1979). Finally, after the various scores have been combined, applicants considered tentatively eligible are interviewed by a special panel usually composed of an OPM official, an attorney qualified in the field of administrative law, and an agency official. This committee submits a recommendation to the director of OPM who makes final eligibility determinations among qualified candidates. Once appointed to an agency, an ALJ is not subjected to the usual probationary employment period for agency employees, further insuring ALJ independence, 5 U.S.C § 3321.

The Supreme Court recognized in *Butz* v. *Economou*, 438 U.S. 478 (1978), that ALJs are "functionally comparable" to judges employed in the judicial branch and conferred on them absolute immunity for judicial acts. In doing so the Court observed:

"There can be little doubt that the role of the modern federal hearing examiner or administrative law judge within this framework is 'functionally comparable' to that of a judge. His powers are often, if not generally, comparable to those of a trial judge. . . . More importantly, the process of agency adjudication is currently structured so as to assure that the hearing examiner exercises his independent judgment on the evidence before him, free from pressures by the parties or other officials within the agency. Prior to the Administrative Procedure Act, there was considerable concern that persons hearing administrative cases at the trial level could not exercise independent judgment because they were required to perform prosecutorial and investigative functions as well as their judicial work . . . and because they were often subordinate to executive officials within the agency. . . . Since the securing of fair and competent hearing personnel was viewed as "the heart of formal administrative adjudication." Final Report of the Attorney General's Committee on Administrative Procedure 46 (1941), the Administrative Procedure Act contains a number of provisions designed to guarantee the independence of hearing examiners."

438 U.S. 513-14 (citations omitted).

The rigors of the selection procedure and the statutory protections of ALJ independence suggest to me that the federal judiciary need not look down its collective nose at ALJ decisons. *Cf. Eastern Engineering & Elevator Co., Inc. v. NLRB*, 637 f.2d 191 (3d Cir. 1980) (NLRB must respect special competence of ALJ who has the benefit of firsthand observation of witnesses). I am not proposing that the judiciary abandon all distinctions between ALJs and Article III judges when reviewing decisions, for Congress has clearly intended that review be on a different level. Of course, in the review of the choice and application of legal precepts, a judicial function dramatically different from reviewing factfinding, I have not been loath to critize either the ALJ or the agency. *See Allegheny General Hospital v. NLRB*, 608 F.2d 965, 967-69 (3d Cir. 1979). But I perceive that under the legislative schem, at least in the context of factfinding, the difference may well be more tenuous than our decisions in the *Gissel* and *Hargenrader* context indicate.

IV.

I concur in the judgment enforcing the bargaining order in this case, but I reject the standard applied to the Board's decision. I reject the standard because it represents unwarranted interference with choices committed by Congress to the agency and thereby impedes the development of a coherent national labor policy by the NLRB. I also reject the standard because it is a rule applied to achieve results not based on the reasons given. I am convinced that as long as the court continues to anatomize the Board's reasons for imposing a bargaining order, these cases will continue to be self-inflicted wounds that will drain our energies; energies that should be husbanded, not dissipated.

Garth, Circuit Judge, concurring in part and dissenting in part, with whom Judges Hunter and Weis join:

I.

I agree with the majority that there is substantial evidence to support the Board's findings of unfair labor practices. I also agree with the majority's reaffirmance of our precedents which require that the Board articulate its reasons for imposing a bargaining order, Maj. op. typescript at 11; *Hedstrom Co.* v. *NLRB*, 629 F. 2d 305 (3d Cir. 1980) *(en banc) (Hedstrom II); NLRB* v. *Armcor Indus., Inc.*, 535 F. 2d 239 (3d Cir. 1976). I do not agree, however, that either the ALJ or the Board complied with our articulation requirement and thus I would deny enforcement of the bargaining order.

II.

Both the majority and I recognize this court's insistence that the Board explain why it imposed a bargaining order rather than ordering a re-run election. In this respect we are all aware that the Supreme Court has admonished the Board that elections are the preferred way to ascertain whether a union has majority support *NLRB* v. *Gissel Packing Co.*, 395 U.S. 575, 602 (1969): The Second Circuit has summarized the law governing the Board's choice of remedies for employer unfair labor.●

TRIBUTE TO BROOKS HAYS

SPEECH OF

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. O'NEILL. Mr. Speaker, throughout the history of this House we have been graced by individuals who have made a truly special mark and whose example has enriched our Nation. Brooks Hays was such a Member.

I cannot find the words to describe the remarkable essence of this man. He was the consummate story teller and his wit was always warm and kind. He was our trusted friend and colleague and the respect we felt for him was deep and inspiring.

His love of country and dedication to public service were total. After his defeat in 1954, he said:

My hope is strong now that compassion will be matched by imagination in the arts of government so that our lives that are so interlocked and interrelated may be blessed and may be made secure in God's love.

And he went on to serve his country as a special assistant to Presidents Kennedy and Johnson, and later as a professor lecturing with distinction on government and politics.

His courage and commitment were evidence of his patriotism, his deeply religious principles, and his steadfast belief in the dignity of all his fellow Americans. I am grateful for having had the privilege to serve with Brooks Hays.

Millie and I extend our heartfelt sympathy to Marian and the children in their time of sorrow.●

A TRIBUTE TO W. O. WALKER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. STOKES. Mr. Speaker, I take this opportunity to simultaneously mourn the loss and to salute the great spirit and contributions of one of the most revered leaders in the black community and the city of Cleveland—Mr. W. O. Walker. Mr. Speaker, W. O., as we affectionately called him, died last Thursday, October 29, 1981, at the age of 85.

That was a sad day for Clevelanders of all races and all political affiliations. However, we can take solace in the monumental contributions of W. O. Walker, the unselfish character of this exceptional human being and his powerful legacy. Mr. Speaker, W. O. Walker was a tower of strength in the community and made an indelible mark on the city of Cleveland.

In his almost 50 years as a resident of the Cleveland metropolitan area, W. O. Walker was the primary communicator and a dynamic leader on behalf of blacks, the poor, and the disadvantaged.

Mr. Speaker, many people knew him as the man who brought the Call and Post newspaper from obscurity in Cleveland to greatness. W. O. Walker was a dreamer who envisioned a viable newspaper in the black community as a primary tool to justice and progress. He was right.

From that day in 1932 when he took over the Call and Post to his death, he

used the newspaper as a mechanism to interpret both the national and local news in terms of its impact on the black community. No other publication in Cleveland can make that claim. Because of his hard work and dedication to seeing his dream become a reality, W. O. Walker gave the black community through the Call and Post, a loud and strong voice that we heard in Cleveland and throughout the State of Ohio.

Mr. Speaker, many people in Cleveland loved and respected W. O. Walker. He, in turn, viewed the community as his children and assumed the role as the patriarch in the black community.

He epitomized the struggle that blacks had to wage to succeed. After succeeding, he took the strength and lessons he gained from those struggles and passed them on to others.

Mr. Speaker, in addition to being a master at his craft as a newspaperman and community patriarch, W. O. Walker was a celebrated politician. He was the first black cabinet officer in Ohio, a city councilman and a member of the transit board. At the time of his death, he was being considered by President Reagan as an appointee as Chairman of the U.S. Commission on Civil Rights.

Publisher, patriarch, politician, leader, and friend—all of these words describe the strong character of the late W. O. Walker. No memorial or tribute to him would be complete without those words.

W. O. Walker's spirit and the lessons he taught the community will never die. The Call and Post newspaper and the community itself stand as lasting tributes to him.

I join with the staff of the newspaper and the entire community in noting the passing of W. O. Walker. I also join with the entire black community in rededicating ourselves to continuing the struggle for justice just as W. O. Walker did every day of his life. At this time, I ask my colleagues to join me in noting the passing of W. O. Walker.

Mr. Speaker, at this time, I would like to insert in the RECORD, articles which appeared in Cleveland newspapers noting the achievements of the late W. O. Walker.

W. O. WALKER DIES; PUBLISHER, LEADER

(By Alma Kaufman)

William O. Walker, influential editor and publisher of the Call and Post, died of a heart attack yesterday afternoon. He was 85.

He collapsed in a corridor of the Call and Post Building and was pronounced dead at 2:45 p.m. at Lakeside Hospital, where a team led by chief cardiologist Robert Batti was unable to revive him.

Walker was one of three finalists under consideration by President Ronald Reagan to become chairman of the U.S. Commission on Civil Rights.

William Otis Walker was a study in contrasts. He spoke softly but published a loud newspaper.

At 5 feet 7½ and 162 pounds, he wore conservative suits but smoked a big briar pipe fired with an aromatic mixture from a silver and blue pouch labeled Three Star.

He worked 60 to 80 hour weeks until he was 80, but was eternally vigilant in the cause of those idled on welfare.

He helped hundreds of men and women in trouble with the law or down on their luck, but said "the worst thing you can do is give a man money. Give him opportunity to help himself."

Walker was a power in Republican politics for a half-century, but supported Democrats like Louis and Carl B. Stokes.

He was the first black cabinet officer in Ohio, a city councilman from Ward 11 and a Republican member of the transit board. Yet he feuded with Republican Mayor Ralph J. Perk and befriended Walker's council successor, Democrat Charles V. Carr.

Walker was regarded by many as the most influential member of the black community.

"If W.O. says no, it won't go," said black and white promoters as they sought interviews with him, but he kept an open door to all, hustler or those in need.

He lived in a $74,000 house on S. Park Blvd., in Shaker Heights but tended a 10-row garden of corn, collards, beans and squash on his 20-acre farm in Hambden Township, Geauga County. He never learned to golf but wound down by fishing for blue gill, crappie or catfish or riding his 12½-horsepower tractor, mowing his two-acre lawn in Hambden.

He worked incessantly, but enjoyed exceptional health and credited it to "picking out healthy parents. My father Alex lived until 73; my mother Annie until 101."

He was born in Selma, Ala., Sept. 19, 1896. His father operated Walker's Cafe at 18 Washington St. there. It is still in business under the same name.

A white minister form Boston was killed shortly after leaving it in the civil rights riots of the '60s.

"I do anything on the Call and Post from selling ads to writing editorials," Walker said. "My father could do anything in his cafe. He really was the manager, but he could substitute for any worker who failed to show up, from chef to busboy. He was an excellent cook and his best dish was the Creole recipe called Brunswick stew."

Walker worked his way through Wilberforce University and Oberlin Business College as a Pullman porter on runs starting from Pittsburgh.

After he was graduated from Oberlin in 1918, Walker worked for a short time with the Urban League in Pittsburgh. He then joined the Pittsburgh Courier and within three weeks was city editor.

A year later, he went to a Norfolk, Va., black weekly as city editor and in 1921 founded the Washington, D.C. Tribune with the Murray brothers, who had begun their printing careers in Cincinnati.

Nine years later, Walker was managing editor, but the older Murray brother died. His heirs bickered so much that Walker resigned and joined the first integrated department store in the land, the Fair Department Store, as advertising manager.

He had been promoted to manager of its Baltimore store when Norman McGhee, a Cleveland lawyer, persuaded him to come here in 1932 to take over the moribund Call and Post, a weekly that had resulted from the merger of a paper founded in 1918 and another in 1926.

It had practically no circulation, few advertisements, two employees and a mountain of debts. It rented offices on E. 53d St., but was printed elsewhere by other firms.

Walker was promised by the stockholders a salary of $35 a week, but for the first two weeks was paid nothing. He had to work seven days a week, 10 or more hours a day, selling enough ads to pay his two employes and the printing bills.

For the next few years, he seldom was able to take more than $10 a week in pay, but slowly he built the business up until today it employs more than 60, has a payroll of $750,000 a year and a circulation near 40,000.

The Call and Post occupies most of a three-story brick building it owns at 1949 E. 105th St. Walker, the sole owner, occupied a third-floor corner suite of paneled offices there, reporting at 8:30 every weekday morning and staying at least until 6.

"Maybe I am a workaholic," he said when he was 79, "and I keep saying I am going to quit doing the things I do. But I enjoy it, and on Wednesday, press day, I will stay here 36 hours straight if I have to."

Walker helped found the Future Outlook League, which boycotted businesses in the 1930s and forced them to hire blacks, foreshadowing civil rights tactics of the 1960s. He counted this his foremost accomplishment.

Walker said he never experienced any overt forms of prejudice because he was black. He continued to use the term "Negro" long after it was out of fashion, because, he said, "I am out of fashion. But I get there as quickly as do the militants, and I get along with them. At least, no one ever called me an Uncle Tom to my face."

But prejudice did force him to invest in other enterprises. When banks would not mortgage a home on Ashbury Ave., in the then-white Wade Park neighborhood, he got the money from a black insurance company.

He then invested in another black insurance business.

After the receivers of the Reserve Building at E. 55th St. and Woodland Ave. refused to lease offices to Robert Shauter for a pharmacy, Shauter came to Walker for help.

"The only ones with money in the black community were numbers racketeers," Walker said. "So I went to two, Benny Mason and Willie Pierson, and asked them to invest with me. We bought the Reserve Building and rented the store to Bob Shauter."

Walker was criticized for working with racketeers and, later, for backing the boycott of McDonald's hamburger chain by "Rabbi" David Hill.

"If you want to influence your community," Walker said, "you cannot work only with the good, but you must also work with the ugly. Mason and Pierce by prejudice were almost forced into the rackets, and they did good with their money."

He said he was not so much concerned with Hill's credentials but "in his cause, and it was just. The McDonald's at 83d and Euclid sold more hamburgers than any McDonald's in the land. Yet, McDonald's said blacks could not have franchises. As a Negro publisher, I had to get into a situation and create order where there might well have been chaos."

He smiled when reminded that Hill left town one jump ahead of the law, driving a Cadillac a woman member of his flock had to pay for.

"Black women have a soft spot for ministers," he said. "They have an obsession to buy them Cadillacs. I tried to dissuade her, but she co-signed, anyway."

He also has been criticized for the strident tone of the Call and Post. The weekly frequently prints such screaming, red-ink headlines as: "Third Triangle Murder Suspect Arrested in Alabama."

"The dailies print sensational crime stories, too," he said. "We'd like to do better, but every time I train a good worker, the dailies steal him or her from me."

Once, he was under attack for printing ads featuring fortunetellers and flimsily clad go-go girls.

"The sheep graze where the grass is," Walker said. "If the department stores advertised in the Call and Post, I wouldn't have to go to the fortunetellers and the nightclubs."

Asked if the fortunetellers did not exploit the superstitions of his community, Walker tamped his pipe, drew on it for a moment, then said,"no more than the state lottery."

Walker was director of industrial relations in the cabinet of Gov. James A. Rhodes from 1963 to 1971 and a city councilman from 1940 to 1947.

He helped found Operation Alert and the Surrogates, two groups of influential blacks, was a coordinator of the Ohio Republican Council and was on the international advisory council of the African American Institute.

He was on the boards of such organizations as the Cuyahoga Community College Foundation, Nationalities Service Center, the Ohio College of Podiatry, the Cleveland Zoological Society, the Legal Defense Fund of New York City and the Cleveland Convention and Visitors Bureau.

The House of Wills is in charge of arrangements, and time of services will be announced this afternoon.

His first wife, Theresa, and he divorced in 1956 after 36 years of marriage. He is survived by his wife, Naomi, and a sister, Josie Waller.

LEADERS RECALL WALKER'S HELP, INFLUENCE

When William O. Walker spoke, people listened.

That is how former Mayor Carl B. Stokes summed up the impact that Walker had on the community during the decades he published the Call and Post newspaper.

"You never think about a man like W. O. passing," Stokes said when he learned of Walker's death yesterday afternoon.

"He was a vital component in getting me elected mayor and while I was serving as mayor," Stokes said. "I could get the message out through his paper when the dailies would only put out the message that they wanted."

Although relations between Walker and Stokes soured in recent years, Stokes said, "I retained my respect for him and the contribution he made to me and to the community. His role was a unique, hand-tailored one he created over the years."

Walker's longtime leadership was also acknowledged by Thomas Vail, Plain Dealer publisher and editor.

"W. O. Walker was a leader in the black community for longer than anyone else in my memory," Vail said. "He participated as well in civic affairs involving everyone, black or white. He was a fellow newspaperman and friend with whom I served on many civic committees.

"The community will miss him very much."

A White House spokesman said President Reagan was saddened when he heard of the death. Reagan, who had considered Walker for appointment to the chairmanship of the Civil Rights Commission, will send condolences to Walker's wife, the spokesman said.

Mayor George V. Voinovich, who was endorsed by Walker when he ran for mayor in 1979 and again this year, called him "my friend and counselor.

"In spite of his success, he never forgot his own struggle or the struggle of his people," the mayor said. "I came to know, love and respect W.O."

City Council President George L. Forbes, D-20, noted that despite his friendship with Walker, "he was not hesitant to hit black political leaders over the head when he thought we did something out of line. He called that 'putting you on the board.' "

Forbes said he thought Walker was most proud of his accomplishments in establishing Operation Alert, a coalition of business and political leaders that meets weekly, in the development of the Leaders Defense Fund that provided money for the legal expenses of councilmen accused in the carnival kickback investigation and his constant attacks on problems in the black community.

"W.O. was an institution. He was an indomitable spirit," Rep. Louis Stokes, D-21, of Cleveland, said in a telephone call from Washington.●

HOUSE OF REPRESENTATIVES—*Friday, November 6, 1981*

The House met at 10 a.m., and was called to order by the Speaker pro tempore (Mr. MOAKLEY).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
November 5, 1981.

I hereby designate the Honorable JOE MOAKLEY to act as Speaker pro tempore on Friday, November 6, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, You know our needs and You care about each one, and so we place before You our aspirations, our fears, and our hopes. We give thanks that You hear our every prayer and You listen to our supplications. We praise Your name, O God, that You lead us and guide us in the paths of righteousness and through the valley of the shadow of death. May Your spirit be ever with us that we may dwell in Your house for ever and ever. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 3454, INTELLIGENCE AUTHORIZATION ACT, 1982

Mr. MINETA. Mr. Speaker, I ask unanimous consent that the managers may have until midnight, Tuesday, November 10, 1981, to file a conference report on the bill, H.R. 3454, the Intelligence Authorization Act for fiscal year 1982.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ADJOURNMENT TO TUESDAY, NOVEMBER 10, 1981

Mr. ECKART. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Tuesday, November 10, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

HOUR OF MEETING ON THURSDAY NEXT

Mr. ECKART. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, November 10, 1981, it adjourn to meet at noon, Thursday, November 12, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. SENSENBRENNER) to revise and extend his remarks and include extraneous material:)

Mr. DOUGHERTY, for 1 hour, on November 18.

(The following Members (at the request of Mr. ECKART) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. SENSENBRENNER) and to include extraneous matter:)

Mr. LEWIS in two instances.

Mr. LENT in two instances.

Mr. NELLIGAN.

Mr. DORNAN of California.

Mr. RINALDO.

Mr. DAUB.

(The following Member (at the request of Mr. ECKART) and to include extraneous matter:)

Mr. DYSON in 10 instances.

Mr. WIRTH.

Mr. WALGREN.

Mr. SOLARZ.

Mr. O'NEILL in two instances.

Mr. BONKER.

ADJOURNMENT

Mr. ECKART. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 2 minutes a.m.), under its previous order, the House adjourned until Tuesday, November 10, 1981, at 12 o'clock noon.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAFALIS:

H.R. 4924. A bill to amend the Unemployment Compensation Amendments of 1976 with respect to certain alien farmworkers; to the Committee on Ways and Means.

By Mr. DORGAN of North Dakota:

H.R. 4925. A bill to provide improved congressional oversight of cost overruns of major defense systems; to the Committee on Armed Services.

By Mr. JONES of Oklahoma (for himself and Mr. SYNAR):

H.R. 4926. A bill to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes; jointly, to the Committees on Interior and Insular Affairs and Public Works and Transportation.

By Mr. WIRTH (for himself, Mr. COLLINS of Texas, Mr. BROYHILL, Mr. SCHEUER, Mr. MARKEY, Mr. LUKEN, Mr. SWIFT, Mr. WAXMAN, Mrs. COLLINS of Illinois, Mr. TAUZIN, Mr. RINALDO, Mr. MOORHEAD, Mr. MARKS, Mr. TAUKE, and Mr. BLILEY):

H.R. 4927. A bill to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes; to the Committee on Energy and Commerce.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1328: Mr. ARCHER, Mrs. BOGGS, Mr. BROOKS, Mr. COELHO, Mr. DE LA GARZA, Mr. DUNCAN, Mr. ENGLISH, Mr. FROST, Mr. SAM B. HALL, JR., Mr. LIVINGSTON, Mr. LOEFFLER, Mr. MARLENEE, Mr. PATMAN, Mr. ROBERTS of South Dakota, Mr. ROEMER, Mrs. SCHROEDER, Mr. STENHOLM, Mr. SYNAR, Mr. TAUZIN, Mr. WATKINS, Mr. WHITE, Mr. WHITTAKER, and Mr. WILSON.

H.R. 4146: Mr. LUNDINE and Mr. WYDEN.

H.R. 4346: Mr. GUARINI, Mr. DAUB, and Mr. ERDAHL.

H.R. 4686: Mr. BARNARD, Mrs. BOUQUARD, Mr. DOUGHERTY, Mr. HUGHES, Mr. LANTOS, Mr. OBERSTAR, Mr. OTTINGER, Mr. PEPPER, Mr. VENTO, and Mr. WALGREN.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

SENATE—*Friday, November 6, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Gracious Father in Heaven, in this large Senate family where, so often, issues of great magnitude affect the destiny of millions, help us not to overlook the dedication of those who devote themselves to the minutiae and the mundane without which major matters would not be resolved. We recognize with gratitude the faithful service of office staffs, the efficient, tireless work of those in the cloakrooms, the Secretary of the Senate, the Sergeant at Arms and their staffs, the floormen, the doorkeepers and the pages. We thank Thee for all of the devoted services in the buildings and on the grounds; the maintenance people, the elevator operators, the police, and those who keep the place beautiful.

Help us never to take for granted loving, faithful support so essential to the effective work of the powerful, influential national leaders who occupy this Chamber. We thank Thee for the men and women of the press and pray that their dedicated efforts will accurately and adequately inform the people. And dear Lord, we pray for the families of all those we have mentioned. May Thy peace and love keep them safe and meet all their needs. We pray this in the name of the greatest of all friends. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. COCHRAN. Mr. President, under a previous order, I understand that there will be a period of time not to exceed 20 minutes for routine morning business. As part of the time allotted to the leader this morning, I wish to proceed at this time.

The PRESIDENT pro tempore. The Senator may proceed.

PRECLEARANCE PROCEDURE UNDER THE VOTING RIGHTS ACT

Mr. COCHRAN. Mr. President, I wish to call attention to legislation that was introduced 2 weeks ago relating to the Voting Rights Act of 1965. Last week and the week before as well, I described the legislation that was being introduced which would, in effect, create a new preclearance procedure under the Voting Rights Act. As Members realize, section 5 of the existing law provides for a procedure for approval of changes in local election laws submitted to the Department of Justice. Although the law specifies that a decision must be made within 60 days, experience has shown that, often, the period of time drags out much longer than that, and some local political subdivisions have waited up to 5 years or more before a decision has been made by the Department in response to a request for approval of a local change in election laws.

Mr. President, this legislation is designed to create a new procedure whereby local political subdivisions will submit proposed changes to the Federal district court. There will be provided an expedited procedure for consideration based on the rules for declaratory judgment. Under this procedure, all interested persons will be given notice. The Department of Justice will be served with process, and the same office that now exists for the review of changes will continue to exist to review the changes considered in this court proceeding. Another important difference is that whereas the existing section 5 preclearance requirements apply now only to a few States and parts of a few others, this new procedure would be applied with equal force and effect throughout the Nation in every jurisdiction.

I know that the reaction of some, as I have said before, will be that this may be an effort to undermine the act, to make it more difficult to enforce, and to impose a greater burden on the Department of Justice and our court system. I wish to point out that this is a proposal that has been carefully developed by a law professor and a Federal judge who have written an article that is being published in the Kentucky Law Review relating to the necessity for having a law for the 1980's and not one that relates to the problems and difficulties of the 1960's.

To indicate that this proposal has support from representatives in the minority community in the South, I call attention to the fact that during the hearings in the other body, before the Committee on the Judiciary, Wilbur Colom, who is a black lawyer from Columbus, Mississippi, active in the civil rights movement, active also in voter registration efforts, and a leading young Republican in the State of Mississippi, testified and gave a report on this new procedure.

At this point, Mr. President, I ask unanimous consent that his entire statement to the Judiciary Committee in the House be printed following my remarks in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. COCHRAN. I refer to some of the statements that Mr. Colom made. He points out that while there are some who advocate no change in the Voting Rights Act, particularly no change in the section 5 preclearance requirement, he says that the maintenance of a preclearance procedure is necessary to the two-party system and necessary for the protection of fundamental rights. Then he says:

> While we must acknowledge that voter intimidation, barriers to registration and even ballot box stuffing, the tools of the past, to a large extent, have disappeared, there still remains white block voting, subtle maneuvers to dilute black voting strength and blatant efforts to negate black electoral gains. Mississippi has changed. There is greater equality. Those who say they have seen no discrimination against blacks in Mississippi must be blind. Those who say that any change in the Voting Rights Act will turn back the clock of racial equality refuse to acknowledge the progress our State has made. Of course, we still have far to go.

He goes on and suggests that the Keady-Cochran proposal, as he refers to it in his remarks, should be carefully considered and approved by the Congress.

Mr. President, I hope that Members of the Senate will review this suggestion and look at it not in terms of an effort to turn the clock back, to go back to the days of poll tax and other devices that were designed to prevent or undermine the full participation in the political process by minority citizens, but as an effort to move into the eighties with a modern enforcement procedure which would be based upon due process, an enforcement of the law that would prohibit any effort to deny voting rights in any place in this country. My suggestion, Mr. President, is that if it is important to protect with the full force of a preclearance procedure the voting rights in the State of Alabama, then who can argue that it is not important enough to have a procedure for protecting those rights in the State of Michigan or in the State of Illinois? If it is against the law to commit a crime in Pennsylvania, it is against the law to commit it in California. That is our Federal system. Federal laws apply nationwide. This act can be given full force and effect nationwide under this new procedure.

Some say, well, they have heard about that in the House; they rejected it over-

whelmingly. Nobody has really had this proposal before them, Mr. President. It is a new procedure and I hope the Senate will review it carefully during the hearings on the Voting Rights Act that will be undertaken, as I understand it, early next year by the Senate Judiciary Committee.

EXHIBIT 1

STATEMENT OF WILBUR O. COLOM

Mr. Chairman and Members of the Committee:

My name is Wilbur O. Colom. You have my resume before you and I will omit any reference to my background other than to point out that I was born and spent my entire life in Mississippi, except for a period of 10 years when I was away in school.

This is a most difficult presentation for me to make; not because of any doubt regarding the merits of the Keady/Cochran proposal, but because I find myself isolated from men and women who have been heroic figures in my life, some even my personal friends. Aaron Henry, Charles Evers and many others who testified before you have been persons who have fought critical battles that gave me the right to vote, gave me the opportunity to be a member of President Reagan's transition staff. They were out front when bombs were the greatest tool of the opponents of equal opportunity. But I, too, was active in the civil rights movement in the mid-60's and I, too, recall the gross inequalities.

Add my voice to theirs in saying that the voting rights act must be extended.

As an active Republican, I can say without hesitation that the voting rights act and section 5 of the act are essential to the maintenance of the two party system and necessary for the protection of fundamental rights. Indeed, my right and that of my child to participate in the electoral process is at stake.

While we must acknowledge that voter intimidation, barriers to registration and even ballot box stuffing, the tools of the past, to a large extent, have disappeared. There still remains white block voting, subtle maneuvers to dilute black voting strength and blatant efforts to negate black electoral gains.

Mississippi has changed. There is greater equality. Those who say they have seen no discrimination against blacks in Mississippi must be blind. Those who say that any change in the Voting Rights Act will turn back the clock of racial equality refuse to acknowledge the progress our State has made.

Of course, we still have far to go. Resistance is not so much among the populace as it is among the political forces now in power, for they correctly see that the influx of blacks into the electoral process will offer the potential for new coalitions and new political alignments that may not allow their continued political domination.

Nothing has done more to foster the development of the two party system in Mississippi than the Voting Rights Act. Now we find two parties competing for two large voting groups, with both parties being fundamentally strengthened in the process. It is critical to the Republican party in the State of Mississippi that the rights of black voters be protected in the broadest of forms. To do otherwise would invite a return to the one party dixicrat days.

Now, to the specifics of the Keady/Cochran proposal. William Keady is the chief judge for the United States District Court for the Northern District of Mississippi. George Cochran is a professor of law at the University of Mississippi Law Center. Their proposal is outlined in their forthcoming article in the Kentucky Law Journal entitled "Section 5 of the Voting Rights Act: A Time for Revision." The Keady/Cochran article relies on, among other things, one document with which I am sure you are familiar, the GAO report on the voting rights section of the Justice Department and a book entitled "Compromise Compliance." Both lead to some unavoidable conclusions which serve as the empirical foundation for the Keady/Cochran proposal.

First, there is an extremely high submission rate by covered jurisdictions of proposed change, and this submission rate has an incapacitating effect on quality review by the voting rights sections. Second, there are real and justifiable suspicions that administrative preclearance has neglected those interests it was designed to serve. 1980 statistics show that of 7,340 submissions, only 51 objections were interposed. The chaotic and hurried review given by the Civil Rights Division tends to bear out the conclusion that effective full enforcement is not now and cannot be achieved in the Department of Justice now or in the future. Third, the Supreme Court in *Morris* v. *Gressett* held that there is no judicial review of a departmental decision not to object to a submission.

Such an unreviewable power is foreign to our process and has a potential for abuse. I prefer to vest the responsibility of protecting my rights to participate in the electoral process in the hands of a southern Federal judge, subject to the expedited review of the Fifth Circuit, than to vest that authority in the hands of a political appointee whose position may be based upon his or her role in a campaign, rather than his or her dedication to the law.

Finally, in 1975, Assistant Attorney General Pottinger stated that a mechanism would be in place which would insure that covered jurisdictions comply with the preclearance requirement. Recently, he acknowledged, after six years, that no such mechanism has been put in place. It is abundantly clear that no such technique is available in the Department.

It is mandatory, considering the foregoing, that this committee explore alternatives which will cure the existing deficiencies of administrative preclearance and would extend the protection currently offered by section 5 to all minorities of the United States, no matter where they may be located.

It is in this context that I now strongly urge that you support the Keady/Cochran proposal as found in the forthcoming article in the Kentucky Law Review and, if I am correct, a draft copy of which has been distributed to each member of the committee.

In its broadest outline, their conclusion is that section 5 should be given nationwide application and that the political unit be required to bring a declaratory judgment in a local United States district court for proposed electoral alterations. The amended statute would contain the same requirements as now, with the United States being named the defendant. On filing, appropriate notice would be required to inform interested parties.

It would take two forms. First, publication in local newspapers for three consecutive weeks. Second, actual service of the complaint upon interested persons or organizations which have their names placed in a "permanent registry" maintained in the office of the district court clerk.

In light of the current inability of minorities to have definitive input to the preclearance process as well as the previously stated inability to secure judicial review of a decision not to object, this portion of the Keady Cochran proposal is critical.

The statutory right of intervention by individuals would, among other things, make irrevelant a departmental decision not to object. If the department fails to object and intervention does not occur, an uncontested judgment would then be entered.

The problem with an unusually biased judge would be cured by the provision for an automatic stay coupled with an expedited appeal procedure. I recently had an expedited appeal to the fifth circuit and we were at oral argument, all briefing completed, sixty days after notice of appeal was filed. Moreover, the availability of a statutory right for mandamus would assure that these actions would be heard expeditiously.

The bottom line is that the voting rights act can and should be strengthened to assure effective enforcement. This proposal achieves that goal while at the same time allowing for nationwide application and ending an inefficient administrative procedure. In a candid moment, my friends from Mississippi, many who have testified before you, will admit that the justice department is doing less than a grand job of enforcing the provisions of section 5 of the voting rights act.

They will acknowledge that it is difficult to find fault with the Keady/Cochran proposal. Yet, they fear that any tinkering with the act will result in it being gutted with republican amendments. I hope and I pray that the present administration and my fellow republicans will prove them wrong.

The enforcement procedures of the voting rights act are not written on a sacred scroll. While the principles embodied in the act should be sacred to all of us; for it was through much suffering in my lifetime the gains were made, the mechanism for enforcement should be open for debate as Mississippi changes and as America changes. Innovative ideas on enforcement such as the Keady/Cochran proposal should be welcomed.

Mr. COCHRAN. Mr. President, I know of no other request for leader time on this side of the aisle. I yield to the distinguished Senator from Michigan.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER (Mr. GORTON). The acting minority leader is recognized.

Mr. RIEGLE. I thank the Senator.

Mr. President, I ask unanimous consent that the remainder of the minority leader's time be available to me and added to my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. I further ask unanimous consent that the special order time periods for myself, Senator SASSER, Senator CHILES, Senator MELCHER, Senator ROBERT C. BYRD, and Senator METZENBAUM be consolidated and be under my control this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, it is my understanding that the Senator from Maine (Mr. MITCHELL) has a special order and wishes to speak at this time, and I am agreeable to that, if he wishes to seek recognition.

Mr. MITCHELL. I thank the Senator.

RECOGNITION OF SENATOR MITCHELL

The PRESIDING OFFICER. The Senator from Maine is recognized.

JUDICIAL INDEPENDENCE

Mr. MITCHELL. Mr. President, I want to take this opportunity to respond to the speech made by Attorney General Smith last week, in which he sharply attacked the role played by Federal courts in the development of constitutional law. In so doing, the Attorney General urged the courts to color their decisions to reflect the conservative trend in the most recent election returns.

As a former U.S. attorney and Federal district court judge, I take strong issue with Mr. Smith's statement. Regrettably, his remarks show a fundamental lack of understanding of the purpose and function of the Federal judiciary, as well as a lack of respect for many of the basic constitutional rights that we, as American citizens, all share.

I

In his speech, the Attorney General called on Federal judges to follow the results of the recent elections. He suggested that courts should be influenced by "major public changes in political attitudes." In support of his idea that "basic changes in public sentiment" should bend "judicial philosophy," Attorney General Smith quoted from a verse written some 80 years ago by the humorist Finley Peter Dunne. This verse poked fun at the Supreme Court for following the 1900 Presidential election returns, rather than the Constitution, in a group of cases holding that our constitutional protections did not automatically attach to territories annexed after the Spanish-American War. Mr. Dunne clearly intended his verse as tongue-in-cheek satire of improper judicial decisionmaking; somehow, the Attorney General has completely missed the joke.

To argue, as the Attorney General did, that the Federal judiciary should pay heed to alleged election mandates is to undermine the independence of the judiciary, the constitutional principle of the separation of powers, and our democratic system of checks and balances that has evolved over the past two centuries.

The Federal courts in this country were created as an independent branch of government that would be immune from the immediate political pressures that properly are brought to bear on the legislative and executive branches. Indeed, a major purpose of the judicial system is to make certain that the constitutional principles of our Founding Fathers are not swallowed up by election returns. As Chief Justice Harlan F. Stone wrote in the Harvard Law Review in 1936, one of the most important functions that courts perform is to apply the "sober second thought of the community" to actions taken by the politically-dominated legislative and executive branches. The fact that Federal judges are appointed for lifetime tenure—making it impossible to vote them out of office every 2 to 6 years—reflects this intended independence from short-term political results.

The Federal courts thus represent our only branch of government with the insulation from political winds essential to protect, when necessary, unpopular views and politically unrepresented minorities. Instead of following election returns, courts are supposed to apply—in a consistent, careful, and rational manner—constitutional precedent and principle to both old and new problems. In this way, the courts preserve our democratic process and constitutional protections, no matter what the political passions of the moment might be.

The Attorney General's expressed preference that courts follow election returns rather than legal precedent demonstrates a fundamental misunderstanding of the judiciary's role in our constitutional system. This idea, in fact, is a radical change from the historical and traditional role of the courts. The Attorney General does not seek a return to conservative principles, but instead would undermine one of the oldest principles in our constitutional system—the independence of the judiciary.

Unless the judicial branch is free to play its proper role, our system of government will be weakened, and all Americans will suffer for it. I am deeply troubled by the fact that the Attorney General, the chief legal officer of our country, fails to recognize fundamental constitutional principles. Indeed, his ill-advised remarks—in spite of their possible immediate political attractiveness—serve only to weaken the respect for and independence of the judiciary.

Overall, the Attorney General criticized our courts for doing too much policymaking. The problem with this criticism is that he then appeals to the courts to yield to a so-called ground swell of conservatism evidenced by the 1980 election. That is, he urges the courts to base their decisions on partisan political results. In other words, he does want the Federal courts to make policy, so long as they are policies he favors. Thus, Mr. Smith advocates the very type of political decisionmaking by the courts which he attacks.

Moreover, except for expressing a distaste for certain recent court decisions, the Attorney General offers no suggestions as to how courts are to properly resolve constitutional disputes. The logic of his position is that, in spite of constitutional principles, the courts should follow the election returns. I am at a loss to find any constitutional principles to support the Attorney General's position.

II

The Federal courts do and should develop constitutional law. Obviously, our Founding Fathers could not anticipate nor expressly provide for each and every situation which merits constitutional protection. That is part of the genius of our Constitution—its principles remain flexible enough to meet the changing needs of our society even 200 years after its adoption. To make this system work, the power was lodged with the courts to define the substantive content of constitutional guarantees in those situations not made part of the very language of our Constitution and Bill of Rights.

To be sure, in the proper exercise of this power, courts have played a significant role in the past 40 years in remedying constitutional wrongs. This role of the courts, however, has not been assumed by choice or judicial fiat. While in the first instance, the legislative and executive branches may hold the power to enforce constitutional guarantees—by providing criminal penalties, redress in civil suits, and the like—neither of these branches nor State government has always shown a readiness to share the responsibility of fully vindicating constitutional principles. So the courts, when called upon to remedy demonstrable constitutional wrongs, have done so.

Of course, many of the wrongs that Federal courts are called upon to make right would not even reach the judicial system if remedies were elsewhere provided. But this sadly has not been the case.

We must remember that courts do not trigger litigation. Rather litigants bring lawsuits to courts. For courts to resolve these disputes in no way touches upon the constitutional doctrine of justiciability, as the Attorney General might have us believe. As our Constitution requires, Federal courts deal with real, live "cases and controversies." And Federal judges would be shirking responsibility to turn their backs on legitimate grievances that are brought by parties who have been wronged.

What would the Attorney General have the courts do? In addition to his beckoning toward the recent election returns, the Attorney General referred, in his recent speech, to several areas where he thought the courts should approach constitutional decisionmaking differently.

First, in the area of justiciability, he suggested a more conservative approach to allowing parties to bring constitutional questions to the attention of the courts. Interestingly, this is an area in which the Supreme Court has recently issued several decisions which significantly alter the requirements of standing and similar principles in a manner that cuts back the reach of the Federal courts.

What the Attorney General seems to be suggesting is that this is not enough, and that more litigants should be denied access to the courts to argue that constitutional principles have been violated. In short, he thinks that constitutional problems would be solved if there simply were no opportunity to argue that they exist. This hardly seems to be a principled way of dealing with pressing constitutional controversies.

Second, the Attorney General suggests a halt in the development of the law of equal protection in its application to both new groups and new areas. Again, he suggests no new or different formulation of the constitutional principle of equal protection. Rather, he suggests rejecting the application of equal protection standards already enunciated and applied. In other words, he would deny this most basic constitutional protection to those groups who have not yet had a chance to bring their constitutional grievances to the courts—again not a principled means of adjudicating these issues.

Finally, the Attorney General complains about the intrusions which courts

have made into the operations of government when fashioning remedies to undo the harm inflicted by constitutional wrongs. Certainly, this is a topic which deserves serious debate, since it raises very difficult issues under the constitutional doctrine of separation of powers.

Unfortunately, the Attorney General does not contribute to such a debate. He ignores the fact that courts have been forced to enter into the area of remedying constitutional wrongs in large part because the executive and legislative branches of government—in many instances at the State or local level—have simply refused to face up to their constitutional responsibilities. Whether with respect to local voting laws, treatment in prisons, discrimination in education, or other subjects, the Federal courts have been compelled to vindicate constitutional principles when the legislative and executive branches have themselves refused to act.

For instance, in the 1978 case of Hutto against Finney, the Supreme Court described conditions of an Arkansas prison as "a dark and evil world completely alien to the free world." Not surprisingly, the Court held that such conditions constituted cruel and unusual punishment in violation of the eighth amendment, and affirmed the lower court's broad remedies designed to clean up the situation. Does the Attorney General expect the courts to let these kinds of conditions exist when everyone else has stood idly by?

For the Attorney General, the solutions somehow lie in inactivity, regardless of the fact that acknowledged constitutional rights have been violated and no remedy is available. He does not deny the wrong; he would just eliminate the possible remedy.

Significantly, the Attorney General made no pledge whatever to have the executive branch aid the Federal courts in their constitutional duties. To the contrary, he proposes that courts simply resist expansion of constitutional rights, diminish the standards by which already recognized rights are evaluated, and limit the remedies provided for acknowledged constitutional wrongs. To be sure, courts can and do make mistakes. This is inevitable in any human institution. The fact that mistakes have occurred, however, does not justify a wholesale attack on the independence of the judiciary.

Nonetheless, the Attorney General would have the courts close their doors to certain groups and issues—especially in the areas of environmental control, school desegregation, employment discrimination, and alien's rights—without any apparent alternatives for the fashioning of necessary and proper relief.

Viewed from the perspective of the complex and difficult issues of constitutional adjudication, the Attorney General's statement last week was no more than a campaign speech—full of political rhetoric critical of the courts, and dangerously lacking in constitutional principle. Mr. Smith's speech is unfortunate in that it attempts to discredit the courts, and shows an obvious willingness of the executive branch's highest legal officer to attack the judiciary for partisan political purposes. If followed, his ideas could lead to the undermining of one of the fundamental parts of our system of government—an independent judiciary. The Constitution grants us far more, and we, as American citizens, deserve no less.

Thank you, Mr. President.

The PRESIDING OFFICER. Who yields time?

RECOGNITION OF SENATOR RIEGLE

The PRESIDING OFFICER. The Senator from Michigan is recognized.

SENATE JOINT RESOLUTION 120—EMERGENCY RESOLUTION DIRECTING THE PRESIDENT TO ASSURE AN ADEQUATE FLOW OF AFFORDABLE CREDIT TO SMALL BORROWERS

Mr. CHILES (for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. CRANSTON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, and Mr. ZORINSKY).

HIGH INTEREST RATES

Mr. RIEGLE. Mr. President, today several of us will be participating in a discussion on the interest rate emergency that is afflicting the country at this time. A group of 35 Democratic Senators are putting forward a major policy initiative to deal with that problem.

I will very shortly make an opening statement that describes this initiative and then I shall yield to my colleagues.

Mr. President, the joint resolution that we are offering today represents a major policy initiative that will bring down the record high interest rates which are now doing massive damage to key sectors of the economy and which are also plunging the economy deeper into recession.

The Reagan administration's strategy calls for high interest rates. We feel that this policy has to change and change now.

The resolution that we are putting forward will have the force of law and will compel a change in this high interest rate policy.

It will require the President to act immediately to bring down interest rates and to see to it that sufficient credit is directed to those economic sectors and regions that are now being crippled by the high interest rates.

It is our intention to press this issue with all the strength that we have.

I might say that the data released by the Department of Labor today indicates that the unemployment rate in the United States last month rose to 8 percent. This is the highest level of unemployment in this country since the late fall of 1975. We have not had unemployment as high as 8 percent since that time.

Five hundred fifty thousand additional Americans lost their jobs last month, and we now have 8.5 million Americans who are out of work. Many of them are jobless simply because of the Reagan administration's commitment to this high interest rate strategy. The administration's monetary overkill is creating this unemployment, creating a cascade of business bankruptcies and sending the economy deeper and deeper into recession.

It is interesting to note the misery index which candidate Reagan used effectively in the last campaign. The misery index is a combination of the inflation rate and the unemployment rate. One year ago, when the previous administration was in power, the misery index was 20.9 percent. Today it has risen to 22.8 percent.

But I think we need to devise a new misery index. We need an index to measure also the pain inflicted by sky high interest rates, and also to measure the damage of business bankruptcies and failures that are happening across the country.

If we had that kind of misery index, I think it would be even clearer that we are in deeper trouble than we were a year ago, and that we are headed downward at the present time. That trend has to be changed, and that is why we have developed this initative to get the job done.

There are three Senators on our side of the aisle who have been the principal leaders in drafting the language of this resolution that we will be introducing today. They are Senators CHILES, SASSER, and MELCHER. Senator CHILES will be the principal sponsor of the legislation as it is introduced today, and it will be introduced in the name, as I say, of the 34 Members of the Senate who are supporting this initiative.

Mr. President, the high interest rates are creating tremendous economic distress in sector after sector of the economy—in the agricultural sector, and other small businesses that are interest rate sensitive. Some major industrial sectors are also in deep trouble because of the high interest rates.

I would like to share with my colleagues the data on losses experienced in the auto industry over the last 90 days.

General Motors reported a quarterly loss within the last 10 days of $468 million. An article in the Wall Street Journal analyzed that loss and pointed out that GM's loss was understated because of some foreign exchange adjustments and some other special adjustment in the income statement for the quarter. They estimated that the actual operating loss of General Motors was more on the order of $900 million. That is $900 million in 90 days, or $10 million a day for 90 straight days. That money was lost by one of the biggest manufacturing companies in our country and in the entire world.

The Ford Motor Co. posted a quarterly loss of $334 million, which, again, is an extraordinary amount of money to lose in such a short space of time.

Chrysler reported a quarterly loss of $149 million. These companies are losing these huge amounts just at a time that they desperately need to finance massive investments to improve this country's

worldwide competitiveness. So if one considers the most recent 90 days of the auto industry, it is obvious that we have an economic emergency on our hands, driven in large part by the very high interest rates.

The same thing is true with auto dealers. Auto dealers are going out of business at a record rate. We lost over 2,000 last year. Some of the most well-managed auto dealerships in the country are failing each day because they cannot afford the high interest rates to floor plan cars, and to have cars in the showrooms for people to look at and consider buying.

So the situation we face in that sector is absolutely at a crisis point.

The same thing is true in another basic sector of our economy, the construction and housing industry. Destructive shock waves spread throughout the entire national economy when the housing and construction industry shuts down, as it has at the present time because of the absence of long-term mortgage money at affordable rates.

It is not sufficient that the oil and gas companies have easy access to credit these days. They are able to finance their cash flow needs out of the profits they are earning and some of the tax benefits they have received. They can afford to pay these interest rates. But that gives a false picture as to what is true for the rest of the economy.

The true picture of what is happening in the economy is given by today's data on the unemployment rate; 8.5 percent of the people who want to work in this country cannot find jobs. That is the highest unemployment rate since 1975. That shows what the administrations high interest rate policy is doing to rank and file people across the country.

This initiative today by 35 Senators can be a turning point.

The majority of Democrats have supported the effort to put a ceiling on Federal spending. We had different ideas on priorities. We tried to change those priorities. In some cases we were successful. In some cases we were not, because we are in the minority.

We also cooperated with the administration's effort to cut taxes. We had different ideas on tax cuts. We offered alternatives. We tried to modify the program. We tried to strike a balance. In some instances we were successful and in other instances we were not successful. But, in the end, most Senators on this side of the aisle supported the tax package despite our reservations.

We did so because we felt that, on balance, it was necessary to try to move the country in a more positive direction.

However, we are saying today that the high interest rate part of the administration's policy is not acceptable. We are saying that it is clearly wrong for this country. We are saying that we as Democrats, overwhelmingly cannot support that policy. We feel it has to be changed and changed now.

We are laying out a responsible way for that to be done. We are calling upon the President of the United States to use his leadership, to use the power of that office, and to use his persuasive ability. We are calling upon the President to change this high interest rate policy, to get these rates down, and to get them down substantially and quickly enough to save these sectors that are being crippled and permanently damaged. We are calling upon the President to stop further economic destruction that will haunt this country for years and years to come.

I have no doubt at all that, when the President decides to call for lower interest rates, he will have no trouble persuading the Federal Reserve to follow his lead. In fact, Chairman Volcker recently testified before the Senate Banking Committee that the interest rate policy of the Federal Reserve System is the interest rate policy of the Reagan administration. They are in partnership on this, and the Fed is following the approach to high interest rates that the Reagan administration wants them to follow.

We are saying today that it is time to change that part of the strategy. It is time to change the policy mix.

I would make a prediction right here today on this floor: As events unfold over the next few weeks, as unemployment continues to rise, as bankruptcies continue to multiply in this country—not only of small firms but also of large firms, including thrift institutions and other financial institutions—it will become clearer and clearer that the interest rate crisis is the central problem, the fatal flaw in the Reagan economic strategy at the present time.

Mr. President, we are trying to be cooperative and constructive. That is why we have framed this legislative response in a way that gives the President the support that he needs to take this step, to change this high interest rate policy and to bring these rates down.

We know this approach can work, and we are willing to give our support to that effort. But it is time for that change to be made. We are going to press and press and press in every way we can find to bring about that change in policy.

Mr. President, I ask unanimous consent that a recent exchange on interest rates between myself and Treasury Secretary Donald Regan, which occurred in the Senate Budget Committee, be printed in the RECORD.

There being no objection, the exchange was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE—COMMITTEE ON THE BUDGET ON THE SECOND BUDGET RESOLUTION FOR FISCAL YEAR 1982

Chairman DOMENICI. Thank you, Senator. Senator Hart? Senator Riegle?

Senator RIEGLE. Thank you, Mr. Chairman. Mr. Secretary, almost every day we pick up the business page of any major newspaper in the country, and it is a deluge of bad news. I do not have here with me the front page of the business section in yesterday's Washington Post, but it was one horror story after another in terms of the picture in the auto industry or with the S&Ls or with our trade deficit and other items of that kind.

I would just like to make an observation, and then I would like to ask you to respond.

I think the economy at the moment is in very serious trouble. It is very uneven. There are some sectors that are in desperate condition, and there are others that, as you say, are like the oil industry that at the moment is doing quite well.

I think your interest rate policy is caving in the economy. I think it is caving in the auto industry. It is caving in the thrift institutions. It is caving in large parts of agriculture. I hear this from my colleagues across the country. It is caving in small business. You seem to have no remedy for that. I am speaking now generically. The administration seems to have no remedy for that.

I cannot for the life of me understand why you are holding to this high interest rate policy at this time, when you have got major economic sectors that desperately need credit. They desperately need capital. They need interest rates they can afford to pay. You are withholding that from them. You are saying basically that you are not going to respond to that problem.

The situation is getting worse by the day, and I do not understand that. I would like you to tell me why it is you are holding to this high interest rate policy.

Secretary REGAN. Well, high interest rates are the symptom that come along with what the disease is. The disease is inflation. As you know, last year inflation was running at a 13, 14 percent range. This year on the CPI, even in the third quarter we again went back into double digits. I do think that we will be back into single digits in this quarter. That means that we have not eradicated the problem at all. This is a very serious problem not only for our nation but for nations throughout the world.

We have to get rid of inflation. There is no easy way out of it, it is so ingrained in our system at this point, Senator. It has been there now for years. To try to get it out quickly or, having gotten it out in part, to suddenly change courses would be counterproductive, in my judgment, at this time. So, we have to stay on that.

Now let us talk about interest rates themselves. As inflation comes down, obviously interest rates are coming down with them. Interest rates did probably peak in the August and September period, and they are off considerably from that. Most are off 2 to 3 percentage points. The prime, for example, is from 20.5 down to now at least in several banks to 17.5. The Treasury Bill rate, we were paying close to 16 percent just a couple of months ago. Yesterday, Treasury Bills were at 13.01.

Senator RIEGLE. Let me just stop you. Here is the problem that is happening. We have got a mounting cascade of bankruptcies that are taking place in businesses of all sizes but particularly among small business. I think very shortly we are going to see some major bankruptcies or the likelihood of some major bankruptcies among some larger firms.

I am just saying that you are not getting them down quick enough. Now, one of the reasons you are not is that there is not enough credit to go around. The Federal Reserve has been very tight with the monetary policy. Paul Volcker yesterday was before the Banking Committee. His target for M1B for the year has been 3.3 percent, and the actual performance has been at 1.1 percent. That is how far off target they are.

You have got these major merger efforts and these corporate takeover efforts that are sopping up tens of billions of dollars of what credit there is. The people who need it to survive—and I am talking now about small business, the auto industry, agriculture, the construction industry—are dying. I just do not understand how you can respond by saying that that is the medicine that we have to take. If it is going to kill those patients and cave in that part of our economy, how can we possibly hope to come out ahead?

I do not understand how you can cripple and, I think, permanently damage major sectors of this economy with this high interest rate policy and ever hope to come out ahead. I just do not understand that.

Secretary REGAN. Well, we are not deliberately trying to cripple. We are very sympathetic to these industries. We wish we could do it faster. We do not know how to do it faster except to pump in more money. Certainly, if you pump in a lot more money, you are going to get inflation back again——

Senator RIEGLE. Let me give you a suggestion if I may.

Secretary REGAN. Certainly. I would welcome it.

Senator RIEGLE. I think there are some things we can do. First of all, I think the Fed can get within its targets in terms of money growth. I think the President needs to say that. He is not saying that. In fact, Volcker yesterday indicated that the Reagan Administration supports exactly what the Fed is doing. I think you have got to give them a different signal. I think the President has to do it. The time is now for that to happen.

I also think you are within your rights to ask that these major billion-dollar allocations of credit for mergers and for corporate takeovers and so forth, that that be put aside for now. That is not what this country needs. That is not restoring jobs. That is not revitalizing the economy. There is no supply-side thrust in that. And why not say so? Why not come right out and say so? Why don't you put your foot down? Why does not the President put his foot down in this area?

The unemployment rate is rising at the present time. For every 1 percent increase in unemployment you are going to see the deficit balloon here by about $30 billion. I think that does matter. I think we do have to get the deficits under control, but we cannot begin to do that if you do not get these rates down and get some credit into these credit-starved sectors.

You are going to have to do it. You are either going to have to do it with jawboning, or you are going to have to use some form of credit targeting. Now, I do not understand why you are reluctant to do it.

I mean, I have got to believe that you see the damage even if others do not.

Secretary REGAN. Well, first of all, Senator, what you have got to look at is, when you talk about these massive takeovers and the credit allocation there, look what happens to that money. The money is borrowed, certainly, but then it recycles itself. Who does it go to? It goes to the stockholders or to the bondholders of the company being taken over. They, in turn, have to do something with that money. They reinvest it. So, the money does get recycled.

So, to the extent that there have been these takeovers—and most of the takeovers are not for cash, by the way; they are usually stock swaps, something of that nature. And there you are just exchanging pieces of money.

Senator RIEGLE. Let me give you some numbers just on the auto industry. General Motors reported a quarterly loss $468 million. The Wall Street Journal says that the actual operating loss was closer to $900 million. That is for 90 days. That is losing $10 million a day.

Ford reported this week a $334 million loss. Chrysler reported yesterday a loss of $149 million.

My question to you is, how long can that go on? I mean, you are a practical person in terms of having lived that in this world of high finance and economics. You know as well as I do there is no way that can continue for more than a few more weeks before we are going to have disasters on our hands all over the place. It is in the farm equipment industry as well as the auto industry and in a host of other areas. Somebody has got to blow the whistle, and I think you are the person to do it.

Secretary REGAN. Well, I think that what we have to do, of course, obviously, is to get interest rates down. But you do not get interest rates down in the correct way by merely insisting that we pump more money into the economy. As the markets now stand, if we were to pump a lot more money into this economy, everyone would believe that we had given up on the fight on inflation and that we are going right back to where we were.

Senator RIEGLE. I am not suggesting that is the only thing to do. I think that has to be done, and that has to be done urgently. I think at the same time we need fiscal tightening. We have got sacred cows in this budget that you know that we have not taken a budget knife to: the massive increases in defense spending, the tobacco subsidies, the western water projects, the Clinch River breeder reactor. The budget is loaded down with items that need to have the knife taken to them.

We need some fiscal tightening. I think maybe that even includes—you talk about revenue enhancement. I do not know where the words tax increase went to. I mean, that is obviously gimmick language. If you want to use it, that's fine; I do not think you are fooling anybody. But I am in favor of seeing additional fiscal tightening as a tradeoff for monetary easing, but you have got to get it soon. If it comes in six months, if it comes in the first quarter of next year, that is not going to work; and you are going to have this thing caving in on us in a way here where there is going to be massive damage to the national economy that is going to be on our backs for years and years to come.

I have to believe that you see that risk.

Secretary REGAN. Well, I see the risk, obviously, Senator, but I also wish you well in getting these budget cuts through. I think that is one of the reasons the chairman has me here today, to make certain that we are all singing from the same hymnal.

Senator RIEGLE. But here is the problem that we face. Even the Republicans now, even the Republicans who were supporters of the President have not been able to agree on the strategy for the fiscal tightening. Of course, that party is in control here, and it has very great strength in the House and there is not agreement on that side.

What I am saying is the interest rates cannot wait. I do not think it is sufficient for you to stand off to the side and say all these business failures and all this tremendous damage has to go on because we are powerless to do anything. I think you need a response on the monetary side now. I think you are going to have to do something to bring these rates down and bring them down within the next several weeks. More than that, I think you are going to have to go beyond to some form of credit targeting. There are different approaches that have been used in the past. People even like Arthur Burns have not been averse to doing that in the past when it was needed to get money into credit-starved sectors. I think you have got to face that problem.

I think it is a transition problem. We have got these enormous international economic changes that we are adjusting to. But we have got to get through this transition. I think you have got to be more flexible. I think you have got to respond to that problem while you still have time to do it.

Secretary REGAN. My only caution there, Senator, is to recall what happened about a little over a year and a half ago in the early part of 1980, when we suddenly lurched into credit controls. We almost blew the economy right there and had to undo them again within a period of a couple of months. I would be very reluctant to intervene in the marketplace.

Senator RIEGLE. My friend, look—.

Chairman DOMENICI. Senator, the last question please.

Senator RIEGLE. All right.

Today we have got credit allocation. We are rationing credit by price. If you can afford to pay the high rate, you get the money. The oil companies and some others who are in very strong financial position right now, they can get, really, all the money they need. We are seeing it in these takeover bids, these corporate raids, and so forth.

The problem is that most of the economy that desperately needs the money to finance working capital, to stay in business, plant modernization, productivity improvement, cannot get the money because there is not enough and they cannot afford to pay the rates. Frankly, what I am hearing you say today is that there is really nothing you can do about it, that that is part of the pain we have to suffer, and that damage is just something that the Reagan Administration is prepared to accept.

Secretary REGAN. I would not agree with that, Senator. I think that what we are doing here is saying let the free marketplace work. It always has worked in the past.

Senator RIEGLE. Well, Mobil announced today—

Secretary REGAN. We do not think that government controls are the answer to it.

Senator RIEGLE. Mobil today announced its takeover bid for Marathon Oil. Is that your notion of the direction the country needs to take right now? Does that really go to the heart of our economy problems? Is that what you want to say to unemployed people? Is that what you want to say to these sectors that are in distress, that the money that they need is going to go for this kind of activity? I hope that you can do better than that.

Secretary REGAN. Well, wait a minute. Where is the money coming from that Mobil is using?

Senator RIEGLE. That is a very good question.

Secretary REGAN. Is it a stock swap? I do not know the terms. It has just been announced. If they are swapping stock, what is the effect on the credit market?

Senator RIEGLE. Well, the lines of credit that have been lined up by the oil companies: Texaco, 5.5 billion; Conoco, 3 billion; Cities Service is 4 billion; and Mobil is a 6-billion-dollar figure, 5.7, just short of 6 billion dollars. I mean, this is on-the-shelf credit, my friend. This is money that small business people across this country desperately need. They need it on Main Street in every city and every State in this country, and they are not getting it.

I think you are enough of a free enterprise advocate to understand that there has got to be some equity and some balance. You just cannot take care of the big guys and let everybody else go down the drain.

Secretary REAGAN. Well, we are far from that, Senator. You would have to say that there was not enough credit to go around—.

Senator RIEGLE. There is not enough credit to go around. That is exactly the problem.

Secretary REGAN. I am suggesting there is. There is plenty of credit available, but in the fight against inflation—.

Senator RIEGLE. At prices people cannot afford. That is the problem.

Secretary REGAN. Prices are high. But would you trade that off for inflation?

Senator RIEGLE. I do not think that is the choice.

Finally, Mr. President, I want to note that on the 20th of November, we will be inviting to Washington people from across the country who know this interest rate crisis at first hand. We will hear from representatives of various sectors that are being so badly hurt—people from agriculture, from real estate, from the construction industry, from the housing industry, from the automobile sector, from auto dealers, farmers, small busi-

ness people, small manufacturing people. Representatives of a broad spectrum of the American economy will be participating in this hearing. It will last the better part of a day. This hearing will enable those people who are directly affected to express in vivid, first-hand terms what is actually happening as a result of these high interest rates. The hearing will make it absolutely clear why they are being forced out of business and why we are seeing one economic sector after another on the verge of collapse. It will be clear to all why this administration's rigid insistence on high interest rates is unnecessary, is unjustified, and is doing great damage to this country.

I should like to yield to Senator CHILES who is acting today as the principal sponsor of this legislation so that he might address this issue.

PROTECTING CREDIT FOR SMALL BORROWERS

Mr. CHILES. Mr. President, I thank the distinguished Senator from Michigan who has taken such a lead in this area by bringing together a number of us to try to determine how we can come up with solutions to the tremendous problem that we find so many of our businesses and our people facing in the fact that credit is not available to them in many instances and it certainly is not available to them at a price they can afford.

So, Mr. President, I am pleased to offer this resolution today on behalf of myself, Senator SASSER, Senator MELCHER, Senator RIEGLE, Senator ROBERT C. BYRD, Senator NUNN, Senator BOREN, Senator JOHNSTON, and Senator PRYOR, a total of 34 Senators from our side.

I send to the desk the joint resolution, submit it for introduction today.

The PRESIDING OFFICER. The joint resolution (S.J. Res. 120) will be received and appropriately referred.

Mr. CHILES. Mr. President, the fact that 34 Senators have come together on this single resolution indicates the sense of urgency and emergency we feel about the conditions of the country's credit markets. The crisis is reaching every family and every small businessman. Wherever I go in the State of Florida people tell me they cannot afford a home mortgage, they cannot afford to finance an automobile, they cannot buy farm equipment and supplies. It is not just a matter of the high price of money. Small businessmen are telling me they can no longer get credit at any price. It is just not available to them.

So we see a dual credit system developing in this country, where tens of billions of dollars are made available to the largest corporations, and to those conglomerates that are seeking mergers; we see the leading energy companies eating up each other and eating up other corporations, and we see that same thing happening in the case of defense contractors where you see the LTV-Grumman merger effort taking place. You see Conoco devoured by DuPont, with two other corporations, one the Canadian corporation of Seagram, attempting to get into that fight.

In each of those instances, Mr. President, you see the banks setting aside $5 billion, $10 billion or other tremendous sums of money, of credit that would be available to finance those mergers. That comes out of the system and means that in a time when money is being restricted by this administration and by the Federal Reserve Board, there is simply no money available at the lower end of the economic spectrum.

Mr. President, what we are saying in this resolution is that the President is called upon to do something on a voluntary basis, and do it quickly, to see that we have credit made available to people at the lower end of the ladder, and that that credit be available at some kind of an affordable rate.

Unless a clear signal comes from the administration that something has to be done by the Nation's lending institutions—and the President has many means at his disposal to deal with the provision of credit—unless we can see something happening in that regard, the small borrowers of this country are simply not going to have any relief.

Also in this resolution we call on the President to send a clear signal to the banks that less money should be diverted for these conglomerate takeovers and mergers, mergers that everyone knows do not create a single new job, do not get us any new energy, do not develop any additional capital formation, but are simply putting together and having the big take on the less big or the little and eating them up and taking money out of the system which certainly dooms any chance that Reaganomics would have to work.

As we look to see the need for this, we only have to look at today's news reports to see the tremendous need to find a better direction for credit policy, where this resolution would point us. Unemployment is up to 8 percent, the highest unemployment rate since 1975, with 8.5 million unemployed workers in this country. That is more unemployed people in this country since 1939. Since that time we have not had 8.5 million people unemployed in this country. At the same time, we see the New York Times report that the administration plans to cut $16 billion for home loan support out of the guaranteed credit that is made available for the repurchase of FHA mortgages, in GNMA and in some other areas. That is cutting back on the already inadequate amount of credit that is available to finance home mortgages.

I am amazed to see that cut proposed at a time when housing has reached the lowest point in years, when we see tremendous unemployment backing up from the builders and realtors, from the construction workers, from all of the subsidiary corporations that deal in housing, material suppliers, all the way back to timber and to the man who cuts the timber, the lumberjack. At a time when the housing industry is just suffering and has almost come to a standstill because of the high interest rates, now is the time that the administration has said "We are going to cut back on Federal credit support." What a time to make a move like this.

It is interesting to note, the newspaper says, that "The White House said today the effect on construction of new houses would be slight because GNMA loans account for less than 5 percent of the financing of new housing construction."

Mr. President, it is interesting to note, I think, what that 5 percent makes up. That 5 percent is not the $250,000 houses and up. None of those is in that 5 percent. That 5 percent is made up of loans, FHA mortgages, to the middle class couples, to the young people who are trying to get their first house. GNMA financing operations have allowed the savings and loan institutions to turn over their money, allowed all the lending institutions to turn over their money, on these low-cost loans.

Mr. President, I ask unanimous consent that the New York Times article I referred to, be printed in full at the end of my statement.

(Mr. COHEN assumed the chair.)

Mr. CHILES. Again, Mr. President, this withdrawal of $16 billion of credit is being proposed at a time when we see savings and loans going out of business, being merged, facing losses every single month. But the administration wants to take out the one piece of assistance that we have had. And the reason for this appears to be that we should reduce the amount of money that the Government is borrowing on the credit markets. Now that appears to make sense, because if too much demand is made on the credit markets, that pushes interest rates up.

But should we not look at what the demand is on the credit market and should we not determine what part of that demand is productive? We should think about what needs to be done for the country, and what part of the demand for credit is not productive, what part of that demand could we do without at this time.

I would submit to you, Mr. President, that the part of the credit demand going for the mergers, the part of the demand that is going for conglomerate takeovers is the first that ought to go, not housing.

I would submit that we should not have unlimited credit made available for the richest corporations to just get bigger, to eat on smaller companies. Rather, what we should be doing is making credit available for those generators of employment—housing, automobiles, our small farmers, our small business people—those people that desperately are starving for credit, where our jobs are, where the productivity is in this country, and where the generators of additional capital is in this country. That is who should be getting credit.

But, Mr. President, that does not seem to be the direction this administration is going.

Mr. President, we have heard a lot of talk recently about what we have to do to improve our productivity and compete better in world markets. When I chaired a special subcommittee on productivity, we found that capital investment is only part of the problem. We have a real problem with a lack of innovative management and worker morale. When a company is taken over by a conglomerate holding company, you usually make this

problem worse. All too often, the new management knows nothing about how to manufacture and sell the product; all they are concerned about is milking the cash flow for short-term profits.

When people up and down the line see their companies taken over by a conglomerate, they know that decisions will be made strictly on a financial basis, without regard to the quality of the product, and morale goes down. We have to start turning that trend around if we are going to improve productivity.

Mr. President, we must stop this dual credit system that is engulfing our economy.

Mr. President, nowhere is the impact of this credit crisis seen more clearly than in the housing market. Housing sales have declined at the worst rate since the depression. New housing starts are down to about 1 million a year, which is only half the 2 million annual level which we need just to replace the old housing stock. There is no way the average family can afford to buy a new home now. While some people take comfort in the fact that short-term interest rates have come down a couple of percent recently, I see that mortgage rates are still up around 18–19 percent, and the average family cannot afford a house if the rate is above 13 percent.

For example, the Wharton Economic Forecast projects that long-term rates will come down to 14 percent, and that will only produce about 1.3 million starts, far below the 2 million we need.

Mr. President, I ask unanimous consent to insert into the RECORD a letter from the National Association of Home Builders, which endorses this resolution and describes the plight of the housing industry.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., November 4, 1981.

Hon. LAWTON CHILES,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CHILES: On behalf of the more than 123,000 members of the National Association of Home Builders, I am writing to express our support for your emergency resolution directing the President to assure an adequate flow of affordable credit to small borrowers.

As you are aware, record high mortgage interest rates are having a devastating impact on the housing industry. Housing starts in September were down to an annual rate of 918,000, 56.2% below the peak level of 2.09 million in 1978. We are currently in the midst of the longest housing recession since World War II. The NAHB forecast for 1981, which assumes some moderation in interest rates by the end of the year, estimates that only 1.07 million housing units will be started this year. Housing starts in the 1 million range are dangerously below the projected need of up to 2 million units a year during this decade. And pent-up demand will only build up inflationary pressures on housing prices in the future.

High interest rates have dramatically increased the failure rate in the construction industry. In the first 7½ months of 1981, total failures in the construction industry were up 41% over the same period of last year. Failures among general building contractors were up by 28% over the same period in 1980. Subcontractor failures were more severe, with the number of failures up by 127%. This is particularly significant since the comparisons for 1981 are being made with 1980—the worst year for construction failures on record. If interest rates do not fall in the near future, the unfortunate result will be that many more businesses will fail.

The precipitous drop in housing starts has had a significant impact on the overall economy by raising the unemployment rate in the construction trades. The official construction unemployment rate is 16.3% and over 828,000 wage and salary workers are out of jobs.

First-time homebuyers in particular have been priced out of the housing market by high interest rates. Each one percent increase in interest rates puts a median-priced home out of the reach of over 860,000 families. At the current mortgage interest rate of 17 percent, a $60,000 mortgage carries a principal and interest payment of $855 per month. Other housing-related expenses bring the monthly housing expenditure to $1,070. This requires an annual income of $38,520 and fewer than 10 percent of all first-time buyers could qualify for this median-priced home.

The Federal Reserve Board policies of almost the last two years, along with the rapid deregulation of financial institutions, have led to near chaos in the financial markets, and in credit-sensitive industries such as homebuilding. We believe that non-inflationary action to lower interest rates would reduce inflation by restoring business and consumer confidence in the economy and by increasing production, employment and competition in the marketplace. We believe that the Administration and Congress should pursue economic policies that reward increased productivity, encourage business investment and consumer savings, and reduce unnecessary and costly government regulations.

For those reasons, we support your resolution which would promote the availability of credit for productive enterprises while limiting the diversion of credit to nonproductive uses such as corporate mergers and takeovers. This would help ensure the financial health of small business and financial institutions as well as the housing industry, and promote productive growth throughout the entire economy.

Sincerely,

HERMAN J. SMITH,
President.

Mr. CHILES. Mr. President, the resolution we are introducing today would direct the President, together with the Federal Reserve, to come up with a policy that would put us on a correct course.

WHAT DOES THE CREDIT PROTECTION RESOLUTION DO

This resolution instructs the President and the Federal Reserve to set voluntary guidelines for lending institutions, telling them to set aside some credit for the small borrower—home mortgages, small business, small farmers—at prices they can afford.

We have taken as our model the Committee on Interest and Dividends, which was created by Executive order and headed by Federal Reserve Chairman Arthur Burns back in 1973. Faced with a similar credit squeeze, they issued voluntary guidelines for lending institutions, telling them to set up a "dual prime rate" structure, with lower rates for small business, housing and agriculture. The system was not just voluntary, but flexible, with the rates to be determined in accordance with market conditions in each part of the country.

While we do not specify a "dual prime rate" in this resolution, that is what we have in mind by the phrase "affordable prices appropriate to the various regions of the country and type of borrower." We want the administration and Federal Reserve to have the flexibility to apply its expertise to come up with the most practical guidelines. We also instruct the President to consult with representatives of the small business community, the housing industry, auto dealers, and small farm operators to insure that the guidelines are practical and effective.

Mr. President, I ask unanimous consent to insert in the RECORD at the end of my statement a copy of the voluntary guidelines issued in 1973, to give an idea of how flexible such a sytem can be.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHILES. Mr. President, faced with a similar credit squeeze, they issued voluntary guidelines for lending institutions, telling them to set up a dual prime interest rate structure with lower rates for small businesses, lower rates for the automobile dealers, lower rates for farmers attempting to get their agriculture loans, lower rates for builders and homebuyers. What reason do we have to expect lending institutions to respond to voluntary guidelines? There are several reasons.

First off, I believe most bankers are responsible businessmen. They care about their communities and the Nation's economic health. They will respond to a call from the President and the Chairman of the Fed.

Second, I know that lending institutions are carefully watching what is happening here in Washington. They know that there is a credit crisis and that in the words of the House minority leader, BOB MICHEL, "something has to give" pretty soon. They know that there is tremendous pressure on the Fed to roll the presses and inflate the money supply. They know that there is great pressure for mandatory credit allocation. Either of those two outcomes would be tremendously disruptive to the credit markets.

So I believe the Nation's lending institutions will respond in good faith to a flexible, voluntary set of guidelines. I know some Members will be concerned about whether such guidelines constitute credit controls, or credit allocation. I would therefore like to address the issue head-on, and explain the difference between the kind of "credit protection" we are seeking, and "credit allocation."

In this amendment we are telling the lending institutions that there is a critical economic need we would like them to respond to. We are letting them set the terms of their response, both in how much they will lend to small borrowers, and at what rates.

A real credit allocation system would set maximum rates and minimum reserves of credit for the designated uses. That could be done in two ways. First, a simple regulatory approach could require each institution to use given percentages of its assets for certain purposes, and set appropriate interest rate changes.

A second approach is already commonly used by the Federal Government. Loans are made directly by Federal agencies or are assured by Federal guarantees. Direct loans allocate their face value of credit to the specified usage. Guarantees allocate credit by providing below-market interest rates. These Federal credit activities have grown tremendously in recent years, and now account for $147 billion a year. We at the Senate Budget Committee have taken the lead over the last few years to institute a credit budget to limit this growth. President Reagan has proposed major reductions in Federal credit activities, and I support that approach.

But I point out to my colleagues that some of the largest Federal credit programs are in just the areas we are addressing with this amendment: housing, small business, and agriculture. These programs have developed over the years because these are the sectors who always get squeezed by high interest rates. We certainly do not want to cut back on those credit programs right now. I take no comfort when interest rates come down due to a recession. When the economy recovers this spring we will face the same pressures, plus another 10-percent tax cut, and interest rates will go back up. The pressures on the credit markets will be coming from:

Huge Federal deficits,

Private investment to carry out our defense buildup, and

Private industrial investment in response to the tax cut, and the administration's tight money policy.

The administration does not seem to care about the effects of high interest rates. They have made a tight money policy a central part of their economic plan, and refuse to budge an inch. Just last week I asked the Secretary of the Treasury point blank whether they wanted the Federal Reserve to loosen up, even to meet its own money supply targets. Secretary Regan said, "No," they do not want to see any loosening up at all. And that is after the President has said that we are in a recession.

Mr. President, if high interest rates are the problem, why do we not just bring them down? Unfortunately, I do not think that is possible to do in the short term, and small business, housing, and small farmers cannot survive until we get to the long term.

Some people say that if the Federal Reserve just eased up on the money supply, rates would come down. While I agree that the Fed has been too rigid in its restraint, running the printing presses full blast would just bring us more inflation in a year or so. When the credit markets saw loose money and large deficits, they would expect tremendous inflation and long-term rates would skyrocket. And that would generate extra pressure in the short-term market, as borrowers refused to pay fantastic rates. We saw this just 2 weeks ago, when the Fed seemed to be easing up for a few days. While short-term rates came down a little, long-term rates actually went up higher.

Why do we not just balance the budget, and take the pressure off monetary policy? While I share that goal, I just do not see the numbers adding up to a balance. The Congressional Budget Office estimates that with the tax and spending cut laws we have enacted as of today, we face deficits of $80 billion in 1982, $90 billion in 1983, and $100 billion in 1984. And CBO's economiic assumptions are almost as optimistic as the administration's. On top of those deficits, we have about $200 billion a year of off-budget outlays, so the total Federal impact on the credit markets will be between $100 and $120 billion a year.

Mr. President, I ask unanimous consent to insert in the RECORD a table showing the deficit outlook, derived from the data on pages 4, 5, and 32 of CBO's September 1981 update on the eeconomic and budget outlook, table 1. Even this dire outlook is relatively optimistic. The Senate Budget Committee estimates that if you use the consensus economic forecast of major private forecasters, the 1984 deficit will be close to $140 billion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—PROJECTED DEFICITS, FISCAL YEARS 1982-84

[In billions of dollars]

	Fiscal year—		
	1982	1983	1984
CBO deficit estimates based on enacted tax cut and reconciliation bills	−65	−55	−50
Further cuts assumed in 1st budget resolution, but not yet enacted	−15	−35	−50
Federal deficit based on currently enacted laws	−80	−90	−100

Mr. CHILES. Mr. President, the President's new package announced in September, does not even go halfway toward eliminating those deficits. The numbers are just too great. If we passed the President's cuts in defense and exempted social security and medicare from cuts, we would have to cut 36 percent out of all remaining programs to balance the budget in 1984. That is more than one-third from everything, including veterans' pensions, education programs, highway funds, food stamps, and law enforcement. That 36 percent would have to be on top of the major cuts we have already enacted. I just do not think the public wants that level of cuts, which means dismantling most of Government. So unless the President and the majority of Congress are willing to roll back a significant portion of the massive individual tax cuts, we are not going to get close to a balanced budget.

Mr. President, I ask unanimous consent to insert in the RECORD a table showing how much we would have to cut if we exempted various programs, such as defense and social security.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—COMPOSITION OF FEDERAL BUDGET (CBO ESTIMATES BASED ON 1ST BUDGET RESOLUTION ASSUMPTIONS)

[Dollar amounts in billions]

	Fiscal year—		
	1982	1983	1984
Deficit based on currently enacted laws (total $270)	−$80	−$90	−$100
President's proposed defense cuts	(2)	(5)	(6)
Remaining cuts to balance in 1984			94
Total Federal outlays	720	753	798
Exempt net interest costs	70	71	69
Exempt rest of defense	170	202	227
Exempt social security:			
Cash benefits	151	166	180
Medicare benefits	46	53	59
Remaining outlays to be cut	283	261	263
$94,000,000,000 as percent of remaining outlays			(36)
Composition of remaining outlays (percent):			
Veterans benefits	(8)24	(10)25	(10)27
Highway funds	(5)15	(5)14	(5)14
Education	(5)15	(6)16	(6)16
Grants to State and local governments	(32)92	(36)94	(36)96

Mr. CHILES. Mr. President, do deficits make a difference in interest rates? They sure do. Particularly when we are expecting strong demand for private borrowing. Stimulating that demand was the intent of the tax cuts, and the incentives we put in for greater capital investment. The private sector is responding to those signals and borrowing heavily for new plant and equipment, as well as for new inventories. It is a classic case of supply and demand driving up prices; in this case, it is the price of money.

On top of the pressure of Federal borrowing competing with a high private demand for money, we are going to have a great deal of uncertainty. All the decline in inflation so far has been due to lower food and fuel prices. A bad harvest in other parts of the world, or a supply interruption from any one of the Middle East oil countries could throw a huge monkey wrench into the CBO and administration economic projections which are based on the optimistic assumption that the world will work peacefully and smoothly for the next 3 years. The huge tax cuts have just left no margin for error in fiscal policy. While we all live with uncertainty, the credit markets charge a price for it. I would guess that about 2 percent of the 5-percent spread between inflation rates and interest rates is that uncertainty or risk premium. One budget committee witness from a major Wall Street investment firm recently estimated the risk premium as 4 percent.

Mr. President, I think the time has come that we must speak to the American people—and this administration must—and let them know that it has a concern for the plight that they are in; that it is going to try to recognize that plight and it is going to try to marshal the forces and the assets of this country to try to see that they are treated fairly; that we do not have a dual economic system where those at the top can get all of the credit they want, but everyone else is cut out and cut off. We need to end this

dual credit system and see that the small businesses of this country, the small farmers, homebuilders, home buyers, and realtors are given their fair share. And that is what we are doing with this resolution.

Mr. President, I hope that we can come together on this, that we can see that this resolution is passed, and that the President will come up with a plan. I think this is a plan that the congressional leadership should join him on. We recognize that the fiscal side of this is just as important as the monetary side. Certainly we have to take into consideration what should be the size of tax cuts: Is there going to have to be additional income tax raises? What should we be doing about our spending proposals as we look into the out years?

But while we are doing that we have to see that we treat fairly the people that are now trying to borrow. If they cannot borrow now, they are going to be bankrupt. They cannot wait a year, they cannot wait 6 months, they cannot wait 18 months or 2 years for the economy to turn around. They have to be able to exist now.

We see in the paper today again, Mr. President, that more and more talk is coming from the administration that the recession looks like it is going to be deeper than they thought, that it may be more severe, and it may last for a longer period of time. I am afraid that that is just the beginning and that we could find ourselves on the border of what could be a major recession.

If that happens, it is going to happen because we have failures at the small end of the economy, the small business. For the longest time I think the administration's economists have said there is great strength in the economy because they were looking at those major corporations, they were looking at energy, and they were looking at defense contractors. But they are not looking down the line to the failures that will come. And as those failures come at the lower end of the economy, they tend, after a while, to pyramid up. They tend to affect the thinking of every purchaser, of every consumer, who, when he sees this small businessman next door failing, when he recognizes that his business is on the verge of failure. is not going to buy. He is not going to increase his productivity. He is not going to do anything new. Then we see this downward momentum that just feeds off of itself.

Two-thirds of the jobs in this country are created by small business. So you can have a boom at the upper end of the sector, but if you are having small business failures, if you are having unemployment, you are going to kill the economy. Every small businessman I know is telling me he is having to lay off people, he is cutting back, he is retrenching, and he is trying to get himself in shape so he can survive. As he does that, he lays off people. And. of course, we know what happens with that. They go on unemployment. They start drawing food stamps and these kinds of programs that add tremendously to our deficit and it deepens and widens the recession. So it is tremendously important that we do something and we do something now.

We feel that the resolution that 34 of us are sponsoring here is our statement of a workable approach.

Mr. President, I say now to the President of the United States: We want to help. We want to be part of the team. We want to participate. You have said in your speeches to the joint sessions of Congress, "Give us your ideas; be a participant." We have. We have participated in the spending cuts. The vast majority of us on this side of the aisle participated in passing the tax cut.

Now, Mr. President, we want to participate in helping you find a solution to interest rates, to try to see that we have credit available at a price that can be afforded by the many people in our sectors who are being squeezed out so that we can keep this recession from being large and deep and so that we can get this Nation's economy moving again.

Mr. President, I am delighted to join with my colleague from Michigan and 32 other Senators in supporting this resolution and hope we can move to its speedy adoption by the Congress.

EXHIBIT 1

[From the Committee on Interest and Dividends]

CRITERIA ESTABLISHED BY THE COMMITTEE ON INTEREST AND DIVIDENDS FOR INTEREST RATES CHARGED BY COMMERCIAL BANKS

1. A major purpose of the criteria described below is to protect small business and farm borrowers against burdensome increases in interest rates, and yet make it possible for rates on loans to large national firms to respond flexibly to changes in money market conditions. It is not intended, however, either in the case of loans to large firms or to small firms, to interfere with normal business practices relating to differentials in interest rates that reflect credit risk and similar factors.

2. Major corporations ordinarily have extensive banking relationships across the country. The "large-business prime rate" is to be understood as the rate charged by a commercial bank on short-term loans to large businesses with the highest credit standing. This rate, which corresponds to what is now usually termed the prime rate, generally will apply to borrowers who have access to national money and capital markets.

3. Small businesses and farms normally are restricted to local banking sources and do not have access to national money markets. The "small-business prime rate," which will apply to such borrowers, is to be understood as the best rate charged by a bank to its most credit-worthy local customers. This rate may vary from bank to bank.

4. The interest rate charged by a commercial bank on a business loan, whether to a large or small firm, is part of its structure of rates reflecting degree of risk, size of loan, and other factors. This structure is to be based on the "large-business prime rate" in the case of large borrowers, and on the "small-business prime rate" in the case of small businesses and farms.

5. For present purposes, a small business is any domestic—commercial, industrial, or agricultural—borrower whose total borrowings outstanding at any one time over the preceding 12 months (exclusive of long-term real estate mortgage debt) did not exceed $350,000 and whose assets do not exceed $1 million. This definition covers the great majority of business establishments and farms.

6. Banks may extend application of the small business rate structure to any firm regardless of size.

7. Rates charged by a commercial bank on loans to large firms may respond flexibly to changes in open market interest rates. By keeping the "large-business prime rate" consistent with the cost of borrowing from alternative market sources, the recent large diversion of financing from the commercial paper market to banks would be halted and tendencies toward excessive and unhealthy expansion of bank credit would be moderated.

8. If an increase in the "large-business prime rate" occurs, it should be made in moderate steps in order to avoid disruptive market effects.

9. Rates charged by a commercial bank to small business and farm borrowers should remain at levels no higher than those prevailing on the date these criteria are issued unless an increase can be fully justified by increases in costs. If increases in these rates occur, they are to be decidedly smaller, and are also to be made less frequently, than changes in rates on loans to large firms.

10. Interest rates charged by banks on home mortgage loans and consumer loans should remain under special restraint. They are to continue relatively stable even if the "large-business prime rate" and associated rates move up significantly.

11. Any increase in rates to small business and farm borrowers, to home mortgage borrowers, and to consumer borrowers must be justified by increase in the cost of lendable funds and other operating costs related to the commercial banking function, to the extent that such increased costs are not offset by higher earnings on large business loans and other loans and investments. Any increase in rates justified by costs should not be unduly concentrated in any single category of loans.

12. Since under the current economic stabilization program, all segments of our society—business firms and wage earners alike—are called upon to forego for the sake of the general welfare some of the earnings that they might otherwise have realized, banks should accept similar restraints. While present criteria provide for flexibility in the "large-business prime rate," increase in a bank's entire structure of lending rates must in no instance lead to undue increases in the bank's profit margin.

13. If increases in interest rates on loans occur, they shall not raise the bank's overall profit margins on domestic operations (excluding revenues from service functions such as trust departments and data processing) above the average of the best two years in the four preceding calendar years. For purposes of this test, the profit margin is defined as the ratio of net operating income, on a fully taxable equivalent basis before income taxes and securities gains or losses, to gross operating income on a fully taxable equivalent basis.

14. Commercial banks are to continue to meet legitimate credit needs of home buyers, consumers, small business, and farmers. Periodic reports will be required to assure that these needs are being met.

EXHIBIT 2

[From the New York Times, Nov. 6, 1981]

SIXTEEN-BILLION HOME LOAN SUPPORT AMONG CUTS REAGAN ORDERED

(By Edward Cowan)

WASHINGTON, Nov. 5.—The White House disclosed today that President Reagan had made a $16 billion cut in Federal support for loans to purchase homes as the centerpiece of a larger effort to curb the Government's appetite for credit.

In all, the President sent orders to Federal agencies to curtail loan guarantees by $20.3 billion between now and Sept. 30, 1982. The list included cuts for small business, rural development, exports, fishing vessels,

trade adjustment, merchant ships and rail rehabilitation.

The White House also called for complete elimination of guarantees for biomass energy development, defense production and community development.

In addition, the White House said that Mr. Reagan wanted to reduce guarantees issued for rural electrification and telephone service by $1 billion, or nearly 20 percent, but could not do so without legislation.

INTENTION STATED PREVIOUSLY

The White House list of cuts in loan guarantee commitment to be issued in the fiscal year 1982, which began Oct. 1, provided the detail to support the President's Sept. 24 statement of intentions.

Lawrence A. Kudlow, chief economist of the Office of Management and Budget, told reporters that "this is a first step" and that further curtailments would be made for the fiscal years 1983 and 1984.

The Administration wants to shrink Federal guarantees of private loans, Mr. Kudlow said, because such loans, no less than Treasury borrowing to finance the budget deficit, "pre-empt private capital and savings."

The Reagan Administration, like the Carter Administration, has said that so-called off-budget borrowing by the Treasury and the issuance of Federal loan guarantees as a substitute for Federal dollars had grown rapidly in the 1970's and gotten out of hand.

The White House contended that by borrowing directly and by assisting private borrowing, Washington now was "absorbing" more than 40 percent of the supply of credit available to non-financial borrowers, against 5 percent from 1955 to 1969 and 15 percent in the 1970's.

Mr. Kudlow asserted that by reducing its role in credit markets, the Government would help make credit generally more available and would contribute to a decline in interest rates, all of which would help home buyers and business borrowers. However, those who lose access to subsidized interest rates—or to all credit—were expected to reply that the disadvantages to them would far outweigh the benefits.

The largest single curtailment was $16 billion, or 25 percent, for mortgage guarantees issued by the Government National Mortgage Association, or Ginnie Mae. Its guarantees make blocks of mortgages more attractive to investors, thereby bringing fresh money into financial institutions that originate home loans.

Jack Carlson, executive vice president of the National Association of Realtors, said the loss of Ginnie Mae guarantees would make it harder for buyers of existing houses to find financing. The White House said that the effect on construction of new houses would be slight because Ginnie Mae loans account "for less than 5 percent of financing for new housing construction."

Other large cuts included $1 billion, or a 20 percent reduction, for the Small Business Administration and $1.2 billion, or 14.6 percent less, for the Export-Import Bank.

Officials said that they believed the President's authority to limit loan guarantees did not violate anti-impoundment provisions of the 1974 budget act but that the question had not come up before and might be tested in the courts.

Mr. CHILES. Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the text of the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 120

Whereas the foremost domestic goals of the United States are healthy growth of the economy and prosperity of the American people; and

Whereas continued high interest rates are choking off productive investment and causing lasting damage in such key sectors of the economy as: housing where prohibitive mortgage interest rates are preventing almost all Americans from buying homes and are crippling the homebuilding, lumbering, building supply and other industries that contribute to home construction; automobile manufacturing where high interest rates are preventing consumers from financing basic car purchases, are placing unbearable inventory costs on car dealers and are forcing manufacturers to delay vital investments in more productive plant and equipment; farming where interest rates are the largest factor in the farm cost-price squeeze and are frustrating the ability of small farmers to finance land, eqipment, feed and fertilizer; and small business where many well managed firms are being forced to close because the high cost of borrowing makes it increasingly difficult to finance necessary inventory, minimum working capital and investments needed to remain competitive; and

Whereas high interest rates are cutting through the entire economy, unleashing such early signs of a severe recession as unemployment mounting in a large number of industries; and business bankruptcies rising at alarming rates; and

Whereas excessively high interest rates are having a damaging effect on virtually every American household, preventing them from buying homes, cars and furniture, from sending their children to college, from maintaining their family farm; and

Whereas high interest rates are inflationary since they must be passed along from business to consumers as high prices; and

Whereas high interest rates choke off the steady production of basic goods such as beef cattle and houses, leading to higher prices in future years;

Whereas massive sums of credit continue to be diverted to nonproductive uses, such as conglomerate mergers and corporate takeovers; and, combined with reduced enforcement of anti-trust laws, this corporate credit policy is shifting control of business away from small businessmen and farmers toward a few large corporations; and

Whereas an inflexible monetary policy supported by the Administration has added to the crisis in the credit markets; and

Whereas these devastating credit conditions constitute an economic emergency which requires immediate action: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President in cooperation with the Board of Governors of the Federal Reserve System shall by November 25 exercise appropriate authorities to assure an adequate flow of credit to small borrowers at affordable prices. Particular attention should be paid to reducing home mortgage rates, increasing employment, reducing the excessive financing cost for auto purchases, halting the rapid rise of small business bankruptcies and reducing the excessive cost of farm equipment and supplies. Such actions shall include voluntary guidelines appropriate to various regions of the country and type of borrowers, which may be altered periodically as necessary to achieve these purposes.

The President shall also take appropriate actions to limit the large-scale diversion of credit to nonproductive uses, such as conglomerate mergers and corporate takeovers.

The President in cooperation with the Board of Governors of the Federal Reserve System shall take non-inflationary actions necessary to reduce interest rates which are currently at levels abnormally above the current rate of inflation.

In deciding upon the appropriate actions to assure the availability of credit to small borrowers, the President shall consult with representatives of the small business community, the housing industry, auto dealers and small farm operators.

The President shall report to Congress within thirty days concerning the effect of his actions in protecting an adequate flow of affordable credit to small borrowers and reducing excessive interest rates.

Mr. RIEGLE. Mr. President, I thank the Senator from Florida for his leadership on this issue and for the concerns which he has expressed today.

I see the Senator from Tennessee is present. He has been a principal author in drafting the language of this resolution. I salute him for that leadership and that effort. I would like to yield to him at this time.

The PRESIDING OFFICER. Under the previous order, the Senator from Tennessee is recognized for not to exceed 15 minutes.

Mr. SASSER. I thank the distinguished Senator from Michigan for yielding.

Mr. President, I rise today in strong support of this resolution which expreses the sense of the Congress that the President of the United States should take immediate action to bring down interest rates.

Mr. President, interest rates have driven this country into an economic recession; if they continue at the present high levels, this economic recession can be expected to deepen and to deepen and to deepen, and with a few critical business failures here and there we could be right back where we were in the 1930's. High interest rates are killing this administration's economic recovery program. Any discussion and any talk of an economic recovery program in this country, of putting people back to work, of modernizing our means of production, of making us more competitive both domestically and on the international markets is simply phony until something is done to bring down interest rates in this country—until a a level is reached where business can once again do business.

Real GNP growth has been negative the second and third quarter of 1981. It threatens to show up to a 4-percent decline by the last quarter of this year. The interest rate recession means that the administration's projections of economic growth in the next 2 or 3 years will be substantially lower than originally forecast.

Mr. President, I note today that the unemployment rate stands at 8 percent on a national basis. It stood at 8 percent in my State for a number of months, so this is nothing new. But the Secretary of the Treasury, Mr. Regan, was predicting some weeks ago that the unemployment rate would not get to 8 percent until sometime, probably, in midwinter. Here we find, in the month of November, some 2 or 3 weeks after that prediction, that the unemployment rate has already jumped one-half or 0.5 of 1 percent and it is hitting 8 percent.

High interest rates are causing major havoc with our attempts to bring the Federal deficit down to the levels that were projected by the administration.

Mr. President, I serve on the Senate Budget Committee, along with the distinguished Senator from Michigan (Mr. RIEGLE) and the distinguished Senator from Ohio (Mr. METZENBAUM) who, I see, is on the floor right now. According to

the materials we shall be considering in the Budget Committee, revenue projections are going to be off by some $21 billion and interest rate costs are scheduled to increase by some $56 billion between now and 1984 over original estimates. So we see that high interest rates will add $77 billion—$77 billion, Mr. President—to the Federal deficit between now and 1984. So much for a balanced budget by 1984. It is being knocked into a cocked hat by high interest rates.

Mr. President, this resolution correctly, in my judgment, urges the President to use all the authority at his disposal to reach a cooperative agreement with the Federal Reserve Board to bring interest rates down and bring them down now. Traditionally, in this country, interest rates have run about 2½ to 3 percent ahead of the rate of inflation. But what have we seen for this year and last? We have seen interest rates running as high as 10 to 12 percent ahead of the rate of inflation. Something simply must be done about it.

This Congress, this year, voted for 85 percent of President Reagan's spending cuts and 92 percent of the President's tax cuts. This Senator did that with some reservation; indeed, with some trepidation. But I was being urged by those on the other side of the aisle and by my constituents to give this President a chance, to give this administration's economic recovery program a chance to get this country moving again. So Congress gave this President his economic package. I say the President now has an obligation to do his part: work with the Federal Reserve Board to bring interest rates down. That is what he promised his economic recovery program would do. Getting interest rates down and getting them down quickly is going to be, in my judgment, the litmus test of whether this administration's economic recovery program has even a chance to work.

Many people say, Mr. President, well, the President cannot affect interest rates, he cannot affect interest rates policy, because that is the sole province of the Federal Reserve Board, which is largely independent of the President and the executive branch of Government. Mr. President, this Senator did not come to town on the last load of hay, and I happen to know from just a reading of history that the Federal Reserve Board and the Chairman of the Federal Reserve Board are very sensitive to pressure emanating from the executive branch of Government.

When a President of the United States summons a Chairman of the Federal Reserve Board to the Oval Office and looks him in the eye and says, "Mr. Chairman, we have got to do something, you and myself together, about getting these interest rates down," and when a Secretary of the Treasury summons a Chairman of the Federal Reserve Board to his office and looks at that Chairman and says, "Mr. Chairman, together, you and myself have got to do something about getting these interest rates down for the good of the country," I say that is going to have substantial effect. That is what is known as jawboning. That is a well-defined, well-known role for a President of the United States to fulfill, to use the powers of his office for persuasion, persuasion which is in the public interest and for the public good.

We are fortunate, Mr. President, because we do have now a President of the United States who apparently has almost unparalleled powers of persuasion. I saw that power of persuasion work on some of my colleagues right here in this body. I had heard some of my colleagues here, in the U.S. Senate, say publicly to the electronic news media, had seen it in print, sat and heard their speeches, in which they said, "Never, never will I vote to approve the sale of AWACS aircraft to Saudi Arabia."

But, Mr. President, after only about 30 or 40 minutes in the presence of the President of the United States, in the living quarters of the White House or in the Oval Office in the Executive mansion, there was a quick turnabout, a change of mind, and a realization that if this President wanted them to do that, his powers of persuasion were so great and his logic was so irresistible that they had no alternative but to change their minds, change their views, and vote in a way that this President wished them to vote.

I am simply calling today for this President, Mr. President, to use those powers of persuasion of the Chairman of the Federal Reserve Board, Mr. Paul Volcker. I say in all candor, Mr. President, that I have done my best with him. I started talking to Mr. Volcker back in March of 1980 about the problem of high interest rates. I indicated to that distinguished gentleman then, when he appeared before the Senate Committee on the Budget, that high interest rates were inflationary in and of themselves and if he continued to pursue this misguided policy, he was going to throw this country into a recession. That is precisely what has happened.

Now I am willing to pass the ball from this body to the President and ask him to use his powers of persuasion to get Mr. Volcker and his colleagues on the Federal Reserve Board to finally see the light before it is too late. The wreckage caused by high interest rates is obvious to all.

Mr. RIEGLE. Mr. President, will the Senator yield at that point?

Mr. SASSER. I am delighted to yield.

Mr. RIEGLE. Mr. President, I want to comment on the point the Senator has raised about persuading the Federal Reserve. We had an opportunity to cross-examine Federal Reserve Board Chairman Volcker on October 29 in the Senate Committee on Banking. He was asked a series of questions along the line that the Senator just posed. I think the Senator might be interested in hearing what his answers were. This is what was said.

I asked him:

Has the Reagan Administration urged you to ease monetary policy of the Fed and to bring down interest rates? Has there been any sign from them that they think it's time to change the policy mix and do some monetary easing here?

This is what Chairman Volcker said:

Is there any direct urging to ease monetary policy? In the sense I think you're talking about, there hasn't been any direct comment to me to that effect.

He was then asked:

In other words, the Administration supports the current monetary policy?

Mr. Volcker responded:

Precisely, this week they certainly have supported the notion that we need persistent restraint on monetary and credit growth over a period of time.

Well, we proceeded, and then I asked:

I guess what I'm asking you then, and I think you answered it, and that is that the President or someone speaking directly for him, has not said to you that they'd like to see a change in the monetary policy?

Chairman Volcker responded:

They have been supportive of the general thrust of policy, if I may put it that way.

Then I asked:

Have they urged you in any way to do any credit targeting to try to get some oxygen to some of these sectors that are starving to death here, the construction industry?

Chairman Volcker answered, "No."

The question then was asked, "None at all?"

Mr. Volcker responded:

No, they have very much—just as a matter of public record, they are much opposed to credit allocation.

I also found out that day that the Federal Reserve's target for the growth in money supply, as measured by M–1–B, for the year is 3.3 percent. We asked them what their actual performance had been over the year with regard to that money growth target of 3.3 percent. In a rather soft voice, he responded that they had achieved a money growth target of 1.1 percent.

So they had achieved only one-third of the money growth goal they had set as necessary to keep the economy on a strong footing.

Obviously, there is a desperately serious problem here. It is also crystal clear that the Fed is doing precisely what the Reagan administration wants with respect to the high interest rates and the monetary overkill.

I thank the Senator for yielding.

Mr. SASSER. I thank the distinguished Senator.

I think the colloquy that took place between the Senator from Michigan and the Chairman of the Federal Reserve Board demonstrates very clearly what the problem is and the reason for this resolution today, and that is to try to focus the attention of this administration on their duty and their obligation to indicate to the Federal Reserve Board that the high interest rate policy is failing and that something must be done or we are going to have very serious economic consequences facing this country.

As I indicated earlier, the wreckage caused by high interest rates is obvious to all.

In October of 1981, automobile sales were at their lowest level in more than 20 years; and third-quarter economic losses for the major automobile producers are now approaching $1 billion a year. This has forced 2,000 automobile dealers out of business, with more going out of business every day.

If we continue at the present rate, it will not be just Chrysler Corp. that is coming up here asking for some help. Next is going to be Ford Motor Co.; and it is not out of the question that if this

continues at the rate it is going, we will be hearing from General Motors Corp. in the not too distant future.

What good does it do us here, in Congress, to extend aid to the Chrysler Corp. when the dealer on Main Street, who markets their automobile, is going out of business? If they make the finest automobile in the world, how is the Chrysler Corp. going to market that automobile if the dealer franchise and the dealer network is being destroyed on a daily basis by high interest rates?

What about the housing industry? The housing industry is devastated by high interest rates. The housing industry is not in a recession. It is in a deep depression, at a time when we are producing less than one-half of the housing needed for a growing population.

Housing resales have been so low that American realtors have suffered a book loss of some $175 billion in the face of the current housing slump.

What about our friends in small business? Small business is the backbone of the economy in this country. It is small business that really produces the jobs. It is in small business that you find the real free enterprisers, the real entrepreneurs, the people who are really willing to take the risks and take the losses, in the hope that they will make a profit.

In this time of high interest rates, small businesses simply do not have a chance. Small business bankruptcies this year may well approach the 16,000 mark. This is one of the highest levels since the Great Depression. I am told that if the small business bankruptcies continue for the remainder of this year as they have for the first 9 months of this year, we will have more business bankruptcies than in any year save one since 1933. Small businesses simply have to have the prime rate come down to 10 percent to 12 percent immediately if they are to remain in business in the months ahead.

Mr. President, I come from an agricultural State. What are high interest rates doing to the farmers in my State, and what are they doing to the farmers all across this country? Agricultural economists indicate that possibly as many as 25 percent of our Nation's farmers may be near or at the limit of their ability to take on any additional farm debt.

I do not have to talk to the agricultural economists to know what desperate straits our farmers are in. I simply have to go home, and they are waiting for me on the porch of every rural courthouse in the State of Tennessee, and in their eves is desperation. They say to me, "Senator, if you don't get these interest rates down, I'm going to lose everything I have worked for all my life." And that is indeed the case.

I could go on and on, but the point is abundantly clear: Our economy is simply not responding to this President's economic program, and high interest rates are thwarting any hope of economic recovery. Unemployment is going up, bankruptcies are mounting, and business confidence has become a thing of the past.

We simply are facing an economic emergency, and the American people are looking to the President to make a change in his economic program that will bring down interest rates. That has to be done if we are going to have economic salvation.

This resolution, on the floor of the U.S. Senate today, gives the President the full congressional backing he needs to meet the public demands to alleviate our interest rate crisis. I urge that my colleagues on both sides of the aisle, in a bipartisan effort, support this resolution, so that Congress and the President can send a unified message to the Federal Reserve Board, and that message is this: Bring down these interest rates and bring them down now, before it is too late.

Mr. RIEGLE. Mr. President, I thank the Senator very much for his statement and for his leadership in helping to author this resolution. He makes very compelling arguments today.

I yield to the Senator from Ohio.

Mr. METZENBAUM. I thank the Senator from Michigan, and I commend all those who have spoken earlier in connection with this matter, because I believe they have indeed zeroed in on the issue.

Mr. President, it is an interesting commentary that it is 10 to 11 in the morning; and while we are sitting here talking about interest rates, another group of Senators from the other side of the aisle is at the White House, attempting to figure out a way to balance the budget.

Let me point out to them, in case they have overlooked the fact, that they probably would pick up about $20 billion a year if they would bring down interest rates that have resulted in the past or assumed a lower interest rate, and that it would make a very meaningful impact on the entire effort to balance the budget if interest rates were brought down.

But unfortunately this administration and the Federal Reserve Board literally working hand in glove have refused to act and have actually adhered to the tight money policy and high interest rates.

It was back in February 1980 that I first wrote to Chairman Volcker of the Federal Reserve Board in which I expressed my reservations about the Fed's pursuit of a tight money, high interest rate policy. In that letter I questioned the effectiveness of high interest rates as a weapon against inflation and pointed to the devastating implications of this policy for the housing industry, for the short-term credit market, and for the debt service cost of Federal, State, and local governments.

The letter went unheeded, but the letter concluded with an appeal to Chairman Volcker to "undertake an immediate policy review in the light of what I believe to be persuasive evidence that high interest rates contribute to, rather than reduce, inflation."

The argument has consistently been made that by having high interest rates somehow we are going to win the battle against inflation. I remember prior to this administration having taken over having raised that question in the Budget Committee, with the head of the Congressional Budget Office, and she said at that time that temporarily high interest rates do help to cause some inflation but long rangewise they bring down the rate of inflation.

That has not been the fact, and it seems to me that the old policies are not working and it is time for new evaluations.

Mr. President, I ask unanimous consent that the text of my letter to Chairman Volcker and the accompanying table be printed at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON THE BUDGET,
Washington, D.C., February 25, 1980.

Hon. PAUL A. VOLCKER,
Chairman, Board of Governors,
Federal Reserve System,
Washington, D.C.

DEAR CHAIRMAN VOLCKER: In your recent testimony before the House Banking Committee, you made clear your intent to continue indefinitely the tight money policy that you announced on October 6, 1979, after your return from the Belgrade meeting of the International Monetary Fund.

I share your sense of urgency about the compelling need for tough and effective anti-inflation measures. But I am concerned because the high interest rates produced by the Fed's actions have no apparent success to date in bringing down the inflation rate. It is time that the policy be re-evaluated.

As the accompanying chart demonstrates, our recent history gives little reason to believe that interest rates have had much effect on controlling inflation.

There is no dispute about the fact that a high interest rate policy contributes in the short run to the very inflation that it is designed to counter. Last year, for example, soaring home mortgage rates contributed a staggering 2.4 percentage points to the overall increase in the Consumer Price Index. And it is clear that mortgage rates represent just one part of the inflationary impact of rising interest rates. Ultimately, the interest costs of doing business in every sector of the economy show up in the prices paid by consumers.

In theory, higher interest rates should reduce demand and thereby reverse the upward pressure on prices. In housing, an industry highly responsive to interest rates, starts are, in fact, approaching record lows and savings and loan institutions report a thirty percent drop since last September in the volume of their lending.

But high prices and interest rates have not suppressed the demand for housing. Rather, slower growth in new housing has sharply increased prices for existing homes and has encouraged the nationwide trend to conversion of rental units to condominiums. And bankers report that purchasers remain willing to pay thirteen and fourteen percent mortgage interest rates in the expectation that future appreciation in property values will more than offset today's high interest costs.

These inflationary expectations may or may not prove justified, but it is a fact that continued strong demand for housing is based on more than the willingness of some purchasers to speculate. Housing demand is strong and will remain strong for no other reason than the movement into the market of millions of Americans born during the post-World War II baby boom. Their demand is such that instead of contracting,

housing should at this time be a vigorously expanding industry.

It has also been argued that higher interest rates will dampen demand for goods and services outside the housing sector. But that hasn't happened. Retail sales in January increased on a seasonally adjusted basis by 2.8 percent over the December level and according to the Congressional Budget Office, this translates to an extraordinary compound annual rate of increase of 30.8 percent as compared to an increase of 10.5 percent in 1977–78 and 10.6 percent in 1978–79. Clearly, people are buying in anticipation of higher prices in the future, a judgment that is confirmed by January's 4.3 percent increase in orders for durable goods.

Another argument that has been made is that we can slow down business expansion and capital investment by raising the prime rate. But that hasn't happened. Business and industry have not been at a loss for loan funds—the pattern has been to "pay the rate" and pass the added costs on to consumers. Furthermore, Henry Kaufman of Salomon Brothers has said that the disorderly behavior of the bond market is likely to produce new corporate borrowers in the short-term credit market.

I need not tell you that one of the most challenging problems facing the Congress is the need to balance the Federal budget. But higher interest rates have made that task all the more difficult. According to the Congressional Budget Office, each one percent increase in the interest rate on Federal instruments in calendar year 1980 will add $1 billion to debt service outlays in FY 1980, $2 billion in FY 1981 and $1.1 billion in FY 1982. And just last week, the Dow Jones average of twenty municipal bonds crossed the eight percent mark for the first time since the New York City crisis, thereby ensuring higher debt service outlays in the future for state and local units of government, which already face serious problems in balancing their budgets.

In conclusion, Mr. Chairman, I urge you once again to undertake an immediate policy review in the light of what I believe to be persuasive evidence that high interest rates contribute to, rather than reduce, inflation.

Sincerely,

HOWARD M. METZENBAUM,
U.S. Senator.

[In percent]

	Prime interest rate	CPI annual rate of increase
1977:		
January	6.25	8.0
May	6.5	5.0
June	6.75	5.0
September	7.25	5.0
December	7.75	7.0
1978:		
January	8.0	8.0
May	8.5	9.5
June	8.75	9.5
July	9.0	9.5
September	9.0	8.5
October	10.0	9.0
December	11.75	11.0
1979:		
January	11.75	11.0
May	11.75	13.0
June	11.5	13.0
September	13.0	13.0
October	14.5	13.0
December	15.25	13.4

Mr. METZENBAUM. Mr. President, I also felt that the President was suggesting that it was not possible for him to do anything because the Federal Reserve Board was entirely independent.

It is a fact that the Federal Reserve Board is independent. But the fact remains that the Fed can be pressured and can be brought in and persuaded by the President to change its tune.

As Business Week recently observed, if the Fed does not give way soon you can bet that the economy will.

Senator HAWKINS of Florida and I offered some weeks ago legislation to give the President more strength if he needs more strength, giving him the opportunity to appoint a totally new Federal Reserve Board.

We believe that maybe that is the way that we will have to go if the Federal Reserve Board would not yield to persuasive efforts of the President.

But I frankly believe, as previous speakers have stated, that this President is capable of being sufficiently persuasive that he could impact upon the Federal Reserve Board merely by attempting to get them to move in the direction that he talks about.

I believe that the Federal Reserve Board does require a degree of independence from this or any other administration. But I do not believe that the Fed should be allowed to act autonomously when high interest rates are killing our economy. Interest rates have just recently begun to move downward, but as a matter of fact we now find ourselves in an economic recession. Interest rates are still running too high. They are still at the rate of 17 percent even though the rate of inflation is half that rate and they remain high because the Federal Reserve has refused to ease the money supply.

I support the resolution that was introduced today. I believe it is time to send a signal to the administration and the Federal Reserve that higher interest rates can no longer be tolerated. I believe that that portion of the resolution which addresses itself to a totally different subject than the question of the President's persuasive ability, but relates directly to what is happening in our economy, should be addressed because I believe that to be a very important part of the resolution, and I read it into the RECORD so that it may be clearly and definitely understood.

Whereas, massive sums of credit continue to be diverted to nonproductive uses, such as conglomerate mergers and corporate takeovers and, combined with reduced enforcement of antitrust laws, this corporate credit policy is shifting control of business away from small businesses and farmers toward a few large corporations.

And then in the resolution clause it provides that, the President shall also take appropriate actions to limit the large-scale diversion of credit to nonproductive uses such as conglomerate mergers and corporate takeovers.

Mr. President, there is a reality of life: You do not have to be a genius, you do not have to be an economic analyst to know that if billions upon billions of dollars are being amassed by large corporations for the sole purpose of taking over small corporations, that money is going to be removed from the marketplace, these commitments will cause that money to be placed in reserve and as a consequence the cost of interest will go up.

In connection with the Conoco acquisition, Conoco itself got commitments from the banks for $3 billion, Seagram got a commitment for $3 billion, Texaco got a commitment for $5.5 billion. DuPont got a commitment for $3 billion, and Pennzoil got a commitment for $2.5 billion.

Every time a commitment of that kind is made, and it is the normal procedure in the banking industry that when you get a commitment you pay a commitment fee, that means that that bank must hold that money somewhere in reserve or know where they are going to get it when called upon to come up with it, and that means that it is removed from the money market supply except for short-term money.

Under those circumstances, I believe it is imperative that this resolution, which calls not only for pressure upon the Federal Reserve Board to bring down interest rates, but implicitly indicates the concern many of us have about the antitrust policies of this Government, must be reevaluated.

We now have sitting as the head of the division of antitrust of the Department of Justice a man who does not believe in enforcing the antitrust laws of this country. That is such an unbelievable contradiction in terms. Antitrust legislation was a creation of the majority party of the Senate. It came about when Senator John Sherman authored the Sherman antitrust laws, and over a period of years, antitrust enforcement has been actively and effectively pushed both by Democrats and Republicans. But we now find that Mr. Baxter has turned his back on the whole question of corporate mergers and no longer has the concern and, as a consequence, it is affecting the money market, it is affecting the money supply, it is contributing nothing to our economy and, in fact, it is doing great harm.

According to the August 10 New York Times at least 13 giant companies have lined up $46 billion in credit lines ranging from $1 to $6 billion for the purpose of corporate takeovers, and today's November 6 Wall Street Journal indicates that "many big firms are seeking acquisitions," the poll shows. A poll was taken and the report of the story is as follows:

Mobil Corporation is far from alone in the acquisition trail, according to a survey by the National Association of Accountants. The professional association said its survey of the 480 largest industrial corporations taken in September and October indicated that 37 percent of these big companies are seeking mergers or acquisitions.

There are no new jobs that are created when you have a merger. There is no new energy production. There is nothing contributed to the economy. And the corporate financial leaders are sitting in their offices figuring out who to buy up next and this administration has blinked its eyes and said "We couldn't care less."

All of that is adding to the entire problem that this Nation faces with respect to the matter of high interest rates. High interest rates do not just happen to come

about. They come about by reason of a number of different Government policies.

They come about by reason of this administration's failure to be able to balance the budget. An administration that thinks you can have massive tax cuts, huge defense spending increases, and at the same time balance the budget just did not go to school and learn its math well. It is a fiscal impossibility.

Then when you compound the problem as well by permitting the giants of American industry to gobble up all of the other companies in American industry, you have the kind of result that we have at the moment, higher and higher interest rates.

In my own State we find that Mobil Corp. has offered $3.4 billion for Marathon Oil. What is that going to contribute to the economy? To eliminate competition. This is an administration that ostensibly is for the free enterprise system. But you would never believe it by their actions, and by their actions you are led to believe that they could not care less about whether interest rates continue going up and up and up, and they could not care less if every oil company in the country buys up every other one and every corporate giant buys up every other company.

I believe this administration has a responsibility, as called for in this resolution, to urge upon the Federal Reserve Board to take appropriate action with respect to credit matters so that these acquisitions will not be permitted to continue on.

I further believe that the administration has to do something about that which is compounding the problem, and that is to change the leadership of the Division of Antitrust at the Department of Justice. Those two factors alone, in my opinion, have accelerated the higher interest rates, have contributed to the problems of small business and farmers and people generally who live in my State and throughout the Nation, and I think it is time for this administration to start acting and to quit talking if they want to bring down interest rates, if they want to help the economy, if they want to balance the budget, if they want to permit the free enterprise system to work at its highest and at its best. I think it is time for action, and yesterday was too late.

Mr. RIEGLE. Mr. President, I want to thank the Senator from Ohio for his statement and for his leadership in this issue. He has been a leader in the fight to bring down interest rates and, very particularly, to ease the problem of mergers and acquisitions that are sopping up so much of the credit in this country at this time.

I would now like to yield to the minority leader, Senator ROBERT BYRD.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, there has been a great debate for the last year. Politicians, pundits, economists, and businessmen have asked, "Will the administration's economic plan work?" Some of them are beginning to wonder now, some of us are beginning to wonder, whether or not we have asked the wrong question. Perhaps we should have asked, "When will the administration develop an economic plan?"—not whether it will work, but when will the administration develop one?

They have plenty of theories, make no mistake about that. Even now, doctrinaire monetarists are busy fighting committed supply-siders—they are fighting each other—while they both quarrel with the budget balance. And while the theorists squabble, the economy burns. How much higher does unemployment have to climb before the administration begins to act to deal with that unemployment? It has reached 8 percent today.

How many more businesses must close their doors in order to convince the administration that they, the administration, must develop a coherent plan? This year there have been 13,659 bankruptcies, an increase of more than 40 percent over last year.

How much higher does inflation have to surge before administration economists note that a problem exists?

In September the Consumer Price Index jumped to 14.8 percent. The joint resolution developed by the Democratic emergency task force to reduce high interest rates directs the administration to take action. We can no longer live with a steadily deteriorating economy while waiting for academic disputes to be settled. We cannot even act to bring ballooning budget deficits under control because administration economists cannot agree on a forecast for the economy. The administration continues to refuse to reveal which budget cuts and which tax increases it will support.

The millions of jobless Americans, bankrupt businessmen, and homeless young couples who have suffered through the last 9 months do not even care whether David Stockman or Donald Regan or Beryl Sprinkel is right in theory. As we might paraphrase Grover Cleveland, "It is the recession that confronts us not a theory."

One year and 2 days ago this Nation elected an administration which promised to take forceful action against the economic ills that confronted us. Yet, as we stand here today inflation and unemployment are both higher than they were last year. Does the administration yet have a plan? We have had little action—mostly excuses, and, increasingly, a great deal of infighting.

If the administration cannot do more than watch helplessly as we slide deeper into a recession, then it is time that we do what we can to force them to act, and this joint resolution is the first step out of the recession.

I congratulate the distinguished Senator from Michigan (Mr. RIEGLE) on the work he is doing, and I congratulate the other members of the Democratic emergency task force to reduce high interest rates. I thank him for yielding this time.

Mr. RIEGLE. I thank the minority leader for his statement today, for his important leadership on this issue and for his efforts in the fight to bring down interest rates.

I only want to make two or three closing comments. I know my colleague from Oklahoma is here and I know he has another matter he wishes to address today.

The PRESIDING OFFICER (Mr. SCHMITT). The Senator from Michigan.

Mr. RIEGLE. I just want to add one or two thoughts to amplify on things that others have said. I will be very brief about them.

Some of my colleagues have talked about the President using his authority and his persuasive ability with the Federal Reserve Board. Well, we know the Board today is pursuing precisely the Reagan administration's high interest policy, so there is an agreement between the two at this time.

If the President reaches a judgment to change the high interest rate policy and bring the rates down, I am confident that he can be highly effective and persuasive in getting the Fed to adopt a different mix of policy, a mix that can bring us lower interest rates and can move more credit into major sectors of the economy that are in such serious trouble. That is what we would bring about with this resolution.

References were made to the persuasive power of the President just recently on the AWACS fight. I must say that the President's persuasiveness with Members of the Senate produced the greatest display of acrobatics that we have seen in this city since the last time Barnum and Bailey was here. We saw Members doing backflips, front flips, side flips. The persuasive power of the President was remarkable, absolutely remarkable at that time. And that is fresh in everybody's memory.

So I think there is every reason to believe that when the administration is armed with this requirement to reduce the interest rates, the President will have no difficulty at all in persuading the Federal Reserve System to follow that lead. Of course, if necessary, he has emergency standby legal powers under the Credit Control Act to give the Federal Reserve Board special authority to act in response to his persuasion. I am confident that would not be needed. I think in the same way that we have seen recently on the AWACS situation the President will be quite effective in persuading the Fed to move in this new direction.

The problem now is that the Reagan administration itself is wedded to the high interest rates. They think the high rates are needed. They think that we need a recession as the only way to reduce inflation.

I think that is clearly a wrong notion. I think the people of the country, as they increasingly understand what the administration policy is in that respect, will join us in dissenting and demanding that that policy be changed.

I might say that the bill number on our Senate joint resolution today is 120. That is the number of our resolution as we filed it. I would say that once we pass this resolution that you will see results within 120 days. The policy change which the resolution would effect will give us an immediate response.

Within 120 days we would see Senate Joint Resolution 120 producing a real improvement in the economy, pulling us out of this recession and beginning to get people back to work and stemming this hemorrhage of bankruptcies that we see across the country.

I yield to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. I thank my colleague from Michigan for yielding to me at this time because shortly I must be at the farm bill conference committee which convenes at 10.

The PRESIDING OFFICER. The Senator may proceed.

Mr. MELCHER. Mr. President, it is vital that we take emergency action to reduce interest rates.

We are already in the early stages of a high interest rate-induced recession. It is costing more jobs every day.

The worst thing about this recession is that economists like Donald E. Maude of Merrill Lynch Co., Edward Yardeni of E. F. Hutton & Co., and Irwin Kellner of Manufacturers Hanover Bank say that, unless we get things turned around right now and we begin getting interest rates reduced to the point where our grassroots industries can operate profitably, this recession will be much longer and deeper than other recessions we have experienced in recent years.

When prime interest rates were at 9 percent we had an unemployment rate nationally of 6.4 percent. Now, with prime interest rates hovering around 18 percent, we have 1.7 million more workers out of jobs. The latest unemployment figures released today are at 8 percent.

The job situation would be worse except that so far the damage from high interest rates has mainly been limited to certain interest rate-sensitive sectors of the economy, and they are being ravaged. For example, housing, timber, and related industries have been grinding down to a virtual standstill in this country.

The result is that more than 1 million construction workers will be unemployed by the end of the year. In Montana, of the 5,600 people normally employed in the forest products industries, 3,100 are either laid off or have reduced hours of work. There are not any exact figures on how many more workers have been laid off in related areas of electrical and plumbing, cement, flooring, window manufacturing, home furnishings, roofing, and so forth, but we know that they are swelling the unemployment rolls.

Small businesses associated with housing supplies are retrenching or closing their doors.

Automobiles is another interest rate-sensitive sector of the economy that is being ravaged by high interest rates; 300,000 automobile dealers and their workers have been laid off in the last 24 months.

To date, this high interest rate-induced unemployment has been uneven, and there are still islands of successful survival, such as energy, electronics, and many service corporations, that are still showing profits and providing employment opportunities. However, these areas of the economy cannot continue to prosper while our basic industries sink into recession. It is only a matter of time until they, too, feel the bite of this recession.

When one moves from the labor situation to the state of small business, the picture is just as dismal. In Montana, we already have more business bankruptcies than we had all last year.

Agriculture, particularly the cattle industry, has been devastated. Nationally, 20,000 ranchers and feedlot operators have gone out of business in the last year alone. Feedlot operators won't touch calves unless they are $10 to $15 a hundredweight less than last year. This makes it impossible for ranchers to turn a profit. The number of cattle on feed nationwide is down 10 percent, more than 1 million, from last year. Before long, this is going to result in fewer head of cattle going to market and higher meat prices for the American consumer.

We must act now. We must get interest rates reduced and get people back to work. We need a three to four point drop in interest rates now. That would parallel the drop in inflation over the last year.

Arguments that such a move would create a new round of inflation just do not make sense. The money supply today is just too tight. It is well below the targets that the Federal Reserve set for money growth this year—targets which they themselves said would control inflation. If the Federal Reserve Board would simply stick to its own targets for money growth, we could get people back to work and still continue to fight inflation. High interest rates have created inflation.

The President and the Federal Reserve Board also have the authority to slow down the flow of available money into nonproductive areas such as conglomerate mergers and takeovers. The uncontrolled flow of money into these areas is making it impossible for our basic industries and businesses to get the funds they need at reasonable costs.

Dun's Business Monthly has pointed out that lines of credit are being extended to a select group of companies totaling more than $46 billion just since August. While these lines of credit are tied up by acquisition-hungry corporations waiting to pounce on their prey, the banks must maintain adequate supplies of funds to meet these commitments. To do this, the banks must either limit their credit to other customers or aggressively seek short-term funds by issuing certificates of deposit or by buying Federal Reserve funds. Either way the result is still higher interest rates, and the funds that are tied up by these large corporations cannot be used for productive purposes that can help create more jobs for working people.

If we are going to get people back to work and, even more importantly, reverse this recession before it gets even worse, we must get interest rates lowered and get it done now. I am glad to be part of a coalition of Senators who are committed to getting action on interest rates.

On July 30, I introduced a joint resolution aimed at getting consultations started between the White House and the Federal Reserve Board on noninflationary ways to reduce the cost of credit to our grassroots industries.

I brought this before the Senate on September 28 as an amendment to the debt limit extension. While that amendment failed to gain a majority, it has started serious consideration of a change to lower interest rates. We need action right now to reduce interest by 3 to 4 points within 60 days.

I have joined together with Senators RIEGLE, CHILES, and SASSER, who also proposed actions to get interest rates reduced, in introducing an emergency joint resolution to reduce interest rates that will hopefully pass the Senate quickly.

We must have immediate action now.

If we had taken action last spring when it first became obvious how damaging high interest rates were becoming, we would not be facing the recession we are today.

If we put off action now, we will face a much worse recession down the road.

Thank you.

Mr. KENNEDY. Mr. President, I am pleased to join the other sponsors of this emergency Senate resolution calling on President Reagan to take urgent action to bring interest rates down.

Responsibility for the plague of high interest rates rests squarely with the President. In a very real sense, the Federal Reserve follows the flag. I am confident that if the President sends the proper signal to the Federal Reserve, the Fed will act to insure that assistance flows immediately to the critical sectors of our economy that are starved for credit.

The administration's excessive reliance on tight money policies has led to the highest interest rates in our history. The result of that policy has now been to plunge the economy into recession.

But this interest-rate induced recession for the rest of the economy long ago became a depression for the housing industry, the auto industry, small business, and agriculture. Unless the President acts on an urgent basis, these essential sectors will be damaged even more severely.

In addition to directing credit on an urgent basis to these important industries, the resolution we are offering also calls on the President to take action to prevent vast amounts of scarce credit from being siphoned from the economy for oil company takeovers and other nonproductive purposes.

It is wrong, and the worst kind of economics, to pursue a monetary policy under which Mobil Oil can borrow $5 billion in a single day, while an average family cannot obtain a home mortgage even at the fantastic interest rate of 19 percent.

I urge the Senate to act as quickly as possible on this important resolution. The well-being of millions of families and countless enterprises in our society now hangs in the balance. The time has come for action to bring interest rates down and to bring our economy back to health.

(By request of Mr. RIEGLE, the following statement was ordered to be printed in the RECORD:)

HIGH INTEREST RATES

● Mr. NUNN. Mr. President, I am pleased to have the opportunity to cosponsor this resolution on interest rates and to thank Senators RIEGLE, CHILES, BOREN, and other Senators for their outstanding work on it.

The principal problem confronting the economy and confounding expectations of a strong economic performance can be summed up in three words: High interest rates. They are having a far reaching, debilitating effect on many sectors of the economy but most notably on farming, small business and those other businesses without access to credit at a reasonable price. No one can credibly argue that these businesses are not suffering the dire consequences of the current high interest rate environment while other businesses in the high technology field and in energy-related areas with access to more reasonably priced credit, continue to prosper. The statistics speak for themselves.

From mid-1980 to mid-1981, court-filed business bankruptcies increased 30.1 percent—the second largest year-to-year increase in the last 20 years, only being surpassed by the 45.2 percent rise in bankruptcies between 1974 and 1975.

Reinforcing those statistics are the figures released recently by Dun & Bradstreet indicating business bankruptcies jumped 41.8 percent in the first 35 weeks of this year compared with the same period last year. Not surprisingly, both distant and more recent history show a close correlation between increases in the prime interest rate and business bankruptcies.

Mr. President, slowly but surely there is a creeping realization in the administration, the Congress, and the private sector that the economy is in for a period of deepening crisis and vulnerability. I believe this crisis is far more profound than most people think. We have to accept the reality of not sluggish economic performance but a real recession, and to get on with creating a bipartisan solution to the Nation's economic dilemma.

There is no doubt that high interest rates have played a major role in creating our economic problems and that they have begun to fall. It is about time. But the accepted reason interest rates are falling is the recession and the accompanying decline in the demand for credit. The index of leading economic indicators is declining, industrial production is off, machine tool orders which are a key to increasing America's productivity are plummeting, and unemployment is rising.

What is more, Vice Chairman Schultz of the Federal Reserve Board told the National Advisory Council to the Senate Small Business Committee last week that while there will be some improvement in interest rates, those rates will continue to remain high for the foreseeable future. None of us wants the economy to be caught in a prolonged recession and I am equally certain that all of us realize the problem will be much worse if Mr. Schultz is right and interest rates do not fall significantly.

We cannot avoid a potential economic disaster if small business and small farms are not given the means to survive and prosper. This is what the resolution speaks to and we should realize that the problem of small business has a pervasive impact on the economy. The Nation's 15 million small businesses account for 55 percent existing employment and about 80 percent of all new jobs. Obviously small business problems have a significant impact on unemployment which has tremendous implications for the Treasury's coffers since a 1-percent increase in unemployment adds from $25 to $29 billion to the deficit. I hope this resolution, which highlights the problems of small concerns, can serve as the beginning of our efforts to solve our Nation's economic ills.

Mr. President, before I close I would like to briefly discuss one issue not addressed by this resolution. That issue is the filling of the next vacancy on the Federal Reserve Systems' Board of Governors. The President will have the opportunity to make such an appointment next year when Governor Schultz leaves the Board. I urge the President to appoint a small business person to Governor Schultz's position. I note that many groups including Small Business United, the Southeastern Lumber Manufacturers Association, the National Small Business Association, and the National Association of Realtors support appointing a small business person to the Board. I believe their position is correct and that such an appointment would insure continued and hopefully increased sensitivity to the problems of small concerns and family firms at the highest level of government.●

Mr. LEVIN. Mr. President, I would like to take this opportunity to express my support for the emergency resolution directing the President to assure an adequate flow of affordable credit to small borrowers. This resolution calls upon the President, in cooperation with the Federal Reserve Board to take appropriate steps to reduce home mortgage rates, increase employment, reduce excessive financing costs for auto purchases, halt the rapid rise of small business bankruptcies and reduce the excessive cost of farm equipment and supplies. In doing so, the President is directed to consult with representatives of the small business community, the auto industry, the housing industry, and small farm operators.

Continued high interest rates are driving our Nation deeper and deeper into a recession. The auto and housing industries have been the victims of high interest rates for a long time now. Housing starts for September were over a half million units less on an annualized basis than last year, and auto sales for October dropped 26 percent from the preceding year.

Now, these sectors are being joined by thousands of small businesses throughout the economy which simply cannot survive interest rates which in many cases are 4 percent above the prime rate of 17½ percent. This means the loss of tens of thousands of jobs.

The resolution also directs the President in cooperation with the Federal Reserve Board to take steps to reduce interest rates which are currently at levels abnormally above the current rate of inflation. The Fed's tight monev policy, which is encouraged by the administration, is choking off the economic growth which the tax cuts are designed to produce. Meeting arbitrary money supply targets may please the theoreticians in the Fed, but it ignores the practical effects of the policy on credit sensitive businesses and their employees. It has been tried in England and has led to record levels of unemployment and has done little to help inflation. We must not allow it to happen here. The road to a healthy economy cannot be paved with high interest rates combined with a misguided budget and tax policy.

The resolution also calls upon the President to take actions to limit large scale diversion of credit to nonproductive uses, such as conglomerate mergers and corporate takeovers. This is important for two reasons. First, large corporations which lineup billions of dollars of credit to finance a business takeover, preempt credit which would otherwise go to financing the acquisition of basic production goods, such as lathes and other machinery.

Second, high interest rates also run the risk of larger businesses swallowing up small businesses because large businesses have a greater tolerance for high interest rates since they are in a better position to finance their operations out of their own resources. Due to their greater market control, large businesses are also in a better position than small businesses to pass on higher borrowing costs to consumers in the form of higher prices without being undercut by their competitors. Less competition for goods and services will generate even greater inflationary pressures in the future.

I hope my colleagues who are not yet cosponsors of this resolution will give it their active support. Unlike with the weather, it is not enough just to talk about interest rates; the Congress must spur the President and the Fed into action now.

Mr. RIEGLE. Mr. President, I want to again thank my colleagues who were here this morning and others who have served on the Interest Rate Task Force. We have a number of other initiatives that we will be bringing forward. We intend to target very closely the question of mergers and acquisitions and the amount of credit being siphoned off in that direction.

I said to some members of the press who were gathered here earlier today before the session that on the 20th of this month we will be having a day-long public hearing in Washington to which we will invite people from across the country—from Oklahoma, from Michigan, and other States—to come here and testify about the effect of high interest rates on agriculture, on small business, manufacturing, construction, the auto industry, and others, to bring to light the damage that is being done across the country. So these and other initiatives will follow.

But our main policy thrust is in the form of the resolution we filed today with 35 cosponsors and we intend to hammer away at this until this becomes national law and policy.

Mr. BOREN. Will the Senator yield to me for just a moment?

Mr. RIEGLE. Yes, I am happy to yield.

Mr. BOREN. Mr. President, I com-

mend my colleague from Michigan and others who have spoken this morning for their remarks. I am very proud to join him as a cosponsor of this resolution and to be able to have the opportunity to serve on the task force which he has been chairing.

In listening to all the statements this morning, I, again, react with some amazement that the administration simply does not seem to feel any sense of urgency about the matter of high interest rates.

We have heard expressions of the nature of the centrality of high interest rates to the other economic problems that this country is now having expressed by several of the speakers this morning. The deficit continues to grow. There are emergency meetings at the White House on this subject. And yet the administration does not seem to realize that the high interest rates themselves continue, by increasing the cost of money to the Federal Government as a borrower, to directly impact the deficit.

They do not seem to understand that the tax cuts are not going to stimulate the kind of economic growth necessary in the country to reduce the alarmingly high unemployment rate and to move us toward a balanced budget as long as interest rates are so high that no small business person can afford to borrow the funds necessary for the business expansions that the tax cuts might otherwise stimulate.

It seems so central, it seems so obvious to every observer. And yet when you have a discussion with Mr. Volcker or members of the Federal Reserve Board, when you have a discussion with representatives of the Treasury, including the Secretary of the Treasury, it seems clear that Treasury and the Federal Reserve Board are barely even discussing this matter with each other. There does not seem to be any attempt to bring everyone together, to focus upon high interest rates as public enemy No. 1 in the short run and to exercise Presidential leadership over all parts of the Government.

Instead it seems that everyone is passing the buck. The administration lies behind the log and attacks the Federal Reserve. The Federal Reserve says, "If they would just give us the authority to act, we would."

There are a lot of things that are puzzling. As the Senator from Michigan has pointed out, the President has exerted very forceful leadership in other areas. Why has he not taken the lead on this matter of high interest rates? Why has he not used his authority that he has under the law to give the Federal Reserve the power to stop the siphoning off of credit, as the Senators from Ohio mentioned this morning, for the purchase of all these mergers and acquisitions? Why has he not done it?

If he has reluctance philosophically to impose direct controls or authorize the Federal Reserve to impose direct controls on the nonproductive use of this credit, to tie up $46 billion, as we heard this morning, on lines of credit involved with one merger that is not going to produce an additional barrel of oil or buy an additional piece of equipment or finance any kind of new research or technology, then why does he not call the financial community and talk with them about it? Why does he not jawbone, as President Eisenhower did, with the financial leaders of this Nation and tell them that he is going to seek other action if they will not voluntarily do the responsible thing? I think they would follow that lead.

So I want to commend the Senator from Michigan, who is from a State that has perhaps paid more dearly than any other State in this Union for the high interest rate policies that are being followed. I understand from news reports this morning that unemployment rates are almost 12 percent in the Senator's home State.

Those of us who are from other parts of the country, I want to assure him, where we are more fortunate with the economic climate, join with him in having the sense of urgency about the need to do something about it.

I recognize that when Michigan and the great industrial States in the Middle West are brought to a standstill, severely damaged by high interest rates policies, that it is only a matter of time until that economic sickness spreads to all parts of this country. We are all part and parcel of the same economy. None of us in this body can afford to stand by and not join in the effort which the Senator from Michigan is leading and leading very effectively.

Again, I commend him for what he said today and for the effort that he has put together.

Mr. RIEGLE. I thank the Senator for his very generous comments and also for the fact that he has been hammering away on this high interest rate problem for many months. He has helped, I think, give a special degree of leadership to the effort to bring these rates down. I thank him for that effort and for his kind remarks.

Mr. President, I am going to now conclude our discussion this morning. I know the Senator from Oklahoma has another policy issue that he wishes to raise. So if I am controlling the time, I would yield to him and he may have time in his own right.

I yield my time to him.

RECOGNITION OF SENATOR BOREN

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

BALANCING THE BUDGET AND PROVIDING TAX RELIEF FOR ALL AMERICANS

Mr. BOREN. Mr. President, in naval parlance, I am speaking today to fire a warning shot across the bow of the administration's economic ship of state. It is my goal to sound the alarm about two dangerous lines of thought which have been coming recently from various sources in the Republican Party, in and out of Congress, and from some segments of the administration. It is said that these two ideas are being floated as trial balloons. If that is so, then they deserve to be shot down immediately.

The President has had broad bipartisan support including mine for his announced twin goals of balancing the budget by reducing unnecessary Federal spending and of providing tax relief for all Americans.

Now there are some in the Republican Party and in the administration who are urging the President to first abandon his goal of balancing the budget by 1984 and second to pay for the recent income tax reductions by imposing a new package of burdensome and unfair tax increases on average American working people who cannot afford to pay them.

Speaking personally, I would have to vigorously oppose the administration if those two proposals are adopted by it.

First, the American people will be badly let down if the administration abandons its goal of balancing the budget by 1984. There is no more important domestic goal for our Nation. Federal deficits have been a major cause of inflation. The burden of financing the one trillion dollar debt has become intolerable. It is certain that our Nation will be reduced to second class status if we continue to follow that path.

Government borrowing has put such pressure on the credit markets that it has forced interest rates to such high levels that small businessmen, farmers, homebuilders, and many others are being forced into bankruptcy. Millions of others face the loss of their jobs.

The rate of inflation is being fed by an inflationary psychology. When people expect inflation to continue, they tend to buy now what they think they will need in the future to avoid anticipated price increases. That, in turn, fuels the spiral of inflation. It also causes the financial community to keep interest rates high.

One of the major reasons why the people believe that inflation will continue is skepticism about the ability of the Government to live within its means and maintain a balanced budget.

There are now high hopes that this President and this Congress will balance the budget by 1984. The voters have demanded it in a loud and clear voice. If this administration abandons the goal of a balanced budget, the people will say, to paraphrase the President, "If this Congress and this administration do not balance the budget, who will ever do so? If it is not done by 1984, when will it ever be done?"

The seeds of cynicism in regard to our commitment to fiscal restraint sown by an abandonment of the goal of a balanced budget will grow into an inflationary psychology far surpassing anything yet seen in this country. We must not allow it to happen. I was shocked by the almost casual way in which Mr. Stockman and Secretary Regan referred to the potential repudiation of the balanced budget.

The second dangerous idea which has been circulating within some administration and Republican circles is that a new package of tax increases should be imposed on the average American.

The President is being urged by some

to reduce the deficit by a package of new tax increases which would be imposed on the average American. Those in Washington who are pushing these proposals have been referring to them as "revenue enhancements." People in Washington think-tanks may fool themselves by the use of such terms but they will not fool the voters back home. The people know that a tax increase by any other name is still a tax increase.

These proposed new tax increases are extremely unfair and would more than offset the recently passed tax cuts for the average citizen. They would leave the average working American worse off than before. If they are presented to the Congress, I will work as hard as I can to defeat them.

The first would severely limit or do away the right of a taxpayer to deduct his interest payment on his home mortgage. High costs and high interest rates have already placed the dream of home-ownership beyond the reach of far too many American families.

At the current high interest rates, the average new house now requires a monthly payment, including principal, interest , and insurance, of almost $1,000 per month. If that interest could not be deducted on income taxes, only the very wealthy could afford to own homes. Many Americans would lose the homes they now have.

Another proposed "revenue enhancement" is a large increase in gasoline taxes and an energy tax on all forms of energy consumption. Many Americans have to drive automobiles in their employment. Others have already reduced the heating and cooling levels in their homes to the bare minimum required for healthful conditions. To place an additional tax burden on this precious necessity would be totally unfair.

The proposal to further tax telephone service and the proposed reduction in the right to deduct medical expenses from income taxes are also on items which are usually not optional.

The latest proposed "revenue enhancement" is a Federal version of the sales tax. It would be regressive, falling on those least able to pay. In addition it would invade a part of the tax base which has been reserved to State and local governments.

Mr. President, I try to apply a test to measure any proposal placed before us. I ask myself, Is it fair? By no standard could this package be called fair. Is it balanced? This one certainly does not distribute the sacrifices evenly. Will it help bring us together as a people instead of pitting one group against another? The answer to the last questions is obviously "no."

I have worked to bring across-the-board tax relief to all Americans. If we have to spread out the 25-percent income tax reduction over an additional year or two, our citizens would probably accept some delay if it becomes absolutely necessary to balance the budget.

No one can or should understand it if the income tax cut is in essence paid for by huge tax increases on the average citizen which he cannot afford to pay.

If the President decides to reexamine the revenue side, there are other areas that merit a second look. The leasing provision in the recent tax bill created a loophole totally unintended by me and, I believe, by most other members of the committee. It is estimated that it will cost $80 to $90 billion in lost revenues over the next 10 years.

A simple reimbursable tax credit would cost much less and would help industries which are in trouble. The present loophole allows corporations to, in essence, buy tax breaks from each other and shelter huge amounts of income by entering into purported leasing agreements with each other.

Just this morning on the front page of the Washington Post a $200 million sale of tax breaks from one corporation to another was reported.

I for one intend to work to correct this abuse. If the administration is searching for ways to recoup revenues, I invite their help in closing this loophole.

The high rate of interest itself increases the deficit. The administration should act to halt the siphoning off of needed credit by large corporate mergers and take-overs which do nothing to increase economic productivity. If this credit came back into the market for use for legitimate purposes it would lower interest rates.

Mr. President, I have tried hard to put aside partisan considerations and put the Nation first. Doing what is right is always the best politics. As Harry Truman used to say, "Being a good Democrat means being a good American first." I am proud of that bipartisanship in my own party I believe that all Americans whether they be Republicans or Democrats want their elected representatives to succeed. Our Nation has serious problems and we must deal with them successfully. With the right spirit we can.

We cannot deal with our problems by succumbing to the political temptation to retreat from our commitment to a balanced budget. Secretary of the Treasury Regan and Budget Director Stockman should be ashamed of themselves for appearing to do so.

Neither can we pull America together unless the sacrifices necessary to solve our problems are shared by all Americans and not just by some. A harsh package of tax increases which fall more heavily on the average American worker than they do on the wealthy, is not worthy of even a trial balloon. It is time to stop that trial balloon right now.

I yield the floor.

ORDER OF PROCEDURE

The PRESIDING OFFICER. What is the will of the Senate?

Mr. PROXMIRE. Mr. President, under the special order, am I next speaker?

The PRESIDING OFFICER. The Senator from Wisconsin has a special order for not to exceed 15 minutes and he is recognized for that.

Mr. PROXMIRE. Will the distinguished Senator from Oklahoma yield to me the remainder of his time?

Mr. BOREN. Mr. President, I shall be happy to yield as much time as I have left on my own individual order to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Oklahoma also has the time remaining to the Senator from Michigan for his use.

Mr. PROXMIRE. If the Senator will yield me 5 minutes, that will be plenty.

Mr. BOREN. Mr. President, I yield 5 minutes to the Senator from Wisconsin out of the time remaining.

Mr. PROXMIRE. I shall not even take the full 15 minutes, perhaps, but I wanted to be sure.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 20 minutes.

ARMING THE WORLD

Mr. PROXMIRE. Mr. President, the foreign policy of the United States under the Reagan administration, more than any administration in American history, is based on a single strategic factor—arms sales. We now will sell arms to anyone, anywhere, for any reason. Arms sales have become a substitute for diplomatic effort, for arms control, and for economic development.

The sad aspect of this fact is that our foreign policy should serve the purpose of achieving peace in the world, peace with freedom. It is hard to conceive of a more sure way of frustrating the objective of peace than to use these means of selling arms, selling the most lethal arms we can devise, the most deadly, destructive arms, and to sell them all over the world.

The evolving pattern of the Reagan administration foreign policy is now clear. It is based on a decision to provide massive military aid to any nation which requests it or can be induced into buying it. While arms sales are justified as contributing to regional stability, in fact they are a substitute for arms control and an admission that the administration lacks a coherent diplomatic strategy.

Arms sales have filled the void where new thinking and diplomatic initiative are noted only by their absence.

The arms sales strategy has no geographic or ideological limits. We will introduce advanced aircraft to Latin and South America in a violation of long-standing U.S. policy. With the AWACS sale, we have planned a $47 billion commitment to various Arab nations in the Middle East. We plan to sell advanced aircraft to the Pakistanis who are on the verge of exploding a nuclear device. We are contemplating sales of U.S. military equipment to the People's Republic of China—the People's Republic of China. Red China—we are on the verge of selling them military equipment.

It is true, Mr. President, that the Chinese and the Russians are now opposed to each other. It is true that the Russians have troops on the Chinese border. We know how ephemeral these things can be. We know how, tomorrow, these two massive Communist nations could be, as they were for so many years, united against freedom and against this country. Yet we are contemplating sales of military equipment to the People's Republic of China.

Mr. President, the world is being

hooked on the arms sales promotions of the United States and the Soviet Union. Consider the two tables behind me. The first deals with actual arms deliveries to the Third World. The second indicates the total dollar amount of sales agreements with the Third World by supplier nation.

Unfortunately, Mr. President, these tables only deal with the period through 1980. As far as deliveries are concerned, of course, it takes a number of years after agreements are signed and before the deliveries take place. But on the basis of what has happened, note the enormous increase which these tables reveal between 1973 and 1980 in arms deliveries—not only by the United States but by France, the United Kingdom, West Germany, Italy, the Communist nations. They have gone way, way up. They have increased from $6.8 billion in 1973 for the total amount to $18 billion in 1980, a threefold increase.

The Communist increase has been even sharper, from $2.7 billion to $10 billion.

We still sell far more arms than the Communist countries do, but they are increasing their sales more rapidly than we are.

Of the non-Communist nations, the United States is far and away the largest supplier to the Third World. With deliveries of weapons totaling $5.3 billion in 1980, the United States outdelivers our allies by 2 to 1 over the French; 9 to 1 over the British; 6 to 1 over West Germany; and 11 to 1 over Italy.

Among the Warsaw Pact nations, the Soviet Union supplies 87 percent of the total.

Thus the two big superpowers, the United States and the Soviet Union, dominate arms deliveries. The new challenger on the scene is France, which has greatly expanded its arms export program.

Actual deliveries, however, are only representative of prior agreements. To calculate where the world is headed, we must examine the arms transfer agreements currently being consummated.

ARMS AGREEMENTS PREDICT LARGE FUTURE TRANSFERS

The second table behind me shows that arms agreements with the Third World are skyrocketing at an alarming pace, from a total of $10.4 billion in 1973 to $41.2 billion in 1980. These agreements will translate into mammoth arms deliveries in future years.

I am talking now not about the deliveries, Mr. President, but about the agreements. From $10 billion to $41 billion is a fourfold increase. These are not just statistics, Mr. President; these are lethal arms, more advanced than ever before. So while there is a fourfold increase in dollars in spite of inflation, there is probably a far greater increase in the capacity to kill.

Again looking at the statistics, the non-Communist world has reached agreement on $25 billion in future deliveries in 1980 or 61 percent of the total worldwide. That is for the non-Communist nations, the free nations.

The United States accounts for $9.6 billion of the $25 billion total or 38 percent. The French are nearly as high with $7.9 billion or 31 percent. The Soviet Union accounts for 93 percent of the $16 billion Communist total.

The U.S. arms program can be looked at in another way. Instead of just focusing on agreements with the Third World, it is important to keep in mind the full scope of U.S. arms activities.

In 1971, the U.S. foreign military sales agreements program totaled $1.4 billion. This rose dramatically to $16.1 billion in 1975, then fell to $8.3 billion in 1977 and then began another climb to the current level of over $15 billion.

Mr. President, I ask unanimous consent that the two tables and footnotes referred to earlier and a table of total U.S. foreign military sales agreements be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER [1]

[In millions of current U.S. dollars]

	1973	1974	1975	1976	1977	1978	1979	1980
Total	10, 452	21, 677	21, 639	21, 398	28, 457	25, 371	28, 865	41, 169
Non-Communist	6, 742	14, 777	17, 299	13, 713	17, 957	21, 521	18, 665	25, 069
Of which:								
United States [2]	4, 412	10, 097	10, 989	9, 813	9, 957	10, 311	9, 965	9, 659
France	500	2, 100	2, 320	1, 035	3, 170	2, 725	4, 310	7, 935
United Kingdom	1, 000	760	1, 320	600	1, 400	3, 570	1, 260	830
West Germany	140	670	750	730	1, 220	2, 310	890	870
Italy	290	430	1, 040	220	980	1, 330	240	2, 680
Other free world	400	720	880	1, 315	1, 230	1, 275	1, 900	3, 095
Communist	3, 710	6, 900	4, 340	7, 685	10, 500	3, 850	10, 200	16, 100
Of which: U.S.S.R	(3, 320)	(5, 970)	(3, 680)	(6, 520)	(9, 610)	(2, 910)	(8, 800)	(14, 920)
Dollar inflation index (1973=100)	100	107	117	131	136	146	158	174

[1] U.S. data are for fiscal year given (and cover the period from July 1, 1972, through Sept. 30, 1980). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the military assistance service funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF for fiscal year 1973 was $7,320,000,000; for fiscal year 1974 $840,000,000; for fiscal year 1975 $544,000,000. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in fiscal year 1979 and $151,000,000 in fiscal year 1980. All data are current as of Jan. 1, 1981, and reflects termination of all sales contracts other than Iran. The value of prior Iranian contracts canceled primarily by the Khomeini regime are as follows: fiscal year 1973 ($38,000,000); fiscal year 1974 ($390,000,000); fiscal year 1975 ($1,157,000,000); fiscal year 1976 and transitional quarter ($236,000,000); fiscal year 1977 ($2,953,000,000); fiscal year 1978 ($1,673,000,000); fiscal year 1979 ($6,000,000); fiscal year 1980 ($0). Third World category excludes Warsaw Pact nations, NATO nations, Europe, Japan, Australia, New Zealand.

[2] Excludes $3,271,000,000 from U.S. total for 1976, which represents the transitional quarter (fiscal year 1977).

Source: U.S. Government.

TABLE 2.—ARMS DELIVERIES TO THE THIRD WORLD, BY SUPPLIER [1]

[In millions of current U.S. dollars]

	1973	1974	1975	1976	1977	1978	1979	1980
Total	6, 669	7, 291	8, 049	11, 824	15, 231	18, 519	20, 629	18, 342
Non-Communist	2, 719	4, 411	5, 049	7, 624	9, 551	11, 529	10, 609	10, 672
Of which:								
United States [2]	1, 319	2, 861	3, 149	4, 654	5, 891	6, 429	5, 939	5, 322
France	620	480	480	930	1, 010	1, 660	1, 280	2, 490
United Kingdom	360	450	410	530	720	1, 020	770	600
West Germany	100	180	260	490	620	630	450	810
Italy	100	130	190	190	350	600	510	460
Other free world	260	310	560	830	960	1, 190	1, 660	990
Communist	3, 950	2, 880	3, 000	4, 200	5, 680	6, 990	10, 020	7, 670
Of which: U.S.S.R	(3, 550)	(2, 500)	(2, 400)	(3, 410)	(4, 990)	(6, 100)	(9, 110)	(6, 690)
Dollar inflation index (1973=100)	100	107	117	131	136	146	158	174

[1] U.S. data are for fiscal year given (and cover the period from July 1, 1972, through Sept. 30, 1980). Foreign data are for the calendar year given. Statistics shown for foreign countries are based upon estimated selling prices. All prices given include the values of weapons, spare parts, construction, all associated services, military assistance and training programs. U.S. commercial sales contract values are excluded, as are values of the military assistance service funded account (MASF) which provided grant funding for South Vietnam, Laos, Philippines, Thailand, and South Korea. MASF deliveries values for fiscal year 1973 were $4,326,000,000; for fiscal year 1974 $1,159,000,000; for fiscal year 1975 $1,125,000,000. Related grant transfers to South Korea and Thailand, also excluded, were $11,000,000 in fiscal year 1979 and $10,000,000 in fiscal year 1980. All data are current as of Jan. 1, 1981. Third world category excludes Warsaw Pact nations, NATO nations, Europe, Japan, Australia, New Zealand.

[2] U.S. totals for 1976 include the transitional quarter (fiscal year 1977).

Source: U.S. Government.

FMS agreements

[In billions]

Fiscal year:	
1981	*$8.5
1980	15.3
1979	13.0
1978	11.0
1977	8.3
1976	14.4
1975	16.1
1974	10.3
1973	4.8
1972	2.95
1971	1.4
1950–70	12.9

*Original estimates for fiscal year 1981 of about $15 billion have been lowered due to unanticipated reductions in planned contracts with certain nations.

Mr. PROXMIRE. Mr. President, the internal rationale for the arms sales philosophy seems to be that they invoke dependency. They are a way of bringing countries to our side, presumably because, once a commitment has been made, the country usually has to return to the prime supplier for spares, advanced equipment and support. In effect they become hooked on the supply chain.

This explosion in arms sales commitments makes for profitable business for the U.S. aerospace community. It is no wonder then that they lobbied so hard for the AWACS sale and for lifting the somewhat restrictive policies of the Carter administration.

ARMS SALES POSES RISKS TO UNITED STATES

The policy of pushing arms sales bears with it a number of hazards. First, arms sales displace economic development and make no contribution to raising the standard of living in the developing world, precisely the area subject to the greatest pressures for acquiring armament.

As a matter of fact, it is precisely the opposite. We know that as countries acquire arms, the burden on those countries, particularly, as I say, the developing countries, the poor countries, that need all of their resources to feed their people and clothe their people and house their people and take care of their illnesses, cannot do that because they have to divert so much of their resources to maintaining the arms which, in some cases, we give them, or to buying the arms if we sell them.

Second, the sales stimulate real and imginary fears of aggression by neighboring countries. Thus rather than contributing to stability, the sales actually increase local tensions.

Third, the arms sales program becomes an intellectual crutch at the State Department and Defense Department in lieu of other diplomatic and economic alternatives. Arms are the easy answer. They are a fast answer. They are a simple answer to questions that otherwise would require tough, drawn-out negotiations and permanent solutions painfully arrived at.

Fourth, sales stimulate demand for more sales and encourage regional arms races. We know that has taken place, and it is something that certainly means they contribute to the greatly increased likelihood of war.

Fifth, arms sales by the United States provoke arms sales by the U.S.S.R. Arms sales by the Soviet Union provoke arms sales by the United States. The reason why this is increasing, of course, is that we say, "Look at what they are doing," and they say, "Look at what they are doing." We happen to sell more arms—the free world—than the Communist world, but we are both at fault.

ARMS SALES ARE SUBSTITUTE FOR OTHER POLICIES

The Reagan administration is depending on arms sales as the central theme of our foreign policy more by default than any other reason. We have no international economic development plan. We have no active arms control philosophy. We have no regional cooperation program. We have no long term proposals for fighting the propaganda successes of the Warsaw pact nations.

Why do we not have these things? We should have every one of them. We should have an international economic development plan. We certainly should have an active arms control philosophy. We should have regional cooperation. We should have proposals for fighting the propaganda successes of the Warsaw pact nations. But we have none of them.

In their place, we substitute arms sales.

The intellectual poverty in our foreign policy results in a single-minded commitment to the one device the administration knows well and feels comfortable with—more arms. This is a policy which carries with it the greatest risks to long term U.S. leadership in the world.

Sometimes arms sales are necessary to the national interests of the United States. I am not saying that they are all bad. Of course, there are occasions when we can and should provide means of protection to nations that are very important for the interests of our country. But they are not the answer to every problem, in every nation, and every situation.

ARMS FREE ZONES

Instead of increasing our commitment to arms sales as the centerpiece of U.S. foreign policy, we should be doing everything we can to reduce the international flow of armaments. A good step forward could be the negotiating of an international agreement not to ship arms to certain regions or at least not to ship arms beyond a specified degree of sophistication.

Why can we not do that? Why would it not make sense? This is not pie in the sky or optimism. This is a matter of commonsense, a matter of really pursuing peace in the world, of really helping other nations help themselves, and of helping ourselves create a world in which we would not have the terrible threat of war.

As to arms free zones, what areas might this include? Certainly, Latin America is one possibility for restrictions on the introduction of sophisticated weaponry by all parties. All of South America, being far removed from East-West tensions, would lend itself to some arms free zone approach. Perhaps the same could be worked out for parts of Africa, such as equatorial Africa.

I do not argue that an arms free zone would be easy to negotiate or enforce. It would not be. It would be difficult and challenging and would take time. Maybe we would not succeed at first; maybe we would never succeed but certainly we will never succeed if we do not try.

At least, as much energy should go into exploring this concept as into the search for new markets for American aerospace corporations.

Mr. President, let me commend to every interested party the analysis of arms sales recently completed by the Congressional Reference Service for the Subcommittee on International Security and Scientific Affairs of the Committee on Foreign Affairs of the House of Representatives. This document, titled "Changing Perspectives on U.S. Arms Transfer Policy" is the most complete, accurate, and authoritative analysis of arms sales done in recent years. Its authors, Richard Grimmett, Robert Shuey, Larry Nowels, and others deserve our appreciation for providing the Congress with this excellent document.

THE PLIGHT OF THE FALASHAS

Mr. President, the plight of the Falashas, the black Jews of Ethiopia, is a painful evidence of the failure of the world's nations to unify their support for human rights into a strong and effective international voice.

The ordeal of the Falashas is described in an October 2 op-ed article in the New York Times. The author, Simcha Jacobovici, reports that in 1975—

> The landed aristocracy, fearing the loss of its holdings to the landless Jews, decided to destroy them.

He goes on to say that:

> Through forced conversion, disperal, hunger, disease, and violence, the number of Falashas has been reduced to fewer than 10,000, from 28,000 in 1975.

The Israeli Government, whose rescue operations have been shrouded in secrecy for fear of provoking further attacks on the Falashas, have thus far been able to save only 1,800 of them. In the United States last summer, meetings were held between several Senators and Congressmen, but no course of action was decided on. The article reports that the International Committee of the Red Cross and Amnesty International have also done nothing.

Jacobovici quotes a relief worker who had been in Ethiopia as saying of the situation:

> Incredible as it seems, Ethiopian Jewry is vanishing while the rest of the world pays little attention.

Mr. President, in sharp contrast to this display of irresolution and disunity is the Genocide Convention, which represents the efforts of 87 countries to unify the civilized nations of the world in strong support of the most fundamental human right—the right to live. The Genocide Treaty is a statement of resolve of the international community that genocide—the intent to destroy whole groups of people—is a crime against all of humanity.

Our failure to ratify the Genocide Convention is the only major note of noncooperation in this important international effort. A united effort may well

be needed to help the Falashas. Mr. President, how can we call for a united effort when we have failed to answer the call for united stance against genocide?

We must ratify the Genocide Convention now.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

Mr. PROXMIRE. Mr. President I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. EAST). Without objection, it is so ordered.

WELCOME TO THE MEMBERS OF THE CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE

Mr. BOSCHWITZ. Mr. President, I would like to welcome to the Senate today a very distinguished group we have visiting here from China. The group is the CPPCC, Chinese People's Political Consultative Conference.

The delegation leader is Mr. Wang Shoudao, and the deputy leader is Mr. Ping Jiesan. They are accompanied by His Excellency Chai Zemin, who is the Ambassador from the People's Republic of China to this country.

I want to welcome them particularly as the relationship between our countries grows warmer and more extensive. I want to make particular mention of Professor Wu Dakun, who received from President Roosevelt the Medal of Freedom because of his efforts in behalf of American flyers during World War II.

I believe there are unlimited opportunities for friendship, consultation, cooperation, and trade between the People's Republic of China and our country. The group here today met with the Committee on Foreign Relations, on which I am privileged to serve, for the last 2 hours. It is the presence of these groups, in these kinds of consultations, that will build the basis for a long and friendly relationship with the People's Republic of China and our own country.

So we welcome them to the United States and to Washington.

Mr. President, I ask unanimous consent that a list of the members of the delegation be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST OF DELEGATES

Mr. Wang Shoudao, Delegation Leader; Vice Chairman, Chinese People's Political Consultative Conference (CPPCC)

Mr. Ping Jiesan, Deputy Leader; Standing Committee Member, CPPCC; Deputy Director, Department of United Front Affairs of the Chinese Communist Party Central Committee

Mr. Sa Kongliao, Secretary-General; Standing Committee Member and Deputy-Secretary General CPPCC, Vice Chairman, China Democratic League

Mr. Wu Maosun, Standing Committee Member CPPCC; Vice Chairman, Kuomintang Revolutionary Committee

Mr. Jia Yibin, Standing Committee Member CPPCC; Vice Chairman, Kuomintang Revolutionary Committee

Mr. Shen Quihen, Standing Committee Member, CPPCC; Vice Chairman, Chinese Peasants and Workers Democratic Party

Mr. Huang Jiasi, Member, CPPCC; President, Chinese Academy of Medical Sciences; Professor; Vice Chairman, Chinese Medical Society

Mr. Wang Guangying, Member, CPPCC; Vice Chairman, China Democratic National Construction Association; Deputy Mayor of Tianjin

Mr. Wu Dakun, Member, CPPCC, Standing Committee Member, China Democratic National Construction Association; Professor of Economics, Chinese People's University

Ms. Bai Yang, Member, CPPCC; Leading Actress, Shanghai Film Studio

Mr. Ahu Qizhen, Deputy Director, Department of American and Oceanian Affairs, Ministry of Foreign Affairs

Mr. Lu Peixin, Deputy Division Chief, Department of American and Oceanian Affairs, Ministry of Foreign Affairs

Mr. Liang Huhua, Staff Member, Department of American and Oceanic Affairs, Ministry of Foreign Affairs

Mr. Zhu Zhixin, Secretary to Vice Chairman Wang Shoudao

THINNING THE "THIN BLUE LINE" AND MORE

Mr. HOLLINGS. Mr. President, the current administration talks a good bit about "the steady, ominous growth of crime in our Nation." It also talks about making Government fiscally sound through an array of budget cuts. But its proclamations are apparently contradictions of one another.

In the last several weeks this administration has growingly realized that their promise for a balanced budget in 1984 is rapidly fading. As a matter of fact, it is likely to be as high as $100 billion. So, where do we go from here? Well, the rumblings from the White House suggest further spending reductions. But what this administration and this White House fail to recognize is that they are cutting their nose to spite their face—especially with regard to law enforcement programs.

Our distinguished President went to New Orleans on September 28 to talk to the International Association of Chiefs of Police. And what did he say? He said to those law enforcement officers: "It's time for honest talk, for plain talk." He referred to "the thin blue line that holds back a jungle which threatens to reclaim this clearing we call civilization. No bands play when a cop is shooting it out in a dark alley."

And he went on further to say that he stood behind the law enforcement officers; he was ready, willing, and able to wage the war on crime. And why are criminals on a rampage? According to the President, "They do it because they believe no one will stop them."

Now, having given the promise to widen that long, thin blue line, what happens? We have the rhetoric, but what is the actual fact?

As Attorney John Mitchell put it best, the important thing is to "watch what we do, not what we say."

The President, doing his call for a new beginning, is actually gutting the very programs he wishes to defend.

On September 24, the President went to the Nation with his general plan for additional spending cuts to get us back toward the balanced budget; but today we see the details of his work.

With his further budget revisions, with his new beginning, what happens? He cuts the FBI by some 2,000 positions, reducing the special agent force by some 500 agents. That is not a new beginning, it is a tragedy. Ten years ago, we had 8,600 agents in the war against crime; now we have 7,700 in our rear-guard action versus crime. Right now the FBI is 184 agents under strength and last week the Justice Department put a hiring freeze on all new employees, including the FBI, the DEA, and the U.S. attorneys and marshals. As a result of the President's reductions the FBI has suspended all training classes for replacement agents after the one beginning this month.

The Drug Enforcement Administration is now facing the height of the drug smuggling season and at the same time the President is slashing its budget by $27 million which will necessitate a 2-week furlough for every DEA agent and other employees.

I do not know why it is—it is almost seasonal—but in November-December is when the smuggling begins. It started last year in my own home State and in Florida and everywhere else, just actually backing off a mother ship way off the coast and unloading on shrimp boats and small vessels. We saw it last year. We were trying to gear up for it this year. And right here at the height of the season, the President is slashing the budget.

In South Carolina, in my home of Charleston, we have only three agents to fight a constantly expanding drug smuggling operation. Two of the three cars available to these agents have been directed to be parked. They just said, "Park the cars until later in November."

And in Columbia, S.C., the office has been directed to park two of its four cars. Similar orders have been given to the Wilmington, N.C., and Savannah, Ga., offices, all because travel allowances have been drastically curtailed. Apparently we are going to have coast-to-coast parked cars.

A Federal judge brought it forcefully to my mind of a particular situation where they received information and got hold of the DEA and said, "Let's go after it." They said, "Sorry; against the rules; against the regulations. We have to keep the car parked. We can't put gas in the car and do anything about crime."

I have also heard that the Fort Lauderdale DEA office proposed to provide funds for gasoline for its cars by having a bake sale and a car wash. I guess the agents got together and said, "The dickens with this. We have got to do something, so we will put on a bake sale and a car wash and with the money get the necessary gasoline to enforce the law." So rather than having agents do their jobs by limiting drug traffic, apparently we have them washing cars and baking cakes.

To make matters worse, Mr. President, there was also some kind of official

memorandum issued restricting the purchase of fuel by any means other than from Federal funds. Maybe they will let them turn off the lights in the office and sit idly in the dark so they can at least save on energy cost.

They cannot even use the money from a bake sale. That is against the Federal law now to do their job.

They are forced, as I say, to sit in the office and write memos about drug smuggling and I guess appear as witneses up here in Washington telling everybody else how terrible the situation is. This all occurs because the administration thinks it is more important to achieve a balanced budget by cutting funds than by enforcing the Nation's drug laws.

Meanwhile, the smugglers operate on an unlimited budget with unlimited manpower and far superior equipment.

The U.S. attorney's office in South Carolina is currently 10 percent understaffed. I say this with great respect to our distinguished senior Senator, who is chairman of the Judiciary Committee, who is doing an outstanding job. "We are going to do something now, with the Reagan administration in." Senator THURMOND is chairman of the Judiciary Committee. I am at least the ranking minority member of the Justice Department's budget and appropriations. "Here, now, we are really going to do something about crime."

Instead, we are not only telling them to park their cars but we are not even staffing up the U.S. attorney's office.

They are constantly falling behind their caseload with no hope of catching up in light of the President's hiring freeze across the Nation.

How can we enforce the laws of our Nation wihout adequate numbers to prosecute the cases? Of course, if we are not going to catch those violating our laws, I guess we do not need the attorneys to prosecute them.

Is this really saving money? Let us talk some sense on law enforcement and budgets.

The rate of crime is high and still rising—it was 3 percent for the first 6 months of 1981—and without a strengthened effort, Americans are never going to be safe in their streets or safe in their homes. There can be no cutting back on special agents, on vital law enforcement, on antidrug programs, on procedures to make justice swift and severe. We have to do more, not less, and to pretend that cuts like these are going to somehow magically balance the budget is pure sham. We are going to need $100 billion to balance the budget and it is not going to come from cuts. Republicans know that, Democrats know that; everybody with any sense knows that here in the National Congress.

The problem with the budget is not the moneys we spend on law enforcement or other worthwhile programs, like school lunches, infant care, health and education, comprehensive health centers.

Mr. President, on yesterday we debated, and fortunately we in the appropriations could see and really understand the question, whether we were going to increase spending some $20 million or we were going to save about $40 million. How does that occur?

Well, in the comprehensive health center budget it has been cut by some $20 million. We were closing out and laying off, closing down the particular centers. My own home area is easily referred to and more accurately referred to. I have about 13,000 being treated at one center, 5,000 at McClellanville, and 22,000 of the poor and the disadvantaged being treated at the Sea Island center on Jones Island, S.C., just on the south side of Charleston.

That is about 40,000 patients reciving basic care at a cost of $240 a year each.

Now, Mr. President, that averages out to almost $10 million. What happens if we cut that out?

If we cut that out and we go immediately to patient care, that costs upwards of $1,200 per patient. In fact, I had a representative from the teaching hospital in the city of Charleston, the medical university of South Carolina, complaining that what we have now if we close one of the centers in town was an indigent hospital rather than a training hospital right there in the city. Of course, it would be, he said, six or seven times the particular cost.

We know from the figures that it would be about five times that, so instead of $10 million, it is going to be around $50 million.

Yes, we understand they are not all going to get the care. That is the real cruelty and the fallacy of this particular approach. Half will get the care and half will be denied. They will not be able to get into the hospital centers. That has always occurred in former years for those from the rural sections. There will be treated some 20,000 patients at a cost of about $1,200 each, or they will be spending about $24 million or $25 million rather than the $10 million. Actually, we are increasing the budget by trying to cut the spending. We are actually increasing spending. Because those individuals will seek, and get, health care from more expensive sources. So this $20 million we restored to the Labor, Health and Human Services and Education appropriations bill will actually save us a great deal of money. That is economy in Government.

I could take law enforcement, comprehensive health centers, maternal and child health care—I could go right down the list of women, infant and children feeding, all of these preventive type programs that really should be put into a category labeled "Government saves money." There is no question about it. Economically, however, they are very, very sound.

The problem with the budget is not the moneys that we spend on school lunches, infant care, and everything; the problem is the revenue hemorrhage induced by Mr. KEMP, Mr. ROTH and Mr. Stockman to an all too willing Congress last summer. They gave up $750 billion in revenues between now and 1986 and then with indexing thereafter they start a real revenue hemorrhage.

Now they say there is just no way to balance the budget or to bring high interest rates down without doing something to restore some of these revenues, or, rather, without doing something to spending cuts. I wish they would say something about restoring some of the revenues.

They come in and say—what? They say, "Spending cuts, spending cuts." They bring, if you please, financiers, bankers from Wall Street who met with the President on yesterday and TV and rhetorically say, "Mr. President, stick in there. Fight them. Hold tight to your program." Then they go back to Wall Street and vote with their pocketbooks against the program.

That is exactly what happens.

It reminds me of an interesting aside one time when President Kennedy was faced with this. He met with the Wall Street officials and everyone else. The economy was down. He was trying to put on a bright face to it. As they walked into the Oval Office, he said to all the business leaders, "Why, everything is looking up. It is turning around. My program is working. If I was not the President, I would be out there and I would be buying stocks and investing and investing."

The first speaker said, "Yes, Mr. President, if you were not here, we would be buying stocks and investing and investing, too."

That is exactly what the situation is.

It was further worsened this morning, Mr. President, when the President said that, after all, a balanced budget was only a goal and really it was not a promise.

Now we are getting the political double talk.

Let us go back to slightly less than a year ago at the election. Let us not go to the political pollsters; let us not go to the analyses and looking in depth and the psychoanalyses of the voters. Let us ask the voters themselves as they come out of the polls.

That is exactly what they did.

U.S. News & World Report on November 17 of last year, on page 39, reported what influenced a cross section of 12,782 voters coming immediately out of the polls and not being interviewed by one of these long pollster things but just bam: "Question, what issue was more important in deciding how you voted?"

Let us look at the Reagan voters with that 12.782.

The first reason given by those exiting the polls, "Inflation and the economy."

The second reason given was, "The balanced budget."

The third reason given was, "Unemployment."

The fourth reason was, "National defense, U.S. prestige around the world."

The fifth reason was, "Reducing Federal income tax."

That was only 13 percent. Thirteen percent of the President's supporters coming immediately out of the polls said, "I voted for Ronald Reagan because I wanted to reduce taxes."

My point is that what was really hoped for was that we would get down these high-interest rates, we would balance the budget. The President should not try to

finesse or submerge or dodge, if you please, that particular charge because when he makes the statement that it was only a hope and not a promise, what he is telling the American people is, as they perceive it, that we are never going to have the Government back in the black again.

As I pointed out, not only the $750 billion, but you trigger in indexing and it is financially, arithmetically impossible to balance the budget with spending cuts. In 1984, the entitlements, which the President has promised are going to remain undisturbed and even with minor adjustments—I could make some with COLA. I recommended some entitlement changes myself, not only in the Budget Committee, but debated on the floor here. But be that as it may, entitlements must be paid—$400 billion. Interest on the national debt must be paid—$100 billion.

National defense, with cuts, still totals $250 billion. That is with the President's cuts and more that are contemplated now by the chairman of the Committee on Appropriations. I am not necessarily endorsing that; I am trying to give the arithmetic of $750 billion just in three items, without any other departments of Government. And we only have revenues of $750 billion.

That is why Republican chairmen and Republican leaders have been going to the White House to plead commonsense with this administration. On the Democratic side, we have been dutifully respectful and quiet. This budget resolution should have been out and approved by October 1. We were chastised. When I was chairman of the Budget Committee last year, we were chastised for being late; we were derided for trying to play games and everything else like that.

We did come up with reconciliation, the first one passed and signed by Democratic President Jimmy Carter in December, cutting spending. We were heading for a $20 billion deficit rather than an $80 billion deficit.

In an election year, we had to talk about courage and sacrifice, and in an election year, we had foregone tax cuts. We said the first order of business is to get these interest rates down and get this economy moving.

They are changing it around. When the President said this, this morning, he is disillusioned with the American people. He is telling those on the edge of bankruptcy there is no hope.

I would hope, rather, that Representative KEMP, who says "we no longer worship at the shrine of the balanced budget," and Secretary Regan, with his cronies from Wall Street telling the President one way and voting the other way with their pocketbooks, will sober up.

This is a problem that is not going away, Mr. President. It is going to exacerbate or get worse. Yes, with a recession, interest rates will come down slightly, but with deficits of $100 and $165 billion, really, with the proper estimates for 1984, Mr. President, and higher deficits thereon, we are going to be in a tragic economic circumstance in this country. And there will be panic, there will be literal panic here next spring. We are trying to forestall that panic and we are asking the leadership, the administration and this President, to withdraw this vague statement of a balanced budget was only a goal and not a promise.

I ran last year, Mr. President, and I ran on the promise of a balanced budget. I heard that promise from candidate Reagan time and time again. It was reiterated in the campaign time and time again. It was verified by the Reagan voters as they came out to the polls; That was their number one reason. Reason five, with only 13 percent, was cutting taxes. The people are not looking for a revenue hemorrhage. They are not worried about what their tax bill is going to be in 1983 and 1984. They are worrying about surviving this winter in America, trying to do business.

I thank the Chair.

WHAT THE AMERICAN FLAG MEANS TO ME

Mr. MCCLURE. Mr. President, in July of this year, the Chamber of Commerce in Rupert, Idaho, held an essay contest on the subject "What the American Flag Means to Me." These contests are fairly common throughout the country, but the essay that won in Rupert seems to me to be truly uncommon. Mrs. Sue Child of Rupert wrote the winning essay, which is a tribute, not only to the flag but also to her father and to all the men and women who have served their country in a time of war. She has captured, with her words, the feelings that I think all of us share when we look upon our flag.

I ask unanimous consent to have the essay printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

WHAT THE AMERICAN FLAG MEANS TO ME!

Like so many people I get those thrilling feelings when I see our proud flag, but it's hard to put the reasons down on paper.

I feel the stirrings more this year because of some personal things that have happened so I feel I must try to relate my feelings to you.

My father was an Army man. He joined when he was seventeen, after just four years in the United States, having emigrated from Scotland where he was born. He served well and the service was good for him. He received an education and promotions came quite regularly. He was a Sgt. when I was born. I remember a good life and some sad times too. I remember my mother crying about something said on the radio—it was Dec. 7, 1941. My father comforted her and went overseas willingly when he was called. It was his job, also it was his country. My love for my country's flag began to grow.

I guess my father had some bad times at war (he neved talked to the children about them) but I do know he never wanted to have anything to do with guns again. He came home to more peaceful assignments and we put away our pot lids and other noisemakers that we used to celebrate VE Day and VJ Day and were grateful to a flag that returned our Daddy home to us. I saw others who weren't so fortunate. They had a star in their window and a black wreath on their door, but the sadness you could see in their eyes also held a pride that comes from knowing their loved one had served his country well. And I learned to be respectful of the meaning of my flag.

Later, when my father commanded a company of recruits training during the Korean conflict I looked forward to the days of the dress parade and seeing the battalion full dress uniform responding to the commands and marching proudly to the band stirring Sousa marches. Nothing can be more exciting than to see men proudly march after their flag and give their precise salute. I was aroused to the inspiration of my country's flag.

Then, after nearly 30 years of service, my Dad, then a Lt. Col., retired and I was impressed with the charity of the flag. It had appreciated his assistance and thanked him. I learned gratitude from the flag.

At this moment, my father lies in a hospital recovering from the amputation of his lower leg, brought on by a terrible disease and I am sad that he will never march to the "Stars and Stripes Forever" again, but I can and will do so proudly because of what he and my country's flag have taught me. Also I can instill in my children a love for a country that enables us to make something of ourselves and gives us the freedom to do it. I can teach them not to take this freedom for granted, but to be willing to stand for the things that are right and good. Not to "love it or leave it" as some have said, but to love it and help it become better when it needs to be better. They need to know and appreciate the proud heritage of our flag.

A flag is a country's emblem, but a flag is nothing without a great country behind it. A country cannot be great without dedicated people supporting it. I am proud to be a citizen of this glorious country. To me the flag means love, respect, inspiration, gratitude and proud heritage. It has earned my loyalty and I pledge to keep the tradition of my family by giving my allegiance for my country's flag.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2183. A communication from the Deputy Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, notice that the appropriation to the Department of Justice, Immigration and Naturalization Service, has been apportioned on a basis which indicates the necessity for an amended estimate of appropriation; to the Committee on Appropriations.

EC–2184. A communication from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the Extension Course Institute Course Materials Function at Gunter Air Force Station, Ala., and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–2185. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report with respect to a transaction involving United States exports to the United Mexican States; to the Committee on Banking, Housing, and Urban Affairs.

EC–2186. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report with respect to a transaction involving United States exports to Argentina and Paraguay; to the Committee on Banking, Housing, and Urban Affairs.

EC–2187. A communication from the Under Secretary of the Interior, transmitting, pursuant to law, notice on leasing systems for Oil and Gas Lease Sale No. 59, Mid-Atlantic, scheduled to be held on December 8, 1981;

to the Committee on Energy and Natural Resources.

EC–2183. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "What IRS Can Do To Collect More Delinquent Taxes"; to the Committee on Finance.

EC–2189. A communication from the Assistant Secretary of the Treasury (Administration), transmitting, pursuant to law, notice of a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–2190. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of legislation adopted by the Council on September 15, 1981; to the Committee on Governmental Affairs.

EC–2191. A communication from the Associate Commissioner of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, visa petitions which have been accorded third and sixth preference classification under section 204(d) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC–2192. A communication from the Acting Chairman of the Equal Employment Opportunity Commission, transmitting, pursuant to law, a report on the activities of the Commission's Office of Interagency Coordination for the period July 1, 1979 through June 30, 1981; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–571. A petition from citizens of Ohio, relative to licensing of CB radios; to the Committee on Commerce, Science, and Transportation.

POM–572. A resolution adopted by the Southern California Hearing Council, favoring full access to telephones for people who use hearing aids; to the Committee on Commerce, Science, and Transportation.

POM–573. A resolution adopted by the Senate of the State of Pennsylvania; to the Committee on Energy and Natural Resources.

"RESOLUTION

"Whereas, The Natural Gas Policy Act of 1978 (Public Law 95–621) calls for the gradual decontrol of natural gas prices through 1985; and

"Whereas, Efforts are being made to accelerate the schedule for the decontrol of natural gas prices; and

"Whereas, Accelerated decontrol of natural gas prices may cost Pennsylvania $10,600,000,000 more than gradual decontrol through 1985; and

"Whereas, Accelerated decontrol will cause commerce and industry to pay considerably more for natural gas for heat and process uses, resulting in decreased revenues and investment in the Commonwealth; and

"Whereas, Accelerated decontrol will cause natural gas prices to rise above that of oil, prompting natural gas users to switch to oil as an energy source and thus greatly increasing foreign oil payments; and

"Whereas, The loss of jobs in the Commonwealth may run into the hundreds of thousands; and

"Whereas, Accelerated decontrol will result in higher consumer prices for food, clothing, housing and other necessities; therefore be it

"Resolved, That the Senate of the Commonwealth of Pennsylvania opposes the accelerated schedule for the decontrol of natural gas price; and be it further

"Resolved, That copies of this resolution be delivered to the President of the United States, the Pennsylvania Congressional Delegation, the Speaker of the United States House of Representatives and the President of the United States Senate."

POM–574. A resolution adopted by the Assembly of the State of Wisconsin; to the Committee on Foreign Relations:

"1981 ASSEMBLY RESOLUTION 13

"Whereas, the current authoritarian government of El Salvador has violated those rights through the use of military force and political and social repression; and

"Whereas, the government of the United States continues to aid and abet the current regime with military and economic assistance, including the commitment of U.S. armed forces; and

"Whereas, the people of Wisconsin view with alarm our country's increasing involvement in the affairs of a sovereign state; now, therefore, be it

Resolved by the assembly, That the members of the assembly urge congress to terminate its military and financial support to the current government of El Salvador; and, be it further

Resolved, That duly attested copies of this resolution be transmitted to all members of congress from this state, the President of the United States, the U.S. Secretary of State, the secretary of the U.S. Senate and the chief clerk of the U.S. House of Representatives."

POM–575. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"MEMORIALIZING THE CONGRESS TO EXTEND THE VOTING RIGHTS ACT IN ITS PRESENT FORM

"Whereas, the key provisions of the 1965 Voting Rights Act will expire August 6, 1982, unless renewed by Congress; and

"Wheras, the Voting Rights Act is rightly considered the most effective civil rights legislation ever enacted in the United States; and

"Whereas, the Voting Rights Act has substantially increased the number of individuals voting in State, municipal, and National elections; and

"Whereas, the extension of the Voting Rights Act as the law of the land constitutes the single best assurance to all citizens of the United States that their participation in the American political process will be guaranteed; and

"Whereas, the extension of the Voting Rights Act will allay the fears of many groups that a regression of voting rights may occur if the Act is not extended; therefore be it

"Resolved, That the Massachusetts House of Representatives hereby urges the Congress of the United States to extend the Voting Rights Act in its present form; and be it further

"Resolved, That copies of these resolutions be forwarded by the clerk of the House of Represntatives to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. O'Neill, Speaker of the U.S. House of Representatives; the Honorable Strom Thurmond, Chairman of the Senate Judiciary Committee; the Honorable Peter W. Rodino, Jr., Chairman of the House Judiciary Committee; and to the Members of the Congressional Delegation from Massachusetts."

POM–576. A petition from a citizen of Los Angeles, California, relative to union violence in America; to the Committee on Labor and Human Resources

POM–577. A petition from a citizen of Topeka, Kansas, relative to union violence in America; to the Committee on Labor and Human Resources.

POM–578. A petition from a citizen of Clarksville, Tennessee, relative to union violence in America; to the Committee on Labor and Human Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. QUAYLE:

S. 1821. A bill to terminate the Department of Education, to define the responsibility for Federal educational assistance, and for other purposes; to the Committee on Governmental Affairs.

By Mr. MCCLURE (for himself and Mr. SYMMS):

S. 1822. A bill to provide for the minting of coins having a denomination of ten dollars with a design emblematic of the two hundred and fiftieth anniversary of the birth of George Washington; to the Committee on Banking, Housing, and Urban Affairs.

S. 1823. A bill to amend the Omnibus Reconciliation Act of 1981 and Strategic and Critical Materials Stock Piling Act, to assure an adequate supply of silver to the United States in times of national emergency and that excess supplies are disposed of in a manner that minimizes the potential for market disruptions while providing maximum revenues to acquire other stockpile materials that are in short supply; to the Committee on Armed Services.

By Mr. CHILES (for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, Mr. ZORINSKY, and Mr. CRANSTON):

S.J. Res. 120. A joint resolution directing the President to assure an adequate flow of affordable credit to small borrowers; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. QUAYLE:

S. 1821. A bill to terminate the Department of Education, to define the responsibility for Federal educational assistance, and for other purposes; to the Committee on Governmental Affairs.

EDUCATIONAL ASSISTANCE AGENCY ACT

Mr. QUAYLE. Mr. President, I am today introducing a bill to eliminate the Department of Education and to move the majority of its functions into other, previously existing, departments and agencies. This is a small test to see if the Congress will actually reduce Government's role in general and the Federal involvement in education specifically.

The Department of Education has been in existence for slightly over 2 years. The very existence of a Cabinet-level Depart-

ment of Education invites a philosophical argument. Is education a Federal responsibility or does that responsibility properly lie with States and local communities?

I suggest that education is a function of States and local communities, and a concern—an important concern—of the Federal Government.

The new federalism as accepted by the American people, did not envision more centralization of the Government. It did not envision power grabs by Washington bureaucrats and well-heeled lobbyists. The new federalism is the resumption of the identities of our States and cities, and their acceptance of responsibilities.

During the past two decades we have witnessed an unprecedented erosion of power from local communities to Washington. This culminated in the creation of the Cabinet-level Department of Education in 1979. It is most unfortunate that there are those more concerned about Federal power, regulations, and further intrusions into our school systems than they are concerned about the quality of education.

Our primary focus must be quality education and our children. Yet during the past discussions of education in Congress, the debate has not been centered on our children, but on how big and how expensive the new Cabinet-level Department of Education might ultimately be. This unfortunate turn has resulted in the crisis in which we now find our educational system.

This bill is intended to demonstrate that this very important concept has not been forgotten. The concept of returning responsibility for teaching our children to the most local possible level of government is part and parcel of the new federalism of which President Reagan has spoken, requiring a review of the changing role of the Federal Government and its relationship to the States, to local governments, and to our citizens.

The story of the birth of the Department of Education is not glorious. It was a campaign promise made by Jimmy Carter to the National Education Association in return for the NEA's political support.

After passing the Senate easily, a bill establishing this Department passed the House Committee on Government Operations by one vote, with a close vote on the floor of the House.

On October 17, 1979, President Carter made good on his promise and signed the bill into law.

The reasons I opposed the bill in the House of Representatives are the same reasons I am introducing this bill in the U.S. Senate. The well-documented feeling throughout this land that the Federal Government had gotten too big and too powerful, is magnified by the establishment of this department.

I suspect that the involvement of most Americans is limited to two areas: They vote, and they belong to the PTA, or some similar organization.

In most communities the last vestige of the uniquely American town meeting is the local school board. Nonprofessionals run for positions on the board of education and meet regularly to discuss problems, hear complaints from the parents of students, and find solutions.

A parent can go to the local school board meeting and have a fair hearing on a complaint. That parent will be less effective in presenting a problem if it has to be heard at the State capital. And certainly, bringing a complaint to Washington is often an educational experience of a wholly different type.

Carolyn Warner, who is the superintendent of public instruction for the State of Arizona, said in a speech that many people "believe they have no control over the Federal Government."

Speaking about the Federal role in education, she said that he had no quarrel with most of the programs, but—

> We are arguing against the intolerable rules and regulations and paperwork and cost of implementing each of those programs in their minutest bureaucratic detail.

Superintendent Warner said that the State of Arizona receives 8 percent of its funding from the Federal Government and receives 86 percent of its paperwork and administrative costs from Washington.

She said "A Federal system of education is going to lead us to educational mediocrity."

Let me now address the specifics of my bill. First, it repeals Public Law 96–88 which established the Department of Education. The bill will spread most of the functions of the Department into existing departments and agencies according to the following schedule:

Student Loans to Treasury;

Programs for the handicapped to HHS.

Libraries to HHS.

Foreign language programs to State.

International programs to State.

DOD schools and impact aid to Defense.

Telecommunications to Commerce.

Education statistics to Commerce.

Museums to National Foundation for the Arts.

National Institute of Education to NSF.

College housing loans to HUD.

Veterans cost of instruction to VA.

Other programs will be placed into the Federal Education Assistance Agency which will be established by this bill. The FEAA will contain the new education block grant, elementary and secondary education programs, and higher education programs other than student loans.

This bill requires a 20-percent, across-the-board personnel reduction and further requires a careful accounting of the use of consultants who will be included in full-time equivalents to reach the 20-percent reduction figure.

I am looking forward to hearings in the Senate Education Subcommittee and the Senate Committee on Governmental Affairs. This Department should never have been established. Now is the time to rectify that error.

Finally I am hopeful that, contrary to the past administration which delved in Government reorganization and that Government reorganization resulted in the creation of the Department of Education and the Department of Energy, with the new administration, the new federalism, the idea of decentralization that Government reorganization will result in the elimination of both these Departments.

I cannot think of a better area to begin to firmly establish what is a State responsibility and what is a Federal responsibility. Education is a State and local responsibility. Certainly it is a concern of the Federal Government and Senators and Congressmen, but it is not our primary function or responsibility.

The National Governors Association recently endorsed the concept of returning the entire funding of education to the States, a concept that certainly goes with merit, a concept that is intriguing and one that should be fully explored as we discuss this legislation.

Mr. President, I hope that we will be able to gain the support and begin the dialog now. The time for focusing our attention on Government reorganization and regulations and the proper role of Washington, States, and local communities, is well overdue.

Mr. President, I ask unanimous consent that the bill and a section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1821

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Assistance Agency Act".

TITLE I—GENERAL PROVISIONS

FINDINGS AND PURPOSE

SEC. 101. (a) The Congress finds that—

(1) parents have the primary responsibility for the education of their children, and States, localities, and educational institutions have the responsibility for supporting that parental role;

(2) the primary public responsibility for education belongs to the States, the local school systems, and other instrumentalities of the States; and

(3) a Cabinet-level Department of Education threatens to preempt the role of parents, localities, and the States in determining policy for education.

(b) It is the purpose of this Act to terminate the Department of Education and to define the responsibility of the Federal Government in education as one of assistance and support through the establishment of the Education Assistance Agency, and thereby to recognize the primary responsibility of parents, States, localities, and educational institutions in determining educational policy.

FEDERAL-STATE RELATIONSHIPS

SEC. 102. (a) It is the intention of the Congress to protect the rights of State and local governments and public and private educational institutions in setting educational policies and administering programs and to strengthen and improve the control of such governments and institutions over their own educational programs and policies.

(b) No provision of law regarding a program administered by the Director or by any other officer of the Agency shall be construed to authorize the Director or any other Federal officer to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, over any accrediting agency or association, or over the selection or content of library resources, textbooks, or other instructional materials by any educational

institution or school system, except to the extent authorized by law.

(c) No funds provided under any program administered by any Federal officer or agency may be suspended, terminated, or otherwise withheld from any educational institution, school, or school system on the basis of any requirement relating to curriculum, program of instruction, administration, the selection of library resources, textbooks, or other instructional materials, except to the extent specifically authorized by law.

DEFINITIONS

SEC. 103. As used in this Act, unless otherwise indicated by the context—

(1) the term "Agency" means the Education Assistance Agency or any component thereof;

(2) the term "Director" means the Director of the Education Assistance Agency;

(3) the term "Deputy Director" means the Deputy Director of the Education Assistance Agency;

(4) the term "function" includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program;

(5) the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands;

(6) the term "private educational institutions" refers to independent, nonpublic, and private institutions of elementary, secondary, and postsecondary education; and

(7) the term "office" includes any office, institute, council, unit, organizational entity, or component thereof.

TITLE II—ESTABLISHMENT OF THE AGENCY

ESTABLISHMENT; DIRECTOR

SEC. 201. There is established, as an agency of the executive branch of the Federal Government, the Education Assistance Agency. The Agency shall be administered, in accordance with the provisions of this Act, under the supervision and direction of a Director. The Director shall be appointed by the President, by and with the advice and consent of the Senate.

OTHER PRINCIPAL OFFICERS

SEC. 202. (a) There shall be in the Agency a Deputy Director who shall be appointed by the President, by and with the advice and consent of the Senate. During the absence or disability of the Director, or in the event of a vacancy in the office of the Director, the Deputy Director shall act as Director. The Director shall designate the order in which other officials of the Agency shall act for and perform the functions of the Director during the absence or disability of both the Director and the Deputy Director or in the event of vacancies in both offices.

(b) There shall be in the Agency 2 Assistant Directors, who shall be appointed by the President, by and with the advice and consent of the Senate. Each Assistant Director shall be responsible for the administration of such Federal assistance programs as may be assigned to him by the Director.

(c) The Director may establish not more than 2 Divisions in the Agency. Each Division shall be headed by an Assistant Director.

OFFICE OF GENERAL COUNSEL

SEC. 203. There shall be in the Agency a General Counsel, who shall be appointed by the Director. The General Counsel shall provide legal assistance to the Director concerning the programs and policies of the Agency.

OFFICE OF INSPECTOR GENERAL

SEC. 204. There shall be in the Agency an Office of Inspector General, established in accordance with the Inspector General Act of 1978 (as amended by section 506(1) of this Act).

FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

SEC. 205. (a) There is established a Federal Interagency Committee on Education.

(b) The committee shall assist the Director in coordinating to policies, procedures, and programs of the Agency and other Federal departments and agencies administering educational programs. The Committee shall make recommendations designed to avoid unnecessary duplication of activities and repetitive collection of data.

(c) The Committee shall be composed of the Director who shall chair the Committee, and the senior policymaking officials from the Federal agencies, commissions, and boards which the President determines are appropriate for membership on the Committee.

(d)(1) The Committee shall meet at least twice each year.

(2) The Director and the head of each department and agency represented on the Committee under subsection (c) shall furnish necessary assistance to the Committee.

TITLE III—TRANSFERS OF AGENCIES AND FUNCTIONS

TRANSFERS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SEC. 301. There are transferred to the Secretary of Health and Human Services all functions of the Secretary of Education and the Department of Education under—

(1) the Rehabilitation Act of 1973 as transferred to the Secretary of Education under section 301(a)(4)(A) and (C) of the Department of Education Organization Act;

(2) the Act of June 20, 1936, commonly referred to as the Randolph-Sheppard Act (20 U.S.C. 107 et seq.);

(3) the Education of the Handicapped Act;

(4) the Library Services and Construction Act;

(5) the National Commission on Libraries and Information Science Act; and

(6) all laws relating to the relationship between (A) Gallaudet College, the American Printing House for the Blind, the Model Secondary School for the Deaf, the Kendall Demonstration Elementary School, and the National Technical Institute for the Deaf, and (B) the Department of Education.

TRANSFERS TO THE DEPARTMENT OF COMMERCE

SEC. 302. (a)(1) There is transferred to the Department of Commerce the National Center for Education Statistics. There are transferred to the Secretary of Commerce all functions of the Secretary of Education and the Department of Education with respect to or being administered by the National Center for Education Statistics including all functions of—

(A) the Advisory Council on Education Statistics; and

(B) each component of the Advisory Council on Education Statistics.

(2) The Secretary of Commerce shall assure that the collection of data pursuant to the functions transferred by paragraph (1) of this subsection is not repetitive.

(b) There are transferred to the Secretary of Commerce all functions of the Secretary of Education and of the Department of Education under subpart A of part IV of title III of the Communications Act of 1934 with respect to telecommunications demonstration programs.

TRANSFERS TO THE DEPARTMENT OF DEFENSE

SEC. 303. (a) There are transferred to the Secretary of Defense all functions and activities relating to—

(1) the operation of schools for dependents of the Department of Defense under the Defense Dependents' Education Act of 1978,

(2) the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), relating to Federal impact aid, and

(3) the Act of September 23, 1950 (Public Law 815, Eighty-first Congress), relating to Federal impact aid for construction.

(b) The Secretary of Defense is authorized to enter into such interagency agreements with the head of other departments or agencies to administer any portion of the functions and activities transferred to the Secretary under clauses (2) and (3) of subsection (a), as the Secretary determines to be necessary and appropriate.

TRANSFERS TO THE DEPARTMENT OF THE TREASURY

SEC. 304. There are transferred to the Secretary of the Treasury all functions of the Secretary of Education and the Department of Education under part B of title IV of the Higher Education Act of 1965, relating to the guaranteed and insured student loan programs.

TRANSFERS TO THE DEPARTMENT OF STATE

SEC. 305. There are transferred to the Secretary of State all functions of the Secretary of Education and the Department of Education under title VI of the Higher Education Act of 1965, and all other functions of the Office of International Education of the Department of Education.

TRANSFERS TO THE NATIONAL SCIENCE FOUNDATION

SEC. 306. There are transferred to the National Science Foundation the National Institute of Education and all functions of the Secretary of Education and the Department of Education with respect to or being administered by the National Institute of Education, and all other constituent components of the National Institute of Education such as the National Council on Educational Research.

TRANSFERS TO THE NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

SEC. 307. There are transferred to the National Foundation on the Arts and the Humanities the Institute of Museum Services and all functions of the Secretary of Education and the Department of Education relating to the Institute of Museum Services.

TRANSFERS TO THE VETERANS' ADMINISTRATION

SEC. 308. There are transferred to the Administrator of the Veterans' Administration all functions of the Secretary of Education and the Department of Education under section 420 of the Higher Education Act of 1965, relating to veterans cost-of-instruction program.

TRANSFERS TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SEC. 309. There are transferred to the Secretary of Housing and Urban Development all functions relating to college housing loans under title IV of the Housing Act of 1950.

TRANSFERS TO THE GENERAL SERVICES ADMINISTRATION

SEC. 310. There are transferred to the Administrator of the General Services Administration all functions of the Secretary of Education and of the Department of Education under section 203(k) of the Federal Property and Administrative Services Act of 1949 with respect to donations of surplus property for educational purposes.

TRANSFERS TO THE OFFICE OF MANAGEMENT AND BUDGET

SEC. 311. There is transferred to the Office of Management and Budget the Federal Education Data Acquisition Council. There are transferred to the Director of the Office of Management and Budget all functions of the Secretary of Education and the Department of Education with respect to or being administered by the Federal Education Data Acquisition Council.

TRANSFERS TO THE AGENCY

SEC. 312. (a) There are transferred to the Director of the Education Assistance Agency—

(1) all functions of the Secretary of Education and of the Department of Education under—

(A) the Elementary and Secondary Education Act of 1965;

(B) the Education Consolidation and Improvement Act of 1981;

(C) the Higher Education Act of 1965 (other than section 420, part B of title IV, and title VI);

(D) the Vocational Education Act of 1963;

(E) the Education Amendments of 1978; and

(F) laws relating to the relationship between (i) Howard University, and (ii) the Department of Education; and

(2) except as explicitly provided otherwise in this Act, all functions of the Secretary of Education, and all functions of the office of the Secretary of Education and of the Department of Education, and of any officer or component of the Department.

(b) There are transferred to the Director all functions of the Secretary of Education with respect to the Office of the Secretary of Education, including the Fund for the Improvement of Postsecondary Education.

INCIDENTAL TRANSFERS; EFFECT OF TRANSFERS

SEC. 313. (a) Whenever any function is transferred by this title to a department or agency, or to the head of a department or agency, any office or unit of the Department of Education which was principally responsible for administering such function is transferred to such department or agency.

(b) Any advisory committee of the Department of Education giving advice or making recommendations that primarily concern functions transferred to a department or agency, or to the head of a department or agency, is transferred to such department or agency.

(c) The transfer of a function or office from an officer or office to the head of any department or agency, or to the department or agency, includes any aspects of such function or office vested in a subordinate of such officer or in a component of such office.

TITLE IV—ADMINISTRATIVE PROVISIONS

PART A—PERSONNEL PROVISIONS

OFFICERS AND EMPLOYEES

SEC. 401. The Director is authorized to appoint and fix the compensation of such officers and employees, including attorneys, as may be necessary to carry out the functions of the Director and the Agency. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws under title 5 of the United States Code and their compensation fixed in accordance with title 5 of the United States Code.

EXPERTS AND CONSULTANTS

SEC. 402. The Director may, as provided in appropriation Acts, obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and may compensate such experts and consultants at rates not to exceed the daily rate prescribed for GS–18 of the General Schedule under section 5332 of such title.

PERSONNEL REDUCTIONS

SEC. 403. (a) For the purpose of this section, full-time equivalent personnel positions include—

(1) all full-time personnel employed by the Agency;

(2) all part-time personnel employed by the Agency calculated on the basis of full-time equivalent positions; and

(3) all experts and consultants employed under section 3109 of title 5, United States Code, employed to perform functions of the Director or the Agency, calculated on the basis of full-time equivalent positions for the number of hours worked by such experts and consultants.

(b) At the end of the first three-month period beginning after the effective date of this Act and for each of the fiscal years thereafter the number of full-time equivalent personnel positions available for performing functions transferred by this Act (other than teachers employed in schools for dependents of the Department of Defense) shall not exceed 80 percent of the number of full-time equivalent personnel positions available for performing such functions in the fiscal year 1981.

PART B—GENERAL ADMINISTRATIVE PROVISIONS

GENERAL AUTHORITY

SEC. 411. (a) In carrying out any function transferred by this Act, the Director, or any officer or employee of the Agency, may exercise any authority available by law (including appropriation Acts) with respect to the function to the official or agency from which the function is transferred. Any action of the Director in exercising such authority shall have the same force and effect as when exercised by such official or agency.

(b) The Director shall be the principal advisor to the President on education matters.

DELEGATION; REALLOCATION OF FUNCTIONS

SEC. 412. (a) Except as otherwise provided in this Act, the Director may delegate any function to such officers and employees of the Agency as the Director may designate, and may authorize such successive redelegations of such functions within the Agency as may be necessary or appropriate. No delegation of functions by the Director under this section or under any other provision of this Act shall relieve the Director of responsibility for the administration of such functions.

(b) The Director is authorized to allocate or reallocate functions among the officers of the Agency, and to establish, consolidate, alter, or discontinue such organizational entities within the Agency as may be necessary or appropriate.

REGULATIONS

SEC. 413. (a) The Director is authorized to issue regulations—

(1) relating to the discharge of duties specifically assigned to the Director under this Act;

(2) relating to proper fiscal accounting for funds appropriated under this Act and the method of making payments authorized under any Act relating to the payments to be made by the Director; and

(3) which are deemed necessary to reasonably insure that there is compliance with the specific requirements and assurances required by any Act authorizing programs to be administered by the Agency.

(b) In all other matters relating to the details of planning, development, implementing and evaluating programs and projects by State and local educational agencies the Director shall not issue regulations, but may consult with appropriate State, local, and private educational agencies. Upon request, the Director shall provide technical assistance and information designed to promote the development and implementation of effective instructional programs and to otherwise assist in carrying out the purposes of this Act and any Act authorizing the programs administered by the Agency.

(c) No regulation issued pursuant to this Act shall have the standing of a Federal statute for the purpose of judicial review.

CONTRACTS

SEC. 414. (a) Subject to the provisions of the Federal Property and Administrative Services Act of 1949, the Director is authorized to make, enter into, and perform such contracts, grants, leases, cooperative agreements, or other similar transactions with Federal or other public agencies (including State and local governments) and private organizations and persons, and to make such payments, by way of advance or reimbursement, as the Director may determine necessary or appropriate to carry out functions of the Director or the Agency.

(b) Notwithstanding any other provision of this Act, no authority to enter into contracts or to make payments under this title shall be effective except to such extent or in such amounts as are provided in advance under appropriation Acts.

RELATIONSHIP TO GENERAL EDUCATION PROVISIONS ACT

SEC. 415. Except where inconsistent with the provisions of this Act, the General Education Provisions Act shall apply to functions transferred by this Act to the extent applicable on the day preceding the effective date of this Act.

TITLE V—TRANSITIONAL, SAVINGS, AND CONFORMING PROVISIONS

TRANSFER AND ALLOCATION OF APPROPRIATIONS AND PERSONNEL

SEC. 501. Except as otherwise provided in this Act, the personnel employed in connection with, and the assets, liabilities, contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available in connection with the functions and offices, or portions thereof transferred by this Act, subject to section 202 of the Budget and Accounting Procedures Act of 1950, shall be transferred to the appropriate department or agency for appropriate allocation. Unexpended funds transferred pursuant to this subsection shall be used only for the purposes for which the funds were originally authorized and appropriated.

EFFECT ON PERSONNEL

SEC. 502. Except as otherwise provided in this Act, the transfer pursuant to this Act of full-time personnel (except special Government employees) and part-time personnel holding permanent positions shall not cause any such employee to be separated or reduced in grade or compensation for three months after the date of transfer.

INCIDENTAL TRANSFERS

SEC. 503. (a) The Director of the Office of Management and Budget is authorized and directed to make such determinations as may be necessary with regard to the functions, offices, or portions thereof transferred by this Act, and to make such additional incidential dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, offices, or portions thereof, as may be necessary to carry out the provisions of this Act. The Director of the Office of Management and Budget shall provide for the termination of the affairs of any entity terminated by this Act and for such further measures and dispositions as may be necessary to effectuate the purposes of this Act.

(b) After consultation with the Director of the Office of Personnel Management, the Director of the Office of Management and Budget is authorized, at such time as the Director of the Office of Management and Budget provides, to make such determinations as may be necessary with regard to the transfer of positions within the Senior Executive Service in connection with functions and offices transferred by this Act.

SAVINGS PROVISIONS

SEC. 504. (a) All orders, determinations, rules, regulations, permits, grants, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act; and

(2) which are in effect at the time this Act takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with the law by the President, the Director, the head of a department or agency to which a function is transferred under this Act, or other authorized official, a court of competent jurisdiction, or by operation of law.

(b)(1) The provisions of this Act shall not affect any proceedings, including notices of proposed rulemaking, or any application for any license, permit, certificate, or financial assistance pending on the effective date of this Act before any department, agency, commission, or component thereof, functions of which are transferred by this Act; but such proceedings and applications, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Director, the head of a department or agency to which a function is transferred under this Act, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Director or the head of a department or agency to which a function is transferred under this Act is authorized to promulgate regulations providing for the orderly transfer of proceedings continued under paragraph (1).

(c) Except as provided in subsection (e —

(1) the provisions of this Act shall not affect suits commenced prior to the effective date of this Act, and

(2) in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and effect as if this Act had not been enacted.

(d) No suit, action, or other proceeding commenced by or against any officer in the official capacity of such individual as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in the official capacity of such officer shall abate by reason of the enactment of this Act.

(e) If, before the date on which this Act takes effect, any department or agency, or officer thereof in the official capacity of such officer, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Director or to the head of any other department or agency then such suit shall be continued with the Director or other appropriate official substituted or added as a party.

(f) Orders and actions of the head of the department or agency in the exercise of functions transferred under this Act shall be subject to judicial review to the same extent and in the same manner as if such orders and actions had been by the agency or office, or part thereof, exercising such functions immediately preceding their transfer. Any statutory requirements relating to notice, hearings, action upon the record, or administrative review that apply to any function transferred by this Act shall apply to the exercise of such function by the Director or the head of the department or agency to which the function is transferred by this Act.

REFERENCE

SEC. 505. With respect to any function transferred by this Act and exercised on or after the effective date of this Act, reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Director, other official, or component of the Agency or to the head of the department or other agency to which this Act transfers such functions.

CONFORMING AMENDMENTS

SEC. 506. (a) Section 19(d)(1) of title 3, United States Code, is amended by striking out the following: ", Secretary of Education".

(b) Section 101 of title 5, United States Code, is amended by striking out the following:

"The Department of Education.".

(c) Section 5312 of title 5, United States Code, is amended by striking out the following:

"Secretary of Education.".

(d) Section 5314 of title 5, United States Code, is amended by striking out the following:

"Under Secretary of Education.".

(e)(1) Section 5315 of title 5, United States Code, is amended by striking out the following:

"Assistant Secretaries of Education (6).

"General Counsel, Department of Education.

"Inspector General, Department of Education.".

(2) Section 5315 of such title is amended by adding at the end thereof the following new item:

"Director, Education Assistance Agency.".

(f)(1) Section 5316 of title 5, United States Code, is amended by striking out the following:

"Additional officers, Department of Education (4).

"Administrator of Education for Overseas Dependents, Department of Education.".

(2) Section 5316 of such title is amended by adding at the end thereof the following new items:

"Deputy Director, Education Assistance Agency.

"Assistant Directors, Education Assistance Agency (2).".

(g)(1) Section 1410(b) of the Defense Dependents' Education Act of 1978 is amended by striking out "The Secretary of Education, in consultation with the Secretary of Defense," and inserting in lieu thereof "The Secretary of Defense".

(2) Section 1411(a) of such Act is amended to read as follows:

"(a) There is established in the Department of Defense an Advisory Council on Dependents' Education (hereinafter in this section referred to as the 'Council'). The Council shall be composed of—

"(1) the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics (hereinafter in this section referred to as the 'Assistant Secretary'), who shall be the chairman of the Council;

"(2) twelve individuals appointed by the Assistant Secretary, who shall be individuals versed by training or experience in the field of primary or secondary education and who shall include representatives of professional employee organizations, school administrators, sponsors of students enrolled in the defense dependents' education system, and one student enrolled in such system; and

"(3) representatives from overseas military commands and from educational organizations as designated by the Assistant Secretary.".

(3) Section 1411(b)(1) of such Act is amended by striking out "Secretary of Education" and inserting in lieu thereof "Assistant Secretary".

(4) Section 1411(c) of such Act is amended—

(A) by striking out clause (2);

(B) by redesignating clauses (3), (4), and (5) as clauses (2), (3), and (4), respectively; and

(C) by striking out "Secretary of Education" in clause (4) (as redesignated in clause (2) of this subsection) and inserting in lieu thereof "Assistant Secretary".

(5) Section 1412(a)(2) of such Act is amended by striking out "two years after the effective date of this title" and inserting in lieu thereof "January 1, 1983".

(6) Section 1412(c) of such Act is amended by striking out "one year after the effective date of this title" and inserting in lieu thereof "January 1, 1983".

(h)(1) Section 203(a)(1) of the Rehabilitation Act of 1973 is amended by striking out "the Secretary of Education,".

(2) Section 507 of such Act is amended by striking out "the Secretary of Education,".

(i)(1) Section 2(1) of the Inspector General Act of 1978 is amended—

(A) by striking out "the Department of Education,";

(B) by striking out "and" after "the Small Business Administration,"; and

(C) by inserting a comma and "and the Education Assistance Agency" after "the Veterans' Administration".

(2) Section 9(a)(1)(C) of such Act is amended to read as follows:

"(C) of the Education Assistance Agency, all functions of the Inspector General of Education relating to functions transferred by section 301 of the Education Assistance Agency Act;".

(3) Section 11(1) of such Act is amended—

(A) by striking out "Education,";

(B) by striking out "or" after "Transportation" and inserting in lieu thereof a comma; and

(C) by inserting "or the Director of Education Assistance," after "Veterans' Affairs,".

(4) Section 11(2) of such Act is amended—

(A) by striking out "Education,";

(B) by striking out "or" after "Transportation" and inserting in lieu thereof a comma;

(C) by striking out "or" after "the Small Business Administration,"; and

(D) by inserting "or the Education Assistance Agency," after "the Veterans' Administration,".

REPEALER

SEC. 507. The Department of Education Organization Act is repealed.

EFFECTIVE DATE

SEC. 508. The provisions of this Act shall take effect 90 days after the date of enactment of this Act.

SECTION-BY-SECTION ANALYSIS OF THE QUAYLE BILL TO TERMINATE THE DEPARTMENT OF EDUCATION

TITLE I—FINDINGS AND PURPOSE

Sec. 101. Congress finds that parents have the primary responsibility for the education of their children; States and local governments have the responsibility for supporting that parental role; and the Federal role is one of assistance and support. A Cabinet-level Department of Education threatens to preempt the role of parents, States and localities in determining policy for education.

Sec. 102. It is the intention of the Congress to protect the rights of States and local governments and other educational institutions in setting educational policies. No provision of law regarding any Federal program may be construed to authorize Federal direction, supervision or control over the curriculum, program of instruction or personnel of any school or educational system. No funds provided under any Federal program may be suspended on the basis of any requirement relating to curriculum, instruction or library resources.

Sec. 103. Provides definitions of terms used in this Act.

TITLE II—ESTABLISHMENT OF AN EDUCATION ASSISTANCE AGENCY

Sec. 201. There is established an Education Assistance Agency as a part of the executive branch of the Federal Government. The Agency shall be headed by a Director, appointed by the President with consent of the Senate.

Sec. 202. In addition to a Director, there shall be a Deputy Director and two Assistant Directors, all appointed by the President with the consent of the Senate.

Sec. 203. The Agency shall have a General Counsel.

Sec. 204. The Agency shall have an Inspector General.

Sec. 205. There is established a Federal Interagency Committee on Education, to coordinate Federal programs and insure that there is no duplication of activities or repetitive collection of data.

TITLE III—TRANSFERS OF FUNCTIONS FROM THE DEPARTMENT OF EDUCATION

Sec. 301. Transferred to Health and Human Services:

Programs for the handicapped;

Library services;

National Commission on Libraries;

Gallaudet, American Printing House for the Blind, Model Secondary School, Kendall and N.T.I.D.

Sec. 302. Transferred to Commerce:

Education statistics;

Telecommunications demonstration programs.

Sec. 303. Transferred to Defense:

DOD dependents schools;

Impact aid.

Sec. 304. Transferred to Treasury: Guaranteed Student Loans.

Sec. 305. Transferred to State:

Foreign language programs;

International programs.

Sec. 306. Transferred to National Science Foundation: National Institute of Education.

Sec. 307. Transferred to National Foundation on the Arts: Museum services.

Sec. 308. Transferred to Veterans Administration: Veterans cost-of-instruction programs.

Sec. 309. Transferred to Housing and Urban Development: College housing construction loans.

Sec. 310. Transferred to Government Services Agency: Surplus property for educational purposes.

Sec. 311. Transferred to Office of Management and Budget: Federal Education Data Acquisition Council.

Sec. 312. Transferred to the Education Assistance Agency:

Primary and secondary school programs;

Higher education programs (other than GSL);

Vocational education;

Howard University;

Education block grant;

Other programs not specifically transferred from Department of Education.

Sec. 313. Whenever a function is transferred, any office in the Department of Education responsible for that function is also transferred.

TITLE IV—ADMINISTRATIVE PROVISIONS

Sec. 401. The Director may appoint officers and employees to carry out the function of the Education Assistance Agency, in accordance with the civil service laws.

Sec. 402. The Director may use experts and consultants, in accordance with Federal law.

Sec. 403. Personnel reductions. The total full time equivalent of consultants and regular personnel performing functions transferred under this Act shall be reduced by 20%, at the end of the first three-month period beginning after the Act becomes effective.

Sec. 411. General authority for carrying out the functions of the Agency is given to the Director. The Director shall be the principal advisor to the President on education matters.

Sec. 412. The Director may delegate any function within the Agency as may be necessary.

Sec. 413. The Director is authorized to issue regulations relating to duties specifically assigned under this Act, and relating to proper accounting procedures. In all other matters, the Director shall not issue regulations, but may consult with local officials to offer technical assistance and information. No regulation issued under this Act shall have the standing of a Federal statute for the purpose of judicial review.

Sec. 414. The Director is authorized to enter into contracts.

Sec. 415. The General Education Provisions Act shall apply to functions transferred by this Act to the extent applicable before the transfer.

TITLE V—TRANSITION

Sec. 501. Personnel and assets employed in connection with transferred functions shall be transferred with those functions.

Sec. 502. Personnel transferred by this Act may not be separated or reduced in grade for the first three months after the date of transfer.

Sec. 503. The Director is authorized to make incidental transfers as necessary.

Sec. 504. Orders and contracts in effect at the time of transfers shall continue in effect according to their terms.

Sec. 505. Conforming references to other Federal law.

Sec. 506. Conforming amendments to other Federal law.

Sec. 507. The Department of Education Organization Act, which created the Department, is repealed.

Sec. 508. This Act shall take effect 90 days after the date of enactment.

By Mr. CHILES (for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, Mr. ZORINSKY, and Mr. CRANSTON):

S.J. Res. 120. Joint resolution directing the President to assure an adequate flow of affordable credit to small borrowers; to the Committee on Banking, Housing, and Urban Affairs.

(Remarks on this legislation appear elsewhere in today's RECORD.)

By Mr. McCLURE (for himself and Mr. SYMMS):

S. 1822. A bill to provide for the minting of coins having a denomination of $10 with a design emblematic of the 250th anniversary of the birth of George Washington; to the Committee on Banking, Housing, and Urban Affairs.

S. 1823. A bill to amend the Omnibus Budget Reconciliation Act of 1981 and Strategic and Critical Materials Stock Piling Act, to assure an adequate supply of silver to the United States in times of national emergency and that excess supplies are disposed of in a manner that minimizes the potential for market disruptions while providing maximum revenues to acquire other stockpile materials that are in short supply; to the Committee on Armed Services.

THE GEORGE WASHINGTON COMMEMORATIVE COIN ACT OF 1981; NATIONAL SECURITY SILVER ASSESSMENT AND DISPOSAL ACT OF 1981

Mr. McCLURE. Mr. President, today I am joined by my colleague, Senator SYMMS in introducing two pieces of legislation aimed at assuring that any sale of silver from the strategic stockpile would be done in a manner that would not adversely affect the silver market.

Over the past 5 months the issue of the silver sale has been greatly publicized, and rightfully so. Back in June, the Wall Street Journal reported on the then proposed silver sale, "little debate is expected on either floor as the silver sales are relatively minor items in the 1982 budget reconciliation bills." The Wall Street Journal was wrong, and as I stated before, I am not alone in opposition to the sale of silver. Senator SYMMS, Congressman CRAIG, Congressman HANSEN and I have not let this issue die.

We have been joined by many other Members of Congress as well as a vast number of people all over the country, including the State of Idaho. All of us are keeping the pressure on to stop the sale of silver, or at least to redirect the silver sale so it will not depress the market price. Introduction of these two bills is not the end of our efforts.

Back on June 8, 1981, I introduced S. 1338, a bill which would restructure the quantity of materials stockpiled. My legislation addresses the core of the problem. That problem is that whenever an administration is looking for a way to bring in revenues or to obtain dollars to purchase other minerals for the stockpile, it changes the goals of materials so that an excess of materials is declared and sold off.

It is like a minerals slush fund, and this year the excess material is silver. My legislation would prevent this by giving Congress direct involvement in setting stockpile goals to insure that we have adequate strategic minerals available during a time of crisis. The time to worry about strategic mineral availability is now, not during a crisis when a shortage of minerals might cause the United States to alter foreign policy. I believe this bill will enable us to meet our own demands in time of a national emergency.

Recognizing the importance of silver to our national security, the legislation I introduced would result in a 1-year supply of silver imports. In fact, the quantity of all materials to be stockpiled would be based on one crucial element, our import dependence. For silver, this would mean a stockpile goal of 81,520,000 ounces of silver.

Less than 3 weeks after this legislation was introduced, I testified before the Senate Armed Services Subcommittee on Preparedness on my bill and in opposition to the administration's proposal to sell the silver currently stockpiled. The most frustrating circumstance

at the time of my testimony was the fact that the Senate Armed Services Committee had already included the President's proposal in the budget cuts which were pending before the Senate. While the Senate Armed Services Committee made no recommendations because it had not completed a review, it appeared that my testimony and efforts to defeat the sale of silver could not succeed. I still did not give up.

During the consideration of the budget cuts, I addressed the provision which gave the President the authority to sell the silver. My first inclination was to offer an amendment which flatly would deny this authority, but while talking to my colleagues on the Senate floor, I realized I did not have the votes to achieve such a goal. The best that I could achieve was the amendment offered, and adopted, which stops the sale of silver after September 1982 unless the President meets a very tough series of requirements.

Realizing the need for more ammunition with which to fight and make other Congressmen aware of the problem. I requested on July 1, 1981 a study on the affects and consequences of the Government's proposed silver sale. This request was directed to the General Accounting Office (GAO), the congressional investigating bureau.

Preliminary results of the GAO study have cast very serious doubts upon the sale of silver from the strategic stockpile, to the method being used to sell the silver and to the criteria on which the sale is justified. More specifically, GAO's efforts to date have:

First. Identified demand for silver during periods of national emergency that have not been considered;

Second. Identified uncertainties relating to the availability of both domestic and foreign supplies that have not been addressed;

Third. Found that the data used to support the zeroing of the strategic silver stockpile is extremely soft;

Fourth. Found that the war scenario, upon which the due stockpile goals are established is being reevaluated due to the Sadat assassination.

While the preliminary investigations touched on many important factors, I would like to take the time to mention a few more key findings such as:

The sale has raised the wrath of our major foreign suppliers including Peru, Mexico, and Canada, all of whom have protested to the U.S. State Department;

GAO recommends alternatives to the silver sale such as the legislation I introduced which would restructure the quantity of stockpiled materials, as well as a coinage program.

Lastly, Mr. President, GAO indicated that the sale of silver should be postponed and that alternatives to selling the silver on the open market should be explored. All of these facts are the basis for the two bills Senator SYMMS and I are introducing today.

Both pieces of legislation call for the immediate halt of silver sales which are presently being conducted by the General Services Administration. The alternative proposed is the sale of silver in the form of minted coins which would be legal tender, and which, I might add, will greatly benefit the taxpayer.

The first bill is a modification of an earlier bill I introduced, which calls for the minting of silver coins to commemorate the 250th anniversary of the birth of George Washington. I introduced this earlier bill on May 20 (S. 1288) and on May 19, the same bill (H.R. 3484) passed the U.S. House of Representatives. The modified version that Senator SYMMS and I are introducing today halts the sale of silver under the present method and require a coinage program to commemorate George Washington's 250th birthday. The silver to be used in minting of these coins would be transferred from GSA to the Department of Treasury.

The second bill also halts the sale of silver until the President reassesses the zeroing of the silver stockpile goal. In conjunction with the amendment I offered to the Omnibus Reconciliation Act of 1981, this requires the President to report to Congress on his reassessment no later than September 1, 1982. The legislation we propose today would require that if the President still maintains that the silver is in excess of this country's needs, the sale can only occur through a coinage program. Within 3 months a report from the Department of Treasury, in consultation with members of the numismatic community and commodities industries, is required to recommend a coinage program.

Mr. President, let us restate that we are adamantly opposed to the sale of silver and the present attitude that we have no need for silver in our strategic stockpile. We emphasize that should the administration continue its current actions on the sale of silver, we will continue our efforts to stop the sale, and at the very least, require a method of sale which would provide the greatest return to the people of this country.

Mr. President, I ask unanimous consent that the bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1822

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "George Washington Commemorative Coin Act".

SEC. 2. Title I of the Coinage Act of 1965 (31 U.S.C. 391 et seq.) is amended by adding at the end thereof the following:

"SEC. 109. (a) Notwithstanding any other provision of law, the Secretary shall mint and issue ten dollar coins pursuant to this section in such quantities as are necessary to meet the needs of the public.

"(b)(1) Coins minted pursuant to this section shall weigh 26.73 grams, have a diameter of 38.10 millimeters, a thickness of 2.90 millimeters, and be minted in accordance with the standard established in section 3514 of the Revised Statutes (31 U.S.C. 321).

"(2)(A) The Secretary shall determine the design which shall appear on each side of coins minted under this section. Both such designs shall be emblematic of the two hundred and fiftieth anniversary of the birth of George Washington.

"(B) On each such coin there shall be designation of the value of the coin, an inscription of the year '1982', and inscriptions of the words 'Liberty', 'In God We Trust', 'United States of America', and 'E Pluribus Unum'.

"(3) All coins minted pursuant to this section shall be legal tender as provided in section 102 of this title (31 U.S.C. 392).

"(C) All coins minted pursuant to this section shall be sold to the public by the Secretary under such regulations as he may prescribe and at a price equal to the cost of minting and distributing such coins (including labor, material, dies, use of machinery, promotion, and overhead expenses) plus a surcharge of not more than 20 per centum of such cost.

"(d) For the purpose of this Act, the President shall transfer to the Secretary of the Treasury one million fine troy ounces of silver now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act which is excess to strategic needs. Such transfer shall be made at the market value on the date or dates of transfer of each fine troy ounce of silver so transferred.

"(e) Not withstanding any other provision of law, no disposals of silver from the U.S. Strategic and Critical Materials Stock Pile, shall be made, except for the purposes of carrying out the provision of this act.

"(f) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

S. 1823

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Security Silver Assessment and Disposal Act of 1981."

FINDINGS

SEC. 2. The Congress finds that—

(1) the availability of silver is essential to the national security, economic well being, and industrial production of the United States;

(2) the United States is not self-sufficient with regard to silver, and in times of a national emergency, foreign sources of supply may be needed to meet total industrial, military, and essential civilian needs;

(3) the United States is strongly interdependent with other nations through international trade which with respect to silver and stockpile disposals have the potential of causing adverse international repercussions;

(4) in terms of the amount of certain materials that are still needed in the Strategic and Critical Materials Stockpile is seriously deficient, and at the present rate of funding, it will be many years before the stockpile's goals are filled;

(5) the volatile nature of the international political climate frequently causes changes in military planning and that this in turn may cause changes in the assumptions upon which the stockpile's goals are based. Such changes influence the size of the stockpile and should be anticipated in decisions to sell the silver that is on hand;

(6) computation of stockpile goals relies heavily on estimates of silver production, making it imperative for stockpile planners to have reliable data on reserves, existing capacity, and lead times to add capacity for both domestic and foreign supply sources;

(7) the sale of any excess silver in the stockpile in the form of legal tender coins could (a) realize hundreds of millions of dollars in additional revenue over existing competitive procedures and this additional revenue would be available to acquire other strategic and critical materials, (b) avoid undue disruptions of the usual silver producing, processing and consuming market, both domestic and foreign, and (c) better assure that the silver shall be made available to smaller investors and for domestic consumption.

DECLARATION OF POLICY

SEC. 3. (a) The Congress declares that it is the continuing policy of the United States to provide for the acquisition and retention of certain strategic and critical materials to preclude, when possible, a dangerous and costly dependence by the United States upon foreign sources for supplies in times of national emergency.

(b) In the event a material in the stockpile is found to be excess, the Congress reaffirms its policy of avoiding undue market disruptions in disposing of the excess material. At the same time, the Congress believes that methods of disposal should be explored which will provide maximum revenues for the National Defense Stockpile Transaction Fund to acquire other needed strategic and critical materials.

(c) The Congress further declares that any silver in the stockpile should be disposed of in a form and quantity that (1) can be afforded by and that is readily available to a large number of U.S. citizens and (2) will be used primarily for domestic consumption instead of displacing silver already in the world market.

AMENDMENTS TO SECTION 201 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981

SEC. 4. (a) Section 201(e) of the Omnibus Reconciliation Act of 1981 (Public Law 97–35) is amended to read as follows:

(e) "Except for disposal under the authority of subsections (a)(7), (b)(1), and (c)(1) made after the date of the enactment of the National Security Silver Assessment and Disposal Act of 1981, any disposal under the authority of subsection (a), (b), or (c) shall be carried out in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.). Disposals under the authority of subsections (a)(7), (b)(1), and (c)(1) after the date of the enactment of the National Security Silver Assessment and Disposal Act of 1981, shall be carried out under the provisions of subsection (f)(4) of this Act as amended."

(b) Section 201(f) of the Omnibus Reconciliation Act of 1981 (Public Law 97–35) is amended to read as follows:

(1) The authority contained in subsections (b)(1) and (c)(1) shall not become effective unless the President not later than September 1, 1982, determines that the silver authorized for disposal by such subsections is excess to the requirements of the stockpile as of that date. No disposals shall be made under the authority contained in subsection (a)(7) after the effective date of the enactment of the National Security Silver Assessment and Disposal Act of 1981, unless the President redetermines, not later than September 1, 1982, that the silver authorized for disposal by such subsection is excess to the requirements of the stockpile.

(2) A determination by the President under paragraph (1) shall be based upon consideration of such factors as the President considers relevant, including the following factors:

(A) The demand for silver to meet defense, essential civilian, basic industrial, and monetary requirements, taking into account the most recent "Defense Guidance" used by the Department of Defense in programming general purpose conventional forces as well as historical monetary uses of silver as a medium of payment to foreign workers and troops during times of national emergency.

(B) The projected magnitude of the increase in production as well as the accuracy and reliability of the data used in projecting increases in both domestic and reliable foreign production capacity, taking into account the lead times associated with expanding capacity and obtaining such requirements as the necessary labor, equipment, transportation, and energy.

(C) The current reliability of supplies from foreign sources and the economic and security implications resulting from our dependence on these sources of supply in times of national emergency taking into account the probability of a supply disruption or sharp price increase and its impact on the U.S. economy or a national priority such as defense.

(D) The need for silver in the stockpile during the next 10 year period taking into account long-term supply and demand projections of the Bureau of Mines, U.S. Department of Interior.

(3) If the President makes a determination as described in paragraph (1), he shall report to the Committees on Armed Services of the Senate and House of Representatives that he has made such a determination and shall include a detailed discussion and analysis of the factors set forth in paragraph (2) and other relevant factors.

(4)(A) Pursuant to paragraph (1), should the President taking into account the factors specified in paragraph (2) find the silver to be excess to stockpile needs and not withstanding any other provision of law, the silver shall be disposed of by minting legal tender, bullion coins in such quantities as necessary to dispose of the excess silver.

(B) The authority contained in subsection (f)(4)(A) shall not become effective until the Department of the Treasury, taking into consideration such pertinent factors as the fluctuating value of silver over time and importance of maximizing public demand, reports not later than 3 months after the date of enactment of the National Security Silver Assessment and Disposal Act of 1981, to the Committees on Armed Services and Banking, Housing, and Urban Affairs of the Senate and House of Representatives (i) the design that shall appear on each side of the coin, (ii) the size of the coin, (iii) the silver content and percentage of purity, (iv) the face of each coin that is to be minted and (v) the timeframes and quantities to be sold. In compiling its report, the Department of Treasury shall consult with representatives of the numismatic, investment and precious metal commodities industries.

(C) All coins minted pursuant to this section shall be exchanged at a price equal to the greater of (1) the face value of such coins; or (2) the amount calculated by the Secretary of the Treasury to include all costs of manufacture, plus a surcharge of not more than 20 per centum of such cost and shall be distributed to the public through established domestic precious metal dealers.

(D) All proceeds from the coinage sale shall be deposited into the National Defense Stockpile Transaction Fund solely for the acquisition of strategic and critical materials under Sec. 6(a) of the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98e).

(E) The Comptroller General of the United States or any duly authorized representative, shall have access for purposes of monitoring, audit, and examination, to any books, records, papers and documents of any Federal agency pertaining to the silver coinage program.

AMENDMENTS TO SECTION 202 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1981

SEC. 7. Section 202 of the Omnibus Reconciliation Act of 1981 (50 U.S.C. 98d note) is amended by inserting the following:

(c) There are authorized to be appropritaed such sums as may be necessary to carry out the provisions of Sec. 201, subsection (f)(4). Such appropriations shall come solely from the National Defense Stockpile Transaction Fund established under Sec. 9 of the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98h.)

ADDITIONAL COSPONSORS

SENATE JOINT RESOLUTION 34

At the request of Mr. GOLDWATER, the Senator from North Carolina (Mr. HELMS) and the Senator from Nevada (Mr. CANNON) were added as cosponsors of Senate Joint Resolution 34, a joint resolution to provide for the designation annually of "National Patriotism Week."

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public that the subcommittee oversight hearing on America's role in the world coal export market (Pacific Rim countries) previously scheduled for Friday, November 13, has been postponed until Tuesday, December 1, at 9:30 a.m. An additional day of oversight hearings has been scheduled on the domestic coal transportation network for Thursday, December 3, at 9:30 a.m.

The subcommittee has also scheduled a hearing to consider S. 1660, to validate certain oil placer mining claims in Hot Springs County, Wyo., on Tuesday, November 24, at 9 a.m.

All of the subcommittee hearings will be held in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy and Mineral Resources, Room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding these hearings you may wish to contact Mr. Roger Sindelar of the subcommittee staff at 224–4236.

AUTHORITY FOR COMMITTEE TO MEET

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Friday, November 6, to conduct an oversight hearing to consider the implementation of title I of the Natural Gas Policy Act of 1978.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

VETERANS DAY

● Mrs. KASSEBAUM. Mr. President, since 1926 when Congress officially proclaimed Armistice Day as a national holiday, we as a nation have honored our veterans and war heroes on November 11 of each year. Armistice Day was originally intended as a celebration of the end of the "war to end all wars." With the passage of time and two intervening wars, it became a day for honoring all Americans who served in the Armed Forces during our Nation's wars.

American soldiers have been engaged in conflict many times, but the longest period of war in our history was our participation in the Indochinese war from 1962 to 1975. In that war, 8,744,000 American men and women served. An enormous number were killed in action or died from other causes—over 57,000—and over 303,000 came home wounded.

Despite our long involvement and the heavy toll in lives and suffering, there was at the conclusion of the Vietnam war no public celebration or recognition of the heroic sacrifices which had been made by our men and women in the armed services as there had been at the end of previous wars in our lifetime. Furthermore, in the years since the war ended, we have not as a nation publicly expressed the country's appreciation to the heroic Americans who served in Indochina, even though our people have privately felt their individual gratitude.

As another bitter war was drawing to an end, Abraham Lincoln urged our people to "bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan." In that spirit, let the Congress rededicate itself to those programs which answer the material and spiritual needs of those who served in Indochina and their loved ones. Further, let the whole Nation on this Veterans Day, 1981, join in special remembrance of the American veterans who served in Indochina from 1962 to 1975.●

FOREIGN POLICY AND ETHNIC INFLUENCE

● Mr. KENNEDY. Mr. President, during the recent AWACS debate, questions were raised regarding the patriotism of Jewish-Americans who expressed their opposition to the arms sale to Saudi Arabia. I reject absolutely such unworthy appeals, which attempt to label the basic constitutional right to petition as something dishonorable. Americans of all faiths and political parties pursued their opposition to the Saudi arms sale honorably and in the best tradition of our country and our Constitution.

In a recent Boston Globe op-ed article, Philip Perlmutter, executive director of the Jewish Community Council of Metropolitan Boston, refutes such charges, and correctly points out that past efforts by self-proclaimed "patriots" to silence ethnic and other minority groups have posed the real threat to freedom and democracy in America. As he states:

Whether real or imagined, minority group activities and thinking were never as dangerous to American democracy as the wide-ranging repressive and aggressive actions inflicted upon the individuals and groups in the name of national defense and patriotism. Unfortunately, our history as a nation has been tarnished by various alien and sedition acts, nativist riots and lynchings, Palmer raids, McCarthy witch hunts.

Mr. President, we cannot condone tactics that raise the worst spectre of religious prejudice, blaming dissent over public policy on differences of reiligious faith. I believe that Mr. Perlmutter's observations are a valuable reminder to us all of the injustice of such charges, and of the danger that such charges pose to our constitutional process, our Nation, and our people. I ask that his article be printed in the RECORD.

The article follows:

[From the Boston Globe, Oct. 29, 1981]

SIZING UP ETHNIC INFLUENCE

(By Philip Perlmutter)

(History has shown that ethnic groups have never had the political power critics ascribed to them. Whenever ethnic interests conflicted with American, the latter won out.)

Throughout American history various religious, racial and ethnic groups have been charged with disloyalty, dual loyalty or no loyalty. They have been criticized for any emotional, political or financial support of the "old country," for holding religious or political beliefs allegedly contrary to America's well-being, for ensnaring us in or shirking from foreign wars, for lacking the essential social, intellectual and biological makeup necessary for being a true American and even for plotting and conspiring to overthrow the government.

In recent months, criticism has been made by some rather distinguished political figures:

In a foreign affairs article, Sen. Charles Mathias Jr. of Maryland wrote that ethnic political influence has "proven harmful to the national interests" and "generated both unnecessary animosities and illusions of common interest where little or none exists."

Rep. Paul McCloskey of California was more specific, claiming that the Israeli lobby "has controlled the Congress" on Israeli issues.

These are serious charges, just as they were when articulated by earlier nativists. Unlike them, however, Mathias claims to admire "ethnicity." It's their politics which bother him. Similarly, McCloskey believes that lobbying "is not dishonorable," except in foreign affairs when done by one side only.

From the spirit and substance of both congressmen's views, it would seem that foreign policy was and is adversely determined only by ethnic groups; no mention is made of other pressure groups: industry, military, agriculture, oil, or (in the case of McCloskey) the Arab lobby. It is as if there would be no rancor or difference over what constitutes the nation's best interests, except for ethnics and descendants thereof.

For all the questions, charges and accusations (past and present), history has shown that ethnic, religious and racial groups have never had the political power critics ascribed to them and that whenever ethnic interests conflicted with American ones, as defined by government, the latter won out.

Clearer still are the frustrations and failures of ethnic petitions, pressures and politics. The Irish could not stop American-British rapprochement at the turn of the century; nor could American-Germans keep us out of World War I; nor could American-Germans and Italians on the one hand and American-English and French on the other keep us out of or bring us into World War II; nor could Poles, Czechs, Slovaks, Lithuanians, Latvians, Slovenes, Estonians, or Finns propel America into liberating their homelands from Russian influence or domination.

Nor could emigres and American-Cubans convince President Kennedy to remain committed to the overthrow of Castro or to maintain support of their secret military forces in Miami. Even the fate of the AWACS has not been determined solely by Jewish organizational opposition or by pro-Arab or US industrial-military support.

Historically, minorities always faced the dilemma of whether or not to speak up in spite of the critcisms leveled against them, no ethnic or minority group has called for or formed a political party (as in other countries). They worked within the established political parties. Similarly, ethnic groups have never been all on one or another side of an issue. So it was in the Revolutionary and Civil Wars; but during wars abroad they always rallied around the flag, fighting their overseas kinsmen, even though some of their American relatives were interned, as with Japanese, Germans, Italians and Aleuts.

Whether real or imagined, minority group activities and thinking were never as dangerous to American democracy as the wide-ranging repressive and aggressive actions inflicted upon individuals and groups in the name of national defense and patriotism. Unfortunately, our history as a nation has been tarnished by various alien and sedition acts, nativists riots and lynchings, Palmer raids, McCarthy witch hunts.

The fact remains that for all of the accusations, vituperation and prejudice against religious, racial and ethnic groups, the latter have never been guilty of disloyalty, subversion, espionage, or destructive of the structures and operations of American government—even though governmental statutes and laws were often used to discriminate, exclude, restrict, and even expel them.

Unfortunately, we seem to be again reaching a point where a "patriot" is, as A. A. Milne said, one "who thinks other people are not patriots." ●

A TRIBUTE TO SELMA HOLZMAN

● Mr. SARBANES. Mr. President, after more than two decades of dedicated and distinguished service to the Washington metropolitan area community, Selma Holzman of Chevy Chase, Md., is about to retire. Mrs. Holzman has served as television associate of the Jewish Community Council. In that capacity, charged with the responsibility for bringing information about Jewish culture and religion to radio and television audiences in and around the Nation's Capital, she has worked tirelessly to bring about a greater sharing of ideas and values in the local community, and the community has benefited greatly from her efforts.

Mrs. Holzman has brought great talent and high ideals to her work, and it is not difficult to see how she acquired them Her mother Ida Silverman, was a member of the founding generation of Hadassah, her father, Archibald Silverman, was a Zionist leader in New England, where the family lived, and was renowned there is a story teller.

Mr. President, our Nation is a unique fact in the world's history. It not only embraces many cultures and religions but recognizes the unique benefits and opportunities that such diversity confers. As individuals, we are enriched by knowledge of and respect for our own traditions and the traditions of our fellow citizens. As a nation, we derive our fundamental strength from self-respect and mutual respect, which lie at the heart of our open, democratic society.

For more than 20 years Selma Holzman has contributed brilliantly to our understanding of ourselves and of others. She is now retiring from her position at the Jewish Community Council, and on November 9, 1981, will be honored at the meeting of the delegate assembly of the Jewish Community Council of Greater Washington for her years of dedicated service. I am privileged to join in recognizing her service to the community and wishing her well in all future endeavors.●

RENEGOTIATION OF THE UNITED STATES-JAPAN MUTUAL SECURITY TREATY

○ Mr. HELMS. Mr. President, during the course of debate on the economic and security assistance bill on October 22, I engaged in a colloquy with the distinguished chairman of the Foreign Rela-

tions Committee with regard to the United States-Japan Mutual Security Treaty. In order to meet the parliamentary requirement to make the issue the pending business, I introduced an appropriate resolution calling upon Japan and the United States to redouble their efforts to resist the challenges of the Soviety Union to security in Asia, calling upon Japan to increase its defense expenditures as a tangible sign of its commitment to peace and security, and suggesting that the Mutual Security Treaty be renegotiated so as to establish a full partnership between our two nations in defense matters.

Mr. President, there is nothing in itself exceptionable about such a proposal. I am not alone in making such a suggestion. I perceive a broad-based sentiment among my colleagues for making the treaty a bilateral treaty instead of a unilateral treaty. The idea has been discussed in diplomatic and academic circles of the highest standing. For example, in a recent publication of the Heritage Foundation, one of our most eminent and influential study institutes, the former Minister of State for the Japanese Defense Agency, the Honorable Asao Mihara, made an identical suggestion. Mr. Mihara said:

First of all, I do not think it will be possible to cope with the present situation using strategic concepts of twenty years ago. The Pacific and Indian Oceans have merged into a single strategic theater. Continuing the legal concept of "Far East" as stipulated in the Treaty is no longer applicable to the realities of the present situation. Secondly, and far more importantly, we must reconsider the unilateral nature of the present treaty.

I wholeheartedly agree with the distinguished gentleman. We cannot expect a treaty that was written to fit a strategic situation of two decades ago to be workable today. Moreover, there is the obvious fact that Japan is much more able to play a stronger role. As Mr. Mihara said:

No true alliance or mutual defense can exist when the protection is unilateral, even if a country is protected by a friendly nation. When any one country unilaterally depends upon such protection, offered by a friendly nation, it is not an alliance in the full meaning of the term.

Mr. President, this is the key point. Renegotiation of the treaty is not a proposal to abandon Japan. It is a proposal for a mature Japan to assume the normal responsibilities of a free and independent nation.

This is exactly the same point that was made a few months ago by former President Jerry Ford. President Ford said:

As Japan analyzes its own security and the broader ramifications, it will ask the question—Are we doing enough? As the United States must sacrifice and do more, so must Japan reassess its status if it is to be a coequal partner with the United States and the NATO allies and assume its proper role vis-a-vis multiplying Soviet power . . . We must recognize our proper responsibilities and meet them as part of a "Grand Alliance" of all free nations committed to the principles of peace and freedom, to progress, and to a better future.

Moreover, Mr. President, it was only a few months ago that 37 Senators signed a joint letter to the Japanese Prime Minister indicating that Japan should and must do more for its self-defense.

Such distinguished authorities hardly need any defense from the Senator from North Carolina. Everyone in Washington knows, for example, the role played by the Heritage Foundation in providing the intellectual underpinning for the Reagan administration throughout the transition and during the current period. The former Minister of State for the Japanese Defense Agency is an expert who knows better than anyone else what Japan's defense problems are. President Ford is thoroughly familiar with the problems from the U.S. side.

Yet, in the past few days a number of Japanese newspapers have been printing stories suggesting that my initiative in this matter was an isolated event manipulated by certain Japanese personalities, and therefore should be ignored. Some even went so far as to say that this information had been supplied to them by the U.S. State Department.

Mr. President, I ask that translations of three excerpts from such stories be printed at this point in the RECORD.

The excerpts follow:

THE MAINICHI, NOVEMBER 1

According to the U.S. State Department the U.S. has no intention of seeking such action and considers the submission of such a resolution damaging to relations between our countries. The reason Helms withdrew the resolution under strong pressure from Senator Percy is because if the fact that even the draft was written by a right-wing Japanese LDP member (Nakao) and writer it would be a disgrace to the U.S. Congress according to U.S. and Japanese sources.

YOMIURI, NOVEMBER 1

An embassy spokesman in Washington confirmed that Mr. Kase met with Senator Helms and other members of Congress in mid-September in order to persuade them to pass a resolution for revising the treaty. The U.S. government was aware of such a move and therefore contacted the Japanese embassy saying this would not be helpful to U.S.-Japan relations and that U.S. relations would be hurt by the Helms resolution.

ASAHI, NOVEMBER 2

The Japanese embassy has been contacted unofficially by the U.S. government saying that a Japanese writer was involved in the preparation and submission of a resolution calling for the revision of the Security Treaty which was submitted and later withdrawn. The U.S. government spokesman stated "The U.S. government will not comment on each move by the U.S. Congress but does welcome the fact that the resolution was withdrawn in the end". The embassy spokesman stated that the U.S. government after notifying them of Mr. Kase's involvement told them that the Helms resolution was not a constructive step toward maintaining good relations between the two countries.

Mr. HELMS. Mr. President, I think even the quickest reading will show that these alleged news accounts are pure fantasy. First of all, they show no familiarity with routine events of parliamentary procedure in the Senate. The purpose of introducing the amendment was technical so that the debate with the distinguished chairman—a debate which was prearranged with his cooperation—could take place in the context of security assistance questions. The common purpose, shared by both the chairman and me, was to afford an opportunity to put on record the fact that hearings would take place on United States-Japan security questions in the Foreign Relations Committee. Such hearings will be a continuation of the long-standing interest of many Senators in this matter, as the chairman pointed out. There is no conceivable way that the resolution or the hearings could damage United States-Japanese relations. Moreover, the device of putting forward an amendment, debating the issue, and then withdrawing it is a well-known convention on the Senate floor, familiar to anyone who has the slightest acquaintance with Senate debates.

Second, these news accounts allege that the proposal was written either by a distinguished member of the Japanese Diet, Mr. Nikao, or by a Japanese scholar, Mr. Kase. Now I met Mr. Nikao when he came here a few years ago, but I have not had the pleasure of seeing him since then. Similarly, I do not know Mr. Kase. I have never met him, and I certainly was not present at any meeting at which he spoke, if he did speak.

Third, the news accounts seem to agree that this false information was provided to them or to the Japanese Embassy by the U.S. State Department. Now I recognize that the attribution to the State Department might be just as inventive a fantasy as the rest of it. But even if it were so, I am surprised that any newspaper correspondent would accept an unverified statement by a faceless bureaucrat as an expression of U.S. foreign policy. It is well known that many such bureaucrats are out of sympathy with the policies of the Reagan administration, and are acting on a hidden agenda designed to embarrass the President and the Secretary of State. The newspapermen who printed this story could well be unwitting and credulous collaborators in an attempt to undermine U.S. policy and disrupt relations between the United States and Japan.

Indeed, Mr. President, I am well-versed in the canons of ethics of the newspaper profession, since I spent many years in that role myself, both gathering and writing news, and behind the editorial desk. If I were a newspaper editor today, and a reporter brought me such a story, I would fire him immediately. In fact, if I were a newspaperman who had written such a story, bringing disgrace upon my country and my profession through my ignorance and failure to ascertain the facts, I would resign immediately. I do not see how any reporter who turned in such a story, dishonoring the newspaper and the profession, could ever hold up his head in front of his colleagues again.

In conclusion, Mr. President, I once again call upon Japan to heed the voices in this country who are seeking to place our defense relationship on a more stable basis. All that we seek is to make Japan equal partners in the fight for security and freedom. If Japan continues to ignore that call, Japan's relationship with the United States will be very, very deeply disrupted.●

THE NEW UNEMPLOYMENT RATE

Mr. KENNEDY. Mr. President, today's figure on unemployment is the worst news for the economy in the past 6 years. The unemployment rate has surged to 8 percent across the Nation, a rise of half a point in a single month.

In Massachusetts, the rate climbed even more steeply, from 6.4 to 7.9 percent in the past month—the largest increase in any of the 50 States.

The soaring rate of unemployment is yet another system of our sick economy. In his Labor Day address to the Nation, the President promised that his economic program would bring "jobs, jobs, jobs and more jobs." But so far, what we have seen is "lost jobs, lost jobs, lost jobs and more lost jobs."

We are witnessing the disintegration of the Reagan economic policy. Their plan just will not work. It was flawed from the beginning. They pledged to restore prosperity. But instead they have given us what is likely to be the worst economic mess since the Great Depression—an unremitting assault of high interest rates, high inflation, rising unemployment, huge budget deficits, and now a serious recession.

The "misery index"—the sum of the inflation rate and the unemployment rate—is one of the measures President Reagan himself used in his campaign last year to describe the distress in our economy. When the President took office last January, the misery index stood at 15.8 percent. Today it has climbed to 22.4 percent, an increase of over 40 percent in 9 short months.

The time has come for the administration to take off its rose-colored economic glasses and confront the crisis caused by its failing economic program.

Above all, the President must put his own house in order. His policy is divided three ways against itself, as tensions and conflicts escalate among the budget-balancers, the supply-siders, and the monetarists in the administration's councils—each tugging the President in a different direction on the economy. The President must choose. The administration must speak with a single voice on economic policy, not the three-headed monster we hear today.

As the President once asked, are we better off today than we were before? In November 1981, the answer is clearly no. Millions of Americans are far worse off today than they were in January when the President took office. The question the President asked has now come back to haunt him, and it is time he found a better answer.

What the country needs is a serious economic policy to deal with our serious economic problems. We do not need more tax increases or deeper spending cuts that hurt the middle class and the unemployed. What we do need is realistic steps to bring interest rates down and to stop this recession before any more workers lose their jobs.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to consider Calendar No. 250, Senate Resolution 192; Calendar No. 227, S. 778; Calendar No. 356, Senate Resolution 225; and Calendar No. 357, Senate Resolution 222.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I shall not object, what was the second in the list?

Mr. STEVENS. Calendar No. 227, I say to my good friend.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET ACT WAIVER

The resolution (S. Res. 192) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 778, was considered and agreed to, as follows:

S. RES. 192

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 302(a) of such Act are waived with respect to the consideration of S. 778. Such waiver is necessary because S. 778 authorizes the enactment of new budget authority which would first become available in fiscal year 1982, and such bill was not reported on or before May 15, 1981, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

The waiver of section 402(a) is necessary to permit congressional consideration of statutory authority to plan for the development of the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at Tenth Street, Southwest, in the city of Washington.

S. 778 provides an authorization for fiscal year 1982 of $1,000,000. Although $500,000 was authorized in fiscal year 1980, no funds in that year or fiscal year 1981 were appropriated for the planning of the proposed quadrangle development in the area south of the Smithsonian Institution's original building, now known as the castle.

The specified sum is included in the President's fiscal year 1982 budget request. The Appropriations Comittees of the Senate and the House of Representatives have therefore had adequate notice of this authorization. Thus, congressional consideration of this authorization will in no way interfere with or delay the appropriations process.

Mr. STEVENS. I move to reconsider the vote by which the resolution passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEVELOPMENT OF AREA SOUTH OF THE ORIGINAL SMITHSONIAN INSTITUTION BUILDING

The bill (S. 778) to amend Public Law 96-36 to authorize additional funds to plan for the development of the area south of the original Smithsonian Institution Building, adjacent to Independence Avenue at 10th Street Southwest, in the city of Washington, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 778

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to authorize the Smithsonian Institution to plan for the development of the area south of the original Smithsonian Institution Building adjacent to Independence Avenue at Tenth Street, Southwest, in the city of Washington", approved July 20, 1979 (Public Law 96-36), is amended to read as follows:

"SEC. 2. Effective October 1, 1981, there is authorized to be appropriated to the Board of Regents of the Smithsonian Institution $1,000,000 to carry out the purposes of this Act.".

Mr. STEVENS. I do move to reconsider the vote by which the bill passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUPPLEMENTAL EXPENDITURES BY THE SELECT COMMITTEE ON INTELLIGENCE

The resolution (S. Res. 225) authorizing supplemental expenditures by the Select Committee on Intelligence for the procurement of consultants, was considered and agreed to, as follows:

S. RES. 225

Resolved, That section 2 of S. Res. 54, Ninety-seventh Congress, agreed to March 3, 1981, is amended by striking out the amounts "$1,648,000" and "$20,000" and inserting in lieu thereof "$1,760,000" and "$132,000", respectively.

Mr. STEVENS. I do move to reconsider the vote by which the resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

The resolution (S. Res. 222) authorizing supplemental expenditures by the Committee on the Judiciary, was considered and agreed to as follows:

S. RES. 222

Resolved, That section 2 of the Senate Resolution 53, Ninety-seventh Congress, agreed to March 3 (legislative day, February 16), 1981, is amended by striking out the amounts "$4,272,722" and "$172,490" and inserting in lieu thereof "$4,398,692" and "$179,990", respectively.

Mr. STEVENS. I do move to reconsider the vote by which the resolution passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the executive calendar beginning on page 2 with "New Reports" for the Department of State and including all the following items on the executive calendar.

Mr. ROBERT C. BYRD. Mr. President, there is no objection to proceeding with

and confirming the nominations to which the distinguished Senator has alluded, beginning with page 2 under "New Reports" and proceeding throughout the remainder of the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. STEVENS. Mr. President, I ask unanimous consent that those nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF STATE

Geoffrey Swaebe, of California, to be the Representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

Jean Broward Shevlin Gerard, of New York, to be Ambassador.

Evan Griffith Galbraith, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

Robert L. Barry, of New Hampshire, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

BOARD FOR INTERNATIONAL BROADCASTING

Mark Goode, of California, to be a member of the Board for International Broadcasting.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

L. Ebersole Gaines, of Idaho, to be Executive Vice President of the Overseas Private Investment Corporation.

U.S. AIR FORCE

The following-named officers for permanent promotion in the U.S. Air Force.

LINE OF THE AIR FORCE

Abrahamson, James A., to be major general.
Acker, William P., to be major general.
Ahmann, James H., to be major general.
Armstrong, Spence M., to be major general.
Baginski, James I., to be major general.
Baxter, Walter H., III, to be major general.
Beck, Stanley C., to be major general.
Bedke, Ernest A., to be major general.
Bennett, Donald W., to be major general.
Boverie, Richard T., to be major general.
Bowling, Melvin G., to be major general.
Broadwater, Theodore D., to be major general.
Brown, Bill V., to be major general.
Brown, James L., to be major general.
Brown, James R., to be major general.
Brown, Norma E., to be major general.
Buck, John T., to be major general.
Buckman, Louis C., to be major general.
Burns, Kenneth D., to be major general.
Burpee, Richard A., to be major general.
Campbell, William J., to be major general.
Cathey, Carl H., Jr., to be major general.
Chain, John T., Jr., to be major general.
Chubb, Melvin F., Jr., to be major general.
Eddins, Neil L., to be major general.
Edwards, George A., Jr., to be major general.
Edwards, Jay T., III, to be major general.
Enney, James C., to be major general.
Evans, Donald L., to be major general.
Fulcher, Martin C., to be major general.
Garrison, Lawrence D., to be major general.
Goodall, Harry A., to be major general.
Graham, Irwin P., to be major general.
Gray, David L., to be major general.
Gregory, Jack I., to be major general.
Haeffner, Fred A., to be major general.
Hall, Titus C., to be major general.
Halloran, Patrick J., to be major general.
Hecker, Guy L., Jr., to be major general.
Hendricks, Gerald K., to be major general.
Hoover, William W., to be major general.
Kelley, Robert E., to be major general.
Larson, Doyle E., to be major general.
Light, James E., Jr., to be major general.
Lynch, George C., to be major general.
MacLaren, William G., to be major general.
Marks, John B., Jr., to be major general.
Marquez, Leo, to be major general.
Marshall, James H., to be major general.
Masterson, William E., to be major general.
Maxson, William B., to be major general.
McCarthy, Robert F., to be major general.
McCartney, Forrest S., to be major general.
McCartney, Keith D., to be major general.
Mohney, Russell E., to be major general.
Morris, Harry A., to be major general.
Nugteren, Cornelius, to be major general.
Palmerton, Leighton R., to be major general.
Patton, Marvin C., to be major general.
Paulk, John R., to be major general.
Payne, Don H., to be major general.
Peek, Kenneth L., Jr., to be major general.
Peterson, Milton R., to be major general.
Pfautz, James C., to be major general.
Pickitt, John L., to be major general.
Piotrowski, John L., to be major general.
Powers, Winston D., to be major general.
Randerson, John T., to be major general.
Reynolds, Marc C., to be major general.
Rider, Graham W., to be major general.
Rogers, Albert G., to be major general.
Rohr, Davis C., to be major general.
Russ, Robert D., to be major general.
Saxer, Richard K., to be major general.
Schrupp, Walter C., to be major general.
Secord, Richard V., to be major general.
Sherman, Stuart H., Jr., to be major general.
Smith, Carl R., to be major general.
Smith, Ferry M., to be major general.
Smothermon, James P., to be major general.
Spangrud, Casper T., to be major general.
Taylor, Robert C., to be major general.
Usher, William R., to be major general.
Vojvodich, Mele, Jr., to be major general.
Watkins, Jack L., to be major general.
Whitlatch, Wayne E., to be major general.
Woods, Charles E., to be major general.

CHAPLAIN

Carr, Richard, to be major general.

DENTAL CORPS

Kolodny, Stanley C., to be major general.

MEDICAL CORPS

Brailiar, Max B., to be major general.
Chesney, Murphy A., to be major general.
Ord, John W., to be major general.
Unger, Howard R., to be major general.

LINE OF THE AIR FORCE

Abel, Richard F., to be brigadier general.
Aldridge, Donald O., to be brigadier general.
Alexander, Michael H., to be brigadier general.
Alkire, Melvin G., to be brigadier general.
Autery, Clarence R., to be brigadier general.
Babcock, Leon W., Jr., to be brigadier general.
Barnes, Jerome R., Jr., to be brigadier general.
Beckel, Robert D., to be brigadier general.
Beer, Carl N., to be brigadier general.
Bell, Kenneth H., to be brigadier general.
Bishop, Charles E., to be brigadier general.
Boddie, James T., Jr., to be brigadier general.
Bowden, William P., to be brigadier general.
Brandt, Thomas C., to be brigadier general.
Breckner, William J., Jr., to be brigadier general.
Brooks, Elmer T., to be brigadier general.
Brown, Donald D., to be brigadier general.
Brown, Stanford E., to be brigadier general.
Bruno, America P., to be brigadier general.
Budner, John R., to be brigadier general.
Buhrow, Robert E., to be brigadier general.
Buzard, Lyman E., to be brigadier general.
Callaghan, James T., to be brigadier general.
Campbell, Duncan W., to be brigadier general.
Carns, Michael P. C., to be brigadier general.
Casey, Aloysius G., to be brigadier general.
Cassidy, Duane H., to be brigadier general.
Caudry, Robert D., to be brigadier general.
Charles, William M., Jr., to be brigadier general.
Connolly, Joseph H., to be brigadier general.
Constantine, William M., to be brigadier general.
Cooney, Wilson C., to be brigadier general.
Craig, Thomas L., to be brigadier general.
Cunningham, Charles J., Jr., to be brigadier general.
Curtis, Lewis G., to be brigadier general.
Darling, Thomas G., to be brigadier general.
Davis, Milford E., to be brigadier general.
Dever, James C., Jr., to be brigadier general.
Divich, Chris O., to be brigadier general.
Doran, John J., Jr., to be brigadier general.
Doyle, William L., Jr., to be brigadier general.
Dreyer, Christian F., Jr., to be brigadier general.
Dugan, Michael J., to be brigadier general.
Dunwoody, Richard H., to be brigadier general.
Durham, Archer L., to be brigadier general.
Dyer, Pintard M., III, to be brigadier general
Erickson, Duane H., to be brigadier general.
Ferguson, Alonzo L., to be brigadier general.
Forgan, David W., to be brigadier general.
Geran, Daniel B., to be brigadier general.
Giddings, Edward N., to be brigadier general.
Goodman, Donald W., to be brigadier general.
Gorton, William A., to be brigadier general.
Granger, James I., to be brigadier general.
Griffith, John E., to be brigadier general.
Hamm, Charles R., to be brigadier general.
Hansen, Alfred G., to be brigadier general.
Harbour, Elbert E., to be brigadier general.
Harpe, Winfield S., to be brigadier general.
Hatch, Monroe W., Jr., to be brigadier general.
Heinz, Edward J., to be brigadier general.
Hickey, Thomas J., to be brigadier general.
Hocker, Jesse S., to be brigadier general.
Hodges, Paul H., to be brigadier general.
Hughes, Harley A., to be brigadier general.
Hyde, John P., to be brigadier general.
Ingram, Richard A., to be brigadier general.
Jacobs, Delbert H., to be brigadier general.
Jacobson, Ralph H., to be brigadier general.
Johnson, Hansford T., to be brigadier general.
Jones, James G., to be brigadier general.
Kaehn, Albert J., Jr., to be brigadier general.
Karns, Robert C., to be brigadier general.
Kimsey, Melbourne, to be brigadier general.
Kirk, William L., to be brigadier general.
Lamberson, Donald L., to be brigadier general.
Larson, Gerald D., to be brigadier general.
Lary, Buford D., to be brigadier general.
Lasater, John R., to be brigadier general.
Lenski, Albert J., to be brigadier general.
Litke, Donald P., to be brigadier general.
Lveker, Rano E., to be brigadier general.
Lukens, Leland K., to be brigadier general.
Lustig, Sheldon J., to be brigadier general.
Mall, William J., Jr., to be brigadier general.
Masterson, Gordon P., to be brigadier general.
McCann, Robert I., to be brigadier general.
McCarthy, James P., to be brigadier general.
McCausland, Charles, to be brigadier general.
McInerney, Thomas G., to be brigadier general.

McPeak, Merrill A., to be brigadier general.
Meyer, Richard L., to be brigadier general.
Monahan, George L., Jr., to be brigadier general.
Moore, Joseph D., to be brigadier general.
Morgan, Joe P., to be brigadier general.
Nelson, Michael A., to be brigadier general.
Nichols, David L., to be brigadier general.
Oaks, Robert C., to be brigadier general.
Odgers, Peter W., to be brigadier general.
Overacker, William E., to be brigadier general.
Padden, Maurice C., to be brigadier general.
Patterson, Robert B., to be brigadier general.
Patton, David L., to be brigadier general.
Peat, Randall D., to be brigadier general.
Pedroli, Attilio, to be brigadier general.
Perroots, Leonard H., to be brigadier general.
Petty, Robert O., to be brigadier general.
Pettyjohn, Jimmy C., to be brigadier general.
Plowden, Robert B., Jr., to be brigadier general.
Poe, Eugene M., Jr., to be brigadier general.
Poore, Walter H., to be brigadier general.
Powers, George B., Jr., to be brigadier general.
Prather, Gerald L., to be brigadier general.
Preston, Raymond C., Jr., to be brigadier general.
Prince, Philip S., to be brigadier general.
Pryor, Richard W., to be brigadier general.
Rachel, Allen K., to be brigadier general.
Randolph, Bernard P., to be brigadier general.
Rans, Donald L., to be brigadier general.
Richards, Thomas C., to be brigadier general.
Rogers, Craven C., Jr., to be brigadier general.
Rosenberg, Robert A., to be bridgadier general.
Sawyer, Thomas W., to be brigadier general.
Schwankl, Gerald C., to be brigadier general.
Sechler, Henry J., to be brigadier general.
Shaud, John A., to be brigadier general.
Shaw, William M., Jr., to be brigadier general.
Sheppard, Jack W., to be brigadier general.
Shields, William L., Jr., to be brigadier general.
Shuler, Ellie G., Jr., to be brigadier general.
Skipton, Charles P., to be brigadier general.
Smith, Monroe T., to be brigadier general.
Springer, Robert D., to be brigadier general.
Steere, Richard E., to be brigadier general.
Stihl, John T., to be brigadier general.
Storrie, John H., to be brigadier general.
Stukel, Donald J., to be brigadier general.
Swalm, Thomas S., to be brigadier general.
Thurman, William E., to be brigadier general.
Tibbetts, Larry N., to be brigadier general.
Tidwell, Marion F., to be brigadier general.
Tobin, Thomas G., to be brigadier general.
Todd, Harold W., to be brigadier general.
Tolbert, William T., to be brigadier general.
Urschler, Regis F. A. to be brigadier general.
Vaught Wilma L., to be brigadier general.
Violett, Russell L., to be brigadier general.
Vogt, Donald A., to be brigadier general.
Wacker, Rudolph F., to be brigadier general.
Wagoner, Paul D., to be brigadier general.
Ward, Brien D., to be brigadier general.
Webb, William B., to be brigadier general.
Weiss, Bernard L., to be brigadier general.
Wharton, Browning C., Jr. to be brigadier general.
Williams, Gordon E., to be brigadier general.
Williams, Harold J. M., to be brigadier general.
Winne, Clinton H., Jr., to be brigadier general.
Wright, Clifton D., Jr., to be brigadier general.

CHAPLAIN

Collins, John A., to be brigadier general.

JUDGE ADVOCATES

Ginsburg, Gordon A., to be brigadier general.
Lowry, Joseph R., to be brigadier general.
Teagarden, C. C., to be brigadier general.

MEDICAL CORPS

Doppelt, Frederic F., to be brigadier general.
Greendyke, William H., to be brigadier general.
Miller, Monte B., to be brigadier general.
Parker, Gerald W., to be brigadier general.
Rogers, Bealer T., Jr., to be brigadier general.
Vandenbos Kermit Q., to be brigadier general.

MEDICAL SERVICE CORPS

Wagner, Donald B., to be brigadier general.

NURSE CORPS

Wells, Sarah P., to be brigadier general.

U.S. ARMY

The following named Judge Advocate General Corps officer for appointment in the Regular Army of the United States, to the grade indicated.

Col. Donald Wayne Hansen, [redacted], Judge Advocate General Corps, U.S. Army, to be brigadier general, Judge Advocate General Corps.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, NAVY, AND MARINE CORPS

Air Force nominations beginning Theodore M. Allen, to be lieutenant colonel, and ending Charles E. Wilson, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 6, 1981.

Air Force nominations beginning Amrit S. Abing, to be first lieutenant, and ending Wayne E. Ellis, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on October 22, 1981.

Air Force nominations beginning Densel K. Acheson, to be colonel, and ending Hubert E. Wrenn, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Raymond E. Abel, Jr., to be lieutenant colonel, and ending David G. Wood, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Francis W. Ahearn, to be lieutenant colonel, and ending James C. Rock, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Michael J. Mansfield, to be lieutenant colonel, and ending Mark H. Fox, to be major, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning John C. Aarni, Jr., to be lieutenant colonel, and ending Hubert E. Wrenn, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Wiley F. Adams, to be major, and ending Adrian A. Williamson, to be major, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Nicholas Abate, to be major, and ending Dan O. Yoshii, to be major, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Roy L. Aanerud, to be major, and ending Grover E. Wroe, to be major, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Air Force nominations beginning Rallin J. Aars, to be colonel, and ending Fred J. Witzgall, to be colonel, which nominations were received by the Senate and appeared in the Congressional Record on October 27, 1981.

Navy nominations beginning Alan H. Bennett, to be lieutenant commander, and ending Patrick A. Shannon, to be lieutenant commander, which nominations were received by the Senate and appeared in the Congressional Record on October 21, 1981.

The nomination of Floyd A. Rauch, Jr., U.S. Marine Corps, for reappointment to the grade of chief warrant officer (W-2) in the U.S. Marine Corps, which was received by the Senate and appeared in the Congressional Record on October 21, 1981.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the nominations were considered and confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDERS FOR MONDAY, NOVEMBER 9, 1981

ORDER FOR RECESS UNTIL MONDAY

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12 meridian on Monday, November 9.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR PACKWOOD

Mr. STEVENS. Mr. President, for Monday, November 9, following the recognition of the two leaders under the standing order on Monday, I ask unanimous consent that Senator PACKWOOD be recognized for not to exceed 15 minutes for a special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, following the special order just provided for Mr. PACKWOOD, I ask unanimous consent that there be a period for the transaction of routine morning business not to exceed 30 minutes, with statements limited therein to 5 minutes each, on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF EXPORT ADMINISTRATION AT 1:30 P.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that, at 1:30 p.m. on Monday, the Senate turn to consideration of Calendar No. 115, S. 1112, the export administration bill. There are a few amendments to the bill and there is the possibility of a time agreement being reached on the bill on Monday, but none is in existence now.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, during which Senators may speak for not to exceed 15 minutes; that following that, the Senate stand in recess pursuant to the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE USURPATION OF POWER BY FEDERAL JUDGES

Mr. THURMOND. Mr. President, on October 29, 1981, Attorney General William French Smith addressed the Federal Legal Council at Reston, Va. His speech was a major statement of administration policy toward the ongoing problem of encroachments by Federal courts in areas of Government properly belonging to the President, Congress, and the several States.

I was deeply impressed with the Attorney General's analysis and with his recommendations for corrective action. Much work must be done to restore the separation of powers intended by the framers of the Constitution and to return the Federal judiciary to its role of deciding cases and controversy rather than formulating national policy.

I ask unanimous consent that the Attorney General's speech be printed in its entirety in the CONGRESSIONAL RECORD at the conclusion of these remarks.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF THE HONORABLE WILLIAM FRENCH SMITH

It is a special pleasure for me to be here this morning and to open this first gathering of the men and women who direct the Reagan Administration's legal machinery. Most of us are here because of an election that occurred last November, and I want to use this occasion to outline what that election means to us as the Government's lawyers. Simply put, consistent with the Constitution and the laws of the United States, the Department of Justice intends to play an active role in effecting the principles upon which Ronald Reagan campaigned.

Already, there have been many significant changes. We have proposed a comprehensive crime package of more than 150 administrative and legislative initiatives that would help to redress the imbalance between the forces of law and the forces of lawlessness. We have proposed a new approach to immigration and refugee policy designed to reassert control over our own borders. We have brought the Government's antitrust policies back to the real economic world by focusing upon truly anticompetitive activities rather than outmoded and exotic theories. We have firmly enforced the law that forbids federal employees from striking. We have opposed the distortion of the meaning of equal protection by courts that mandate counterproductive busing and quotas. We have helped to select appointees to the federal bench who understand the meaning of judicial restraint.

As significant as all these changes are, however, they represent only a beginning. Today, I will discuss the next stage in this process. We intend, in a comprehensive way, to identify those principles that we will urge upon the federal courts. And we intend to identify the cases in which to make our arguments—all the way to the Supreme Court. We believe that the groundswell of conservatism evidenced by the 1980 election makes this an especially appropriate time to urge upon the courts more principled bases that would diminish judicial activism. History teaches us that the courts are not unaffected by major public change in political attitudes. As the great jurist Benjamin Cardozo once wrote:

"The great tides and currents which engulf the rest of men do not turn aside in their course and pass the judges by."

Consider for a moment the 1900 Presidential election. That year, a burning issue of the campaign was whether or not the protections of the Constitution automatically attached to the territories annexed after the Spanish-American War. Paralleling the public opinion expressed in the election, in 1901 the Supreme Court held in the four Insular Cases that it did not. In explaining that result, the columnist Finley Peter Dunne caused his fictitious Irish bartender Mr. Dooley to speak the following prophetic words:

"No matter whither th' Constitution follows th' flag or not, th' Supreme Court follows th' illicition returns."

Federal judges in 1981—as in 1901—remain free from direct popular control. Nevertheless, basic changes in public sentiment can still portend changing judicial philosophy. Various doubts about past conclusions have already been expressed in Supreme Court opinions, concurrences, and dissents—which makes the next few years inviting ones to urge modifications upon that Court and other federal courts.

We intend to do exactly that. Solicitor General Rex Lee is already working with our Assistant Attorneys General to identify those key areas in which the courts might be convinced to desist from actual policy-making. In some areas, what we consider errors of the past might be corrected. In other areas, past trends might at least be halted and new approaches substituted. Today I want to outline some of those areas upon which we are focusing.

It is clear that between Allgeyer v. Louisiana in 1897 and Nebbia v. New York in 1934 the Supreme Court engaged in—and fostered—judicial policy-making under the guise of substantive due process. During this period, the Court weighted the balance in favor of individual interests against the decisions of state and federal legislatures. Using the due process clauses, unelected judges substituted their own policy preferences for the determination of the public's elected representatives.

In recent decades, at the behest of private litigants and even the Executive Branch itself, federal courts have engaged in a similar kind of judicial policy-making. In the future, the Justice Department will focus upon the doctrines that have led to the courts' activism. We will attempt to reverse this unhealthy flow of power from state and federal legislatures to federal courts—and the concomitant flow of power from state and local governments to the federal level.

Three areas of judicial policy-making are of particular concern. First, the erosion of restraint in considerations of justifiability. Second, some of the standards by which state and federal statutes have been declared unconstitutional—and, in particular, some of the analysis of so-called "fundamental rights" and "suspect classifications." And third, the extravagant use of mandatory injunctions and remedial decrees.

Article III of the Constitution limits the jurisdiction of the federal courts to the consideration of cases or controversies properly brought before them. Nevertheless, in recent years, a weakening of the courts' resolve to abide by the case or controversy requirement has allowed them greater power of review over government action. Often, the federal government itself has in the past moved courts to show less deference to the boundaries of justiciability—in particular, in environmental litigation. The Justice Department will henceforth show a more responsible concern for such questions. We will assert the doctrine in those situations that involve any of its four elements—standing, ripeness, mootness, and presence of a political question. Vindicating the principle of justiciability would help return the courts to a more principled deference to the actions of the elected branches.

Like the concept of judicial restraint itself, the constitutional requirement of justiciability limits the permissible reach of the courts irrespective of the desirability of reaching the underlying legal issues involved. The doctrine of justiciability therefore limits the possibility of judicial encroachment upon the responsibilities of the other branches or the states—even in those situations when the other branch or level of government has chosen not to act. Some responsibilities are entrusted solely to nonjudicial processes. In those instances, we intend to urge the judicial forebearance envisioned by the Constitution.

Just as courts have sometimes overstepped the proper bounds of justiciability, their analyses of equal protection issues have often trespassed upon responsibilities our constitutional system entrusted to legislatures. Through their determination of so-called "fundamental rights" and "suspect classifications," courts have sometimes succeeded in weighting the balance against proper legislative action.

In the 1942 case of Skinner v. Oklahoma, the Supreme Court first emphasized the concept of fundamental rights that invites courts to undertake a stricter scrutiny of the inherently legislative task of line-drawing. In the nearly forty years since then, the number of rights labeled "fundamental" by the courts has multiplied. They now include the first amendment rights and the right to vote in most elections—rights mentioned in the Constitution.

In addition, however, they include rights that—though deemed fundamental—were held to be only implied by the Constitution. The latter group—which has become a real base for expanding federal court activity—includes the right to marry, the right to procreate, the right of interstate travel, and the right of sexual privacy that, among other things, may have spawned a right—with certain limitations—to have an abortion.

We do not disagree with the results in all of these cases. We do, however, believe that the application of these principles has led to some constitutionally dubious and unwise intrusions upon the legislative domain. The very arbitrariness with which some rights have been discerned and preferred, while others have not, reveals a process of subjective judicial policy-making as opposed to reasoned legal interpretation.

At the very least, this multiplication of implied constitutional rights—and the unbounded strict scrutiny they produce—has gone far enough. We will resist expansion. And, in some cases, we will seek to modify the use of these categories as a touchstone

that almost inevitably results in the invalidation of legislative determinations. We will seek to modify especially the application of a strick scrutiny to issues whose very nature requires the resources of a legislature to resolve.

We shall also contest any expansion of the list of suspect classifications, which, once estab'ished by a court, almost inevitably result in the overturning of legislative judgments. Thus far, the Supreme Court has employed a strict-scrutiny test when legislative classifications turn upon race, national origin, or, in many instances, alienage. In addition, when classifications are based upon sex or legitimacy, the Court has on occasion conceived and applied a middle test somewhere between the special strict-scrutiny test and the normal rational-basis test.

Already, some limitations have been forged in the Supreme Court to temper these analyses of suspect and quasi-suspect classifications—for example, in the case of alienage. The Department of Justice will encourage further refinement in these areas—in particular, by resisting increase in the number of suspect or quasi-suspect classifications and by tempering the strictness of the analysis applied to classifications based upon alienage. Throughout, as with the so-called fundamental rights, we shall be guided by the principle that legislatures, rather than courts, are better suited both constitutionally and practically to make certain kinds of complex policy determinations. We shall, however, remain vigilant to the Civil War Amendments' explicit concern over classifications based on race.

The extent to which the Federal courts have inappropriately entered legislative terrain can be seen most clearly—and felt—in their use of mandatory injunctions and attempts to fashion equitable remedies for perceived violations. Throughout history, the equitable powers of courts have normally reached only those situations a court can effectively remedy. Implicit within that historical limitation is the recognition that some kinds of remedial efforts require resources and expertise beyond those of a Federal court—even one aided by special masters.

Nevertheless, Federal courts have attempted to restructure entire school systems in desegregation cases—and to maintain continuing review over basic administrative decisions. They have asserted similar control over entire prison systems and public housing projects. They have restructured the employment criteria to be used by American business and government—even to the extent of mandating numerical results based upon race or gender. No area seems immune from judicial adminstration. At least one Federal judge had even attempted to administer a local sewer system.

In the area of equitable remedies, it seems clear that Federal courts have gone far beyond their abilities. In so doing, they have forced major reallocations of governmental resources—often with no concern for budgetary limits and the dislocations that inevitably result from the limited judicial perspective.

In many of these cases, the Department will also seek to ensure better responses to the problems at issue by the more appropriate levels and branches of government. We have already begun that process in the case of busing and quotas, both of which have largely failed as judicial remedies.

Thus far, I have discussed some of those things that the Department of Justice will do to further the goals of this Administration. Through legislation and litigation, we will attempt to effect the goals I have outlined. There are, however, some things that we cannot—and will not—do.

Throughout my remarks today, I have emphasized the importance of judicial restraint to the constitutional principle of separation of powers. The Constitution confides certain powers in the Legislative Branch and not in the Judicial Branch. In a similar fashion, the Constitution delineates the proper domain of the Executive and Legislative function. The Constitution directs the President to ensure the faithful execution of the laws, which forms the basis of the Attorney General's litigating authority for the government as a whole. That constitutional command also requires the Executive branch to defend measures duly enacted by the Congress—even those with which the Administration does not agree.

Statutes with which we disagree are nevertheless the law of the land. As such, they must be defended against attack in the courts. They must also be fully enforced by the Executive Branch when their validity and meaning are clear. Some have suggested that this Administration intends to do less. Others have suggested that this Administration should do less.

In fact, the Department of Justice intends to do exactly what the Constitution requires—to enforce the laws duly and constitutionally enacted by the Congress. If we were to do less, we would ourselves be guilty of the same kind of transgressions that I have pledged we would combat on the part of the Judiciary. Under the Constitution, the Executive cannot unilaterally alter the clear enactments of Congress any more than the courts can. When it disagrees with a law, the Executive Branch can urge and support changes by the Congress. In the case of laws that are clearly and indefensibly unconstitutional, the Executive can refuse to enforce them and urge invalidation by the Courts. When reasonable defenses are available, we will defend a statute that does not intrude upon the powers of the Executive Branch. That is our responsibility under the Constitution irrespective of our views on substantive policy. In the case of ambiguous laws, the Executive can in good faith urge and pursue those interpretations that seem most consistent with the intentions of the Congress, the policies of the Administration, and the other laws of the land. The Executive can do all of these things, but it can constitutionally do no more. No one should doubt that this Administration's adherence to the Constitutional principle of separation of powers will exact from us the same degree of obedience and moderation that we will urge upon the courts.

There is an old story about James Russell Lowell when he was the American Ambassador to the Court of St. James during the late nineteenth century. The French Ambassador of the time—who was himself a historian as well as a diplomat—approached Lowell with a question:

"Mr. Ambassador, how long will the American republic endure?"

The American Ambassador replied:

"As long as the ideals of its leaders reflect the ideals of the Nation's Founding Fathers."

This Administration intends to use every resource at its disposal to ensure that this government reflects the ideals of the Founding Fathers. Those principles have long enabled our Nation both to endure and to prosper. In the furtherance of those principles, however, we will not ourselves seek short-term successes at the expense of basic principles. We will demand of ourselves that same adherence to sound constitutional principles that we intend to demand of the other branches of government.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

RECESS UNTIL MONDAY, NOVEMBER 9, 1981

The PRESIDING OFFICER. Pursuant to the previous order, the Senate will stand in recess until Monday at 12 noon.

Thereupon, at 12:42 p.m., the Senate recessed until Monday, November 9, 1981, at 12 meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 6, 1981:

DEPARTMENT OF STATE

Geoffrey Swaebe, of California, to be the Representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

Jean Broward Shevlin Gerard, of New York, for the rank of Ambassador during the tenure of her service as the U.S. Permanent Representative to the United Nations Educational, Scientific, and Cultural Organization.

Evan Griffith Galbraith, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

Robert L. Barry, of New Hampshire, a Career Member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bulgaria.

BOARD FOR INTERNATIONAL BROADCASTING

Mark Goode, of California, to be a Member of the Board for International Broadcasting for a term expiring April 28, 1983.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

L. Ebersole Gaines, of Idaho, to be Executive Vice President of the Overseas Private Investment Corporation.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

The following-named officers for permanent promotion in the U.S. Air Force, in accordance with section 601, title VI, Transition Provisions, Defense Officer Personnel Management Act of 1980, with dates of rank to be determined by the Secretary of the Air Force.

LINE OF THE AIR FORCE

To be major general

James A. Abrahamson	Martin C. Fulcher
William P. Acker	Lawrence D. Garrison
James H. Ahmann	Harry A. Goodall
Spence M. Armstrong	Irwin P. Graham
James I. Baginski	David L. Gray
Walter H. Baxter III	Jack I. Gregory
Stanley C. Beck	Fred A. Haeffner
Ernest A. Bedke	Titus C. Hall
Donald W. Bennett	Patrick J. Halloran
Richard T. Boverie	Guy L. Hecker, Jr.
Melvin G. Bowling	Gerald K. Hendricks
Theodore D. Broadwater	William W. Hoover
	Robert E. Kelley
Bill V. Brown	Doyle E. Larson
James L. Brown	James E. Light, Jr.
James R. Brown	George C. Lynch
Norma E. Brown	William G. MacLaren, Jr.
John T. Buck	
Louis C. Buckman	John B. Marks, Jr.
Kenneth D. Burns	Leo Marquez
Richard A. Burpee	James H. Marshall
William J. Campbell	William E. Masterson
Carl H. Cathey, Jr.	William B. Maxson
John T. Chain, Jr.	Robert F. McCarthy
Melvin F. Chubb, Jr.	Forrest F. McCartney
Neil L. Eddins	Keith D. McCartney
George A. Edwards, Jr.	Russell E. Mohney
Jay T. Edwards III	Harry A. Morris
James C. Enney	Cornelius Nugteren
Donald L. Evans	Leighton R. Palmerton

Marvin C. Patton
John R. Paulk
Don H. Payne
Kenneth L. Peek, Jr.
Milton R. Peterson
James C. Pfautz
John L. Pickitt
John L. Piotrowski
Winston D. Powers
John T. Randerson
Mark C. Reynolds
Graham W. Rider
Albert G. Rogers
Davis C. Rohr
Robert D. Russ
Richard K. Saxer
Walter C. Schrupp
Richard V. Secord
Stuart H. Sherman, Jr.
Carl R. Smith
Perry M. Smith
James P. Smothermon
Casper T. Spangrud
Robert C. Taylor
William R. Usher
Mele Vojvodich, Jr.
Jack L. Watkins
Wayne E. Whitlatch
Charles E. Woods

Chaplain

Richard Carr

DENTAL CORPS

Stanley C. Kolodny

MEDICAL CORPS

Max B. Bralliar
Murphy A. Chesney
John W. Ord
Howard R. Unger

To be brigadier general

Richard F. Abel
Donald O. Aldridge
Michael H. Alexander
Melvin G. Alkire
Clarence R. Autery
Leon W. Babcock, Jr.
Jerome R. Barnes, Jr.
Robert D. Beckel
Carl N. Beer
Kenneth H. Bell
Charles E. Bishop
James T. Boddie, Jr.
William C. Bowden
Thomas C. Brandt
William J. Breckner, Jr.
Elmer T. Brooks
Donald D. Brown
Stanford E. Brown
America P. Bruno
John R. Budner
Robert E. Buhrow
Lyman E. Buzard
James T. Callaghan
Duncan W. Campbell
Michael P. C. Carns
Aloysius G. Casey
Duane H. Cassidy
Robert D. Caudry
William M. Charles, Jr.
Joseph H. Connolly
William M. Constantine
Wilson C. Cooney
Thomas L. Craig
Charles J. Cunningham, Jr.
Lewis G. Curtis
Thomas G. Darling
Milford E. Davis
James C. Dever, Jr.
Chris O. Divich
John J. Doran, Jr.
William L. Doyle, Jr.
Christian F. Dreyer, Jr.
Michael J. Dugan
Richard H. Dunwoody
Archer L. Durham
Pintard M. Dyer III
Duane H. Erickson
Alonzo L. Ferguson
David W. Forgan
Daniel B. Geran
Edward N. Giddings
Donald W. Goodman
William A. Gorton
James I. Granger
John E. Griffith
Charles R. Hamm
Alfred G. Hansen
Elbert E. Harbour
Winfield S. Harpe
Monroe W. Hatch, Jr.
Edward J. Heinz
Thomas J. Hickey
Jesse S. Hocker
Paul H. Hodges
Harley A. Hughes
John P. Hyde
Richard A. Ingram
Delbert H. Jacobs
Ralph H. Jacobson
Hansford T. Johnson
James G. Jones
Albert J. Kaehn, Jr.
Robert C. Karns
Melbourne Kimsey
William L. Kirk
Donald L. Lamberson
Gerald D. Larson
Buford D. Lary
John R. Lasater
Albert J. Lenski
Donald P. Litke
Rano E. Lueker
Leland K. Lukens
Sheldon J. Lustig
William J. Mall, Jr.
Gordon P. Masterson
Robert I. McCann
James P. McCarthy
Charles McCausland
Thomas G. McInerney
Merrill A. McPeak
Richard L. Meyer
George L. Monahan, Jr.
Joseph D. Moore
Joe P. Morgan
Michael A. Nelson
David L. Nichols
Robert C. Oaks
Peter W. Odgers
William E. Overacker
Maurice C. Padden
Robert B. Patterson
David L. Patton
Randall D. Peat
Attilio Pedroli
Leonard H. Perroots
Robert O. Petty
Jimmy C. Pettyjohn
Robert B. Plowden, Jr.
Eugene M. Poe, Jr.
Walter H. Poore
George B. Powers, Jr.
Gerald L. Prather
Raymond C. Preston, Jr.
Philip S. Prince
Richard W. Pryor
Allen K. Rachel
Bernard P. Randolph
Donald L. Rans
Thomas C. Richards
Craven C. Rogers, Jr.
Robert A. Rosenberg
Thomas W. Sawyer
Gerald C. Schwankl
Henry J. Sechler
John A. Shaud
William M. Shaw, Jr.
Jack W. Sheppard
William L. Shields, Jr.
Ellie G. Shuler, Jr.
Charles P. Skipton
Monroe T. Smith
Robert D. Springer
Richard E. Steere
John T. Stihl
John H. Storrie
Donald J. Stukel
Thomas S. Swalm
William E. Thurman
Lary N. Tibbetts
Marion F. Tidwell
Thomas G. Tobin
Harold W. Todd
William T. Tolbert
Regis F. A. Urschler
Wilma L. Vaught
Russell L. Violett
Donald A. Vogt
Rudolph F. Wacker
Paul D. Wagoner
Brien D. Ward
William B. Webb
Bernard L. Weiss
Browning C. Wharton, Jr.
Gordon E. Williams
Harold J. M. Williams
Clinton H. Winne, Jr.
Clifton D. Wright, Jr.

Chaplain

John A. Collins

Judge Advocates

Gordon A. Ginsburg
Joseph R. Lowry
C. C. Teagarden

MEDICAL CORPS

Frederic F. Doppelt
William H. Greendyke
Monte B. Miller
Gerald W. Parker
Bealer T. Rogers, Jr.
Kermit Q. Vandenbos

MEDICAL SERVICE CORPS

Donald B. Wagner

NURSE CORPS

Sarah P. Wells

IN THE ARMY

The following-named Judge Advocate General Corps Officer for appointment in the Regular Army of the United States, to the grade indicated under the provisions of title 10, United States Code, section 624 and section 601(a), Defense Officer Personnel Management Act.

JUDGE ADVOCATE GENERAL CORPS

To be brigadier general

Col. Donald Wayne Hansen, [redacted], Judge Advocate General Corps, U.S. Army.

IN THE AIR FORCE

Air Force nominations beginning Theodore M. Allen, to be lieutenant colonel, and ending Charles E. Wilson, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 6, 1981.

Air Force nominations beginning Amrit S. Abing, to be first lieutenant, and ending Wayne E. Ellis, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 22, 1981.

Air Force nominations beginning Densel K. Acheson, to be colonel, and ending Hubert E. Wrenn, to be colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Raymond E. Abel, Jr., to be lieutenant colonel, and ending David G. Wood, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Francis W. Ahearn, to be lieutenant colonel, and ending James C. Rock, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Michael J. Mansfield, to be lieutenant colonel, and ending Mark H. Fox, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning John C. Aarni, Jr., to be lieutenant colonel, and ending Hubert E. Wrenn, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Wiley F. Adams, to be major, and ending Adrian A. Williamson, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Nicholas Abate, to be major, and ending Dan O. Yoshii, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Roy L. Aanerud, to be major, and ending Grover E. Wroe, to be major, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

Air Force nominations beginning Rallin J. Aars, to be colonel, and ending Fred J. Witzgall, to be colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 27, 1981.

IN THE NAVY

Navy nominations beginning Alan H. Bennett, to be lieutenant commander, and ending Patrick A. Shannon, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on October 21, 1981.

IN THE MARINE CORPS

The nomination of Floyd A. Rauch, Jr., U.S. Marine Corps, for reappointment to the grade of chief warrant officer (W-2) in the U.S. Marine Corps, which was received by the Senate and appeared in the CONGRESSIONAL RECORD on October 21, 1981.

EXTENSIONS OF REMARKS

THE LIBERATORS OF THE CONCENTRATION CAMPS CONFERENCE

HON. THOMAS P. O'NEILL, JR.
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. O'NEILL. Mr. Speaker, I wish to commend the U.S. Holocaust Memorial Council, whose Chairman is Hon. Elie Wiesel and Vice Chairman is Hon. Mark E. Talisman, for its sponsorship of a unique conference at the State Department between Ocotber 26-28. This conference was entitled, the International Liberators Conference and brought together in a unique fashion delegations from the United States, France, the United Kingdom, and the Soviet Union whose armed forces were the principal liberators of the concentration camps in 1944-45.

In addition, delegations were sent from Belgium, Czechoslovakia, the Netherlands, Denmark, Norway, Poland, and representatives of the Jewish Brigade attached to the armed forces of the United Kingdom in 1944 and 1945, currently part of the Israeli Army.

I indicated that this was a unique conference and indeed it was. This is the first time since the tragic events of World War II, in which 6 million Jews were slaughtered by the Nazis and millions of others suffered the iniquities and calumny of the war machine, that the liberators of the concentration camps were brought together to meet each other again. The liberators were reunited with those whom they liberated.

Each of the delegations present and appointed by their governments was a high level delegation evidencing a deep interest by the governments involved to demonstrate their commitment to understand what occurred under the Hitler regime so that it may never be repeated.

This is the work of the U.S. Holocaust Memorial Council which, as this body well knows, we unanimously legislated into existence, and which two Presidents have affirmed.

During the 2½ day conference, there were numerous panels presenting eyewitness accounts, poignantly, dramatically, and affectively delivered by high ranking military personnel as well as foot soldiers in the panel on military affairs; by senior surgeons and medical personnel, nurses and orderlies in the medical panel; by chaplains of every faith in the chaplaincy panel; by resisters in the most incredible revelations of their stories from so many camps and countries and their attempts to weaken the Nazi effort from within; from the survivors themselves whose perspective is the mirror image of all of the other panels in its poignant, stark reality and tragedy; by senior members of the war crimes tribunal from many nations in a final plenary panel on discovering the Final Solution, chaired by Marvin Kalb of NBC News, with panelists John Pehle, the first head of the War Refugee Board, Vassily Yakovlevich Petrenko, Reserve Lieutenant General of the Armies of the U.S.S.R., who was the liberating General of Auschwitz, Robert Wolf of the U.S. Archives and Prof. Jan Karsky, currently living in the United States who had a most incredible story to tell of bringing the news in 1942 of the treatment of Jews and others in concentration camps and in the ghettos of Europe under Nazi control.

Secretary of State Alexander Haig, Jr. addressed the sessions at the very beginning. Heads of delegations of the Soviet Union, France, the United Kingdom, and the United States provided their perspectives very eloquently. Medals of Honor struck in gold by the Franklin Mint were presented to the heads of each delegation at the final, very moving ceremony at the Department of State conference room.

The Department of State is to be congratulated for its close cooperation in helping to make this historic conference a great success. Each country is to be congratulated for the high level of delegates it appointed and for the active and important contributions each made at the conference.

Chairman Wiesel, Vice Chairman Talisman, and Mr. Miles Lerman, the coordinator of the conference, and their staff are due special recognition for the long effort insuring that this conference would be as successful as it was.

The entire proceedings of the conference will be available soon in an official printed form so it may be distributed widely. Fortunately, each of the sessions was video-taped so that every presentation will be available for school children, for college teaching, for churches and synagogues, and for community groups throughout the world so they may remember and understand the tragedy of the holocaust.

I wish to insert at this point in the RECORD the opening statement of Elie Wiesel, distinguished Andrew Mellon professor of Humanities at Boston University, and Chairman of U.S. Holocaust Memorial Council. At another point I will insert a statement by Mark E. Talisman, Vice Chairman of the U.S. Holocaust Memorial Council, at the October 27 dinner at the Smithsonian for members of the delegations, Members of Congress, and distinguished visitors. I will also include remarks made at the opening session of the conference by Miles Lerman, coordinator of the conference. Finally, I will enter in the RECORD a complete schedule of conference events. They are as follows:

WELCOMING ADDRESS—MEETING AGAIN

(By the Honorable Elie Wiesel)

Monsieur le Ministre des Anciens combattants, Excellencies, distinguished guests, delegates, and friends, as Chairman of the U.S. Holocaust Memorial Council, It is my privilege to welcome you and thank you for having accepted our invitation to join us as we undertake a unique pilgrimage into history and its darkest, convulsive nightmare.

Thirty-six-and-seven years ago, we experienced, together, a moment of destiny without parallel—never to be measured—never to be repeated; a moment that stood on the other side of time, on the other side of existence.

When we first met, at the threshold of a universe struck by malediction, we spoke different languages, we were strangers to one another, we might as well have descended from different planets. And yet—a link was created between us, a bond was established. We became not only comrades, not only brothers; we became each other's witnesses.

I remember—I shall always remember the day I was liberated; April 11, 1945. Buchenwald. The terrifying silence terminated by abrupt yelling. The first American soldiers. Their faces ashen. Their eyes—I shall never forget their eyes, your eyes. You looked and looked, you could not move your gaze away from us; it was as though you sought to alter reality with your eyes. They reflected astonishment, bewilderment, endless pain, and anger—yes, anger above all. Rarely have I seen such anger, such rage—contained, mute, yet ready to burst with frustration, humiliation and utter helplessness. Then you broke down. You wept. You wept and wept uncontrollably, unashamedly; you were our children then, for we, the 12-year-old, the 16-year-old boys in Buchenwald and Theresienstadt and Mauthausen knew so much more than you about life and death. You wept; we could not. We had no more tears left; we had nothing left. In a way we were dead and we knew it. What did we feel? Only sadness.

And also: gratitude. And ultimately, it was gratitude that brought us back to normalcy and to society. Do you remember, friends? In Lublin and Dachau, Stuthoff and Nordhausen, Ravensbruck and Majdanek and Belsen and Auschwitz you were surrounded by sick and wounded and hungry wretches, barely alive, pathetic in their futile at-

tempts to touch you, to smile at you, to reassure you, to console you and most of all to carry you in triumph on their frail shoulders; you were heroes, our idols: tell me, friends, have you ever felt such love, such admiration?

One thing we did not do: We did not try to *explain;* explanations were neither needed nor possible. Liberators and survivors looked at one another—and what each of us experienced then, we shall try to recapture together, now, at this reunion which to me represents a miracle in itself.

At this point, allow me to say a few words about the Council whose Chairman I am privileged to be.

Created by the President of the United States and enacted into law by the unanimous act of both the House of Representatives and the Senate of the United States, our Council is essentially nonpolitical. It has not been used and shall not be used by any administration for any other purpose than to make our citizens—and people everywhere, aware of the unspeakable crimes perpetrated systematically, and officially, against the Jewish people and humanity.

Our activities are manifold in nature and in scope. The International Relations Committee, which coordinated this conference, is but one of the committees functioning within the Council.

Another committee is in charge of gathering pertinent archives; another is preparing educational programs for elementary and secondary schools and universities. There is a Committee to prepare the annual Remembrance Day ceremonies, another to plan the Museum, and yet another is engaged in raising funds to finance all these activities. What we all have in common is an obsession; not to betray the dead we left behind or who left us behind. They were killed once; they must not be killed again through forgetfulness.

This conference has its own history. Moscow 1979. Members of a Presidential delegation met with certain high-ranking Red Army officers. One of them in particular meant much to us: General Petrenko had liberated Auschwitz. It was an extraordinary encounter. We exchanged stories. He told us of the preparations to break through the German lines and I told him of the last day in camp, the last roll call, the last night, the last consultations among inmates, friends, fathers and sons; what should one do? hide? where? The Red Army was so near, so near. We prayed, I told General Petrenko. We prayed for you and your men and no believer ever prayed to his or her God with more fervor.

And so—while General Petrenko and I were telling each other tales of courage and despair, I suddenly had the idea of bringing together liberators from all the allied forces. To listen to you and to thank you. And—why not admit it—to solicit your help. Our testimony is being disputed by morally deranged Nazis and Nazi-lovers; your voices may silence them. You were the first men to discover the abyss, just as we were its last inhabitants. What we symbolized to one another then was so special that it remained part of our very being.

Well—here you are, friends from so many nations, reunited with those who owe you their lives, just as you owe them the flame that scorched your memories.

On that most memorable day, the day of our liberation—whether it took place in 1944 or in 1945, in Poland or in Germany—you incarnated for us humanities noblest yearning to be free, and even more; to bring freedom to those who are not.

For us, you represented hope. True, 6 million Jews have been annihilated, millions of brave men and women massacred by the Nazis and their collaborators, but we are duty-bound to remember always that to confront the Fascist criminal conquests, a unique alliance of nations, gigantic armies, transcending geo-political and ideological borders, were raised on five continents, and they went to war on behalf of Humankind. The fact that millions of soldiers wearing different uniforms united to fight together, be victorious together and, alas, sometimes die together, seemed to justify man's faith in his own humanity—in spite of the enemy. We thought of the killers and we were ready to give up on man; but then we remembered those who resisted them—on open battle-fields as well as in the underground movements in France, Norway, Holland, Denmark, and the U.S.S.R.—and we reconciled ourselves with the human condition. We were—can you believe it—naive enough to think that we who had witnessed, for a while, the domination of evil would prevent it from surfacing again. On the very ruins of civilization, we aspired to erect new sanctuaries for our children were life would be sanctified and not denigrated, compassion practiced, not rediculed.

It would have been so easy to allow ourselves to slide into melancholy resignation. We chose differently, we chose to become spokesmen for man's quest for generosity and his need and capacity to turn his—or her—suffering into something productive, something creative.

We had hoped then that out of so much torment and grief and mourning a new message would be handed down to future generations—a warning against the inherent perils of discrimination, fanaticism, poverty, depravation, ignorance, oppression, humiliation, and injustice, and war—the ultimate injustice, the ultimate humiliation.

Yes, friend; we were naive.

And perhaps we still are.

[Remarks in French omitted from the RECORD.]

To paraphrase Neitzsche, we looked deep into the abyass—and the abyass looked back at us. No one comes close to the kindgom of night and goes away unconcerned. We told the tale—or, at least, we tried. We resisted all temptations to isolate ourselves and be silent. Instead we chose to affirm our desperate faith in testimony. We forced ourselves to speak—however inadequately, however poorly. We may have used the wrong words—but then there are no words to describe the ineffable. We spoke in spite of language, in spite of the limits that exist between what we say and outsiders hear. We spoke and * * * explosions in Paris, bombs in Antwerpe, murderous attacks in Vienna. Is it conceivable that Nazism could dare come back into the open so soon—while we are still alive, while we are still here to denounce its poisonous nature as illustrated in Treblinka?

Again we must admit our naivete. We thought we had vanquished what Brecht called the beast, but no: it is still showing its claws. At best, what a gathering such as this could do is to shame the beast into hiding. If we here succeed—and I hope and pray that we shall—in rising above politics, above the usual recriminations between East and West, above simplistic propaganda, and simply tell the world what both liberators and liberated have seen, then something may happen; the world may choose to pay more attention to what hangs as threat to its very future.

If we succeed—and I hope and pray that we shall—in putting aside what divides us—and what divides us is superfical—if we dedicate ourselves not only to the memory of those who have suffered but to the future of those who are suffering today, we shall be serving notice on mankind that we shall never allow this earth to be made into a prison again, that we shall never allow war to be considered as a solution to any problem—for war is the problem. If we succeed, then our encounter will be recorded as yet another of our common victories.

If we do not raise our voice against war—who will? We speak with the authority of men and women who have seen war; we know what it is. We have seen the burnt villages, the devastated cities, the deserted homes, we still see the demented mothers whose children are being massacred before their eyes, we still follow the endless nocturnal processions to the flames rising up to the seventh heaven—if not higher * * *.

We are gathered here to testify—together. Our tale is a tale of solitude and fear and anonymous death—but also of compassion, generosity, bravery and solidarity. Together, you the liberators and we the survivors represent a commitment to memory whose intensity will remain. In its name we shall continue to voice our concerns and our hopes not for our own sake, but for the sake of humankind. Its very survival may depend on its ability and willingness to listen.

And to remember.●

SIXTIETH WEDDING ANNIVERSARY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DYSON. Mr. Speaker, this Saturday, November 7, is an important date and I would like to congratulate Mr. and Mrs. John Allan Cecil on the occasion of their 60th wedding anniversary. I hope you will join me in wishing them many more years of happiness.

I would like to bring this very important wedding anniversary to the attention of the House, and to extend to these very dear people in my district sincere congratulations on their 60th wedding anniversary.●

IMF TO LOAN INDIA $5.6 BILLION

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. LEWIS. Mr. Speaker, it has come to my attention that the International Monetary Fund (IMF) will vote next Monday to approve the largest loan in its history. The recipient is India, which will receive $5.6 billion over 3 years at a below market rate of interest in the range of 10 percent. Unlike most IMF loans which have a maturity of 3 to 5 years and are for

short-term balance-of-payments problems, this is a 4- to 10-year loan with the proceeds being used for other purposes.

This loan raises a number of concerns which I would like to bring to the attention of my colleagues. First, India is perhaps the best example of a country obtaining large amounts of U.S. aid who frequently opposes and works against U.S. foreign policies, and does so with impunity. For example, India has developed close military ties with the Soviet Union, exploded a nuclear weapon, refused to condemn the Soviet invasion of Afghanistan, and most recently approved a communique of nonalined countries which maliciously attacked the good name of the United States. Yet we continue to participate in expanded aid programs to this nation. It is as if we are saying to the world, particularly to the Third World, that there is no price to pay for opposition, however unreasonable, to U.S. foreign policies.

Second, India has become one of the largest beneficiaries of foreign aid and subsidized credit. This is so despite the fact that India could borrow substantial sums in private credit markets. The Indian Government has taken the sensible, but selfish, position of obtaining all the concessional loans and grants possible. Why borrow money when you can get it free? However, not only does this Indian policy crowd out the credit requirements of more needy nations, but it creates a nearly insatiable demand for expanded U.S. foreign aid.

Third, this loan will allow the Indian Government to further tighten its control over its private sector. The proceeds of the loan, in part, will be used for increased government investments in domestic industries. A large amount of the blame for the poor performance of the Indian economy can be attributed to harmful self-inflicted economic policies such as price controls, exchange rate controls, subsidies, and nationalized industries. Foreign aid and concessional loans have been helping finance these unsound economic policies.

Fourth, India has been the largest borrower from the International Development Association (IDA) of the World Bank. IDA, which is undergoing a major expansion, provides 50-year credits at zero interest to the most impoverished countries. India has received 40 percent of all IDA lending. It appears inconsistent for IDA's largest borrower to be receiving the IMF's largest loan with these terms. India's ability to obtain such a loan would indicate that it no longer needs to remain an IDA borrower.

Finally, there is the concern that the IMF may be changing its role from an organization which has aided nations in mitigating, short-term balance-of-payments problems. The World Bank has generated much criticism for moving away from hard development lending and toward international welfare. Certainly there should be widespread opposition to the IMF's moving in a similar direction, yet a 4- to 10-year loan at concessional interest rates would imply that it may indeed be also moving to become another international welfare institution.

Last year the United States provided an appropriation of some $5.5 billion to the IMF. I am certain this action would not have been taken if there had been any idea that we would be confronted with a $5.6 billion IMF loan to India the following year.

It is my understanding that the administration has yet to adopt a position for Monday's vote. I would urge my colleagues to make their views known on this matter.●

COMMONSENSE TOWARD EL SALVADOR

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. GARCIA. Mr. Speaker, yesterday, the Inter-American Affairs Subcommittee approved a resolution unanimously, asking the administration to "press for unconditional discussions among the major political factions in El Salvador * * *" This resolution comes directly after the President dismissed an appeal by the Salvadoran left to end civil strife in that country. The administration had rejected the left's proposal, saying they had nothing new to offer.

Wisely, however, the members of the Inter-American Affairs Subcommittee realized that discussions are a necessary first step for "guaranteeing a safe and stable environment for free and open democratic elections." The subcommittee indicated to the President that Congress does not approve of the present focus of U.S. policy in El Salvador. There is too much emphasis on the military; there is not enough concern for open dialog between all concerned political groups.

The resolution drafted by the subcommittee stressed that constituent assembly elections scheduled for March 1982 must, "be considered valid by all political factions * * *." This does not mean that the United States will come out in favor of either the left or the right, it merely indicates that the United States supports an end to the violence in El Salvador but wants to promote democratic reform. As I have said repeatedly, the real victims of the present turmoil in El Salvador are its people. "Unconditional discussions," no matter who initiates them, are a crucial first step to bringing peace and democracy to El Salvador. Again, I commend the Inter-American Affairs Subcommittee for yesterday's action.●

UNEQUAL BALANCING ACT

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. NELSON. Mr. Speaker, a constituent of mine, Col. Stone Christopher of Cocoa Beach, Fla., has brought to my attention an editorial entitled "Unequal Balancing Act" in the July 30, 1981, issue of Nordstjernan-Svea Den, the oldest Swedish newspaper in the United States. Colonel Christopher, a retired Air Force intelligence officer, has suggested that this article on the proposed Nordic nuclear free zone would be of interest to the Members of the House and to many of those who read the CONGRESSIONAL RECORD. I am pleased to insert this editorial at this point:

UNEQUAL BALANCING ACT

(By T. Edward Karlsson)

A Nordic zone free from nuclear weapons is now being debated in Sweden and the possibilities for attaining this ought to be explored it has been agreed by all the five political parties in the Swedish parliament, and all the Nordic foreign ministers have also indicated that they feel this would be a favorable development. At the same time it is reported in the Swedish media that the United States is not in favor of such an idea because of the lack of balance in the proposal when considering the Russian posture.

If is not difficult to understand why American officials concerned with this problem will find the suggestion in its present form a rather one-sided proposal favoring the other so-called "super power", which actually first put forth such a plan as early as 1959 by the then leader of the Russian communist party and also the head of the government, Nikita Khrushchev. Two years later the notion was voiced by a Danish socialist in the Nordic Council and by the Finnish communist leader at that time. Still two years later the same idea was presented by a group of Danish communists visiting moscow.

A month later, in May of 1963, the Finnish president presented a similar proposal as his own idea and proclaimed it as a main point of the Finnish foreign policy. There is a very important point to consider in all these proposals of a Nordic zone free of nuclear weapons.

All of the suggestions up to this point referred to the four Nordic countries only both in peace and war, but not to any part of nearby Russian territory, or any other areas around the Baltic within the domination of influence of Russia, such as Poland, East Germany, the Baltic provinces, or for that matter the Baltic Sea itself. It is well known that Russia has one of the largest buildups of nuclear weapons bases in the world in Murmansk near the Finnish border which is ice-free the year round and one of Russia's most important harbors for submarines with nuclear weapons. It is also known that Russian or its allies' submarines are op-

erating in the Baltic, some of them with nuclear weapons.

According to a treaty with Russia, concluded in Paris in 1947, it was established that Finland may not have any nuclear weapons of its own or allow any nuclear Weapons on its territory in Peacetime, although a mutual friendship and assistance pact between Finland and Russia the following year would allow Russia to place military forces, which of course would include nuclear weapons, on Finnish soil in case of war.

It should be pointed out that Finland seems to be the only Nordic country suggesting that the zone free from nuclear weapons should apply only to the four Nordic countries, while the other three feel that a Nordic free zone ought to be the first step toward a European zone free from nuclear weapons, which also should include areas of the Russian territory within the European sphere of interest. Inasmuch as this point of view is entirely contrary to Russian inclinations, it is easy to see that a zone free of nuclear weapons even in the Nordic countries is running into a lot of difficult problems which have to be solved before any real progress is likely to take place.

The continuing increase of weapons of all kinds on Russia's Kola peninsula near the Finnish border and the Norwegian border in the far north does not give any indication that Russia would be willing to pull back any of these bases from their dominating position of any point on the European continent, including of course, their very close proximity to all vital parts of the Nordic countries, which even their regular forces easily could enter through their treaty with Finland in case of a war.

The free zone idea has recently again been advocated by the Russian leader Leonid Brezhnev, as reported in a Finnish newspaper, where it is pointed out that Russia is willing to guarantee what in fact already exists, the Nordic zone free of nuclear weapons. This proposal seems timed to counteract the Norwegian acceptance of a NATO plan in 1979 of getting better nuclear weapons to match the Russian threat.

Some Swedish newspaper editorials wonder what if anything Russia would be willing to give in return for such a guarantee. That is not mentioned by Brezhnev, although the Nordic nations might have to give up any thoughts of their own defense if Russia decides to move its front lines including its nuclear weaponry, all the way west to the Atlantic Coast. A more unbalanced agreement could hardly be imagined.●

SUFFOLK COUNTY'S COMMUNITY SERVICE PROGRAM

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DOWNEY. Mr. Speaker, I would like to tell my colleagues about a new program in Suffolk County. This innovative effort is the brainchild of Ellie Seidman, the former deputy director of the Suffolk County Conference on Juvenile and Criminal Justice.

In December 1980, Suffolk County received a grant from the American Justice Institute to study and find solutions to the problem of overcrowding in correctional facilities.

On Tuesday, June 24, the Suffolk County Legislature approved a community service program as an alternative for prisoners sentenced to a weekend in our overcrowded county jail.

Community service as an alternative to incarceration has three separate yet important attractions: The offender is punished, rehabilitation is made possible, and, most importantly, there is a noticeable contribution to the common good. In this time of increased interest in strict economic consequences it should be noted that funds are saved—$100 per inmate per day. Prison life has never been productive; community service, on the other hand, is productive as well as humane.

The offender is not let off easy, yet he is punished in a way that provides a payment to the community. The public's desire and need for retribution is satisfied with concrete accomplishments, not wasted idle hours.

This model for the future has been praised by legislators, correction officials, and judges. With the help of the United Way and the Suffolk County American Red Cross, Suffolk County is now a leader in this new and exciting approach to alternatives in incarceration. I hope other counties will soon follow.●

HOUSE EXPORT TASK FORCE—INTERNATIONAL TRADE HEARINGS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. BONKER. Mr. Speaker, in recent years the importance of foreign trade to the United States has been increasing and during no other period has our trade performance been more vital to the growth of our economy. The Trade Subcommittee of the House Ways and Means Committee held a series of oversight hearings beginning October 28 and concluding November 3. The hearings revolved around three principal issues: Restoring the competitiveness of the United States, trade distortions caused by export financing practices, and the growing role of developing countries in international trade. As chairman of the House export task force, I applaud Chairman GIBBONS for initiating these timely and beneficial hearings.

The United States remains the world's largest and most productive economy, however our competitive capabilities in a growing number of areas have actually fallen behind other major industrial countries. Our international competitiveness is affected by low rates of savings, investment and expenditures on research and development, and high rates of inflation. In addition, developing countries are escalating in productivity and technology.

In the most recent 3-year period, U.S. productivity growth has been almost stagnant. In 1980, our manufacturing productivity was only 1.4 percent higher than in 1977, while during the same time period Japanese productivity had risen 23 percent and German productivity 10 percent.

There has also been a gradual shift away from a large surplus in merchandise trade to large surpluses on the earnings of foreign investment, especially direct foreign investment. This shift raises serious questions about the vitality of U.S. trade competitiveness.

Mr. Speaker, as I have outlined before, official export financing is one of the most difficult and damaging problems facing the United States. Some governments have been increasingly tempted to compensate for noncompetitive exports through heavily subsidized financing packages. This holds particularly true to items in which the United States is very competitive and has traditionally dominated the world market—that is aircraft, powerplants, draglines, oil drilling machinery, and so forth.

The annual cost of interest rate subsidies paid by the major OECD countries is estimated to have been at least $5.5 billion in 1980. France provided $2.3 billion of such subsidies, Britain $1 billion, Japan $566 million, and the United States $315 million.

Historically speaking, the United States has provided one of the most open markets in the world and has taken a great interest in helping those in need reach their development goals. The United States has done so mainly because economic growth abroad translates into economic strength at home and developing countries provide the fastest growing markets for U.S. exports.

The United States has also maintained the generalized system of preferences (GSP), which provides developing countries with preferential duty-free treatment on many products. Although the overall volume of trade affected by the U.S. GSP is quite small, it is generally felt that the program has helped developing countries diversify their economies and increase export earnings. This development through trade lessens developing countries' needs for external aid and promotes the fuller integration of developing countries in the international trading system.

Mr. Speaker, we must begin to address these issues and others if we are to maintain our international trade status. As chairman of the House export task force, I commend my col-

leagues for their interest and participation at these hearings.●

CLEAN AND HEALTHY ENVIRONMENT

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DYSON. Mr. Speaker, yesterday the House passed an amendment to the Nuclear Regulatory Commission authoritization which would prohibit the use of NRC funds for the discharge of radioactively contaminated water from the Three Mile Island facility into the Susquehanna River. I, for one, am grateful for the support of the House in passing this amendment and on behalf of the thousands of residents of Maryland's First District, I want to thank the House for their show of concern for the environmental integrity of the Susquehanna River and the Chesapeake Bay into which it flows.

This dumping of radioactively contaminated water into the Susquehanna River would have set a dangerous precedent and would have set back our environmental standards by years. Maintaining the environmental quality of one of the world's most beautiful bodies of water is of enormous concern to us.

Early this morning as I traveled to Washington, the call of geese resounding in early dawn's misty air reminded me of the need to preserve the natural beauty of the Chesapeake Bay and its environs. The passage of yesterday's amendment is an affirmation of our commitment to a clean and healthy environment and I thank the House for its support.●

TRIBUTE TO RAYMOND B. SLANEY

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DORNAN of California. Mr. Speaker, on Thursday night, November 12, the South Bay Cancer Foundation will honor Raymond B. Slaney as their "Citizen of the Year" at the Seaside Lagoon in Redondo Beach. While my duties here in Washington will prevent me from being present for the celebration, I wanted to take this opportunity to give recognition to the achievements of Ray Slaney.

Currently, Ray is doing his part to safeguard our Nation's security as vice president of the electronics and defense sector of TRW Systems Group.

The vital work of Ray's division helps the free world maintain the technical edge in national defense systems.

Ray has had a long history of civic activism. For 9 years, he served in local government as an elected official. He has been a city councilman and mayor of the city of Rolling Hills Estates, Calif.

Ray also devoted 5 years of service to the Los Angeles sanitation district.

Ray has been active in working on proposals for advancement in urban living standards with the League of California Cities Committee of the Future.

Ray's commitment to a clean environment was demonstrated by his service on the Los Angeles Special Review Committee on Air Pollution Control. He served as chairman of their subcommittee on scientific technical data and atmospheric containment trends.

Ray has also presided over several civic building corporations.

In the health field, Ray serves as a member of the Torrance Memorial Hospital board of trustees.

The YMCA and the Redondo Beach Chamber of Commerce have also benefitted from Ray's wise counsel and advice.

Mr. Speaker, Ray Slaney is an example of the kind of committed citizen that makes our system work. His superior ability in the technical field makes him a valuable national resource.

The enthusiasm with which men and women like Ray shoulder civic responsibilities illustrates the vitality of our society. It is altogether fitting that we in government offer our support and appreciation for their fine work.

In conclusion, I just want to say thanks to Ray Slaney for a job well done.●

JAMIE L. WHITTEN'S 40 YEARS IN CONGRESS

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. O'BRIEN. Mr. Speaker, the occasion of our colleague, JAMIE WHITTEN's, 40th anniversary of serving in this body deserves special mention.

JAMIE WHITTEN has been a model Congressman. He has long sought to protect and promote the interests of the people of the First District of Mississippi, and he has been an important force in national issues as well.

Being from Illinois, with a majority of my district given over to agriculture, I have had the opportunity to know JAMIE WHITTEN through his actions as chairman of the Agriculture Subcommittee of the Appropriations Committee. He has worked there as the tireless defender of farmers across the country. Our success as an agricultural nation, truly as the breadbasket of the world, is in many ways directly attributable to JAMIE WHITTEN's leadership there.

But I know JAMIE best from my own service on the full Appropriations Committee. He took time out when I first got there to show me the ropes. He has been a fair and just arbiter in the midst of many heated disputes. And he has always exercised his authority as chairman in a conciliatory fashion. For these reasons, and many others, he has my respect and affection, we well as that of the entire country.

Every American alive today is indebted to JAMIE WHITTEN. We all thank him for his service.●

WGSM RADIO EDITORIAL SHOWS LONG ISLAND UNITY AGAINST LTV TAKEOVER OF GRUMMAN CORPORATION

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. LENT. Mr. Speaker, one of the most respected—and listened-to—radio stations on Long Island is WGSM. It has won a number of awards for its editorials.

Recently, WGSM turned its editorial attention to the attempt of the LTV Corp. of Dallas, Tex., to take over the Grumman Corp., which is headquartered on Long Island and employs some 20,000 Long Islanders in its aerospace production.

The takeover attempt has been bitterly opposed on Long Island, and WGSM devoted its editorial to examining how and why such strong support for the Grumman Corp. developed. The editorial shows most clearly that Grumman has been a good neighbor on Long Island. The editorial is a very strong argument in favor of continued independence for the Grumman Corp. I ask that the WGSM editorial be printed in full at this point in the RECORD so that my colleagues may have a better understanding of the Long Island opposition to the takeover proposal from LTV.

WGSM EDITORIAL

The Grumman Company is fighting for its life. Make no mistake about it. To remain an independent entity, Grumman must successfully ward off a take-over bid by the LTV Company of Texas. While the matter is now in the courts and is quite complex, a number of interesting and probably significant things have happened on Long Island as a result of the threat to Grumman.

There is wide-spread and deep-rooted support from almost every level of society on the Island for Grumman's attempt to maintain its independence. This proves more than the fact that Grumman has been a

good corporate citizen and has contributed to Nassau and Suffolk Counties in many ways. That's something of a phenomenon on Long Island.

The Island is made up of people who live in one place, work in another, and probably shop in still another. The communication, cohesiveness, and identity of other communities is often absent here, but it is present in the Grumman matter. Grumman has shown itself to be one of the very few common denominators on Long Island, an entity with which everyone can identify, in which everyone has an interest, no matter where they live.

Now it must be said, the LTV people do not want to acquire Grumman to hurt it or close it or harm it in any way. They want to make their own company a larger, stronger, and more prosperous one by acquiring Grumman. But, it they are successful in their bid, Grumman will be a division of a larger company with headquarters elsewhere. Grumman's fate will no longer be in its own hands. Grumman will no longer be Long Island's, it will just be located on Long Island. Long Islanders have indicated they don't want that to happen—for they feel in many ways Grumman is Long Island.●

THE NATIONAL EMPLOYER AWARD

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DAUB. Mr. Speaker, the National Employer Award, presented by the American Legion, is a prestigious recognition of a company's achievements in the hiring of veterans. I am proud that this year's winner in Nebraska is Inland Manufacturing Co., of Omaha.

Daniel and Beatrice Langfeld, board chairman and president of Inland Manufacturing, are the proud recipients of this well-deserved award. Their accomplishments in the hiring of service veterans exhibit their strong commitment to the men and women who have served in our Nation's Armed Forces.

The transition from military service to civilian life is sometimes a difficult one; yet, it is critical that our Nation's veterans be guaranteed a productive place in the American economic mainstream and the full benefits of the freedom they have fought to preserve.

Daniel and Beatrice Langfeld have made a significant contribution in moving us toward that vital goal.●

THE HONORABLE BROOKS HAYS

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. JONES of Oklahoma. Mr. Speaker, the recent passing of former Congressman Brooks Hays was a sad occasion for those of us who had come to admire and respect him as one of America's outstanding public servants.

I first became aware of Brooks Hays' unique political courage in 1957 while attending high school in my hometown of Muskogee, Okla. At the same time—and only 200 miles away—Congressman Brooks Hays was attempting to mediate the potentially violent confrontation that had occured between Arkansas Governor Orval Faubus and President Eisenhower over the required integration of Little Rock's Central High School.

In the subsequent months I was to witness Brooks Hays political defeat as a result of his courageous actions in attempting to peacefully resolve the Little Rock crisis. It was not Brooks Hays, defeat, however, that made the greatest impression in my own mind. Rather it was his decision to place a fundamental belief in the principles of freedom, equality, and the rule of law, over and above the more politically expedient course of noninvolvement.

Mr. Speaker, the lessons many of us have tried to learn from Congressman Brooks Hays, and the examples he set for countless others, are relevant to our system of government no matter the decade or whichever party controls Congress or the Presidency.

I think it particularly noteworthy in these days of heated debate over the future well-being of America's economy and her national defense, that we remember Brooks Hays for his advocacy and actions in support of peaceful compromise and moderation.

His self-descriptive admonition in 1959 to future political generations—"Extremism simply cannot succeed on either side"—is a lesson individual citizens and America's political parties will do well to heed closely. I believe Brooks Hays would be justifiably proud of such a legacy.●

AN UNKNOWN SOLDIER OF THE VIETNAM WAR

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. GOODLING. Mr. Speaker, now that Veterans Day is approaching, I would like to draw my fellow Members' attention to a situation of the utmost gravity. As you know, in 1973 Congress gave authorization for a Vietnam unknown to rest alongside of American unknowns of previous foreign wars. The designate resting place for the Vietnam unknown, although empty, was marked by a white marble cover from October 1974 to March 1975, when after the fall of Saigon it was removed, and the crypt was covered over with red granite with nothing left to mark it.

This shameful state of affairs was brought to my attention by one of my constituents, Mike Wherley, himself a veteran of the Vietnam war. Mr. Wherley formed the Committee for the Vietnam Unknown, and together with other Vietnam veterans, has agitated for the internment of a Vietnam unknown at Arlington Cemetery.

However, the crypt for the Vietnam unknown remains empty and unmarked with no indication at the memorial to give the reason why. Now, many Vietnam veterans feel that they have been dealt a raw deal; having fought in a faraway land, and having seen many of their friends killed and mutilated in an unofficial war, they returned home only to be ostracized for their part in Vietnam by an uncaring country which feels that its involvement in Vietnam was a shameful one, best forgotten. In fact, it is that attitude which is shameful. By the internment of a Vietnam unknown with all due honors at Arlington Cemetery, we would help to right the wrongs felt by our unsung heroes of Vietnam. We would then be able to unite as a nation, and focus our attention on the accounting for and recovery of those Americans still missing in Southeast Asia.●

INCENTIVES FOR ENERGY CONSERVATION IN THE COMMERCIAL SECTOR—H.R. 4912

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. MARTIN of North Carolina. Mr. Speaker, I am pleased to join my colleague, the gentleman from Georgia (Mr. FOWLER), in supporting this legislation, H.R. 4912. If we are to solve this Nation's energy problem, we must turn to our largest energy factor—conservation. This legislation will provide significant incentives for the commercial sector to invest in energy efficient equipment and energy conservation devices.

As a result of the narrow interpretation of the Energy Tax Act of 1978, the commercial sector was, for the most part, denied energy tax credits that were available to industry. Since the commercial sector accounts for almost 15 percent of the total annual energy consumption of the Nation, this legislation will encourage significant energy savings. The industrial sector also will have additional incentives to save energy due to the expanded list of items that would qualify for the credit.

The energy tax credits are the best approach to conservation. They encourage the free enterprise sector to do the job by allowing the business manager to select the most appropriate equipment for his needs.

Great advancements are being made in new methods of conserving energy. Modern new equipment can do the job more efficiently and with less energy usage. This legislation is designed to encourage the use of these new devices to prompt the Nation to solve its energy problem through conservation.●

RAW JUDICIAL POWER

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DORNAN of California. Mr. Speaker, the exercise of raw judicial power is alive and well in the Nation's Capital. Members of Congress should take special note of a recent Federal court decision involving the Office of Personnel Management, a decision which is a flagrant violation of the separation of powers. It is nothing short of a usurpation of Congress plenary authority over the power of the purse as well as the right of the executive branch as a coequal department to interpret the Constitution regarding its own powers.

On October 30 of this year, U.S. District Court Judge Aubrey Robinson ruled that the Office of Personnel Management may not order two insurance carriers to reduce their premiums and benefits in order to obey budget constraints ordered by Congress. Judge Robinson characterized OPM's benefits reduction as "arbitrary, capricious, and an abuse of discretion."

Mr. Speaker, it is the constitutional right of Congress under article I to set limits on the amount of Federal funds which can be spent on specific programs among which is included the Federal employee health benefits program. The tradition of limiting the excessive power of the other branches of Government by means of the congressional power of the purse was most ably expounded by James Madison, the "Father of the Constitution," in the Federalist Papers:

> The House of Representatives cannot only refuse, but they alone can propose, the supplies prerequisite for the support of government. They, in a word, hold the purse—that powerful instrument by which we behold, in the British Constitution, an infant and humble representation of the people gradually enlarging the spheres of its activity and importance, and finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of government. The power of the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining the redress of every grievance and for carrying into effect every just and salutary measure.

For a Federal judge to take upon himself the authority to direct expenditures with no regard whatsoever for congressionally mandated budgetary constraints is an egregious violation of the separation of powers, just one more example of that judicial imperialism which has become the hallmark of the Federal judiciary.

Moreover, Judge Robinson conveniently ignores the fact that officials at the Office of Personnel Management—which is part of the coequal Executive branch of the Government—have also taken an oath to uphold the Constitution. It is a responsibility conferred by statute on OPM to negotiate contracts with private health insurance carriers. By directing OPM to enter into a contract with the American Federation of Government Employees and the National Federation of Federal Employees, which OPM considers to be unreasonable, and which forces it to violate its responsibilities under the law, Judge Robinson intruded directly into a coequal branch's negotiations thus once again violating the separation of powers. Why should the judgment of Judge Robinson supersede that of Mr. Donald Devine, Director of OPM? Why should the judgments of the judicial branch supersede that of the coequal executive branch? The doctrine of judicial supremacy according to which the judiciary has the sole right to place an authoritative interpretation on the Constitution, an interpretation that is, moreover, binding on the executive legislative branches, has no place in our representative form of government which derives its authority from the consent of the governed. Members of the legislative and executive branches take an oath to uphold the Constitution, not simply the judicial version of it. The Constitution, not the Federal judiciary, is supreme. It is well to recall the warning of Thomas Jefferson to Abigail Adams in a letter dated 1804:

> Nothing in the Constitution has given them [the Federal judiciary] a right to decide for the Executive, more than the Executive to decide for them. The opinion which gives the judges the right to decide what laws are unconstitutional and what are not, not only for themselves in their own sphere of action, but for the Legislature and the Executive also, in their spheres, would make the judiciary a despotic branch.●

H.R. 4766

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. NELLIGAN. Mr. Speaker, last week, the House passed, by voice vote, H.R. 4766, a bill that formally grants a Federal charter to the United States Submarine Veterans of World War II. As a cosponsor of the legislation, I wish to recognize the association's dedication to preserving the memory of those veterans whose lives were lost in warfare and its dedication to promoting the interests of submarine veterans.

Since its founding in 1955, the nonprofit organization and its 5,000 members have provided services rarely rivaled in terms of longstanding commitment and generosity of spirit and effort. The association awards 52 scholarships annually in honor of the 52 submarines lost in World War II. Many State chapters provide monthly recreational activities for patients at Veterans' Administration hospitals and contribute in various ways to the relief of disabled submarine veterans and their families. In addition, volunteers assist veterans with Veterans' Administration disability claims on a regular basis.

I join my colleages today in this proud moment of granting this Federal charter to the association, and recognizing and honoring the great, dedicated service of the men of the submarines.●

CONRAIL—A STATUS REPORT

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. LENT. Mr. Speaker, I am happy to report to my colleagues about Conrail's recent encouraging financial news. Until recently, Conrail, the Government-established railroad formed in 1976 by combining six bankrupt Northeastern railroads, has generally been operating in the red, struggling to keep its head above water.

Now, I am pleased to advise, Conrail realized a net profit of $64.9 million for the third quarter, 1981, compared with a loss of $88.1 million for the same period, 1980. For the 9 months ending September 30, 1981, Conrail reported net income of $12.8 million on consolidated revenue of $3.2 billion, compared with a loss of $231.8 million on consolidated revenue of $2.9 billion for the same period, 1980. This is the first time in its brief history that Conrail has reported back-to-back quarterly profits—Conrail reported net income of $13.8 million for the second quarter, 1981—and only the third time since it began operations in April 1976, that it has reported a quarterly profit—Conrail reported net income of $23.3 million for the second quarter, 1979.

In discussing these results, L. Stanley Crane, Conrail Chairman and Chief Executive Officer, stated:

> This turnaround in the corporation's financial performance stems primarily from successful efforts to reduce costs, since carloadings of traffic in the first 9 months of 1981 were 5.5 percent lower than in the

same period of 1980. (This decrease, in part, was as a consequence of the United Mine Workers' coal strike in the second quarter of 1981.) In 1981, Conrail management has emphasized a program to reduce the size of our rail plant and employee force to bring both in line with the traffic we now have and are projecting. Those efforts are paying off, and our service to freight customers (as measured by our on-time delivery performance indices) has continued to improve.

Further, Mr. Crane said that organized labor, through its actions, is making a major contribution to Conrail's financial improvement. The memberships of 12 of Conrail's 16 largest unions have ratified an agreement to defer wage increases totaling about $200 million per year for each of the next 3 years. In addition, nonunion Conrail people are making salary increase sacrifices which parallel those of union members. As a result, Mr. Crane said, Conrail has not accrued any wage increases which would stem from the national rail contract agreements, which are still being negotiated, or for nonunion employees. The agreement to defer wage increases came during congressional consideration of the Northeast Rail Service Act of 1981 (NERSA) this past spring and summer.

Conrail has reduced its employee force from 78,993 at the end of the third quarter of 1980, to 69,959 at the end of the third quarter, 1981. In addition, Conrail has consolidated seven freight operating regions into five, is continuing to close excess facilities, is reducing multiple track to double or single track where traffic levels permit, and is taking steps to direct its traffic—including that received from other railroads—to the most cost-efficient routings.

Conrail's financial improvement to date does not reflect the impact of NERSA, signed into law August 13. Conrail is moving aggressively now and will continue to do so in 1982 to utilize the NERSA, which relieves the railroad of burdensome commuter service operating responsibilities by January 1, 1983, replaces costly employee protection programs with a one-time separation and severance plan, and establishes an expedited program for the shedding of uneconomic branch lines.

Another highlight of Conrail's improved financial picture is the fact that Conrail did not receive any Federal funding in the third quarter 1981—the first time since the third quarter of 1976 that it has not received Federal funding. In addition, Conrail has told its banker, the U.S. Railway Association, that it will not need to drawdown $320 million in Federal operating aid already appropriated for its use this year. According to sources at OMB, it is unprecedented for a program to refuse an appropriation.

Despite this encouraging financial news, Mr. Crane is not about to sit back and simply savor his successes to date. He has said that—

Conrail must remain vigilant in our cost control efforts, while building a profitable traffic base. We cannot be misled into believing that the results so far this year are proof that this company has yet attained its ultimate goal—financial self-sustainability.

The $64.9 million third quarter net income and the 9-month $12.8 million net income this year are important steps in the right direction. However, Conrail's capital costs for necessary plant and equipment upgrading to provide good freight service are several hundred million dollars a year. Until our cash flow covers our capital costs on an ongoing basis, we will not have reached our goal of self-sustaining operations. That is what must be done in order to free Conrail from the need for Government funding and take the vital step toward viability as a corporation.

Mr. Speaker, I think we all should take satisfaction in knowing that the Federal funds which have been funneled into Conrail have not been wasted. Conrail today is on the brink of becoming a self-sustaining entity, thanks to self-imposed belt tightening and the application of Stanley Crane's valuable expertise. Let us hope that Conrail can maintain its improving financial picture into the future.●

LOUIE "LOU" HASSON

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. WAXMAN. Mr. Speaker, on October 24, 1981, the Sephardic Hebrew Center in Los Angeles honored Louie "Lou" Hasson as their Man of the Year. The award was presented in recognition of Lou Hasson's work on behalf of the Sephardic Hebrew Center spanning a period of over 40 years.

The Sephardic Hebrew Center was founded in 1917 by a group of immigrants, mainly from the Isle of Rhodes. It has flourished all these years through the consistency of its purpose which has been the preservation of Judaism and the maintaining of the rich Sephardic culture. Lou Hasson has been at the very heart of the center's activities both in its religious and business affairs. He spearheaded the fundraising for the Sephardic Hebrew Center temple building. He has led the high holy days services in English every year since 1940 and has conducted the annual Passover Seder for the past 20 years. His accounting firm of Alder, Green & Hasson has provided accounting services to the center for the last 25 years. Lou Hasson, in addition to devoting so much of his time to the Sephardic Hebrew Center is also well known for his efforts on behalf of the Brandeis-Bardin Institute.

A native of Los Angeles and a graduate of UCLA, Lou Hasson received his religious training at Congregational B'nai Emet in Montebello. The father of three children, Lou and his wife, Marilyn, have been residents of Encino for many years.

As a leader of the community, Lou Hasson has inspired others to follow in his footsteps of religious devotion and service to the community.

I ask the Members to join with me in congratulating Lou Hasson on his achievements and wishing him many more years of accomplishment and fulfillment.●

A NEW IDEA FOR A NEW BEGINNING

HON. KEN KRAMER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. KRAMER. Mr. Speaker, as most Americans are aware, extremely high interest rates are the greatest hindrance to full economic recovery.

These high interest rates are impeding the potential benefits of the President's economic recovery plan by limiting the ability of small businesses and individuals to obtain credit. Interest-sensitive small businesses, such as homebuilders, farmers, and car dealerships, are being devastated by high interest rates. Car dealerships all over the Nation are being forced to close their doors, farmers are selling property passed down from generation to generation, housing starts have reached their lowest level in 35 years and the real estate industry is floundering. Moreover, the cost and unavailability of loans have placed a home or car beyond the reach of all but a few Americans.

We cannot afford to have America's small businesses go under, especially when they are desperately needed to increase productivity and help get the economy rolling again. Nor can we afford to have more people forced out of jobs and onto the unemployment rolls. For many, the cure for inflation is becoming worse than the disease.

In order to cope with the tremendous national debt which has surpassed $1 trillion, the Federal Government has both printed more money, which results in higher inflation, and borrowed in the market, which leads to higher interest rates. With ever-increasing Federal spending, despite the historical events of last summer which resulted in the first restraint on out-of-control spending in decades, the Federal deficit for fiscal year 1982 is projected to be somewhere between $60 and $100 billion. It is apparent that the time has come to further cut Federal spending, balance the budget, and reduce the tremendous national

debt which is a heavy mortgage on the future of all Americans. If the Congress balks at the President's latest request for budget cuts (and it appears likely that the Congress will be reluctant to cut much deeper) without some new initiative, chances of a balanced Federal budget by 1984 will have all but evaporated.

What would the typical American family do if faced with a financial situation similar to the one faced by the U.S. Government? The typical American family must live within its means or face the possibility of bankruptcy. Rather than declare bankruptcy in times of financial crisis, it may be necessary for a family to turn to its assets—savings accounts, stocks, property, and so forth—in order to raise enough cash to pay its bills.

In fact, as the Congress and the administration search for ways to bring down the high interest rates and inflation, we may be overlooking a potential solution which is right under our noses. The U.S. Government has considerable assets. Currently, the Federal Government owns a staggering 780 million acres—1 out of every 3 acres in the United States. This includes farmlands, grazing lands, mineral-rich property, abandoned Department of Defense installations, office buildings in urban areas, and vacant urban land.

Yet, in recent years we have totally ignored the question of disposing of our unneeded Federal assets for the production of revenues. Rather, since the New Deal, almost the entire thrust of Federal policy has been to acquire property. I think we need to reexamine this unwritten policy and ask ourselves: Does the Federal Government really need to own one-third of the land in the country when so many people are suffering as a result of high interest rates and inflation caused by a national debt that has surpassed $1 trillion?

In my preliminary investigation to determine which Federal properties would be potentially marketable and their value, I was surprised to learn that no one in the Federal Government really has any idea as to the worth of the vast Federal holdings. The Library of Congress, the General Accounting Office, the Bureau of Land Management (BLM), and the General Services Administration (GSA) all indicated that they not only do not have information available on property values but that no one agency has existing authority to conduct an assessment into the amount, type, market value, utilization and management of all Federal properties.

The Land Policy Working Group within the Interior Department does plan to use satellites to survey public lands owned by the National Park Services, BLM, the Fish and Wildlife Service, and the U.S. Forest Service, but this is several years in the future and will not include the 80 million acres of Federal property belonging to 62 other agencies, including GSA, which controls the majority of developed urban properties.

Prior to the 1930's our policy toward Federal lands was one of disposition. Since that time our policy has been one of acquisition. The Federal Land Policy and Management Act (FLPMA) of 1976 codified this acquisition policy. FLPMA provided the Bureau of Land Management with a mandate to manage the public lands for permanent Federal ownership, according to multiple use and sustained yield principles. Among other things, the act removed from the books numerous 19- and early 20-century laws authorizing the conveyance of Federal lands into private ownership and established restrictive new land sales procedures. One of the laws repealed by FLPMA was the Homestead Act of 1862 which had come to symbolize an entire era in American history in which land for farming could be obtained free of charge from the Federal Government.

It is important to note that I am not in any way advocating or even thinking about the possibility of a sale of national parkland or similar public treasures. Rather, I have in mind looking into such property as the former Naval Training Center at Bainbridge, Md., where the buildings are so dilapidated that the Federal Government recently decided against trying to relocate Cuban refugees there. Instead of setting there idle, of no use to anyone, this property could be sold to the private sector and put to productive use.

Now, some will say that this idea is similar to the Sagebrush Rebellion. Being from the West, I am well versed in the Sagebrush Rebellion, which is attempting to wrest control of many public properties from the Federal Government and place them under the aegis of State governments. In my home State of Colorado, the Federal Government owns approximately 35 percent of the land.

The one central difference between what I am suggesting and the Sagebrush Rebellion and the real reason that the Sagebrush Rebellion has not caught fire, I believe, is that it has no real impact on the life of the average citizen. He really has nothing to gain from the Federal bureaucrats passing control of our public properties to State bureaucrats. However, if some of these properties were returned to the private sector, considerable improvement in the life of the average citizen could be envisioned. Sales proceeds could be used to help balance the Federal budget and eradicate the national debt, thereby reducing inflation and interest rates.

Transfer of Federal properties into the private sector would significantly increase local property tax bases. Much of the property would undergo economic development. This translates into increased revenues from State and Federal income taxes. Thus, not only would the effects of recent budget reductions on State and local governments be alleviated, but the Federal Government would gain additional income to help insure a balanced budget and liquidation of the national debt.

Another result of Federal property transfers would be a reduced need for the number of employees involved in management of Federal properties thus lowering Federal spending and again helping to balance the budget.

As an incentive for Federal agencies to realistically assess unneeded properties, and not sabotage the intent of the assessment, a percentage of generated revenues should be set-aside for use by the affected agencies for pet projects.

One of the first reactions to this proposal may be strong environmental opposition. But it should not be that way. There is no reason why we could not have more areas designated as wilderness and there is every reason to believe that better management of remaining Federal properties would be possible. In fact, a portion of the revenues should be set-aside for environmental purposes and for upgrading or better maintaining those properties remaining in the Federal inventory.

Such a program of Federal property transfers would make sense for the average American citizen as well as the largest corporation. Those who are presently leasing or otherwise using Federal properties would be given the right-of-first refusal with a fair price tag and flexible terms. Marketing for the program, in fact, could be done in a variety of ways, ranging from cash terms to long-term payments at reasonable interest rates. Realtors can play a vital role in this marketing program. Many Federal properties will be within the reach of average Americans who wish to fulfill their vision of the "American Dream." And it could all be done on a patriotic theme: "Invest in a Piece of America."

It will also be necessary to consider how to handle foreign investment, since we do not want a large portion of this country to be owned by OPEC and to consider whether there should be limits on the amount of property purchased by any one individual or business.

Historically, though the Homestead Act and similar mandates, the Federal Government has disposed of excess Federal properties quite successfully. In fact, between establishment of the first General Land Office in 1800 and the withdrawal of the public domain in the 1930's, the original Government holding of 1.837 billion acres, or 80 percent of the U.S. acreage in 1800, was reduced to 692 million acres. The

Homestead Act itself provided for the sale of 287 million acres to create 1.6 million farms between 1826 and 1930. Then, as now, the primary objective of these marketing programs was revenue production. What we need is to find out what we have, what it is worth, and what can be sold. Only then will we be able to determine if a new Homestead Act would be the salvation of this country's economy.●

MRS. YETTA SACHS CARPENTER, A WOMAN OF VALOR AND VIRTUE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. SOLARZ. Mr. Speaker, today I would like to pay tribute to a remarkable woman, Mrs. Yetta Sachs Carpenter, who through her kindness, generosity, and commitment to improving the life of her fellow man earned the love and respect of all who have had the privilege of knowing her.

Mrs. Carpenter was born in Baltimore, one of seven children of Russian Jewish immigrants, who, though desperately poor, gave their children the benefit of a warm and deeply religious family life with a profound respect for the value of hard work and a strong sense of personal responsibility. As a young child Yetta Sachs Carpenter had to leave school to help support her family by sorting coal in the mines. Later, when she became a successful businesswoman, and arbiter of high fashion in Lancaster, Pa. Mrs. Carpenter made it possible for hundreds of children to complete their education, and also provided for the needs of hundreds of orphaned, handicapped, and deprived children.

In 1979 Mrs. Carpenter was given the Jerusalem City of Peace Prize for her efforts on behalf of the State of Israel. She has been active with the National Council of Christians and Jews, and is listed in "Who's Who in American World Jewry" for her outstanding accomplishments in business and philanthropy.

Mr. Speaker, I ask permission to reprint in today's CONGRESSIONAL RECORD an article about this woman of sterling qualities who I am fortunate to number as one of my friends.

YETTA SACHS CARPENTER

(By Thelma Stolzfus)

The story of Yetta Sachs Carpenter is more remarkable than the story of Cinderella, because Yetta's story is true. It was very unlikely that a little girl who had to leave school after the third grade and help support her family by sorting coal from slate in a coal mine in Lopez, Pennsylvania, was destined to become the arbiter of high fashion for aristocratic ladies in Lancaster, Pennsylvania—but that is what happened.

The transformation of the begrimed colliery girl into an elegant leader of fashion was not a miracle accomplished by a fairy godmother waving a wand over Yetta. Like other American success stories, Yetta's story is about a bright child from an immigrant family in which she learned the values of hard work, family solidarity, and good moral character.

Yetta's story begins in Russia in the late 1870s, long before she was born in the United States in 1902. Her story begins with the marriage of her parents, a marriage which was arranged by their families; the bride and groom never saw each other until their wedding day. The bride was only 14 years old.

Her parents had three daughters born in Russia. When Yetta's father was drafted into the Russian army he decided to desert and go to America, the land of opportunity. Since the venture was risky, and there was not enough money to take his family with him, he decided to go alone first and then send for them after he was established in America.

Three years went by, during which time Yetta's mother managed to support herself and her three little girls, but no word came from Yetta's father. Yetta's mother decided she would take her daughters and go to America on her own, to search for her husband. To pay for the voyage, she cut off her beautiful, long, black hair and sold it to a wigmaker.

For fifty-three days and nights Yetta's mother and her three little girls were tossed about in the hold of a ship on the Atlantic. They arrived at Ellis Island, which all immigrants passed through, not knowing a word of English. Following rumors, Yetta's mother, with her three girls in tow, searched in vain for several months for her husband. Finally, she located him in Lock Haven, Pennsylvania, where he was working as a peddler. It was 1884 when Yetta's parents were re-united.

To support his family, which was growing, Yetta's father tried various occupations in different cities and towns in central Pennsylvania and Maryland during the 1880s, 90s, and early 1900s. Three more daughters and one son were added to his family in this country. Yetta was born in a cellar in back of a market in Baltimore.

Her family struggled for its existence. They lived without conveniences; no inside toilet, no running water. Yetta's mother kept her children tidy by patching their clothes and boiling the clothes in a kettle on the stove. As a child, the future leader of fashion never had a new dress.

Although her family lived in the direst poverty and although all the children had to leave school after a few years and work to contribute to the family income, they were a strong and a loving family, held together mainly by the woman who had sold her hair to bring herself and her children to her husband in a new land.

"I don't know how Mama made things work, " Yetta says today, "but she did."

Yetta's mother taught her children values they never could have learned so well in school: family unity, hard work, and a sense of personal responsibility. "My mother often told us, 'If you do something wrong, don't come back to me and expect me to protect you from the consequences. . . . You were brought up to do the right things.' "

If Yetta had been born into a more affluent family, she might have become a famous opera signer instead of a leader of fashion. She was endowed with a fine, clear, powerful singing voice and dreamed as a girl of becoming a professional singer. During World War I she stood on the platform at the railroad station and sang to the soldiers departing for the front.

Although the children had to leave public school to work, they attended the synagogue. Their religion was a meaningful part of their lives. Speaking last summer at a symposium about "The Art of Living," held at Country Day School in Lancaster, Yetta stated that the most necessary elements in successful living are "family values and prayer."

As time went by and the older children grew up, they took increasing responsibility for their younger sisters and brother. Especially Mary, one of Yetta's older sisters born in Russia and brought to this country by her mother, became a second mother to the younger children. Mary was the only one of the sisters who never married.

Mary, like the other children had to quit school early and go to work. One of her early jobs was working in a cigar factory. When she got a job as a clerk in a clothing store in Harrisburg, she had found her true calling. Her career took a turn upward one day when her boss was eavesdropping on Mary's sales technique. Mary was showing a customer a fur. "is it good?" asked the customer.

"If it wasn't good," Mary replied, "my boss wouldn't have it in the store."

Mary's boss began to groom her for more responsible duties in the store. She worked hard, studied, and before long was a buyer for the store, making frequent trips to New York City. Within a few years she had a thorough knowledge of the women's high fashion clothing business.

With very little capital she opened her own fashion store across from the Capitol in Harrisburg. The store was a financial success during its very first year. Mary Sachs' store became the store in central Pennsylvania for fashionable women's clothes. Discriminating women of means came from far away to get the very best at Mary Sachs. Mary had such a large clientele from Lancaster for her store in Harrisburg, she decided to open another store in Lancaster. Yetta, who had been working in a printing plant in Harrisburg, went to work in the new Lancaster store at 138 East King Street as a stock girl. The year was 1921.

Yetta had a lot to learn about retailing women's fashions. She learned all she could from Mary and also from the women in charge of the Lancaster store. She says she learned the fashion business by the "apprentice" system, the very best way, she thinks, to learn a business—on the job.

For nine years Yetta commuted from Harrisburg to her job in Lancaster. The commutation, plus the long hours she was putting in at the store; took their toll on her health; she decided to move to Lancaster.

Eventually, Yetta took over the management of the Lancaster store. Like its sister store in Harrisburg, the Mary Sachs store in Lancaster was a tremendous success. The name, "Mary Sachs," became a synonym for "quality" in Lancaster.

Yetta looks back fondly on her early days in Lancaster. There was a style of life then among the fashionable women of Lancaster that has faded. Women used to dress up to do their marketing on Friday mornings. Their marketing completed, they would send their purchases home via messenger boys, and would meet each other for lunch downtown.

The Fulton Opera House was flourishing and featured internationally known stars on its stage. After the show, chauffeur-driven limousines would pull up in front of the theater marquee, as the Fulton doorman would call out, one after another, the names of the heads of Lancaster's finest families. The names called out by the Fulton doorman sounded like a list of the clientele at the Mary Sachs store.

Yetta regrets what has happened to women's styles since those grand old days. She still does not feel that a woman is well-dressed unless she is wearing gloves and a hat. Moreover, to be well dressed, a woman should always cover her elbows and knees; these joints are the least becoming sections of female anatomy. And as for pants ("on women?")—well, all of Yetta's friends know better than to wear slacks if they are dining with her.

"Really authentic fashion," says Yetta, "does not change."

Yetta enjoyed frequent trips to Europe, often with Mary, when they would visit Paris, the fashion capital of the world. They always travelled first class.

The grimy little urchin from the coal mine in Lopez, Pennsylvania, had come a long, long way indeed.

Yetta's lack of fortune, however, was not entirely behind her. She came down with a terrible and prolonged illness from which she nearly died. For six months, she lived behind an oxygen mask.

The greatest contribution to her survival was the continual devotion of her family. Mary wrote a long poem for her during her sickness, a poem Yetta treasures today. Here is a quatrain from the poem:

How fully you have been endowed with qualities that really count.
How surely Fate has planned for you a job that only you can do.

Following her recovery came one of the happiest times in Yetta's life; she was courted in the most gallant and persistent way for several years by "a true gentleman," Walter Carpenter. Before Carpenter and Yetta were married he converted from Presbyterianism to Judaism, Yetta's faith. It was, says Yetta, an ideal marriage until Carpenter's death in 1978.

There have been other great losses in Yetta's life: the deaths of her parents and sisters and brothers. Mary died in 1960. Of the seven Sachs children, only Yetta and her sister, Mrs. Hannah Cantor of Harrisburg, survive.

After Mary's death Yetta continued to run the Mary Sachs store in Lancaster until 1968, when she sold it.

As her success and fortune grew Yetta increasingly shared what she had earned with others. Unable to complete her own schooling, she contributed scholarships to worthy and needy students through the Citizen's Scholarship Foundation. Deprived of material things as a child, she has given generously to deprived children: to the orphans of Christ's Home in Paradise, Pa., to the black children at the Crispus Attucks Center in Lancaster, and to stricken children through the United Cerebral Palsy Foundation and the Cleft Palate Clinic in Lancaster.

Explaining Yetta's generosity is her belief: "The heart that gives—gathers."

She has contributed to numerous Jewish causes. For her contributions to Israel she was given the Jerusalem City of Peace Award in 1979. Because of her outstanding achievements in business and philanthropy, she is listed in "Who's Who in American World Jewry."

No narrow sectarian, she is an active member of the National Council of Christians and Jews, and believes in the value and basic unity of all religious faiths.

Yes, the life of Yetta Sachs Carpenter has been quite a success story: overcoming poverty and illness, going on to reach the top of her profession, and then bestowing the fruits of her labors on others.●

INTERNATIONAL LIBERATORS CONFERENCE

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. O'NEILL. Mr. Speaker, at this point I would like to insert in the RECORD a speech by Mark Talisman, Vice Chairman of the U.S. Holocaust Memorial Council, delivered at an October 27 dinner at the Smithsonian for members of the delegations to the International Liberators Conference, Members of Congress, and distinguished visitors. I am also inserting the remarks made at the opening session of the Conference by Miles Lerman, Coordinator of the conference, and a complete schedule of conference events.

INTERNATIONAL HOLOCAUST LIBERATORS CONFERENCE

STATEMENT OF HON. MARK E. TALISMAN, VICE CHAIRMAN OF THE UNITED STATES HOLOCAUST MEMORIAL COUNCIL, CHAIRMAN OF THE DINNER

As these days' events have amply demonstrated to all of us and to the world, it is vital to remember, even when remembering is excruciatingly painful; even as our minds are willingly dulled to the levels of pain and suffering which can be consciously inflicted upon humankind in the name of government and law; even when morality is subborned in the name of so-called civilization to eradicate a people from this earth and raise the horrors of war efficiently to break, maim and murder millions of others resuming such infamous, incomparably despicable behavior would go unchallenged and undaunted.

You, the liberators, have taken the enormous step to be present together these days individually and collectively to recount, to jog memory of nearly four decades of debris, ashes, and what must be unwittingly natural acts of suppression, and by so doing, have served your children and their children so very well. It is your eyes and your acts and those whom you represent, who brought this unprecedented period of darkest history to a close.

Yet it is with your presence here together and individually that you continue to bear witness to the future of humankind which must never allow such calumny again to occur. Your voices and your words must be indelibly etched in the moral memory of each generation far into the future long past your last breath, your last ounce of strength and your physical presence would otherwise normally allow.

Uniquely, you each have served once magnificently, nearly forty years ago. You have again been asked and have willingly, once again acted affirmatively, to serve at this conference, and you must continue as long as you can to be an eyewitness. I was four years old at the time. My wife, Jill, was two. We face the challenging task of bringing up two very small children, Jessica and Raphael. We are deeply grateful to you. For with your help, it is conceivable that the leadership of this planet will remember and its citizens will not forget. With your help and that of millions of others, such remembering will not be denigrated in any way but instead seized upon as the ultimate challenge and opportunity which you surely have provided in your original deeds and these days of witness to our children and theirs will never have to provide eyewitness to such horror, but will be able to remember through your eyes.

SPEECH OF MILES LERMAN—OPENING CEREMONY

Secretary Haig, Chairman Wiesel, esteemed Ambassadors, distinguished delegates, liberators, ladies and gentlemen. Welcome to the first International Conference of Liberators of the Nazi concentration camps.

My name is Miles Lerman. I serve as Chairman of the Committee of International Relations of the U.S. Holocaust Memorial Council. The Council Chairman, Professor Wiesel, assigned our Committee the task of organizing this Conference, and it is most rewarding after many months of planning, hard work and hope to see this historic conference come to fruition. To all of you—my colleagues of the Council, members of the staff, special advisors, officials of the Federal Government, and all our dear friends who have been so helpful in every step of the way—I wish to express my most heartfelt thanks.

For the next two days you the liberators and we the survivors will share some of our most vivid, most personal, most anguished memories of the horrors you have discovered when you first entered the camps. Tonight, as I stand before you, my mind flashes back to the dreadful years of Nazi domination—for I am a survivor.

During World War II I fought as a partisan in the forests of Southern Poland. On the day of my liberation, I returned to my hometown on the top of a tank of the advancing Soviet and Polish armies. I should have been jubilant, for Hitler's defeat was imminent, but I was not. How could I be? for of the 16,000 Jews who lived in my hometown before the Nazi onslaught, I found upon my return 11 surviving Jews wandering around aimlessly, hoping to find some of their families alive. Unfortunately, most of them perished in the gas chambers of the death camp of Belzec. Among them were my mother, my sister and her husband, three of their young boys—ages 6, 8 and 13—plus 29 other members of my immediate family. I know that I am speaking not as an individual, because my sad experience is not unique—not unique at all. Every survivor in this room could stand up and describe to you his own personal saga of misery, degradation and mass murder. Yet, if I address you here tonight I must share with you my deep sense of awe at having the honor of opening this historic reunion. Little did I dream, during the dark days when my people were being annihilated, that some day I would stand in the assembly hall of the State Department of the United States of America, symbol of freedom and hope, and fulfill the most fervent

wish of those who had perished: A wish to be remembered—a wish that we harden to their final plea—that should any one of us survive, we are to bear witness and tell the story of their agony, torture and death.

How could I have dreamt that their final wish would be fulfilled at an assembly of 14 nations—nations that occasionally are at odds with one another, yet united here tonight in an historic commitment to memory and truth. I know that the next two days will be for all of them full, demanding, and rewarding—days that will allow us to recognize your achievements, to pay tribute to you for bringing freedom to all of us who were destined for death, but above all to insure that this shameful chapter in the history of mankind remains unaltered and undistorted forever and ever. Thank you very much.

SCHEDULE OF CONFERENCE EVENTS

MONDAY, OCTOBER 26, 1981

10:00 a.m.-4:00 p.m.: Registration, U.S. Department of State.

6:45 p.m.: Pre-Ceremony Concert, United States Army Band (Pershing's Own), Loy Henderson Conference Room.

7:00 p.m.: Opening Ceremony, Loy Henderson Conference Room.

Opening Session: The Honorable Miles Lerman, Chairman, International Relations Committee of the U.S. Holocaust Memorial Council, Conference Coordinator, International Liberators Conference.

Introduction: The Honorable Mark Talisman, Vice Chairman, U.S. Holocaust Memorial Council, Conference Co-Coordinator, International Liberators Conference.

Invocation: Rabbi Judah Nadich, Park Avenue Synagogue.

Remarks: The Honorable Alexander M. Haig, Jr., Secretary of State, introduced by the Honorable Elliott Abrams, Assistant Secretary for International Organization Affairs, U.S. Department of State.

Welcoming Address, "Meeting Again": The Honorable Elie Wiesel, Chairman, U.S. Holocaust Memorial Council.

Posting of Colors.

"America the Beautiful"; Roberta Peters, Soprano, Metropolitan Opera.

Responses: Brig. Michael S. Gray, Great Britain; Lt. Gen. Pavel Danilovich Gudz, Deputy Head of the Academy of the Armed Forces, Union of Soviet Socialist Republics; the Honorable Jean Laurain, Minister of Veterans, France.

Benediction: The Reverend Roy Eckardt.

TUESDAY, OCTOBER 27, 1981

9:00 a.m.: Plenary Session, Loy Henderson Conference Room.

Eyewitness Accounts: The Honorable Sigmund Strochlitz—Moderator (USA), Dr. Leon Bass (USA), Capt. (Ret.) George Blackburn (Canada), Dr. Michal Chilczuk (Poland), Guy Fassina (France), Maj. Gen. (Res.) Alexei Kirillovich Gorlinsky (USSR), Col. (Res.) Dan Hiram (Jewish Brigade), Dr. Douglas G. Kelling (USA), Alan Rose (Canada), Rabbi Herschel Schacter (USA), Lt. Gen. (Ret.) William W. Quinn (USA).

11:30 a.m.: Lunch.

1:00 p.m.-2:30 p.m.: Panel Discussions.

War Correspondents (Loy Henderson Conference Room): Professor Monroe H. Freedman, Director, U.S. Holocaust Memorial Council—Moderator (USA), Fred W. Friendly (USA), Boyd Lewis (USA), Col. (Ret.) Curtis Mitchell (USA).

Medical Personnel (Room 1105): The Honorable Dr. Hadassah Rosensaft—Moderator (USA), Dr. Leo Eitinger (Norway), Marie K. Ellifritz, R.N. (USA), Dr. Douglas G. Kelling (USA), Dr. George Tievsky (USA).

Military (Room 1107): The Honorable Julian E. Kulas—Moderator (USA), Brig. Gen. James L. Collins, Jr. (USA), Professor Fred Crawford (USA), Lt. Col. (Res.) Dan Dagan (Jewish Brigade), Adolf Leonidovich Fedotov (USSR), Brig. Gen. (Ret.) Franciszek Skibinski (Poland), Lewis H. Weinstein, Esq. (USA).

3:00 p.m.-4:30 p.m.: Panel Discussions.

Historians (Loy Henderson Conference Room): The Honorable Raul Hilberg—Moderator (USA), Dr. Yitzhak Arad (Israel), Dr. Yehuda Bauer (Israel), Gen. Henri Raguet de Brancion de Liman (France), Brereton Greenhous (Canada), Dr. Jorgen Haestrup (Denmark).

Chaplains (Room 1105): The Honorable Reverend Franklin Littell—Moderator (USA), Father Edward P. Doyle, O.P., Ph.D. (USA), Rabbi Judah Nadich (USA), the Honorable Father John T. Pawlikowski (USA), Rabbi Herschel Schacter (USA), the Reverend George B. Wood (USA).

Resistance (Room 1107): The Honorable Frank R. Lautenberg—Moderator (USA), Renee Aubry (France), Sam Gruber (USA), Professor Dr. L. de Jong (Netherlands), Branko Lakic (Yugoslavia), the Honorable Benjamin Meed (USA), Col. Branko Pavlovic (Yugoslavia), Svenn Seehusen (Denmark).

5:30 p.m.—7:30 p.m.: Diplomatic Reception, Diplomatic Reception Rooms, 8th Floor, Department of State.

WEDNESDAY, OCTOBER 28, 1981

9:00 a.m.—10: a.m.: Panel Discussions.

War Crimes Tribunals (Loy Henderson Conference Room): Bernard Fischmann, Esq.—Moderator (USA), the Honorable Delphin Debenest (France), Prof. Col. F. I. A. D. Draper (Great Britain), Adrian Fisher, Esq. (USA), the Honorable Gideon Hausner (Israel), Col. (Ret.) (Military Justice) Nikolai Mikhailovich Kotlyar (USSR), Dr. Czeslaw Pilichowski (Poland).

Survivors (Room 1105): Professor Yaffa Eliach—Moderator (USA), the Honorable Trygve Bratteli (Norway), the Honorable Esther Cohen (USA), the Honorable Cantor Isaac Goodfriend (USA), Col. Guy Hinterlang (France), the Honorable Benjamin Meed (USA), the Honorable Dr. Hadassah Rosensaft (USA), the Honorable Sigmund Strochlitz (USA), the Honorable Kalman Sultanik (USA), A. F. van Velsen (Netherlands), the Honorable Siggi B. Wilzig (USA), the Honorable Eli Zborowski (USA).

Uprisings (Room 1107): The Honorable Dr. Irving Greenberg—Moderator (USA), Alexander Donat (USA), Richard Glazer (Switzerland), Vladka Meed (USA), Esther Raab (USA), Dr. Leon Wells (USA).

10:15 a.m.—11:30 a.m.: Panel Discussion, Loy Henderson Conference Room.

Discovering the "Final Solution": Marvin Kalb—Moderator (USA), Professor Jan Karski (USA), John W. Pehle, Esq. (USA), Lt. Gen. (Res.) Vassily Yakovlevich Petrenko (USSR), Robert Wolf (USA).

11:30 a.m.: Lunch.

2:00 p.m.: Concluding Ceremony, Loy Henderson Conference Room.

Invocation: The Honorable Rabbi Bernard Raskas.

Tribute to Fallen Heroes and Martyrs: The Honorable Miles Lerman.

Presentation of Scrolls: The Honorable Mark Talisman.

A Message of Thanks on Behalf of the Foreign Delegations: Dr. Leo Eitinger, Norway.

Presentation of Medals: The Honorable Elie Wiesel.

Concluding Address: The Honorable Elie Wiesel.●

FATHER THOMAS G. GRANT, THE PEOPLE'S PRIEST

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. RINALDO. Mr. Speaker, I wish to enter in the RECORD the name of a fine American and devoted servant of God, Father Thomas G. Grant, and to join with his friends and my fellow parishioners at St. Michael's Church, Union, N.J., in paying tribute to this kind and loving priest in honor of his 50 years in the service of God and country, teaching love, sacrifice, humility, honor, and decency toward others.

Father Grant is a priest of the people—warm, affectionate, compassionate, and understanding of the true nature of men and women, while constantly helping them to meet their obligations to their families, their country, and to God. We need such moral leaders in America to remind us of our higher obligations.

Father Grant took on many responsibilities since serving as an assistant pastor for 22 years at St. Joseph's in West New York. He helped families struggle through the depression years when people were losing faith in the economic future of the United States. Later, when World War II erupted, Father Grant consoled the families who had lost sons in battle, and when the troops came home, he helped them readjust to a postwar America. Father Grant was elevated to pastor of Immaculate Conception Church in Hackensack, and later to St. Michael's in Union, where he served for 10 years as pastor until 1976.

He left his mark as a capable administrator who encouraged younger priests. Together they taught charity to the poor, spiritual consolation to the sick and dying, joy to the parents of newly baptized infants, happiness to newlyweds, and Catholic education to the young.

Father Grant became known for the brevity and wisdom of his sermons. If a lesson of life could be delivered in 2,000 words, Father Grant managed to do it in half that number. People listened when he spoke, and carried away with them the lesson of hope and love. He not only inspired people from the pulpit, but also from his daily actions as a priest and benefactor in the community. His interests extended beyond the confines of the church to serving as a member of the Union Township Library Board.

Although Father Grant has retired from the daily ardors of a parish priest, he still celebrates Mass with

the enthusiasm, devotion, and interest of a newly ordained priest. He is working toward strengthening family life, since his own parents, the late William and Sarah Reilly Grant, did so much to provide an atmosphere of love and service to God and the community. A sister, Clarence Marie, is a Benedictine nun, and his late brother, Charles, was a deputy police chief in Hillside, where the family moved after Father Grant's birth in Elizabeth. He now lives in retirement with a devoted sister, Mrs. Sarah G. Brady of Hillside.

As pastor of St. Michael's Church, as a member of Union Council 4504, Knights of Columbus, and the John F. Kennedy Fourth Degree General Assembly, Father Grant has made many friends in the township of Union. He has touched the lives of thousands of people in a positive, friendly, and generous way. He is an involved priest. Father grant has motivated people with the penetrating light of truth. He reminds us that America is a beacon of hope and mission and purpose to bring peace, justice, and liberty to other less fortunate people in the world. He has taught us to cherish good and oppose all that is evil.

Father Grant has illuminated our world in his words and deeds. His encouragement and wisdom teach us that we are stewards of the resources of our land, and that the richness of our Earth as given to us by God must serve the generations in ages to come.

The essence of Father Grant's life and work in the priesthood is summed up in Chapter 25:40 from Matthew: "I tell you, whenever you did this for one of the least important of those brothers of mine, you did it for me." It is the commandment of brotherly love that can overcome evil and make this a better world. A world of peace, justice, and progress in the service of God and man.●

SENSE OF CONGRESS ON MORTGAGE INTEREST RATE DEDUCTIONS

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mrs. ROUKEMA. Mr. Speaker, yesterday I introduced House Concurrent Resolution 214, a sense of Congress resolution designed to halt what is, in my opinion, dangerous speculation about Congress intentions on mortgage interest rate deductions for homeowners. Last month, discussion of moves to reduce or eliminate mortgage interest rate deductions was revived with the release of a report by the Congressional Budget Office. The report listed options for eliminating or reducing these deductions as one possible method for balancing the budget. Now there are additional reports that the Senate Budget Committee is currently examining such measures as part of its own efforts at holding down the Federal deficit.

Any such move can only be seen as ill timed and ill advised. The intention of solving our budget problems is good, but the method that is apparently being considered is wrong, and my resolution is meant to make it clear to homeowners, the finance industry, the construction and housing industries, and the administration that Congress will not accede to reductions of mortgage interest deductions.

As I noted, I believe the renewed and serious speculation about reducing these deductions is particularly ill timed. The present slump in the housing industry is the longest we have experienced since World War II. With only 1 million housing starts for all of 1981, we will have constructed only 40 percent of the units necessary to meet the needs of our population. Bankruptcies are up 49 percent for contractors and 120 percent for subcontractors in the industry over the levels of 1 year ago. Unemployment for the construction industry stands at 16.3 percent—twice the rate for the overall economy.

One factor that has clearly led to our current housing problems is the skyrocketing interest rates of the past few years. Potential home buyers are already coping with monthly mortgage payments that double or triple the average payments from just a few years ago.

Even with the deduction, we have seen many first-time homebuyers squeezed out of the marketplace over the past few years. Between 1977 and 1979, the percentage of new home buyers in the marketplace dropped from 36 percent to 18 percent. The percentage of American families able to purchase a median-priced, new single family home has dropped from 46 percent in 1970 to 15 percent in 1981.

Consider the prospective new homebuyer facing high interest rates who suddenly learns of speculation in Washington about placing limits on mortgage interest rate deductions. In many cases, these deductions act as a buffer against the high interest rates. If a sufficient number of home buyers decide to wait until Washington makes up its mind, the housing industry could be irreparably damaged. That is why I believe it makes particular sense to end the speculation, because the serious rumors that have swept Washington in the last few weeks could have a chilling effect on our housing and construction industries.

There are compelling reasons for maintaining mortgage interest rate deductions in their current form. I believe that implementation of any changes would be particularly ill-advised. This deduction dates back to 1916 and it has been one of the major reasons we have had such great success in expanding homeownership in the United States. The CBO study to which I have referred implicitly recognizes this fact. It cites recent estimates which show homeownership at a level 3- to 5-percent higher than it would have been if we did not have the deduction. This constitutes about 25 percent of the rise in homeownership since 1949. With this kind of success story, is it any wonder that Americans are concerned about talk of limiting the deduction?

Take, for example, the $5,000 annual limit on such deductions that is apparently under consideration on the Senate side. According to the CBO study, this would raise an additional $3 billion in fiscal year 1982. Such a measure would affect fully 20 percent of all homeowners. In addition, consider the effect of such a proposal on a family with a $50,000 mortgage over 30 years, with annual payments of $8,497 at a 17 percent interest rate over the first 5 years. This homeowner would lose 40 percent of his tax deduction under the proposal that is apparently being discussed. There is little doubt that many people would drop out of the market if it ever came to pass.

This stands as stark reality compared to the cold numbers of the CBO report. The report's headline-grabbing conclusion was that the mortgage interest rate deduction will cost the Federal Government $25.3 billion in lost tax revenues for fiscal year 1982. However, we must remember that this is not a revenue loss—it is in fact a revenue increase that the Government could take from its citizens.

In order to collect any significant additional revenue, the deduction would have to be totally eliminated or limitations would have to be so severe that homeowners at virtually every income level would suffer.

The potential revenue loss CBO identifies is not the only justification which has been offered for tampering with the deduction. It has also been suggested that we are deflecting investment away from commercial and industrial development. However, statistics from the Federal Reserve Board do not bear out this argument. The share of credit going to mortgages has fluctuated very little in the past 35 years. In 1946–49, housing credit accounted for 22.4 percent of the entire credit market; in 1975–78, it accounted for 23.3 percent. In the intervening years, it has fluctuated no more than 6 percentage points either way.

I must also point out that the recent tax reform package enacted by the Congress and signed by the President already provide significant additional incentives for commercial and industrial development.

The study also suggests that mortgage interest deductions contribute to the high cost of housing due to increased demand and a reduction of actual costs to the homeowner. Yet this deduction has been in existence for nearly 70 years, and we have seen prices fluctuate considerably during that period. I would suggest that housing prices are more closely related to demographics, such as the baby boom, energy costs, Government regulation, the level of interest rates, and the overall rate of inflation—which hits particularly hard on construction costs.

The study also claims that the home mortgage interest deduction has caused a severe shortage of rental housing due to lack of demand for rental units by moderate- and high-income families. As one who is extremely concerned about this shortage, I would hasten to point out that there are a variety of factors which have contributed to this problem—high overhead costs, zoning problems, high interest rates, and economic uncertainty. Yet the mortgage interest deduction has remained constant. Let us not divert our attention from necessary reforms of Federal housing policies by addressing a problem that is, at best, tangentially related.

Mr. Speaker, there is an old axiom that is unfortunate but true: It states that if you repeat something often enough, people will start to believe it. I am greatly concerned that this is precisely what will happen with proposals to tamper with the mortgage interest deductions. If it does, it will plunge our already-hurting housing industry into its worst period in history. I think the cost to individual families will be tremendous; I think we can safely predict that significant numbers will be driven out of the housing market.

I certainly respect the need for continuing reexamination of our Government's tax and housing policies, especially in light of our budget deficit. But this is the worst possible time to discuss any radical changes that would hurt the housing industry. The existing deduction has proven to be one of the cornerstones of that industry, and that industry needs to draw upon whatever strength it still holds. The interest deduction is one such area of strength.

Striking a blow against homeowners may very well bring additional revenues in the short run, but it would dash all hopes of a steady recovery for the housing industry and create and inequity which would freeze out the tradition of homeownership for those who were born too late to enjoy low interest rates.

Finally, I would like to note one other disturbing aspect of the CBO report. It views homeownership as no more than an investment. What has been overlooked, in my opinion, is the fact that homeownership is a value in and of itself which has contributed to a stronger social fabric in our country and a healthier economy. It is not a cliche to say that the American dream still includes owning one's own home; we owe it to those who are just starting out not to make it more difficult to achieve that dream. Therefore, I offer this resolution on which 68 of my colleagues from both sides of the aisle have already joined. The text is as follows:

RESOLUTION

Whereas the housing industry, and those sectors of the economy supporting the housing industry, are suffering from the effects of the lowest housing production since 1946, meeting less than half the projected annual need for new housing;

Whereas unemployment in the housing industry is 16.7 percent, which is more than twice that of the general labor force, and thousands more are being laid off in related industries;

Whereas small housing construction companies are being forced out of business by high interest rates and the slump in the housing industry;

Whereas any limitation on the Federal income tax deduction for interest paid on a residential mortgage would have a serious effect on new housing starts;

Whereas any such limitation would affect disproportionately first-time homebuyers who must pay high interest rates and whose interest payments constitute the major portion of their mortgage payments in the early mortgage years; and

Whereas any such limitation would severely undercut the beneficial effects of the recently enacted individual income tax rate reductions;

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that no limitation should be placed on the Federal income tax deduction for interest paid on a residential mortgage.●

THE JEWS OF ETHIOPIA: BOAT PEOPLE OF AFRICA

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. GEJDENSON. Mr. Speaker, I would like to bring to the attention of my colleagues the plight of the Falasha, the only Jewish community in danger of dying out in current times. The Falasha—meaning strangers or exiles—are a small band of Ethiopian Jews caught in the middle of a political struggle between the current Government of Ethiopia and its opposition.

The Falasha live in Northwest Ethiopia, rugged mountain country that is as isolated as it is harsh. Over 95 percent of Ethiopia's Jews are found scattered among 500 small highland villages, a rural population which for centuries has been at the mercy of feudal landlords and murderous bandits. Since the 1974 overthrow of the Haile Selassie regime, the Falasha have been at the mercy of a variety of rebel armies as well.

For centuries, the once numerous Ethiopian Jews have been objects of genocide. The Falasha population has been reduced in the last 400 years to less than 28,000—depleted by war, disease, missionary conversions, and poverty.

Over the last several years, reports coming out of Ethiopia have claimed that thousands of Falasha have been forced to flee their homes. They have become pitiful refugees, living in fear of retribution from both the rebel army and the revolutionary government. Several thousand Ethiopian Jews are refugees in Sudan, Dijbouti, and other parts of Africa. These Jews among the general refugee population hide their identity for fear of anti-Semitic reprisals. Some of the Falasha have reported widespread disease and starvation. Hundreds of Falasha have been killed, and there have even been reports of tribe members being sold into slavery. The Falasha, in attempting to flee their persecutors, have become the boat people of Africa.

According to the Association of Ethiopian Jews—in Israel—the Falasha community is "on the verge of extinction, being destroyed by a second Jewish holocaust."

THE FORGOTTEN TRIBE

The Falasha history goes back more than 2,500 years, but their origins are not clear. One popular theory says they were descendants of a Jewish army that fled southward along the Nile. Another states they were sent from Babylonia to battle with Egypt in 727 B.C. and somehow ended up in Ethiopia. Yet another theory claims they were the tribe of Dan, one of the lost tribes that disappeared from history 2,700 years ago. We may never know the true origins of this tribe, which lived in isolation from the rest of the world's Jews—and in social isolation from non-Jews as well—until stumbled upon 120 years ago by a British explorer looking for the source of the Nile. Because of their isolation, the Falasha practiced ancient Jewish law faithfully but knew nothing of newer developments and holidays—such as Hanukkah, which was first celebrated 1,800 years ago. Like Jews around the world, they have lived always with the dream of returning to the land of Zion.

Fewer than several hundred Falasha, however, have been able to emigrate to other nations. No nation, including Israel and the United States, has attempted to intervene on behalf of the Falasha and negotiate with the Ethiopian Government for their release. And no major human rights organization has spoken out on their behalf to help them live in a place where they can be free to live and wor-

ship as Jews without fear of recrimination. We in America should be particularly sensitive to this need.

The Jews of Ethiopia seem truly to be a forgotten people—forgotten by time and ignored by most of the world. We must act quickly to recognize their plight and secure support for their flight from Ethiopia. If we wait too long, it may be too late to matter.●

EFFICIENT WATERWAY SYSTEM IS IMPORTANT TO ECONOMIC HEALTH

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. WALGREN. Mr. Speaker, President Reagan has asked the Congress to make two changes in the system of charges for users of inland waterways: First, to increase the barge fuel tax from 4 cents to 15 cents by 1983, and second, to impose fees that discriminate between different segments of the waterways. Such changes should be considered with great caution, sharp increases, across the board or on individual operations, will disrupt traffic and commerce. Barges are a very fuel-efficient way of moving goods, and added fees could shift the transportation of products to less efficient ways.

Furthermore, as the Nation switches from oil and gas to coal for energy, barge transportation is expected to triple its tonnage in coal over the next 25 years. Higher costs will affect the movement of coal to domestic and export markets and could diminish the economic advantages of the Nation's conversion to coal.

Adding to transportation costs would be one more blow to depressed industries like steel and reduce their ability to compete with imports. "Segmented" user fees will have a specific adverse impact on particular industrial sites. Segmented fees could "balkanize" areas of the country like the Ohio region where goods must go through a sequence of locks during their water journey.

In the Inland Waterways Revenue Act of 1978, which established the current fees, Congress directed the Department of Transportation to conduct a thorough study of the effect of waterway user fees on waterborne traffic. This report was due on September 30, but we have not yet received it. I strongly believe it would be premature for the Congress to increase or change user fees before the study is completed. I hope the administration will transmit it to the Congress soon.

LOCKS AND DAMS ON ALLEGHENY SHOULD NOT BE CLOSED

In a similar vein, the Corps of Engineers is currently conducting a study "to determine if adequate economic justification exists to continue the operation and maintenance of any or all of the locks and dams" on the Allegheny River in western Pennsylvania. I would like to share with my colleagues my October 15 letter to the corps expressing my opposition to the closing of these locks and dams.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 15, 1981.

Lt. Col. JOHN L. RICHARDS,
Corps of Engineers, Commander and District Engineer, Pittsburgh District, Pittsburgh, Pa.

DEAR COL. RICHARDS: I am writing to express my concerns about the future of the eight locks and dams on the Allegheny River in Western Pennsylvania. I understand that the Corps of Engineers is conducting a study to determine future levels of operation and maintenance of the system. Among the approaches being considered is the possible closure of these stuctures.

While I appreciate your personal invitation for comments, I am disturbed at reports that the U.S. Army Corps of Engineers may have already made decisions affecting the operation of these locks and dams.

I want to express my strong opposition to closing these eight locks and dams. Though an evaluation of the use of these structures is appropriate, I do not believe that total closure of the locks and dams is in the best interests of the poeple of Western Pennsylvania.

Our nation must have a viable, well-integrated waterways system to handle current and projected commerical traffic. Many of our industries, such as coal and steel, depend on the waterways for reliable transportaion of commodities. The economy and jobs of the Northeast are greatly dependent on our ability to move goods. The efficient transportation of commodities has an economic multiplier effect throughout our area, generating jobs, taxes, and other economic activity. Thus, barge traffic is not the only issue. The principal issue is maintaining a healthy economy in Western Pennsylvania. Total closing of these eight locks and dams on the Allegheny would be a severe shock to our economy, resulting in lost money and jobs rippling throughout the region.

As the nation converts to increased coal use and as coal exports grow, it is particularly critical that we have an efficient waterway system. A 1981 Corps of Engineers study has reported that waterborne commerce in the U.S. has tripled since 1947 to 2.1 billion tons a year, and it will increase to 2.7 billion tons during the 1979–2003 period. Coal, grain, chemicals, metallic ores and crude petroleum will be the fastest growing commodities, the report maintains. This evidence suggests that we should be strengthening these facilities, not closing them down. Furthermore, it is my understanding that, at no hour of the day or night, does the public investment in operations funds exceed the directly related revenue the government receives from the economic activity that would be jeopardized by closure for any period.

Finally, I would urge the Corps to work closely with the industries and individuals who use the river. I am certain, having met with many people involved, that the industries who depend on the river want a waterway system that is commercially viable, economical to operate, and fair to the taxpayer. I believe that these industries stand ready to work closely with the Corps in a cooperative, constructive spirit.

I respectfully request that my letter be made part of the official hearing record. I look forward to working with the Corps on this important problem.

Sincerely,

DOUG WALGREN,
Member of Congress.

DISMANTLING THROUGH REORGANIZATION

Finally, I am very concerned about a rumored reorganization of the Pittsburgh district office of the Corps of Engineers and its effect on waterway operations in our region. I have written the corps directly to get complete information on plans to reorganize the office and would like to share my letter with my colleagues at this time.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 5, 1981.

Lt. Gen. JOSEPH K. BRATTON,
Chief of Engineers, Department of the Army, Washington, D.C.

DEAR GENERAL BRATTON: The President has proposed a number of measures to reduce federal expenditures and streamline operations of the federal government. I would appreciate your response to several questions about past and possible future reorganization plans within the Corps of Engineers' Pittsburgh District.

With respect to the Pittsburgh District as a whole:

1. Please describe in detail any reorganization of personnel in the Pittsburgh District during the last five years.

2. Please provide a profile of jobs and employees over the last three years, showing the number of jobs in all functions and any increases or decreases in each function by year. Please also indicate, in the case of reductions, how the reductions were made (by attrition, through RIFs, terminations, other).

3. Are there presently any plans under consideration within the Corps to reorganize the Pittsburgh District Office? Please provide details of all changes in job functions and personnel commitments by function.

With respect to waterway services generally:

4. Please provide a profile of employment for "front-line" personnel, i.e., individuals actually operating locks and dams, for the past three years and projected for the next three years.

5. How do actual personnel levels currently and projected for the next three years compare with other Corps' districts?

6. How do the operation and maintenance costs of locks and dams on the Allegheny, Monongahela, and Ohio Rivers in the Pittsburgh district compare with the operation and maintenance costs of locks and dams in other districts?

7. Please describe the hours of operations of the locks and dams in the Pittsburgh district currently and projected for the next three years.

I appreciate your help and look forward to hearing from you.

Sincerely,

DOUG WALGREN,
Member of Congress.●

EARLY ELECTION RETURNS—A VIEW FROM THE INDUSTRY

HON. TIMOTHY E. WIRTH
OF COLORADO
IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. WIRTH. Mr. Speaker, the House Subcommittee on Telecommunications, Consumer Protection, and Finance and the House Administration Committee, have during this session, undertaken an ongoing exploration of the issues surrounding the early reporting of election returns and the projection of winners before polls are closed across the country. This is a complex subject which goes to the very core of every citizen's right to participate fully in the electoral process. It is also an area with tremendous ramifications for the future, for as our technology becomes more sophisticated the speed with which winners can be predicted and the ease with which that information can be disseminated will rapidly increase.

Many proposals for dealing with these issues have been suggested, by Members of this body, political analysts, scientists, and representatives of the media themselves. One such proposal for a 24-hour election day was recently made by Thomas H. Wyman, president of CBS, Inc. in a thoughtful speech in New York. I commend your attention to his remarks, which present one facet of the numerous issues and elements that must be discussed if we are to assure the greatest possible participation by Americans in the electoral process in the years to come:

"OPTIONS FOR AN INDUSTRY—IT'S OUR MOVE"

(By Thomas H. Wyman)

Following the FCC Chairman at this podium is a serious challenge, but I'm pleased to have the chance to share some of my first impressions with you—and to make some suggestions about things we should do to ensure the future of our industry.

Everyone in this room understands that the communications industry is in motion. The traditional lines of demarcation between forms of communication are greatly blurred by the new technologies. These blurs overlap network television, publishing, the motion picture industry, sports, music, cable television, telephone services and even data processing. It is clear that all of us are looking at a future which will require us to operate with new skills, with flexibility and with an appetite to shape change, not to resist it.

Cable television will be an important part of this future. Any major company in our business will be participating in cable in some way. But I nevertheless believe that network television will remain the most important, the most influential and the most profitable part of the broadcasting business.

This will be true only if our programing is up to the task. If it is not true the fault will be ours. We have the tradition, the talent and the resources. It is important that we do not pretend that we are comfortable with the quality of all the programs we offer today. We do occasionally see news and documentaries which are not properly objective. To some there is more sex and violence on network television today than there should be. We must respond more effectively to expressions of concern from our viewers by being more rigorous in our programing decisions. But we must agree that this responsibility is ours—it does not belong to others.

But having said that, I would like to devote my remarks today to broadcast journalism and particularly its relationship to the political process. Some rather serious problems exist in that relationship, many of them long familiar to you, but there are large opportunities at hand.

One thing that has impressed me very much is the vitality of broadcast journalism today. News is a very powerful and growing part of the programing mix, but more important, broadcast news has captured public trust superior to all others. With that trust comes responsibility. We must be sure we are adhering to the professional principles that apply to journalists in all media.

We are being asked questions about those principles. Do we pursue rigorous standards of accuracy and objectivity, rather than veer toward entertainment qualities as our critics maintain? As we strive for perfection in news broadcasting, do we retain the ability to admit occasional errors and to correct them? The question is not whether broadcast journalists accept the highest professional standards, they do. The challenge is to live up to those standards in a very fast moving environment.

While we look to our professional principles, we also must look to our rights. Not only must the protections of the First Amendment be maintained, they must be enlarged to the point where broadcast news has parity with other news media.

That link to the First Amendment also is a clue to one of our great opportunities today. The founding fathers saw the key role of a free press in the democratic process and they understood that an informed electorate is vital to that process. There are no more powerful means than television and radio to help our citizens recognize and understand the issues of the day. To believe in the democratic process is to accept the challenge of using our capabilities in the best interest of the public we serve.

Those capabilities are demonstrated in news and public affairs programing, and steady growth in this area tells us something important about the interests of the public. We are all familiar with the appeal of programs like 60 Minutes and 20/20, and we have watched the increase in local television news and all-news radio programing. At CBS we added five hours of network news programing last week. The viewers' interest in more news presents an opportunity for our industry to enlarge our contribution to the political process.

As we devote more time to news and information programing we can do more in-depth programing. Let me cite our recent Defense series, as one example. This was a subject of great importance even before the 1980 elections. CBS News decided to give it the examination it deserved, and over a nine-month period they developed a five-part series, conceived from the beginning as primetime programing. The goal was to provide the public with a thorough review of contemporary defense issues in a manner and at a time that would engage their attention.

The series was a great success. The quality of the five-hour presentation was widely acclaimed, and it also won the time slot in four of the five evening hours the series ran. I suggest we should do more of this kind of programing. The public will respond.

As we enlarge the news and information franchise, we must adhere to the strictest standards of fairness and balance. The journalistic principles of objective reporting and even-handed presentation are vital to maintaining the credibility that is at the core of public acceptance. Our effort last week to devote a 60 MINUTES broadcast to some of these questions stemmed from a desire to evaluate our performance in this important area * * * and to do it on the air.

We must listen to our serious and thoughtful critics. As news and public affairs programing increases, there undoubtedly will be a parallel rise in criticism of what we are doing and how we do it. The challenge is to make constructive use of it. We cannot be reflexively defense—and this tendency may be as great a threat to our credibility as a failure in journalistic practices.

While our news operations have an exciting opportunity to contribute to the democratic process, we face some specific problems in this area which must be resolved. They relate to the role of broadcast news in covering the electoral process. We face regulatory restraints and there is little doubt that there will be no relief unless we press for it. Let me suggest some areas where I believe fresh efforts and fresh thinking are needed.

Our problems begin where the election process begins—with the primaries. The Presidential campaign season seems endless. At last count there were 37 primaries. We must decide how much attention to give these events—on their true merits. We must all exercise more editorial judgment than we have in the past, when there was a tendency toward slavishly full coverage of the primaries.

In July, the Supreme Court created a serious problem with its decision in the Carter-Mondale case. The Court affirmed a Federal Communications Commission ruling that the networks had violated the reasonable access law when they declined to sell a primetime half hour in December 1979 to the Carter-Mondale Presidential Committee. The Committee wanted to broadcast a documentary outlining the record of the Carter Administration and to announce formally the President's candidacy for reelection. In view of the large number of candidates then in the race and the inevitable requests for equal treatment, the networks said it was too early in the campaign to begin selling political time segments of that magnitude.

The Carter-Mondale decision puts the politicians in the driver's seat in terms of deciding when a campaign for federal office actually begins and the amount of time a broadcaster must sell. When a candidate asserts a need for broadcast time, according to the Court we must sell it to him. Our editorial judgment becomes distinctly secondary. And as soon as one candidate is granted access, the equal-time rule requires us to grant access to other candidates.

The Carter-Mondale decision locks us in a vise between the reasonable access and equal-time rules. Loosely interpreted, it could shred the network schedules. The earlier a campaign is declared open, the greater the number of candidates who would claim to be entitled to reasonable access and equal time.

We must secure relief from the impact of the Carter-Mondale decision before the next primary campaign season. A narrow FCC interpretation of the decision would be helpful in limiting the damage. The sounder solution would be repeal of Section 312(a)(7) of the Communications Act, which established the reasonable access requirement.

As we move into the election campaign, we find the equal-time rule, created by Section 315, inhibits our contribution in a somewhat different way. It bars us from the kind of special programing that can deepen the understanding of the electorate at a crucial time in the democratic process. Television viewers can be helped to analyze the issues and penetrate the candidates' slogans and set speeches, but only if we have the same freedom to exercise our editorial judgment that newspapers and magazines enjoy.

We had that freedom in 1960. The Kennedy-Nixon debates were conducted under a suspension of the equal-time rule. For the first time in modern history voters had an opportunity to judge the candidates in action side-by-side. It was generally agreed that the debates were effective in giving the public a better understanding of the candidates' positions.

The 1960 debates were run by the network news organizations, using ground rules which were faithful to journalistic practice, making effective use of television technology and sharing the on-air journalistic function with distinguished members of the print media.

Since then, there has been a shift to debates run by nonjournalists. There is a valid question whether people lacking news experience and unfamiliar with television production can do as well as the networks in conducting such events. There also is the question whether they can resist political pressure as stoutly as a news organization in setting the ground rules which are necessary if these debates are to be as interesting and fair as possible.

Newspapers have the right to organize such affairs without impediment. Why not broadcast news? We will press for the same freedom as other news media, and in the form of permanent change through repeal of Section 315 rather than through temporary suspension. The question is not what is good for the candidate, not what is good for the broadcaster, but what is good for the electorate.

When we reach Election Day, the broadcast industry encounters another set of problems. There are honest, public-spirited critics of our election coverage who believe we corrupt the political process through our reporting while polls are still open. Part of the problem relates to the reporting of results in the early time zones, but an important new element stems from the refinement of research and forecasting techniques. I do not believe we can laugh these critics off or merely take refuge in the First Amendment. There will be continuing controversy and pressure for change until the problems are solved.

Electoral reform is the key. As long as our system fails to recognize the conflicts of different time zones in an era of instantaneous mass communications, difficulties will persist. Our broadcast reporters could not fail to report the concession statement of an incumbent President. When Jimmy Carter decided to concede before polls closed in the West, it was a major news development that demanded immediate transmission. Early announcements of official results in the East fall in the same category. Our business, indeed our responsibility, is to report news when it happens.

It would seem obvious that the way to resolve these conflicts is to have the polls open and close at the same time everywhere. And the way to do that without inconveniencing voters is to adopt a concept which was suggested many years ago: the 24-hour voting day. Polls would open simultaneously everywhere, regardless of the local time, and they would close 24 hours later. This system would work best if coupled with a national holiday, or at least a weekend. There would, of course, be extra costs, but the benefits seem well worth it.

There are great advantages to voters in such a system. It would make the polls more accessible to all, a primary goal of democratic government. Any man or woman anywhere in the United States could vote at any hour of the day or night. And it would eliminate questions of early reports influencing voters while the polls were still open.

Since it is hard to conceive who would oppose this concept of a uniform national voting holiday, I have to believe that inertia is the main barrier. The broadcast industry should revive the concept, rally its other advocates and make sure that this reform is achieved.

The question of network news forecasts, especially involving exit-polling techniques, is more difficult to resolve. This really is the culmination of a continuum of research and reporting that takes place throughout the campaign. As such, it is part of the journalistic process and enjoys the same protections. While employing the latest research techniques, like exist-polling, to inform voters, we must be careful to approach the task responsibly. We cannot permit any confusion between commentary based on exit-polling interviews and the announcement of results.

There is one other major element of the electoral process that requires our attention. It is the Presidential nominating convention. The conventions have changed substantially since the pattern of full coverage was set in 1952, but our concept of dealing with them has not. We have reviewed this question in the light of the experience of the 1980 conventions, and I am pleased to share our thoughts with you today.

Three decades ago, broadcast news achieved maturity in its coverage of the political process when it began presenting the entire conventions on live television to the American public. And it was a worthwhile enterprise. In 1952, Dwight Eisenhower was battling Robert Taft for the Republican nomination, and an eloquent political unknown named Adlai Stevenson was emerging as the leader of the Democrats. The conventions were both newsworthy and exciting, and the voters got a political education sitting in their living rooms.

Unfortunately, over the years the conventions have become far less significant political events. The real action has shifted to the primaries, and for the most part the choices already have been made by the time the midsummer gatherings occur. The conventions can be anticlimactic exercises in political horn blowing and hat wearing. We must ask ourselves whether the public is well served by the availability of long hours when the political process is embarrassed by triviality. The viewers say no; they are watching other programs.

We cannot blame the politicians very much, I suppose, for they are responding in a very natural way to what they perceive as a golden opportunity for a week of national visibility. The blame is ours. We have been responsible for handling an important step in the political process, and we have done it badly when we were on the air with low-content broadcasts. All of us have witnessed the embarrassment of anchormen struggling in a desperate effort to create broadcasts out of non-events.

At CBS, we have reassessed this situation thoroughly and as we see it now we do not plan gavel-to-gavel coverage for the 1984 conventions. We will be staffed and equipped to provide coverage as fully as the news warrants. We will be there when the conventions open and major developments will be broadcast live. We anticipate that comprehensive summaries will be carried each evening, along with special-subject highlights. It is my expectation that our news people will fill our public service responsibilities far better if we approach the conventions with this perspective.

Some cynics may see this development as economically motivated, but it is not. We probably will not enjoy any appreciable financial benefit. An extensive editorial and technical complex still will be necessary to provide this coverage. There will be inevitable difficulties in scheduling around the portions of the conventions we do carry live. The benefits lie in the province of restoring sound professional principles to the coverage of news. We will exercise editorial judgment to provide as much coverage as the genuine news value warrants. In the process, I hope we will help restore public respect for the American political convention.

Some of the themes and causes I have discussed today are all too familiar to you veterans of the broadcasting industry. But significantly, all of them exist in a new environment. As the FCC Chairman reminded us last week, we are in a political era when deregulation is a popular theme. We have a fine opportunity now to make progress with the regulatory problems that confront us. This is the time to redouble our efforts to achieve solutions. Let me summarize the possibilities:

Repeal of Section 315 to eliminate the fairness doctrine and equal-time requirements and thus free us to organize Presidential debates and work as our newspaper colleagues do.

Repeal of Section 312(a)(7) to eliminate the reasonable access rule and negate the impact of the Carter-Mondale decision, or at a minimum, urge the FCC to narrowly interpret that decision.

Happily the FCC itself, under the new Chairman's directions, has indicated support for these steps.

Repeal of the personal attack and political editorializing rules, again as a move toward parity with other journalists.

Enactment of the 24-hour voting concept, creating a national voter holiday.

These issues are at the core of our ability to operate effectively as broadcast journalists, with all of the rights and protections stated and implied in the Constitution. In any profession it is natural to want parity, to ask to play on a level field. We owe it to ourselves to fight for these changes, and to the public whose trust we value so highly.

It is clear that we are working in a very competitive environment. In news, as well as in entertainment and sports, the alternatives are increasing. New modes of communication seen to develop almost daily.

I cannot believe that anybody with the skills, resources and traditions represented in this organization could fail to be excited

by the changes taking place. Many in this room were on hand to see television join radio to enlarge the world of communications, and now we see other new technologies emerging to further diversity our world.

Over the recent months I've been asked many times how I like being in such a competitve business. We operate very much in the public view. Lots of people examine us daily in detail. But surely the compensation is that we have an opportunity to make a difference in people's lives. We can entertain and we also have a chance to inform great numbers of people, to raise important questions, to stimulate them to read and to investigate the issues further. This is not our burden. It is our opportunity.

It is large and it is important.●

79-059 O-85-34 (Pt. 20)

SENATE—*Monday, November 9, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 12 meridian, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Lord God almighty, Judge of all the earth.—Genesis 18: 25.

Great art Thou and greatly to be praised.

Justice and judgement are the habitation of Thy throne.—Psalm 89: 14.

Thou shalt execute judgement and justice to the earth.—Jeremiah 23: 5.

Thou shalt judge the world in righteousness and truth.—Psalm 96: 13.

Make us sensitive, O Lord to Thy righteousness and our accountability to Thee, personally and nationally. Help us to order our lives consistent with Thy justice, for judgment can fall so suddenly, so subtly, so unexpectedly, so catastrophically.

Help us, O Lord, to heed the warning of Moses to Thy ancient people, Israel:

Beware that you forget not the Lord, your God in not keeping His commandments and His judgements; lest, when you have eaten and are full, and have built goodly homes and dwell therein; and when your herds and your flocks multiply, and your silver and your gold has multiplied, and all that you have is multiplied; then your heart be lifted up, and you forget the Lord, your God . . . And you say in your heart, "My power and the might of my hand has gotten me this wealth."

But you shall remember the Lord, your God, for it is He that gives you power to get wealth. . . . and it shall be, if you do at all forget the Lord your God. . . . I testify against you this day that you shall surely perish. As the nations which the Lord destroyed before your face, so shall you perish.—Deuteronomy 8: 11–20.

So help us God. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I believe there is a special order in favor of the distinguished Senator from Oregon (Mr. PACKWOOD) this morning and also an order for the transaction of routine morning business to begin after the expiration of the time allocated to the Senator from Oregon. Is that correct?

The PRESIDENT pro tempore. The Senator is correct.

Mr. BAKER. Mr. President, I believe there is an order as well at 1:30 p.m. to begin consideration of S. 1112, Calendar Order No. 115, the export administration bill. Is that correct?

The PRESIDENT pro tempore. The Senator is correct.

TIME AND TIME PAST

Mr. BAKER. Mr. President, weekends were made for scheduling the activities of the Senate, and before we look ahead to this week's legislative calendar, I thought we might pause and reflect on T. S. Eliot's "Burnt Norton," and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

BURNT NORTON

(From "Four Quartets")

I

Time present and time past
Are both perhaps present in time future,
And time future contained in time past.
If all time is eternally present
All time is unredeemable.
What might have been is an abstraction
Remaining a perpetual possibility
Only in a world of speculation.
What might have been and what has been
Point to one end, which is always present.
Footfalls echo in the memory
Down the passage which we did not take
Towards the door we never opened
Into the rose-garden. My words echo
Thus, in your mind. But to what purpose.
Disturbing the dust on a bowl of rose-leaves
I do not know.
Other echoes
Inhabit the garden. Shall we follow?
Quick, said the bird, find them, find them,
Round the corner. Through the first gate,
Into our first world, shall we follow
The deception of the thrush? Into our first world.
There they were, dignified, invisible,
Moving without pressure, over the dead leaves,
In the autumn heat, through the vibrant air,
And the bird called, in response to
The unheard music hidden in the shrubbery,
And the unseen eyebeam crossed, for the roses
Had the look of flowers that are looked at.
There they were as our guests, accepted and accepting.
So we moved, and they, in a formal pattern,
Along the empty alley, into the box circle,
To look down into the drained pool.
Dry the pool, dry concrete, brown edged,
And the pool was filled with water out of sunlight,
And the lotos rose, quietly, quietly,
The surface glittered out of heart of light,
And they were behind us, reflected in the pool.
Then a cloud passed, and the pool was empty.
Go, said the bird, for the leaves were full of children,
Hidden excitedly, containing laughter.
Go, go, go, said the bird: human kind
Cannot bear very much reality.
Time past and time future
What might have been and what has been
Point to one end, which is always present.

SENATE SCHEDULE

Mr. BAKER. Mr. President, I had hoped today to be able to take up S. 881, the Small Business Act, which is not cleared, I understand, on the calendar and which we shall continue to try to clear.

I inquire of the minority leader, and on Friday I put this question to him: Is he aware of amendments to that measure to be offered on his side of the aisle? If so, could he give us some idea of the nature of those amendments so that I might facilitate the clearance process?

Mr. ROBERT C. BYRD. There will be amendments on this side of the aisle. I know of only two or three. I understand that there is some concern on the premises that there might be some tax amendments. I know of none on this side that will deal with taxes.

Mr. BAKER. I thank the Senator.

Mr. President, could the minority leader favor me also with some idea as to whether or not we might be able to get a time agreement on this SBA bill?

Mr. ROBERT C. BYRD. I think the prospects might be pretty good. We on this side wish to proceed with the bill.

I might say that I have an amendment that would provide that the President appoint a small businessman to the Federal Reserve Board's next vacancy.

There are one or two other amendments I know of. I will be very happy to try to identify them for the majority leader, but I do not believe that there is going to be any effort on this side of the aisle to tack on any tax amendments.

Mr. BAKER. I thank the Senator.

Mr. ROBERT C. BYRD. I may be wrong. There may be some lurking around, but I will try to ascertain that.

Mr. BAKER. I thank the minority leader.

Mr. President, this is a measure that we should address if we can and that had been tentatively scheduled for today.

I will canvass on this side to determine any amendments. I will be happy to share the result of that canvass with the minority leader. I hope he might favor me with a similar list and perhaps the staff on both sides could try to explore the possibility of a time limitation.

Mr. President, in addition to that measure which I hope we might clear, I would very much wish to get to the State, Justice appropriations bill which is scheduled now for tomorrow.

But if we could get to that this afternoon at least with opening statements, I

believe it might facilitate what otherwise appears to be a very busy Tuesday.

So I hope the minority leader might share with me his insights on that at a later date, as well.

Mr. ROBERT C. BYRD. Mr. President, I will be glad to do that.

I hope that the Senate could proceed to at least begin action on that bill, and I also hope that before the week is out the Senate could proceed with the small business innovations legislation.

I shall try to supply the majority leader with as much information as I can ascertain as to amendments on this side of the aisle, so he will be in a position to move ahead as rapidly as possible with the Small Business bill.

Mr. BAKER. Mr. President, I am very grateful.

I might repeat what I said at the end of last week: Wednesday is Veterans' Day this year for the first time restored to its position in the middle of the week instead of being coterminous with the weekend. While that is a situation I supported, it also offers the danger of playing hob with the schedule. So the leadership has announced that there will be no votes on Tuesday after 1 p.m. and none before 3 p.m. on Thursday.

I urge Senators to consider, however, that does not mean the Senate will recess or adjourn at 1 p.m. on Tuesday.

I hope that we will continue with the consideration of the State, Justice appropriations bill or with other matters which may be before us during the remainder of the day on Tuesday and prior to 3 p.m. on Thursday even with the prospect of stacking votes as necessary in order to accommodate to that schedule.

Mr. President, we also have the possibility of taking up the foreign assistance appropriations bill which is not yet fully cleared, but that is a matter that has been tentatively scheduled for this week as well and I believe on tomorrow.

So if we could give some attention to the possibility of taking up and disposing of that matter, I believe it would expedite things materially.

Mr. President, we also have the Labor, HHS, and Education appropriations bill which must be dealt with. I had thought that would be available to begin on Friday, November 13, and I still hope for that, but if for some reason that is not the case, Members should be on notice that it would come up then on the following Monday, November 16.

Mr. President, that is as far as I can go with the schedule at this moment.

If we stay on this schedule as we have been doing remarkably well, I do not foresee the likelihood of late sessions this week with the exception perhaps of Thursday which is our regular late day.

Mr. President, I have no further need for my time remaining under the standing order. If any time does remain, I am prepared to yield it to the minority leader or to any Senator.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. WALLOP). The minority leader is recognized.

THE SOVIETS IN AFGHANISTAN

Mr. ROBERT C. BYRD. Mr. President, next month will mark the end of the second year since 85,000 Soviet troops invaded the non-aligned, Moslem nation of Afghanistan.

Yet, for all the modern military equipment at its disposal, the Soviet Union is stalemated in Afghanistan. The ill-equipped rebels have fought Russia's finest to a standstill.

The October 5 issue of U.S. News & World Report provided a fascinating account of the fighting inside Afghanistan. The article noted:

The guerrillas are waging a successful war against Communist forces, and for Russia the comparison with America's Vietnam experience daily becomes more apt. Barring a drastic increase in the number of Soviet troops in Afghanistan, the Kremlin faces the prospect of an endless stalemate. Rebels have no real chance of driving the Russians out of the country, but they are imposing a heavy toll on the alien occupiers and thwarting Moscow's attempts to impose a puppet Communist government over all of Afghanistan.

The rebels, called Mujeheddin, or Holy Warriors, have abandoned the clumsy and ineffectual scatter-gun tactics of earlier days. Now they attack in tightly knit units with movements carefully planned and coordinated. They are as highly motivated as ever, but are better trained than those who first met the Russians in battle after Soviet forces invaded Afghanistan in December, 1979.

The article further notes that while the Soviets still have the capacity to take temporary control of rural districts, the rebels quickly return once they have left. The Soviets travel the main roads only in well-defended convoys which come under attack, and are afraid to venture forth at night, even in the major cities.

A large-scale Soviet effort to capture control of the fertile Panjshir Valley northeast of Kabul failed. The Soviets massed 10,000 to 14,000 Russian and Afghan soldiers, 1,500 armored vehicles. and substantial air support, but could not even breach the valley due to rebel resistance.

Mr. President, the tenacity of the rebels is most impressive. But it is also a tribute to their strong desire to recapture their status as a free and independent nation. They just will not allow themselves to become another satellite of the Soviet Union.

As the article pointed out:

With the partisans becoming steadily more aggressive, Kremlin leaders must soon make a decision: Slug it out with the rebels in an expanded conflict—a move that experts estimate could require up to 300,000 additional Soviet troops—or seek a diplomatic solution that might enable the Russian forces to withdraw gracefully.

Whatever course it takes, Moscow is far from achieving its goal of turning Afghanistan into another compliant satellite state. That is not likely to happen as long as the spirit of Afghan independence thrives in places like the Panjshir valley.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From U.S. News & World Report, Oct. 5, 1981]

INSIDE AFGHANISTAN: A WAR RUSSIA IS LOSING

In the short space of a year, a ragtag army of Moslem tribesmen has become a disciplined guerrilla force that has fought Russian invaders to a standstill and gained control of huge swaths of this Soviet-occupied land.

The dominance of rebel forces over their Russian foes was clearly evident throughout a 700-mile trek with partisan forces across several northern provinces. What is happening here today is a radical turnaround from what I saw in my last visit just over a year ago.

The guerrillas are waging a successful war against Communist forces, and for Russia, the comparison with America's Vietnam experience daily becomes more apt. Barring a drastic increase in the number of Soviet troops in Afghanistan, the Kremlin faces the prospect of an endless stalemate. Rebels have no real chance of driving the Russians out of the country, but they are imposing a heavy toll on the alien occupiers and thwarting Moscow's attempts to impose a puppet Communist government over all of Afghanistan.

Nowhere do the guerrillas seem stronger, or more determined, than here in the Panjshir Valley, a farming area that symbolizes this country's determination to be rid of the Russians.

The rebels, called Mujeheddin, or Holy Warriors, have abandoned the clumsy and ineffectual scatter-gun tactics of earlier days. Now they attack in tightly knit units with movements carefully planned and coordinated. They are as highly motivated as ever but are better trained than those who first met the Russians in battle after Soviet forces invaded Afghanistan in December 1979.

Soviet troops and the weakened forces of Prime Minister Babrak Karmal still take temporary control of rural districts. But rebels quickly return once the enemy has left. The Soviets can travel main roads only in well-defended convoys, and even then they come under regular attack.

Assaults on Russian supply lines provide the guerrillas with many of their weapons and much of their ammunition. In some provinces, supplies can be delivered to Russian outposts only by air. As a result, Communist offensives are becoming less frequent.

NO HAVEN

The Kremlin's 85,000 occupation troops have been forced to take refuge in garrisons and cities. But even there they are far from safe. At night, cities belong to the rebels.

The Afghan Army is of little help. Defections are occurring at a rapid rate, and enlistment drives are flagging. Manpower has dropped by nearly 80 percent since the invasion, and many officers are in league with the rebels. Morale is at rock bottom, and the Russians cannot count on Afghans to back them up in battle.

As the Communists have faltered, the rebels have gained strength, becoming a force

to be reckoned with in this land of deserts and mountains.

I witnessed the latest attempt by Soviet and Afghan troops to seize the Panjshir Valley, about 40 miles north of Kabul, in a battle that pointed up Russian failure to defeat the rebels.

Massed on the Communist side were 10,000 to 15,000 Soviet and Afghan soldiers, 1,500 armored vehicles and substantial air support. But despite their overwhelming superiority, Communist forces ran into trouble even before the main fighting began.

Units from different guerrilla bands in the surrounding regions mobilized quickly to harass and slow the movement of the Soviets along roads leading to the Panjshir. For the Russians, getting to the battlefield was as perilous as the combat that lay ahead. Rebel groups, many armed with captured Soviet weapons, entrenched themselves in the mountains around the mouth of the valley. From the start, this strategic advantage discouraged Soviet pilots from flying too close. They knew from experience that, while the rebels have only a few anti-aircraft guns, their aim is mostly true.

When Soviet tanks tried to break into the Panjshir, government forces launched devastating barrages of mortar, rockets and cannon fire against villages and partisan concentrations.

Soviet forces, bent on victory at any cost, left the relative safety of their armored vehicles for the first time and tried to establish positions in the imposing mountains overlooking the valley. But they were no match for partisans fighting in their own element—a wilderness of tall peaks threaded with a confusing network of paths.

At one point, Communist troops managed to take a jagged, rocky ridge, from which they lobbed mortar shells at key guerrilla positions, bringing the rebels under withering fire. Minutes after I had left to seek shelter outside, the hut in which I was staying was blown up by a mortar round.

NIGHT FIRE

While the sun was up, the guerrillas made no attempt to counterattack. But shortly after nightfall, several guerrilla units, commanded by a charismatic young rebel known only as "Massoud," suddenly struck back.

"The Russians don't like to fight at night," the thin, hawk-faced guerrilla commander explained. "We'll keep them busy by launching a diversionary assault against the Salang Highway. We have got to keep hitting them from all sides. Already, they are getting tired and demoralized." The plan worked. By dawn, the ridge was back in guerrilla hands, the Communists routed.

But the Russians refused to call off the attack, and fighting went on for weeks. Yet the valley remained under control of outgunned rebels, who relied on clever strategy as much as firepower. Though denied by Afghan and Soviet commands, the victory was verified by Western diplomats, who reported that the Mujeheddin had captured large amounts of Soviet equipment and inflicted "unprecedented casualties" on their Communist foes.

Soviet reaction to mounting military frustration—underscored by the Panjshir siege—has been to increase the cruelty inflicted on the Afghan population. Among new Russian tactics: The booby-trapping of the country. Airplanes and helicopters regularly drop bushels of deadly plastic gadgets called "butterfly" mines, which explode when picked up by Afghans from goat paths and in the fields. Children, including an 8-year-old boy who recently lost a hand, are frequent victims.

Another favorite Soviet ploy is the planting of lethal explosive devices disguised to look like compasses and watches. The injuries that they inflict are all the more deadly because medical care throughout most of Afghanistan remains primitive at best. Some wounded, however, receive treatment at a carefully concealed hospital staffed by French doctors working for the Paris-based Aide Médicale Internationale.

Booby traps have only stiffened the partisans' resolve to drive the Soviets from Afghanistan. There is no shortage of committed rebel recruits—only a shortage of arms and ammunition.

Massoud has 1,000 men under his command in the Panjshir Valley. "We are certainly better equipped then before," says the rebel leader, a onetime engineering student. "But we could field thousands more against the Communists if we had more guns."

Most guns and ammunition used by the Panjshir rebels are captured from the Soviets and Afghan forces, but some military gear comes from Pakistan.

ROLE FOR UNITED STATES?

During my time with the rebels, I saw no sign of American aid, even though Egyptian President Anwar Sadat has said that the U.S. has been buying Russian weapons from Egypt and giving them to the guerrillas. Rebel leaders could not—or would not—confirm this disclosure.

So far at least, most training appears to be a local affair in which few outsiders are involved. Since the invasion, Massoud has schooled more than 5,000 Mujeheddin in guerrilla warfare and weaponry. Many were instructed at a "guerrilla academy," which sound much more impressive than it looks. The school is housed in a scattering of mud and brick huts tucked away in a Panjshir village.

"Graduates" fight for two weeks, then rotate out of combat areas for a rest period. It is a common sight to see groups of rebels toting Soviet-made Kalashnikov rifles and laden with heavy cartridge belts trudging into the mountains, en route to battle.

Top rebel leaders are largely self-taught, though there is some talk of a clandestine training camp along the Pakistan border where the most promising fighters are taught combat skills by former Afghan Army experts. Massoud claims to have picked up everything he knows about fighting from reading about guerrilla warfare.

The two-month "academy" run by his lieutenants is serious business. Carefully selected recruits in their late teens or early 20s sit on the closely cropped grass of a cow pasture outside the school and watch intently as an instructor dressed in rough denims and a woolen cap shows them how to fire a Russian AK-47 assault rifle.

A few yards away, another group of trainees carries out close-combat exercises—how to choke or stab an enemy to death. In nearby buildings more-experienced fighters are taught commando tactics by ex-Army officers, using large wall maps and a film projector to show footage of anti-Soviet guerrilla operations.

Results of the training are strongly evident among front-line fighters, all of whom carry Russian weapons. They are a hardened bunch who have earned a reputation as ferocious and merciless warriors. They seldom take prisoners.

Guerrilla leaders report unconfirmed cases of injured Russian soldiers committing suicide or shooting each other rather than face the wrath of their Afghan captors. There also are reports of Soviet helicopters deliberately machine-gunning encircled Russian soldiers who faced certain capture. Whether such reports are true or not, the Geneva Convention counts for little in this war. On both sides, there are many stories of atrocities.

"There is little we can do," comments a partisan commander. "Hatred for Russians is just too great. Many of us have lost families or homes through Communist terror. The first reaction when coming across a Russian is to kill him."

Much of the time, the face of Afghanistan is deceptively placid. For instance, I encountered no Russian or government patrols on my trip into the country from Pakistan. Nor did I see many Russian warplanes. Only rarely does a Soviet MIG jet thunder overhead. And seldom do Russian soldiers venture out of their garrisons or scattered mountain strongholds. "The Russians have a base up there," said one rebel in scornful tones, pointing to a distant peak. "But they don't dare come down here any more."

Outwardly, the country seems as it has always been. Many of the scenes are peaceful. As fall approached in the Panjshir Valley, farmers threshed wheat with teams of cattle. Young women in shawls harvested stalks of oats and barley among the terraced fields. Young boys stole apples and pears from roadside orchards.

DAILY ROUTINES

Residents of the Panjshir, like those throughout Afghanistan, have shown an implacable determination to resist the Communists. But they try hard to lead normal lives regardless of the threat of attack.

Newly plastered dried-mud walls and brightly colored window frames of reconstructed houses stand out among the ruins. In the dozen primary schools that have been re-established in the valley, rows of schoolboys sit bobbing rhythmically back and forth, reciting Koranic verse or confronting arithmetic problems on black slates.

The Communists have done all they could to bring the Panjshir to its knees. They have even tried to blockade the valley by erecting a kind of rustic Berlin Wall—a 6-foot high barricade that lies across the mouth of the Panjshir. But that did not stop goods from the outside world from entering or fresh guerrilla fighters from filtering in. Village bazaars still sell the necessities of ordinary life.

Money sent by relatives and friends living and working in Kabul has become vital to the survival of the valley and other parts of Afghanistan. Goods from Pakistan and Kabul are brought into the valley by horse and mule caravans, foot travelers and merchants who hike a secret network of mountain trails. The same trails serve as a conduit for guns, ammunition, medicine and other military supplies from Pakistan.

The countryside is littered with destroyed Russian vehicles. Yet a rebel public-transport service still exists. Rickety, windowless buses and patched-up trucks captured from the Afghan Army ply the potholed, battle-scarred dirt road that runs the length of the valley. The presence of a regular bus service helps give the Panjshiris a sense of normality.

If the Russians launch a surprise attack, local residents can mine the road at short notice. Gasoline for the buses is taken from ambushed government convoys and transported back to the Panjshir in canisters.

STEADFAST RESOLVE

The most impressive characteristic of the resistance—in Panjshir and all Afghanistan—is the determination of the anti-Communist population to continue fighting.

Under present circumstances, the conflict is a no-win situation for both sides. Despite the improved fighting ability of the Muje-

heddin, they cannot hope to push the Russians from Afghan soil. Nor can the Russians or the Kabul regime hope to crush the rebels.

With the partisans becoming steadily more aggressive, Kremlin leaders must soon make a decision: Slug it out with the rebels in an expanded conflict—a move that experts estimate could require up to 300,000 additional Soviet troops—or seek a diplomatic solution that might enable the Russian forces to withdraw from the country gracefully.

Whatever course it takes, Moscow is far from achieving its goal of turning Afghanistan into another compliant satellite state. That is not likely to happen as long as the spirit of Afghan independence thrives in places like the Panjshir Valley.

Mr. ROBERT C. BYRD. Mr. President, I have no further need for my time under the order, so I yield it back.

Mr. BAKER. Mr. President, I yield back my time remaining.

RECOGNITION OF SENATOR PACKWOOD

The PRESIDING OFFICER. Under the previous order the Senator from Oregon (Mr. PACKWOOD) is recognized for not to exceed 15 minutes.

THE U.S. TIMBER PROBLEM

Mr. PACKWOOD. Mr. President, the Members of this body are well aware of the deep depression being experienced by this Nation's housing industry. My own State of Oregon with its heavy dependence upon the lumber industry is suffering unprecedented unemployment. The impact upon industry, business, and individuals is staggering.

And, Mr. President, I regret to report that an already critical problem is being exacerbated by actions of our Canadian neighbors.

Now, it is not my intention to blame Canada for high interest rates in the United States. Those interest rates are the principal reason for the extraordinary depth of the timber industry depression. Certainly I am reluctant to suggest that the Canadians are intentionally taking advantage of economic adversity in the United States to shore up their own economy.

But the evidence is substantial, Mr. President, of dramatically increased export of lumber and lumber products into the United States from Canadian forests and mills. It is shocking to learn that fully one-third of the lumber used in the United States now comes from Canada.

As recently as 1975, Canadian imports represented only 18.7 percent of the lumber used for housing and other construction in the United States. Today, Canada's share of the U.S. market stands at roughly 32 percent and is steadily rising.

More importantly, it should be noted, Mr. President, that the Canadian lumber is not being imported to supply new markets in the United States. To the contrary, the Canadian lumber is being sold in markets which in the past have been supplied wholly or nearly so by products of our own forests.

Nor are the Canadians providing lumber to our own markets because we lack an adequate supply of timber. We have the trees, Mr. President, to meet the demand and the quality of timber from the Pacific Northwest is, by any measure, fully competitive with if not superior to that of the bulk of the Canadian imports.

Why, then, are so many Canadian sawmills humming while ours are shutting down, and taking whole communities with them?

The paramount reason, as I already have noted, is high interest rates which have put the cost of home ownership beyond the reach of millions of Americans.

But those high interest rates have not halted all construction in the United States. If they had, we would not be looking at figures which reflect the startling growth of Canadian lumber imports. Despite the interest rates, houses are being built, and they are being built in increasing numbers with Canadian forest products.

Mr. President, we cannot afford as a Nation to ignore the plight of our timber industry and all who are dependent upon its health. We must address effectively all of the issues which are contributing to our timber depression, and that is what I propose that we do.

First, I will introduce in the Finance Committee a resolution directing the International Trade Commission to investigate Canadian exports of lumber into the United States. The Commission's investigation will determine whether Canada is competing unfairly in U.S. markets. We already know, Mr. President, that Canadian lumber is less costly because of lower stumpage prices and transportation costs.

Second, I have scheduled for November 24, a joint hearing of the Trade and Tax Subcommittees of the Finance Committee. Our purpose is to explore—for the record—the problems which are contributing to the distress of Oregon's timber industry.

The hearing also will hear testimony on the use of public timber as a tax shelter by limited partnerships.

Third, I am introducing legislation today to revise the Reforestation Tax Incentive and Trust Fund which Congress enacted in 1980. I believe we have a continuing need to assure a long-term timber supply through increased reforestation on both public and private lands.

The bill I am introducing increases the dollar limit for the reforestation tax incentive from $10,000 to $25,000. It allows for a 3-year carryover of reforestation expenses, and it changes the funding source for the trust fund from tariffs on certain forest products to the funds derived from cutting fees from Federal timber sales.

Although our attention is focused upon the conditions our industry faces today, we must not lose sight of the future. That means we must address not only the issues of high interest rates and imported lumber, we also must look ahead to the day when the demand for logs and finished lumber cannot be matched by the trees available for harvest.

That day will come, Mr. President, if we do not move forward to insure a healthy industry now, and one that will remain healthy for generations to come.

The carpenters, the pipefitters, the electricians, the loggers, and the millhands who today are standing in unemployment lines expect action from us. They know there is no panacea. But they want us to do what we can, not only for themselves but for those who will come after—their children and grandchildren.

At this point, I should like to explore in greater detail these issues which are so critical to the people of my State, and indeed the whole Nation.

Let us consider first, a table showing the increasing levels of Canadian lumber imports, and I ask unanimous consent, Mr. President, that this table be included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

U.S. CONSUMPTION OF SOFTWOOD LUMBER[1]

Year	United States production	Canadian imports	Total United States consumption	Canadian percent of United States consumption
1975	24,569	5,666	30,380	18.7
1976	27,608	7,905	35,558	22.1
1977	29,668	10,344	40,054	25.8
1978	29,623	11,769	41,464	28.4
1979	27,791	11,068	38,909	28.4
1980	22,831	9,514	32,370	29.4
1st half 1981	11,334	5,308	16,654	31.9

[1] Thousand feet board measure (MFBM).

Source: Western Wood Products Association.

Mr. PACKWOOD. Mr. President, the level of Canadian lumber imports into this country is not happening by accident. Canada makes no secret that its current economic policy depends heavily on the export of lumber. The following quotation from the July 1979 newsletter of the Royal Bank of Canada makes this clear:

As in decades past, our forests continue to generate more foreign earnings than any other commodity sector, helping Canada to pay its way in the world. The industry's contribution to the trade balance is about $7 billion annually, nearly as much as that of mining, agriculture, fishing and fuels combined.

The United States is far and away the biggest market for Canadian lumber—much larger than Canada itself. Nearly one-half of Canada's total lumber production is sold in the United States. About one-third of it is sold in Canada.

I have a table which illustrates clearly Canada's dependence on the U.S. lumber market. All of us should note that not only are we Canada's biggest lumber market, but we take nearly as much lum-

ber from them as all their other markets combined. This table is based on data put together by the Western Resource Alliance, headquartered in Eugene, Oreg.—a group which has done an excellent job of compiling data on our Canadian lumber imports.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Canadian softwood lumber distribution

	Million board feet, 1980
U.S.A. exports	9,281
Canadian use	6,523
Other exports	1,712
ECC exports	1,268
Total	18,784

Source: Western Resource Alliance.

Mr. PACKWOOD. Let us look now at the outstanding reasons for this penetration of the U.S. market by Canadian lumber. In general, the production and transportation of Canadian lumber to the United States is a Canadian Government monopoly. Virtually all Canadian lumber production comes from royal forests, owned by either the Provincial or National Governments. Most of this lumber is then transported by railroads owned and operated by the Canadian Government.

There is little doubt that the major reason for the great surge in Canadian lumber imports is the method Canada uses for pricing its timber. The United States uses a free market—competitive bidding—to price its timber for sale to timber companies. The Canadians do not. They use a government price. The government "appraises" the timber and sets the price. They can set the price wherever they want.

The Canadian pricing method results in an enormous difference between Canadian and U.S. stumpage prices. Stumpage is the price paid to the owner of a forest for the right to harvest his timber. For example, there is a huge price difference between timber produced in U.S. forests in the Pacific Northwest and in competing forests across the border in British Columbia. Last year, 1980, the average stumpage price in Oregon and Washington was $285.50 per thousand board feet, while the same price for British Columbia, which produces two-thirds of Canada's timber, was only $13.06. This disparity is absolutely astounding.

This stumpage price disparity has been going on for years. I asked the U.S. International Trade Commission to provide historical data on this subject for me. The table the ITC produced shows this enormous price disparity over the last 5 years. Mr. President, I ask unanimous consent that the ITC table appear at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD as follows:

COMPARISON OF UNITED STATES AND CANADIAN STUMPAGE PRICES

Year	United States [1]	Canada [2]
1976	$113.20	$1.65
1977	153.80	3.49
1978	185.00	10.88
1979	270.00	17.85
1980	285.50	13.06

[1] Average stumpage prices for Oregon and Washington timber from National Forests. (United States dollars per thousand board feet.)

[2] Average stumpage prices for British Columbia timber from Provincial Forests. (Canadian dollars per thousand board feet.)

Source: U.S. International Trade Commission.

Mr. PACKWOOD. Canadian authorities on timber pricing recognize that Canada's refusal to use competitive bidding results in a much lower stumpage price, which in turn results in a lower price for lumber. Here is what David Haley, an associate professor of forestry at the University of British Columbia, had to say on the matter:

Between 1963 and 1978, real stumpage prices in the Pacific Northwest (i.e., net of inflationary increases) showed an upward trend of 11 percent per annum compared to a slight *downward trend for British Columbia* . . . (emphasis added). There is little doubt that the principal reason for higher stumpages in the Pacific Northwest is that all public agencies involved in timber production encourage competitive bidding, whereas in British Columbia competitive sales of public timber have been virtually eliminated.

In other words, Professor Haley is saying here that over a 15-year period, 1963–78, Canadian stumpage prices have actually been falling, and this is a direct result of Canadian Government policy. To say this policy is incredible is an understatement. How many of us can think of another natural resource whose price has actually fallen over the last 15 years?

The Government of the Province of British Columbia, which owns 95 percent of the timber there, makes no secret of the relationship of its stumpage pricing method and the ability to compete in the world lumber market. In a paper titled, "Alternatives for Crown Timber Pricing," the British Columbia Ministry of Forests out that—

The charges for crown timber will normally be set by a legislatively-described pricing system rather than by open competition . . . the pricing system has to encourage a vigorous, efficient and world-competitive timber processing industry. . . .

Canada clearly recognizes the competitive advantage their pricing policy provides. The original estimate by the government is the final price of stumpage, not the basis for bidding as it is in this country. If Canada's public timber were sold competitively, stumpages would be considerably higher.

I believe Canadian stumpages are the biggest single factor responsible for the alarming penetration of Canadian lumber into the U.S. market. There are other factors involved, especially Canadian rail transportation costs. This is clearly an advantage to Canadian producers. The rate structures of the government-owned Canadian railroads gives western Canadian lumber producers a significant cost advantage over their U.S. competitors when shipping to eastern U.S. markets. In British Columbia, the transcontinental rail costs are $25 per thousand board feet lower than the rates available to a producer in the Pacific Northwest. I know that for Oregon lumber producers it is adding insult to injury to watch their Canadian competitors pay government-set rail rates after paying ridiculously low prices for stumpage.

Mr. President, I will hold hearings on the problem of Canadian lumber imports on November 24. These hearings will be sponsored jointly by Senator DANFORTH's Trade Subcommittee and the Taxation Subcommittee, which I chair. In addition, at the earliest opportunity I will ask the Senate Finance Committee to request an investigation of Canadian lumber imports by the International Trade Commission in accordance with 19 U.S.C. 1332.

I ask unanimous consent that the text of my proposal to the Finance Committee, and the bill, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PACKWOOD RESOLUTION FOR SECTION 1332 INVESTIGATION

Pursuant to 19 U.S.C. 1332, the Committee on Finance of the U.S. Senate hereby requests the U.S. International Trade Commission (ITC) to investigate the importation of Canadian softwood lumber into the United States.

The final study will be transmitted to the Congress not later than 4 months after approval of this request by the Finance Committee.

The ITC investigation will analyze the conditions, causes and effects of recent large increases of imports of Canadian softwood lumber into the United States. The ITC investigation will include, but not be limited to, an assessment of the following aspects of Canadian softwood lumber importation:

1. Changes in the volume of Canadian softwood lumber imports compared to U.S. domestic production.

2. Relative softwood stumpage prices in Canada and the United States, both current and in historical perspective.

3. The effect of the use of different methods for determining the selling price of softwood stumpage in Canada and the United States especially the relationship between appraised prices and prices set by competitive bidding.

4. Relative rail transportation costs faced by United States and Canadian softwood lumber producers, and preferential rates, if any, which exist.

5. The impact of Canadian softwood imports on the lumber products industry of the United States, particularly in the Pacific Northwest.

6. Canadian Federal and provincial government policies and provisions of law which enhance the competitive position of Canadian softwood lumber in the U.S. market.

7. Any unique aspects of this issue relative to softwood lumber production in the province of British Columbia and in the States of Washington and Oregon.

8. The prospects for future imports of softwood lumber from Canada relative to total U.S. consumption.

S. 1824

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AMORTIZATION OF REFORESTATION EXPENDITURES.

(a) IN GENERAL.—Paragraph (1) of section 194(b) of the Internal Revenue Code of 1954 (relating to amortization of reforestation expenditures), as added by section 301(a) of the Act of October 14, 1980 (94 Stat. 1989), is amended to read as follows:

"(1) MAXIMUM DOLLAR AMOUNT.—The aggregate amount of amortizable basis acquired during the taxable year which may be taken into account under subsection (a) for such taxable year shall not exceed the sum of—

"(A) $25,000 ($12,500 in the case of a separate return by a married individual (as defined in section 143)), plus

"(B) any unused limit carryover to such year.".

(b) CARRYOVER OF UNUSED LIMIT.—Subsection (c) of such section 194 (relating to definitions and special rules) is amended by adding at the end thereof the following new paragraph:

"(5) CARRYOVER OF UNUSED LIMIT.—

"(A) GENERAL RULE.—The excess of—

"(i) $25,000 ($12,500 in the case of a separate return by a married individual (as defined in section 143)), over

"(ii) the aggregate amount of amortizable basis acquired during the taxable year which is taken into account under subsection (a),

shall be an unused limit carryover to each of the three succeeding taxable years.

"(B) AMOUNT CARRIED TO EACH YEAR.—The amount of the unused limit carryover from any taxable year which may be taken into account in any succeeding taxable year shall be the amount of such carryover reduced by the amount of such carryover which was used in prior years.

"(C) SPECIAL RULES.—For purposes of subparagraph (B)—

"(i) the amount of amortizable basis acquired during the taxable year shall be treated as first using up the $25,000 (or $12,500) limit of subsection (b)(1)(A), and

"(ii) then shall be treated as using up unused limit carryovers to such year in the order of the taxable years in which the carryovers arose.

"(D) TRANSITIONAL RULE.—For taxable years beginning after December 31, 1979, and before January 1, 1982, subparagraph (A)(i) shall be applied by substituting '$10,000 ($5,000' for '$25,000 ($12,500'.".

(c) TECHNICAL AMENDMENTS.—

(1) Part VI of subchapter B of chapter 1 of such Code is amended by redesignating section 194 (relating to contributions to employer liability trusts), as added by section 209 (c)(1) of the Multiemployer Pension Plan Amendments Act of 1980, section 196.

(2) The table of sections for part VI of subchapter B of chapter 1 of such Code is amended—

(A) by striking out the item relating to section 194, as added by section 209 (c)(2) of the Multiemployer Pension Plan Amendments Act of 1980, and

(B) by adding at the end thereof the following new item:

"SEC. 196. CONTRIBUTIONS TO EMPLOYER LIABILITY TRUSTS.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsection (a) shall apply with respect to additions to capital account made after December 31, 1981.

(2) DETERMINATION OF CARRYOVERS.—The amendment made by subsection (b) shall apply with respect to taxable years beginning after December 31, 1979.

(3) TECHNICAL AMENDMENTS.—The amendments made by subsection (c) shall take effect on the date of enactment of this Act.

SEC. 2. REFORESTATION TRUST FUND.

(a) IN GENERAL.—Paragraph (1) of section 303 (b) of the Act of October 14, 1980 (94 Stat. 1991) is amended to read as follows:

"(1) Subject to the limitation in paragraph (2), the Secretary of the Treasury shall transfer to the Trust Fund—

"(A) 65 percent of the amounts received in the Treasury during any fiscal year from any sale made after December 31, 1981, by the Secretary of Agriculture under section 14 (a) of the National Forest Management Act of 1976 (90 Stat. 2958; 16 U.S.C. 472a (a)), and

"(B) all amounts received in the Treasury during any fiscal year from any sale of trees, portions of trees, or forest products located on Federal lands (other than lands held in trust for any Indian tribe) by the Secretary of the Interior which is made after December 31, 1981.".

(b) EFFECTVE DATE.—The amendment made by this section shall take effect on January 1, 1982.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 5 minutes each.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

THE DEPARTMENT OF DEFENSE AUTHORIZATION BILL

Mr. HAYAKAWA. Mr. President, I express my appreciation to my colleagues who served on the conference committee for S. 815. I believe they have done an excellent job in reconciling the Senate and House Department of Defense authorization bills. I was especially pleased to note that they have decided to retain the funding levels for three programs which I believe are crucial to our national security. These three programs, the NAVSTAR global positioning system, the KC-10 tanker aircraft, and the CX/airlift enhancement package, are all important to the defense of the United States in the 1980's.

The NAVSTAR global positioning system will greatly enhance the ability of our forces to navigate with precision. This capability will provide increased efficiency and better use of our military forces. Furthermore, the NAVSTAR system has the potential for significant application within the civilian system. It is a pleasure to support a defense program which can also improve transportation safety and increase fuel savings and operating efficiency in a large number of civil and commercial enterprises.

In an age of uncertain oil supplies and general international tension in remote areas of the world, I am glad that the members of the conference committee realized the importance of our ability to project our influence to farflung corners of the Earth and the role the KC-10 tanker and the CX cargo plane will play in this role. A rapid deployment force will not do us any good if we cannot get it to where it is needed. I am convinced that these two planes are central to any efforts to project our influence away from our shores.

The KC-10 tanker represents a significant improvement in our ability to ferry tactical aircraft to a combat zone, and it will also greatly increase our strategic refueling capability. Likewise, the CX cargo plane is the best way to get to the combat zone the heavy equipment our forces will need. Napolean said that the winner of any battle will be the one who "gets there the firstest with the mostest." That maxim still applies today, and the CX cargo plane is the best way to insure that we are the side that gets the most tanks, armored personnel carriers, and heavy guns to the battle before anyone else.

I support this Defense authorization bill, and I congratulate my colleagues on the fine work they have done.

JAPANESE DEFENSE

Mr. HAYAKAWA. Mr. President, we often hear calls from our executive leaders, Members of Congress, and journalistic pundits for a greater defense effort on the part of Japan. The standard Japanese response has been that such a buildup is inhibited by budgetary problems, constitutional restraints, and a strong antiwar attitude among the people. While those familiar with the problem recognize the validity of these arguments, there is a wide current of U.S. public opinion which feels Japan is overreliant on the U.S. nuclear umbrella and is not doing its share. It is refreshing, therefore, to note the views of a Japanese thinker supporting an increased Japanese defense effort.

In the October 19, 1981, issue of the Wall Street Journal, Mr. Shin Kanemaru, president of the Japanese Center for Strategic Studies and former minister of defense, argues that Japan must join the United States in the defense of the Pacific and Indian Oceans. Stressing the vulnerability of the Japanese sea lanes to vital Middle Eastern oil, Kanemaru cites several factors which threaten Japanese security:

First, declining superiority of United

States over Soviet naval forces in the Pacific-Indian Ocean theater;

Second, the rapid buildup of Soviet conventional forces stretching from the maritime province and Sakhalin to the Soviet-held Kurile Islands off Northern Japan;

Third, the stepped-up transformation of Vietnam into a Soviet military base; and

Fourth, the persistent threat posed by North Korea's formidable military forces.

Kanemaru recommends a reassessment of Japanese defense policy and a series of immediate steps to enable Japan to contend with short-term emergencies, while continuing to rely on the United States-Japan security arrangement in the long run.

As I believe my colleagues will find Mr. Kanemaru's views and recommendations of interest, I ask unanimous consent that his article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JAPAN MUST BOLSTER DEFENSE

A significant transformation in the international situation is taking shape. This change could vitally affect the peace and security of Japan.

During the coming decade, as the Soviets approach a peak in their military power, the U.S. may find itself in an inferior position in the overall balance of power. Not only would this contribute to the Soviet Union's freedom of military action on a global scale, it also could encourage the Soviets to attack Japan—with a ground, naval, and air onslaught for which Japan is grossly unprepared. One could also imagine strategic or theater nuclear forces being employed by the Soviets to either threaten or destroy Japanese cities and installations.

Both the U.S. and Japan regard access to the oil-producing Persian Gulf as vital. Given their overwhelming reliance on Middle East petroleum, the Japanese should agree with a statement made by former Defense Secretary Harold Brown that Soviet domination of the Gulf would amount to an occupation of Japanese territory.

Because the Pacific and Indian oceans constitute a single strategic region, both Japan and the U.S. must defend both oceans simultaneously. Right now, however, American military strength in the Far East is insufficient to secure the military stability of both oceans simultaneously. Thus the possibility exists that a military confrontation between the U.S. and the Soviets in the Middle East might spread to other areas: Western Europe, the Atlantic, East Asia, and the Western Pacific.

If such an escalation were to take place, innumerable logistical problems would arise. In the Far East, for example, the three straits around Japan would have to be blocked to prevent the southward and eastward swing of the Soviet Pacific fleet.

For a variety of reasons, analysts believe that Asia is entering a dangerous phase of development. Consider, for example, the declining superiority of U.S. naval forces over those of the Soviet Union in the Pacific-Indian Ocean theater; the rapid buildup of Soviet conventional forces in the area stretching from the Maritime Province and Sakhalin to the Northern Territories off Japan; the stepped-up transformation of Vietnam into a Soviet military base; or North Korea's persistent policy of "southward venture" and its steady military buildup.

Over the years Japan has relied primarily on the Japan-U.S. security system, placing limitations on her defense efforts while giving priority to other policies. Now, however, it is imperative that Japan be able to fight on her own. Japan should upgrade her ability to deal effectively with the early stages of an emergency, and improve her defense sustainability for a period longer than heretofore acknowledged. Reliance upon the U.S.-Japan security system arrangement should be considered only in the long run.

Given the foregoing assessment, Japan's defense policies should be revised accordingly:

National defense should be constructed so as to be able to effectively deter a variety of possible threats;

Security needs, not budgetary considerations, should be paramount in the formulation of defense policy; and

The U.S.-Japan security system should be clarified with respect to responsibilities and limitations for both Japanese and U.S. forces.

Japan needs to immediately establish military readiness; the government also must encourage a greater awareness of the value of civil defense and the importance of certain land projects, roads, railways, harbors, ports, etc.

As a first step the enactment of espionage-prevention laws must be hastened. Since we are in an era of intelligence warfare, the absence of such laws makes difficult the preservation of essential secrecy and impedes the exchange of intelligence with friendly nations.

To accomplish the needed buildup, armed forces personnel should be increased about 100,000. This would necessitate recruiting about 30,000 men annually, upgrading the social status of uniformed defense personnel and granting of career advantages to enlistees.

Major equipment is now procured from the U.S., but significant adjustments need to be made. Equipment acquisition must not be decided on a single-year budgetary basis, but rather on a middle-term basis (three to five years or more). It is also essential that there be an expansion of production lines for domestic procurement. To this end, speculative investment in the private business sector and adequate training of personnel are imperative.

Political restrictions of the utilization of nuclear power for vessels and the use of space must be removed, and a research and development program immediately launched.

Finally, strong government policies regarding bases must be adopted. It is imperative that bases, exercise areas, training areas and other such facilities be maintained and used.

National defense must now be at the very heart of national policy, and patriotic sentiments and a spirit of national defense—now so absent in Japanese society—must be fostered through strong national leadership.

AFGHANISTAN

Mr. HAYAKAWA. Mr. President, I have recently had the opportunity to read a most thorough and analytical account of the situation in Afghanistan. It was written by Dr. Richard S. Newell of the University of Northern Iowa, and delivered at the meeting of the Association for the Advancement of Slavic Studies held in Monterey, Calif., on September 20, 1981. Dr. Newell is the author of the widely acclaimed book, "The Struggle for Afghanistan," which was published last year.

In Dr. Newell's assessment, the situation has changed from a stalemate to a gradual deterioration of the Soviet position. The Afghan resistance is now better armed and has achieved considerable coordination among the disparate tribal, ethnic, and regional groups fighting the Soviets. Soviet forces, on the other hand, are plagued by poor intelligence, cumbersome command structure, continuing collapse of regular Afghan Army units, and low morale. Their forces are now confined to major towns, roads, and military installations. Even the towns are dangerous for Soviet personnel at night, as urban campaigns of assassination, sabotage, and anti-Soviet propaganda increase.

Dr. Newell believes that some sort of political settlement may become possible in which the Babrak Karmal regime would be "neutralized." He sees signs that the government is running more smoothly now that the Karmal faction (Parcham) has achieved ascendancy over the former Khlaq leadership. One result is that the government is able to pursue a more "accommodationist" policy toward its internal enemies.

Unfortunately, Newell is doubtful that the expatriate resistance organizations based in Peshawar will be able to contribute much to a political solution as they remain mired in propaganda, constant bickering, and failures to find a credible formula for unity and a political alternative. As these groups are held in contempt by the internal resistance leaders, Newell reasons that they may become superfluous in the national struggle, especially as the former become better equipped and politically organized. Furthermore, leaders who emerge from the fighting—and possibly as negotiators who eventually may parley with the Soviets should the latter recognize a military impasse—are much more likely to have popular credibility.

Because of this schism, Newell foresees the possibility of a transitional period following Soviet withdrawal, during which exiled King Zahir Shal—"the last surviving national figure without implacable enemies"—might lead a government that could replace Karmal's and mediate regional and cross-ethnic rivalries. In the long term, however, Newell concludes that the nucleus of a federated political system is likely to be built upon an association of internal resistance leaders. At this time, we in the West are only dimly aware of who these leaders might be.

I commend this most interesting analysis to my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

THE STRUGGLE FOR AFGHANISTAN BY MID-1981

(By Richard S. Newell)

(Meeting of the Association for the Advancement of Slavic Studies Paper to be read at Monterey, Calif., Sept. 20, 1981)

Writing in mid-1980 Nancy Peabody Newell and I concluded that the contest between the Afghan resistance movement and the Soviet occupation forces had reached a stalemate. The mujahidin lacked the weapons and organizational coherence to drive the invaders out and the Soviet units could not eliminate the guerrillas entrenched in the countryside without escalating their intervention to a level they found too costly in casualties, expense and political unpopularity to risk.

Both sides were seriously hampered by political liabilities; the resistance by leadership rivalries and their inability to achieve coordination in combat; the Soviets by the weakness of their client in Kabul, the Parcham government, which had been unable even to unite Afghanistan's tiny minority of Marxists behind it.

In this paper I attempt a provisional assessment of the situation one year later. I find that a stalemate is still evident, but that after nearly two years enjoyment of overwhelming superiority in arms, the Soviet position now appears to be in danger of eroding. Such deterioration may force the Kremlin to confront difficult alternatives in its Afghanistan policy in the near future.

The danger to the Soviet position lies in the fact that given the ongoing level and nature of the fighting, Afghan resistance capabilities are growing stronger. The ceiling which Moscow has placed on the number of Soviet combat troops and the failure of Soviet tactics to inflict serious damage on the resistance have permitted the insurgency to spread, to consolidate its control over the great majority of the population thus denying the Karmal government the demographic base it needs for popular support and to begin to develop the tactical capacity to seize the initiative in combat.

Despite occasional reports of large reinforcements, the Soviet troop level has remained at approximately 85,000 inside Afghanistan with elements equivalent to two divisions immediately available north of the Amu River. Troop rotations have resulted in considerable change in the composition of Soviet forces; they have consisted of first line units, mostly manned by European troops, since Central Asian reservists were experimented with in the first weeks after the invasion.

Deployment has involved eight divisions and ancillary units distributed as follows: three motorized infantry divisions in Kabul, two motorized infantry divisions distributed in the south between Kandahar and Farah, two motorized infantry divisions distributed in the north between Badakshan and Balkh, one airborne division based at Jalalabad and elements of another airborne division and infantry units stationed near Herat and Shindand Air Base in the west.[1]

Surviving units of the deteriorating Afghan Army are largely concentrated in outposts along the eastern border with Pakistan. There no longer is a large number of them stationed near Kabul.[2]

Their great superiority in mobility and firepower has yielded few results for the Marxist forces. They have tended to take stationary positions protecting the major towns, roads and principal military and civil installations. Most of their combined air and armor assults have come as responses against mujahidin attacks on district or provincial capitols, ambushes of convoys on the main roads, and the so far rare moves against the major military bases. This posture concedes to the resistance control over nearly the whole of the population which is overwhelmingly rural.

There is insufficient Soviet infantry to hold strategic territory and deny to the resistance bases for collecting food and other supplies after their armored forces have swept through a targeted area. There have been few occasions when a sizable number of guerrillas has been trapped and mauled by Soviets operating on foot as happened in the Kunar region in September, 1980 as described by Gerard Chaliand.[3] Even in the areas of most intense Soviet activity, especially the Kunar, Nangarhar, Paktia and Ghazni provinces of eastern Afghanistan, mujahidin groups have generally remained free to roam and raid.

The reactive character of the Soviet operations is aggravated by the cumbersomeness of the Soviet command structure which continues to suffer from the inflexibility of overcentralization reported by Stuart Auerbach in August of 1980.[4] Despite the use of specially trained counterinsurgency units, the failure of Soviet or Parcham intelligence to discover the loaction and planned movements of resistance groups has meant that their vastly faster mechanized and aerial forces have rarely caught them in the open by surprise.

The pacification effort has thus been seriously crippled by the failure to develop Afghan infantry units which would be reliable enough to carry out the search and destroy operations that the Soviet units do not have the manpower and the inclination to do. If such Afghan units had been available in early 1980, the resistance might have been decimated, at least in several regions, before it had time to learn how to cope with the weapons superiority of the Marxist forces.

The melting away of the Afghan army to perhaps one-fourth of its pre-invasion strength has thus had a great deal to do with the loss of initiative to the resistance.

Soviet attempts to retain the initiative have been focused upon the strategically vital region between Kabul and the Pakistan border, mostly inhabited by Pushtun tribes. A mixture of political and military tactics have been tried. Bombing and shelling have been used to drive whole populations from the more recalcitrant sectors. Other Pushtun groups have been offered bribes and favored treatment.

At times this policy has been contradicted by searches for army recruits involving operations in which villages are surrounded and young men, even adolescents, are seized.[5] The results of such measures have usually been to denude some areas of population and to accelerate refugee movement, mostly into Pakistan. The most spectacular instance of this was the flight of the Sabari tribe, some 35,000 families, to the Kurram region of Pakistan this spring.[6] The bombardments and strafing have caused a heavy incidence of non-combatant casualties and a heavy human toll upon the young, old, and disabled fleeing to Pakistan and Iran.

Attempts to deny territory to the resistance have also reportedly included destruction of crops in some areas,[7] although most of the serious decline in grain harvests in Afghanistan can be attributed to disruptions created by the hostilities. There is little indication that depopulation and scorched earth tactics have been effective; mujahidan units have filtered back into their home areas, often assured that their families are secure and provided for in Pakistan.

The failure to hold the initiative has begun to weaken the military position of the Soviets and their Kabul clients. The resistance has been able to increase its penetration of the cities. Abandoning the extremely costly tactic of organizing largely unarmed public demonstrations, mujahidin groups now operate cells to carry out assassinations, sabotage offices, distribute instructions and information, and where limitations on Marxists forces make it possible, outright takeover of neighborhoods and bazaar areas, as has happened in Herat late in 1980 and Kandahar in the spring of 1981.

The effectiveness of these urban campaigns has forced the Parcham goverment and the Soviet occupation authorities to concentrate further on defensive security measures, particularly the organization of militia forces to control neighborhoods.

Meanwhile, mujahidin groups have grown bolder in their harassment of the fertile valleys around Kabul itself. Since repulsing heavy armored attacks on their villages in the Panj Shir Valley late in 1980, Tajik groups have mounted increasingly aggressive attacks in Parwan province climaxed by the successful raid on Soviet air headquarters at Begram in mid-June in which the fuel dump and several planes were set afire.[8] A few weeks before, several resistance groups combined to attack a military recruit training camp at Paghman just outside Kabul's suburbs.[9]

Such pressure on the main cities has been accompanied by greater cooperation and coordination between the operational resistance groups. This has been especially true between the Hazaras, who have been entrenched in the mountainous central core of Afghanistan since 1979, and their Tajik, Aimak, Uzbek and even Pushtun neighbors who are distributed around them along the edges and corners of the country.[10]

While the leadership of most resistance groups remains rooted in the primordial affiliations of family, lineage clan, tribe and regional/linguistic community (recently some effective mujahidin units have rallied around ex-Afghan army officers),[11] they have made ad hoc arrangements for coordination of operations and, more rarely, joint operations.

They remain jealous of their own turf, in traditional Afghan fashion, but the value of cooperation has been to compelling to ignore in operating against towns, as in Parwan province and against major concentrations of troops in the field, as in Nangarhar, Kunar and Badakshan provinces. This increased willingness to work together inside Afghanistan has applied on occasion even to units closely affiliated with the often squabbling expatriate organizations headquartered in Pakistan.

In fact, the high visibility of the Peshawar quarrels to the world press tends to obscure the degree of cooperation which has been achieved among the groups actually doing the fighting.

Reports of increased and improved stocks of weapons in the hands of resistance groups have been persistent since early spring of 1981.[12] Rifles and light semi-automatic weapons manufactured in a variety of countries appear now to be distributed throughout Afghanistan. They supplement the Lee-Enfield 303 sniping rifle whose manufacture has long since been taken over by Pathan gunsmiths in Pakistan. Grenade launchers, anti-tank rockets and plastic mines have become extensively used in roadside ambushes.

Bernstein argues that clandestine American agents are coordinating the supply of such weapons from Chinese, Egyptian, Persian Gulf, Western and Pakistani sources.[13] Whatever the arrangements for assistance are, the mujahidin are benefitting tactically and psychologically even from slight amounts of outside support. Much of their ammunition, light arms and nearly all of the heavier equipment, such as anti-aircraft batteries, mortars and heavy machineguns has come from Afghan and Soviet units through desertions, theft and capture

Footnotes at end of article.

These improvements have not brought anything like a balance in firepower; the resistance is now suffering more from a lack of ammunition than weapons. Several observers report that despite the increased flow of arms, the cost of bullets for standard hand weapons remains almost prohibitively high in Pakistani markets.[14]

These signs of improved equipment for the resistance do not signify a transformation of the military situation; they do suggest that the Soviets face a protracted struggle which neither side can win under existing conditions. The mujahidin have rarely been able to shoot down the MI-24 gunships, the most devastating of the Soviet attack weapons. Unless their supply of ammunition greatly improves, resistance groups will not be able to seize and hold cities and military bases.

Yet, the increased military capacity of the resistance has pushed the war to the threshold of a new plateau of competition. Should their equipment and tactical coordination continue to improve, Soviet authorities will be confronted by the choice of either increasing the size and intensity of their military operations or seeking a political solution to their predicament in Afghanistan.

By the summer of 1981, evidence was surfacing of nervousness among leading Parcham officials in Kabul over the possibility of a Soviet "sell out" in favor of a neutralization scheme.[15] It still appears that the resistance is a long way from exerting enough pressure to force the Kremlin to choose between talking or escalating but a trend in that direction is materializing.

The dynamics which drive the political situation are more obscure. Since Babrak Karmal named Sultan Ali Kishmand Prime Minister in June the Kabul government has given the appearance of running more smoothly. This may be partially the result of the success of the Parcham faction in finally gaining ascendency over the Khalq leadership.

Much energy has been displayed by the government in mobilizing popular support through its National Fatherland Front. A large part of its propaganda effort is directed toward publicizing rallies in the provincial and district capitals at which government officials may be perhaps too prominent. They attend so relentlessly, that they lend substance to the opposition claim that Soviet officials do the actual governing.

The government has also called a great deal of attention to the functions of its Islamic Institutions Office as it attempts to undo the damage which identification with Marxism has done to its popular support. The precariousness of its position is evident even in its own propaganda. Kabul Radio frequently reports "requests" by high school students and boys in their early teens to be inducted into militia and army units to fight the mujahidin. Even more remarkable is the admission that such recruits are immediately given arms and sent to combat units![16]

The government's greatest recent victory was its capture of many members of the SAMA organization, one of the most active of the resistance groups in Kabul. This success could bring short term relief from sabotage and assassinations, but cannot change the circumstances likely to give rise to similar urban underground operations.

Apart from Soviet force, the Karmal regime places its hope for eventual control over Afghanistan on accommodationist tactics. Its latest attempt has been the announcement of an amendment to its land reform decree which guarantees retention of land by religious institutions and private landlords if they render service to the revolution.[17] It continues to issue amnesty decrees for "misled" mujahidin and refugees.

Now that it apparently is less disturbed by factionalism, the government has been able to concentrate more fully on going through the motions of ruling and of offering reconciliation to its opponents. The reality of its estrangement and isolation from the population continues. If the Soviet Union were eventually to reach the conclusion that Karmal and his associates are obstacles to a political solution, the Parcham government could disappear as quickly as it emerged at the end of 1979.

Military trends and their own weaknesses might bring about a similar denouement to the expatriate resistance organizations mostly headquartered in Peshawar. Their extravagant propaganda, constant bickering and failures to find a credible formula for uniting and offering a political alternative for Afghanistan have led many groups engaged in combat to view them with contempt.

The conviction that the Peshawar leaders are too vain and greedy to follow applies especially to resistance groups among the minority communities which have the least dependence on the organizations based in Pakistan. Thus, as the resistance becomes better equipped and organized internally, the Peshawar groups could be threatened with the possibility of becoming superfluous to the national struggle.

Except for the Pushtun region adjacent to the Pakistan border, they have had little practical impact on the fighting inside the country. Their control over outside supplies of weapons and equipment, so far their most potent lever of influence, can be increasingly circumvented as operational resistance groups arrange their own international contacts.

The unreality in which the Peshawar groups themselves operate is indicated by the pattern of their maneuvering over the past year. After the National Liberation Front of Sayaf and Mujadid failed to win general support, competition hardened between the moderate and fundamentalist organizations. The most recent effort to unite came in late June when the six most publicized leaders agreed to disband their separate organizations and to accept the authority of an Islamic Council, created by themselves.

This council is to govern on the basis of an Islamic Revolutionary Charter which denies any form of popular sovereignty and derives its authority totally from religious sanctions. All groups which accept secular doctrines are explicitly excluded; the ruling council reserves all power to itself. Whatever its pretensions, such a council and its supporters could end up as a side-show.[18] Leaders which emerge from the fighting—and possibly as negotiators who eventually may parlay with the Soviets should they recognize a military impasse—are much more likely to have popular credibility as the struggle progresses.

Regional and cross-ethnic rivalries are almost certain to complicate the achievement of a national consensus making it still feasible that Zahir Shah, as the last surviving national figure without implacable enemies (among the non-Marxists), could play a transitional role as the leader of a government that could replace Karmal's. The Pushtuns can be expected to insist on dominating the political system, but will be confronted by armed minorities whose contribution to the deliverance of Afghanistan, either by arms or negotiations, will be demonstrably equal to or greater than theirs. The danger of a resulting conflict could generate an important mediating role for the king or possibly Mujadidi of the Peshawar groups, but they would be responding to situations created within the country, not to processes that they had come to control. Accordingly, I believe that our prognosis of a year ago that the Peshawar groups would become major factors in strengthening the ability of the resistance to wage war is no longer valid. Time is not on the side of the expatriate leaders.

If the war continues indefinitely, their influence is likely to decline in favor of an association of internal leaders who could form the nucleus of a federated Afghan political system in the indistinct future. The best chance for the Peshawar leaders to have a major part to play would then come from an impasse between victorious ethnic communities.

FOOTNOTES

[1] Francis Fukuyama. "The Future of the Soviet Role in Afghanistan: A Trip Report." Rand Corporation, Santa Monica Calif., 1980, p. 4.

[2] Ibid. p. 10.

[3] Gerard Chaliand. "Bargain War," *New York Review of Books*, April 2, 1981. p. 31.

[4] *Washington Post*, August 10, 1980. p. A22.

[5] Della Denman. *Far Eastern Economic Review*. May 29, 1981. p. 22.

[6] Ibid. pp. 21–22.

[7] The Economist. May 23, 1981. p. 35.

[8] *Newsletter* of the Afghanistan Council of the Asian Society, June, 1981, p. 6.

[9] Edward Girardet, *Christian Science Monitor*, August 4, 1981, p. 10.

[10] Anthony Hyman. "Afghan/Pakistan Border Disputes," *Asian Affairs* 11, Part 3 (October, 1980), p. 272.

[11] Ibid. p. 271.

[12] Jay Peterzell. "The New Afghanistan," *Newsletter* of the Afghanistan Council of the Asian Society, March 1981, p. 49; Della Denman. *Far Eastern Economic Review*, May 8, 1981, p. 21; Carl Bernstein. "Arms for Afghanistan," *New Republic*, July 18, 1981, pp. 8–10.

[13] Bernstein Op. Cit. pp. 9–10.

[14] Hyman. Op. Cit. p. 270.

[15] Kabul Radio Monitoring Service (Maiwand, Delhi), August 9, 1981.

[16] Ibid. August 13 and 18, 1981.

[17] Ibid. August 10 and 13, 1981.

[18] Charter of the Islamic Revolution, Peshawar, June 25, 1981. I have argued elsewhere that the character of Afghan society and politics does not lend itself to rule by a religious leadership. See Richard S. Newell, "Islam and the Struggle for Afghan National Liberation" in C. K. Pullapilly, *Islam in the Contemporary World*, Notre Dame, Indiana, Cross Roads Books, 1980.

Mr. HAYAKAWA. I thank the Chair.

Mr. FORD. Mr. President, I suggest the absence of a quorum.

The PRESIDIING OFFICER (Mr. HAYAKAWA). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

EXPORT ADMINISTRATION AUTHORIZATION, FISCAL YEARS 1982 AND 1983

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 1112, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 1112) to authorize appropriations for the fiscal years 1982 and 1983 to carry out

the purposes of the Export Administration Act of 1979, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs, with an amendment:

On page 2, striking line 6, through and including line 7, and insert the following:

"(1) $9,659,000 for fiscal year 1982, and $3,454,000 for fiscal year 1983; and".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export Administration Amendments Act of 1981".

SEC. 2. (a) Section 18(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2417(b)(1)) is amended to read as follows:

"(1) $9,659,000 for fiscal year 1982, and $8,454,000 for fiscal year 1983; and".

(b) The amendment made by subsection (a) shall take effect on October 1, 1981.

SEC. 3. Section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)) is amended by adding at the end thereof the following:

"(3) Notwithstanding any other provision of law, no department or agency may withhold confidential information from any other department or agency with enforcement responsibilities under this Act which requests that information in any case in which the information is considered by the department or agency requesting the information to be necessary for the enforcement of this Act. Any such department or agency requesting such confidential information shall be subject to the same statutory restrictions on disclosing the information to other persons as is the department or agency from which the information is requested. The provisions of this paragraph shall not apply to information subject to the restrictions set forth in section 9 of title 13, United States Code.".

SEC. 4. (a) Section 11(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410(b)(1)) is amended by striking out "purposes," and all that follows through the period at the end thereof and inserting in lieu thereof the following: "purposes—

"(A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and

"(B) in the case of an individual, shall be fined not more than $250,000, or imprisoned not more than ten years, or both.".

(b) Section 11(b)(2) of that Act (50 U.S.C. App. 2410(b)(2)) is amended by striking out "Defense," and all that follows through the period at the end of the first sentence and inserting in lieu thereof the following: "Defense—

"(A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and

"(B) in the case of an individual, shall be fined not more than $250,000, or imprisoned not more than five years, or both.".

(c) Section 11(c)(1) of that Act (50 U.S.C. App. 2410(c)(1)) is amended—

(1) by striking out "not to exceed $10,000"; and

(2) by adding at the end thereof the following new sentence: "The civil penalty for each such violation may not exceed $10,000 in the case of an individual and may not exceed $100,000 in the case of any person other than an individual.".

(d) The amendments made by this section apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 5. Section 12(c)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2411) is amended to read as follows.

"(2) Nothing in this Act shall be construed as authorizing the withholding of information from the Congress or from the General Accounting Office. All information obtained at any time under this Act, or previous Acts regarding the controls of exports, including any report or license application required under this Act, shall be made available upon request to any committee or subcommittee of Congress of appropriate jurisdiction or to the chairman or ranking minority member of such a committee or subcommittee. No such committee or subcommittee, or member thereof, shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding thereof is contrary to the national interest. Any information referred to in the second sentence of this paragraph shall also be made available to any representative of the General Accounting Office duly authorized by the Comptroller General of the United States to request such information. General Accounting Office representatives shall not disclose in an individually identifiable manner any such information which is submitted on a confidential basis except to a congressional source entitled to the information under this paragraph, to a Federal official involved in the administration of this Act, to the Attorney General of the United States, or to any other party or in any other manner with the concurrence of the Secretary of Commerce."

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I ask unanimous consent that Bill Reinsch of my staff be accorded privileges of the floor during debate, rollcalls, and any other consideration of S. 1112.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, today we take up the Export Administration Act amendments. I think we are all aware of the advantages of exports and what they bring to our economy. Quite simply, they provide jobs, they finance energy imports, they provide strength for the dollar, they bring economies of scale to U.S. industry, and they generally result in lower prices and greater selections of goods and services. Indeed, a considerable part of the agenda of the International Finance and Monetary Policy Subcommittee in this Congress has been devoted to legislation encouraging U.S. exports. Last February and March, our subcommittee held extensive hearings on the export trading company legislation which this body ultimately passed unanimously on April 8 of this year.

Shortly after that, the subcommittee, in conjunction with Senator D'AMATO's Subcommittee on Securities, began very thorough and prolonged hearings on amendments to the Foreign Corrupt Practices Act. Those hearings, as well, have resulted in the Banking Committee reporting legislation, and I hope that legislation, too, will soon be before the Senate for its consideration.

At the same time, Mr. President, it is our responsibility to be alert to the potential problems exports might cause with respect to national security, foreign policy considerations, and inadequate domestic supply.

The Export Administration Act—that is the legislation before us today—will fund for another 2 years the export administration system of this country. This act exists to make certain that those factors, the ones I mentioned a moment ago—national security, foreign policy, and inadequate domestic supply—are fully taken into account in our national export policy by providing a carefully constructed system of export controls.

Mr. President, we are very fortunate that no more than a very small fraction of total potential U.S. exports need be affected by export control. The promotion of U.S. trade and the purposes of export administration are entirely reconcilable in my view. We need not sacrifice from export in order to guard our national security. There is no either-or question involved. The United States can and must have both a strong export position and foreign and defense policies that are effective as well. The present bill, S. 1112, will be a significant aid in achieving both of those goals.

As I remarked in the hearings on this bill, one cannot escape a sense of déja vu when considering the Export Administration Act. Two years ago, we were faced with the same problems and the same complaints that we seem to be hearing once again today.

We heard a report from the GAO on the inadequacy and inefficiencies of the export control process. Two years ago we heard complaints that the process was inconsistent, plagued by uncertainty and vagueness, threatening to undermine our representation as a reliable supplier in the world marketplace. Others warned that significant technology would still slip through the export control net, which would strengthen the warmaking capacity of our adversaries.

Unfortunately—although I believe the 1979 act was a significant improvement over its predecessor and that the new Department of Commerce staff has made improvements—the complaints about the process have not yet gone away. The administration of this act has not been all that it could have been, or all that the authors, such as myself, envisaged.

We need not be faced with the unpleasant choice of inefficiency and delay or the leakage of sensitive national security-related technology. Export sales and security can, by good administration and perfection of the law, be reconciled. That is what my colleagues and I intended in writing the 1979 act, and that is what good administration of the act ought to achieve and what Secretary Baldrige and his able staff are trying to achieve. It is my hope that our colleagues will bear with us once again and support this bill.

As President Reagan has noted, we are ill served by controls which hurt us more than they do the intended target. Wisely applied—particularly if they are multilateral—export controls can be a vital and effective tool of foreign policy, but done on an ad hoc basis, or in a fit of pique, export controls can be terribly counterproductive. Indeed, they can sig-

nal the opposite of the strength they are intended to project.

I am firmly of the belief, however, that the President must have the ability to impose foreign policy controls when he deems them necessary to promote the national interests of the United States. Not only must the President have that power, but must also be credible when he uses it or threatens to use it.

That is why I am troubled, and deeply troubled, I might add, by an amendment that has been proposed by one of my very, very distinguished colleagues. I will have more to say on that amendment later on. Suffice it to say, Mr. President, that export controls must be imposed sparingly and only after full consideration of both their intended and their probably unintended consequences.

I do believe that export controls may be, under some circumstances, the only nonmilitary option available to a President who wants to send a strong diplomatic signal.

I think Congress should reject moves to weaken or dilute that power. Forcing the President to obtain a joint resolution of approval in order to continue to impose a partial agricultural embargo is a move toward weakening the institution of the Presidency and should be rejected.

President Reagan has repeatedly stated his intention to not single out agricultural products for restriction in any trade embargo. I think it would be a mistake to tie his hands in the manner which the amendment I understand will be offered by Senator PERCY and Senator DIXON contemplates.

I will have more to say on that issue when it comes up for consideration.

Returning to the bill which we will be considering, S. 1112, I would say that it is a bill designed to continue the progress in our export control procedures contemplated by the Export Administration Act of 1979. First, it stiffens the penalty structure for violations of the act, thus increasing the act's deterrent effect. Second, it provides for greater interagency cooperation, which should result in more effective enforcement of the act. Finally, it makes clear the oversight and investigative authority of Congress and the General Accounting Office.

Mr. President, these are the modest but necessary changes in the Export Administration Act that S. 1112 makes. We do so along with reauthorizing funding for the program for fiscal years 1982 and 1983. I believe S. 1112 is a good bill. I believe it is a necessary bill. I urge all my colleagues to join with us in supporting this legislation and passing it in this body.

Mr. PROXMIRE. Mr. President, this legislation extends existing authority for the regulation of exports as provided in the Export Administration Act by authorizing appropriations to cover the expense of administering the act for fiscal years 1982 and 1983.

As introduced, this legislation provided for appropriations of $9,659,000 for fiscal years 1982 and 1983. The Banking Committee accepted my amendment to cut the fiscal year 1983 authorization to $8,454,000. Funding for fiscal year 1982 reflects the need to establish a capacity to assess foreign availability of military sensitive products and technology, for streamlining regulations, and for expansion of computer capacity to process and track export licenses applications.

Mr. President, the Export Administration Act is important legislation because it provides our national policy governing export controls. We have the greatest free market economy in the world. Free trade is of immense benefit to our Nation as well as to other nations.

Imports enhance our lives and provide keen competition to our domestic industries. Particularly at a time of inflation, exports, of course, are helpful to our economy. Exports add jobs here at home and bolster the strength of the dollar overseas.

Many of the nations of the world provide handicaps to our exporters based upon no demonstrable national need.

This morning, the distinguished chairman of the subcommittee who is the manager of this legislation on the floor, Senator HEINZ, scheduled hearings and they were very good hearings, to point out some of the difficulties we have in making our exports abroad.

Such restrictions on our exports, solely for the purpose of giving a competitive advantage to their own domestic industries, have no place in an open international system and I hope that the work the Banking Committee is doing to lay out on the public record these abhorent practices will bear fruit.

Our export policy is to encourage exports. Our controls apply only where the interests of national security, foreign policy or short supply of a commodity are at stake. Surely no one can argue with the need to proscribe our companies from coming under foreign domination in connection with the Arab boycott of Israel. The grain embargo against the U.S.S.R. had demonstrable adverse effects on the U.S.S.R.

We had hearings on that, and I think there is no question but that it worked to punish the Soviet Union about the most effective way we could without going to war with the Soviet Union.

I disagreed with this administration's handling of the embargo. But no one can argue with the need for such authority in law. And national security considerations certainly have a high place in any national policy on exports. Supplying our enemies with goods which increase their war machine or war capability is self-defeating.

What our export policy needs is greater cooperation between ourselves and our allies in developing uniform export policies for dealing with our adversaries and greater capability at home for enforcing our own laws so that violations do not go undetected.

This legislation moves in both directions. It provides funds to enhance our foreign availability capacity. It requires greater cooperation among domestic enforcement agencies and it provides adequate penalties for national security violations for the first time.

Mr. President, I yield the floor.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. PERCY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. There is a committee amendment pending.

Mr. PROXMIRE. Mr. President, can we temporarily lay aside the committee amendment so that the amendment of Senator HEINZ will be in order?

The PRESIDING OFFICER. It will require unanimous consent.

Mr. HEINZ. Mr. President, I withdraw the amendment I just sent to the desk and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I ask unanimous consent that the committee amendment be agreed to and be considered as original text for the purposes of amendment.

The PRESIDING OFFICER. Is there objection?

Mr. PROXMIRE. Mr. President, reserving the right to object.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEINZ. Is it correct that my unanimous-consent request for the adoption of the committee amendment and that it be treated as original text for the purpose of amendment is now pending?

The PRESIDING OFFICER. The Senator is correct.

Mr. HEINZ. Mr. President, I ask unanimous consent that that be agreed to.

The PRESIDING OFFICER. Is there objection? Without objection, the committee amendment is agreed to; and without objection, it will be treated as original text for the purpose of amendment.

Mr. HEINZ. Mr. President, I thank all my colleagues.

UP AMENDMENT NO. 594

(Purpose: To clarify requirements for agency sharing of information to improve enforcement of the Export Administration Act)

Mr. HEINZ. Mr. President, it is my intention to offer two technical amendments, which both the minority manager of the bill and I have discussed. This should take just a minute or two. I send the first of these amendments to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an unprinted amendment numbered 594.

Mr. HEINZ. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, strike line 15 and all that follows through and including line 4 on page 3 and insert in lieu thereof the following:

"(3) Departments or agencies which obtain information which is relevant to the enforcement of this Act shall furnish such information to the department or agency with enforcement responsibilities under this Act to the extent consistent with the protection of intelligence, counterintelligence, and law enforcement sources, methods, and activities, and sensitive diplomatic information. The provisions of this paragraph shall not apply to information subject to the restrictions in section 9 of title 13, United States Code; and return information, as defined in section 6013 of title 26, United States Code, may be disclosed only as authorized by such title."

Mr. HEINZ. Mr. President, this is a technical amendment to section (3) to clarify requirements for agency sharing of information for improved enforcement of the Export Administration Act.

The revised language of paragraph 3 expresses the intent that other departments and agencies of the Government which obtain information relevant to the enforcement of the act should furnish such information to the agency carrying out enforcement responsibilities under the act, specifically the Department of Commerce. In addition, the Congress in this section recognizes the need for the protection of law enforcement, intelligence, and counterintelligence sources, methods, and activities, and sensitive diplomatic information. The language makes it clear that the desired dissemination of information to the Commerce Department should provide for the legitimate protection of these interests.

This amendment also adds a provision which would prohibit interagency disclosure of confidential return information not connected with an ongoing criminal investigation.

Mr. PROXMIRE. Mr. President, I have serious doubt as to the wisdom of this amendment. The IRS receives boycott reports which it does not share with the Commerce Department. This amendment will perpetuate that circumstance. I am very sensitive to the problem of civil liberties in sharing IRS information, yet I am concerned that one agency has information which may be useful to another agency but it is not shared.

Fortunately, the House bill has a strong provision. The conference on this bill will, therefore, have a strong obligation to scrutinize this matter carefully.

Mr. President, under the circumstances, I believe it is best to take this amendment to conference with a good deal of reservation.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 594) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 595

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an unprinted amendment numbered 595:

Strike on page 4, line 15 and everything thereafter through and including line 15 on page 5 and insert in lieu thereof the following:

"(2) Nothing in this Act shall be construed as authorizing the withholding of information from the Congress or from the General Accounting Office. All information obtained at any time under this Act, or previous Acts regarding the control of exports, including any report or license application required under this Act, shall be made available to any committee or subcommittee of Congress of appropriate jurisdiction upon request of the chairman or ranking minority member of such committee or subcommittee. No such committee or subcommittee, or member thereof, shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding thereof is contrary to the national interest.

"Notwithstanding paragraph (1) of this subsection, information referred to in the second sentence of paragraph (2) of this subsection shall, consistent with the protection of intelligence, counterintelligence, and law enforcement sources, methods, and activities, and sensitive diplomatic information, as determined by the originating agency, and consistent with the provisions of the Budget and Accounting Act, 1921, as amended, be made available only by the originating agency upon request to the Comptroller General of the United States or to any of his duly authorized assistants or employees. General Accounting Office representatives shall not disclose in an individually identifiable manner any such information which is submitted on a confidential basis except to a congressional source entitled to the information under this paragraph."

Mr. HEINZ. Mr. President, this is a technical amendment to section 5 of the bill to clarify authority of the General Accounting Office to obtain information concerning export administration.

Section 5 gives GAO access to information obtained under the act on a substantially equal footing with congressional committees. This amendment would make only a slight technical alteration to section 5. It would preserve section 5 insofar as it gives GAO access to confidential information covered by section 12(c)(1) without the prior finding of the Secretary of Commerce, but would add a provision that GAO access to classified or law enforcement or sensitive diplomatic information must be consistent with the protection of intelligence and law enforcement sources, methods and activities, and with the provisions of the Budget and Accounting Act of 1921, as amended. In this connection the amendment contemplates that, in response to GAO requests for classified or law enforcement information, the executive branch would continue to follow the third agency rule, under which the agency originating the document controls its distribution to insure that information is not disclosed improperly.

Mr. PROXMIRE. Mr. President, I wish to ask the distinguished manager of the bill two questions: First, as I understand it, the purpose of this amendment is to make sure the GAO has greater access to Commerce Department information that it now has. It is to solve the problem of GAO access to information at the Commerce Department that the Senator worked so long on. Is that correct—that GAO would have greater access under the amendment than it now has?

Mr. HEINZ. The Senator is correct.

Mr. PROXMIRE. If the amendment passes, would the Senator feel assured that GAO has sufficient access to Commerce Department files on sensitive information that it will be able to do its job for Congress?

Mr. HEINZ. This Senator believes that to be the case.

Mr. PROXMIRE. I thank the Senator.

Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 595) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PERCY. Mr. President, I should like to put a question to the managers of the bill and possibly to alert Senators and members of the staff. As I understand it, we do have two amendments to be offered today.

Senator DIXON and I would be agreeable to an hour's limitation on our amendment if that could be entered into, and we would try to do it even more expeditiously than that.

Would it be possible to clear on both sides of the aisle a unanimous-consent request to be offered by the manager of the bill to have a time certain for voting on passage of the bill if there are no other than these two amendments?

Each of them could be disposed of, possibly, within an hour, aiming toward passage by 5:15? Could that request be put on the intercom system so Senators who might have an objection would register their objection with managers of the bill?

Mr. HEINZ. Mr. President, if the Senator will yield, this Senator wishes to see a time agreement on this bill.

I wish the time agreement, in addition to limiting debate on amendments in order to expedite the passage of this bill, also to include that the time agreement be in what we refer to as the usual form, thus precluding nongermane amendments. It is my belief unless we get a time agreement that is in the usual

form and does take care of nongermane amendments it would be very unwise for Senators to agree to a time certain to vote on this bill because we would not simply know how many amendments we might have to dispose of.

I do not think anyone wishes to have one of those situations where we have five or six amendments that have gotten stockpiled after being offered and voted on before anyone really understands what they are.

So, let me just say to my distinguished colleague I would not hesitate to ask for a time agreement on amendments to the bill provided that that time agreement includes the prohibition on nongermane amendments as most time agreements do.

Mr. PERCY. I thank my distinguished colleague. On this side of the aisle I know of none that would fall within those limitations. But I will not press the matter any further.

Mr. HEINZ. If the Senator cares to make a unanimous consent request along those lines, I have no reason on this side of the aisle to object that I know of if the agreement is in the usual form.

Mr. PERCY. I at this time make such a unanimous-consent request.

Mr. PROXMIRE. Mr. President, if the Senator from Illinois will yield, I could not agree to that request because we are trying to find out now, and it will take some time to determine whether there is objection on the minority side or not. We hope to know within a relatively short time and will certainly let the Senator from Illinois know as soon as we do know. Meanwhile, I have to object to any time agreement.

The PRESIDING OFFICER. Objection is heard.

Mr. PERCY. I thank my distinguished colleague.

Mr. President, if there be no further committee amendments, is it in order now for the Senator from Illinois to send to the desk and ask for immediate consideration an amendment that he offers on behalf of himself and his principal cosponsor, my distinguished colleague from Illinois, Senator DIXON, and Mr. PRESSLER, Mr. GORTON, Mr. BAUCUS, and Mr. ROTH?

The PRESIDING OFFICER. The Senator is correct.

UP AMENDMENT NO. 596

(Subsequently numbered amendment No. 624.)

(Purpose: To amend the Export Administration Act of 1979)

Mr. PERCY. Mr. President, I send forth such an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Illinois (Mr. PERCY), for himself and Mr. DIXON, Mr. PRESSLER, Mr. GORTON, Mr. BAUCUS, and Mr. ROTH, proposes an unprinted amendment numbered 596.

Mr. PERCY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

SEC. . (a) Section 5 of the Export Administration Act of 1979 (50 U.S.C. App. 2404) is amended by adding at the end thereof the following:

"(m) EXCLUSION FOR AGRICULTURAL COMMODITIES.—This section does not authorize export controls on agricultural commodities, including fats and oils or animal hides or skins".

(b)(1) Section 6 of such Act (50 U.S.C. App. 2405) is amended by adding at the end thereof the following:

"(1) AGRICULTURAL COMMODITIES.—(1) If the authority conferred by this section is exercised to prohibit or curtail the export of any agricultural commodity to carry out the policy set forth in subparagraph (B) of paragraph (2) of section 3 of this Act, other than in connection with the prohibition or curtailment of all exports, the President shall immediately report such prohibition or curtailment to the Congress, setting forth the reasons therefor in detail and specifying the length of time the prohibition or curtailment is proposed to remain in effect.

"(2)(A) If the Congress, within 60 days after the date of its receipt of such report, adopts a joint resolution approving such prohibition or curtailment pursuant to paragraph (3), then such prohibition or curtailment shall remain in effect for the period specified in the report, for one year after the close of the 60-day period, or until terminated by the President, whichever occurs first.

"(B) If the Congress, within 60 days after the date of its receipt of such report, fails to adopt a joint resolution approving such prohibition or curtailment pursuant to paragraph (3), then such prohibition or curtailment shall cease to be effective upon the expiration of such 60-day period.

"(3)(A) For purposes of this paragraph, the term resolution means only a joint resolution the matter after the resolving clause of which is as follows: 'That pursuant to section 6(1) of the Export Administration Act of 1979, the Congress approves the exercise of the authority conferred by section 6 of such Act as reported by the President to the Congress on .', with the blank space being filled with the appropriate date.

"(B) On the day on which a report is submitted to the House of Representatives and the Senate under paragraph (1), a resolution with respect to such report shall be introduced (by request) in the House by the majority leader of the House, for himself and the minority leader of the House, or by Members of the House designated by the majority leader and minority leader of the House; and shall be introduced (by request) in the Senate by the majority leader of the Senate, for himself and the minority leader of the Senate, or by Members of the Senate designated by the majority leader and minority leader of the Senate. If either House is not in session on the day on which such a report is submitted, the resolution shall be introduced in that House, as provided in the preceding sentence, on the first day thereafter on which that House is in session.

"(C) All resolutions introduced in the House of Representatives shall be referred to the Committee on Foreign Affairs and all resolutions introduced in the Senate shall be referred to the Committee on Banking, Housing, and Urban Affairs.

"(D) If the committee of either House to which a resolution has been referred has not reported it at the end of 30 days after its introduction the committee shall be discharged from further consideration of the resolution or of any other resolution introduced with respect to the same matter.

"(E)(i) A motion in the House of Representatives to proceed to the consideration of a resolution shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the House of Representatives on a resolution shall be limited to not more than 20 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a resolution is agreed to or disagreed to.

"(iii) Motions to postpone, made in the House of Representatives with respect to the consideration of a resolution and motions to proceed to the consideration of other business shall be decided without debate.

"(iv) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a resolution shall be decided without debate.

"(v) Except to the extent specifically provided in the preceding provision of this subparagraph, consideration of a resolution in the House of Representatives shall be governed by the Rules of the House of Representatives applicable to other resolutions in similar circumstances.

"(F)(i) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(ii) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(iii) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

"(iv) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

"(G) In the case of a resolution described in subparagraph (A), if prior to the passage by one House of a resolution of that House, that House receives a resolution with respect to the same matter from the other House, then—

"(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

"(ii) the vote on final passage shall be on the resolution of the other House.".

(2) Section 7(g)(3) of such Act (50 U.S.C. App. 2406(g)(3)) is amended by adding at the end thereof the following new sentence: "This paragraph does not apply to the prohibition or curtailment of the export of any agricultural commodity pursuant to section 6(1).".

Mr. PERCY. Mr. President, on February 2, I introduced along with my distinguished colleague from Illinois, Senator ALAN DIXON, the Agricultural Export Protection Act of 1981.

The sole purpose of this legislation was to prohibit restrictions on the export of agricultural products to any country for foreign policy or national security reasons, unless such an embargo is in conjunction with an across-the-board ban on all trade with that country.

Never again would the agricultural sector of our economy be singled out by Presidential order alone to bear a disproportionate share of the burden made necessary by difficult foreign policy decisions.

On January 4, 1980, when President Carter, in response to the brutal invasion of Afghanistan, canceled contracts for the sale of 17 million metric tons (MMT) of U.S. corn, wheat, and soybeans to the Soviet Union he signaled a willingness on the part of this country to use food as a "tool" or "weapon" in furthering U.S. foreign policy objectives.

This was, to my knowledge, the very first time the United States had embargoed or suspended sales of agricultural products to any major trading market for foreign policy purposes. I am confident this action was not taken lightly, but it has had, nonetheless, a tremendous impact on the farming community in this country, an impact that may well be if not permanently felt for many, many years.

President Carter exercised his authority under the Export Administration Act of 1979, as amended, to impose Government restrictions on U.S. exports for both foreign policy and national security reasons. According to the act, the Congress had a 30-day disapproval mechanism for any foreign policy controls placed on the export of agricultural products.

However, by exercising the authority for national security controls as well, the President effectively avoided a congressional review and possible veto of his action.

On January 2, 1981, President Carter, in one of his last official acts as President, extended the partial embargo on grain shipments for another year. This action was given extensive review by the new admministration, and on April 24, 1981 President Reagan lifted the grain sales suspension.

It is not my purpose here to debate or discuss the pros and cons of the grain embargo. I believe there is wide recognition that there exist circumstances in which the economic benefits and the presumption against Government interference with participation in international commerce by U.S. citizens are outweighed by the potential adverse effect of particular exports on the national security, foreign policy, or economy of the United States.

While the general need for export controls has been consistently reaffirmed by successive administrations and Congresses, the way in which controls are administered has generated considerable controversy.

The so-called grain embargo has engendered a great deal of rhetoric, especially during the recent Presidential campaign; it has been the subject of heated debate all across America. The debate centers not on this particular action alone, but on the whole question of the use of food as a tool in the conduct of foreign policy.

Representing our Nation's largest agricultural exporting State, I have felt a special responsibility to monitor this particular foreign policy action. The farming community in Illinois and the agricultural machine industry centered in Illinois have been particularly outspoken on the subject of grain embargoes, including this one.

Over the past 2 years, I have met with farm families, in their homes, to discuss this issue and other matters of particular interest to farmers.

In addition, at two meetings of my agricultural advisory committee last year the grain embargo was the major topic of discussion.

From these discussions, one message is communicated loud and clear. Upon reflection, it is an understandable concern and one that leads us to this action today. The tens of thousands of Illinois farmers, and their fellow farmers across the country, are patriotic Americans. They support a strong national defense and a strong America. However, the American farmer is puzzled and confused about a society that restricts trade in their product while allowing business as usual in the trade of other nonagricultural goods, particularly when it is their product alone that meets basic human needs.

Mr. President, when Senator DIXON and I first discussed the need for changes in the Export Administration Act we agreed that the prior approval of Congress should be required before any partial or selective embargo of agricultural products is ever imposed again.

However, in discussions over the past year the administration has strongly made the case that it is important to preserve for the President the flexibility and discretion that the law now provides.

The administration feels that without that flexibility and discretion, a prompt and forceful economic response to a specific foreign policy or security challenge would be extremely difficult if not impossible to develop, and efforts to work out effective multilateral economic sanctions with our allies, even on a contingency basis, would be greatly impeded.

In an attempt to accommodate these concerns, Senator DIXON and I agreed to modify our amendment in such a manner as to allow for a 60-day period in which the President could act, but requiring an affirmative resolution of approval for a selective agricultural embargo to continue.

We believe, while allowing for Presidential flexibility, this change assures that a President would take such an action only after full consultation with the Congress, its leadership, and the national agricultural community in order to assure congressional approval when the vote on the resolution took place. That vote could occur the very day following the Presidential action, but certainly no later than 60 days after the President acts.

Our amendment provides for very specific and expedited procedures which assure a timely vote after a period of reasonable debate.

Mr. President, we believe that by adopting this amendment we will preclude in the future the restriction of agricultural exports in other than a total trade embargo. If for some foreign policy or national security reason agricultural products were singled out for export control, the approval of both Houses of Congress would be required.

There is every justification for congressional involvement when a sudden change of policy is made with respect to agricultural commodity exports.

In effect, the adoption of this legislation would say to all farmers and their customers around the world that if we embargo agricultural products for foreign policy reasons, one group will never again be asked to bear the full burden of such an action.

Mr. President, I ask unanimous consent to have printed in the RECORD two letters, one from Robert B. Delano, president, American Farm Bureau Federation, in which he strongly supports the amendment, and the other from Michael L. Hall, National Corn Growers Association, in which they also strongly support the amendment.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN FARM
BUREAU FEDERATION,
Washington, D.C., November 9, 1981.

A Farm Bureau speedline message for:
Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: American farmers suffered severe economic hardship from the 1980 embargo on U.S. farm commodities to the Soviet Union. The effects of that embargo on farm income are still being felt as trade patterns have shifted in favor of trade with the Soviets by our competitors.

Farm Bureau policy regarding embargoes is as follows:

"Should a trade embargo be declared for national security or foreign policy reasons, the embargo should apply to all trade, technology and exchanges, except those needed to maintain diplomatic relations. Any embargo should not be declared without the consent of Congress except in time of U.S. declared war. . . ."

Farm Bureau strongly supports the amendment by you and Senator Dixon to the Export Administration Act which would require congressional approval for certain embargoes on agricultural exports if imposed by the President.

Sincerely,

ROBERT B. DELANO,
President.

NATIONAL CORN GROWERS ASSOCIATION,
Washington, D.C., November 9, 1981.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: In accordance with past efforts and decisions by various administrations to either restrict or selectively embargo agricultural exports, the National Corn Growers Association supports your and Senator Dixon's efforts to limit the authority of the Executive branch in such future matters. While there are numerous possibilities that must be considered in using U.S. trade in general and U.S. agricultural exports in particular in foreign policy options, our organization believes that the approach by you and Senator Dixon has genuine merit and should be adopted by the U.S. Senate.

It is for these reasons that the National Corn Growers Association supports the pro-

posal that would require the Executive branch to obtain within 60 days, joint congressional concurrence for the imposition of selective embargoes against agricultural exports. If the Congress does not concur with such Executive branch initiatives, then the initial selective embargo would terminate at the end of the 60-day period.

We fully support your amendment to the Export Administration Amendment of 1981, S. 1112, as a measure that will provide additional discipline on the Executive branch prior to engaging in any further selective embargoes on U.S. agricultural exports.

Sincerely,

MICHAEL L. HALL,
Washington Representative.

Mr. PERCY. Mr. President, I wish to say this in conclusion: We are talking about the national security interests of this country. But the national security interests are very broad, indeed, and I know of no group in America that is contributing more to the strength of our balance of payments, that is providing virtually half of the export needed to pay for all of the oil imported from abroad, no group that has greater promise and hope in the future of creating the kind of dynamic growth in export markets that will meet the economic needs of America than the farmers. But you cannot introduce instability into agriculture when our main job in Government is to do research on one hand and handle export sales on the other because after all the farmers cannot go out individually and sell their products. It has to be many times on a government-to-government negotiation basis, certainly in the large markets of the People's Republic of China and Eastern Europe and the Soviet Union. But you cannot introduce into that an instability such that we are not looked upon as a steady, reliable supplier particularly for food. When you do that you destablize the condition in every country into which we export.

We have seen what has happened to export sales as we have done this for the first time for foreign policy reasons under the Carter administration. That action was denounced by then Governor Reagan. He felt it was wrong. This administration has made clear it will not ever single out agriculture and make it be the sole bearer of the burden of carrying out foreign policy when we try to send a message to someplace like Moscow.

So I feel we should create conditions where if it is fair to embargo one group it is fair to embargo all of them, no restrictions of any kind if the President wishes to embargo everything across the board. But certainly we must find a way to give stability to our export markets.

We offer this amendment in the hope we will provide that degree of stability.

I am happy at this time to yield to my distinguished colleague from Illinois who has proven what a fine legislator he is, what an outstanding Senator he has been; and representing all agricultural interests, but certainly the agricultural interests of Illinois, as a member of the Committee on Agriculture, he has indicated his firm commitment to agriculture and to the principles we are attempting to espouse in this amendment.

I am very pleased to yield the floor to my distinguished colleague.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Illinois.

Mr. DIXON. Mr. President, I thank my warm friend and distinguished colleague, the senior Senator from our State, for his kind remarks and for his excellent explanation of what this amendment does. I am happy to join him in support of this amendment.

As my colleague, the Senator from Pennsylvania, knows, I offered an amendment to this bill in the Banking Committee generally based on the proposals originally contained in S. 354, which was introduced by my colleague, Senator PERCY, and myself.

The amendment we are offering here today also requires the President to obtain congressional approval for future selective embargoes of agricultural commodities.

It effectively prohibits restrictions on the export of agricultural products to any country for foreign policy reasons unless the embargo is either:

In conjunction with an across-the-board ban on all trade with a country; or

The Congress affirmatively approves the restrictions by joint resolution, signed by the President.

It also clarifies that the President does not have the authority to embargo agricultural products for national security reasons. The Senate never intended that authority to apply to food, only to high-technology items.

The amendment does not change the President's authority to embargo agricultural commodities if those commodities are in short supply in the United States.

The amendment preserves the President's ability to manage foreign policy, and to respond to rapidly changing events overseas. It permits the President to impose a selective embargo on agricultural products for a period of 60 days, while Congress is determining whether to extend it for a longer period. It provides expedited procedures, similar in many respects to those contained in the Trade Act of 1974, to insure a timely decision on whether to impose an embargo.

It also insures that Congress is involved in the decision on whether or not to impose an embargo in a meaningful manner. Under current law, the President can impose an embargo and Congress has 30 days to overturn it by concurrent resolution. If Congress attempts to do so, the President argues that Congress is undermining Presidential conduct of foreign policy. I am sure my colleagues are very familiar with that argument. It was used with great effect in this Chamber recently in connection with the arms sale to Saudi Arabia under the Arms Export Control Act.

This amendment would continue to permit the President to impose an embargo without advance congressional approval. However, Presidential action would be effective for only 60 days, and could only be taken if the President requests the Congress to approve the embargo. If Congress, within the 60-day period, does not affirmatively vote to approve the embargo, it expires automatically at the end of the 60 days. Renewal for additional 1-year periods would also require congressional approval by joint resolution.

Changing from a negative veto to an affirmative approval process insures that Congress will be consulted before an embargo decision rather than after, as has been too often the case in past similar situations. This change will allow for congressional input in the decisionmaking process when it counts. Rather than, as now, when it is too late.

Mr. President, I believe the need for this amendment is clear. American Presidents, both Democratic and Republican, have imposed three embargoes of agricultural commodities in recent years.

Two of the embargoes were designed to insure adequate supplies of grain in the U.S. market at reasonable prices. The third was designed to punish the Soviets for their invasion of Afghanistan. There has been considerable controversy over the question of whether any or all of these embargoes succeeded in the short-term. Over the longer term, however, I think that the answer is much more clear; the embargoes were, and are, generally poor public policy for a number of reasons.

First, embargoes feed the general impression that the United States is impulsive and an unreliable supplier of goods and services. The result has been that, increasingly, nations come to the United States for the purchase of food and other goods and services only as a last resort.

Embargoes, or even the possibility of embargoes, make it more difficult for our farmers to meet increased foreign competition. Embargoes act to increase the volatility of the marketplace, making it difficult for farmers to plan intelligently. They can result in a period of depressed prices for agricultural commodities, undermining farm income. American farmers are extremely efficient producers, but they operate on a thin margin of profit. A drop in prices due to an embargo can act to make their entire year's work unprofitable.

Embargoes can also have adverse impact on the U.S. balance of payments. They can act to weaken the dollar, already under serious assault. Embargoes require taxes and Treasury borrowings to finance. In short, the economic costs include inflation, economic stagnation, and unemployment, the full extent depending in part upon the uncertain duration of the embargoes.

Mr. President, I am not suggesting that an embargo is never sound public policy. I do believe, however, that farmers should not be singled out as targets for export controls except under exceptional circumstances. Agricultural exports are too important to the U.S. economy for decisions on embargoes to be made without prior congressional approval.

Mr. President, I believe it is particularly appropriate to amend the Export Administration Act to try to insure that agriculture embargoes are imposed only when the need is clear and compelling because of the changes now under con-

sideration in Federal agricultural commodity programs.

The farm bill now in conference represents an attempt by the current administration to reduce Federal funding for agriculture—an attempt to place increasing reliance on the free market. However, farmers cannot be confident of leaving their fate to free market prices with the possibility of an embargo always on their minds.

We need to approve this amendment in order to reassure farmers that they will be allowed to compete in the world market. American agriculture is among the most competitive segments of our economy—the most successful in foreign markets. If we are to reduce Federal spending on agriculture, we should make it as clear as we can that we are going to permit the free market to operate—in other words, that we are not going to embargo food except in the most extreme situations.

Mr. President, I believe the facts warrant going considerably farther in providing assurances to American farmers than Senator PERCY and I are proposing to go here today. S. 354, which we introduced earlier this year is, I believe, a preferable solution to the embargo issue. This bill prohibits the President from imposing any selective embargo on agricultural commodities for any period of time unless Congress first approves of the embargo by concurrent resolution.

However, the administration opposes S. 354, arguing that it unwisely limits presidential flexibility and that it raises constitutional questions. The compromise amendment that we are offering here today is an attempt to address those concerns.

I must confess that I was extremely reluctant to modify S. 354. That measure is broadly supported by the agricultural community—they still prefer it to this amendment. However, in order to try to accommodate the administration's concerns, we have modified S. 354.

I believe that the modified amendment provides the President with the flexibility he needs. All agree it is clearly constitutional. At the same time, I believe it will work to effectively prevent unnecessary agricultural embargoes.

Mr. President, the amendment Senator PERCY and I are offering will not prohibit the President from ever imposing an embargo on the export of agricultural commodities to any country. It simply says, that if the President wants to embargo only agricultural commodities for foreign policy reasons—for more than 60 days—Congress must first pass a joint resolution of approval. In view of the problems caused by embargoes, I believe it is entirely reasonable to require congressional approval, rather than relying on a veto after the fact. Further, as I stated earlier, the President would retain his authority under existing law to embargo agricultural exports to a country as part of a total embargo without first seeking congressional approval.

The amendment is sound and does not unduly restrict the President's authority. Although it does not deal with embargoes proposed for short-supply reasons, it does represent a step forward. It helps provide additional assurance to the American farmer that the United States is committed to increasing agricultural exports.

I think it should be clear to all of my colleagues, and particularly those from the farm States and those who are concerned about the agricultural communities in their States, what an important distinction this amendment would mean to American agriculture, as distinguished from the procedure now followed. Under current law, an embargo is effective unless Congress, both Houses, votes to disagree within 30 days.

Here the reverse would be true, and for the President to go forward with an embargo against agricultural products it would be necessary to have the concurrence of both the House and the Senate within 60 days of the time of the declaration of the embargo.

I suggest to my friends and colleagues that this would put the burden upon the administration of meeting with congressional leaders on both sides in both Houses to sense that there is support in the country and in Congress for an embargo for foreign policy purposes before such an embargo would be declared. Is that not what we want here in the Senate?

I would like to refer my friends in the Senate to some remarks recently made by my good friend, the distinguished Secretary of Agriculture from the State of Illinois, Jack Block, who said in Des Moines, Iowa, on May 1 of this year:

> I could not say what would prompt a future embargo but I could say that the impact would be felt across the board and not just by the American farmer.

Now, Mr. President, and my friends in the Senate, let me say this as a new Member on the minority side who has been in this place only a short while but in public service a long time, more than three decades: I can understand the natural reluctance of an administration and of a President to accept further impositions of any kind upon his general powers. That is a human response that one would ordinarily expect from any chief of state.

But let me say as sincerely as the junior Senator from Illinois can say it that I did not come to this place in any way to impose specifically on the powers of a specific President. I said during my campaign in 1980 that I did not know who the President would be, the next President, but I felt that this power should be restricted in the sense that Congress ought to play an integral part.

Let me finally say this: the existing congressional veto forcing Congress to vote to overturn an embargo that the President has already imposed is ineffective and unworkable. Voting to overturn a President's decision is difficult, if not impossible, even if the embargo is not justified, because of a legitimate reluctance of the Congress to undermine the President's conduct of foreign affairs.

We only need to look to our most recent experience, the discussion about the sale of AWACS and enhancement devices for the F–15's to Saudi Arabia.

Let me just say, in conclusion, that I thank my colleague, the distinguished senior Senator from Illinois (Mr. PERCY), for joining me in this amendment. I understand the difficulty it presents to him as a leader on the other side and one of the great supporters of this President. I wish to express here my knowledge and the knowledge of all of us of his genuine support for this President that has been reflected so many, many times on this floor and in his committee. He is here with me in this cause because we are convinced it is right, we are convinced it leaves the President with the necessary flexibility—and I would want to underscore that, Mr. President and Members of this Senate—it leaves the President with the necessary flexibility to go forward if he feels strongly, but requiring him to test the will of the Congress by talking there first with the leadership.

I think this is in the interest of the country. It is in the interest of our economy. It is fair. It is clearly constitutional. I think the objections earlier sent to my distinguished friend and colleague, the Senator from Pennsylvania, and others by those who did object ought to be reevaluated in light of the changes embodied in this amendment.

I wish to thank everyone here for their consideration of what has been said and urge my colleagues to support this amendment offered by my senior colleague and myself.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Does the Senator from Illinois still have the floor?

Mr. PERCY. No, I yield the floor.

Mr. HEINZ. Does the Senator seek recognition?

Mr. PERCY. I believe Senator JEPSEN would like to speak at some point.

Mr. HEINZ. I yield to the Senator from Illinois.

Mr. PERCY. I yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, I thank my distinguished colleague from Illinois.

Mr. President, I am pleased to join my colleagues from Illinois in cosponsoring this amendment. The amendment very simply states that the President may not impose an embargo on agricultural exports to any country for foreign policy reasons unless the embargo is approved by the House and the Senate. The amendment would not apply if the President imposed an embargo on all trade with a country.

When President Reagan kept his promise to the American farmer and lifted the Soviet grain embargo, people across the country and around the world, especially in the agriculture community, hailed the decision as an example of credibility and integrity, whereby a world leader kept a promise he made to his people when he presented himself for election.

Now that the embargo is over, we must look to the future to insure that America's farmers will never again be economically victimized and forced to stand alone in the name of resolve and retaliation for a politically failing foreign policy.

With this in mind, Congress has been working on various measures to discourage future administrations from being tempted to isolate and penalize the American farmer by using food alone as a single tool of implementation of foreign policy. The Senate-passed version of the 1981 farm bill contains an amendment I sponsored requiring the Secretary of Agriculture to compensate farmers if that ever happens.

This legislation will not take effect if we cut all trade with a country—only if we chose to single out and embargo a farm commodity to a major customer. In the event of an embargo of farm commodies alone, it requires that the loan rates on the embargoed commodity be increased to 100 percent of parity—or that deficiency payments equal to the difference between the average market price for 60 days after imposition of the embargo and 100 percent of parity be made to the farmers.

I had someone come up to me and say: "Senator, with that language, it seems like it would be nearly impossible to put an embargo on, with the agriculture community being utilized individually as the implement or the tool in placing this embargo on." My answer to that was: "You got it; that is right."

Farmers must not be left out in the cold as they were during the Soviet grain embargo. Plummeting prices and dried-up markets hit farmers at a crucial time—a time when many needed the money just to stay afloat and pay off loans on land, seed, and equipment. The result of the embargo plus the high interest rates and lack of credit in the spring of 1980 proved to be permanent economic death to many farmers.

It is for this reason that I believe we all need to support Senator DIXON's and Senator PERCY's amendment. I intend to support any and all amendments on any bills whatsoever anywhere in this Congress that will, once and for all, put an end to this grossly unfair meddling into the economic welfare of the agriculture community of this Nation by singling it out to implement foreign policy. Senator DIXON and Senator PERCY's amendment was originally approved unanimously by the Senate Agriculture Committee to become a part of the 1981 farm bill, but later had to be withdrawn because of a jurisdictional problem.

By imposing this amendment, we are not tying the President's hands, but we are asking that Congress also have some input if the administration feels compelled to single out the farmer to again bear foreign policy alone.

Agricultural embargoes are bad news. They tell the world that we are an unreliable supplier of food—and as a result, nations will come to the United States only as a last resort.

And right now every single food producer in this Nation is still feeling the very dramatic negative, disastrous economic impact of this last imposed embargo.

In closing, Mr. President, I would say that the farmers are a proud and patriotic people, and they are more than willing to stand up and sacrifice for the good of the country. All they are asking for is a fair shake. Farmers want to be treated fairly. They want to know that their sacrifice will make a difference. They do not want to be abused simply because they make up 3 percent of the population.

So, I urge my colleagues to support this legislation. We need Congress input and debate if the agriculture community is ever again asked to stand alone to implement foreign policy.

Mr. PRESSLER. Mr. President, I support this amendment, which significantly enhances our agricultural trade posture. This amendment would prohibit the imposition of an agricultural embargo to any country for foreign policy reasons, unless it is a total embargo on all products or Congress adopts a resolution approving the restrictions. This amendment is essential to our agricultural sector and our foreign agricultural products consumers.

The last grain embargo, which was imposed on the Soviet Union by President Carter on January 7, 1980, proved to be a disaster to the American farmer, but did not significantly hurt the Soviets. As a result of the embargo, the American farmer has received depressed prices for his products, which decreases his income and impacts the entire economy. For example, the farm income reduction has resulted in a decrease in farmers' replacement of farm machinery and other products. This has placed this country's farm machinery companies in great financial difficulties. For example, International Harvester, the Nation's second largest farm equipment manufacturer, is on the verge of bankruptcy.

The United States also lost hundreds of millions of dollars in grain exports. The embargo represented a loss of at least 17 million metric tons of grain sales to the Soviets. The rural elevator and farmer sales losses amounted to at least $2 billion. These are only direct losses. It is impossible to estimate the losses the United States experienced in potential grain sales because many countries no longer perceived us to be a reliable source of grain. This is especially true now that we are once again exporting grain to the Soviet Union. They are fearful of another grain embargo. We must assure our grain export customers that another grain embargo will not be imposed unless the President and Congress both endorse the action.

The embargo also cost the Federal Government hundreds of millions of dollars in additional price support programs to partially alleviate the impact of the embargo on farmers. The Government purchased 14.5 million tons of grain from American farmers for $2.5 billion. The grain was then sold at a loss of half a billion dollars.

While the United States suffered these major costs from the grain embargo, the impact on the Soviets did not appear to be as large. First of all, the Soviets are still in Afghanistan and show every indication of staying there for a long time. The Soviets were also able to find other sources of grain, but had to pay slightly higher prices for it. The United States still sold the Soviets 8 million metric tons of grain, while Argentina and other grain exporters also increased their exports to the Soviets. In fact, the Soviets imported a record 31 million metric tons of grain in the 1979–80 marketing year.

These examples and facts show that the Soviet grain embargo was a disaster to the United States. I feel we should learn from our mistakes and not make them again. The Soviet grain embargo was a terrible mistake and we must assure the American farmer and people that another such embargo will not be imposed. This amendment would assure the American farmer that they will not have to carry the full load of our foreign policy again unless the Congress also approves the President's action or it is part of an embargo of all exports.

I feel this is a good amendment, and I urge my colleagues to join me in support of this amendment.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Does the Senator from Illinois seek recognition?

Mr. PERCY. Will the Senator yield for a unanimous-consent request?

Mr. HEINZ. I yield to the Senator.

Mr. PERCY. Mr. President, I ask unanimous consent that the distinguished Senator from Iowa (Mr. JEPSEN) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I know of no other Senators on this side of the aisle that wish to speak.

Mr. HEINZ. In support of the amendment.

Mr. PERCY. I do want to reply in a moment to my distinguished colleague. Maybe Senator ABDNOR would wish some time. We would be happy to yield to the floor manager of the bill on the amendment. Hopefully, for the advice of other Senators, we could vote by 3 o'clock. We will be aiming for that, anyway.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. PERCY. Mr. President, we would like the yeas and nays. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I understand what both Senators from Illinois have in mind here. They obviously feel, understandably, very protective about agriculture in the United States and, indeed, in their State. All of us who come from rural and agricultural States must, necessarily, be concerned that our particular States, for whatever reason, are not discriminated against or asked to sacrifice unequally when it comes to a question of this Nation taking a firm stand on a national security issue.

I come from a State that has the largest rural population of any State in the Union. Pennsylvania has 3¼ million of its citizens who live in rural areas. Indeed, I have, on many occasions, discussed with them the kinds of prohibitions, restrictions, and other constraints

that we should or should not place on our Chief Executive when it comes to guiding the national security interests of this country.

I can report to my colleagues that the general feeling is that the President of the United States should have just as free a hand as possible when it comes to dealing with our adversaries, and there are some, unfortunately, in this troubled world of ours.

And they are agreed that it is terribly important for the President of the United States not only to have as much flexibility at his disposal as possible, but, indeed, to have the maximum amount of credibility.

Often a President does not need to exercise his authority, he does not need to resort to actions, he does not need to resort to force, if he has the credible threat of doing so.

It seems to me, and I will speak more about this in a few minutes, that the fatal flaw of this amendment is that it undercuts the President of the United States and undercuts him very dangerously by taking away, as we now give him under the law, the authority to make certain decisions when there is a question of national security.

Just so we all know what we are talking about, existing law permits the Congress to take action to vitiate a Presidential embargo or other action restricting the export of agricultural commodities for foreign policy or short supply purposes. I might add that that is actually a very special preference we have in the law today, applying solely to agricultural commodities. Therefore, it is not without some understanding of the issue that we wrote that into the act in 1979. We did so because we did not want a President coming along without a very high priority, a very real, a very important reason to threaten or impose anything as severe as an embargo unless it was literally a matter of national security. We did not want a President to come along and embargo grain for human rights reasons. That is what the foreign policy override was for. We would permit such an embargo, but we would reserve the right to disapprove it within 30 days. That is the current law.

We also did not want to upset relationships with our trading partners. A few years ago there was an embargo, an unwise one, of soybeans to Japan for short supply purposes. We wrote into the existing act a provision that Congress could disapprove the use of Presidential authority to withhold agricultural exports for short supply purposes.

My first point, Mr. President, is that we are not at all insensitive to this problem. We have recognized it, and we have taken care of it. We have reserved only to the President this credible threat in cases of the utmost consequence to our country; namely, those involving national security.

Second, I have also tried to determine what the attitude of this administration is toward grain embargoes. I think one would have to have been either deaf, blind, or dumb not to realize that this President has spoken out foursquare against any policy that would have as its effect a restriction on the export of grain or other agricultural products that in any way would cause them to be singled out.

I submit to my colleagues that this amendment is absolutely unnecessary. The President, as a candidate, spoke out against singling out agricultural products. In office he has affirmed and reaffirmed his opposition to ineffective grain embargoes. Indeed, in a letter to Senator DOLE as recently as September 14 of this year, the President stated:

I assure you that the administration fully intends to pursue the best interests of the United States and our farm sector by maximizing agricultural exports to all foreign buyers. Sales of grain and other agricultural products will in no way be singled out for restriction in any trade embargo that may be imposed by this administration.

Mr. President, I ask unanimous consent that the President's letter to Senator DOLE, dated September 14, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 14, 1981.

Hon. ROBERT J. DOLE,
U.S. Senate,
Washington, D.C.

DEAR BOB: Your letter of September 10 has been received, and your interest in maintaining a free and unrestricted policy for agricultural trade is appreciated.

I assure you that the Administration fully intends to pursue the best interests of the United States and our farm sector by maximizing agricultural exports to all foreign buyers. Sales of grain and other agricultural products will in no way be singled out for restriction in any trade embargo that may be imposed by this Administration.

In view of our current abundant supplies of corn and wheat, and prospects for record harvests this year, the Administration intends to offer a large additional amount of grain for sale to the Soviet Union when consultations are held September 30, on the one-year extension of the U.S./U.S.S.R. Grains Agreement. These quantities will be in addition to the specified minimum and maximum levels.

I trust that this letter serves to clarify our policy regarding agricultural trade and to express the Administration's wholehearted support for this vital part of the Nation's economy.

Sincerely,

RON.

Mr. HEINZ. For that reason, too, Mr. President, this amendment is unnecessary.

Third, Mr. President, I truly believe that as this amendment is written, it would unduly bind and dangerously undermine the authority of the President of the United States. The announcement of a grain embargo, such as was implemented by President Carter a couple of years ago, if this amendment were in place today, would absolutely guarantee the failure of any embargo, even if Congress thought it was a good idea.

Let me repeat that:

The adoption of this amendment would absolutely guarantee the failure of any grain embargo even if Congress 60 days later thought it was a good idea.

Why do I make such a statement like that? Mr. President, I will tell you why.

We are not the only country in the world that grows grain. It may seem like that at times when the farm bill is up. But, no, Mr. President, there are many other countries—Argentina, Australia, New Zealand, Canada, and others—that grow and export substantial quantities of grain. The only way any grain embargo can be effective is if you get the other major grain-producing countries to go along with you. If they think for 1 minute that there is a very good chance that the Congress is not going to go along with the President, that the embargo is not going to fly, they are never going to sit down and make the kinds of tough commitments, commitments that will involve sacrifice and hardship on the part of their farmers, that are necessary, and, hence, you might be building into what otherwise may be a necessary embargo the seeds of its failure from the outset. That, I submit, Mr. President, would be really shooting ourselves in the foot.

We need to ask whether a weakened ability of the President to conduct the national security affairs of this country is a desirable effect. I submit that the 60-day approval requirement would almost positively foreclose allied participation in any kind of agricultural embargo.

I think it is ironic, Mr. President, that the sponsors of this amendment, I think quite correctly but nonetheless ironically, complain about the futility of unilateral embargoes.

I agree, I think a unilateral embargo is absurd. It only permits other nations to take advantage of the situation. What concerns me is that with this provision in the law, even though we might not intend it to be so, we would have an amendment that would virtually assure that all U.S. efforts would in practical terms, in the future, be no more than unilateral.

Mr. President, I said a moment ago that the foreign relations of a country are really based much more on what a nation is capable of doing as opposed to what it is actually doing or is actually going to do.

We do not have to engage in an embargo in order to obtain political capital from the possibility of implementing an embargo. Yet this amendment would utterly destroy U.S. credibility when it came to the threat of an embargo of grain.

But you do not have to take my word for it. I have some other authorities who feel just as strongly about it as I do, and they are the two authorities that we charge, first, with the conduct of our national security affairs, and, second, with the commerce and trade of this country; namely, Secretary Haig, Secretary of State, and Secretary Baldrige, Secretary of Commerce.

I ask unanimous consent to have printed in the RECORD, at this point, their letter to me dated June 29, 1981.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., June 29, 1981.

Hon. JOHN HEINZ,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HEINZ: Thank you for the opportunity to respond to S. 354, a bill to

"Amend the Export Administration Act of 1979."

S. 354 would require prior Congressional approval of foreign policy controls on the export of agricultural commodities to any foreign country unless such controls were imposed in connection with a prohibition of all exports to that country. In addition, it would prohibit controls on the export of agricultural commodities for national security reasons.

The Administration has previously expressed its concerns relative to this legislation in a May 11 letter from Sherman Unger, General Counsel of the Department of Commerce, to Senator Garn. Although that letter was actually drafted before the President lifted the partial embargo on grain sales to the Soviet Union on April 24, the lifting of the embargo has not altered our opposition to the enactment of this bill. The Departments of State and Commerce, with the concurrence of the Department of Agriculture, agree that by conditioning agricultural export controls on either a total export ban or prior congressional approval the bill would unduly limit the ability of the President to impose flexible, prompt and effective export controls in response to a specific provocation or need.

A total embargo would not be an effective policy response under most circumstances because controls would include lower performance manufactured items which are readily available for purchase from a large number of nations. On the other hand, the application of selective controls to a few items can be relatively effective either on a unilateral basis where the United States is the primary source for the item, or with the cooperation of the major suppliers of those items. The existence of authority under the Export Administration Act to impose promptly selective foreign policy or national security controls could in some cases serve as a deterrent against other nations taking actions unfavorable to us.

It should also be noted that the agricultural products which we continued to sell to the Soviets in 1980, while the partial grain embargo was still in place—primarily the 8 million tons of wheat and corn allowed under the bilateral grain agreement—accounted for 70 percent of total U.S. exports to the USSR. Thus, if the proposed bill had been in effect when sanctions were imposed, a total embargo on exports to the Soviet Union would have still affected agricultural commodities more than manufactured products.

Sincerely,

MAC,
Secretary of Commerce.
AL,
Secretary of State.

Mr. HEINZ. Mr. President, in this letter, which is jointly signed by Secretary Baldrige and Secretary Haig, they indicate in no uncertain terms their opposition to the original bill introduced by Senators PERCY and DIXON. I will get to their views on the amendment in a second letter which was received on November 9, which says, in effect, that they feel the same way about this amendment as they do about S. 354.

I ask unanimous consent that that letter be printed in the RECORD at this point as well.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., November 9, 1981.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate,
Washington, D.C.

DEAR HOWARD: Senator Dixon intends to introduce a floor amendment to S. 1112, a bill authorizing appropriations to carry out the purpose of the Export Administration Act of 1979 (Act), and making other amendments to the Act. The purpose of Senator Dixon's amendment is similar to that of S. 354, which the Senator co-sponsored. This legislation would prohibit the President from using the national security authority under the Act to control the export of agricultural commodities. It would also require the President to obtain Congressional approval of foreign policy controls unless such controls were imposed in connection with a prohibition of all exports to a country. The major difference between S. 354 and Senator Dixon's amendment is in the form of Congressional approval which is required. S. 354 requires a concurrent resolution before controls become effective. Senator Dixon's amendment permits such controls to be effective for 60 days but requires a joint resolution of approval in order for such controls to be effective beyond that period.

The Administration has expressed its opposition to S. 354 on several occasions. Attached is a copy of a letter Secretary Haig and I sent to Senator Heinz detailing the reasons for our opposition to that bill. These apply equally to Senator Dixon's amendment.

The Administration's position regarding trade in agriculture commodities is clear. This Administration terminated the grain embargo. It fully intends to pursue the best interests of the United States and our farm sector by promoting agriculture exports worldwide. Sales of grain and other agricultural products will in no way be singled out for restriction in any trade embargo that may be imposed by this Administration.

At the same time, it is not in the national interest to enact legislation that would tie the President's hands and deny him the ability to react decisively and selectively to any future international crisis that could affect this country's vital foreign policy and national interests.

We would appreciate your support in this matter.

Sincerely,

MAC.

Mr. HEINZ. What this letter says in sum, Mr. President, is this, quoting from Secretaries Haig and Baldrige:

The existence of authority under the Export Administration Act to impose promptly selective foreign policy or national security controls could in some cases serve as a deterrent against other nations taking actions unfavorable to us.

Mr. President, the administration, for all the reasons I have enumerated, strongly opposes the Percy-Dixon amendment. This is an administration, as I have stated, that is a friend, not an enemy, of agriculture. Indeed, time and again, I believe this administration has shown great sensitivity to the needs of the farm sector. This is a proagriculture administration. While it is not unsympathetic to the intent of the amendment, namely, that agriculture should not be forced to bear the brunt of U.S. trade sanctions, it is united in its recognition of this amendment as being an unwise formulation, even if it is for an admittedly worthy cause.

To quote once again from the letter from Secretaries Baldrige and Haig:

The Departments of State and Commerce, with the concurrence of the Department of Agriculture, agree that by conditioning agricultural export controls on either a total export ban or prior congressional approval the bill would unduly limit the ability of the President to impose flexible, prompt and effective export controls in response to a specific provocation or need.

Mr. President, I think it is clear that this amendment does not, to paraphrase my good friend and colleague, the Senator from Illinois (Mr. DIXON), leave the President the flexibility that I think the Senator intends and which the President needs. It seems to me that that is precisely the reason that the President's chief foreign policy adviser, Secretary Haig, is opposed to this amendment. He simply does not agree that the amendment "preserves the President's ability to manage foreign policy and to respond to rapidly changing events overseas."

To the contrary, his opinion is that the amendment "would unduly limit the ability of the President." As I mentioned, he has been joined by two other Cabinet Secretaries, those of Treasury and Commerce.

Finally, Mr. President, I think it is ironic that, had this amendment been in effect when President Carter imposed the grain embargo on the Soviet Union growing out of its invasion of Afghanistan, the chances are extremely good that the farmers, our grain producers, would have been hurt twice as badly. The exports of grain to the Soviet Union were only partially embargoed—of about 17 million tons that were programed to be shipped, only about half, about 8 million tons, were affected by the Carter embargo.

The Percy-Dixon amendment, as I read it, would require a total, thorough, complete embargo, not a partial embargo. A partial embargo, for better or for worse, is what President Carter imposed in the case of Afghanistan. He only embargoed about half of what was shipped. We all know exactly how that worked out.

I do not think the sponsors of this amendment would intend to be associated with or have the intention of offering an amendment that would hurt their farmers. They want an amendment that is going to help their farmers. I do not blame them. It seems to me, Mr. President, that this amendment, had it been in effect, would have been more deleterious to the interests of our farmers than the situation that existed when President Carter imposed the embargo a year-and-a-half or so ago.

Mr. PERCY. Mr. President, will the Senator yield for a comment on that point?

Mr. HEINZ. In one second, as soon as I put one other letter into the RECORD, then I shall be happy to yield to my good friend.

Mr. President, I wish that we could support this kind of amendment. Frankly, I do understand the goals, the objectives, of the authors. They just do not want agriculture singled out.

I do not think anybody wants to see any portion of our economy singled out. I do not think Senator PERCY's grain farmers would like to be singled out; I do not think Senator BOSCHWITZ or my dairy farmers would like to be singled out. I do not think my steel producers in Pennsylvania would like to be singled out. I do not think any Senator from California or Florida would like to have his cit-

rus growers singled out. I do not think that people in Massachusetts or Texas would like to have their semiconductor industries singled out. Understandably, because we all ought to be in the same boat on this.

Nonetheless, the consequences of putting everybody in the same boat is to say to the President, "We are going to put you in the same boat, and we are going to take away your oars; you are not going to be able to move ahead. You are just going to have to sit there with everybody else, and I am sorry, Mr. President, you will not be able to do what you need to do."

And do not think for a moment that those people who want to take advantage of situations around the world are not going to notice. Indeed, they are going to notice a good deal. I think people have been looking at this country very, very hard, trying to decide whether, when we say something today, we mean it or not.

We have been through some very difficult years, over the last 10 or 15 years, where people were not exactly sure that when Uncle Sam said something, he really meant it. Here we are, Mr. President, with a President who obviously is a man of his word, obviously is proagriculture, obviously has said time and again that he is not going to single out agriculture. And what are we doing? We are tying his hands.

Mr. President, I submit that that is not the right way to proceed. I urge my colleagues to defeat this amendment.

I yield to my friend and colleague from Minnesota (Mr. BOSCHWITZ).

Mr. BOSCHWITZ. Mr. President, there is no more fervent supporter of the farm community in the Senate than myself. Agriculture in our State is probably the most varied in the Nation. We are sixth or seventh in production of wheat; we are fourth or fifth in the production of corn; we are fourth, or sixth in the production of every other commodity. We are one of the most diversified States in the Nation because of our large area from the north to the south. In the north, we cannot produce corn, we can only produce wheat, sunflowers, potatoes, or sugar beets, in all of which we find ourselves among the leading States of the Nation.

Why does the Senator from Minnesota get up, then, and oppose an amendment that is going to restrict embargoes? Because, in my judgment, it does not restrict embargoes at all. As a matter of fact, it legitimizes embargoes. This Senator is very much opposed to embargoes. I take the same view that my predecessor in the U.S. Senate, Senator Hubert Humphrey, took when he said that we should sell anybody anything that they cannot shoot back at us. We get hard currency from the Russians. These commodities are not sold on loans, they are not sold on grants, they are sold for hard currency. No Senator is more opposed to embargoes than this Senator, but this Senator will not vote for an amendment that will legitimize embargoes for 60 days, for 50 days, for 40 days, or for any days. I oppose any amendment that legitimizes embargoes, even though I understand that under the present law, there is no restriction at all.

However, Mr. President, very frankly, I just do not want the Senate and the administration to get off this cheaply. If we are going to pass an amendment with respect to embargo, we have to put some teeth in it, so that we have an amendment that, in fact, prevents embargoes.

What is going to happen under this amendment? An embargo will be imposed for 60 days. Then the President has to come to the U.S. Senate and the House of Representatives for the purpose of continuing the embargo. The President does not have to wait 60 days. He can come at the end of 10, 12, 15 days, and for those of us who remember the situation following the invasion of Afghanistan, when that embargo was imposed, who among us would have said that, 10 days or 20 days after that invasion, the embargo could have been successfully reversed here, on the floor of the Senate? No chance of it.

So this amendment, in my opinion, does not go far enough. This amendment is not strong enough. This amendment will not prevent embargoes. Indeed, whatever other punitive provisions there are in the law will probably be negated by this amendment, and therefore I have to oppose it.

I also agree with the Senator from Pennsylvania to the effect that if an embargo could be imposed for 60 days and there were no certainty that it could be continued among our allies and among the other nations of the world that ship wheat and grain, then we probably would be in a position in which we could get no cooperation from those nations.

For those reasons, Mr. President, the Senator from Minnesota, who feels himself to be firmly allied with the farmers not only of his State but also of the Nation, will oppose this amendment and will ask the manager of this bill to make a motion to table it at the appropriate time.

(Mr. ARMSTRONG assumed the chair.)

Mr. PROXMIRE. Mr. President, I oppose the amendment and support the distinguished manager of the bill.

What we have forgotten in discussing this amendment is the fact that President Reagan is the President who rescinded the embargo. He not only campaigned against the action of President Carter in the 1980 campaign, but also, as we know, he has rescinded it. He called it off.

The author of the amendment, Senator PERCY, says that President Reagan has pledged never to single out agriculture—never. That is his pledge. Can we believe him? He said he would not do it. Then, what do we need the amendment for? I think most of us expect President Reagan to serve out his term.

People say, "Never, ever in the future should a President have a partial embargo or an embargo that might single out agriculture."

Mr. President, I mistrust legislation that goes that far. We do not know what the situation may be in 1985 or 1990 or the year 2000. The situation could change very dramatically in this fast-moving world in which we operate.

As the distinguished manager of the bill has pointed out, both the Secretary of Commerce and the Secretary of State point out that a selective embargo may be of great utility because there are only certain things that an enemy country may need, and it may be wise for the President to single out those particular products that may be essential to that country.

I read a part of the letter from Secretary of Commerce Baldrige that the Senator from Pennsylvania did not read:

> The Administration's position regarding trade in agriculture commodities is clear. This Administration terminated the grain embargo. It fully intends to pursue the best interests of the United States and our farm sector by promoting agriculture exports worldwide. Sales of grain and other agricultural products will in no way be singled out for restriction in any trade embargo that may be imposed by this Administration.
>
> At the same time, it is not in the national interest to enact legislation that would tie the President's hands and deny him the ability to react decisively and selectively to any future international crisis that could affect this country's vital foreign policy and national security interests.

That emphasis on the importance of this particular kind of embargo, which would be effectively proscribed, in my judgment, by the amendment of the Senators from Illinois, would be a mistake.

I will read a portion of the joint letter of June 29 from Secretary of State Haig and Secretary Baldrige:

> A total embargo would not be an effective policy response under most circumstances because controls would include lower performance manufactured items which are readily available for purchase from a large number of nations. On the other hand, the application of selective controls to a few items can be relatively effective either on a unilateral basis where the United States is the primary source for the item, or with the cooperation of the major suppliers of those items.

Again, it is not only a matter of our being the only supplier in the circumstances. It is a matter of the judgment of the President and the Secretary of State as to whether or not we could win cooperation from other countries producing a commodity that could be selected for an embargo.

I cannot think of a more effective or a wiser kind of foreign policy action against a country that is engaged in aggression than some kind of embargo. What is the alternative? The alternative is to use military force.

I do not know anybody who would have advised military force against the Soviet Union when they move into Afghanistan, terrible and outrageous as that action by the Soviet Union was. We did not want to go to war. What do we do? We talk about it. The Olympic boycott was one kind of action we could take, and it was a painful action but wise. It did not really hurt the Soviet Union.

A grain embargo does. The Soviet Union is enormously dependent on the import of grain.

The Soviet Union is a country that has been an abject agricultural failure. They put 30 percent of their people on their farms, in agriculture, and produce far less food than we, and they have to im-

port their food. It is the No. 1 economic failure. We should exploit that failure. We should play to our strength and their weakness.

So I believe that the action taken by President Carter has not been defended on the floor today, and I want to defend it. It was wise.

I differ from the Senator from Minnesota, who discussed the embargo that the Carter administration imposed, because, in my judgment, when President Carter imposed that grain embargo on the U.S.S.R., Congress probably could have and would have overridden if it had had the Percy-Dixon amendment in place. Maybe I am wrong and maybe the distinguished Senator who opposes is right; but, in either event, it would have been a blow for our country.

What a signal for the world—the President of the United States imposes an embargo, and the Congress of the United States vetoes it. What division, what lack of decisiveness, what pitiful inadequacy on the part of our President if the Congress of the United States, under those circumstances, punishing an aggressor such as the Soviet Union, is overruled, overridden by Congress.

Let us not underestimate the power of the agriculture interests. They are strong in my State, as I have found out, and as I appreciate. Often they are right, and I support them most of the time because they often are right. They have great political power. They might have been able to overrule the President in a foreign policy decision of that kind through action which would be enabled by this amendment.

Mr. President, the distinguished manager of the bill, Senator HEINZ, has said very well that the present law provides an embargo without possible congressional veto only in national security cases, not in other foreign policy circumstances—not for human rights purposes, for example; not for any other purpose but national security.

If we believe in a strong President and a strong country and in a country that can take action against Communist aggression, effective action, it seems to me that we should defeat this amendment.

Mr. President, I yield the floor.

Mr. PERCY. Mr. President, so that we can move right along, I will be very brief, and we will have this vote very quickly.

I point out, first of all, that we appreciate the position of the distinguished Senator from Minnesota. I particularly like the fact that he said it is not strong enough. But in order to accommodate some of the problems of the administration, Senator DIXON and I did make several efforts to accommodate those concerns.

First, we provided for a joint resolution in order to accommodate certain constitutional concerns the administration had, and I believe those constitutional concerns have been met.

Second, we built into the amendment a 60-day grace period to accommodate the arguments about Presidential flexibility, similar to that in the War Powers Act.

We have simply clarified the national security authority. We clarify it to the extent that the President does not have the authority to selectively embargo agricultural commodities for national security reasons. But with respect to the authority for foreign policy reasons, he still has the authority to embargo across the board. He can do that for foreign policy reasons. But if he selectively picks agriculture, then it would be only 60 days; and, under expedited procedures, Congress would have to approve it at the end of 60 days or it would lapse.

We felt that the farmer has made clear he does not mind for foreign policy reasons being part of a total package. What he does not want is to be selected out.

Also in looking at all past embargoes, they are generally effective for short periods of time. But over a period of time people adjust to them. Over a period of time Canada and Argentina signed 5-year agreements with the Soviet Union which I think in effect will permanently injure American agriculture. So over too long a period of time acccommodations are made, adjustments are made, and we end up being the one really punished and really hurt.

If we do not do something then the existing authority continues and the President has the right unless reversed by Congress, and that is a tough action to take; the President would continue to have the authority to selectively embargo and embargo indefinitely unless it is overturned by both Houses of Congress.

Senator PROXMIRE commented that this President has said he will not embargo. I have no doubt about President Reagan's attitude. He denounced the embargo at the time it was put on, and he steadfastly says he does not intend to do that. But we are a nation of laws rather than men. This President will not be President forever and I think we need to take action in law, in statute, to reinforce what he said he will not do and to then make it a set procedure that can be followed by every President in the future.

So I feel that most of the objections that have been raised in the Chamber have been answered by the authors of the amendment.

Does my distinguished colleague wish to comment further?

Mr. DIXON. Mr. President, will the Senator from Pennsylvania yield briefly in connection with his remarks on the national security questions involved in this bill and the amendment that has been offered by the senior Senator from Illinois and myself?

Mr. HEINZ. I am happy to respond to any questions.

Mr. DIXON. We had a short exchange in the Banking Committee, I believe, concerning that question.

I wish to call the distinguished Senator's attention to the colloquy that took place on July 21, 1979, involving himself and others in the RECORD at page 19961. The others involved were my predecessor, Senator Stevenson, Senator HEINZ, and Senator JACKSON. At that time, in connection with this very question, Senator Stevenson is quoted as saying, regarding food:

> On the other hand, the substitution of the expression "capabilities for military systems" strikes me as being entirely too broad. Most anything contributes to the capability of a foreign nation, and most any articles even including wheat or corn, could make a significant contribution—

And so forth.

> Food is essential, shoes are essential. Et cetera.

In talking about shooting in the foot, as Senator HEINZ suggested, he goes on to say:

> Here we are at some risk of shooting ourselves in the foot again. . . .

Senator HEINZ was involved in that colloquy, the substance of which, I must say, suggests to me that it was the intention of Senator HEINZ and his colleagues at that time to not permit embargoes of food under the section 5 National Security Authority.

Mr. HEINZ. Mr. President, I must say to the Senator I do not have the advantage of the RECORD of that date in front of me, but I tried to listen as carefully as I could to what Senator Stevenson had to say.

Let me answer my colleague this way: I think it was Napoleon who said that an army marches on its stomach.

I think that is as plain an expostulation of what can be involved with a grain embargo as anything I might say.

A few days ago Senator MOYNIHAN, being critical of an additional plan to sell a lot of grain to the Soviet Union, said that that grain was going to feed the Soviet Army on its march into Poland. I hope the Senator will forgive my paraphrase of his remarks, but I do not think that it is possible to make a neat, clear separation between what in fact is purely military and what is not.

The fact is that many wars have been fought simply to obtain sufficient supplies of food; many wars have been fought and won or lost because of adequate or inadequate food supplies.

Whether one considers food a military material or not in a specific case, it can clearly have strategic importance, and it is in that regard that I think we would be well advised not to constrain the President in his authority to impose these kinds of embargoes.

I agree with the Senator. I do not want to see them imposed unnecessarily or unwisely, but I wish to see him continue to have this authority for national security reasons.

Mr. DIXON. May I only say in response to my distinguished friend from Pennsylvania that I do not know what Napoleon might have said on that subject but on July 21——

Mr. HEINZ. I guess we are even because I have not read that excerpt from the RECORD.

Mr. DIXON. I say we are even in that regard. But on July 21, 1979, Senator STEVENSON suggested food was not to be considered under the national security provision. The Senator from Pennsylvania stated then:

> I fear that the word "capabilities" is a bit too broad. There is practically no technology I can think of that does not have some indirect bearing on military capability.

And the Senator from Pennsylvania goes on to indicate that he did not believe that items such as buttons, belts, and

boots could be embargoed under section 5.

The point I am trying to make here is that those parts of the distinguished Senator's argument here today relating to national security, I think, are not pertinent to this amendment.

Here I think the one question is whether the American farmer will be better off after the adoption of this amendment than he is now.

I respect my distinguished friend, the Senator from Minnesota, who has spoken briefly and who I listened to with utmost respect on many occasions in the Agriculture Committee. However, I suggest that the first thing that we did in this amendment is to accommodate those aspects of the administration's objections to our original bill that we thought were meritorious—first, the constitutionality question which one has to listen to and, second, the question of giving the President some flexibility in foreign policy. We took those things into account.

But I ask my distinguished colleague would he not believe this to be true: That if the President declares an embargo, both Houses must act against it within 30 days or it goes forward forever. But under the amendment of the senior Senator from Illinois and myself, if the President declares an embargo, unless both Houses approve it, it fails. It fails, I say to the Senator from Minnesota, within 60 days.

For every farmer who tills soil, whatever he may grow, from sugar beets to corn or wheat, giving him that simplistic issue, the farmer from Minnesota, Illinois, Pennsylvania, Iowa, or from throughout this country will cry out, "Give me this amendment."

Mr. HEINZ. Mr. President, will the Senator yield so that I might respond to his last comment?

Mr. DIXON. I yield.

Mr. HEINZ. If the Senator were to ask me if his amendment and that of the senior Senator from Illinois was in a sense a liberalization of section 6 of the Export Administration Act of 1979, section 6 being that section that deals with foreign policy controls, and that it was a liberalization in the sense that instead of having a 30-day, two-House veto which is in the law today and substitute for that a 60-day affirmative approval, I would say that the 60 days is a liberalization over 30 days.

I would equally say that the requirement to act affirmatively is probably tougher on balance than a decision to veto. It is probably tougher to say yes. Think of when you got married—it is probably tougher than saying no.

Mr. DIXON. I wish the Senator would not use that point. My wife is in the gallery. [Laughter.]

Mr. HEINZ. I did not say it was the wrong decision. I just said it was a tough decision.

So I think with respect to section 6 on foreign policy controls it is probably some of each, a little more liberal, a little tougher, a little easier.

Where the amendment definitely constrains the President unequivocally is in its application to section 5, the national security controls, where we do not have this kind of restriction today. So in that respect it is not an improvement if you are for Presidential flexibility, and I am on this issue.

The Senator also said it is a question of whether you are for the farmers. I would say what makes his amendment difficult is that it makes the question whether you are for the farmers or whether you are for the President, whoever happens to be President, because this is going to be law not just for the term of Ronald Reagan, but whoever is President.

The Senator from Wisconsin made a very profound point. He said this amendment reaches out to 1990, 1995, 2000, and we just do not know what the conditions are going to be like in those years, and he expressed reservations about the Senator's amendment on those terms. I think he is absolutely right.

Mr. DIXON. Mr. President, will the Senator yield to this extent? I would be the first to suggest we are all for the farmer, we are all for the President. That is not the issue here. Surely that this would be directed against this President has no value. We are not offering this as a criticism of this President. As the Senator from Wisconsin has pointed out, he did lift the embargo, and we are all grateful to him for that. This is not suggested as a response to him or to his administration. This is suggested as a proposition concerning what the law ought to be under this President, under the prior President, under the next President, under any President.

Mr. PROXMIRE. Mr. President, if the Senator will yield, this is a slap at the President. He has said he does not want it, he does not want his power to be interfered with. He made a promise, he has kept his promise, and we should not have to pass legislation to make sure he does.

Sure, if we hade a different situation with a President who indicated he might impose a selective embargo, then the amendment would be in order. We do not have that kind of a situation. When we find the situation may change in the future then it may be necessary for us to take that kind of action.

Mr. DIXON. Then the Senator is suggesting that immediately upon the next election should this President be succeeded by another President, that this is the first order of business we ought to attempt here?

Mr. PROXMIRE. I am not suggesting that at all. I am saying as far as I am concerned under no circumstances should we permit interference with the President's power to use a selective embargo for national security purposes.

Mr. DIXON. I respect that.

Mr. PROXMIRE. But I say particularly when we now have a President of the United States, President Reagan, who has given a solemn promise and who has a solid track record of opposing the selective embargo, under these circumstances it is now academic.

Mr. DIXON. I respect the Senator's opinion on the issue, but with respect to whether it is this President or another President, I think it has no value in disposing of this issue.

Mr. HEINZ. Mr. President, does the Senator from Illinois yield the floor?

The PRESIDING OFFICER. The Chair will point out that the junior Senator from Illinois has the floor.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. DIXON. I certainly will yield.

Mr. PERCY. So far as I know we are ready to vote. Inasmuch as I have a 4 o'clock plane I would like to make if it is at all possible, we could go ahead and vote, I would hope up or down, on the amendment. I am prepared to vote.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield the floor?

Mr. PERCY. Yes. If the Senator from Kansas would like to speak certainly we will yield to him.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, a number of us who represent farm States have been studying the amendment. Maybe we should not have been surprised, but we were not aware that the amendment was coming up until late this morning.

At first blush it would appear to me that anything—I think the Senator from Iowa indicated that it might prevent embargoes—and anything that does so is worth our attention.

But there is another matter, and that is we are now in conference on the farm bill, and we have an embargo provision in the Senate farm bill which, I might add, is much stronger than the embargo provision here, plus the argument made by the Senator from Wisconsin which, I think, has a great deal of merit.

So a number of us have been trying to determine how our vote on this particular amendment might be construed. We are opposed to embargoes, have been opposed to embargoes.

As I understand the amendment it would give Congress a chance to review the embargo and, I assume, that is not unprecedented. We just reviewed the AWACS sale, and I see this same expedited procedure being used as in AWACS, is that correct? The same procedure?

I have just read a hot line from the American Farm Bureau Federation in support of the amendment, which was received at 1:30 today. But I am of the opinion that if we adopt this amendment we, for all practical purposes, my first impression is, we may have weakened our efforts in the Senate Agriculture Committee.

The amendment in the Senate-passed farm bill was discussed by Senator JEPSEN and Senator BOSCHWITZ, I believe, who were the authors of that amendment and, frankly, the Senator from Kansas has some reservations about that amendment because it would, in effect, make it attractive for farmers to encourage an embargo. But, as Senator JEPSEN correctly points out, it is so unattractive to the Government that you probably will never have an embargo, so that is the other side. But in one instance—loans at 100 percent of parity—is that correct or is there an option, deficiency payments?

Mr. BOSCHWITZ. Mr. President, if the Senator will yield to us for a moment, you know farmers would be hard pressed to encourage an embargo. I do not know exactly how they would go about doing that.

Mr. DOLE. I do not suggest they would have a lobby, but they probably would not cry too long if you had one with those provisions.

Mr. JEPSEN. Mr. President, will the Senator yield? I appreciate the quick, the ready, and the very effective use of wit that the Senator from Kansas always has. I always have admired that. But it is something—to say that because of the way this amendment is in the Agriculture Committee against embargoes is worded that it would be costly for the Government if they were going to single out the farm economy, the food producers individually and singularly to implement farm policy, they had better doggone well pay for it. There is not anybody else in this society, this great free country of ours, that literally has been blackjacked, stabbed in the back economically, has seen the family farms and the things they worked for with blood, sweat, and tears for all their lives be wiped out with one edict because somebody wanted to look good or throw on something for a failed foreign policy, singled them out.

When you are absolutely, 100-percent correct, when you say that you have, that the language in the agriculture bill says, it does not seem like there would ever be an embargo, well, to make that totally correct, there would never be an embargo where farmers were singled out. If the President wants to embargo across the board they are as patriotic as everybody else. But to be singled out to carry out foreign policy, the Senator is exactly right, I hope that language in that bill says never again will anybody under any circumstances, Democrat, Republican, independent, in the next century be able to single out the American farmer again and make him a tool in implementing foreign policy and to economically literally devastate him.

Mr. DOLE. I yield to the Senator from South Dakota.

Mr. ABDNOR. I thank the Senator for yielding.

I would just like to say that the first time I viewed the amendment, I though any kind of a prevention of an embargo was better than what we have today. I am not a member of the Committee on Agriculture so I was not aware of the possible conflict the embargo protection provision of the Senate farm bill could possibly have with this amendment. I would not choose to jeopardize the language in the Senate's bill dealing with this matter.

But as I hear this debate unfold, I find myself inclined to support the proposal of the Committee on Agriculture. They have a very positive amendment, and I would be a little fearful that the pending amendment before us at this time could hinder passage of the Agriculture Committee's provision.

The farmer certainly needs some protection. While I feel confident that this administration probably will not impose an embargo, I think it is good that we have something like the proposal in the Agriculture Committee is put permanently into law.

I just think I would feel better if we had the right kind of precaution written into legislation that made sure, once and for all, that if the farmer was going to be singled out as some kind of a tool for foreign policy that we did something to protect the farmer. I think the Agriculture Committee has the right concept.

Mr. DOLE. Mr. President, before the Senator from South Dakota makes a final judgment, I wonder if the authors of this amendment intend for this amendment to, in effect, supersede what we have done in the Agriculture Committee.

Mr. DIXON. Not at all. May I say to the Senator from Kansas that I voted for the section of the farm bill, both in committee and on the floor, and supported it on my side enthusiastically.

I am an attorney. I do not represent that I am an authority on matters of this sort, but I would suggest to the Senator from Kansas, whose opinion on this subject I hold in the highest regard, and who I recognize to be a moving force in the conference committee, that I see nothing at all in the language adopted by us in the farm bill we passed in the Senate, presently under consideration in the conference committee, that would be at war with this amendment.

May I further remind the Senator from Kansas that we did not proceed further with this question in the Agriculture Committee because we were all satisfied that the farm bill was not the vehicle for the question of congressional input into the declaration of an embargo by the Chief Executive. We addressed in the farm bill, as my distinguished friend and colleage knows, only the question of imposing the kind of constraints in the farm bill that would make the administration reluctant to declare an embargo in a manner in which the Senator from Kansas and others have suggested, with high parity prices and things of that kind, an altogether different approach having nothing to do at all with the question of Congress responding in kind with the Chief Executive on the central issue.

Mr. DOLE. Is there a precedent for an amendment of this kind? Here it is a little different than AWACS was, I think, because there the President wanted us to sell and here the President would not want us to sell. Is there precedent for an amendment of this kind?

It is my view that there are all kinds of precedents for positive activity by the Congress subsequent to an act by the President, the War Powers Act being one, may I say to the Senator from Kansas.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, the Senator is a member of the Agriculture Committee, I know, and has great concern for the farmers. I know he also cares a good deal about the taxpayers' pocketbook and he has done a remarkable job in trying to balance those two concerns.

My question to the Senator from Kansas is this: There is, as we all know, a provision in the Senate agriculture bill that deals with, in a sense, the holding harmless of farmers in the event of an embargo. As I understand it—and I am not on the committee; maybe someone will correct me if I am wrong—but the farmer, as long as you deal within the scope of the conference, is going to come out of that conference committee all right.

I do not know whether he is going to get 90 percent of parity or 100 percent of parity in the event of an embargo, but he is going to come out a lot better than my dairy farmers who, I guess, are down to about 73 percent of parity, at least those are the reports I have.

You get only so many bites at the apple. My question is—I do not know if apples are in the bill—my question is which, really, do you want? Do you want to take care of the farmers and hold them harmless, which it sounds like you are going to do, or, in addition to that, do you want to take some authority away from the President that no longer, if you do what I think you are going to do in the farm bill, is going to hurt the farmer? How much protection is enough?

Mr. DOLE. Well, that is a question some of us are wrestling with.

Mr. HEINZ. We protected the peanut farmers and we protected the tobacco acreage specialists. I mean, how much protection is enough?

Mr. DOLE. I think the problem is it is always the grain farmers who feel the brunt of the embargo, wheat, feedgrains, and corn. And it has been a bipartisan effort, I might say. The Nixon embargo on soybeans when we lost the market to Brazil; President Ford embargoed the sale of wheat. He was pressured, I think, some by Congress, who thought wheat prices were too high, and that was devastating to the farmer. Then President Carter imposed an embargo in January 1980, and we are still feeling the effect of that.

So, some of us have to decide—and I think that is the thrust of the Senator's question—what should be our policy.

Well, as far as I am concerned, and other Senators from farm States who are gathered here in the rear of the room—we do not want any embargo, period. And Senator JEPSEN and others took the lead in encouraging the President to lift the embargo, President Reagan to lift the embargo imposed in January 1980. The President did that earlier this year. We did not have the market reaction we expected, but at least the embargo is lifted. We are now negotiating with the Soviet Union, for example, for additional sales. We have offered 15 million tons. It is my belief that that will have an impact and the market prices are getting stronger.

On the other hand, we have a provision in the Senate Agriculture Committee bill that does not only keep farmers whole, 100 percent of parity, loans that would be more than dairy—I think wheat is now about 51 percent of parity. So it would be a rather substantial benefit to the farmer.

Mr. HEINZ. At which point, the farmer may want an embargo.

Mr. DOLE. That was my comment in the committee discussion. I felt we had gone too far. I do not want embargoes,

but I do not want to make them attractive, not to the Government and not to the farmer.

So we are now trying to find out in the Senate Agriculture Committee how we can compromise that embargo provision where it will serve the farmer but still not overdo it. This might be the cleanest way. Adoption of this amendment might do away with any need to worry about the provision in the farm bill. I assume people will come in and say, "We don't need any protection now that you adopted this on the Senate floor. It had broad bipartisan support. The embargo question is put at rest. The farmer is protected without any exposure to the Treasury."

So, Mr. President, I think the Senator from Kansas will vote against tabling the amendment while I try to think whether or not it could be amended in some way to avoid a possible pitfall that we may have. I am aware of the time pressures on the distinguished Senator from Illinois. I really have not had a chance to see if we can amend this amendment. It is open to amendment. There might be a way to amend it that could make it acceptable to everyone in the room.

Mr. DIXON. Mr. President, I wonder if the Senator from Kansas would further yield on the very point he made for a moment.

Mr. DOLE. Yes.

Mr. DIXON. I say again that I respect the Senator's opinion on this subject. The Senator from Kansas pointed out the problem we had with soybeans and when we had the embargo on that that put Brazil in the soybean business.

I would remind the Senator from Kansas that even if we have some type of parity in the farm bill, a punitive approach, and I would support that, I presume it would not be high enough to be as discouraging as some would hope. The fact that I would like to call to the attention of the Senator from Kansas is this: When one of those embargoes ends, even if the soybean farmers get a decent return while it is in place, what does he do if he has lost all of his markets in the meantime?

That was what happened in the last embargo with reference to Brazil and something that I think this amendment addresses in a far better way than the farm bill itself has addressed that problem.

Mr. HEINZ. Mr. President, I know there are many Senators who are trying to make planes and meet other commitments. I do not want to foreclose debate but as soon as I can do so I would like to make a motion to table the amendment.

Mr. DOLE. I understand the need of the Senator, but I cannot think of any other more important issue to farmers than the issue of embargoes.

I wonder if we might have 2 or 3 minutes to take a quick look at this and see if there might be some way to make it better.

Mr. JEPSEN. Will the Senator yield for a question?

Mr. HEINZ. I do not have the floor.

Mr. DOLE. I yield the floor.

Mr. JEPSEN. Will the Senator yield for a question?

Mr. HEINZ. Yes.

Mr. JEPSEN. Maybe the distinguished Senator from Wisconsin would want to answer this, too. Let us say that we pretend for a minute. Let us pretend that the Senator is an attorney, though I do not think he is, and the Senator from Wisconsin is an attorney.

Mr. PROXMIRE. That is not a qualification to be a Senator. I am not an attorney.

Mr. JEPSEN. Let us all three pretend for a minute that we are going to have an embargo in which case we would single out all members of the American Bar Association in this country and the effect of this embargo would be to reduce, as long as the embargo was on, all the fees of all the members of the American Bar Association by 50 percent, as long as the embargo was on.

Would the Senator think they would consider that as being fair and equitable?

Mr. HEINZ. If the Senator will yield, I understand the thrust of the Senator's question. As I understand it, it is whether singling out anybody for anything is fair. That is the thrust of his question.

Mr. JEPSEN. Not anything. I am singling out people, to ask them to take an economic loss. History shows that. That is what happened when they put an embargo on feed grains. They have had to stand catastrophic economic losses that go along with depressed prices, lack of credibility for future markets, for developing markets, destabilizing whatever future there is in a very unstable future right now, certainly, in the agricultural area.

I am just asking, does the Senator honestly feel that is fair?

Mr. PROXMIRE. Will the Senator yield on that?

Mr. JEPSEN. I yield.

Mr. PROXMIRE. Where national security is concerned, we ask sacrifices that are very unfair. The Senator knows in war sometimes we draft pepole into the military and send them out to give their lives for our country. They do it. It is terribly unfair. The majority of the people are not asked to make any sacrifice like that at all, and some even profit from it. But national security is so important, so extremely important, that we have to demand sacrifices which in some cases are unfair and people feel very bitter about it.

But certainly an embargo should not be imposed, as the manager of the bill has said, for foreign policy reasons or human rights reasons but only for national security reasons.

Under those circumstances, it seems to me it is proper for us to call upon a segment of the population, maybe a very large segment, to make a very serious sacrifice. In this case the farmers were asked to make a sacrifice.

Mr. JEPSEN. Would the Senator be agreeable to an amendment which read in the event of a declaration of war? National security is a pretty broad subject. I think we ought to have a railroad built from Los Angeles to New York, transcontinental, because if something happened to the Panama Canal we would wish we would have it for our national security.

Mr. PROXMIRE. Even after the declaration of war we ask people to make serious sacrifices in the interest of national security. We believe it is proper and that that has to be done. That is what we are talking about here.

Mr. JEPSEN. That is not what we are talking about. The Senator is saying whoever decides we have a problem with national security.

Mr. PROXMIRE. Not anyone. Just the President of the United States.

Mr. JEPSEN. But in 1980 it caused many American farmers to go bankrupt. It singled out the agricultural community to carry out a macho-fostered foreign policy and they are still paying for it. All I am saying is if the Senator is really going to be serious about national security, really make a point about Afghanistan, why did we not stop exporting technology and all the other things we were exporting instead of singling out the American farmer?

Mr. PROXMIRE. We did stop that.

Mr. JEPSEN. Let us put an embargo across the board unless we have a declaration of war. In a declaration of war, nobody will question what we have to do. People will get behind the President to do whatever he can. I do not think anybody will quarrel with that.

But here we are talking about a very general thing called national security.

As I say, I want a railroad built across this country for national security reasons. We ought to have one. I am serious. If something happens to the Panama Canal, we ought to have it.

But here I do not think the farmers ought to pay for this. Does the Senator?

Mr. HEINZ. If the Senator will yield, I think Senator PROXMIRE has stated the case. This is a national security question. I would say to my good friend from Iowa that we do, in the Export Administration Act, provide very specifically on two occasions, in sections 6 and 7, for special protections to the farmer. We do not do it for anybody else.

The President tomorrow can embargo the shipment of electric razors—I hope we still make a few in this country—to the Soviet Union and there is no question. He can do it for foreign policy reasons or he can do it because of a shortage. There is no congressional veto, no congressional override of that. If he does it for one agricultural product, if he does it for lemons or avocados or for pine cones, that is subject, under sections 6 and 7, the foreign policy and short supply section, to congressional veto.

What we are talking about here is the last string to the bow, after foreign policy and short supply. We are talking about national security.

I listened rather intently to the exchange as to what was and was not national security. I do not think the Senator from Iowa really would have any of us believe that it is war before a question of national security is involved. The Senator is on the Armed Services Committee. He is constantly dealing with questions of national security that do not involve war. Indeed, they involve the prevention of war.

Mr. JEPSEN. Exactly. Knowing me as he does, would the Senator consider me not concerned with national security? I would remind the Senator I was a hawk coming into the Senate long before they were popular around here. I have often said that a dove is only safe until such time as the hawk finds him. I am concerned about national security, all aspects of it, including industrial preparedness.

Mr. HEINZ. And the Senator was not for going to war, but he wanted a strong national defense and still does. Is that right?

Mr. JEPSEN. I do not want the American farmer singled out to carry out foreign policy in this country by way of embargoes. If we are going to have an embargo, if it is that serious, let us embargo all products across the board. That is fair. That is all that any of us have ever said. All we are appealing to here is a good sense of fairness to prevail across the Senate.

Mr. DOLE. Will the Senator yield?

Mr. JEPSEN. Certainly.

Mr. DOLE. I am just wondering. We are right in the middle of the farm conference. The Senator from Kansas is a conferee. We are going to meet tomorrow afternoon at 2 o'clock. I think what has a lot of us in an undecided position is not knowing what the disposition of that provision would be. I would be willing to ask the distinguished chairman of the Agriculture Committee, Senator HELMS, if he would permit us to take up the embargo provision tomorrow afternoon or Wednesday morning if we can postpone action on this.

I know that interferes with orderly procedure, but it is very important to those of us who live in the Farm Belt. We have made a big issue—nonpartisan, I might say, or bipartisan—of this matter. Would the sponsor of the amendment and the manager of the bill object to any delay on this particular item?

Mr. HEINZ. Let me ask my friend from Kansas, on the assumption that a provision is worked out that various Senators here will be conditionally happy with on the farm bill, what would be the Senator's intention? Would he still press for this amendment? I do not mind putting something over, as long as somebody does not put something over on me.

Mr. DOLE. I might say the Senator from Kansas is not trying to have it both ways, Mr. President. My own view is—and I know my colleague from Iowa does not share this view—that the provision in the Senate farm bill is just a bit too generous. It has to be modified some. What happens there would dictate what this Senator does. This Senator is just one vote, but I am a conferee.

If, in fact, we could work out a reasonable provision to protect the farmer—and that is the intent of the Senator from Minnesota, the Senator from Iowa, the Senators from Illinois, the Senator from South Dakota—then it would be my belief we would not need this amendment. But we have not addressed that. It would be up to the chairman of our committee to move that upon the calendar.

Mr. HEINZ. If I may proceed further, Mr. President, under those circumstances, this Senator would not object to laying this amendment or this bill aside, but we have a problem, which is a scheduling problem, that this Senator does not control. We are going to have to get our majority leader, I think, to determine whether this would be acceptable to him.

Mr. DOLE. The Senator from Kansas understands that this is the last amendment. is that correct?

Mr HEINZ. No, Mr. President, there is another amendment.

Mr. DOLE. If that could be disposed of, then we shall just have this one to dispose of, which I think will happen very quickly once we reach some agreement in the House-Senate agriculture conference.

Mr. PROXMIRE. We have a Chiles amendment, also, Mr. President, on interest rates that the Senator from Florida wants to bring up and discuss and act on. I hope that we can act on that if we lay this amendment aside.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. DOLE. Yes, I yield.

Mr. JEPSEN. It is a unique position that I am in as a cosponsor of this amendment, having anything to do with bipartisan action on this amendment. As a cosponsor of this amendment and as a coauthor of the one in the agriculture bill, I hope we can do what the Senator from Kansas has requested. That would be the logical and, frankly, the good judgment and commonsense way to handle it.

I see our majority leader is here.

Mr. DOLE. If the Senator from Iowa will yield further, Mr. President, I understand the Senator from Illinois (Mr. DIXON) has no objection to that procedure as one of the sponsors of the amendment. Is that correct?

Mr. DIXON. I do not object at all to laying aside the amendment at this time, Mr. President, in the hope that we can find some accommodation between the different points of view. But I do not want the Senator from Kansas to assure my friend from Pennsylvania that this amendment will be dropped if we do something in the conference. I would rather leave it that we shall put it aside and see if all the honorable people here who want to achieve an accommodation can achieve an accommodation that all the different points of view can live with. That the Senator from Illinois would be delighted to do, and I think it is appropriate.

Mr. DOLE. That statement, to me, would be satisfactory. The Senator is right. We have to agree that if we do a good job in the Senate Agriculture Committee, that is one thing. If it falls short of what the Senators from Illinois want to achieve, it certainly would not have any impact on this amendment, should not have. It would not have any impact on those of us who are undecided, who are torn between the conference and this amendment. We do not want any embargoes, we want them to end. We want to make certain farmers are protected if, in fact, there is an embargo. It is hard to make that choice with two amendments pending.

Mr. DIXON. Mr. President, let me say further to the Senator from Kansas that the point I was making is that I hope my distinguished friend from Kansas would continue to look at this amendment along with the Senator from Iowa, the Senator from Minnesota, the Senator from Pennsylvania, and others look at this amendment along with what is done in the conference committee that might solve the problem.

Mr. JEPSEN. Will the Senator from Illinois yield?

Mr. DIXON. Yes, Mr. President.

Mr. JEPSEN. We worked on this area of this problem together and we share the same desire to have the same end result, that we do not have any embargoes unilaterally applied to farm producers. I point out that I understand that there is a difference in this amendment from the one that exists in the agriculture conference committee, in that the agriculture conference committee, to sort of paraphrase and sum up what it does, is right when it says unless Uncle Sam wants to really pay through the nose, there will not be any embargoes unilaterally applied. And without an embargo across the board to any particular, given commodity, he cannot unilaterally single out the American farm food producer without paying him 100 percent of parity by way of a loan or 90 percent of parity, and so forth.

This particular amendment that we are talking about now says that the administration may levy an embargo but, within 60 days, we would have to have legislative action here or approval. They are two different things.

Mr. President, I say this respectfully to the Senator from Illinois: If our amendment in the Senate Agriculture Committee passes as it is presently written, this will not be necessary because I do not think anybody is going to lay on an embargo unilaterally in peacetime and single out the farm community for the price tag we put on it. So when people say, "Senator, that is so stringent and rigid; we are not going to be able to have any embargoes," I repeat, my answer will be, "You have got it."

But I think we would all be well advised to wait and see what happens to that one tomorrow. It might well be that some of this language, which I think will meet with the Senator's approval, may be combined to bring that into such a form that it will come out of the Committee on Agriculture and be accepted by everybody.

Mr. DIXON. I understand what the Senator from Iowa is saying, Mr. President, and I appreciate it, and I see the majority leader is here talking with a variety of folks. I would be delighted to put it over.

Mr. ABDNOR. If the Senator will yield, Mr. President, I commend the Senator from Illinois (Mr. DIXON) for his willingness to do that. If it has ever been apparent that time is needed, it is certainly in this situation, on a matter of this magnitude, as important as it is to agriculture. It is certainly something we do not want to be forced to cast a vote on without thinking of all the ramifications or how we might improve the very goals the Senator is trying to achieve. I commend him and Senator PERCY for

their willingness to do this and I hope that while they are talking over there in the corner, they will come up with a solution to give us the necessary time so we can properly give it the attention that is needed.

Mr. JEPSEN. I say to the Senator from Illinois (Mr. DIXON) while we are waiting, I pose this question that I posed to the two nonattorneys on the committee: Does he feel the members of the American Bar Association would think it is fair to lay on an embargo where they had to take 50 percent of their fees? Does he think they would feel they are picked on?

Mr. DIXON. Mr. President, I cannot speak for the whole American Bar Association, I say to the Senator from Iowa, but most attorneys would look with disfavor upon any law which deprived them of 50 percent of their fees.

Mr. JEPSEN. Or even 10 percent. Or even be told how much they can charge.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. LUGAR). Without objection, it is so ordered.

Mr. BAKER. Mr. President, in connection with the Dixon-Percy amendment, certain negotiations are going on at this time that look toward the possibility of the consideration of that amendment, or perhaps one amendment to that amendment, and then third reading and final passage may occur not today but on Thursday, at a time certain. Our respective cloakrooms are checking both sides of the aisle, and we will perhaps have an agreement before very long.

In the meantime, in order to conserve time, I ask unanimous consent that the pending amendment be temporarily laid aside, so that the distinguished managers of the bill may proceed to another matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 597

(Purpose: To identify sections of the Export Administration Act that will be subject to higher civil penalties)

Mr. GARN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment numbered 597.

Mr. GARN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 4(c) of S. 1112 is amended to read as follows:

(c) Section 11(c)(1) of that Act (50 U.S.C. app. § 2410(c)(1)) is amended—

(1) by striking out the period at the end of the sentence; and

(2) by adding at the end thereof the following: ", except that the civil penalty for each such violation involving national security controls imposed pursuant to section 5 of this Act or controls imposed on the export of defense articles and defense services pursuant to section 38 of the Arms Export Control Act may not exceed $100,000."

Mr. GARN. Mr. President, the amendment that I sent to the desk I do believe will meet with the approval of the sponsors of the bill. I hesitate to say that it is a technical amendment. That is an awfully overworked term around here. But it is a simple amendment that corrects something that was not intended in the original drafting of the bill.

The intent of the bill is to enhance the enforcement of the act in the area of national security controls, one of the most vital purposes of the legislation. S. 1112 provides for an increase in the maximum for civil fines from the current $10,000 limit to a limit of $100,000. This is an important increase, necessary for the enforcement of the national security provisions of the act. The export of specifically identified technology and goods, in violation of U.S. law and detrimental to the national security, must be met with the heaviest of sanctions. In comparison with the sales of some major exporters the $10,000 limit in current law just does not pose a significant penalty. It is just a drop in the bucket. This is particularly true with regard to national security controls. These controls must be clear and effective so that not one item slips through to find its way into the arsenals of our adversaries.

Mr. President, I hope that we will finally get out of the business of teaching our adversaries how to destroy us. When we allow one item, be it a computer, or technology for the production of critical alloys, slip into the hands of our adversaries it soon can be copied and disseminated to our serious disadvantage. The penalty for such action must be severe enough to deter its ever occurring. For that reason the bill provides for a tenfold increase in the maximum penalty.

Unfortunately, Mr. President, the wording of the bill seems to provide for a similar increase in civil penalties for transactions unrelated to national security controls, such as controls for foreign policy, short supply, and antiboycott reasons. That would be an unnecessary increase in these areas, where the sanctions currently pose an adequate penalty. The level of fines levied by the the Commerce Department recently has risen to about $5,000 per violation, well within the current $10,000 maximum.

Moreover, each case often involves multiple violations, making the total a substantial penalty. For example, one company recently agreed to pay a penalty of $137,500 in one such case. In another case involving violation of the antiboycott provisions of the act, a penalty of $5,000 per violation for 26 violations was imposed, or in other words a $130,000 fine.

Mr. President, while all violations of the act are serious and deplorable, a maximum civil penalty of $10,000, when coupled with the other administrative sanctions available, which include forfeit of export rights, such a sanction would seem to be sufficient at this time for violations not directly related to the national security controls.

Furthermore, an increase applicable to all violations under the act, which often involve administrative oversight by an exporter or freight forwarder, could unnecessarily create an export disincentive in transactions unrelated to national security controls.

Mr. President, for these reasons I say that the amendment is little more than a technical amendment. It follows more fully the original intent of the bill, clearing up what was not intended. It has the support of the administration. It is a simple amendment, and, as I said, I hope that the sponsors of the bill, notably the distinguished Senator from Pennsylvania and the distinguished Senator from Wisconsin will be able to accept it.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. GARN. I am happy to yield to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, my distinguished colleague, the chairman of the Banking Committee, makes a persuasive point about the level of civil fines. My particular concern has been with respect to fines for violations of the antiboycott provisions, but as the Senator from Utah noted, the current $10,000 ceiling per violation is presently well above current Commerce Department practice. Additionally, since this is a fine per violation, and most cases involve multiple violations, the actual penalty assessed is often significantly larger than $10,000. I am pleased to note that recent Commerce Department practice seems to be establishing a $5,000 per incident level of fine. With the hope and understanding that this will generally become the minimum fine levied, I am certainly prepared to accept the Senator's amendment.

I believe very strongly that this country needs a strong antiboycott compliance law, and as the Senator knows, I was deeply involved in the creation of the present statute, which apepars to be serving us well. I am sure the Senator from Utah does not intend—and I would not want anyone to conclude—that this amendment implies a lessening of congressional concern over antiboycott violations. It does not. The committee follows enforcement policy with respect to this law very closely, and we are prepared to make adjustments should they be necessary to make clear our commitment to aggressive enforcement. One such change would be increasing the fines,

and while I do not believe that is necessary at the present time, I want to clarify for the record the willingness of this Senator to do that should circumstances change.

I yield to my distinguished colleague from Wisconsin.

Mr. PROXMIRE. Mr. President, as I understand the distinguished chairman of the Banking Committee, Senator GARN, the purpose of his amendment is to provide penalties on national security violations that would be adequate to be a deterrent to these violations, and the Senator feels with respect to other penalties the Commerce Department has the administrative authority to provide the adequate deterrence.

Of course, I am happy to support the amendment and congratulate Senator GARN on the amendment.

Mr. GARN. Mr. President, I thank my colleagues and ask that the amendment be accepted.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Utah.

The amendment (UP No. 597) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Illinois.

UP AMENDMENT NO. 598

(Subsequently numbered amendment No. 625.)

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection to laying aside the amendment of the Senator from Illinois? The Chair hears none, and it is so ordered. The amendment is laid aside.

The clerk will report.

The bill clerk read as follows:

The Senator from Florida (Mr. CHILES) for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, Mr. ZORINSKY, and Mr. CRANSTON, proposes an unprinted amendment numbered 598.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. HEINZ. Mr. President, reserving the right to object, are copies of the amendment available?

Mr. CHILES. Yes, they are.

Mr. HEINZ. Could we get a few extra copies?

The PRESIDING OFFICER. Is there objection?

Mr. HEINZ. Mr. President, reserving the right to object, and I hope I do not have to object, because I just want to save on paper.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add a new section, as follows:

"SEC. ( ). EMERGENCY DECLARATION DIRECTING THE PRESIDENT TO ASSURE AN ADEQUATE FLOW OF AFFORDABLE CREDIT TO SMALL BORROWERS.

Since the foremost domestic goals of the United States are healthy growth of the economy and prosperity of the American people; and

Since continued high interest rates are choking off productive investment and causing lasting damage in such key sectors of the economy as:

Housing where prohibitive mortgage interest rates are preventing almost all Americans from buying homes and are crippling the homebuilding, lumbering, building supply and other industries that contribute to home construction;

Automobile manufacturing where high interest rates are preventing consumers from financing basic car purchases, are placing unbearable inventory costs on car dealers and are forcing manufacturers to delay vital investments in more productive plant and equipment;

Farming where interest rates are the largest factor in the farm cost-price squeeze and are frustrating the ability of small farmers to finance land, equipment, feed and fertilizer; and

Small business where many well managed firms are being forced to close because the high cost of borrowing makes it increasingly difficult to finance necessary inventory, minimum working capital and investments needed to remain competitive; and

Since high interest rates are cutting through the entire economy, unleashing such early signs of a severe recession as:

Unemployment mounting in a large number of industries; and

Business bankruptcies rising at alarming rates; and

Since excessively high interest rates are having a damaging effect on virtually every American household, preventing them from buying homes, cars and furniture, from sending their children to college, from maintaining their family farm; and

Since high interest rates are inflationary since they must be passed along from business to consumers as high prices; and

Since high interest rates choke off the steady production of basic goods such as beef cattle and houses, leading to higher prices in future years; and

Since massive sums of credit continue to be diverted to non-productive uses, such as conglomerate mergers and corporate takeovers; and, combined with reduced enforcement of anti-trust laws, this dual credit policy is shifting control of business away from small businessmen and farmers toward a few large corporations; and

Since an inflexible monetary policy supported by the Administration has added to the crisis in the cerdit markets; and

Since these devastating credit conditions constitute an economic emergency which requires immediate action;

It is therefor declared by the Senate and House of Representatives of the United States of America in Congress assembled: That the President in cooperation with the Board of Governors of the Federal Reserve System shall by November 25 exercise appropriate authorities to assure an adequate flow of credit to small borrowers at affordable prices. Particular attention should be paid to reducing home mortgage rates, increasing employment, reducing the excessive financing cost for auto purchases, halting the rapid rise of small business bankruptcies and reducing the excessive cost of farm equipment and supplies. Such actions shall include voluntary guidelines appropriate to various regions of the country and type of borrowers, which may be altered periodically as necessary to achieve these purposes.

The President shall also take appropriate actions to limit the large-scale diversion of credit to non-productive uses, such as conglomerate mergers and corporate takeovers.

The President in cooperation with the Board of Governors of the Federal Reserve System shall take non-inflationary actions necessary to reduce interest rates which are currently at levels abnormally above the current rate of inflation.

In deciding upon the appropriate actions to assure the availability of credit to small borrowers, the President shall consult with representatives of the small business community, the housing industry, auto dealers and small farm operators.

The President shall report to Congress within thirty days concerning the effect of his actions in protecting an adequate flow of affordable credit to small borrowers and reducing excessive interest rates.

Mr. CHILES. Mr. President, I submit this amendment on behalf of myself, Senator SASSER, Senator MELCHER, Senator EAGLETON, Senator ROBERT C. BYRD, and other Senators. What we are seeking here is to have the President set voluntary guidelines for lending institutions to assure that credit is made available at affordable rates for small businesses, home mortgages, small farmers, and business people.

It also tells him to limit the diversion of credit to the conglomerate mergers and takeovers.

What we see happening here in the situation that we find today in the economy is we sort of have a dual economic system working. We have energy companies booming, some of our defense contractors are booming, a lot of the major and biggest corporations are in the merger and takeover business; credit is being rationed as a point of national policy; the President and the Federal Reserve System are reducing and holding down the growth of money, and that is a national policy to try to get some kind of a handle on inflation.

But, of course, while that is happening we are finding that that rations credit, and so at the smallest denominator, where the small businessman tries to operate, the small farmer, the housebuilder, credit is either not available or it is not available at that rate which they can afford.

We see bankruptcies running at a rate higher than we have seen in a long, long time. We find those interest rates are literally starving people out of being able to do business. Many people are calling me and are as frustrated as they can be. It is interesting, and I talked to young businessmen, who say, "For the first time in my life I cannot control my own destiny no matter how early I get up in the morning or how late I work at night. If the interest rates remain where they are and if credit is not available to me, no one will buy my product and I am going out of business," and they are as frustrated as they can be.

What we are asking in this resolution

is that the President will, with the Federal Reserve System, provide a policy that will provide credit at an interest rate they can afford to some of the small businesses in the small business sector.

We recognize that is probably still going to be much higher than they would like to pay, but our overall system is working that way now, and we are hoping through the fiscal policy to be able to address that and bring down interest rates, bring down inflation.

But that we know is going to take some time. While that is happening we think we need to send a message out to the small business people that we are cognizant of the problems they are having, and we are trying to do something about them.

At the same time, Mr. President, I think we need to have a message sent by the President to the conglomerates that are now in the takeover business and to the financial institutions that are providing the credit and the money for those takeovers that the scarce amount of credit we now have and the scarce money we now have should not be used for that purpose; that that is not, should not be, national policy to have it used for that purpose.

As we know, those mergers and conglomerate takeovers are not providing any new jobs, they are not providing any new technology, they are not providing any new energy, they are not providing any new capital formation. They are now taking from the supply of money that would be available, that is out there, the pool of money that would be available for small businesses, and regardless of what we talk about in the large sector we know that the small businesses still make up anywhere from two-thirds to three-fourths of the jobs that are in our country today.

If we look at the recent figures on unemployment we see that we are now running at 8 percent, with 8.5 million people unemployed in this country today, the highest number unemployed since 1941, I believe, since we were back into that time when we were going into World War II, and an awful lot of those people, I know, we all know, are employed, were employed, in small businesses.

What we find now is that small businesses are scrambling to reduce their employment, scrambling to see if they can survive in a time in which they are being pressed to the wall, and so they are laying off people, they are cutting back on their employees.

The building industry is in its worst plight since many of us can remember in the number of houses we are producing in this country, and it is a direct result of interest rates, a direct result of the fact that because we know we are not overbuilt but we are underbuilt, there is a tremendous demand by people who are seeking money for housing but they cannot qualify, they cannot qualify because of those high payments, and as they cannot we see everything that happens in the building industry from the realtor being out of work to the insurance person who has been selling insurance, to all of the building industry businesses that are related, back to timber, and now we see some of the biggest cutbacks from our lumber people and timber people.

The same thing, of course, is in the plight of our automobile industry where we find the reason they cannot sell the cars is due to the interest rates.

What in the world can be done about this? Well, by this resolution I am sure we are probably not going to solve the problem overall. But certain things we can do. We do know that in 1973, for example, the then-chairman of the Federal Reserve System, Arthur Burns, directed the banks to set a duel prime rate system so that major corporations would borrow at one rate and small businesses would borrow at a little more favorable rate.

Certainly that was trying to show them we were attempting, as a national policy, to provide interest rates at rates they could afford. We do know that if the President came down hard on corporate mergers, and if he said it is not working in the best interests of this country to have the money that we now have out there, the small amount of rationed funds out there, being locked and put aside for this basis, that we would see some results from that.

We do know when we look at a merger like the Conoco takeover, three major corporations vying for that merger, with DuPont being the eventual winner, and we see the Seagram Corp. and Mobil Corp. also in the game, that each one of those giant corporations went to its banking institutions and had them set aside from $5 billion to $10 billion in credit, and that money was taken out of the loans that could be made to any small business, and that money was held aside as that fight went on for a number of months.

And now it is only DuPont being in it and probably only the DuPont line being drawn down, but all of the other money was received.

The same thing happens when LTV goes after Grumman, and the same thing happens with all other mergers we have. We need a signal, Mr. President, to come from the President of the United States that it is not in the best interest of our national policy today to have this happen.

So we are asking for voluntary direction to be given to our banks and our lending institutions as to how they should make credit available. And certainly it should not be made available for these mergers.

We are asking the President—and I think this is very important—to consult with small business and farmers and automobile dealers and those people at the bottom end, to consult with them as to plans and directions and to listen to them as he makes his recommendations and then to report back to the Congress and tell us what he feels that he can do on this subject and what we can do.

Mr. President, this Congress has been backing the President, both sides of the aisle I might say. The Democrats in vast numbers voted for the spending cuts that were requested by the President, some $35 billion plus, and then supported the tax cut. Again, the vast majority of the Democrats as well as the Republicans supported those tax cuts.

Now we want to join with him in helping solve this interest rate problem at the same time. The President has said on several occasions, and once in his message to the joint meeting of the Congress, that he hoped if we had a plan that we would present that plan and come forward with it. So we do not just want to be a part of the problem, we want to be a part of the solution. We want to say that now we feel is the time to have a meeting of the minds between the President, the Chairman of the Federal Reserve Board, and leaders of the Congress, if the President feels it necessary, to consult with and to come up with a direction on which we could and should go to try to do something about interest rates, but also to send a signal to those small business people that we are aware of their plight, we are not going to leave them out there dangling in the wind, saying that a year from now or 18 months from now the economy will turn around and those of you who survived it will be better for it or any of you can start over. We are going to say we feel that the President should recognize that plight and present a plan back to us. And that is what we are seeking, Mr. President, in this resolution.

The fact that 35 Senators have come together on this single resolution indicates the sense of emergency about the conditions of the country's credit markets. This crisis is reaching every family and every small business in America. Anywhere I go in the State of Florida, people tell me that they cannot afford a home mortgage; they cannot afford to finance an automobile; they cannot buy farm equipment and supplies. It is not just a matter of the high price of money.

Small businessmen are telling me that they can no longer get credit at any price; it is just not available to them. We see a dual credit system developing in this country, where tens of billions of dollars are made available to huge companies for conglomerate takeovers that produce no economic benefits. Mergers create no jobs, and are more likely to hurt productivity than help it. Yet the small businesses which create jobs, which develop innovative processes, are being starved of credit. The economic losses from this credit crunch are clear in the new unemployment rate announced this morning—it went up to 8 percent in October.

Mr. President, nowhere is the impact of this crisis seen more clearly than in the housing market. Housing sales have declined at the worst rate since the Depression, new housing starts are down to about 1 million a year, which is only half the 2 million annual level which we need just to replace the old housing stock. Their is no way the average family can afford to buy a new home now. While some people take comfort in the fact that short-term interest rates have come down a couple of percent recently. Well mortgage rates are still up around 18 to 19 percent, and the average family cannot afford a house if the rate is above 13 percent. For example, the Wharton economic forecast projects that long-term rates will come down to 14 percent,

and that will only produce about 1.3 million starts, far below the 2 million we need.

Mr. President, I ask unanimous consent to insert in the RECORD at this point a letter from the National Association of Homebuilders, which endorses this resolution and describes the plight of the housing industry.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., November 4, 1981.

Hon. LAWTON CHILES,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CHILES: On behalf of the more than 123,000 members of the National Association of Home Builders, I am writing to express our support for your emergency resolution directing the President to assure an adequate flow of affordable credit to small borrowers.

As you are aware, record high mortgage interest rates are having a devastating impact on the housing industry. Housing starts in September were down to an annual rate of 918,000, 56.2 percent below the peak level of 2.09 million in 1978. We are currently in the midst of the longest housing recession since World War II. The NAHB forecast for 1981, which assumes some moderation in interest rates by the end of the year, estimates that only 1.07 million housing units will be started this year. Housing starts in the 1 million range are dangerously below the projected need of up to 2 million units a year during this decade. And pent-up demand will only build up inflationary pressures on housing prices in the future.

High interest rates have dramatically increased the failure rate in the construction industry. In the first 7½ months of 1981, total failures in the construction industry were up 41 percent over the same period of last year. Failures among general building contractors were up by 28 percent over the same period in 1980. Subcontractor failures were more severe, with the number of failures up by 127 percent. This is particularly significant since the comparisons for 1981 are being made with 1980—the worst year for construction failures on record. If interest rates do not fall in the near future, the unfortunate result will be that many more businesses will fail.

The precipitous drop in housing starts has had a significant impact on the overall economy by raising the unemploymet rate in the construction trades. The official construction unemployment rate is 16.3 percent and over 828,000 wage and salary workers are out of jobs.

First-time homebuyers in particular have been priced out of the housing market by high interest rates. Each one percent increase in interest rates puts a median-priced home out of the reach of over 860,000 families. At the current mortgage interest rate of 17 percent, a $60,000 mortgage carries a principal and interest payment of $855 per month. Other housing-related expenses bring the monthly housing expenditure to $1,070. This requires an annual income of $38,520 and fewer than 10 percent of all first-time buyers could qualify for this median-priced home.

The Federal Reserve Board policies of almost the last two years, along with the rapid deregulation of financial institutions, have led to near chaos in the financial markets, and in credit-sensitive industries such as homebuilding. We believe that non-inflationary action to lower interest rates would reduce inflation by restoring business and consumer confidence in the economy and by increasing production, employment and competition in the marketplace. We believe that the Administration and Congress should pursue economic policies that reward increased productivity, encourage business investment and consumer savings, and reduce unnecessary and costly government regulations.

For those reasons, we support your resolution which would promote the availability of credit for productive enterprises while limiting the diversion of credit to nonproductive uses such as corporate mergers and takeovers. This would help ensure the financial health of small business and financial institutions as well as the housing industry, and promote productive growth throughout the entire economy.

Sincerely,

HERMAN J. SMITH,
President.

WHAT DOES THE CREDIT PROTECTION RESOLUTION DO?

Mr. CHILES. Mr. President, this resolution instructs the President and Federal Reserve to set voluntary guidelines for lending institutions, telling them to set aside some credit for small borrowers—home mortgages, small business, small farmers—at prices they can afford.

Mr. President, this resolution also tells the President to issue voluntary guidelines limiting the amount of credit being diverted to conglomerate mergers and corporate takeovers. At a time when small businessmen cannot get the credit they need to survive, we see tens of billions of dollars diverted for these takeovers. The evidence has always been that takeovers do not add anything to real economic growth. All they do is concentrate economic power in the hands of a few giant corporations or holding companies.

We have heard a lot of talk recently about what we have to do to improve our productivity and compete better in world markets. When I chaired a special subcommittee on productivity, we found that capital investment is only part of the problem. We have a real problem with a lack of innovative management and worker morale. When a company is taken over by a conglomerate holding company, you usually make this problem worse.

All too often, the new management knows nothing about how to manufacture and sell the product; all they are concerned about is milking the cash flow for short-term profits. When people up and down the line see their companies taken over by a conglomerate, they know that decisions will be made strictly on a financial basis, without regard to the quality of the product, and morale goes down. We have to start turning that trend around if we are going to improve productivity.

Mr. President, we must stop this dual credit system that is engulfing our economy.

The administration does not seem to care about the effects of high interest rates. They have made a tight money policy a central part of their economic plan, and refuse to budge an inch. Just last week I asked the Secretary of the Treasury point blank whether they wanted the Federal Reserve to loosen up, even to meet its own money supply targets. Secretary Regan said "no," they do not want to see any loosening up at all. And that is after the President has said that we are in a recession.

Mr. President, I take no comfort when interest rates come down due to a recession. When the economy recovers this spring we will face the same pressures, plus another 10-percent tax cut, and interest rates will go back up. The pressures on the credit markets will be coming from:

Huge Federal deficits;

Private investment to carry out our defense buildup;

Private industrial investment in response to the tax cut; and

The administration's tight money policy.

If high interest rates are the problem, why do we not just bring them down? Unfortunately, I do not think that is possible to do in the short term, and small business, housing and small farmers cannot survive until we get to the long term.

Some people say that if the Federal Reserve just eased up on the money supply, rates would come down. While I agree that the Fed has been too rigid in its restraint, running the printing presses full blast would just bring us more inflation in a year or so. When the credit markets saw loose money and large deficits, they would expect tremendous inflation and long-term rates would skyrocket. And that would generate extra pressure in the short-term market, as borrowers refused to pay fantastic rates. We saw this just 2 weeks ago, when the Fed seemed to be easing up for a few days. While short-term rates came down a little, long-term rates actually went up higher.

Why do we not just balance the budget, and take the pressure off monetary policy? While I share that goal, I just do not see the numbers adding up to a balance. The Congressional Budget Office estimates that with the tax and spending cut laws we have enacted as of today, we face deficits of $80 billion in 1982, $90 billion in 1983, and $10 billion in 1984. And CBO's economic assumptions are almost as optimistic as the administration's. On top of those deficits, we have about $20 billion a year of off-budget outlays, so the total Federal impact on the credit markets will be between $100 and $120 billion a year.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing the deficit outlook derived from the data on pages 4, 5, and 32 of CBO's September 1981 update on the economic and budget outlook. Even this dire outlook is relatively optimistic. The Senate Budget Committee estimates that if you use the consensus economic forecast of major private forecasters, the 1984 deficit will be close to $140 billion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—PROJECTED DEFICITS, FISCAL YEARS 1982–84

[In billions of dollars]

	Fiscal year—		
	1982	1983	1984
CBO deficit estimates based on enacted tax cut and reconciliation bills	−65	−55	−50
Further cuts assumed in first Budget Resolution, but not yet enacted	−15	−35	−50
Federal deficit based on currently enacted laws	−80	−90	−100

Mr. CHILES. The President's new package announced in September, does not even go halfway toward eliminating those deficits. The numbers are just too great. If we passed the President's cuts in defense and exempted social security and medicare from cuts, we would have to cut 36 percent out of all remaining programs to balance the budget in 1984. That is more than one-third from everything, including veterans' pensions, education programs, highway funds, food stamps, and law enforcement. That 36 percent would have to be on top of the major cuts we have already enacted. I just do not think the public wants that level of cuts, which means dismantling most of Government. So unless the President and the majority of Congress are willing to roll back a significant portion of the massive individual tax cuts, we are not going to get close to a balanced budget.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing how much we would have to cut if we exempted various programs, such as defense and social security.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPOSITION OF FEDERAL BUDGET (CBO ESTIMATES BASED ON FIRST BUDGET RESOLUTION ASSUMPTIONS)

[In billions of dollars]

	Fiscal year—		
	1982	1983	1984
Deficit based on currently enacted laws (total, $270 billion)	−80	−90	−100
President's proposed defense cuts	(2)	(5)	(6)
Remaining cuts to balance in 1984			94
Total Federal outlays	720	753	798
Exempt net interest costs	70	71	69
Exempt rest of defense	170	202	227
Exempt social security: Cash benefits	151	166	180
Exempt social security: Medicare benefits	16	53	59
Remaining outlays to be cut	283	261	263
$94 billion as percent of remaining outlays			(36)
Composition of remaining outlays:			
Veterans benefits	24	25	27
Percent	8	10	10
Highway funds	15	14	14
Percent	5	5	5
Education	15	16	16
Percent	5	6	6
Grants to State and local governments	92	94	96
Percent	32	36	36

Mr. CHILES. Do deficits make a difference in interest rates. They sure do. Particularly when we are expecting strong demand for private borrowing. Stimulating that demand was the intent of the tax cuts, and the incentives we put in for greater capital investment. The private sector is responding to those signals and borrowing heavily for new plant and equipment, as well as for new inventories. It is a classic case of supply and demand driving up prices; in this case, it is the price of money.

On top of the pressure of Federal borrowing competing with a high private demand for money, we are going to have a great deal of uncertainty. All the decline in inflation so far has been due to lower food and fuel prices. A bad harvest in other parts of the world, or a supply interruption from any one of the Middle East oil countries could throw a huge monkey wrench into the CBO and administration economic projections which are based on the optimistic assumption that the world will work peacefully and smoothly for the next 3 years. The huge tax cuts have just left no margin for error in fiscal policy. While we all live with uncertainty, the credit markets charge a price for it. I would guess that about 2 percent of the 5-percent spread between inflation rates and interest rates is that uncertainty or risk premium. One budget committee witness from a major Wall Street investment firm recently estimate the risk premium as 4 percent.

After painting such a gloomy picture for continued high interest rates, what do we propose to do?

We believe it is necessary to move on a voluntary basis to a duel system of credit by asking lending institutions to set aside a certain amount of money to lend to small borrowers at a rate they can afford. We have taken as our model the Committee on Interest and Dividends, which was created by executive order and headed by Federal Reserve Chairman Arthur Burns back in 1973. Faced with a similar credit squeeze, they issued voluntary guidelines for lending institutions, telling them to set up a "dual prime rate" structure, with lower rates for small business, housing, and agriculture. The system was not just voluntary, but flexible, with the rates to be determined in accordance with market conditions in each part of the country.

While we do not specify a "dual prime rate" in this resolution, that is what we have in mind by the phrase "affordable prices appropriate to the various regions of the country and type of borrower." We want the administration and Federal Reserve to have the flexibility to apply its expertise to come up with the most practical guideline.

We also instruct the President to consult with representatives of the small business community, the housing industry, auto dealers and small farm operators to insure that the guidelines are practical and effective.

Mr. President, I ask unanimous consent to insert in the RECORD at the end of my statement a copy of the voluntary guidelines issued in 1973, to give an idea of how flexible such a system can be.

What reason do we have to expect lending institutions to respond to voluntary guidelines? There are several reasons. First off, I believe most bankers are responsible businessmen. They care about their communities and the Nation's economic health. They will respond to a call from the President and the Chairman of the Fed.

Second, I know that lending institutions are carefully watching what is happening here in Washington. They know that there is a credit crisis and that in the words of the House minority leader, BOB MICHEL, "something has to give" pretty soon. They know that there is tremendous pressure on the Fed. To roll the presses and inflate the money supply. They know that there is great pressure for mandatory credit allocation. Either of those two outcomes would be tremendously disruptive to the credit markets.

So, I believe the Nation's lending institutions will respond in good faith to a flexible, voluntary set of guidelines.

I know some Members will be concerned about whether such guidelines constitute credit controls, or credit allocation. I would therefore like to address the issue head on, and explain the difference between the kind of "credit protection" we are seeking, and "credit allocation."

In this amendment we are telling the lending institutions that there is a critical economic need we would like them to respond to. We are letting them set the terms of their response, both in how much they will lend to small borrowers, and at what rates.

A real credit allocation system would set maximum rates and minimum reserves of credit for the designated uses. That could be done in two ways. First, a simple regulatory approach could require each institution to use given percentages of its assets for certain purposes, and set appropriate interest rate charges.

A second approach is already commonly used by the Federal Government. Loans are made directly by Federal agencies or are assured by Federal guarantees. Direct loans allocate their face value of credit to the specified usage. Guarantees allocate credit by providing below-market interest rates. These Federal credit activities have grown tremendously in recent years, and now account for $147 billion a year. We at the Senate Budget Committee have taken the lead over the last few years to institute a credit budget to limit this growth. President Reagan has proposed major reductions in Federal credit activities, and I support that approach.

But I point out to my colleagues that some of the largest Federal credit programs are in just the areas we are addressing with this amendment: housing small business, and agriculture. These programs have developed over the years because these are the sectors who always get squeezed by high interest rates. We certainly do not want to cut back on those credit programs right now.

I therefore suggest to my colleagues that if we do not ask the private sector to make credit available to small borrowers on a voluntary basis, we will not be able to withstand the pressures to greatly increase these Federal loan and guarantee programs. In that case, we would have true credit allocation in a very costly form.

Mr. President, I hope my colleagues will respond now to the Nation's credit crisis, and adopt this moderate resolution to assure credit to small borrowers.

I ask unanimous consent that a letter from the National Association of Homebuilders and a report from the Committee on Interest and Dividends be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF
HOME BUILDERS,
Washington, D. C., November 4, 1981.

HON. LAWTON CHILES,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CHILES: On behalf of the more than 123,000 members of the National Association of Home Builders, I am writing to express our support for your emergency resolution directing the President to assure an adequate flow of affordable credit to small borrowers.

As you are aware, record high mortgage interest rates are having a devastating impact on the housing industry. Housing starts in September were down to an annual rate of 918,000, 56.2% below the peak level of 2.09 million in 1978. We are currently in the midst of the longest housing recession since World War II. The NAHB forecast for 1981, which assumes some moderation in interest rates by the end of the year, estimates that only 1.07 million housing units will be started this year. Housing starts in the 1 million range are dangerously below the projected need of up to 2 million units a year during this decade. And pent-up demand will only build up inflationary pressures on housing prices in the future.

High interest rates have dramatically increased the failure rate in the construction industry. In the first 7½ months of 1981, total failures in the construction industry were up 41% over the same period of last year. Failures among general building contractors were up by 28% over the same period in 1980. Subcontractor failures were more severe, with the number of failures up by 127%. This is particularly significant since the comparisons for 1981 are being made with 1980—the worst year for construction failures on record. If interest rates do not fall in the near future, the unfortunate result will be that many more businesses will fail.

The precipitous drop in housing starts has had a significant impact on the overall economy by raising the unemployment rate in the construction trades. The official construction unemployment rate is 16.3 percent and over 828,000 wage and salary workers are out of jobs.

First-time homebuyers in particular have been priced out of the housing market by high interest rates. Each one percent increase in interest rates puts a median-priced home out of the reach of over 860,000 families. At the current mortgage interest rate of 17 percent, a $60,000 mortgage carries a principal and interest payment of $855 per month. Other housing-related expenses bring the monthly housing expenditure to $1,070. This requires an annual income of $38,520 and fewer than 10 percent of all first-time buyers could qualify for this median-priced home.

The Federal Reserve Board policies of almost the last two years, along with the rapid deregulation of financial institutions, have led to near chaos in the financial markets, and in credit-sensitive industries such as homebuilding. We believe that non-inflationary action to lower interest rates would reduce inflation by restoring business and consumer confidence in the economy and by increasing production, employment and competition in the marketplace. We believe that the Administration and Congress should pursue economic policies that reward increased productivity, encourage business investment and consumer savings, and reduce unnecessary and costly government regulations.

For those reasons, we support your resolution which would promote the availability of credit for productive enterprises while limiting the diversion of credit to nonproductive uses such as corporate mergers and takeovers. This would help ensure the financial health of small business and financial institutions as well as the housing industry, and promote productive growth throughout the entire economy.

Sincerely,

HERMAN J. SMITH,
President.

CRITERIA ESTABLISHED BY THE COMMITTEE ON INTEREST AND DIVIDENDS FOR INTEREST RATES CHARGED BY COMMERCIAL BANKS

1. A major purpose of the criteria described below is to protect small business and farm borrowers against burdensome increases in interest rates, and yet make it possible for rates on loans to large national firms to respond flexibly to changes in money market conditions. It is not intended, however, either in the case of loans to large firms or to small firms, to interfere with normal business practices relating to differentials in interest rates that reflect credit risk and similar factors.

2. Major corporations ordinarily have extensive banking relationships across the country. The "large-business prime rate" is to be understood as the rate charged by a commercial bank on short-term loans to large businesses with the highest credit standing. This rate, which corresponds to what is now usually termed the prime rate, generally will apply to borrowers who have access to national money and capital markets.

3. Small businesses and farms normally are restricted to local banking sources and do not have access to national money markets. The "small-business prime rate," which will apply to such borrowers, is to be understood as the best rate charged by a bank to its most credit-worthy local customers. This rate may vary from bank to bank.

4. The interest rate charged by a commercial bank on a business loan, whether to a large or small firm, is part of its structure of rates reflecting degree of risk, size of loan, and other factors. This structure is to be based on the "large-business prime rate" in the case of large borrowers, and on the "small-business prime rate" in the case of small businesses and farms.

5. For present purposes, a small business is any domestic—commercial, industrial, or agricultural—borrower whose total borrowings outstanding at any one time over the preceding 12 months (exclusive of long-term real estate mortgage debt) did not exceed $350,000 and whose assets do not exceed $1 million. This definition covers the great majority of business establishments and farms.

6. Banks may extend application of the small business rate structure to any firm regardless of size.

7. Rates charged by a commercial bank on loans to large firms may respond flexibly to changes in open market interest rates. By keeping the "large-business prime rate" consistent with the cost of borrowing from alternative market sources, the recent large diversion of financing from the commercial paper market to banks would be halted and tendencies toward excessive and unhealthy expansion of bank credit would be moderated.

8. If an increase in the "large-business prime rate" occurs, it should be made in moderate steps in order to avoid disruptive market effects.

9. Rates charged by a commercial bank to small business and farm borrowers should remain at levels no higher than those prevailing on the date these criteria are issued unless an increase can be fully justified by increases in costs. If increases in these rates occur, they are to be decidedly smaller, and are also to be made less frequently, than changes in rates on loans to large firms.

10. Interest rates charged by banks on home mortgage loans and consumer loans should remain under special restraint. They are to continue relatively stable even if the "large-business prime rate" and associated rates move up significantly.

11. Any increase in rates to small business and farm borrowers, to home mortgage borrowers, and to consumer borrowers must be justified by increase in the cost of lendable funds and other operating costs related to the commercial banking function, to the extent that such increased costs are not offset by higher earnings on large business loans and other loans and investments. Any increase in rates justified by costs should not be unduly concentrated in any single category of loans.

12. Since under the current economic stabilization program, all segments of our society—business firms and wage earners alike—are called upon to forego for the sake of the general welfare some of the earnings that they might otherwise have realized, banks should accept similar restraints. While present criteria provide for flexibility in the "large-business prime rate," increases in a bank's entire structure of lending rates must in no instance lead to undue increases in the bank's profit margin.

13. If increases in interest rates on loans occur, they shall not raise the bank's overall profit margins on domestic operations (excluding revenues from service functions such as trust departments and data processing) above the average of the best two years in the four preceding calendar years. For purposes of this test, the profit margin is defined as the ratio of net operating income, on a fully taxable equivalent basis before income taxes and securities gains or losses, to gross operating income on a fully taxable equivalent basis.

14. Commercial banks are to continue to meet legitimate credit needs of home buyers, consumers, small business, and farmers. Periodic reports will be required to assure that these needs are being met.

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, I rise in support of this amendment. I wish to commend the Senator from Florida and others who worked to draft this legislation. There is a strong and growing consensus within this country to end the interest rate emergency that is damaging our economy and our people. There is overwhelming support for firm action on this side of the aisle in the Senate—and I hope that support will be bipartisan.

The unemployment rate is skyrocketing. It is nearly 13 percent in my State of Michigan. We have more people unemployed in the United States today than we have had at any time since 1939.

The Federal deficit is soaring, and much of the increase is caused by the high interest rates, which inflate the cost of Government borrowing. High interest rates shut down the economy, causing revenues to diminish and Federal expenses to increase, and the deficit is further increased.

Some economists within President Reagan's inner circle have admitted the need for a significant midcourse correction. The need to have a new policy mix. They have admitted the need for a significant easing of monetary policy for a major effort to bring down interest rates and for a new policy to target a sufficient credit into those sectors of the economy that are being crippled and starved by the high interest rates.

Well, it appears that those voices have gone unheard and the administration is determined to continue this monetary overkill, to continue the high interest

rate policy and, in effect, to shut down the economy with a recession. Of course, that means driving those segments of the economy that are interest-rate sensitive into a virtual depression. That is precisely what we see in the housing industry and in the construction industry. It is what we see increasingly in the automobile industry. We see it increasingly among all small business, in farming and in medium-sized manufacturing firms. We see its effect on millions of individuals and families across the country.

There is no absence of credit at very high rates for the big shooters in our society. Big companies, that want to raid other corporations that are temporarily in distressed circumstances, can get credit to finance takeover bids. These corporate raids and mergers produce no new real economic activity, no supply side stimulus, which many of us would like to see. But much of the credit today is being siphoned away for those purposes while key productive sectors of the economy are being starved for credit and are unable to function.

The rate of bankruptcies in the United States is today running at a record level. The rate is increasing. We are seeing a cascade of damage across the land and throughout the economy. I think it will leave us with permanent hardship and weakness for many years to come.

That is why it is essential that the President exercise the leadership that only he can exercise. That is why he should signal a new monetary policy. That is why he should say that we have had enough of the high interest rates, that we have had enough of this policy of deliberate recession, and that it is time to target sufficient, affordable credit into those credit-starved sectors that are now being damaged.

We are confident that the President can use his well-known persuasive powers to convince the Federal Reserve to change the policy mix. I am confident that major steps could be taken not only to provide an ample supply of credit to those sectors that we have mentioned but also to bring down the rates to levels that are more in line with what any fair person could justify at this time.

The current strategy of rationing credit by price is clearly a wrong one. The damage it is wreaking on society goes far beyond anything that possibly can be justified.

Our hope is that the President will take this initiative as an offer of support and help from those of us on this side of the aisle who feel that it is time to change the interest rate policy. Our hope is that this will begin a new, cooperative effort to get these rates down, to start getting people back to work, and to stimulate some of the investment in America that we desperately need to increase productivity and restore real growth in the United States.

The President has enormous persuasive power. We all saw that recently when he was persuading Members to change long-held positions on AWACS and other issues. But the President also has the legal authority under the Credit Control Act to mandate a change in policy if, in his judgment, the use of that act is the only way to bring about a change in the behavior of the Federal Reserve System.

I am convinced in my own mind that he would not need to invoke the Credit Control Act. I think the Fed would respond to the wish of the President. I think that, by sitting down with the leaders of the various sectors mentioned, the President could, on a cooperative basis, develop targets for the amount of credit needed, over what time period it will be needed, and what constitutes fair and affordable rates. I think the President could quite readily persuade the Federal Reserve that a policy change is in the national interest. I think we could then consider other elements in the policy mix to accommodate the needed change.

I believe the President should have the emergency standby authority that the Credit Control Act now gives him. At a later time I will move to extend the time period of the Credit Control Act so that the President will continue to have that power in reserve if he finds that he needs it to protect the broad national interests.

Nevertheless, I have every confidence that the President can get this job done without invoking that legislative authority at this time.

It would be my hope that our colleagues on the other side of the aisle would respond and join us in an initiative so that he can more quickly succeed in bringing down the interest rates, succeed in channeling credit to key sections of the economy.

If our colleagues on the other side of the aisle would make this a bipartisan initiative, then the President would understand that he has broad backing here for this change in the policy mix. He could understand that he will not be left alone on this, that effective remedies will not meet with criticism or lack of support. He would know that he could count on the active support of Members of this Chamber for this very important policy change.

Certainly, he would have the backing of this Senator.

On the other hand, if the administration holds to the high interest rate policy, if they persist toward a manufactured recession with the mounting bankruptcies and the high unemployment, if they lock in this destructive policy mix, then I think they will lose the support they have enjoyed of a majority of Senators on this side of the aisle. They will lose the support that has been shown for a spending ceiling and for some tax cuts. I think that valuable support will vanish if the administration insists on maintaining the monetary overkill for any additional period of time.

It is my belief that interest rates could come down 4 percentage points over the next 90 to 120 days. I think relief would not have to wait that long in some key sectors if the President and his economic advisers were willing to provide the leadership that is needed. We are prepared to support that change. We are prepared to support that initiative. It would be my hope that the Senate today would vote in favor of this position.

Mr. President, this is a major opportunity for the Senate to take a solid initiative to bring down the high interest rates that are plunging the Nation deeper into recession and are doing massive damage to key sectors of the economy.

The amendment incorporates Senate Joint Resolution 120, which has the backing of 35 Senators. Three of my colleagues—Senators CHILES, MELCHER, and SASSER—have shown real leadership in bringing this matter before the Senate.

The cause of the high interest rates is clear. The Reagan administration is holding to an economic strategy that calls for high interest rates. The President's fiscal policy results in deficit projections of $100 billion or more in fiscal year 1984. The President tries to offset that stimulus with a tight monetary policy. We are convinced that this policy has to change—we need a more balanced policy mix and we need it fast.

High interest rates are pushing the economy into a serious recession—in fact, some industries and some regions of the country are already suffering a depression. The warning signals of a severe economic recline are flashing all around us.

The Labor Department announced that the unemployment rate in the United States rose to 8 percent last month. That is the highest level of unemployment since the late fall of 1975. And unemployment is expected to continue to worsen in November and December.

Five hundred and fifty thousand Americans lost their jobs last month alone. Many of them are jobless simply because of the Reagan administration's stubborn insistance on high interest rates.

That shows what the administration's high interest rate policy is doing to rank and file people across the country.

It means that 8.5 million Americans who want to work are unable to find jobs. That is the highest number since the Great Depression year of 1939.

In my own State of Michigan the unemployment rate hit nearly 13 percent in October. And it is far worse in several communities and among certain groups of workers, such as women, minorities and youth.

The administration's monetary overkill is creating this massive unemployment and creating a cascade of business bankruptcies that is sending the economy deeper and deeper into recession.

Mr. President, the high interest rates are creating tremendous economic distress in sector after sector of the economy. Small businesses are particularly hurt by high interest rates. But some major industrial sectors are also in deep trouble because of the high interest rates.

I would like to share with my colleagues the data on losses experienced in the auto industry over the last 90 days.

General Motors reported a quarterly loss within the last 10 days of $468 million. An article in the Wall Street Journal analyzed that loss and pointed out that GM's reported loss was influenced by foreign exchange adjustments and some other special adjustments in the

income statement for the quarter. They estimated that the actual operating loss of General Motors was more on the order of $900 million. That is $900 million in 90 days, or $10 million a day for 90 straight days. That money was lost by one of the biggest manufacturing companies in our country and in the entire world.

The Ford Motor Co. posted a quarterly loss of $334 million, which again, is an extraordinary amount of money to lose in such a short space of time.

Chrysler reported a quarterly loss of $149 million.

These companies are losing these huge amounts just when they desperately need to finance massive investments to improve this country's worldwide competitiveness. So if one considers the most recent 90 days of the auto industry, it is obvious that we have an economic emergency on our hands, driven in large part by the very high interest rates.

The same thing is true with auto dealers. Auto dealers are going out of business at a record rate. We lost over 2,000 last year. Some of the most well-managed auto dealerships in the country are failing each day because they cannot afford the high interest rates to have a supply of cars in their showrooms for people to look at and consider buying.

So the situation we face in the auto sector is absolutely at a crisis point.

The same thing is true in another basic sector of our economy, the housing industry. While studies show a minimum of 2 million new housing units per year are needed throughout the 1980's, the annual rates of housing starts as of August 1981 was 937,000, down significantly from the 1,411,000 rate in the same month in 1980.

Housing starts are 43 percent below the 1979 rate and the construction industry has an unemployment rate that is soaring.

One and a half million workers in construction-related industries have been laid off their jobs, resulting in the loss of $24 billion in annual wages and annual revenue losses of $6.4 billion.

In my State of Michigan housing related jobs have dropped over 58 percent—that is almost 66,000 jobs.

Housing permits are at the lowest level in over 20 years and they are still falling.

Destructive shock waves spread throughout the entire national economy when the home construction industry shuts down, as it has at the present time because of the absence of long-term mortgage money at affordable rates.

It is not sufficient that the oil and gas companies have easy access to credit. They are able to finance their cash flow needs out of the profits they are earning and some of the tax benefits they have received. They can afford to pay these interest rates. But that ignores the fact that the rest of the economy has been thrown into a tail spin.

This initiative today can be a turning point. The majority of Democrats have supported the effort to put a ceiling on Federal spending. We had different ideas on priorities. We tried to change those priorities. In some cases we were successful. In some cases we were not, because we are in the minority.

We also cooperated with the administrations' effort to cut taxes. We had different ideas on tax cuts. We offered alternatives. We tried to strike a balance. In some instances we were successful and in other instances we were not successful. But, in the end, most Senators on this side of the aisle supported the tax package despite our reservations.

We did so because we felt that, on balance, it was necessary to try to move the country in a more positive direction.

However, we are saying today that the high interest rate part of the administration's policy is not acceptable. We are saying that it is clearly wrong for this country. We are saying that we, as Democrats, overwhelmingly cannot support that policy. We feel it has to be changed and changed now.

This amendment would initiate that change. It directs the President first, to exercise appropriate authorities by November 25 to assure an adequate flow of credit to small borrowers at affordable prices; second, to limit the diversion of credit to mergers and other nonproductive purposes; third, to bring interest rates more in line with the current rate of inflation; fourth, to consult with representatives of credit sensitive sectors; and fifth, report to Congress within 30 days on the effectiveness of those changes.

We are laying out a responsible way for that to be done. We are calling upon the President of the United States to use his leadership, to use the power of that office, and to use his persuasive ability. We are calling upon the President to change this high interest rate policy, to get these rates down, and to get them down quickly enough to save these sectors that are being crippled and permanently damaged. We are calling upon the President to stop further economic destruction that will haunt this country for years and years to come.

Mr. President, we are trying to be constructive and cooperative. That is why we have framed this legislative response in a way that gives the President the support that he needs to take this step, to change this high interest rate policy and to bring these rates down.

I have no doubt at all that, when the President decides to call for lower interest rates, he will have no trouble persuading the Federal Reserve to follow his lead. In fact the Fed has been following the President's lead. Chairman Volcker recently testified before the Banking Committee that the interest rate policy of the Federal Reserve System is the interest rate policy of the Reagan administration. They are in partnership on this, and the Fed is following the approach to high interest rates that the Reagan administration wants them to follow.

I had an opportunity to cross-examine Federal Reserve Board Chairman Volcker on October 29 in the Senate Committee on Banking. I asked him a series of questions about the signals coming from the White House. This is what was said.

I asked him:

Has the Reagan Administration urged you to ease the monetary policy of the Fed and to bring down interest rates? Has there been any sign from them that they think it's time to change the policy mix and do some monetary easing here?

This is what Chairman Volcker answered:

Is there any direct urging to ease monetary policy? In the sense I think you're talking about, there hasn't been any direct comment to me to that effect.

He was then asked:

In other words, the Administration supports the current monetary policy?

Mr. Volcker responded:

Precisely. This week they certainly have supported the notion that we need persistent restraint on monetary and credit growth over a period of time.

Then I asked:

I guess what I'm asking you then, and I think you answered it, and that is that the President or someone speaking directly for him, has not said to you that they'd like to see a change in the monetary policy?

They have been supportive of the general thrust of policy, if I may put it that way.

Then I asked:

Have they urged you in any way to do any credit targeting to try to get some oxygen to some of these sectors that are starving to death here, the construction industry?

Chairman Volcker answered, "No."

The question then was asked, "None at all?"

Mr. Volcker responded:

No, they have very much—just as a matter of public record, they are much opposed to credit allocation.

I also found out that day that the Federal Reserve's target for the growth in money supply, as measured by M–1–B, for the year is 3.3 percent. We asked them what their actual performance had been over the year with regard to that money growth target of 3.3 percent. In a rather soft voice, he responded that they had achieved a money growth target of 1.1 percent.

So they had achieved only one-third of the money growth goal that had been set as necessary to keep the economy on a strong footing.

We are saying today that it is time to change that part of the strategy. It is time to change the policy mix.

I would make a prediction here today: As events unfold over the next few weeks, as unemployment continues to rise, as bankruptcies continue to multiply in this country—not only of small firms but also of large firms, including thrift institutions—it will become clearer and clearer that the interest rate crisis is the central problem, the fatal flaw in the Reagan economic strategy at the present time.

A vote for this amendment is a vote to stop this damaging slide and a vote to turn toward a more balanced mix of economic policies. It is time for that change to be made. This amendment gives the Senate a way to bring about that change in policy.

We know this approach can work, and we are willing to give the President further support to help make it work.

Mr. SASSER addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. Mr. President, I rise today in support of the amendment offered by the distinguished Senator from Florida (Mr. CHILES).

The amendment embodies the substance of Senate Joint Resolution 120, which was introduced in the Senate this past Friday on behalf of 34 Democratic Senators.

The amendment sets forth a simple proposition: The President of the United States, in cooperation with the Federal Reserve Board, will set forth a course of action that will bring interest rates down.

Mr. President, as I have stated many times before, the President's economic program will never work until interest rates are brought down. Any talk of an economic recovery program with interest rates staying at the level they are now is just that—talk. Indeed, I believe one of the reasons why the President has now abandoned his goal of a balanced budget—and I never thought in my lifetime, Mr. President, that I would hear a President from a party opposite from mine make a public statement or have his administration make the statement that he was abandoning the goal of a balanced budget—is I think he is forced to do it because of the adverse impact that high interest costs have had on Federal revenues and on spending.

As I indicated last week, recent revenue and spending forecasts indicate that revenues are going to be off by some $21 billion and interest rate outlays are going to rise by some $56 billion due purely and simply to higher interest rates between now and 1984. Thus, a forceful Presidential effort to bring interest rates down could have a very salutary effect on the administration's desire to bring interest costs within bounds, gradually moving toward and reaching a balanced budget in the near future.

I also believe that a forceful Presidential program of action on high interest rates could help American business confidence as well.

Mr. President, as Dun's Business Monthly noted recently, in 1961, 8.6 percent of business profits went to pay off interest expenses. But by 1980, interest rate expenses had increased to 31.2 percent or some $56 billion in business profits eaten up in paying interest rate costs.

Indeed, there are many, many American corporations that are now paying more in interest costs than they are making in profits.

I ask unanimous consent, Mr. President, that tables indicating the interest cost burdens of American corporations be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

MORE INTEREST THAN PROFITS

Here are thirty companies for whom interest expense represented more than half of their combined pretax earnings and interest in the first half of 1981. The list includes only companies that paid at least $30 million in interest and is drawn from the reports for about 2,100 nonfinancial companies.

[Dollar amounts in millions]

Company	6-month interest	6-month pretax profit
Braniff International	$49	−$62
Continental Airlines	30	−39
Chrysler	[1] 139	−269
Filmways	37	−111
Pan American World Airways	70	−211
Warner-Lambert	38	−38
Ford Motor	315	−298
United Airlines	69	−43
Coastal	98	−38
Republic Airlines	57	−20
Eastern Airlines	70	0
Jim Walter	81	1
F. W. Woolworth	81	1
Evans Products	[1] 35	2
AVCO	203	61
Sears, Roebuck	[1] 710	242
Tiger International	92	33
Lockheed	87	45
GDV	58	30
Ashland Oil	57	33
American Airlines	62	36
City Investing	[1] 154	93
Western Union	44	32
Singer	54	42
Dome Petroleum	193	151
NVF	55	48
RCA	186	168
U.S. Home	31	30
Sharon Steel	[1] 47	46
Charter	52	51

[1] Net interest after interest income and/or interest capitalization.

WOW! WHAT A BILL

The 25 companies that paid the largest bills for interest in the first half of 1981.

[In millions]

Company:	*6-month interest*
American Telephone & Telegraph	$2,115
Sears, Roebuck	710*
General Telephone & Telegraph	502
British Petroleum	476*
Tenneco	397
Shell Oil	392
International Telephone & Telegraph	389*
General Motors	365
Exxon	341*
Ford Motor	315
Dow Chemical	285
Mobil	245
Atlantic Richfield	224*
Standard Oil of Ohio	222*
Sun	213*
AVCO	203
General Electric	198
Dome Petroleum	193
RCA	186
Philip Morris	183
International Business Machines	181
Texaco	164*
Standard Oil (Indiana)	161*
City Investing	154*
Sperry	139

*Net interest after interest income and/or interest capitalization.

Mr. SASSER. So whether you look at the interest rate problem from the public or private sector, it has become increasingly evident that we must bring interest rates down for a strong and enduring program of economic recovery. Indeed, Mr. President, we are at the point now where we have to bring interest rates down not just for economic recovery, but for economic survival.

I submit to my colleagues that the time for action on high interest rates is now. Unemployment is at the 8-percent level. Mr. President, unemployment in my State has been at the 8-percent level for 2 months.

Automobile and housing sales are plummeting. Last year we lost 2,000 automobile dealers out of our auto dealer network. A significant portion of the auto dealer network in this country last year went bankrupt.

What good does it do us here to try to prop up the Chrysler Corp. or give Chrysler some help during a period of time when it is going through a transition from large automobiles to small, fuel efficient automobiles if, when the time comes to market the vehicle, the small dealer on Main Street has gone bankrupt, primarily because of high interest rates?

There is no immediate recovery forecast for the basic sectors of our economy, automobiles and housing; no immediate recovery forecast that we can put any credence in until interest rates come down for these two very interest sensitive industries.

Small business bankruptcies, Mr. President, have mounted to astronomical levels and consumer confidence continues to plummet. With regard to small business bankruptcies, if bankruptcies continue at the present rate that small businesses were bankrupting in the first 9 months of this year, we shall have more business bankruptcies in the year 1981 than in any year save one since the depths of the depression in the year 1933.

In light of all this economic havoc, Mr. President, I submit that it is eminently reasonable for the President to "jawbone" with the Federal Reserve Board to bring interest rates down. Jawboning simply means looking them in the eye, talking to them, discussing this very vital issue with them and bringing to bear on Mr. Volcker and the other members of the Federal Reserve Board the unusual powers of persuasion that this President seems to possess. Indeed, after 15 or 20 or 30 minutes in the Oval Office with this President, or upstairs in the living quarters, strong U.S. Senators, who have taken strong positions on the floor of this body and elsewhere on issues that come before us, after exposure to this President for 15 or 20 or 30 minutes and his powers of persuasion, find that their minds are changed.

I want to see this President use some of these powers of persuasion that are almost magical on Mr. Volcker, the Chairman of the Federal Reserve Board. That is where we need to have this President's persuasive powers used: on the Federal Reserve Board in an effort to drive down interest rates so our business people can start doing business again, so our farmers can borrow money to put crops into the ground, and so business and the economy can pick up again.

Congress has approved about 85 percent of all the specific spending reductions that the President sent to us in the reconciliation process. We have also approved some 92 percent of the tax reductions that were recommended by the administration in their tax package. So the present program of economic recovery clearly bears the President's stamp, and the American people feel very strongly that this President and this administration have gotten everything they need out of this Congress to get this economy moving again. The President has asked Congress to approve substan-

tial tax and spending reductions in order to get the economy moving again, and Congress has complied. Now, Mr. President, it is the administration's responsibility to take positive action in reducing interest rates.

As I say, Mr. President, the time for action is now. In fact, the time for action is long overdue. In fact, the time for action is too late for literally tens of thousands of small business people across this country.

New home sales, as measured by September 1981 sales, were at their lowest level ever—an adjusted annual rate of some 312,000 units. This occurs at a time when our homebuilders are telling us that we should build some 2 million units a year to house a growing and changing population.

Imagine that, Mr. President: Six out of seven Americans who would be ready to buy a house this coming year may not be able to do so because there may be no housing available for purchase. Mr. President, mark my words: We are going to reap the whirlwind in later years when housing costs inflate due to the pent-up demand for new housing. If this housing slump continues, we may simply find that there are fewer and fewer builders left that are willing or able to build the houses when we need them.

Just today, for example, the Wall Street Journal reports that 2,660 construction contractors have filed for bankruptcy this year, 50 percent more than filed for bankruptcy in 1980 and about 400 more bankruptcies in the construction area than were recorded in 1975 during a deep housing recession. It is not an exaggeration to say, Mr. President, that all this havoc is being created by high interest rates.

I had a friend in the homebuilding industry in Memphis, Tenn., tell me not more than 10 days ago that they attempted to have a meeting of all the homebuilders to discuss what could be done about the economic situation. Almost none of them came. Then they had a meeting of these same homebuilders in order to lay out for them the steps that were necessary for them to take to declare bankruptcy. They had a standing-room crowd of homebuilders come to the bankruptcy session to learn how to go out of business and how to declare bankruptcy. That is the status of the homebuilding industry in my State today.

Mr. President, I ask unanimous consent that today's Wall Street Journal article on the housing depression be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUILDER'S LOSSES MOUNT AS PROLONGED SLUMP IN HOUSING CONTINUES

(By G. Christian Hill)

KANSAS CITY, MO.—Robert O. McCollom has the wistful, grizzled look of a prospector who once struck it rich only to lose it all to bad luck.

The look fits. The lanky, 39-year-old former schoolteacher began a home-building business in 1969, parlaying $350 from the sale of an old Chevrolet into a fair-sized fortune by the mid-1970s. He gained a reputation for building innovative, well-designed homes. But in September, Mr. McCollom filed for bankruptcy, joining hundreds of home builders ruined by two years of high interest rates that have sapped sales.

Nonetheless, Mr. McCollom views his troubles with equanimity. "I made some bad business decisions," he says, "but they wouldn't have been fatal without the economic downturn." He adds, "This fall, we builders will drop like leaves."

OMINOUS ASSESSMENT

Most home builders and lenders agree with his ominous assessment. Builders have been hammered by the longest housing slump since World War II. Although many of them shut down early and trimmed inventories, others were caught with raw or developed land and partly built or completed homes, financed at steadily ballooning interest rates. With home sales at record lows, their huge carrying costs have finally exhausted the profits they made in the good years after the 1973–75 recession.

The current housing recession is markedly different from prior ones in the mood of despair it is spread throughout the industry. For the first time in 50 years, this usually optimistic breed doesn't see much chance of a recovery or a boom in the near future.

"Much of the building fraternity is reaching a shocking conclusion," says Merrill Butler, a California builder and past president of the National Association of Home Builders (NAHB). "That is, mortgage rates will stay high through much of 1982, and it is better to take your medicine now than in six months. The small builder is just being wiped out, and it's going to get worse."

In the first nine months of this year, 2,660 construction contractors filed for bankruptcy, up nearly 50 percent from the 1980 period, according to Dun & Bradstreet. In all of 1975, 2,262 contractors filed for bankruptcy. Bankruptcy filings by subcontractors have increased 120 percent so far in 1981 from last year. These trends are likely to continue because lenders' foreclosures on new housing developments have picked up in the last 60 days, especially in previously hot markets such as Texas and Southern California.

LOSING THEIR SHIRTS

And lots of builders are losing their shirts in ways that don't show up in the failure statistics. Some are handing projects back to lenders in lieu of foreclosure, which avoids a court action but still wipes out their entire investment. Others are subsidizing home buyers by paying lenders to offer below-market interest rates, or are auctioning off property or selling entire subdivisions to investor groups at cut-rate prices. These agreements cost them much of the equity they have built up over the years.

Builders aren't the only ones hurt by the housing slump. Some financial experts believe the national economy will remain sluggish without a robust recovery in housing, which acounts for 4 percent of the gross national product. The NAHB predicts that housing starts will total only 1.07 million units this year, down 18 percent from last year's 1.31 million starts and the lowest level since 1946. A further slowdown could lead the country into a sharper-than-expected recession.

And there are signs that the true depths of the plunge in housing starts haven't yet shown up in government statistics. Many lenders stopped making residential-construction loans at least two to three months ago. These include Royal Savings & Loan in Dallas. Gibraltar Savings & Loan in Houston and First Interstate Mortgage Co., a unit of First Interstate Bank in Los Angeles and one of the nation's biggest residential construction lenders. About half of the NAHB's 44,000 member builders have stopped building homes.

PENT-UP DEMAND

The industry's problems would ease if the recent decline in interest rates results in a sharp drop in mortgage rates from their current level of 17 percent to 18 percent, for builders report tremendous pent-up demand for housing. Such a rapid recovery occurred after the 1974–75 housing slump.

But mortgage rates haven't dropped yet, and they probably won't until lenders are convinced that interest rates will keep falling and stay down. For now, most lenders believe that inflation, the Federal Reserve Board's tight-money policy and huge government deficits promise to keep long-term interest rates chronically high.

So the current decline in housing production, which started in November 1978, is expected to continue at least through mid-1982.

The collapse of housing starts and home sales also appears to be sparking a marked deflation in real estate, although the existence of such a trend is sharply debated by economists. Here in Kansas City, for example, builders say land prices have fallen as much as 25 percent, and labor, materials and other construction costs as much as 25 percent to 40 percent, in the past 18 months.

One real-estate man reports concern among homeowners in the affluent Johnson County suburbs of Kansas City, as partly completed subdivisions are abandoned by builders or neighboring homes are sold for significantly less than a year ago. In Palm Springs, Calif., builder Karl Bergheer auctioned off 38 single-family homes last May for an average price of $205,000, about $45,000 below the average price paid by buyers of identical units last year.

"No other postwar cycle has seen (such) a deflation in prices of homes and land," says Michael Sumichrast, the chief economist for the NAHB.

The average price of new homes sold in the 1981 third quarter rose just 0.6 percent, the smallest increase since the 1979 fourth quarter and down sharply from the 8.9 percent increase over the past 12 months. However, even these increases are supported largely by subsidies given to buyers through below-market-rate loans. Such loans represent hidden discounts of 5 percent to 10 percent from stated prices. If these costs are taken into account, home prices are falling, some observers say.

Other economists doubt that deflation is widespread. They regard reports of drops in home values as evidence of a short-term cooling of overheated prices in a few areas, rather than a long-term trend. But a staff member of the Federal Reserve Board says its governors are "horribly concerned" about the housing industry and the possibility of widespread deflation in housing. That would endanger both lenders and borrowers, who bank on the continuing value of real estate for their net worth and repayment of loans.

Builders' costly inventory of unsold homes, their most immediate problem, stands at about 300,000 units. That is below the 1974 level, but the annual rate of new single-family home sales also is lower now. As many as 25 percent to 50 percent of reported home sales end up falling through because buyers can't qualify for mortgage loans.

Builders also must compete with the inventory of existing homes for sale, which has swollen to an estimated five million listings as existing home sales have declined by nearly 50 percent from a peak recorded three years ago.

"In my opinion, the future is more bleak than in 1974, even though the oversupply of new housing isn't as great," contends John Opperman, First Interstate Mortgage's chairman. "We have an affordability problem we didn't have then, interest rates are higher and I think there is an overall expectation that housing isn't as good an investment as it has been in the past."

In the last few months, First Interstate

foreclosed on five subdivisions in California, three in the depressed San Diego market. Another big West Coast banker, who has recently foreclosed on seven California projects, says "The end result of the squeeze on small and medium-sized builders will be lenders' repossessing projects." He adds, "I can't see what will stop it, to tell you the truth."

In Dallas, Royal Savings & Loan since July has taken over 56 single-family homes worth about $6.7 million. Builders handed them over in lieu of foreclosure. The S&L is having trouble selling them at their average appraised value of $120,000 each, even though it is offering 11⅞ percent mortgage loans with no origination fees and is paying an extra $1,000 bounty to real-estate agents for each buyer they bring in. So far, it has 10 houses sold or under contract.

Most lenders are leaning over backward to avoid taking back property. In Houston, Superior Homes Co., a large home builder, has defaulted on its construction loans with Gibraltar S&L. The Houston thrift is deferring interest charges on about 60 homes as Superior attempts to sell them with heavily subsidized mortgages.

The outlook is grim, however. "Another six months of these interest rates, with sales volume as it stands, will have a severe impact on any builder's ability to maintain debt service," says Richard Knee, Gibraltar's vice president. "We can prepare ourselves to own some real estate." Superior's president, Donald A. Hall, vows never to return to building tract homes, and instead will concentrate on custom homes.

Mr. McCollom, the Kansas City builder, also won't be building homes again, at least not in the U.S. Up until the fall of 1979, he was constructing 10 to 11 custom homes a year, in the $100,000 to $300,000 range. He lived in a fancy house, flew his own airplane, and took lengthy scuba-diving and sailing vacations. "I spent a whole bunch of money," he recalls.

But in a classic case of bad timing, he began sales at a small subdivision in mid-October 1979, when mortgage rates were starting their rapid climb. Mr. McCollom was trapped with seven homes and 10 lots, $1.2 million of debt and interest expense of about $450 a day. In the next two years, he managed to sell three of the homes, two at prices as much as $13,000 below his costs. Other tentative sales fell through as buyers couldn't qualify for financing. His carrying costs didn't fall because interest rates continued to soar.

He kept his head above water by turning to remodeling, which generated enough income to pay his debt interest. But that business evaporated on July 1, when subcontractors underbid him for $200,000 of construction by 20 percent to 25 percent.

In September, Mr. McCollom, whose homebuilding business is incorporated, filed for protection under Chapter 11 of the Federal Bankruptcy Act. It is possible under Chapter 11 for a company to survive as a going concern after working out a plan to pay its debts.

Mr. McCollom contends that his liabilities exceed his assets by so much that he expects to lose everything in bankruptcy proceedings, including about $100,000 invested in his houses. His creditors include four lenders and several subcontractors.

He now is looking for a job in Saudi Arabia, or some other developing nation, managing a residential construction project.

"This sad part about all of this is that when the housing market turns, nobody will be here," Mr. McCollom remarks. "I know I won't be coming back."

Mr. SASSER. In conclusion, Mr. President, let me say that this amendment tells the American people that we in the U.S. Senate are not going to stand by and let high interest rates ruin this economy; we are not going to stand by and let small business bankruptcies mount to depression era levels. We are not going to let American families be denied affordable housing because of high interest rates. We are not going to let our automobile industry go under because our auto dealers cannot meet interest payments to stock automobiles. We are not going to let American farmers go under because mounting interest rate costs eat into their dwindling profit levels.

The President himself knows that we must get interest rates down and get them down now. That is a course of action that will help him achieve the economic recovery program he has put before the Congress. Now the choice is his. This amendment offers him the opportunity to salvage his economic recovery program, and I urge my colleagues to support this timely and positive amendment.

Mr. RIEGLE. Mr. President, I commend the Senator from Tennessee for his statement and his leadership on this issue. I say to my colleagues on the other side of the aisle, those who are present and those who may be listening in their offices, that this vote will be a landmark vote for this session of Congress. It will be a key vote for the economic future of this country. I urge my Republican colleagues to consider this amendment very carefully. I ask them not to cast an automatic vote against it, as they may be urged to do by some.

Increasingly, the country will come to see this initiative as the effort to change direction on the high interest rates, to help those sectors of the economy that are suffering severe damage. Increasingly, people will become aware of the fact that this is the critical opportunity to adjust the economic policy mix to make it more responsible, to make it more sound, and to make it fairer to all sectors of the economy. This is the critical opportunity to ease the pressures that are causing recession and depression in those lay sectors of the economy that are so vulnerable to high interest rates and that are being badly damaged.

I hope that those colleagues on the other side of the aisle who have expressed their concern about high interest rates will come forward today and join us in this initiative. I hope they will cast their vote to set monetary policy off in a new direction, in a more constructive and positive direction.

Irving Krystal wrote to this effect several days ago in the Wall Street Journal. Numerous other Republican economists are saying that interest rates are unnecessarily high, that the monetary policy is unnecessarily restrictive. The Federal Reserve target for M–1B for the year is 3.3 percent, and their achievement so far has been 1.1 percent. I do not know how any Senator can vote to continue that kind of performance.

So I invite my colleagues to join us on this issue. Let us help the President help the country. More bankruptcies and more unemployment and larger budget deficits, which are the results of the high interest rates policy, do not help the country.

I hope they will understand this vote for what it is, because if this amendment is not adopted, the issue will be raised again and again. We intend to bring this issue back time and time again, if necessary, until we finally have the votes in this Chamber to change this policy. I hope the change will come long before the next election. But if it does not, I am confident that we will have the votes after the next election. The American people will not and should not have to tolerate the kind of monetary madness that we are seeing at the present time. So this is the chance to change the high interest rate policy, and I urge my colleagues on the other side to join us today in getting this job done.

(Mr. SYMMS assumed the chair.)

Mr. HEINZ. Mr. President, the amendment we have before us reminds me of some of the others we have had, which come to the floor whenever we go through a period of economic difficulty. It is always very tempting to look for a simple, easy-to-understand, very appealing solution.

Frankly, I think we all feel that interest rates are high. We all know the problems they are inflicting on our constituents, on small business, on agriculture, on consumers who want to purchase a car or a home. High interest rates are bad for all those people. They are not good for this country. I believe if there were a quick and easy answer, any President or any Congress that did not jump at it and do something about it would be very ill advised not to do so.

I am not about to concede that I like interest rates at 17 percent. At least, that is what the prime rate seems to be headed toward since the Chemical Bank dropped its rate to that level last week. But a 17-percent prime is a lot better than a 20.5-percent prime, which we had just a few months ago; and certainly it is preferable to the kind of high interest rates we had in 1980 on two occasions, in December and March, when I recollect that there were some different people in different places.

I believe it would be fair to characterize the amendment of the Senator from Florida as a credit allocation amendment. We have had a lot of experience with allocating things in this country, and our experience with the Government allocating things has not been a record of total and outstanding success.

When Government imposed wage and price controls back in 1971, I recall a lot of people thinking that it was a nifty idea. It seemed like a simple and easy solution to what was then thought an intolerable rate of inflation. I think Richard Nixon was quoted as saying that 4.7-percent inflation is intolerable. We immediately embarked on those controls, and my recollection is rather vivid of the way they worked. They worked really well on people's wages, but they did not work very well with prices.

Ever since then, we have had our flirtations with allocations and controls, and I have not noticed that things are becoming noticeably better in response to more controls.

It would be extraordinary if there were a quick fix of some kind for today's high interest rates. I should like to think that

there is one, but I have been around long enough by this time to know that there just are not any quick and easy answers, and the answers that really count are the ones that require a good deal of personal and lasting commitment. Simply by wishing, you are not going to bring down interest rates.

I do not know what the sponsors of the amendment truly intend. I believe there is a lot of very appealing language in the amendment of the Senator from Florida, but I get down to the operative language, and what I find is a declaration that certain things should take place. But I do not notice anything that really forces anything on anybody. If this amendment became law and if the President—I am not sure this would be an accurate characterization of what he would do—if the President chose to ignore it, what would be the sanctions that Congress would have?

Mr. CHILES. Mr. President, will the Senator yield?

Mr. HEINZ. I yield.

Mr. CHILES. I do not know exactly what position I should answer. On one hand, I felt that the Senator said he was critical about this amendment because it was invoking credit controls. Then the Senator got down to where he was reading the language, and he found that we were calling on the President to exercise, with the Fed, voluntary actions; and the Senator became critical of that because it did not tell the President exactly what he was supposed to do.

Mr. HEINZ. I am just saying that the amendment talks tough, but when you get to the operative clause, it does not seem to do anything.

Mr. CHILES. I think the Senator will find that we are asking the President to have something to say in connection with the Federal Reserve Board. We recognize that the bankers, the heads of financial institutions in this country, are citizens interested in the welfare of their country, just as we are.

We feel that at this stage, you do not have to give the President a gun and tell him he has to blast them out of their policies, where they are. We feel that if the President speaks as the person who is leading this country, those bankers and those financial institutions, which are responsible and care about their communities and care about the Nation's economic welfare, will listen.

He could say to them: "We have to stop making all this money available for conglomerate takeovers and mergers. We are kind of rationing money here. We have a policy. We call on the Federal Reserve Board to hold the money supply down. That is my policy, too. My policy is not going to work if the small amount of money we have is going for these mergers and takeovers. So we want you to quit directing the money there.

At the same time we want you to help us find a way that we can see credit will be available at a rate that is affordable to the small businessman, to the guy that is down there dying.

That is where those bankruptcies are. That is where the farmers are in trouble. That is where the auto dealer is in trouble. That is where the housebuilders are in trouble. And call on them. We feel they will respond. We do not feel like you have to give him an elephant gun and tell him he has to go blast those bankers. We want him to exercise that Presidential leadership.

Mr. RIEGLE. Mr. President, will the Senator yield at that point?

Mr. HEINZ. I yield to the Senator from Michigan.

Mr. RIEGLE. I thank the Senator for yielding because I wish to call his attention more clearly to the operative language here because it is very direct.

I refer the Senator to page 2 of the amendment. It says:

The President in cooperation with the Board of Governors of the Federal Reserve System shall by November 25, exercise appropriate authorities to assure an adequate flow of credit to small borrowers at affordable prices.

I emphasize the verb "shall." Each of the other paragraphs mandates that an action be taken. The next paragraph says:

The President shall . . . limit the large scale diversions of credit to nonproductive uses . . .

The following paragraph says:

The President in cooperation with the Board of Governors of the Federal Reserve System shall take noninflationary actions necessary to reduce interest rates.

And then the remaining two paragraphs also mandate action.

In other words, this is a clear charge to the President to move in this direction.

The force of the legislation is to set in motion a new policy. This is a policy directive on interest rates and monetary strategy. This amendment does indeed say to the President what should be the policy in this area. And it says that the Senate is prepared to support him in taking that new policy direction.

We feel the President has sufficient authority and tremendous persuasive power to meet this requirement. He can do so by sitting down with the appropriate people and discussing this matter along the lines that we have described.

I was surprised a moment ago when I heard the Senator from Pennsylvania defending the current level of interest rates and expressing a sense of relief that they were down to 17 percent. Most small borrowers, as he well knows, must pay prime plus two points or more in many cases. A 19-percent effective rate just does not do it for auto dealers today. They cannot carry sufficient inventory on that basis. The Senator must be hearing that from those auto dealers who are still surviving in Pennsylvania as I am from the ones that survive in Michigan.

I think the Senator must admit that home mortgages are at astronomical levels. Home mortgages are at 17 and 18 percent.

Mr. HEINZ. As the Senator, I think, will note from a careful examination of the record, what I said was I did not endorse the fact that 17-percent interest rates were as low as I wish to see them, but they are a lot better than 20- or 22-percent rates. I do not know if the record will dispute that point.

Mr. RIEGLE. Can we live with 17-percent interest rates?

Mr. HEINZ. I said I think rather clearly that I wish to see interest rates a lot lower.

I have to say that one of the things that troubles me about this is that it seems to abandon any real congressional role of doing much of anything about these problems. If the Senator really believes that we should get the cost of housing down, housing interest rates in particular, what we usually have done is to take a program—Brooke-Cranston was such a program—and we implemented it, and it provided a special kind of secondary market operation to bring interest rates down for home mortgages. It pumped more money into that market.

What is very difficult to understand, and the reason I do not see how I can support this amendment, is that it tells you to bring interest rates down in some areas but does not tell you where to raise them in other areas because sure as the Lord made little green apples if you push them down here something is going to go up there.

I can understand why the sponsors of the amendment do not want to say where interest rates are going to go up because that is going to make someone mad and to the extent you push down in other places I guess I would not want to tell anyone what that was going to do either.

Mr. RIEGLE. Mr. President, will the Senator yield at that point?

Mr. HEINZ. I will not yield at this time. I just yielded to the Senator a moment ago.

It seems to me, if you really are concerned about the automobile industry, maybe you should do what the Senator from Michigan did with the Chrysler bailout. We put aside $1½ billion and we bailed out an industry, or maybe we can do it to help the consumers and we have some kind of specific subsidy for consumers to buy cars.

But I believe it is legislative hocuspocus to say that by passing an amendment as this we are going to do anything particularly when it is a declaration of policy and the language, as any reasonable person would understand it, would be laudatory.

I wish to yield, if he is prepared, to my distinguished co-manager of this bill, Senator PROXMIRE, for any comments he cares to make about it.

Mr. PROXMIRE. Mr. President, I oppose this amendment.

I do wish to congratulate the authors of the amendment on the first part of it. It is about as clear, emphatic, and eloquent a criticism of high interest rates as I have read anywhere, and it is an excellent statement down to the first third of page 2 where it says "an inflexible monetary policy." I will get to that in a minute.

I also congratulate Senators CHILES, RIEGLE, and SASSER on their speeches. I thought they were very thoughtful and persuasive speeches, and certainly they are hitting the issue that is the No. 1 issue out in all of our States everywhere we go. I have been back in my State a great deal also, and there is no question

about it. This is what is bothering our people more than anything else. Inflation concerns them deeply, but right now interest rates are just a paralyzing, cruel, terrible problem for our people.

Mr. President, I oppose this because, as the distinguished Senator from Pennsylvania said so well, this is hocus-pocus. It is stop high interest rates now.

There is one way we can take effective action to stop high interest rates, and that is cruel and tough. That is cutting spending and eliminating the deficit; that is increasing taxes perhaps in some areas if we have to do it; and that is balancing the budget and getting the Federal Government not only with a balanced budget but out of the off-budget borrowing. The Federal Government is having a massive effect on the credit markets in this country with $1 trillion national debt, more than $1 trillion now, and going up all the time, with enormous deficits increasing constantly, with huge off-budget borrowing which, as a matter of fact, exceeded the budget deficit last year.

All this, of course, has a tremendous effect on interest rates, because that national debt has an average maturity of less than a year. It has to be borrowed all over again every single year.

So for us to argue that we can do this with some kind of Federal Reserve Board magic it seems to me just does not make sense.

I understand that it is appealing, because many people feel somehow the Federal Reserve Board can wave a magic wand and there go interest rates down.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to my friend from Florida.

Mr. CHILES. Mr. President, I thank the Senator for his kind remarks, and I know how much work he has done in trying to get spending cuts down, and I certainly agree with him.

I think that the fiscal policy is tremendously important, and we have to work on that side. We are trying to do that in here. I join with him in his efforts to get that spending down.

We do know from everything we see that that is going to take a period of time.

What we are trying to say is while that is taking that period of time where that is working we know monetary policy has a role to play, and certainly the Senator from Wisconsin understands that.

We do not ignore that. But we talk about this being hocuspocus.

I want to say I think that the President could say: "Hocus-pocus dominocus, I want mergers to stop. It is not in the national policy of this country to have the big eating up the big. It is not in the national interest of this country to have the amount of money that we are rationing today going for mergers, going for takeovers."

And I believe the President could say that just like that. He might not use the term that we have used, the hocus-pocus, but I believe he has that kind of wand.

I believe he has got that kind of authority. I believe if he stands and speaks on that from a rostrum or from the floor you are going to see those bankers, because they are good Americans, are going to follow the President on that, and the next time Du Pont calls and says to Chase Manhattan or Citicorp: "I want to borrow $10 billion, I want to set aside $15 billion, we are getting ready to go out and take over another company," maybe the ninth largest energy company, as Conoco was, they are going to say: "Wait a minute, the President has asked us not to make money available for that. The President has asked us to be concerned about the plight of the automobile dealers and the small businessmen and the farmers and the companies that are going bankrupt, and he has asked us not to use the money that is being rationed now, and we want to follow the President's lead in this, so we do not think this is the time that you ought to be involved in that merger."

I believe the Senator from Wisconsin would agree with me that the President has got that kind of power.

Mr. PROXMIRE. I want to comment on that a little later. This is the first time since 1961 that we have had no incomes policy, no jawboning down incomes and prices policy, and we should have that.

Mr. CHILES. Yes, indeed.

Mr. PROXMIRE. But this particular amendment is aimed primarily at the Federal Reserve Board and its monetary policy.

Mr. CHILES. I do not think so; no, sir. I think this amendment is aimed at the President of the United States.

Mr. PROXMIRE. May I say that is one difficulty with this, which I do not want to come to, because I do not think the President of the United States has the central role here. I think we do in Congress, we do, and I want to point that out in a minute.

But, first, Mr. President, the fact is that this would put, this resolution really puts, the entire onus on the Fed, on monetary policy, and the only game we have in town now fighting inflation is the Federal Reserve's tight monetary policy. It bites, it hurts, because any anti-inflation policy hurts, and it hurts seriously.

But if you are going to fight inflation you have to fight it, I think we ought to fight it, with a much more effective fiscal policy, and so does the Senator from Florida and other Senators, but I think to give up on a restraining monetary policy when inflation, we know, is so strong, would be a serious mistake and is exactly the wrong way to go.

Mr. RIEGLE. Mr. President, will the Senator yield?

Mr. PROXMIRE. May I say to the Senator from Michigan before I yield, let me just proceed a little further.

The distinguished Senators have also indicated that this amendment would not necessarily require credit controls. Well, now I disagree with that very strongly. If this action resolution, the middle of page 2, is to have any force at all, we would have to invoke credit controls; that would have to be done because here is what you say: "The President, in cooperation with the Board of Governors of the Federal Reserve System, shall by November 25 exercise appropriate authority to insure an adequate flow of credit to small borrowers at affordable prices."

I submit there is no way, no way, the Federal Reserve Board or the President can do this unless they invoke credit controls formally, as they did in the Carter administration, as they did in 1980, as the Senator will recall, and which did not, of course, achieve the end we all wanted to achieve. It was a disaster.

Furthermore they say: "Particular attention should be paid to reducing home mortgages."

We would love to do that. One way of doing that is, as the Senator from Pennsylvania has pointed out for us, to pass legislation like Brooke-Cranston; another way to do it is, of course, for the Federal Reserve Board to apply different reserve requirements, maybe no reserve requirements for home mortgage rates. But that would require the invoking of the Credit Control Act. There are all kinds of actions that can be taken, but we cannot say it can be done voluntarily.

Mr. RIEGLE. Mr. President, will the Senator yield?

Mr. PROXMIRE. Let me make just one more point before I yield to my friend from Michigan.

Mr. President, this resolution again and again and again calls on the President of the United States. That is a copout. The President of the United States, under the Constitution, does not have power over the Federal Reserve Board. The Constitution makes it very clear in article I, section 8, subsection 5, that the Congress shall coin money and regulate the value thereof. We have the money power. That is what the independence of the Fed is all about. It is a congressional power that we have delegated to the Federal Reserve Board.

For us then to say the President should do all these things—we can do it. What we can do is take this resolution, and wherever it says "the President" knock it out and substitute for that simply "the Board of Governors shall do it," and they had better do it because if they do not do it the Congress of the United States can abolish the Federal Reserve Board. We can reconstitute it, we can make it necessary to appoint all new members to it. We have complete power.

For us to say the President of the United States should do this when the Constitution says he has to keep his cotton-picking hands off of the Federal Reserve Board, that is the responsibility of Congress.

Mr. RIEGLE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. RIEGLE. I thank the Senator for yielding. The problem is that the Fed is pursuing the Reagan high-interest monetary policy. The Reagan administration wants this.

Mr. PROXMIRE. This is the policy which has been adopted since October of 1979 when the Chairman of the Federal Reserve Board, Mr. Volcker, appointed by President Carter—and the Reagan administration has not appointed anybody to the Federal Reserve Board——

Mr. RIEGLE. What has that to do with today?

Mr. PROXMIRE. In October of 1979

they said they were going to follow a policy of limiting the increase of money supply and not pay any attention to interest rates.

Mr. RIEGLE. But it is the wrong policy.

Mr. PROXMIRE. It is not the wrong policy.

Mr. RIEGLE. That is the point, we cannot go back and change the policy in 1979, but we can do something with the policy in 1981.

Mr. PROXMIRE. Why bring the President in it?

Mr. RIEGLE. Because this is his policy.

Mr. PROXMIRE. It is not his policy.

Mr. RIEGLE. It is his policy.

Mr. PROXMIRE. It is a policy, as I say—he was not the President of the United States in 1979.

Mr. RIEGLE. He is now.

Mr. PROXMIRE. Sure he is now.

Mr. RIEGLE. He has the power to change this first by active persuasion. I think that would be sufficient. You saw a great exercise of acrobatic skill here in the Senate during the last 2 weeks as Senators changed their positions on the AWACS sale after they were subjected to the persuasive power of the President, and you know darned well if the President of the United States gives a different signal to the Fed they are going to respond.

I asked Paul Volcker that question before the Senate Banking Committee the other day. He was very clear on the point that the administration, the Reagan administration, wants this policy. This is their policy. They want it.

Mr. PROXMIRE. Whether they want it or not——

Mr. RIEGLE. We think it ought to change.

Mr. PROXMIRE. If the Senator from Michigan or the Senator from Wisconsin were chairman of the Federal Reserve Board he would know enough about the Constitution, regardless of what the President tells me to do, I will do what I think is right because I was appointed to that Board—the members have a 14-year term, and it is just as wrong for the President of the United States to tell the Federal Reserve Board what to do as to tell the Supreme Court what to do. We insulated them for that reason so that they could be independent of the President of the United States so they could assert a political policy independent of one administration or another.

Mr. RIEGLE. Let me ask our colleague this: On our side of the aisle there are seven members who serve on the Banking Committee. Of the seven of us, five are cosponsors of this resolution, as I am sure the Senator knows. So a majority of the Members on our side strongly support this legislation. I only cite this because I want everyone to understand that our side of the Banking Committee does not hold the position that the Senator from Wisconsin has stated.

I take it what he is stating is a personal position and not a position of our side of the aisle on the Banking Committee?

Mr. PROXMIRE. Well, this did not go to the committee. The Senator is right in saying that we have five members of the committee who are Democrats who are supporting the resolution.

I admire all five of them. I think they are excellent Senators, I think they are often right. In this case they are wrong. Nobody is perfect.

Mr. RIEGLE. I make the point because I think it is important to understand that a majority of the Members on our side would not support the Senator's position. Clearly the sentiment is to the contrary. We think this authority not only is needed but will work. I cannot believe that the Senator from Wisconsin or, for that matter, the Senator from Pennsylvania favors the policy of sopping up billions of dollars for these corporate takeovers and mergers at this time when many Senators feel we really do need some supply-side economics at work. We need new investment. That is not new investment. We know that is not new investment. That is not creating new jobs. I do not understand why you are not prepared to object to that diversion of credit.

Mr. PROXMIRE. The Senator from Michigan knows perfectly well that we may agree on some parts of this. As I said, some of this language is excellent, and I would agree that the conglomerate mergers and takeovers, which are in the part I said were correct, should not go forward, and I think that is right.

I think then to bring the President of the United States in and say that he should violate the Constitution by telling the Federal Reserve Board how they should operate, and then go down the line with these specific areas which require invoking the Credit Control Act, which we tried before and which did not work, and that really virtually ignores the fiscal policy which is at the heart of our serious problem, and ignores all of the other anti-inflation programs we do not have, including an income policy, including a free trade policy, including an antitrust policy, that is at the heart of the weakness of our anti-inflation program.

Mr. RIEGLE. I agree with the Senator. Those are missing ingredients and those things are needed.

But does the Senator from Wisconsin not know that the Federal Reserve, the Chairman, is sitting down with members of the Reagan administration and the President himself each week to discuss these issues?

Mr. PROXMIRE. That has gone on for a long, long time.

Mr. RIEGLE. I know, but this is——

Mr. PROXMIRE. But that is sitting down with them. It is not being dictated to them by him.

Mr. RIEGLE. What do they talk about?

Mr. PROXMIRE. They exchange views. They talk about the views of the Treasury Department, which has a tremendous interest in the actions of the Federal Reserve Board.

Mr. RIEGLE. What is the purpose? Is the purpose not to influence?

Mr. PROXMIRE. To say the President of the United States should, in effect, dictate policy, I think this is exactly the wrong way to go.

The Senator from California, a man I greatly respect and admire——

Mr. RIEGLE. He is a cosponsor.

Mr. PROXMIRE (continuing). Has introduced a bill to put the Federal Reserve Board under the Treasury Department. That is the wrong way to go. We should not do that. The independence of the Federal Reserve Board, the expertise on the Federal Reserve Board, I think, is important. We should have a consistent policy. We had that policy, as I say, that began in the last administration. That should persist. As a matter of fact, I am sure that if we talked to William McChesney Martin or Arthur Burns, or any of the distinguished former Chairmen of the Federal Reserve Board, they would agree that this kind of resolution they could not accept.

Mr. RIEGLE. Arthur Burns did these kinds of things.

Mr. PROXMIRE. Arthur Burns never accepted a dictate from a President of the United States.

Mr. RIEGLE. He did not have to, because he had a President at that time who was willing to support those kinds of initiatives.

Mr. CHILES. If the Senator would yield on this point, Arthur Burns did accept an Executive order from the President in 1973. On that basis, he set up the dual prime interest rate system. I have heard Arthur Burns testify in many committees. He has said he always attempts to work with the President, always attempts to work with the Congress. But he accepted an Executive order of the President in which he set up a dual prime rate system in 1973.

Mr. PROXMIRE. As the distinguished Senators know, we have provided a Credit Control Act, which I think was a mistake, which will expire in June of next year, which does provide for the President ordering or directing the Federal Reserve Board to apply credit controls. I just think that is wrong. I think that is a contradiction of the Constitution. I do not think it is the way to go.

Furthermore, as I say, the heart of this resolution, what is wrong with this resolution is that it ignores the fundamental cause of high interest rates and it assumes that there is some way that the Federal Reserve Board can ease up on credit, allocate credit, redirect credit, that willl give relief to farmers and to small businessmen and to homebuilders. I think it is a cruel illusion. I do not think you are going to get it that way. The only way you are going to get it is the tough, painful way by balancing the budget.

I find when I talk to homebuilders in my State—and when I talk to auto dealers, they agree wholeheartedly that the answer to this is a prudent fiscal policy that is tough, hard, but consistent, and that gets the Federal Government out of the credit business.

Mr. CHILES. I might say to the distinguished Senator from Wisconsin that I have not heard any of them say they agree the money should be siphoned aside for mergers or conglomerate takeovers. I do not find any of my homebuilders or automobile dealers agreeing with that.

The PRESIDING OFFICER. If the Senator from Florida would please suspend, the Chair would like to inform Senators that debate should be addressed to the Presiding Officer and not individual Members of the Senate. Senators

should address their questions to a Senator through the Chair.

Several Senators addressed the Chair.

Mr. PROXMIRE. Mr. President, I believe I have the floor.

Mr. HEINZ. Mr. President, I think I yielded to the Senator.

Mr. PROXMIRE. I beg the Senator's pardon.

Mr. HEINZ. The Senator is free to continue. He is doing an excellent job, as usual.

Mr. PROXMIRE. I thank my good friend. Because he is being so flattering and so congenial, I yield to him.

The PRESIDING OFFICER. The Senator from Pennsylvania.

UP AMENDMENT NO. 599

(Subsequently numbered amendment No. 626.)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. RIEGLE. A parliamentary inquiry, Mr. President. Would this be a perfecting amendment or is this an amendment in the nature of a substitute?

Mr. HEINZ. If the Senator will allow the clerk to state the amendment, I am sure it will become abundantly clear.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. PROXMIRE, and Mr. WEICKER, proposes an unprinted amendment numbered 599.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted by the Chiles amendment insert the following:

Since persistent high interest rates are exacerbated by large federal budget deficits and by inflationary expectations,

Since high interest rates are having a disastrous effect on credit-sensitive sectors of the U.S. economy, including housing, automobiles, small business and thrift institutions;

Since the prime interest rate has declined from 22% to 17%;

The Administration shall emphasize and continue to implement policies necessary to sustain the downward movement of interest rates.

Mr. HEINZ. Mr. President, I offer this amendment on behalf of myself, Senator PROXMIRE and Senator WEICKER. It is a substitute for the Chiles amendment. It is different from the Chiles amendment in three fundamental respects.

First of all, the amendment takes cognizance of the fact that interest rates have gone from 22 to 17 percent; not as low as we would like, but they have been reduced by 5 points and that is, by any measure, progress.

Second, the amendment says nothing about credit allocation. We tried allocation in this country before and every time we do we get into worse problems. We should know by now that the marketplace, despite the fact that it does not make people happy all of the time, is still the best allocator of scarce resources.

Third, this substitute places the responsibility for the conduct of policy squarely where it belongs—namely, fiscal policy—with the President of the United States and, of course, with us to encourage the President to look for new ways of handling these problems. There may be some new ways that we have not thought of. At the same time, the amendment comes out four-square for having us maintain the progress on reducing Government spending, reducing off-budget borrowing authority, and, if necessary, doing what we have to do on the revenue side and, hence, to achieve the fundamental goal that I think every homebuilder, every car purchaser, every consumer, and every small businessman really wants us to do, and that is to reduce the size of the Federal deficit.

That is the bottom line, Mr. President. That is exactly, as Senator PROXMIRE suggested, what we hear when we go back home. What I hear when I go back to Pennsylvania, they say, "Get those interest rates down." You say, "How do you want it? What is the best way to do it?" They say, "Get the deficit down." There is no two ways about it.

Mr. President, that is what this substitute is fundamentally about. It is going to make it clear that we do not expect monetary policy to be like the magician's baton and simply by waving it have all of the problems go away. Fiscal policy is the real problem here, deficits are the real problem here, and they are what are driving these interest rates up—deficits and inflationary expectations both.

So I urge my colleagues who believe that we have to continue to have a responsible fiscal policy to support this substitute.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I support this substitute, but I would be happier if the substitute would somehow put more emphasis on accelerating the policies of reducing the deficit and balancing the budget. I feel that we are not moving nearly fast enough. There has been talk, of course, by the President and by others that we will not have a balanced budget even in 1984.

But I can support this. I will support it, because I think it is in the right direction. It is certainly much more responsible than the amendment that it would substitute.

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, I rise to support this amendment. I am sure that it does not do all that we would hope for. By the same token, the amendment offered by the distinguished Senator from Michigan, the distinguished Senator from Florida, and others provides a few suggestions, none of which particularly impact on any one of us here on the floor; rather, the amendment gives directions to someone else.

I have disagreed with the President's economic policy, in part, during the past several months. I would, for example, like to see postponement of the individual tax cut in fiscal year 1983, and I have said so. This amendment of the Senator from Florida does not address that at all.

I would like to see the growth rate of the defense budget which represents an inordinate increase, pulled back. This amendment does not attach to that.

It is fine to say we are going to go ahead and balance the budget, but how are we going to do it?

To me, the initial resolution here is attempting to make the President a scapegoat. I do not think the substitute is all that much better, but at least it does not lodge in the executive branch and the Federal Reserve the solutions to problems which we are now undergoing.

I foresee at the present time, in the absence of a reduction of the deficit, a long and hard recession. Indeed, what I fear is that we are going to go from high interest rates to high unemployment. Then the interest rates will come down.

I do not accept that as being valid economic policy.

It seems to me that rather than pointing a finger we should all be working together on this problem. The Senators on the other side of the aisle know that much of what we are feeling now was originated months and years ago. There is no point in worrying about that now. Let us get the interest rates down by whatever appropriate means. Maybe it is that the administration has to consider the size of the individual tax cut and do something with it. Maybe it is that it has to concern itself with the excessive amounts for defense that it has asked for. I am not saying that any one of these suggestions is the entire solution. But I know that that solution lies both here on the floor of the Senate and down in the White House. I also know that some midcourse correction is required insofar as the basic Reagan economic policy is concerned.

Mr. RIEGLE. Will the Senator yield?

Mr. WEICKER. In a minute I will yield to my good friend from Michigan.

He knows, as has been mentioned by my good friend from Pennsylvania, for example, that I fought like the dickens to see that he did not get his bailout for Chrysler. It was just that. It was extraordinarily inflationary. But that is water over the dam. I accept the result. I think the cars Chrysler is producing are fine cars.

Mr. RIEGLE. And cheaper.

Mr. WEICKER. I think the fact that we are competing on that basis is important. All that is fine.

But to get back to the essence of what we are arguing about here, I do not want people to think that by "politicizing the Fed" we are going to cure the economic ills of this country. It just is not going to come to pass that way.

I can remember during the energy crisis how in State after State everybody took their wrath out on the public utilities commissions. They wanted the public utilities commissions to make sure the rates stayed low instead of encouraging decontrol and deregulation, instead of encouraging conservation, all of which

would have corrected the problem. They took it out on the public utilities commissions.

That seems to me to be a very good example of what we are doing here with the Federal Reserve, in coming down on their head.

You know the reason for the problem. The problems are far more diverse than the Federal Reserve Board. The origins of our problems are in the White House, the U.S. Senate, the House, and the attitudes of the American people.

I am the one who catches it in the neck as chairman of the Small Business Committee as to what these high interest rates are doing. I have sat up there in that committee and on the floor of the Senate and decried what has been going on. The whole problem I have with Reaganomics is that it is an economic policy for big business and wealthy Americans; it is little business, small business, and small people who are getting crucified. But at least I know that some change in the game plan is in order and like it or not, and I do not like all of it, the administration will put something on the table. If I blame anybody, it is the great herd of sheep in the House and in the Senate that just went along with the President for anything he asked for. Now that we have these results, they do not like it.

I would hope we would support the amendment of the distinguished Senator from Pennsylvania and others, and indicate what it is that we are going to drive toward without trying in any way to give a signal to the American people that their problems are going to be resolved by anyone other than ourselves in cooperation with the executive branch of Government.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WEICKER. Have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. They have not been.

Mr. WEICKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHILES. Mr. President, there are several things on which I would like to comment, if I might. We have been talking about whether or not this is a credit allocation bill. I think the language is very clear, that what we are talking about here are voluntary controls that we are talking about putting down and it is not credit allocation. I would like to say that what we are talking about here is more of a credit protection that we are seeking rather than a credit allocation.

In this amendment we are telling the lending institutions that there is a critical economic need that we would like them to respond to. We are letting them set the terms of that response, both in how much they will lend the small borrowers and at what rates.

Credit allocation would be if we told them they must set aside a certain sum of money and they would have to lend at a certain rate.

We are not telling them that. A real credit allocation system would set the maximum rates and minimum reserves of credit for designated uses.

That could be done in two ways: First, a simple regulatory approach that would require each institution to use a given percentage of its assets for certain purposes and set appropriate interest rates. A second approach is already commonly used by the Federal Government. Loans are made directly by Federal agencies or assured by Federal loan guarantees.

Direct loans allocate their face value of credit to specified uses. Guarantees allocate credit by providing below-market interest rates. These Federal credit activities have grown tremendously in recent years. They now account for $147 billion a year.

I think that we on the Senate Budget Committee have taken the lead over the last few years to institute a credit budget approach. President Reagan has proposed a major reduction in Federal credit activities and I support that approach, but I would like to point out to my colleagues that some of the largest Federal credit programs are in just the areas that we are addressing with this amendment: housing, small business, and agriculture.

These programs have developed over the years because these are the sectors who always get squeezed by high interest rates.

I think the worst thing that we could do would be to cut back on these allocations right now in these programs, at a time that we are having a housing shortage, when we are having a squeeze, and yet we see $16 billion in home loan support as among the cuts that Mr. Stockman wants us to make, that the administration wants us to make.

It is, "A $16 billion cut in Federal support for loans to purchase homes as a centerpiece of a larger effort to curb the Government's appetite for credit."

We are not doing anything about curbing the appetite for credit of that large corporation. We are not doing anything about that, but we say, "We will take away any rights to refinance or put your money back into GNMA and turn it over again so they can go out and make a small home loan, so that FHA can finance a loan. We are going to do away with that. We are going to do away with farmers' home loan credit. We are going to do away with FEA credit. We are going to curb that appetite. While we are curbing that appetite, let the good times roll for the big corporations. Big is beautiful."

So it is all right if they take over but just do not build any homes, do not build anything at that level.

That is what it seems to me, Mr. President, we should be addressing, and we are hoping to address that matter in this amendment.

UP AMENDMENT NO. 600

(Subsequently numbered amendment No. 627.)

Mr. President, I send to the desk a perfecting amendment to my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

If the Senator will withhold, before he attempts to amend his own amendment, there has been no action taken on the Senator's original amendment. So the Senator can——

Mr. CHILES. Mr. President, I send a perfecting amendment to the desk.

Mr. HEINZ. Mr. President, I ask unanimous consent that the Senator's amendment be so modified.

Mr. CHILES. I ask for the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I object. I asked for the yeas and nays.

The PRESIDING OFFICER. Is there objection to ordering the yeas and nays on the first-degree amendment?

Without objection, it is so ordered. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) proposes an unprinted amendment numbered 600 to unprinted amendment numbered 598.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the perfecting amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the words: "Sec. : Emergency Declaration Directing the President to Assure and Adequate Flow of Affordable Credit to Small Borrowers," and insert the following:

Since the foremost domestic goals of the United States are healthy growth of the economy and prosperity of the American people; and

Since continued high interest rates are choking off productive investment and causing lasting damage in such key sectors of the economy as:

Housing where prohibitive mortgage interest rates are preventing almost all Americans from buying homes and are crippling the homebuilding, lumbering, building supply and other industries that contribute to home construction;

Automobile manufacturing where high interest rates are preventing consumers from financing basic car purchases, are placing unbearable inventory costs on car dealers and are forcing manufacturers to delay vital investments in more productive plant and equipment;

Farming where interest rates are the largest factor in the farm cost-price squeeze and are frustrating the ability of small farmers to finance land, equipment, feed and fertilizer; and

Small business where many well managed firms are being forced to close because the high cost of borrowing makes it increasingly difficult to finance necessary inventory, minimum working capital and investments needed to remain competitive; and

Since high interest rates are cutting through the entire economy, unleashing such early signs of a severe recession as:

Unemployment mounting in a large number of industries; and

Business bankruptcies rising at alarming rates; and

Since excessively high interest rates are having a damaging effect on virtually every American household, preventing them from buying homes, cars and furniture, from send-

ing their children to college, from maintaining their family farm; and

Since high interest rates choke off the steady production of basic goods such as beef cattle and houses, leading to higher prices in future years; and

Since massive sums of credit continue to be diverted to non-productive uses, such as conglomerate mergers and corporate takeovers; and, combined with reduced enforcement of anti-trust laws, this dual credit policy is shifting control of business away from small businessmen and farmers toward a few large corporations; and

Since an inflexible monetary policy supported by the Administration has added to the crisis in the credit markets; and

Since these devastating credit conditions constitute an economic emergency which requires immediate action;

It is therefore declared by the Senate and House of Representatives of the United States of America in Congress assembled, That:

The President in cooperation with the Board of Governors of the Federal Reserve System shall by December 1 exercise appropriate authorities to assure an adequate flow of credit to small borrowers at affordable prices. Particular attention should be paid to reducing home mortgage rates, increasing employment, reducing the excessive financing cost for auto purchases, halting the rapid rise of small business bankruptcies and reducing the excessive cost of farm equipment and supplies. Such actions shall include voluntary guidelines appropriate to various regions of the country and type of borrowers, which may be altered periodically as necessary to achieve these purposes.

The President shall also take appropriate actions to limit the large-scale diversion of credit to nonproductive uses, such as conglomerate mergers and corporate takeovers.

The President in cooperation with the Board of Governors of the Federal Reserve System shall take noninflationary actions necessary to reduce interest rates which are currently at levels abnormally above the current rate of inflation.

In deciding upon the appropriate actions to assure the availability of credit to small borrowers, the President shall consult with representatives of the small business community, the housing industry, auto dealers and small farm operators.

The President shall report to Congress within thirty days concerning the effect of his actions in protecting an adequate flow of affordable credit to small borrowers and reducing excessive interest rates.

Mr. CHILES. I ask for the yeas and nays on the perfecting amendment, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHILES. Mr. President, I think we have debated this adequately and we are ready for a vote.

The PRESIDING OFFICER. The question is on agreeing to the perfecting amendment.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRASSLEY). Witout objection, it is so ordered.

Mr. MELCHER. Mr. President, the people of this country are very much in earnest that we take some action here in Congress to assure that high interest rates must come down.

The blame for it can be spread around as much as we want to spread it around. We can blame Congress. We can blame the Federal Reserve Board. We can blame a worldwide inflation. We can blame high energy costs.

But putting all of that into one basket, the people of the United States have correctly determined that unless high interest rates come down, they are going to be suffering the worst recession we have known in years which could easily work into a depression.

What we have before us now is a forthright proposal, which many of us have banded together to draft, myself included, to give the Senate an opportunity to correctly address the problem.

Our proposal is a very mild step. It would direct the President to consult with the Federal Reserve Board, with the idea that not just commiserating on the problem but action should begin immediately to reduce interest rates.

In defense of those economists who feel that rates are falling now and are falling at a sufficiently rapid rate of decline, we should note what that means to business itself.

These high interest rates have increased unemployment, and there is no evidence that the prime dropping from 20½ percent to 17½ percent has stemmed the dangerous tide of rising unemployment.

Last week's figures of 8 percent unemployment, meaning 8.5 million American workers out of a job, is just the start of a long period of increasing unemployment if interest rates do not drop substantially.

I believe that the rates could come down 3 to 4 points more within 60 to 90 days if the Federal Reserve Board's policies were shifted.

Some economists like to point out that interest rates historically have been about 4 to 5 points above the rate of inflation.

If the rate of inflation for 1981 is going to average for the entire year about 9 to 9.5 percent, using that yardstick, of having interest rates 4 to 5 points above the rate of inflation would mean that interest rates should be right now at about 13.5 to 14.5 percent. That is why I surmise that a 3- to 4-point drop within the next 60 to 90 days would not be too big a drop, and would not be too fast.

The people who borrow the money believe that it must come down that fast in order to save some of our basic industries.

Let us talk about housing. The prime rate at around 14 to 15 percent should mean a mortgage rate of around 12 percent. Housing starts would begin again. People would qualify, young families looking for their opportunity to buy a home, but not being able to qualify for a home loan now because the mortgage rate is so high, are ready and willing to negotiate a new housing loan at about a 12-percent mortgage rate.

The forest products industry, which has been clobbered for lack of housing starts and lack of construction starts due to high interest rates, could look forward to a restart in their industry, putting people back to work again. Those are loggers, sawmill workers, truckers, and the small business operators that service their operations. Ditchdiggers, cement truckers, laborers, carpenters, electricians, plumbers, sheetrock plants, sheetrockers, roofers, door and windowmakers, flooring workers, cabinetworkers, all of the housing industry would be doing something about jobs.

People want jobs.

The economy would start to resurge with jobs available.

Supplies for housing, electrical supplies, plumbing supplies, draperies, rugs, other flooring materials, roofing supplies, all those industries could again look for a startup in the demand for their products, putting more people back to work. Jobs are at stake.

Small businesses, connected with the housing industry, could again be reassured that their level of business would be picking up, and that they could possibly get back into a profit posture within the next several months. Jobs would be there.

Realtors, surveyors, abstractors, and accountants along with bank, mortgage, and insurance employees would have work.

In agriculture, cattle feeders all during the summer on every head of cattle they sold, and it continues now through the fall into this very month, are losing from $80 to $120 per head. They are very skeptical about buying feeder calves to replace the fat cattle they are selling out of their lots. Because of their skepticism, partially caused by high interest rates, augmented by increasing costs for them, cow calf operators are facing a market of about $15 to $18 per hundredweight, in other words, about $60 to $90 per calf, less than what they had last year. They are in a very precarious position, not just a losing position but a position that may drive them out of business.

Farmers and ranchers have no choice on borrowing money. They are capital-intensive, they have to have a line of credit, their operations demand that each year they secure from their lending agency, whether it is a bank or a production credit association or the Farmers Home Administration, they must approach their lending agency for a line of credit and borrow money. Whatever the interest rate is they must pay.

To the extent that credit is available from banks or from production credit associations, they will use those sources of capital. For those farmers and ranchers who cannot qualify for loans from either of those sources or from other private sources, they must approach the Farmers Home Administration, which is very limited at this time in the amount of capital they can lend out.

We are witnessing a series of bankruptcies in small businesses, in Main Street America, and in farmers and ranchers throughout the country. It is intolerable.

What the people are telling us at home is that interest rates must come down.

The substitute offered by my good friend, the Senator from Pennsylvania (Mr. HEINZ), does not do very much.

It would recommend that the administration continue to seek a policy of lower interest rates to keep the rates dropping. I do not believe that that will be satisfactory to the people on Main Street, to the people in agriculture, to the people in housing, to the people in the forest products industry, to all of the suppliers of these industries; I do not believe it will be satisfactory to the car dealers, I do not think it will be satisfactory to the machinery equipment dealers, I do not think it will be satisfactory at all to our basic industries. It just does not do much at all. We need positive action now.

The mild step that we recommend in the amendment that has been offered by Senator CHILES, myself, Senator SASSER, Senator RIEGLE, and numerous other Senators, is merely a first step toward getting lower interest rates. It is not a very dramatic or a very forceful piece of legislation, but I believe it is a proper step to take at this time.

President Reagan, in cooperation with the Board of Governors of the Federal Reserve Board, can and should by December 1 exercise appropriate authority to assure an adequate flow of credit, and President Reagan, in cooperation with the Board of Governors of the Federal Reserve Board, under the requirements of the amendment, "shall take noninflationary actions necessary to reduce interest rates which are currently at levels abnormally above the current rate of inflation."

That indeed, Mr. President, is a mild step, but it is certainly a positive step and a very necessary step forward in the reduction of rates.

To do any less than this, as the substitute offered by the Senator from Pennsylvania would do, would not be satisfactory to the American public. It would not get the job done.

What is needed is an action that returns people to work—brings about their return to their jobs.

Action now is absolutely necessary.

That is our job in the Senate now; to avoid a deeper recession. This step—our amendment—is the least step we can take.

I urge its immediate adoption to gain a reduction of interest rates by 3 to 4 points within 60 to 90 days.

I hope we can vote down the substitute. We are in the posture of voting first on the perfecting amendment of the Senator from Florida (Mr. CHILES) which, in effect, would give us the opportunity for an up or down vote to place this Senate on record for a positive step forward for lower interest rates. I hope we take that positive step, Mr. President.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BAKER. Mr. President, I observe it is 6:30 or almost 6:30, and in keeping with the policy announced by the leadership earlier and announced from time to time, except on Thursdays, and absent extraordinary circumstances, it is not the intention of the leadership to ask the Senate to stay late. There will be no further rollcall votes today.

Mr. President, it is obvious then that it is not possible to finish this bill. There are certain other matters pending.

I would inquire if the distinguished minority manager of this bill is in position to entertain a unanimous-consent request in respect to the further management of this issue—Mr. President, while we are trying to ascertain that I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I ask unanimous consent that I be added as a cosponsor of the perfecting amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I ask unanimous consent that Senators SASSER, RIEGLE, ROBERT C. BYRD, BAUCUS, BIDEN, BOREN, BURDICK, CANNON, DECONCINI, DODD, EAGLETON, EXON, FORD, GLENN, HEFLIN, HUDDLESTON, INOUYE, JACKSON, JOHNSTON, KENNEDY, LEAHY, LEVIN, MATSUNAGA, METZENBAUM, MITCHELL, NUNN, PELL, PRYOR, RANDOLPH, SARBANES, WILLIAMS, ZORINSKY, and CRANSTON be added as cosponsors to the perfecting amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, might I inquire if there is any further good purpose to be served by remaining on this bill for the time being? I have announced previously there would be no more record votes tonight. I am prepared to ask the Senate to entertain a request to create a time for the transaction of routine morning business if there is no other Senator seeking recognition to speak on this measure. I see none.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 7 p.m. in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOBBYING FOR AWACS: U.S. BUSINESS COMMUNITY LEADS THE WAY

Mr. PROXMIRE. Mr. President, it is now becoming clear in retrospect that the most effective, the most intensive lobbying for the AWACS sale to Saudi Arabia was not by those concerned about the security of Israel but by those concerned about the continuity of business with Saudi Arabia.

The giant lobbying force during this debate was not the so-called Jewish lobby but the very real business lobby. Backed by millions in financing for political campaigns, organized in every political district in the country, adept at public relations, the oil and business lobby effectively led the fight for the $8.5 billion sale.

Several giants of the oil and export world organized to support the sale. Led by Mobil, United Technologies, and Otis Elevator, the argument was made that the Saudis had demonstrated restraint in holding down the price of oil to U.S. consumers. Now that the oil prices have been hiked again, this argument has been more than a little tarnished but it was effective at the time.

The amount of U.S. business with Saudi Arabia also stimulated concern by business interests that if the sale were rejected, there might be unfavorable consequences on their enterprises.

The specter of 250,000 U.S. jobs and $5.7 billion in U.S. goods purchased by the Saudis through some 700 U.S. corporations had its desired effects.

While our attention was focused on the lobbying activity in opposition to the sale, the real powerhouse was at work supporting the sale.

Mr. President, I ask unanimous consent that an article by Hobart Rowen which appeared in the November 8, 1981, Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 8, 1981]

PRESSURE BEHIND AWACS WAS CRASS BUSINESS GREED

(By Hobart Rowen)

In the tense Senate battle over the sale of AWACS planes and related military hardware to Saudi Arabia, thousands of words were written and spoken about the presumed power of the "Jewish lobby." Enough anti-Semitic (translation, anti-Jewish) sentiment was whipped up to cause Unitarian Sen. William Cohen of Maine, who has one Jewish parent, to vote for the AWACS sale. Cohen's vote was against his own better instincts, cast in fear that disapproval of the AWACS sale would work against both Israel and American Jews.

The fact that the "Jewish lobby" lost is evidence that it must be less powerful than the business lobby that is based on oil and other trade interests in the Persian Gulf. Yet, I do not hear those who profess to worry about the "divided loyalty" of Americans of Jewish faith—thus churning up anti-Semitism—express concern about a business lobby that puts its dollars-and-cents stake in the Persian Gulf ahead of anything else.

Federal Election Commission records show that oil industry contributions to congressional campaigns doubled between 1978 and 1980 to more than $4.5 million, a primary source of the financing for the growing conservative majority in both the Senate and House. According to a recent report in The Boston Globe, Harold Scroggins, a lobbyist for the Independent Petroleum Producers Association, explained it this way:

"We came to a decision some time ago that the only way we could change the political fortunes of the petroleum industry was to

change Congress." The oil industry opened the pocketbook wide in an effort to defeat liberal Democrats and other incumbents in the Senate, and it was very successful. And in 1982, the oil lobby says it will focus on taking control of the House. "It just so happens that the only way to get rid of [Speaker] Tip O'Neill and liberal chairmen is to take over the House. It's just a practical necessity," says Scroggins.

The whirlwind offensive for the AWACS sale was led by the PR-conscious Mobil Corp. Mobil is so flush with profits from high-priced oil that it is now seeking to bolster oligopoly status by buying up the Marathon Oil Co, after having been thwarted in an effort to gobble up Conoco that made even the Reagan administration choke. In an advertising campaign (I wonder if it claims this stuff as a business expense) Mobil stressed "the economic partnership" that could grow between the Saudis and the United States, and listed some of the 700 corporations it said could do $35 billion worth of business with the Saudis.

Mobil's clear message was that the Saudis would punish those 700 companies if the Royal House of Saud didn't get its AWACS. The same theme was contained in a Mailgram sent Sept. 29, 1981, by Harry J. Gray, chief executive officer of United Technologies Corp., and George David, president of the Otis Elevator Co., to their big brass peers. They asked other company presidents or CEOs to wire their senators urging them "to sustain the president's position."

Among other points, Gray and David cited Saudi "restraint" on oil prices, and alleged that Saudi purchases of $5.7 billion in U.S. goods last year supported nearly 250,000 American jobs at home. Newsweek magazine also gave Whittaker Corp. President Joseph F. Alibrandi a platform through its "My Turn" column in the Aug. 24 issue to make the same points, a piece he thoughtfully photocopied and sent on to all members of the Senate just before the vote.

Gray, David and Alibrandi ignored, of course, the now well-documented fact that the motive for Saudi oil price and supply policy is self-interest. The day after the AWACS sale was approved, the Saudis lifted oil prices $2 a barrel and cut production by 1 million barrels a day. This is an effort—defined by Sheik Yamani himself—to shrink supplies and keep the price above a true market level. Remember the propaganda until now about how the Saudis "engineered" the oil glut, all for the benefit of the good old U.S.A.? Now, they're planning to engineer the shortage.

Another element in the pro-AWACS lobbying effort on Capitol Hill consisted of letters from American businessmen in Saudi Arabia putting the idea of a Saudi blacklist of American companies on a personal level.

For example, Dr. Jerrold L. Wheaton, a consultant to the international division of National Medical Enterprises, wrote from Dhahran to selected members of Congress on July 18 that "Americans have only a bare 20 percent of the business available in Saudi Arabia. Those of us who work here have no doubt that the percentage would rapidly decrease to 5 or less if the sale of the AWACS and F15 augmentation packages are refused."

Wheaton added:

"What . . . motivate[s] me is the frustration of watching American business restricted by U.S. law, try to compete in this market place, and the concern that a negative decision concerning the AWACS sale will completely eliminate American private enterprise from competing for the Arab dollar. Our companies and our country need those dollars, and it takes all our ingenuity to compete favorably using the ground rules of the corrupt practices or unfair practices act, which are ultimately unfair only to us."

So there you have it: the real pressure behind the sale of AWACS is not to save face for Reagan or to promote "peace" in the Middle East. It is a crass and grubby reach "for the Arab dollar"—helped by a little bribery here and there if necessary. That, coupled with the Pentagon's effort to lower the unit-cost of the AWACS plane, is what built the groundswell for the Saudis. When you have the oil-cum-business lobby and the Pentagon's generals in tandem, that's the military-industrial complex—remember President Eisenhower's farewell warning?—on the move. Against that kind of power, don't lose too much sleep over the "Jewish lobby."

IT IS TIME TO EXTEND A HAND TO THE AIR TRAFFIC CONTROLLERS

Mr. CRANSTON. Mr. President, it is time for President Reagan to extend a hand to the air traffic controllers and offer to allow the fired controllers to apply for jobs with the Federal Aviation Administration.

The Professional Air Traffic Controllers Organization (PATCO) is about to be broken, if it is not already. The union has been defeated through the inflexibility of President Reagan and through its own unwise and rash actions. The President has established his point: the strike was illegal. He has meted out punishment: firing the controllers. Thus, the present situation does not call for vindictiveness.

The needs and safety of our national air transportation system should now be our first concern. Business Week magazine in a recent editorial called for the rehiring of the air traffic controllers so that business, airlines, airports, and the rest of us who rely upon our fine air transportation system can fly regularly in safety and at prices which are competitive. I do not think the present situation meets those standards. There is no reason why we should not move ahead to reinstate full staffing of the FAA air control system.

I have received a letter from a fired air traffic controller. He describes himself as "a father, a hard-working, taxpaying, country-loving, war veteran American." He adds:

I am also a fired air traffic controller. I am 35 years old and have been involved in aviation all my life.

I have been a pilot for 16 years and formerly was an airline pilot. I love aviation and hate what has happened to it because of a lack of understanding by the FAA as to our legitimate problems. Believe me that I would not be out here if the issue was money.

My constituent asks, "Please do what you can to return me to the profession that I love and was more than competent at."

I think we should do so.

There are those individuals who wish to make a permanent example of the air traffic controllers. Nothing could be more shortsighted and destructive of good labor-management relations within the Federal service. Certain principles have been reestablished by the President's actions. It would be very unwise to attempt to reach beyond what has been attained by seeking continued retribution.

UNITED NATIONS REFUGEE AGENCY WINS PEACE PRIZE

Mr. PROXMIRE. Mr. President, last month the 1981 Nobel Peace Prize was awarded for the second time to the United Nations Office of High Commissioner for Refugees. The refugee agency was cited for its work in aiding the tens of millions of homeless and displaced people scattered all over the globe.

The agency won its first award in 1956 for its work in resettling the millions of Europeans driven from their homelands during the Second World War.

Today, the major work of the United Nations organization is carried out in Africa and Asia where the greatest numbers of refugees exist. According to the Washington Post, the Office of High Commissioner for Refugees provided critical aid to the many Ugandan refugees and since 1975 has resettled more than a million boat people from Vietnam, Laos, and Cambodia

Of these refugees, perhaps the most desperate of all are those who were threatened by genocide in their home countries. Specifically, I am referring to those refugees who fled the genocide campaigns of Pol Pot and Idi Amin. Although these people escaped death in their homelands, the dislocation and degradation they are forced to suffer make them very real victims of genocide.

In announcing the award the Nobel Committee commended the United Nations refugee organization for its success in extending its hand of compassion. The Nobel Committee also noted that—

Still more important in the long run is the work of insuring that people are not compelled to save their lives by escaping from their native land with no prospect of ever returning.

I agree. It is critical that we address the refugee problem at its source. One source, Mr. President, that is painfully obvious is genocide.

And yet, for over 30 years the United States Senate has refused to ratify the Genocide Convention. This treaty which makes genocide an international crime would be an important step in preventing the displacement of millions of people.

I urge my colleagues to stand behind this effort by ratifying the Genocide Convention.

USDA'S CONFUSION AND INCONSISTENCY ON CASEIN ISSUE

Mr. PROXMIRE. Mr. President, I have just received a report concerning USDA's testimony at today's International Trade Commission hearing on the issue of casein imports.

From what I have been told, USDA's representative at today's hearing stated that USDA had reason to believe that casein imports are materially interfering with our domestic dairy price support program to the tune of $300 million a year.

Yet, Mr. President, from what I have been told, I further understand that USDA's representative at today's ITC hearing had no recommendation that anything be done about this problem.

The USDA representative, according to the reports I have received, had no recommendation at all about curtailing casein imports.

Mr. President, this is incredible. On the one hand, the USDA spokesman tells the ITC that these casein imports are materially interfering with our dairy price support program.

Yet, in the next breath, this same USDA representative makes no recommendation about stopping this interference.

And all this is from an administration that has been dismantling the dairy price support program since the very day it took office.

Mr. President, these ITC hearings are continuing this afternoon and will resume again tomorrow.

I ask, here and now, that USDA send someone to this ITC hearing who will make the obvious, commonsense recommendation that follows from the statement that casein imports are materially interfering with our dairy price support program, namely, that we impose import restrictions on this casein.

Mr. President, it is time that USDA ends its confusion and inconsistency on casein.

Before this ITC hearing is concluded, USDA should get its act together and give a clear recommendation to the ITC that these casein imports be curtailed.

If USDA wants to save $300 million a year, this is a very simple way to bring it about. And, at the same time, this administration can at last do something constructive for America's dairy farmers.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

BUDGET RESCISSIONS AND DEFERRALS—MESSAGE FROM THE PRESIDENT—PM-89

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture, Nutrition, and Forestry, the Select Committee on Indian Affairs, the Committee on Labor and Human Resources, and the Committee on Commerce, Science, and Transportation:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report nine deferrals totaling $132.0 million and one proposal to rescind $20.5 million in budget authority previously provided by the Congress.

This group of deferrals constitutes the final in a series of actions taken to restrain spending of funds made available by the Continuing Resolution, P.L. 97-51. As I stated in my special message of October 20, 23, and 29, these actions are not only in accord with Congressional intent to view the amounts provided by the Resolution as a ceiling, but are also necessary to preserve the Congress' options to enact regular appropriations consistent with my revised budget request levels for fiscal 1982.

Deferrals under the Continuing Resolution are included in this special message for the Departments of Agriculture, Health and Human Services, and Transportation.

I am also proposing to rescind advance 1983 funds for the Corporation for Public Broadcasting.

The details of the rescission proposal and the deferrals are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *November 6, 1981.*

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that on November 3, 1981, he had approved and signed the following acts and joint resolution:

S. 1000. An act to amend the Independent Safety Board Act of 1974 to authorize appropriations for fiscal years 1981, 1982, and 1983, and for other purposes.

S. 1209. An act authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

S.J. Res. 4. Joint resolution to authorize the President to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week."

MESSAGE FROM THE HOUSE

At 12:09 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2330. An act to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes.

HOUSE BILL PLACED ON CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H.R. 2330. An act to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were received.

By Mr. MATHIAS, from the Committee on Rules and Administration, with an additional amendment, and without recommendation:

S. 807. A bill to reform the laws relating to the provision of Federal assistance in order to simplify and coordinate the management of Federal assistance programs and requirements, provide assistance recipients with greater flexibility and minimize the administrative burden and adverse economic impact of such programs and requirements (Rept. No. 97-267).

By Mr. BAKER (for Mr. HATFIELD), from the Committee on Appropriations, with amendments:

H.R. 4560. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-268).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BAKER (for Mr. HATCH), from the Committee on Labor and Human Resources:

Francis S. M. Hodsoll, of Virginia, to be Chairman of the National Endowment for the Arts for a term of four years.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PERCY, from the Committee on Foreign Relations, without reservation:

An agreement between the United States of America and Spain, effected by an exchange of notes at Madrid on September 4, 1981, extending for a period of 8 months the rights, duties, and obligations of the two countries (Spain and the United States) under the Treaty of Friendship and Cooperation of January 24, 1976, 27 U.S.T. 3005, T.I.A.S. (Ex. Rept. No. 97-24).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PACKWOOD (for himself and Mr. SYMMS):

S. 1824. A bill to amend the Internal Revenue Code of 1954 to increase the amount of reforestation expenditures which may be amortized in any taxable year, and for other purposes; to the Committee on Finance.

By Mr. ARMSTRONG:

S. 1825. A bill to prohibit price support for crops produced on certain lands in the western part of the United States which have not been used in the past ten years for agricultural purposes, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BAKER (for Mr. HATCH):

S. 1826. A bill for the relief of Marush and her four children: Paul John Williams, Mark Anthony Williams, Karen Louisa Williams, and Anna Marie Williams; to the Committee on the Judiciary.

By Mr. NUNN:

S. 1827. A bill to amend part C of title IV of the Higher Education Act of 1965 to permit meritorious exceptions to the payment of

minimum wage rates under the college work study program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. LUGAR:

S. 1828. A bill to amend the Internal Revenue Code of 1954 to clarify the tax treatment of thrift partnerships, and for other purposes; to the Committee on Finance.

By Mr. DANFORTH (for himself, Mr. ANDREWS, Mr. GRASSLEY, Mr. LAXALT, and Mr. SCHMITT):

S. 1829. A bill to amend the Internal Revenue Code of 1954 to provide certain tax incentives for individuals and businesses in depressed rural areas, and for other purposes; to the Committee on Finance.

By Mr. MATSUNAGA (for himself, Mr. DURENBERGER, Mr. MOYNIHAN, and Mr. ROTH):

S. 1830. A bill to amend the Internal Revenue Code of 1954 to exempt certain taxicabs from excise taxes on gasoline and other motor fuels; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. MITCHELL, and Mr. HEFLIN):

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day"; to the Committee on the Judiciary.

By Mr. BAKER (for Mr. HATCH) (for himself, Mr. PRYOR, Mr. BAUCUS, Mr. CHILES, Mr. D'AMATO, Mr. DOMENICI, Mr. DURENBERGER, Mr. HOLLINGS, Mr. LEVIN, Mr. MOYNIHAN, Mr. SPECTER, Mr. WILLIAMS, Mr. NUNN, Mr. EAST, Mr. WEICKER, Mr. SYMMS, Mr. GOLDWATER, Mr. HELMS, Mr. RANDOLPH, Mr. SARBANES, Mr. SIMPSON, and Mr. LAXALT):

S.J. Res. 122. Joint resolution to authorize and request the President to designate the week of February 28, 1982, through March 6, 1982, as "National Construction Industry Week."; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PACKWOOD (for himself and Mr. SYMMS):

S. 1824. A bill to amend the Internal Revenue Code of 1954 to increase the amount of reforestation expenditures which may be amortized in any taxable year; to the Committee on Finance.

(The remarks of Mr. PACKWOOD on this legislation appear earlier in today's RECORD.)

By Mr. ARMSTRONG:

S. 1825. A bill to prohibit price support for crops produced on certain lands in the western part of the United States which have not been used in the past 10 years for agricultural purposes, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

PROHIBITION OF PRICE SUPPORTS FOR CROPS PRODUCED ON CERTAIN LANDS

● Mr. ARMSTRONG. Mr. President, America is washing out and blowing away.

The Soil Conservation Service of the U.S. Department of Agriculture estimates that, thanks to wind and water erosion, America loses some 5 billion tons of topsoil each year. Roughly 40,000 tons of our best crop-producing topsoil floats down the Mississippi River each hour, hour after hour, day after day, week after week, month after month, year after year. This kind of soil loss is also occurring as a result of wind erosion throughout the arid West.

A single farmer can lose up to 6 tons of topsoil per acre each year to erosion. The result is that in the arid Western States, an area as big as the original 13 States, the loss of groundwater coupled with wind erosion is threatening to reverse the historical process of cultivation—crop-producing land is in danger of being returned to a desert wilderness.

Incredibly, the Federal Government is aggravating the erosion problem through well intentioned, but misguided, Government programs. Instead of giving farmers an incentive to protect our most precious agricultural resource—our topsoil—the Federal Government is encouraging farmers to plow up marginal land that is most erosion prone.

The land most suitable for farming in the arid West was long ago plowed out of the native sod. The grasslands now being broken, often by foreign investors, are the most fragile and most susceptible to wind erosion. Farming is a business that requires huge capital investments, but returns very small profits to farmers. When Government target prices and similar commodity programs yield a higher price to farmers than the market, and when market prices are depressed by huge Government-owned surpluses, farmers are given little choice in maintaining their financial position but to increase production. And for many farmers, the only way to increase production is to increase acreage by plowing new lands. And then, if the crops do not pan out and the land begins to blow away, the Government subsidizes the farmers to reseed the land. So, in effect, we are providing incentives to plow up more land—marginal land that borders on desert and when plowed, destroys native coverings of sod that required centuries to develop—and then the taxpayers pay again to retire the land after permanent damage has been done. The result is the steady erosion of one of our Nation's most precious resources—its land.

This is erosion we can no longer afford to ignore. Agriculture is the country's largest industry, by far, employing directly and indirectly nearly 24 million people. Agricultural commodities account for 20 percent of the gross national product, and are among the few things we produce in this country that effectively compete in foreign markets.

In fact, at a time when Americans pay enormous prices for energy obtained from foreign sources, and a time when we spend billions of dollars more for many foreign products because American producers have lost their competitive edge, we are fortunate that agriculture provides a viable industry second to none, and the world's most abundant, low-cost food supply. Assuring the long-term soundness and well-being of this great industry, though, will come through the development of better markets. That is why I amended the 1981 farm bill to provide better overseas marketing of U.S. agricultural products.

But the increase in world demand, as well as the Government incentives I mentioned earlier, give our farmers every reason to continue current expansionist practices, while we give little incentive for conservation. To continue providing the piecemeal measures Government now provides—important and helpful though they may be—while ignoring the fact that Government is largely responsible for the problem, is like throwing buckets of water at the Chicago fire.

We must stop paying farmers to destroy our Nation's soil. The USDA has been working for months on plans to reverse these erosion incentives. But Congress must strengthen the Secretary's hand in dealing with this problem. Statutory authority to deny Federal subsidies to crops produced on newly plowed land has never been specifically granted; today I am introducing legislation to do so.

My bill (S. 1825) provides that the Government price support program cannot be used to subsidize crops grown on land which has not been cultivated for the previous 10 years. The provision applies only to arid lands west of the 100th meridian—west of Dodge City, Kans. Additionally, farmers are exempted from this requirement if they have entered into long-term agreements with the Secretary to carry out the accepted conservation practices on this land, or if the land is not considered to be marginal or vulnerable to erosion.

The effect of my sodbusters bill, Mr. President, is simply to get the Federal Government out of the business of financing erosion.●

By Mr. NUNN:

S. 1827. A bill to amend part C of title IV of the Higher Education Act of 1965 to permit meritorious exceptions to the payment of minimum wage rates under the college work study program, and for other purposes; to the Committee on Labor and Human Resources.

COLLEGE WORK STUDY PROGRAM

● Mr. NUNN. Mr. President, today I am introducing legislation to receive a costly burden imposed on many higher education institutions by the 1980 higher education amendments. Nestled among the many positive changes in higher education programs enacted by the 96th Congress, was an amendment requiring all institutions to pay the minimum wage rather than the fourth subminimum, to students participating in the Federal college work study program.

The effect of this change is illustrated by the experience of Berry College, a college in the foothills of northwest Georgia with an enrollment of 1,500. Before the amendment 430 Berry students participated in CWS—with Berry College dollars funding $992,760 and the Federal Government putting in $205,258. After the amendment, Berry's cost of the program has risen by $104,000 to $1,096,760 while the Federal share remains the same at $205,258. Now only 360 Berry students can participate in Federal work study even though the program costs Berry $104,000 more.

A further irony is that the colleges can continue to operate their own separate work study program and pay, with Department of Labor approval, a submini-

mum wage. At Berry 700 students in the college's own program receive subminimum wage, and work side by side with their fellow students in the Federal program.

The legislation I propose would reinstate the procedure which allows institutions to apply for a waiver of the minimum wage requirement. For good cause, the Secretary of Education would be able to grant an exemption allowing colleges to pay a wage no less than 80 percent of the minimum wage.

It seems only fair that with Federal student financial aid undergoing major budget reductions, colleges and universities should be allowed this freedom to use their own limited funds to help as many students as possible.●

By Mr. LUGAR:

S. 1828. A bill to amend the Internal Revenue Code of 1954 to clarify the tax treatment of thrift partnerships, and for other purposes; to the Committee on Finance.

THRIFT PARTNERSHIP TAX ACT OF 1981

● Mr. LUGAR. Mr. President, I am today introducing the Thrift Partnership Tax Act of 1981. The purpose of this legislation is to improve the liquidity of thrift institutions and expand the availability of funds for home mortgages by establishing a specific mechanism in the Tax Code through which thrifts may dispose of low-yield mortgages from their loan portfolios.

In using the Tax Code, this legislation departs from the current debate on thrift industry problems. As my colleagues know, debate is now under way in the Congress to broaden the powers of Federal bank regulators to effect mergers between financial institutions and also to expand the asset powers of thrifts in order to make their portfolios more interest-rate sensitive. Regulatory actions also have been announced recently to grant greater flexibility to thrifts in their accounting practices.

It is time to expand the debate to the fundamental problem which has led this vital domestic industry into such distress: the retention of low-yield mortgages in their loan portfolios.

The Thrift Partnership Tax Act removes any possible uncertainty as to the tax treatment of partnerships formed between financial institutions and private investors to engage in mortgage transactions. Except for the amendment to code section 761 defining a "qualified thrift partnership" the legislation merely clarifies and does not change present law.

No other industry has been more greatly impacted by the extended period of high interest rates than has the thrift industry, the traditional supplier of mortgage loans to American homebuyers. The resulting repercussions have been overwhelming for home builders and their employees, realtors, and those Americans whose dreams of homeownership have been all but eliminated over the past several months.

The financial situation of thrifts is extremely precarious. The all savers certificate, enacted recently as part of the 1981 Economic Recovery Tax Act may prove to be of some assistance to the thrift industry by reducing the cost of their funds. What has become clear, however, is that these certificates will not lead to significant amounts of new mortgage loans to homebuyers. Despite the targeting provisions in the All Savers Act, lenders are reluctant to return to the practice of lending long with short-term money.

The problem of low-yield mortgages remains despite any marginal reduction in the cost of funds to these institutions. The reason for this situation is quite clear. The thrift industry has suffered from rapid one-sided deregulation. Having lived for years under regulation Q, all depository institutions suddenly found themselves as unequal, hampered participants in a high interest rate money market. Interest rate ceilings on customer accounts made competition for deposits very difficult. Alternative, higher yielding investment opportunities began pulling depositors away from the traditional depository institutions.

This changed quickly, however, in the spring of 1978 with the introduction of the money market certificate. Before that event, market-rate sensitive liabilities came to only 9.7 percent of the total assets of thrifts. By the middle of this current year, 60 percent of total assets were financed by rate-sensitive liabilities.

The other side of the balance sheet, the asset side, has not kept pace with liabilities in the rate of return earned on loan portfolios. It was only in April of this year that most thrifts were authorized to offer truly flexible-rate mortgages. As a result savings and loans still hold massive numbers of low-yield fixed-rate loans in their portfolios. In September 1979, 79.4 percent of total thrift mortgages were at rates of less than 10 percent. In spite of the unprecedented increases in interest rates since then however, this figure fell to only 66.6 in 1980 and 61.4 percent in 1981.

The combination of this one-sided deregulation and high rates has produced the current hemorrhage at thrift institutions. By September of this year, the average cost of funds was 11.37 percent while their portfolio yield was only 9.82 percent. This flow of red ink will continue as long as interest rates remain high. Not only has the current economic situation increased the cost of their funds above the return on their portfolios, but it also has impeded the conversion of fixed-rate mortgages into the recently authorized rate-sensitive mortgages.

Housing is extremely sensitive to interest rates. As rates rise real estate activity falls. With people not selling their homes, the mortgages on those homes do not turn over. Moreover, even for those homes that are sold, there is tremendous incentive for the buyer to assume the existing lower rate mortgage if at all possible.

Housing is currently in one of its worst post-war slumps. The resale of homes so far this year is down 36 percent from its peak of 3 years ago. As a result, the average life of mortgage loans is now running at 14.8 years, more than double the 6.2 years of 1977.

High interest rates also make it very difficult for institutions to shed their burden of low-yield loans through the sale of the mortgages in the secondary market. When interest rates are at 15 percent, a 10-percent mortgage is only 70 cents on the dollar.

The Federal Home Loan Bank Board recently amended its regulations to allow associations to amortize such losses from loan sales over the remaining life of the loan. However, this cosmetic treatment does not mask the underlying economic reality of huge losses. At a time when associates are already suffering crippling deficits few can afford the additional losses incurred by selling any significant part of their portfolios.

Thrifts did not get themselves in the current difficulty through bad management. They were merely carrying out the national goal of housing Americans and doing it well. They made America one of the best-housed countries in the world and at the same time built up their own reserves. It is only because of these reserves that they are still surviving, but they cannot last much longer on their stored resources. Many are quickly approaching a zero net worth position and the list grows longer every day. Unless something is done quickly the housing finance delivery system in this country, which has been built up over many years, will be grievously hurt.

Mr. President, in the context of this situation, I introduce the Thrift Partnership Tax Act. This legislation utilizes the tax code and the market to bring direct relief to thrifts. The partnership contemplated in this legislation offers thrift institutions a mechanism for converting below current market-rate mortgages in their portfolios to an interest in a limited partnership with private investors. Thrift institutions contribute low-yield mortgages in their existing portfolios as capital to the new partnership. The mortgages are transferred to the partnership capital account at their book (face) value, and thus the thrift realizes no loss on the transfer.

The partnership arrangements also contemplate that private investors contribute cash to the partnership capital in an amount approximately equal to the difference between the book and market value of the mortgages contributed by the thrift institutions. The partnership then sells the contributed mortgages in the secondary mortgage market, realizes a loss (from book value) on the sale of the low-yield mortgages and invests the cash realized from the sale plus the cash contributed by the private investors in mortgages carrying current market interest rates.

The proposed thrift partnership allocates the loss realized on the sale of the contributed mortgages first to the private investor participants to the extent of their original capital contribution, then to the thrift institution participants to the extent of their original capital contribution. It is expected that income earned by the partnership would be distributed as follows:

First, an annual cash payment of approximately 150 basis points greater than the average book value yield of the contributed mortgages is made to thrift institution partners. The payment is computed as a percentage of the institution's capital account.

Second, a similar annual cash payment is made to private investor partners. The payment is computed as a percentage of the investors' capital account.

Third, any partnership income in excess of the annual cash payments is allocated to any capital account showing a deficit from the amount of the original capital contribution.

Fourth, any remaining partnership income is allocated between the thrift institution participants and the private investor participants.

The proposed thrift partnership is limited to investments legally available to thrift institutions. The partnership may actively trade their portfolio and may engage in servicing the mortgage contracts that they initiate or acquire. Income in excess of the guaranteed payments that is distributed to participants' capital accounts may be reinvested by the partnership.

Thus, thrift partnerships propose to combine the capital contributions of the two classes of partnership participants and convert the capital contributions into investments that yield a return at the current market interest rate. Participation in a thrift partnership potentially provides thrift institutions with a mechanism to liquidate low-yield mortgage assets without adversely affecting their net worth and to increase their earnings.

Mr. President, my legislation is not a totally new concept. Similar tax mechanism have been suggested recently by various observers. The difference is that the current situation facing thrifts requires congressional attention to this proposal. I hope that the debate on this particular approach will commence with the introduction of this legislation.

Mr. President, I ask unanimous consent that the text of S. 1828 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1828

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Thrift Partnership Tax Act of 1981".

SEC. 2. TAX TREATMENT OF QUALIFIED THRIFT PARTNERSHIPS.

(a) CHARACTERIZATION OF GAIN OR LOSS.—Section 703 of the Internal Revenue Code of 1954 (relating to partnership computations) is amended by adding at the end thereof the following new subsection:

"(c) CHARACTERIZATION OF GAIN OR LOSS OF QUALIFIED THRIFT PARTNERSHIPS.—Notwithstanding subsection (a), the character of gain or loss on the sale or exchange by a qualified thrift partnership of any property or interest in property which—

"(1) is described in section 7701 (a) (19) (C) (V), and

"(2) is transferred to such partnership in exchange for a partnership interest by a partner which, at the time of such transfer, was a qualified thrift institution,

shall be determined in the same manner as if such property had been sold or exchanged by the institution.".

(b) ALLOCATION OF GAIN OR LOSS.—Section 704 of such Code (relating to partner's distributed share in the case of contributed property) is amended by redesignating subsection (f) as subsection (g) and in inserting after subsection (e) the following new subsection:

"(f) CONTRIBUTED PROPERTY OF QUALIFIED THRIFT PARTNERSHIP.—Notwithstanding subsection (b) (2) or (c) (1), a partner's distributive share of gain or loss from the sale or exchange by a qualified thrift partnership of property or an interest in property which is described in section 703(c) shall be determined by the partnership agreement.".

(c) CONTRIBUTION TO PARTNERSHIP.—Section 721 of such Code (relating to nonrecognition of gain or loss on contribution) is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULE FOR QUALIFIED THRIFT PARTNERSHIPS.—If—

"(1) a qualified thrift institution transfers to a qualified thrift partnership any property or interest in property which is described in section 7701(a) (19) (C) (v) for an interest in the partnership, and

"(2) the partnership sells or exchanges such property or interest after such transfer, such transfer shall, for purposes of subsection (a), be treated as a contribution of such property (and not the proceeds from the sale or exchange) to the partnership in exchange for such interest.".

(d) TREATMENT OF CONTRIBUTED PROPERTY.—Section 7701(a) (19) (C) of such Code (defining the term "domestic building and loan association") is amended by adding at the end thereof the following new sentence:

"For purposes of this subparagraph (C), each asset of a qualified thrift partnership in which a domestic building and loan association has a partnership interest shall be deemed to be an asset of the domestic building and loan association to the extent of and in proportion to its percentage interest in the partnership as measured by the respective capital accounts of the partners."

SEC. 3. DEFINITION OF QUALIFIED THRIFT PARTNERSHIP.

Section 761 of the Internal Revenue Code of 1954 (defining terms) is amended by redesignating subsection (e) as subsection (f) and inserting after subsection (d) the following new subsection:

"(e) QUALIFIED THRIFT PARTNERSHIPS.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'qualified thrift partnership' means a partnership—

"(A) at least one partner of which is a qualified thrift institution,

"(B) the primary purpose of which is to invest in property or interests in property described in section 7701(a) (19) (C) (v),

"(C) 95 percent of the assets of which consist of property or interests in property described in clause (1) or (v) of section 7701(a) (19) (C) (v), and

"(D) all of the contributions of partners which are not qualified thrift institutions are cash.

In the case of any contribution to capital of the partnership of property not described in subparagraph (B) or the proceeds from the sale or exchange of such property, the partnership shall be treated as having met the requirements of subparagraph (C) if such contributions or proceeds are used to acquire such property within the 1-year period after receipt.

"(2) QUALIFIED THRIFT INSTITUTION.—The term 'qualified thrift institution' means a qualified institution within the meaning of section 128(c) (2) (determined without regard to subparagraph (A) (i) or the last sentence thereof).

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to transfers, sales, and exchanges after December 31, 1981, in taxable years ending after such date.●

By Mr. DANFORTH (for himself, Mr. ANDREWS, Mr. GRASSLEY, Mr. LAXALT, and Mr. SCHMITT):

S. 1829. A bill to amend the Internal Revenue Code of 1954 to provide certain tax incentives for individuals and businesses in depressed rural areas, and for other purposes; to the Committee on Finance.

RURAL ENTERPRISES ZONE ACT

● Mr. DANFORTH. Mr. President, today I am introducing, on behalf of myself and Senators ANDREWS, GRASSLEY, LAXALT, and SCHMITT, the Rural Enterprise Zone Act of 1981. The purpose of this bill is to bring new jobs to distressed small cities and rural areas by providing tax incentives to investors willing to invest in small towns. Rural enterprise zones, as they are constructed in this act, do not guarantee success, but they do represent a bonafide opportunity to succeed.

An important economic and jobs development initiative discussed by Congress and the administration this year is the enterprise zone. To date, however, very little discussion has focused on the concept of enterprise zones as a mechanism to assist impoverished rural communities. This is not an oversight, but rather reflects the fact that the problems faced by rural communities, entrepreneurs and investors are different from those in urban areas, creating a need for special legislative attention.

Over one-third of the Nation's poor live in nonmetropolitan areas. The 20 poorest counties in the Nation are rural counties. Poverty and economic distress are still disproportionately located in rural areas of our Nation—and these areas need opportunities to stimulate their distressed economies. The bill that we introduce reflects our desire to test new techniques for encouraging economic development in rural communities willing to demonstrate the initiative and desire to improve their economic prospects.

Economic development demands capital resources. For many reasons, rural areas are often woefully short of capital. The intention of this bill is to attract capital to areas which have a need for it, but which do not now have it. It would do this by providing a number of tax incentives to firms willing to invest in specially designated areas. These tax incentives are intended not only to encourage capital investment, but also to promote the hiring of new employees.

The idea is an experiment—no more than 15 rural enterprise zones could be created in the first year. The bill also represents hope—hope to depressed rural areas and communities too often forgotten. Its success rests where it belongs—on community involvement. With this bill, the Rural Enterprise Zone Act of 1981, an opportunity exists to transform the potential of distressed localities into vibrant local rural economies.

I look forward to the development of this legislation in the Finance Committee and its enactment into law.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1829

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Rural Enterprise Zone Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Unless otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—DESIGNATION OF RURAL ENTERPRISE ZONES

SEC. 101. DESIGNATION OF ZONES.

(a) RURAL ENTERPRISE ZONE DEFINED.—

(1) IN GENERAL.—For purposes of this Act, the term "rural enterprise zone" means any area in the United States with respect to which the Secretary of Commerce approves a request for designation as a rural enterprise zone made by a person described in paragraph (3).

(2) APPLICATION.—The Secretary of Commerce may not approve any designation under paragraph (1) unless an application therefor is submitted in such form and contains such information as the Secretary of Commerce may by regulations prescribe.

(3) PERSONS MAKING REQUESTS.—A request for designation of an area as a rural enterprise zone under this section may be made by—

(A) a State government on behalf of one or more local government or governments if the local governments consent to such request;

(B) a local government or governments with jurisdiction over such area; or

(C) any other person which, as determined by the Secretary of Commerce, has the consent of the local governments, is representative of the zone eligible population, and has the administrative capacity to manage a zone jointly with the local governments.

(b) REVOCATION OF DESIGNATION.—

(1) IN GENERAL.—The Secretary of Commerce may revoke any designation of an area if the Secretary of Commerce determines that the requirements of this title are not being met with respect to such area. Before revoking any designation, the Secretary may allow periods for remedial action to be taken.

(2) AUTOMATIC REVOCATION AFTER 15 YEARS.—Any designation of an area as a rural enterprise zone shall automatically expire after 15 years.

(c) AREA REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of Commerce may approve the designation request of any area under subsection (a) only if—

(A) the area is within the jurisdiction of the government designating such area or jointly involved in managing such area,

(B) the boundary of the area is continuous,

(C) the area—

(i) is located outside of a standard metropolitan statistical area, or

(ii) is otherwise determined by the Secretary of Commerce to be a rural area;

(D) the area—

(i) has a population of at least 600,

(ii) comprises an incorporated separate jurisdiction, or

(iii) is an Indian reservation (as determined by the Secretary of the Interior);

(E) the area does not contain any prime agricultural land (as defined by the Secretary of Commerce after consultation with the Secretary of Agriculture); and

(F) the area meets the requirements of paragraph (2).

(2) UNEMPLOYMENT AND POVERTY REQUIREMENTS.—For purposes of paragraph (1), an area meets the requirements of this paragraph if such area meets the unemployment and income criteria for cities with populations of less than 50,000 under the Urban Development Action Grant program administered by the Secretary of Housing and Urban Development.

(3) DETERMINATION MADE BY SECRETARY OF COMMERCE.—Determinations under this subsection shall be made by the Secretary of Commerce on the basis of—

(A) data submitted by the government designating the area if the Secretary determines that such data is reasonably accurate, and

(B) the most recent census data available.

(d) RURAL ENTERPRISE ZONE PLAN.—

(1) IN GENERAL.—Each person requesting the Secretary of Commerce to approve a request for designation of an area as a rural enterprise zone shall submit a rural enterprise zone plan.

(2) REQUIREMENTS OF PLAN.—Each rural enterprise zone plan submitted under paragraph (1) shall document commitment, shall analyze probable costs and benefits from use of the incentives for economic benefit, and shall—

(A) describe the local efforts or contributions which will be made in the area to increase employment and to encourage the formation and expansion of business enterprises and general economic development, including any local concessions to be made such as—

(i) tax abatement,

(ii) the providing of State, local, and private loans, loan guarantees, industrial revenue bonds, and other financing incentives for financing businesses in the area,

(iii) the providing of local government services (such as infrastructure, transportation, sewage utility, and zoning) to support business and economic development,

(iv) the providing of education, training, and employment to residents of the area who are eligible for assistance under the Comprehensive Employment and Training Act.

(v) making available to residents of the area public services which encourage their entry into the workplace,

(vi) the commitment of land and buildings for economic development,

(vii) the providing of technical and management assistance, and

(viii) the creation of a loan fund for businesses within the area,

(B) guarantee the ability of any government with jurisdiction over the area to manage the zone, including, but not limited to, the ability to—

(i) certify residents eligible for tax or other assistance, and

(ii) carry out the local efforts and contributions described in subparagraph (A),

(C) describe—

(i) the degree of involvement in the zone by local economic development organizations,

(ii) past accomplishments and performance and existing development efforts of the area, and

(iii) private sector activities and potential,

(D) demonstrate that the area meets the requirements of subsection (c), and

(E) describe the planned use of existing Federal resources for economic development and how such use will enhance any tax or regulatory incentives provided by this Act.

(3) USE OF AND ASSISTANCE IN PREPARING PLANS.—The Secretary of Commerce shall—

(A) take any plan submitted under this subsection into consideration in determining whether to approve a designation as a rural enterprise zone,

(B) if an area is approved as a rural enterprise zone, require that the local effort described in paragraph (2)(A) be made, and

(C) make every effort to reduce the burdens on any person seeking to submit a plan, including giving technical assistance to such person.

SEC. 102. NUMBER OF ZONES.

(a) IN GENERAL.—The Secretary of Commerce—

(1) may approve requests for designations of areas as rural enterprise zones under section 101 only during the 3-calendar year period beginning with the first calendar year beginning after the date of the enactment of this Act, and

(2) may not approve more than 15 requests for designations of areas as rural enterprise zones during any calendar year.

(b) PREFERENCES IN APPROVING ZONES.—In approving areas as rural enterprise zones, the Secretary of Commerce shall give preference to requests which—

(1) demonstrate broad community support,

(2) demonstrate the ability to make available nonresidential property which is appropriately zoned for commerical use,

(3) demonstrate that the governments with jurisdiction over the area will make the local commitments described in section 101(c), and

(4) minimize Federal expenditures.

SEC. 103. MANAGEMENT OF RURAL ENTERPRISE ZONE.

(a) IN GENERAL.—Subject to the authority of the Secretary of Commerce to revoke his approval of the designation of an area as a rural enterprise zone, the Secretary of Commerce shall contract with the person submitting the request for approval for the management of such area and such person shall be responsible for such management and compliance with the provisions of this title.

(b) THIRD PARTY MANAGEMENT.—A person described in subsection (a) may contract with another person to carry out its responsibilities under this section.

SEC. 104. SENSE OF CONGRESS WITH RESPECT TO DESIGNATIONS OF FOREIGN TRADE ZONES.

It is the sense of the Congress that in the case of any request for designation of an area in a rural enterprise zone as a foreign trade zone—

(1) the Foreign Trade Zone Board should expedite the application process as much as possible;

(2) in evaluating such application, the Board should take into account not only current economic development in the rural enterprise zone but also future development to be expected from the incentives offered by this Act; and

(3) the Board should provide technical assistance to the applicants.

TITLE II—TAX INCENTIVES

Subtitle A—Capital Gains Tax Rates

SEC. 201. CORPORATIONS.

(a) GENERAL RULE.—Subsection (a) of section 1201 (relating to alternative tax for corporations) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) a tax of 10 percent of the lesser of—

"(A) the net capital gain, or

"(B) the net capital gain determined by only taking into account sales or exchanges of qualified property, plus

"(3) a tax of 28 percent of the excess (if any) of—

"(A) the net capital gain for the taxable year, over

"(B) the amount of net capital gain taken into account under paragraph (2).".

(b) DEFINITION OF QUALIFIED PROPERTY.—Section 1201 (relating to alternative tax for corporations) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) DEFINITION OF QUALIFIED PROPERTY.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified property' means—

"(A) any tangible personal property which was used predominantly by the taxpayer in a rural enterprise zone in the active conduct of a trade or business;

"(B) any real property (other than land) located in such a zone which was used predominantly by the taxpayer in the active conduct of a trade or business; and

"(C) any interest in a corporation, partnership, or other entity if, for the most recent taxable year of such entity ending before the date of the sale or exchange, such entity was a qualified business.

"(2) QUALIFIED BUSINESS.—

"(A) IN GENERAL.—The term 'qualified business' means any person—

"(i) which is actively engaged in the conduct of a trade or business during such taxable year,

"(ii) which is not—

"(I) a member of a controlled group of corporations (within the meaning of section 1563(a)(1), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' in section 1563(a)(1)), and

"(II) is not a member of a group of trade or businesses which are under common control (as determined under regulations prescribed by the Secretary based on principles similar to principles which apply in the case of subclause (I)),

"(iii) which—

"(I) was incorporated or began the active conduct of such trade or business not more than 5 years preceding the last day of the taxable year, or

"(II) is a small business (as determined by the Administrator of the Small Business Administration),

"(iv) with respect to which at least 50 percent of such person's gross receipts for the taxable year are attributable to the active conduct of a trade or business within a rural enterprise zone, and

"(v) derives, during any taxable year, less than 50 percent of its aggregate gross receipts from sources other than royalties, rents, dividends, interests, annuities, and sales or exchanges of stocks and securities (as determined under rules similar to the rules provided in section 1244 (c)(1)(C) and (c)(2)(A) or (B)).

"(B) EXISTING BUSINESS.—Any person which—

"(i) was actively engaged in the conduct of a trade or business in an area immediately before such area is designated as a rural enterprise zone, and

"(ii) otherwise meets the requirements of this paragraph,

shall not be treated as a qualified business unless the average number of employees (determined on a full-time basis) during the taxable year is at least 10 percent greater than the average number of such employees during the taxable year preceding the designation of such area as a rural enterprise zone.

"(3) PROPERTY REMAINS QUALIFIED AFTER ZONE DESIGNATION CEASES TO APPLY.—

"(A) IN GENERAL.—The treatment of property as qualified property under paragraph (1) shall not terminate when the designation of the area in which the property is located as a rural enterprise zone ceases to apply.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply after the first sale or exchange of property occurring after the designation ceases to apply to the zone.".

SEC. 202. TAXPAYERS OTHER THAN CORPORATIONS.

Subsection (a) of section 1202 (relating to deduction for capital gains) is amended to read as follows:

"(a) DEDUCTION ALLOWED.—

"(1) IN GENERAL.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(A) 80 percent of the lesser of—

"(i) the net capital gain, or

"(ii) the net capital gain determined by only taking into account sales or exchanges of qualified property (as defined in section 1201 (d)), plus

"(B) 60 percent of the excess (if any) of—

"(i) the net capital gain, over

"(ii) the amount of the net capital gain taken into account under subparagraph (A).

"(2) PROPERTY REMAINS QUALIFIED AFTER ZONE DESCRIPTION CEASES TO APPLY.—

"(A) IN GENERAL.—The treatment of property as qualified property under paragraph (1) shall not terminate when the designation of the area in which the property is located or used as a rural enterprise zone ceases to apply.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply after the first sale or exchange of property occurring after the designation to the zone.".

SEC. 203. MINIMUM TAX

(a) CAPITAL GAINS.—Paragraph (9) of section 57(a) (relating to tax preference for capital gains) is amended by adding at the end thereof the following new subparagraph:

"(E) Sales of certain property not taken into account.—For purposes of this paragraph, sales or exchanges of qualified property (as defined in section 1201(d)) shall not be taken into account.".

(b) ACCELERATED DEPRECIATION.—Paragraph (2) of section 57(a) (relating to accelerated depreciation on real property) is amended by adding at the end thereof the following: "The preceding sentence shall not apply to any section 1250 property which is qualified property (within the meaning of section 1201(d)).".

(c) RECOVERY PROPERTY.—Paragraph (12) of section 57(a) (relating to accelerated cost recovery deduction) is amended by adding at the end thereof the following new subparagraph:

"(E) QUALIFIED PROPERTY.—This paragraph shall not apply to any recovery property which is qualified property (within the meaning of section 1201(d)).".

SEC. 204. NONRECOGNITION OF GAIN ON ANY PROPERTY SOLD WHERE QUALIFIED PROPERTY ACQUIRED.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 (relating to nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1041. SALES OF PROPERTY WHERE QUALIFIED PROPERTY ACQUIRED.

"(a) NONRECOGNITION OF GAIN.—

"(1) IN GENERAL.—If any capital asset is sold by the taxpayer and, within the 1-year period beginning on the date of such sale, any qualified property is purchased by the taxpayer, gain (if any) from such sale shall, at the election of the taxpayer, be recognized only to the extent that the amount realized on such sale exceeds the cost to the taxpayer of such property.

"(2) ELECTION.—The election under paragraph (1) shall be made by filing, not later than the last day prescribed by law (including extensions thereof) for filing the return of tax imposed by this chapter for the taxable year in which the sale occurs, with the Secretary a statement (in such manner as the Secretary may by regulations prescribe) of such election.

"(b) SPECIAL RULES FOR EXCHANGE.—For purposes of this section, an exchange by the taxpayer of any capital asset for other property shall be treated as a sale of such asset, and the acquisition of any qualified property on the exchange of property shall be treated as a purchase of such qualified property.

"(c) REDUCTION OF BASIS.—Where the purchase of any qualified property results under subsection (a) in the nonrecognition of gain on the sale of any asset, the basis of such asset shall be reduced by an amount equal to the amount of gain not so recognized on the sale of such asset. Where the purchase of more than one qualified property is taken into account in the nonrecognition under subsection (a) of gain on the sale of an asset, the preceding sentence shall be applied to each qualified property in the order in which each such qualified property is purchased.

"(d) STATUTE OF LIMITATIONS.—If the taxpayer during any taxable year sells any property at a gain, then—

"(1) the statutory period for the assessment of any deficiency attributable to any part of such gain shall not expire before the expiration of the 3-year period beginning on the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's cost of purchasing any qualified property which the taxpayer claims results in nonrecognition of any part of such gain,

"(B) the taxpayer's intention not to purchase any qualified property within the 1-year period described in subsection (a), or

"(C) the failure by the taxpayer to purchase any qualified property within such period; and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

"(e) QUALIFIED PROPERTY DEFINED.—For purposes of this section, the term 'qualified property' has the meaning given such term by section 1201(d).".

(b) TECHNICAL AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking out "and" at the end of paragraph (23), by striking out the period at the end of paragraph (24) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(25) in the case of any qualified property (within the meaning of section 1201(d)) the acquisition of which resulted under section 1041 in the nonrecognition of gain on the sale or exchange of property, to the extent provided by section 1041(c).".

(c) CONFORMING AMENDMENT.—The table of sections for part III of subchapter O of chapter 1 is amended adding at the end thereof the following new item:

"Sec. 1041. Sales of property where qualified property acquired.".

SEC. 205. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to sales or exchanges after December 31, 1982, in taxable years ending after such date.

Subtitle B—Deduction for Investment in Certain Businesses

SEC. 211. DEDUCTION ALLOWED.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 196. QUALIFIED INVESTMENT IN NEW AND SMALL BUSINESSES.

"(a) IN GENERAL.—There shall be allowed as a deduction for the taxable year an amount equal to the qualified investment of the taxpayer during the taxable year.

"(b) QUALIFIED INVESTMENT.—The term 'qualified investment' means the amount equal to the sum of—

"(1) the amount paid or incurred to purchase the stock or other equity interest of a qualified business, and

"(2) 50 percent of the principal amount of unsecured debt acquired by the taxpayer which has a maturity of 10 or more years and which was issued by a qualified business.

"(c) QUALIFIED BUSINESS.—The term 'qualified business' has the meaning given such term by section 1201(d)(2).".

(b) CONFORMING AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 196. Qualified investment in new and small businesses.".

SEC. 212. EFFECTIVE DATE.

The amendments made by this section shall apply to taxable years beginning after December 31, 1982.

Subtitle C—Targeted Jobs Credit Increased in Rural Enterprise Zones

SEC. 221. INCREASE IN TARGETED JOBS CREDIT.

(a) IN GENERAL.—Section 51 (relating to amount of credit for employment of certain new employees) is amended by adding at the end thereof the following new subsection:

"(j) SPECIAL RULES FOR RURAL ENTERPRISE ZONES.—

"(1) INCREASE IN AMOUNT OF CREDIT.—

"(A) IN GENERAL.—In any case in which—

"(i) the taxpayer is a qualified business (within the meaning of section 1202(d)(2)), and

"(ii) the employee is a member of a targeted group who—

"(I) is a qualified employee, or

"(II) is a resident of a rural enterprise zone,

then subsections (a) and (b)(4) shall not apply with respect to such employee and the amount of the credit allowable by section 44B with respect to the qualified wages of such employee shall be determined under subparagraph (B).

"(B) AMOUNT OF CREDIT.—For purposes of subparagraph (A), the amount of the credit allowable shall be equal to—

"(i) the sum of—

"(I) the qualified first-year wages of the employee to the extent such wages do not exceed $5,000, plus

"(II) 20 percent of the amount determined under subclause (I), plus

"(ii) the sum of—

"(I) the qualified second-year wages of the employee to the extent such wages do not exceed $3,000, plus

"(II) 10 percent of the amount determined under subclause (I).

"(2) RECAPTURE IF EMPLOYEE WORKS LESS THAN 1 YEAR.—If an employee is separated from employment with a taxpayer before the close of the 1-year period referred to in subsection (b)(2), the tax imposed by this chapter on the taxpayer for the taxable year in which such separation occurs shall be increased by an amount equal to 75 percent of the excess of—

"(A) the amount of the credit allowed for such taxable year and preceding taxable years with respect to such employee, over

"(B) the amount of such credit which would have been allowed without regard to this subsection.

"(3) QUALIFIED EMPLOYEE.—The term 'qualified employee' means an individual with respect to whom at least 50 percent of the services performed by the individual for the taxpayer during the taxable year are performed in a rural enterprise zone.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid or incurred after December 31, 1982.

Subtitle D—Credit for Certain Contributions

SEC. 231. CREDIT FOR CONTRIBUTIONS IN RURAL ENTERPRISE ZONE

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting before section 45 the following new section:

"SEC. 44H. CONTRIBUTIONS TO RURAL ENTERPRISE ZONES.

"(a) IN GENERAL.—At the election of the taxpayer, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 5 percent of the taxpayer's qualified rural enterprise zone contributions for the taxable year.

"(b) QUALIFIED RURAL ENTERPRISE ZONE CONTRIBUTIONS DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified rural enterprise zone contribution' means an amount equal to the sum of—

"(A) any amount paid to a qualified rural neighborhood organization but only to the extent such organization certifies to the taxpayer that such amount will be used to provide qualified rural services within a rural enterprise zone (or to pay reasonable administrative expenses in connection therewith), plus

'(B) the sum of—

"(i) the amounts paid for qualified public services provided in a rural enterprise zone, and

"(ii) the fair market value of qualified public services provided by the taxpayer in a rural enterprise zone.

"(2) QUALIFIED PUBLIC SERVICES.—The term 'qualified public services' means any of the following services provided to individuals or groups in a rural enterprise zone:

"(A) Any type of counseling and advice, emergency assistance, or medical care.

"(B) Assistance in the reduction of crime.

"(C) Scholastic instruction or scholarship assistance which enables an individual to prepare for better life opportunities.

"(D) Instruction which enables an individual to acquire vocational skills so that such individual may become employable or able to seek a higher grade of employment.

"(E) Furnishing financial assistance, labor, material, and technical advice to aid in the physical improvement of any part or all of the rural enterprise zone.

"(3) QUALIFIED RURAL NEIGHBORHOOD ORGANIZATION.—The term 'qualified rural neighborhood organization' means—

"(A) an organization which is described in section 501(c)(3) and which is exempt from taxation under section 501(a), or

"(B) an organization which has been designated as a community development corporation under title VII of the Economic Opportunity Act of 1964 (as in effect on September 30, 1980).

"(c) DENIAL OF DOUBLE BENEFITS.—No credit shall be allowed under this section with respect to any amount for which a deduction or credit is otherwise allowed under this title.".

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting before the item relating to section 45 the following new item:

"Sec. 44H. Contributions to Rural Enterprise Zones."

SEC. 232. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to taxable years beginning after December 31, 1982.

Subtitle E—Miscellaneous

SEC. 241. OPTIONAL CASH METHOD OF ACCOUNTING FOR CERTAIN SMALL BUSINESSES.

Section 446 (relating to general rule for methods of accounting) is amended by adding at the end thereof the following new subsection:

"(f) OPTIONAL CASH METHOD.—

"(1) IN GENERAL.—Any taxpayer which is a qualified business (as defined in section 1201(d)(2)) for any taxable year beginning after December 31, 1982, may elect to compute taxable income—

"(A) under the cash receipts and disbursements method of accounting, and

"(B) without any requirement to use inventories under section 471.

"(2) GROSS RECEIPTS LIMITATION.—Paragraph (1) shall not apply for any taxable year with respect to any taxpayer if for any prior taxable year the gross receipts of such taxpayer exceeded $1,500,000.

"(3) ELECTION.—An election under paragraph (1) may be made by any taxpayer without the consent of the Secretary for the taxpayer's first taxable year for which the taxpayer is a qualified business.".

SEC. 242. BAD DEBT RESERVES.

(a) IN GENERAL.—Section 166 (relating to bad debts) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) MINIMUM RESERVE FOR RURAL ENTERPRISE ZONE FINANCING.—At the election of the taxpayer, if the taxpayer—

"(1) provides goods or services to a qualified business (within the meaning of section 1201(d)(2)), and

"(2) provides trade credits in connection with such goods or services,

then, for purposes of subsection (c), the reasonable addition to a reserve for bad debts in connection with such credits shall be equal to 8 percent of the amount of such credits.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1981.

SEC. 243. DEFINITION OF RURAL ENTERPRISE ZONE.

Section 7701(a) (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(38) RURAL ENTERPRISE ZONE.—The term 'rural enterprise zone' means an area designated as a rural enterprise zone under title I of the Rural Enterprise Zone Act of 1981.".

TITLE III—REGULATORY FLEXIBILITY

SEC. 301. DEFINITION OF SMALL ENTITY FOR PURPOSES OF ANALYSIS OF REGULATORY FUNCTIONS.

Paragraph (6) of section 601 of title 5, United States Code, defining small entity, is amended to read as follows:

"(6) the term 'small entity' means—

"(A) a small business, small organization, or small governmental jurisdiction (within the meaning of paragraphs (3), (4), and (5), respectively), and

"(B) any qualified business (within the meaning of section 1201(d)(2) of the Internal Revenue Code of 1954), any government designating an area as a rural enterprise zone (within the meaning of title I of the Rural Enterprise Zone Act of 1981) to the extent any rule will affect such zone, and any not-for-profit enterprise operating within such zone.". ●

By Mr. MATSUNAGA (for himself, Mr. DURENBERGER, Mr. MOYNIHAN, and Mr. ROTH):

S. 1830. A bill to amend the Internal Revenue Code of 1954 to exempt certain taxicabs from excise taxes on gasoline

and other motor fuels; to the Committee on Finance.

EXEMPTION OF CERTAIN TAXICABS FROM EXCISE TAX ON FUEL

Mr. MATSUNAGA. Mr. President, I am introducing a bill with Senator DURENBERGER, MOYNIHAN, and ROTH, as cosponsors, to correct an administrative problem posed by the Internal Revenue Code. In the Surface Transportation Assistance Act of 1978, the Congress added to the Code section 6427(e) which provides for a refund of the Federal excise tax on gasoline, diesel, and other fuels when used in certain fuel-efficient taxicabs.

As the pertinent House report states, taxicabs are the only available means of public transportation in many suburban areas and smaller towns; in other areas taxicabs frequently compete with other forms of public transportation which are fully or partially exempt from the Federal fuel taxes. Thus, to encourage public transportation and also to encourage the implementation of shared-ride systems and the purchase of fuel-efficient taxicabs, the House bill provided an exemption from the 4 cents per gallon excise tax on gasoline and other motor fuels used in taxicabs for qualified taxicab services.

To qualify for this exemption, the House bill required that the taxicabs must not be prohibited from ride-sharing under company policy or the rules of a Federal, State, or local authority. In addition, in the case of 1978 or later model taxicabs acquired after 1978, the fuel economy of the model type of vehicle must exceed the fleet average fuel economy standard under the Motor Vehicle Information and Cost Savings Act. The exemption in the original House bill would apply only to fuel used in furnishing passenger transportation for a fixed fare.

The final conference agreement deleted the House provision which would have allowed tax-free sales of fuel; instead, the conferees provided a refund or credit procedure for the tax paid on fuel used in providing qualified taxicab services. Thus, to obtain the refund, a taxicab owner must pay the excise tax and subsequently file for a credit or refund.

The conference agreement also limited the excise tax refund for 2 years; 1979 and 1980. The 2-year period was intended to permit the Congress to determine the effectiveness of the exemption in encouraging more energy-efficient taxicabs and in removing barriers to ride sharing. In an extension of various temporary tax provisions in 1980, the Congress extended the taxicab fuel tax exemption for 2 years. It was felt that an additional 2-year period would provide the necessary time for the Treasury Department to collect the pertinent data and for the Congress to evaluate the effectiveness of this exemption.

Under the provision, a purchaser who uses the fuel for qualified taxicab services must first pay the excise tax and subsequently file for a refund. If the refund of tax due is $50 or more for the calendar quarter, the purchaser may file for a refund at the end of the quarter. Any amounts not otherwise refunded may be claimed on the purchaser's income tax return for the year. The small taxicab operators have complained about the burden of this payment-refund procedure.

The bill which my cosponsors and I are introducing today seeks to replace this cumbersome procedure with the simple proposal first adopted by the House in its version of the Surface Transportation Assistance Act. Our bill would provide that the sale of fuel to taxicab owners would be tax-free, completely avoiding the process of having to pay the tax and then file for a refund. This would save the Federal Government the time and expense of processing and refunding the excise tax. It would also reduce the time-consuming, expensive requirement for taxicab owners to complete the necessary refund forms.

In addition, the bill would also extend the benefits of this provision to taxicabs in jurisdictions that prohibit ride sharing. In other words, as long as the company policy does not prohibit shared transportation, the taxicab fuel would be tax exempt.

The use of taxicabs in intracity travel serves to limit substantially the number of private automobiles required, easing congestion and also reducing our national gasoline consumption. The legislation we are introducing today serves to enhance these objectives by encouraging taxicab transportation. Mr. President, I urge speedy and favorable consideration of this bill.

Mr. President, I ask unanimus consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1830

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXEMPTION OF TAXICABS FROM EXCISE TAXES ON GASOLINE AND OTHER MOTOR FUELS.

(a) EXEMPTION FROM TAX ON GASOLINE.—

(1) IN GENERAL.—Subsection (e) of section 4221 of the Internal Revenue Code of 1954 (relating to special rules for certain tax-free sales) is amended by adding at the end thereof the following new paragraph:

"(7) GASOLINE USED IN CERTAIN TAXICABS.—Under regulations prescribed by the Secretary, no tax shall be imposed by section 4081 on the sale of gasoline for use by the purchaser in a qualified taxicab while engaged exclusively in furnishing qualified taxicab services.".

(2) DEFINITIONS.—Subsection (d) of section 4221 of such Code (relating to definitions) is amended by adding at the end thereof the following new paragraphs:

"QUALIFIED TAXICAB.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified taxicab' means any land vehicle with a passenger capacity of less than 10 adults, including the driver.

"(B) CERTAIN VEHICLES EXCLUDED.—The term 'qualified taxicab' does not include a vehicle if—

"(i) such vehicle was acquired by the person operating such vehicle after 1978,

"(ii) the model year of such vehicle is 1978 or later, and

"(iii) the fuel economy of the model type of such vehicle is less than or equal to the average fuel economy standard applicable under section 502 (a) of the Motor Vehicle Information and Cost Savings Act to the model year of such vehicle.

The preceding sentence shall not apply to any vehicle manufactured by a manufacturer to which an exemption under section 502 (c) of the Motor Vehicle Information and Cost Savings Act was granted (or on application could have been granted) for the model year of such vehicle. Terms used in this subparagraph shall have the same meaning as when used in title V of the Motor Vehicle Information and Cost Savings Act.

"(9) QUALIFIED TAXICAB SERVICES.—The term 'qualified taxicab services' means the furnishing of nonscheduled passenger land transportation for a fixed fare by a taxicab which is operated by a person who—

"(A) is licensed to engage in the trade or business of furnishing such transportation by a Federal, State, or local authority having jurisdiction over a substantial portion of such transportation furnished by such person, and

"(B) is not prohibited by company policy from furnishing (with the consent of passengers) shared transportation.".

(3) REGISTRATION.—

(A) IN GENERAL.—Section 4101 of such Code (relating to registration) is amended to read as follows:

"SEC. 4101. REGISTRATION.

(a) MANUFACTURERS, PRODUCERS, AND IMPORTERS.—Every person subject to tax under section 4081 or section 4091 shall, before incurring any liability for tax under such section, register with the Secretary.

(b) PURCHASERS.—If any gasoline is sold by any person for use as a fuel in a taxicab, it shall be presumed that a tax imposed by section 4081 applies to such sale unless the purchaser is registered in such manner (and furnishes such information in respect of the use of the gasoline) as the Secretary shall by regulation provide.".

(B) CONFORMING AMENDMENTS.—

(i) Section 7012 of such Code (relating to cross references) is amended by inserting "(a)" after "4101" each place it appears.

(ii) Section 7232 of such Code (relating to failure to register) is amended by inserting "(a)" after "4101" each place it appears.

(b) EXEMPTION FROM TAX ON DIESEL AND SPECIAL MOTOR FUELS.—

(1) IN GENERAL.—Subsection (g) of section 4041 of such Code (relating to other exemptions from tax on diesel and special motor fuels) is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by inserting after paragraph (4) the following new paragraph:

"(5) with respect to the sale of any liquid for use in a qualified taxicab (as defined in subparagraphs (A) and (B) of section 4221 (d)(8) while engaged exclusively in furnishing qualified taxicab services (as defined in section 4221(d)(9)).".

(2) REGISTRATION.—Subsection (i) of section 4041 of such Code is amended by inserting "or a taxicab" after "aircraft".

(c) CONFORMING AMENDMENT.—Subsection (e) of section 6427 of such Code is repealed.

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1981.

Mr. DURENBERGER. Mr. President, to call regulations the bane of small business would hardly be an overstatement. Every year, untold thousands of man-hours are wasted by small businesses attempting to comply with the blizzard of

Federal rules and regulations. Already substantial progress has been made by the new administration to lift some of the burden of regulation, but much is left to be done. In many cases, we in the Congress can make simple, cost less changes in the law that will save both the Government and small businesses thousands of needlessly wasted hours spent in complying with and enforcing regulations. Today we have such an opportunity.

Under current law, a refund of the Federal excise tax on gasoline, gas, and other fuels is provided when they are used in certain fuel-efficient taxicabs. But to obtain this refund, taxicab operators must first pay the excise tax and then file forms with the Government, which then must process the forms, produce a check, and send it to the operator. This is inefficient by any measure, but it is particularly burdensome for the owners of small taxicab operations, who do not have the resources to hire personnel to fill out Government forms.

The bill we are introducing today would simply change the law so that taxicab operators would be exempted from paying the excise tax at the time of purchase. There would be no forms for the operators to fill out, no paperwork for the Government to process, no refund check to be processed and cashed.

Mr. President, through this bill, we have a chance to make one more nick in the Federal regulatory burden. I hope my colleagues in Congress will give this simple time- and money-saving measure their quick approval.

By Mr. CHAFEE (for himself, Mr. MITCHELL, and Mr. HEFLIN):

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day"; to the Committee on the Judiciary.

BICENTENNIAL YEAR OF THE AMERICAN BALD EAGLE AND NATIONAL BALD EAGLE DAY

Mr. CHAFEE. Mr. President, nearly 200 years ago, in 1782, the Continental Congress officially adopted the bald eagle as the symbol of our newly formed Nation. In commemoration of that action, I am introducing a joint resolution designating 1982 as the "Bicentennial Year of the American Bald Eagle," and June 20, 1982, as "National Bald Eagle Day."

Then, as now, the bald eagle symbolized the best qualities of our Nation—freedom, strength, and courage. At the time of its designation, the bald eagle was plentiful throughout North America. However, as the country expanded westward, converting eagle habitat to other uses, the eagle population experienced a marked decline.

During the past two centuries loss of habitat, environmental pollutants, and other adverse activities brought the eagle population dangerously near collapse throughout the lower 48 States. More recently, the tenacious efforts of a wide variety of agencies, organizations, industries, and individuals are beginning to reverse the eagles' downward trend. But, the fight to secure a healthy eagle population is far from over.

The joint resolution I am introducing today will stand as a tribute not only to the majesty of the bald eagle and the Nation it represents, but also to the many people across the country who have worked so hard for its recovery. It should stand, too, as a reminder that by working together we can preserve and maintain the eagle and the environment upon which it and other wildlife depend.

Mr. MITCHELL. Mr. President, today, I join my colleague from Rhode Island in introducing a Senate joint resolution which will designate 1982 as the "Bicentennial Year of the American Bald Eagle" and June 20, 1982, as "National Bald Eagle Day."

Since the beginning of recorded history, the eagle has served as a symbol of courage, freedom, and majesty. Realizing that these attributes characterized our Nation, the Continental Congress adopted the bald eagle as the central figure for the "Great Seal" of the United States of America on June 20, 1782.

At the time when the bald eagle became our national symbol, it nested throughout the country and was a common sight. Today, the bald eagle is threatened or endangered in the lower 48 States and few Americans have had the pleasure of viewing our majestic national symbol in the wild.

The celebration of the "Year of the Bald Eagle" throughout 1982 will highlight efforts being made to save the bald eagle from extinction. It will also heighten the awareness of our shared responsibility, as Americans, to protect our Nation's rich wildlife heritage.

By Mr. BAKER (for Mr. HATCH) (for himself, Mr. PRYOR, Mr. BAUCUS, Mr. CHILES, Mr. D'AMATO, Mr. DOMENICI, Mr. DURENBERGER, Mr. HOLLINGS, Mr. LEVIN, Mr. MOYNIHAN, Mr. SPECTER, Mr. WILLIAMS, Mr. NUNN, Mr. EAST, Mr. WEICKER, Mr. SYMMS, Mr. GOLDWATER, Mr. HELMS, Mr. RANDOLPH, Mr. SARBANES, Mr. SIMPSON, and Mr. LAXALT):

S.J. Res. 122. Joint resolution to authorize and request the President to designate the week of February 28, 1982, through March 6, 1982, as "National Construction Industry Week"; to the Committee on the Judiciary.

NATIONAL CONSTRUCTION INDUSTRY WEEK

● Mr. HATCH. Mr. President, today I would like to join with my colleague from Arkansas (Mr. PRYOR) and others to introduce a joint resolution which would designate the week of February 28, 1982, through March 6, 1982, as "National Construction Industry Week." The construction industry is one of the largest sectors of the U.S. economy. One of every twenty persons in the Nation's work force is employed in the construction field. The construction industry has historically played a vital role in this Nation's housing, transportation, education, health, employment, and recreation needs. Surely, many things we daily take for granted have in some way been influenced by the construction industry.

Because of the industry's size and sensitivity to financial conditions, the construction industry has always been the first major sector of the economy to respond to monetary policies. In these times of record high interest rates, declines in housing starts, and increased construction layoffs and bankruptcies, it is more important than ever that we join together in an effort to demonstrate we have not forgotten the construction industry nor the undeniable importance construction plays in our lives.●

ADDITIONAL COSPONSORS

S. 32

At the request of Mr. CHAFEE, the Senator from Pennsylvania (Mr. SPECTER) and the Senator from North Carolina (Mr. EAST) were added as cosponsors of S. 32, a bill to grant a Federal charter to the Italian American War Veterans of the United States of America.

S. 895

At the request of Mr. MATHIAS, the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 1773

At the request of Mr. DANFORTH, the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1773, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to direct the Secretary of Transportation to require all car manufacturers to install automatic crash protection in new passenger cars on the same effective date.

S. 1808

At the request of Mr. PACKWOOD, the Senator from South Dakota (Mr. PRESSLER), was added as a cosponsor of S. 1808, a bill to authorize an Under Secretary of Commerce for Economic Affairs.

S. 1824

At the request of Mr. PACKWOOD, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 1824, a bill to amend the Internal Revenue Code of 1954 to increase the amount of reforestation expenditures which may be amortized in any taxable year, and for other purposes.

SENATE JOINT RESOLUTION 83

At the request of Mr. CHAFEE, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of Senate Joint Resolution 83, a joint resolution to authorize and request the President to call a White House Conference on Education not later than January 15, 1982, and for other purposes.

SENATE RESOLUTION 232

At the request of Mr. CHAFEE, the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of Senate Resolution 232, a resolution expressing the sense of the Senate with respect to the need to continue the tax incentives for energy conservation and renewable energy sources.

SENATE CONCURRENT RESOLUTION 44—CONCURRENT RESOLUTION RELATING TO UNITED STATES POLICIES ON NUCLEAR WAR

Mr. BAKER (for Mr. HATFIELD) submitted the following concurrent resolution; which was referred to the Committee on Armed Services:

S. CON. RES. 44

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby expresses its conviction that the United States Government should not base its policies or weapons programs on the belief that the United States can limit, survive, or win a nuclear war.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

SENATE CONCURRENT RESOLUTION 45—CONCURRENT RESOLUTION RELATING TO THE RIGHTS OF THE PEOPLE OF AFGHANISTAN

Mr. GRASSLEY submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 45

Whereas the United States, as the leader of the free world, supports the rights of all peoples to self-determination;

Whereas all the countries of the free world provide practical cooperation where positive United States policy efforts are made;

Whereas the Soviet military invasion of Afghanistan deprives the Afghan people of their right of self-determination and their right to a government consistent with their traditions;

Whereas the Soviet Union is engaging in the systematic destruction of the lives and property of, and is attacking the traditional values of, the people of Afghanistan;

Whereas the Soviet Union is engaging in a systematic policy of economic exploitation in Afghanistan;

Whereas the citizens of the United States and of the rest of the free world must not be allowed to forget the plight of the Afghan people; and

Whereas the valiant Afghan resistance against Soviet aggression has not received the level of moral support and material assistance from the free world which such resistance deserves and requires: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress expresses its deep concern with the denial of the rights of the Afghan people by Soviet forces and recognizes the traditional commitment of the United States Government to the right of all peoples to independence and autonomy and the applicability of this commitment to the current situation in Afghanistan.

RIGHTS OF THE PEOPLE OF AFGHANISTAN

● Mr. GRASSLEY. Mr. President, this December 27 marks the second anniversary of the Soviet Union's invasion of Afghanistan. On November 16, the United Nations General Assembly will meet to consider the Soviet occupation.

For 2 years, the gallant people of Afghanistan have been fighting the Soviet occupation forces and the almost nonexistent army of the current Afghan regime, which was installed and is supported exclusively by the Soviet Union. Against all odds, with precious little outside support, the freedom fighters have not only held the Soviet expeditionary force at bay, they have actually managed to regain control of almost the entire country. Today, Soviet troops control only about 10 percent of Afghanistan.

We Americans are concerned with basic human rights, and rightly so. I find, however, that we have of late been curiously silent on the plight of the people of Afghanistan. The Soviet invasion and occupation of that nation is perhaps the most blatant example of denial of the right of self determination in the world today, yet I do not sense sustained outrage in this Nation over the Soviet Union's cynical occupation of its weaker neighbor.

As the end of the second year of the occupation of Afghanistan draws near, and as the United Nations begins to consider the ramifications of the occupation I believe that the time has come for us to reaffirm our commitment to the people of Afghanistan. For that reason, I am submitting today a concurrent resolution that will express our concern at the situation in Afghanistan and recognize that that commitment applies to the current situation there.

Mr. President, this concurrent resolution does not call for or contemplate any specific action. The purpose of this concurrent resolution is simply to proclaim that the Congress of the United States, representing the people of the United States, has not forgotten the people of Afghanistan. I hope that, as we develop our policies toward the Soviet Union and the nations of Southwest Asia, we will bear that commitment in mind.●

SENATE CONCURRENT RESOLUTION 46—CONCURRENT RESOLUTION RELATING TO MUTUAL SECURITY EFFORTS OF THE UNITED STATES AND JAPAN

Mr. LEVIN submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 46

Whereas current international developments indicate the need for greater efforts on the part of the United States and its allies in defending democratic values and ideals;

Whereas the joint communique recently signed by Japan's Prime Minister Suzuki and President Reagan recognizes that the alliance between the United States and Japan is built upon shared values of democracy and liberty;

Whereas the United States-Japan Treaty of Mutual Cooperation and Security states that the parties will maintain and develop their capacities to resist armed attack;

Whereas, in the joint communique signed by Prime Minister Suzuki and President Reagan, the Prime Minister stated that Japan will seek to make even greater efforts for improving its defense capabilities; and

Whereas Japan has demonstrable economic strength and yet contributes less of its national resources for defense expenditures than any country of comparable economic base: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that both the United States and Japan should exert maximum efforts to resist Soviet challenges to security and democracy in Asia.

SEC. 2. It is further the sense of the Congress that Japan should make a greater contribution to its own defense so that a full partnership and closer cooperation in sharing the burden of common defense can be achieved, thereby enhancing the combined effectiveness of Japanese and United States defense forces in preserving peace and security in Asia.

SEC. 3. It is further the sense of the Congress that, as a tangible sign of commitment to these aims, the Government of Japan should increase its defense expenditures to the level of at least 1 per centum of that country's gross national product.

INCREASED DEFENSE SPENDING BY JAPAN

Mr. LEVIN. Mr. President, in the near future, the Congress is expected to consider and act on the fiscal 1982 Defense Appropriations Act to provide the hundreds of billions of dollars needed to support our Armed Forces.

As we consider this act, and any amendments proposed to it, I think it would be useful for us to keep uppermost in mind the contributions—economic and military—which our annual defense budget makes to the national security of our allies in NATO Europe and to Japan, one of our major allies in the Far East.

We also should recognize the contributions to our national security made by some of these allies, whose armed forces are a valuable complement to our own capabilities to deter and defeat Soviet aggression.

Unfortunately, as my colleagues are well aware, the record is quite mixed when it comes to which of our European and Asian allies are contributing adequately and sufficiently to our mutual defense efforts.

As a member of the Armed Services Committee, I have made an effort to focus public and congressional attention on the issue of "burden-sharing" and to encourage our allies to increase their efforts in this area—especially those allies whose economic capabilities far exceed their defense contributions.

For example, I was able to gain adoption of an amendment to both the fiscal 1981 and fiscal 1982 Defense Authorization Acts which requires the executive branch to asses the annual contributions to our mutual defense by our NATO Allies and Japan, and to point out those nations failing to meet these commitments.

This amendment required DOD to produce a "Report on Allied Defense Spending Commitments," and this report clearly demonstrated that one of our strongest allies in economic terms—Japan—also is making far less of a contribution to our common national security needs than is appropriate and reasonable to expect of it. Despite their strong economy—one of the strongest in the world—the Japanese have shirked some of their defense responsibilities to themselves and to the United States.

In this regard, I would add that Japan has at least twice during the past year reneged on its clearly implied commitments to increase adequately annual defense spending.

I have long felt that Congress and the executive branch should step up their

efforts to convince the Japanese to increase their defense endeavors. Not to do so would demonstrate great insensitivity to the American taxpayers, who have been asked to make significant sacrifices in domestic programs to support expanded defense spending.

The Reagan administration apparently has decided, however, that it will attempt to send this message to the Japanese through "quiet diplomacy." I disagree with this decision, and would hope the President's overly sensitive advisers in the State Department will change their minds.

Whether they do, I think it is incumbent upon the Congress, as the elected representatives of the American taxpayers, to continue to express its concerns that the Japanese increase their defense efforts. Such congressional expressions will reinforce whatever diplomatic statement the executive branch is making to Japan.

For this reason, I am introducing today a concurrent resolution calling on the Japanese to increase their national security contributions so as to fulfill their commitments agreed to in the United States-Japan Treaty of Mutual Cooperation and Security.

This concurrent resolution, which already was submitted in the House of Representatives by the distinguished chairman of that body's Foreign Affairs Committee, recognizes that leaders of Japan and the United States only recently again acknowledged the need for the Japanese to increase their defense contributions.

It states that Congress believes that, as a tangible beginning sign of commitment to endeavors to preserve the peace and security of Asia, Japan should increase its defense spending annually to the level of "at least" 1 percent of its gross national product.

Such an increase, Mr. President, would represent an additional $1 billion the Japanese would spend on defense, and it is a modest amount for that nation to maintain and improve the armed forces needed to meet its mutual defense obligations.

Without such an increase, for instance, Japan will be hard pressed to achieve the improvements to its air defense and antisubmarine warfare capabilities which it has already promised to undertake.

I urge my colleagues to cosponsor this concurrent resolution as a meaningful statement of continued congressional concern and interest that the Japanese begin assuming a more "fair share" of our common defense burden in the Pacific Ocean region.

AMENDMENTS SUBMITTED FOR PRINTING

AUTHORIZATION OF APPROPRIATIONS FOR THE EXPORT ADMINISTRATION

AMENDMENT NO. 624

(Ordered to be printed.)

Mr. PERCY (for himself, Mr. DIXON, Mr. PRESSLER, Mr. GORTON, Mr. ROTH, Mr. BAUCUS, and Mr. JEPSEN) proposed an amendment to the bill (S. 1112) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

AMENDMENT NO. 625

(Ordered to be printed.)

Mr. CHILES (for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, Mr. ZORINSKY, and Mr. CRANSTON) proposed an amendment to the bill S. 1112, supra.

AMENDMENT NO. 626

(Ordered to be printed).

Mr. HEINZ (for himself, Mr. PROXMIRE, and Mr. WEICKER) proposed an amendment to the amendment (No. 625) proposed by Mr. CHILES (for himself and others) to the bill S. 1112, supra.

AMENDMENT NO. 627

(Ordered to be printed.)

Mr. CHILES (for himself, Mr. SASSER, Mr. MELCHER, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. BAUCUS, Mr. BIDEN, Mr. BOREN, Mr. BURDICK, Mr. CANNON, Mr. DECONCINI, Mr. DODD, Mr. EAGLETON, Mr. EXON, Mr. FORD, Mr. GLENN, Mr. HEFLIN, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEAHY, Mr. LEVIN, Mr. MATSUNAGA, Mr. METZENBAUM, Mr. MITCHELL, Mr. NUNN, Mr. PELL, Mr. PRYOR, Mr. RANDOLPH, Mr. SARBANES, Mr. WILLIAMS, Mr. ZORINSKY, and Mr. CRANSTON) proposed an amendment to the amendment (No. 625) proposed by Mr. CHILES (for himself and others) to the bill S. 1112, supra.

NOTICES OF HEARINGS

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. DANFORTH. Mr. President, on Tuesday, December 1, 1981, the Subcommittee on Federal Expenditures, Research, and Rules will hold a hearing to consider the draft proposal for a uniform procurement system submitted to the Congress on October 29 by the Office of Federal Procurement Policy, pursuant to Public Law 96–83. Interested persons should contact Pat Otto, chief clerk of the subcommittee, or Christopher Brewster, Chief Counsel, at (202) 224–0211.

It is the intention of the subcommittee to receive testimony at this hearing from administration witnesses only.

However, the subcommittee welcomes the submission of written testimony by any interested party. Written submissions should be addressed to the Subcommittee on Federal Expenditures, Research, and Rules, 128 C Street NE., room 44, Washington, D.C. 20510. The hearing will begin at 10 a.m. and will be held in room 3302 of the Dirksen Senate Office Building.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, November 10, to hold an oversight hearing on America's role in the world coal export market.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, November 10, to hold a business meeting on Senate Joint Resolution 115, the President's recommendation on the Alaskan natural gas pipeline waiver package.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to hold a closed hearing on Tuesday, November 10, at 10:30 a.m., to discuss S. 1273, the Intelligence Reform Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

UNITED STATES-CANADIAN RELATIONS

● Mr. EAST. Mr. President, for the past several months I have become increasingly concerned over the state of United States-Canadian relations. Our ties to our northern neighbor, both political and economic, are longstanding and of mutual benefit. Not only do we share the world's longest unfortified border, we also constitute the world's largest bilateral trading partnership.

Lately, however, these ties have been strained by the peculiar brand of economic nationalism that has been embraced by Ottawa. Let me hasten to point out that I am not saying that Canada bears sole blame for any impairment of relations between our two countries. It is only natural for Canadians to feel apprehensive about the high degree of American investment and ownership in their economy. Many Americans have expressed similar alarm over foreign investments here—particularly those financed with Arab oil money. Yet the degree of foreign ownership in our economy is less than in Canada.

The problem lies in the arbitrary and rather shortsighted way in which the Canadian Government has sought to change the situation. Its policies have not only antagonized Americans and other foreign investors, they have actually hurt the economic interests of the Canadian people as well.

Accordingly, I think it is time that men of good will and commonsense on both sides of the border made their voices heard—before genuine bitterness sets in and pressure is put on Congress to adopt tit-for-tat economic restrictions. I rec-

ommend to my colleagues an excellent speech by Rowland C. Frazee, chairman and chief executive officer of the Royal Bank of Canada. Both Americans and Canadians can profit from Mr. Frazee's perceptive and evenhanded analysis of the problem. I ask that the text of his speech be reprinted in the RECORD.

The speech follows:

FOREIGN OWNERSHIP IN CANADA: THE NEED FOR A BALANCED VIEW

(By Rowland C. Frazee)

Not long ago the Mexican Ambassador to this country described Canada as a solution in search of problems.

There is no question that we are very fortunate, and in the eyes of many nations our concerns seem artificial or invented. Nevertheless, we do have our share of real problems.

The catalogue of pressing economic concerns, from high inflation to low productivity, is familiar to all of us. Tensions between regions and levels of government, over the constitution, over natural resource policy, over shared cost financing of joint social programs are well documented.

However, the subject of my remarks today is not a major national problem. It isn't at the top of the public's list of Canadian priorities. It isn't even, at this point, number one on the government agenda. Given all that, you might wonder why I chose to talk about foreign ownership policy—chose it, in fact, several months ago—long before the recent stories about international reaction to Canada's policies hit the headlines.

There are three reasons for my choice.

The first one is simple. Canada is a trading nation. One out of four jobs in this country depends on a foreign market. Domestic economic policies adopted for domestic reasons often have ramifications far beyond our borders and they deserve to be debated in that context.

The second reason is pragmatic. As the headlines have demonstrated, Canada is losing friends internationally at a rapid rate. Six nations have registered complaints with the OECD about our energy policy—West Germany, the Netherlands, the United States, Belgium, France and Great Britain. Canadian diplomats suffer under a barrage of protests about the Foreign Investment Review Agency (FIRA). Foreign criticism of Canada's National Energy Policy (NEP) is met with indifference. The uncertainty caused by the policies of economic nationalism has added materially to the interest cost on Canadian debt issues on the New York Market. Canada is a diminishing priority for international investors, and in some cases is off their list entirely. Our balance of payments deficit on current account is up sharply in recent months. Investment capital is leaving Canada at an accelerated rate.

The third reason is that discussion of this topic has in the past generated as much heat as it has light. Extremists on both sides of the issue—and in recent months, on both sides of the border—have contributed to an increasingly acrimonious atmosphere that is ultimately unproductive to either side. There is a need for a balanced view.

Just as it is foolish for Americans to insist business conditions should be the same in Canada as in the U.S., so it doesn't make much sense for us to antagonize Canada's best customers and sources of capital. It makes even less sense to lose by default because we haven't explained what's going on in our country.

I want to make it clear at the outset that I have no quarrel with the general policy goal of increasing Canadian ownership. I share with a majority of Canadians the feeling that too high a percentage of some key sectors of the Canadian economy is owned by non-Canadians. Some two-thirds of our oil and gas industry is foreign owned, for example. That is very high. If the question of whether it should be lower was put to anyone, even a non-Canadian, the answer would have to be yes. My answer is yes. That is not the point.

I travel outside Canada with some regularity. On each of the last trips I have made, to the United States, and overseas, I have been called severely to account as a Canadian for what is seen as an orchestrated effort by this country to devalue, dislodge and displace foreign investment. We are being called economic pirates and worse.

We cannot afford to dismiss this reaction as temporary unpopularity, with no real effects. When our neighbors and allies and trading partners are this upset, it has an inevitable and tangible impact on our economic performance. It reduces our ability to attract foreign capital. It increases the cost of borrowing. It impedes trading relationships.

Friendly and co-operative relations with other countries are not just "nice" to have, they are essential to maintaining our standard of living.

Over the next few minutes, I am going to review some of the costs and benefits that are attached to foreign ownership in Canada; examine both current policy and its consequences and, finally, suggest some changes that I believe will assist us in accomplishing a legitimate goal at an affordable cost.

Let's consider the costs and benefits. Both are difficult to quantify. We cannot say with scientific certainty whether and to what extent foreign ownership has benefited Canada, because of the difficulty of measuring and weighting the variables. What benefit-weighting should be given to job creation? To the generation of tax revenues? To access to technology? To entry to markets? To managerial and entrepreneurial skills?

On the other hand, what cost-weighting should be given to outward flows of interest and dividends, and to the long-term effect on balance of payments? To the lower levels of export activity and Research & Development generally performed here by foreign-owned companies? To the examples of extraterritorial application of foreign law or policy, albeit isolated? To the lower levels of Canadian sourcing for goods and services?

Weighting the variables is one problem. Statistical measurement is another. A review of the reams of available material can be instructive. The foreign ownership debate began in the late nineteen fifties, with the Royal Commission on Canada's Economic Prospects. It has continued through at least five more Royal Commissions or major task forces. There have been innumerable pieces of public and private research. There has been endless—and acrimonious—discussion.

So it is surprising to discover that after twenty-five years of talk and study, there are few definitive answers. The good statistical studies are performed in search of narrow conclusions; the broad studies, including the Royal Commissions, did not—usually by their own admission—have comprehensive information.

There are cases where two people use the same data to support opposing points of view.

Mark Twain used to say "Tell me where a man gets his corn-pone and I'll tell you what his opinions are". It applies in this context. A man who works at a Michelin Tire plant in Nova Scotia, or a woman who hopes to work for Volkswagen at their new factory in Barrie, Ontario, will have one opinion about foreign ownership; a manufacturer whose major competitor is a foreign subsidiary will have another. There is a great deal of emotion involved in this issue, and a good deal of over-simplified rhetoric.

Take for example one of the most widely repeated criticisms of foreign ownership—the effect on balance of payments.

A popular theory is that if we didn't have all those dividends and interest payments flowing to foreign owners, we wouldn't have such a big current account deficit; we wouldn't have to attract more foreign capital to balance the deficit, which in turn just makes the problem worse, and so on.

The facts suggest a different conclusion. Interest and/or dividend payments are the cost of capital. They have to be paid to someone if the development is ever going to take place. The real test is the purpose to which the capital is being put, not its geographical origin. If it is used to purchase or create productive assets that will produce a profit—revenue sufficient to pay the cost of capital—there is little reason to worry. Interest payments and particularly dividends are positive proof that the investment is working.

A somewhat more pervasive theory suggests that borrowing abroad may be necessary, but ownership must be retained by Canadians. In other words, paying interest to foreign lenders is acceptable, but paying dividends to foreign investors is not. The facts do not support this thesis either.

Dividends are only paid when an enterprise is profitable. Debt demands interest payments in good times and bad, and usually costs at least twice as much to service. Foreign investors in Canada are not merely benefiting from our resources and markets—they are sharing the risks of fluctuations in the economy in a way that foreign lenders do not. In a substantial number of cases, foreign owners re-invest all of their dividends in this country, but even when dividends are repatriated, Canada has benefited from jobs and taxes before a dime in profit has left the country. It might be worth mentioning that frequently foreign investors are the only ones willing to take the risks inherent in new Canadian ventures. Even if that were not the case, the sheer volume of capital required is not available in Canada.

It is a little ironic to look back fifty years to the time of the Depression, and the arguments that raged then. Canada had a great deal of foreign debt, a lot of it with Britain. In very poor economic circumstances, there was difficulty in servicing that debt, and the argument was made that foreign equity investment should be encouraged in its place. That way, in difficult economic times, there would not be the continuing burden of interest payments, but skipped dividends. A great many of the policies that actively encouraged foreign equity investment in Canada flowed from that situation, and over the thirty years that followed they worked—so well that we have come full circle and are encouraging the reverse. The arguments of that era seem to have been forgotten.

I am not suggesting we adopt those same positions now, and encourage further concentration of foreign investment. That is an unacceptable extreme. It is equally extreme to promote the rapid conversion of foreign investment into foreign debt without examining the costs that process entails.

As the chairman of a bank, I have nothing against debt. I've even been known to encourage it. I also recognize that takeovers, mergers or acquisitions—whether as techniques for growth or as devices for Canadianization—are part of the normal market ebb and flow. In current economic circumstances, sound arguments can be made that it is less expensive to acquire existing assets than to create new ones of similar size and nature.

But I would be very opposed to takeovers, particularly in the context of Canadianization, if I saw evidence that government pol-

icy was designed to lower the market value of the asset being acquired. By design or not, it could, however, be a side-effect. That possibility is one reason to reduce the current concentration on buyouts as the principal vehicle of Canadianization.

So a comparison of costs and benefits for foreign ownership is insufficient by itself. We also have to look at the costs and benefits of various methods of changing that situation. It is a complex process, but there are some conclusions, some certainties, on which all the participants can agree.

The first thing we can say with certainty is obvious. After 25 years of listening to the arguments, Canadians have generally reached the conclusion that foreign ownership is too concentrated in some key industrial sectors, in particular energy. There is broad general support for the aim of current policy. I do not believe it extends to all details of the methods being used, but Canadians do support the goal. Foreign businessmen and governments need to understand that.

The statement is often made that no other industrial nation in the world has or would accept as high a percentage of foreign ownership as is the case in Canada. That's quite true, as far as it goes, and it can be and has been used to confer a degree of legitimacy on almost any policy solution aimed at reducing the percentage.

On the other hand, it tends to beg the question. Foreign investment did not arrive in Canada as the result of a conspiracy. Foreign owners didn't sneak in under cover of darkness, they arrived at twelve noon—twelve-thirty in Newfoundland—and Canadians very frequently lined the streets to cheer and provide a brass band of welcome. We required foreign investment to develop our economy. It has given a very small population a standard of living that is incredible to most of the world's people.

We may well have too much of several key industrial sectors owned by non-Canadians, but it did not happen without considerable encouragement from us. We are the ones who have changed our minds. We are the ones reversing some policies. We are the ones obliged to proceed with care.

A second certainty is that the proportion of foreign ownership is declining. The net Canadian capital stock is a measurement of the book value of all investment in Canada, public and private. In 1961, total foreign investment was one third of net Canadian capital stock. Ten years later, 1971, it had declined to 27%. By 1977, the last year for which figures are available, it was down to 23%.

Over that same period, of course, in dollar terms, foreign investment increased substantially, as did all investment. The important measurement is the proportion, and it is clear that twenty years ago, foreign ownership was nearly fifty percent higher than it was four years ago. The twenty year trend is clearly down, even without the NEP and "Canadianization".

A third certainty is that "good corporate citizenship" is on the increase. More and more companies, especially multinational enterprises, are aware of the importance of behaving in the best interests of the host country. That includes providing jobs for citizens of that country, particularly top jobs—directorships, senior management and the CEO. It includes offering equity investment opportunities to locals. It includes exporting aggressively, doing a fair portion of research and development locally, and it includes buying locally as much as possible.

Statistics Canada figures show some encouraging trends. Overall, the larger a company is, and the longer established in Canada, the more likely it is to be sensitive to, and perform well in, these categories. For example, better than two-thirds of the chief executives of foreign-owned firms here are now Canadians. In the nineteen sixties, it was less than half. And there have been increased equity investment opportunities for Canadians; one study showed that 71 percent of the firms in the sample had raised Canadian equity ownership between 1965 and 1975; almost half raised it by more than 10 percent.

The record is not perfect. To be blunt, too many foreign-owned companies keep the principal export activities and the advanced technology research and development jobs at home. To be fair, they are under economic and political pressure to do so. Changing that will take time, assisted by the forces of world product mandating, growing encouragement for joint ventures, and increasing international trade flows. But it is time it changed. In the end, good corporate citizenship has nothing to do with nationality and everything to do with behavior.

And there is a fourth certainty. After we've accomplished our goals in reducing foreign ownership, we are still going to need the network of international economic relationships that supports our trade and investment patterns. No modern industrial nation can exist in isolation, unless it wishes to purchase that status with a drastic decline in its standard of living.

Clearly, no one wants that. It is in Canada's best interests to be thoughtful and careful in our dealings with foreign investors and governments. It is not a sign of weakness, or fear, or of being pushed around, to handle the interests of others with courtesy and sensitivity. Being fair while we're being tough is a sign of common sense.

There is no question in my mind that we can afford to be economic nationalists in the best of the phrase: we can benefit by being aggressively pro-Canada, by seeking to expand our nation's wealth, influence and standard of living. Other nations do that all the time; they will understand and accept it in us.

We are entitled to put Canada's interests first. We are not entitled to do so by discriminating against the interests of others, or by imposing unfair and retroactive penalties.

We can achieve our objectives without resorting to methods we would resent and reject from others.

There are some particular burrs under the saddle of foreign investors. They are the ones that get mentioned first, and that have caused the deepest anger and resentment. In most cases, they are not central to either NEP or FIRA. Re-examining, moderating or changing these items would send a major signal that Canada is willing to correct inequities and be flexible on details while standing fast on its basic goal.

A first example involves FIRA. When one foreign company buys another foreign company, and the acquired company happens to have Canadian assets, often minor, FIRA requires the purchasing company to prove that its acquisition of the foreign company will provide significant new benefits to Canada. If this is not done to the satisfaction of FIRA, the new foreign owners must either back out of the purchase, or divest itself of the Canadian assets. Since 1974, divestiture has been forced in less than 20 cases; in others the new foreign owner was approved.

What is upsetting about this is that it is an extraterritorial application of Canadian law, with Canadian regulators inserting themselves into an agreement between two companies in, say, Germany. It is precisely the kind of thing we are quick to protest when other nations try to do it to us.

In a second example, also involving FIRA, there are reports of cases where companies have given undertakings that are uneconomic—in particular, that they will acquire goods and services from Canadian sources even when non-competitive in price or function. If that is true, I would urge the government to relieve companies of those obligations. I can think of no surer method of keeping Canadian industry non-competitive internationally than to provide it in effect with a guaranteed market. In the world of international trade this is seen as a parochial requirement; a more important point is that the concept is entirely contrary to our commitments under the General Agreement on Trade and Tariffs (GATT).

Third, under the National Energy Program, there is a "back-in" provision for the federal government and its agencies on Canada Lands. When successful oil and gas discoveries are made, 25 percent interest can be claimed; compensation is paid for the lost participation.

All of us are aware of the huge uproar that policy caused and is still causing. The accusations of retroactivity and confiscation flew thick and fast; on the other side, there was a case made that the new system was in fact less onerous than the one it replaced. The arguments were certainly not confined to the experts in energy policy and regulation, and given the economic importance of the industry, they shouldn't have been.

One aspect of the controversy I found particularly disturbing. That was the repeated suggestion from foreign critics that what was really wrong with the NEP was that it represented massive Canadian government intervention into the Canadian economy, and that, they implied, could not be tolerated.

It is well known that I am not a supporter of government intervention; but it is impossible to ignore the fact that Canada has always been a mixed economy, with considerably higher degrees of public enterprise and government involvement in the marketplace, than is the case in, say, the United States. The business-government relationship here is not necessarily worse or better than it is south of the border. It is different. Investors who come here expecting the same atmosphere or philosophy they were used to at home are kidding themselves, and they offend Canadians when they demand we pull up our socks and do things their way.

None of that is a defense of the controversial aspects of the energy program "back-in". Whether or not it actually exists in the NEP, retroactivity is and must always be anathema to businessmen, because it makes a mockery of planning. Equally, whatever the real details of the policy and later changes, they were perceived as unfair and confiscatory particularly by people outside that industry. That is clear evidence that the process of explaining and justifying the policy was badly handled.

A final example has to do with pace. We have moved very quickly indeed over the past year. The government's announced goal was to raise Canadian ownership in oil and gas to fifty percent by 1990. In less than a year, by the government's own reckoning, it has gone from less than twenty-eight to thirty-three per cent. If that rate continued, we would reach the target by 1985 at the latest, five years ahead of time.

That would be too fast just in economic terms. It would create a sustained increase in private credit demands, one of the last things we need in an inflationary climate. It would add substantially to both corporate debt load and, assuming Petro-can continued to be a purchaser, to public sector expenditure or debt.

When a set of incentives is established, it is often difficult to judge in advance how quickly they will work. We now know that these incentives are working much faster than was intended. Obviously, the financial markets cannot continue to support both Canadianization and the growing requirements of the megaprojects. Moderation is required.

So there we have at least five changes we could make with a view to reducing tensions with foreign investors and their governments.

One, extraterritorial application of Canadian law is surely not a concept we want to defend. Two, retroactivity is both legally and economically objectionable. Three, our GATT undertakings should be adhered to. Four, it would be a clear benefit to be meticulous in explaining and justifying policy changes, to the widest possible audience. And five, a breathing spell in the pace of "Canadianization" is economically and politically justified.

Not a single one of those changes would threaten or delay the achievement of the fundamental goal; but, they could play a key role in preventing a relatively immediate danger—retaliation from our international trading partners and in particular the United States.

The U.S. has already determined to take action under GATT over undertakings by U.S.-owned companies to FIRA for non-competitive sourcing. The American administration is under strong political pressure to go much further than that.

Over the past few months, I have discussed the state of Canadian-American relations at some length with sources in the private and the public sectors, in Canada and outside our borders.

It is apparent that the American government does not want to retaliate. Their own policy has been to maintain a free and open climate for foreign investment in the U.S. They want the capital inflows.

Nevertheless, if the American administration is forced by congressional pressure to retaliate, one method of doing it that wouldn't harm their interests is a complete lack of action on the Canadian agenda of bilateral issues. That could mean a refusal to alter the Garrison Diversion plans. It could mean no action on acid rain. It could mean linkage to, and inaction on, a long list of other policy matters that Canada would like resolved. And in the meantime, to quote a senior U.S. government official "If we can find an informal method of keeping American money out of Canada, we'll do it".

Given all of that, I found it ironic to be told that apart from the NEP "back-in" provisions, senior American trade officials actually like Canada's energy policy because it is providing substantial capital, equipment and personnel from this country for the American energy exploration drive.

One of the things American businessmen are very good at is putting pressure on Washington. They are doing it now, and much of it is happening because Canada really hasn't done a very good job of explaining itself. They don't really understand why we're concerned about foreign ownership and why we're doing what we're doing. We, in turn, have failed to grasp the depth of outrage that some parts of our policies have produced.

In the early part of the summer the chief executive of a large American corporation sent mailgrams about "Canadianization" to the CEOs of each of the 500 largest U.S. corporations, and took ads in major newspapers. It included words like "nationalization", "discrimination", "expropriation", and said "FIRA is aggressively seeking to reduce and even eliminate American investments in Canada".

A senior reporter with a major American business publication characterized the emerging attitude this way: "If Libya sends up a couple of planes against the United States, we shoot them down; if Canada sends up a couple, we'll shoot them down too . . ."

That is the language of over-reaction and escalation. We've had examples of it in Canada, too. Even if it were isolated—and I regret to say I don't think it is isolated—it is a sad and sorry characterization of relations between our two countries.

We are never going to persuade foreign investors and businessmen to applaud restrictions on their operations here. We can at least make sure they understand what is being attempted, precisely what is required of them and why.

Are good manners suddenly demeaning? Is Canada suddenly so big and so powerful that we can simply cram those changes down other nations' throats? I don't think so. Even if we were capable of it, I don't think we should try.

The New York financial markets have supplied billions of dollars for the Canadian economy over the last 20 years. Governments and corporations have gone there seeking both equity investment and long-term debt financing. The foreign investment bankers who manage those issues are key links between this country and foreign money. They tell us that the lack of understanding is making their jobs more difficult. The Canadian government has never invited their views on foreign investment and ownership policy; more important, it has never explained to them—so they can tell their clients—What Canada has in mind.

Economic warfare will do no one any good. I would propose that private enterprise as well as government can take steps to prevent it from happening. Some, such as better communications, and adjustments to parts of NEP and FIRA, I have already mentioned. There are other possible steps.

Extremism on either side of the border is counter-productive. I do not believe Canadians support extreme measures here. Neither should we accept extreme accusations from foreign critics. Concern and controls over the extent of foreign ownership are not unique to Canada and even here they are hardly new. Some foreign-owned companies long ago adopted exemplary policies to ensure that their presence provides, to use the FIRA terms, "significant benefit to Canada". The more that happens on a voluntary basis, the less need there will be for regulation and enforced compliance. Some of the companies that are complaining now are, at the very least, slow to read the handwriting on the wall.

But, let us urge the Canadian government to be specific in its requirements and efficient in its procedures. It is, for example, the uncertainty, the delays and the vagueness of the FIRA application process that enrage foreign businessmen—not the existence of the agency itself.

In speaking to Americans, let us point out that even though we live next door, speak the same language and watch many of the same television shows—we are NOT the same as Americans. Someone once said that there is no difference between the two peoples, and the only way to tell the difference is to say that to a Canadian.

Well, jokes aside, we aren't the same. We have a very different view of ourselves, our country and our role in the world than Americans do of themselves. Provided American investors take the time to become familiar with those differences, they should not be a barrier, any more than our similarities should be a license.

As Canadians, let us have more confidence in our ability to complete head-to-head with the rest of the world, without artificial protection from our government. The implication of such policies is that Canadians are second class, unable to earn their way in the world in fair competition. I refuse to believe it.

And let us realize that we do live next door to an elephant. As one country to another, we may be equal, but in economic size and strength, the United States is quite a bit more equal than we are. We have to speak loudly and often, just to be noticed. Admittedly, we have their attention at the moment. I'm not sure we want it this way.

Canadians want and need foreign investment—but on our own terms, and in a proportion we choose. What is required is that our methods be as appropriate as our motive, that we avoid extremism in our approach, and therefore remove the justification for it from others; and that as we flex the muscles of nationalism and economic independence, we remember that we're not the only and certainly not the biggest kid on the block.

Any major policy change that adversely affects other nations requires the expenditure of political capital. Canada has been spending it at a great rate. Our supply of international goodwill is not inexhaustible. Extreme or excessively rapid change can not only do lasting damage to our relations with other nations, it can do severe harm to an economy already beset with problems. Most important of all, it could well diminish rather than enhance our chances of accomplishing a legitimate goal at an affordable cost.●

MISSISSIPPI PLAYWRIGHT'S BROADWAY OPENING

● Mr. COCHRAN. Mr. President, I would like to invite the attention of my colleagues to an article which appeared in the Wall Street Journal of November 6, 1981. "Crimes of the Heart" written by Ms. Beth Henley of Jackson, Miss., opened on Broadway last week. This is the first play to ever win the Pulitzer Prize before being presented on Broadway. The people of Mississippi are very proud of Ms. Henley's outstanding achievements, and I want to share this excellent article about her play with the other Members of the Senate.

Mr. President, I ask that the Wall Street Journal article be printed in the RECORD.

The article follows:

BETH HENLEY: AIMING FOR THE HEART

(By Edwin Wilson)

NEW YORK.—If one were asked to conjure an image of the most active playwright in the U.S., one might visualize a tweedy, bearded figure, pipe clenched in mouth, sitting at his typewriter. Or if a woman, a chain-smoking, hard-driving Lillian Hellman type. Whatever the picture, it probably wouldn't be 29-year-old Beth Henley, author of the current Broadway play "Crimes of the Heart."

With dark brown eyes set in an almond-shaped face and framed by brunette hair, Ms. Henley is the embodiment of a soft-spoken, ingenuous young Southern woman. Unself-consciously tucking her legs under her on a sofa, she speaks with a deep Southern accent, acknowledging her recent successes with phrases like, "I'm pretty pleased about it."

Born and reared in Jackson, Miss., where most of her family still lives, Ms. Henley was graduated from Southern Methodist University in Dallas before going to Los Angeles to try to make her way as an actress. Not meeting with much luck, she turned first to screenwriting and then to playwriting. She had trouble getting her first production, until a couple of years ago when "Crimes of the Heart" was performed at Actors Theater of Louisville. Even now, with considerable recognition, she shows few signs of high-pressure activity or creative forces smoldering below the surface.

Appearances to the contrary, Ms. Henley is the busiest playwright around. Night before last "Crimes of the Heart," the first play ever to win the Pulitzer Prize before being presented on Broadway, opened at the John Golden Theater. A few days before, another new play, "The Miss Firecracker Contest," opened at the Studio Arena Theater in Buffalo, and in a couple of weeks a third play, "The Wake of Jamey Foster," goes into re-

hearsal for an early January opening at the Hartford Stage.

Her screenplay, "The Moon Watcher," has been bought for films, and right after the Hartford play opens, Ms. Henley begins writing the screenplay for "Crimes of the Heart." Meanwhile, she has notes for another new play.

No one knows, of course, what will come of all this, but "Crimes of the Heart" suggests that Ms. Henley's dramatic instincts are unusually sound. Like most of her work, it is rooted in her life and experience. The setting is the roomy, middle-class kitchen of the MaGrath home in Hazelhurst, Miss. Three MaGrath sisters, Lenny (Lizbeth Mackay), Meg (Mary Beth Hurt), and Babe (Mia Dillon), have been brought together because Babe has shot her husband Zachery Botrelle in the stomach. (She aimed for the heart, but missed.)

One of Ms. Henley's talents is for comedy: not one-liners, but the kind that cuts deep and sometimes hurts, even when it is uproariously funny. When Meg, who has just returned from Hollywood to be with Babe, asks who the best lawyer in town is, a cousin replies: "Zachery Botrelle, but of course he's in the hospital." When someone presses Meg to explain why her mother committed suicide, she finally admits: "Mother had a bad day that day."

As might be gathered, Ms. Henley's work shows traces of the macabre aspects of the Southern Gothic tradition. This is where the title comes in. The most obvious crime is the shooting by Babe, but the play is about all types of "crimes": the wounds that are given and received by those who love.

Lenny, the lonely, spinster sister, sacrifices herself to take care of the grandfather, but at the same time is wildly jealous of her sister Meg, who has a way with men. For her part, Meg once encouraged and then spurned a local man who married someone else; now she wants to rekindle the affair. Babe, the youngest, attracts men like a sugar bowl attracts flies in the summer, but she is stuck with her plodding husband, Zachery. Out of boredom she has an affair with a teenaged black boy. ("I didn't know you were a liberal," says Meg. "I'm not a liberal," protests Babe. "I'm a Democrat.") The relationships of the women to their men, to their parents, and to each other touch on deep and often contradictory emotions.

In spinning out her tale Ms. Henley accomplishes something else rare among today's dramatists. She is able to develop a sustained story full of resonance and complexity. "I always start," she explains, "with an event (in this case the shooting by Babe) and develop my characters from that." So many recent plays have lasted barely an hour that one began to wonder when we would ever see an old-fashioned three-act play again, but Ms. Henley has given us one.

Ms. Henley says she welcomes the limitations of the stage: "I like to put my plays in one room and see whether I can make everything happen in one place," she says. "Besides, if I keep my plays simple, I'll have a better chance of having them produced."

In bringing "Crimes of the Heart" to fruition, Ms. Henley took full advantage of the network of non-profit theaters around the country; altogether, the play had five productions prior to Broadway. "I took out scenes in St. Louis," she says, "then put most of them back in Baltimore. Later, I eliminated one character and tightened the ending."

In the present production, directed by Melvin Bernhardt, the Southern accent could be more authentic and the pace livelier in the early stages. Overall, though, the performances capture both the human entanglements and the off-beat humor of Ms. Henley's play and afford a sparkling introduction to a busy playwright worth watching.●

PRELIMINARY NOTIFICATION OF PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million, or in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that nine such notifications have been received.

Interested Senators may inquire as to the details of these preliminary notifications at the office of the Committee on Foreign Relations, room 4229 Dirksen Building.

Mr. President, I ask that the notifications be printed in the RECORD.

The material follows:

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., October 28, 1981.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southwest Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., October 28, 1981.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southwest Asian country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., October 28, 1981.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

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The Department of State is considering an offer to a Southwest Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., October 28, 1981.

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Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

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Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., November 3, 1981.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to an East Asian country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., November 3, 1981.

DR. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., November 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated February 18, 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southwestern Pacific country tentatively estimated to cost in excess of $25 million.

Sincerely,

WALTER B. LIGON,
Acting Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., November 5, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

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WALTER B. LIGON,
Acting Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., November 5, 1981.

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Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

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The Department of State is considering an offer to a Southeast Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

WALTER B. LIGON,
Acting Director.●

ILL-ADVISED ADMINISTRATION PROPOSALS TO CUT VETERANS' PROGRAMS

● Mr. SARBANES. Mr. President, I rise to express my continued strong opposition to the Reagan administration's proposals to reduce funding for the Veterans Administration for fiscal year 1982. In the first budget proposal at the beginning of his administration, the President proposed extensive reductions in veterans' programs, a stark departure from our Nation's longstanding traditional commitment to those who have served in our armed services. This attack on our veterans' programs has now been compounded by the recommendation for a further reduction of $451 million below the level of the first budget resolution. Most of this proposed cut would come from the medical care accounts and would devastate the VA's ability to provide the medical services earned by and promised to this Nation's veterans. In light of the proven effectiveness of these programs, it is incomprehensible that the administration has again proposed to terminate or curtail them.

As one who has strongly backed VA programs and our commitment to our veterans, I supported, earlier this year, an amendment to restore $300 million to the veterans health care account after the administration proposed its first cutback in VA funding. Unfortunately, that amendment did not carry; and, as many veterans know only too well, the VA's medical system is operating with an inadequate staff and is struggling to maintain the quality of health care that it is expected to provide. Now the administration is proposing additional cuts which, it is estimated, will result in the loss of 5,000 medical personnel and will necessitate reductions of 3,000 or more in the average daily inpatient population. Clearly, these proposed reductions are a further default on the moral and statutory commitments which the Nation has made to its veterans.

I have consistently called attention to the need to renew our commitment to the veterans of this Nation and to the programs through which we have always carried out the Nation's responsibility to those who served with honor in our armed services. It is for these reasons that I supported the Chiles amendment to restore $300 million in VA funding earlier this year and will strongly oppose this latest round of ill-advised administration proposals to cut veterans' programs.●

TVA'S RETENTION CONTRACT PROGRAM

● Mr. DENTON. Mr. President, H.R. 4144, the energy and water appropriations bill, contains language which prohibits Federal funds to be used to implement the Tennessee Valley Authority's retention contract program. On October 15, I cosponsored Senate Concurrent Resolution 42, a sense of the Senate resolution which expressed the Senate's disapproval of this program.

Mr. President, several questions need to be addressed with regard to this proposal. First, is the retention contract program legal? Several Members of Congress have requested GAO to study this issue. Although TVA contends that it is legal, I feel that this should be addressed by Congress. If TVA is permitted to implement this program, it could also affect other Government agencies which may take this approach. Second, TVA contends that without this program, it will lose many of its qualified personnel who operate the TVA nuclear power program. It must be pointed out that most of the personnel to receive the $36,000 bonus are in grades M–9 through M–13. As I understand it, first-line operators of their nuclear plants are in grades below this level, and are not affected by this proposal.

I feel that TVA has picked a poor time to propose such action. Since the beginning of 1980, TVA ratepayers have experienced a 41-percent increase in their rates. What are these ratepayers to think? The people of the TVA area will pay for this program. The increase to rates may not be very much, but that is not the point. This program is viewed in the TVA area as one more cost to be added to their base rate.

Mr. President, I understand the concern of TVA to retain qualified professional staff. I do feel, however, that at this time I cannot support their proposal.

As a result, I supported the committee amendment. I urge TVA to reconsider their position.●

A HOPEFUL ANGLO-IRISH SUMMIT

● Mr. KENNEDY. Mr. President, the Anglo-Irish Summit Conference last Friday between the Prime Ministers of Ireland and Great Britain has brought new hope for progress toward a peaceful settlement of the conflict in Northern Ireland.

In their meeting in London, the Prime Ministers agreed on a number of hopeful steps, including the creation of a new institution—the Anglo-Irish Intergovernmental Council—through which ministers and other officials of the two nations can meet and discuss the range of issues involving their peoples, including the issue of Northern Ireland.

In the joint communiqué issued after the meeting, the two Prime Ministers specifically agreed on the need for "efforts to diminish the divisions between the two sections of the community in Northern Ireland and to reconcile the two major traditions that exist in the two parts of Ireland."

All of us in Congress who seek an end to the violence in Northern Ireland and a peaceful settlement of the conflict welcome this initiative by the Irish and British Governments. The political process is the only true road to peace, and the two Prime Ministers have taken an important new step along that road.

Mr. President, I ask unanimous consent that the joint communiqué may be printed in the RECORD.

The joint communiqué follows:

JOINT COMMUNIQUE ISSUED IN LONDON 6 NOVEMBER 1981 FOLLOWING MEETING BETWEEN THE TAOISEACH (IRISH PRIME MINISTER) DR. GARRET FITZGERALD, T.D. AND THE RT. HON. MARGARET THATCHER, BRITISH PRIME MINISTER

1. The Taoiseach, Dr. Garret FitzGerald, T.D., had discussions today, 6 November, at 10 Downing Street with the Prime Minister, the Rt. Hon. Margaret Thatcher, M.P. The Prime Minister was accompanied by the Rt. Hon. The Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs, the

Rt. Hon. James Prior, M.P., Secretary of State for Northern Ireland and the Rt. Hon. Nigel Lawson, M.P., Secretary of State for Energy. The Taoiseach was accompanied by the Tanaiste and Minister for Industry and Energy, Mr. Michael O'Leary, T.D., and the Minister for Foreign Affairs, Senator James Dooge.

2. The meeting was the first between the Taoiseach and the Prime Minister since Dr. FitzGerald took office. They discussed a number of international questions and a range of issues arising in the European Community which are to be considered at the European Council in London on 26 and 27 November.

3. The Taoiseach and the Prime Minister affirmed the importance which their two Governments attached to the maintenance and development of close Anglo-Irish relations.

4. The Taoiseach and the Prime Minister agreed on the need for efforts to diminish the divisions between the two sections of the community in Northern Ireland and to reconcile the two major traditions that exist in the two parts of Ireland. Such a development could come about only on the basis of mutual respect as between those traditions to the achievement of which the Taoiseach has made a public commitment.

5. The Taoiseach affirmed that it was the wish of the Irish Government and, he believed, of the great majority of the people of the island of Ireland, to secure the unity of Ireland by agreement and in peace. The Prime Minister affirmed, and the Taoiseach agreed, that any change in the constitutional status of Northern Ireland would require the consent of a majority of the people of Northern Ireland. The Prime Minister said that, if that consent were to be expressed as a result of a Poll conducted in accordance with the Northern Ireland Constitution Act, 1973, the British Government would, of course, accept their decision and would support legislation in the British Parliament to give effect to it. The Taoiseach and the Prime Minister agreed that both Governments were ready to join in promoting arrangements which might help to reduce tensions between and to reconcile the peoples of the two parts of Ireland.

6. The Taoiseach and the Prime Minister reiterated their resolute opposition to violence, and commended the level of cooperation between the security forces of the two countries. They noted with approval the efforts now being made under the Criminal Law Jurisdiction Legislation to ensure that those who committed crimes in one country should not be able to escape prosecution and conviction by seeking refuge in the other, and invited the British and Irish Attorneys General to consider what further improvements to that end might be possible.

7. The Taoiseach and the Prime Minister received a joint report (annexed to this Communique) on studies made by officials from both countries of possible new institutional structures, citizenship rights, security matters, economic cooperation and measures to encourage mutual understanding. The papers on which this report is based will be published next Wednesday. For security reasons, the study on security matters will not be published.

8. Recognising the unique character of the relationship between the two countries, the Taoiseach and the Prime Minister have decided to establish an Anglo-Irish Intergovernmental Council through which institutional expression can be given to that relationship between the two Governments. This will involve regular meetings between the two Governments at Ministerial and official levels to discuss matters of common concern. The Taoiseach and the Prime Minister agreed that it would be for the Parliaments concerned to consider at an appropriate time whether there should be an Anglo-Irish body at Parliamentary level comprising members to be drawn from the British and Irish Parliaments, the European Parliament and any elected assembly that may be established for Northern Ireland. They also agreed to work toward the establishment of an Advisory Committee associated with the Anglo-Irish Intergovernmental Council on economic, social and cultural cooperation, with a wide membership.

9. The Taoiseach and the Prime Minister noted that each country afforded the other's citizens most of the rights and privileges available to its own. The Taoiseach indicated that the arrangements for the grant of voting rights at Parliamentary elections to British citizens resident in the Republic were well advanced and that he hoped to have the necessary legislation introduced soon.

10. The Taoiseach and the Prime Minister agreed on the need to intensify economic co-operation between the two countries and between the two parts of Ireland. They expressed the hope that such co-operation would make a contribution towards the improvement of the economy throughout the two countries and that the practice of economic co-operation would, in itself, generate further co-operation. They gave special consideration to the question of co-operation on energy matters. They noted that assessments of the possibility of the supply of natural gas from the Kinsale Field to Northern Ireland had suggested that such a project might be viable, and that discussions of the terms on which gas might be supplied were now in train. They agreed on the desirability of restoring electricity interconnection between the two parts of Ireland. They also agreed that economic and technical studies should be pursued on the possibility of an electricity link across the Irish Sea.

11. The Taoiseach and the Prime Minister looked forward to holding their next meeting in Dublin in Spring of next year in the framework of the new institutional arrangements agreed upon at this meeting.

ANGLO-IRISH JOINT STUDIES JOINT REPORT

1. At their meeting in Dublin on 8 December, 1980, the then Taoiseach and the Prime Minister commissioned Joint Studies covering possible new institutional structures, citizenship rights, security matters, economic co-operation and measures to encourage mutual understanding in order to assist them in their special consideration of the totality of relationships within these Islands. These Joint Studies were undertaken by senior officials of the two Governments. In carrying out their task, officials bore in mind the already close relations between the two countries and their common membership of the European Community. The outcome of the Studies is as follows:

POSSIBLE NEW INSTITUTIONAL STRUCTURES

2. Officials noted that the unique relationship to which the two joint Communiques of May and December 1980 referred was the result of geography, history and population movements. The Joint Studies brought out the variety of contacts between the two countries. They confirmed that in many fields relations and co-operation were closer and more extensive than between other countries in Europe where a particularly close relationship had been given specific institutional expression. Officials agreed that, over a very wide range, these relations involved common interests and mutually beneficial exchanges but recalled that the Communique of 8 December, 1980, had recorded agreement that the full development of the links between the two countries and their peoples had been put under strain by division and dissent in Northern Ireland.

3. Officials considered how the development of the unique relationship between the two countries might appropriately be enhanced by giving it more comprehensive institutional expression, without impeding the many informal links; and in this context examined the following possibilities:

(I) The establishment of an Anglo-Irish Intergovernmental Council to provide the overall framework for intergovernmental consultation, at Head of Government, Ministerial and Official levels, on all matters of common interest and concern, with particular reference to the achievement of peace, reconciliation and stability and the improvement of relations between the two countries and their peoples: and what might be the component elements of the structure, its functions and certain aspects of its operation.

(II) How the parliamentary links between the two countries might most appropriately be developed as the natural and desirable complement to the establishment of a new Intergovernmental body.

(III) The establishment, as an adjunct to the proposed Intergovernmental Council of an Advisory Committee on economic, social and cultural co-operation, with a wide membership reflecting vocational interests:

(IV) The establishment as an interim measure, pending the creation of an Advisory Committee as at (III), of an "Anglo-Irish Encounter" Organization, under the direction of an Executive Board composed of independent public figures of repute and ability and Government representatives, with a major function of organizing high-level conferences on the Koenigswinter Model.

CITIZENSHIP RIGHTS

4. Officials reviewed the rights and privileges on the one hand, and the obligations and duties on the other, of citizens of each country residing in the jurisdiction of the other. The areas looked at were eligibility to vote and to stand for elective offices; employment in the Civil and Armed Services; legal rights and obligations (including jury service); social rights; consular protection; and freedom of movement.

5. It was noted that, in the absence of a written Constitution on the British side, the various rights and obligations are defined by specific Acts of Parliament, which Parliament being sovereign can later amend. The role of the courts in this context is to interpret legislation. On the Irish side, by contrast, there is both specific legislation covering a similar range of subject matter and a written Constitution guaranteeing fundamental human rights. Proposals to alter the Constitution must be approved not only by Parliament but also through a referendum. The courts have power to strike down Legislative Acts held by them to be inconsistent with the Constitution.

6. It was further noted that each of the two countries maintained provisions which ante-dated the requirements of their common European Community membership and afforded in different ways privileged treatment to the citizens of the other. Indeed, each accorded the other's citizens virtually all the rights and privileges available to its own. At the same time, a number of differences were identified, notably in respect of the two countries' practices in relation to the control of movement of non-citizens: and in respect of the qualifications for local elections in Northern Ireland as compared with Great Britain.

7. Officials noted the decision of the Irish authorities to extend voting rights in national elections to resident British citizens. Officials also reviewed possibilities for dealing with other differences: but made no agreed proposals for doing so.

ECONOMIC COOPERATION

8. Officials considered a wide range of existing and potential areas of economic and technical co-operation both bilateral and in the context of the two countries' common membership of the European Community and made recommendations as to how these

might be encouraged and developed. They agreed that the machinery of Anglo-Irish economic co-operation (AIEC) had proved effective within its terms of reference in fostering the development of economic and technical matters of mutual interest. If a new Intergovernmental institution were established as envisaged in their work on institutional structures, the Steering Group on AIEC (and its subordinate groups) or a comparable official level body might appropriately be placed under the aegis of that new institution.

9. Among the subjects considered were:

Future co-operation energy, in particular the possibilities for electricity interconnection both across the land border and across the Irish Sea and for the supply of gas from the Kinsale Field to Northern Ireland and the exploitation of new energy technologies;

Exchange of information on pollution of the Irish Sea and co-ordination of responses to pollution emergencies;

Broadcasting of television and radio programmes direct to the home from a satellite;

Co-operation in the field of animal and plant health;

The facilitation of economic development in Lough Foyle, Carlingford Lough and the nearby offshore areas;

Industrial development, particularly of small and craft industries;

Trade promotion;

Industrial training;

Tourism;

Continuing co-operation in the economic development of Border areas;

Science and technology.

10. Officials believed that further work in this field would make a contribution towards the improvement of the economies of these Islands and that the practice of economic co-operation would in itself generate further co-operation.

MEASURES TO ENCOURAGE MUTUAL UNDERSTANDING

11. Officials analysed the reasons for misconceptions in each country over attitudes and Government policies in the other, and considered measures that the two Governments might appropriately take, jointly or separately, to remove such misconceptions and improve mutual understanding.

12. It was recognised that, as between Britain and the Republic, the problem appeared to be more one of lack of knowledge than of misconception. This might be remedied by efforts aimed at a more intensive exchange of information. As between North and South in Ireland the problem went deeper. In this context the issues which were relevant were the Constitutional "Claim", the "Guarantee" and Church/State relationships. Action to reduce misunderstanding of these matters would clearly be needed. Institutional arrangements were also required, deliberately framed to reduce suspicion and distrust, together with measures to make more effective the prosecution of offenders who seek to evade justice by crossing from one side of the Border to the other. Moreover, greatly increased contacts and joint endeavors in appropriate fields, as well as intensified information exchanges might all offer some hope of progress.

13. Officials noted that there existed already a welcome multiplicity of contacts and that it was desirable that these should continue and be developed. In this context they considered a range of possibilities, including:

Increased contacts between officials concerned with youth and sport activity and the scope for increased co-operation between sporting organisations in both parts of Ireland;

The development of the already considerable contacts between vocational and community relations groups in both parts of Ireland;

In the field education, increased exchanges between teachers and inspectors as well as between pupils and students: particularly the potential for more use by students from the South of tertiary educational facilities in Northern Ireland;

The active pursuit of co-operation between the open university and the proposed distant study unit of the National Institute for Higher Education in Dublin;

The establishment of a formal scheme for interchange of officials;

The encouragement and expansion of close co-operation and contacts between the Arts Councils, North and South, in Ireland: and between both of these Councils and the Arts Councils in Great Britain.●

ORDERS FOR TUESDAY

Mr. BAKER. Mr. President, I have a unanimous-consent request I wish to propound at this time.

ORDER FOR RECESS UNTIL 9:30 A.M.

Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. on Tuesday, November 10.

ORDER FOR RECOGNITION OF SENATOR HAYAKAWA

I further ask unanimous consent that following the recognition of the two leaders under the standing order, the Senator from California (Mr. HAYAKAWA) be recognized for not to exceed 15 minutes on special order.

ORDER DESIGNATING PERIOD FOR ROUTINE MORNING BUSINESS

Following the conclusion of the special order, Mr. President, there will be a brief period for the transaction of routine morning business during any time remaining between the execution of the special order and the hour of 10 a.m. in which Senators may speak for not more than 1 minute each.

ORDER TO RESUME CONSIDERATION OF S. 1112 AND TIME LIMITATION AGREEMENTS

That at 10 a.m. the Senate resume consideration of S. 1112, the Export Administration Act; further, I ask unanimous consent that at 10 a.m. there be 30 minutes of debate to be equally divided on the Chiles amendment between Mr. CHILES and the manager of the bill, to be followed by a rollcall vote on the Chiles amendment at the conclusion of the debate; following which there be 30 minutes to be equally divided on the Heinz substitute for the Chiles amendment, and at the conclusion of the time allotted for debate on the Heinz substitute a rollcall vote occur in connection with the Heinz substitute; and further, I ask that following the rollcall vote in connection with the Heinz substitute there be 30 minutes equally divided on the Chiles amendment, if amended, and at the conclusion of the debate, a rollcall vote occur on the Chiles amendment, as amended, if amended, and that the control of the time be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

S. 1112

Ordered, That at 10:00 a.m. the Senate resume consideration of S. 1112, the Export Administration bill.

Ordered further, That at 10:00 a.m. there be 30 minutes of debate equally divided on the Chiles amendment dealing with interest rates, to be followed by the roll call vote ordered in connection with the Chiles amendment at the conclusion of the debate.

Following the roll call vote in connection with the Chiles amendment, there be 30 minutes equally divided on the Heinz Substitute for the Chiles amendment, and at the conclusion of the time allotted for debate on the Heinz Substitute, the roll call vote ordered occur in connection with the Heinz Substitute. *Ordered further,* That following the roll call vote in connection with the Heinz Substitute, there be 30 minutes equally divided on the Chiles amendment, as amended if amended, and at the conclusion of the debate, the roll call vote ordered occur in connection with the Chiles amendment as amended, if amended.

Mr. BAKER. Mr. President, the effect of this, of course, is to provide for a very busy morning. Senators are urged to note that the Senate will convene at 9:30 and be on the bill at 10. Rollcall votes will begin very shortly thereafter and occur throughout the morning.

I would also remind Senators of the leadership's previous announcement that there will be no more rollcall votes after 1 p.m. on tomorrow.

Mr. President, in view of that representation, I urge all Senators to make known their intention to offer any further amendments to this bill, and I especially urge the managers on both sides to persevere in their effort to complete this bill before the witching hour of 1 p.m. on tomorrow afternoon.

Mr. President, I still hope that the Senate may be able to proceed to the consideration of H.R. 4169, the State, Justice, Commerce appropriations bill, during the day tomorrow, although it is clear that if we are able to reach that matter it will be only for a brief period of time and it would have to go over until later in the week.

THE CALENDAR

Mr. BAKER. Now, Mr. President, there are certain other matters that may be dealt with on our calendar. I will inquire of the distinguished minority leader if he is in a position to consider at this time calendar order No. 335, Senate Concurrent Resolution 43.

Mr. ROBERT C. BYRD. Mr. President, the matter has been cleared on this side.

GRANTING STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to consider calendar order No. 335, Senate Concurrent Resolution 43.

There being no objection, the Senate proceeded to consider the concurrent resolution (S. Con. Res. 43) granting the status of permanent residence to certain aliens.

UP AMENDMENT NO. 601

(Purpose: To delete certain named aliens due to a change in circumstances)

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. LEVIN, I send a technical amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) for Mr. LEVIN, proposes an unprinted amendment numbered 601.

Mr. ROBERT C. BYRD. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 7, insert "and" after the semicolon.

On page 1, line 8, strike out the semicolon and insert in lieu thereof a period.

On page 2, strike out lines 1 and 2.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 601) was agreed to.

Mr. LEVIN. Mr. President, I wish to take this opportunity to thank my good friend and esteemed colleague from Wyoming (Mr. SIMPSON), the chairman of the Senate Subcommittee on Immigration and Refugee Policy, for his cooperation and assistance on Senate Concurrent Resolution 43. The helpful work of his fine subcommittee staff should also be noted and appreciated. My thanks also to the ranking members, Mr. KENNEDY and Mr. DECONCINI and their subcommittee staff for their aid and attention to this resolution.

The PRESIDING OFFICER. If there be no further amendments to be submitted, the question is on agreeing to the concurrent resolution. The concurrent resolution (S. Con. Res. 43) was agreed to as follows:

S. CON. RES. 43

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which the Attorney General has suspended deportation pursuant to the provisions of section 244(a)(2) of the Immigration and Nationality Act (8 U.S.C. 1254):

A5 916 562, Bluestein, Nathan; and

A7 899 438, Cemlier, Ivan.

Mr. BAKER. I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROBEY WENTWORTH HARNED LABORATORY

Mr. BAKER. Mr. President, the next item on my calendar which is cleared is Calendar Order No. 351, S. 1322.

Mr. ROBERT C. BYRD. That calendar number has been cleared on this side, Mr. President.

Mr. BAKER. I ask unanimous consent that the Senate proceed to consider S. 1322.

The PRESIDING OFFICER. Without objection, the bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1322) to designate the United States Department of Agriculture Boll Weevil Research Laboratory building, located on the campus of Mississippi State University, Starkville, Mississippi, as the "Robey Wentworth Harned Laboratory."

The Senate proceeded to consider the bill (S. 1322) which had been reported from the Committee on Agriculture, Nutrition, and Forestry with an amendment:

On page 2, line 2, strike "on", and insert "adjacent to";

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Department of Agriculture Boll Weevil Research Laboratory building, located adjacent to the campus of Mississippi State University, Starkville, Mississippi, shall hereafter be known and designated as the "Robey Wentworth Harned Laboratory". Any reference in a law, map, regulation, document, record, or other paper of the United States to that building shall be held and considered to be a reference to the "Robey Wentworth Harned Laboratory".

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

UP AMENDMENT NO. 602

(Purpose: To extend the delay in milk price support adjustment and to extend the time for conducting wheat and cotton referenda)

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the distinguished Senator from North Carolina (Mr. HELMS) and the distinguished Senator from Kentucky (Mr. HUDDLESTON) and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for Mr. HELMS and Mr. HUDDLESTON, proposes an unprinted amendment numbered 602.

Mr. BAKER. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, after line 9, insert the following new section:

"SEC. 2. (a) The Act of October 20, 1981 (Public Law 97-67), is amended by striking out 'November 15, 1981' in the first section and inserting in lieu thereof 'December 31, 1981, or the date of enactment of S. 884, the Agriculture and Food Act of 1981, whichever is earlier'.

"(b) The last sentence of section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended by striking out 'November 15, 1981' and inserting in lieu thereof 'January 1, 1982'.

"(c) Section 343 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1343) is amended by adding at the end thereof the following new sentence: 'Notwithstanding any other provision hereof, the referendum with respect to the national marketing quota for cotton for the marketing year beginning August 1, 1982, may be conducted not later than the earlier of the following: (1) thirty days after adjournment sine die of the first session of the Ninety-seventh Congress, or (2) January 1, 1982.'."

Mr. HELMS. Mr. President, as Senators know, the House and the Senate are presently engaged in a conference on the 1981 farm bill. There are many differences between the two bills, but I am hopeful that the conference will produce a bill acceptable to both Houses and to the President. We are certainly working under that assumption. It seems possible that we will be able to complete our deliberations this week if we continue the kind of progress we have made so far.

However, it was our well-considered opinion that the work of the conference would be completed by this time when the Senate adopted H.R. 4612 on October 19, 1981. A number of events have transpired which have set back the timetable of our conference activity. Consequently, the various deadlines extended in H.R. 4612 now appear not to have been extended for long enough periods of time to accomplish the purpose intended.

If we do not have the farm bill ready for the President's signature by November 15, the provisions of the 1949 act relating to the dairy program and the wheat referendum will require unnecessary, costly, and disruptive actions by the Secretary. In addition, because the 1949 act requires the Secretary to conduct a cotton referendum by December 15, that commodity and those farmers could be adversely affected as well.

All of this is to say that it now appears vitally necessary and highly desirable for the Congress to further extend the deadlines extended in H.R. 4612. H.R. 4612 extended the deadlines to November 15—a date that is now, without question, going to pass before the farm bill is ready for the President's signature. It is our proposal to further extend the relevant dates from November 15, until January 1, 1982, and to include an extension of the cotton referendum to that date, as well.

Specifically, the first part of the amendment I am offering would extend through December 31, 1981, or the date of enactment of the farm bill, whichever is earlier, the first section of Public Law 97-67 (H.R. 4612). That section provides that, notwithstanding the provisions of section 201(c) of the Agricultural Act of 1949, the price of milk shall be supported at the level of $13.10 per hundredweight for milk containing 3.67 percent butterfat for the period beginning October 1, 1981, and ending November 15, 1981. That was the support level immediately prior to October 1, 1981.

The amendment also amends section 336 of the Agricultural Adjustment Act of 1938 to extend from November 15, 1981, to January 1, 1982, the date by which the Secretary is required to conduct a referendum of eligible wheat producers to determine whether they favor establishment of a national marketing quota for wheat for the marketing year beginning June 1, 1982.

The original date for conducting such a referendum, August 1, 1981, was delayed to October 15, 1981, by Public Law 97-24 and to November 15, 1981 by Public Law 97-67. A similar delay of a cotton referendum is also included in the amendment.

Mr. President, I am pleased to be able to report to the Senate that the conferees on the 1981 farm bill have reached tentative agreement on the dairy provisions of that bill. Under that agreement, the support price for milk for the current marketing year ending September 30, 1982, would remain at the present level of $13.10 per hundredweight. That was the level under both the House and Senate versions of the bill.

In view of that, it simply makes no sense to allow the milk price support level to go above $13.10 per hundredweight again for a short period of time and then to have to lower it back to that figure. As I said during consideration of H.R. 4612, that would not benefit dairy farmers, but would cause confusion and serve to invite abuse of our dairy price support program.

Pursuant to my pledge to the Senator from Wisconsin (Mr. PROXMIRE), during conference deliberations, I raised the issue of setting the 1982 support level at $13.49 per hundredweight. After some discussion, since both bills were the same with regard to the 1982 level, the conferees concentrated on the support level for the outyears and left the 1982 level at $13.10.

I believe this legislation is necessary to assure the effectiveness of the dairy program. It is the intent—and I believe the effect—to strengthen the dairy program.

The bill in no way will impact adversely on dairy farmers. It will simply prevent a situation in which handlers will be encouraged, if not induced, to engage in a game of musical chairs with millions of dollars worth of manufactured milk products.

If the support price is allowed to increase to 75 percent of parity again on November 15, Mr. President, the Government would have to purchase milk from handlers at some 40 cents above the $13.10 level.

If the support level adopted by the conferees is finally enacted, the price the Government pays handlers would then revert back to the $13.10 level. Because of the buy-back provisions of the dairy program, these handlers will be able to purchase what they sold at $13.49 at 110 percent of $13.10, that is, $13.23. This will result in a 26 cents per hundredweight windfall to those handlers—plus the storage costs.

Both the Senate and the House have worked their will on the dairy issue, and the conferees on the farm bill have tentatively agreed. This bill will not retreat 1 inch from that agreement. However, if this new extension is not adopted, the reputation of our very fine dairy program can be besmirched. Opponents of any dairy price supports will use any abuse which may take place to attack this and all farm programs.

With regard to the wheat referendum, as I pointed out, the farm bill cannot be enacted before November 15, 1981—the current date by which the Secretary must conduct a referendum of eligible wheat producers to determine whether they favor establishment of a national marketing quota for wheat for the marketing year beginning June 1, 1982. Extending this date to January 1, 1982, would prevent a costly—the Department of Agriculture estimates about $4 million—confusing, and unnecessary exercise.

Also, Mr. President, the same principle applies to a similar referendum of eligible cotton producers which the Secretary will be required to conduct by December 15, 1981. Extending that date to January 1, 1982, at this time could save a potentially necessary effort to do that later this year if any kind of unforseeable impasse should result in the new farm bill not being enacted by December 15, 1981.

I urge adoption of this amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 602) was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be submitted, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to designate the United States Department of Agriculture Boll Weevil Research Laboratory building, located adjacent to the campus of Mississippi State University, Starkville, Mississippi, as the 'Robey Wentworth Harned Laboratory'; to extend the delay in making any adjustment in the price support level for milk; and to extend the time for conducting the referenda with respect to the national marketing quotas for wheat and upland cotton.".

Mr. BAKER. I move to reconsider the vote by which the bill passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PHYSICIANS COMPARABILITY CONTRACTS

Mr. BAKER. Mr. President, Calendar Order No. 353, S. 1551, is cleared on our calendar. I inquire if the minority leader is in a position to speak to that.

Mr. ROBERT C. BYRD. Mr. President, Calendar Order No. 353 is cleared on this side.

Mr. BAKER. Mr. President, I ask that the Senate proceed to consider the bill.

The bill (S. 1551) to amend title 5, United States Code, to extend the period within which physicians comparability contracts may be entered into, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1551

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5948(d) of title 5, United States Code, is amended—

(1) by striking out "September 30, 1981" and inserting in lieu theerof "September 30, 1982"; and

(2) by striking out "September 30, 1983" and inserting in lieu thereof "September 30, 1984".

Mr. BAKER. I move to reconsider the vote by which the bill passed, Mr. President.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCORPORATION OF U.S. SUBMARINE VETERANS OF WORLD WAR II

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 195.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 195) entitled "An Act to incorporate the United States Submarine Veterans of World War II", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

CHARTER

SECTION 1. The United States Submarine Veterans of World War II, incorporated under the Non-profit Corporation Act of the State of New Jersey, and the State of Colorado, is hereby recognized as such and is granted a charter.

POWERS

SEC. 2. United States Submarine Veterans of World War II (hereinafter referred to as the "corporation") shall have only those powers granted to it through its bylaws and articles of incorporation filed in the State or States in which it is incorporated and subject to the laws of such State or States.

OBJECTS AND PURPOSES OF CORPORATION

SEC. 3. The objects and purposes of the corporation are those provided in its articles of incorporation and shall include patriotism and loyalty to the United States of America; the perpetuation and establishment of memorials to the memory of those shipmates who served aboard United States submarines and gave their lives in submarine warfare during World War II; promotion of the spirit and unity that existed among the United States Navy submarine crewmen during World War II; fostering general public awareness of life aboard submarines during World War II, through securing, restoring, and displaying the submarines that were in service at that time; sponsoring annual college scholarships; and performance of such acts of charity as provided for by the constitution and bylaws.

SERVICE OF PROCESS

SEC. 4. With respect to service of process, the corporation shall comply with the laws of the States in which it is incorporated and those States in which it carries on its activities in furtherance of its corporate purposes.

MEMBERSHIP

SEC. 5. Eligibility for membership in the corporation and the rights and privileges of members shall, except as provided in this Act, be as provided in the constitution and bylaws of the corporation.

BOARD OF DIRECTORS; COMPOSITION; RESPONSIBILITIES

SEC. 6. The board of directors of the corporation and the responsibilities thereof shall be as provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States in which it is incorporated.

OFFICERS OF CORPORATION

SEC. 7. The officers of the corporation, and the election of such officers shall be as is provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States wherein it is incorporated.

RESTRICTIONS

SEC. 8. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director of the corporation or be distributed to any such person during the life of this charter. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation to the officers of the corporation or reimbursement for actual necessary expenses in amounts approved by the board of directors.

(b) The corporation shall not make any loan to any officer, director, or employee of the corporation.

(c) The corporation and any officer and director of the corporation, acting as such officer or director, shall not contribute to, support or otherwise participate in any po-

litical activity or in any manner attempt to influence legislation.

(d) The corporation shall have no power to issue any shares of stock nor to declare or pay any dividends.

(e) The corporation shall not claim congressional approval or Federal Government authority for any of its activities.

LIABILITY

SEC. 9. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

BOOKS AND RECORDS; INSPECTIONS

SEC. 10. The corporation shall keep correct and complete books and records of account and shall keep minutes of any proceeding of the corporation involving any of its members, the board of directors, or any committee having authority under the board of directors. The corporation shall keep at its principal office a record of the names and addresses of all members having the right to vote. All books and records of such corporation may be inspected by any member having the right to vote, or by any agent or attorney of such member, for any proper purpose, at any reasonable time. Nothing in this section shall be construed to contravene any applicable State law.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 11. The first section of the Act entitled "An Act to provide for audit of accounts of private corporations established under Federal law", approved August 30, 1964 (36 U.S.C. 1101), is amended by adding at the end thereof the following:

"(55) United States Submarine Veterans of World War II.".

ANNUAL REPORT

SEC. 12. The corporation shall report annually to the Congress concerning the activities of the corporation during the preceding fiscal year. Such annual report shall be submitted at the same time as in the report of the audit required by section 11 of this Act. The report shall not be printed as a public document.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

SEC. 13. The right to alter, amend, or repeal this Act is expressly reserved to the Congress.

DEFINITION OF "STATE"

SEC. 14. For purposes of this Act, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

TAX EXEMPT STATUS

SEC. 15. The corporation shall maintain its status as an organization exempt from taxation as provided in the Internal Revenue Code. If the corporation fails to maintain such status, the charter granted hereby shall expire.

TERMINATION

SEC. 16. If the corporation shall fail to comply with any of the restrictions or provisions of this Act, the charter granted hereby shall expire.

Amend the title so as to read: "An Act to recognize the organization known as the United States Submarine Veterans of World War II.".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

H.R. 4591 PLACED ON THE CALENDAR

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be discharged of H.R. 4591, which is a companion to S. 859 which has already passed the Senate, and that H.R. 4591 be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL TOMORROW AT 9:30 A.M.

Mr. BAKER. Mr. President, I see no Senator seeking recognition. I know of no further business to be transacted by the Senate this evening. I move in accordance with the order previously entered that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to, and at 7:07 p.m. the Senate recessed until Tuesday, November 10, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 9, 1981:

DEPARTMENT OF STATE

Elliott Abrams, of the District of Columbia, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs, vice Patricia M. Derian, resigned.

DEPARTMENT OF JUSTICE

Glenn L. Archer, Jr., of Virginia, to be an Assistant Attorney General, vice M. Carr Ferguson, resigned.

John R. Kendall, of Michigan, to be U.S. Marshal for the western district of Michigan for the term of 4 years vice Andrew L. Metcalf, resigning.

Harry Connolly, of Oklahoma, to be U.S. Marshal for the northern district of Oklahoma for the term of 4 years vice Carl W. Gardner, term expired.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

The following-named persons to be Members of the National Commission on Libraries and Information Science for the terms indicated:

For the remainder of the term expiring July 19, 1982:

John E. Juergensmeyer, of Illinois, vice Frances Healy Naftalin.

Jerald Conway Newman, of New York, vice Joan Helene Gross.

Julia Li Wu, of California, vice Clara Stanton Jones.

For a term expiring July 19, 1986:

Elinor M. Hashim, of Connecticut, vice Robert W. Burns, Jr., term expired.

Byron Leeds, of New Jersey, vice Horace E. Tate, term expired.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Richard Hulbert Groves, [redacted], (age 58), Army of the United States (major general, U.S. Army).

IN THE NAVY

The following-named officers of the U.S. Navy for permanent promotion to the grade of commander in the line and various staff corps, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Aaker, Charles Ervin
Aanerud, Kenneth Dean
Abbate, Robert Philip
Abbey, Donald Lewis
Abbott, Richard Leroy
Abrams, Steven Selby
Acord, Jiles Underhill, Jr.
Adair, Hugh Reeves
Adair, Roy Ernest, Jr.
Adams, Donald Franklin.
Adams, Frederick Arthur
Adams, Richard Peerson
Adams, Robert Frederick
Aeschleman, Vance E., Jr.
Agee, Jerry Bond
Agnew, James Robert
Ahlgren, Roy Carl Eric
Albers, Steven Conn
Aldo, Albert Erwin, Jr.
Alexander, Marion Romaine, Jr.
Allen, Glenn R.
Allen, Harry Benjamin
Allen, Henry Carter
Allen, John E.
Allen, Kenneth Eugene
Allen, Lloyd Edward, Jr.
Allin, John Wilfrid
Almon, John Sterling
Amborn, Lloyd P.
Amerau, Harold Francis, Jr.
Amos, Robert Edward
Amundsen, Rickard Oliver, Jr.
Anastasi, George Martin
Anawalt, Richard Arthur
Andersen, Robert Viggo
Anderson, David Graham
Anderson, David Wiley
Anderson, Dennis Dean
Anderson, Harold Murray
Anderson, Jimmy Duke
Anderson, Michael John
Anderson, Russell Frederick
Andrews, Edward Keith
Andrews, James Randolph
Angelina, Peter Gerald
Anselmo, Philip Shepard
Anson, Robert, Jr..
Apple, Lester Arthur
Argubright, Stephen F., Jr.
Arndt, Keith Milford
Arquette, Howard Ralph
Arrison, James Matthew, III
Asbell, Richard Carroll, II
Ashburn, Erich Harry
Ashby, Elton Truxton
Astor, Lawrence Ira
Atchison, Thomas Ludwell
Athanson, John Wayne
Atkins, Ronald Wayne
Aucella, John Paul
Austin, Donald Gene
Authement, Charles Francis
Avery, Donald, William, Jr.
Avery, Robert Butner
Avery, Robert Young
Axtman, Darold Steven
Ayers, Daniel Owen
Baca, Fidel Leroy
Bacon, Robert Peter
Bahr, Stephen Messer
Bailey, David Laurence
Bailey, James William
Bailey, Jerry Robert
Bailey, Larry Weldon
Bajuk, Gregory Emil
Baker, Brent
Baker, David James
Baker, Jerry, Jr.
Baker, Milton Sumner, Jr.
Baker, Robert William
Baland, George Arnold
Balian, Alexander George
Ball, Harry Francis, Jr.
Ballard, Don Eugene

Ballard, Michael Hitchcock
Ballback, Leonard John, Jr.
Baller, Elmer William
Balut, Stephen John
Bankson, Rodney Alan
Barchi, Richard Henry
Bard, Albert Eugene
Barker, Bruce William
Barker, Kenneth Dale
Barker, Michael Don
Barker, Ross Daniel
Barker, Timothy Lee
Barker, Wilbert Blair
Barnes, James Clayton, Jr.
Barnett, Thomas Joseph
Barnett, William Richard
Barney, William Clifford
Barrett, James Wilson
Barry, David John
Barry, Thomas Anthony
Bartlett, Robert Charles
Bartmess, Curtis, Jr.
Bartol, John Hone, Jr.
Barton, William Bruce
Bates, Billy Gene
Batzel, Thomas Joseph
Baumann, Carl Vincent
Baumhofer, William James
Baumstark, James Schilling
Baxter, Peter Crockett
Beachy, John Scott
Beal, Richard Frank
Beall, James Mandaville, Jr.
Beam, David Mitchell
Bean, Charles Dunbar
Beard, Garnet Chapman, Jr.
Beardsley, John William
Beauchamp, Robert Lewis
Beck, Melvin Dewayne
Becker, Alan Robert
Becker, Alfred Edward
Beckett, Robert Sampson
Beery, James Robert
Begley, Jerry Noonan
Behrend, Robert Michael
Beiser, Richard William
Beland, Conrad Lucien
Belanger, Raymond Louis
Bell, Corwin Allan
Bell, Duncan W. J., Jr.
Bell, John Martin
Bell, Robert Alfred
Bell, Robert Stevens
Bell Russell Anson
Bell, William Farmer
Bellis, James Richard
Bendetsen, Brookes McIntosh
Bennett, David Cushing
Bennett, Richard Allan
Beougher, Rolland Ben
Berger, John Harry
Berkebile, Donald Freeman
Berley, Leonard Eugene
Bertsch, William Preston, Jr.
Beschta, Gerald Thomas
Beshirs, George Russell
Best, John Albert
Betzner, Hugh William, Jr.
Bidlake, Kenneth Morton
Biery, George Monroe, II
Bilbrey Harlan Kenneth
Billings, Alan J.
Billings, Leland Raymond
Billingsley, Christopher
Binford, Benjamin James
Bingham, Clyde Leroy
Birch, Barry Stanway
Bird, Noel Thomas
Bird, Ronald Stanley
Bishop, Ronald Floyd
Bjerke, David Gerhard
Blackmon, Larry W.
Blades, Peter David
Blair, Dennis Cutler
Blakely, Frederick Martin
Blanton, James Cordell
Bledsoe, Frankie Carl
Blinn, Norma Roy
Bliss, Larry Dean
Bloch, Paul Stanley
Bloomer, John Godfrey
Blount, Thomas Edward, Jr.
Boatright, Billy Carrol
Bobo, Wilton Cornelius, Jr.
Boehmer, Charles Edward
Bogard, Thomas Hugh
Boink, Louis Herman, III
Bolger, Robert Kevin
Boncal, Richard
Bond, Rogers Anthony
Bondi, Robert Carl
Bontrop, Paul Nichols, Jr.
Bookhultz, John Wesley
Borchardt, Curtis George
Borchers, Carl Bruce
Borchers, Doyle John, II
Borcik, Paul Robert
Bordy, Michael William
Boren, Norris Henderson
Borghoff, Francis A.
Bormann, Conrad P.
Boston, Glenn John
Boston, Michael Rhodes
Bosworth, Robin
Bouck, David W.
Boughan, David Alan
Bower, Ammon William, III
Bowman, Frank Lee
Bowman, Gene Melvin
Bowman, Michael Lee
Boyce, Robert William
Boyd, Gerald Glenn
Boydston, James Laymance
Boyer, Philip Albert, III
Bozzelli, Philip Anthony
Bracht, Steven Edward
Brackx, Omer Maurits
Bradbury, Donald Taylor
Bradford, Alan Roger
Bradt, Douglas James
Brady, James H. R.
Brady, Timothy Sterling
Branch, Allen Drue
Branco, Robert John
Brandenstein, Daniel Charles
Brannon, Michael Lee
Brant, Robert Leon
Breidert, William Eugene
Brennan, Michael John
Brennan, William John
Brewer, Joe Robert
Bright, Charles Norman
Brindel, Glenn Richard
Brittain, Albert Russell, Jr.
Brockley, John Patrick
Brokaw, Charles Roger
Brooks, Leon Preston, Jr.
Brooks, William Keith
Brough, Robert Franklyn
Brouwer, Frederick Paul, II
Brown, Charles Joseph, III
Brown, David Melton
Brown, Emory Worth, Jr.
Brown, Jeffrey Lynn
Brown, Oval Dwight
Brown, Ronald Lee
Brown, Wendell Earl
Browne, Herbert A., Jr., II
Browne, Joseph Malette
Bruckner, James Winston
Brufiat, Arne Bredo
Brun, Charles Robert
Bryan, Herbert Francis
Bryant, Leon Cullen
Buckley, Peter Patrick
Buckley, Russell Henry, Jr.
Buescher, Stephen Meredith
Bunn, Ronald Roy
Bunting, Daniel Charles
Burcham, Devirda Houston, III
Burcham, William Richard
Burck, Clarence William
Burgess, Andrew Lynn, Jr.
Burgess, Clifford Thomas, Jr.
Burgess, Larry Lee
Burke, James Lawrence
Burke, Michael Edward
Burlingame, Anson H., Jr.
Burman, George Alfred
Burnett, Robert Vernon
Burns, Richard James
Burns, Robert Louis
Burrows, Dee Wayne
Burrows, John Shober, III
Burt, John Alan
Burtch, Patric James
Burton, Charles William
Burton, Hurshel Bruce, Jr.
Burtram, Roderick
Busch, John Robert
Bush, Gary Albert
Bush, Harold Samuel
Bushong, Robert Lee
Bustamante, Charles Joseph
Butler, Francis Wayne
Butler, Richard Montague
Butler, Thomas Harold
Button, Andrew Jerome
Buttram, Robert Henry
Byerly, Kellie Sylvester
Byrnes, David Thomas
Byron, John Ladue
Byron, Roger Walter
Cain, William Michael
Calabough, Jerry Simms
Calande, John Joseph, Jr.
Callahan, Gary Wilson
Callaway, Leigh Lawrence
Calvano, Charles Natale
Cameron, John Frederick
Camp, Norman Thomas
Campbell, Archibald George
Campbell, James D.
Campbell, James John
Campbell, Ronnie Milton
Canepa, Louis Robert
Canno, Olin Charlie
Caplinger, Royce Lee
Carden, Arthur Bruce
Carey, Albert Daniel, Jr.,
Carey, David Jay
Carey, James Robert
Carl, Lester William
Carlin, Daniel Stephen
Carlmark, Jon William
Carlton, Raymond M.
Carolan, James Cummings
Carpenter, Melvin R., III
Carpenter, Robert Alphonsus
Carroll, Charles Cecil
Carroll, David Lee
Carroll, Hugh Edward, II
Carson, William Henry, II
Carter. Clyde Louis
Carter James Jefferies
Carter, James O'Neill
Carter, Stanley Jerome, Jr.
Caseman, Jerry Brant
Cash, Roy, Jr.
Cashman, David Matthew
Cassidy, Tom Kenneth
Cassiman, Paul Arthur
Castelano, Kenneeth Michael
Casterline, John Braman
Castro, Alexander, Jr.
Catone, Richard Arthur
Cavaluchi, Robert Andrew
Cebrowski, Arthur Karl
Cegler, Edmund Carl
Center, William Dillard
Cepek, Robeert Joseph
Chagaris, Peter James
Chalkley, Henry George
Chandler, James Francis
Chappell, Stephen Francis
Charles, James R., Jr.
Chenault, David Waller, II
Chernesky, John Joseph, Jr.
Chotvacs, Charles Julius
Chrisman, Willard George
Christensen, Ernest E., Jr.
Christian, Dennis Howard
Christie, Warren Byron, Jr.
Christman, Robert Harvey
Chubb, John Everson, Jr.
Church, Wayne Clifton
Cinco, Raymon, Jr.
Cipriano, Roberto
Cisek, Peter John
Claassen, Steven Hurley
Clancy. James Patrick
Clark, Arthur Doron

Clark, Edward, Jr.
Clark, Hiram Ward, Jr.
Clark, Howard Bowman
Clark, Jack C.
Clark, James Ward
Clark, John William
Clark, Robert Hugh, Jr.
Clark, Terrell Irvin
Clark, Vander, Jr.
Clark, Vernon E.
Clark, William Harry
Clark, William Stephen
Clarke, Lawrence Mason, Jr.
Clason, Aryl Benton
Clay, Henry Leonard, III
Clemins, Archie Ray
Clesen, Gerard Foster
Clime, Robert Henry
Cline, Gary Keith
Cloward, Richard Stuart
Coady, Philip James, Jr.
Coats, Michael Loyd
Cobb, Robert Linah
Coburn, Clarence Dowell, Jr.
Coburn, Lewis Laddie
Cockcroft, Thomas D.
Coker, George Thomas
Colburn, Herbert Temple
Cole, Bernard David
Cole, Robert S.
Cole, Ronald Arthur
Coleman, James Evans
Coleman, John Boddie, Jr.
Coleman, Jon Suber
Coleman, Randy J.
Coleman, William Arnold, Jr.
Colgan, Stephen Gregory
Collier, Arthur Hugh
Collins, James Alexander
Collins, John Patrick, Jr.
Collins, Richard Xavier
Collins, Walter Sever
Collins, William Gerard, Jr.
Collins, William Vivian, Jr.
Colthurst, Wallace R.
Colvin, Clarence Earl
Colyar, Robert William
Colyer, Thomas James
Combe, Andrew John
Combs, John Wesley
Comstock, George Alfred
Conant, Edward Harvey
Concannon, Michael J.
Conder, Robert Aubrey
Coneway, Clinton James
Connor, Ernie Eugene
Connor, James Vincent
Conrad, Raymond Paul
Cook, Bruce Conrad
Cook, Charles Allen, Jr.
Cook, Clarence L.
Cook, Douglas Watkins
Cook, Gary Newton
Cook, James Ray
Cook, John Clark, Jr.
Cook, John Francis, Jr.
Cooke, Oren Boyd
Coonan, John Joseph, Jr.
Cooney, Terence James
Cooper, William Patrick
Corcoran, Joseph Lynn Kevin
Corgan, Michael Thomas
Corgnati, Leino Bart, Jr.
Cornell, Clifford Louis
Cornia, Howard
Coshow, George Horace, II
Costello, John Patrick, II
Costello, Terrence W., III
Coughlin, Frank Thomas
Coulter, William Laurence
Coumatos, Michael James
Counter, James Richard
Coward, Asbury, IV
Cox, Landon Greaud, Jr.
Coyle, Michael Thomas
Cragg, Eugene Earl, Jr.
Craig, John Stephen
Craig, Norman Lindsay
Cramer, Charles Rebert
Cramer, Michael William
Crane, Melvin Edward
Crane, Stephen Herman
Crawford, Frederick Roberts
Creager, Hugh Gunder
Creamer, George Urb
Creely, Allan John
Croix, Larry Edmond
Cronin, Robert Redmond
Crooks, Richard Alan
Cross, Robert Clinton, Jr.
Crossen, William Joseph
Crowe, Olen
Crowley, William Francis, Jr.
Crump, David Allen
Culver, John Bergen, III
Cummings, Ronald Leo
Curley, Richard Charles
Curran, Lawrence F.
Curtis, Albert Lawrence
Curtis, Richard Bradford
Curtis, Robert Edwin
Dadant, Dennis John
Dade, Thomas Brodrick
Daigle, Glenn Henri
Daley, Michael James
Dalrymple, Edward Kent
Dalton, Henry Frederick
Daly, Beverly A.
Daly, Thomas Milton
Dambekaln, Andris
Dameron, Jack Edward
Dangel, John Henry
Danner, Terrence Nye
Dannheim, William Taylor
Dantone, Joseph John, Jr.
Daramus, Nicholas Thomas, Jr.
Darsey, Edgar Bruce
Dau, Frederick William, III
Daugherty, Shaun Michael
Davidson, Alan Norton
Davidson, Bruce Ernest
Davidson, Wayne Fred
Davies, William Edgar, Jr.
Davis, Aubrey, Jr.
Davis, Dean Dudley
Davis, Dickey Parrish
Davis, Eugene Berkeley
Davis, George Harrison, Jr.
Davis, Gerald, Jr.
Davis, James Willard, Jr.
Davis, John C.
Davis, John Edgar, Jr.
Davis, Lee Alfred
Davis, Ralph Richard
Davis, Stephen Brooks, Jr.
Davis, Walter Barry
Davison, Charles Alexander
Dawson, Wilbert Elwood, Jr.
Day, Charles James
Day, James Roby, Jr.
Day, Patrick Arthur
Deaton, James Paul
Deboer, James Keith
Decarli, Wiley Paul
Deda, Donald James
Degreef, Donald James
Deklever, Vaughn Gerard
Delaney, Kevin Francis
Dell, Julius Bloxham, Jr.
Denbow, Kenneth Duane
Denning, William James, III
Dennis, James Augustin Jr.
Deroco, Alan Preston
Desrosiers, Richard Albert
Destcroix, Lawrence E., Jr.
Dethomas, John Victor
Detter, Gary Lee
Deutermann, Peter Thomas
Diaz, Donald Gilbert
Dickens, Phillip Wayne
Dickson, James William
Dietz, Gary Conrad
Dilley, James Earl
Dirren, Frank Matthew Jr.
Dittmer, Edward Raymond Jr.
Dixon, Thomas Earl
Dobbins, William Peyton Jr.
Dobson, Ralph Paul
Doherty, Hugh Michael
Dolan, Peter James
Donahue, Drake Allen
Donahue, John Cliff III
Donahue, William Charles
Donegan, John Joseph Jr.
Doney, John Harvey III
Donnelly, John Thomas Jr.
Donnelly, Michael Patrick
Dopson, Michael Imler
Dorman, Merrill Herrick
Dorsey, Medford Don
Doty, Wells Blakeslee
Dow, John Irvan
Dow, Paul Richard
Dowd, James Lawrence
Dowgwilla, Frank Michael Jr.
Downey, Robert Vincent
Doyle, Bruce Nelson
Doyle, Dennis Michael
Drager, James Michael
Drennan, Arthur Paul
Drew, James Joseph
Driscoll, Kurt Allen
Drumm, R. David
Drummond, George Lee
Dryden, William Thomas
Dubois, Vern Allen
Duchock, Charles Jack, Jr.
Duermeyer, Stephen Paul
Duff, Byron Lynn
Dunlap, David Bartlett
Dunn, Dale Raymond
Dunn, Donald Bertram
Dunne, Gerald William
Dur, Philip Alphonse
Durham, Andrew Canton
Durham, Wayne Carlton
Durr, Donald Gordon
Dutrow, Samuel Richard, Jr.
Duva, Alfred N. Jr.
Dwinelle, William Alfred
Dwyer, David Stephen
Dyches, Fred Dennis
Dyck, Harry Milton, Jr.
Dye, George Walter, Jr.
Dyer, Donald Alvin
Dykeman, Paul Richard
Eacott, Richard George
Earner, William Anthony, Jr.
Easley, George Alfred
East, Don Charles
Eastman, Robert James, Jr.
Eaton, George Arthur, Jr.
Echlin, Delos E.
Ecker, Paul William
Eckhoff, Clarence Joseph, Jr.
Eckstein, Eric Rockhill
Eddingfield, Lawrence E.
Eddy, Rodman Michael
Edens, Roderick Jefferson, Jr.
Edwards, Buford Ray
Edwards, James Nathaniel, Jr.
Edwards, Michael Bruce
Eggleston, Larry Glenn
Ehlers, Theodore Jay
Eischen, Gerald Nicholas
Eissing, Frank Eugene, III
Elberfeld, Lawrence George
Elder, Philip Robert
Eldridge, James Donald, Jr.
Elliott, Shirley Holt
Ellis, Robert Edward
Ellis, Robert Lee, Jr.
Ellsworth, Thomas Burpee, Jr.
Emery, George Williams
Endrizzi, Raymond Louis
Engwell, Darrel Wayne
Ennis, Michael Kirby
Ensch, John Clyde
Enterline, Edward Russell
Erickson, Richard Oscar
Erickson, William John
Ericson, Walter Alfred
Erlandson, John Lyle, Sr.
Ernst, Eric Rodholm
Erny, Paul Frank
Erskine, Donald Alexander
Estes, Donald Harold
Estes, Wilson Ray, Jr.
Etka, Craig Louis
Evans, Charles J.
Evans, John Morgan
Evans, Oliver Keith

Everette, Oliver Giovanne
Eversole, Thomas Young
Ewing, Kent Walker
Fagan, Patrick Michael
Fahsl, John James
Fahy, Andrew Wilson
Falcon, Michael Francis
Faricy, John Jerome, Jr.
Farmer, Michael Arthur
Farr, Leroy Allen
Farrell, Richard Stephen
Farris, Robert Owen, Jr.
Farrow, Stephen Richard
Fast, Richard Edwin
Faticoni, John Anthony
Favaro, Joseph Dominic
Feeback, Ralph Stanley
Feeser, Henry Roger
Fellows, Richard Hudson
Felps, Lowell Douglas
Felton, Lewis Allen
Fenton, Paul Herbert
Ferdon, Frank Charles
Ferguson, James Beaty, III
Ferguson, Lawrence Leroy
Ferguson, Thomas Edward
Fernandez, Wayne Jacinto
Ferry Francis Joseph
Feuerbacher, Dennis George
Fickenscher, Edward A., III
Field, John Burke
Field, Richard Johns
Fike, Burtis Phenone
Filippi, Richard Anthony
Finch, Donald Leslie
Fink, Ralph, III
Finney, James Hardin
Finta, Thomas William
Fister, George Rodwell
Fitch, Patrick Edwin
Fitch, Rex Burnham, Jr.
Fitzgerald, James Richard
Fitzgerald, John William
Fitzpatrick, Thomas George
Fitzpatrick, William Edward
Fladd, Wirt Ross
Fletcher, Paul Reed
Flint, Charles G.
Flint, Lewis Ware
Flynn, James M.
Flynn, John Patrick
Foard, John Stager, Jr.
Fogerson, Arron, Stephen
Folsom, Benjamin Franklin, Jr.
Foltzer, Louis Leonard
Fones, James Milton, Jr.
Fontana, James David
Foote, Morris Cooper
Forbes, George Thomas
Forsberg, Gary Lee
Fortenberry, Henry Charles
Fosina, Andrew Joseph
Foust, James Eldridge, III
Fox, Arthur Dale
Fox, Franklin Orville
Foy, Basil W., Jr.
Fragomene, Vincent Michael
France, Frederick Michael
Franconeri, James Joseph
Franson, Alvin Laverne
Franz, Rodney Crane
Freas, Henry Edward
Fredericks, Roy Charles
Freeman, David Lansing
Freeman, Ernest Raymond
Freibert, Ralph William
French, Gary Lester
French, John C., Jr.
Frenzel, Joseph William, Jr.
Frenzinger, Thomas Walter, II
Fricke. Harold Jean, Jr.
Friedman, Marcus Velvil
Frigge, William Joseph
Fritz, Thomas Clifford
Fritz, Thomas Wayne
Frost, John Allen
Fuetsch, Carl Turner
Fugard, William Harvey
Fuge, Douglas Paul
Fulkerson, Grant Dale
Fumia, Francis Henry, Jr.
Gage, Carvel Clinton, Jr.
Gaines, George L.
Gaither, Ralph Ellis, Jr.
Galbraith, Peter Marshall
Gale, Ernest Frederick, Jr.
Galietta, Albert Frank
Galkin, Kenneth Earl
Gallagher, Tilden Matthew, Jr.
Gamrath, James Carl
Gapp, Donald Robert
Gardiner, Lawrence Edwin
Garrett, Philip Trafton
Gastar, Stanley Douglas
Gates, Jonathan Hubert
Gatliffe, Thomas Robert
Gautier, James Berry
Gay, John Phillip
Gay, William Wilson, III
Gaylord, Reginald F., Jr.
Gebhardt, Laurence Philbert
Geddie, John McPhail, Jr.
Gee, Daryl Letho
Gehman, Harold Webster, Jr.
Genet, Richard Paul
Genrich, Charles Mainard
George, Paul John
Gerard, Walter J.
Gerber, Joseph A.
Gibbs, Maurice Edward
Gibson, David R.
Gibson, Elwood Lloyd
Giffin, Henry Collins, III
Gifford, Corydon Rouse
Gildersleeve, Elmer James
Gill, James Michael
Gill, Russell Carter
Gillett, John Braxton, Jr.
Gilmartin, John Thomas
Gilroy, Vincent J., Jr.
Gionet, Laurence Joseph, Jr.
Giorgio, Frank Arthur, Jr.
Gist, David Moore
Gladin, Bennie Ronald
Glaes, Roger Burton
Glaeser, Frederick John
Glass, Robert Lee
Glover, William Stewart, Jr.
Gnilka, Charles William
Gobbel, James Thomas, Jr.
Goddard, Glen Lewis
Goesling, William Hayes
Gohmann, Barton Charles
Gompper, James Harold
Gonzalez, Rene Eugenio, Jr.
Goodloe, Robert Vannerson, Jr.
Goodwin, James Harvey
Goodwin, Michael Roy
Goolsby, Richard Edwin
Gordon, Kenneth Elwood, Jr.
Gorell, Frederick Reimer, Jr.
Gottlieb, William Albert
Grabowsky, Theodore Eron
Graef, Peter John
Graf, Clifford Maxwell, II
Graff, Russell John
Graham, Clark
Grant, Homer Thomas, Jr.
Grant, Richard
Grant, Richard Francis
Granuzzo, Andrew Aloysius
Grasser, Philip Farr
Grause, Francis Patrick
Graves, David Michael
Graves, William Thomas
Green, Thomas Ray
Greene, James Bernard, Jr.
Greeson, Bernard Dandridge
Gregoire, John Albert
Gregory, Francis Carl
Grieve, David James
Griffin, Paul Adolph
Griffith, Douglas Kent
Griggs, Carlton Albert
Grinnell, Donald Prescott
Grosser, Harold John, Jr.,
Grostick, John Larsen
Gunn, Lee Fredric
Gushaw, Gregory Vance
Gustafson, Carl Eric
Gustavson, Fred Perry
Habermeyer, Howard W., Jr.
Hack, David Faustin
Hagen, James Burgess
Hagy, James Henry Dixon, Jr.
Hahn, William Dillon
Haines, William Robert
Haley, Willard James
Hall, James Otto
Hall, John Preston, Jr.
Hall, Robert Eric, III
Halyburton, Porter Alexander
Hamilton, Gerald Kent
Hamilton, John D. M., IV
Hamilton, Stephen Howard
Hamma, John Francis
Hancock, Thomas William
Hancock, William Charles
Hancock, William John
Hanke, Robert Richard
Hanley, James Joseph
Hannam, Donald Charles
Hanson, Dale Eugene
Hanson, Donald Arthur
Harder, Ronald Erwin
Harding, Ronald William
Hardt, Lorry Michael
Hardy, Richard Wayne
Harken, Jerry Lynn
Harlan, Richard Lavergne
Harley, James Harold
Harmon, Hollis William
Harms, John Henry
Harper, Joseph Cerue
Harreld, Roger Allen
Harrington, Thomas Edward
Harris, Michael Jon
Harris, William Ronald
Harrison, Gilbert Arthur
Harrison, James Douglas
Harrison, Robert Wesley
Hart, Bruce Harold
Hartkopf, Kenneth Walter
Hasenbauer, Richard David
Hassell, Benny Kyle
Hastings, Steven Chad
Hatch, Wayne Edward
Hatleberg, Clarence James
Hauert, Patrick Charles
Hawkins, Thomas Lynn
Hawley, John A., III
Hawver, Jack Hunter, Jr.
Hayden, William Buford
Hays, James Malcolm
Healy, John Francis, Jr.
Heames, Richard David
Hearn, Ellison Jasper
Heckler, Francis Daniel, Jr.
Heid, Billy Lee
Heilig, John
Heinecke, Walter Richard
Heins, Raymond Rice
Hekel, Ulis Dean
Helm, Larison F.
Hemmerle, George Edouard
Henderson, Harry Gene
Henderson, Lee Herman
Hendon, Jerry Edwin
Hendricks, Judson Joseph
Herbster, Gerald Fredrick
Herrmann, Robert Herbert
Herron, Francis, Joseph
Hershey, David G.
Hess, Donald Robert
Hess, Gerald R.
Heufelder, John Richard
Hewitt, George Michael
Hibler, Ross Gordon
Hickey, Robert Philip
Hickman, Donald Patrick
Hickman, Harold William, Jr.
Higgins, Edward Joseph, II
Hildebrandt, John L., III
Hilgeman, John Lawrence
Hill, Charles Kenneth
Hill, Daniel Davies
Hill, Theodore Drummond, Jr.
Hillier, Donald Rand
Hilton, Francis Warren, Jr.
Hinds, Howard Huntington, Jr.
Hinds, James Judson
Hines, David Spencer
Hinesley, Harold H., Jr.

Hinkley, William Leslie
Hiss, Roger Anthony
Hitchcock, Terrence Walton
Hobbs, Marvin Edward
Hodell, John Charles
Hoepfner, Karl Thomas
Hoferkamp, Richard Allan, Sr.
Hoffman, Carl Walter
Hofstetter, Lawrence Lynn
Hofstetter, Robert Emil
Hogan, John Benedict, Jr.
Hoggard, John Hyde
Holvik, Thomas Harry
Holbert, Warren Lee
Holbert, William Harold
Holliday, Harley Junior
Hollinger, Merlin Bruce
Holme, Thomas Timings, Jr.
Holmes, Frank Clayton
Holmes, John Michael
Honey, Lowell Ray, Jr.
Honhart, David Crosby
Hontz, Edward Brigham
Hood, John McCoy, Jr.
Hood, John Timothy
Hood, William T. T., Jr.
Hoover, Charles Byron, Jr.
Hope, Robert Edward
Hopewell, Robert S.
Hopkins, James Robert
Hopson, Thomas Edward
Horner, Ronald Dean
Horton, Forrest Austin
Houser, George Clifford, Jr.
Howard, Hugh Wyman, Jr.
Howard, Stephen Thomas
Howell, Stephen Hunt
Hubble, Hilbert Roland
Huber, Dale Richard
Huchting, George Arthur
Hudnor, Francis Lee, III
Huffman, Kenneth Alan
Hughes, Gary Michael
Hughes, Ivan Estes
Hull, Kent Sherwood
Humphrey, James Smith, III
Humphreys, Wayne Ives
Hunt, Edmund Joseph, Jr.
Hunt, John West
Hunt, William Baile
Hunter, Robert Stanley
Hura Myron
Hurley, George Edward, Jr.
Husak, Stephen Bruce
Huss, Jerry Francis
Hutcheson, James Edward, Jr.
Hutmaker, Matthew Aaron, Jr.
Hutt, Gordon William
Huxhold, George Emery
Hynes, Robert Frank
Iber, William Randolph
Idleberg, Norman
Irvin, Clarence Frank
Irvine, Pickens William
Irwin, William Jenner
Itkin, Richard Ivan
Iverson, Michael Martin
Jackson, Lesley Jerry
Jackson, Marshall Neil
Jacob, Glenn R.
Jacobi, Leslie Martin
Jacobs, Brent W.
Jacobs, Philip Henley
Jacobs, Ralph Edward
Jacobson, Herbert A., Jr.
Jacobson, Richard Lee
Jantz, Michael William
Jarecki, Stephen Allen
Jarratt, John Marshall
Jaudon, Joel Bates
Jeffers, Barry N.
Jenkins, Neal Cornell
Jenkinson, William Raymond
Jensen, Robert James
Jessup, Frederick Don
Jewell, Robert Michael
Joa, William Ray
Jogan, Stephen
Johnson, Adrian Warren, Jr.
Johnson, Alan Joseph
Johnson, Carlton Roy
Johnson, Charles Edward
Johnson Douglas John
Johnson, Gerald Arthur
Johnson, Golden Harold
Johnson, Kenneth G.
Johnson, Kenneth Humphrey
Johnson, Laurence Everett
Johnson, Myron Theodore, Jr.
Johnson, Patrick Woodruff
Johnson, Richard Leroy
Johnson, Robert Frederick
Johnson, Robert Lee, Jr.
Johnson, William L., Jr.
Johnston, Jasper Brinson, Jr.
Jolley, Ronald Scott
Jones, Charlie Reed, Jr.
Jones, David Allan
Jones, Dennis Alan
Jones, Francis Terrell
Jones, James Voland
Jones, Jerry L.
Jones, Robert Drake
Jones, Robert Russell
Jones, Stephen Howe
Joplin, James Edward, Jr.
Jordan, David L.
Jordan, Jerry William
Jordan, John Franklin, Jr.
Joslin, Roland Wayne
Joyce, John Joseph
Joyce, Robert H.
Joyner, Thomas Woodrow, Jr.
Juengling, Robert George
Juerling, James Robert
Juhl, Clarence Henry
Jukoski, Michael Joseph
Julian, James Allen
Juroff, Kurt Thomas
Kaeser, Karl Heinz
Kahrs, J. Henry, III
Kaiser, David Gordon
Kaiser, John Martin
Kaiserian, Harry, Jr.
Kalal, Lindsey Edward
Kalyn, Richard Adrian
Kampf, Michael, III
Kamrath, Robert Allan
Kane, David Charles
Karl, George John, III
Karlisch, Manfred
Karr, Kenneth Richard
Kastel, Bruce Allen
Katz, Douglas Jeffrey
Katz, Richard Gordon
Kaufman, Edwin Joseph
Kautz, John Ferdinand
Kaye, Barry Nelson
Kearns, Walter Edward
Keenan, Richard Calvert, Jr.
Keim, Edward Franklin
Keiser, Ray Robert, Jr.
Kell, Richard Edward
Keller, George Joseph, Jr.
Kelley, John H.
Kelley, Thomas James
Kelley, William Emanuel
Kellner, Gary Earl
Kelsey, John Paul
Kemple, Morris Michael, Jr.
Kenneally, Thomas Daniel
Kennedy, James Conway, Jr.
Kennedy, James John
Kennedy, William Henry
Kenslow, Michael Jay
Kent, George Alan
Kenton, Bruce Holladay
Kenyon, Morton William
Kerry, William Schouman
Key, Wilson Denver
Kibble, Anthony John
Kiem, Robert Lang
Killam, Kent Hannaford
Killian, James Edward
Killion, Robert Allan
King, Carl
King, Edward Francis
King, Francis Edward
King, George Leonard, Jr.
King, Harold Warren
King, John David
King, Larry Lee
King, Leon Fleming, Jr.
Kinlaw, Howard McConneral, Jr.
Kinnear, Richard James
Kipp, John Lowell
Kirchhoff, Charles William
Kirk, Kerry Elvin
Kirkpatrick, Howard David
Kirkwood, William Warren
Kleemann, Henry Martin
Klein, George Adam, III
Klein, Karl Manly, Jr.
Klemm, Richard Eiler
Kmetz, Stephen George
Knight, Ralph Woodrow, Jr.
Knosky, Michael Joseph, Jr.
Knutson, Rodney Allen
Koczur, Daniel Joseph
Kohler, John Edward, Jr.
Kolata, John Dennis
Konczey, Alexander C.
Konetzni, Albert Henry, Jr.
Kosakoski, Robert Anthony
Koss, Howard Edward
Kost, Lawrence Michael
Kott, James Richard
Kottke, Robert Arthur, Jr.
Kozlowski, Neil Lee
Kramer, Wesley Marvin
Krasniewski, Stanley Edward
Kratz, Allen Zetty
Krause, Lawrence Charles
Kreinik, Eugene Gerard
Kreiger, David Harry
Kreiger, Dennis Harold
Krieger, Eric Weston
Kristensen, Edward Kristian
Krohne, Theodore Karl
Krom, Richard William
Krotz, Charles Kit
Krueger, Roger William
Krueger, Rudolph Vince
Kruse, Dennis Keith
Kruse, Harry Rudolph
Kruszona, Raymond Robert
Kyzar, Sammy Berton
Laabs, Stephen Kermit
Lachata, Donald Martin
Lacher, Richard Gray
Lacroix, Francis William
Ladek, Kenneth Eugene
Lagassa, Robert Edward
Lagomarsino, Thomas S.
Laible, Norman Wayne
Lamay, Thomas Vincent
Lamb, James Bernard, Jr.
Lamb, John Peter
Landers, Michael Francis
Landon, John Larue
Lansford, Martin Carl
Lapierre, Terrence Paul
Larguier, Isidore, Jr.
Larrabee. Stephen Harris, Jr.
Larsen, Donald Mark
Larson, Gary Lee
Larson, Matthew Donald
Lashley, Lewis
Laskey, Charles E.
Lassen, Clyde Everett
Lassiter, Ronald Lawrence
Lasswell, James Bryan
Latendresse, Thomas B.
Lauder, Robert James
Lauer, Joseph James
Laughlin, Gary Reed
Lautenbacher, Conrad C., Jr.
Lautrup, Robert William
Lavarre, Claude Andrews, Jr.
Lavelle, Donald Lewis
Law, Gordon Harris
Law, James Willard
Lawler, Curry Montgomery, Jr.
Lawless, William Claude
Lawson, Thomas Nelson
Lebaron, George Rohmer, Jr.
Lecompte, Walter Harold
Ledoux, Lawrence James
Lee, Howard Frank
Lee, Jimmy McArthur
Lee, Kenneth Arthur
Leeke, Howard Warfield, Jr.

Lefavour, David Anthony
Leightley, Albert Lewis, II
Lemke, Anthony Michael
Lents, John Michael
Lentz, Frederick Charles, Jr.
Leon, Kenneth Francis
Leone, Robert Wayne
Lesemann, Donald Frederick
Levien, Henry A.
Levin, Kenneth
Lewandowski, Henry Michael
Lewis, Earl Gardner, Jr.
Lewis, Jary William
Lewis, Leland Grant
Lewis, Lyle Eugene, Jr.
Lewis, Ronald Bruce
Lherault, David John
Libbey, Grey Dennison
Libbey, Miles Augustus, III
Lichtermann, Richard, II
Liechty, Kenneth Raymond
Liemandt, Michael Jerome
Lindell, Colen Richard
Linn, Larry Eugene
Linz, Edwin Raymond
Lipscomb, Warren Neilson, Jr.
Lischke, Erwin Josef, Jr.
Listol, Lavern Duwane
Litrenta, Peter Louis
Litvin, Frederick Daugherty
Livingston, Donald Joseph
Lockard, John Allen
Lockard, Martin Edward
Lockhart, Albert Lewis
Lockwood, Ernest Reese
Logan, Royal Hampton, Jr.
Long, Donald Erskine
Long, Edward Charles, III
Long, Laurence Graves
Lonnon, Lawrence Walter
Lonsdale, Paul Taylor
Loosbrock, Thomas Lee
Lopez, Thomas Joseph
Lord, William Fred
Losure, Edward Ronald, Jr.
Lothrop, Peter Scott
Loucks, Steven Jay
Lough, Dennis Elliot
Lovett, Billy Ray
Lowe, Julian R.
Luck, David Lee
Ludlow, Ronald Gene
Luecke, John Michael
Lundberg, Marshall Bertram
Lunde, Roger Kenneth
Lundy, George Willis, Jr.
Lupton, William Lloydd
Lutz, Frederick Ray
Lyall, Gerald James
Lyford, George, Jr.
Lyman, Melville Henry, III
Lynch, Robert Burgess
Lyons, Richard Leo
Lyons, Robert Woodrow
MacCauley, Phillip Hardin
MacDonald, James Ronald
MacDonald, Michael John, III
Mackey, William Chambers, III
Mackin, Jere Gene
Maclin, Charles Sidney
MacMichael, John Lee
Madden, Lynn Merle
Madison, William Ross
Magalis, Richard Ludwell
Magnus, Royal Stapleton
Mahaffy, Lorrence Alger, Jr.
Mahoney, Patrick Francis
Mahood, James Norton
Maier, Robert Alex
Mairs, Lee Stafford
Maixner, Harold Vincent, Jr.
Major, William Earl, II
Malchiodi, Michael Anthony
Maloit, Robert James, Jr.
Manley, Jerry Bell
Manlove, Donald N.
Manning, John Francis, Jr.
Marchetti, Michael Joseph
Marciniak, Walter, Jr.
Mardis, Benny Joe
Margolis, Sheldon Lee
Marinshaw, Stephen Alfred, Jr.
Marks, William Leon
Marsden, Phillip Scherrer
Marsden, Richard Alan
Marsh, William Lee
Marshall, Richard Robin
Marshall, Rolf
Martin, Frederick Karl
Martin, Jerome Lawrence
Martin, Kenneth Mark
Martin, Ralph Kenneth
Martin, Ronald Edmund
Martin, Ronald Weldon
Martin, Theodore Joseph
Martinache, Charles Gilbert
Martinez, Carlos Manuel
Marymont, John Allen
Masciangelo, Frederick John
Mascitto, Eddy Joe
Maslowski, James Irwin
Massey, Frederick Thomas
Masten, Robert L
Matchett, Charles William
Matheson, Norm Keller
Matson, Howard Lynn
Matton, William George, III
Mattson, James Lee
Matyas, Carl Edward
Maugeri, Peter James
Mauney, Louie Alton
May, Cyril Victor, Jr.
Mayfield, George A.
Mays, Michael Everett
Mazach, John James
McAlexander, Elroy Allen
McAllister, James Peter
McBride, Jon Andrew
McCallum, James Archibald
McCann, William Robert, Jr.
McCarthy, Michael James
McCarthy, Richard Joseph
McCleary, Joseph Raymond
McClellan, William Dean
McClelland, Thomas Lee
McConagha, David Leigh
McConnell, John Michael
McCormack, James Elvin
McCoy, Norman Kitchens, Jr.
McCrory, Donald Lee
McCrory, Seaborn M., III
McCrumb, James Brayton
McCurrach, Douglas Seely
McDanel, Brinley Kent
McDaniel, Howard Ray
McDaniel, Ronald Aubrey
McDavitt, Frederick Harry
McDermaid, Steven William
McDevitt, James Joseph, Jr.
McDonald, Jay Gale
McDonald, John Joseph, Jr.
McDowell, Gary Allison
McFarland, Robert Stephen
McFearin, Allen Louis, Jr.
McFeely, Thomas Edward
McGaraghan, Michael John
McGee, Robert Thomas
McGinn, Dennis Vincent
McGlothlin, Larry Wyman
McGrath, James Michael
McGruther, Kenneth Ralph
McHenry, Wendell Carlton, Jr.
McKay, Dennis Albert
McKearn, Michael Clark
McKenna, Richard Bernard
McKenna, Russell Edmund, Jr.
McKenzie, Jerry Allen
McKinley, David Howard
McKinley, John C.
McKnight, Philip Kinsey, Jr.
McLeod, Robert Stirling
McMahon, Thomas William
McMillan, Robert Hugh
McMullin, Lynn Darnell
McMunn, David James, Jr.
McNeely, Ellis Eugene
McRae, Charles Robert
McWhirter, Michael Reed
Meck, Norman Clare
Melanephy, James P.
Melanson, Alfred Joseph, Jr.
Mendenhall, Corwin Guy, III
Meneeley, William Thomas
Mennuti, Timothy Mark
Merchant, Michael Gordon
Merrill, Grant Blackwell
Merrits, Michael Henry
Meserve, John Shackford, II
Meserve, Theodore Joseph
Messman, Harold Eugene
Metzger, William John, Jr.
Meyer, Herman Joseph
Meyer, John Ferrandello
Meyett, Frederick Elwood, Jr.
Michaels, Gregory A.
Michelini, Raymond Theodore
Miles, Richard Willard
Milam, Lonzo Oliver
Miles, Richard Jeffrey
Miley, Frank A.
Milioti, Louis, David, Jr.
Millard, August Vonborn, Jr.
Miller, Albert Earl
Miller, Calvin George
Miller, Charles Robert, III
Miller, David
Miller, Dennie Lee
Miller, Donald Charles
Miller, Harry James, Jr.
Miller, John Michael
Miller, Lawrence Everett, Jr.
Miller, Thomas Hayes
Miller, William Pearcy
Millikin, Stephen Thomas
Millis, Archibald Edward, Jr.
Mills, Michael John
Minard, Julian Edward
Minderlein, James Lloyd
Minter, Charles Stamps, III
Mitchell, Albert Hoyt, Jr.
Mitchell, Charles Scott, IV
Mitchell, John Bullard, Jr.
Mitchell, John Thomas, Jr.
Mitchell, Robert Marvin
Mitchell, Thomas R., III
Mitchel, William J.
Mittell, John Evans
Mixner, Frank Lewis
Mladineo, Stephen Victor
Moffat, John Wieber
Moffett, Gordon Neill
Molnar, David Louis
Monash, Richard Frank
Mondul, Steven Michael
Monell, Gilbert Finley, Jr.
Moni, Wayne John
Moninger, Edward George, Jr.
Montgomery, David James
Mooberry, William James
Moody, William Brooks Blais
Moore, Charles Leighton, III
Moore, David Baker Ames
Moore, Edward, Jr.
Moore, George Daniel
Moore, John Albert
Moore, John Charles
Moore, Richard Lee
Moore, Robert Brevard, II
Moosally, Fred Pete
Moran, William Patrick, Jr.
Morford, James Richard, III
Morgan, Benny Mount
Morgan Edward Lee
Morgan, Thomas Edmund
Morgen, Marty Paul
Morris, James Howell
Morris, Ricky King
Morris, Roy Anthony, Jr.
Morrison, Virgil Eugene
Morrissey, Thomas Kevin
Morrow, Emil David
Morse, Clayton Kavanaugh
Moseley, Thomas James, Jr.
Moser, Alan Brown
Moser, Ronald Bryant
Moses, Dale Hopkins
Mosher, Richard Lee
Moyer, Clyde Toone, III
Mueller, James Walter
Mulholland Lyle Jerry
Mullowney, Penn Evans, Jr.
Mumford, Thomas Frederick

Munro, Richard Pulliam, Jr.
Murkland, Richard Grant
Murphy, Andrew Joseph
Murphy, Charles Robert, Jr.
Murphy, Lawrence T.
Murphy Richard Lawrence
Murphy, Thomas Ernest
Murray, Robert Louis
Musick, George Meredith, III
Muskovac John Joseph, Jr.
Mustian, Jonathan David
Mutty, John Edwin
Myers, Kenneth Randall
Myers, Richard Timothy
Myers, Ronald Wayne
Myron, Terry James
Nakayama, Homer Shiro
Naldrett, William John
Naro, Edward Louis
Nash, Malcolm Peters, III
Neal, David Lewis
Neeb, Karl Anthony
Negin, Jerrold Jay
Nelsen, Lynn Howard
Nelson, Barron Craig
Nelson, Jerome George Samner
Nelson, Paul Lawrence
Nelson, Thomas Schewe
Nelson, Thomas Swan
Nemcosky, Martin Joseph, Jr.
Nester, Cletis Maynard
Neumann, Dennis Ervin
Newby, Lewis Raymond
Newell, Robert Bruce, Jr.
Newlon, Arthur William, Jr.
Newman, Martin Harvey
Newton, David Lee
Newton, William John
Nichols, Aubrey Allen
Nicholson, Donald Lee
Nicholson, Edwin Parmelee
Nicholson, Michael Jeffrey
Nickel, Hilary J.
Nickelsburg, Michael
Noce, Robert Stephen
Norcross, William Griffin
Nordeen, Michael Brent
Nordstrom, Louis William, Jr.
Norman, Robert James, Jr.
Norris, Dwayne Orange
Norris, Jerry David
Norton, Douglas Marvin
Norton, James Larry
Norwood, Kenneth Edward
Norwood, Richard Leon
Norys, Robert Martin
Notz, Frank Peter
Nuernberger, John Allan
Nunn, James Willis
Nute, Charles Carter
Nutwell, Robert Michael
Oatway, William Hanlon, III
O'Bar, Michael Wayne
O'Brien, John Joseph, Jr.
O'Brien, John Laurence
O'Brien, Robert Clark
O'Brien, Robert James
O'Brien, Terence James
O'Brien, Thomas Joseph, Jr.
O'Connor, James George, Jr.
O'Connor, Paul Patrick
O'Connor, Peter Edward
O'Connor, Thomas Robert
Oden, Leonard Nelson
O'Donnell, Robert
O'Hara, Thomas N.
Ohlander, Ronald Bert
Olen, Harley Martin
O'Keefe, Cornelius Francis
Oliver, Daniel Trantham
Oliver, Michael Frederick
Olsen, Dieter Heinz
Olson, David Edward
Olson, Donald Milton
Olson, Harold Muschott, Jr.
Olson, Jack Leland
Olson, Terry Gene
Olwin, James Lee
O'Neill, David Lynn
Onorato, James Raymond
Orlosky, Robert Andrew
Orr, William Stewart, Jr.
Orvis, James Worthington
Osier, Charles Joseph
Otis, Robert Busby
Oudekerk, Milford Merwin
Owen, Harry Clinton, III
Pacek, Robert Dennis
Padgett, John Elliott
Padgett, Norman Ray
Pagano, Frank Philip
Paige, Gordon C.
Palen, Don Gilbert
Palm, Danny James
Palmer, Jerry Dale
Palmer, William Allison, Jr.
Pannunzio, Thomas William
Parish, Roger David
Park, Carl Sheldon, Jr.
Parker, Brance James
Parker, Charles David
Parker, Richard Ernest
Parkhurst, Nigel Ernest
Parkinson, Keith Lee
Parkinson, Robert
Parlette, Richard Taylor
Parnell, Allan Donald
Parodi, Richard Steven
Paron, John Richard
Parrish, Richard D.
Parry, David Jon
Parry, Thomas Leighton, Jr.
Pattarozzi, Norman Joseph
Patten, Freddie Joe
Patterson, Bernard Leo, III
Patterson, Jeffrey Spear
Patton, Bob Riley, Jr.
Paul, Harold Wayne
Pauling, David Robert
Peak, Jack Ronald
Pearsall, Richard E.
Pearson, Larry Glen
Pearson, Russell Glenn, Jr.
Pearson, Taylor Peter
Pelton, Ronald Lynn
Pennington, Larry D.
Perez, Demetrio Jose
Perine, Philip Condit
Perkins, Henry Grady, Jr.
Perkins, James Blenn, III
Perkins, Thomas Morgan
Perkinson, Brian Thomas
Pernini, James Kanellos
Perron, Robert Arthur
Perry, Clyde McAvoy
Perry, Harold Eugene
Perry, Rightly Ralph
Pesce, Victor Louis
Peschka, Jerome Aloysius, Jr.
Petersen, Richard James
Peterson, Brent Lynn
Peterson, Carl Marvin, II
Peterson, Charles Edward
Peterson, Eric Laurence
Peterson, John Christian
Peterson, Lawrence Lynn
Peterson, Richard Sprague
Petrovich, James Michael
Pewett, Robert Haywood
Pfeiffer, John Jacob
Phaneuf, Joseph Theodore, Jr.
Phelan, Richard Harris
Phillips, Alexander Martin
Platt, Cummings William
Pickett, Larry James
Picotte, Leonard Francis
Pieno, John Anthony, Jr.
Pierce, Cole Jon
Pierce, David Irving
Pierce, Peter Wood
Pignotti, Dennis Alexander
Pilling, Donald Lee
Pine, Donald William
Pinkston, Larry Michael
Piret, Ronald Sterling
Pivonka, Leo Michael
Ploof, Elden Louis, Jr.
Plott, Barry Merrill
Plum, Jerry Earl
Plumb, Paul Douglas
Plummer, Galen Robert
Plunkett, Garry Ray
Polk, James Stanley
Pollock, John Corse, III
Polsenski, Martin Joseph, Jr.
Pool, Willard Owen, Jr.
Popp, Robert Leonard
Portenlanger, Stephen
Porter, John Dudley
Porterfield, James Harold, Jr.
Powell, Orrin Bert
Powell, Robert Richard
Powers, Danny Jay
Powers, Robert Lawrence
Prath, Robert Lee Emerich
Pratt, Edmund Lee, Jr.
Previty, William Harry
Price, Harry Jon
Price, Joseph Maurice
Price, Thomas Davis, Jr.
Prickett, Frederick G., Jr.
Pritchard, Paul Edward
Probst, Lawrence Everett
Prueher, Joseph Wilson
Pryor, Edwin Ripley, III
Puccini, Donald Emil
Puffer, James Whitney
Pulfrey, Charles Allen
Purdy, Robert Franklin, Jr.
Purrington, Frederick R.
Quade, Edward Lynn
Quarles, Herbert R.
Quinn, Donald Anthony
Quinn, Jeffrey
Quinn, Robert Joseph, Jr.
Quinton, Peter Douglas
Rackowitz, Marion Rex
Radigan, Matthew James
Raffeto, David James
Railsback, Donald Charles
Rainey, Daniel Lawrence, Jr.
Rainey, Peter Garland
Ralston, Gene Duain
Ramsdell, Steven U.
Rasmussen, Ernie Loris
Rauch, Kenneth Norbert
Ray, Norman Wilson
Razzeti, Eugene Anthony
Reason, Joseph Paul
Reaves, Curtis Felton
Redd, John Scott
Redden, John Andrew
Reddoch, Russell
Reed, Phillip Lance
Reemelin, Thomas Edward
Rees, Bob Gary
Refo, Carter Beaumont
Reich, Donald Gene
Reighley, Robert William
Reilly, Michael Joseph
Reiniger, Peter David
Rempt, Rodney Peter
Renager, Burton Whitmon, Jr.
Renk, Jeffrey Sheridan
Reser, Gerald Harrison, Jr.
Reuthinger, Richard C., Jr.
Reynolds, Claude Dale
Reynolds, Craig Lewis
Reynolds, Keith Earl
Rezeau, Gary Lance
Rheinstrom, Gordon Harkness
Rhode, John R.
Rhodes, Donald Ray
Rhodes, Gerry Baxter
Ricabaugh, George Glenn
Ricci, Enrico Angelo
Rice, Peter Adolph
Richards, Rich
Richardson, Forney N., Jr.
Richardson, Larry Charles
Riess, James Richard
Riggle, Gordon Grant
Riley, David Richard
Riley, Robert Handley
Riordan, Francis Peter
Risseeuw, Hugh Josias
Ritchey, Glenn Wendell, Jr.
Ritz, Richard Wilfred
Ritzman, William Floyd
Robbins, Richard James
Roberts, Joel Herbert
Roberts, William Albert
Roberts, William J.

Robertshaw, Donald George
Robertson, Charles Lowry
Robinson, Keith Phillips
Robinson, Paul Matthew
Roderick, Clinton Oline
Roffey, Robert Charles
Rogers, Clyde William
Rogers, Howard William
Rogers, Kevin George
Rogers, Paul Harry, Jr.
Rogers, Will Chapel, III
Rohm, Fredric William
Roletter, George Joseph, Jr.
Roll, Francis Patrick
Rooney, James William
Roorbach, James Arthur, II
Ross, Raymond Harper, Jr.
Rosselle, William Trevett
Roth, Patrick Henry
Rountree, John McKinnley, Jr.
Rouse, James Richard
Roy, James Codori
Rubeck, James Thomas
Rucker, Alexander Cauthorn
Ruckner, Edward Aberle, Jr.
Rudloff, Stephen Anthony
Rudolph, Chester Davis, III
Rueff, James Louis, Jr.
Ruff, Paul Gray, III
Ruland, James Kenneth
Rule, William Martz
Rushing, John Michael
Russell, David Leroy
Russell, Hazen C.
Russell, Jay Burton
Ryder, Don Herold
Ryland, Robert Baird
Ryman, Garry John
Rypka, Allan Edward
Saber, Gerald William
Sack, Brian Philip
Sadler, John Clinton
Saenz, Roland Ashley
Saft, Burton Manly
Sager, Harold Eugene
Salles, Frank Joseph
Samara, George Bitting
Sampsel, Michael Martin
Sanborn, Philip Myron
Sanders, William Milfred
Sandway, Karl Martin
Sanford, Richard Martin
Santamaria, Donald Frank
Sapp, Charles Nim, Jr.
Sargent, William Pierce
Saul, Carlton Wayne
Saul, Joe Michael
Saulnier, Steven Craig
Sawyer, Ivan Ernest
Scarborough, Oscar D., III
Scardigno, Peter Francis
Scearce, George Edward
Schafer, Carl Edward, II
Schantz, John Malcolm
Schatz, Arthur David
Schery, Ferdinand Michael
Schindler, Charles Richard
Schlichter, Ralph
Schmidt, Clifford B.
Schmidt, Donahue Henry
Schmidt, Knute Menge, Jr.
Schmidt, Richard Harry
Schmitt, Stuart Orin
Schmoker, Alan Elliott
Schneible, Daniel Carey
Schneider, Paul Thomas
Schnier, Keith Leon
Schofield, Lee Neal
Scholl, John Foster
Scholl, Russell Charles, Jr.
Schram, Richard Weaver
Schrock, Edward Lee
Schrodt, Clair James
Schroeder, Arthur John
Schroll, John Raymond
Schuerger, Richard Francis
Schultz, James Stuart
Schuyler, Philip
Schwab, James Alexander
Schwendinger, Ronald George
Schwing, Emil Mark
Scott, David E.
Scott, Donald James
Scott, Donald William
Scott, Jon Paul
Scott, Morris B., Jr.
Scott, Norman Stuart
Scovill, Judson Lawrence
Scully, Michael Charles
Seaquist, Larry Ray
Seay, Marvin Eugene, Jr.
Secades, Vincent Cecil
Secrest, David Emmett Heaume
Seddon, Frederick Richard
Sedgwick, Dean Lance
Sedlak, John, Jr.
Segrist, Edward Lewis, Jr.
Sehlin, Donald Barry
Selfridge, Harry Edward
Seligson, Harold Edward
Setser, Raymond Howard, Jr.
Sewall, Andrew Carl
Seward, Charles M., Jr.
Seymour, Harry Augustus, Jr.
Shaar, Edwin Willis, Jr.
Shackelford, Harry Louis, Jr.
Shackelton, Norman John, Jr.
Shanahan, James Francis
Shank, Michael Howard
Shannon, John Robert, Jr.
Sharer, Don Allen
Sharp, Erwin Arthur
Sharpe, Joseph Daniel, Jr.
Shaw, Michael Gilbert
Shealy, William Pierce
Sheehan, Joseph Wilfred, Jr.
Sheldon, Gerald Ernest
Shepherd, Patrick Martin
Sherman, Allan
Shermer, William Barton
Sherwood, Allen R.
Shields, Charles Daniel, Jr.
Shiffer, William Thurston, Jr.
Shinabarger, Jon Arthur
Shipway, John Francis
Shoemaker, Charles Lex
Shurts, Richard Layne
Sicari, Anthony Charles
Sidney, Richard William
Siebert, Harro Heiner
Siegel, William Morris
Sierras, Eugene L., Jr.
Silver, Lawrence Michael
Simard, Paul Joseph
Simkins, Kenneth Ray
Simms, Richard Galen
Simon, James Richard
Simons, William Edgar
Simpson, John Drury, Jr.
Simpson, John Page, III
Simpson, Michael Grant
Simpson, Richard John
Simpson, Troy Eugene
Sjuggerud, David Milton
Skidmore, William Harvey
Skoog, Mark Chester
Skrzypek, John Anthony
Slater, Thomas Stafford
Slaughter, Jimmy Ray
Sloane, Richard Tobias
Smalling, John Ambler
Smallwood, Frederick Kohler
Smelik, Gerald Thomas
Smith, Bradley Edsel
Smith, Carleton James, III
Smith, Charles Henry
Smith, Eldin Dean
Smith, Ernest Mallory
Smith, Esmond Douglas, Jr.
Smith, Gerald Clark
Smith, Gordon Lee
Smith, Herbert Clive L.
Smith, J. Palmer
Smith, John Monroe
Smith, Lyman Hibbard, II
Smith, Philip Allen
Smith, Ralph Frederick
Smith, Robert Allen
Smith, William Clifford
Smith, Wilton Jeremain, Jr.
Smuda, James Francis
Snider, William Allen
Snodgrass, Carl Edward
Snodgrass, Donald James
Snyder, Darrell Paul, Jr.
Snyder, Gerald Warner
Synder, Keith Reif
Snyder, Peter Burgess
Sogga, Donald Nicholas
Sokol, David
Sokol, Stanley Ernest
Soley, Francis Edward
Solomon, Dennis Lee
Soricelli, Joseph Martin
Sosnowy, Edward D.
Souder, James B.
Sowa, Walter, Jr.
Spangler, Carl Rodney, Jr.
Spencer, James, Luther, III
Spencer, Larry Howard
Spigal, Joseph John
Spinello, John Anthony
Sprague, Jay Woodrow
Springer, Robert William
Sprowls, George Franklin
Spruitenburg, Fredrik H. M.
Stacy, Edward Gerhard
Stair, Sammy Dean
Staley, Richard Jonathan
Stamps, David William
Standrich, Elvin Beryle
Stankowski, Robert John, Jr.
Staplin, Ralph Asa
Stark, James Reynolds
Stark, William Carleton
Starnes, Phillip Van
Staub, James Andrew, Jr.
Stauffer, Barry Corbett
Steel, James Robert, Jr.
Steele, Allen Wayne
Steele, Jon A.
Steele, Joseph Henry, III
Steen, Morris G.
Steenburgh, Frederick Leroy
Stein, John Howard, Jr.
Stephan, Charles Royal
Stevens, Thomas Francis
Stevenson, Clyde Melvin
Stevenson, John Wayne
Stewart, George Calvin
Stewart, Robert Paul
Stewart, Van Nelson
Stickler, Bernard Thomas
Stier, Theodore Gerhard
Stiger, Robert David, Jr.
Stillwagon, Richard John
StMartin, Ronald Clayton
Stock, Michael John
Stoddert, Robert William B.
Stoll, Peter Steven
Stone, William Charles
Storms, Kenneth Robert
Stout, Michael Dinsmore
Stowell, Ralph Henry, Jr.
StPierre, Francis William
Stratton, Phil Zeh
Strauss, Kurt Allan
Streit, Raymond Stanley, Jr.
Strickland, Henry Wilson
Striffler, Paul John
Strohaker, John Guy
Stromberg, David Lynn
Stromberg, Merle Jon
Strong, Barton Dale
Strong, David Walker
Strong, Walker Garland, Jr.
Strum, Richard Ralph
Stucki, Laurence Valdimir
Stull, David Allan
Suarez, Ralph
Sullivan, David Charles
Sullivan, Huey H., III
Sullivan, Jerry Michael
Sullivan, Joseph Cornelius
Summerlin, Thomas Wiley
Surles, Billy Wayne
Sussilleaux, John Francis
Sutton, Robert
Sutton, Ronnie Neal
Swanson, Barry Grant
Swartz, Peter Milton
Sweatt, John L.
Swinger, Alan William
Switzer, William H., III
Tabor, James Byron

Taday, Alexander Anthony
Tafuri, Ronald Robert
Tangeman, Richard George
Taranto, Richard
Tarrant, Yancey Newell
Tate, James Andrew
Tate, William August
Taylor, Billy Glen
Taylor, James Louis
Taylor, John Mallory, IV
Taylor, Kermit Allen
Taylor, Richard Howard
Taylor, Rufus Lackland, III
Taylor, Steven Craig
Taylor, Thomas Lee
Taylor, Wade Hampton, III
Taylor, William Ivey
Teague, Reginald Bailey
Tedeschi, Ernest Francis, Jr.
Telquist, Lee M.
Templin, Charles Leonard
Terry, Michael Roy
Terry, William Edwin
Testa, Ronald Fred
Testwuide, Robert Louis, Jr.
Texeira, Antone, Jr.
Thelen, Frank, III
Thomas, Lewis Carroll
Thomas, Norman Mattoon, III
Thompson, Bryce Anderson
Thompson, Henry Martin
Thompson, Joseph Clemenger
Thompson, Laile Hunter, Jr.
Thompson, Melvin Ellis, Jr.
Thompson, Robert Gutz
Thorn, John Charles
Thorsen, Paul Albert
Tidball, Douglas D.
Tiernan, Barry Vincent
Tillotson, Frank Lee
Tilt, Thomas William
Timpson, Donald George
Tinsley, James Robert, III
Tinston, William John, Jr.
Tipper, Ronald Charles
Tisaranni, James
Tobias, Walter Adam, II
Tobin, Paul Edward, Jr.
Todd, James Norman
Todd, John Hendrick
Toft, Richard Joseph
Tolbert, James Kirkland
Tolley, Richard Lyle
Tompkins, Charles Leroy
Tonti, Louis George
Tow, James Dewane
Tower, Philip William
Tozier, Jack Allan
Tracy, Robert Nottingham
Trafton, Wilbur Cobb
Trahan, Edwin Charles
Trahan, Richard Harry, III
Trapnell, Robert Gary
Traver, James Emery
Treiber, Gale Edward
Triebel, Theodore Wallace
Tripp, Philip Burr
Tsukalas, Denis Nickolas
Tucker, Albert Lee
Tucker, Douglas
Tucker, Gary Lee
Tucker, Ronald Dewey
Tullgren, David Bernard
Tuma, David Foster
Turley, John, Jr.
Turnbull, James Laverne
Turner, Harris Wade
Turner, Howard Stansell
Turner, James Richard
Turner, Jay Scott
Turner, Laurence Hay, Jr.
Turner, Thomas Willard
Tuttle, Arthur Jay
Twaddle, Roy Royce, III
Twardy, Clement Robert
Tweel, John Alexander
Twomey, Daniel Timothy
Tyree, Edward C. G., Jr.
Tzomes, Chancellor, Alfonso
Uber, Brian Douglas
Ullman, Harlan Kenneth
Ulrich, William Stanley
Underhill, James B.,
Unger, Maurice Henry
Ungerman, Michael Kenneth
Unrau, Jerry Lee
Usborne, Roger Way
Vacin, Edward Michael
Vail, David William
Vajda, Thomas Carl
Valovich, Paul Joseph, Jr.
Vambell, James Peter
Vance, Charles Terry
Vanderschroeff, Coenraad
Vandervelde, Kent Mills
Vanderwier, Gerald Michael
Vandyke, John Charles
Vaneps, John Arch
Vanheertum, Bruce
Vanhoften, Scott Adrianus
Vanlue, Kenton Walter
Vanpelt, Richard Junior
Vanwinkle, Pieter Kingsland
Vaughan, Raymond Edmon
Vaupel, David Karl
Vazquez, Raul
Vercessi, George Peter
Vermilyea, David Whitney
Vernon, Larry Jay
Viafore, Kenneth Michael
Vickery, Wayne Marshall
Vidosic, Richard Paul
Vinroot, Charles Arthur
Vion, Charles P.
Vogel, Timothy James
Vogt, Frederick Henry
Volk, Charles Louis, Jr.
Vollmer, Ernst Peter
Vomastic, John Emil
Vonsydow, Vernon Hans
Voorheis, Gary Martin
Vosilus, Robert Bruce
Vroom, James Edgar, II
Wacaser, Anderson Wade, III
Wagenseil, Lawrence L.
Wagner, Tod William
Wahl, Larry Charles
Walden, Kenneth Allen
Walker, Donald Edgar
Walker, Jerry David
Walker, Joseph Scott
Wall, James Herbert
Walters, Ronald Francis
Walther, Arthur Ernest
Walton, Don Holland
Wanamaker, Gregory
Wang, You Lue
Ward, Allan, Jr.
Ward, John William
Warn, Jon Christian
Warren, Ferrell Dean
Warshawsky, David Arthur
Washam, Eric Lee
Waters, James Luther, Jr.
Watkins, Edison Lee, III
Watkins, John Roquell
Watson, Bruce Wallace
Watson, Richard G.
Weal, Keith Irving
Weale, Gary Dean
Weaver, Charles Thomas
Weaver, Thomas Stephen
Webb, George Jerome, Jr.
Webb, Hugh Leonard
Weed, Wilson Geoffrey
Weerts, Gary Lee
Weisbrod, David Stephen
Weisensee, William John, Jr.
Weiss, John Nickolas
Weittenhiller, Larry Keith
Welborn, Paul Burney, Jr.
Welch, Glenn Ernest, Jr.
Wellik, Marvin R.
Wellmann, Donald Albert
Wells, Bruce
Wells, David Austin
Wells, Linton, II
Wells, William Edward
Welsh, Richard G. T.
Welsh, Walter Lee
Welton, Donald Ernest
Wenger, Charles Albert
Werner, Michael Charles
Werner, Robert Mitchell
Wernsman, Robert Lee
Wertzberger, Charles Reid
West, Franklin Griffith, Jr.
West, Richard D.
West, Walter David, III
Wetherell, David Lee
Whalen, Frank Richard
Wheat, David Robert
Whiffen, Calvin Uridge
Whitaker, Roger Brent
White, Douglas Alan
White, Larry Raymond
White, Raymond Monroe
Whitehead, Albert Edward
Whitney, Payson Rogers, Jr.
Whitten, Audrey Ben, Jr.
Whitus, Ernest Ferrell
Wiant, Jeffrie Edwin, Jr.
Wicker, Charles Lewis
Wicks, Guy Weaver
Wiegand, Rudolf Paul, Jr.
Wieland, Billie Wayne
Wiggins, William Frederick
Wilbourne, David Garner
Wildman, Robert Alan
Wiley, Armando Anibal
Wilkes, Marshall Jackson
Wilkes, Paul Douglas, Jr.
Wilkins, Frank Scott
Wilkinson, Jay Hall
Willan, Robert Freier
Willandt, Theodore August
Williams, Billy Bryan
Williams, Donald Edward
Williams, Joseph Frederick
Williams, Lewis Irving, Jr.
Williams, Richard C., III
Williams, Richard David, III
Williams, Robert Allen
Williams, Robert Russell, III
Williams, Ronald Lee
Williams, Thomas Dan
Williamson, Bruce Stephan
Wills, Douglas Kent, Jr.
Wilsbach, Ronald Keith
Wilson, Christopher T.
Wilson, Clark Albert
Wilson, Eldon Stephen
Wilson, Gary Warren
Wilson, George Eugene, Jr.
Wilson, Thomas Bryant
Wilson, Torrence Bement, III
Winter, Albert William
Winters, Curtis John
Winters, Timothy Paul
Wise, Aubrey Lavoid
Wise, Randolph English
Wisehart, Kenneth Martin
Witcraft, William Robert
Witter, Ray Cowden
Witzenburg, Dennis Leon
Witzenburg, Gary Martin
Wixom, Robert Frank
Wojcik, Raymond Thomas
Wojdyla, Michael John
Wojtkowiak, Daniel Leonard
Wojtkowski, William S., Jr.
Wolff, Richard Ernest
Wolter, Richard Charles
Womble, George Curtis, Jr.
Womble, Talmadge Anthony
Wong, Henry Kingsy
Wood, Charles Mills, III
Wood, Grover Eugene
Wood, John Robert, Jr.
Woodard, James Charles, Jr.
Woodbury, Roger Lee
Woodring, George B., Jr.
Woodward, Harlan Wilfred
Woy, Gary William
Wright, Daniel Andrew
Wright, Donald Alexander, III
Wright, Douglas Scott
Wright, James Robert
Wright, Julian Maynard, Jr.
Wright, Malcolm Sturtevant
Wright, Thomas Williams
Wright, William Harry, IV

Wynne, David Cowgill
Yankura, Thomas William
Yates, Cornelius H., III
Yearwood, John Fouche, Jr.
Yeaw, Ronald Everest
Yokley, Robert Andrew
Yonov, Serge A.
Young, Brian Walter
Young, Thomas Richard
Yule, Robert Blakeley
Yusi, Frank Louis
Zabrocki, Alan Dale
Zak, Frank Joseph, Jr.
Zambie, Henry John, Jr.
Zapatka, Stanley John, Jr.
Zardeskas, Ralph Anthony
Zayicek, James Stanley
Zerr, John Joseph
Zohlen, John Thomas
Zschock, Charles Wolfgang
Zuberbuhler, William John
Zuhoski, Charles Peter
Zunich, Ralph Edward
Zwirschitz, Gary Wayne

MEDICAL CORPS

Albert, Philip Richard
Aronen, John Gary
Ashe, Walter Dee, Jr.
Auman, James Richard
Baggett, James C. Jr.
Baral, Dante Atienza
Berg, Samuel William, II
Bergin, Francis Thomas, Jr.
Bigbee, John Albert
Booher, Kermit Rex, Jr.
Bostrom, Paul Anders
Braga, Dyalma A.
Bullaboy, Charles A.
Carlson, Daniel William
Chestnut, Julian Sandy
Coullahan, James Donald, Jr.
Cowles, Sally Kathleen
Crim, Jerry R.
Cruickshank, James Cameron
Dainer, Michael Jeffrey
Dalton, Conrad Ivan
Dysart, Noel Kennedy, Jr.
Fetter, Theodore Walker
Fishbach, Howard Philip, III
Froman, Michael Allison
Frost, David Sidney
Gamza, Francis Charles
Gemelli, Ralph Joseph
Gentry, James Lawrence
Golembieski, Michael Edward
Gorman, John Rossier
Goyer, Peter Francis, Jr.
Gunnett, Sylvia Roberta
Hambidge, William Raymond
Harrison, Robert Winfield
Haworth, David Lee
Herndon, William Alfred
Heye, George Henry
Hire, Delroy
Hooper, Richard Raymond
Hoover, Dennis Leroy
Ingrum, David Alan
Jackson, Frederic Leslie
Johnson, Dennis Larry
Johnson, Dennis Lee
Kennedy, Joseph Davy
Kilpatrick, Michael E.
Koett, John William
Krapin, Lee C.
Lapoint, John Malcolm
Larson, Susan Gayle
Laughlin, Larry W.
Lee, Chuck Wing
Lenger, Mark D.
Leyva, Justiniano Catabona
Liston, Steven Earl
Machaffie, Bruce Peter
Magnuson, Robert L.
Mason, Dan Edison
Mayo, Richard A.
McCaughey, Brian George
McIntosh, Bruce Jordan
McLaughlin, Charles Ross
Menasha, Moussa Y.
Meyer, John Gary
Millunchick, Edward W.
Murphy, James George
Obedoza, Segundino Orines
Parlette, Harry L., III
Peinert, Robert Alfred, Jr.
Peterson, Daniel Reuben
Powell, Randall Wayne
Ricciardi, Joseph M.
Ridenour, Richard Ira
Roberts, John Carl
Rosenblatt, Cheryl Dianne
Rosenblatt, Elias Strugger
Ross, Gerald Wade
Ross, William Bruce
Sander, James E.
Sewell, Sidney R.
Saul, Charles Dudley, III
Savides, George
Sbaschnig, Robert John
Schenk, Joseph Henry
Schultz, Thomas Aaron
Schwartz, Judy Ellen
Shreck, James Neil
Skipworth, Robert David
Smith, Michael Lantry
Soballe, Peter Warren
Sohn, Hong
Solares, Arturo Hector
Speed, Willard Eugene
Spencer, Jerry Douglas
Stafford, Sam, III
Tanksley, Marion Hollis
Taub, Martin
Tepas, Joseph John, III
Thalmann, Edward Deforest
Thomas, Bernard S., Jr.
Thompson, Eric Neil
Velasquez, Augusto C.
Verkleeren, John Luce
Voge, Victoria Mae
Wagner, Kenneth Farrell
Watts, Michael Allen
Weber, Daniel James
Willgress, Edwin Robert
Wimmer, John Easter, Jr.
Wozniak, Lance Kenneth

SUPPLY CORPS

Adelgren, Paul Wayne
Anderson, John F.
Andrews, Ernest Lee, Jr.
Armstrong, George R.
Ashley, Robert E.
Atkinson, Larry Richard
Auerbach, Eugene Edmond
Baldwin, Seth Weaver, II
Bano, Edward J., Jr.
Bartel, Joseph Richard
Bary, David Sharp
Bedle, William Bliss
Bezanilla, David George
Biggins, James Alfred
Bishop, Henry Harold, II
Bishop, Phillip Earl
Bland, Gerald Hall
Blaylock, James Sparkman
Blondin, Peter William
Boalick, Howard Russell
Bolling, Terry Lynn
Boyt, George Richard
Bradley, James Smith
Brighton, Edward Earl, Jr.
Brown, William Timothy
Burgess, Edward Lamar
Burnette, Jimmy Darwin
Butler, Joel Lee
Campisi, Ronald Alexander
Canale, Vincent Timothy
Cangalosi, Davis Stewart
Caplan, David Alan
Carter, W. J., Jr.
Certain, James Dawson
Chamberlin, Edward Robert
Cheny, James Cowser
Chertock, Stephen Herman
Chiomento, Thomas Vincent, Jr
Christopher, Donald Dominic
Christophersen, Wilhelm G.
Cicio, John David
Clark, Richard Melvin
Cole, Chester Benny
Conti, Carmen Daniel
Cook, Frank Cummings, III
Correll, Charles David
Cosgrove, Patrick Michael
Cottrell, Michael Francis
Cribbin, Thomas Michael
Crocker, William Guy
Dagrosa, Richard Louis
Dahlen, David Gordon
Daniels, John G.
Danielson, Richard Arnold
Davies, David Alan
Dawson, Joseph Charles
Dejanovich, James Peter
Deloach, Stephen James
Doran, William Earl
Douglas, Bruce Leroy
Downer, Glenn Ivan
Driskell, James David, III
Drucis, Timothy John
Dunkle, Charles Thomas
Dunkle, James Allan
Eadie, Paul Warren
Eager, Donald Richard
Earhart, Terry Lee
Earlston, Robert Paul
Ebbers, Richard Earl
Ebbesen, Preben Ehlers
Elliot, Ernest Alexander
Evans, George Albert
Evans, Neale William
Fabry, Steven Edwards
Fahrenthold, Harvey Keith
Figueroa, Ernest Luque
Fisher, Gary Clay
Fleming, John Moultrie, Jr.
Flint, Ralph Quentin
Foster, Donald Gregory
Freiber, Leonard Sander, Jr.
Fronczkowski, Ralph Edward
Fyfe, John Kerr, Jr.
Gabor, John Bernard, Jr.
Galligan, David Richard
Gaunt, John Richard
Gayton, Lewie Ernest
Gee, Charles Daniel
Gibson, Blair Edwin
Gonzales, Virgilio Garcia
Graeter, William E., II
Gray, Cameron Rathbone
Green, William Thomas
Grichel, Dietmar Fritz
Griffin, Jon Edward
Griffin, Leonard Carl, Jr.
Gross, Royce Alan
Groves, William Dennis
Guth, Michael Harold
Habermann, William Frank
Hagerty, William Orme
Hall, David William
Hall, Robert Leo
Hamilton, Howard Harvery
Hamilton, James Bevington
Harris, Christopher Bertram
Hawthorne, Richard Lee
Haynes, James Michael
Heeb, Bennny Joe
Hephner, Patrick Jean
Hering, Joseph Florian
Hickman, Donald Eugene
Hildebrand, Jarold Ray
Hiltbrand, Jon Haden
Hilton, David Eastwood
Hobbs, Wilbur Neal
Hoffler, Robert Eugene
Holland, Donald Lee
Hooker, James Stewart
Hopkins, Bruce Allan
Hoyt, Michael Campfield
Hundelt, George Robert
Hunter, Don Loren
Hyman, William M.
Jaffin, Frederick T., Jr.
James, William Boyd
James, William Don
Jones, Allan Herron
Jones, Eric Bywater
Jordan, Douglas Saunders
Kalas, Frank Joseph, Jr.
Kerr, Harold Lewis, Jr.
Ketcham, Richard Dean

Keyworth, Richard Evans
Kieckhefer, Edward Herbert
King, Lawrence Allen
Kingston, David Tallman
Kizer, John L.
Kohlmann, John Thomas
Kosmark, Alfred Christopher
Kowalski, Karl Aloysius, Jr.
Krause, Ben Allen
Lamm, David Vincent
Lebel, Robert Francis, Jr.
Leeper, James Edward, Jr.
Lenga, James R.
Lessa, Joseph Gerard, Jr.
Lester, Timothy O'Connell
Lewis, James Joseph
Lewis, Richard Earl
Lord, Clifford Carol
Losquadro, Joseph Pasquale
Lovett, Heyward M., Jr.
Lutz, Gerald Gilbert
MacArthur, Chester Bruce
MacAulay, Charles Patrick
MacMurray, Michael McRoberts
Madril, Richard Joseph
Martin, Patrick Edward
Mastrandrea, Gary Allen
Mate, Gerald Edward
Mayer, Carl Michael
Mayes, Robert David
McCook, Kevin William
McCormack, Robert Steele
McDonald, John Francis
McGavran, Samuel Brown
McGraa, John Robinson, III
McKechnie, Arnold Wilfred, Jr.
McLaughlin, Robert
McNabnay, James Richard
McPherson, Thomas Dale
Meneely, Frank Thomas
Mesterhazy, Andrew Paul
Meyer, Fred Lewis
Miller, Barry James
Mitchell, John Wayne
Mitchell, Ralph Melvin, Jr.
Mizer, Robert John
Modrowski, Richard Walter
Moles, Robert Francis
Monson, Jon Philip
Monteith, Gary Henry
Moran, Thomas Albert
Morris, John Glenn
Mullen, John David
Munro, David Thomas
Musgrave, Alvin William, Jr.
Myers, William Martin
Newton, George Edward
Nichael, Robert Harold
Nichols, Clifford John
Norton, Ronald Ward
Oberle, Michael Joseph
Oehrlein, William Philip
O'Hare, Shamus James
Olio, John Francis
Oswald, John Stephen, II
Owens, Joseph Frederick
Owens, Robert K.
Paine, John Spaulding
Parrott, Ralph Condron
Parsons, Donald Sargent, Jr.
Patterson, Kenneth Leon
Paulson, John Jacob
Payne, David Almon
Pearce, Charlie Albert
Peiffer, Robert Hurst
Perry, James Hilliard, Jr.
Pinskey, Carl Walter
Pittman, Harold Sherrod
Ponder, Joseph Edward
Price, Clifford Ronald
Privateer, Charles Russell
Quirk, David John
Rapp, Carl Arno
Reagan, Joseph Emmett
Rebarick, William Paul
Robertson, Herbert Milton
Robie, Ralph Lon, Jr.
Robinson, Richard D.
Ruble, David Ross
Rumsey, Charles Gary
Ruppmann, Heinz Otto
Rutherford, David Owen
Salmon, Robert J.
Santucci, David Michael
Satterthwaite, Peter Leo
Schandel, George William
Schiel, William Arron, Jr.
Schultz, Robert Arthur
Schultz, Thomas Craig
Schweitz, James Joseph, Jr.
Scott, William Clyde
Scroggs, Clifton Ray, Jr.
Sewell, John Burdon
Shannon, William Northrop
Shields, Edward Joseph
Siburt, Forrest Nile, Jr.
Simpson, Steven Earl
Smith, Charles Edward
Smith, Richard Michael
Smith, Roger Joseph
Sneiderman, Marshall Lewis
Soares, Leonard Joseph
Stangl, Larry Francis
Steffens, Paul B., Jr.
Stocker, Vernon Dean
Stone, Charles Welborn, Jr.
Sulek, Kenneth James
Summers, John Howard
Sussman, Richard Michael
Tarantino, David Arthur
Tastad, Michael Louis
Terwilliger, Bruce Kidd, Jr.
Thomas, Gary Lee
Tonkovich, Thomas Marvin
Torrey, Tracy Everett
Trimpert, Eugene Charles
Tucker, James Thomas
Tuggle, Richard Carl
Ullman, Robert Chester
Valenty, Patrick Paul, Jr.
Vanrooy, Lester Arthur, Jr.
Vigrass, David Harry
Vincent, Leonard
Wagner, Gregory Leonard
Waldron, Andrew John, Jr.
Walker, Francis David, III
Wallace, William Warren
Walton, William Heritage, Jr.
Webb, James Michael
Weekes, James Ernest
Wells, Paul Denzil
Wellumson, Douglas Raymond
West, Karl Peterson
Wheaton, Kenneth Walter
White, Gordon Rollins, Jr.
Whitty, Neldon Victor
Wilde, Charles Lee
Wilkinson, Ronald Carr
Williams, Gary Dean
Williams, Richard Hardy
Wright, Harry Neil
Yaney, Donald L.
Yeatts, Ralph Leroy
Zidek, Michael A.
Ziegler, Lee Alan
Zitzewitz, Robert Frank

CHAPLAIN CORPS

Anderson, Kevin Lenwood
Atwood, Theodore Oertel, Jr.
Baldwin, John Francis
Ball, David Beatty
Bartholomew, Carroll Engene
Bergsma, Herbert Leonard
Bevins, John Joseph
Billings, Bennie Ira
Blackburn, Warner Phillip
Boerger, Antonine
Bond, Thomas Dudley
Bouck, Wayne Leroy
Briske, Larry Floyd
Brogan, Hugh Thomas
Broughton, William
Bruggeman, John Anthony
Buckley, Gail Edison
Calaway, Bernie Lee
Carson, Bobby Charles
Cook, Elmer Dean
Coughlin, Conall R.
Crowe, Richard Robert
Day, Richard Thayer
Dennis, Billy Vernon
Depascale, Daniel Francis
Dickson, Grover James
Dike, William Louis
Dobes, George E.
Dorr, Charles Edward
Dressler, Raymond Henry, Jr.
Eckles, James Warren
Ellis, Larry Hoyt
Eslinger, Harold Howard
Essex, Otis Dean, Jr.
Ethridge, William Murray
Everts, Paul Jay
Fiol, John Robert
Fiorino, Alfred Louis
Flick, Carl William
Forrester, Oscar Bron
Frankel, Bernard
Freistedt, Robert Ray
Fuller, Ivan Richard
Ganaway, Samuel
Garrett, Harold Wayne
Germano, Vincent Frank
Gill, Francis Jude
Gnall, Julian Michael
Gothard, French McKinley
Hammond, Hugo Stanley
Hedwall, Ronald Lee
Hettish, Richard Clyde
Hiers, Homer Thomas, Jr.
Hill, Edward Thomas
Holderby, Anderson Byron, Jr.
Howe, Merlen Floyd
Huebschman, Merlin Edward
Hummer, George Bernard
Jackson, Colon Stonewall, Jr.
Johnson, Andrew Herbert, Jr.
Kelley, Edward Joseph, Jr.
Kelley, James Frederick
Kirstein, James Fritz
Klapps, William Joseph
Knight, Norvell Earnest
Kuhn, Thomas Walter
Lapp, Charles L.
Lesher, John Quail
Luebke, Robert Bingham, Jr.
Macho, George Stephen
Markham, Leonard Edward
Martin, Henry Lawrence
Matthias, Robert William
McCain, James Madison, Jr.
McCoy, Charles Joseph
McMahon, Edward Joseph
McMahon, Gerard Thomas
McNeil, John Roland
McNicholl, Michael Paul
Mintjal, Frank Delano
Moffitt, Robert George
Moore, Paul James
Murray, Edward Kevin
O'Connor, R. Conway
Olander, Edward, Alfred
Parker, Charles Roy
Pearson, Carl Janell
Perry, William Lee
Pilarski, Peter Richard
Pocock, Thomas Reid
Putt, Kenneth James
Read, Gordon Amos
Renfroe, Fred Hilton
Richmond, Joseph John
Riley, Robert Joseph
Rimmer, Charles Stephen
Roberts, Edward Andrew
Roberts, Jack Wendell
Rothermel, Fred Allen
Rutherford, James Harold
Schultz, Thomas Arnold
Schumm, William Edward
Schuster, David Paul
Sestito, Joseph Nicholas
Shoberg, Lawrence Arvid
Slattery, Maurice Cornelius
Smith, Aquinas John Joseph
Smith, Ignatius Edward
Smith, Jerry Ronald
Snyder, Edgar Alfred
Sostrich, John Louis
Spreier, John Edward
Starling Ira Carroll, Jr.
Stewart, Douglas Keith

Stewart, Lisle Edwin
Strickland, Merle Edward
Sulouff, Nelson Raymond
Swann, Hoyt Wayne
Swift, Roy Orlando, III
Thompson, Irvin Hayes
Tumblin, William Everett
Turner, Jerome Robert
Whitsell, John Louis
Williams, James Charles
Williams, Paul Henry
Wilson, Charles Duane
Wilson, James Roscoe, Jr.
Winnenberg, John Oscar
Wooster, Keith Edward
Wright, John Milton

CIVIL ENGINEER CORPS

Ahl, John Stuart
Baratta, Mario Anthony
Bare, James Clement
Bersani, Robert Richard
Beuby, Stephen Charles
Bohning, Lee Robert
Bonderman, Warner Edward
Brown, Harry John, Jr.
Carlson, Richard Eric
Clayton, James Busch
Connelie, Thomas P.
Conroy, John Francis
Coston, Oscar Lee, Jr.
Crane, Thomas Clemson
Cugowski, Ralph Marshall
Dames, Thomas Allan
Dillman, Robert Peter
Dodson, James William, Jr.
Donnelly, William Patrick
Dougherty, James Michael
Eckloff, James Clement
Edmiston, Robert Clair
Elkins, John Carroll
Estes, George Brian
Everett, Ernest James
Everhart, Guy Franklin
Fowler, Richard Salsbury
Fucile, Eugene Paul
Fusch, Kenneth Ericson
Gagen, Robert Edward
Gallen, Robert Michael
Gant, James Bryant
Glenn, Danny Elloy
Goodermote, Wayne Keith
Green, Joseph Behler, Jr.
Griffith, Harry Gates
Gunn, Alexander Carlan
Hadbavny, Ronald Stephen
Hall, Frederick Spencer, Jr.
Hansen, Robert Edwin
Harris, William Frank
Hartman, Franklyn Joseph
Hathaway, James Luther
Heine, Richard Frederick, Jr.
Hendrickson, Jack Ellis
Herrell, Orval Glenn
Hilderbrand, William Casey
Holm, Stanley Robert, Jr.
Hopper, Mark Andrew
Hull, David Nelson
Jackson, Bruce Lawellin
Jokela, Carl Richard
Kelley, Kenneth Clyde
Kelley, Timothy Charles
Kennedy, Ronald Edward
King, Jerry Wade
Laursen, Brian Ray
Long, Thomas Auburn, Jr.
McCullagh, Paul William
McTomney, William Paul
Meeks, Kenneth Wayne
Michna, Thomas Benjamin
Milkintas, John Clayton
Mitchum, William Ransome, III
Morris, Henry Minard
Olsen, Ole Leigh
O'Neill, Charles Patrick, Jr.
Pearson, Rufus Judson, III
Rein, David Arno
Renzetti, Joseph Leo
Riggin, Donald Curtis, Jr.
Rohrbach, Richard Magee
Rumbold, William Walter, Jr.
Runberg, Bruce Lee
Schlesinger, Francis David
Shaw, Arthur Robinson
Sheaffer, Donald Ralph
Simon, Charles Ray
Smith, Homer Francis, II
Smith, Ray Allen
Stamm, John Andrew
Stark, James Reginald
Stevens, Joseph Michael, Jr.
Stewart, Stephen Edgar
Taylor, Ernest Theodore
Valenti, Alan C.
Vizza, William Kane
Watson, Francis Xavier
Weston, James Edward
Woodhull, Roger Blake
Albrecht, David A.
Armstrong, Arthur John, Jr.
Awe, Stephen Lester
Baker, James N.
Barr, Philip Conrad
Boasberg, Robert, Jr.
Bohaboy, Howard Douglas
Broach, Robert Erskine
Brown, Michael A.
Byman, William E.
Cohen, William David
Coyle, Robert Emery
Cromwell, James H.
Dalton, William Harvey
DeCarlo, Nicholas Peter
Deddish, Michael Raymond, Jr.
Derocher, Frederic George
Durham, Joe B.
Edington, Donald Edwin
Ellis, Charles Edmund, Jr.
Erickson, John F.
Freyer, James Anthony
Fridell, Lane C.
Fulkes, Duane Sherman
Gall, William Dudley
Garrett, Henry Lawrence, III
Garvin, Ron Howard
Geer, John Joseph, Jr.
Gerszewski, Melfred T.
Gordon, John Edward
Gormley, Patricia Murphy
Hannas, Mike D.
Henderson, William C., II
Henkel, George Edward
Hewett, Peter Augustine, Jr.
Hosken, Edward Watters, Jr.
Hughes, Winston Jackson
Kahn, Thomas Kenneth
Keating, Timothy Dayton
Landen, Walter James
Manning, Edward Francis
McMahon, Dennis Charles
Miller, John Roger
Neutze, Dennis Richard
Norgaard, Kenneth Ray
Ochsner, Ronald Frederick
Orr, James Earl, Jr.
Patterson, Perry S., Jr.
Payne, Michael L.
Pinnell, James E.
Pitkin, Roger Frank
Rank, John Albert, III
Reed, Richard Edgar
Rogers, James Nicholas
Rohner, Richard Anthony
Rossi, Robert Raymond
Rudy, Allen Carnes, Jr.
Runnels, Joseph Dwayne
Sattler, Terry D.
Schachte, William Leon, Jr.
Sinor, Morris L.
Smiley, Clare Brown, Jr.
Strow, Peter H.
Swayze, Frank Benjamin
Turner, Patrick Charles
Vest, William T., Jr.
Weigle, Gerald Franklin
Wells, George Lawrence
Willever, Kent Arlington
Williams, Duvall M., Jr.

DENTAL CORPS

Acquavella, Richard, Francis
Akerson, Harvey Alan
Altaras, David Eugene
Ambrose, John Michael
Ancowitz, Stephen Jay
Auclair, Paul Lionel
Barco, Martin Thomas
Beastall, Raymond Howard
Beaudry, Robert Joseph
Bilger, Kenneth Bruce
Brandt, Alfred Edward
Brown, James Kelley
Budnikas, Peter Kestutis
Carlberg, Terry Lee
Carlson, Robert Bruce
Carlson, Thomas Del
Cecil, James C., III
Chang, Ronald Sai Ngew
Chow, Roger Mason
Common, John
Crowley, Leo Vincent, Jr.
Cunningham, Walter Turner
Curray, Robert L.
Daley, Arthur Stuart, Jr.
Davies, Jonathan Francis
Davis, Kenneth Junior
Deangelis, Henry James
Dice, James Earl
Doblecki, Walter
Draude, Joseph Anthony, Sr.
Duell, Robert Lowell,
Dunlap, Robert Marsh
Durso, Peter John
Eakin, Donald Richard
Eschete, Earl Francis, Jr.
Escude, Leon Raymond, Jr.
Farace, Anthony Joseph, Jr.
Fertig, Steven Allen
Fisher, Earl Fred
Frank, Robert J.
Frankel, Richard Lee
Fullerton, William Lloyd
Gher, Marlin Eugene, Jr.
Golden, Daniel Patrick
Goldman, Michael Stuart
Gray, Jonathan Loomis
Groom, Robert Raine
Hall, Ellis Herbert, Jr.
Hanst, Michael T.
Hargrave, John Walter
Hendrickson, Dean Alan
Herrman, Larry George
Hitchner, Larry J.
Hoyem, Stephen Richard
Innes, Joseph Crist
Isaacson, James Harold
Johnson, Peter Fink
Jones, Robert Sidney
Jorgensen, Michael George
Kemp, James Allen
Kielt, Raymond John
Kriz, John Francis, Jr.
Kuhl, Larry Van
Kutz, Glenn Arthur
Lamb, Courtney Charles
Lange, Walter Marcus, Jr.
Leff, Eldon Ray
Lehman, Joseph William, III
Lewis, Doyle Martin
Linville, Robert B.
Lynch, Peter Gerard
Lynde, Thomas Ainsworth
Malin, David Morgan
Marchelya, Lawrence Steven
Maroney, William Francis
McGuire, Dennis John
McKinley, Lawrence David
Moore, James David, Jr.
Moore, Paul Robert
Mudler, James Thomas, Jr.
Murray, Hugh E., III
Myers, George Ronald
Nappen, Dennis L.
Parker, Michael Winfield
Patterson, Michael William
Pentecost, Robert Leeson
Peterson, Burke Brent
Phillips, Charles C., III
Ponsler, James Robert
Post, Robert Michael
Quine, Gary Don
Rapps, Daniel M.
Rathbun, Walton Andrew, Jr.
Richards, Mark Warren

Riemann, Richard Allan
Rog, Richard Paul
Romine, Gilbert Franklin
Rothermel, Richard Allen
Sanders, John Joseph
Schai, Neal Andrew
Schamu, Carl Wintersmith
Schatz, Ronald B.
Schroeder, John Danley
Schroer, John Clark
Scott, Steven Hall
Sharrock, Michael Francis
Silverthorn, Thomas Lawrence
Smith, Millard Bedford
Smyth, Robert Neil
Spann, Charles Earl
Stevens, Randolph Mooers
Styrlund, Thomas Frederick
Sweet, Phillip Michael
Taybos, George Michael
Terezhalmy, Geza Tibor
Towle, Herbert Jere, III
Tytell, Mark P.
Walker, William Anderson, Jr.
Warnock, Gary R.
Wattenbarger, Clyde Kittrell
Werrell, Joheph Michael
Wilson, William Harrison

MEDICAL SERVICE CORPS

Anderson, David Edward
Anderson, Dennis Gordon
Ashburn, James Henry
Baldwin, Jeffrey W.
Barnhill, Russell Wynn
Barsness, Frederick Raymond
Bates, James Francis
Beene, Joe Ray
Bell, James A.
Bell, R. Thomas, III
Belter, Lyle Edward
Benander, Douglas Norman
Berghage, Thomas Eugene
Beuchler, Lamarr George
Bienkowski, Faustyn Joseph
Biersner, Robert John
Bobola, Edward
Bondi, Kenneth Robert
Briand, Frederick Francis
Bruhn, John Evan
Call, Douglas William
Carney, William Patrick
Carpenter, Gordon Lee
Chaput, Raymond Leo
Clarke, Norman Barry
Cobet, Andre Benoit
Cole, Dennis E.
Collings, Donald Earl
Connors, Francis Simon
Cook, Elvis Donald, Jr.
Cote, Robert Raymond
Cunningham, Robert Smith, II
Cunningham, William F.
Curran, Patrick Michael
Daily, Otis Patrick
Deeter, Victor Raymond
Dekkrey, Charles Ross
Denison, Neslund Edward
Devine, Robert Thomas
Doptis, Leigh Errol
Eklund, Paul G.
Evans, Delbert Eugene
Ferris, William Anthony
Fisher, Frank D. R.
Fisher, Stephen Todd
Funaro, Joseph Francis
Galbreath, Jerry Dean
Gaugler, Robert Walter
Gibson, Richard Stephen
Goodhartt, William Ryan
Grand, Ronald Sherburne
Greerar, John Fields, III
Gregoire, Harvey Gilbert
Gregory, George Harry
Gutshall, Richard Brice, Jr.
Hall, David Allen
Hansel, George Joseph
Hartman, Carl Herman
Hayes, Charles Herbert
Herron, Don Montelle
Heston, Frank David
House, John Francis
Hutchins, Charles Willis, Jr.
Ingram, James T.
Jeffs, Robert Anton Aulie
Jones, Thomas Newton
Karch, Larry Lee
King, William Goodrich
Lane, Norman Edward
Lashley, Kenneth Lamar
Lewis, Larry Allen
Loar, Charles R.
Ludwig, William Carl
Maassen, Leland Richard
Mann, Charles Frank, Jr.
Maynard, William S., Jr.
McCullah, Robert Douglas
McDonald, John Leroy
McIntosh, Wilton Wayne
McManaman, Vincent Leo
Medlock, Thomas Perry
Moore, Leonard Lee
Moroney, William Francis
Moy, Michael William
Murray, John Lee
Nacrelli, Walter Andre
Newman, Reginald Edward
Ozment, Bob Lee
Parsons, William Michael
Payton, Richard Alan
Pheeny, Harold Thomas
Rausch, Jack Lee
Raymond, Lawrence Foster
Reuter, Nancy D.
Reysen, Richard Harry
Rice, Edward Allen, Jr.
Riesenhuber, Richard D.
Riley, Phillip Truman
Schinski, Vernon David
Schmutz, Clinton Elmer
Schubert, Deane Edward
Self, William Lee
Shaughnessy, Mary Kay
Shaver, Roger Galen
Sherwood, Walter Ollie
Sholdt, Lester Lance
Sippel, John Edward
Slater, Charles Bertram
Smith, James Leroy
Smith, James Peter, Jr.
Smith, Lamar Richard
Smith, William Walter
Snow, Kenneth Souder, Jr.
Spillman, Graham B., Jr.
Stant George Marcellous, Jr.
Stefanakos, Thomas Kostas
Stewart, Gene Nicholas
Strong, Douglas Michael
Thome, Carl Donald
Truman, Patrick Andrew
Turco, Ronald Fisher
Uddin, David E.
Veckarelli, Donald Thomas
Vickerman, Raymond Harold
Walker, Jerry M.
Walker, Richard Ives
Weber, Herta Antoinette
Weiner, William Jason
Wienkers, Charles Francis
Wildes, Dudley Joseph
Wilson, Everett Lynn
Windholz, Francis Leo
Wood, Duell Eugene
Woodman, Daniel Ralph
Wooll, Earl Ronald
Young, John W.

NURSE CORPS

Allred, Bertha Ann
Armstrong, Susanne Russell
Bagbey, Stanley Robert
Barthmaier, Jane
Betsch, Janice Ruth
Campen, Kathryn Elizabeth
Cash, Carolyn Jeanette
Coltharp, Dove Antionette
Colucci, Michael Joseph
Dault, Judith A.
Diouhy, Elaine Jean
Downs, Robert James
Dunn, Glenda Gale
Elsesser, Mary Ann
Engel, Joan Marie
Ferrell, Kirby Ann
Foreman, Evelyn N.
Geraghty, Rosemary B.
Gierman, Richard Lawrence
Grace, Roberta Jane
Green, Bonnie Jean
Grigg, Peggy Josephine
Hay, Mary Kathryn
Henderson, Rebecca Robertson
Hicks, Shirlee Christine
Hildebrand, Patricia Ann
Hill, Shirley Ann
Holmes, Sandra Anthony
Hooker, Florentina B. M.
Iwata, Miki
Jackson, Charles Ray
Johnson, Carolyn Ann
Jordan, Janice Yvonne
Kelly, Sharon K.
Kerdus, Mary B.
Krall, Virginia Mary
Langley, Ann
Leadford, Bonnie Ann
Leary, Cornelia Ann
Lee, Annelle Kahalehau
Lee, Elaine Elizabeth
Lindelof, Sandra Sue
Linehan, Patricia Ann
Loughney, Jule Ann Margaret
Lufkin, Janice Mae
Maffeo, Edith Jane
McClelland, Jerry Wayne
McCumber, Susan Anne
McKown, Frances Carroll
Medina, Elida Delosangeles
Mencik, Barbara Ann
Miesko, Judith Ann
Monger, Kristen Ann Polak
Murphy, Rosemary E.
Nye, Margaret Catherine
Odom, Helen A.
O'Rourke, Amoret B.
Pasek, Joan Kay Becklun
Pike, Helen Jacqueline
Pollock, Linda Sue
Pruchniak, Joan Louise
Raach, Carolyn Diane
Ricardi, Jean Cecilia
Riddell, June Elizabeth
Ridenhour, Barbara Ann
Rieder, Karen Anne
Roadhouse, Ida Cortez
Rodgers, Barbara Coffin
Sage, Victoria Schneider
Sakenes, Charlene Rose
Simler, Monica
Smith, Joann Hennessy
Smith, Ruth Helene
Snider, Stephen Emmit
Snyder, Eilleen Esther
Spanier, Bernice Clare
Speckmann, Elissa Mary Ann
Stoll, Caroline Jean
Stratton, Mariann
Sullivan, Ann Marie
Tate, Catharine
Tolar, Sara Campbell
Triplett Audrain Marie
Troseth, Marie Phelan
Ulschmid, Margaret Mary
Ward, Maureen Winifred
Whalen, Delores Marie
White, Patricia Margaret
Wildeboer, Henrietta Mae
Witherow, Mary Ann
Wray, Fay
Wright, Dolores Ann
Yahner, Ann, III
Yates, Minnie Shirley
Zuber, Frances Elizabeth

The following-named officers of the Naval Reserve for permanent promotion to the grade of commander in the line and various staff corps, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Abel, Joseph Anthony
Allor, Ronald Garth
Andres, Thomas Wilfred
Andrianomoore, Richard N.
Aquilino, Paul Philip
Arther, Nickolas Edward
Bagemihl, Craig Robert
Baggs, Andrew Hayburn, Jr.
Bailey, Harry Edward
Bailey, Patrick Arthur
Bair, Gary
Baker, Ronnie B.
Barnes, Dewey
Barnett, Larry Dean
Battaglia, Michael Joseph
Batwinis, James Edward
Beal, Norman Lee
Beaty, Robert Allen, Jr.
Bennett, Barry Ellis
Bockelmann, Peter E.
Boots, Thomas K.
Bourbonnais, Charles R.
Browning, James W., II
Brunelli, John Francis
Buchanan, Robert Pickett
Callaway, James Ginn
Campbell, Terry Lee
Caron, Ernest John Joseph
Casey, Jed Michael
Chambers, Robert Michael
Chancellor, Jason Jerome
Chapman, Eugene Norton
Clarke, Wayne Cowie
Coble, William Melvin
Collins, Arthur W.
Cosby, James Wesley
Costenbader, David Lester
Cutillo, Richard Thomas
Dempsey, Broadus Andrew
Difilippo, William James
Dobeck, Richard H.
Donelan, John O.
Dooley, Roy L.
Dowdy, James W.
Doyle, Thomas E.
Duncan, William Fowler, Jr.
Dunn, Joseph Patrick
Dunning, John Laurance, Jr.
Edwards, Robert Stone
Eliason, Whynn S.
Elliott, Paul Brittain
English, Larry R.
Entas, Leon James
Enzmann, John Paul, Jr.
Eutsler, Ronald Byerly, Jr.
Evans, Frank Edward
Fairbanks, Willie B.
Faivre, James E.
Fields, Kenny Wayne
Fisher, William Augustus, Jr.
Fitzgerald, William E., III
Flanigan, Michael James
Fletcher, Frederick Forrestal
Florimonte, Thomas Salvatore
Ford, Michael D.
Fowler, Howard D.
Frye, Bruce L.
Fuicelli, Robert Alan
Gifford, John M.
Giles, Grover Skip
Glad, Howard Eliott
Glynn, Michael K.
Godley, John Bartlett
Goff, Robert Arthur
Green, James P.
Green, William Lee
Grotbo, Roger P.
Harness, Francis W.
Harrington, James Joseph
Harrington, John Joseph
Harris, Joseph W.
Harvey, French Bardin, Jr.
Haushalter, William Henry
Hawkins, Vaughan Austin
Heath, Jeffrey Myron
Hermann, Herbert Ernest
Hess, Larry Edward
Hetherington, Donald Leroy
Hilliard, Robert M., III
Himstreet, Thomas Richard
Hirsch, Robert Benjamin
Holtcamp, Jimmie Dale
Holty, Robert M.
Hopson, Bennie Ray
House, Arthur Lewis
Howe, George Alexander
Hundt, David William
Hunt, Peter C.
Ingersoll, Frederick
Jewell, Richard Francis
Johnston, James Robert
Jones, Michael Daniels
Jones, Ross Arthur
Karlsson, Carl Richard
Kauffman, Daniel George
Kearley, Richard Carlisle
Kelley, Joseph F.
Kiral, Robert Holland
Kletke, Dale B.
Knippel, George Franklin
Kohler, David Clark
Koster, William Henry
Krewson, Gary L.
Laroche, Gerald Earl
Lawrence, Andrew Harry
Leary, Robert Anthony
Lee, James Allen
Leonard, Thomas Francis
Levasseur, George E.
Lewis, Maxwell L.
Lister, John A.
Lois, James Everett
Long, Charles E.
Long, Gaeton A.
Lubash, Delbert John
Lumianski, Peter John
Lynch, John Douglas
Lyons, Kenneth Glenn
Manderfield, Leonard L.
Marsyla, Edward Gene
Martin, Richard L.
Maxwell, James Allen
Mayall, James Franklin
McClain, Charles Michael
McClanahan, Kenneth D.
McCluskey, Kenneth Andrew
McGrath, Martin Edward, Jr.
McKenna, Nicholas V.
McMichael, William Slathel
Means, James Frank
Meeker, Ronald Kieth
Megna, Anthony Joseph
Mesaros, Eugene Joseph
Messner, Hugh F.
Moliencop, Gerald Holt
Monkres, Ronald G.
Moore, Donald G.
Moore, Thomas Wier
Morris, Jeremy Gregson
Murphy, Paul V.
Murray, Michael Alan
Musante, Edward A.
Mussler, Hans Carl
Myers, Paul
Nemmers, Raymond F.
Nielsen, Danny Aaron
Novack, Robert Joseph
Olliges, Lawrence John, Jr.
Olson, James D., II
Olson, James Robert
Palm, Steven Banker
Palmer, Burton Lloyd
Palmer, Gerald Ken
Parker, William Thomas, Jr.
Parry, William E.
Pasko, William Walter, Jr.
Pate, James Wilson, Jr.
Philipp, James Edward
Powers, Michael Halpin
Prather, Russell Thomas
Purnell, Louis Selby
Ralston, Norman J.
Redden, Barney Joe
Redmon, Howard G.
Richardson, Patrick James
Richardson, Roger Allen
Rieder, Terry Albert
Riese, Gary W.
Roberts, James E.
Rock, Paul R., Jr.
Rumbaugh, Richard Craig
Sauls, Charles Goddard
Scheider, Charles Albert
Schweizer, Edward S.
Scott, Patrick R.
Seaman, Richard Ernest
Shaffer, Lloyd Eugene
Shanton, John
Sheffield, Brian E.
Shelby, David C.
Shenk, Robert Edwards
Shriver, Alan Merle
Silah, Robert Joseph
Silk, Brian Alan
Silkett, Charles R.
Simonic, Frank John, Jr.
Simpson, Douglas Kent
Siren, William H.
Skillman, Don K.
Slezak, David R.
Smith, Jessie Mack
Sneath, William E.
Sofge, Charles Theodore
Spencer, Donald Wayne
Stanley, Frank Steven
Stewart, James Lee
Stimis, John G.
Storc, John T.
Stout, Floyd Taylor, Jr.
Stucki, John Howard
Sweet, Charles P.
Tanner, David Edward
Taylor, Randolph Wayne
Temple, Paul H.
Thiel, Stephen P.
Thomas, William H.
Tietz, Robert Henry
Torok, Helmut Alexander
Tracy, Joseph Francis
Trammel, Robert B.
Trease, Charles Jackson, Jr.
Twombly, James Husted
Vanausdle, Larry R.
Vannata, Michael Robert
Vanzandt, Robert Duff
Ward, Ronald G.
Washbush, John B.
Weber, Jerry A.
Wheelin, Thomas Kerby
White, Michael C.
Wiita, Marlin Dale
Wilkes, Jerry Wright
Willard, David A.
Williams, David Lawrence
Williams, John Thomas
Willis, Clifton Fayne
Wilson, Earl R., Jr.
Wood, William Frederick
Woodrum, Thomas Ray
Yeend, George W., Jr.
Young, Gary William
Zickafoose, David Ralph

MEDICAL CORPS

Ahrens, Mario E.
Alvarez, Rosa Marina
Anderson, Daniel Stonewell
Banka, Robert P.
Bears, Rollin Ward
Bell, Robert B.
Berdecio, Eduardo Tavolara
Berry, Garland Lloyd
Beuttel, Stephen C.
Bohan, John Stephen
Broadman, Lynn Morris
Buckley, Thomas Patrick
Bumagat, Ferdinand M.
Burson, Freddy Earl
Callaway, Robert A.
Chambers, James Richard
Childs, Kenneth A.
Chinnapongse, Sangsiddhi
Coale, Thomas Warren
Coleman, Robert Mason, Jr.
Compagno, John
Curto, Frank S., Jr.
Danziger, Richard Ellis
Driver, James Robert
Eguiguren, Vicente Leonel
Emery, Jefferson Craig
Fawcett, Ronald Alan
Flowers, Neal Stewart
Fowler, James Thomas, III
Gamarra, Violeta R.

Gardner, Robert D.
Gilbert, Walter Livingston
Golden, Stephen M.
Goodreau, James Joseph P.
Grady, John Leo
Groff, Terry Robert
Groves, Robert M.
Handy, Richard Davis
Hargrove, Charles Benton
Harley, Earl Herberto
Hartman, David Scott
Hartzman, Robert J.
Hibbard, Blaine Zook, Jr.
Hirokawa, Ronald Hisao
Ho, Ben Tsunlin
Holmes, Christopher Kenneth
Horland, Allan A.
Hughes, Robert Edward
Huhn, Wolfgang Anton
Imes, Richard Kelly
Kerr, James H.
Khan, Farrukh Mahmood
Khaw, Noeline
Klayton, Ronald J.
Koskella, Kenneth Ray
Kossow, Alan S.
Krasner, Robert C. J.
Labowskie, Richard Joseph
Labrador, Augusto Navarro
Lee, Jong Kook
Legaspi, Amante G.
Lombardo, Joseph Vincent
Lynch, Donald Francis, Jr.
Mack, Gregory Robert
Mangrum, John Charles
Marusov, Paul Nicholas
Mazur, David Owen
Mehl, Raymond G.
Mewha, Malcolm Kent
Miller, William M.
Monninger, Hilmar Alex
Montalvan, Gonzalo F.
Moore, Thomas Benjamin
Mow, Ronald
Murphy, William R. C.
Nakahara, Hank Hidenobu
Nielsen, Peter Edward
Nirdlinger, Edwin Lars, II
Paras, Irish Crisanto
Pellegrini, Arthur E.
Rabalais, Robert Roy, Jr.
Rasmussen, Clyde Mervyn
Rentz, Turner Wayne, Jr.
Resnick, Jack S.
Rowley, William Robert
Ruiz, Hernan Gonzalo
Sachse, Hans P. E.
Sauer, Curtis Michael
Schneider, James Richard
Severson, Meryl A., II
Simmons, Leo B., Jr.
Sims, Kenneth Lee
Sluis, Joost
Song, Michael Francis
Spevack, Stanley Ted
Steir, Bruce S.
Swanson, George Charles
Sweet, Robert Michael
Tan Mariano
Thomas, William Joseph, Jr.
Thorp, James W.
Tibbits, Paul A.
Timmons, Robert William
Urban, Donald G.
Vanslyke, Gary
Varley, L. Winnie
Veach, Stephen Read
Ward, James Singleton
Webster, John Seabury
Westbrook, John Andrew
White, Thomas Eugene
Whittle, John Frederick
Williams, Norman Mason, Jr.
Wyre, Harry Wilmer, Jr.
Zaklynsky, Orest V.
Zumrick, John Lawrence, Jr.

SUPPLY CORPS

Beauchaine, Roger A.
Bunten, David R.
Canfield, Thomas Joseph
Gibson, Bobby Lee
Grumme, Ronald W.
Harless, Wayne H.
Ridgway, Evan Leon
Sutherland, Michael T.
Sutton, Richard Anthony
Wassenberg, Stephen R.

CHAPLAIN CORPS

Clift, Jame Conlan
Fitzgerald, John Buchanan
Fournier, Wilfred Donald
Greco, Robert John
Gunst, George A.
Harris, Donald
Hary, Melvin Joseph
Haskell, Peter Carl
Jones, Harry Thomas
Kieffer, Kenneth F.
Krulak, Victor Harold, Jr.
Lovejoy, Bradford
McCloskey, Joseph William
Noble, Charles Calvin, Jr.
Nobles, Bryant Reginald, Jr.
O'Brien, John M.
Rafnel, William Gordon
Ratcliffe, Howard Irving, Jr.
Rivi, Geno G.
Rozers, Theodore Jackson
Romano, Joseph E.
Snow, Edward Eugene
Spatorico, Joseph S.
Stanis, Leo Stanley, Jr.
Treibel, Albert Ronald
Vanfrank, Charles Phillip, Jr.
Visocky, Bernard Thomas

MEDICAL SERVICE CORPS

Anderson, Susan Hanauer

NURSE CORPS

Glass, Joan B.
Hicks, Patricia Frances
Muszynski, Elizabeth E.
Nelson, Anne Marie

EXTENSIONS OF REMARKS

A TRIBUTE TO NORMAN O. HOUSTON

HON. JULIAN C. DIXON
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. DIXON. Mr. Speaker, on Tuesday, October 20, 1981, California lost one of its most prominent native sons and Los Angeles, one of its most distinguished and outstanding citizens with the passing of Norman O. Houston. Chairman of the board emeritus of the Golden State Mutual Life Insurance Co., this gentle giant leaves a legacy that will undoubtedly be difficult to replace.

Widely respected for his acumen as a business pioneer, civic leader, and philanthropist, Norman O. Houston distinguished himself in all three areas during his lifetime. As one who greatly admired him and his contributions to the citizens of Los Angeles, I would like to take a moment to pay tribute to this exceptional human being.

In 1925, disillusioned with the glaring lack of first-rate insurance coverage for blacks in the California insurance market, Norman O. Houston with $15,000 and two associates, founded the Golden State Mutual Life Insurance Co. Housed in a one-room, rented office, the company thus became the first black owned and operated insurance agency to provide insurance coverage for minorities.

Endowed with a keen business mind and the vision that sacrifices were required if Golden State Mutual was to flourish, company agents began the practice of making monthly visits to clients to collect premiums, a policy still in effect today. Golden State Mutual blossomed and grew to what it is today, the largest black-owned enterprise operating in the Western United States.

Through the genius and perserverance of Norman O. Houston, Golden State Mutual today has some $3 billion worth of life insurance in force and boasts assets of $85 million. Licensed to operate in 20 States, the company employes more than 650 individuals providing service to policyholders out of 50 different office locations.

In 1980, after 25 years as chief executive officer and an active business career of 50 years, Mr. Houston retired from active GSM management and became board chairman emeritus, a position he held until his death at the age of 88.

For many, the awesome responsibilities inherent in the operation of an industry as diverse as the insurance business, would require more hours than the normally allotted 24—not Norman Houston. As a former president of the Los Angeles branch of the NAACP, presiding cochairman of the southern California regional board of the National Conference of Christians and Jews, member of Los Angeles' first Human Relations Commission and the first black member of the State Athletic Commission, Norman O. Houston always traveled the extra mile in the spirit of community service, with the citizens of Los Angeles as his primary benefactors.

Whether in the corporate board room or in Watts, his impact was profoundly felt by those around him. This impact is perhaps best described in an award presented to Norman in 1975 by the Brotherhood Crusade, a black charity organization in Los Angeles. The award cited Norman for his "achievements and strengths as a role model and touted him a pioneer institution builder in the black community." More importantly, though, it honored him as an example of what blacks can do.

Others recognizing Mr. Houston's significant contributions to the citizens of Los Angeles include: The National Conference of Christians and Jews who honored him with their Brotherhood Award; the U.S. Department of Commerce, which presented him their National Award for Achievement and, the Young Men's Christian Association which bestowed upon him its highest honor in naming him to the Golden Book of Distinguished Service.

Norman O. Houston established many firsts in his lifetime. Perhaps the most significant however, is that he always gave unselfishly of himself and dedicated his life to the theory that one man can make a difference. For those of us who had the privilege to know him, we mourn his loss.

For the family of this noble gentleman, may they take great pride and comfort in knowing that Norman O. Houston touched the lives of many and left a legacy that shall forever remain unsurpassed.●

BILL GREEN SALUTES YOUNG ISRAEL

HON. BILL GREEN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 5, 1981

● Mr. GREEN. Mr. Speaker, I would like a few moments today to congratulate the National Council of Young Israel on the momentous occasion of its 70th birthday.

I have the honor to represent the district in which this fine organization was founded and where its national headquarters is located. In 70 years of accomplishment, Young Israel has shown itself to be among the best of this Nation's voluntary community organizations. National Council of Young Israel is a lay organization, made up of synagogues and their concerned members. The council serves an educational purpose and reinforces the ties among Jews within the community, across the Nation and in Israel; it preserves and protects the religious and cultural rights of Jews through its legal activism; and it serves the community through its job programs, and senior and health care centers.

Seventy years ago, a group of 15 young men and women established the first Young Israel Organization in New York's Lower East Side. In its first few years, the fledgling organization's efforts were focused on providing public lectures and adult education classes. Over the years, however, as Young Israel's membership has grown from 15 to over 150,000 members, so has its role expanded. With its variety of services, national conventions, and regularly scheduled delegate meetings, the National Council of Young Israel rightfully takes its place among the most vital and valuable organizations today.

A major goal of Young Israel is bridging the gap between generations through the creation of youth clubs, Boy Scout troops, and college campus activities. Young Israel has also expanded its program to help serve people of all faiths and creeds. In fulfilling this goal, the organization created its own nonsectarian employment bureau in 1929. In its earliest days, the bureau helped those affected by the Depression, and later concentrated on helping returning war veterans, and various refugee groups.

In 1966, the Young Israel Employment Bureau received its first federally sponsored on-the-job training program. Although originally targeted for New York only, the project was so successful that it was funded to serve other areas and eventually helped initiate local CETA groups. Young Israel's job program has achieved an 80-percent rate of job retention for its trainees, 63 percent of whom are nonwhite, 100 percent of whom are disadvantaged, and who, through Young Israel's program, earn an hourly wage of

between $3.35 and $6. Over 5,000 young people in America have found jobs under the auspices of Young Israel's program.

Throughout its 70 years of existence, Young Israel has consistently shown its commitment to its original aims as stated in its constitution:

To foster and maintain a program of spiritual, social and communal activity towards the advancement and perpetuation of traditional Torah-true Judaism; and to instill into American Jewish young an understanding and appreciation of the high ethical and spiritual values of Judaism and demonstrate the compatability of the ancient faith of Israel with good Americanism.

In living up to these goals, Young Israel has fundamentally reshaped and reinvigorated the concept of a synagogue.

It is an honor to pay tribute today to the contributions and aspirations of Young Israel. Their 70th anniversary is a very happy occasion, and I am sure every one of my colleagues joins me in wishing this group continued growth and success in the years to come.●

BELL BROADCASTING—SILVER ANNIVERSARY

HON. GEO. W. CROCKETT, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, November 6, 1981

● Mr. CROCKETT. Mr. Speaker, on Saturday, November 7, one of Detroit's most prestigious minority owned and operated radio stations celebrates its 25th anniversary of service to the people of our community.

Bell Broadcasting Co., which was founded by two black dentists, began its operation of radio station WCHB in 1956, becoming the first black-built radio station in the country, and only the third black-owned station.

In the face of adversity, when black people were not considered serious contenders in the field of electronic communications, Dr. Haley Bell and Dr. Wendell Cox took the risk and, with the help and support of others in our city, began what is today a continuing source of pride in the Detroit broadcasting community. Along with its sister station WJZZ, Detroit's own jazz radio station, WCHB remains a key source of information, community involvement and entertainment for the people of Detroit.

I congratulate Bell Broadcasting Co. and its employees on their fine record of service to Detroit, and wish them many more years of success.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, November 10, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 12

9:30 a.m.

Banking, Housing, and Urban Affairs

To hold oversight hearings on the proposed pipeline transporting natural gas from the Soviet Union's Yamal gasfields to Western Europe, focusing on the role of U.S. export controls.

5302 Dirksen Building

Governmental Affairs

Permanent Subcommittee on Investigations

To resume hearings on international narcotics trafficking.

3302 Dirksen Building

Judiciary

Constitution Subcommittee

To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.

2228 Dirksen Building

Judiciary

*Criminal Law Subcommittee

To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.

5110 Dirksen Building

Labor and Human Resources

Labor Subcommittee

To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

10:00 a.m.

Armed Services Preparedness Subcommittee

To hold hearings on S. 1744, authorizing funds for fiscal year 1982 and 1983 for conservation, exploration, development, production, sale, and use of naval petroleum and oil shale reserve programs of the Department of Energy.

212 Russell Building

Energy and Natural Resources

To hold hearings on Senate Joint Resolution 111, consenting to an extension and renewal of the interstate compact to conserve oil and gas.

3110 Dirksen Building

Environment and Public Works

Nuclear Regulation Subcommittee

Business meeting, to mark up S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.

4200 Dirksen Building

Foreign Relations

To hold hearings on foreign aid and the proposed arms sale of F-16's to Pakistan.

4221 Dirksen Building

11:30 a.m.

Labor and Human Resources

Business meeting, to consider the nomination of William M. Bell, of Michigan, to be a Member of the Equal Employment Opportunity Commission.

424 Russell Building

2:00 p.m.

*Energy and Natural Resources

Business meeting, to consider pending calendar business.

3110 Dirksen Building

Environment and Public Works

Nuclear Regulation Subcommittee

Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.

4200 Dirksen Building

*Judiciary

Constitution Subcommittee

To resume hearings on S. 1730, revising certain provisions of the Freedom of Information Act by providing protectable interest in national security information, law inforcement investigations, business confidentiality, and personal property.

2228 Dirksen Building

Conferees

On H.R. 4209, appropriating funds for fiscal year 1982 for the Department of Transportation and related agencies.

S-126, Capitol

NOVEMBER 13

9:30 a.m.

Governmental Affairs

To hold hearings on S. 864, to require each Federal agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.

6226 Dirksen Building

Governmental Affairs

Permanent Subcommittee on Investigations

To continue hearings on international narcotics trafficking.

3302 Dirksen Building

*Judiciary

Agency Administration Subcommittee

To hold hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.

357 Russell Building

Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

10:00 a.m.
Foreign Relations
To resume hearings on the foreign policy and arms control implications of the President's strategic force modernization program.
4221 Dirksen Building

2:00 p.m.
Judiciary
To hold hearings on the nominations of Cynthia H. Hall, to be U.S. district judge for the Central District of California, Emmett R. Cox, to be U.S. district judge for the Southern District of California, John B. Jones, to be U.S. district judge for the District of South Dakota, Lawrence W. Pierce, of New York, to be U.S. circuit judge for the Second Circuit, and Clarence A. Beam, to be U.S. district judge for the District of Nebraska.
2228 Dirksen Building

NOVEMBER 16

9:30 a.m.
*Judiciary
Agency Administration Subcommittee
To resume hearings on S. 1775, revising certain provisions of the Federal Criminal Code relating to tort actions filed against the United States and Federal employees.
357 Russell Building

Judiciary
Courts Subcommittee
To hold hearings on S. 1529, proposed National Court of Appeals Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to mark up S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

1:30 p.m.
*Judiciary
*Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to continue markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

Finance
Social Security and Income Maintenance Programs Subcommittee
To hold hearings on the effect of current investment policies on social security trust funds.
2221 Dirksen Building

NOVEMBER 17

9:00 a.m.
Governmental Affairs
Oversight of Government Management Subcommittee
To hold oversight hearings on United States-Canadian trade policies, focusing on impact on border States' industries.
6226 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on international narcotics trafficking.
3302 Dirksen Building

Labor and Human Resources
To hold joint hearings with the Committee on Veterans' Affairs on the nomination of William C. Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.
4232 Dirksen Building

Veterans' Affairs
To hold joint hearings with the Committee on Labor and Human Resources on the nomination of William C. Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

1:30 p.m.
Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1538, authorizing funds for fiscal year 1982 for the Commission on Civil Rights, S. 1647, restricting the power of Federal courts in matters of court-ordered school busing, and S. 675, establishing a Federal Jurisdiction Review and Revision Commission.
2228 Dirksen Building

NOVEMBER 18

9:00 a.m.
*Select on Indian Affairs
To hold hearings on S. 1613, requiring the U.S. Court of Claims to consider the merits of certain claims filed by the Navaho Indian Tribe, alleging U.S. breach of legal and treaty obligations and S. 1468, designating a portion of land in Harney County, Oreg., to be held in trust for the Burns Paiute Indian Tribe.
1318 Dirksen Building

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international narcotics trafficking
3302 Dirksen Building

*Veterans' Affairs
To hold oversight hearings on the effects of the use of agent orange
1224 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to resume markup of S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and national harbors.
4200 Dirksen Building

Judiciary
Business meeting, to mark up S. 1630, reforming the Federal criminal laws and streamling the administration of criminal justice.
2228 Dirksen Building

2:00 p.m.
Environment and Public Works
Business meeting, to resume markup of S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

Finance
Estate and Gift Taxation Subcommittee
To hold hearings on S. 1430, providing that the election to use the alternate valuation date for the estate tax may be made on a return that is filed late, and S. 1487, allowing independent local newspapers to contribute corporate earnings into a trust to provide for prepayment of estate taxes.
2221 Dirksen Building

NOVEMBER 19

9:00 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on international narcotics trafficking.
3302 Dirksen Building

Labor and Human Resources
Business meeting, to consider the nomination of John R. Van de Water, of California, to be a member of the National Labor Relations Board.
4232 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of James E. Burnett, Jr., of Arkansas, to be a member and Chairman of the National Transportation Safety Board.
224 Russell Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to continue markup of S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and national harbors.
4200 Dirksen Building

Judiciary
Criminal Law Subcommittee
To resume hearings on S. 186, authorizing funds through fiscal year 1988 for the Department of Justice, to provide assistance to State and local governments for the improvement of the States criminal justice system.
2228 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on S. 312, a private relief bill.
357 Russell Building

2:00 p.m.
Judiciary
To resume oversight hearings on government merger policies.
2228 Dirksen Building

NOVEMBER 20

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Bobby Jack Thompson, of New York, to be Administrator of the U.S. Fire Administration, to be followed by hearings on the nomination of Robert M. Garrick, of California, to be a member of the Board of Directors of the Communications Satellite Corporation (Comsat).
235 Russell Building

9:30 a.m.
Rules and Administration
To hold hearings on the application and administration of the Federal Election Campaign Act of 1971, as amended.
301 Russell Building

2:00 p.m.
Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

NOVEMBER 23

9:30 a.m.
Select on Indian Affairs
To hold hearings on S. 1370, authorizing the Secretary of the Army to acquire such oil, gas, coal, or other mineral interest owned by the Osage Tribe of Indians necessary for the construction of the Skiatook Lake, Osage County, Okla.
5302 Dirksen Building

10:00 a.m.
Judiciary
*Immigration and Refugee Policy Subcommittee
To hold hearings on certain preference system provisions of the Immigration and Nationality Act (Public Law 94-571).
5110 Dirksen Building
Judiciary
Security and Terrorism Subcommittee
To hold hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 24

9:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1660, to validate certain oil placer mining claims in Hot Springs County, Wyo.
3110 Dirksen Building
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings on State implementation of Federal regulations, focusing on standards of the Resource, Conservation and Recovery Act.
3302 Dirksen Building

9:30 a.m.
Finance
Taxation and Debt Management Subcommittee and International Trade Subcommittee
To hold joint hearings on S. 1824, increasing the limit on reforestation amortization, and changing the funding source for the reforestation tax incentives trust fund from certain forest products tariffs to cutting fees from Federal timber sales; and to review several trade and tax issues relating to the forest products industry.
2221 Dirksen Building
Rules and Administration
To resume hearings on the application and administration of the Federal Election Campaign Act of 1971, as amended.
301 Russell Building

10:00 a.m.
Governmental Affairs
To hold hearings on the nomination of Frederic V. Malek, of Virginia, to be a Governor of the U.S. Postal Service.
3302 Dirksen Building
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building
Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education programs and the Comprehensive Employment and Training Act (CETA).
4232 Dirksen Building

2:00 p.m.
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States.
2228 Dirksen Building

NOVEMBER 25

9:30 a.m.
Veterans' Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
*Governmental Affairs
To hold hearings on proposed legislation requiring the Inspectors General of certain Federal agencies to periodically review their department's programs.
3302 Dirksen Building
Judiciary
*Juvenile Justice Subcommittee
To resume hearings on S. 1688, making it a Federal offense when a convicted criminal commits a series of crimes involving firearms, and S. 1689, providing that a convicted criminal sentenced to life imprisonment under State habitual criminal statutes be incarcerated in a Federal penitentiary.
5110 Dirksen Building
Judiciary
Security and Terrorism Subcommittee
To continue hearings to examine the presence of Cuban intelligence operations within the United States
2228 Dirksen Building

NOVEMBER 30

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on certain provisions of the Immigration and Nationality Act (Public Law 94-571), relating to the H-2 temporary worker programs and nonimmigrant programs.
2228 Dirksen Building

DECEMBER 1

9:30 a.m.
Agriculture, Nutrition, and Forestry
To hold joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building
Labor and Human Resources
To hold joint hearing with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

DECEMBER 2

9:30 a.m.
Agriculture, Nutrition, and Forestry
To continue joint hearings with the Committee on Labor and Human Resources on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building
Labor and Human Resources
To continue joint hearings with the Committee on Agriculture, Nutrition, and Forestry on S. 1442, revising and updating American food safety laws.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen Building

DECEMBER 9

10:00 a.m.
Energy and Natural Resources
Business meeting on pending calendar business.
3110 Dirksen building

DECEMBER 3

9:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market, focusing on the domestic coal transportation network.
3110 Dirksen Building

DECEMBER 4

9:30 a.m.
*Banking, Housing, and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of titanium.
5302 Dirksen Building

DECEMBER 8

9:30 a.m.
Environment and Public Works
To hold oversight hearings on the Endangered Species Act (Public Law 96-159).
4200 Dirksen Building

DECEMBER 10

9:00 a.m.
Judiciary
*Criminal Law Subcommittee
To hold hearings on S. 613, amending the Federal Criminal Code to revise the scope of, and penalties under the Hobbs Act, prohibiting interference with commerce by threat or violence.
2228 Dirksen Building

9:30 a.m.
Environment and Public Works
To resume oversight hearings on the Endangered Species Act (Public Law 96-159).
4200 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 23, 1982

11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

CANCELLATIONS

NOVEMBER 10

10:00 a.m.
*Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, establishing the National Nuclear Property Insurance Corporation, and providing supplemental insurance coverage for certain cleanup costs following damage to nuclear powerplants.
Room to be announced

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 18

10:00 a.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings to discuss the retention or destruction of certain Federal Government files.
2228 Dirksen Building

DECEMBER 1

9:30 a.m.
Labor and Human Resources
To resume oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

DECEMBER 2

9:30 a.m.
Labor and Human Resources
To continue oversight hearings to examine affirmative action regulations of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, November 10, 1981*

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
November 5, 1981.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Tuesday, November 10, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Lord God, we thank You that Your Spirit sustains from the first moment of life to the final day. As people meet the emotions of their lives, from the joy and satisfaction of success to the despair of broken hopes and diminished dreams, remind us, O Lord, of the encouragement that Your word provides each day. May Your promise of being with us until the end of the age, enable us to live with conviction and faith through the best and the worst of what is to come. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4792. An act to amend title 10, United States Code, to improve the military justice system.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills and a concurrent resolution of the House of the following titles:

H.R. 3455. An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes;

H.R. 4144. An act making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes; and

H. Con. Res. 106. Concurrent resolution to provide for the printing of the brochure entitled "How Our Laws Are Made."

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4144) entitled "An act making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATFIELD, Mr. MCCLURE, Mr. GARN, Mr. SCHMITT, Mr. COCHRAN, Mr. ABDNOR, Mr. KASTEN, Mr. MATTINGLY, Mr. JOHNSTON, Mr. STENNIS, Mr. ROBERT C. BYRD, Mr. HOLLINGS, Mr. HUDDLESTON, Mr. BURDICK, Mr. SASSER, and Mr. PROXMIRE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3455) entitled "An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TOWER, Mr. THURMOND, Mr. WARNER, Mr. HUMPHREY, Mr. COHEN, Mr. STENNIS, Mr. HART, Mr. JACKSON, Mr. CANNON, and Mr. EXON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 815) entitled "An act to authorize appropriations for fiscal year 1982 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to authorize appropriations for fiscal year 1982 for operations and maintenance expenses of the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1982 for civil defense, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendment of the Senate to the amendments of the House to the bill (S. 999), "An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 778. An act to amend Public Law 96-36 to authorize additional funds to plan for the development of the area south of the original Smithsonian Institution Building, adjacent to Independence Avenue at 10th Street SW., in the city of Washington.

RENEWABLE RESOURCES RECOVERY ACT OF 1981

(Mr. AUCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.

Mr. AUCOIN. Mr. Speaker, today I am introducing emergency legislation granting new powers to the Secretary of Agriculture to save lumber and plywood mills which are now threatened by a wave of bankruptcies brought on by chronic high interest rates.

We all know that soaring budget deficits, and massive Federal borrowing to cover the deficits, drives up interest rates. Over the next 6 months, the Government will be borrowing $78 billion, or about half of all the capital available.

Now the American people are now being told by the White House that the administration is giving up on its promise to balance the budget by 1984 in order to protect outlays for history's largest tax cut and the most rapid, expensive military buildup since World War II. Well, Mr. Speaker, balancing the budget cannot wait. For Oregon and the Northwest, postponing what has to be done spells economic disaster. It also makes enactment of the bill I am introducing today more urgent than ever.

Less than a month ago, many of my colleagues from the Northwest participated in a special order detailing the economic devastation in our region caused by high interest rates. Our conclusion, and I am sure that of anyone who listened to the remarks of our colleagues, is that our region is already in a deep recession.

While the Washington Post reports that some Republican political strategists worry about what 8 percent unemployment will do to their party's electoral chances next year, the State of Oregon faces 13 percent unemployment within the next 2 months. Thirteen percent, Mr. Speaker, and in some Oregon counties unemployment

is near 20 percent. At the end of October, fully 60 percent of Oregon's millworkers were either working short shifts or were out of work altogether.

The crisis is not confined to Oregon. The Western Wood Products Association has just reported that for the week ending October 31, 61,788 workers, or 61 percent of the 102,000 sawmill employees in the western lumber industry, were either unemployed or working curtailed shifts. Of the 756 sawmills in the West, 257 were closed and 247 were operating at curtailed levels. Mr. Speaker, that is simply unacceptable and the problem is only going to get worse.

There is more than just an unemployment problem which has compelled me to introduce this bill, although that alone is reason enough to act.

The past few years have seen a dramatic increase in the price of timber sold by the Forest Service—a phenomenon dubbed "preemptive bidding." This increase in stumpage prices, a tenfold increase over the last decade, has occurred at the same time that lumber prices—finished prices—have plummeted because of the lack of housing starts caused by high interest rates.

For those timber operators in Oregon and the Pacific Northwest who are dependent upon Federal timber sales, the choices have been these: Either continue to bid in a speculative market and to hold timber that, if milled and sold, will be sold at a substantial loss, or refuse to enter the preemptive bidding wars and find themselves timber short. Anyone who knows the timber industry understands that it is imperative to have at least a 2-year inventory of timber at a mill.

My bill grants the Secretary of Agriculture certain emergency authorities designed to slow down the speculative merry-go-round in an effort to give the market a chance to lower the average price of stumpage. My bill authorizes the Secretary to do the following:

Cancel contracts without penalty, but a buyer with a canceled contract could not rebid that sale;

Adjust the termination date of existing contracts;

Require a 10-percent downpayment on a new timber sale if that purchaser has another sale with an adjusted termination date;

Instigate a study to determine whether or not countervailing duties should be imposed on Canadian wood products; and

Hold hearings on whether the indexing of stumpage prices to finished prices should be allowed in western Oregon and western Washington.

These authorities would expire on December 31, 1983.

Mr. Speaker, if all of these steps were taken today, there would still be some timber operators forced out of business. This bill needs to be enacted, nevertheless, so the Nation will have the necessary mill capacity to meet the projected demand for housing in the future. If people think housing is expensive today, just wait until only the giants of the industry are the only ones with capacity.

The timber industry is a complicated mix of large firms, co-ops, and small firms. Some have their own land, others do not. But the timber industry has been efficient because of the mix which has been achieved through competition. To wipe out a substantial portion of that mix will guarantee unprecedented economic concentration which will make housing in the future prohibitive.

Mr. Speaker, I would be remiss if I did not comment on the latest action by the administration with regard to the Forest Service's extension policy.

Assistant Secretary John Crowell recently announced that the Forest Service would extend timber sales contracts and change the terms under which new timber sales are sold. The altering of the extension policy is like applying a Band-Aid to stop arterial bleeding.

Even worse is Mr. Crowell's idea to require up-front money on all new timber sales. This would drive another nail in the coffin of the small timber operator and help only the larger timber companies.

The purpose of my bill, over the short term, is to avert more shutdowns, to give some breathing room to the small operators so that more Americans do not lose their jobs. For the longer terms, its purpose is to maintain mill capacity so that when the housing market does rebound there will be sufficient manufacturing capability to meet demand.

LEGISLATION INTRODUCED TO AUTHORIZE AND DIRECT THAT "TAPS" BE PLAYED EACH EVENING AT VIETNAM VETERANS MEMORIAL

(Mr. LONG of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LONG of Maryland. Mr. Speaker, today I am introducing a bill, with 36 sponsors, to authorize and direct that "Taps" be played every evening at sunset at the Vietnam Veterans' Memorial when it is completed in Washington, D.C.

A similar measure is being introduced today in the other body by Senator JOHN DANFORTH of Missouri.

Why play "Taps" at this memorial?

"Taps" is a Civil War tune, composed by Maj. Gen. Dan Butterfield of the Army of the Potomac at Harrison's Landing, Va., in the Peninsular Campaign in July 1862.

The bugle call was used not only at day's end (in place of the French "lights out" and the British "Tattoo") but as a mark of respect at funerals in that same month—when a battery of Union artillery hidden in a forward position could not—for fear of discovery—fire the customary three rounds over the grave of a comrade. Historians differ as to which of the batteries under Butterfield's command is due the honor—but the tradition of "Taps" as honor to fallen comrades was then born. By 1874, "Taps" had been incorporated into the Infantry drill regulations of the U.S. Army.

The Civil War, which gave birth to "Taps," was the only conflict as divisive to this Nation as Vietnam. Even in the Civil War, the Union veterans were honored by the National Government, the Confederate veterans were granted amnesty, and those who fought for their nations—on both sides—were, and still are, honored by their families and neighbors.

Why a constant reminder—the playing of "Taps" every evening?

Our Vietnam veterans have had to pay constantly the price of rejection caused by doing their duty. One Baltimore veteran said of the welcome accorded the hostages from Iran:

> When we came home, there was no brass band. The only thing ever thrown at us was insults.

One of the hostages pointed out:

> We aren't heroes. We were just doing our job. The guys from Vietnam deserve this (welcome). They didn't get it.

At a military construction appropriations hearing, discussing the quality of life for our soldiers, sailors, and airmen, Maj. Gen. R. Dean Tice, Deputy Assistant Secretary of Defense for Military Personnel Policy, told the subcommittee:

> It (quality of life) doesn't always have to be a facility; it doesn't always have to be pay. The * * * recognition by fellow citizens is very important to each and every one of us (in the military) * * *

We are asking young men—and young women—to volunteer to serve, for admittedly low pay, for less than outstanding working terms and conditions, with the ever-present risk that they will die in the line of duty. When these young people see the rejection and distaste accorded Vietnam veterans, when they see the lack of public national respect for those who fell in Vietnam, how can we expect them to sign up?

Salaries are small. Honor and recognition may be the only reward these people get. Vietnam veterans deserved it and until now have not gotten it. My resolution, which has 36 sponsors from 19 States and both parties already, would be one more step toward proper respect for and recognition of those who served in Vietnam.

A TIME FOR PRESIDENT REAGAN TO KEEP HIS PROMISE

(Mr. LEVITAS asked for and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, many of us in this body have long believed that a balanced budget is absolutely essential if we are to fight the ravages of high interest rates and high inflation. Therefore, it is a matter of great concern to hear the announcements of the dismal performance of the economy, and to hear that President Reagan's promise of a balanced budget by 1984—or was it 1983—is not to be attained.

I remember—although some people have forgotten—the administration's economic projections last spring that we would achieve by next year if we enacted the economic recovery program—which we did right down the line. Those have literally gone with the wind. Before the vote on the tax cut, I had the opportunity to discuss the matter with President Reagan, and he told me at that time—and at the time I quoted in the CONGRESSIONAL RECORD, his response:

I asked him: Suppose your economic projections are not met; should we not have economic triggers tied to the economy's performance that will do something about making certain we avoid high inflation, that we avoid high interest rates and that we do achieve a balanced budget?

President Reagan told me at that time, and I then quoted it in the RECORD, that in the event there are economic problems, if the economic recovery had not occurred by the third year, he would come to Congress with proposals which would raise the revenues, if necessary, or take other actions to rectify the problem, and to avoid the potential deficit, interest, and inflation problems.

The recession is on us. Interest and inflation is high. The deficit is growing. The time is here for President Reagan to take the steps he said he would. This should not be a partisan issue. Too many people have so much at stake that we should put America above posturing and partisan politics. We really need to turn the economy around and not just talk about it.

ADMINISTRATION OFFICIALS STACK SOCIAL SECURITY COMMITTEE OF WHITE HOUSE CONFERENCE ON AGING

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. VENTO. Mr. Speaker, on Friday, the Select Committee on Aging had a meeting with the Secretary of Health and Human Services, Richard Schweiker, to try and clear the air with respect to the problems that have developed concerning the planned White House Conference on Aging in late November and early December. Frankly, I think many of us were dismayed at the conduct of the Republican National Committee Chairman, Mr. Richard Richards, in obtaining a list under rather curious circumstances from the Secretary of Health and Human Services, an incomplete list though it may have been, and then conducting a survey of the delegates with the obvious purpose of influencing the outcome of the White House Conference on Aging. Importantly, no other group was given that list until it was divulged that the Republican National Committee had received it.

In any event, this Friday meeting was intended to clear the air with regard to the Secretary of Health and Human Services and what his intent was. It sincerely is my hope, and I think the hope of all Members that are concerned about the conduct of the Republican National Committee, that we could go forward with regard to a successful White House Conference on Aging. I think it comes at a very critical time, when many problems exist of special interest to older Americans.

In any case, during the course of the discussion, we raised additional concerns about the participants' rights and the disarray surrounding the conference. I hope that the Secretary will take these concerns to heart. I believe he is sincere in his willingness to listen, and that he really does want a successful conference, but I think our concerns are legitimate, and I hope they will be rectified so that this conference goes forward successfully.

Mr. Speaker, the following UPI story reflects some of my specific concerns and that of others. Hopefully, Secretary Schweiker will respond positively:

WASHINGTON.—Administration officials stacked the Social Security Committee of the White House Conference on Aging to squash criticism of President Reagan's proposed benefit cuts, a Democratic Congressman charged Friday.

Representative Bruce Vento, D-Minn., made his accusation at a hearing of the House Select Committee on Aging shortly after Health and Human Services Secretary Richard Schweiker denied trying to pack the conference with last-minute delegates who would support the President.

Some delegates to the conference, which begins November 30, have charged the Reagan administration with trying to pack the meeting with last-minute delegates and organize procedures to end criticism of the President.

The critics include the leadership council of aging organizations, representing the Nation's major elderly groups, which wrote Schweiker of its concern over the "drift toward a one-sided, tightly controlled conference."

Vento said the Social Security Committee's Staff Director will be Michael Boskin, a conservative economist who favors benefit reductions. "Staff shouldn't end up being advocates," Vento said.

Schweiker replied that Robert Ball, a former Social Security Commissioner and active critic of Reagan's proposed cuts, is also a conference delegate. "You'll have him as a conference delegate to be an advocate," he said.

Ball is not on the list of Social Security Committee members, Vento answered, adding, "We're wasting some of the best resources we have" if he is excluded.

Schweiker said 95 percent of the conference delegates were given their first choice of committee assignments, via computer matching. Vento urged Schweiker to account for "human" factors.

Vento said he hoped, "If you're going to have an advocate for one particular viewpoint . . . You will make a good effort to provide someone with a different perspective."

Schweiker also defended himself against charges of trying to pack the conference, saying of the 2,200 delegates, only 400—or 18 percent—were named by the administration.

He said he kept several Reagan critics on the Conference Advisory Committee, all of whom he could have fired.

Schweiker was also questioned about why he provided a list of the committee delegates in September to the Republican National Committee, which later used them for a survey of delegates, but other groups that had requested lists were refused.

Schweiker said he did not realize until the Aging Committee's October 22 hearing that others had been refused lists, and he said they were mailed to 40 groups the next day.

The committee released a letter to Schweiker, signed by members of its Democratic majority, urging administrative changes to insure fairness, including allowing delegates to vote on rules.

Rules proposed by the Reagan administration's conference staff would allow only one final vote on the conference recommendations, which critics say would quash debate on individual issues. "I will consider that," Schweiker promised.

Many of the same recommendations were made in a letter to Schweiker last week by the leadership council.

The letter said the aging groups are disturbed by the GOP poll and by the "apparent drift toward a one-sided, tightly controlled conference where those holding views that differ from the administration's will be excluded from any visble opportunity to express those views."

They also urged that Reagan issue a statement calling for "open, unfettered debate."

CONCURRENT RESOLUTION ON THE FEDERAL RESERVE BOARD

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, I rise today to submit a concurrent resolution which expresses the sense of Congress that small businessmen and farmers deserve representation on the Federal Reserve Board. These last few years, Mr. Speaker, have been the worst in my memory for farms and small businesses; not just in my con-

gressional district, where I have seen their problems firsthand, but throughout the country. Bankruptcies have climbed to record highs. Longstanding family businesses and farms have been liquidated or sold piecemeal in a losing battle against depressed commodity prices, high interest rates, and increased operating costs.

The cause of this situation is not the failure of these independent entrepreneurs to produce a competitive product, nor is it foreign competition, nor is it the weather (though these may contribute to their problems); rather it is the failure of the institutions of this country to provide them with the necessary tools to create a proper business climate. If there ever was a time for our institutions to be sensitive to the needs of the small businessman or farmer, it is now.

One institution where immediate action can be taken to insure sensitivity to small business is the Federal Reserve Board. Actions of the Board have a dramatic impact on interest rates and the availability of credit at reasonable terms to the various sectors of our economy. Our farms and small businesses depend on this credit for their survival yet, incredibly, they have been unrepresented on the Federal Reserve Board for more than 20 years. I call to the Members' attention the fact that a vacancy will occur on the Board on January 31, 1982, and I hope that you will join me in urging the President to nominate for appointment an individual with a background in small business or farming.

What I am asking for in this concurrent resolution is already provided for by law. In fact, the Federal Reserve Act makes it clear in section 10 (12 U.S.C. 241) and I quote, "In selecting the members of the Board, not more than one of whom shall be selected from any one Federal region, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests and the geographical divisions of the country." Our predecessors knew what they were doing. As precise as computer calculations and statistical formulas may be, the country's monetary policy still requires the human touch, tempered by a wide variety of experience as represented on the Board.

A STRANGE KIND OF COWBOY IN THE HOUSE OF REPRESENTATIVES

(Mr. SOLOMON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SOLOMON. Mr. Speaker, some in this body have referred to President Reagan as a cowboy because he enjoys horseback riding and the out-of-doors. In fact, the President has been quoted as saying that "there's nothing better for the inside of a man than the outside of a horse." I suppose that does make the President somewhat of a cowboy.

Unfortunately for the older and retired Americans in this country, there is a different kind of cowboy in the House of Representatives. The cowboys here are in the Democratic leadership and they do not ride horses. Rather, they prefer strapping a saddle of false hopes and fears on the backs of this Nation's old and aged, and plan to ride them to victory in 1982. The saddle they are cinching upon the old is a saddle consisting of false assertions of a sound social security system, devious Democratic Party fundraising letters, and a gag order on the Social Security Subcommittee and its chairman.

To paraphrase the President, apparently the Democratic leadership feels "there's nothing better for Democratic hopes in 1982 than instilling false hopes and fears in the old of America." I would suggest to the Democratic leadership that they take off their spurs and join with us in trying to solve the problems of social security instead of burdening the old with a political saddle with the intention of galloping to victory in 1982.

LEGISLATION INTRODUCED TO AMEND ENERGY POLICY AND CONSERVATION ACT

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I have today introduced legislation to amend the Energy Policy and Conservation Act to provide for a comprehensive evaluation of the effects of acquisitions of domestic petroleum companies by major international energy concerns—on the exploration, development, production, refining, transportation, distribution, and marketing of domestic petroleum supplies, and to impose a moratorium on such acquisitions pending completion of the consideration of evaluation.

The purpose of this legislation is to address the problem of takeover attempt—unfriendly takeover—of Marathon Oil Co. in Ohio by the Mobil Oil Co., and to point out in that period of moratorium the fact that Marathon is a company that has done for the most part precisely what our national policy would like to have them do. They have invested in domestic oil resources. They were caught up in the entitlements process of the Emergency Petroleum Allocation Act because their domestic oil resources were priced low, and yet they were getting a high price for their produced product, and then they were obliged to give their profits to companies that had foreign investments; and so their stock has been undervalued as a result.

They have now continued to invest in finding additional oil. They have found it, but it has not come into production yet, so their stock is undervalued.

Finally, they have put their resources into modernizing of refineries so that we can get more high quality products, and as a result, the stock is undervalued.

Now, they have been the target of a takeover attempt, and largely because of the previous national energy policy devised in this Congress and passed by previous administrations. It is my hope, Mr. Speaker, that as a result of this moratorium, we will see the administration look carefully at the responsibility that this National Government has in the whole Mobil-Marathon controversy.

UNFAIR CRITICISM OF PRESIDENT REAGAN

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, it does appear day after day, as we sit here and listen to some of the comments being made by Members of this House, that our memories are awfully short. Perhaps that is by mistake, perhaps that is intentional. Nonetheless, it is bemusing that some would come here and criticize this President for evidently not doing enough to balance the budget; some from the other party would criticize him for giving up on that most cherished of all goals, but I remember just a few years back—in fact, the 1976 Presidental election—when the then-sitting President, President Ford, was criticized by leaders from that side of the aisle for bringing down veto after veto because we had excessive Government spending. In this body the majority was able to override his veto on a regular basis, and criticize him for being cruel and heartless, for not spending enough of the taxpayer's money on those programs that we in our infinite wisdom had designed for their benefit.

Now we see, as this President struggles mightily to bring those costs of Government down, he is attacked on the one hand for being cruel and heartless, for trying to cut some of these programs, and on the other hand for not doing enough to balance the budget. I would suggest, Mr. Speaker, that you cannot have it both ways. Either you attempt to support the President in his efforts to bring spending down and join with him in that effort, or you quit carping from the sidelines and criticize him because, unfortunately, he cannot control this

House and cannot by fiat decide in fact how we can bring that spending down.

□ 1215

NATIONAL DISABLED VETERANS WEEK

(Mr. JOHNSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOHNSTON. Mr. Speaker, I am pleased to join Congressman BADHAM in introducing a resolution to declare the week of November 7 through November 13, 1981, as "National Disabled Veterans Week."

Mr. Speaker, tomorrow we celebrate Veterans Day—this day perhaps more than any other—brings together the people of our Nation in recognition of the men and women who have served us in time of war. We have made a commitment to those who have made this special contribution and we must insure that it is honored.

The disabled veteran is one of special concern to me. These men and women have sacrificed and suffered for the well-being of our country far more than we can ever compensate for. We can continue, and should, to protect their interest through VA administered programs and benefits, but we will never be able to fully repay them for their sacrifice.

Mr. Speaker, as every Member of this Chamber knows, we have overwhelmingly passed, and had signed into law, legislation directly benefiting the disabled veteran. We have provided service-connected disability benefits for former prisoners of war who suffer from psychosis and any anxiety state; we have increased disability by 11.2 percent; we have increased the automobile allowance for certain service-connected disabled veterans from $3,800 to $4,400 and extended the eligibility for automobile adaptive equipment when a service-connected disabled veteran would otherwise be impaired to drive; we have increased the specially adapted housing assistance grant from $30,000 to $32,500; we have authorized priority health care to certain Vietnam veterans exposed to agent orange and radiation at Nagasaki and Hiroshima along with subsequent nuclear testing; and, we have extended the veterans' readjustment appointment authority for eligible disabled veterans. Mr. Speaker, this was all accomplished within the reigns of the fisal year 1982 budget for the Veterans' Administration. I must commend Congressmen MONTGOMERY and HAMMERSCHMIDT for their leadership in seeing this legislation through the House of Representatives and working closely with the Senate to insure that it passed the other Chamber.

Now we are proposing to devote 7 days to the disabled veteran—let us reward their service by unanimously passing this legislation. Mr. Speaker, I am proud to ask my colleagues to join me in cosponsoring this resolution and urge its speedy approval.

APPOINTMENT OF CONFEREES ON H.R. 4522, DISTRICT OF COLUMBIA APPROPRIATIONS, 1982

Mr. DIXON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4522) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, appoints the following conferees: Messrs. DIXON, NATCHER, STOKES, WILSON, LEHMAN, WHITTEN, COUGHLIN, GREEN, PORTER, and CONTE.

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
November 10, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 5:00 p.m. on Friday, November 6, 1981 and said to contain a message from the President wherein he transmits the fifth special message for Fiscal Year 1982 under the Impoundment Control Act of 1974.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

NINE DEFERRALS AND ONE PROPOSAL TO RESCIND BUDGET AUTHORITY AMOUNT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-106)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report nine deferrals totaling $132.0 million and one proposal to rescind $20.5 million in budget authority previously provided by the Congress.

This group of deferrals constitutes the final in a series of actions taken to restrain spending of funds made available by the Continuing Resolution, P.L. 97-51. As I stated in my special messages of October 20, 23, and 29, these actions are not only in accord with Congressional intent to view the amounts provided by the Resolution as a ceiling, but are also necessary to preserve the Congress' options to enact regular appropriations consistent with my revised budget request levels for fiscal 1982.

Deferrals under the Continuing Resolution are included in this special message for the Departments of Agriculture, Health and Human Services, and Transportation.

I am also proposing to rescind advance 1983 funds for the Corporation for Public Broadcasting.

The details of the rescission proposal and the deferrals are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *November 6, 1981.*

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3269, MALT BEVERAGE INTERBRAND COMPETITION ACT

Mrs. FENWICK. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of the bill, H.R. 3269, the Malt Beverage Interbrand Competition Act.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

THE EVIDENCE SHOWS THAT REAGANOMICS IS WORKING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. HILER) is recognized for 60 minutes.

Mr. HILER. Mr. Speaker, over the last several weeks we have increasingly been reading in the press and we have been hearing from our colleagues on the other side of the aisle that Reaganomics is not working, that the Republicans are the party of high interest rates, and that inflation is not coming down and that there is no productivity.

Mr. Speaker, that is exactly the opposite of what is happening. We have here a few figures which I think the Members will find very enlightening.

In 1976, in the last year of a Republican administration, under President Ford, the inflation rate by the con-

sumer price index was but 4.8 percent; by 1977 it had climbed to 6.8 percent, by 1978 it had climbed to 9 percent, by 1979 it had climbed to 13.3 pecent, and by 1980 it had reached 12.4 percent. In 1981 it is expected that the inflation rate will end up being about 9.5 percent, and in 1982 it will drop further, into the low 8's or the high 7's.

That is a dramatic change in direction from the direction we had been going in over the previous 4 years of rapidly rising inflation rates. We have turned the corner, and inflation has started to come down.

If we look at productivity, we see that over the last 4 years productivity has had an absolutely abysmal record. In 1976, the last year under a Republican administration, productivity, as measured by output per hour, had climbed by 3.3 percent; in 1977 productivity only increased 2.1 percent; in 1978 we had a negative productivity growth of minus 0.2 percent; in 1979 we had a negative productivity growth of minus 0.3 percent; and in 1980 we had a negative productivity growth of minus 0.2 percent. It is projected that for 1981 productivity will grow by 1.4 percent. This is the first year in 5 years that productivity has grown and not gone down. That is a dramatic turnabout in productivity.

The Republicans are quite often right now accused of being the party of high interest rates. That is just not the case at all. If we look at what happened to interest rates in the last 5 years, we find that in 1976 the average 3-month Treasury bill rate for the calendar year was 5 percent; in 1977 the average rate was 5.3 percent; in 1978 the average rate was 7.2 percent; in 1979 the average 3-month Treasury bill rate was 10 percent; in 1980 the average 3-month Treasury bill rate was 11.5 percent; and on January 1, 1981, the 3-month Treasury bill rate was 14.7 percent. Under the last auction that came out yesterday, the 3-month Treasury bill rate had fallen to 11.1 percent. For the first time in 5 years we see the Treasury bill rates going down, not going up.

If we look at the real gross national product growth, we see that in 1976 real GNP climbed to 5.4 percent; in 1977 the real GNP growth climbed 5.5 percent; but from that point on, GNP went down in terms of growth rates: 4.8 percent in 1978; 3.2 percent in 1979; in 1980, a negative rate of 0.2 percent. It is projected that in 1981, the year we are in now, we will have a real GNP of 9.1 percent. Once again, for the first time in 5 years, real GNP is on the climb and not going down.

I would like to refer you to the following chart which summarizes my remarks:

[In percent]

	Ford 1976	Carter 1977	Carter 1978	Carter 1979	Carter 1980	Reagan 1981
Inflation rate	4.8	6.8	9.0	13.3	12.4	[2] 9.5
Interest rates (3 month T-bill average)	5.0	5.3	7.2	10.0	14.7	[2] 11.2
Prime rate	6.8	6.8	9.0	12.7	[1] 15.3	[2] 17.0
Productivity (output/hour)	3.3	2.1	−.2	−.3	−.2	[3] 1.4
Real GNP growth	5.4	5.5	4.8	3.2	−.2	[3] 1.9

[1] As of Jan. 1, 1981, 21.5 perecnt.
[2] As of Nov. 10, 1981.
[3] Estimated.

Source: Council of Economic Advisers, Economic Indicators, October 1981, prepared for the Joint Economic Committee.

Mr. COATS. Mr. Speaker, will the gentleman yield?

Mr. HILER. I am happy to yield to the gentleman from Indiana.

Mr. COATS. Mr. Speaker, I wonder if the gentleman would put that chart of interest rates back up there.

We seem to be operating under the misconception that high interest rates are the cause of Reaganomics, but when we look at this chart on interest rates, we see that just the opposite is true. It looks like high interest rates are the cause of Carternomics.

I believe the figures for the prime rate, when our previous President assumed office in 1976—in other words, speaking of what he inherited from Jerry Ford, the past Republican President—show a prime of 5¾.

Do I read that right? When President Reagan was inaugurated, what was the prime at that time? In other words, what did the President inherit from Mr. Carter?

Mr. HILER. Mr. Speaker, this chart shows the average 3-month Treasury bill rate, but I think the gentleman brings up a good point about the prime rate.

Mr. COATS. Yes; what was the prime at the time?

Mr. HILER. In 1976 the average prime rate for the year was 6.84 percent; in 1977 the average prime rate was 6.83 percent, in 1978 the average prime rate was 9.06; in 1979 the average prime rate was 12.67 percent; in 1980 the average prime was 15.27 percent; and on the first day of January this year, 20 days before the President took office, the prime rate was 21.5 percent. The prime rate today is 17 percent.

We have seen a dramatic change of 4½ percentage points. We can see this with Treasury bill rates, and we can see it with the prime rate as well.

Mr. COATS. Mr. Speaker, I think the chart and these statistics, which are irrefutable, present quite a different picture than what I read every morning in the newspaper and what I see on television, that somehow high interest rates are the fault of the Reagan policies. This very clearly demonstrates it is just the opposite.

Mr. HILER. That is clearly the case. And I think if we wanted to make a real case, the President's program has just started to take effect in the last 40 days, and in just 40 days, as in the 11 months the President has been in office, we have seen a dramatic turnaround in the major economic indicators, in interest rates, inflation rates, productivity, and real gross national product growth.

Mr. COATS. I think it is a dramatic change in the right direction, and that is what I think the people called for last November, a movement in a different direction. This very clearly demonstrates that we are moving in that direction.

Mr. HILER. There is no question about that.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. HILER. I am happy to yield to the gentleman from California.

Mr. LUNGREN. Mr. Speaker, I want to thank the gentleman for bringing these statistics to the attention of this body.

It seems to me that quite often in this House we talk about what is happening today. Occasionally, we talk about what happened yesterday, but rarely do we talk about what happened last month or what happened last year. Certainly, if it is to our political advantage, rarely do we talk about what happened when we were in control.

One of the difficulties it seems that many people are having is creating an historical perspective in order to evaluate today's economic circumstance.

I think the gentleman has shown in graphic detail the fact that we not only have to look at where we are today but we have to see where the trends are going. If one would, for instance, take the interest rate graph that is pictured there and suggest that perhaps interest rates to an economy relate much like a fever relates to a disease in the body, one would say that we have broken the fever, and if one is taking care of a patient who is ill, one looks for a break in the fever as one of the several indications that in fact the body is getting healthy, not that the body is entirely healthy but that trends, if you will, physiological trends, are going in the right direction.

I happen to think that when we come here and listen to those who would suggest, as was mentioned before, that the interest rates being at 17 points—that is, the prime—are the direct result of the Reagan administration, we should say two things: Yes, they are, No. 1, but, No. 2, where would they have been had it not been for Reaganomics?

If we want to look at what happened as a predictor of what will happen in the future, it seems to me one ought to look at what the Carter administration in control of the party—their party being in control of both the

Senate and the House—was able to do and what they were able to do to us or for us, if you will, over their 4-year period of time.

□ 1230

If anyone would look at those interest rates, they would see that the interest rates virtually tripled over a 4½-year period of time. As a matter of fact, had President Ford suggested in 1976 that "If you elect my worthy adversary, I will tell you that in four years he will manage to triple interest rates," we would have heard tremendous screams around this Chamber that President Ford was being unfair, that he was talking through his hat, that he was suggesting that certain hobgoblins of economic activity would take over and take what was basically a healthy economy at the time and throw it into a trash basket.

No one even asserted that. If one were to suggest in 1976, with an inflation rate of 4.8 percent, that we would manage, under the careful control of the majority party in the Senate and the House and controlling the White House, that somehow they would be able in a short period of time to bring us from 4.8 percent inflation rate up to double-digit inflation, and, in some cases, fear of going to 20 and 30 percent, again you would have been accused, at the very least, of political hyperbole, exaggeration, demagoguery even. Maybe we should have engaged in a little bit of that 4 or 5 years ago. But I am afraid if we had, people would have said:

"Now, listen, you cannot do that. Let us be reasonable. We are going to take control, after the Republicans have been in control of the White House for two terms, and we are going to do what we think should be done to right the problems of the economy."

So what do we have? We have got interest rates going through the roof, we have got inflation rates going through the roof. And I think perhaps the most important and telling document that the gentleman has presented is the productivity chart. You do not have to be a Republican or a Democrat or a conservative or a liberal, or even an economist of much knowledge, to suggest that if we are going to right the economy, whatever ills we have in the economy, you have got to do things which result in some sort of positive growth in productivity.

That is particularly true as we move into a more competitive environment in the international marketplace. Everyone here is for productivity. To be for productivity is to be for motherhood, for apple pie and the American flag. I have yet to hear anyone on the floor of the House say that we are not for productivity growth. Nor do I think anybody in his right mind would not be. So we are all for it. The question is: How do you get it?

Now, it seems to me that those who are criticizing what this administration is attempting to do have the burden of proof of showing and establishing with some certainty, No. 1, that what is going on now is not working; and No. 2, that they have a better idea.

Now, what better way to judge their idea than to look back on their track record? And all we have to do is to see that in a period of 4½ years they were able to bring us from productivity growth in a positive sense from 3.3 percent down to 3 consecutive years of negative productivity growth. Frankly, I think only economists can figure out what negative productivity growth means. To most of us, that is a contradiction, because we know it means it is going down rather than up.

Now, we had three years of that. I would like to see someone who is now criticizing this administration—in fact, I think we ought to challenge the leadership of the other side—to come to the floor and show us how that track record is one that they can be proud of and, No. 2, how they were going to arrest that trend.

I have sat here day after day or in my office listening to the 1 minutes and the special orders and the special time taken toward criticism of the administration, and I have yet to hear one new idea different from what they did in the previous administration.

That being the case, it seems to me that they have got to accept those figures and, somehow, show us why 3 years of back-to-back negative productivity growth are preferable to what we are having now. And now, even as we are in a period of time that the President has referred to as a recession—a simple economic definition is two consecutive quarters of negative GNP growth—even taking that into account, the Joint Economic Committee, which is not a Republican organization or a White House organization but a bipartisan operation of the House and Senate, has said in their most recent figures, "We will have productivity growth in a positive sense for this year."

Now when you have those figures, it seems to me you have to show, if you are going to criticize what we are doing now, how you do a better job. I have waited in vain to hear that. And I think the opposition has the obligation to try and present that to us, because one of the things that we owe the American people is that we are not here merely to mirror the public opinion for 1 second or 1 minute. Hopefully, we are here to extend some leadership and indicate to the American people that, since they have sent us here full time, and since we have staffs, and since we are presumably intelligent, we will take the time to look back into the figures and find out what the historical pattern has been so that we can make reasoned judgments about the future.

One of the things that probably all of this points up to is the real loss that the Washington community sustained when it lost the Washington Star. We at least during that period of time had an opportunity for some competition from one of the major media outlets in the United States, and particularly centered here in the U.S. Capital, to talk about some very different ideas and thoughts and particularly to at least give some notion of understanding to what this administration is attempting to do. I think that as we talk over the next few weeks and months to end this year, we ought to require that the debate be centered on the facts and the historical context of the economy and say:

Certainly, we are not satisfied with an inflation rate of 9½ percent, but we sure think it is preferable to 13½ percent. We are not satisfied with the prime interest rate of 17 percent, but it is sure better than 20 percent. We are not satisfied with a productivity growth figure of a little over 1 percent, but it is better than three years of negative growth.

Let us just try and focus the debate on what we are going to do to bring this country forward. One of the things that strikes me is that we do not really have an economic problem at the present time; we have a political problem. And a political problem is brought on by the fact that we have congressional elections next year, which require us sometimes to be so concerned about how the economy may appear precisely at one particular date, such that we jockey into position to take the best political advantage as we go into our reelection bids. And we all suffer from that problem.

I was speaking with a group of businessmen today, and they told me that there was a nationwide poll of businessmen taken which suggests that the greatest fear in the business community of America is that we will be inconsistent in our governmental policies as they affect the economy. That is their biggest fear, because they have seen on-again off-again stimulation by Government entry into the bond market, by the Government attempting to throw out more dollars into the system, by any number of things. And I think we ought to caution those who are getting a little concerned, who remind me, I think as I have said here once before, of rookies coming up into the big leagues and trying to bat against Nolan Ryan for the first time—you wonder if that high, hard fast ball is going to hit the catcher's mit before it might grace your sleeve, there is a tendency to get, as is sometimes referred to, jelly-legged in the batter's box—whether we ought to take pause and think about the fact that barely 40 days into the new economic policy, does it make much sense

to say to the economic community, "We are talking about retrenching, we are talking about doing a U-turn, we are talking about canceling the tax cut proposal, we are talking about postponing the tax cut bill, we are talking about reversing what we did in August?"

I mean if you really sit down and think about it, does that make much sense? Is that the kind of clue we want to give to the American people, whether they are business people or whether they are laborers? And it seems to me passing strange, at least, to suggest that, while we can afford the business tax cuts, we cannot afford them for the working men and women of America. That would be the biggest travesty in this whole thing. Above and beyond the politics of it, if for some reason because we did not take the time to look at a historical perspective and establish where we are, where we have been and where we want to go, that we would throw away the hopes and dreams of the working men and women of America and say, "No, you cannot afford to have a tax cut this year, you cannot afford to have one for the next 6 months, we will give one to business, and we will have business as usual here in Washington, D.C."

Lastly, I would just suggest to the gentleman that the biggest problem I have heard expressed on the floor recently by some new converts, evidently, to the idea of a balanced budget being a good thing is the fact that the receipts of the Federal Government are dropping, in terms of taxes.

One of the major reasons they are dropping is that the inflation rate is dropping faster than we predicted.

Is that not a terrible thing? Inflation is going down faster than we wanted it to and, therefore, people are not being thrown into higher tax brackets and giving more of their money to the Federal Government. It seems to me that that is a positive thing. And our response to that ought to be: How can we continue that, how can we increase that, how can we accelerate that mood and that direction, rather than how do we stop it and how does it stampede us into unreasonable, illogical, although politically attractive, retreat.

I thank the gentleman for the time he has taken and I thank him for bringing these figures to the attention of our colleagues.

Mr. HILER. I thank the gentleman from California for this tremendous contribution, not only to this session here today, but for his unflinching work to bring these facts to the attention of the Congress so that we are all operating from the same base and we have a historical perspective of where we have been. I compliment the gentleman and I thank him for his tremendous contribution.

Mr. McEWEN. Mr. Speaker, will the gentleman yield?

Mr. HILER. I yield to the gentleman from Ohio.

Mr. McEWEN. I am anxious for the gentleman from Indiana to continue with his presentation, which I think is long overdue not only for the Congress but for the American people. The gentleman from California raised a very telling point, as to the media here in the Capital City, specifically, the Washington Post. Yesterday, an article discussing whether or not the Reaganomics bubble had burst. Now, for those of us who have even a minuscule understanding as to the 40 days that the Reagan economic program has been in place and can look at the figures that the gentleman from Indiana is presenting to the American people, an interest rate that 4 years ago was 7½ percent, that underwent a more than 300-percent increase during the previous administration, and already is dropping significantly, from 2½ percent in January down to 17 percent yesterday. A program that took an inflation rate, as the gentleman has mentioned, in 1976 of 4.8 percent, quadrupled it by the time the Carter administration left office some months ago, and already we see it dropping down to less than double digits. Then to discuss, to even place on the front page of the newspaper the discussion as to whether or not that bubble had burst, after that kind of progress in these few months to come that far.

I congratulate the gentleman from Indiana. I wish him to continue here and to share what needs to be said and what has needed to be said for some weeks now as to the progress that is now being made with the leadership that has come to Washington in the last few months.

Mr. HILER. I thank the gentleman from Ohio for his contribution. There is no question, as the gentleman from California mentioned, interest rates are still too high, inflation rates are still too high, productivity growth is not enough, real gross national product growth is not enough. But the question is: Where have we come from? Where are we going?

I think that if we look at the indicators, as the gentleman from California has said, if we look at the indicators as to what has happened in the last 11 months, the Republicans and the President are delivering on their campaign pledge to bring down interest rates, to bring down inflation, to increase real gross national product and to increase productivity. I think that we have to be careful not to get lost in the mire. We have to realize where we have been, the very tragic 4 years that we have just been through economically. We are not going to turn this around overnight, but we have made a distinct effort to move it into a positive direction for the first time in many, many years.

I noted last evening, when I had an opportunity to watch TV a little bit and Alan Greenspan was on, they were asking him whether the investment community in New York was discouraged with the President's policies, and he said, "Why, heavens, no." He said, in fact, the investment community in New York is very, very happy with what the President has been doing. Their concern is with what the Congress is doing. As the gentleman from California has said, the lack of willingness on the part of Members of the Congress to go in and make further efforts necessary in cutting budgets has the investment community discouraged, and it certainly is not the President's program. I hope that we in the Congress take heed to that, we look to where we have come, and we take our leadership and continue to push for the President's program for economic recovery.

□ 1245

WHAT SHOULD DEMOCRATS DO?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin, (Mr. REUSS) is recognized for 10 minutes.

● Mr. REUSS. Mr. Speaker, yesterday I spoke to the Woman's National Democratic Club here in Washington, on the subject "What Should Democrats Do?" The text of my remarks follows:

The House of Reaganomics is tumbling down.

Last spring there were glowing predictions of low interest rates, rapid economic growth, and the new prosperity that would usher in a new Republican era. All has disappeared in the autumn chill of high interest rates and recession.

Last spring, we Democrats were figures of fun to our foes and of pathos to our friends—a party in disarray, void of ideas, helpless against the Reagan juggernaut.

Today, the public and the press are turning back in our direction. They are asking, what are we going to do, what alternatives do we offer, how are we going to save the Nation from this Administration?

We Democrats must rise to this responsibility. But we must do so within the context and the constraints of our new role—the role which was dictated to us by our defeat in the election of 1980 for the Presidency and for the control of the Senate.

We are not the party of government. We are the party of opposition. It is not within our power or our responsibility to make over every pronouncement, every decision, every appointment, or every detail of legislative draftsmanship executed by the Reagan Administration. When we try, as we did in attempting to replace Reagan's tax cut monstrosity with one of our own last summer, we merely make ourselves look foolish, and get handed an embarrassing defeat into the bargain.

Our role in this new era, like it or not, is twofold.

We must, as the party of opposition, learn how to oppose the Administration in its various works. This means we should craft good

alternatives to the legislation which the Administration puts forward, and advance that legislation which the Administration puts forward, and advance that legislation in the knowledge that we do not have the votes to prevail. As an example, take the Udall-Obey-Reuss tax cut substitute which would have produced a balanced budget and lower interest rates in Fiscal Year 1982. This was a clean and dramatic alternative to Reaganomics. It was an alternative that commanded the support of a majority of Representatives from the Democratic Party. But in putting it forward, we were under no illusions that we would prevail.

Second, we must prepare the ground for our return, in 1984, to power as the Party of Government. This means we cannot sit back and wait complacently while the Republicans and the Republic collapse. We must be meeting, thinking, writing, and speaking out. But we must recognize that we can only accept the responsibility of governing when we have the power of government; and we won't have that, at the earliest, before January, 1985.

What of the damage and the dangers between now and then? They are very real. Because I am an optimist by nature, I observe that in past years even Republican Administrations have shown the flexibility, the wit, and the nerve to shift course before hitting the rocks.

After all, who was the leader who, confronted by a recession, loosened monetary policy and fiscal policy, and combined it with an inflation-fighting incomes policy? Who started the SALT talks to stop the arms race? Who courageously went to Peking and Moscow, and so changed the political alignments of the world?

Let me make one thing perfectly clear. I am not suggesting a Bring Back Nixon movement. I am suggesting that a change of course would be good for both the Republic and the Republicans.

But the chances of a change of course before 1984 are, to say the least, minimal.

So what of the long run? Where should the Democrats be going? What kind of Party should we be? I believe our historic mission, set in sharp relief against the performance of this Administration, is clear. And our historic opportunity is great.

In domestic policy, this Administration represents inequality and stagnation, together with environmental desolation and the exploitation of the worker and consumer. We Democrats should once again take up the banner of equality and growth, and of environmental, worker, and consumer protection.

In foreign policy, this Administration embodies the illusion that all problems can be resolved through armed might. An ugly realpolitik turns us away from our commitment to human rights and democratic development around the world. We Democrats should make ourselves the party of arms control, of negotiation, of human rights, and of worldwide democracy.

Of all the jewels in this Democratic crown, I believe that our traditional commitment to the ideal of equality still shines the brightest. I believe that a renewal of our commitment to a more equal distribution of income, wealth, and opportunity represents our best hope for establishing ourselves as the party of the far-sighted alternative to Mr. Reagan's policies—and, in direct consequence, the party of government in 1985.

Look at how the income, wealth, and power of our country has been divvied up from 1929 to today. From 1929 to 1967, the national income greatly increased. And the middle class—workers and moderate-income professionals, the second, third, and fourth one-fifth of a nation—increased their share of the national income pie by an astounding 11 percent, taking the increased share from the top 20 percent of the nation's income receivers. A stimulative economy, low interest rates, and progressive taxation all helped to bring about this happy combination of overall growth and an increased share for the middle class. This was not Robin Hood taking from the rich to give to the poor; rather, it was increasing the total share for all, and shifting some of it from the top to the middle class. This was a glimpse of equality, and it worked.

But, in 1967, came the big war in Vietnam. And from that day through the Carter era, we have seen the national pie grow more slowly. We have also seen the middle class lose a large part of its gains back to the 20 percent at the top. Beset by inflation and stagnation, the middle class saw its earnings lag behind consumer prices, while dividend income, interest income, and executive income leaped ahead. Middle-class people enjoyed neither the transfer payments of the poor nor the tax loopholes of the rich. Increasingly, the middle class, seeing its income share declining in favor of those at the top, grew bitter with government. It voted for Ronald Reagan in droves.

And now, a year after Mr. Reagan's election, the position of the middle class is deteriorating at an even faster rate. Not only is the pie not growing—ever since last April, our Gross National Product in real terms has actually been declining! And the share of the middle class in the smaller pie has also been declining!

This decline in equality flows inevitably from the nature of Reaganomics. Listen to the words of George Gilder, leading theoretician of Reaganomics: "A successful economy depends on the proliferation of the rich. Forget the idea of overcoming inequality by redistribution."

Reagan's spending cuts not only rip the safety net of the poor, but deprive the middle class of the clean air and water, the economic development, and the cultural programs which were of particular interest to them.

Reagan's reductions in the individual and corporate income tax, and in gift and estate taxes, are of little avail to the inflation-bedeviled middle-class worker, though they promise huge bonanzas for those at the top of the economic ladder.

Reagan's super-tight money, coupled with Reagan super-large Treasury deficits, mean a never-ending regime of cruelly high interest rates that particularly hurt middle-class people—the small businessman, the farmer, the homeowner, the automobile buyer, and the borrower for education and health.

The Reagan program, even in the short run, obviously is not working. Of its four pillars, tight money and relaxed regulation have been in place since last January; the Reagan budget was approved in May, and the Reagan tax reduction in early August. President Reagan repeatedly promised that the mere enactment of his tax program would produce a great surge of prosperity. Instead, we have seen half a million Americans lose their jobs in the last two months; the big capital boom has become a capital bust; the stock and bond markets are in deep distress; we have a Reagan-made high-interest-rate recession, and now the deficits will be greater than ever.

And what lies ahead for this Administration is likely to be more of the same—floundering.

The supply-sider's quick-fix solutions are discredited. They are now talking about raising taxes—only they don't use that word; instead they call it revenue enhancement. They are urging this country to go on a gold standard—which would be of assistance mainly to the Soviet Union and South Africa, the world's leading gold producers. Failure, apparently, has gone to their heads.

We will get out of the current recession, sooner or later. But ending the recession is not enough. Reaganism, long-term, means pushing the country away from equality and toward inequality. And that shift in American history is both Mr. Reagan's Nemesis and the Democrats' historic opportunity.

What does ending the goal of greater equality mean to the millions of blacks in this country who struggle toward first-class citizenship. What does it mean to millions of young people, many of them highly educated, unable to find a decent job?

What does it mean for the outlook on life of middle-Americans whose instincts are generous, and who have in the past supported programs to help the poor at home and abroad because they know that they weren't being lost in the shuffle?

Without the goal of equality, liberty and fraternity themselves are diminished. How can you be truly free, or truly fraternal, in a society where meanness is enshrined and class divisions sharpened?

That is why the emerging Democratic alternative must have as its centerpiece a return to Thomas Jefferson's and Franklin Roosevelt's ideal of equality.

A shift away from Mr. Reagan's inequality must include—

At home, we need a policy of growth-plus-equity—a larger pie, with the pieces more fairly distributed. Our overall product must be enlarged both in quantity and in quality.

Included in our industrial policy must be a new emphasis on fostering public/private cooperation in the development of new industries. We should not try to pick "winners", nor "losers", but pick catalysts—industries whose development, like the railroads of old, the steel of the early 20th century, the semiconductors of today, underlies economic growth and development generally. Some examples for tomorrow's economy: high-speed passenger rail; clean, safe and efficient coal; and rebuilding infrastructure of our cities and towns. These can be rebuilt, if government sets the climate, and the private sector goes to work to do it.

To fight inflation and thus make growth possible, and to promote equality, we need an anti-inflationary social contract between government and labor. Such a contract would trade restraint on the part of labor for fair and equal treatment by government over the whole range of economic and social issues.

Abroad, our policy must shift to one based on peace and human rights. This Administration is pursuing a reckless international policy that is rapidly destroying 30 years of consensus between the United States and our allies.

Our evident lack of interest in arms control is fostering a wave of neutralism in Europe. This poses a huge danger to the international structure of peace. The answer is arms control negotiation, here and now. This is not a matter of altruism. It is vital to sustaining the global leadership position of the United States.

In the Persian Gulf, the Administration is launching into a military build-up of gigantic dimensions, and incalculable risks. All this is being done without the consent of Congress, as the Constitution requires.

In Latin America and Africa, the Administration is aligned with the forces of darkness against the forces of history. This path leads to embitterment and alienation from the eventual rulers of these unhappy lands. We must change course, and restore our commitment to human rights and democracy.

That is the old-time religion to which we must return, at home and abroad—progress, equality, human rights, and peace. It was good for Thomas Jefferson, it was good for Franklin Roosevelt, and it's good for you and me.●

VETERANS DAY 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 10 minutes.

● Mr. MONTGOMERY. Mr. Speaker, as the Nation observes Veterans Day tomorrow, I ask my colleagues to join me in casting our minds back to another day more than 60 years ago. On that day, on the 11th hour of the 11th day of the 11th month of that year, the silence of the guns signaled to the world that the first truly world war had ended. People everywhere—victorious and vanquished alike—prayed that the conflict now ended would have been the war to end all wars.

It was not to be. This Nation alone has been involved in three major wars since Armistice Day 1918—World War II, Korea, and Vietnam. We have continued to honor the veterans of that First World War, and we have added to the roles of those who served their country veterans of later wars. Tomorrow we will offer thanks to more than 30 million living veterans, as well as to the memories of those who are no longer with us.

Recent memory tells us that not all American wars were "popular." Korea enjoyed only grudging support, and we all know what happened with Vietnam. But in each of these involvements abroad, Americans served honorably and well, attempting to carry out their country's intent to preserve freedom and to deter aggression throughout the world.

It is altogether fitting that we honor all American veterans, living and dead, on November 11. It is because of their service that we enjoy the freedoms which we now have in these perilous times. It is further fitting that we continue to honor the dictum of Abraham Lincoln, "To care for him who shall have borne the battle and for his widow, and his orphan." The Congress continues to assure veterans, as well as the widows and orphans of those who gave their lives in battle or died of a disability resulting from their service, that the benefits mandated by a grateful nation will continue to be available to them. I give my personal pledge to not only honor these veterans, but to devote my best efforts toward insuring that the most tangible form of appreciation continue for them and their beneficiaries.

I ask my colleagues to join me in that pledge.●

CRIMINAL JUSTICE SUBCOMMITTEE TO HOLD HEARING ON RACIALLY MOTIVATED VIOLENCE AGAINST MINORITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes.

● Mr. CONYERS. Mr. Speaker, I wish to announce that the Subcommittee on Criminal Justice will hold its third in a series of hearings concerning racially motivated violence against minorities on Thursday, November 12, 1981.

The hearing will be held in room 2141, Rayburn House Office Building, and will commence at 9:30 a.m.

Testimony will be received from the following witnesses: Harry Hughes, Governor, State of Maryland; William Bradford Reynolds, Assistant Attorney General, Civil Rights Division, U.S. Department of Justice; Robert E. Sanders, Assistant Director, Criminal Enforcement, U.S. Department of Treasury; William Van Alstyne, professor, School of Law, Duke University; Charles Gilchrist, county executive, Montgomery County, Md.; and Patrick Murphy, president, Police Foundation.●

FINANCIAL INSTITUTIONS IN A REVOLUTIONARY ERA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 10 minutes.

● Mr. ST GERMAIN. Mr. Speaker, over the weekend the Committee on Banking, Finance and Urban Affairs released a document which will be used by the committee to examine in a comprehensive manner the multitude of issues and proposals involving the financial services industry. The document represents the beginning of the second tier of a two-tiered approach to consideration of the major issues involving the financial services industry.

The first tier is embodied in H.R. 4603, the Deposit Insurance Flexibility Act, which passed the House on October 28, 1981. The second tier will include a look at issues revolving around expanded lending powers, improved delivery of credit and other financial services to consumers and the economy, interstate banking, the Glass-Steagall Act, usury and other statutes affecting consumer lending, and questions concerning the competitive balances throughout the financial community.

Ranking Republican member J. WILLIAM STANTON and I directed the staff of the committee to develop a document for use as a guide by witnesses, by the committee and by the Congress in discussing the subject of financial institution restructuring. To assure maximum exposure of the questions the committee intends to explore, I include the text of the document in the RECORD at this point:

FINANCIAL INSTITUTIONS IN A REVOLUTIONARY ERA

A little over a year and one-half ago, the Depository Institutions Deregulation and Monetary Control Act of 1980 was signed into law in order to deregulate the deposit taking function of financial institutions. Now it appears the pace of change in the financial marketplace is so rapid that a substantial portion of the remaining statutes governing the operation of financial institutions—depository and non-depository—needs to be reviewed. Those laws, many of which were passed in the wake of the Great Depression, established a system of specialized financial institutions differentiated by product lines and markets. The result was a system where commercial banks emphasized demand deposits and commercial and agricultural loans; savings and loan associations and mutual savings banks emphasized savings deposits and home mortgage loans; credit unions provided financial services for a field of membership based primarily on employment; investment companies pooled capital and invested in securities; brokers and dealers packaged equity and debt offerings for sale to investors; finance companies borrowed funds to make commercial and consumer loans; and insurance companies used premiums for all kinds of investments closely related to actuarial needs.

An elaborate framework of Federal and state restraints and protections was created to maintain this system of specialized financial institutions. Market entry was restricted, product lines were limited and the prices of services were controlled. For example, depository institutions were provided deposit insurance, controls on prices paid for funds, and restrictions on competition. Securities dealers and investment firms were provided with distinct product lines and other activities which other financial institutions could not offer, and they were prohibited from accepting "deposits."

Today, however, the marketplace is eroding the justification for this system of specialized financial institutions and its regulatory framework. The following examples reveal the depth and magnitude of the challenges to this system. We cite them not because we consider them improper, but because they reflect the changes which are occurring in the marketplace:

1. Sears, Roebuck and Co., a retailer of merchandise through department stores and its famous catalogs, provides multi-line insurance through its Allstate insurance subsidiary, operates a major savings and loan in California, has one of the largest credit card operations in the nation, plans to offer its own money market mutual fund, and is purchasing one of the nation's largest real estate brokerages and one of the nation's largest securities brokerage houses.

2. National Steel Corporation now has a savings and loan subsidiary which reaches both coasts. Its California savings and loan acquired savings and loans in New York and Florida in a recently publicized case.

3. American Express, which operates a travel and entertainment card system, a multi-line insurance company, and a major international bank, is now linked with one of the largest securities brokerage houses through its merger with Shearson Loeb Rhoades, Inc. That firm recently acquired a trust company in Boston as well.

4. Prudential Insurance Corporation has acquired Bache Group, Inc., another major brokerage house.

5. Banc One in Ohio agreed with Merrill Lynch to assist in the operation of the latter's cash management account. Other depository institutions are considering similar arrangements.

6. Bank holding companies in the West and the East have changed operational modes to position themselves for possible nationwide banking. Western Bancorporation in California (which has subsidiaries in eleven Western states) changed its name and that of its subsidiaries to "First Interstate Banks." Financial General (which has subsidiaries throughout the Washington, D.C. metropolitan area) changed the name of its banking subsidiaries so that each has a common name—"First American Banks."

7. Several of the nation's largest banking firms have been purchasing shares of banks in various states—up to the five percent permissible limit—in anticipation of relaxation of restrictions on interstate banking.

8. At least two firms have used a "loophole" in the Bank Holding Company Act to escape the restrictions on non-banking firms owning banks. These companies—major finance companies—have acquired banks and divested them of their commercial loan portfolios. The banks have become consumer banks, dealing in consumer deposits and loans.

9. Savings and loan associations in Washington, D.C., and Florida have announced plans to establish a money market mutual fund.

10. Major banking firms have operated loan production offices for years all over the United States.

11. Federal savings and loans have received regulatory authority to establish electronic fund transfer systems nationwide.

12. Money market mutual funds have continued to expand by offering customers the ability to earn high rates of return on their money with flexibile withdrawal capability. These funds move money by wire and mail, do not rely on deposit insurance as an attraction for customers, and are not subject to geographic restrictions on their operations.

13. The international operations of U.S. banks continue to expand in response to the increasing interdependence of the international economy; and foreign banks continue to expand into the U.S., in some cases on more favorable terms than domestically owned banks.

In large measure it is the changing financial needs of individuals and corporations which have led to the increased homogenization of financial institutions. Banks, savings and loans, mutual savings banks, credit unions, mortgage bankers, investment companies, and insurance companies are all offering, in many cases, similar and competing services to customers. The ability of all these institutions to speak to the needs of their customers, however, is limited by the differing regulatory frameworks under which they operate. Thus, the time has come to examine in more detail the supervisory and regulatory structure governing financial institutions.

The nation needs a rational statutory and regulatory structure for its financial institutions so that the financial services the people and the firms of this country need are provided fairly and efficiently in the evolving financial marketplace. Market forces are shaping the services that are offered now and statutory restrictions keep many depository institutions from providing the services the market demands. Congress must examine the role of government as it affects all customers of financial institutions. The nation's economy and the public interest require a system of financial intermediaries which assures all segments of the population needed services while moving capital efficiently.

To provide guidance in examining the financial structure of the United States, there follows an outline of broad questions and more specific issue areas. The Committee intends to focus discussions first on the needs of the economy for financial services and then on the nature of the delivery system required to fulfill those needs. Thus, rather than first looking at the lending powers of commercial banks, the focus should be on the demand for commercial credit. For example, the rapid development of the commercial paper market in which companies raise short-term funds in the open market rather than rely on bank loans has implications for the type of delivery system needed for this financial service. This one illustration is offered merely to indicate the breadth of the analysis which must be undertaken.

While it is imperative to answer the overall policy questions first, at the same time we must direct the Congress attention to specific proposals, many of which currently exist in legislation now pending before the Committee on Banking, Finance and Urban Affairs. Therefore, in several of the sections that follow, specific proposals are listed which the Committee should discuss in the process of addressing the overall public policy issues.

The Committee on Banking, Finance and Urban Affairs will hold hearings on these issues and proposals in order to elicit views from all affected individuals and groups. The issues and proposals are intended to illustrate the wide variety of issues that need examination and are by no means all-inclusive.

I. DEFINITION OF FINANCIAL SERVICES

The innovations of the last decade suggest that the traditional perception of financial services is not appropriate. Old distinctions among types of financial services are being blurred. Thus, several basic issues need exploration.

A. What financial services do consumers, businesses and institutions require?

B. Is a deposit different from a security, and, if so, in what ways?

C. Is a loan to a commercial firm different from an equity security offered by that commercial firm?

II. THE ROLE OF SPECIALIZED FINANCIAL INSTITUTIONS

The changes which have occurred in the financial marketplace suggest that money flows rather freely, especially in an inflationary environment. Structures and protections designed to assure flows of funds to specialized institutions or to specific areas of the economy no longer operate as designed. Geographic and product restrictions do not stop funds from flowing to higher rates of return or to alternative uses. Distinctions among institutions, with each type offering some unique services, have become blurred by recent events and statutory changes. The rationale for these distinctions and the need for their perpetuation, at least in institutional form, require examination.

A. Should there be distinct types of financial institutions which provide services to a defined portion of the economy? If so, should these types be determined by statute or by the market?

B. Should new types of institutions with specified powers and protections be created to fill particular needs?

C. Should existing institutions be given parallel powers to allow free competition among these institutions?

D. Should Federal savings and loan associations and Federal mutual savings banks be authorized to switch freely from mutual to stock charters and from savings and loan to mutual savings bank form?

E. Should mutual savings banks, savings and loans, and credit unions be authorized to accept demand deposits from any source?

F. Should Federal mutual savings banks and Federal savings and loans be authorized to invest in or make loans for a broad range of purposes—real estate, agriculture, commerce—without restriction?

G. Should mutual savings banks, savings and loans, and commercial banks be authorized to take equity positions in real estate?

H. Should commercial banks have expanded authority to engage in real estate lending?

I. Should commercial bank and thrift institution service corporation investment limitations be liberalized?

J. Should commercial bank lending and borrowing limitations applicable to loans to one borrower and to affiliates, and applicable to bankers' acceptances, be liberalized?

K. Should Federal credit unions be allowed to make all types of consumer loans without restriction as to loan size or purpose of the loan?

L. Should Federal credit unions be provided authority to engage in expanded real estate lending activities?

M. Should the International Banking Act be modified in light of changing market conditions?

N. Should the procedures and limitations on the insider loans by banks be liberalized in light of inflationary effects on loan limits and should these limitations be extended to other depository institutions to reflect homogenization of investment and deposit taking authority?

O. Should the Bank Holding Company Act and the Savings and Loan Holding Company Act be modified to provide parallel treatment of bank and savings and loan holding companies and should the procedures of both be streamlined?

III. THE DISTINCTION BETWEEN DEPOSITORY AND NONDEPOSITORY INSTITUTIONS

A substantial portion of banking statutes was designed to segregate banking and commerce. This segregation was designed to prevent concentrations of economic power, to minimize conflicts of interest involving relationships between the two areas, and to assure a safe and sound banking system, but it has been severely ruptured. Exceptions allowed in earlier years and based on a rationale that was meaningful then have become major factors affecting potential competition in a restructured financial marketplace. For example, savings and loan holding companies exist which combine manufacturing and depository institutions—combinations

precluded under laws governing bank holding companies. Nonbank firms now solicit funds and provide services in direct competition with depository institutions. The existing distinctions need to be reexamined.

A. Should existing restrictions on cross-ownership of institutions or on provision of services be eliminated?

B. Can the antitrust laws provide adequate protection against concentration of power involving financial institutions and nonbank firms?

C. Is separation required to provide an ample flow of capital to firms and governments requiring funds for their endeavors? If not, then should all types of firms be subject to the same supervisory and regulatory requirements?

D. Should a Presidential Commission be convened to review and make recommendations regarding modification or elimination of the restrictions on corporate investments and underwriting by depository institutions and on financial/non-financial institution mergers and acquisitions?

E. Should all depository institutions be permitted to establish subsidiaries which would be free to engage in securities operations, provided such subsidiaries are subject to the same restrictions as the securities industry?

F. Should brokerage houses be permitted to establish subsidiaries which would be free to engage in deposit and lending operations, provided such subsidiaries are subject to the same restrictions as depository institutions?

G. Should all depository institutions have the authority to sponsor, sell, or underwrite mutual funds?

H. Should all depository institutions have the authority to underwrite municipal revenue bonds or all forms of bonds?

I. Should all depository institutions have the authority to take equity positions in export trading companies?

K. Should the Depository Institution Management Interlocks Act and the Glass-Steagall Act interlock restrictions be modified in light of the changes being made in the nature and operation of depository institutions and their holding companies and of nondepository institutions?

L. Should all restrictions on interstate depository operations be terminated and, if so, should this be permitted (1) by holding companies, for example, by allowing a phased acquisition of depository institutions by out-of-state depository holding companies unless a state acted to prohibit such acquisitions of its institutions, in which case holding companies which conducted their business principally in that state would be barred from acquiring institutions in other states; (2) by holding company acquisitions in contiguous states; or (3) in market areas like Standard Metropolitan Statistical Areas?

M. Should electronic fund transfer systems be authorized for nationwide operation?

IV. THE ROLE OF GOVERNMENT IN THE FINANCIAL MARKETPLACE

Government now is intimately involved in the financial marketplace. Laws on both the Federal and state levels of government provide restrictions, protections, supervision and guidance for institutions providing financial services and for those receiving or buying financial services. This involvement must be reconsidered.

A. To what extent should the government continue to provide mechanisms, whether directly or indirectly, to assure that services are provided for such specific sectors of the economy as housing, small business, and agriculture?

B. Should the government remove all of its supports for and impediments to the provision of financial services and allow market forces to determine the shape of the financial system?

C. Should government continue to provide liquidity for financial institutions by maintaining operations which create secondary markets for products of financial institutions and by providing sources of funds to meet liquidity needs or to continue levels of business?

D. Should the Federal secondary market institutions have liberalized Federal charters or should they be allowed to secure charters as nonbanking firms do now to allow market forces to determine which secondary market services are provided?

E. Should all Federal depository institutions' chartering authority be eliminated to allow such institutions to choose charters as nonbanking firms do now?

F. Should controls on the price paid for funds, whether as loans, deposits, or securities, be eliminated and, if so, should protections be provided to assure that all people and institutions have fair access to funds? If not, should existing restrictions be modified to assure that all financial instruments are subject to similar price controls?

G. Should Federal law provide a preemption of state usury ceilings—on consumer loans and in modified form on business and agricultural loans—with states having a time period within which to reimpose state ceilings, or should a national usury law be enacted?

H. Should the Credit Control Act be modified and extended?

I. Should disclosures and protections on alternative mortgage instruments be provided, and should the option of a fixed rate mortgage be required?

J. Should the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Truth-in-Lending Act, and the Equal Credit Opportunity Act be reviewed to determine how best to provide disclosure of community, mortgage, and loan activities of changed financial institutions?

K. Should the government establish direct lending operations to provide credit and other financial services for the provision of housing or other national needs?

V. A REGULATORY STRUCTURE FOR A FUTURE FINANCIAL SYSTEM

There is in many ways a bewildering assortment of regulatory agencies with jurisdiction over institutions providing financial services. The Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank System, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the National Credit Union Administration, the Comptroller of the Currency, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Trade Commission, the Depository Institutions Deregulation Committee, and the Federal Financial Institutions Examination Council all regulate and supervise financial institutions and products. In many cases the philosophies of the agencies differ significantly. For example, depository institution regulation is characterized by close supervision through examination and through statutory limitations. This system relies on governmental officials for enforcement of statutes and for maintenance of stability in the industry. Securities regulation is characterized, on the other hand, by disclosure to the public and by supervision that relies less on government. These distinctions and the need for these agencies require examination.

A. Should the supervisory and regulatory structure of financial institutions be reconstituted? If so, should a single agency be created?

B. Should the regulatory structure be based on disclosure to the public as is the case with the securities industry or should the current system that relies on government be maintained?

C. Should the deposit insurance system be broadened to include all forms of financial instruments?

D. Should govenment continue to provide deposit insurance at levels which may tend to insulate depository institutions from market judgments about the riskiness of a depository institution's operations?

E. Does the private market have the capability to develop an insurance product which would provide deposit insurance and, if so, is it sufficient to allow restructuring of the Federal deposit insurance program?

F. Should the depository institution regulatory agencies be restructured to create one agency responsible for insurance, one for supervision and promotion, and one for control of the money supply?

G. Should the deposit insurance funds be consolidated into one fund with the remaining functions and structures intact?

H. Should deposit insurance assessments be based on risk as in other forms of insurance?

I. Should the Central Liquidity Facility for credit unions be modified to provide more flexibility for its operations?

J. Should the charter of the Depository Institutions Deregulation Committee and the regulations promulgated to phase-out deposit ceilings be modified?

It can be seen from the above that many, if not all, of these issues are related to each other. Answers provided in one area lead to questions and answers in other areas. An examination of these complex issues, however, can assist in the development of a financial system which can meet the nation's future needs.●

THE NORTH ATLANTIC TREATY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 15 minutes.

Mr. SKELTON. Mr. Speaker, "To safeguard the freedom, common heritage and civilizations of their peoples." These words are from the preamble of the North Atlantic Treaty, and they are the charge to the 15 nations which have signed the treaty since 1949.

The North Atlantic Treaty acknowledges the threat of the paranoid Soviet states, and recognizes that the only hope of protection is in collective security. It was conceived in the early years following World War II when it became evident that the Soviets lusted after war ravaged Western Europe; and it was born following the Communist takeover of Czechoslovakia, an event which provoked nightmares of wars just survived, and threatened more horrors to come. Most significantly, the treaty was the product of

mutual trust and common goals. It envisioned a revitalized European economy, and later, an effective European military deterrent.

The North Atlantic Treaty is now 32 years old. It has weathered many storms, and seen us through several crises. But today, the alliance faces a different kind of challenge. While individual freedom and dignity are even more threatened by Soviet aggressors and their puppets, the alliance, a guardian of freedom, is threatened by new enemies. These new enemies are insidious; less obvious, harder to define, and much more difficult to combat. Nonetheless, they are very real, and unless we take the time now to isolate them and eliminate them, they are sure to paralyze the alliance and leave it defenseless in the face of a growing Soviet threat.

Our new adversaries do not bear armor or wield mighty weapons, rather, they are cancers within the alliance which can be loosely defined as a loss of focus, a lack of commitment, and ignorance of the threat. In their most dangerous forms, they are exhibited as accommodation to the Soviets and anti-Americanism.

In many ways, these problems are a measure of the success of the alliance itself. In the presence of a successful deterrent, the European economy has blossomed and economic and cultural exchange between Western Europe and the Eastern bloc has increased. Indeed, the younger generations have no personal memories of why it was necessary to fight World War II, of the sacrifices and suffering which resulted from lack of adequate deterrence, or of the dedicated efforts in the early postwar years to build a better international order.

The antinuclear protesters in Great Britain, Holland, and Belgium, and the arsonists in West Germany, cannot associate the invasion of Afghanistan and Soviet intervention in Africa with their own security. They see the economic fruits of détente at home, and they are blinded to Soviet imperialism which has grown beyond the European Continent to Nicaragua and Kampuchea. These pacifists ignore Russia's nuclear buildup in Europe and blame the United States for the arms race and the danger of war. They propagate the idea that the United States is controlled by dangerous militants hankering to drag Europe into a confrontation with Russia.

It is disturbing to recall that a rather similar pattern of events marked the period between the two World Wars—an era of pacifist and neutralist sentiment which helped pave the way for the triumphs of fascism in Europe and Asia. Historical analogies are never exact. Nevertheless, if history can instruct us at all, we ignore its lessons at our peril.

Remorse and guilt for the wartime propaganda which had roused the passions of millions during the First War led to an ardent commitment to pacifism in the years following the Versailles Settlement. The Kellogg-Briand Peace Pact in 1928 was widely acclaimed as having ended the threat of war forever. Prominent clergy throughout the United States embraced pacifist views, often questioning whether even police forces were necessary. Two fundamental assumptions were at work in the minds and hearts of most people who took these stands: the belief that civilized nations would never again resort to war, having seen its horrors and follies; and the conviction that the United States could with a clear conscience ignore the aggression of the dictators.

The famous Oxford Union Peace Pledge, signed by students on both sides of the Atlantic, became a symbol of the between-the-wars generation. Part of the appeal which that had to youth generally derived from the popular sense of this illusion regarding the First World War, its purposes, and its results. "Never again" became the rallying cry of writers, teachers, clergy, students and others, motivated partly by isolationist feeling, partly by antimilitarism, and partly by high-minded idealism, an idealism which supposed that good will of itself could secure the peace.

Thus, the noted author Aldous Huxley opposed Britain's arming herself, arguing that—

> We shall create in the minds of others, suspicion, distrust, fear, and those feelings will (encourage) rearmament abroad with the inevitable result that there will be war. Whereas there is a good chance that a genuine disarmament (even though unilateral) would produce international confidence . . .

This sincerely felt and touching faith in the example of good will commended itself to those who turned away from the evidence before their very eyes—the rise of Nazi Germany, rearmed and belicose; the expansion of Japanese arms into China; and the Italian assault on Ethiopia. The belief that disarmament would create confidence and good will rested upon assumptions about human nature and the world community quite divorced from reality. The consequences of that divorce were to be tragic as the democracies found themselves deceived, incapable of standing up to the aggressive advance of the Fascist powers who were only encouraged by every sign of appeasement.

The Oxford Union resolution in 1933, the year in which Hitler came to power, affirmed by 275 to 152 that "this House will in no circumstances fight for King and country." It was repassed at other universities and, appropriately altered in wording, at many American schools also. Winston Churchill, then, as later, a voice crying in the wilderness, denounced the oath as "very-shameful", the product of "foolish boys * * * in this dark time." However, the Oxford Oath only expressed the feeling already prevalent. As early as 1927 the Cambridge Union had passed a somewhat similar resolution advocating "an uncompromising attitude of pacifism" by 213 to 138.

The spirit of the Peace Pledge flourished, and in 1935 the Oxford Union went on to debate the resolution that "the Government's acceptance of collective security does not justify its claim to rearm." It was carried by 112 to 106. We may marvel how it could be possible for any nation to support collective security while disarming itself.

The fundamental error made by men and women of good will between the wars was their failure to take seriously the implications of pacifism in the face of totalitarian dictatorships armed with all the means of suppression provided by modern science and determined upon a policy of ruthless expansion. Fear of war and its terrible costs clouded their judgment, and they were unable to comprehend the potentiality for evil in the Nazi and Stalinist regimes, their capacity and will to deceive their own and other peoples by the abuse of mass media.

As the dictatorships flourished, the peace movement and neutralism in the democracies served, in effect, as a green light to war. A. A. Milne, the beloved author of "Winnie the Pooh," spoke for many when he declared in 1934 that "Germany is as amenable to reason as Italy (or any other nation), and * * * as anxious * * * for the security of peace." It was a world view which seemed more appropriate to "Winnie the Pooh" than to the world as it was and is. The road to war, like that to Hell, was heavily paved with good intentions.

The unfolding events of the 1930's, especially in Germany, gradually wakened many. In 1928 Albert Einstein had embraced pacifism as "one of the most encouraging developments of our time." He soon became the best known and perhaps the most eminent figure in the peace movement. By the early 1930's he had come to see—as a refugee from Nazism—that "conditions, unfortunately, have changed." Only "vigilance" he declared, echoing Churchill, by armed and united democracies, could prevent war and halt the tide of Hitler's advance. For this stand he was denounced by the great French writer Romain Rolland for "weakness of spirit."

Is it unreasonable to see some analogy today with those who urge unilateral disarmament on the West and who are silent on Soviet incursions throughout the globe but eloquent in denunciations of American policies? Ignorance of the threat to liberty is as

great today among many as it was in 1933.

Worldwide threats to freedom, peace, and progress are growing. The stability of the fragile Third World nations which provide us with vital raw materials and oil is threatened by sudden social, political, and economic change. The Soviets are poised to take advantage of this luscious prey. Simultaneously, the Soviets own empire is suffering from increasingly severe internal problems and failing economies. In the past decade, the Soviet Union has emerged as a global military power. Their military machine far exceeds the requirements for defense; it undermines the balance of power on which we and our allies depend, and threatens world peace.

The defense of allied interests is no longer restricted to the European Continent. Western dependence on maritime trade and access to vital raw materials and oil depends on increased military efforts in the Persian Gulf, Africa, and the Pacific and Indian Oceans. Yet, while Western Europe's stake in global peace continues to grow, their commitment to global military responsibilities has been diminishing. European NATO defense expenditures as a percentage of GNP have declined over the past 10 years, allied support for U.S. sanctions against Soviet aggression has been lukewarm, and U.S. suggestions for more equitable burden sharing are met with outright hostility.

The world's new economic/political scenario demands new obligations from our allies. Western European economies are healed now, in fact, they offer a direct challenge to many of the bulwark industries of the American economy. European NATO nations also engage in extensive trade with the Eastern bloc. Their economies are becoming increasingly intertwined, with the Communist nations owing more than $65 billion in Western credit, and the Western economies counting on the Soviets for supplies of energy and raw materials. As one analyst sees it, Western Europe's idea of alliance amounts to economic collaboration with the Soviets and economic competition with the United States. Ironically, the Europeans were able to build their strong, competitive economies while sitting under the security umbrella provided by the United States. A major U.S. role in the defense of Europe was warranted when our allies were weak economically with fragile political structures, but the economic and political maturity of the allies now suggests that they should play an increasingly more responsible role in their own defense. But, trying to motivate them in this direction is like trying to convince the city council to purchase a new fire engine when there has not been a fire in town for over 30 years.

So, the burden of defending Western interests has fallen to the United States. By all quantitative measures, the United States spends more on defense than our allies. In 1980, we spent $527 per person on our military commitments while the Europeans contributed only $246. NATO defense expenditures consume 5.2 percent of the U.S. gross national product compared to 3.6 percent for Western Europe. The Europeans argue that the United States is overreacting, that military forces are not the single vital component in achieving security. They stress the need for economic strength, effective diplomacy, and arms control negotiations. While we recognize the importance of these policies, we realize that they are not in themselves a deterrent—they cannot be a substitute for military strength.

Here at home, our own economy is suffering. Yet, recognizing the looming Soviet threat, Congress has just asked the American public to accept reductions in domestic social programs in order to buy more tanks, airplanes, bombs, and missiles to defend our allies. If our people are willing to make the sacrifice, the effort is going to have to be matched in Europe. Should our allies fail to respond to American leadership on this issue, the NATO commitment could suffer a loss of credibility with the American public.

European accommodation to the Soviet and anti-Americanism are eroding the foundation of Western defense. They are dampening efforts to increase defense spending, holding up the positioning of vital theater nuclear weapons, and undermining our mutual commitment to safeguard freedom and peace. The problems of Western security are now global as well as regional, political, and economic as well as military. If the Europeans want to preach peace, they are going to have to contribute to peace with machinery, manpower, and national will. There is no reason why our European allies, particularly those which are now economically as well off as the United States, should not hold themselves to the same high standard of increased defense effort as the United States.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SOLOMON) to revise and extend their remarks and include extraneous material:)

Mr. HILER, for 60 minutes, today.

(The following Members (at the request of Mr. SHARP) to revise and extend their remarks and include extraneous material:)

Mr. REUSS, for 10 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. MONTGOMERY, for 10 minutes, today.

Mr. CONYERS, for 5 minutes, today.

Mr. ST GERMAIN, for 10 minutes, today.

Mr. SKELTON, for 15 minutes, today.

Mr. BINGHAM, for 60 minutes, November 12, 1981.

(The following Member (at the request of Mr. SKELTON) to revise and extend his remarks and include extraneous material:)

Mr. GONZALEZ, for 60 minutes, on November 13, 1981.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. SOLOMON) and to include extraneous matter:)

Mr. MCKINNEY.

Mrs. SNOWE.

Mr. COURTER.

Mr. GREEN.

Mr. GILMAN.

Mr. MICHEL in four instances.

Mr. ERLENBORN.

Mr. MCEWEN.

Mr. HYDE.

Mr. THOMAS.

Mr. CORCORAN.

Mr. HANSEN of Idaho in three instances.

Mrs. HECKLER.

Mr. FORSYTHE.

Mrs. FENWICK.

Mr. DAUB.

(The following Members (at the request of Mr. SHARP) and to include extraneous matter:)

Mr. SCHEUER.

Mr. EDWARDS of California in four instances.

Mr. BARNES in two instances.

Mr. OBERSTAR.

Mr. FORD of Michigan.

Mr. MARKEY in five instances.

Mr. FLORIO.

Mr. DYSON.

Mr. FOGLIETTA.

Mr. WAXMAN.

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. KASTENMEIER.

Mr. RATCHFORD.

Mr. SOLARZ.

Mr. RODINO in two instances.

Mr. LEVITAS.

Mr. VENTO.

Mr. BENNETT.

Mr. HALL of Ohio.

Mr. SKELTON.
Mr. FARY.

ADJOURNMENT

Mr. SKELTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 48 minutes p.m.) under its previous order, the House adjourned until Thursday, November 12, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2481. A communication from the President of the United States transmitting a request for amendments for appropriations for fiscal year 1982 and a reduction for fiscal year 1984 appropriations (H. Doc. No. 97-108); to the Committee on Appropriations and ordered to be printed.

2482. A letter from the Comptroller General of the United States, transmitting his review of the deferrals of budget authority contained in the message from the President dated October 1, 1981, pursuant to the Impoundment Control Act of 1974 (H. Doc. No. 97-108); to the Committee on Appropriations and ordered to be printed.

2483. A letter from the Deputy Director, Office of Management and Budget, transmitting a report on the apportionment on a basis which indicates the necessity for an amended estimate of appropriations from the Department of Justice, Immigration and Naturalization Service, pursuant to section 3679(e)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

2484. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance the closed circuit television maintenance function at Wright-Patterson Air Force Base, Ohio, pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2485. A letter from the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), transmitting reports on the community and neighborhood impact analysis, the historically significant buildings analysis, and the marine facilities analysis for the Truman annex, Key West, Fla., pursuant to section 610 of Public Law 94-431; to the Committee on Armed Services.

2486. A letter from the Secretary of Education, transmitting reviews of final regulations for the graduate and professional study fellowships program, pursuant to section 431(d) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2487. A letter from the Railroad Retirement Board, transmitting the Board's activities, pursuant to section 21(b) Of Public Law 96-101; to the Committee on Energy and Commerce.

2488. A letter from the Administrator, Energy Information Administration, transmitting the fourth annual survey of the Nation's proved crude oil, natural gas, and natural gas liquids reserves for 1980, pursuant to law; to the Committee on Energy and Commerce.

2489. A letter from the Under Secretary for International Trade, Department of Commerce, transmitting a report on determinations that additional foreign policy controls should be placed on exports to Libya, pursuant to sundry provisions of the Export Administration Act; to the Committee on Foreign Affairs.

2490. A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting notice of a proposed transfer of U.S. defense articles by the Government of Korea to the government of Oman, pursuant to section 3 of the Arms Export Control Act; to the Committee on Foreign Affairs.

2491. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on Foreign Affairs.

2492. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on Foreign Affairs.

2493. A letter from the Comptroller General of the United States, transmitting a report on fraud in Government programs (AFMD-82-3, November 6, 1981); to the Committee on Government Operations.

2494. A letter from the Director, International Communication Agency, transmitting notice of proposed new records systems, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2495. A letter from the Assistant Vice President-Director of Human Resources, First Farm Credit District Group Retirement Plan, transmitting the annual report of the district's retirement plan, covering the year ended March 31, 1981, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2496. A letter from the Assistant Secretary-Treasurer, Seventh Farm Credit District Employee benefits Program, transmitting the annual report of the district's retirement plan, covering the year ended April 30, 1981, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2497. A letter from the Secretary of Health and Human Services, transmitting a report on refugee resettlement, pursuant to section 413(b) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2498. A letter from the Associate Commissioner of Examinations, Immigration and Naturalization Service, Department of Justice, transmitting copies of reports concerning visa petitions according the beneficiaries of such petitions third- and sixth-preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2499. A letter from the Administrator, Federal Aviation Administration, transmitting the Administration's semiannual report on the effectiveness of the civil aviation security program for the period ending June 30, 1981, pursuant to section 315(a) of the Federal Aviation Act; to the Committee on Public Works and Transportation.

2500. A letter from the Comptroller General of the United States, transmitting a report on the Drug Enforcement Administration concerning clandestine laboratories (GGD-82-6, November 6, 1981); jointly, to the Committees on Government Operations, Energy and Commerce, and the Judiciary.

2501. A letter from the Comptroller General of the United States, transmitting a report on the Internal Revenue Service efforts to collect delinquent taxes (GGD-82-4, November 5, 1981); jointly, to the Committee on Government Operations and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PERKINS: Committee on Education and Labor. H.R. 3231. A bill to further the national security of the United States and the Nation's economy by providing grants for foreign language programs to improve foreign language study for elementary and secondary school students and to provide for per capita grants to reimburse institutions of higher education for part of the costs of providing foreign language instruction with an amendment (Rept. No. 97-316). Referred to the Committee of the Whole House on the State of the Union.

Ms. OAKAR: Committee on Post Office and Civil Service. H.R. 4793. A bill to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes with amendments (Rept. No. 97-317). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ERLENBORN (for himself, Mr. PHILLIP BURTON, Mr. PEYSER, and Mr. PETRI):

H.R. 4928. A bill to provide for pension reform for State and local public employee retirement systems, to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 to promote more efficient and satisfactory management of the functions of the Federal Government relating to employee benefit plans, and to more effectively carry out the purposes of such act and such code relating to such plans, and for other purposes; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. PHILLIP BURTON (for himself, Mr. ERLENBORN, Mr. PERKINS, Mr. BIAGGI, and Mr. PEYSER):

H.R. 4929. A bill to provide for pension reform for State and local public employee retirement systems, and for other purposes; to the Committee on Education and Labor.

By Mr. BROWN of Ohio:

H.R. 4930. A bill to amend the Energy Policy and Conservation Act to provide for a comprehensive evaluation of the effects of acquisitions of domestic petroleum companies by major international energy concerns on the exploration, development, production, refining, transportation, distribution,

and marketing of domestic petroleum supplies and to impose a moratorium on such acquisitions pending completion and consideration of the evaluation; to the Committee on Energy and Commerce.

By Mr. HANSEN of Idaho:

H.R. 4931. A bill to amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes; jointly, to the Committees on Ways and Means and the Judiciary.

By Mr. AuCOIN:

H.R. 4932. A bill to temporarily authorize the Secretary of Agriculture to terminate, or to adjust the termination dates of, certain contracts for the sale of timber located on national forest system lands, and for other purposes; jointly, to the Committees on Agriculture and Interior and Insular Affairs.

By Mrs. HECKLER:

H.R. 4933. A bill to direct the National Institute of Arthritis, Metabolism, and Digestive Diseases to conduct such studies as may be necessary to determine the safety and efficacy under section 505 of the Federal Food, Drug, and Cosmetic Act of dimethylsulfoxide (DMSO) as a topical analgesic and to provide that, if the drug is so determined to be safe and effective, new drug applications may be approved under such section based on the evidence submitted by the Institute; to the Committee on Energy and Commerce.

By Mr. DORNAN of California:

H.R. 4934. A bill to amend the Export Administration Act of 1979 to prevent the export to certain countries of goods or technology which have any potential application for military, law enforcement, or intelligence-gathering purposes; to require the President to notify the Congress of any approval of a license for the export of goods or technology to such countries; to provide for congressional disapproval of any such license application; to require the Secretary of Defense to prepare a military impact statement for the Congress with respect to certain export license applications; and for other purposes; to the Committee on Foreign Affairs.

By Mr. RODINO:

H.R. 4935. A bill to amend title II, United States Code, to correct technical errors, and to clarify and make substantive changes, with respect to securities and commodities; to the Committee on the Judiciary.

By Mr. SCHEUER:

H.R. 4936. A bill to amend the Clean Air Act to provide for a program to control acid precipitation; to the Committee on Energy and Commerce.

By Mr. SCHUMER:

H.R. 4937. A bill to reestablish the tenant rental payment and income review requirements which were in effect with respect to federally assisted housing programs before the Housing and Community Development Amendments of 1981; to the Committee on Banking, Finance and Urban Affairs.

H.R. 4938. A bill to repeal the provision added by the Economic Recovery Tax Act of 1981 which treats investments by individual retirement plans in collectibles as distributions; to the Committee on Ways and Means.

By Mr. WHITTEN:

H.J. Res. 357. Joint resolution making further continuing appropriations for fiscal year 1982, and for other purposes; to the Committee on Appropriations.

By Mr. LONG of Maryland (for himself, Mr. ADDABBO, Mr. BAILEY of Pennsylvania, Mr. BARNES, Mr. BEREUTER, Mr. BINGHAM, Mr. BONER of Tennessee, Mrs. BOUQUARD, Mr. CAMPBELL, Mr. DORNAN of California, Mr. DREIER, Mr. DYSON, Mr. EMERY, Mr. ERDAHL, Ms. FIEDLER, Mr. FORD of Michigan, Mr. GRISHAM, Mr. GOODLING, Mr. HOYER, Mr. JACOBS, Mr. JOHNSTON, Mr. LAFALCE, Mr. LEE, Mr. LEHMAN, Mr. LELAND, Mr. MURPHY, Mr. OXLEY, Mr. PANETTA, Mr. PEPPER, Mr. ROEMER, Mr. SMITH of Alabama, Mr. SMITH of Pennsylvania, Mr. STATON of West Virginia, Mr. WALGREN, Mr. WEBER of Ohio, and Mr. WINN):

H.J. Res. 358. Joint resolution authorizing and directing the President to provide for the playing of taps at the Vietnam Veterans Memorial, Washington, D.C.; to the Committee on Armed Services.

By Mr. BADHAM:

H.J. Res. 359. Joint resolution authorizing and requesting the President to proclaim "National Disabled Veterans Week"; to the Committee on Post Office and Civil Service.

By Mr. REUSS:

H.J. Res. 360. Joint resolution directing the President and the Federal Reserve System to immediately rescind the scheduled decrease in the targets for the growth rate of the monetary aggregates until the current recession is ended; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FRANK:

H. Con. Res. 215. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family; to the Committee on Foreign Affairs.

By Mr. HALL of Ohio (for himself and Mr. MILLER of California):

H. Con. Res. 216. Concurrent resolution to express the sense of the Congress concerning regulations pertaining to meal pattern requirements and nutritional requirements for meals served in programs under the National School Lunch Act; to the Committee on Education and Labor.

By Mr. SKELTON:

H. Con. Res. 217. Concurrent resolution expressing the sense of the Congress that the President of the United States should nominate for appointment to the Board of Governors of the Federal Reserve System an individual whose qualifications are in accordance with the Federal Reserve Act with regard to fair representation of agricultural and commercial interests; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GARCIA (for himself, Mr. DELLUMS, Mr. FAUNTROY, Mr. GEJDENSON, Mr. MITCHELL of Maryland, and Mr. RANGEL):

H. Res. 266. Resolution to express the sense of the House of Representatives concerning proposed Presidential emergency powers with respect to immigration; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

221. By the SPEAKER: Memorial of the House of Representatives of the State of Louisiana, relative to the price support system for the sugar industry; to the Committee on Agriculture.

222. Also, memorial of the House of Representatives of the Republic of Cyprus, relative to disarmament; to the Committee on Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 375: Mr. SYNAR.

H.R. 716: Mr. PEPPER, Mr. MURPHY, Mr. CLAY, Mr. MITCHELL of Maryland, Mr. STOKES, and Mr. BEVILL.

H.R. 718: Mr. GARCIA.

H.R. 726: Mr. GREEN.

H.R. 748: Mr. RATCHFORD and Ms. FERRARO.

H.R. 2314: Mr. KEMP.

H.R. 2387: Mr. CLAY, Mr. SAVAGE, Mr. FAUNTROY, Mrs. CHISHOLM, Mr. MITCHELL of Maryland, Mr. RICHMOND, Mr. CONYERS, Mr. GRAY, Mr. WOLF, Mr. DIXON, and Mr. OBERSTAR.

H.R. 4091: Mr. BAILEY of Pennsylvania, Mr. BEDELL, Mr. BEVILL, Mr. BUTLER, Mr. DASCHLE, Mr. FORSYTHE, Mr. HARKIN, Mr. JEFFORDS, Mr. MURPHY, Mr. NELLIGAN, Mr. OBERSTAR, Mr. PRITCHARD, Mr. SWIFT, and Mr. WEAVER.

H.R. 4562: Mr. SEIBERLING and Mr. DICKS.

H.R. 4617: Mr. ST GERMAIN, Mr. VENTO, Mr. MITCHELL of Maryland, Mr. D'AMOURS, and Mr. LOWRY of Washington.

H.R. 4673: Mr. MCCOLLUM, Mr. WON PAT, Mr. DAUB, Mr. TAUKE, and Mr. SCHULZE.

H.R. 4751: Mr. APPLEGATE, Mr. DOUGHERTY, Mr. BOWEN, Mr. SOLOMON, Mr. LOWERY of California, Mr. HOWARD, Mr. NICHOLS, Mr. DERWINSKI, Mr. GOODLING, and Mr. WEAVER.

H.J. Res. 144: Mr. YOUNG of Missouri.

H.J. Res. 174: Mr. MCEWEN, Mr. SOLOMON, Mr. CARNEY, Mr. DOWNEY, Mr. ASPIN, Mr. STENHOLM, Mr. MINISH, Ms. FERRARO, Mr. WOLF, Mr. KILDEE, Mr. LUKEN, Mr. MORRISON, Mr. DREIER, Mr. NELLIGAN, Mr. MCCURDY, Mr. MINETA, Mr. GARCIA, Mr. SMITH of New Jersey, Mr. STRATTON, Mr. YOUNG of Florida, and Mr. AUCOIN.

H.J. Res. 293: Mr. HIGHTOWER, Mr. HATCHER, Mr. ARCHER, Mr. RHODES, Mr. YOUNG of Missouri, Mr. STUDDS, Mr. MADIGAN, Mr. RINALDO, Mr. MCHUGH, Mr. DELLUMS, Mr. EDWARDS of California, Mr. BETHUNE, and Mr. BROWN of California.

H. Con. Res. 81: Mr. MINETA, Mr. ADDABBO, Mr. WALGREN, Mr. MITCHELL of Maryland, Mr. ROYBAL, Mr. WON PAT, Mr. HERTEL, Mr. VENTO, and Mr. ANTHONY.

H. Con. Res. 100: Mr. BOLAND, Mr. RATCHFORD, Mr. MCCURDY, and Mr. GRADISON.

H. Con. Res. 192: Mr. CONTE.

H. Con. Res. 195: Mr. MOLLOHAN.

H. Con. Res. 196: Mr. DYSON.

H. Res. 230: Mr. FISH, Mr. SHAW, Mr. PATTERSON, Mr. DYSON, Mr. PORTER, and Mr. GILMAN.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3269: Mrs. FENWICK.

SENATE—*Tuesday, November 10, 1981*

(Legislative day of Monday, November 2, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Gracious God, as business is suspended tomorrow in remembrance of those who have sacrificed so much to protect the freedom won for us by the blood, sweat, and tears of our forebearers, make us thankful for our priceless heritage and dedicated to its preservation.

Deliver us, O Lord, from the tyranny of the trivial. Let us not be like children playing games on the mouth of a volcano, indifferent to the boiling and belching underneath. Sensitize us to the deepest issues, the issues beneath the issues, of national restlessness and fear. Keep us from preoccupation with symptoms while ignoring causes. Let us not be busy rearranging the furniture while the house is burning down.

Freedom has been so costly in American lives; help us Lord not to demean it, to devalue it, to let it degenerate into, "I do as I please," or "If it feels good, do it." Help us to understand that freedom is never cheap, that it has been purchased at an awful price and can be preserved only as we realize how precious it is, how rare in today's world, and that relentless vigilance is required to preserve it. We pray this in the name of Jesus Christ who died to make men free. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, this morning there is a special order in favor of the distinguished Senator from California (Mr. HAYAKAWA) to be recognized for not to exceed 15 minutes.

So after the recognition of the two leaders, the recognition of Senator HAYAKAWA, and the transaction of routine morning business and whatever time remains before 10 o'clock, at the hour of 10 o'clock the Senate will resume consideration of S. 1112, the Export Administration authorization bill.

Three amendments have been scheduled on time limitations. It is my hope, Mr. President, that third reading can be obtained, and that the Senate can then proceed to take up the State, Commerce, Justice appropriations bill.

There will be no votes after 1 o'clock today. That announcement has been made previously.

ORDER FOR NO ROLLCALL VOTES AFTER 1 P.M. TODAY

In order to nail it down, I now ask unanimous consent that no rollcall votes occur after the hour of 1 o'clock today, and that if ordered prior to that time they be delayed until the Senate next convenes and is prepared to return to the consideration of the bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

Mr. President, this will be a busy week. This morning will be a busy morning. Senators are urged to take account of that. There will be three votes today before 1 o'clock and, perhaps, more, almost certainly more, since I would expect a rollcall vote on final passage.

I would urge Senators to remain close to the floor in order to meet those rollcall votes. I expect that the 15 minutes allocated to rollcalls today will be observed with more than the usual regularity.

NO SENATE SESSION TOMORROW

Mr. President, the Senate will not be in session tomorrow. It will resume its session on Thursday.

Is there an order for the Senate to convene on Thursday?

The PRESIDENT pro tempore. There is not an order.

ORDER FOR RECESS UNTIL 11 A.M. ON THURSDAY

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on Thursday.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SCHEDULE FOR THURSDAY AND FRIDAY

Mr. BAKER. The Senate will resume session then at 11 o'clock on Thursday and will proceed with the heavy schedule of legislation, including appropriation bills as previously suggested.

Thursday night almost surely will be a late evening, Mr. President. There is a possibility that Friday will be a late day. I hope not. If we continue to make good progress on the schedule of appropriation bills, as has been announced from time to time by the leadership, I would expect the Senate to complete its business at a regular hour, in the range of 6 o'clock, on Friday.

I do not see the prospect of a Saturday session this weekend unless we run into great difficulties today or Thursday or Friday.

Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it to any Senator or yield the remainder of it over to the control of the distinguished acting minority leader.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. TSONGAS. Mr. President, I also have time on the agenda, but I will yield to the Senator from California, and then I will speak after he has finished. I will reserve the minority leader's time.

The PRESIDENT pro tempore. The Senator from California is recognized.

Mr. BAKER. Mr. President, before the Senator proceeds, may I ask the assistant minority leader—the acting minority leader if he has any need for additional time beyond the 10 minutes?

Mr. TSONGAS. I thank the majority leader for the title.

Mr. BAKER. I assure him, as I assured my long-time patron, the distinguished minority leader, that the minority leader's position does not entitle him either to the office or the car. [Laughter.]

Mr. TSONGAS. I was referring to assistant.

Mr. BAKER. I yield back the remainder of my time remaining under the standing order.

RECOGNITION OF SENATOR HAYAKAWA

The PRESIDING OFFICER (Mr. SIMPSON). The Senator from California.

SENATE JOINT RESOLUTION 123—NATIONAL DISABLED VETERANS WEEK

(Introduced by Mr. HAYAKAWA for himself and Mr. DOLE, Mr. EAST, Mr. INOUYE, Mr. KENNEDY, Mr. SARBANES, Mr. HUDDLESTON, Mr. MOYNIHAN, Mr. BRADLEY, Mr. DOMENICI, Mr. GOLDWATER, Mr. QUAYLE, Mr. SASSER, Mr. WARNER, Mr. MELCHER, Mr. EAGLETON, Mr. EXON, Mr. PERCY, Mr. SCHMITT, Mr. LEVIN, Mr. LONG, Mr. FORD, Mr. DENTON, Mr. RIEGLE, Mr. MURKOWSKI, Mr. DURENBERGER, Mr. ARMSTRONG, Mr. LUGAR, Mr. ANDREWS, Mr. TOWER, Mr. BAUCUS, and Mr. WALLOP.)

Mr. HAYAKAWA. Mr. President, Wednesday marks the 43d anniversary of a special day which has been set aside to pay tribute to the soldiers, sailors, marines, and airmen who have honorably

and bravely served their country during times of war.

Traditionally, this has been a time for celebration and reflection, a time to honor the brave who fought and died in defense of this Nation, and a time for the living to lament the dead.

For a long time our country has recognized the need to pay tribute to its veterans. In 1938 Congress declared that November 11 of each year would be a legal holiday—a day dedicated to the cause of world peace and known as "Armistice Day." This day was originally set aside to honor veterans of World War I, but in 1954, after World War II, and at the urging of veterans service organizations, Public Law 380 was enacted and November 11 became a day to honor all American war veterans.

Tragically, not every soldier returning from war returns whole. Today I would like to bring to the attention of my colleagues this select group of veterans, the disabled, who deserve special recognition.

Currently, there are 2½ million disabled veterans in America, over 200,000 live in California. Their disabilities range from the permanent crippling injuries of the paraplegics, amputees, blind and deaf to the delayed stress syndrome from which many of the Vietnam veterans suffer.

Every disabled veteran has individual and specific needs which must be met if they are once again to become productive citizens. There are approximately 50,000 blinded veterans in the United States with hundreds more going blind every year. Frequently blindness is not their only disability. These veterans may also have additional facial or head injures, such as hearing loss, or may have lost the use of an arm or leg.

Eighty percent of all blinded veterans are employed. These individuals need help to become reoriented and readjusted. They need assistance in obtaining vocational training and career guidance. We all know that the blind are able to work and there are many kinds of work that they can do. The greatest obstacle to their employment is the mistaken belief of the employer that blind persons cannot work. Organizations such as the Blinded Veterans Association (BVA) offer encouragement to blinded veterans and have outreach employment programs which actively seek employment opportunities for the blinded veteran. The dedication and hard work of the BVA field representatives, who themselves are blind, has accomplished a great deal.

The problems of paralyzed veterans are unique and deserve to be addressed. Unemployment figures for persons suffering from paraplegia vary from 14 to 44 percent. These distressingly high figures can be attributed to financial disincentives to productivity and negative attitudes of employers.

The public must be shown that these individuals are employable and make very capable workers.

Also, an emphasis on teaching the disabled must be stressed. In order to reduce prejudice these individuals must solidly prove themselves to be capable workers. Emotional and psychological encouragement is very crucial in achieving this goal.

A surprising fact I recently discovered was that as much as 46 percent of deaths of persons who survive the critical phase of spinal cord injury may involve self-neglect or self-destructive behaviors. It is essential that paralyzed veterans be highly motivated in order to achieve success.

Fortunately, there are many organizations and programs which have been developed to help in the rehabilitation of paralyzed veterans and paraplegics. Programs such as wheelchair competition in track and field, basketball, football, and tennis do much for the disabled vet. Having recently become a certified scuba diver, I was excited to learn about disabled veterans using this sport for exercise and rehabilitation.

Apparently, diving can be a very worthwhile experience because of the feeling of mobility in three dimensions and the freedom from gravity it provides. Scuba diving is a sport at which it is difficult even for able-bodied people to succeed; for a disabled person to become a certified diver is a tremendous accomplishment.

The Paralyzed Veterans Association (PVA) is an organization set up to provide many of the counseling and rehabilitation programs I have mentioned. Their objectives are to obtain as much assistance for the disabled veteran as is needed to assure their physical, mental, and financial success. I commend these worthwhile goals.

Finally, I would like to mention the most recent, but perhaps the most difficult disability of many of our Vietnam war veterans—delayed stress syndrome. This disability is not a mental illness, but rather a delayed reaction to the enormous stress endured by American GI's during the Vietnam war period.

It is estimated that about 500,000 Vietnam era veterans are suffering from delayed stress. According to the Disabled American Veterans (DAV) the responses seen among veterans suffering delayed stress include bitterness, anger and anxiety, depression, loneliness, alienation, sleeplessness and inability to get close to others, flashbacks to combat and suicidal feelings, drug and alcohol dependence and much more.

We owe much to these veterans who did their duty and fought to support our Government and its policies. They did it because they loved America—we must reassure them that their loyalty has not gone unnoticed or unappreciated.

Already much has been done to assist these individuals. Recently Public Law 97-66, the Veterans Disability Compensation, Housing and Memorial Benefits Amendments of 1981 was enacted. This law will provide, among many things, increased disability compensation, automobile assistance, and housing benefits to the survivors of disabled veterans whose deaths were service connected. This Congress has also passed the Veterans Programs and Improvement Act of 1981, Public Law 97-72. This act provides an extension of the period for Vietnam era veterans to request adjustment counseling.

In addition, it extends eligibility for medical care for veterans exposed to agent orange or radiation. Both laws provide for important and much needed programs. Nevertheless, much more needs to be done.

While Congress has the ability to provide for the financial welfare of disabled veterans it has the moral responsibility to provide for their emotional welfare as well. We can legislate away some problems—others, we cannot. But for 1 week next November we can focus the Nation's attention on all brave men and women who have suffered military disabilities.

So, today, I would like to introduce along with 31 other Senators a resolution declaring the week of November 7 through November 13, 1982 as "National Disabled Veterans Week," to recognize and pay tribute to honorably discharged veterans who have incurred disabilities from military service. There is no way in which Congress or America can give back what has been taken from these brave individuals. All we can hope to do is let them know of our deep respect and appreciation for their service to our country.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the RECORD.

There being no objection, the text of the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 123

Whereas there are 2,500,000 disabled veterans in the United States;

Whereas disabled veterans have sacrificed their well-being in the service of their country;

Whereas disabled veterans endure severe disabilities, such as loss of limb, paralysis, blindness, deafness, and delayed-stress syndrome;

Whereas 16 to 35 percent of all disabled veterans are jobless as a result of their disabilities; and

Whereas disabled veterans have made important contributions to the national welfare: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of November 7, 1982, as "National Disabled Veterans Week", in recognition of the contributions that disabled veterans have made to the welfare of the United States, and calling upon all Government agencies and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

● Mr. LEVIN. Mr. President, America's disabled veterans have given a great deal in the defense of their country, and it is fitting and timely that we recognize these sacrifices in a meaningful way. I rise in support of Senator HAYAKAWA's resolution calling for the establishment of "National Disabled Veterans Week" because this Nation can ill afford to forget the courage and dedication exhibited by disabled veterans both on and off the battlefield.

Senator HAYAKAWA's resolution calls for the public display of appreciation and commemoration in honor of those

who have sacrificed so much in the cause of liberty. The disabled veteran lives everyday with memories and challenges that most Americans can only begin to imagine. Long after the war has ended, long after the dead have been laid to rest, long after the names of the battles cease to have meaning, the war for the disabled veteran goes on.

We cannot replace what the disabled veteran has lost in our defense. However, we can; and must, show for such bravery our lasting respect and admiration.

National Disabled Veterans Week will encourage every American to turn their thoughts to the unheralded price of freedom. This commemoration will serve to educate the American people about the challenges faced by the disabled veteran attempting to rebuild a place for himself within society. Further, this week will stand testament to the ongoing display of courage and fortitude that makes the disabled veteran so very worthy of our admiration.

Tomorrow, November 11, marks the day that this Nation has set aside to pay due respect to all who have served in the Armed Forces in the defense of liberty. Senator HAYAKAWA's resolution is a fitting and appropriate memorial, offered at a most auspicious time, to courage and partriotism. I join with him in urging that this resolution receive swift consideration and passage.●

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER. The acting minority leader is recognized.

Mr. TSONGAS. Thank you, Mr. President.

ALEXANDER PARITSKY

Mr. TSONGAS. Mr. President, tomorrow will mark yet another sad day in the struggle of Soviet Jewry. In Kharkov, Ukraine, in the Soviet Union, Alexander Paritsky, a leader in the Jewish community, will be put on trial on charges of slander against the Soviet state. These charges carry a maximum penalty of 3 years in prison. It is clear, however, what Alexander's real crime has been—he is a Jew who wishes to immigrate to Israel.

Since 1976, when he first applied to emigrate, Alexander Paritsky and his family have been subjected to persistent harassment from KGB officials in the Ukraine. This officially sanctioned harassment of the Paritsky family began when Alexander was taken to KGB headquarters, interrogated and threatened, and told to end his involvement in the Kharkov Jewish University, an institution which he helped found. Alexander's professional credentials as a doctor of ocean electronics were then stripped from him and the Soviet Government began publishing vicious articles in the Kharkov newspaper accusing him of black marketeering, racism, and propagandizing against the Soviet Union.

Other members of the Paritsky family have also felt the heavy hand of Soviet oppression. Dorina Paritsky, who is only 15 years old, was harshly interrogated by Soviet investigators at her school and told to denounce her family. Paulina, Alexander's wife, has been repeatedly threatened with arrest. In an unprecedented move, Soviet authorities have also threatened Paulina with the possibility of losing custody of her two daughters. And those of us who have daughters I would hope would be sensitive to that. When Paulina attempted to obtain independent legal counsel for her husband, she was forcefully detained.

Mr. President, this past Sunday I attempted to call Paulina Paritsky in Kharkov to learn about the treatment she and her family have been forced to endure. Although my original call to the Soviet Union did not go through, a successful call was made shortly after my meeting with the Committee to Free the Paritsky Family in Boston. This was the first time the Paritsky committee has been able to talk with a member of the family in over 6 months.

Mr. President, today I am introducing a resolution, which is being introduced concurrently in the House of of Representatives by Congressman FRANK, that calls upon the President and the Secretary of State to express at every suitable opportunity and in the strongest possible terms our opposition to the imprisonment of Alexander Paritsky. The resolution also urges the Soviet Government to release Alexander Paritsky, end the campaign of harassment against Alexander and his family, and finally, permit Alexander, Paulina, Dorina, and Anna Paritsky to immigrate to Israel and join their relatives in accordance with the final act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights.

Mr. President, I have been deeply moved by the activities of the Committee to Free the Paritsky Family and I urge all my colleagues to support this important humanitarian effort.

Mr. President, at this point I would like to read into the RECORD the transcript of the conversation between Paulina Paritsky and two members of the committee who are in Boston, Lenny Marcus and Uri Sthern.

The call took place on Sunday between the Committee to Free the Paritskys in Boston and Paulina Paritsky who was at the post office in Kharkov.

TRANSCRIPT OF CONVERSATION BETWEEN PAULINA PARITSKY, LENNY MARCUS, AND URI STHERN

Date: November 8, 1981.

Key: Lenny Marcus (Lenny), Paulina Paritsky (Paulina), Uri Sthern (Uri). Half of the conversation is in English and the other half is in Russian and has been translated by Alla Kan.

LENNY. Paulina?

PAULINA. Who are you?

LENNY. Lenny Marcus in Boston. I spoke with you in April. Paulina, Senator Tsongas was just here but he already left, but we are anxious to hear news from you.

PAULINA. The trial will be the 11th of November.

LENNY. Do you have a lawyer?

Mr. President, I am going to read this as she spoke it. The first part is in English so the grammar is not totally correct, but I am sure my colleagues will understand.

PAULINA. No, I haven't. I tried to make a contact, but it is five days before the trial. The . . . (pause) Counsel (defense attorney [1]) said that he is busy with another contract, and I haven't a lawyer. I don't know nothing about the charge, nothing about my husband. I tried to went to Moscow for Counsel, but I was arrested at Railway Station and stopped and I can't. I asked . . . (pause) I know nothing about my husband, about the trial. I can't to be at the protest (trial [2]).

LENNY. You can't to be what?

PAULINA. Yes . . . because the Official invited me as a witness for the prosecution and because of that I can't be present at the trial.

LENNY. What is your situation?

PAULINA. I appealed to all my friends for help for my husband, for help to my family because they (Soviet officials) say that I also will be before the Court.

LENNY. You too?

PAULINA. I tried to defend my husband but I can't.

LENNY. What about Dorina and Anna (your daughters).

PAULINA. Repeat please.

LENNY. Dorina and Anna, what about them?

PAULINA. They are so-so. Dorina was prosecuted and the investigator went to school where Dorina (age 15) is studying and we're in a serious situation.

LENNY. Paulina, I will give you to a friend and he will speak in Russian and give us all the information.

URI. Hello, Hello. I am from Moscow. I came from Israel to the United States to tell about the situation of Soviet Jews. If you can tell us something else in Russian, it may be easier. What is happening with you now?

PAULINA. I can tell you that the Investigator has been questioning witnesses. A lot of witnesses were questioned on my husband's case. Most of them were Jews, those who took part in the seminars and the study of the language (Hebrew).

URI. In the University? (The Kharkov Jewish University, developed by the Refuseniks in that city to study both secular and religious topics).

PAULINA. I don't even know what is in his case. I even couldn't hire a lawyer. I was trying to find a lawyer and had almost made the arrangements. He (the lawyer) promised me. The lawyer's name is KORABLOV. On the fourth of the month (November) a week before the trial, he told me that he is engaged in another case, and he refused (to be our lawyer).

URI. Oh yes, I heard of that. You were taken off the train.

PAULINA. Yes, to go to Moscow. I was trying to go to Moscow, but they (Officials) wouldn't let me go onto the train. They showed me a search warrant and they took all my papers and letters. I had wanted to see a lawyer in Moscow to make arrangements. I was searched and everything was taken from me. They wouldn't let me go to the prosecutor's office and then they called me as a witness (for the prosecution).

URI. O.K., I understand.

PAULINA. And I flatly refused to be a witness (for the prosecution). Then the Investigator, in a deceptive way, tried to . . .

URI. What do you mean by deceptive?

PAULINA. He told me that there is a request written by my husband, a note written from him. It was a lie. There was not a note. The last time I saw the Prosecutor, he said that

[1] All notes in parentheses are explanations and not direct quotes.

[2] Explanation: A witness for the prosecution cannot be present during the trial until he/she is called to testify. After the testimony, the person may remain until the end of the trial.

I already have 1 foot in jail. I will go after my husband, accused by the same article of law. Also, my daughter was questioned in the school. The Prosecutor and Investigator came to her school and interrogated my 15-year-old girl.

URI. In school?

PAULINA. Her composition which she wrote when she was 13 years old about her motherland being Israel . . .

URI. I know about this. It is printed right here in English and I have read it.

PAULINA. They consider that this composition was written by my husband. Probably this is also in his case and probably this will be presented as part of his guilt.

URI. O.K., I understand. Do they still threaten you? Oh, I am sorry.

PAULINA. I am constantly being followed. I cannot leave Kharkow nor can I make a call.

URI. Oh, my God.

PAULINA. Slander.

URI. Do you mean the accusation against your husband?

PAULINA. My husband is accused of spreading slanderous fabrications, defaming the Soviet Union.

URI. Yes, I know, but what materials are against him? The composition? The petition? (A petition signed by all Kharkow Refuseniks protesting emigration policies of Ovir).

PAULINA. They asked me about the composition.

URI. Well, that's very interesting. Did you know that people from Boston are calling you regularly at the Post Office?

PAULINA. The calls for me are not put through. I sometimes spend over two hours in the post office and the call is not put through.

URI. At this moment, we have a big meeting here, and in this city there is a lot of activity in the political arena and politicians are involved.

PAULINA. I appeal to all to help my husband somehow.

URI. Yes.

PAULINA. In the beginning, before the investigation started, the Investigator told me that very severe punishment is awaiting my husband—and the investigation had not even started yet. He will spend time in jail and then maybe he will leave (the Soviet Union). I will try . . .

URI. I am going to say good-bye and will give the telephone to Lenny Marcus. You hold on . . . Say hello to Tanya Frenlik if you know her.

PAULINA. No, I don't.

URI. I am giving you to Lenny Marcus who organized all this. Goodbye.

LENNY. Paulina, this is Lenny again. I want you to know that as we speak now, television cameras are recording your conversation, it is on radio and it is reported in the newspapers. This week Senator Tsongas from Massachusetts and Representative Barney Frank from Massachusetts will introduce resolutions in the U.S. Senate and U.S. House of Representatives to ask for your freedom, and Alexander's freedom, and Dorina's and Anna's. And I want you to know that you, and Alexander, Dorina and Anna are honorary citizen of the City of Boston and all of the people of Boston send a wish for your freedom and we are with you.

PAULINA. Thank you. Give my regards to all our frienls.

LENNY. There are 150 people in this room now who send regards to you.

PAULINA. Thank you.

LENNY. Here is Uri, again.

URI. Well, hold on. What else can I say? I understand what all of that means.

PAULINA. It's all very complicated.

URI. I understand. They are doing everything (the people who organized the rally) and you are the honorary citizens of Boston. The Senators who are involved, Tsongas and Kennedy, are very influential people. Well, you know . . . What can be done? Everybody here will try. Local authorities made a mistake in the case of your husband, and it will be corrected in time. Let's hope for that.

PAULINA. Thank you.

URI. Don't mention it. Hang in there. Goodbye.

Mr. President, I urge my colleagues to agree to the resolution inasmuch as the trial takes place tomorrow.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 10 a.m., with statements limited therein to 1 minute each. Is there morning business?

FOUR-SCORE AND TEN

Mr. ROBERT C. BYRD. Mr. President, Thomas Carlyle wrote, "Biography is the only true history." Many historians, indeed, contend that the central factor in creating history are the actions of great men and women.

Be that as it may, next Sunday is the 90th birthday of one great American who has more than once been central in creating modern history. For most of the last five of his nine decades, that man has served in public life. To an extraordinary extent, that man has been an adviser and confidant of Presidents, kings, and prime ministers. That man is W. Averell Harriman.

Mr. Harriman embarked on his public career when he was in his early forties. He could have abstained from Government service and still enjoyed a life of exciting elegance. The heir to one of America's great fortunes, Averell Harriman was the son of E. H. Harriman, a brilliant railroad titan. But from his youth, Averell Harriman was nurtured in the philosophy that great wealth carried with it great responsibility. In response to that doctrine, in the 1930's, while still chairman of the Union Pacific Railroad, Averell Harriman began sharing his prodigious business and economic experience with the Federal Government. By the outbreak of World War II in Europe, Mr. Harriman had sufficiently won President Franklin Roosevelt's confidence to be appointed first as a Presidential liaison to London, later as the American Ambassador to the Soviet Union, and finally as our Ambassador to the Court of St. James.

After helping administer the historic Marshall plan and then serving as President Truman's national security adviser, Averell Harriman was in 1954 elected Governor of New York State. During the 1950's, Mr. Harriman was also twice considered for the Democratic Presidential nomination.

In the 1960's, Averell Harriman began a distinguished career as an exceptional traveling diplomat, serving usually under direct Presidential orders. Again and again, Presidents have since availed themselves of his talents and sought his counsel.

W. Averell Harriman embodies an admirable American tradition. Like several gifted and selfless private citizens in our history, Mr. Harriman placed his considerable skills and abilities at America's disposal. His patriotism, maturity, and perception have consistently served America's best interests.

Mr. President, I am sure that many of our colleagues share my appreciation for Averell Harriman's contributions to America and join me in wishing this great patriot, statesman, and fellow countryman our best wishes on his 90th birthday.

Mr. President, I ask unanimous consent that a column by James Reston entitled "Harriman at 90," which appeared in the New York Times on Wednesday, November 4, 1981, be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

HARRIMAN AT 90

(By James Reston)

WASHINGTON, November 3.—Averell Harriman, former Governor of New York, Secretary of Commerce, Ambassador to London and Moscow, among many other things, will be 90 in a few days, and he reminds us not of how old he is but how young this Republic is.

He has lived for almost half the life of our history as an independent nation. He was born on Nov. 15, 1891, when Benjamin Harrison was President. He has survived 16 more Presidents since then, and plans to stick it out for a while longer until he sees another Democrat in the White House.

The Democrats naturally share his hope. They don't have much to celebrate these days, but they're going to throw a big party for him here next week, with John Kenneth Galbraith speaking for the Roosevelt years, Clark Clifford for the Truman years, Senator Kennedy for the Kennedy years, Lady Bird Johnson for the Johnson years and Fritz Mondale for the Carter years. Republicans need not apply, but some of them, remembering that Mr. Harriman was once a Republican, will be there anyway.

At 90, he still looks and lives like a Republican—tall and nobly handsome, with his elegant house on N Street in Georgetown, and the house next door filled with his papers, and his house in Virginia, with its views of the Blue Ridge Mountains.

He has not avoided the trials of advancing years. His sight and hearing are impaired. But he has the newspapers read to him every day, and he swims every morning and is now writing a book on Truman. He keeps young by seeing the young and telling them stories of the men of his time.

For example, he remembers congratulating Stalin at the Potsdam conference after World War II for leading the Red Army to Berlin in the final defeat of the Nazis. Stalin was still aggrieved that Eisenhower had kept him from advancing farther West. "The Czar Alexander got to Paris," Stalin complained.

Mr. Harriman has long memories of Winston Churchill, whose former daughter-in-law is now Mr. Harriman's wife. He was in London in the critical months after Pearl Harbor as Roosevelt's special envoy, and returned to Grosvenor Square as U.S. Ambassador in 1946.

He recalls a conversation with Churchill in which he ventured to criticize the British parliamentary system. Churchill was not amused, Mr. Harriman says, and replied, "Few men are so gifted as to understand the politics of their own country, let alone criticizing the politics of another."

Mr. Harriman is not exactly a Horatio Alger rags-to-riches character. He inherited

great wealth from the Union Pacific Railroad from his father, who also bequeathed to him a Presbyterian conscience. He has been trying ever since to be faithful to his father's admonition that "great wealth requires great responsibilities."

He is not very happy these days about the drift in U.S.-Soviet relations. He has kept a cool and wary eye on the Russians ever since his service as our Ambassador in Moscow from 1943 to 1946. I remember his appearance at the San Francisco conference on the formation of the United Nations, when he warned about the objectives of Soviet policy, and insisted on a charter that would protect the rights of the free nations.

He has kept to this cautious skepticism about the Russians ever since, but is now vaguely depressed because he thinks the anti-Soviet temper of the Reagan Administration is going too far, and is leading to an arms race and even a revival of the cold war that may get out of control.

There is, of course, very little he can do about this now, but he keeps trying. He had lunch the other day with the Soviet Ambassador, Anatoly Dobrynin, and deplored the rancorous propaganda between Washington and Moscow. But he also observed that while President Brezhnev talked a great deal about peace, the Russians were still keeping their SS-20 missiles targeted on every European capital. How, Mr. Harriman asked, could we have peace or coexistence until these missiles were withdrawn?

This is his main regret: that he has devoted the last 40 of his 90 years to the belief that there will be no decent order in the world unless the United States and the Soviet Union somehow overcome their fears of one another, and reach some kind of accommodation, and on his 90th birthday he fears the trend is going the other way.

His happiest days were not when he was appointed to Federal office, but when he was elected by the people as Governor of New York, and his second regret is that he was defeated by Nelson Rockefeller for reelection.

But at his birthday party next week, everybody will call him "Governor," which is the title he likes best, and pay their respects to him for a long life of public service. This, however, is not likely to satisfy him. As his wife says, he has "a whole dungeon of papers" next door on N Street, and is determined to sort them out, so that younger men will remember at Georgetown University or somewhere else what he is likely to forget.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. If there is no further morning business, morning business is closed.

EXPORT ADMINISTRATION AUTHORIZATION, FISCAL YEAR 1982–83

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of S. 1112, which the clerk will state.

The bill clerk read as follows:

A bill (S. 1112) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 627

The PRESIDING OFFICER. The pending question is on the Chiles amendment, No. 627, on which there shall be 30 minutes debate, with a rollcall vote thereon to follow immediately.

The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, we spent a good deal of time yesterday on this subject. I think we debated the Chiles amendment and the Heinz amendment at some length. I move to table the Chiles amendment.

Mr. CHILES. Mr. President, when there is a unanimous-consent agreement that says there is going to be 30 minutes equally divided, I wonder if the Senator is playing exactly fair if he is going to move to table now.

Mr. HEINZ. Let me say to my good friend, Mr. President, as the Senator knows, I was going to move to table the Senator's amendment last night.

Mr. CHILES. No; I did not know. The Senator never told me.

Mr. HEINZ. Mr. President, I think we have adequately debated the issue and I move to table the amendment.

Mr. CHILES. I would like to make a parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator's parliamentary inquiry is noted.

The Chair advises the Senator from Pennsylvania that a vote on a motion to table will not be in order since the agreement provides for a vote on the amendment.

Mr. HEINZ. I withdraw my motion, Mr. President.

The PRESIDING OFFICER. The Senator from Pennsylvania has his time.

Mr. HEINZ. I am prepared to yield back all my time if the Senator from Florida is prepared to yield back his.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. I thank the Senator.

Mr. HEINZ. I am propounding a question to the Senator from Florida.

Mr. CHILES. The Senator from Florida is not prepared to yield back his time.

Mr. HEINZ. I withdraw my offer, Mr. President.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, the Senate has a clear choice this morning about whether it wants to do anything about high interest rates. The Heinz substitute says that, since the prime interest rate is coming down, everything will be OK.

The Heinz substitute ignores the fact that home mortgage interest rates are not coming down at all, and that the housing industry is expected to remain at disastrously low levels of 1.2 to 1.3 million starts, compared to the 2 million we need each year just to replace the loss of old housing stock.

The Heinz substitute ignores the fact that the small businessman has to borrow at rates well above the prime, and that banks will simply not make credit available to small business.

Mr. President, I do not think we can take any comfort from the fact that interest rates are coming down due to a recession. The same factors remain out there that will drive rates back up when the economy recovers, which the administration says will be in the early spring. The huge tax cuts leave us deficits of over $100 billion a year; the administration remains committed to a supertight monetary policy. We just cannot wait 2 years for those policies to bring down home mortgage rates.

I think it is interesting, Mr. President, that the National Association of Homebuilders has supported the amendment that we are debating—the Chiles perfecting amendment that is before us today. These are the people who make up a major segment of our economy. They are the ones who, right now, are dying on the vine. They say, on behalf of their 123,000 members, that they are writing to "express our support for your emergency resolution directing the President to assure an adequate flow of affordable credit to small borrowers."

They go on to say that the record-high mortgage interest rates are having a devastating impact on the housing industry. Housing starts in September were down to an annual rate of 918,000, 56.2 percent below the peak level of 2.09 million in 1978. So we are currently in the midst of the longest housing recession since World War II.

The National Association of Homebuilders' forecast for 1981 assumed some moderation in interest rates by the end of the year, but they are estimating that only 1.07 million housing units will be started this year.

The drop in housing starts, they tell us, has a significant impact on the overall economy by raising the unemployment rate in construction trades. The official unemployment construction rate is 16.3 percent, which means over 828,000 wage and salary workers are out of jobs.

First-time home buyers in particular have been priced out of the housing market by high interest rates. Each 1 percent increase in interest rates puts a medium-priced house out of reach of over 860,000 families.

Mr. President, as we pointed out, the impact of high interest rates on housing is going far beyond housing to many other industries. One of the hardest hit is the timber and forest products. Mr. President, I ask unanimous consent to have printed in the RECORD at the end of my statement a recent position paper of the National Forest Products Association regarding housing and mortgage finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHILES. It is a particularly lucid interpretation of the awful economic impact of the current high interest rates policy. This paper makes particular points of two things that I think are important.

First, while we need some long-term restraint, we need short-term flexibility to avoid vast economic losses.

Second, they point out that the FHA and related Federal housing credit programs have been self-supporting and have played a vital role in developing new mortgage instruments to make housing available to more potential homeowners at affordable cost. The industry feels it would be a great economic mistake to cut back on these Federal programs during these difficult and changing times.

Mr. President, I think from these comments and the debates that we had yesterday, it is pretty clear that the choice is, do we want to adopt the Heinz sub-

stitute, which says everything is all right, interest rates are coming down; or are we ready to express ourselves as wanting to put our hand out to the President and say, "We want to support you in trying to do something about interest rates. We want you to meet with the Fed; we want you to come up with some voluntary guidelines that are going to send a strong signal to the financial and banking institutions that we do not wish to see money made available for mergers and conglomerate takeovers. We want to see that rationed amount of money out there reserved so it can go into the sectors of business that are productive to this country, that are actually creating employment; that we want to do something to stop some of the bankruptcies that are occasioned at such a rapid rate now in our small businesses."

We are going to send a signal to those small businesses and small farmers that we are aware of their plight, we are aware of the high interest rates they are being charged, and we are going to try to do something about it, recognizing that this is only one part of the puzzle, that fiscal restraint is just as important as this, but that we cannot ignore the monetary policy, especially when it comes to where money is now being used and where it is going for these nonproductive things.

Mr. President, I urge that we adopt the Chiles perfecting amendment, which 35 Senators have coauthored, and let us get on with trying to do something about this particular problem.

EXHIBIT 1

FOREST INDUSTRY POSITION—HOUSING AND MORTGAGE FINANCE, OCTOBER 1981

This statement reflects the policy of the National Forest Products Association on issues of housing and home mortgage finance. It is based on a paper by NFPA's Committee on Housing and Mortgage Finance submitted to the President's Commission on Housing and to committees of Congress.

SUMMARY

Immediate national economic problems, including a severe crisis in the home building industry, must be dealt with before real progress can be made toward long-term, antiinflation goals. The immediate problems and challenges facing the home building industry include:

Reducing government borrowing, which is now crowding out private sector growth so essential to combat inflation;

Establishing and achieving non-inflationary monetary growth targets that provide sufficient capital for private sector growth;

Developing alternate mortgage instruments with secondary market and consumer acceptance;

Easing building and land use restrictions to lower the costs of home building;

Establishing policies that encourage capital formation;

Broadening the secondary market for mortgages;

Continuing existing unsubsidized government mortgage insurance programs while at the same time encouraging the development of private mortgage insurance programs;

Providing the means and support for a rapid transition to mortgage lending institutions that are competitive under a deregulated structure.

The forest products industry has been a strong supporter of the Administration's policies to control inflation by reducing public sector spending and increasing private investments. The first round of budget cuts has been successful and the tax law changes should eventually encourage new capital formation. However, because tax revenues will be less than expenditures for the near term, federal deficits will continue. Until these deficits are substantially reduced, federal financing requirements will continue to compete with the demands of private credit markets. This means interest rates will not be reduced as expected, thereby raising the cost of federal borrowing and compounding the deficit problem.

In addition to these fiscal changes, the deregulation of financial markets is disrupting savings flows needed to support private investment. This has affected the assets and liabilities of lenders very differently, and many mortgage lenders are facing the prospect of bankruptcy. Deposits are being lost by traditional mortgage lenders, leaving these institutions unable to provide their normal support to new home markets.

The overall impact of these changing conditions is being felt in the homebuilding and supplier sectors, with serious long-term implications. Although home construction and its supplier markets have been weak for more than a year, the situation has become critical over recent months.

The backlog of available financing for homes has come to an end and builders are cancelling almost all development plans. Housing starts may well fall in historic lows with no immediate recovery in sight. This is in contrast to earlier projections of a recovery within six months. New orders for wood products have deteriorated to the point that operating rates and plant closures will almost assuredly be worse than any time since the 1930's depression.

NEEDED: A SUPPLY-SIDE RESPONSE IN HOUSING

Without an immediate recovery, major portions of the housing industry may not survive. This industry has gone through peaks and valleys many times, but builders and suppliers of products such as lumber and plywood recognize that this is no normal business cycle.

The homebuilding industry and its suppliers could lose as much as 25 percent of their production capacity in this housing slump. Much of this capacity will not be restored in the long term, contributing to even more inflationary housing shortages.

Current tight money and high interest rates will not stop the demand for housing from accelerating. In the 1974–76 period, when new home construction was curtailed below the level of demographic demand, the result was a record shortfall of supply relative to demand. This shortfall triggered an enormous increase in home prices starting in 1976. These inflated prices have resulted in appreciation in housing prices exceeding one trillion dollars an amount dwarfing even the asset shifts caused by oil price increases.

Appreciation in housing prices has greatly increased the demand for mortgage credit for existing homes. Real estate contracts between individuals have mushroomed, replacing institutional lending. These contracts must be refinanced in the next few years, thus giving rise to further congestion in financial markets.

To reduce these inflationary demands on capital markets, the supply of new homes must be increased. Housing is a capital asset like plant and equipment. When supply is restricted, inflationary forces are induced with serious long-term consequences.

These new forces in the economy are working against the goals of increased private investment and reduced inflation. The future inflation in home prices that can be expected to continue as a consequence of increasing shortages will further fuel price expectations, wage demands, increased transfer payments, and worsening deficits.

Immediate steps are essential to avoid these problems and to assure success for the Administration's long-term economic program, which has been so broadly supported.

DEFICITS MUST BE REDUCED TO ALLOW ADEQUATE PRIVATE INVESTMENT

The Economic Recovery Tax Act of 1981 and current economic conditions have made it clear that additional federal spending cuts are essential in the near future. These additional budget cuts will not be without economic, social, and political costs. The homebuilding and supplier industries will not be exempt from their fair share of these spending reductions.

New spending reductions must be multiyear programs so that longer-term planning certainty can be introduced into the economy. To prevent a worsening crisis in private capital markets, significant new federal budget cuts need to be enacted now.

Further budget cuts of at least $20 to $30 billion are needed in fiscal year 1982. Without these cuts, severe competition between government and private users of a limited capital market will continue. This will prevent interest rates from declining, making it impossible to reach the targeted goal of no more than a $43.1 billion deficit for fiscal 1982.

Spending must be balanced with the revenues that will be collected. Crowding out by government borrowing, which is now constricting private capital markets, will only worsen unless immediate budget cuts are identified and enacted by Congress.

As new fiscal spending constraints begin to work in the economy, expectations of continued inflation will be reduced and credit market conditions will again support private investments. These are the key to a permanent turnaround in inflation. The investments are necessary to improve our country's productivity as well as to support a housing recovery—and thus reduce the inflationary pressures of a worsening housing shortage.

CREDIT CONDITIONS ARE PREVENTING A PRIVATE SECTOR SUPPLY RESPONSE

Credit conditions need to be tightened in the economy for the foreseeable future. They have been too loose too long, with spiraling inflation the result. Also, an excessive relaxation of the Federal Reserve's monetary aggregate growth targets would be counter productive.

However, a more complete look is needed at the role of money supply growth restraint in the economy as an element of the government's anti-inflation policy. The link between the growth of money supply and economic activity is imprecise under the best of circumstances and is especially difficult to establish at present. Interest rates have attained record levels, structural changes are occurring throughout the financial markets, and financial sector deregulation is proceeding—all of which add to the difficulty in determining proper monetary targets.

A healthy, non-inflationary private sector requires a certain level of credit growth for sustenance. When that need is coupled with large government credit demands a short-term credit growth rate larger than longer-term monetary target rates may be appropriate. These credit market requirements—and conditions in labor and product markets—must be considered when economic policy is formulated and implemented.

As now constituted, money targets are causing a reduction in private sector investment, as attested by present conditions in housing markets and record real interest rates. Economic policy which results in a tightening of credit markets to such a point that there is no chance for any "supply-side" response is not efficient in either the short or long run.

When labor markets are underemployed and when other intermediate and final demand markets are severely underutilized, especially in credit-sensitive sectors, a relaxing of credit conditions is not inflationary. This is the present need in housing, as well as other credit sensitive sectors of the economy. Conversely, when markets are fully employed, additional or surplus credit is almost purely inflationary. This is the condition that has prevailed too often, and must not be allowed to develop in the future.

As efforts to reduce the federal deficit are successful, the long-term commitment to gradually reduce the growth of the monetary aggregates must continue.

In the development of monetary control targets, the forest products industry recommends that specifically agreed-to target reductions in government deficits be incorporated with adequate private capital for investment. This will assure adequate capital to make progress toward the long-term goals of the economy without introducing the inflationary consequences of past policies.

The integration of these fiscal policy and monetary policy propositions needs to be re-emphasized. A more austere fiscal stand, beginning immediately, is a necessary condition to this reinterpretation of the monetary-capital targets. If fiscal policy is not adequately tightened, more inflation will result.

DEREGULATION FORCING NEW INSTRUMENTS FOR HOUSING FINANCE

The combined effect of increased housing demand, record high interest rates, and structural changes resulting from the Depository Institution Deregulation and Monetary Control Act of 1980 will make it difficult for traditional mortgage lending institutions to meet mortgage credit needs. It has been estimated that a mortgage credit gap of approximately $31 billion annually will exist during 1980s. The expanded use of alternate mortgage instruments is essential for lenders to be able to offer financing and for consumers to be able to obtain mortgages during periods of volatile interest rates.

The forest products industry supports recent actions of the Comptroller of the Currency and the Federal Home Loan Bank Board in authorizing federally chartered financial institutions to issue adjusted-rate mortgages. Recent implementation of standard mortgage origination forms by the Federal National Mortgage Association should also substantially increase use of alternative mortgage instruments. Increased standardization of mortgage forms is urged, thereby facilitating increased market activity by non-traditional purchasers of secondary mortgage instruments. The shorter-term interest adjustment features of many alternative mortgages will also provide assistance to the thrift industry in dealing with its asset problem.

Experiences in other countries with alternative mortgage instruments has shown substantial consumer acceptance; however, initial consumer resistance is likely. Thus, it is important that the public is supplied with pertinent, understandable information about the different features of alternative mortgage instruments, and their suitability for each individual homebuyer.

A BROADER SECONDARY MARKET IS ESSENTIAL FOR HOUSING

The secondary mortgage market is relatively new, and its importance is increasing with deregulation. With the present economic squeeze on the thrift industry, a large proportion of mortgage lenders are operating as mortgage intermediators. The secondary market, similar to our highly developed corporate bond markets, has become a bridge between lending originators and investors. Expanded use of alternative mortgage instruments should allow mortgage rates to be tied to other long-term rates, minimizing the severe fluctuation of short term rates that has been so prevalent recently.

The existence of both private and public secondary market entities provides an excellent partnership for developing new markets for mortgage instruments. The mixture of the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation provides unique services for various types of mortgage lenders. GNMA alone has guaranteed more than $115 billion in mortgage-backed securities and has pioneered numerous marketing innovations. Its marketing operations are not subsidized, and function on a self-sustaining user-fee basis.

An important feature of Federal National Mortgage Association is that it allows broader acceptability of mortgage instruments. This is of particular importance during periods of capital stringency and transition. Strong support should be given to continuing unsubsidized GNMA programs.

FEDERAL CREDIT PROGRAMS AND PRIVATE SECTOR ALTERNATIVES TO THOSE PROGRAMS

The forest products industry supports the continuation of the unsubsidized mortgage insurance programs conducted by the Federal Housing Administration (FHA), the Veterans Administration (VA), and the Farmers Home Administration (FarmHA). Since 1934 FHA has met the housing credit needs of more than 16 million families and has been a pioneer in establishing innovative mortgage instruments. Its existence has been the prime ingredient in providing needed mortgage credit at affordable cost. The non-subsidized portion of FHA is self-supporting and provides potential homeowners with an alternative for mortgage finance.

In addition, FHA provides stability in the consumer mortgage market, particularly in periods of limited conventional mortgage availability. While terms of conventional loans insured by mortgage insurance companies change with market conditions, FHA terms (other than interest rates) remain constant.

THE ROLE OF SPECIALIZED INSTITUTIONS FOR HOUSING FINANCE

The challenge facing the thrift industry today is how to continue providing home mortgages at a time when savers are demanding premium rates. Special attention should be given the needs of mortgage lenders, including new legislative initiatives that can provide a bridge for existing thrift institutions to adjust to the demands they will experience this decade. The problems that mortgage lending institutions have in attracting deposits in today's deregulated climate deserve immediate study and attention.

TAX ISSUES: HOUSING FINANCE AND FINANCIAL INSTITUTIONS

Tax policy probably has a greater impact on housing finance and credit availability than any other area of federal involvement. Since home buyers must now compete in the capital market for mortgage funds, tax policy which encourages capital formation is of critical importance to the housing industry.

The savings rate in the U.S. has declined to an all-time low point. During 1979 households saved only 4.5 percent of disposable personal income, the lowest annual rate in the last 35 years. This is less than one-half of the savings rate of most industrial nations.

A national savings rate target should be established and this target should be incorporated in the expected growth of capital markets and monetary targets. Since the expanded investment needs of the economy, including housing, must rely on the capital market, federal actions are needed to encourage greater savings and capital formation. The savings incentives contained in the Economic Recovery Tax Act of 1981 should provide additional encouragement for individuals to increase their rate of savings. The forest industry is particularly interested in whether or not the "All Savers" certificate will have a favorable impact on mortgage rates and the liquidity of the thrift industry.

During this decade, expanding needs for credit will place increasing pressures on the capital market to provide credit at competitive rates. Housing demand during the 1980's will also reach an all-time high. Since the housing industry must obtain its financial requirements from the broad available capital pool, Congress should continue its program of removing the existing anti-capital biases built into the tax code.

Tax incentives designed to encourage greater construction activity would not significantly alleviate the present crisis facing the housing industry. The problems causing the greatest difficulties are: (1) constraints on credit availability; (2) regulatory restrictions, including those on land availability; and (3) interest costs. Tax subsidies designed to encourage building will not offer a solution to these problems.

OTHER REGULATORY COSTS CONTRIBUTING TO INFLATION IN HOUSING

The costs of meeting building code regulations and local land use controls have become an embedded element of inflation in housing costs, and, in turn, the Consumer Price Index and wage negotiations. These costs have contributed significantly to the shortage of building lots for housing. Federal, state, and local code restrictions are also adding to higher building costs. The combined effect is inflationary increases in home prices. A program to reduce regulatory costs would contribute significantly to lowering inflation in both home construction costs and real estate values. This would benefit the economy as a whole, through reduced credit demands and lower inflation.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. Mr. President, yesterday, I opposed the Chiles amendment. The perfecting amendment the Senator from Florida has offered to his amendment is virtually identical. The amendment attempts to do something we know does not work. Credit allocations have been tried before. They are not the solution. Every time we try to solve one problem with a credit allocation, we cause another.

Mr. President, the Senate has a clear choice this morning whether or not it wants to do anything about high interest rates.

One of the things you cannot tell about these objectives, laudable as they may be—we would all like to see lower interest rates—is that you are going to get higher interest rates when you try to bring about lower interest rates in some part of the economy by legislative fiat.

Second, as was discussed at some length yesterday—I think the Senator from Wisconsin put it very clearly and very succinctly—the problem with high interest rates relates to the size of the Federal deficit; and the size of the Federal deficit is a question for which we in Congress are ultimately responsible.

The House of Representatives, acting first, under our Constitution, originates money bills and they come here, whether they are spending bills or tax bills, and it is our responsibility to deal with spending and tax matters so that we get the deficits down.

To simply say to the President, "What you have to do is politicize the Federal

Reserve Board, run the Federal Reserve Board," goes against everything most people in this body stand for. We do not want to politicize the Fed. We do not want any President to run the Federal Reserve Board. What we do want is a President and a Congress that will be fiscally responsible.

If we act on that precept and that principle, we will bring down these currently high interest rates—and even though they are down from 22 to 17 percent, I still think they are too high—and we will get these interest rates down not for just one group or another group but for everybody in this economy.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HEINZ. I yield.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Pennsylvania. I believe he has stated the case extremely well. I agree with everything he has said. However, let me put it in a slightly different way.

The argument has been made by the able Senator from Florida that what we need to do is to relieve particularly the high interest rates in the homebuilding industry. I have great sympathy for that. There is no question that the people in the homebuilding industry, the homebuilders, are flat on their back. Fine firms have gone bankrupt. Many young families want homes. They have that American dream, and they have saved for it, but they cannot buy because interest rates are too high.

However, where does the money come from? Either you have the Federal Reserve Board increase the supply of money, which is inflationary, and which the other side denies they want to do, as I understand it—they do not want to monetize the debt—or you get it from some other sector of the economy, or the Federal Government reduces its claims on the available amount of credit.

They say, "We would like to provide money for housing, for the automobile dealers, for the small business people, for the farmers." That is fine. But that is a colossal demand. From whom do you take it? Do you take it away from big business? They provide jobs. Virtually every State in the Union has a big corporation that provides a great number of jobs. In my State, in Kenosha, Janesville, and other parts of my State, if it were not for large corporations, we would have a very serious economic problem.

Take the problem of mergers. This has been attacked. Even with respect to mergers, there is no way we can take money out of that without reducing jobs.

For example, in my State, we have Schlitz and Heileman. Schlitz is in very bad shape. They have lost so much business that they are about to go out of business. Heileman is a smaller firm, with excellent management. There is no question that if they can merge, they can save many of those jobs. There are thousands of people in Wisconsin who depend on it, as well as thousands of people all over the country. If we deny that merger, it means jobs will be destroyed in that industry. This is true everywhere.

We have to be extremely careful about saying that we are going to allocate more from one sector to the other, because either we deny jobs or we destroy companies in the process.

The one safe policy that I think all Members of Congress agree we should follow is to reduce the Federal debt, to balance the budget just as soon as we possibly can, to reduce net off-budget borrowing. If we do that, we can ease the amount of credit available. Less credit will be demanded by the Federal Government and more will be available in the private sector.

That is the way to go, but that is not the way the Chiles amendment would go. The Chiles amendment, with all due respect, would require, one way or the other, an allocation of credit and would ignore the fundamental problem, which is the problem of getting our Federal fiscal house in order.

Mr. KENNEDY. Mr. President, I am pleased to join the other sponsors of this emergency amendment calling on President Reagan to take action to bring interest rates down.

Responsibility for the plague of high interest rates rests squarely with the President. In a very real sense, the Federal Reserve follows the flag. I am confident that if the President sends the proper signal to the Federal Reserve, the Fed will act to insure that assistance flows immediately to the critical sectors of our economy that are starved for credit.

But this interest-rate-induced recession for the rest of the economy long ago became a depression for the housing industry, the auto industry, small business, and small farmers. Unless the President acts now, these essential sectors of our economy will be damaged even more severely.

In addition to directing credit on an urgent basis to these important areas, the amendment we are offering also calls on the President to take action to prevent vast amounts of scarce credit from being siphoned from the economy for oil company takeovers and other nonproductive purposes.

A few weeks ago, we saw the first of the new wave of "oil wars" battles, in which some of the largest oil companies in the Nation obtained lines of credit worth tens of billions of dollars in their unsuccessful bid to take over Conoco.

Now, it is happening again. One of the largest oil companies has obtained a $5 billion line of credit to finance its takeover bid for Marathon Oil Co. And Marathon has countered by opening a $5 billion line of credit of its own, in order to finance its defense against the takeover.

It is wrong, and the worst kind of economics, to pursue a credit policy under which giant oil companies can borrow $5 billion in a single day, while an average family cannot obtain a home mortgage even at the fantastic interest rate of 19 percent.

The crisis of high interest rates has now been compounded by the most recent figures on unemployment, which have brought even more bad news for the economy. The unemployment rate has surged to 8 percent across the Nation, a rise of half a point in a single month. In Massachusetts, the rate climbed even more steeply, from 6.4 percent to 7.9 percent in the past month—the largest increase in any industrial State.

The soaring rate of unemployment is yet another symptom of our sick economy. In his Labor Day address to the Nation, the President promised that his economic program would bring "jobs, jobs, jobs, and more jobs." But so far, what we have seen is "lost jobs, lost jobs, lost jobs, and more lost jobs."

We are witnessing the disintegration of the Reagan economic policy. Their plan just will not work. It was flawed from the beginning. They pledged to restore prosperity. But instead they have given us what is likely to be the worst economic mess since the Great Depression—an unremitting assault of high interest rates, high inflation, rising unemployment, huge budget deficits, and now a serious recession.

The "misery index"—the sum of the inflation rate and the unemployment rate—is one of the measures President Reagan himself used in his campaign last year to describe the distress in our economy. When the President took office last January, the "misery index" stood at 15.8 percent. Now, it has climbed to 22.4 percent, an increase of over 40 percent in 9 short months.

The time has come for the administration to take off its rose-colored economic glasses and confront the crisis caused by its failing economic program.

Above all, the President must put his own house in order. His policy is divided three ways against itself, as tensions and conflicts escalate among the budget-balancers, the supply-siders, and the monetarists in the administration's councils—each tugging the President in a different direction on the economy. The President must choose. The administration must speak with a single voice on economic policy, not the three-headed monster we hear today.

As the President once asked, are we better off today than we were before? In November 1981, the answer is clearly no. Millions of Americans are far worse off today than they were in January when the President took office. The question the President asked has now come back to haunt him, and it is time he found a better answer.

What the country needs is a serious economic policy to deal with our serious economic problems. What we do not need is more tax increases or deeper spending cuts that hurt the middle class and the unemployed. What we do need are realistic steps to bring interest rates down and to stop this recession before any more workers lose their jobs.

I urge the Senate to adopt the pending amendment as a first important step toward achieving this goal. The well-being of millions of families and countless enterprises in our society hangs in the balance. The time has come for action to bring interest rates down and to bring our economy back to health.

● Mr. HUDDLESTON. Mr. President, the repercussions of the stubbornly high rates are shaking the very foundations

of our economy and we must find a solution to the problem soon. I believe that this amendment will help us focus our attention on the devastating problem and choose the necessary course of action we must take in the coming weeks.

I believe that there is a general consensus in the country today which accepts the fact that some sacrifices will have to be made in order to reduce inflation and provide incentives for economic growth. However, the evidence clearly shows that the high interest rates brought about by our present policies are having a substantially disproportionate impact upon certain groups within the economy.

There is no question that the brunt of this burden is now falling on potential homeowners, small businesses, small farmers, consumers, the auto industry, and small thrift institutions. I believe this inequitable distribution of the economic burden shows basic disregard for the principles of fair play which we operated under in the past. And I believe that we must bring an immediate halt to the policies which are contribuing to it.

The housing industry is experiencing the deepest slump in its recorded history. Recent housing starts fell to the lowest level in more than 5 years and the prospects for the future do not look better. Most of this has been brought on by the excessively high interest rates which have sharply reduced the flow of money into the housing market.

When housing is down the effects are felt throughout the economy. Hundreds of housing-related businesses have closed their doors and thousands of people have been put out of work as a result of the ripple effects. And, more will surely follow.

However, far more damaging than these economic effects is the repudiation of the commitment this country made to provide affordable and decent housing for all its citizens. We hear a lot being said these days about preserving the family, but little concern is shown for the new families who are unable to afford their own homes.

Those who were priced out of the housing market by the high inflation rates now see their dreams of owning their own homes fading further into the distant future as a result of the unconscionable high interest rates.

Small businesses of all kinds are finding it more and more difficult to survive because of the excessively high interest rates which have deprived them of needed capital and lines of credit. Dun & Bradstreet reports that the bankruptcy rate is up 42 percent compared to the same period last year.

However, the plight of the small businessman is in direct contrast with the situation larger businesses now find themselves in. The corporate loan demand for larger businesses is on the rise and there appears to be plenty of credit for these companies regardless of the need.

In July the House Banking Committee reported that "at last count nearly $40 billion worth of takeover lines of credit exist." While it is difficult to judge the merits of these mergers and takeovers, it does appear that substantial lines of credit are readily available for what some would consider to be nonproductive purposes.

It increasingly appears that we may be in an economic situation where smaller companies are starved for credit due to excessively high interest rates and large corporations are taking advantage of the situation to make nonproductive acquisitions.

Some would argue that this is the normal competitive process and it is the expected result when the free market is allowed to work its will. However, I believe that this is not a "free market" in operation. The administration's economic policies have forced upon us an arbitrarily set tight monetary situation which is allocating credit through high interest rates to large businesses. This is hardly a situation which could be called competitive.

In the auto industry the news is also bad. Analysts were expecting a modest gain in auto sales in August. However, the expected 2-percent increase turned out to be 0.6 percent and predictions for the fourth quarter are for a continuing slump.

Net farm income fell 40 percent last year and the prospect of bumper crops and the high cost of financing inventories make the outlook exceedingly bleak. Farmers are now paying anywhere from 16 to 20 percent for financing and a substantial part of this is only short term. If the high interest rates continue, many small farmers will be forced out of business and only the larger ones will survive.

Traditionally, a tight monetary policy and high interest rates have been used as the weapon to fight inflation. However, when it is the primary weapon and is used to extreme, it also contributes to the inflation problem. The high interest rates will increase the net interest burdens on nonfinancial business organizations and these higher costs will certainly show up in the future economy as higher prices.

Balancing the Federal budget is another way of fighting inflation, but the excessively high interest rates are obstructing and delaying our efforts along these lines. The high rates mean that when the Federal Government borrows money to finance the existing debt, it must pay considerably more for that money.

This extra cost is in turn piled on top of the Federal debt. Throughout the 1970's the annual net interest rate charges amounted to about 7 percent of Federal expenditures. However, this has now increased to over 12 percent in fiscal year 1981. The high interest rates are literally adding billions of extra dollars to the Federal budget.

While it is obvious that excessively high interest rates are causing the United States severe economic problems, there is disagreement on why the rates are so high. Part of the reason is that the Federal Reserve is carrying out a tight monetary policy which can be expected to result in high interest rates. However, the severity and continuity of these high rates has produced conflicting opinions as to the true underlying reasons.

After reviewing various economic reports, I am convinced that all of the fault cannot be laid at the feet of the Fed. Instead, it must be traced back to the inconsistent and contradictory economic policy which the administration has put in place.

By the beginning of the August recess the President had gotten everything he had asked for in regard to his economic program. The massive budget cuts had been agreed to and the much more massive tax cut was passed. All of this was done with assurance that this program would stimulate growth, reduce inflation, promote economic stability, and balance the budget by 1984.

However, it did not take much time for the illusion created by the administration to disappear and the realities to sink in. The realities are quite simply that the real figures do not support the rosy picture we were painted by the administration. The budget deficits, instead of receding into oblivion in 1984, are now growing larger with every new projection. Most economists now believe that it will be over $100 billion by 1984. Once Wall Street realized this, we began to feel the feedback in the form of excessively high interest rates which would not come down.

These high interest rates should not be a surprise to most of us since they have been a part of the administration's economic program for some time. The President has consistently supported them and it is obvious that the Federal Reserve could not continue its extremely tight monetary policy without strong administration support.

However, none of this should come as a surprise because most economists agree that with a stimulative fiscal policy, the only effective weapon against inflation is a restrictive monetary policy. This dual and inconsistent economic policy has been graphically described by the chairman of the House Budget Committee as "the equivalent of stepping hard on the gas at the same time as you slam on the brakes. The result will sound spectacular—until either the brakes fail or the engine blows."

The American people were promised by the administration that it had the formula for stimulating economic growth, reducing inflation, lowering interest rates, and balancing the Federal budget. They have been delivered huge deficits, near record interest rates, a recession, and increasing unemployment.

I do not think that any economists, even the supply-siders, would disagree with the observation that it does not take a great deal of imagination or ability to reduce inflation by inducing a recession. However, we were promised much more by this administration. If the present economic situation is the introductory course in the new Reaganomics, I do not believe that the working people of this country can afford to sign up for the advanced degree.●

● Mr. BRADLEY. Mr. President, high interest rates have driven the economy into a disturbing recession, leaving countless bankruptcies and high unem-

ployment in their wake. The damage being done to our economy pains me because of the cost to our citizens and our national strength, and it disturbs me because it was not necessary. Rather it was the direct result of the irresponsible economic policy demanded by this administration. It was the direct result of a policy which forced the Federal Reserve to conduct a tight monetary policy to combat the inflationary pressures released by the administration's expansionary fiscal policy.

Mr. President, we cannot allow ourselves to forget for 1 minute that the reason for the high interest rates is this fiscal policy, a policy which even the President now admits will preclude a balanced budget by 1984, and which some of the President's advisers are said to now recognize will produce a 1982 deficit near $100 billion.

The response of the Federal Reserve to this kind of fiscal policy was predictable: To restrain the inflationary pressures of the President's budget by keeping monetary growth at low levels. In fact, the President's advisers encouraged the Federal Reserve to keep money tight. The budget had been made the victim of a careless personal tax cut. With a hemorrhaging budget and with administration encouragement, the Fed felt compelled to restrict the flow of money through the economy. That meant high interest rates.

Mr. President, I will vote against the resolution of the Senator from Florida and the substitute offered by the Senator from Pennsylvania because I believe they divert attention from the real cause of the interest rate tragedy—the President's fiscal program. The economic injuries and hardships described in the two amendments are correct, and I join in the urge to deplore current conditions and resolve to do something about them. But the solutions which the amendments appear to point to are wrong. The antidote to high interest rates is not loose money or credit controls or even exhortation of the Fed. Loose money will spur inflation, which risks driving long-term interest rates even higher. Credit controls risk diverting resources from more to less productive uses.

Distorting market decisions could exact a high price in the productivity growth we need to lower prices and restore competitiveness to our industries. And exhorting the Fed risks not only the result of an inflationary or distortionary monetary policy, but the diversion of public attention from the President's budget and revenue program, which is the real source of the economy's ills, including high interest rates.

Mr. President, I oppose high interest rates, I oppose the devastation of the housing industry, the crippling of the auto industry, and the debilitation of small businesses generally. I oppose all these things because they are destroying the lives of Americans today and their dreams for tomorrow. And I fear that the pains produced by the high interest rates today are mild compared to the pains that may be produced by the recession underway. Ironically, because of this recession, interest rates are falling and probably will continue to fall, even dramatically. But we can take no pleasure in declining rates brought about by declining growth.

I cannot support a resolution that appears to me to divert blame from where it truly lies—with the administration's economic program of large and poorly structured tax cuts.

This program has placed us in a dilemma where continuing the President's loose fiscal policy risks unacceptably high deficits, while tightening fiscal policy by increasing or restoring taxes risks exacerbating the current recession.

If the President had kept his fiscal policy tighter, with a smaller and different tax cut, which permitted the Fed's monetary policy to be less restrictive, we would not be in this dilemma today. We would be moving the budget toward balance, and because of lesser monetary pressures, interest rates almost surely would be lower.

But conditions are what they are, and they are largely what the President's program has made them. They would not be improved by looser money, credit controls, credit allocations, or time spent cajoling and criticizing the Federal Reserve Board. Therefore I will vote against these resolutions. By doing so I reaffirm my commitment to work with the President and my colleagues to correct the damage, including high interest rates and recession, being done to the economy by the administration's current tax and spending program for fiscal year 1982 and the outyears.●

HIGH INTEREST RATES: PUBLIC ENEMY NO. 1

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the amendment offered by Senator CHILES. We are at a crisis in the credit-sensitive sectors of our economy. Whatever hope the supply side miracle may have held out to our jobless citizens is swept away by sky-high interest rates that make new investment unprofitable.

The Chiles amendment directs the President by November 25, 1981, to work with the Federal Reserve Board to assure an adequate flow of credit to small borrowers. It requires that particular attention be paid to reducing home mortgage rates and increasing employment.

The amendment also directs the President to limit large-scale diversion of credit to nonproductive uses, such as conglomerate mergers and corporate takeovers. This amendment takes strong action to bring interest rates down now, and let the economy begin to grow.

There has been much talk about declining interest rates lately, and it is true that the prime rate has fallen to 17 percent. But is 17 percent something to be satisfied with? Is it a rate we can tell our Nation's businessmen they should pay?

While the prime rate, and other short-term rates, are edging downward, long-term rates are staying high. Just last Thursday, 29¾-year Treasury bonds sold at an all-time high of 14.1 percent, and mortgage rates continue to hover near 18 percent.

Unless long-term rates come down, capital investment will not increase significantly, and the housing industry will not recover. Companies will be reluctant to use short-term money for capital investment, even if these rates are low, because the returns to capital investment are often many years in the future. Turning to housing, one simple fact determines the fate of that industry: The vast majority of our Nation's families cannot afford to buy a house at 18 percent interest. Until those rates come down the housing industry cannot recover.

The drop in short-term rates, while long-term rates stay high, reflects a combination of widespread confusion about the administration's fiscal policies, and the strangling effects of its tight monetary policy.

The lower short-term rates reflect the impact of the current recession, but the high long-term rates reflect a belief that after a small dip, inflation and credit demands will soar once more.

The administration's disarray on fiscal policy is only adding fuel to the fire. Investors will not accept lower returns on long-term investments until they believe that our Government has returned to a responsible fiscal policy. Unfortunately, every week brings new, and larger deficit predictions for the next 3 fiscal years.

Only a few months ago, $100 billion deficits were characterized as out of the question. Now a $100 billion deficit is widely predicted for this fiscal year. It may be hard to imagine deficits that large, but consider that to spend $100 billion we have to spend $1.60 for every second since the birth of Jesus Christ.

Last Friday, after assuring the Nation for 9 months that a balanced budget could be reached in 1984, the administration formally abandoned that goal. As a result of that announcement, the investment community, small businessmen, and labor leaders have no reference point against which to make their economic plans for the next few years. The administration must come forth with new, realistic deficit goals for fiscal years 1982, 1983, and 1984. There is no substitute for fiscal responsibility as a way to bring long-term interest rates down.

As the days go on, and this recession deepens, the importance of passing Senator CHILES' amendment becomes more clear. Unless interest rates come down, it will be next to impossible for the economy to recover.

The housing industry, which traditionally leads the economy out of recessions, shows no signs of improving. Yesterday's Wall Street Journal quotes a homebuilder in Kansas City as saying, "This fall, we builders will drop like leaves."

If the fall turns out to be anything like the first 9 months, there may be little left of the housing industry by year's end; 2,660 construction contractors had filed for bankruptcy by the end of September. That is up nearly 50 percent from the 1980 period. The rate for subcontractor failures is even higher, with bankruptcy filings up 120 percent from last year's figures.

No amount of supply-side rhetoric, or administration assurances will help the Nation's housing industry lead us out of recession. We need fast action, and the Chiles amendment guarantees such action. I hope you will all join me in supporting this amendment today.

I ask unanimous consent that the full text of yesterday morning's Wall Street Journal article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUILDERS' LOSSES MOUNT AS PROLONGED SLUMP IN HOUSING CONTINUES

(By G. Christian Hill)

KANSAS CITY, Mo.—Robert O. McCollom has the wistful, grizzled look of a prospector who once struck it rich only to lose it all to bad luck.

The look fits. The lanky, 39-year-old former schoolteacher began a home-building business in 1969, parlaying $350 from the sale of an old Chevrolet into a fair-sized fortune by the mid-1970s. He gained a reputation for building innovative, well-designed homes. But in September, Mr. McCollom filed for bankruptcy, joining hundreds of home builders ruined by two years of high interest rates that have sapped sales.

Nonetheless, Mr. McCollom views his troubles with equanimity. "I made some bad business decisions," he says, "but they wouldn't have been fatal without the economic downturn." He adds, "This fall, we builders will drop like leaves."

OMINOUS ASSESSMENT

Most home builders and lenders agree with his ominous assessment. Builders have been hammered by the longest housing slump since World War II. Although many of them shut down early and trimmed inventories, others were caught with raw or developed land and partly built or completed homes, financed at steadily ballooning interest rates. With home sales at record lows, their huge carrying costs have finally exhausted the profits they made in the good years after the 1973–75 recession.

The current housing recession is markedly different from prior ones in the mood of despair it has spread throughout the industry. For the first time in 50 years, this usually optimistic breed doesn't see much chance of a recovery or a boom in the near future.

"Much of the building fraternity is reaching a shocking conclusion," says Merrill Butler, a California builder and past president of the National Association of Home Builders (NAHB). "That is, mortgage rates will stay high through much of 1981, and it is better to take your medicine now than in six months. The small builder is just being wiped out, and it's going to get worse."

In the first nine months of this year, 2,660 construction contractors filed for bankruptcy, up nearly 50 percent from the 1980 period, according to Dun & Bradstreet. In all of 1975, 2,262 contractors filed for bankruptcy. Bankruptcy filings by subcontractors have increased 120 percent so far in 1981 from last year. These trends are likely to continue because lenders' foreclosures on new housing developments have picked up in the last 60 days, especially in previously hot markets such as Texas and Southern California.

LOSING THEIR SHIRTS

And lots of builders are losing their shirts in ways that don't show up in the failure statistics. Some are handing projects back to lenders in lieu of foreclosure, which avoids a court action but still wipes out their entire investment. Others are subsidizing home buyers by paying lenders to offer below-market interest rates, or are auctioning off property or selling entire subdivisions to investor groups at cut-rate prices. These agreements cost them much of the equity they have built up over the years.

Builders aren't the only ones hurt by the housing slump. Some financial experts believe the national economy will remain sluggish without a robust recovery in housing, which accounts for 4 percent of the gross national product. The NAHB predicts that housing starts will total only 1.07 million units this year, down 18 percent from last year's 1.31 million starts and the lowest level since 1940. A further slowdown could lead the country into a sharper-than-expected recession.

And there are signs that the true depths of the plunge in housing starts haven't yet shown up in government statistics. Many lenders stopped making residential-construction loans at least two to three months ago. These include Royal Savings & Loan in Dallas, Gibralter Savings & Loan in Houston and First Interstate Mortgage Co., a unit of First Interstate Bank in Los Angeles and one of the nation's biggest residential construction lenders. About half of the NAHB's 44,000 member builders have stopped building homes.

PENT-UP DEMAND

The industry's problems would ease if the recent decline in interest rates results in a sharp drop in mortgage rates from their current level of 17 percent to 18 percent for builders report tremendous pent-up demand for housing. Such a rapid recovery occurred after the 1974–75 housing slump.

But mortgage rates haven't dropped yet, and they probably won't until lenders are convinced that interest rates will keep falling and stay down. For now, most lenders believe that inflation, the Federal Reserve Board's tight-money policy and huge government deficits promise to keep long-term interest rates chronically high.

So the current decline in housing production, which started in November 1978, is expected to continue at least through mid-1982.

The collapse of housing starts and home sales also appears to be sparking a marked deflation in real estate, although the existence of such a trend is sharply debated by economists. Here in Kansas City, for example, builders say land prices have fallen as much as 25 percent and labor, materials and other construction costs as much as 25 percent to 40 percent, in the past 18 months.

One real estate man reports concern among homeowners in the affluent Johnson County suburbs of Kansas City, as partly completed subdivisions are abandoned by builders or neighboring homes are sold for significantly less than a year ago. In Palm Springs, Calif., builder Karl Bergheer auctioned off 38 single-family homes last May for an average price of $205,000, about $45,000 below the average price paid by buyers of identical units last year.

"No other postwar cycle has seen (such) a deflation in prices of homes and land," says Michael Sumichrast, the chief economist for the NAHB.

The average price of new homes sold in the 1981 third quarter rose just 0.6 percent, the smallest increase since the 1979 fourth quarter and down sharply from the 8.9 percent increase over the past 12 months. However, even these increases are supported largely by subsidies given to buyers through below-market-rate loans. Such loans represent hidden discounts of 5 percent to 10 percent from stated prices. If these costs are taken into account, home prices are falling, some observers say.

Other economists doubt that deflation is widespread. They regard reports of drops in home values as evidence of a short-term cooling of overheated prices in a few areas, rather than a long-term trend. But a staff member of the Federal Reserve Board says its governors are "horribly concerned" about the housing industry and the possibility of widespread deflation in housing. That would endanger both lenders and borrowers, who bank on the continuing value of real estate for their net worth and repayment of loans.

Builders' costly inventory of unsold homes, their most immediate problem, stands at about 300,000 units. That is below the 1974 level, but the annual rate of new single-family home sales also is lower now. As many as 25 percent to 50 percent of reported home sales end up falling through because buyers can't qualify for mortgage loans.

Builders also must compete with the inventory of existing homes for sale, which has swollen to an estimated five million listings as existing home sales have declined by nearly 50 percent from a peak recorded three years ago.

"In my opinion, the future is more bleak than in 1974, even though the oversupply of new housing isn't as great," contends John Opperman, First Interstate Mortgage's chairman. "We have an affordability problem we didn't have then, interest rates are higher and I think there is an overall expectation that housing isn't as good an investment as it has been in the past."

In the last few months, First Interstate foreclosed on five subdivisions in California, three in the depressed San Diego market. Another big West Coast banker, who has recently foreclosed on seven California projects, says "The end result of the squeeze on small and medium-sized builders will be lenders' repossessing projects." He adds, "I can't see what will stop it, to tell you the truth."

In Dallas, Royal Savings & Loan since July has taken over 56 single-family homes worth about $6.7 million. Builders handed them over in lieu of foreclosure. The S&L is having trouble selling them at their average appraised value of $120,000 each, even though it is offering 11⅞ percent mortgage loans with no origination fees and is paying an extra $1,000 bounty to real-estate agents for each buyer they bring in. So far, it has 10 houses sold or under contract.

Most lenders are leaning over backward to avoid taking back property. In Houston, Superior Homes Co., a large home builder, has defaulted on its construction loans with Gibraltar S&L. The Houston thrift is deferring interest charges on about 60 homes as Superior attempts to sell them with heavily subsidized mortgages.

The outlook is grim, however. "Another six months of these interest rates, with sales volume as it stands, will have a severe impact on any builder's ability to maintain debt service," says Richard Knee, Gibraltar's vice president. "We can prepare ourserves to own some real estate." Superior's president, David A. Hall, vows never to return to building tract homes, and instead will concentrate on custom homes.

Mr. McCollom, the Kansas City builder, also won't be building homes again, at least not in the U.S. Up until the fall of 1979, he was constructing 10 to 11 custom homes a year, in the $100,000 to $300,000 range. He lived in a fancy house, flew his own airplane, and took lengthy scuba-diving and sailing vacations. "I spent a whole bunch of money," he recalls.

But in the classic case of bad timing, he began sales at a small subdivision in mid-October 1979, when mortgage rates were starting their rapid climb. Mr. McCollom was trapped with seven homes and 10 lots, $1.2 million of debt and interest expense of about $450 a day. In the next two years, he managed to sell three of the homes, two at prices as much as $13,000 below his costs. Other tentative sales fell through as buyers couldn't qualify for financing. His carrying costs didn't fall because interest rates continued to soar.

He kept his head above water by turning to remodeling, which generated enough income to pay his debt interest. But that business evaporated on July 1, when subcontractors underbid him for $200,000 of construction by 20 percent to 25 percent.

In September, Mr. McCollom, whose home-building business is incorporated, filed for protection under Chapter 11 of the Fed-

eral Bankruptcy Act. It is possible under Chapter 11 for a company to survive as a going concern after working out a plan to pay its debts.

Mr. McCollom contends that his liabilities exceed his assets by so much that he expects to lose everything in bankruptcy proceedings, including about $100,000 invested in his houses. His creditors include four lenders and several subcontractors.

He now is looking for a job in Saudi Arabia, or some other developing nation, managing a residential construction project.

"The sad part about all of this is that when the housing market turns, nobody will be here," Mr. McCollom remarks, "I know I won't be coming back."

Mr. HEINZ. Mr. President, if the Senator from Florida is prepared to do so, I am prepared to yield back the remainder of my time.

Mr. CHILES. I will use a couple of minutes.

Mr. President, I listened with interest to what the distinguished Senator from Wisconsin said. While I know there is a merger such as the Schlitz merger which may be one of necessity, I do not think that speaks to the kind of merger that involved Conoco, the ninth largest energy company in the country. There was nothing wrong with their financial stability. In fact, one of their problems was that they had too much cash in the bank, too much reserves; and because of that, they were the target for a takeover, and they were taken over.

We see that happening with many other companies, not because of economic necessity but because of corporate greed as much as anything else. We are just going to go out there now and sop up credit and take over these particular companies. That is what we see happening out there, and that is the kind of thing we have to reverse.

The Heinz substitute would say that the current policies are working. The President has already said he is not going to be able to balance the budget in 1984. When the credit markets see the new 1983 and 1984 deficit figures in January, we can imagine that they are going to go wild. The President has said he will not accept any tax changes to balance the budget. The table I put in the RECORD yesterday shows that everything will be cut 36 percent, not 12 percent, and I do not think that could be possible. Certainly, a fundamental part of this is on the spending side, but a fundamental part of this is also on the monetary side.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. HEINZ. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the Chiles perfecting amendment. On this question the yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. D'AMATO), the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Idaho (Mr. MCCLURE), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE) would vote "nay."

I further announce that, if present and voting, the Senator from New York (Mr. D'AMATO) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Connecticut (Mr. DODD), the Senator from Hawaii (Mr. INOUYE), the Senator from Rhode Island (Mr. PELL), the Senator from Mississippi (Mr. STENNIS), and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

I also announce that the Senator from Vermont (Mr. LEAHY) is absent because of illness.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Rhode Island (Mr. PELL), and the Senator from Vermont (Mr. LEAHY) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 32, nays 52, as follows:

[Rollcall Vote No. 361 Leg.]

YEAS—32

Baucus	Hart	Metzenbaum
Biden	Hawkins	Mitchell
Boren	Heflin	Nunn
Burdick	Hollings	Pryor
Byrd, Robert C.	Huddleston	Randolph
Chiles	Jackson	Riegle
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Sasser
Eagleton	Levin	Williams
Exon	Long	Zorinsky
Ford	Melcher	

NAYS—52

Abdnor	Glenn	Pressler
Andrews	Gorton	Proxmire
Armstrong	Grassley	Quayle
Baker	Hatch	Roth
Bentsen	Hatfield	Rudman
Boschwitz	Heinz	Schmitt
Bradley	Helms	Simpson
Byrd, Harry F., Jr.	Humphrey	Specter
	Jepsen	Stafford
Cochran	Kasten	Stevens
Cohen	Laxalt	Symms
Danforth	Lugar	Thurmond
Dixon	Mathias	Tower
Dole	Mattingly	Tsongas
Domenici	Moynihan	Wallop
Durenberger	Murkowski	Warner
East	Nickles	Weicker
Garn	Percy	

NOT VOTING—16

Bumpers	Goldwater	McClure
Cannon	Hayakawa	Packwood
Chafee	Inouye	Pell
D'Amato	Kassebaum	Stennis
Denton	Leahy	
Dodd	Matsunaga	

So Mr. CHILES' amendment (No. 627) was rejected.

AMENDMENT NO. 626

Mr. HEINZ. Mr. President, what is the pending business?

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the amendment of the Senator from Pennsylvania (Mr. HEINZ), amendment No. 626, on which there shall be 30 minutes' debate with a rollcall vote thereon to follow immediately.

Mr. HEINZ. Mr. President, I do not know that there is much need to debate the substitute. I think we have debated these issues pretty thoroughly and at length yesterday and again this morning at 10 o'clock. So I am prepared to yield back the remainder of the time on this side in order to expedite the vote on the substitute.

Mr. CHILES. I am ready to yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Pennsylvania. The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Rhode Island (Mr. CHAFEE), the Senator from New York (Mr. D'AMATO), the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Idaho (Mr. MCCLURE), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE), and the Senator from New York (Mr. D'AMATO) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Connecticut (Mr. DODD), the Senator from Hawaii (Mr. INOUYE), the Senator from Rhode Island (Mr. PELL), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I also announce that the Senator from Vermont (Mr. LEAHY) is absent because of illness.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Rhode Island (Mr. PELL), and the Senator from Vermont (Mr. LEAHY) would each vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 50, nays 35, as follows:

[Rollcall Vote No. 362 Leg.]

YEAS—50

Abdnor	Grassley	Pressler
Andrews	Hatch	Proxmire
Armstrong	Hatfield	Quayle
Baker	Hawkins	Roth
Bentsen	Heinz	Rudman
Boschwitz	Helms	Schmitt
Byrd, Harry F., Jr.	Humphrey	Simpson
	Jepsen	Specter
Cochran	Kasten	Stafford
Cohen	Laxalt	Stevens
Danforth	Lugar	Symms
Dole	Mathias	Thurmond
Domenici	Mattingly	Tower
Durenberger	Moynihan	Wallop
East	Murkowski	Warner
Garn	Nickles	Weicker
Gorton	Percy	Zorinsky

NAYS—35

Baucus	Ford	Melcher
Biden	Glenn	Metzenbaum
Boren	Hart	Mitchell
Bradley	Heflin	Nunn
Burdick	Hollings	Pryor
Byrd, Robert C.	Huddleston	Randolph
Chiles	Jackson	Riegle
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Sasser
Dixon	Levin	Tsongas
Eagleton	Long	Williams
Exon	Matsunaga	

NOT VOTING—15

Bumpers	Dodd	Leahy
Cannon	Goldwater	McClure
Chafee	Hayakawa	Packwood
D'Amato	Inouye	Pell
Denton	Kassebaum	Stennis

So Mr. HEINZ' amendment (No. 626) was agreed to.

Mr. HEINZ. Mr. President, the pending business would now be to vote on the Chiles amendment, as amended. We have already had two votes on the Chiles perfecting and the Heinz substitute.

I have talked to Senator CHILES. I understand that, although the yeas and nays have been ordered, he would be amenable to vitiating them. Therefore, I ask unanimous consent that we vitiate the yeas and nays on the Chiles amendment as amended.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MELCHER. Mr. President, the action that the Senate has just taken in agreeing to the substitute offered by the Senator from Pennsylvania is an action that does little or nothing to lower interest rates. With unemployment at 8 percent—meaning 8½ million workers are out of a job currently—with perhaps more loss of jobs to occur during the next several months due to high interest rates, this action by the Senate seems to be saying to the American people that we really do not need to do very much, or at least, we do not need to do very much at this time. Yet it is absolutely essential that interest rates come down quickly.

In the case of housing, with the fewest housing starts in the past several years, it comes as no surprise that the housing industry is in a depression. That affects a tremendous amount of Americans and is one of the causes of the high unemployment rate currently. It affects the realtors, surveyors, the ditch diggers, the laborers that work on housing, the carpenters and electricians and plumbers, the roughers and the building supply people, the forest products industry.

Mr. President, in all of these housing supply businesses, small business has had to retrench. That means job losses, also. The forest products industry, with the mills shutting down, the loggers out of work, the truckers that haul the logs out of work, also has tremendous job losses. All of this can be traced to high interest rates. Let me point out that Martin Mayer, member of the President's Commission on Housing, has recently stated:

> The easiest way to knock $20 billion off the deficit is to loosen the reins on the money supply and let short-term interest rates drop 4 percentage points. This would be a gamble, but continuing conflict between the highly stimulative fiscal policy and highly restrictive monetary policy is a sure loser.
>
> No doubt interest rates below the rate of inflation are immensely inflationary in themselves. Mr. Carter and Fed Chairman G. William Miller proved that once again in 1978, but Treasurys at 11 percent would still show a real return. It is by no means certain that a 6 percent rate of growth in M1B coupled with a 7 percent rate of growth in the national debt is more inflationary than a 3 percent rate of growth in the money supply and a 10 percent rate of growth in the debt.

High interest rates are also clobbering agriculture and agribusiness, Mr. President. Jobs are at stake there also. The question is, are we acting fast enough? There is no reference in this amendment to the Federal Reserve Board and their requirement to have a monetary policy that reflects the goals of the country. The Board's powers come directly from Congress itself and we do have a responsibility to see that the vast authority granted to the Board by acts of Congress carry out a sensible and sound monetary policy that reflects the interest of the country.

We are not getting that now, Mr. President. We are sinking into a recession that could become a very deep recession. We do have a responsibility in the Senate to make certain that this does not happen.

Unfortunately this amendment treats the issue as if we can continue to drift and slide into deep depression. The amendment itself does not do anything of note. We should give a stiff reminder to the Federal Reserve Board that cooperation with the President and the President's goals are necessary. The President has been silent on this far too long. It is time now that we remind the President that the sole success of economic recovery depends upon reducing rates quickly. Present policies have not been satisfactory and adopting this little reminder that we do want to have lower interest rates simply is not enough.

There is need for great action, prompt action, bold action now, and we need immediate correction to reduce the rates. I respectfully submit that bringing the rates down 3 to 4 points within the next 60 to 90 days fits anybody's monetary policy. It could avoid a deep recession. That is exactly what we intend to do in the amendment we offered prior to the amendment of the Senator from Pennsylvania.

I regret that we are doing that, because I believe we are doing too little and not nearly enough. It is a serious and tragic error on the part of the Senate by not taking more positive steps at this time.

AMENDMENT NO. 625, AS AMENDED

Mr. ARMSTRONG. I ask whether the minority is ready to yield back the time on this amendment.

Mr. PROXMIRE. I am not sure what the pending business is.

The PRESIDING OFFICER. The amendment of the Senator from Florida (Mr. CHILES) as amended by the amendment of the Senator from Pennsylvania (Mr. HEINZ).

Mr. PROXMIRE. I misunderstood. Yes, we are ready to yield back the remainder of the time. I understand that the Senator from Florida does not wish to speak further.

Mr. ARMSTRONG. We also yield back our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as amended.

The amendment (No. 625), as amended, was agreed to.

Mr. ARMSTRONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, will the Senator yield for a brief moment?

Mr. MELCHER. Yes, I am glad to yield.

Mr. BAKER. Mr. President, may I inquire now of the managers of this bill and any Members who have amendments how much time it is going to take to finish this measure? Before anybody answers, I understand that some Members would like to see passage of this bill postponed for at least one amendment until after the Agriculture conference report. If we put this matter over until Thursday, Mr. President, we shall put it over until Friday and we shall put it over in competition with appropriation bills. I simply do not think we can do that. So, Mr. President, I urge Members to consider that we ought to try to finish this measure today. May I inquire now how many amendments we know of that are yet to be offered to this bill?

Mr. ARMSTRONG. Mr. President, if the majority leader would yield to me, the best advice we have at the moment is that there are no other amendments to be offered than the Dixon-Percy amendment, of which the majority leader is aware

Mr. PROXMIRE. Mr. President, that is my understanding, too, that there are no other amendments except the Percy-Dixon amendment.

Mr. BAKER. May I inquire, then, Mr. President, if it is possible to get a unanimous-consent agreement?

Mr. PROXMIRE. If the Senator will yield, I am sorry, I have just been informed there is a possibility of a Robert C. Byrd amendment and a possible Kennedy amendment.

Mr. BAKER. I am sorry I yielded.

Mr. President, I was about to say if there is only one more amendment, could we agree to debate that today and have third reading and passage on Thursday? We have three amendments under the same question. Is it possible to take up all the amendments today, to put the bill over then and have votes, if rollcall votes are ordered, to occur back-to-back on Thursday? We already have an order to come in at 11 on Thursday and I would be glad to ask the Senate to adjust that time to accommodate it if we are going to have votes only on third reading and passage. We simply have to get to the State-Justice appropriations bill.

What I propose, Mr. President, is the possibility of a unanimous-consent agreement that only these three amendments would be in order on this bill; that debate will be concluded on them today; that no votes will occur after 1 p.m. in accordance with the previous order; that at a specified time on Thursday as yet to be determined, we shall begin to vote on these three amendments back-to-back, the first one to be 15 minutes, subsequent amendments to be 10-minute rollcall votes; that we have third reading without intervening motion, debate, appeal, or point of order; and that we go to passage on a 15-minute vote immediately thereafter.

I do not put that request now, Mr. President, but I ask if the managers of

the bill would be good enough to see if that would be agreeable. If so, I would like to put that request within the next 15 minutes.

Mr. PROXMIRE. Mr. President, I shall be happy to check. I understand that the Senator from Massachusetts (Mr. KENNEDY) will not offer his amendment. I was mistaken on that. The minority leader may or may not offer an amendment, but I shall discuss that with him in the next 15 minutes.

Mr. BAKER. I thank the Senator. I withhold, Mr. President, making that request but I urge all Senators to understand that such a unanimous-consent request will be made at or about 11:30 and that, in turn, will determine the schedule for the balance of this day and Thursday and how late we have to stay in on Thursday.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. BAKER. Yes, I yield.

Mr. JEPSEN. Mr. President, I understand that the proposal not yet officially presented postpones the votes but does not at this point set a time certain for them. Is that correct?

Mr. BAKER. Not yet, Mr. President. That would be something we could adjust as it might be necessary to adjust on Thursday.

Mr. JEPSEN. I thank the majority leader.

AMENDMENT NO. 624

The PRESIDING OFFICER (Mrs. HAWKINS). The question recurs on the amendment of the Senator from Illinois (Mr. PERCY).

Mr. ARMSTRONG. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the amendment of the Senator from Illinois.

Mr. KENNEDY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 603

(Purpose: To discourage the use of credit for large-scale corporate takeovers)

Mr. KENNEDY. Madam President, I send to the desk an amendment in behalf of myself, the Senator from Pennsylvania (Mr. HEINZ), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Washington (Mr. JACKSON), the Senator from Montana (Mr. MELCHER), the Senator from Ohio (Mr. METZENBAUM), the Senator from Michigan (Mr. RIEGLE) and the Senator from Maryland (Mr. SARBANES) and ask for its immediate consideration.

The PRESIDING OFFICER. It will take unanimous consent to set aside the pending amendment.

Mr. KENNEDY. I ask unanimous consent that the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY), for himself, Mr. HEINZ, Mr. PROXMIRE, Mr. JACKSON, Mr. MELCHER, Mr. METZENBAUM, Mr. RIEGLE and Mr. SARBANES, proposes an unprinted amendment numbered 603.

At the appropriate place in the Act, add the following section:

EMERGENCY CREDIT CONSERVATION

SEC. . (a) The Congress finds that—

(1) Continued high interest rates are contributing to the current serious slowdown in the economy.

(2) These high interest rates are a principal cause of the severe decline in agriculture, small business, the housing and automobile industries, and other productive sectors of the economy.

(3) Large corporations and banks may have compounded the problem of high interest rates and contributed to the scarcity of credit by reserving billions of dollars of credit for the takeover of other corporations.

(4) Strong measures are needed at this time to discourage wasteful uses of credit and to conserve credit for productive sectors of the economy.

(b) The President shall take appropriate actions on a voluntary basis to encourage banking or other financial institutions to exercise restraint in extending credit for the purpose of unproductive large scale corporate takeovers. Such actions shall include consultation and cooperation with the Board of Governors of the Federal Reserve System.

Mr. KENNEDY. Mr. President, for the benefit of the Senators who wish to make their plans, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Madam President, I am prepared to enter into a 20-minute time limitation on the amendment, 10 minutes to a side, so that Senators may know more precisely when the vote will take place.

Mr. HEINZ. Reserving the right to object, I know of no objection on this side.

Mr. PROXMIRE. I have no objection, Madam President.

The PRESIDING OFFICER. Is there objection, providing that the vote will occur at the end of 20 minutes? Without objection, it is so ordered.

Mr. KENNEDY. Madam President, I yield myself 5 minutes.

Earlier this morning, I voted for the Chiles omnibus interest rate amendment, which contained two key provisions. The first of those provisions urged the allocation of credit to sectors of our economy badly hurt by high interest rates, primarily the housing industry, the automobile industry, small business, and small farms. That amendment was defeated, but I continue to feel that it is needed. Nevertheless, at least for the present, the Senate has spoken and exercised its judgment on that issue.

This amendment is directed toward the second of the two features of the earlier amendment. It calls for the conservation of credit, by urging the President, in cooperation with the Federal Reserve Board, to encourage banks not to extend credit for unproductive large-scale mergers. This amendment we now offer is not a credit allocation measure. It is a credit conservation measure. It asks voluntary action by the President and the Federal Reserve Board to conserve credit by limiting its availability for large and unproductive corporate mergers.

All of us understand the principal target of this amendment. In recent months, some of the Naton's largest oil companies and other giant corporations have tied up huge amounts of credit in the takeover battles for Conoco and Marathon. These mergers are unproductive. They add nothing to the productivity of the Nation or even the oil industry. Instead of going out and exploring for oil and finding new oil reserves, these firms are simply using vast amounts of credit to buy up the oil reserves of their takeover targets. They would rather buy their oil than drill for it.

We are not talking here about any form of credit controls. It is my belief that banks should not be extending large amounts of credit, as they have done over the past few months, for nonproductive corporate mergers. By doing so, they are reducing the amount of credit available to critical areas of the economy such as housing, the automobile industry, small businesses, and family farms.

I believe that this amendment is a prudent and a reasonable indication of the feelings of the Members of the Senate and, I dare say, of the overwhelming majority of the American people. When credit is scarce and interest rates are extremely high, banks should not be extending credit for activities that are unproductive, that do not provide and that do not strengthen additional jobs. When small businesses and family farms are starved for credit and being driven into bankruptcy, credit should not be available for oil mergers and similar unproductive activities. This is a measure which we should endorse, and I hope the Senate will adopt it.

This is not an unusual idea. On past occasions, when interest rates have been high, Chairman Volcker of the Federal Reserve Board has subscribed to this concept, and has urged its member banks to limit the extension of credit for such purposes. What we are basically saying to the Federal Reserve Board is, "You have found this step to be propitious at other times; now we are urging you to find it to be propitious at the present time with regard to nonproductive mergers."

Madam President, I reserve the remainder of my time.

Mr. HEINZ. Madam President, I am going to support this amendment, and I am going to do so because I think it is a reasonable approach, although not a perfect approach, to a difficult problem. I do not know that we have any evidence, one way or the other, that corporate mergers and takeovers are, in fact, the

cause of high interest rates. The people I have talked to, and I have talked to a number of them, say that it is very difficult to conclude that with any certainty at all. There certainly are some suspicions and possibilities of that and, as a result, the amendment reflects some concern in finding that that is a possibility, without coming to the conclusion that corporate takeovers may be having an impact on interest rates.

I can support this amendment, Madam President, because it says that large corporations and banks may—we do not know, they may—have compounded the problem of high interest rates and, therefore, may have contributed to the scarcity of credit by reserving billions of dollars in lines of credit for the takeover of other corporations.

The second reason I can support this amendment is that the only thing it does is ask the President to take a look at this problem and, on a purely voluntary basis, to encourage banking and other financial institutions, also on a voluntary basis on their part, to restrain the extension of credit for the purposes of unproductive, large-scale corporate takeovers.

I think the key word there is "unproductive," Madam President. Obviously, there are takeovers, large and small, that are very productive, very necessary, and it would be a great mistake to think—and I commend the Senator from Massachusetts for recognizing this—that corporate takeovers are, per se, bad. There are many that allow corporations to make investments, to modernize, to expand, that result in more jobs for the American people.

Clearly, we can and we should do whatever is appropriate to discourage unproductive uses of our capital; and when the formulation is that this is to be done on a purely voluntary basis by those concerned, it is a formulation that I can support.

However, I want people to understand that if I thought for one moment that this was some kind of back-door attempt at intimidating people, or if I thought for one moment it was a back-door attempt at credit allocation, to which Senator PROXMIRE and I are very strongly opposed, or if it is an attempt to intimidate the Fed from following a responsible course of action, I would not support this amendment.

In my judgment, this amendment is simply an expression of concern. It is an expression of concern about high interest rates, first and foremost; and I do not know of anybody who can disagree with that expression of concern.

It says:

Congress finds that continued high interest rates are contributing to the currrent serious slowdown in the economy.

Madam President, who can disagree with that? That is absolutely correct.

It goes on to say:

These high interest rates are a principal cause of the severe decline in agriculture, small business, the housing and automobile industries, and other productive sectors of the economy.

That is absolutely true. Nobody can argue against that proposition.

It says that lines of credit being reserved for unproductive takeovers may be compounding this problem. That very well may be—not necessarily. We cannot disagree with that.

It says that measures are needed at this time to discourage wasteful uses of credit. I do not know anybody who is for wasteful uses of credit.

In adopting this amendment, Congress should not lose sight of the fact that the way we are going to make most progress on interest rates, on the recession, on helping our small business people, our homebuilders, and those who want to buy automobiles is to continue the progress we are beginning to make on fiscal policy, which is not nearly enough, to get our deficits down—and certainly we should not allow them to go up—to try to establish in this year and future years responsible fiscal policy, and take the actions this body needs to take to make it a reality. That is what we should be doing.

So I hope nobody misunderstands this amendment. This amendment, no matter how good anybody may think it is, may say it is, or may believe it is, must not be construed in any way as taking the heat off Congress to cut unnecessary spending, to do whatever we have to do to get the deficits down and ultimately balance the Federal budget.

On that basis, Madam President, I am prepared to support this amendment.

Mr. PROXMIRE. Madam President, will the Senator yield?

Mr. HEINZ. I yield.

Mr. PROXMIRE. Madam President, I support this amendment. I think it is a moderate, reasonable, and necessary amendment.

I am reminded that in the Conoco-du Pont case, the charge was that lines of credit up to $25 billion were involved. The du Pont Co. may have borrowed less than that, but it was billions of dollars. It was tied up and prevented from going into other productive enterprises.

What this amendment does, as I understand it, is to send a clear signal to the Federal Reserve Board that financing corporate takeovers may be contributing to high interest rates. It may be, but I think it is something they can look at. They are an expert agency. They have one of the finest staffs in Washington. Some takeovers—no question about it—do involve absorbing credit that could go elsewhere in the economy.

We also ask the President to take appropriate action to encourage voluntary restraint of credit, as the Senator from Pennsylvania has pointed out, for nonproductive takeover purposes.

I should like to give an example of "nonproductive." The Senator from Pennsylvania gave some excellent reasons, also.

I point out that one of the most important elements in a takeover is to bring better management to a firm that might be failing. Today, we have literally hundreds of savings and loan institutions in trouble. They can be saved only through mergers. With better management, they can make it.

In my State, the Schlitz Brewery is in very serious trouble. The only way it could be saved is with top flight management. The Heileman Brewery, which is smaller, has that kind of management, and that merger would be productive and should be encouraged.

This does not in any way interfere with the independence of the Fed, as I see it. It maintains the independence of the Fed. It provides for consultation with the Fed, in cooperation with the Fed, and that is the way it should be worded.

I am proud and happy to be a cosponsor of the Kennedy amendment, and I hope the Senate will support it.

Mr. KENNEDY. Madam President, I welcome the strong support of both the floor manager and the ranking minority member of the committee with respect to this amendment.

I believe all Americans have been startled by the fact that, as the Senator from Wisconsin has pointed out, there have been literally billions and billions and billions of dollars made available to some of the largest and wealthiest corporations in this country for what I consider, as the former chairman of the Antitrust Subcommittee, nonproductive mergers.

We are facing the simple reality that tens of billions of dollars—some estimates are as high as $60 billion—have been made available to giant corporations in the past few months to engage in unproductive mergers. When that amount of credit is available to those corporations, it means that less credit is available for small businesses, for the housing industry, for the family farmers, and for the automobile industry.

I hope the Federal Reserve Board and the White House are listening to this discussion. This step, although not as strong as I would have liked, is a significant and important signal and I hope they will act on it. It is a voluntary measure. It is based upon the previous precedents of the Federal Reserve Board. It calls for action now to conserve credit for productive purposes in our economy.

If we are concerned, and I believe we are in the Congress, about trying to be a constructive partner with the White House and the executive branch, in dealing with the economic challenges of our time, this amendment is a reasonable suggestion that deserves to be implemented. I hope the Senate will adopt it.

● Mr. BRADLEY. Mr. President, I support the amendment urging banks to avoid lending for purposes that are not likely to contribute to growth and productivity in the economy. The amendment does not call for credit controls or for looser money. Nor does it appear to blame the Federal Reserve rather than the administration's fiscal policy for high interest rates. It simply urges banks to do what Federal Reserve Chairman Volcker often has called on them to do—to make the productive use of a loan a prime consideration in a bank's decision to make it. This is a request from Congress that bankers emphasize the contribution of the loan to the Nation's broader economic objectives and it is appropriate that the Congress make it.●

Mr. KENNEDY. I am prepared to yield back the remainder of my time.

Mr. HEINZ. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Rhode Island (Mr. CHAFEE), the Senator from Alabama (Mr. DENTON), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Idaho (Mr. MCCLURE), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. CHAFEE) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Hawaii (Mr. INOUYE), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I also announce that the Senator from Vermont (Mr. LEAHY) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

The PRESIDING OFFICER (Mr. COHEN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 77, nays 12, as follows:

[Rollcall Vote No. 363 Leg.]

YEAS—77

Abdnor	Eagleton	Mattingly
Andrews	East	Melcher
Armstrong	Exon	Metzenbaum
Baker	Ford	Mitchell
Baucus	Glenn	Moynihan
Bentsen	Gorton	Nunn
Biden	Grassley	Pressler
Boren	Hart	Proxmire
Boschwitz	Hatfield	Pryor
Bradley	Hawkins	Quayle
Bumpers	Hayakawa	Randolph
Burdick	Heflin	Riegle
Byrd, Harry F., Jr.	Heinz	Roth
	Helms	Rudman
Byrd, Robert C.	Hollings	Sarbanes
Chiles	Huddleston	Sasser
Cochran	Jackson	Simpson
Cohen	Jepsen	Specter
Cranston	Johnston	Stafford
D'Amato	Kasten	Stevens
Danforth	Kennedy	Thurmond
DeConcini	Laxalt	Tsongas
Dodd	Levin	Warner
Dole	Long	Weicker
Domenici	Mathias	Williams
Durenberger	Matsunaga	Zorinsky

NAYS—12

Dixon	Lugar	Schmitt
Garn	Murkowski	Symms
Hatch	Nickles	Tower
Humphrey	Percy	Wallop

NOT VOTING—11

Cannon	Inouye	Packwood
Chafee	Kassebaum	Pell
Denton	Leahy	Stennis
Goldwater	McClure	

So Mr. KENNEDY's amendment (UP No. 603) was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. COHEN). The question recurs on the amendment of the Senator from Illinois (Mr. PERCY).

Mr. GARN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—S. 1112

Mr. BAKER. Mr. President, in connection with the pending matter, I have before me a unanimous-consent request which embraces a number of items. It is fairly complex. I will read it in just a moment.

I understand that it has been submitted to the distinguished minority leader and the minority manager, as well as the chairman of the committee and the majority manager. I hope it is agreed to.

If this unanimous-consent agreement is entered into, Mr. President, it will be my intention, at some point, as soon as the managers of the bill indicate there is no further business that can be transacted on this measure today, to ask the Senate to temporarily lay aside the pending business and to take up the State, Justice appropriations bill. That is not included in the agreement, but I make that statement at this time so that Senators will be on notice as to what the intention of the leadership is on this side.

This is the request, Mr. President.

Mr. President, I ask unanimous consent that the Senate temporarily lay aside the pending business, the Export Administration bill, and proceed to other matters.

I further ask unanimous consent that at the hour of 6:10 p.m. on Thursday, November 12, the Senate resume debate on the Export Administration bill, S. 1112. I ask that there then be 20 minutes of debate, equally divided on the Percy-Dixon amendment dealing with grain embargo, with a rollcall vote to occur in connection with the amendment at 6:30 p.m., unless an amendment in the second degree is offered by either Senators PERCY or DIXON.

I ask unanimous consent that if such a second degree amendment is offered, there be 20 minutes of debate equally divided on the amendment.

I further ask unanimous consent that following the disposition of the Percy-Dixon amendment, and/or an amendment in the second degree, that there be 30 minutes debate equally divided on an amendment to be offered by the Senator from West Virginia (Mr. ROBERT C. BYRD) dealing with embargo.

Finally, I ask that following the rollcall vote in connection with the Robert C. Byrd amendment, that the bill be advanced to third reading; that the Senate proceed to the consideration of Calendar Order No. 162, H.R. 3567, the House companion bill, and that a rollcall vote occur on final passage of H.R. 3567 following a motion to be made by the majority manager of the bill to strike all after the enacting clause of H.R. 3567 and to insert the text of S. 1112, as amended.

I further ask unanimous consent that the agreement be in the usual form as to division of time.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, may I inquire of the distinguished majority leader whether or not the amendment in the second degree which may be offered by either Senator DIXON or Senator PERCY would be a grain embargo amendment or would it be germane to the Percy-Dixon amendment dealing with grain embargo?

Mr. BAKER. Mr. President, I am advised that the amendment would be germane.

Mr. ROBERT C. BYRD. I thank the Senator.

My second question is, would Senators be agreeable to allowing an up-or-down vote on my amendment rather than a possible tabling motion?

Mr. BAKER. Mr. President, I would have to check further on that, I am afraid. The agreement is drafted so that in each case the vote is in connection with the measure. I would hope the Senator from West Virginia would permit us to continue with that format since that applies to every other item that is within the contemplation of the agreement. I hope he would not insist.

Mr. ROBERT C. BYRD. Of course, that leaves open the possibility of a tabling motion. This agreement, if entered into, would provide that there certainly would be no up-or-down vote, very likely, on my amendment. It does not insure against an up-or-down vote on the amendment but it leaves open the right of Senators to move to table the motion, which certainly is the norm.

I merely would like to bargain if I could, to get an up-or-down vote on my amendment. I am not adamant about that.

Mr. BAKER. I am willing to agree to that.

Mr. President, I amend the request so that the words "in connection with the Robert C. Byrd amendment" be changed to a rollcall vote on the Robert C. Byrd amendment."

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

The PRESIDING OFFICER (Mr. RUDMAN). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank all Senators and since I assume the managers have not ascertained whether any more business can be transacted on this matter, I do not know if I should return to this this afternoon.

Mr. President, has the agreement been agreed to?

The PRESIDING OFFICER. The Chair advises the majority leader that there is now a request for a rollcall vote on two items which have not been ordered at this time.

Mr. BAKER. Mr. President, I add to the unanimous-consent request that it be in order at this time to order the yeas and nays on the various measures described, with the exception of the Percy second-degree amendment, which may not be ordered, and the same be seconded by a show of hands.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I ask for the yeas and nays, Mr. President, as indicated.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, has the entire agreement been agreed to?

The PRESIDING OFFICER. It has.

Mr. BAKER. I thank the Chair.

The text of the agreement follows:

Ordered, That at 6:10 p.m. on Thursday, November 12, 1981, the Senate resume consideration of S. 1112 (Order No. 115), an Act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes: Provided, That there be 20 minutes debate on the pending amendment offered by the Senator from Illinois (Mr. Percy), amendment No. 624, dealing with grain embargo, with a vote to occur in connection with the amendment at 6:30 p.m. unless a germane amendment in the second degree is offered by either of the two Senators from Illinois (Messrs. Percy and Dixon): Provided further, That if such second degree amendment is offered, debate will be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill.

Ordered further, That following the disposition of amendment No. 624, and any amendment thereto, the Senate proceed to an amendment to be proposed by the Senator from West Virginia (Mr. Robert C. Byrd) dealing with embargo, with debate thereon to be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and with a vote on the amendment to follow.

Ordered further, That following the disposition of the Byrd, of West Virginia, amendment, the bill be advanced to third reading and then laid aside for the consideration of H.R. 3567 (Order No. 162), and that following a motion by the Majority manager to strike all after the enacting clause of the House bill and insert the text of S. 1112, as amended, the House bill be advanced to third reading and a vote occur on final passage thereof.

Mr. BAKER. Mr. President, before I ask the Senate to turn to the consideration of the State-Justice appropriations bill, I announce that there will be no more rollcall votes today. I wish to make a further announcement.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Yes; I yield.

Mr. ROBERT C. BYRD. Will there be objection to my laying down my amendment and having it printed and my making a brief statement in support thereof?

Mr. BAKER. Mr. President, I would certainly have no objection to that.

Mr. ROBERT C. BYRD. I can do that now or later, whatever is more convenient.

Mr. BAKER. Mr. President, I should like to make one further announcement at this time. Then I think it would be an accommodation of the Senate if the Senator from West Virginia did go ahead with laying down his amendment and thus advance the time that we ask the Senate to proceed to the consideration of the Commerce, Justice, State appropriations bill.

ANNOUNCEMENT OF DATE OF DECEMBER 3, 1981, FOR CONSIDERATION OF SENATE RESOLUTION 204

Mr. BAKER. Mr. President, for some time now there has been on the calendar Senate Resolution 204 from the Ethics Committee dealing with the Williams question. I report to the Senate that a number of meetings have transpired in connection with that matter. I am prepared now to announce that, on the 3d day of December, at approximately noon, I shall ask the Senate to proceed to consideration of that item. Senator WILLIAMS is aware of that. I advised the distinguished minority leader and he is fully aware of these circumstances as well. I expect that there will be further statements to make in the course of the next several days, but the Senate should be on notice and should plan to proceed to consideration of the Williams resolution at approximately noon on the 3d day of December.

Mr. WALLOP. Will the majority leader yield for a brief statement?

Mr. BAKER. Yes; I yield, Mr. President.

Mr. WALLOP. Mr. President, the Ethics Committee will announce, either today or on Thursday, the additional showing of the films and the playing of audio material in connection with the Williams case four more times so that all Senators may make themselves available to see them. I urge now that all Senators who have not done that do so.

Mr. ROBERT C. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Mr. President, I think it should be said that the distinguished majority leader has been very fair and considerate in his scheduling of this matter. It could have been scheduled many, many weeks ago and it was at the request of myself and Mr. WILLIAMS and others that the scheduling of the matter was delayed; certainly that it would not come up in October and that it be delayed into November, then further that it be delayed to November 30, and now that it be delayed into December.

The request from our side was for the purpose of allowing Mr. WILLIAMS to have ample time to prepare his defense and to allow any Senators who might wish to speak in his defense time to consider the matter and prepare themselves. I think the distinguished majority leader has been as considerate as one could be in this regard.

As far as I am concerned, Mr. President, the majority leader has stated the matter correctly. Mr. WILLIAMS is aware of the majority leader's decision and I again thank the majority leader on behalf of the distinguished senior Senator from New Jersey for his consideration and understanding in relation to the scheduling of the matter.

Mr. BAKER. Mr. President, I would like to express to the minority leader my appreciation for his careful consideration, not only for the interests of Senator WILLIAMS but also for the burden I bear in trying to deal with this matter and ask the Senate to proceed to its consideration, and for his thoughtfulness in participating in meetings from time to time and dealing with complex issues.

It is never an easy thing for the Senate to address the question of discipline or expulsion of one of its Members. The minority leader has been most understanding, most diligent in his protection of the interests of Senator WILLIAMS and I am sure I correctly state that both he and I are dedicated to a single purpose. That is to seeing that, as the Senate discharges its constitutional responsibility in respect to fitness of Members, we do so in a fair and honorable way, resolving every close issue in favor of our colleague who is the subject of this inquiry.

I have made that statement and Senator WILLIAMS is aware that in every case where there is a close question, the benefit of any doubt will be resolved in his favor. I believe we have done that. The minority leader has been materially helpful in seeing that that occurs.

I thank the distinguished chairman of the Ethics Committee and the distinguished vice chairman of the Ethics Committee for their careful consideration of this matter and their cooperation throughout. It gives me no pleasure to announce to the Senate that this proceeding will begin on December 3. I feel my responsibility requires that; hence the reason for the announcement at this time.

● Mr. WALLOP. Mr. President, the resolution to expel Senator WILLIAMS, Senate Resolution 204, has now been scheduled for floor action on December 3.

In response to requests for an additional opportunity to hear and view tape recordings received in evidence during the Ethics Committee hearings, Senator HEFLIN and I have scheduled four more presentations. These will be held on Thursday, November 19, 1981, and on Tuesday, November 24, 1981. There will be identical presentations in the morning and afternoon of each of those days. The exact times and location are set out in a "Dear Colleague" letter mailed today—and I shall submit that letter for the RECORD following my remarks. Any questions concerning these sessions may be directed to staff counsel, Donald Sanders, at 4–2018.

Approximately two-thirds of the entire Senate has already attended taping presentations in September and October. Senator HEFLIN and I urge the remainder of the Senate to take advantage of one of these final opportunities before December 3. There is an extensive record in this case. All materials printed by the committee, including the committee report, No. 97–187, and the briefs of Senator WILLIAMS' attorneys, have been sent to each Member's office in order to help you in making a careful and informed judgment. As you make use of this data in preparing for this very important matter, please do not hesitate to call Senator HEFLIN or myself if you wish further assistance. Committee staff and special counsel will also be available, at your request, to answer any questions.

The letter follows:

SELECT COMMITTEE ON ETHICS,
Washington, D.C., November 10, 1981.

Re S. Res. 204, a Resolution Expelling Senator HARRISON A. WILLIAMS, JR.

DEAR COLLEAGUE: The Senate Leadership announced today that the Senate will proceed to the consideration of S. Res. 204 on Thursday, December 3.

You will recall that the Ethics Committee provided a number of opportunities in September and October for each Member to view and listen to tape recordings presented at the Committee hearings. In response to requests from Members who could not attend those sessions, we have scheduled four more sessions: in the morning and again in the afternoon on Thursday, November 19, and Tuesday, November 24. The morning presentation will be from 9:15 a.m. to 12:45 p.m., and the afternoon presentation from 2:15 p.m. to 5:45 p.m. The sessions will all be held in Room 457, Russell Senate Office Building. The recordings to be played are listed on the enclosure to this letter.

Because of a number of requests, one staff person for each Senator will be permitted to attend the session on Tuesday afternoon. Senate identification should be displayed to the person on duty at the door.

We want to encourage you to attend one of these sessions, and to become familiar with the transcripts and other documentary material. All Committee publications in this matter, including the Committee Report, No. 97–187, have been sent to your office. The Majority and Minority Leaders have each urged all Members to devote time and attention to this very important matter.

Please let us know if we can be of any further assistance to you in this matter.

Sincerely,

MALCOLM WALLOP.
HOWELL HEFLIN.●

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the Commerce, Justice, and State appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4169) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXPORT ADMINISTRATION AUTHORIZATION, FISCAL YEAR 1982–83

Mr. ROBERT C. BYRD. Mr. President, as I indicated to the distinguished majority leader a moment ago, I have an amendment in connection with the matter which has just been set aside; and I wish at this time to offer that amendment, have it printed for the RECORD, and make a brief statement in support thereof.

I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an amendment as follows:

At the appropriate place add the following:

"SEC. . Notwithstanding any other provision of law, a suspension of or restriction on all exports from the United States to the Union of Soviet Socialist Republics shall be imposed if the Union of the Soviet Socialist Republics, or its allies, engages in a direct military action against Poland, including but not limited to an armed invasion.

SEC. . Such suspension or restriction of all exports from the United States to the Soviet Union shall be imposed unless the President certifies to the Congress within 30 days of direct Soviet military intervention in Poland that the suspension is not in the national security and foreign policy interests of the United States.".

Mr. ROBERT C. BYRD. Mr. President, I am offering this amendment to S. 1112, the Export Administration Authorization Act for fiscal years 1982 and 1983. The purpose of my amendment, which has been read and which is self-explanatory, of course, is to impose an across-the-board embargo on all exports from the United States to the Soviet Union, if the Soviet Union or its allies invade Poland.

Under my amendment, such an embargo would be imposed automatically unless the President certified to the Congress within 30 days of direct Soviet intervention in Poland that the suspension was not in the national security and foreign-policy interests of the United States.

On January 24 of this year, Secretary of State Alexander Haig wrote Soviet Foreign Minister Gromyko warning that a Soviet invasion of Poland would have grave consequences for East-West relations.

However, I believe since that time we have sent mixed signals to the Soviet Union and our allies about any steps we might take in reaction to Russian aggression around the world. For example:

On April 24 of this year, the administration lifted the grain embargo imposed by the Carter administration in the aftermath of the Soviet invasion of Afghanistan.

In July, we warned our European allies that purchases of Soviet natural gas could allow the Soviet Union to exercise an unhealthy influence over Western economies.

However, in early August we gave the Caterpillar Tractor Corp. the green light to sell pipelaying machines to the Soviet Union. This action came after we pressured the Japanese to refrain from selling the pipelayers to the Soviets for the same gas project.

On August 5, the administration announced it was selling 220 million pounds of butter to New Zealand, at 20 to 30 cents below market prices, with the provision that none of it could be resold to the Soviet Union. Yet, New Zealand was not precluded from selling our butter to a third country which, in turn, could sell it to the Soviet Union.

At the same time, the administration extended for 1 year the long-term agreement that permits the Soviets to purchase a minimum of 6 to 8 million tons of American grain without consulting formally with the U.S. Government. In recent weeks, the administration announced that an additional 15 million tons of grain over the 8 million ton floor would be made available to the Soviet Union. The Department of Agriculture reported on October 26 that the Soviet Union had already purchased 8.667 million tons from the United States for the current marketing year.

Mr. President, I know that people do not like grain embargos, or any other embargo for that matter. Embargos impose a burden on people in our country as well as those in the target countries. But Americans also do not like Soviet aggressive behavior. In a case as critical as an invasion of Poland, if short-term economic damage is more important than punishing brutal aggressors, then I do not think we are in tune with the concerns of the American people.

We demonstrate inconsistency in our foreign policy by selling the Soviets more grain and machinery as they continue their pattern of aggression. Our rhetoric will ring hollow if we are not willing to utilize all the political and economic tools at our disposal to penalize such aggression.

The President made it clear when he lifted the grain embargo that he objected particularly to the fact that American farmers had been singled out to sacrifice for foreign policy considerations. He stated:

As a Presidential candidate, I indicated my opposition to the curb on sales because American farmers had been unfairly singled out to bear the burden of this ineffective national policy. To demonstrate a serious response to aggression against Poland, an across-the-board embargo should be imposed.

The Soviet grain harvests will be disappointing once again this year. They will need our help in order to feed their people. Soviet industrial production is also down. Yet, we are not denying the Soviets this help. We are not denying this help even though Soviet troops remain in Afghanistan.

However, we have to be constantly on guard against the possibility of an invasion of Poland. We have to demonstrate that our actions will match our rhetoric. We have to demonstrate that there are teeth in our current policy by making it clear that, at a minimum, there will be a significant economic cost to the Soviets in the event they risk further adventurism.

My amendment does not tie the hands of the President. If the President decides that a suspension of exports to the Soviet Union is not warranted, even with an event as severe as an invasion of Poland, he has to certify to the Congress that it is not in our national interest to impose such an embargo.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENTS OF COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1982

The Senate continued with the consideration of H.R. 4169.

Mr. WEICKER. Mr. President, what is the pending business?

The PRESIDING OFFICER. H.R. 4169.

Mr. WEICKER. Mr. President, the committee recommends $8,630,589,000 in new budget authority for the Departments of Commerce, Justice, State, the judiciary and 21 related agencies funded by this bill. This amount is a net reduction of $992,290,000 from appropriations enacted for fiscal year 1981 for these departments and agencies, and is $169,411,000 below the subcommittee's allocation for budget authority. The committee recommendation is $130,513,000 below the budget estimate submitted in March, $449,089,000 above the 1982 September revised budget estimate, and $53,410,350 below the amount provided in the House bill.

The net decrease of $992,290,000 from appropriations enacted in 1981 is due primarily to substantial programmatic reductions. These reductions affect a number of programs including: The Economic Development Administration; the Maritime Administration ship construction subsidy program; the juvenile justice and delinquency prevention program of the Department of Justice; the business loan and disaster loan making activities of the Small Business Administration; and the Legal Services Corporation. The reduction for these agencies from fiscal year 1981 totals $1,548,764,000.

These budget reductions are offset by nondiscretionary increases necessary to maintain on-going programs and by selected program increases. Program increases recommended by the committee include: $117,000,000 for the Department of State for the construction of a new embassy in Saudi Arabia and the completion of projects in Moscow; $23,800,000 for the Immigration and Naturalization Service to restore positions for the border patrol, inspections, investigations, and adjudications; and $22,438,000 for the International Communication Agency for the construction for new radio transmission facilities for the Voice of America.

The committee has restored several vital activities that were scheduled for elimination or severe curtailment. These include:

Within the National Oceanic and Atmospheric Administration, restoration of the following programs: sea grants; anadromous fisheries grants; commercial fisheries research and development grants; fruit frost program; and funds for 20 of 38 weather stations proposed for closure.

Within the Economic Development Administration, the committee's recommendation would insure that all public works projects now in the pipeline will be funded.

At the Census Bureau, the 1982 Census of Agriculture will be maintained.

The committee recommendation restores funding for the public telecommunications facilities grants for public television and radio.

Furthermore, the committee recommendation maintains support for the regulatory commissions that have been scheduled for a 12-percent rollback in the revised September budget estimates.

Our other principal recommendations are highlighted on a statement that I ask unanimous consent to have printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. WEICKER. Mr. President, I acknowledge the valuable assistance from our ranking minority member, Senator HOLLINGS. In developing this bill Senator HOLLINGS and I tried to be sensitive to the many requests of the members within the limited amount allocated to the subcommittee. We have tried to maintain the broad national interest in making a fair assessment of recommendations that adequately maintains the various departments and agencies and allows for program growth in a few critical areas.

Before we move on to questions or amendments, I will give Senator HOLLINGS time for any comments he may have.

Mr. President, it is my hope that this bill can be moved right along by the full Senate. I realize that it grants an opportunity to those who care to legislate on appropriations bills to do just that in a variety of controversial areas. But the fact remains that those areas, be they prayer in school, or busing, or abortion, or whatever, will have their day before this assembly either in terms of the authorizing bills now wending their way through the process or in the sense of any special time that might be set aside for discussion of such issues.

I strongly appeal to all my colleagues on both sides of the aisle to allow the appropriations process to be conducted in a way which, in effect, has the business of the United States accomplished in a timely fashion rather than in an ad hoc way which really does not address itself to the problems of the moment.

I know that my distinguished colleague and friend, Senator HATFIELD, has expressed similar views, as has the majority leader.

If indeed it becomes clear that we will not be able to accomplish the business of appropriations, then indeed I want it known that the fault does not lie in the leadership of the subcommittee or the full committee on the minority or the majority side. Every conceivable principle that could be compromised has been made. Rather the fault will lie on other heads.

EXHIBIT 1

HIGHLIGHTS OF COMMITTEE RECOMMENDATIONS

DEPARTMENT OF COMMERCE

For the Department of Commerce, the Committee recommends an appropriation of $1,720,318,000 in new budget authority, a net reduction of $317,921,000 from the 1981 appropriations to date, and an increase of $363,792,000 above the budget request. This recommendation includes:

$139,000,000 for the Economic Development Administration in new budget authority plus $82 million to be transferred from the EDA revolving fund. Thus, the recommended program level is $226,000,000, or $64,000,000 less than the amount authorized in the Omnibus Reconciliation Act of 1981.

Total appropriations recommended for the National Oceanic and Atmospheric Administration are $854,596,000. The Committee action restores several vital programs including: Sea Grant; Anadromous Fishery Grants; Commercial Fisheries Research and Development Grants; Aquaculture; and provides funds for 20 of 38 weather stations proposed for closure.

For the Fruit Frost Program, the Committee has restored one-half of the funding which will permit the program to continue through 1982 at a reduced level.

$20,000,000 is provided for public telecommunications facilities grants in 1982. This action is consistent with the reauthorization of the program under the Omnibus Reconciliation Act.

The Maritime Administration is officially transferred from the Department of Commerce to the Department of Transportation. The Committee recommendation for MarAd is $85,389,000; a net reduction of $129,411,000. As requested, no funds are provided for ship construction subsidies.

Thus, the appropriation recommended represents a net reduction of 15.7 percent from 1981 appropriations. If we include the Maritime Administration in this comparison, the Department of Commerce has been reduced by 23.7 percent and the appropriations for MarAd and the Department together is 19.9 percent less than last year.

DEPARTMENT OF JUSTICE

The appropriation recommended for the Department of Justice is $2,441,038,000 an increase of $115,832,000 over 1981 appropriations. This allowance is a total of $129,087,000 higher than the revised budget estimates.

For INS, the Committee recommends $25,000,000 more than the budget estimate. These funds are necessary in order to restore border patrol, inspections, and investigations positions proposed for reduction.

The recommendation includes $70 million for the Juvenile Justice program and $4 million for Treatment Alternatives to Street Crimes (TASC).

In the general law enforcement area, the Committee has restored reductions in Administratively Uncontrollable Overtime (AUO) for the FBI, DEA, and INS. In addition, funds are restored to maintain the FBI and DEA state and local training and assistance programs.

For the U.S. Attorneys, funds are provided to maintain employment levels in the March request; and for the Marshals Service, the Committee recommends restoration of positions for courtroom security and private process.

Because of the late date of submission of the INS amendment, allowance could not be made within the Committee's allocation. The amount recommended by the Committee includes a portion of the Administration's request for enforcement. As I have indicated to the Department, I will offer an amendment to provide $85,181,000 additional funds for enforcement, detention, and deportation while the bill is before us today. It is my

intent that—at a minimum—sufficient funds must be provided to cover necessary expenses at the Krome detention center and costs for processing the Haitian and running the center at Fort Allen, Puerto Rico, In addition, we will provide $35,000,000 for the construction of a permanent new facility.

Senator Hollings and I have closely examined the revised budget request for the Department of Justice. In order to meet the Administration's new estimates, the Committee's recommendations for the Department would have to be reduced by $215,000,000. This new request would seriously impair the basic law enforcement efforts of Justice agencies and, severely impact a number of State and local law enforcement agencies as well, and therefore has not been adopted by the Committee.

DEPARTMENT OF STATE

The Committee recommends an appropriation of $1.810,840,000 for the Department of State. This is an increase of $305,782,000 from 1981, and is $38,233,000 higher than the revised budget estimate. This includes: $80,000,000 for the construction of a new embassy and residential housing complex in Riyadh, Saudi Arabia.

The revised budget estimate would delay the appropriation of $35.8 million associated with the construction of staff housing in the Riyadh complex for one year. The Committee did not recommend this reduction. Staff housing in the embassy complex will be essential. A one-year delay will result in immediate and substantial costs increases of up to 50 percent. Prudence dictates that we proceed with this project.

THE JUDICIARY

For the Judiciary, the Committee recommendation is $714,662,000—an increase of $68,019,000; but a reduction of $27,141,000 from the budget estimate.

RELATED AGENCIES

There were a number of significant changes in the budget recommendations for some of the related agencies.

The recommendation for the International Communication Agency provides $9,139,000 for the expansion of international education exchange programs.

For the Legal Services Corporation, the Committee has recommended $241 million which is the same as the House allowance and is $80,300,000 less than fiscal year 1981 appropriations.

The Committee recommends the termination of the Metric Board by September 30, 1982. $1,500,000 is recommended for this purpose.

In summary, the recommendations we are presenting on behalf of the Committee reflect the earlier decision of Congress on the Omnibus Reconciliation Act and the current requests of the Administration.

Mr. WEICKER. At this time, Mr. President, before making the usual motion to adopt the committee amendments I am informed that there is a printing error in connection with the amount on page 22, line 8, and I ask unanimous consent that the committee amendment be modified to correctly show that the committee deleted the $979.000 amount and inserted in lieu thereof $500,000.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent that the committee amendments as modified with the exception of the following committee amendments be agreed to en bloc and that the bill, as thus amended, be regarded for the purpose of further amendment as original text, providing that no points of order shall be waived by reason of agreement to this request, and that any of the excepted committee amendments may be laid aside by agreement between the majority and minority floor managers, those amendments to be excluded from en bloc consideration are: page 2, lines 17 through 23; page 11, lines 24 to 25; page 12, lines 1 to 3; page 26, line 3; page 26, lines 10 to 19; page 31, lines 22 to 24; page 32, line 23 through line 25; pages 33, 34, 35, in toto, page 36, lines 1 through 10; page 53, lines 11 through 15; and page 42, lines 11 through 12.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 3, line 9, strike "$288,500,000", and insert the following: $139,000,000: *Provided*, That during 1982 total commitments to guarantee loans shall not exceed $150,000,000 of contingent liability for loan principal: *Provided further*, That total obligations for new loans under the Economic Development Revolving Fund shall not exceed $30,000,000.

On page 3, after line 15, insert the following: "(INCLUDING TRANSFER OF FUNDS)";

On page 3, line 19, after "$25,000,000", insert the following: of which $20,000,000 shall be derived by transfer from the Economic Development Revolving Fund:

On page 4, line 20, strike "$174,206,000", and insert "$165,606,000";

On page 5, line 3, strike "$30,000,000", and insert "$29,000,000";

On page 5, line 10, strike "$56,641,000", and insert "$57,413,000";

On page 5, line 11, strike "$41,750,000", and insert "$42,522,000"

On page 5, after line 13, insert the following:

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the United States Travel and Tourism Administration as provided for by law; including employment of aliens by contract for service abroad; rental of space abroad for periods not exceeding five years, and expenses of alteration, repair, or improvement; advance of funds under contracts abroad; payment of tort claims in the manner authorized in the first paragraph of 28 U.S.C. 2672, when such claims arise in foreign countries; and not to exceed $5,000 for representation expenses abroad; $8,600,000.

On page 6, line 12, strike "$781,413,000", and insert "$835,281,000";

On page 6, line 15, strike "$11,700,000", and insert "$10,000,000";

On page 6, line 22, strike "$5,215,000", and insert "$8,415,000";

On page 7, line 2, strike "Obligations", and insert the following:

For payment to the Coastal Energy Impact Fund for administration of the Act of October 27, 1972, as amended, $500,000, to remain available until expended; obligations.

On page 7, line 8, strike "$9,000,000", and insert "$11,000,000";

On page 7, line 8, strike ": *Provided*", through and including line 19;

On page 8, line 11, strike "$1,000,000", and insert "$5,000,000";

On page 8, line 23, after "programs," insert the following: and for necessary expenses to enable the Department of Commerce to enter into an agreement with the Smithsonian Institution to close out the Smithsonian Science Information Exchange (SSIE), to transfer the assets of the SSIE to the Department, and to pay the outstanding net liabilities of SSIE;

On page 9, line 4, strike "$125,528,000", and insert "$127,428,000";

On page 9, line 5, strike "$7,228,000", and insert "$7,800,000";

On page 9, line 12, strike "$16,467,000", and insert "$16,891,000";

On page 9, line 17, strike "$16,000,000", and insert "$20,000,000";

On page 9, strike line 19, through and including line 11 on page 11;

On page 12, after line 18, insert the following:

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

OPERATING-DIFFERENTIAL SUBSIDIES (LIQUIDATION OF CONTRACT AUTHORITY)

For the payment of obligations incurred for operating-differential subsidies as authorized by the Merchant Marine Act, 1936, as amended, $417,148,000, to remain available until expended.

RESEARCH AND DEVELOPMENT

For necessary expenses for research and development activities, as authorized by law, $10,491,000, to remain available until expended.

OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, including not to exceed $2,500 for entertainment of officials of other countries when specifically authorized by the Maritime Administrator; not to exceed $2,500 for representation allowances; not to exceed $2,500 for contingencies for the Superintendent, United States Merchant Marine Academy, to be expended in his discretion; $74,898,000, to remain available until expended: *Provided*, That reimbursements may be made to this appropriation from receipts to the "Federal ship financing fund" for administrative expenses in support of that program.

FEDERAL SHIP FINANCING FUND

During 1982, total commitments to guarantee loans shall not exceed $1,050,000,000 of contingent liability for loan principal.

GENERAL PROVISIONS—MARITIME ADMINISTRATION

Notwithstanding any other provision of this Act, the Maritime Administration is authorized to furnish utilities and services and make necessary repairs in connection with any lease, contract, or occupancy involving Government property under control of the Maritime Administration and payments received by the Maritime Administration for utilities, services, and repairs so furnished or made shall be credited to the appropriation charged with the cost thereof: *Provided*, That rental payments under any such lease, contract, or occupancy on account of items other than such utilities, services, or repairs shall be covered into the Treasury as miscellaneous receipts.

No obligations shall be incurred during the current fiscal year from the construction fund established by the Merchant Marine Act, 1936, or otherwise, in excess of the appropriations and limitations contained in this Act, or in any prior appropriation Act and all receipts which otherwise would be deposited to the credit of said fund shall be covered into the Treasury as miscellaneous receipts.

On page 15, line 12, strike "$77,351,000", and insert "$76,900,000";

On page 15, line 12, strike "no part", through and including "Not" on line 15, and insert "not";

On page 16, line 7, strike "$11,400,000", and insert "$11,225,000";

On page 16, line 17, strike "No funds", through and including line 2 on page 17;

On page 17, line 7, strike "$18,200,000", and insert "$17,200,000";

On page 17, line 20, strike "$10,000,000" and insert "$9,000,000";

On page 17, line 21, strike "$40,000", and insert "$60,000";

On page 18, line 6, strike "$81,706,000", and insert "$84,000,000";

On page 18, line 6, strike ": Provided", through and including line 10;

On page 18, after line 12, insert the following: "(INCLUDING TRANSFER OF FUNDS)"

On page 18, line 17, strike "$227,380,000", and insert "$217,000,000";

On page 18, line 18, strike ": Provided", through and including the period on page 19, line 3;

On page 19, line 4, strike "$10,700,000", and insert "$19,200,000";

On page 19, line 4, after "activities", insert "including loan servicing";

On page 19, line 24, strike "$272,000,000", and insert "$337,000,000";

On page 20, line 2, after "limitation", insert the following: *Provided*, That during 1982, within resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $205,000,000 and total commitments to guarantee loans shall not exceed $3,300,000,000 of contingent liability for loan principal.

On page 20, strike line 8, through and including line 13;

On page 20, line 17, strike "$4,000,000", and insert "$3,000,000";

On page 20, line 22, strike "$22,200,000", and insert "$19,000,000";

On page 20, line 23, after "limitation", insert the following: *Provided*, That during 1982 total commitments to guarantee shall not exceed $1,200,000,000 of contingent liability for principal.

On page 21, strike line 7, through and including line 9, and insert the following:

For necessary expenses of the United States Metric Board, including termination or cessation of activities of the Board, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, $1,500,000, to be available until September 30, 1982, at which time the Board shall terminate: *Provided*, That all property, assets, obligations, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available to the United States Metric Board shall be transferred to the Department of Commerce.

On page 22, line 7, strike "$42,271,000", and insert "$39,347,000";

On page 22, line 13, strike "$6,400,000", and insert "$6,200,000";

On page 22, line 20, strike "$125,896,000", and insert "$125,200,000";

On page 23, line 3, strike "$45,000,000", and insert "$44,000,000";

On page 23, after line 23, insert the following:

POLLUTION CONTROL EQUIPMENT CONTRACT GUARANTEE REVOLVING FUND

During 1982, total commitments to guarantee shall not exceed $250,000,000 of contingent liability for principal.

On page 24, line 6, strike "$299,180,000", and insert "$291,950,000";

On page 24, line 9, strike "$25,000,000", and insert "$24,100,000";

On page 24, line 16, strike "$29,421,000", and insert "$27,921,000";

On page 24, line 21, strike "$5,313,000", and insert "$5,500,000";

On page 25, line 7, strike "$736,129,000", and insert "$742,609,000";

On page 25, line 10, after "1983", insert the following: *Provided*, That fees may be established to process identification records for State and local employment and licensing agencies and banking institutions, such fees being deposited to the credit of this appropriation without regard to the provisions of 31 U.S.C. 484.

On page 27, line 6, strike "$230,849,000", and insert "$231,779,000";

On page 27, line 17, strike "$358,282,000", and insert "$356,000,000";

On page 28, line 1, strike "$10,878,000", and insert "$10,358,000";

On page 28, line 8, after "$13,731,000", insert the following: "including $1,920,000 for the planning, design, acquisition, and preparation of a site for a Federal Correctional Institution to be located in central Arizona and any necessary relocation or replacement of existing site structures or other improvements, as well as the grading and development of utility distribution systems"

On page 28, after line 16, insert the following:

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves $1,900,000 of the proposed deferral D82–17 relating to the Department of Justice, Federal Prison System, "Building and facilities" as set forth in the message of October 1, 1982, which was transmitted to the Congress by the President. This disapproval shall be effective upon enactment into law of this Act and the amount of the proposed deferral disapproved herein shall be made available for obligation.

On page 29, line 16, strike "$2,264,000", and insert "$2,365,000";

On page 30, line 14, strike "$95,923,000", and insert "$98,292,000";

On page 30, line 18, after "amended", insert the following: ": *Provided further*, That $5,000,000 of said amount shall be allocated for undercover property recovery programs operated by State and local governments under the supervision of the Department of Justice.".

On page 32, line 14, strike "$18,000,000", and insert "$19,000,000";

On page 32, line 18, strike "$139,389,000", and insert "$140,389,000";

On page 37, line 10, strike "$924,258,000", and insert "$912,258,000";

On page 38, line 8, strike "$12,775,000", and insert "$9,102,000";

On page 38, line 16, strike "$5,000,000", and insert "$4,400,000"

On page 38, line 20, strike "$5,000,000", and insert "$3,000,000";

On page 39, line 10, strike "$400,257,350", and insert the following: "$435,240,000: *Provided*, That $28,566,865 shall be available only for the Pan American Health Organization for the payment of 1982 assessed contributions and to reimburse the Pan American Health Organization for payments under the tax equalization program for employees who are United States citizens.".

On page 40, line 3, strike "$8,277,000", and insert "$7,284,000";

On page 40, line 20, strike "$8,727,000", and insert "$7,927,000";

On page 41, line 11, strike "$3,235,000", and insert "$2,847,000";

On page 41, line 25, strike "$8,860,000", and insert "$8,237,000";

On page 43, line 24, strike "$88,317,000", and insert "$86,519,000";

On page 44, line 8, strike "$458,000", and insert "$404,000";

On page 45, line 3, strike "$448,286,000", and insert "$457,425,000";

On page 45, line 23, strike "$16,500,000", and insert "$16,880,000";

On page 46, line 8, after "reception.", insert the following: "and for lease of real property for periods of up to twenty-five years in Africa, Europe, and Asia";

On page 46, after line 23, insert the following:

GENERAL PROVISIONS

The funds provided by this title shall be available for obligation and expenditure notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948, as amended.

On page 49, line 21, strike "$265,000,000", and insert "$264,000,000";

On page 51, line 19, strike "$124,000,000", and insert "$123,500,000";

On page 54, after line 14, insert the following:

SEC. 508. (a) None of the funds provided under this Act shall be available for obligation or expenditure through a reprograming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; or (5) reorganizes offices, programs, or activities; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprograming of funds.

(b) None of the funds provided under this Act shall be available for obligation or expenditure for activities, programs, or projects through a reprograming of funds in excess of $250,000 or 10 per centum, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces funding for any existing program, project, activity, or personnel by 10 per centum approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects approved by Congress, unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprograming of funds.

Mr. HOLLINGS. Mr. President, for the last 5 years Senator WEICKER and I applied a team effort in the development of the State, Justice, Commerce appropriations bill. Our team is still operating—we just have a new captain.

And Senator WEICKER, the new captain, has done an outstanding job. He is totally familiar with the bill, the needs of our Department of State, Department of Commerce, and Department of Justice, particularly the FBI, and the more than 100 different appropriation items in this bill.

We have had a thoroughgoing oversight hearing review of the various agencies and departments.

I am glad to join now with him in presenting the bill.

The chairman has outlined the highlights of the bill. The budget reductions originally presented by President Reagan have largely been taken in this bill, but we have drawn the line in several places, for instance:

The President proposed only phase out funds for the Economic Development Administration, but we have retained a $226,000,000 EDA program level.

The President proposed deep cuts in the research and development programs of the National Oceanic and Atmospheric Administration, that represent our investment in the future. That is our Weather Service and quite a bit of information that is being used currently and daily in research endeavor.

And I think that perhaps the Secretary of Commerce is a little frustrated as a businessman to go and find that in the Commerce Department the largest agency is NOAA but it has been there for some time now. It was thought at one time to set it up as an independent agency with the Coast Guard which has 42,000 personnel.

In fact, the bipartisan study commission known as the Stratton Commission in the mid-1960's after a very, very thorough study recommended just that. The

question simmered down to whether or not to put it in the Department of the Interior or put it in the Department of Commerce.

I think that President Nixon very, very properly determined that it ought to be in the Department of Commerce.

Previously we had ESSA, the Environmental Science Services Administration, in the Department of Commerce that included the Coast and Geodetic Survey as well as the Weather Bureau. NOAA was a natural successor to ESSA.

NOAA has been doing an outstanding job. The fact that we have coastal zone management and are taking care of our barrier islands and estuarine sanctuaries should be recognized by the Secretary of Commerce and his Department, so that the people will not be running all over the place with new bills about barrier islands and sanctuaries and everything else.

We only instituted that program of coastal management after 3 years of hearings, and we have a distinct and unique feature that once a plan is approved by the Federal Government—and the distinguished Presiding Officer, as a former Attorney General, would appreciate this particular factor—then the State plan is supreme.

In other words, there is a consistency provision, a Federal consistency provision, and thereafter the Federal Government, as well as all other State endeavors, have to check through that particular plan.

A month ago the administration with no appreciation of either NOAA, the coastal zone management, the working partnership—and they act like they invented government and now all of a sudden work with the States for the first time—on the contrary, this took 10 years to develop. It was almost the same misunderstanding and lack of appreciation that President Carter had for the Nation's midsection—the Midwest—where over a 75-year period 11 State bipartisan Governors developed a water allocation project of the waters of the Colorado River. We turned a veritable desert land or area into very, very fruitful farmland, the breadbasket not only of America but some 15 countries.

Here comes this group and they sent over and wanted to do away with the Federal consistency program. Fortunately, the State Governors responded, Congressmen and Senators on both sides of the aisle responded. and fortunately the administration withdrew that. But I say that at this particular point we have got to emphasize in this budget, which Chairman WEICKER and I both did at the hearings relative to the Secretary of Commerce, and they said they appreciated and understood them, but they have not responded accordingly. I can tell you that.

The President proposed eliminating all funding for juvenile justice and delinquency prevention, but we retained $70 million.

The President proposed no funding for the Legal Services Corporation. We recommend $241 million to insure—I have here in the prepared remarks equal access to justice for the poor—but let us say more correctly "some" access for the poor.

The Legal Services Corporation, which, incidentally, was a Republican initiative coming in under President Nixon—they always talk of my friend President Johnson and the Great Society, but some day I will list the programs President Nixon thought up too, and, incidentally, this is a good one.

The Legal Services Corporation has had a very stormy history because they went way overboard. They were taken over by the theoreticians, the philosophical types, the study groups, and the college campus crowd. They got massive studies and got into all kinds of programs.

They had people outside on the steps demonstrating what you and I were paying for. So we had to put restrictions on the money. We let them demonstrate, but this is legal services for the poor and the disadvantaged of America, and the American Bar Association, under the leadership of Associate Justice Powell, devised this.

How could you have a system of justice where there was no access? In the days when we started practicing we were all assigned cases, but very few lawyers want a domestic case. Very few lawyers want a landlord and tenant case and to take one all the way to the Supreme Court, like I did over a 3-year period. I think the fee was $100 over 3 years, and the distinguished Presiding Officer knows exactly what I am talking about.

So we had to have some kind of access. We have developed it judiciously. Senator WEICKER has looked at the corporation's budget very, very carefully, and so have I and, frankly, we both would have retained it at a $321 billion level if we could have. But we have gone along with the spurt of spending cuts. We went along with this cut but not the elimination.

If they want to get down to the fundamentals—and maybe some day soon I will be able to furnish that figure—we will just have to balance this particular program of legal services for the poor with legal services for the rich. If we are going to say we are going to feed them all out of the same spoon and give them equal treatment, let us look at legal services for the rich and the writeoff of for the these law firms.

I am constantly meeting, Mr. President (Mr. RUDMAN) you and others sent a lot of our colleagues packing and they are all Washington lawyers—I am constantly meeting them and they say, "Well, we miss being here but we are sure making a lot of money." You get out and go to their offices and they have got all the people to do the work for them, and they are having all of these nice parties. Well, all of that is a cost to the revenue side. We are trying to find out the cost. But I can tell you it far, far, far exceeds any $241 million by way of legal expenses each year for the rich.

They have their particular program, it is in place. It is costing the budget, so let us not just jump around, let us do as the committee has done. Senator WEICKER and Senator CHILES worked out appropriate amendments relative to class actions, relative to the matter of the illegal aliens and otherwise so as to have equal access. But we have worked out and eliminated many of the abuses there, and we should continue with the Legal Services Corporation for some access to our system of justice for the poor.

(Mr. GRASSLEY assumed the chair.)

Mr. HOLLINGS. Mr. President, the most important determination we made was to hold onto our levels for law enforcement. Last month our distinguished President went down to New Orleans, talked about the "thin blue line" that separated the jungle of crime from this island we call civilization, and he assured all the attorneys general and the law enforcement officers that he stood behind them foursquare. That was on a Monday.

By the end of that week we received the revised recommendations that emanated from the administration. They were such that they had cut 600 FBI agents, had cut the Drug Enforcement Administration, cut the Coast Guard, cut the Customs Service, everything just right straight across the board.

That brings us down to the crux of not necessarily wanting or not wanting in a way but everyone would like to try to effect some economies. But there is a point where you reach the law of diminishing returns and, particularly, in the area of law enforcement. We have been cutting back, and we now have less FBI agents the moment I talk here in 1981 than what we had in 1971. We have not been expansive in that particular budget area. On the contrary, crime is up. we have got a greater responsibility with the population, so we really ought to be increasing it.

We have held the line and we have reduced the cuts of some 350 to 500 FBI agents. We have tried to work against the 2-week furlough for all employees of the Drug Enforcement Administration that the President's reunions would require.

Just this past week—fortunately they changed it after we made our presentation on the floor—but the Drug Enforcement Administration has only got three agents in Charleston. They told each agent—each agent has got a car and they told two of the agents to park the cars and keep them parked.

I happen to know of one particular case where they assigned them to a case, a Federal judge, by the way, and they said, "I am sorry, your Honor, you cannot use the car." He said, "Here, go ahead and get some gas and put it in there and go ahead and use it." He said, "No. we started that down in Fort Lauderdale and we have been restricted down there." Apparently the local agents, because they could not with the car go anywhere and do anything, got up with their wives a cake bake sale and a carwash program in order to get the money to put gasoline in the automobiles. And they put out an administrative directive forbidding the use of any gas except official credit cards, Federal Government credit cards. to use for the gasoline. That is how destitute we are in November and December where

they literally deluge us with all kinds of drugs coming into this country in Florida, Georgia, and South Carolina.

Last year—I do not know why, but this is the season—they had a large freighter off the coast of Charleston, S.C., they put it out there about 50 miles, and they offload the drugs and marihuana onto trawlers and small boats. It took us 2 weeks—talking about the Coast Guard—to get a Coast Guard cutter finally down from New York, and we got a tanker. It was the largest bust that you have ever seen. They told us that actually we were lucky to intercept 20 percent coming into the various streams and islands; 80 percent was coming through.

Now, I am not talking fanciful figures. These are actual facts.

So we are trying our best to keep up in counterintelligence with FBI agents, and the Drug Enforcement Administration, in the fight against the ever-expanding international drug traffic.

Mr. President, I endorse our chairman's recommendation and commend him for his excellent work and commend his staff for the excellent work that they have given our subcommittee.

The bill is a good bill. It meets the proven national needs while making the necessary reductions required to put our overall fiscal policy in order. So I am glad to join with our distinguished chairman and the staff in presenting the bill to the Senate.

Mr. WEICKER. I thank my distinguished colleague from South Carolina.

As the Senator from New Hampshire commented as he left the chair and came by my desk, he said, "I could listen to Senator HOLLINGS all day." And so could I. I mean that. I think the Senator's perceptions are right on target and most eloquently articulated.

Mr. President, I ask unanimous consent to amend my unanimous-consent agreement to include the committee amendment on page 37, line 22, in the list of amendments excluded.

Mr. THURMOND. Mr. President, reserving the right to object, when the Senator brings up these different matters on page 2, line 17 through line 23, the committee struck out a House limitation there that we would like to have a rollcall vote on. And I will give the Senator several others.

Mr. WEICKER. If the distinguished Senator would allow me, I would like to go over the list. He was not on the floor when I went through a whole list.

Mr. THURMOND. As soon as I was notified, I came right over.

Mr. WEICKER. Much of what the Senator is about ready to do has already been done at the request of Senator HELMS.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, it seems that the differences here in what the Appropriations Committee did and what some of us felt otherwise has been taken care of. So we have no further objection.

Mr. WEICKER. I thank the Senator from South Carolina.

Mr. President, what is the status of my last unanimous-consent request? Was that passed upon by the Chair?

The PRESIDING OFFICER. That has not yet been agreed to.

Is there objection? If not, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent that the committee amendments be laid aside in order that I might present a technical amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 604

(Purpose: Technical amendment to change citation from the "Foreign Service Act of 1946, as amended" to the "Foreign Service Act of 1980")

Mr. WEICKER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. WEICKER) proposes an unprinted amendment numbered 604.

Mr. WEICKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 23, after the word "by" on line 10, strike all through the word "amended" on line 11 and insert in lieu thereof "the Foreign Service Act of 1980".

Mr. WEICKER. Mr. President, this is a technical amendment to correct a citation in the House bill. Employees of the Foreign Claims Settlement Commission are entitled to benefits and allowances similar to those provided Foreign Service employees. As passed by the House, the bill mistakenly cites the provisions of "title IX of the Foreign Service Act of 1946, as amended". However, the correct citation is "the Foreign Service Act of 1980".

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut (Mr. WEICKER).

The amendment (UP No. 604) was agreed to.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I ask unanimous consent to lay the excepted committee amendments aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 605

(Purpose: To provide $2,000,000 to the Federal Bureau of Investigation for Fingerprint Identification; $828,000 to the National Institute of Corrections for State and local training and to reduce the appropriation for the Department of State by $10,000,000)

Mr. WEICKER. Mr. President, on behalf of myself and Senator HOLLINGS, I offer an amendment which amends the appropriations for the Federal Bureau of Investigation and the National Institute of Corrections and the Department of State. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. WEICKER), for himself and Mr. HOLLINGS, proposes an unprinted amendment numbered 605.

Mr. WEICKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, line 7, strike "$742,609,000" and insert in lieu thereof "$744,609,000".

On page 25, line 15, before the period, insert the following: "and that $2,000,000 shall be available for the employment and training of personnel and purchase of equipment necessary for this purpose; *Provided further*, That no ceiling shall be established at less than 19,500 on full-time equivalent employment of the Federal Bureau of Investigation".

On page 28, line 1, strike "$10,358,000" and insert in lieu thereof "$11,186,000".

On page 37, line 10, strike "$912,258,000" and insert in lieu thereof "$902,258,000".

Mr. WEICKER. Mr. President, this amendment has several parts and it results in a net reduction in budget authority provided under the bill.

First, it reduces the appropriation for salaries and expenses of the Department of State by $10,000,000 to $902,258,000. The reduction is entirely from foreign currency gains which have resulted since the preparation of the budget. It does not affect the program level proposed by the Department.

Second, the amendment provides $2 million to the Federal Bureau of Investigation. These funds are specifically provided for personnel and equipment necessary to resume servicing State and local applications for fingerprint identification.

On October 1, the FBI suspended processing of all non-Federal fingerprint identification requests other than those from criminal justice agencies for 1 year. State and local agencies affected by the suspension include employment, and licensing agencies, and regulatory boards. In committee we approved a provision enabling the FBI to establish a fee structure so that it can receive reimbursement for this service. The fee structure will allow the FBI to hire personnel necessary to process these requests.

The amendment which I am offering will enable the FBI to proceed quickly and hire and train necessary personnel

and purchase equipment so that it can proceed quickly and resume this vital service earlier than planned.

Finally, the amendment provides $828,000 in additional funds for the National Institute of Corrections. During full committee markup on this appropriations bill my colleague from Pennsylvania (Mr. SPECTER) raised a concern that the amount requested by the administration in the September revised budget and the amount recommended by the committee might cut severely into the training of State and local corrections officers. I gave my assurance to Senator SPECTER that I would look further into this matter. The amount recommended by this amendment will provide for the training of 1,400 State and local corrections officers.

As I have mentioned, the net effect of the amendment is to reduce the amount of budget authority recommended by the committee by $7,172,000.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I join the distinguished chairman on this amendment.

As he stated, it increases the FBI by $2 million and sets a floor under the ceiling relative to the number of personnel. If Director Webster does not need all the personnel, he does not need to hire them, but we do not want the budget officers to impede our law enforcement by creating artificial savings through personnel ceilings. It increases the National Institute of Corrections by $828,000 to maintain the vital training of State correctional personnel.

Both of those increases are taken care of by reducing the State Department because of foreign currency gains. In other words, there is no net increase in this particular bill, in fact, it reduces the bill by $7,172,000.

The State Department is not hindered in any way in its programs but the necessary additional money is allocated to the National Institute of Corrections and the FBI.

I urge adoption of the amendment.

Mr. WEICKER. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (UP No. 605) was agreed to.

Mr. WEICKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION OF SERVICE BY THE FCC

Mr. HOLLINGS. Mr. President, I wish to take a moment to elaborate on an understanding that the Senator from Connecticut and I have regarding the appropriation for the Federal Communications Commission.

An essential function of the Commission is the expeditious authorization of new and additional services to the public. The Appropriations Committee believed that if the Commission's budget were reduced below the level we set it might well have a detrimental effect on the provision of additional, more innovative, and more efficient services to the public. If we are to truly have a competitive communications industry, it is necessary that the Commission encourage rather than discourage new technologies and new services with minimal delay. It is largely for this reason that we maintained the Commission's funding at $76.9 for fiscal year 1982.

Since we have done so, we fully expect the Commission to authorize new and additional services expeditiously. For example, the Commission has been attempting to write rules for a new low power television service for many years. Congress has already tried to speed the issuance of these and other licenses by allowing the Commission to use lotteries instead of the cumbersome comparative hearing process in making grants. All comments on the proposed low power rules have been filed, and the time has come to issue final rule. We believe that these final rules should be issued by February 1, 1982. Further, we believe that the actual granting of all low power applications should be started shortly thereafter and should proceed rapidly.

The Commission should also proceed to authorize other new and additional services as well as individual licenses as quickly as possible. Cellular Radio and VHF Drop-Ins are two examples that come to mind. In both instances, the Commission has spent much time working on rules. This aspect of the process needs to end, and the processing of applications should begin, where such services are found to be in the public interest. Further, in these instances as well as with other services, the lottery approach is, as Congress has intended in passing that provision, a perfectly proper way to proceed.

Just as we show here with the $76.9 million funding level, Congress, in enacting the lottery provision, believed that the Commission needs to reduce the long delays that have traditionally been experienced in the introduction of new and additional services. This lottery provision can appropriately be used in selecting among competing applicants for all proposed uses of the electromagnetic spectrum. We believe that the use of lotteries must be seriously considered in all instances, and we expect the Commission to place the highest priority on the authorization of new and additional services.

Does the Senator from Connecticut agree with my statement of our understanding regarding the high priority for new and additional services?

Mr. WEICKER. Yes, I agree with the Senator. It is our understanding that the Federal Communications Commission should authorize new and additional services as expeditiously as possible.

POLITICAL BROADCASTING LAW

Mr. HOLLINGS. Mr. President, I wish to address the Senator from Connecticut concerning the fiscal year 1982 appropriations for the Federal Communications Commission.

The Federal Communications Commission has the important responsibility of administering and enforcing the various political broadcasting laws, including the equal time rule, the fairness doctrine, and the reasonable access provision. The Senator from Connecticut and I strongly believe that these laws must be effectively and promptly administered and enforced. In the funding for the Commission for fiscal year 1982, we have provided a more than sufficient cushion to insure that the Commission meet this objective. But, even if this level of funding were reduced further, we still believe that the administration and enforcement of these political broadcasting laws remain a priority. Regardless of the funding level, we do not believe that the staff assigned to administer and enforce these laws should be reduced below fiscal year 1981 levels, and we believe that all inquiries and complaints must be responded to as promptly as in the past.

Mr. WEICKER. I agree completely with the Senator that the administration and enforcement of the political broadcasting laws remain a priority at the Federal Communications Commission. We have examined this aspect of the Commission's responsibilities very carefully and firmly believe any lessening of attention to this area is completely unwarranted.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business not to extend past the hour of 2:30 p.m., in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

DIRECTOR OF FAMED BOYS TOWN RECIPIENT OF DISTINGUISHED NEBRASKAN AWARD

Mr. ZORINSKY. Mr. President, the Nebraska State Society of Washing-

ton, D.C., conferred its "19th Annual Distinguished Nebraskan Award" on one of its citizens who has brought honor and fame to our great State. The 19th annual award was presented this year to the Reverend Robert P. Hupp, executive director of Boys Town, Nebr.

Father Hupp, a native of Wheeler County, Nebr., has been director of Boys Town since 1973. He is responsible for leading Boys Town into a new era for communication disorders in children and the Boys Town urban program.

Father Hupp is active in many civic organizations, including the Boy Scouts, the United Way, and the City of Hope National Medical Center.

For many years, this distinguished clergyman was active in parish work in Nebraska and served as a chaplain in the U.S. Navy during World War II.

On the occasion of the award, the prayer and benediction was given by the Reverend John P. Gates of Bethesda, Md. It was a moving benediction which I wish to share with all of my colleagues.

O living God, our Creator and Sustainer in life, we thank Thee for this fine gathering of people this night who love the State of Nebraska as something special in your Creation.

We are particularly thankful for the life, career and accomplishment for the good of Father Robert P. Hupp of Boys Town. Grant him continued health and joy and blessedness in the days ahead.

Now for the pleasurable memories of home and family we give Thee thanks.

We are grateful for the hope for the future; hope for ourselves, for our loved ones, for our state, our country, for the world and mankind everywhere in spite of the forbidding circumstances in which we live in our time.

Bless all who are here with worthy motives and purposes in all their endeavors,

And give us all a high resolve to do justly, love mercy in all our dealings with our fellow man, especially toward the poor and handicapped in any way.

Now may the courage of the early morning dawning,
The strength of the eternal hills,
The peace of the evenings ending,
And the companionship of Jesus Christ
Be with you tonight and ever more. Amen.

THE DEATH OF PHIL SUTHERLAND

Mr. GORTON. Mr. President, I would like to bring to the attention of the Senate the recent tragic death of Phil Sutherland, president of the Puget Sound Gillnetters Association, and ask that the Members of the Senate extend their prayers to Phil and his family.

Phil Sutherland was considered by many people to be a maverick. He was a strong-willed, honest, decent man who fought for what he believed in and was respected by all who dealt with him. He was a hard-working salmon fisherman who lived according to his principles and honesty, and he expected others to be guided by honesty, hard-work and principle.

His battles brought him to the Senate on a number of occasions during the past few years in regard to the controversies which have plagued the salmon fisheries of Washington State. During the course of Phil's work for the gillnetters he had his share of adversaries, but he always had their respect. The Northwest fishing community has lost a true friend and knowledgeable participant. But we have all lost an outstanding citizen. Phil will certainly be missed by the fishing industry and those who knew him.

Mr. President, I ask unanimous consent than an article from the November 4 Seattle Post-Intelligencer on Phil Sutherland be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FISHING REBEL DIES AS BOAT FLIPS

(By Solveig Torvik)

Phil Sutherland, who led non-Indian commercial fishermen in their stubborn, losing battle against the Boldt decision that upheld Indian treaty fishing rights, died early yesterday when his gillnet boat overturned during a gale and sank off Marrowstone Island near Port Townsend.

He died while enjoying a small personal victory—an unusually long, three-day fishing season for non-Indians—after a decade of losses in the bitter salmon controversy that has darkened the waters of Puget Sound.

Sutherland, 58, described by associates as "a dedicated, hard and stern fellow" went to jail for 20 days in 1979 for fishing off Lopez Island when fishing was closed to non-Indians.

"He had true grit. He was a true American all the way," said Terry Proios, office manager for the Puget Sound Gillnetters Association, which Sutherland headed.

He had been fishing alone aboard the 38-foot "Suds" for chum salmon at the time of his death, according to his wife, Lorene. She said it wasn't "financially feasible to have more than one aboard. But it makes a long night when you don't have someone to help you."

Exactly what happened to Sutherland remained a mystery yesterday. Coast Guard officials said he was found wearing a survival suit some 200 yards downwind from his boat. Tentative cause of death was listed as hypothermia, according to Coast Guard spokesman Dale Miller. A small dinghy was bobbing nearby and a fishing net was out, indicating that he was fishing at the time of his death, Miller said.

He was last seen fishing in the area, described by fishermen as treacherous, about 4:30 a.m. yesterday by another gillnetter who left the area when 35-knot winds came up.

COAST GUARD PROBE

The Coast Guard will conduct an investigation into the cause of the accident, Miller said.

Sutherland, who lived in Port Townsend and had been fishing for 33 years, had been active in getting the State Fisheries Department to set the three-day season that opened Monday for non-Indian fishermen in the area, said Proios.

"He was proud that some of his efforts had paid off," she said. "He was real excited."

Sutherland, the father of four grown children, was a former amateur boxer and a respected coach for youngsters in Port Townsend. He trained Olympic hopeful Charles Robinson, 18, who was killed in Poland with 23 other U.S. boxing team members in a plane crash in 1980.

Sutherland, who helped develop the mechanical clam harvester now widely used in the shellfish industry, had become "very discouraged" about the financial plight of non-Indian commercial salmon fishermen after the Boldt ruling, his wife said.

The controversial 1974 decision by U.S. District Judge George Boldt gave half the steelhead and salmon catch to treaty Indians.

When Sutherland was sentenced to jail by federal Judge Morell E. Sharp, 300 protesters demonstrated their outrage on the steps of federal courthouse in Seattle.

"We see the light at the end of the tunnel," he said when he came out of jail. "But it is a train coming the other way."

Bill Frank, the Nisqually Indian who as chairman of the Northwest Indians Fish Commission was Sutherland's arch foe, yesterday called Sutherland "a good friend. He felt very strong for what he was doing. I respect that. I think the Indian people did too."

KIND WORDS FROM FOE

"We could always sit down without raising our voices," Frank, even though Sutherland called Indians "super-citizens" who got more than their fair share of the fish.

"I always said we can't compete in the society out here because we don't own the banks," Frank said.

"We were coming closer and closer to a better understanding of the Indians and the gillnetters, which, in the past, hadn't happened," Frank said.

Frank added that Sutherland seemed to blame the Indians for the fact that non-Indian gillnetters were not getting 50 percent of the catch, but Frank argued that this was because they had to share their 50 percent with sportsfishermen, large commercial concerns and others catching the fish off the coast before the run entered the Sound.

"That wasn't the Indians' fault," Frank said. "The problem was the fish disappeared."

REBUFFED BY HIGH COURT

Sutherland had argued that "a small Indian fleet can rake in 300,000 fish from Puget Sound, while the gillnetters get only about 26,000 fish. For us that is about a one-in-10 split. That puts us flat out of business economically. We don't know where to turn."

He turned to the U.S. Supreme Court. It ruled against him.

Then he turned to politics, entering the 1980 race for state representative against Brad Owen. He lost.

At the time of his death, he was spending his time lobbying in Olympia to prevent an increase in the license fees and landing tax for gillnetters. And he was pleading for longer fishing seasons for non-Indians.

This time he won one, but it cost him his life.

DEFENSE BUILDUP

Mr. THURMOND. Mr. President, an important statement on the economic impacts of the 5-year defense buildup was presented to the Congress October 29, by Jack R. Borsting, Comptroller for the Department of Defense.

Dr. Borsting assured the Congress that the defense buildup planned by the Reagan administration would not be inflationary, increase bottlenecks in industry, or disrupt the economy in general.

Mr. President, the Comptroller also told the Congress that the proposed 5-year plan is not excessive in comparison with past defense spending. He pointed out that over the 5-year period DOD outlays will average 6.3 percent of the gross

national product, increasing from 5.7 percent in fiscal year 1982 to 7 percent by fiscal year 1986.

Mr. President, although we have serious budget and inflation problems the Congress should be aware that the defense budget is not inflationary and represents a carefully regulated buildup. While our overall budget problems are serious, the military threat has not changed and we must respond to the Soviet efforts to use military superiority to achieve their goals around the world.

Mr. President, I ask unanimous consent that the statement by Dr. Borsting be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE HONORABLE JACK R. BORSTING, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Dear Mr. Chairman and Members of the Committee: I appreciate the invitation to appear before you today to discuss Defense spending and the economy. The topic is most relevant at a time when the Administration is committed to modernizing and upgrading the military resources of the United States and at the same time cutting back total Federal spending in order to bring the budget into balance. The topic is also one that is often misunderstood. There is a great deal of concern that the vital steps required to improve the state of our national Defense will, in the process, destroy the state of the economy by increasing inflationary pressures, causing bottlenecks in industry, and competing with the private sector for a shortage of skilled manpower. We believe these concerns are exaggerated. There likely will be certain areas where current bottlenecks in the Defense industry will occur; where inflation may continue at a higher rate than in the non-defense sector; and where competition for skilled technicians will be intense. But we believe the nature of this buildup is sufficiently different from prior buildups—largely associated with war—so that the U.S. economy will be able to absorb this Defense buildup without major disruption and upheaval.

DEFENSE BUDGET

We are now formulating the Fiscal Year 1983 budget and, as part of that process, revising the Five Year Defense Program (FYDP). The budget process will be completed in late December and the FY 1983 Defense budget will be released by the President to Congress next January. The adjustments which the Department has recently been asked to make as part of the reductions in total Federal spending do not signal a change in our military requirements, but rather a need to achieve them under more stringent fiscal restraints.

The President, as you are aware, has called for Defense to reduce FY 1982 spending by $2 billion and by $11 billion for the following two years from the levels established this past July. We have presented to the Congress proposals to accomplish that goal.

DOD AS PERCENTAGE OF GNP

The five-year projection of DOD outlays will average 6.3 percent of the GNP increasing from 5.7 percent in FY 1982 to 7.0 percent in FY 1986. The cumulative increase over the FY 1982 level is approximately $150 billion. The real increase, after adjustment for inflation, is about $80 billion in FY 1982 dollars.

As with outlays, the GNP percentages can be reviewed in a historical perspective. These trends do not prove that the Defense budget is too high or too low, or that we are better or worse off in a military sense than at some time in the past. Defense certainly is not entitled to any specific share of public spending or of GNP. Nonetheless, these comparisons provide a historical perspective that will assist in assessing the future.

In 1945, at the end of World War II, DOD outlays were 35.3 percent of GNP; in 1946, they declined to 19.9 percent and by 1950, were 4.4 percent of GNP, averaging 4.6 percent for the years 1947 to 1950. The peak Korean War percentage of 12.1 percent was reached in 1953. From 1956 to 1964 the DOD outlays ranged between 8.0 percent to 8.6 percent of the GNP and in 1965 reached a 14-year low of 6.9 percent.

In 1968, during the height of the Vietnam involvement, DOD outlays reached 9.3 percent of GNP, the highest since the Korean War era. DOD outlays dropped to 8.5 percent of GNP by 1969 and by 1979 had reached 4.8 percent, the lowest DOD percentage of GNP in 29 years.

The decline was reversed in 1980 with outlays reaching 5.1 percent of GNP and we expect that by 1986, DOD outlays will be approximately 7.0 percent of GNP. In a historical perspective, 7.0 percent of GNP does not appear excessive.

IMPACT OF BUILDUP ON INFLATION

Inflation has had an immense impact upon the Defense budget in recent years, but this impact is by no means peculiar to Defense. It has been an economy-side phenomenon, affecting our family budgets and expenses as well. Inflation in the Defense sector has been higher than in the general economy, not so much as a result of any added pressure from increased Defense spending, but rather by economic factors peculiar to Defense.

Rising energy costs have a more pronounced affect on Defense because DOD is more fuel intensive than the general economy and dramatically more so than the rest of government. Scarcity of certain critical materials, some of which are only available from monopolistic suppliers outside the United States also bid up Defense prices. Recent, and large price increases have been experienced in titanium, specialty metals such as cobalt, nickel, and chromium, and to an extent, aluminum, as well as large castings and forgings made from those raw materials. The combined effects of these factors, together with the high technology state of much of the Defense industry, have caused inflation in the Defense sector to be higher than the GNP implicit price deflator.

Inflation guidance provided to Defense is based on changes in the GNP deflator. As a result, Defense acquisition programs which are based on a full funding concept always have some risk of not being priced properly. A Defense program that is appropriated in FY 1982 may not be completed for several years. Yet it must be priced on inflation rates currently projected for future years.

IMPACT OF DEFENSE GROWTH

The Department of Defense frequently confers with private consulting firms to assess the impact of higher levels of Defense expenditures on the U.S. economy. For example, in October last year, well known economists representing Wharton, Data Resources, Inc., (DRI), Evans Economics, Chase Econometrics, and Merrill-Lynch participated in the annual DoD Cost Analysis Symposium. This group concluded that a 10 percent real growth in DOD outlays over the period 1981-1986 would not be inflationary if there were a carefully planned, progressive increase in government purchases. The forecasters also agreed that current U.S. production capacities are generally adequate to accommodate the increased demands generated by the accelerated Defense spending.

There are no sudden, dramatic increases in the planned buildup for 1981-86, so the inflationary expectations normally built into such explosive expansions are missing from the current five-year economic forecast. Past Defense buildups, and especially the Vietnam buildup, involved rapid reallocation of resources to the Defense sector with little or no compensating adjustments in taxes or reduced spending in other parts of the budget.

We are continuously working with industry groups and representatives to alert them concerning what we believe will be the future demand for defense goods and services in their respective industry sector. At the same time we are checking to see what excess production capacity exists and what the consequences would be if further demand were placed on these sectors. I do not believe all bottlenecks can be prevented; nor do I believe that some economic dislocation will not take place, but I do believe we are in a much better condition to assess the economic pulse of the private sector, as it relates to defense needs than we have been able to do before.

During the 1950–53 buildup, the DOD percentage of the GNP increased from 4.4 percent to 12.1 percent. The sharpness of that buildup was indicated by a 40 percent average annual increase in the proportional DOD share of GNP. An increase from 7 percent in 1965 to 9.3 percent in 1968 was much less sharp, as it amounted to only a 9.9 percent average annual rate of increase in the proportional DOD share of GNP. The currently planned buildup is gradual in comparison to prior periods. The increase in the DOD percentage of GNP is less than one-third as sharp as the increase in the 1965–68 period.

The currently planned buildup is also compensated by planned fiscal actions to offset the economic effects of the higher rates of Defense spending. Excluding National Defense, the Mid-Session Review for Federal Budget Authority for the five-year period 1982–86 provides about 2.2 percent annual decline in real growth, i.e., after inflation. The programmed decrease in non-Defense spending will help accommodate adjustments to the Defense buildup within the economy. If appropriate fiscal and monetary measures are followed and if the Department of Defense can remain on a steady but upward budget course, I believe the currently proposed defense program need not cause serious economic difficulties.

The leadtimes necessary to increase Defense procurement of major weapon systems and other investments in Military Construction and R&D result in gradual effects on the economy. The current buildup in Defense investment is in sharp contrast to the Vietnam buildup in manpower which had a more immediate effect on the economy. The spendout of investment programs differs among accounts with most of RDT&E program spending over a two-year period while 55 percent of a shipbuilding program will spend in the fifth year or later. These spending profiles are very important, not only because of the gradual way that they impact the economy, but also in understanding the controllability of outlays. Increases in DOD outlays will lag the currently planned increases in Defense programs (Total Obligational Authority).

These outlays relate to obligational authority of several prior years, as well as that of the current year. For example, in FY 1982, 30 percent of the $181.8 billion dollar outlay result from funds approved in prior years. These unexpended balances are not the result of an inability to spend the money. Rather, they are associated with research, acquisition, and construction projects which take more than one year to complete. In essence, they are the portion of our non-current liabilities from the prior year which are reclassified as current liabilities this year. An understanding of this relationship between TOA and outlays is fundamental to controlling expenditures in any given year or time period.

INDUSTRIAL BASE

The expected expansion of military procurement will not overload industries so long as it is well anticipated at the industry level

and appropriate compensatory measures are taken. The U.S. does have the industrial capability to absorb the planned increase in Defense spending, provided we continue to pay close attention to the areas which have typically affected production. Our assessments show that materials and manpower availability, particularly for engineers and skilled workers, will require attention to ensure that problems are solved as they occur. Without this it can be expected that leadtimes will be long, resulting in increased hardware costs and reduced readiness. Leadtimes in the aerospace sector are currently showing improvement as the commercial modernization effort slows and Defense work receives increasing priorities. There are clear indications that industry capacity exists and that in certain areas such as forging capability, additional capability has been readied. We believe that the time phasing of our major programs is such that with prudent attention by both government and industry in these particular areas, we will be able to produce them. Our major concern, as you know, is the subcontract base. We are working hard to stimulate interest in DOD at that level and to ensure that our prime contractors pass down the acquisition improvements to their subcontractors. In addition, we are encouraging new entries into the Defense market for figures not generally in the Defense market place. We are also encouraging existing Defense contractors to add capital as required to meet growing requirements due to higher levels of defense spending.

In mid-1981, the average rate of capacity utilization for manufacturing industries was about 78 percent. Both the materials industries and the primary and advanced processing industries currently are operating with about 20 percent idle capacity. DRI projects that these utilization rates will move above 90 percent by the mid-1980's.

Plans to shift to greater reliance on multiyear contracts will provide a significant step toward efficiency and an insurance against bottlenecks. This change in the major systems acquisition process facilitates industry adjustments to a stable five-year Defense program, as opposed to having to react to major year-to-year shifts in Defense procurement.

I have enclosed to my statement several trend lines which show DOD spending as a percentage of budgetary and economic aggregates. The point that I make and, one that is clear from the charts, is that the currently planned Defense buildup will not have as much impact on the budget or the economy as those experienced in earlier periods.

This concludes my statement, Mr. Chairman. I am prepared to answer any questions you may have.

THE STATUS OF MATH AND SCIENCE EDUCATION AT THE ELEMENTARY SCHOOL LEVEL

Mr. THURMOND. Mr. President, I wish to share with my colleagues the concerns I have for the status of math and science education at the elementary school level. Math teachers are leaving the teaching profession for the more lucrative computer science field. As a result, there is a severe shortage of qualified elementary school math teachers in our Nation.

I feel that this is a part of a larger national problem that manifests itself in the current shortage of scientists and engineers in many fields. Furthermore, no improvement is foreseen in this situation. I believe that the place to begin to develop strong interests in science and math is at the elementary school level.

Mr. President, a recent article on this subject by Mr. Joseph D. Whitaker in the Washington Post of November 8, 1981, discussed this serious problem and it causes. In order to share this article with my colleagues, I ask that this article be printed in the RECORD following my remarks.

The article is as follows:

SUBTRACTING MATH TEACHERS

When Sandra Lavene began teaching in the Montgomery County public schools 10 years ago, she had visions of unlocking the intricacies of mathematics for bright youngsters in a classroom brimming with enthusiasm

But not long after she began teaching at Walt Whitman High School in Bethesda, Lavene's vision started to fade. As she expected, the work was hard, the students were sometimes unruly, and the pay was inadequate. What surprised her was the student apathy, the lack of respect for her profession, and the thanklessness.

"I would knock myself out," said Lavene, 34. "I'd stay up long hours marking papers. I worked after school helping the kids. But in nine years, the parents, the principal, the kids—nobody said 'thanks'."

She quit her $19,000-a-year teaching job 18 months ago and exchanged the noisy classrooms for quiet computer keyboards, higher pay, merit raises and profit sharing at the Rockville office of Hewlitt-Packard.

Decisions like Lavene's are causing increasing concern among educators and scientists who fear that the difficulty of attracting and keeping math teachers poses a threat not only to schools' ability to offer a full range of math courses but also to the nation's long-term dominance in math-related fields.

The same lures of higher pay and fewer hassles that have prompted an exodus by many math teachers also have reduced sharply the number of students opting for math education degrees in college, with the result that there are serious shortages of math teachers in various areas around the country.

Other areas, including Washington, have managed to maintain an adequate supply of certified math teachers so far. But they are aware of the problem and are scrambling to develop strategies to steer them around possible future shortages.

Many experts, pointing to the growing gap between teachers' salaries and those in private industry, expect the shortages to worsen, primarily in grades 7 through 12.

"A lot of math teachers are going into the computer field simply because it pays more and there are fewer hassles," said Max Sobel, president of the 80,000-member National Council of Teachers of Mathematics. "Math teachers coming out of college already realize that the $12,000 paid to a beginning teacher is a lot less than the $20,000 they could earn in the first year with some computer firms.

"In addition, the public's indifference to the plight of teachers, the low pay, crowded classrooms and poor facilities are a signal to many students to stay from the teaching field," added Sobel, who teaches math at Montclair (N.J.) State College.

Evidence of the problem abounds:

In North Carolina, 45 percent of all persons teaching math are not certified in the subject. Cleo Meek, assistant director of the mathematics division in the state department of education, said the state's math teachers—who earn $12,000 to start—have been hired in large numbers by nearby computer firms that sometimes pay starting salaries of more than $20,000.

The city of Houston, in a desperate effort to hire more math teachers, has added an $800 bonus to the starting salary of teachers certified to teach math. Still, this year the city issued 44 "emergency permits" to teachers not certified in mathematics in order to cover its math classes, according to Oscar Sarabia, director for secondary school assignments.

Philadelphia, which has just come off a crippling 50-day teachers' strike, began the last school year with 90 vacancies for math teachers and ended the year with 24 of those positions unfilled. With a starting salary of only $10,900 for new teachers, school officials said they cannot compete with thriving, talent-hungry computer firms.

The National Center for Education Statistics last month released its most recent survey on the issue, showing that in 1979 there were 900 math teacher vacancies in elementary and secondary schools nationwide, although there were major surpluses in most of other fields.

A 1979–80 survey in Maryland found that 50,000 secondary school students were being taught mathematics by more than 400 teachers who were not certified to teach math. While that survey has not been updated, state education officials say the situation has not improved since it was taken.

In the Washington area, which has had fewer problems because of generally higher salaries and the lure of the nation's capital, public school systems routinely use persons uncertified in math to teach for a few days or a few weeks while they arrange to fill math vacancies.

Montgomery County, apparently alone among area systems, is allowing half a dozen former elementary school teachers uncertified in math to teach the subject at upper levels—after they took an aptitude test and promised to take the college courses necessary for certification.

Fairfax County reports no uncertified math teachers, but had been concerned about filling 25 vacancies when the year began. The county is developing a series of college courses that would be taught to teachers in the county schools over two summers and would culminate in a mathematics certification.

D.C. public schools, which have laid off hundreds of teachers in recent years because of declining enrollment and budget cuts, have been able to keep an adequate supply of math teachers by drawing from that pool.

The difficulty of recruiting and retaining math teachers nationwide over the past five years has been paralleled by a similar but somewhat lesser problem with science teachers, but more attention and concern are being focused on math because it is critical to so many disciplines.

"If school systems can't find enough qualified teachers, they will use teachers who do not have a good math background," said Alphonse Buccino, the National Science Foundation's acting deputy assistant director for science and engineering. "Advanced-level mathematics classes which usually have the lowest student enrollment are the first ones to be dropped when there are not enough teachers.

"Then students who might otherwise have studied math in college enter higher education poorly prepared and cannot compete in science and engineering programs. Ultimately, we could find that the pool from which we select our future scientists and engineers is shrinking."

Buccino said that current trends in the United States in which high school students over the last decade have been required to take fewer and fewer math and science courses are directly opposite the approach in Japan, Russia and Germany, where increasingly more math and science studies are required.

At the University of Maryland at College Park, the number of graduating students with math education majors has dropped from 39 eight years ago to only 10 last year, according to Robert Risinger, director of math education at the university. During the same period, the school's business administration, business management and engineering programs became overcrowded, Risinger said.

The same trend has emerged at the University of Virginia in Charlottesville where the number of math education graduates has gone from seven in 1973 to only three this year, according to William Lowery, the university's only remaining math education professor.

"I didn't go into teaching for the money," Lavene said recently. "I wanted to teach kids who had a love for learning math and would be willing to work hard. But after I taught for a few years, I found that the kids wanted good grades, but didn't want to do the work."

Her search for alternative employment led to Hewlett-Packard, where she said she was hired at a salary "significantly higher" than the $19,000 she was earning as a teacher after nine years. Her employment package includes stock purchase options, profit sharing and merit pay increases that brought her pay raises amounting to 25 percent in her first year, she said.

"Mathematics is always a good background for working with computers," said Jerry Hendrick, a spokesman for Hewlett-Packard. "And math teachers make attractive prospective employes because they can usually assimilate computer information rapidly.

"But we don't want to give the impression that we're out to raid the high schools," Hendrick said. "In every instance that we've hired a teacher, they've come to us. If we have an opening and a math teacher applies, we can't say, 'You're needed in the school system, go back there.'"

Lavene's reasons for leaving teaching are echoed by Paris Rasnic. At age 22, he graduated from Virginia Polytechnic Institute with a bachelor's degree in mathematics and immediately took a job teaching math at Marshall High School in Fairfax County.

For the first few years, said Rasnic, he enjoyed teaching. Then the novelty of the classroom wore off and the daily routine of teaching began to wear on his nerves.

"The kids wouldn't cooperate in the classroom," said Rasnic, 32, who is currently employed by a Fairfax County computer firm. "It was a discipline problem that I couldn't control. I frequently came home from school frustrated and mad. That was no way to live."

Rasnic found the contentment he was seeking in a nearby computer firm, which hired him to keep an array of computer programs running smoothly. With few regrets, Rasnic replaced his chalk board, text books and complaining students with a cozy suburban office equipped with computer terminals and silent green screens.

When he went to work for the computer firm in Vienna, Rasnic said, they first increased the $16,500 a year he was earning after seven years as a teacher by $5,000 in cash and other benefits. He currently earns $27,000 annually, after three years with the company, Rasnic said.

But the money is only one of the benefits of his new job, he said. "I like it here because your supervisors notice what you do and they show appreciation if you've done good work." His job is to keep an array of computer programs running smoothly, and "I can go home relaxed. I don't have to carry my work home with me."

At the end of a typical day, Andre Samson, a math teacher at Woodson High School in Fairfax, leaves work with a briefcase filled with student papers. At home, after dinner, he will typically spend two to three hours marking and evaluating the papers so he can return them to his students the next day.

"When I go home, I don't play with my daughter or talk to my wife or watch television," said Samson, who said he values job satisfaction over wealth. "I grade my papers. I feel I owe it to the kids to get their papers back to them as quick as possible."

As Samson, voted Virginia's "Teacher of the Year" three years ago, has continued his devotion to teaching, he has seen several of his colleagues move into higher paying, less demanding jobs in the computer field.

"I must admit I'm beginning to envy them more and more," he said. "The people who have left teaching come back with a new personality. They say they have fewer pressures and don't have to take their work home."

"Teaching is not a rosy profession," said Samson, 39. "But I'm a professional and the zest for teaching is still in me. But I don't know how long I can continue because the economic pressure has hit me like it has everyone else.

"I work hard and every now and then I get a pat on the back. But a pat on the back won't feed my family."

THE MOVING AUTOBIOGRAPHY OF CHARLOTTE SALOMON

Mr. PROXMIRE. Mr. President, I have never ceased to be amazed by the stream of incredible stories flowing from those who experienced the horrors of the Jewish holocaust. Over the years that I have urged ratification of the Genocide Treaty I have discussed articles and books written by both the victims of the Nazi death camps, and those few who survived.

Last Sunday, the New York Times reviewed yet another of these deeply moving works. "Charlotte: Life or Theater?" is an autobiography by Charlotte Salomon, who became a victim of the Auschwitz gas chambers at the age of 26. Her story, according to the reviewer, is an attempt to come to terms with the tragic circumstances of her life.

In 1943 she was put to death at Auschwitz, but as the reviewer notes, "not before she had completed a work that will live."

And indeed this work does live. It is living testimony to the dignity of human life, even under the most dire of circumstances.

Charlotte Salomon lived a short and tragic life, yet in that lifetime she created a masterpiece of literature and art work. In the 2 years prior to her deportation to Auschwitz she completed a manuscript of 1,325 sheets of paintings and text.

The Times reviewer calls this work an extraordinary performance, an operetta of despair. And he uses words like "stunning and realistic" to describe the art work of Charlotte Salomon, who he says "was an artist in her own right."

Mr. President, how many other Charlotte Salomons did the world lose to the Nazi death camps? How much creativity and talent was snuffed out?

Mr. President, the Genocide Convention is an affirmation of and tribute to that special dignity which Charlotte Salomon and other victims of the holocaust embodied. It seeks to safeguard the fundamental human rights denied them by making genocide an international crime.

I urge my colleagues to add additional meaning to Charlotte Salomon's story and those of others like her by ratifying the Genocide Convention.

I ask unanimous consent that the article which appeared in the New York Times on November 8 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PAINTED LIFE—"CHARLOTTE: LIFE OR THEATER?"

(By Peter Gay)

Each autobiography is, by definition, unique. If many published self-explorations fail to claim their readers' attention for long, it is because they are so predictable, running in the well-worn grooves of the chatty-anecdotal, the portentous-public, the confessional-intimate. Yet, rarely, an autobiography comes along that speaks with an arresting voice of its own which seems to owe nothing to anyone else. "Charlotte: Life or Theater?" which its author called, in the original German subtitle, a singspiel, or musical play, is such a rarity. It is an extraordinary performance, at once an operetta of despair and a heroic attempt at self-liberation from the double curse under which Charlotte Salomon found herself: the curse of the time in which he lived and the curse of her particular family history.

"Charlotte," an intriguing and beautifully produced book, consists of almost 800 gouaches, most of which Salomon inscribed with bits of dialogue or authorial asides. Some of the paintings, however, stand eloquently mute, depending on their visual message alone. In this dramatized rather than literal account of her life, Salomon sought to come to terms with depressing circumtances. She did so, memorably.

Born in Berlin in 1917 to a cultivated Jewish family, Salomon emigrated to southern France in early 1939 to join her grandparents, who had lived there since 1933. Anxiety, temporary internment, concealment and the death camps followed. In the midst of this most unpromising of esthetic environments, racing against time, Salomon wrote and painted her "autobiographical play," with its physical detail and psychological evolutions. It is a gripping story.

It is also a reminder that the currents of private life, however diverted, dislodged, twisted by overpowering public events, retain their hold on the individual. After her grandmother fell into a suicidal depression, Saloman's grandfather told her something of the dismaying family background. When Charlotte was 9 years old, her mother had committed suicide—a death ascribed in the family mythology to influenza. Several other members of her family, including her great-grandmother and her aunt, after whom she had been named, had also killed themselves. Her grandmother, for all of her family's efforts, eventually chose the same way out, and Charlotte, feeling doomed, saw her choice to be, as she put it, "to commit suicide or to undertake something wildly eccentric."

Fortunately for posterity, she chose the latter alternative. An accomplished painter—the self-portrait on the book's jacket is a stunning, realistic rendering—she began the immense labor that resulted in "Charlotte." She worked rapidly and effectively, and by violating the laws of perspective, distorting her figures and choosing sharply contrasting, sometimes livid colors, she gave her gouaches a dreamlike quality. Some of the paintings, in which she repeats a single disembodied face over and over, endowing each with a

line to say, look strikingly like anticipations of Jules Feiffer cartoons. Many of them, were they less than grim and more openly playful, bear a distinct resemblance to Ludwig Bemelman's drawings in such books as "Madeline." Some of her use of color reminds one, as she was reminded, of van Gogh. But such comparisons are odious: Charlotte Salomon was an artist in her own right.

Most of her autobiography weaves fantasies around two figures: her stepmother, a vivacious singer whom the young Charlotte visibly adored and (I should suppose) unconsciously resented; and the mysterious Alfred Wolfsohn, a voice teacher and accompanist who came into her household, apparently had an affair with her stepmother and became the target of Charlotte's youthful capacity for infatuation. Wolfsohn, who had developed some mystical theories about the relation of the voice to the soul and the meaning of dreams, seems to have been a charismatic man, and Charlotte's largely imaginary involvement with him punctuates her book.

It is a disheveled but not unorganized work; the events of the outside world impinge, but mainly as spurs to further work, and as causes of misery, sounding offstage, louder and louder. She worked on it intensely, feverishly, for about two years. Then, in the late summer of 1942, not long before she was to be deported, she handed it over to the doctor of Ville-franche-sur-Mer, and asked him to take care of it, saying, "C'est toute ma vie." Her parents, who had spent the last years of the war in hiding in Holland, returned to the village in 1947, claimed a self-portrait and 1,325 sheets of paintings and text, and returned with them to Amsterdam.

The introductory material to this bulky and handsome volume outlines the details of Charlotte Salomon's story with dignity and economy. Judith Belinfante, director of the Jewish Historical Museum in Amsterdam, where most of Salomon's work is housed, provides a brief appreciative preface, and Judith Herzberg, in a sympathetic and informative introduction, adds the biographical background essential to an understanding of this painted autobiography. What a poignant and agitated life it was! But the real life is within the book: Page after page reveals a profound and touching eroticism. Salomon paints scenes of herself and her fancied lover naked, intertwined, and by the epilogue, which is largely devoted to her grandmother's futile struggle against her suicidal wishes, as Salomon's style grows more and more frenzied, more and more expressionistic, her association of sexuality with death is direct and explicit. Yet there is peace here, and a love of life.

The last page of "Charlotte" repeats the question of the title. It shows a young woman in a bathing suit, drawn from the back in partial profile, sitting on the beach sketching, with "Leben Oder Theater?" ("Life or Theater?") written on her back. Charlotte Salomon might eventually have decided to kill herself; we shall never know. The Nazis did the killing for her, probably at Auschwitz, in 1943. But not before she had completed a work that will live.

VETERANS DAY

Mr. SIMPSON. Mr. President, tomorrow is Veterans Day 1981. Citizens of our great Nation will pause, reflect, honor, laud, and express gratitude to the countless thousands who have made the ultimate sacrifice for us—so that we may continue to enjoy the blessings of freedom and liberty. The sacrifice of our brave and valiant men who fought in World War I and all of the wars since, remains vivid, but we need to remind ourselves on a day set aside in honor of our veterans of the sacrifices made by so many in behalf of our country.

In 1926 Congress officially proclaimed November 11 of each year as Armistice Day, a day of celebration of the end of the "war to end all wars." As we all know, this date each year became a special day to honor all Americans who served in our Armed Forces during our Nation's wars.

From 1968 to 1978 Veterans Day was officially observed on the fourth Monday in October. It was for "convenience" that the special Monday holiday legislation was created by public law in 1968. The original date of November 11 was restored by act of Congress because of its historical significance as the day originally set aside to honor the memory of those Americans who sacrificed their lives in the military service of their country. Most Americans are pleased that we are now back on track and observing Veterans Day on the original Armistice Day—November 11 of each year.

American forces have been in war many times. The memory of our last encounter—the Vietnam war—is still very much with us. Our participation in that conflict extended over the longest wartime period of our history—from 1962 to 1975. Two and a half million American men and women served; 57,000 lives were lost and over 300,000 were wounded.

The Vietnam war was unique in many ways. It was indeed different from other wars in the way it was supported and received. That war provoked bitter debate here at home with lingering divisions between families and friends. Returning veterans did not receive the traditional heroes' welcome when they returned. Many of those veterans are still left with the feeling that their sacrifice was in vain—forgotten victims of an unpopular war.

It is especially appropriate on the occasion of this 1981 Veterans Day to honor all veterans and especially those who served in Vietnam. The Nation does appreciate the heroic Americans who served in Southeast Asia. The Nation is indebted to those veterans as it is to the veterans of all wars in which we have participated.

As chairman of the Senate Committee on Veterans' Affairs and in behalf of its members I pay tribute to the veterans of Vietnam and all veterans of the wars. In doing this, we pay tribute not only to the dead but also to the living—to the great majority of the American people who have built our Nation, fought for it and preserved it and made it great.

On this special day let us not forget the thousands of disabled veterans, many still confined to hospitals. Let us be mindful of the dependents and the widows and families of deceased veterans whose lives were shattered in our Nation's behalf. Let us take this opportunity to pay tribute to personnel of our veterans' hospitals and the doctors, nurses and technicians whose efforts are often overlooked, and who are giving the very best of their energies, their knowledge and their skill to assist in comforting the sick and disabled.

On this Veterans Day, 1981, it is fitting to review legislative accomplishments for and in behalf of veterans during the year. It has indeed been a year of achievement. I will not comment on all of the legislative activities, but among those bills enacted is the Former Prisoners of War Benefits Act of 1981 which grants the VA authority to allow service connection of any of the anxiety states of any psychosis to any veteran who was held in POW captivity for 30 days or more. It also reduces from 180 to 30 days the time a veteran was held in POW captivity before certain disabilities commonly assumed to be related to the POW experience may be presumed to be service connected by the VA. It provides ex-POW's with a variety of health care entitlements.

This year's health care bill will greatly enhance the benefits of Vietnam-era veterans as well as the benefits for disabled veterans. Among other things that legislation will:

Authorize VA medical treatment for conditions that may be related to exposure to agent orange in Vietnam or radiation during atomic weapons tests.

Extend the VA's operation outreach psychological readjustment program—storefront counseling centers—for Vietnam-era veterans for 3 more years.

Extend the authority of Federal agencies to hire eligible disabled and Vietnam-era veterans on a noncompetitive basis.

Extend GI bill training benefits under certain, very limited circumstances.

Create a small business loan program within the VA for Vietnam-era and certain disabled veterans.

Make $2.5 million available over 5 years to upgrade veterans' health care facilities in the Philippines.

This year's service-connected disability compensation legislation provides for an average of 11.2-percent increase in compensation and for a 11.2-percent increase in survivors' dependency and indemnity compensation. This legislation also increased the VA's automobile assistance and adaptive equipment program for eligible handicapped veterans.

This legislation increased the maximum amount of servicemen's group life insurance and veterans' group life insurance that may be purchased from $20,000 to $35,000. Other provisions of the compensation bill will be beneficial to disabled veterans and indeed, to all veterans.

Our Senate Committee on Veterans' Affairs continues its deep interest and concern in behalf of veterans, their survivors and dependents. We are aware of our responsibilities.

On this Veterans Day 1981 may the Nation recognize the need to employ our talents to prevent war so that men can live in peace and harmony. The world continues to be filled with deadly threats and possibilities for war. We must continue to look for peaceful means of solution of the world's problems. What a tremendous responsibility and opportunity those of us serving in the Congress of the United States have at the present time. May God grant us grace and courage to act reasonably and responsibly in meeting the challenges of a difficult and dangerous period of our history.

VETERANS DAY 1981

Mr. CRANSTON. Mr. President, tomorrow morning—traditionally at the 11th hour of the 11th day of the 11th month—this Nation will pause to remember and pay tribute to those citizens who have served this country in the Armed Forces. It is a day set aside to reflect upon and be thankful for the sacrifices of all those noble men and women who since the American Revolution have given of themselves to preserve and protect our Nation's strength and prosperity. The debt owed to those veterans is one which will never fully be repaid.

Thus, Mr. President, while it is entirely appropriate that the Congress has set aside one day a year to honor these individuals, we cannot lose sight of the fact that our obligations and commitments to them extend far beyond this one day. It is a full-time responsibility. And it is a national responsibility shared by all citizens.

In recognition of the contributions of these former servicemen and women, the Federal Government has historically provided a system and program of veterans benefits designed, as Abraham Lincoln so eloquently stated more than 110 years ago:

To care for him who shall have borne the battle and for his widow and his orphan.

Maintaining and improving those benefits is one of the most important ways in which we can attempt to fulfill our responsibilities to this individual.

This year, during a period of extremely tight fiscal constraints and budget cuts, I am proud to say that we in Congress have succeeded in seeing that our commitments to veterans are kept. As ranking minority member of the Committee on Veterans' Affairs, it has been my privilege to be deeply involved in the development of the three measures that the Congress has approved thus far this year, which have each now signed into law, that are designed to meet the needs of those who responded to their country's call for service to preserve our national security.

First, the Former Prisoner of War Benefits Act of 1981, Public Law 97–37, enacted on August 14, 1981 is designed to improve VA benefits for veterans who are former prisoners of war and who made such special sacrifices and endured such extreme hardships. Their strength, courage, and love of freedom helped to preserve our country. This new public law includes provisions from a bill, S. 670, which I introduced earlier this year, and is based, in part, on the findings and recommendations made by the VA in its report entitled "Study of Former Prisoners of War," which was submitted to the Congress on June 2, 1980, pursuant to a provision I authored in 1978 in Public Law 95–479. The provisions of the new Public Law 97–37:

Require the establishment in the VA of a national advisory committee on former POW's.

Make a number of modifications relating to presumptions of the service-connected nature of certain disabilities so as to relieve the burden on a former POW to submit evidence to the VA that those disabilities are service-connected. Otherwise, the burden of providing service connection is often difficult and unfair because of missing or inadequate records or the medical difficulty of tracing service connection to the POW experience.

Provide eligibility—without the need to claim and show the inability to defray expenses—for health care in VA facilities for any disability of a former POW that may require hospital care.

Second, the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981, Public Law 97–66, enacted on October 17, 1981, provides increases in a number of VA benefits and programs designed to meet the needs of those who suffer from the wounds, scars, or other impairments of service to their country.

I have always considered service-connected disabled veterans, who now number 2.3 million, and the more than 350,000 surviving family members of those who have died of service-connected causes to be the highest priority category of veterans. This new law, which contains a number of provisions I authored from S. 415, S. 416, and various amendments to S. 917, not only provides cost-of-living increases in various VA benefits for service-connected disabled veterans, but also makes a number of improvements in other VA programs. The major provisions of this new law:

Increase, effective October 1, 1981, the basic rates of service-connected disability compensation by an average of 11.2 percent, as follows: for veterans rated 100-percent disabled, 11.2 percent; for veterans rated 70 through 90 percent, 20 percent; for veterans rated 40 through 60 percent, 12.6 percent; for veterans rated 10 through 30 percent, 8 percent. This new law also increases by 11.2 percent the rates payable for certain severe disabilities, the rates of dependency and indemnity compensation, the annual clothing allowance, and the dependents' allowance.

Raise by one full step the statutory award designation that determines the rates of special monthly compensation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities.

Increase from $3.800 to $4,000, effective October 1, 1981, the maximum amount of assistance payable by the Administrator toward the purchase price of an automobile or other vehicle in the case of certain severely disabled service-connected veterans.

Extend eligibility for appropriate automobile adaptive equipment to service-connected disabled veterans who suffer from ankylosis—fused joints—of one or both knees, or one or both hips.

Increase from $20.000 to $35,000, effective December 1, 1981, the maximum amount of servicemen's group life insurance and veterans' group life insurance that may be purchased.

Permit certain beneficiaries of National Service Life Insurance and U.S. Government Life Insurance policies to elect lump-sum payment of proceeds.

Permit the VA to guarantee graduated-payment mortgage loans.

Increase from $30,000 to $32,500, effective October 17, 1981, the maximum amount of assistance payable for specially adapted housing—the "wheelchair home" program for certain severely disabled service-connected veterans.

Conform the maximum maturities for mobile home loans which may be guaranteed by the VA to the maximum maturities applicable in the case of FHA-insured mobile home loans so as to facilitate the "pooling" of such loans for selling on the secondary market.

Provide that the non-service-connected pension of certain hospitalized veterans would not be reduced during certain periods of hospitalization where the primary purpose of care is the provision of a prescribed program of rehabilitation.

Prohibit the expenditure of any medical care account funds from being used to carry out any preliminary studies of the feasibility of contracting out of functions in VA health-care facilities pursuant to Office of Management and Budget Circular A–76 unless Congress appropriates funds specifically for that purpose.

Require at least a 9-month advance notice to the Congress of certain reorganizations involving substantial reductions of employment levels in VA facilities and offices.

Clarify that the section 5010(a)(4) of title 38 requirement—that, after the enactment of each law making appropriations to the VA, the Director of OMB must provide the VA with the authority and funds needed to employ not less than the numbers of employees for which the Congress has appropriated funds in three named VA-health-care accounts—applies to an appropriation law—such as a continuing resolution—that provides funding for only part of a fiscal year.

Third, the Veterans' Health Care, Training, and Small Business Loan Program Act of 1981, Public Law 97–72, enacted on November 3, 1981, will probably prove to be the most significant single piece of legislation for Vietnam veterans passed by the Congress in recent years. It includes the major provisions of S. 458 and S. 636 which I introduced earlier this year. Its enactment demonstrates that the Federal Government recognizes that it has a continuing commitment to this generation of war-time veterans. The key provisions of this new law:

Provide for a 3-year extension, until September 30, 1984, of the eligibility period within which Vietnam-era veterans can request readjustment counseling from the VA.

Establish eligibility for basic VA health care for Vietnam veterans for disabilities requiring hospitalization that may be related to exposure to dioxin, the toxic contaminant in agent orange, or to other toxic substances used in other herbicides or defoliants in Vietnam. Similar eligibility is established for veterans suffering disabilities requiring hospitalization that may be related to exposure to radiation during their service—as a result of their participation in nuclear testing programs or the occupation of Hiroshima or Nagasaki following World War II.

Require the VA to operate and maintain a combined total of 90,000 hospital beds and nursing home beds and to request funds annually sufficient for that purpose and to maintain the availability of such additional beds and facilities as are necesary to fulfill the Administrator's contingency responsibility regarding assistance to the Department of Defense in caring for military casualties resulting from armed conflict.

Provide a targeted extension of the time period for certain Vietnam-era veterans to use certain GI bill benefits. This is a 1-shot, 2-year extension, until December 31, 1983, and is provided for Vietnam-era veterans who lack a high school diploma or are in need of job or skill training.

Extend the veterans' readjustment appointment—VRA—authority for 3 years. Under this authority, disabled or educationally disadvantaged Vietnam-era veterans may be given excepted appointments by Federal agencies.

Provide authority for the establishment of a new small business loan program through the VA. If funds are appropriated for this program, the VA would be able to make or guarantee loans for service-connected disabled veterans and guarantee loans for Vietnam-era veterans to assist them in small business undertakings.

Authorize the VA to expand the congressionally mandated agent orange study to include an evaluation of the effects of exposure to other substances in Vietnam, including other herbicides, chemicals, medications, or environmental hazards and require a systematic followup by the VA on the study results and other available scientific evidence related to these subjects.

Mr. President, I am also generally pleased with and would note briefly the progress that the Congress had made thus far in the budget and appropriations processes for veterans' programs in fiscal year 1982. In the first concurrent resolution on the budget for fiscal year 1982—thanks to the efforts of many in the House and Senate, among whom I would note in particular the House Veterans' Affairs Committee Chairman SONNY MONTGOMERY and House committee member BILL HEFNER—potentially disastrous cuts in Veterans' Administration health-care programs and in the operation of VA regional offices were restored.

Thereafter, the House and Senate each passed, with minor differences in VA programs, the proposed HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034, with generally adequate funding levels for the VA. The subsequent conference report on H.R. 4034, the funding levels of which were incorporated in the continuing resolution, Public Law 97–51, is a good measure in terms of appropriations for veterans programs, but it unfortunately was passed only by the House and is still pending in the Senate, where it is in serious danger because of expressions of administration opposition to the funding levels in the bill.

I support and have urged Senate action on the conference report on H.R. 4034 as the best approach toward helping insure that VA programs receive the support they need in fiscal year 1982.

Mr. President, 39 million brave men and women have served this country in uniform during time of war. These individuals—more than 25 million of whom are still living—as well as the 4.2 million peacetime veterans deserve our utmost respect and admiration for their service to the Nation. Since coming to the Senate in 1969, I have worked hard to ensure that veterans of all service periods and their dependents receive all the benefits and assistance they have earned by their service and to improve existing programs and authorize new ones when necessary to meet their special needs.

On the occasion of Veterans Day 1981, I pledge to them and their loved ones my continued efforts and support.

NATIONAL DISABLED VETERANS WEEK

Mr. DOLE. Mr. President, few have sacrificed more for our great country than our disabled veterans. Some 2½ million of the brave Americans who have fought in combat have not only endured the fear, loneliness, and extreme deprivation that engulfed them while at war, but have also carried with them, to this day, harsh reminders of that dark period in their lives. These selfless Americans, after seemingly giving all they had to give that their country might remain free, gave even more—the ultimate sacrifice, their physical or mental health.

Their disabilities range from the loss of limbs, sight, hearing, and mobility to the delayed stress syndrome experienced by many Vietnam veterans, Often, the loss these patriots have suffered prevent them even now from attaining and holding the jobs they would otherwise have been able to acquire.

We as Members of Congress have no greater responsibility than to insure the security of our Nation, that great bulwark of freedom. This responsibility is appended by our equally pressing obligation to honor and serve as best we can those veterans who gave that which can never be returned. It is to recognize this great sacrifice that I join with the Senator from California in introducing a resolution to designate the week of November 7 through November 18, 1982 as "National Disabled Veterans Week." While we honor these veterans, let us hope and pray that there will be no new veterans to honor in the years to come.

RETURNING HOLIDAYS TO THEIR ORIGINAL DAY OF OBSERVANCE

Mr. RANDOLPH. Mr. President, tomorrow, Veterans Day, is the special occasion established to honor the men and women who have served in our Armed Forces to preserve and protect the freedoms that our forefathers first guaranteed for us over 200 years ago.

In 1968, there was a strong initiative to create a special Monday holiday observance for Federal holidays. A special Monday holiday was established for George Washington's Birthday, Memorial Day, Columbus Day, and Veterans Day, as a result of the enactment of Public Law 90–363.

Veterans soon sensed that their special day of armistice observance had lost much of its credibility and recognition as their day became a day of holiday convenience in November.

Strong efforts by veterans and their service organizations brought legislation in the 94th Congress to return Veterans Day to its original date of observance on November 11. As a cosponsor of the proposal to return the observance to November 11, it was my privilege to work with our Nation's veterans organizations and other groups to seek passage of our proposal. Effective help of all those involved gave us Public Law 94–97. The first observance of the return date was in 1978.

Mr. President, on February 6, 1981, it was my responsibility to introduce S. 447, which if enacted will return the three remaining Monday holidays to their original date of observance—George Washington's Birthday would be returned to February 22; Memorial Day to May 30, and Columbus Day to October 12.

Presently S. 447 is cosponsored by Senators STAFFORD, STENNIS, THURMOND, GOLDWATER, SIMPSON, GARN, and BURDICK.

I am hopeful that we will receive needed support in this Congress to return these historical dates to their actual date of observance.

Newspaper editorials support this proposal. We have the full support of the major veterans organizations: The American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans.

America has a heritage that is important and it must be maintained. I believe that by passing our proposal we can return to some of our traditional values to our way of life.

Mr. President, I urge my colleagues to support S. 447. It would be helpful to have their cosponsorship.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with amendments and an amendment to the title:

S.J. Res. 34. Joint resolution to provide for the designation annually of "National Patriotism Week".

By Mr. GORTON, from the Committee on Environment and Public Works, with amendments:

S. 1192. A bill to amend the National Visitor Center Facilities Act of 1968 to provide for the rehabilitation and completion of Union Station in Washington, District of Columbia, and for other purposes (Rept. No. 97-269).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

H.R. 4734. An act to recognize the organization known as the Italian American War Veterans of the United States.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

William H. Kennedy, of California, to be U.S. attorney for the southern district of California for the term of 4 years;

Joseph Wentling Brown, of Nevada, to be a Member of the Foreign Claims Settlement Commission of the United States for the term expiring September 30, 1983;

Ronald D. Lahners, of Nebraska, to be U.S. attorney for the district of Nebraska for the term of 4 years;

Charles Pennington, Jr., of Kentucky, to be U.S. Marshal for the eastern district of Kentucky for the term of 4 years;

Kernan H. Bagley, of Oregon, to be U.S. Marshal for the district of Oregon for the term of 4 years;

Gerald D. Fines, of Illinois, to be U.S. attorney for the central district of Illinois for the term of 4 years;

W. Hunt Dumont, of New Jersey, to be U.S. attorney for the district of New Jersey;

Charles R. Brewer, of North Carolina, to be U.S. attorney for the western district of North Carolina for the term of 4 years;

Lincoln C. Almond, of Rhode Island, to be U.S. attorney for the district of Rhode Island for the term of 4 years;

John Perry Alderman, of Virginia, to be U.S. attorney for the western district of Virginia for the term of 4 years;

Blaine Skinner, of Idaho, to be U.S. Marshal for the district of Idaho for the term of 4 years;

Delaine Roberts, of Wyoming, to be U.S. Marshal for the district of Wyoming for the term of 4 years; and

Elsie L. Munsell, of Virginia, to be U.S. attorney for the eastern district of Virginia for the term of 4 years;

By Mr. PERCY, from the Committee on Foreign Relations:

S. Ex. Res. 2. An original executive resolution providing for the return to the President of various income tax treaties (Ex. F. 89-1); (Ex. D. 94-2, Ex. E. 88-1) (Ex. Rept. No. 97-25).

By Mr. PERCY, from the Committee on Foreign Relations, without reservation but subject to two understandings:

Ex. Y, 96th Cong. 2nd sess. Tax Treaty With the People's Republic of Bangladesh (Bangladesh) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Ex. Rept. 97-26).

By Mr. PERCY, from the Committee on Foreign Relations, with a reservation and an understanding:

Ex. U, 96th Cong. 2d sess. Tax Treaty with the Arab Republic of Egypt for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Ex. Rept. No. 97-27).

By Mr. PERCY, from the Committee on Foreign Relations, with an understanding:

Treaty Doc. 97-1, 97th Cong. 1st sess. Tax Treaty with the Federal Republic of Germany (Germany) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates of deceased persons and on gifts (Ex. Rept. 97-28).

By Mr. PERCY, from the Committee on Foreign Relations, with an understanding:

Ex. C, 94th Cong. 2nd sess. and Ex. M, 96th Cong., 2nd sess. Tax Treaty and Proposed Protocol with the State of Israel (Israel) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Ex. Rept. No. 97-29).

By Mr. PERCY, from the Committee on Foreign Relations, with an amendment and subject to an understanding:

Ex. E, 96th Cong., 2nd sess. Tax Treaty with the Republic of Malta for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Ex. Rept. No. 97-30).

By Mr. PERCY, from the Committee on Foreign Relations, subject to a reservation and an understanding:

Ex. H, 95th Cong., 2nd sess. Tax Treaty with the Kingdom of Morocco (Morocco) for the avoidance of double taxation and the provision of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Ex. Rept. 97-31).

By Mr. PERCY, from the Committee on Foreign Relations, without reservation but subject to an understanding:

Ex. Z, 96th Cong., 2nd sess. Protocol to the Tax Treaty with the Kingdom of Norway for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (Ex. Rept. 97-32).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Jeffrey S. Bragg, of Ohio, to be Federal Insurance Administrator, Federal Emergency Management Agency.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ROTH:

S. 1831. A bill to provide for the establishment of a national cemetery on the Delmarva Peninsula in Delaware, Maryland, or Virginia, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LEVIN (for himself and Mr. COHEN):

S. 1832. A bill to amend the Internal Revenue Code of 1954 to provide taxpayers a cause of action for wrongful levy on property, and for other purposes; to the Committee on Finance.

By Mr. BENTSEN:

S. 1833. A bill to reduce the regulatory burden; to the Commitee on Governmental Affairs.

By Mr. MOYNIHAN (for himself and Mr. DURENBERGER):

S. 1834. A bill to amend the Internal Revenue Code of 1954 to provide that a dividend paid by a corporation directly to certain charitable organizations at the direction of a shareholder shall be treated as a charitable contribution of the corporation, and to exclude such dividend from the income of such shareholder; to the Committee on Finance.

By Mr. LEVIN (for himself, Mr. BOREN, Mr. MOYNIHAN, and Mr. D'AMATO):

S. 1835. A bill to allow for the termination of certain single-employer pension plans maintained by enterprises which have been created pursuant to an order by the Federal Trade Commission; to the Committee on Labor and Human Resources.

By Mr. MOYNIHAN:

S. 1836. A bill to remove the limitations on the authority of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to borrow from the Treasury; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HAYAKAWA (for himself, Mr. DOLE, Mr. EAST, Mr. INOUYE, Mr. KENNEDY, Mr. SARBANES, Mr. HUDDLESTON, Mr. MOYNIHAN, Mr. BRADLEY, Mr. DOMENICI, Mr. GOLDWATER, Mr. QUAYLE, Mr. SASSER, Mr. WARNER, Mr. MELCHER, Mr. EAGLETON, Mr. EXON, Mr. PERCY, Mr. SCHMITT, Mr. LEVIN, Mr. LONG, Mr. FORD, Mr. DENTON, Mr. RIEGLE, Mr. MURKOWSKI, Mr. DURENBERGER, Mr. ARMSTRONG, Mr. LUGAR, Mr. ANDREWS, Mr. TOWER, Mr. BAUCUS, and Mr. WALLOP):

S.J. Res. 123. A joint resolution authorizing the President to proclaim "National Disabled Veterans Week"; to the Committee on the Judiciary.

By Mr. DANFORTH (for himself, Mr. MOYNIHAN, Mr. DECONCINI, Mr. BAUCUS, Mr. SARBANES, Mr. HAYAKAWA, Mr. BRADLEY, Mr. KASTEN, Mr. HUDDLESTON, Mr. STEVENS, Mr. KENNEDY, Mr. EAGLETON, Mrs. KASSEBAUM, Mr. RANDOLPH, Mr. TSONGAS, Mr. LEVIN, Mr. SASSER, Mr. STENNIS, Mr. GARN, Mr. DIXON, Mr. DOMENICI, Mr. FORD, Mr. SYMMS, Mr. NICKLES, Mr. ROTH, Mr. HUMPHREY, Mr. BENTSEN, Mr. HEINZ, Mr. DOLE, Mr. MELCHER, Mr. BOREN, Mr. MURKOWSKI, Mr. COHEN, Mr. JOHNSTON, and Mr. MATHIAS):

S.J. Res. 124. A joint resolution authorizing and directing the President to provide for the playing of taps at the Vietnam Veterans Memorial, Washington, D.C.; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH:

S. 1831. A bill to provide for the establishment of a national cemetery on the Delmarva Peninsula in Delaware, Maryland, or Virginia, and for other purposes; to the Committee on Veterans' Affairs.

NATIONAL CEMETERY ON THE DELMARVA PENINSULA

● Mr. ROTH. Mr. President, on November 11 our Nation will pay tribute to the deserving men and women who have served in our Armed Forces by celebrating Veterans Day. With this day of recognition approaching, I believe it is most fitting and I am pleased to be introducing legislation to provide for the establishment of a national cemetery on the Delmarva Peninsula.

There are over 79,000 veterans in Delaware and thousands more on the eastern shore of Maryland and Virginia. Mr. President, these veterans have served the United States with honor when duty called. They deserve to be buried in a national cemetery, close to where their loved ones and friends live. The families and friends who survive these patriotic veterans should not have to travel long distances to gravesites. Yet, there is no national cemetery in the State of Delaware, and the ones in the adjoining States of Maryland, Pennsylvania, or New Jersey, are closed. The closest one is Arlington National Cemetery in Virginia. However, Arlington is already overcrowded and most veterans cannot be buried there. This is all the more reason a centrally

located cemetery should be established on the Delmarva Peninsula.

A fitting answer to the lack of a national cemetery in Delaware and to the lack of burial space in the cemeteries in Virginia, Maryland, Pennsylvania, and New Jersey is to establish a national cemetery on the Delmarva Peninsula. This would make it possible for veterans from all five States to be buried close to their homes.

I feel it is most fitting to recognize the outstanding service of veterans in Delaware, Virginia, and Maryland by introducing this bill establishing a national cemetery on the Delmarva Peninsula.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1831

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of Veterans' Affairs is authorized and directed to (1) establish a national cemetery on the Delmarva Peninsula, (2) acquire by donation, purchases, condemnation, or otherwise, such lands in the State of Delaware, Maryland or Virginia, as may be required for the establishment of such cemetery. In determining the location of such cemetery, the Administrator of Veterans' Affairs shall take into consideration such factors as the Administrator determines will best serve the needs of veterans and their families in the States of Delaware, Maryland, Virginia, and adjacent States.

SEC. 2. The national cemetery established under authority of this Act shall become part of the National Cemetery System and shall be administered in accordance with the provisions of Chapter 24 of title 38, United States Code.

SEC. 3. There are authorized to be appropriated such sums that may be necessary to carry out the provisions of this Act.●

By Mr. LEVIN (for himself and Mr. COHEN):

S. 1832. A bill to amend the Internal Revenue Code of 1954 to provide taxpayers a cause of action for wrongful levy on property, and for other purposes; to the Committee on Finance.

INTERNAL REVENUE SERVICE LEGISLATION

● Mr. LEVIN. Mr. President, on July 31, 1980, I chaired a hearing which the Governmental Affairs Subcommittee on Oversight of Government Management held on Internal Revenue Service collection practices and their impact on small businesses.

The investigation began as a result of reports from small businesses of what appeared to be unnecessary and heavy-handed IRS use of its broad lien, levy, and seizure authority to collect delinquent taxes. Similarly, a number of IRS revenue officers had contacted the subcommittee with criticisms of internal managerial pressure mandating arbitrary liens, levies, and seizures even though inappropriate and where the tax delinquency could have been better recovered for the Treasury with less harsh methods.

The subcommittee made the following specific findings:

Liens were imposed against property with value grossly in excess of the amount of the tax delinquency. The IRS failed to partially discharge property from the lien after the taxpayer had made partial payment. Liens remained on taxpayer property even after the delinquency was satisfied.

Levies were issued against taxpayer bank accounts and receivables with no concurrent notice to the taxpayer. Levies and seizures were made against taxpayers even where the IRS and the taxpayer had agreed to an installment pay plan, and the taxpayer was abiding by it.

Seizures were made by the IRS against taxpayer property which had no salable value, so-called no-equity seizure, despite an express IRS policy prohibiting such seizures.

A lien of a taxpayer's assets ties up the property and destroys its usefulness as collateral for the business or individual to borrow against—even to pay the IRS. A levy against a taxpayer can quickly strip a taxpayer of all cash reserve and irrevocably damage his or her creditworthiness, particularly when the taxpayer is a small business. Seizure of property which has no saleable value brings no benefit to the IRS, other than that of threat and intimidation to the taxpayer; however, the property seized is often of much value to the taxpayer or his or her business.

In fiscal year 1979, the IRS issued 465,029 levies, 371,337 liens, and conducted 5,723 seizures. More recently, in fiscal year 1980, levies had risen to 610,942, up 31 percent, liens had climbed to 445,285, up 20 percent, and seizures had reached 9,421, up 66 percent. For the first 9 months of fiscal year 1981, there were 580,899 levies, 370,219 liens, and 6,651 seizures. With the continuing increase in use of levies, liens, and seizures, the concern for fairness and necessity in their application is even more pressing.

For that reason, I am introducing this bill, along with Senator COHEN who now chairs the subcommittee which addresses the specific problems which were brought to our attention during that hearing.

The first of these problems, as noted earlier, is that the IRS imposes liens against property with value far in excess of the amount of the tax delinquency. Currently, the Internal Revenue Code allows, but does not require, the IRS to discharge excess property from a lien as long as the IRS retains an amount under lien equal to double the amount of the liability.

This bill would require the IRS to discharge, at the taxpayer's request and where legally feasible, any property under lien which exceeds the amount needed to cover the actual tax liability and any approximated interest, penalty, costs, and prior liens.

This would insure the taxpayer that at least the value of the liened property was reviewed and an assessment made of the need to lien all of it. At the same time, the IRS is unfettered in its need to move quickly and effectively to protect the Government's interest.

Similarly, where the taxpayer has made partial payment of a tax liability, the IRS has the statutory discretion to discharge a proportional portion of the liened property. This bill would require the IRS, again at the taxpayer's request and where legally feasible, to partially discharge liened property once partial payment has been made.

The IRS would be allowed to keep a lien on property in an amount necessary to cover the actual remaining tax liability, and any approximated interest, penalty, costs, and prior liens. Taxpayers would no longer be totally at the mercy of arbitrary IRS decisions on discharge requests, and yet the IRS would still have the authority to maintain a lien of property needed to insure the Government's eventual recovery.

A final problem with IRS' use of liens is that it failed to promptly release liens on taxpayer property once the tax delinquency had been fully paid. Currently, the Code authorizes the IRS to release liens when the liability has been satisfied; however, use of that authority is entirely discretionary and without guidance on how soon that release should occur. This bill would amend that section of the Code by requiring the prompt release of liens where the liability has been paid.

Taxpayers who had their bank accounts or accounts receivable levied by the IRS received no notice of levy from the IRS afterward. We propose to amend the Code to require the IRS to send a notice to the taxpayer concurrent with the notice to the bank or other third party property holder. This change would not affect levies on wages.

Where the IRS and the taxpayer have entered into an installment pay plan and the taxpayer meets those terms, then the IRS should no longer be allowed to precipitously levy or seize taxpayer property while the agreement is still in effect.

This bill would prohibit levies and seizures against the taxpayer for the duration of the agreement or for as long as the terms of the agreement were kept.

IRS seizure of property which has no salable value is forbidden by internal IRS guidelines, yet "no equity" seizures have continued to be used as a way of threatening and harassing taxpayers. This bill would impose a statutory prohibition on those seizures since IRS' internal policy has been ineffective in controlling this abuse.

The need for these proposed changes has been well documented in the testimony and evidence heard and received at the hearing. The Congress has conferred forcible collection powers on the IRS, including its authority to summarily lien, levy, or seize and sell taxpayer property. These powers play an important role in the IRS collection effort and are necessary to insure that taxpayers will not play fast and loose with the Federal tax system. However, when the use of these powers is abused or arbitrarily applied, then what was created as a necessary tool turns into a deadly weapon.

It seems timely then that the Congress should confer some protections on the taxpayers who are otherwise helpless in the face of IRS abuses or intentional violations of its own Code, rules, and regulations. It is for that reason that this bill also creates a specific cause of action for the taxpayer where the IRS knowingly violates the Code or its procedures or regulations in the following cases:

Where the IRS maintains excessive liens; where levies are imposed without proper subsequent notice to the taxpayer; and, where taxpayer property is levied or seized while the terms of an installment pay plan are in effect and still being met. Provisions in the Code which prohibit taxpayer action which impede tax collections or assessments still remain intact; this bill would create a cause of action after the collection action has been taken.

Mr. President, I request that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1832

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RELEASE OR DISCHARGE OF LIEN ON PROPERTY.

(a) MANDATORY RELEASE.—Subsection (a) of section 6325 of the Internal Revenue Code (relating to release of lien) is amended by striking out "may issue" and inserting in lieu thereof "shall promptly issue".

(b) DISCHARGE OF PROPERTY.—Paragraphs (1) and (2) of section 6325(b) of such Code (relating to discharge of property) are amended to read as follows:

"(1) PROPERTY IN EXCESS OF THE LIABILITY.—Upon request from the taxpayer, the Secretary shall promptly issue a certificate of discharge of any part of the property subject to any lien imposed under this chapter if the Secretary finds that such discharge is legally feasible and that the fair market value of that part of such property remaining subject to the lien is approximately equal to the sum of—

"(A) the amount of the unsatisfied liability secured by such lien, plus

"(B) the total amount of all other liens which have priority over such lien, plus

"(C) any interest, assessable penalty, or costs.

"(2) PART PAYMENT; INTEREST OF THE UNITED STATES VALUELESS.—

Upon request from the taxpayer, the Secretary shall issue a certificate of discharge of any part of the property subject to the lien where partial discharge is legally feasible and where—

"(A) there is paid over to the Secretary in partial satisfaction of the liability secured by the lien an amount determined by the Secretary, which shall not be less than the value, as determined by the Secretary, of the interest of the United States in the part to be so discharged, or

"(B) the Secretary determines at any time that the interest of the United States in the part to be so discharged has no value. In determining the value of the interest of the United States in the part to be so discharged, the Secretary shall give consideration to the value of such part and to such liens thereof as have priority over the lien of the United States."

(c) EFFECTIVE DATE.—The amendments made by this Act shall take effect on the date of enactment of this Act.

SEC. 2. LEVY AND DISTRAINT.

(a) LEVY DEFINED.—Subsection (b) of section 6331 of the Internal Revenue Code of 1954 (relating to seizure and sale of property) is amended to read as follows:

"(b) SEIZURE AND SALE OF PROPERTY.—The term 'levy' as used in this title includes the power of distraint and seizure by any means. Except as otherwise provided in subsection (d)(3), a levy shall extend only to property possessed and obligations existing at the time thereof, and shall not extend to property which has no value (other than a value peculiar to the owner). In any case in which the Secretary may levy upon property or rights to property, he may seize and sell such property or rights to property (whether real or personal, tangible or intangible).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to levies made on property after the date of enactment of this Act.

SEC. 3. NOTICE OF LEVY TO TAXPAYER IN THIRD PARTY CASES.

(a) IN GENERAL.—Section 6331 of the Internal Revenue Code of 1954 (relating to levy and distraint) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

"(e) NOTICE OF LEVY TO TAXPAYER.—In the case of property held by a person other than the taxpayer (other than salary or wages described in subsection (d)), levy may be made under subsection (a) only if, at the same time notice of levy is sent to such person, notice of levy is also sent to the taxpayer at the taxpayer's last known address.

"(f) INSTALLMENT PAY PLANS.—Where an installment pay plan has been entered into between the taxpayer and the Service, the Secretary shall not levy upon or seize any property or rights to property belonging to that taxpayer for the specified duration of the agreement, unless the terms of the agreement are violated."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any levy or installment pay plan made on or after the date of the enactment of this Act.

SEC. 4. CIVIL ACTION BY TAXPAYER FOR VIOLATION OF CERTAIN PROCEDURES.

(a) IN GENERAL.—Paragraph (1) of section 7426 (a) of the Internal Revenue Code of 1954 (relating to civil actions by persons other than taxpayers) is amended to read as follows:

"(1) WRONGFUL LIEN OR LEVY.—

"(A) ACTION BY TAXPAYER.—If a lien has been imposed, or a levy made, on property, the person against whom the tax (with respect to which such lien or levy arose) is assessed may bring a civil action against the United States in a district court of the United States on a claim that such lien was imposed or maintained, or such levy made, knowingly in violation of the procedures provided in sections 6325 or 6331 (or any regulations prescribed under such sections) or knowingly in violation of any agreement entered into between the Secretary and such person. Such action may be brought without regard to whether such property has been surrendered to, or sold by, the Secretary.

"(B) ACTION BY THIRD PARTY.—If a levy has been made on property or property has been sold pursuant to a levy, any person other than the person against whom the tax with respect to which such levy arose is assessed) who claims an interest in or lien on such property and that such property was wrongfully levied upon may bring a civil action against the United States in a district court of the United States. Such action may be brought without regard to whether such property has been surrendered to or sold by the Secretary.

"(C) WRONGFUL LEIN OR LEVY ACTION BY TAXPAYER.—The district court shall have jurisdiction to grant whatever form of relief may be appropriate under the circumstances in a cause of action brought under subsection (a)(1)(A).".

(b) CONFORMING AMENDMENTS.—

(1) Section 7426 of such Code is amended—

(A) by striking out the heading thereof and inserting in lieu thereof the following:

"SEC. 7426. CIVIL ACTIONS RELATING TO COLLECTION OF TAX.".

(2) The table of contents of subchapter B of chapter 76 of such Code is amended by striking out the item relating to section 7426 and inserting in lieu thereof the following:

"Sec. 7426. Civil actions relating to the collection of tax.".

(3) Subsection (c) of section 6532 of such Code (relating to periods of limitations on suits) is amended—

(A) by striking out "the levy" in paragraph (1) and inserting in lieu thereof "the lien, the levy,", and

(B) by striking out the caption thereof and inserting in lieu thereof the following:

"(c) SUITS RELATING TO COLLECTION OF TAX.—".

(4) Subsection (f) of section 6503 of such Code (relating to suspension of running of period of limitation) is amended—

(A) by striking out "of a third party", and

(B) by striking out "of Third Party" in the caption thereof.

(C) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.●

By Mr. BENTSEN:

S. 1833. A bill to reduce the regulatory burden; to the Committee on Governmental Affairs.

REGULATORY BURDEN REDUCTION ACT

● Mr. BENTSEN. Mr. President, most voters and taxpayers look on Washington as a city of mirrors, where enormous quantities of smoke are generated but little substance. Well, more often than not, that perception is right.

Take the issue of regulatory reform, for example. That word has cut through the media and Congress like a buzzsaw through bamboo. Expectations were created over the past several years that the web of sticky sometimes incomprehensible redtape woven by Government around our society would be slashed away. We were all going to wake up one morning to find the cavalry had routed the bureaucrats and chased them—with spools of tape and paper flying all about—perhaps overseas to bedevil our trading competitors.

The cavalry would be flying banners emblazoned with tiny scissors spelling out "Executive Order 12044," and the date "March 23, 1978," or "Executive Order 12291," and the date "February 17, 1981," to memorialize famous battles in the war on redtape. Well, I have not seen the cavalry come over the rise yet.

I believe I share the growing frustration that many of my colleagues and especially our citizens feel with the dilatory or nonexistent pace of efforts to slash the burden of Federal regulations. The issue of reducing the burden of Federal paperwork and regulations is a nonpartisan one.

Many Republicans heartily supported the Democratic House and Senate last year in enacting two major laws expressly designed to systematically attack our regulatory burden.

The Paperwork Reduction Act provides the administration with the tools it needs to bring the rampaging burden of Federal forms and data solicitations under control.

The Regulatory Flexibility Act, also passed last year, explicitly established the principle for all Federal rulemakers that rules and regulations for small business must be simple and less complex than rules for larger firms.

This notion of "two-tiering" Federal regulations is only an interim step to my mind, because we must move as quickly as we can to make all Federal regulations simple. This law acknowledged the particularly heavy burden which Federal regulations impose on smaller enterprises, which typically have fewer reserves, smaller profit margins, and less ability to pass on regulatory costs to customers than larger firms.

REGULATORY RELIEF AND THE RECESSION

Never was the need for quick action on regulatory relief greater than it is today. The deadly duo of high interest rates and recessions are stalking Main Street and rural America with a vengeance. Small business, farmers, and ranchers are truly becoming an endangered species as they are stretched tighter and tigher between excessive interest costs—far above the 17 percent prime rate—and weak demand.

Our farmers and ranchers face an additional burden as a result of weak commodity prices. Many are being pressed further and further into debt and face the terrible decision of either closing their doors or putting their personal assets, such as homes, up as collateral in hopes of weathering the recession.

The burden played by Federal paperwork and regulations in this drama is not a minor one. Yet, the Federal Government still has little idea of which regulations fall most heavily on our small businesses, farmers, and ranchers, much less what their actual burden is.

It is a tragically absurd situation. The Federal Government is pushing these key economic sectors into bankruptcy court. Yet, it has no idea why or how to prevent it.

My bill, the Regulatory Burden Reduction Act, is designed to tell "why" and "how," and get the Government off the backs of small business, farmers, and ranchers as quickly as possible. It will push small business, farmers, and ranchers to the front of the regulatory relief line. They will be the first group targeted for general regulatory reduction.

EXPLANATION OF BILL

The Regulatory Burden Reduction Act has two provisions.

First, it requires the President to estimate the cost of all major rules and paperwork requirements which are imposed by any Federal agency on farmers, ranchers, or small business. He is required to collect that data annually and provide it in a report to Congress no later than January 31 of each year.

After all the years of rhetoric and smoke, we still have no precise estimate of the impact of Federal regulation on our private sector, not to mention important sectors such as agriculture or small business.

In fact, the only estimate was presented to me by, then professor, Murray Weidenbaum before a hearing I chaired in 1979 of the Joint Economic Committee. He projected a regulatory burden then of $100 billion. Professor Weidenbaum has become the chairman of the President's Council of Economic Advisers. But his old estimate is still the only one we have.

My bill will put an end to the mystery of regulatory burdens on farms, ranches, and small business. We will know each year what that burden is and will know which regulations account for that burden, as well.

My bill also requires the President to come up with estimates for the benefits of these regulations so that Congress can begin the hard task of improving the cost effectiveness of these regulations.

The second component of my bill requires each Federal agency head to reduce the burden of its major rules and paperwork requirements on farmers, ranchers, and small business by 25 percent over the next 2 fiscal years. This provision expands a provision of the Paperwork Reductions Act which mandates a similar slash in the burden of Federal paperwork by the end of fiscal year 1983.

My 25 percent burden reduction is a mandate for Federal agencies to get off their duffs and start the hard work of meeting regulatory objectives more efficiently. It will light a fire under their feet. They will have a clear and simple target and timetable for reducing regulations bedeviling farmers, ranchers, and small business.

My act sets forth a major challenge to Federal agencies. It is a challenge, however, which they must confront. And it is a challenge which I believe the Office of Management and Budget and the President will welcome, as well. It will put the full force of the law in their hands in dealing with the Federal tangle of redtape.

Let me close by noting, Mr. President, the excellent job done by the Senate Governmental Affairs and Senate Judiciary Committees in crafting the Regulatory Reform Act, S. 1080, soon to come before the Senate for floor action. They have been diligently drafting this bill to establish, once and for all, a regulatory reform, review, and reduction system for the Federal Government.

It will be a linchpin of our efforts to improve the cost effectiveness of Federal redtape and Senators LAXALT, ROTH, LEAHY, and EAGLETON have done an excellent job.

In addition, provisions by Senator DURENBERGER have insured that the task of identifying and reducing the entire Federal regulatory burden will be a key component of the Regulatory Reduction Act. And he deserves recognition and congratulations for that success.

I ask unanimous consent, Mr. President, for my bill, the Regulatory Burden Reduction Act, to be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1833

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Regulatory Burden Reduction Act."

SEC. 2. DEFINITIONS.

(A) For purposes of this Act—

(1) "agency" shall have the same meaning provided by section 551(1) of title 5, United States Code;

(2) "major rule"—

"(A) (i) means a rule or a group of closely related rules that the agency, or the President, reasonably determines is likely to have an annual effect on the economy of $100,000,000 or more in direct or indirect enforcement and compliance costs;

"(ii) but does not mean—

"(a) a rule of particular applicability that approves or prescribes for the future rates, wages, prices, services, or allowances therefor, corporate, or financial structures, reorganizations, mergers, or acquisitions thereof, or accounting practices or disclosures bearing on any of the foregoing, or a rule that involves the internal revenue laws of the United States; or

"(b) a rule that authorizes the introduction into commerce or recognizes the marketable status of a product or service that, pursuant to statute, could not lawfully be introduced into commerce or marketed in the absence of the rule; and

"(B) means a rule or a group of closely related rules that is otherwise designated a major rule by the agency proposing the rule, or is so designated by the President, on the ground that the proposed rule is likely to result in—

"(i) a substantial increase in costs or prices for wage earners, consumers, individual industries, nonprofit organizations, Federal, State, or local government agencies, or geographic regions;

"(ii) significant adverse effects on competition, employment, investment, productivity, innovation, the environment, public health or safety, or the ability of enterprises whose principal places of business are in the United States to compete in domestic or export markets;

(3) "benefit" or "benefits" means the reasonably identifiable significant benefits and beneficial effects, including social and economic benefits and effects, expected to result directly or indirectly from implementation of a rule or an alternative to a rule;

(4) "compliance cost" means the reasonably identifiable significant costs and adverse effects, including social and economic costs and effects, expected to result directly or indirectly from implementation of a major rule or an alternative to a major rule;

(5) "small business" means a small business concern as defined by the Administrator of the Small Business Administration under section 2 of the Small Business Act (72 Stat. 384, as amended; 15 U.S.C. 632);

(6) "collection of data" means the obtaining or soliciting of facts or opinions by an agency through the use of written report forms, application forms, schedules, questionnaires, reporting or recordkeeping requirements, or other similar methods, calling for either—

"(A) answers to identical questions posed to, or identical reporting or recordkeeping requirements imposed on, ten or more persons, other than agencies, instrumentalities, or employees of the United States; or

"(B) answers to questions posed to agencies, instrumentalities, or employees of the United States which are to be used for general statistical purposes;

(7) "Independent regulatory agency" means the Board of Governors of the Federal Reserve System, the Civil Aeronautics Board, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Energy Regulatory Commission, the Federal Home Loan Bank Board, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Mine Enforcement Safety and Health Review Commission, the National Labor Relations Board, the Nuclear Regulatory Commission, the Occupational Safety and Health Review Commission, the Postal Rate Commission, the Securities and

Exchange Commission, and any other similar agency designated by statute as a Federal independent regulatory agency or commission;

SEC. 3. REDUCTION IN BURDEN OF REGULATION.

(A) By October 1, 1983, the head of each agency and independent regulatory agency shall reduce by 25 percent the compliance cost which existed on October 1, 1981, on small business, farms, and ranches of major rules and collection of data of that agency or independent regulatory agency.

(B) The President shall transmit to Congress by October 1, 1982, and October 1, 1983, a report on the progress made by each agency during the preceding fiscal year in carrying out subsection (A).

SEC. 4. REGULATORY BURDEN ANNUAL REPORT.

(A) Not later than January 31 of each year, the President shall transmit to Congress a report. The report shall include an estimate of the benefits and compliance cost on small business, farms, and ranches of major rules and collection of data—

(1) issued or in effect during the preceding calendar year; and

(2) which will be in effect during the current calendar year;

(B) The report issued pursuant to subsection (A) shall include benefit and compliance cost estimates for each agency and for each independent regulatory agency.●

By Mr. MOYNIHAN (for himself and Mr. DURENBERGER):

S. 1834. A bill to amend the Internal Revenue Code of 1954 to provide that a dividend paid by a corporation directly to certain charitable organizations at the direction of a shareholder shall be treated as a charitable contribution of the corporation, and to exclude such dividend from the income of such shareholder; to the Committee on Finance.

SHAREHOLDER DIVIDENDS PAID TO CHARITABLE ORGANIZATIONS

Mr. MOYNIHAN. Mr. President, I am introducing a bill today that should lead to an increase in corporate contributions to charity. The idea for the bill came from Robert Sproull, the president of the University of Rochester. Mr. Sproull calls it "a modest proposal for efficient charitable giving." But it is nothing of the kind. It is an ambitious and imaginative plan to give every shareholder in a corporation an incentive to donate one or more dividends a year to charity, and for the corporation to match the dividends with an additional contribution of its own.

The president called recently on Americans to embrace a spirit of voluntarism, to make up for the loss of Federal support for education, medical research, job training and other basic programs. Voluntarism will help. But the missing Federal support will be replaced only if our public policies also foster and stimulate philanthropy. Charitable giving, as a percentage of personal income, declined from 1.99 percent in 1970 to 1.84 percent in 1980. As each one-hundredth of 1 percent of personal income is equal to approximately $200 million, this decline means that annual giving is now almost $3 billion less than it would be if the level of giving of just a decade ago had been maintained.

The bill amends the Federal Tax Code. Any shareholder in a corporation would be free to direct the corporation to pay one or more of his quarterly dividends each year to a section 501(c)(3) organization. The organization could be the Salvation Army, the United Way, a local public television station, or a private college or university. The list is practically endless. However, the corporation could restrict the option in any way it chooses. For example, it could require that dividends go only to the local muscular distrophy campaign.

A shareholder who forgoes a dividend would not be considered to have constructively received the dividend. He would not pay taxes on it.

Meanwhile, the charity would receive not only the dividend, but also the Federal taxes that the corporation paid on the earnings that produced the dividend. Suppose the dividend is $1 and the corporation is in the 46 percent tax bracket. How much does the charity receive? The question to ask is how much did the corporation have to have in pretax earnings to produce a dividend—after taxes—of $1. The answer is $1.85. One divides the dividend by 1 minus the corporation's marginal tax rate. In the example, the fraction is $1/(1—.46).

The bill seems needlessly complicated in at least one place. Instead of using the simple phrase "marginal tax rate" as I have—a corporation divides the dividend by 1 minus its marginal tax rate—the bill says "the rate of tax for the highest rate bracket under section 11(b) which is applicable to the taxable income of the corporation (determined without regard to any payment described in paragraph (1)(B))." There is a reason for this. Since the corporation would be allowed a tax deduction each time it pays a dividend to charity, its tax bracket could change. Thus, the question arises: What marginal tax rate should the corporation plug into the formula? The answer is it should use the marginal rate it would have used had no shareholder turned back a dividend.

Another point: A corporation that makes a contribution of $1.85 to charity would receive a tax deduction for $1.85. So, in effect what the bill does is allow a corporation to make a charitable contribution from its pre-tax earnings.

Finally, any charity that owns stock in a corporation would not be deemed to have received taxable, unrelated income if it forgoes a dividend and takes a contribution from the corporation, instead. Under current law, a charity is taxed on income it receives from business enterprises that are unrelated to the charity's exempt purpose.

Mr. President, I ask unanimous consent that two items be printed in the RECORD: the bill and an article by Robert Sproull from the Wall Street Journal.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 1834

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DIVIDENDS PAID DIRECTLY TO CERTAIN CHARITABLE ORGANIZATIONS AT THE DIRECTION OF A SHAREHOLDER.

(a) TREATMENT OF CERTAIN DIVIDENDS AS CHARITABLE CONTRIBUTIONS OF THE CORPORATION.—Section 170 of the Internal Revenue Code of 1954 (relating to charitable contributions and gifts) is amended by redesignating subsections (j) and (k) as subsections (k) and (l), respectively, and inserting after subsection (i) the following new subsection:

"(j) DIVIDEND PAYMENTS.—

"(1) IN GENERAL.—If—

"(A) a shareholder to whom a dividend is payable directs the corporation to pay such dividend to an organization described in section 501(c)(3), and

"(B) in lieu of paying such dividend to such shareholder, the corporation pays the qualified contribution amount directly to such organization,

then an amount equal to the qualified contribution amount shall be treated, for purposes of subsection (a), as a charitable contribution of the corporation paid during the taxable year in which the dividend is declared.

"(2) QUALIFIED CONTRIBUTION AMOUNT DEFINED.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified contribution amount' means, with respect to a dividend of a corporation, an amount equal to—

"(i) the amount of such dividend, divided by

"(ii) the qualified rate applicable to such corporation.

"(B) QUALIFIED RATE.—For purposes of this paragraph, the term 'qualified rate' means the excess of—

"(i), over

"(ii) the rate of tax for the highest rate bracket under section 11(b) which is applicable to the taxable income of the corporation (determined without regard to any payment described in paragraph (1)(B)).

"(3) CONTRIBUTION OF TAX REDUCTION.—No amount other than the qualified contribution amount shall be taken into account under subsection (a) as a charitable contribution of the corporation with respect to any portion of the payment described in paragraph (1)(B).

"(4) CONTRIBUTION OF SHAREHOLDER.—Neither the amount of the dividend described in paragraph (1)(A) nor any portion of the payment described in paragraph (1)(B) shall be treated, for purposes of subsection (a), as a charitable contribution of the shareholder to whom such dividend was payable.".

(b) EXCLUSION OF DIVIDENDS PAID DIRECTLY TO A CHARITABLE ORGANIZATION FROM THE INCOME OF THE SHAREHOLDER.—

(1) IN GENERAL.—Part III of subchapter B of chapter 1 of such Code (relating to items specifically excluded from gross income) is amended by redesignating section 130 as section 131 and inserting after section 129 the following new section:

"SEC. 130. DIVIDENDS PAID DIRECTLY TO CERTAIN CHARITABLE ORGANIZATIONS.

"The gross income of a shareholder does not include the amount of any dividend payable to such shareholder if, at the direction of such shareholder, the corporation pays the qualified contribution amount (within the meaning of section 170(j)(3)) to an organization described in section 501(c)(3).".

(2) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 130 and inserting in lieu thereof the following:

"Sec. 130. Dividends paid directly to certain charitable organizations.

"Sec. 131. Cross references to other Acts.".

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1981.

[From the Wall Street Journal, March 4, 1981]

A MODEST PROPOSAL FOR EFFICIENT CHARITABLE GIVING

(By Robert L. Sproull)

Voluntary support of America's service institutions is needed now more than ever before: The United Ways and churches, the art galleries and orchestras, the colleges and universities all require additional support to maintain the quality of their programs. Most set out hard for federal dollars. But the tortuous and inefficient route of federal taxation, legislative action, program management, proposal writing, waiting and (for the lucky) auditing is increasingly frustrating. Direct, voluntary support of charitable institutions by individuals, foundations and corporations is thus much in the public interest and is appropriately recognized as such by the tax laws.

Individuals and foundations, however generous spirited, cannot do the job alone. For example, although a decade ago foundations gave to higher education twice as much each year as corporations, in 1979 corporation giving exceeded that of foundations. I need not dwell on the limitations experienced by individuals, who find it difficult enough to save, much less to give. And one of the damaging results of the difficulty of saving is that very few new foundations are being created from individuals' lifetime savings. Corporations thus play a central role.

Giving by corporations is even more efficent than giving by individuals in one limited but very interesting sense. Most individuals who give substantial amounts to charitable groups also own common stock in corporations. The corporations can use pre-tax dollars for giving, and the individual gives before his personal income tax. But for the individual with appreciable income from common stock dividends, he is in effect doing his giving after the corporation income tax has been taken out. Direct-corporate giving is thus more efficient.

This line of argument suggests a more efficent combination of the corporate and shareholder giving, an extension of the employe matching-gift concept. Suppose I am a shareholder who receives several hundred dollars a year in dividends from Xerox Corp. and suppose I have been giving $100 a year to the University of Rochester (to pick an institution at random). Suppose I were given instead the option of requesting Xerox to pay me $100 less in dividends and asking Xerox to write a check to the university for $200. How do we stand?

First, me: If I itemized deductions on my income tax, I am left exactly as before; if I do not itemize, I am a little ahead. Second, Xerox: They have paid $100 less to me, $100 less to the IRS (for simplicity I assume a 50 percent tax rate level) and $200 more to the university; they are left exactly as before. The big difference is that my gift is having twice as much effect to produce quality education at the university (obviously at the expense of the IRS and its circuitous route to make things happen).

Of course this procedure could be "trimmed up" to use actual tax rates. It could be limited in any way the corporation chose, but limiting to one quarterly dividend per year would assure in most corporations that their giving did not exceed the 5 percent maximum. Further, limiting each shareholder to use of only a full quarterly dividend and only one charitable "target" each year would minimize paperwork (which in any case should be less than the dividend re-investment options offered by many corporations).

This proposal seems to fly in the face of IRS rules and possibly of SEC rules, but it is not obvious why it should. (I realize, of course, that logic is not a good guide in this dark forest.) When corporations offer to their employes the privilege of having their charitable gifts matched by pre-tax corporate gifts, the latter are not called "constructive receipt of income." The employes in effect constitute an invisible committee which directs some of the corporation's giving. As a committee, they have two enormous advantages over most committees: 1) they never meet; 2) their votes are proportional to their own willingness to be generous and are not responsive to the gooey rhetoric that moves the usual committee.

This proposal merely extends to shareholders the privileges already granted to employes by those corporations with matching gift programs. The invisible committee of shareholders could be expected to be at least as wise and as pure in the eyes of the IRS as employes. There is no gain to the shareholder from the dividend he did not receive any more than there is to the employe who directs the corporate matching gift.

Since it costs the corporation nothing (except the paperwork), shareholders who do not choose to use the option are in no way disadvantaged. There might even be two amiable side effects. First, this form of shareholder participation is, in a small way, a contribution to "corporate democracy," with only beneficial results, unlike the mischievous "ego trips" of holders of handfuls of shares who sometimes dominate annual meetings in the name of "corporate democracy." Second, since there are large numbers of shareholders who wish "to make things happen" in charitable institutions, offering this option to its shareholders ought, at least in a small way, to enhance the price of a corporation's stock.

This proposal seems to fit squarely within the spirit of tax and securities legislation: No individual or corporation receives any untaxed benefit; the only gain is to 501(c)3 organizations, and it is acknowledged public policy that tax rules should benefit them. All shareholders are treated alike.

Nevertheless, the accountants I have consulted believe that under the Internal Revenue Code, specifically Section 61, the shareholder would be taxed on the dividend he did not receive. Sections 101 through 128 of the Code already include many exceptions to Section 61, presumably all for worthy purposes. I should like to urge an additional exception for this proposal to make corporate giving more efficient.

By Mr. MOYNIHAN:

S. 1836. A bill to remove the limitations on the authority of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to borrow from the Treasury; to the Committee on Banking, Housing, and Urban Affairs.

DEPARTMENT OF TREASURY LOAN AUTHORITY

Mr. MOYNIHAN. Mr. President, I am introducing a bill today to allow the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation to borrow, without limit, from the Federal Treasury.

The FDIC has $12.1 billion in its insurance fund, and the ability to borrow another $3 billion from the Federal Government. The FSLIC fund is smaller: only $6.8 billion, with $750 million in borrowing authority.

Both insurance funds are ably managed, and should be adequate to handle a string of bank failures or even a worse emergency. Nevertheless, the size of the funds in relation to total deposits does not inspire public confidence. Consider these statistics: There are 3,800 savings and loan associations in the United States, with roughly $465 billion in insured deposits. Four in five are losing money. At least 1 in 20 is reported to be on a danger list kept by Richard Pratt, the Chairman of the Federal Home Loan Bank Board. That proportion could represent as much as $23 billion in deposits—more than three times the value of the FSLIC insurance fund.

Meanwhile, the FDIC insures deposits of $948.7 billion. Between 15 and 16 percent, or over $140 billion, are deposits with mutual savings banks, which have invested heavily over the years in residential mortgages and which have the same problems as savings and loan associations. The FDIC insurance fund is worth only $15 billion, including what the agency can borrow from the Treasury.

Obviously, these figures exaggerate the danger to the public. The Greenwich Saving Bank, which came close to filing last week, was a huge bank, with over $2 billion in deposits, but the loss to the FDIC was only $185 million. That is what the agency paid to induce two other savings banks to merge with the Greenwich.

But it is the perception of the public that matters. The law says the FDIC and the FSLIC shall reimburse depositors—up to $100,000 per account—whenever an insured bank or savings association closes because of insolvency. The law does not say what happens if the insurance funds run out of cash. There is no reason why we should let this worry anyone. My bill merely makes clear that the full faith and credit of the Federal Government stands behind our promise to insure bank accounts.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1836

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 14 of the Federal Deposit Insurance Act (12 U.S.C. 1824) is amended by striking out ", not exceeding in the aggregate $3,000,000,000 outstanding at any one time".

(b) Section 402(1) of the National Housing Act (12 U.S.C. 1725(1)) is amended by striking out ", not exceeding in the aggregate $750,000,000 outstanding at any one time".

By Mr. HAYAKAWA (for himself, Mr. DOLE, Mr. EAST, Mr. INOUYE, Mr. KENNEDY, Mr. SARBANES, Mr. HUDDLESTON, Mr. MOYNIHAN, Mr. BRADLEY, Mr. DOMENICI, Mr. GOLDWATER, Mr. QUAYLE, Mr. SASSER, Mr. WARNER, Mr. MELCHER, Mr. EAGLETON, Mr. EXON, Mr. PERCY, Mr. SCHMITT, Mr. LEVIN, Mr. LONG, Mr. FORD, Mr. DENTON, Mr. RIEGLE, Mr. MURKOWSKI, Mr. DURENBERGER, Mr. ARMSTRONG, Mr. LUGAR, Mr. ANDREWS, Mr. TOWER, Mr. BAUCUS, and Mr. WALLOP):

S.J. Res. 123. Joint resolution authorizing and requesting the President to proclaim "National Disabled Veterans Week"; to the Committee on the Judiciary.

(The remarks of Mr. HAYAKAWA on this legislation appear earlier in today's RECORD.)

By Mr. DANFORTH (for himself, Mr. BAUCUS, Mr. MOYNIHAN, Mr. DECONCINI, Mr. SARBANES, Mr. HAYAKAWA, Mr. BRADLEY, Mr. KASTEN, Mr. HUDDLESTON, Mr. STEVENS, Mr. KENNEDY, Mr. EAGLETON, Mrs. KASSEBAUM, Mr. RANDOLPH, Mr. TSONGAS, Mr. LEVIN, Mr. SASSER, Mr. STENNIS, Mr. GARN, Mr. DIXON, Mr. DOMENICI, Mr. FORD, Mr. SYMMS, Mr. NICKLES, Mr. ROTH, Mr. HUMPHREY, Mr. BENTSEN, Mr. HEINZ, Mr. DOLE, Mr. MELCHER, Mr. BOREN, Mr. MURKOWSKI, Mr. COHEN, Mr. JOHNSTON, and Mr. MATHIAS):

S.J. Res. 124. Joint resolution authorizing and directing the President to provide for the playing of taps at the Vietnam Veterans Memorial, Washington, D.C.; to the Committee on Armed Services.

PLAYING OF TAPS AT VIETNAM VETERANS MEMORIAL

● Mr. DANFORTH. Mr. President, tomorrow is Veterans Day. In September, a memorial was dedicated in South Boston, Mass., to the Sons of South Boston who died serving their country in Vietnam. An inscription on the memorial reads, "If you forget my death, then I died in vain."

Mr. President, it is important that we not forget the sacrifice of the more than 57,000 Americans who died in the Vietnam war.

In 1980, Congress authorized the construction of a memorial in honor and recognition of the men and women of the United States who served in Vietnam. Since that time a memorial design has been chosen, and efforts are underway to raise the funds needed to build the memorial. All of the funds to construct the memorial will be provided by private donors. The yeoman's work of raising these funds is being carried out by the Vietnam Veterans Memorial Fund, under the leadership of Jan Scruggs, who spearheaded the effort to establish the memorial. The memorial will be constructed in Constitution Gardens, near the Lincoln Memorial, and will bear the name of each of the 57,661 Americans—1,394 of them from my home State of Missouri—who died in the Vietnam war.

Today, together with several of my colleagues, I am introducing a joint resolution authorizing and directing the President to provide for the playing of taps at the Vietnam Veterans Memorial each evening at sunset, forever.

The suggestion that taps be played at the memorial was first brought to my attention some time ago in a letter to the editor of the Washington Star. That letter, written by two Vietnam veterans—Van Davidson, Jr., and Clarence D. Long III—eloquently argued for the playing of taps at the memorial. The ceremony, they said, would represent an important effort by the American people to help their sons rest in peace. It will. And it will do more than that.

Mr. President, there are times when words fail us in our efforts to speak of things that touch us deeply, In such times, music can speak for us. Each evening, at sunset, let this simple ceremony speak for us. And let us remember.

Mr. President, I ask unanimous consent that the letter written by Mr. Davidson and Mr. Long be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Apr. 25, 1981]

THE BUGLE CALL THAT SAYS IT ALL

As contributors to the Vietnam Veterans Memorial fund to construct on the Mall a monument that will "recognize and honor those who served and died [and that] will provide a symbol of acknowledgement of the courage, sacrifice and devotion to duty of those who were among the nation's finest youth," it is our opinion that somewhere on this monument should appear the words, "obedient to our laws," with reference to the sacrifice that these Americans made.

In 490 B.C. some 300 Spartans and others led by King Leonidas fought to the death, although greatly outnumbered by the Persians, at a pass named Thermopylae in Greece. To commemorate the sacrifice of Leonidas and his men, upon a monument there is inscribed Simonides' immortal quote:

"Go tell the Spartans, thou who passest by,/that here, obedient to their laws, we lie."

John Ruskin, the famous 19th century English critic and social theorist called this epitaph ". . . the noblest group of words uttered by man."

In a speech delivered on Memorial Day, 1895, to the graduating class at Harvard University, Justice Oliver Wendell Holmes said:

"The faith is true and adorable which bids a soldier to throw away his life in obedience to a blindly accepted duty, in a cause which he little understands, in a plan of campaign of which he has no notion, under tactics of which he does not see the use."

The "blindly accepted duty" Justice Holmes was referring to is the result of the nation's laws enacted to prosecute the war. While on its face the statement appears to worship militarism, it does not. As Justice Holmes well knew—for he had been three times wounded as a Union officer in the Civil War—that statement is only a recognition of the reality of things as they always are for soldiers of our country in any war.

In the Vietnam war, 57,661 Americans died obedient to their nation's call to arms. It is this obedience that makes it possible for the nation to organize its manpower for the common defense. It is this obedience that is the guardian of the nation in time of danger. It makes our civilization possible and insures the nation's survival. It is for this obedience to our laws that 57,661 of America's sons are to be remembered.

The memorial will be a symbol of man's destiny and power for duty which led these brave Americans (to quote Mr. Holmes again) "to toss life and hope like a flower before the feet of their country and its cause." This is why the phrase "obedient to our laws" should be inscribed in stone on any memorial built to honor America's sons who died in the Vietnam war.

It is our opinion that President Reagan, as commander-in-chief, should order that the bugle call "Taps" be played at the memorial by an American soldier every day at dusk—forever. This simple ceremony will represent an effort by the American people to help their 57,661 sons rest in peace.

There is precedent for this suggested ceremony. The Brish built a memorial to their missing in action at the Ypres salient of World War I. Inscribed on the monument are the names of 55,000 missing men. To this day, a bugler blows "Taps" there every evening.—Van M. Davidson, Jr. and Clarence D. Long III.●

ADDITIONAL COSPONSORS

S. 569

At the request of Mr. JEPSEN, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 569, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures.

S. 1215

At the request of Mr. KASTEN, the Senator from North Carolina (Mr. HELMS), and the Senator from Minnesota (Mr BOSCHWITZ) were added as cosponsors of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1693

At the request of Mr. KASTEN, the Senator from California (Mr. CRANSTON), the Senator from Illinois (Mr. DIXON), the Senator from Indiana (Mr. LUGAR), the Senator from New Mexico (Mr. SCHMITT), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 1693, a bill to provide for the issuance of a special stamp to commemorate the 200th anniversary of the presence of the bald eagle on the official seal of the United States of America.

SENATE RESOLUTION 209

At the request of Mr. JEPSEN), the Senator from Montana (Mr. MELCHER), the Senator from North Carolina (Mr. HELMS), the Senator from Idaho (Mr. SYMMS), the Senator from Indiana (Mr. LUGAR), the Senator from Oregon (Mr. HATFIELD), the Senator from Arizona (Mr. GOLDWATER), the Senator from Wisconsin (Mr. KASTEN), the Senator from Indiana (Mr. QUAYLE), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Florida (Mrs. HAWKINS) were added as cosponsors of Senate Resolution 209, a resolution expressing the sense of the Senate that the President of the United States, the U.S. Senate, and the Senate Committee on Banking, Housing, and Urban Affairs should pay careful deference to the specific provisions of the Federal Reserve Act, requiring broad regional and economic representation on the Board of Governors of the Federal Reserve System, in their consideration of nominees to the Board.

SENATE RESOLUTION 238

At the request of Mr. BENTSEN, the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Utah Mr. GARN), and the Senator from Kentucky (Mr. FORD) were added as cosponsors of Senate Resolution 238, a resolution to retain the deductibility from personal taxes of interest paid on residential mortgages.

SENATE CONCURRENT RESOLUTION 47—CONCURRENT RESOLUTION WITH RESPECT TO THE IMPRISONMENT OF ALEXANDER PARITSKY AND HIS FAMILY

Mr. TSONGAS submitted the following concurrent resolution; which was

referred to the Committee on Foreign Relations:

S. CON. RES. 47

Whereas, the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights guarantee to all citizens the rights to freedom of religion, the right to hold opinions without interference, the right to freedom of expression, and the right to emigrate;

Whereas the Final Act of the Conference on Security and Cooperation in Europe commits the signatory nations to respect individual rights and freedom, specifically the right to immigrate to the country of one's choice to rejoin their relatives;

Whereas the Soviet Union has signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights;

Whereas Alexander Paritsky and his family first applied to emigrate from the Soviet Union in 1976 and have been repeatedly denied permission;

Whereas Alexander Paritsky was dismissed from his position as a scientist at the Kharkov Institute for Metrology in 1977 as a direct result of requesting permission to emigrate;

Whereas Alexander Paritsky and his family have been continually harassed by Soviet authorities as a result of his involvement in the Kharkov Jewish University;

Whereas Soviet officials have confiscated numerous books, letters, and medicines from the Paritskys' apartment;

Whereas Soviet officials have published slanderous articles in the Kharkov press accusing Alexander Paritsky of black marketeering and racism;

Whereas Dorina Paritsky, aged fifteen, has been harshly interrogated by Soviet investigators at her school and told to denounce her family;

Whereas Paulina Paritsky has been threatened with arrest and informed that she will lose custody of her two daughters;

Whereas Alexander Paritsky was arrested on August 28 and charged with anti-Soviet agitation and propaganda;

Whereas Alexander Paritsky is scheduled to be tried by Soviet officials on November 11th and has been denied the legal counsel of his choice; and

Whereas Paulina Paritsky was forcefully prevented from obtaining an independent lawyer for her husband: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President, acting directly or through the Secretary of State, should—

(1) continue to express at every suitable opportunity and in the strongest terms the opposition of the United States Government to the imprisonment of Alexander Paritsky;

(2) urge the Government of the Soviet Union to—

(A) release Alexander Paritsky from prison,

(B) halt all further harassment of Alexander Paritsky and his family, and

(C) permit Alexander, Paulina, Dorina, and Anna Paritsky to emigrate to Israel to join their relatives, in accordance with the Final Act of the Conference on Security and Ccoperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights; and

(3) inform the Government of the Soviet Union that the Government of the United States, in evaluating its relations with other countries, will take into account the extent to which such countries honor their commitments under international law, especially commitments with respect to the protection of human rights.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such copy to the Ambassador of the Union of Soviet Socialist Republics to the United States.

(The remarks of Mr. TSONGAS on this legislation appear earlier in today's RECORD.)

SENATE CONCURRENT RESOLUTION 48—CONCURRENT RESOLUTION DISAPPROVING THE PROPOSED SALE TO PAKISTAN OF F-16 AIRCRAFT

Mr. HATFIELD (for himself and Mr. MOYNIHAN) submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations:

S. Con. Res. 48

Resolved by the Senate (the House of Representatives concurring), That pursuant to section 36(b) of the Arms Export Control Act, the Congress objects to the proposed sale to Pakistan of F-16 aircraft together with related defense articles and defense services, such proposed sale being described in the certification submitted to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate on October 23, 1981 (transmittal numbered 81-108).

SENATE RESOLUTION 242—RESOLUTION REGARDING SALT II

Mr. HART submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. Res. 242

Whereas, it is in the national security interests of the United States to limit the size of the Soviet nuclear threat through arms control agreements, and

Whereas, both the United States and the Soviet Union have adhered to the provisions of SALT II since it was negotiated and signed, and

Whereas, General Rowny, chief arms control negotiator for the United States testified before the Senate Armed Services Committee on behalf of the Administration that "we ought to take no steps inconsistent with the terms of the treaty so long as the Soviets take no steps and so long as our national security does not require that we take such other steps.",

Therefore, be it resolved, that it is the sense of the Senate that the United States shall continue to take no steps inconsistent with the terms of the SALT II treaty so long as the Soviet Union also continues to take no steps inconsistent with the treaty.

● Mr. HART. Mr. President, the resolution I am submitting today will demonstrate the Senate's support for what I believe to be the administration's position on continued adherence to the provisions of the SALT II treaty. Although SALT II has not been ratified, the United States and the Soviet Union adhere to its provisions. My resolution simply expresses the sense of the Senate that the United States shall continue to take no steps inconsistent with the terms of the SALT II treaty so long as the Soviet Union does likewise. When General Rowny, chief U.S. arms control negotiator testified before the Armed Services Committee he stated:

We ought to take no steps inconsistent with the terms of the treaty so long as the Soviets take no steps and so long as our national security does not require that we take such other steps.

Mr. President it is vital to the national security interests of the United States that we limit the size of the Soviet nuclear threat through arms control agreements. Continued United States-Soviet adherence to the SALT II treaty benefits our national security in the following ways:

It limits the size of the Soviet nuclear threat. By 1985 the Russians will have the technical capacity to increase vastly their nuclear arsenal. They will be able to more than double the number of silo-killer warheads that SALT II would have permitted, deploy additional heavy missiles, and nearly double their arsenal of land-based missiles with multiwarheads. Regardless of whether the limits 2 years ago were adequate, right now we are living without any legal limits whatsoever. It strengthens our national security for the Soviets to respect the negotiated limits. If they do, we should also.

It would provide greater ability to focus our resources on conventional forces. If we embark on an uncontrolled nuclear buildup, pressures on the Soviets to do the same would be enormous. An administration so aware of Soviet expansionism should be alert to the dangers of an uncontrolled nuclear arms race. It would divert both our attention and our resources from the conventional forces we and our allies need to discourage Soviet adventurism. It is in our national security interest for the Russians not to embark on a nuclear arms buildup which would violate the provisions of SALT II. If the Soviets continue to abide by those provisions we should also.

I, and many others in the Senate, have called on President Reagan to begin arms control talks with the Soviets forthwith. The only way to achieve limitations on the Soviet nuclear threat is by entering into negotiations. We gain no additional security by waiting; we lose nothing by negotiating. Before the talks begin, however, and while they continue, it is essential that both sides avoid any unnecessary nuclear arms escalation, which either might regret once an agreement is negotiated. For this reason I urge the Senate to go on record in favor of the United States continuing to take no steps inconsistent with the terms of the SALT II treaty so long as the Soviets also continue to take no steps inconsistent with SALT II.●

AMENDMENTS SUBMITTED FOR PRINTING

AUTHORIZATION OF APPROPRIATIONS FOR EXPORT ADMINISTRATION

AMENDMENT NO. 628

(Ordered to be printed and to lie on the table.)

Mr. ROBERT C. BYRD submitted an amendment intended to be proposed by him to the bill (S. 1112) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

NOTICES OF HEARINGS

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. DANFORTH. Mr. President, on Thursday, December 3, 1981, the Subcommittee on Federal Expenditures, Research, and Rules will hold a hearing to consider the draft proposal for a uniform procurement system submitted to the Congress on October 29 by the Office of Federal Procurement Policy, pursuant to Public Law 96–83. The hearing will begin at 10 a.m. in room 3302 of the Dirksen Senate Office Building. The hearing was previously scheduled for December 1.

ADDITIONAL STATEMENTS

A SALUTE TO VETERANS

● Mr. BAUCUS. Mr. President, tomorrow, November 11, has been set apart so that we may remember and honor those men and women who gave service, and too often their lives, in the Armed Forces of our Nation. Many made enormous personal sacrifice and many suffered injuries that will disable them for the rest of their lives. All of us owe much to them, and it is with humility and great admiration that I extend my personal gratitude and this tribute to them.

A resolution will be enacted to declare the week of November 7 through November 13, 1982 as "National Disabled Veterans Week." I am honored to cosponsor this as a small expression of my appreciation.

In addition to this type of recognition, I believe that real, concrete steps must be taken to assist our veterans in meeting a number of their very serious problems which have been ignored far too long. I am encouraged that the 97th Congress has taken steps in this direction.

For example, medical evidence indicates a link between many health problems and dioxin, a toxin in agent orange, a defoliant used in Vietnam. Other problems are thought to have been initiated by exposure to nuclear weaponry test radiation.

I am honored to report that the 97th Congress has overwhelmingly supported legislation which provides health care eligibility and outpatient care priority to veterans for disabilities linked to their exposure to dioxin and other toxic substances found in herbicides and defoliants, as well as nuclear weapons test radiation.

This is not all.

A study commissioned by the Veterans' Administration found that many of the psychological difficulties experienced by veterans begin for the first time 10 or more years after a combat tour. Recognition of these problems, referred to as "delayed stress syndrome," resulted in the establishment of readjustment counseling or Vietnam veteran Outreach centers. The obvious value of these centers prompted the VA to increase their number by almost 50 percent in July of this year. Despite this, several factors—the reluctance of veterans to use the centers, program funds for centers diverted to other sources, and delays in establishing centers—contributed to lessening their potential effectiveness.

As a result, Congress, recognizing that continuity and stability of the readjustment counseling service is essential to the program's effectiveness, voted unanimously in favor of an amendment which extends for 3 years, until September 1984, the period during which Vietnam era veterans are eligible for readjustment counseling and related mental health services. It also provided for appropriate transition into VA health care facilities of the readjustment counseling program during its last year.

These are but two of many actions taken on behalf of our veterans so far this Congress. They demonstrate the Nation's desire to serve veterans despite the prevailing mood to consolidate and simplify Federal spending programs.

It is important that we continue to demonstrate our gratitude and care to these most deserving men for their brave and selfless service to our country, not only on Veterans Day but on all days. For this reason it is essential that we maintain and improve the various programs and services available to them. This is the least we can do to thank them for their sacrifices.●

VETERANS DAY

● Mr. CHILES. Mr. President, Wednesday, November 11, has been set aside as a day to pause and reflect on the extreme sacrifices made on behalf of our country by a special group of individuals—those men and women who have served in our Armed Forces. Veterans Day stirs special thoughts and memories in each of us. The ceremonies performed throughout the country tomorrow will prompt patriotic feelings, feelings which will call to mind past challenges to our democratic freedoms and will reinforce our commitment to continue the cause of American liberty.

Our Nation's flag has forever been a symbol of what is meant by Americanism. Recently, an article on our country's flag written by an American Legion member in my State was brought to my attention. I find these words especially meaningful as we approach Veterans Day and, for this reason, I wish to share it with my colleagues in the Senate. I submit this article for the RECORD.

The article follows:

HOW MUCH DOES OUR FLAG COST?

(By Walter J. Kaiser, Americanism Chairman, American Legion Post 79, New Port Richey, Fla.)

In January 1981, President Reagan and the people of this free Nation, welcomed home Fifty Two freed men and women who were held hostage in Iran for Four Hundred and Forty Four days. At the end of the White House ceremonies, the President presented each freed hostage with a replica of the Flag of the United States of America, and he told them it was a symbol. I am now going to try to leave you with an impression of that symbol, and of Our Flag, which I hope will remain in your hearts and in your memories for a long time to come.

During our many American Flag campaigns, there is always one question that seems to be outstanding, and that question is, "How much does Our Flag cost?" I have always answered that question in terms of dollars and cents, but that answer never reflects the real price, the true price, that so many Americans, and too many Americans have paid for Our Flag. I believe that if we want to find out the real answer to that question, we will have to go back many, many years, to many, many wars, to many, many battlefields. Back there, on those blood-stained battlefields, we could ask the crippled, the blind, the dying and the dead. Yes. we could ask them "How much did Our Flag cost you?" Back there we could ask the Patriots at the Boston Tea Party, the Minutemen at Concord, the frost-bitten soldiers at Valley Forge, and the weary and the hungry fighting at Gettysburg. Back there we could ask all the great Presidents, and all the great Generals, who constantly saw through tear-dimmed eyes, ever present death and destruction. I am very sure that they could tell us how much Our Flag cost.

We could ask the heroes at Chateau Thiery and Verdun, the gallant sailors, buried on the Arizona at Pearl Harbor, the Marines at Iwo Jima and Guadalcanal, the stretcher bearers at bloody Anzio beach-head. We could ask all those who landed at Normandy, and those who fought in the Battle of the Bulge. They should be able to tell us how much Our Flag cost.

We could probably find the answer right here in these United States. We could visit the numerous Veterans Hospitals, and there we could ask the thousands of disabled veterans, who lay on their sick beds. There we could ask the armless, the legless, the mentally ill, the diseased and the shell-shocked. Yes, we could ask them, but I don't think we would have to, for there we would surely see the price they paid for Our Flag.

We might be able to find the answer right in our own hometown, perhaps on the street where we live. We could ask the Gold-star mothers who lost their only sons, the wives who lost their husbands, the children who lost their fathers, or perhaps their brothers, and we could ask all those who lost their sweethearts. I know that we wouldn't ask, but if we were to ask I am sure they would say they paid for Our Flag with loneliness and sorrow; heartache and tears; sacrifice and suffering; heartbreak and despair

Today and everyday, as you see Our Flag waving ever so proudly in the breeze, try to give it a long lingering look, and deep in your hearts try to realize just what it symbolizes. The White and the Red stripes symbolize the purity of purpose for which our comrades shed their blood. The White Stars in the field of Blue symbolize that the heights of pure democracy can reach to the very stars in the heavens.

Our Flag could be made from a flimsy piece of printed cotton, or it could be made into a banner of the most beautiful silk. The intrinsic value could be very small, or it could be very great, but its real value, its true value, is the precious symbol we all work for, the precious symbol we all live for, and the precious symbol for which someday, some of us may die for, it is the symbol of a free Nation, of free man, true to the faiths of the past, and dedicated to the principles of Justice, Freedom and Democracy.

For just one moment let us bow our heads, and in the concept of our own belief, say a silent prayer, thanking God that the colors of the Flag are still Red, White and Blue, and pray that the men and women, who are now serving in the Armed Forces stationed all over this world, will do everything they can to keep it that way.

Forever in our hearts, let us pay tribute to those brave comrades, who paid for Our Flag with their lives.●

MOST RECENT ADMINISTRATION DISCUSSIONS ON BUDGET

● Mr. DOLE. Mr. President, it is estimated that the medicare and medicaid

programs will cost the Federal Government in excess of $75 billion in fiscal year 1983. This is over 15 percent more than for fiscal year 1982. In the welfare area, we will be spending about $20 billion in fiscal year 1983, or about 10 percent over fiscal year 1982 expenditures. These extraordinary levels of spending must be examined carefully in any serious attempt to bring our economy under control. The story in yesterday's Washington Post outlines a number of proposals, some of which are similar to items discussed by members of the Finance Committee in the past, that are designed to achieve savings.

Just to put things in perspective, the $9.3 billion mentioned in the Post represents about 9 percent of projected fiscal year 1983 outlays for health and welfare programs under the Social Security Act. It should be noted, however, that the $9.3 billion is merely a target number and Secretary Schweiker has only proposed about $4.1 billion in additional program changes for fiscal year 1983, or about 4 percent of the estimated outlays for that year. It is also important to note that even this lesser amount is tentative and subject to ongoing review and revision by the administration.

Moreover, some of the items discussed are not cuts in benefits but rather changes of sources of coverage and revenues. For example, the working aged proposal would not cause reduced benefits; it would merely require private health insurance to pay benefits for those aged who remain in the work force, with medicare filling in any gaps. This would reduce medicare outlays by about $258 million in fiscal year 1983. Requiring Federal workers to pay the medicare health insurance tax, as is being proposed, would bring in about $650 million in additional trust fund revenues mostly from Federal workers who are now reaping windfall benefits under medicare.

Other proposals in the package are directed toward reducing payments to providers of services such as limits on hospital reimbursement. Again, these are not cuts in covered services, but signals to hospitals that we are not going to continue to fuel the near 20-percent rate of increase in hospital costs so far this year.

Although we have not had an opportunity for an in-depth review of the proposals being discussed by the administration, I believe some may have merit, and will deserve our consideration. However, in examining whatever final proposals are presented to Congress, it will be important to strike a reasonable balance, particularly in the medicare and medicaid programs, so that the burden of reduced spending is not borne solely by the poor and elderly, but is shared by the providers of health care services. It seems to me that Secretary Schweiker is taking that approach.●

SANCTIONS AGAINST LIBYA

● Mr. HART. Mr. President, two items in today's Washington Post, a news report and an editorial, highlight the continuing contradiction in our Government's relations with Libya and its leader, Colonel Qadhafi. Both items indicate the Reagan administration has failed to dramatize in any meaningful way it's commitment to combat Qadhafi's military adventurism and political subversion in Africa. I ask that both articles be inserted in the RECORD following my remarks.

Our status as the No. 1 customer of Libyan oil makes us hypocrites in the eyes of the world. Our interests as a democratic nation should outweigh the economic benefits of Libyan oil. This embarrassing international spectacle—condemning Qadhafi's words and supporting him with petrodollars—must end.

Last month we had an opportunity to do this. I proposed legislation to cut off all American imports of Libyan oil within 3 months. We could easily have found the quarter-million barrels a day elsewhere. And this relatively painless cutback would have been a good starting point for eventually eliminating all Middle Eastern oil imports.

The proposal presented a clear choice—either to continue to export American dollars for terrorist oil, or to stop. If the Reagan administration had wanted to stand on principle before the rest of the world, it would have matched its rhetoric with action.

But the administration opposed the legislation, and the Senate narrowly defeated it. And so a commitment of profound moral consequence was not made. The administration rejected an opportunity to squarely oppose Qadhafi's campaign of terror. It rejected the chance to stop American dollars from funding Libyan destabilization and violence. And it missed a chance to demonstrate American leadership and moral commitment in a world increasingly a hostage to terror.

The articles follow:

U.S. OFFICIALS DIFFER ON SANCTIONS AGAINST LIBYA

(By Michael Getler)

Although the Reagan administration has branded Libya's Col. Muammar Qaddafi public enemy No. 1, there is no agreement on what a number of government specialists think might be the best way for this country to dramatize its commitment to combat Qaddafi's military adventurism and political subversion in Africa.

That device is economic sanctions, and above all a halt to U.S. purchases of Libyan oil.

Some government officials studying the situation would like to cut off American purchases of Libyan oil as "the right thing to do" regardless of effectiveness. But a major complicating factor is that President Reagan and White House counselor Edwin Meese III have both rejected such a move in public precisely because, in their view, it would not be effective or in U.S. interests.

The essential contradiction in American policy toward Libya thus remains: while fingering Qaddafi as a major threat, and even after shooting down two Libyan planes last summer, the United States continues to spend billions of dollars to buy Qaddafi's oil. Although current U.S. imports are down substantially from last year, officials emphasize that this is due to price, other economic factors and the general oil glut, rather than to any political decisions here.

The oil revenues not only help finance the kinds of Libyan activities this administration regards as dangerous, but some of the money also undoubtedly finds its way to the Soviet Union, which needs dollars to finance purchases from the West, because Qaddafi buys lots of Soviet weapons with U.S. currency.

Last month, the chairman of the Senate Foreign Relations Committee, Charles H. Percy (R-Ill.), called on the president to conduct a review "of concrete steps the United States could take, individually and in concert with its allies, to bring economic and political pressure on Libya."

Sources say the options under study range from a U.S. boycott of Libyan oil to more rhetoric. In between, sources say, are such things as a ban on export of spare parts for American-owned oil facilities in Libya, a declaration that U.S. passports are not valid for travel to Libya and a more concerted effort to force the withdrawal of some 2,000 Americans still working for U.S. energy firms and living in Libya. These workers are the key to effective operation of the oil facilities in Libya.

Officials say there are drawbacks to all of these and other possibilities and that the fact that there is a review doesn't mean there will be a decision to act. "I would have to say that as of this moment, we have not found the formula for an effective economic program," the director of State's office of North African affairs, Robert Flaten, told a congressional committee last week.

Interviews with officials involved with the review suggest that three main points of view predominate.

One is the view espoused by Reagan and Meese, which is that a boycott "would have to be worldwide" for it to work. "No one country could affect them [the Libyans] by having a boycott," Reagan said last month after former president Nixon proposed an economic boycott. Continuing to buy the oil also "involves a particular balance of interests" for this country, Meese added.

In this view, Libya could find plenty of other buyers for its oil in Europe and Asia. Indeed, officials say that sounding out American allies privately has clearly indicated there would be little or no support for joining any U.S.-led boycott of Libyan oil. Aside from their need for oil and good relations throughout the Arab world, the Europeans reportedly have said that using oil as a weapon is a bad precedent, one that the United States objected to after the 1973 Arab-Israeli war and that was opposed by Europeans in the Iran crisis of 1980.

Many Europeans, officials here report, "also feel that we are too hung up on Qaddafi and make too much out of him." That view is echoed by some U.S. officials and constitutes a second line of argument.

"Is Qaddafi worse than the Soviet Union?" one official asks. "The Soviet Union is a real threat to the survival of the United States and we trade with them. Qaddafi is just a pain in the butt, especially to his neighbors. He is no military threat but rather a threat to subvert neighbors."

In a way, he said, public attention to Qaddafi by the Reagan administration may have gotten "out of hand, where he becomes a symbol, like El Salvador, of everything evil. So a lot of people would argue that we have vastly overblown Qaddafi as a person and as a threat."

Many specialists say that at the moment, the United States clearly could get along without Libyan oil, though the situation could change if Saudi Arabian production continues to decline. Some argue that if necessary the United States could eventually buy more oil from Nigeria, a friendly country that is having trouble selling its high-quality crude. They acknowledge, however, that switching suppliers is not as easy as it sounds.

Nevertheless, in the third view it is a sham for the United States to condemn Qaddafi verbally without taking overt sanctions against him, such as an oil boycott, even if they are inefficient or hurt American business or energy interests. In this view, it would also improve the image of American backbone among important African and Middle East opponents of Qaddafi in Egypt, Saudi Arabia, Sudan and several other African neighbors.

THINKING ABOUT LIBYA

Libya's Col. Qaddafi seems to have decided to remove the thousands of troops he had ordered into Chad, on his southern border, last year. It is always risky to speculate on what moves this curious figure. In recent months, however, the United States has been escalating its expressions of concern over his international banditry. French President Mitterrand had devised a new diplomatic plan, holding out to Chad's president an alternative to dependence on Libya and encouraging other African states to expedite the dispatch of a peace-keeping force. The Libyan decision is neither fully consummated nor irreversible. In the best of circumstances, Chad will be left with the internal tensions that opened the way to Libya's intervention in the first place. For now, however, the specter of a muscular fundamentalist Islamic movement marching across black Africa appears to be suspended.

How dangerous is Col. Qaddafi? One school of thought holds that he is an overcompensating anti-imperialist capable only of an occasional assassination and that the West simply gives him ideas and advertises its own impotence by thinking he can do much more. But this is a patronizing and misleading view. His oil wealth, his Soviet connection, his feel for Arab and Islamic currents and his tactical boldness have made him a menace out of all proportion to his nation's underdevelopment and small size. Of the different countries that the Reagan administration has identified as villains on the international scene, none has established itself in that role more convincingly on its own. That is what is satisfying—if it sticks—about the latest development in respect to Chad. Other nations, acting on their own judgment of Col. Qaddafi, sought to neutralize him in that corner at least.

One measure of his administration's concern is that it is now reported to have offered Egypt a military shield against the Soviet Union in the event that Egypt attacks Libya. This is an extraordinary offer, not least because it appears to delegate to another country the power to commit the United States to war. Fortunately, there are less risky and more defensible things the United States might do. One would be to cut back American purchases of oil from Libya, a development that market conditions currently facilitate. A second would be to call home the 2,000 Americans working in Libya whom Col. Qaddafi uses as a kind of shield. A third would be to find an effective way to remove the lingering and damaging suspicion that the ex-CIA men who have been helping him murder his enemies and conduct subversion still have some subterranean connection to the CIA.●

CHILEAN ECONOMICS

● Mr. EAST. Mr. President, in the continuing controversy over "Reaganomics," there has been comparatively little attention paid to the application of the principles of free market economics in other countries or to the disastrous consequences of abandoning the free market. One of the success stories of our time in this respect is the example of Chile under the government of General Pinochet. Although Chile is governed by an authoritarian and undemocratic regime, it has made remarkable economic recovery since 1973, when the Marxist experiments of Salvador Allende were overthrown.

My good friend and supporter, Mr. John W. Thomas, Jr., of High Point, N.C., has brought to my attention an article on "Chile's Brave New World of Reaganomics" by Peter Dworkin from the November 2, 1981, issue of Fortune magazine. Mr. Thomas, who is president of Thomasbuilt Buses, Inc., one of North Carolina's most successful businesses, is deeply knowledgeable in the principles of the free market as well as in their application, and his practical experience and observations of the world in his travels give him considerable authority in economic, political, and business affairs.

Mr. Dworkin's article points out that under Allende's collectivist policies, Chile suffered from an inflation rate of 600 percent; today, due to the adherence to free market principles, the inflation rate is about 12 percent. Budget deficits under Allende were 23 percent of the GNP; today, the budget has a surplus and the GNP itself has grown by an annual average of 8 percent for the last 4 years.

This remarkable economic progress has been due to the policies of Chilean Finance Minister Segio de Castro, a University of Chicago trained economist and a student of Nobel Prize winner Milton Friedman. Minister de Castro has employed many University of Chicago trained economists in the Chilean Government.

While Chile's authoritarian Government should not be emulated, the United States can still learn an important lesson from the failures of Allende's socialism and the astounding success of the application of free market economics under the Pinochet government.

I am indebted to Mr. Thomas for bringing Mr. Dworkin's article to my attention. I commend the article to my colleagues, and I ask that it be reprinted in the CONGRESSIONAL RECORD.

The article follows:

CHILE'S BRAVE NEW WORLD OF REAGANOMICS

(By Peter Dworkin)

Any country that knocks down its inflation rate from high triple digits to the low teens is bound to attract attention. And because Chile did it with a mix of budget cuts, tax changes, and free-market doctrine that looks a lot like Reaganomics, the Administration's boosters are pointing to Chile as proof that the Reagan economic program is sound and will really work.

Certainly Chile's turnaround since 1973 is impressive. From the economic wreckage of Salvador Allende's Marxist regime, when inflation topped 600 percent and the deficits reached 23.6 percent of GNP (equivalent to a U.S. deficit of $630 billion), Chile's military junta has fashioned a relatively healthy economy. Inflation is down to about 12 percent, and the budget has a surplus. For the past four years, GNP has grown an average of 8 percent annually. Though the government still controls big industries like copper mining, steel, and electric utilities, nearly all of the 500 companies nationalized by Allende have been returned to private ownership. Most tariffs, once averaging 105 percent, are down to 10 percent and trade is flourishing.

The results are strikingly visible in Santiago. Glittering, luxury-filled shops rival the best of Houston or Los Angeles. With trade barriers down, shiny new Japanese cars have largely replaced the elderly gas-eating Chevrolet Novas and Ford Falcons that once plied the streets. Though the gap between rich and poor seems not to have narrowed, the junta has sharply reduced the country's infant mortality rate, once a scandalous 65 per 1,000. Milton Friedman, who made a celebrated, advice giving lecture tour of Chile in 1979 calls the recovery "comparable to the economic miracle of postwar Germany. Arthur Laffer sees the country as nothing less than a showcase of what the supply-side ideas can do.

That may be too much praise. Even the Chileans are careful not to make extravagant claims about what their program might accomplish somewhere else. And Chile may not be the most suitable laboratory in which to test ideas for the huge and diverse U.S. economy. It has a budget about the size of New York City's, and its population of 11 million is remarkably homogeneous.

Moreover, in Chile the market's invisible hand is an iron fist. The junta, led by General Augusto Pinochet, rules by fiat backed up by Chile's goose-stepping army. (Chile long ago patterned its land forces on the Prussian model.) Freedom of speech is restricted, industry-wide strikes are outlawed, and police with machine guns keep order in Santiago. Unemployment hovers around 15 percent, which is surely an unacceptable level for any democracy.

Still, there are some lessons to be learned from Chile. Neighboring Argentina has demonstrated that an authoritarian regime can mess up its economy as thoroughly as can a democratic government. And Chile's strategy is especially intriguing because it was crafted and executed by the CHEE-ca-go Boys, a close-knit group of Chilean economists led by Finance Minister Sergio de Castro, 51, who learned free-market theories at the University of Chicago.

Chile got into its fix in the first place by spending more on social programs than it could afford. Through the 1950s and 1960s, a succession of democratic civilian governments was slowly turning Chile into a welfare state. But the rickety economy, with its dependence on copper exports and welter of tariffs and price controls, could not keep up with the rising social expectations. In 1970 Allende was elected on a Marxist platform pledging, among other goodies, rapid and strong economic growth.

Allende pushed so hard on the economic throttle that it broke. Oversized wage increases fed spiraling prices. When world copper prices fell and foreign lenders fled, he ran the printing presses at the treasury to cover the soaring fiscal deficit. Everything except strikes was in short supply. Housewives desperate over bare shelves in Santiago food stores took to the streets slamming pots—political theater Chileans remember as the March of the Casseroles. In September 1973, as air-force rockets slammed into the presidential palace, the military took over. Allende, refusing to surrender, died in his office—a murdered martyr to his supporters, a suicide according to the generals.

THE GENERAL HITS THE BOOKS

Pinochet, 65, the cautious and nonpolitical army chief appointed by Allende, had been the last of the brass to back the coup. But when the smoke cleared, he was on top. Educated at Chile's military academy, Pinochet apparently knew how to run a junta, but he didn't know much about the economy. According to one story, the general ordered up a copy of Paul Samuelson's famous economics text and spent more than a year plowing through it—as the indicators barely budged.

The generals and moderate free-market economists Pinochet appointed to the top economic jobs quickly abolished most price controls, but they only gradually reduced spending. The slow approach didn't work, and by the end of Pinochet's first year, inflation raged at 369 percent annually and the red ink still gushed.

Meanwhile the Chicago Boys kept hammering away for deep and immediate budget cuts. De Castro, who had once been the economics dean at Santiago's Catholic University, spent the Allende years drafting an economic recovery plan that formed the basis of what he has since accomplished. Shortly after the coup, De Castro joined the military government as a senior adviser in the Ministry of Economics. Many of his associates followed, and soon a dozen Chicago Boys were spread through various government agencies. They finally moved to the forefront early in 1975, but only because a collapse in copper prices saddled Chile with a balance-of-payments crisis. Drained of foreign reserves, the economy faced a billion-dollar import bill it couldn't pay. The only option, the Chicago disciples convinced Pinochet, was to go cold turkey. In distress, the general agreed:

De Castro was promoted to minister of economics and, along with Jorge Cauas, 47, the finance minister at the time, began to fashion the rescue operation. (Cauas, a former World Bank staffer, departed the next year to be ambassador to Washington and De Castro took his title.) It was at this point that De Castro's old professor, Milton Friedman, showed up in Santiago, the guest of a group of Chilean businessmen. Along with University of Chicago Professor Arnold Harberger, longtime friend and mentor of De Castro and many of the other Chicago Boys, Friedman spent a week in Chile recommending economic shock treatments on the budget. The prof's message was carried on TV, and Friedman even trooped over to Pinochet's office to give the general a one-hour course in monetary theory.

Though the visit has become part of the Friedman folklore—he saved Chile in a week—the Chileans are at some pains to point out that the government had already decided to move. Still, the Chicago Boys realized that the Friedman-Harberger road show was good public relations for the drastic steps they were about to take. With the country thus softened up, they swung a budgetary ax that would have delighted David Stockman. They cut spending by 25 percent across the board, pruned the public-sector payroll, and either sold off state enterprises or curtailed their access to the treasury. Within the year, except for payments on the government debt, the budget showed a surplus.

But as they slashed spending, the Chileans departed from Reaganomics—at least initially—in one important way: they raised taxes. Rates on personal income went up by 20 percent over two years. They also put in a 20 percent value-added tax and appointed a tough taxman to collar cheaters.

It wasn't until the budget began to come into balance in 1977 that De Castro started cutting taxes. And it is this phase of tax reform that Laffer focuses on as his supply-side litmus test. Personal exemptions were raised to the point that two-thirds of the wage earners pay no income taxes. Brackets were widened for all except the wealthiest.

The Chicago Boys shrug off Laffer's contention that the cuts were a major cause of the recovery, and the jury is still out on the effect of the tax cuts on savings. Are the Chileans supply-siders? Says Arnold Harberger, "What they've done are the things wise old men at the World Bank and the IMF have been saying for 25 years."

In managing the money supply, the Chicago Boys did not go nearly as far as Friedman had taught in the Fifties or suggested during his 1975 visit. Friedman wanted Chile's money growth stopped in its tracks within months. Harberger was a bit more moderate. He believed the annual expansion of money could gradually be slowed from about 260 percent to 80 percent. Instead, the Chileans moved more cautiously. The nominal supply of money measured by M1 (cash and demand deposits) expanded at an average of 125 percent a year from 1975 on. The policymakers reasoned that Chileans had been hooked on inflation for so long that they would have to be weaned gradually. "We were careful to look at the monetary aggregates," recalls Jorge Cauas. "But it would have been almost impossible to try to squeeze money further."

The bigger problem was the dire recession triggered by the Chicago shock treatment. The Chicago Boys foresaw—indeed, they sought—the contraction, but its severity and duration took them by surprise. The national output fell 15 percent in 1975 and wages slid to one-third below what they had been in 1970. Unemployment went to 20 percent, and stuck within three points of that level for the next four years. A crash program put heads of large families on the public payroll. There were outbreaks of mange and other infectious diseases. Beggars appeared on city streets, and the Catholic Church organized soup kitchens.

That painful reality was a sobering contrast to what had been promised. In 1975 Milton Friedman predicted that the unemployed would rapidly find work. "You'd be surprised," he told a Santiago audience, "how fast people would be absorbed by a growing private-sector economy." The Chicago-trained president of the Central Bank predicted that inflation would fall from 343 percent that year to 10 percent by 1976. Inflation did drop—to 193 percent in 1976 and to 84 percent in 1977. The private sector, caught between limp demand and high interest rates, came back very slowly. Only in 1978 did output regain its prerecession level.

In hindsight, it's clear that the shock treatment succeeded in bringing down inflation only by putting the country through a wringer. Harberger blames the worldwide recession of 1974–75 for causing a big part of the suffering. Rudiger Dornbusch, an MIT economist who trained at Chicago, charges that the government could have alleviated the pain with a more generous aid program for the poor. Whatever the causes, certainly a democracy would demand more compassion and quicker results. Perhaps only an autocrat like Pinochet could clobber inflation with such a heavy hand.

BOATLOADS OF SUMMER FRUIT

Chile's new trade policy was at least as important to the recovery as budget cutting and tax reform. For years food and other basic prices were held down. Huge tariffs on manufactured imports kept prices of locally produced products high and consumption low. Tariffs and subsidies to industry increased employment but encouraged inefficiency and poor quality. Bicycles enjoyed effective tariffs of 555 percent; textiles got 492 percent. Consumers and taxpayers paid the freight.

Pinochet's professors substituted the free-market theory of comparative advantage. Each nation, argued British economist David Ricardo 160 years ago, should make only those goods it can produce more cheaply than anyone else. One thing Chile could do was mine copper. But reliance on copper had long been troublesome for Chile, so De Castro sought new "comparative advantage" exports. Once the government stopped controlling food prices, farmers could export boatloads of summer fruits and vegetables to winter markets in Europe and the Mideast, seizing the advantage that Chile's seasons are opposite what they are north of the equator. In total, nontraditional exports, including paper products and fish, have grown ninefold since 1973.

As tariffs toppled, Chileans with pesos in their pockets went on an import drunk, reveling for the first time in everything from microwave ovens to Chun King Chinese food. Finnish butter and American mayonnaise, among other products, are cheaper than the local stuff. Chileans joke that even the chickens come from Taiwan. But it's no laughing matter: local manufacturers must compete with imports on price and quality or die.

Stripped of their tariffs, small companies in textiles, electronics, and metalworking did die. But a surprising number of other firms managed to adjust. An old refrigerator company now makes bicycles. The owners of an electronics firm shut it down and are now growing fruit, much of it for export. Some textile houses survive as importers.

The shift of resources to the private sector rewarded the swift and the strong. "People with a little luck and knowledge about the free market became kings," says Larry Sjaastad, an economist at Chicago who visits Chile frequently.

A good example of a new king is Javiar Vial, 47, the stocky chairman of the $1.3-billion BHC Group, among Chile's largest conglomerates. Ordinary Chileans call Vial and a few of his rivals "piranhas," an endearment roughly equivalent to "robber barons." Vial's 40-odd holdings include one-quarter of Chile's largest bank, the biggest lumber and home-appliance companies, as well as mines, metal-processing plants, and a fishing fleet.

Vial amassed large chunks of his empire by borrowing abroad and gobbling up the nationalized companies the government wanted to peddle. The Chicago Boys were in a hurry to sell the mostly money-losing firms, but there were few takers. With real interest rates at 65 percent in 1976, most Chilean companies could not raise the cash. Even the few that did have access to cheap foreign credit were too timid to move. "When the rules of the game changed, many people didn't," says Vial, sipping Chilean wine in the private dining room of his ornate 19th-century bank headquarters. Vial estimates the assets he acquired from the government about six years ago are now worth eight times what he paid.

The latest wrinkle in Chile's free-enterprise revolution is a unique plan to save the bankrupt social-security system by turning it over to the private sector. People now entering the work force must enroll in a private fund (more than a dozen have been approved since the plan began last May), and older workers have five years to ditch the public program. Employees must pay 10 percent of their salaries into the fund of their choice and can voluntarily contribute another 10 percent, both tax free. New wage increases offset the cost to the worker, who can change funds every 30 days, chasing the best returns.

THE WHITE HOUSE MADE INQUIRIES

Jose Piñera, 32, the ebullient Harvard trained economist who created the new system, believes it is foolproof. If a fund's performance falls 7 percent below the industry average for one year, the company that manages it must make up the difference with its own capital. The manager would go broke before the fund could fail. Piñera says, and just in case, the government guarantees a minimum pension. The idea is more radical than anything the Administration or Congress has proposed to save our failing Social Security system, but the Chileans say they have had discreet inquiries from the White House.

The social-security innovation is part of a broader effort to create a "nonsocialist social policy," as Piñera puts it. The idea is for the marketplace to provide services like pension benefits, health care, and higher education for a profit while a safety net of public programs catches the needy.

Sketchy evidence suggests that while those

in the lowest category have had modest increases in social services, the average level of services has deteriorated. Though the government denies it, Catholic charity workers claim that the incidence of diseases like typhoid that flourish in poor neighborhoods has doubled. Per capita social spending is down 10 percent from a decade ago.

The persistence of high unemployment takes a bit more of the shine off the Chicago experiment. "To me it's a puzzle," confides Arnold Harberger. The government is trying to nudge the marketplace: This summer it abolished the $154 monthly minimum wage for workers under 21 and over 65 to make youngsters and the aged more employable

LESSONS FROM ORTHODOXY

The big question is whether Chile can sustain its impressive growth. Claremont Economics Institute predicts output will expand only 4 percent to 5 percent this year and next, barely half the rate of the late Seventies. In the first half of the year imports dwarfed exports, as the country's consumer-goods craze continued and the price of copper and other exports faltered. Payments on $13 billion in foreign debt, for Chile's size one of the highest in the world, are increasing rapidly.

For his part, De Castro is willing to sacrifice immediate growth to keep inflation down. Since June 1979, when inflation was stuck around 40 percent a year, he has kept the rate of exchange firm at 39 pesos to the dollar. That way, the low prices of foreign goods would squash domestic prices. The gambit worked. But the overvalued exchange rate favors imports and punishes exporters who cannot recover rising costs. De Castro is now betting that local and international inflation will converge.

What can we learn from Chile's experiment in economic orthodoxy? First, if a small undeveloped country can live by the theory of competitive advantage, then surely our infinitely more resourceful economy can—without import quotas or auto-company bailouts. Second, Chile teaches that in controlling inflation neither money nor tax policy can substitute for sustained fiscal discipline. The U.S. economy should neither require the severity seen in Chile nor exact the same pain to solve its problems. Milton Friedman, for example, counsels gradualism not shock treatment. But the response time may be just as agonizingly long as it was in Chile. Whether a democracy has enough staying power is a question only Ronald Reagan's Washington—and the passage of time—can answer.●

EDUCATION OF DAVID STOCKMAN

● Mr. HART. Mr. President, I ask that the attached article from the December 1981 Atlantic magazine entitled "The Education of David Stockman" be printed in the RECORD in full at this point. It is a fascinating story about what the Director of the Office of Management and Budget, Mr. Stockman, knew about "supply-side" economics, and when he knew it. For anyone who has had any doubts about either the darker philosophic underpinnings of the administration's economic proposals, or the faulty logic behind them, this article will prove extremely enlightening.

The article follows:

THE EDUCATION OF DAVID STOCKMAN

(By William Greider)

I. HOW THE WORLD WORKS

Generally, he had no time for idle sentimentality, but David A. Stockman indulged himself for a moment as he and I approached the farmhouse in western Michigan where Stockman was reared. With feeling, he described a youthful world of hard work, variety, and manageable challenges. "It's something that's disappearing now, the working family farm," Stockman observed. "We had a little of everything—an acre of strawberries, an acre of peaches, a field of corn, fifteen cows. We did everything."

A light snow had fallen the day before, dusting the fields and orchards with white, which softened the dour outline of the Stockman brick farmhouse. It was built seventy years ago by Stockman's maternal grandfather, who also planted the silver birches that ring the house. He was county treasurer of Berrien County for twenty years, and his reputation in local politics was an asset for his grandson.

The farm has changed since Stockman's boyhood; it is more specialized. The bright-red outbuildings behind the house include a wooden barn where livestock was once kept, a chicken coop also no longer in use, a garage, and a large metal-sided building, where the heavy equipment—in particular, a mechanical grape picker—is stored. Grapes are now the principal crop that Allen Stockman, David's father, produces. He earns additional income by leasing out the grape picker. The farm is a small but authentic example of the entrepreneurial capitalism that David Stockman so admires.

As the car approached the house, Stockman's attention was diverted by a minor anomaly in the idyllic rural landscape: two tennis courts. They seemed out of place, alone, amidst the snow-covered fields at an intersection next to the Stockman farm. Stockman hastened to explain that, despite appearances, these were not his family's private tennis courts. They belonged to the township. Royalton Township (of which Al Stockman was treasurer) had received, like all other local units of government, its portion of the federal revenue-sharing funds, and this was how the trustees had decided to spend part of the money from Washington. "It's all right, I suppose," Stockman said amiably, "but these people would never have taxed themselves to build that. Not these tight-fisted taxpayers! As long as someone is giving them the money, sure, they are willing to spend it. But they would never have used their own money."

Stockman's contempt was directed not at the local citizens who had spent the money but at the people in Washington who had sent it. And soon he would be in a position to do something about them. This winter weekend was a final brief holiday with his parents; in a few weeks he would become director of the Office of Management and Budget in the new administration in Washington. Technically, Stockman was still the U.S. congressman from Michigan's Fourth District, but his mind and exceptional energy were already concentrated on running OMB, a small but awesomely complicated power center in the federal government, through which a President attempts to monitor all of the other federal bureaucracies.

Stockman carried with him a big black binder enclosing a "Current Services Budget," which listed every federal program and its current cost projections. He hoped to memorize the names of 500 to 1,000 program titles and major accounts by the time he was sworn in—an objective that seemed reasonable to him, since he already knew many of the budget details. During four years in Congress, Stockman had made himself a leading conservative gadfly, attacking Democratic budgets and proposing leaner alternatives. Now the President-elect was inviting him to do the same thing from within. Stockman had lobbied for the OMB job and was probably better prepared for it, despite his youthfulness, than most of his predecessors.

He was thirty-four years old and looked younger. His shaggy hair was streaked with gray, and yet he seemed like a gawky collegian, with unstylish glasses and a prominent Adam's apple. In the corridors of the Capitol, where all ambitious staff aides scurried about in serious blue suits, Representative Stockman wore the same uniform, and was frequently mistaken for one of them.

Inside the farmhouse, the family greetings were casual and restrained. His parents and his brothers and in-laws did not seem overly impressed by the prospect that the eldest son would soon occupy one of the most powerful positions of government.

Opening presents in the cluttered living room, watching the holiday football games on television, the Stockmans seemed a friendly, restrained, classic Protestant farm family of the Middle West, conservative and striving. As sometimes happens in those families, however, the energy and ambition seemed to have been concentrated disproportionately in one child, David, perhaps at the expense of the others. His mother, Carol, a big-boned woman with metallic blond hair, was the family organizer, an active committee member in local Republican politics, and the one who made David work for A's in school. In political debate, David Stockman was capable of dazzling opponents with words; his brothers seemed shy and taciturn in his presence. One brother worked as a county corrections officer in Michigan. Another, after looking on Capitol Hill, found a job in an employment agency. A third, who had that distant look of a sixties child grown older, did day labor, odd jobs. His sister was trained as an educator and worked as a consultant to manpower-training programs in Missouri that were financed by the federal government. "She believes in what she's doing and I don't quarrel with it," Stockman said. "Basically, there are gobs of this money out there. CETA grants have to do evaluation and career planning and so forth. What does it amount to? Somebody rents a room in a Marriott Hotel somewhere and my sister comes in and talks to them. I think Marriott may get more out of it than anyone else. That's part of what we're trying to get at, and it's layered all over the government."

While David Stockman would speak passionately against the government in Washington and its self-aggrandizing habits, there was this small irony about his siblings and himself: most of them worked for government in one way or another—protected from the dynamic risk-taking of the private economy. Stockman himself had never had any employer other than the federal government, but the adventure in his career lay in challenging it. Or, more precisely, in challenging the "permanent government" that modern liberalism had spawned.

By that phrase, Stockman and other conservatives meant not only the layers and layers of federal bureaucrats and liberal politicians who sustained open-ended growth of the central government but also the less visible infrastructure of private interests that fed off of it and prospered—the law firms and lobbyists and trade associations in rows of shining office buildings along K Street in Washington; the consulting firms and contractors; the constituencies of special interests, from schoolteachers to construction workers to failing businesses and multinational giants, all of whom came to Washington for money and for legal protection against the perils of free competition.

While ideology would guide Stockman in his new job, he would be confronted with a large and tangible political problem: how to resolve the three-sided dilemma created by Ronald Reagan's contradictory campaign promises. In private, Stockman agreed that his former congressional mentor, John Anderson, running as an independent candidate for President in 1980, had asked the right question: How is it possible to raise defense spending, cut income taxes, and balance the budget, all at the same time? Anderson had

taunted Reagan with that question, again and again, and most conventional political thinkers, from orthodox Republican to Keynesian liberal, agreed with Anderson that it could not be done.

But Stockman was confident, even cocky, that he and some of his fellow conservatives had the answer. It was a theory of economics—the supply-side theory—that promised an end to the twin aggravations of the 1970s: high inflation and stagnant growth in America's productivity. "We've got to figure out a way to make John Anderson's question fit into a plausible policy path over the next three years," Stockman said. "Actually, it isn't all that hard to do."

The supply-side approach, which Stockman had only lately embraced, assumed, first of all, that dramatic action by the new President, especially the commitment to a three-year reduction of the income tax, coupled with tight monetary control, would signal investors that a new era was dawning, that the growth of government would be displaced by the robust growth of the private sector. If economic behavior in a climate of high inflation is primarily based on expectations about the future value of money, then swift and dramatic action by the President could reverse the gloomy assumptions in the disordered financial markets. As inflation abated, interest rates dropped, and productive employment grew, those marketplace developments would, in turn, help Stockman balance the federal budget.

"The whole thing is premised on faith," Stockman explained. "On a belief about how the world works." As he prepared the script in his mind, his natural optimism led to bullish forecasts, which were even more robust than the Reagan Administration's public promises. "The inflation premium melts away like the morning mist," Stockman predicted. "It could be cut in half in a very short period of time if the policy is credible. That sets off adjustments and changes in perception that cascade through the economy. You have a bull market in '81, after April, of historic proportions."

How the world works.—It was a favorite phrase of Stockman's frequently invoked in conversation to indicate a coherent view of things, an ideology that was whole and consistent. Stockman took ideology seriously, and this distinguished him from other bright, ambitious politicians who were content to deal with public questions one at a time without imposing a consistent philosophical framework upon them.

In 1964, when he went off to Michigan State, having played quarterback in high school and participated in Future Farmers of America, Stockman assumed that he would be a farmer like his father. His political views were orthodox Republican, derived from his mother, and from his reading of The Conscience of a Conservative, by Senator Barry Goldwater. "In my first three months, I went through an absolute clash of cultures," Stockman recalls. "My first professor was an atheist and socialist from Brooklyn, and within three months I think he destroyed everything I believed in, from God to the flag. When the Vietnam War became the focus of campus radicalism, Stockman became a leader, and read Herbert Marcuse, C. Wright Mills, and Paul Goodman's critiques of American society. "I became a radical, not in the hard-core sense but in the more casual sense that nearly everybody was on campus in those days. Naturally, as a good Methodist, I looked for the Methodist youth center, which became the anti-war center, because that was the socially conscious thing to do. I was still enough of a farm boy to believe that revolution was God's work."

After graduation he, enrolled at Harvard Divinity School thinking he might become a great moral philosopher in the tradition of Christian social activists. (He was perhaps also thinking, like so many other students of the time, that divinity school would extend his deferment from the draft.) At Michigan State, he had dropped the study of agriculture and moved into the humanities. At Harvard, he dropped theology and moved into the social sciences (though he never received training as an economist), "I guess I always had a strong intellectual bent, so I needed a strong theory of how the world worked."

When he found the divinity courses uninspiring, he began taking political science and history—studying under neo-conservatives such as James Q. Wilson Nathan Glazer, and Daniel Patrick Moynihan—and discovered, he said, "that it was possible to have a sophisticated view of the world without being a Marxist." In a Harvard seminar, he made a connection with John Anderson, who was looking for a bright young idea man to help prepare issues for the House Republican Conference, which Anderson chaired. The Illinois congressman was moving gradually leftward in his views; Stockman was continuing his intellectual search in the opposite direction.

Stockman's congressional district was composed of small towns and countryside, a world that worked quite well without Washington, in his view. After dinner at the farm that day, we took a driving tour of the area. The government's good works were everywhere—a new sewer system in Bridgman, a modern municipal building in Stevensville—but Stockman belittled them as "pork barrel." Stockman's district was overwhelmingly rural and Republican, but he saw it as a fair representation of America.

Indeed, as a congressman, Stockman himself had worked hard to make certain that his Fourth District constituents exploited the system. His office maintained a computerized alert system for grants and loans from the myriad agencies, to make certain that no opportunities were missed. "I went around and cut all the ribbons and they never knew I voted against the damn programs," he said.

Still, more than most other politicians, Stockman was known for standing by his ideological principles, not undermining them. When Congress voted its bail-out financing to rescue Chrysler from bankruptcy, Stockman was the only Michigan representative to oppose it, even though a large town in his district St. Joseph, would be hurt. The town's largest employer, St. Joe's Auto Specialties, was a Chrysler supplier, and its factory was laying off workers. Its owners were among Stockman's earliest and largest contributors when he first ran for Congress, in 1976. Still, he opposed the bail out. "Some of them were a little miffed at me and others applauded. I only had one or two argue strenuously with me. They're probably more derogatory behind my back."

Stockman felt protected from local pressures, in a way that most members of Congress do not—partly by the Republicanism of the district but also by the consistency of his ideology. Since he had a clear, strong view of what government ought and ought not to do, he found it easier to resist claims that seemed illegitimate, no matter who their sponsors might be. "Too many politicians are intimidated by the squeaking wheel, in my judgment. Regardless of their ideological viewpoint, they're able to incorporate the squeaking wheel into their general position. If the proposal is pro-business, they call it conservative. If they're from Nebraska, it's pro-farmer. It's whatever serves the constituencies."

This was the core of his complaint against the modern liberalism launched by Franklin Roosevelt's New Deal. He did not quarrel with the need for basic social-welfare programs, such as unemployment insurance or Social Security; he agreed that the government must regulate private enterprise to protect general health and safety. But liberal politics in its later stages had lost the ability to judge claims, and so yielded to all of them, Stockman thought, creating what he describes as "constituency-based choice-making," which could no longer address larger national interests, including fiscal control. As Stockman saw it, this process did not ameliorate social inequities; it created new ones by yielding to powerful interest groups at the expense of everyone else. "What happens is the politicization of the society. All decisions flow to the center. Once we decide to allocate credit to certain activities—and we're doing that on a massive scale—or to allocate the capital for energy development, the levels of competency and morality fall. Then the outcomes in society begin to look more and more like the work of brute muscle. The other thing it does is destroy ideas. Once things are allocated by political muscle, by regional claims, there are no longer idea-based agendas."

Across the river from St. Joe's, Stockman drove through the deserted Main Street of Benton Harbor, his favorite example of failed liberalism. Once it had been a prosperous commercial center but now most of its stores and buildings were boarded up and vacant except for an occasional storefront church or social-service agency. As highways and suburban shopping centers pulled away commerce, the downtown collapsed, whites moved, and the city became predominantly black and overwhelmingly poor. The federal government's various efforts to revive Benton Harbor had quite visibly failed.

"When you have powerful underlying demographic and economic forces at work, federal intervention efforts designed to reverse the tide turn out to have rather anemic effects," Stockman said, surveying the dilapidated storefronts. "I wouldn't be surprised if $100 million had been spent here in the last twenty years. Urban renewal, CETA, model cities, they've had everything. And the results? No impact whatever."

The drastic failure seemed to please him, for it confirmed his view of how the world works. As budget director, he intended to proceed against many of the programs that fed money to the poor blacks of Benton Harbor, morally confident because he knew from personal observation that the federal revitalization money did not deliver what such programs promised. But he would also go after the Economic Development Administration (EDA) grants for the comfortable towns and the Farmers Home Administration loans for communities that could pay for their own sewers and the subsidized credit for farmers and business—the federal guarantees for economic interests that ought to take their own risks. He was confident of his theory, because, in terms of the Michigan countryside where he grew up, he saw it as equitable and fundamentally moral.

"We are interested in curtailing weak claims rather than weak clients," he promised. "The fear of the liberal remnant is that we will only attack weak clients. We have to show that we are willing to attack powerful clients with weak claims. I think that's critical to our success—both political and economic success."

II. A RADICAL IN POWER

Three weeks before the inauguration, Stockman and his transition team of a dozen or so people were already established at the OMB office in the Old Executive Office Building. When his appointment as budget director first seemed likely he had agreed to meet with me from time to time and relate, off the record, his private account of the great political struggle ahead. The particulars of these conversations were not to be reported until later, after the season's battles were over, but

a cynic familiar with how Washington works would understand that the arrangement had obvious symbiotic value. As an assistant managing editor at The Washington Post, I benefited from an informed view of policy discussions of the new administration; Stockman, a student of history, was contributing to history's record and perhaps influencing its conclusions. For him, our meetings were another channel—among many he used—to the press. The older generation of orthodox Republicans distrusted the press; Stockman was one of the younger "new" conservatives who cultivated contacts with columnists and reporters, who saw the news media as another useful tool in political combat. "We believe our ideas have intellectual respectability, and we think the press will recognize that," he said. "The traditional Republicans probably sensed, even if they didn't know it, that their ideas lacked intellectual respectability."

In any case, for the eight months that followed, Stockman kept the agreement, and our regular conversations over breakfast at the Hay-Adams, provided the basis of the account that follows.

In early January, Stockman and his staff were assembling dozens of position papers on program reductions and studying the internal forecasts for the federal budget and the national economy. The initial figures were frightening—"absolutely shocking," he confided—yet he seemed oddly exhilarated by the bad news, and was bubbling with new plans for coping with these horrendous numbers. An OMB computer, programmed as a model of the nation's economic behavior, was instructed to estimate the impact of Reagan's program on the federal budget. It predicted that if the new President went ahead with his promised three-year tax reduction and his increase in defense spending, the Reagan Administration would be faced with a series of federal deficits without precedent in peacetime—ranging from $82 billion in 1982 to $116 billion in 1984. Even Stockman blinked. If those were the numbers included in President Reagan's first budget message, the following month, the financial markets that Stockman sought to reassure would instead be panicked. Interest rates, already high, would go higher; the expectation of long-term inflation would be confirmed.

Stockman saw opportunity in these shocking projections. "All the conventional estimates just wind up as mud," he said. "As absurdities. What they basically say, to boil it down is that the world doesn't work."

Stockman set about doing two things. First, he changed the OMB computer. Assisted by like-minded supply-side economists, the new team discarded orthodox premises of how the economy would behave. Instead of a continuing double-digit inflation, the new computer model assumed a swift decline in prices and interest rates. Instead of the continuing pattern of slow economic growth, the new model was based on a dramatic surge in the nation's productivity. New investment, new jobs and growing profits—and Stockman's historic bull-market. "It's based on valid economic analysis," he said, "but it's the inverse of the last four years. When we go public, this is going to set off a wide-open debate on how the economy works, a great battle over the conventional theories of economic performance."

The original apostles of supply-side, particularly Representative Jack Kemp, of New York, and the economist Arthur B. Laffer, dismissed budget-cutting as inconsequential to the economic problems, but Stockman was trying to fuse new theory and old. "Laffer sold us a bill of goods," he said, then corrected his words: "Laffer wasn't wrong—he didn't go far enough."

The great debate never quite took hold in the dimensions that Stockman had anticipated, but the Reagan Administration's economic projections did become the source of continuing controversy. In defense of their counter-theories, Stockman and his associates would argue, correctly, that conventional forecasts, particularly by the Council of Economic Advisers in the preceding administration, had been consistently wrong in the past. His critics would contend that the supply-side premises weer based upon wishful thinking, not sound economic analysis.

But, second, Stockman used the appalling deficit projections as a valuable talking point in the policy discussions that were under way with the President and his principal advisers. Nobody in that group was the least bit hesitant about cutting federal programs, but Reagan had campaigned on the vague and painless theme that eliminating "waste, fraud, and mismanagement" would be sufficient to balance the accounts. Now, as Stockman put it, "the idea is to try to get beyond the waste, fraud, and mismanagement modality and begin to confront the real dimensions of budget reduction." On the first Wednesday in January, Stockman had two hours on the President-elect's schedule to describe the "dire shape" of the federal budget; for starters, the new administration would have to go for a budget reduction in the neighborhood of $40 billion. "Do you have any idea what $40 billion means?" he said. "It means I've got to cut the highway program. It means I've got to cut milk-price supports. And Social Security student benefits. And education and student loans. And manpower training and housing. It means I've got to shut down the synfuels program and a lot of other programs. The idea is to show the magnitude of the budget deficit and some suggestion of the political problems."

How much pain was the new President willing to impose? How many sacred cows would he challenge at once? Stockman was still feeling out the commitment at the White House, aware that Reagan's philosophical commitment to shrinking the federal government would be weighed against political risks.

Stockman was impressed by the ease with which the President-elect accepted the broad objective: find $40 billion in cuts in a federal budget running well beyond $700 billion. But, despite the multitude of expenditures, the proliferation of programs and grants, Stockman knew the exercise was not as easy as it might sound.

Consider the budget in simple terms, as a federal dollar representing the entire $700 billion. The most important function of the federal government is mailing checks to citizens—Social Security checks to the elderly, pension checks to retired soldiers and civil servants, reimbursement checks for hospitals and doctors who provide medical care for the aged and the poor, welfare checks for the dependent, veterans checks to pensioners. Such disbursements consume forty-eight cents of the dollar.

Another twenty-five cents goes to the Pentagon, for national defense. Stockman knew that this share would be rising in the next four years, not shrinking, perhaps becoming as high as thirty cents. Another ten cents was consumed by interest payments on the national debt, which was fast approaching a trillion dollars.

That left seventeen cents for evrything else that Washington does. The FBI and the national parks, the county agents and the Foreign Service and the Weather Bureau—all the traditional operations of government—consumed only nine cents of the dollar. The remaining eight cents provided all of the grants to state and local governments, for aiding handicapped children or building highways or installing tenis courts next to Al Stockman's farm. One might denounce particular programs as wasteful, as unnecessary and ineffective, even crazy, but David Stockman knew that he could not escape these basic dimensions of federal spending.

As he and his staff went looking for the $40 billion, they found that most of it would have to be taken from the seventeen cents that covered government operations and grants-in-aid. Defense was already off-limits. Next Ronald Reagan laid down another condition for the budget-cutting: the main benefit programs of Social Security, Medicare, veterans' checks, railroad retirement pensions, welfare for the disabled—the so-called "social safety net" that Reagan had promised not to touch—were to be exempt from the budget cuts. In effect, he was declaring that Stockman could not tamper with three fourths of the forty-eight cents devoted to transfer payments.

No President had balanced the budget in the past twelve years. Still, Stockman thought it could be done by 1984, if the Reagan Administration adhered to the principle of equity, cutting weak claims, not merely weak clients, and if it shocked the system sufficiently to create a new political climate. He still believed that it was not a question of numbers. "It boils down to a political question, not of budget policy or economic policy, but whether we can change the habits of the political system."

The struggle began in private, with Ronald Reagan's Cabinet. By inaugural week, Stockman's staff had assembled fifty or sixty policy papers outlining major cuts and alterations, and, aiming at the target of $40 billion, Stockman was anxious to win fast approval for them, before the new Cabinet officers were fully familiar with their departments and prepared to defend their bureaucracies. During the first week, the new Cabinet members had to sit through David Stockman's recital—one proposal after another outlining drastic reductions in their programs. Brief discussion was followed by presidential approval. "I have a little nervousness about the heavy-handedness with which I am being forced to act," Stockman conceded. "It's not that I wouldn't want to give the decision papers to the Cabinet members ahead of time so they could look at them, it's just that we're getting them done at eight o'clock in the morning and rushing them to the Cabinet room . . . It doesn't work when you have to brace these Cabinet officers in front of the President with severe reductions in their agencies, because then they're in the position of having to argue against the group line. And the group line is cut, cut, cut. So that's a very awkward position for them, and you make them resentful very fast."

Stockman proposed to White House counselor Edwin Meese an alternative approach—a budget working group, in which each Cabinet secretary could review the proposed cuts and argue against them. As the group evolved, however, with Meese, chief of staff James Baker, Treasury Secretary Donald Regan, and policy director Martin Anderson, among others, it was stacked in Stockman's favor. "Each meeting will involve only the relevant Cabinet member and his aides with four or five strong keepers of the central agenda," Stockman explained at one point. "So on Monday, when we go into the decision on synfuels programs, it will be [Energy Secretary James B.] Edwards defending them against six guys saying that, by God, we've got to cut these back or were not going to have a savings program that will add up."

In general, the system worked. Stockman's agncy did in a few weeks what normally consumes months; the process was made easier because the normal opposition forces had no time to marshal either their argu-

ments or their constituents and because the President was fully in tune with Stockman. After the budget working group reached a decision, it would be taken to Reagan in the form of a memorandum, on which he could register his approval by checking a little box. "Once he checks it," Stockman said, "I put that in my safe and I go ahead and I don't let it come back up again."

The check marks were given to changes in twelve major budget entitlements and scores of smaller ones. Eliminate Social Security minimum benefits. Cap the runaway costs of Medicaid. Tighten eligibility for food stamps. Merge the trade adjustment assistance for unemployed industrial workers with standard unemployment compensation and shrink it. Cut education aid by a quarter. Cut grants for the arts and humanities in half. "Zero out" CETA and the Community Services Administration and National Consumer Cooperative Bank. And so forth. "Zero out" became a favorite phrase of Stockman's; it meant closing down a program "cold turkey," in one budget year. Stockman believed that any compromise on a program that ought to be eliminated—funding that would phase it out over several years—was merely a political ruse to keep it alive, so it might still be in existence a few years hence, when a new political climate could allow its restoration to full funding.

"I just wish that there were more hours in the day or that we didn't have to do this so fast. I have these stacks of briefing books and I've got to make decisions about specific options . . . I don't have time, trying to put this whole package together in three weeks, so you just start making snap judgments."

In the private deliberations, Stockman began to encounter more resistance from Cabinet members. He was proposing to cut $752 million from the Export-Import Bank, which provides subsidized financing for international trade—a cut of crucial symbolic importance, because of Stockman's desire for equity. Two thirds of the Ex-Im's direct loans benefit some of America's major manufacturers—Boeing, Lockheed, General Electric, Westinghouse, McDonnell Douglas, Western Electric, Combustion Engineering—and, not surprisingly, the program had a strong Republican constituency on Capitol Hill. Stockman thought the trade subsidies offended the free-market principles that all conservatives espouse—in particular, President Reagan's objective of withdrawing Washington from business decision-making. Supporters of the subsidies made a practical argument: the U.S. companies, big as they were, needed the financial subsidies to stay even against government-subsidized competition from Europe and Japan.

The counter-offensive against the cut was led by Commerce Secretary Malcolm Baldrige and U.S. Trade Representative William Brock, who argued eloquently before the budget working group for a partial restoration of Ex-Im funds. By Stockman's account, the two "fought, argued, pounded the table," and the meeting seemed headed for deadlock. "I sort of innocently asked, well, isn't there a terrible political spin on this? It's my impression that most of the money goes to a handful of big corporations, and if we are ever caught not cutting this while we're biting deeply into the social programs, we're going to have big problems." Stockman asked if anyone at the table had any relevant data. Deputy Secretary of the Treasury Tim McNamar thereupon produced a list of Ex-Im's major beneficiaries (a list that Stockman had given him before the meeting). "So then I went into this demagogic tirade about how in the world can I cut food stamps and social services and CETA jobs and EDA jobs and you're going to tell me you can't give up one penny for Boeing?"

Stockman won that argument, for the moment. But, as with all the other issues in the budget debate, the argument was only beginning. "I've got to take something out of Boeing's hide to make this look right . . . You can measure me on this, because I'll probably lose but I'll give it a helluva fight."

Stockman also began what was to become a continuing struggle, occasionally nasty, with the new secretary of energy. Edwards, a dentist from South Carolina, was ostensibly appointed to dismantle the Department of Energy, as Reagan had promised, but when Stockman proposed cutting the department in half, virtually eliminating the vast synthetic-fuels program launched by the Carter Administration, Edwards argued in defense. In the midst of the battle, Stockman said contemptuously, "I went over to DOE the other day and here's a whole roomful of the same old bureaucrats I've been kicking around for the last five years—advising Edwards on why we couldn't do certain things on oil decontrol that I wanted to do." The relationship did not improve as the two men got to know each other better.

But Stockman felt only sympathy for Secretary of Agriculture John Block, an Illinois farmer. The budget cuts were hitting some of Agriculture's principal subsidy programs. A billion dollars would be cut from dairy-price supports. The Farmers Home Administration loans and grants were to be sharply curtailed. The low-interest financing for rural electric cooperatives and the Tennessee Valley Authority would be modified.

In the early weeks of the new administration, the peanut growers and their congressional lobby had campaigned, as they did every year, to have the new secretary of agriculture raise the price-support level for peanuts. Stockman told Block he would have to refuse—for Stockman wanted to abolish the program. "I sympathize with Jack Block," Stockman said. "I forced him into a position that makes his life miserable over there. He's on the central team, he's not a departmental player, but the parochial politics of that department are fierce." Victories over farm lobbies could be won, Stockman believed, if he kept the issues separate—attacking each commodity program in turn, and undermining urban support by cutting the food and nutrition programs. "My strategy is to come in with a farm bill that's unacceptable to the farm guys so that the whole thing begins to splinter." An early test vote on milk-price supports seemed to confirm the strategy—the dairy farmers lobbied and lost.

The only cabinet officer Stockman did not challenge was, of course, the secretary of defense. In the frantic preparation of the Reagan budget message, delivered in broad outline to Congress on February 18, the OMB review officers did not give even their usual scrutiny to the new budget projections from Defense. Reagan had promised to increase military spending by 7 percent a year, adjusted for inflation, and this pledge translated into the biggest peacetime arms buildup in the history of the republic—$1.6 trillion over the next five years, which would more than double the Pentagon's annual budget while domestic spending was shrinking. Stockman acknowledged that OMB had taken only a cursory glance at the new defense budget, but he was confident that later on, when things settled down a bit, he could go back and analyze it more carefully.

In late February, months before the defense budget became a subject of Cabinet debate, Stockman privately predicted that Defense Secretary Caspar Weinberger, himself a budget director during the Nixon years, would be an ally when he got around to cutting back military spending. "As soon as we get past this first phase in the process, I'm really going to go after the Pentagon. The whole question is blatant inefficiency, poor deployment of manpower, contracting idiocy, and, hell, I think that Cap's going to be a pretty good mark over there. He's not a tool of the military-industrial complex. I mean, he hasn't been steeped in its excuses and rationalizations and ideology for twenty years, and I think that he'll back off on a lot of this stuff, but you just can't challenge him head-on without your facts in line. And we're going to get our case in line and just force it through the presses."

Stockman shared the general view of the Reagan Administration that the United States needed a major build-up of its armed forces. But he also recognized that the Pentagon, as sole customer for weapons systems, subsidized the arms manufacturers in many direct ways and violated many free-market principles. "The defense budgets in the out-years won't be nearly as high as we are showing now, in my judgment. Hell, I think there's a kind of swamp of $10 to $20 to $30 billion worth of waste that can be ferreted out if you really push hard."

Long before President Reagan's speech to Congress, most of the painful details of the $41.4 billion in proposed reductions were already known to Capitol Hill and the public. In early February, preparing the political ground, Stockman started delivering his "black book" to Republican leaders and committee chairmen. He knew that once the information was circulating on the Hill, it would soon be available to the news media, and he was not at all upset by the daily storm of headlines revealing the dimensions of what lay ahead. The news conveyed, in its drama and quantity of detail, the appropriate political message: President Reagan would not be proposing business as usual. The President had in mind what Stockman saw as "fiscal revolution."

But it was not generally understood that the new budget director had already lost a major component of his revolution—another set of proposals, which he called "Chapter II," that was not sent to Capitol Hill because the President had vetoed its most controversial elements.

Stockman had thought "Chapter II" would help him on two fronts: it would provide substantially increased revenues and thus help reduce the huge deficits of the next three years; but it would also mollify liberal critics complaining about the cuts in social welfare, because it was aimed primarily at tax expenditures (popularly known as "loopholes") benefiting oil and other business interests. "We have a gap which we couldn't fill even with all these budget cuts, too big a deficit," Stockman explained. "Chapter II comes out totally on the opposite of the equity question. That was part of my strategy to force acquiescence at the last minute into a lot of things you'd never see a Republican administration propose. I had a meeting this morning at the White House. The President wasn't involved, but all the other key senior people were. We brought a program of additional tax savings that don't touch any social programs. But they touch tax expenditures." Stockman hesitated to discuss details, for the package was politically sensitive, but it included elimination of the oil-depletion allowance; an attack on tax-exempt industrial-development bonds; user fees for owners of private airplanes and barges; a potential ceiling on home-mortgage deductions (which Stockman called a "mansion cap," since it would affect only the wealthy); some defense reductions; and other items, ten in all. Total additional savings: somewhere in the neighborhood of $20 billion. Stockman was proud of "Chapter II" and also very nervous about it, because, while liberal Democrats might applaud the closing of "loopholes" that they had attacked for years, powerful lobbies—in Congress and business—would mobilize against it.

Did President Reagan approve? "If there's a consensus on it, he's not going to buck it, probably."

Two weeks later, Stockman cheerfully explained that the President had rejected his "tax-expenditures" savings. The "Chapter II" issues had seemed crucial to Stockman when he was preparing them, but he dismissed them as inconsequential now that he had lost. "Those were more like ornaments I was thinking of on the tax side," he insisted. "I call them equity ornaments. They're not really too good. They're not essential to the economics of the thing."

The President was willing to propose user fees for aircraft, private boats, and barges, but turned down the proposal to eliminate the oil-depletion allowance. "The President has a very clear philosophy," Stockman explained. "A lot of people criticize him for being short on the details, but he knows when something's wrong. He just jumped all over my tax proposals."

Stockman dropped other proposals. Nevertheless, he was buoyant. The reactions from Capitol Hill were clamorous, as expected, but the budget director was more impressed by the silences, the stutter and hesitation of the myriad interest groups. Stockman was becoming a favorite caricature for newspaper cartoonists—the grim reaper of the Reagan Administration, the Republican Robespierre—but in his many sessions on the Hill he sensed confusion and caution on the other side.

"There are more and more guys coming around to our side," he reported. "What's happening is that the plan is so sweeping and it covers all the bases sufficiently, so that it's like a magnifying glass that reveals everybody's pores. . . . In the past, people could easily get votes for their projects or their interests by saying, well, if they would cut food stamps and CETA jobs and two or three other things, then maybe we would go along with it, but they are just picking on my program. But, now, everybody perceives that everbody's sacred cows are being cut. If that's what it takes, so be it. The parochial player will not be the norm, I think. For a while."

III. THE MAGIC ASTERISK

On Capitol Hill, ideological consistency is not a highly ranked virtue but its absence is useful grounds for scolding the opposition. David Stockman endured considerable needling when his budget appeared, revealing that many programs that he had opposed as a congressman had survived. The most glaring was the fast-breeder nuclear reactor at Clinch River, Tennessee. Why hadn't Stockman cut the nuclear subsidy that he had so long criticized? The answer was Senator Howard Baker, of Tennessee, majority leader. "I didn't have to get rolled," Stockman said, "I just got out of the way. It just wasn't worth fighting. This package will go nowhere without Baker, and Clinch River is just life or death to Baker. A very poor reason, I know."

Consistency, he knew, was an important asset in the new environment. The package of budgets cuts would be swiftly picked apart if members of Congress perceived that they could save their pet programs, one by one, from the general reductions. "All those guys are looking for ways out," he said. "If they can detect an alleged pattern of preferential treatment for somebody else or discriminatory treatment between rural and urban interests or between farm interests and industrial interests, they can concoct a case for theirs."

Even by Washington standards, where overachieving young people with excessive adrenalin are commonplace, Stockman was busy. Back and forth, back and forth he went, from his vast office at the Old Executive Office Building, with its classic high ceilings and its fireplace, to the cloakrooms and hideaway offices and hearing chambers of the Capitol, to the West Wing of the White House. Usually, he carried an impossible stack of books and papers under his arm, like a harried high school student who has not been given a locker. He promised friends he would relax—take a day off, or at least sleep later than 5 a.m., when he usually arose to read policy papers before breakfast. But he did not relax easily. What was social life compared with the thrill of reshaping the federal establishment?

In the early skirmishing on Capitol Hill, Stockman actually proposed a tight control system: Senator Baker and the House Republican leader, Robert Michel, of Illinois, would be empowered to clear all budget trades on particular programs—and no one else, not even the highest White House advisers, could negotiate any deals. "If you have multiple channels for deals to be cut and retreats to be made," Stockman explained, "then it will be possible for everybody to start side-dooring me, going in to see Meese, who doesn't understand thet policy background, and making the case, or [James] Baker making a deal with a subcommittee chairman." Neither the White House nor the congressional leadership liked his idea, and it was soon buried.

By March, however, Stockman could see the status quo yielding to the shock of the Reagan agenda. In dozens of meetings and hearings, public and private, Stockman perceived that it was now inappropriate for a senator or a congressman to plead for his special interests, at least in front of other members with other interests. At one caucus, a Tennessee Republican began to lecture him on the reduced financing for TVA; other Republicans scolded him. Stockman cut public-works funding for the Red River project in Louisiana, which he knew would arouse Russell Long, former chairman of the Senate Finance Committee. Long appealed personally at the White House, and Reagan stood firm.

One by one, small signals such as these began to change Stockman's estimate of the political struggle. He began to believe that the Reagan budget package, despite its scale, perhaps because of its scale, could survive in Congress. With skillful tactics by political managers, with appropriate public drama provided by the President, the relentless growth rate of the federal budget, a permanent reality of Washington for twenty years, could actually be contained.

Stockman's analysis was borne out a few weeks later, in early April, when the Senate adopted its first budget-cutting measures, 88–10, a package close enough to the administration's proposals to convince Stockman of the vulnerability of "constituency-based" politics. "That could well be a turning point in this whole process," Stockman said afterward.

Still, Stockman was even more impressed by the performance of the new Republican majority in the Senate. After a week of voting down amendments to restore funds for various programs—"voting against every motherhood title," as Stockman put it—moderate Republicans from the Northeast and Midwest needed some sort of political solace. Led by Senator John Chaffee, of Rhode Island, the moderates proposed an amendment spreading about $1 billion over an array of social programs, from education to home-heating assistance for the poor. Stockman had no objection. The amendment wouldn't cost much overall, and it would "take care of those people who have been good soldiers." Senator Pete Domenici, of New Mexico, the Senate budget chairman, decided, however, that the accommodation wasn't necessary, and he was right. The Chaffee amendment lost.

"It was the kind of amendment that should have passed," Stockman reflected afterward. "The fact that it didn't win tells me that the political logic has changed."

Not entirely, however. While the Senate majority was rejecting additional money for the coalition of social programs, it was also tinkering with an important item in Stockman's balance of equitable cuts—the Export-Import Bank. The great multinational industrial firms that received the trade subsidies from Ex-Im were already at work, arguing that U.S. sales abroad and jobs at home would suffer without the Ex-Im loans and guarantees. The Republicans, led by Senator Nancy Kassebaum, of Kansas, where Boeing is a major employer, voted to restore $250 million to the Ex-Im budget. Later, the House raised the figure even higher, with little resistance from the White House.

"We weren't really closely in control," Stockman explained. "The mark-up went so fast, and those amendments came out of the woodwork, and we weren't prepared to deal with it." Stockman seemed nonchalant about his defeat. The principle of cutting the Ex-Im's corporate subsidies, which had seemed so important to him in January, was now regarded as a minor blemish on the Senate victory. "It did open a little breach that is troublesome," he conceded.

The vulnerability of Stockman's ideology was always that the politics of winning would overwhelm the philosophical premises. But after the Senate victory, Stockman devoted his energy to the tactical questions—winning again in the House of Representatives, which was controlled by the Democrats. "This is pure politics," he said. "It's a question of whether the President can prevail on the floor of the House, because if he can't, then the committee chairmen know they have license to do anything they want."

Stockman watched with admiration as his principal intellectual rival, Jim Jones, the Democratic chairman of the House Budget Committee, attempted to fashion a budget resolution that would hold the Democratic majority together. The budget director calculated that Jones had an impossible task, but he could see that the Oklahoma congressman was going to come closer than he had expected. The Democrats, by Stockman's analysis, were really three groups: the old-line liberal faithful, who would follow the party leadership and defend against any or all budget cuts; a middle group, including Jones and other younger members, who recognized that federal deficits were out of control and were willing to confront the problem (Stockman referred to them as "the progressives"); and, finally, the "boll weevils," the thirty-eight southerners who were pulled toward Reagan both in conservative philosophy and by the politics of their home districts, which had voted overwhelmingly for the President. Jones was drawing up a resolution that would restore some funds to social programs, to keep the liberals happy; that projected a smaller deficit than Stockman's, to appear more responsible in fiscal terms; and that did not touch the defense budget, which would offend the southerners.

Artful as it was, the Jones resolution was, according to Stockman, a series of gimmicks: economic estimates and accounting tricks. "Political numbers," he called them. But Stockman was not critical of Jones for these budget ploys, because he cheerfully conceded that the administration's own budget numbers were constructed on similar shaky premises, mixing cuts from the original 1981 budget left by Jimmy Carter with new baseline projections from the Congressional Budget Office in a way that, fundamentally, did not add up. The budget politics of 1981, which produced such clear and dramatic rhetoric from both sides, was, in fact, based upon a bewildering set of numbers that confused even those, like Stockman, who produced them.

"None of us really understands what's going on with all these numbers," Stockman

confessed at one point. "You've got so many different budgets out and so many different baselines and such complexity now in the interactive parts of the budget between policy action and the economic environment and all the internal mysteries of the budget, and there are a lot of them. People are getting from A to B and it's not clear how they are getting there. It's not clear how we got there, and it's not clear how Jones is going to get there."

These "internal mysteries" of the budget process were not dwelt upon by either side, for there was no point in confusing the clear lines of political debate with a much deeper and unanswerable question: Does anyone truly understand, much less control, the dynamics of the federal budget intertwined with the mysteries of the national economy? Stockman pondered this question occasionally, but since there was no obvious remedy, no intellectual construct available that would make sense of this anarchical universe, he was compelled to shrug at the mystery and move ahead. "I'm beginning to believe that history is a lot shakier than I ever thought it was," he said, in a reflective moment. "In other words, I think there are more random elements, less determinism and more discretion, in the course of history than I ever believed before. Because I can see it."

The "random elements" were working in Stockman's behalf in the House of Representatives. He had a good fix on what Jones would produce as the Democratic alternative, in part because he had a spy in the Democratic meetings—Phil Gramm, of Texas, a like-minded conservative and friend who agreed to co-sponsor the administration's substitute resolution. Did Jones know that one of his Democratic committee members was really on the other side? "No," said Stockman. "That's how I know what's in Jones's budget."

Stockman was also dealing with the recognized leaders of the "boll weevils." He thought that the southerners could be won to the President's side with a minimum of trading, but he was prepared to trade. He agreed with G. V. "Sonny" Montgomery, chairman of the House Veterans' Affairs Committee and a genuine leader among the southern Democrats, to acquiesce in the restoration of $350 to $400 million for staffing at veterans' hospitals. Once Montgomery announced he was with the President, it would be a respectable position, which other southerners could embrace, Stockman felt. Still, he was confident that he could defend the agenda against general trading for votes.

In political terms, Stockman's analysis was sound. The Reagan program was moving toward a series of dramatic victories in Congress. Beyond the brilliant tactical maneuvering, however, and concealed by the public victories, Stockman was privately staring at another reality—a gloomy portent that the economic theory behind the President's program wasn't working. While it was winning in the political arena, the plan was losing on Wall Street.

The financial markets, which Stockman had thought would be reassured by the new President's bold actions, and which were supposed to launch a historic "bull market" in April, failed to respond in accordance with Stockman's script. The market not only failed to rally, they went into a new decline. Interest rates started up again; the bond market slumped. The annual inflation rate, it was true, was declining, dropping below double digits, but even Stockman acknowledged that this was owing to "good luck" with grain harvests and world oil supplies, not to Reaganomics. Investment analysts, however, were looking closely at the Stockman budget figures, looking beyond the storm of political debate and the President's winning style, and what they saw were enormous deficits ahead—the same numbers that had shocked David Stockman when he came into office in January. Henry Kaufman, of Salomon Brothers, one of the preeminent prophets of Wall Street, delivered a sobering speech that, in the cautious language of financiers, said the same thing that John Anderson had said in 1980: cutting taxes and pumping up the defense budget would produce not balanced budgets but inflationary deficits.

Was Kaufman right? Stockman agreed that he was, and conceded that his own original conception—that dramatic political action would somehow alter the marketplace expectations of continuing inflation—had been wrong. "They're concerned about the out-year budget posture, not about the near-term economic situation. The Kaufmans don't dispute our diagnosis at all. They dispute our remedy. They don't think it adds up . . . I take the performance of the bond market deadly seriously. I think it's the best measure there is. The bond markets represent worldwide psychology, worldwide perception and evaluation of what, on balance, relevant people think about what we're doing . . . It means we're going to have to make changes . . . I wouldn't say we are losing. We're still not winning. We're not winning."

The underlying problem of the deficits first surfaced, to Stockman's embarrassment, in the Senate Budget Committee in mid-April, when committee Republicans choked on the three-year projections supplied by the nonpartisan Congressional Budget Office. Three Republican senators refused to vote for a long-term budget measure that predicted continuing deficits of $60 billion, instead of a balanced budget by 1984.

Stockman thought he had taken care of embarrassing questions about future deficits with a device he referred to as the "magic asterisk." (Senator Howard Baker had dubbed it that in strategy sessions, Stockman said.) The "magic asterisk" would blithely denote all of the future deficit problems that were to be taken care of with additional budget reductions, to be announced by the President at a later date. Thus, everyone could finesse the hard questions, for now.

But, somehow or other, the Senate Budget Committee staff insisted upon putting the honest numbers in its resolution—the projected deficits of $60 billion-plus running through 1984. That left the Republican senators staring directly at the same scary numbers that Stockman and the Wall Street analysts had already seen. The budget director blamed this brief flare-up on the frantic nature of his schedule. When he should have been holding hands with the Senate Budget Committee, he was at the other end of the Capitol, soothing Representative Delbert Latta, of Ohio, the ranking Republican in budget matters, who was pouting. Latta thought that since he was a Republican, his name should go ahead of that of Phil Gramm, a Democrat, on the budget resolution: that it should be Latta-Gramm instead of Gramm-Latta.

After a few days of reassurances, Stockman persuaded the Republican senators to relax about the future and two weeks later they passed the resolution—without being given any concrete answers as to where he would find future cuts of such magnitude. In effect, the "magic asterisk" sufficed.

But the real problem, as Stockman conceded, was still unsolved. Indeed, pondering the reactions of financial markets, the budget director made an extraordinary confession in private: the original agenda of budget reductions, which had seemed so radical in February, was exposed by May as inadequate. The "magic asterisk" might suffice for the political debate in Congress, but it would not answer the fundamental question asked by Wall Street: How, in fact, did Ronald Reagan expect to balance the federal budget? "It's a tentative judgment on the part of the markets and of spokesmen like Kaufman that is reversible because they haven't seen all our cards. From the cards they've seen, I suppose that you can see how they draw that conclusion."

"It means," Stockman said, "that you have to have some recalibration in the policy. The thing was put together so fast that it probably should have been put together differently." With mild regret, Stockman looked back at what had gone wrong:

"The defense numbers got out of control and we were doing that whole budget-cutting exercise so frenetically. In other words, you were juggling details, pushing people, and going from one session to another, trying to cut housing programs here and rural electric there, and we were doing it so fast, we didn't know where we were ending up for sure . . . In other words, we should have designed those pieces to be more compatible. But the pieces were moving on independent tracks—the tax program, where we were going on spending, and the defense program, which was just a bunch of numbers written on a piece of paper. And it didn't quite mesh. That's what happened. But, you see, for about a month and a half we got away with that because of the novelty of all these budget reductions."

Reagan's policy-makers knew that their plan was wrong, or at least inadequate to its promised effects, but the President went ahead and conveyed the opposite impression to the American public. With the cool sincerity of an experienced television actor, Reagan appeared on network TV to rally the nation in support of the Gramm-Latta resolution, promising a new era of fiscal control and balanced budgets, when Stockman knew they still had not found the solution. This practice of offering the public eloquent reassurances despite privately held doubts was not new, of course. Every contemporary President—starting with Lyndon Johnson, in his attempt to cover up the true cost of the war in Vietnam—had been caught, sooner or later, in contradictions between promises and economic realities. The legacy was a deep popular skepticism about anything a President promised about the economy. Barely four months in office, Ronald Reagan was already adding to the legacy.

Indeed, Stockman began in May to plot what he called the "recalibration" of Reagan policy, which he hoped could be executed discreetly over the coming months to eliminate the out-year deficits for 1983 and 1984 that alarmed Wall Street—without alarming political Washington and losing control in the congressional arena. "It's very tough, because you don't want to end up like Carter, where you put a plan out there and then, a month into it, you visibly and unmistakably change postures. So what you have to do is solve this problem incrementally, without the appearance of reversal, and there are some ways to do that."

Stockman saw three main areas of opportunity for closing the gap: defense, Social Security, and health costs, meaning Medicare and Medicaid. And there was a fourth: the Reagan tax cut; if it could be modified in the course of the congressional negotiations already under way, this would make for additional savings on the revenue side. The public alarm over the deficits was, to some extent, "fortuitous," from Stockman's viewpoint, because the Wall Street message supported the sermon that he was delivering to his fellow policy-makers at the White House: the agonies of budget reduction were only beginning, and, more to the point, the Reagan Administration could not keep its promise of balanced budgets unless it was willing to back away from its promised defense spending, its 10-10-10 tax-cut plan, and the President's pledge to exempt from

cutbacks the so-called "safety-net" programs. Stockman would deliver this speech, in different forms, all through the summer ahead, trying to create the leverage for action on those fronts, particularly on defense. He later explained his strategy:

"I put together a list of twenty social programs that have to be zeroed out completely, like Job Corps, Head Start, women and children's feeding programs, on and on. And another twenty-five that have to be cut by 50 percent: general revenue sharing, CETA manpower training, et cetera, et cetera. And then huge bites that would have to be taken out of Social Security. I mean really fierce, blood-and-guts stuff—widows' benefits and orphans' benefits, things like that. And still it didn't add up to $40 billion. So that sort of created a new awareness of the defense budget.

"Once you set aside defense and Social Security, the Medicare complex, and a few other sacred cows of minor dimension, like the VA and the FBI, you have less than $200 billion worth of discretionary room—only $144 billion after you cut all the easy discretionary programs this year."

In short, the fundamental arithmetic of the federal budget, which Stockman and others had brushed aside in the heady days of January, was now back to haunt them. If the new administration would not cut defense or Social Security or major "safety-net" programs that Reagan had put off limits, then it must salvage the smaller slice remaining. Otherwise, balancing the budget in 1984 became an empty promise. The political pain of taking virtually all of the budget savings from government grants and operations would be too great, Stockman believed; Congress would never stand for it. Therefore, he had to begin educating "the West Wing guys" on the necessity for major revisions in their basic plan. He was surprisingly optimistic. "They are now understanding all those things," Stockman said. "A month ago, they didn't. They really thought you could find $144 billion worth of waste, fraud, and abuse. So at least I've made a lot of headway internally."

Revisions of the original tax-cut plan would probably be the easiest compromise. A modest delay in the effective date would save billions and, besides, many conservatives in Congress were never enthusiastic about the supply-side tax-cutting formula. In order to win its passage, the administration was "prepared to give a little bit on the tax bill," Stockman said, which would help cure his problem of deficits.

Social Security was much more volatile, but Stockman noted that the Senate had already expressed a willingness in test votes to reconsider such basic components as annual cost-of-living increases for retirees. In the House, the Democrats, led by J. J. Pickle, of Texas, were preparing their own set of reforms to keep the system from bankruptcy, so Stockman thought it would be possible to develop a consensus for real changes. He didn't much care for Pickle's proposals, because the impact of the reforms stretched out over some years, whereas Stockman was looking for immediate relief. "I'm just not going to spend a lot of political capital solving some other guy's problems in 2010." But he felt sure a compromise could be worked out. "If you don't do this in 1981, this system is going to land on the rocks," he predicted, "because you won't do it in '82 [a congressional election year] and by '83, you will have solvency problems coming out of your ears. You know, sometimes sheer reality has a sobering effect."

Finally, there was defense. Stockman thought the sobering effects of reality were working in his favor there, too, but he recognized that the political tactics were much trickier. In order to get the first round of budget cuts through Congress, particularly in order to lure the southern Democrats to the President's side, there must be no hint of retreat from Reagan's promises for the Pentagon. That would mobilize the defense lobby against him and help the Democrats hold control of the House. Still, when the timing was right, Stockman thought he would prevail.

"They got a blank check," Stockman admitted. "We didn't have time during that February–March period to do anything with defense. Where are we going to cut? Domestic? Or struggle all day and night with defense? So I let it go. But it worked perfectly, because they got so greedy that they got themselves strung way out there on a limb."

As policy-makers and politicians faced up to the additional cuts required in programs, the pressure would lead them back, inevitably, to a tough-minded re-examination of the defense side. Or so Stockman believed. That combination of events, he suggested, would complete the circle for Wall Street.

"The markets will respond to that. Unless they are absolutely perverse."

IV. OLD POLITICS

The President's televised address, in April, was masterly and effective: the nation responded with a deluge of mail and telephone calls, and the House of Representatives accepted Reagan's version of budget reconciliation over the Democratic alternative. The final roll call on the Gramm-Latta resolution was not even close, with sixty-three Democrats joining all House Republicans in support of the President. The stunning victory and the disorganized opposition from the Democrats confirmed for Stockman a political hunch he had first developed when he saw the outlines of Representative Jim Jones' resolution, mimicking the administration's budget-cutting. The 1980 election results may not have been "ideological," but the members of Congress seemed to be interpreting them that way.

This new context, Stockman felt, would be invaluable for the weeks ahead, as the budget-and-tax issues moved into the more complicated and vulnerable areas of action. The generalized budget-cutting instructions voted by the House were now sent to each of the authorizing committees, most of them chaired by old-line liberal Democrats who would try to save the programs in their jurisdictions, but their ability to counterattack was clearly limited by the knowledge that President Reagan, not Speaker Tip O'Neill, controlled the floor of the House. Stockman expected the Democratic chairmen to employ all of their best legislative tricks to feign cooperation while actually undermining the Reagan budget cuts, but he was already preparing another Republican resolution, dubbed "Son of Gramm-Latta," to make sure the substantive differences were maintained—the block grants that melded social programs and turned them over to the states, the "caps" on Medicaid and other open-ended entitlement programs, the "zeroing out" of others.

In the first round, Stockman felt that he had retreated on very little. He made the trade with Representative Montgomery on VA hospitals, and his old friend Representative Gramm had restored some "phase-out" funds for EDA, the agency Stockman so much wished to abolish. "He put it in there over my objections," Stockman explained, "because he needed to keep three or four people happy. I said okay, but we're not bound by it." The Republican resolution also projected a lower deficit than Stockman thought was realistic, as a tactical necessity. "Gramm felt he couldn't win on the floor unless they had a lower deficit, closer to Jones's deficit, so they got it down to $31 billion by hook or by crook, mostly the latter."

Stockman was supremely confident at that point. The Reagan Administration had taken the measure of its political opposition and had created a new climate in Washington, a new agenda. Now what remained was to follow through in a systematic way that would convince the financial markets. In the middle of May, he made another prediction: the bull market on Wall Street, the one he had expected in April, would arrive by late summer or early fall.

"I think we're on the verge of the response in the financial markets. It takes one more piece of the puzzle, resolution of the tax bill. And that may happen relatively quickly, and when it does, I think you'll start a long bull market, by the end of the summer and early fall. The reinforcement that the President got politically in the legislative process will be doubled, barring some new war in the Middle East, by a perceived economic situation in which things are visibly improving. I'm much more confident now."

Stockman was wrong, of course, about the bull market. But his misinterpretation of events was more profound than that. Without recognizing it at the time, the budget director was headed into a summer in which not only financial markets but life itself seemed to be absolutely perverse. The Reagan program kept winning in public, a series of well-celebrated political victories in Congress—yet privately Stockman was losing his struggle.

Stockman was changing, in a manner that perhaps he himself did not recognize. His conversations began to reflect a new sense of fatalism, a brittle edge of uncertainty.

"There was a certain dimension of our theory that was unrealistic. . . ."

"The system has an enormous amount of inertia. . . ."

"I don't believe too much in the momentum theory any more. . . ."

"I have a new theory—there are no real conservatives in Congress. . . ."

The turning point, which Stockman did not grasp at the time, came in May, shortly after the first House victory. Buoyed by the momentum, the White House put forward, with inadequate political soundings, the Stockman plan for Social Security reform. Among other things, it proposed a drastic reduction in the benefits for early retirement at age sixty-two. Stockman thought this was a privilege that older citizens could comfortably yield, but 64 percent of those eligible for Social Security were now taking early retirement, and the "reform" plan set off a sudden tempest on Capitol Hill. Democrats accused Reagan of reneging on his promise to exempt Social Security from the budget cuts and accused Stockman of trying to balance his budget at the expense of Social Security recipients, which, of course, he was. "The Social Security problem is not simply one of satisfying actuaries," Stockman conceded. "It's one of satisfying the here-and-now of budget requirements." In the initial flurry of reaction, the Senate passed a unanimous resolution opposing the OMB version of how to reform Social Security, and across the nation, the elderly were alarmed enough to begin writing and calling their representatives in Congress. But Stockman seemed not to grasp the depth of his political problem; he still believed that congressional reaction would quiet down eventually and Democrats would cooperate with him.

"Three things," he explained. "First, the politicians in the White House are overreacting. They're overly alarmed. Second, there is a serious political problem with it, but not of insurmountable dimensions. And third, basically I screwed up quite a bit on the way the damn thing was handled."

Stockman said that Republicans on Ways and Means were urging him to propose an administration reform plan as an alternative to the Democrats'; Stockman misjudged the political climate. The White House plan, put together in haste, had "a lot of technical

bloopers," which made it even more vulnerable to attack, Stockman said. "I was just racing against the clock. All the office things I knew ought to be done by way of groundwork, advance preparation, and so forth just fell by the wayside. . . . Now we're taking the flak from all the rest of the Republicans because we didn't inform them."

Despite the political uproar, Stockman thought a compromise would eventually emerge, because of the pressure to "save" Social Security. This would give him at least a portion of the budget savings he needed. "I still think we'll recover a good deal of ground from this. It will permit the politicians to make it look like they're doing something for the beneficiary population when they are doing something to it which they normally wouldn't have the courage to undertake."

But there was less "courage" among politicians than Stockman assumed. Indeed, one politician who scurried away from the President's proposed cuts in Social Security was the President. Stockman wanted him to go on television again, address the nation on Social Security's impending bankruptcy, and build a popular constituency for the changes. But White House advisers did not.

"The President was very interested [in the reform package] and he believed it was the right thing to do. The problem is that the politicians are so wary of the Social Security issue per se that they want to keep him away from it, thinking they could somehow have an administration initiative that came out of the boondocks somewhere and the President wouldn't be tagged with it. Well, that was just pure naive nonsense . . . My view was, if you had to play this thing over, you should have the President go on TV and give a twenty-minute Fireside Chat, with some nice charts . . . You could have created a climate in which major things could be changed."

The White House rejected that idea. Ronald Reagan kept his distance from the controversy, but it would not go away. In September, Reagan did finally address the issue in a televised chat with the nation: he disowned Stockman's reform plan. Reagan said that there was a lot of "misinformation" about in the land, to the effect that the President wanted to cut Social Security. Not true, he declared, though Reagan had proposed such a cut in May. Indeed, the President not only buried the Social Security cut he had proposed earlier but retreated on one reform measure—elimination of the minimum benefits—that Congress had already, reluctantly, approved. As though he had missed the long debate on that issue, Reagan announced that it was never his intention to deprive anyone who was in genuine need. Any legislative action toward altering Social Security would be postponed until 1983, after the 1982 congressional elections, and too late to help Stockman with his stubborn deficits. In the meantime, Reagan accepted a temporary solution advocated by the Democrats and denounced by Stockman as "irresponsible"—borrowing from another federal trust fund that was in surplus, the health-care fund, to cover Social Security's problems. Everyone put the best face on it, including Stockman. The tactical retreat, they explained, was the only thing Reagan could do under the circumstances—a smart move, given the explosive nature of the Social Security protest. Still, it was a retreat, and, for David Stockman, a fundamental defeat. He lost one major source of potential budget savings. The political outcome did not suggest that he would do much better when he proposed reforms for Medicare, Social Security's twin.

Where would Stockman find the money to cover those deficits, variously estimated at $44 to $65 billion? The tax-cut legislation itself became one of Stockman's best hopes. The tax bargaining had begun in the spring as a delicate process of private negotiations and reassurance with different groups—with Democrats needed for a House majority, with nervous Republicans still leery of the supply-side theology, and with the supply-side apostles zealously defending their creed. Stockman was a participant, though not the lead player, in this process; he met almost daily with the legislative tactical group at the White House—Edwin Meese, Jim Baker, Donald Regan, presidential assistant Richard Darman, and others—that called signals on both the tax legislation and budget reconciliation.

Stockman's interest was made clear to the others: he wanted a compromise on the tax bill which would substantially reduce its drain on the federal treasury and thus moderate the fiscal damage of Reaganomics. Stockman thought that if the Republicans could compromise with the Ways and Means chairman, Representative Dan Rostenkowski, the tax legislation would still be a supply-side tax cut in its approach but considerably smaller in size. More important, they would avoid a bidding war for vites. "We're kind of divided, not in an antagonistic sense, just sort of a judgment sense, between those who want to call off the game . . . and those of us who want to give Rostenkowski a few more days to see what he can achieve."

The negotiations with Rostenkowski ended in failure, and the Reagan team agreed that it would have to modify its own tax-cut plan in order to lure fiscal conservative. Under the revised plan, the first-year reduction was only 5 percent and, more important, the impact was delayed until late in the year, substantially reducing the revenue loss. The White House also made substantial changes in the business-depreciation and tax-credit rules, which were intended to stimulate new industrial investments, reducing the overly generous provisions for business tax write-offs on new equipment and buildings.

Stockman was privately delighted he saw a three-year revenue savings of $70 billion in the compromise. The depreciation rules that big business wanted were "way out of joint," Stockman insisted. But he was nervous about the $70 billion figure, because he feared that when Representative Jack Kemp (co-sponsor of the original supply-side tax proposal, the Kemp-Roth bill) and other supply-side advocates heard it, they might regard the savings as so large that it would undermine the stimulation effects of the major tax reduction. "As long as Jack is happy with what's happening," Stockman said, "it's hard for the [supply-side] network to mobilize itself with a shrill vote. Jack's satisfied, although we're sort of on the edge of thin ice with him."

The supply-side effects would be strong, Stockman said, but he added a significant disclaimer that would have offended true believers, for it sounded like old orthodoxy: "I've never believed that just cutting taxes alone will cause output and employment to expand."

Stockman himself had been a late convert to supply-side theology, and now he was beginning to leave the church. The theory of "expectations" wasn't working. He could see that. And Stockman's institutional role as budget director forced him to look constantly at aspects of the political economy that the other supply-siders tended to dismiss. Whatever the reason, Stockman was creating some distance between himself and the supply-side purists; eventually, he would become the target of their nasty barbs. For his part, Stockman began to disparage the grand theory as a kind of convenient illusion—new rhetoric to cover old Republican doctrine.

"The hard part of the supply-side tax cut is dropping the top rate from 70 to 50 percent—the rest of it is a secondary matter," Stockman explained. "The original argument was that the top bracket was too high, and that's having the most devastating effect on the economy. Then, the general argument was that, in order to make this palatable as a political matter, you had to bring down all the brackets. But, I mean, Kemp-Roth was always a Trojan horse to bring down the top rate."

A Trojan horse? This seemed a cynical concession for Stockman to make in private conversation while the Reagan Administration was still selling the supply-side doctrine to Congress. Yet he was conceding what the liberal Keynesian critics had argued from the outset—the supply-side theory was not a new economic theory at all but only new language and argument to conceal a hoary old Republican doctrine: give the tax cuts to the top brackets, the wealthiest individuals and largest enterprises, and let the good effects "trickle down" through the economy to reach everyone else. Yes, Stockman conceded, when one stripped away the new rhetoric emphasizing across-the-board cuts, the supply-side theory was really new clothes for the unpopular doctrine of the old Republican orthodoxy. "It's kind of hard to sell 'trickle down'," he explained, "so the supply-side formula was the only way to get a tax policy that was really 'trickle down.' Supply-side is 'trickle-down' theory."

But the young budget director once again misjudged the political context. The scaled-down version of the administration's tax bill would need to carry a few "ornaments" in order to win—a special bail-out to help the troubled savings-and-loan industry, elimination of the so-called marriage penalty—but he was confident that the Reagan majority would hold and he could save $70 billion against those out-year deficits. The business lobbyists would object, he conceded, when they saw the new Republican version of depreciation allowances, but the key congressmen were "on board," and the package would hold.

In early June, it fell apart. The tax lobbyists of Washington, when they saw the outlines of the Reagan tax bill, mobilized the business community, the influential economic sectors from oil to real estate. In a matter of days, they created the political environment in which they flourish best—a bidding war between the two parties. First the Democrats revealed that their tax bill would be more generous than Reagan's in its depreciation rules. Despite Stockman's self-confidence, the White House quickly retreated—scrapped its revised and leaner proposal, and began matching the Democrats, billion for billion, in tax concessions. The final tax legislation would yield, in total, an astounding revenue loss for the federal government of $750 billion over the next five years.

Stockman, with his characteristic ability to adjust his premises to new political realities, at first insisted that the White House cave-in on the business-depreciation issue was of no consequence to his budget problems, since the major impact of the concessions would hit the period 1985 and 1986, beyond the budget years he was struggling with.

Nevertheless, Stockman conceded that the administration had flinched, sending a clear signal to the political interests that it would respond to pressure. "I think we're in trouble on the tax bill," he said in mid-June, "because we started with the position that this was a policy-based bill . . . that we weren't going to get involved in the tax-bill brokering of special-interest claims. But then we made the compromise . . . my fear now is that, if we do that too many times, it becomes clear to the whole tax-lobby constituency in Washington that we will deal with them one at a time, and then you'll find their champions on the tax-writing committees, especially Finance, swinging into action, and we are going to end up back-pedaling so fast that we will have the 'Christmas tree' bill before we know it."

That was an astute forecast of what unfolded over the next six weeks. Stockman both participated in the process and privately denounced it. But he was not fully engaged in the political scramble for tax concessions, because he was preoccupied with controlling another political auction already under way: the furious bumping-and-trading for the final budget-cutting measure, the reconciliation bill. The thirteen authorizing committees of the House were drawing up the legislative parts to comply with the budget instructions voted by the House in May; simultaneously, the Republican minority members of those committees were drawing up their alternatives, which would become pieces of the administration's alternative—"Son of Gramm-Latta." Stockman was working closely with the Republican drafting in the House, but at the same time he was trying to keep the specific cuts and policy changes in line with the work of the Republican committee chairmen in the Senate. Stockman had a believable nightmare: if House and Senate produced drastically different versions of the final reconciliation measure, there could be a conference committee between the two chambers that would include hundreds of members and months of combat over the differences. Failure to settle quickly could sink the entire budget-cutting enterprise.

Some of the Democratic committee chairmen were playing the "Washington Monument game" (a metaphor for phony budget cuts, in which the National Park Service, ordered to save money, announces that it is closing the Washington Monument). The Education and Labor Committee made deep cuts in programs that it knew were politically sacred: Head Start and impact aid for local schools, and care for the elderly. The Post Office and Civil Service Committee proposed closing 5,000 post offices. Stockman could deal with those ploys—indeed, he felt they strengthened his hand—but he was weakened on other fronts. Again, he had to hold all Republicans and win several dozen of the "boll weevils"—to demonstrate that Ronald Reagan controlled the House. It was not a matter of trading with liberal constituencies and their representatives; Stockman had to do his trading with the conservatives. "In that kind of game," he said, "everybody can ask a big price for one vote."

The final pasted-together measure would be several thousand pages of legislative action and, Stockman feared, another version of the Trojan horse—"a Trojan horse filled full of all kinds of budget-busting measures and secondary agendas."

A group of twenty northern and midwestern, more moderate Republicans, who organized themselves as "gypsy moths" as a counterweight to the "boll weevils," threatened defection. In the end, concessions were made: $350 million more for Medicaid, $400 million more for home-heating subsidies for the poor, $260 million in mass-transit operating funds, more money for Amtrak and Conrail. The administration agreed to put even more money into the nuclear-power project that Stockman loathed, the Clinch River fast-breeder reactor. It accepted a large authorization for the Export-Import Bank, and more.

Stockman tried to keep everything in line. When he agreed with House Republicans to restore $100 million or so to Amtrak, he had to go back and alert Bob Packwood, of Oregon, chairman of the Senate committee. "The Senate level which his committee tentatively voted out would have shut down a train in Oregon," Stockman said, "and he didn't relish the prospect of not being able to defend his train in the Senate and have it put back in by House Republicans."

In private, the budget director claimed that these new spending figures that Republicans had agreed upon for the various federal programs were not final but merely authorization ceilings, which could be reduced later on, when the appropriations bills for departments and agencies worked their way through the legislative process. "It doesn't mean that you've lost ground," he said blithely of his compromises, "because in the appropriations process we can still insist on $100 million (or whatever other figures appeared in the original Reagan budget) and veto the bill if it goes over . . . On these authorizations, we can give some ground and then have another run at it."

This codicil of Stockman's was apparently not communicated to the Republicans with whom he was making deals. They presumed that the final figures negotiated with Stockman were final figures. Later on, they discovered that the budget director didn't agree. When in September the President announced a new round of reductions, $13 billion in across-the-board cuts for fiscal year 1982, the ranks of his congressional supporters accused Stockman of breaking his word. In private, some used stronger language. The new budget cuts Stockman prepared in September did, indeed, scrap many of the agreements he negotiated in June when he was collecting enough votes to pass the President's reconciliation bill. In the political morality that prevails in Washington, this was regarded as dishonorable behavior, and Stockman's personal standing was damaged.

"Piranhas," Stockman called the Republican dealers. Yet he was a willing participant in one of the rankest trades—his casual promise that the Reagan Administration would not oppose revival of sugar supports, a scandalous price-support loan program killed by Congress in 1979. Sugar subsidies might not cost the government anything, but could cost consumers $2 to $5 billion. "In economic principle, it's kind of a rotten idea," he conceded. Did Ronald Reagan's White House object? "They don't care, over in the White House. They want to win."

This process of trading, vote by vote, injured Stockman in more profound ways, beyond the care or cautions of his fellow politicians. It was undermining his original moral premise—the idea that honest free-market conservatism could unshackle the government from the costly claims of interest-group politics in a way that was fair to both the weak and the strong. To reject weak claims from powerful clients—that was the intellectual credo that allowed him to hack away so confidently at wasteful social programs, believing that he was being equally tough-minded on the wasteful business subsidies. Now, as the final balance was being struck, he was forced to concede in private that the claim of equity in shrinking the government was significantly compromised if not obliterated.

The final reconciliation measure authorized budget reductions of $35.1 billion, about $6 billion less than the President's original proposal, though Stockman and others said the difference would be made up through shrinking "off-budget" programs, which are not included in the appropriations process. The block grants and reductions and caps that Reagan proposed were partially successful—some sixty major programs were consolidated in different block-grant categories—though Stockman lost several important reforms in the final scrambling, among them the cap on the runaway costs of Medicaid, and user fees for federal waterways. The Reagan Administration eliminated dozens of smaller activities and drastically scaled down dozens of others.

In political terms, it was a great victory. Ronald Reagan became the first President since Lyndon Johnson to demonstrate both the tactical skill and the popular strength to stare down the natural institutional opposition of Congress. Moreover, he forced Congress to slog through a series of unique and painful legislative steps—a genuine reconciliation measure—that undermined the parochial baronies of the committee chairmen. Around Washington, even among the critics who despised what he was attempting, there was general agreement that the Reagan Administration would not have succeeded, perhaps would not even have gotten started, without the extraordinary young man who had a plan. He knew what he wanted to attack and he knew Congress well enough to know how to attack.

Yet, in the glow of victory, why was David Stockman so downcast? Another young man, ambitious for his future, might have seized the moment to claim his full share of praise. Stockman did appear on the Sunday talk shows, and was interviewed by the usual columnists. But in private, he was surprisingly modest about his achievement. Two weeks after selling Congress on the biggest package of budget reductions in the history of the republic, Stockman was willing to dismiss the accomplishment as less significant than the participants realized. Why? Because he knew that much more traumatic budget decisions still confronted them. Because he knew that the budget-resolution numbers were an exaggeration. The total of $35 billion was less than it seemed, because the "cuts" were from an imaginary number—hypothetical projections from the Congressional Budget Office on where spending would go if nothing changed in policy or economic activity. Stockman knew that the CBO base was a bit unreal. Therefore, the total of "cuts" was, too.

Stockman explained: "There was less there than met the eye. Nobody has figured it out yet. Let's say that you and I walked outside and I waved a wand and said, I've just lowered the temperature from 110 to 78. Would you believe me? What this was was a cut from an artificial CBO base. That's why it looked so big. But it wasn't. It was a significant and helpful cut from what you might call the moving track of the budget of the government, but the numbers are just out of this world. The government never would have been up at those levels in the CBO base."

Stockman was proud of what had been changed—shutting down the $4 billion CETA jobs program and others, putting real caps on runaway programs such as the trade adjustment assistance for unemployed industrial workers. "Those were powerful spending programs that have been curtailed," he said, "but there was a kind of consensus emerging for that anyway, even before this administration."

All in all, Stockman gave a modest summary of what had been wrought by the budget victory: "It has really slowed down the momentum, but it hasn't stopped what you would call the excessive growth of the budget. Because the budget isn't something you reconstruct each year. The budget is a sort of rolling history of decisions. All kinds of decisions, made five, ten, fifteen years ago, are coming back to bite us unexpectedly. Therefore, in my judgment, it will take three or four or five years to subdue it. Whether anyone can maintain the political momentum to fight the beast for that long, I don't know."

Stockman, the natural optimist, was not especially optimistic. The future of fiscal conservatism, in a political community where there are "no real conservatives," no longer seemed so promising to him. He spoke in an analytical tone, a sober intellect trying to figure things out, and only marginally bitter, as he assessed what had happened to his hopes since January. In July, he was forced to conclude that, despite the appearance of a great triumph, his original agenda was fading, not flourishing.

"I don't believe too much in the momentum theory any more," he said. "I believe in institutional inertia. Two months of response can't beat fifteen years of political infrastructure. I'm talking about K Street and all of the interest groups in this town, the community of interest groups. We sort of stunned it, but it just went underground for the winter. It will be back. . . . Can we win? A lot of it depends on events and luck. If we

got some bad luck, a flareup in the Middle East, a scandal, it could all fall apart."

Stockman's dour outlook was reinforced two weeks later, when the Reagan coalition prevailed again in the House and Congress passed the tax-cut legislation with a final frenzy of trading and bargaining. Again, Stockman was not exhilarated by the victory. On the contrary, it seemed to leave a bad taste in his mouth, as though the democratic process had finally succeeded in shocking him by its intensity and its greed. Once again, Stockman participated in the trading—special tax concessions for oil-lease holders and real-estate tax shelters, and generous loopholes that virtually eliminated the corporate income tax. Stockman sat in the room and saw it happen.

"Do you realize the greed that came to the forefront?" Stockman asked with wonder. "The hogs were really feeding. The greed level, the level of opportunism, just got out of control."

Indeed, when the Republicans and Democrats began their competition for authorship of tax concessions. Stockman saw the "new political climate" dissolve rather rapidly and be replaced by the reflexes of old politics. Every tax lobby in town, from tax credits for wood-burning stoves to new accounting concessions for small business, moved in on the legislation, and pet amendments for obscure tax advantage and profit became the pivotal issues of legislative action, not the grand theories of supply-side tax reduction. "The politics of the bill turned out to be very traditional. The politics put us back in the game, after we started making concessions. The basic strategy was to match or exceed the Democrats, and we did."

But Stockman was buoyant about the political implications of the tax legislation: first, because it put a tightening noose around the size of the government; second, because it gave millions of middle-class voters tangible relief from inflation, even if the stimulative effects on the economy were mild or delayed. Stockman imagined the tax cutting as perhaps the beginning of large-scale realignment of political loyalties, away from old-line liberalism and toward Reaganism.

And where did principle hide? Stockman, with his characteristic mixture of tactical cynicism and intellectual honesty, was unwilling to defend the moral premises of what had occurred. The "idea-based" policies that he had espoused at the outset were, in the final event, greatly compromised by the "constituency-based" politics that he abhorred. What had changed, fundamentally, was the list of winning clients, not the nature of the game. Stockman had said the new conservatism would pursue equity, even as it attempted to shrink the government. It would honor just claims and reject spurious ones, instead of simply serving powerful clients over weak clients. He was compelled to agree, at the legislative climax, that the original moral premises had not been served, that the new principles of Reaganism were compromised by the necessity of winning.

"I now understand," he said, "that you probably can't put together a majority coalition unless you are willing to deal with those marginal interests that will give you the votes needed to win. That's where it is fought—on the margins—and unless you deal with those marginal votes, you can't win."

In order to enact Reagan's version of tax reduction, "certain wages" had to be paid, and, as Stockman reasoned, the process of brokering was utterly free of principle or policy objectives. The power flowed to the handful of representatives who could reverse the majority, regardless of the interests they represented. Once the Reagan tacticians began making concessions beyond their "policy-based" agenda, it developed that their trades and compromises and giveaways were utterly indistinguishable from the decades of interest-group accommodations that had preceded them, which they so righteously denounced. What was new about the Reagan revolution, in which oil-royalty owners win and welfare mothers lose? Was the new philosophy so different from old Republicanism when the federal subsidies for Boeing and Westinghouse and General Electric were protected, while federal subsidies for unemployed black teenagers were "zeroed out"? One could go on at great length, searching for balance and equity in the outcome of the Reagan program without satisfying the question; the argument will continue as a central theme of electoral politics for the next few years. For now, Stockman would concede this much: that "weak clients" suffered for their weakness.

"Power is contingent," he said. "The power of these client groups turned out to be stronger than I realized. The client groups know how to make themselves heard. The problem is, unorganized groups can't play in this game."

When Congress recessed for its August vacation and President Reagan took off for his ranch in the West, David Stockman had a surprising answer to one of his original questions: could he prevail in the political arena, against the status quo? His original skepticism about Congress was mistaken; the administration had prevailed brilliantly as politicians. And yet, it also seemed that the status quo, in an intangible sense that most politicians would not even recognize, much less worry over, had prevailed over David Stockman.

V. "WHO KNOWS?"

Generally, he did not lose his temper, but on a pleasant afternoon in early September, Stockman returned from a meeting at the White House in a terrible black mood. In his ornately appointed office at OMB, he slammed his papers down on the desk and waved away associates. At the Oval Office that afternoon, Stockman had lost the great argument he had been carefully preparing since February: there would be no major retrenchment in the defense budget. Over the summer, Stockman had made converts, one by one, in the Cabinet and among the President's senior advisers. But he could not convince the only hawk who mattered—Ronald Reagan. When the President announced that he would reduce the Pentagon budget by only $13 billion over the next three years, it seemed a pitiful sum compared with what he proposed for domestic programs, hardly a scratch on the military complex, which was growing toward $350 billion a year.

"Defense is setting itself up for a big fall." Stockman had predicted. "If they try to roll me and win, they're going to have a huge problem in Congress. The pain level is going to be too high. If the Pentagon isn't careful they are going to turn it into a priorities debate in an election year."

Two days later, when we met for another breakfast conversation, Stockman had recovered from his anger. The argument over the defense budget, he insisted crankily, was a tempest stirred up by the press. The defense budget was never contemplated as a major target for savings. When Stockman was reminded of his earlier claims and predictions—how he would attack the Pentagon's bloated inefficiencies, assisted by a clear-eyed secretary of defense—he shrugged and smiled thinly.

Autumn was cruel to David Stockman's idea of how the world should work. The summer, when furious legislative trading was under way, had tattered his moral vision of government. Politics, in the dirty sense, had prevailed. Now he was confronted with more serious possibilities—the failure of the economic strategy and the political unraveling that he had feared from the beginning. On Capitol Hill, where Stockman was admired and envied for his nimble mind, where even critics conceded that his presence in the Cabinet was essential to Ronald Reagan's opening victories, politicians of both parties were beginning to reach a different conclusion about him. Despite the wizardry, Stockman did not have all the answers, after all. The wizard was prepared to agree.

His failed expectations were derived from many events. In August, when enactment of the Reagan program was supposed to create a boom, instead, the financial markets sagged. Interest rates went still higher, squeezing the various sectors of the American economy. Real-estate sales were dead, and the housing industry was at a historic low point. The sam was true for auto sals. Farmers complained about the exorbitant interest demanded for annual crop loans. Hundreds of savings-and-loan associations were at the edge of insolvency. The treasury secretary, perhaps also losing his original faith in the supply-side formulation, suggested that it was time for the Federal Reserve Board to loosen up on its tight monetary policy. Donald Regan saw a recession approaching.

Stockman's prospects for balancing the budget were getting worse, not better. The optimistic economic forecast made in January to improve his original budget projections came back to haunt him in September. The inflation rate was down considerably (a prediction fortuitously correct because of oil and grain prices) but interest rates were not: the cost of federal borrowing and debt payments went still higher.

Stockman was boxed in, and he knew it. Unable to cut defense or Social Security or to modify the overly generous tax legislation, he was forced to turn back to the simple arithmetic of the federal budget—and cut even more from that smaller slice of the federal dollar that pays for government operations and grants and othr entitlements. For six months, Stockman had been explaining to "the West Wing guys" that this math wouldn't add. When Reagan proposed his new round of $16 billion in savings, the political outrage confirmed the diagnosis. Stockman was accused of breaking the agreements he had made in June: Senate Republicans who had accepted the "magic asterisk" so docilely were now talking of rebellion—postponing the enormous tax reductions they had just enacted. While the White House promised a war of vetoes ahead, intended to demonstrate "fiscal control," Stockman knew that even if those short-range battles were won, the budget would not be balanced.

Disappointed by events and confronted with potential failure, the Reagan White House was developing a new political strategy: wage war with Congress over the budget issues and, in 1982, blame the Democrats for whatever goes wrong.

The budget director developed a new wryness as he plunger gamely on with these congressional struggles; it was a quality more appealing than certitude. Appearing before the House Budget Committee, Stockman listed a new budget item on his deficit sheet, drolly labeled "Inaction on Social Security." With remarkable directness and no "magic asterisks," he described the outlook: federal deficits of $60 billion in each of the next three years. Some analysts thought his predictions were modest. In the autumn of 1981, despite his great victories in Congress, Ronald Reagan had not as yet produced a plausible answer to John Anderson's question.

Still, things might out, Stockman said. They might find an answer. The President's popularity might carry them through. The tax cuts would make people happy. The economy might start to respond, eventually, to the stimulation of the tax cuts. "Who knows?" Stockman said. From David Stockman, it was a startling remark. He would continue to invent new scenarios for success, but they would be more complicated and cloudy than his original optimism. "Who knows?" The world was less manageable

than he had imagined; this machine had too many crazy moving parts to incorporate in a single lucid theory. The "random elements" of history—politics, the economy, the anarchical budget numbers—were out of control.

Where did things go wrong? Stockman kept asking and answering the right questions. The more he considered it, the more he moved away from the radical vision of reformer, away from the wishful thinking of supply-side economics, and toward the "old-time religion" of conservative economic thinking. Orthodoxy seemed less exciting than radicalism, but perhaps Stockman was only starting into another intellectual transition. He had changed from farm boy to campus activist at Michigan State, from Christian moralist to neo-conservative at Harvard; once again, Stockman was reformulating his ideas on how the world worked. What had he learned?

"The reason we did it wrong—not wrong, but less than the optimum—was that we said, Hey, we have to get a program out fast. And when you decide to put a program of this breadth and depth out fast, you can only do so much. We were working in a twenty or twenty-five-day time frame, and we didn't think it all the way through. We didn't add up all the numbers. We didn't make all the thorough, comprehensive calculations about where we really needed to come out and how much to put on the plate the first time, and so forth. In other words, we ended up with a list that I'd always been carrying of things to be done, rather than starting the other way and asking, What is the overall fiscal policy required to reach the target?"

That regret was beyond remedy now; all Stockman could do was keep trying on different fronts, trying to catch up with the shortcomings of the original Reagan prospectus. But Stockman's new budget-cutting tactics were denounced as panic by his former allies in the supply-side camp. They now realized that Stockman regarded them as "overly optimistic" in predicting a painless boom through across-the-board tax reductions. "Some of the naive supply-siders just missed this whole dimension," he said. "You don't stop inflation without some kind of dislocation. You don't stop the growth of money supply in a three-trillion-dollar economy without some kind of dislocation . . . Supply-side was the wrong atmospherics—not wrong theory or wrong economics, but wrong atmospherics . . . The supply-siders have gone too far. They created this nonpolitical view of the economy, where you are going to have big changes and abrupt turns, and their happy vision of this world of growth and no inflation with no pain."

The "dislocations" were multiplying across the nation, creating panic among the congressmen and senators who had just enacted this "fiscal revolution." But Stockman now understood that no amount of rhetoric from Washington, not the President's warmth on television nor his own nimble testimony before congressional hearings, would alter the economic forces at work. Tight monetary control should continue, he believed, until the inflationary fevers were sweated out of the economy. People would be hurt. Afterward, after the recession, perhaps the supply-side effects could begin—robust expansion, new investment, new jobs. The question was whether the country or its elected representatives would wait long enough.

His exasperation was evident: "I can't move the system any faster. I can't have an emergency session of Congress to say, Here's a resolution to cut the permanent size of government by 18 percent, vote it up or down. If we did that, it would be all over. But the system works much more slowly. But what can I do about it? Okay? Nothing. So I'm not going to navel-gaze about it too long."

Still trying, still energetic, but no longer abundantly optimistic, Stockman knew that congressional anxieties over the next election were already stronger, making each new proposal more difficult. "The 1982 election cycle will tell us all we need to know about whether the democratic society wants fiscal control in the federal government," Stockman said grimly.

The alternative still energized him. If they failed, if inflation and economic disorder continued, the conservative reformers would be swept aside by popular unrest. The nation would turn back toward "statist" solutions, controls devised and administered from Washington. Stockman shrugged at that possibility.

"Whenever there are great strains or changes in the economic system," he explained, "it tends to generate crackpot theories, which then find their way into the legislative channels."●

WILFRED BURCHETT: NO ORDINARY JOURNALIST

● Mr. SYMMS. Mr. President, what would we say about the news reports of a newsman who appeared at a prisoner of war camp in the uniform of the captors, to tell the captives that they would get better treatment if they agreed with him, and went over to the enemy and more or less collaborated with them? I suspect we would ask serious questions about the dedication of this newsman to news and view his dispatches with a critical eye.

Unfortunately, my suspicions are incorrect. Wilfred Burchett, the Australian "newsman" did exactly what I have outlined, and his dispatches continue to receive favorable treatment by the Western media, most particularly the major newspapers of the United States. I was paraphrasing a sentence from a libel trial held in Australia in 1974, as reported in Stephen Morris' review of Burchett's memoirs, in the November issue of Commentary. Sworn testimony at that trial, which Burchett lost, confirms what should be obvious from the most cursory examination of his "reporting," that Burchett's interest has long been in pushing the Communist Party line.

Mr. President, the treatment accorded Wilfred Burchett by the editors and reporters of our news media is truly troubling. I believe the news establishment should read Mr. Morris' article, and spend some time examining its own conscience and the attitudes of those who people it. So that my colleagues can get some idea of what I find so troubling, I ask that the complete article be printed at this point in the RECORD.

The article referred to follows:

A SCANDALOUS JOURNALISTIC CAREER

(By Stephen J. Morris)

Wilfred Burchett is no ordinary journalist. An Australian, he has been actively involved in reporting the major confrontations between East and West for over forty years. He has also been a highly controversial figure. In 1955 the British and Australian governments refused to issue him a passport. For many years he was banned from entering the United States. The controversy which has surrounded him has centered on his own role in the various conflicts he has reported. The recent publication of Burchett's memoirs,[1] with an introduction by another famous journalist, Harrison Salisbury, offers an occasion for evaluating his career.

Wilfred Burchett was born in Melbourne, Australia in 1911. His father was a Methodist lay preacher with strong radical left-wing views. Family poverty forced the young Wilfred to drop out of school at an early age, and he worked for several years on various jobs, including as farm-laborer and vacuum-cleaner salesman. During his spare time he studied languages, acquiring a skill which was later to become very useful.

In 1936 Burchett left Australia for England. His first job after arriving in England was working for the Thomas Cook travel agency. Later the same year he switched to the London office of the Soviet government travel agency, Intourist. In his memoirs, Burchett devotes only two sentences to this event: he suggests that he got "the job" (never specified) because of his rudimentary knowledge of Russian and because the assistant manager was an Australian. But according to the knowledgeable and impeccably honest Australian journalist Denis Warner. Burchett was invited to open the London office of Intourist by the then Soviet ambassador to England, Ivan Malsky.[2] In any case a diplomatic quarrel between England and the Soviet Union soon led to a closing of the office. After searching unsuccessfully for a job in Paris, Burchett returned to London, where he found a job with the travel agency Palestine Orient Lloyd, which specialized in handling emigrant traffic out of Germany to Palestine and the United States. Burchett remained at that job until 1939. Meanwhile, in September 1938, he married Erna Hamer, a German Jewish refugee.

Burchett finally found his niche as a journalist during World War II. In 1940 he reported the revolt against the Vichy regime on the French South Pacific colony of New Caledonia, and this helped him gain accreditation with the popular London newspaper, the Daily Express, for which he reported the Asian battlefield throughout World War II. The war in China and Burma, and the island-hopping campaign of General MacArthur's forces, were the main subjects of his dispatches.

It was during those years that Burchett met a man who was later to become an important friend—Chou En Lai.

Burchett's first major journalistic coup was achieved at the end of World War II. He was the first Western correspondent to tour the remains of Hiroshima after the atomic bomb was dropped. Burchett claims that his reports of the devastation infuriated General MacArthur. But these reports did not harm his career. After three years of work for the Daily Express in Trieste, Greece, and Berlin, Burchett turned up in Eastern Europe in 1949, with access to the courtroom for the Stalinist show trials of East European Communist leaders and of Cardinal Mindszenty of Hungary. Burchett was now reporting for the most prestigious newspaper in Britain, the Times.

Though the charges against the Hungarian and Bulgarian Communists were utterly fantastic, similar to the kinds of accusations Stalin had leveled against the Old Bolsheviks in the Soviet Union in the 1930's, Burchett in his reports endorsed the prosecutor's line. In the case of the Hungarian Foreign Minister, Laszlo Rajk, and his co-defendants,

[1] *At the Barricade: Forty Years on the Cutting Edge of History*, New York Times Books, 340 pp., $15.00.

[2] See Warner's "Who is Wilfred Burchett?", the *Reporter*, June 1, 1967. This article provides a valuable account, much of it first-hand, of Burchett's activities in Asia from World War II to 1967.

Burchett wrote later (in People's Democracies, 1951) that the accused were "Titoist spies" ultimately linked to British and American intelligence:

"In the Western press, even in so-called liberal sections, an attempt was made to present Rajk, Palfy, and Co. as a small group of nationalist-minded Communists, people who wanted Communism but independent of the Soviet Union. This is nonsense. There was not one convinced Socialist among the whole band. They were mostly cheap police spies . . . they are a miserable collection of plotters without a human ideal between the lot of them. . . . Before the court and before the Hungarian public, as all proceedings were broadcast from the court, Rajk and his gangs were disclosed as miserable, bloodthirsty adventurers. . . ."

When Stalin ordered the purge of independent-minded Communists in Bulgaria, Burchett was once again on the spot. As he wrote in People's Democracies:

"If Laszlo Rajk could be regarded as the right arm of Tito's plans for Eastern Europe, Traicho Kostov, member of the Bulgarian politburo, 2nd Deputy Premier, was certainly his left arm. I sat in a crowded court in Sofia in December 1949, heard and watched Traicho Kostov and ten other accused and dozens of witnesses testify to a Yugoslav plan for Bulgaria every whit as diabolical and bloodthirsty as that for Hungary."

Burchett further asserted that Kostov was a British spy.

Not long after the show trials were concluded, Burchett, who had divorced his first wife in 1948 after a long separation, married Vesselina Ossikovska, a member of an old Bulgarian Communist family who at the time of their marriage was a journalist in the Bulgarian Ministry of Foreign Affairs. When Burchett left Bulgaria for Budapest in 1950, the Bulgarian authorities refused to allow his wife to accompany him. But the decision did not make Burchett bitter toward the Bulgarian regime. On the contrary, in People's Democracies he expressed great admiration for the human-rights record of all the Eastern European regimes:

"If the same advance is made in the next twenty years as has been made in the past five years in bringing real liberties to the workers and peasants of the People's Democracies, and if the Western powers give up their morbid plans to destroy the People's Democracies by force of arms and the hydrogen bomb, the whole population will be enjoying liberties of a quality not yet dreamed of in the Western world."

In early 1951 Burchett returned briefly to his native Australia, where he gave lectures for the Australian Peace Council, a front organization run by the Australian Communist party. That same year he took up residence in the People's Republic of China, as a correspondent for the French Communist newspapers L'Humanité and Ce Soir. (Neither the Times nor the Daily Express was interested in Burchett's reporting at this stage.) After six months in China, Burchett managed to rush off a gushing book-length panegyric to the regime. China's Feet Unbound. The introduction to this book made its outlook and purpose clear:

"It is written as a weapon for those who fight for peace and as confirmation for those who refuse to accept the idea that their living standards must be lowered, their civil rights abolished, their late enemies rearmed because China menaces world peace. It was written against the background of American bombs landing on Chinese soil, American tanks rumbling toward China's frontier, American germ warfare launched against China's neighbor."

The last clause was significant, as it previewed Burchett's next major public act—dissemination of the story that the United States was using germ warfare against North Korea. Burchett made his way to North Korea in July 1951, along with the British Communist journalist Alan Winnington. One of his purposes was to cover the Panmunjom peace talks from the Chinese Communist side. (This is the only purpose Burchett mentions today.) Burchett also produced scathing attacks on the UN forces, complete with atrocity stories which included the myth that America had conducted germ warfare. Finally, Burchett visited Chinese-run camps where Allied POW's were being held. He worte of one:

This camp looks like a holiday resort in Switzerland. The atmosphere is also nearer that of a luxury resort than a POW camp."[3]

At the end of the Korean war, returning Allied ex-POW's gave a different account of the camps, and alleged that Burchett had been more than a journalist reporting "from the other side." Former prisoners interviewed by the British and Australian governments maintained that Burchett had collaborated with the Chinese Communists in interrogation procedures. Because of these charges of collaboration, the British government refused to renew and the Australian government refused to issue a passport to Wilfred Burchett in 1955.

It was through China that Burchett made his first contact with the Vietnamese Communists. In fact Burchett spent most of the period between 1953 and 1956 shuttling back and forth between China and North Vietnam, Laos and Cambodia. In these countries, as previously in Korea, he reported on the supposed strength and popularity of the Communist forces and provided captioned photographs which were meant to show that French prisoners were being well treated by their Vietminh captors. Apart from those reports for the world press, Burchett produced two books as a result of his visits—North of the 17th Parallel and Mekong Upstream. Burchett also established a personal connection with Ho Chi Minh and Pham Van Dong. In 1955, when he was without a British or Australian passport, the government of North Vietnam took the unprecedented step of offering him a special travel document of its own.

In the middle of 1956 Burchett visited Hungary and Poland, where social unrest was beginning to develop in the wake of Khrushchev's de-Stalinization program. Burchett was most disturbed by the growth of liberal and nationalist ideals among some of the anti-Stalinist party leaders and intellectuals who took him into their confidence.

In 1956 Burchett arrived in Moscow with accreditation from the National Guardian (later renamed Guardian), a tiny pro-Communist American weekly. During the next six years he devoted himself to reporting the achievements of Soviet science and technology, beginning with Sputnik and continuing on through the launching of Yuri Gagarin into space. These subjects were of a kind to reestablish Burchett's connections with the mainstream British press, including the Daily Express and even the prestigious Financial Times. A book written by Burchett during this period was Come East Young Man (1962), which detailed the astonishing successes of the Soviet economy, especially in the areas of agricultural output, housing, and consumer goods. Burchett also reported on the innovative and humane approach to criminal justice which he saw in the USSR. All of this, combined with the party's determined campaign to eliminate bureaucracy, encouraged Burchett to write:

"A new humanism is at work in the Soviet Union which makes that peddled in the West look shoddy, for it starts right down in the grass roots of Soviet society; its all-embracing sweep leaves behind no underprivileged."

In 1962, with the conflict in Indochina heating up again, Burchett began a series of trips back to the war zones. In 1965 he set up a new residence in Phnom Penh and developed a relationship with Cambodian Prince Sihanouk which was to last for over a decade. Burchett ghosted some of the Prince's English-language publications and also served as a liaison between Sihanouk and the North Vietnamese. It was from Cambodia that Burchett made his way to the "liberated zones" of the National Liberation Front of South Vietnam, as well as to Hanoi.

At first Burchett's articles on the Vietnam war appeared only in Soviet magazines, such as New Times. But the thirst for news "from the other side" was so great in the West, and Hanoi's restrictions on foreign newsmen so severe, that by 1967 Burchett's articles were beginning to appear in the mainstream Western press—particularly Le Monde and the New York Times. The articles tended to deal with the alleged effects of the American bombing on North Vietnam. Stories of civilian suffering were combined with tales of the indomitable Vietnamese will to resist "imperialist aggression." Burchett also provided advance notice of changes in Hanoi's position on the issue of negotiations.

The "special relationship" Burchett enjoyed with the Hanoi regime to manifest itself in many ways. According to Dennis Warner, Burchett's intervention, or veto, could determine whether or not a Western journalist would be given a visa to North Vietnam. Many of the applicants were people whom he had known from World War II and the Korean peace talks in Panmunjom. Burchett was a wise judge of friends and enemies. The first American correspondent allowed to visit North Vietnam was an old friend, Harrison Salisbury of the New York Times, whom Burchett accompanied on part of his visit. Salisbury did nothing to embarrass Burchett. Rather, he reported to readers of the New York Times, and ultimately to the entire Western world, that the United States was deliberately bombing not military but civilian targets in North Vietnam. What Salisbury did not tell his readers was his source for this charge: not direct observation but North Vietnamese officials and one of their published propaganda booklets.[4]

Burchett also helped secure visas for other well-disposed foreigners. Among the most notable was the writer Mary McCarthy, who conducted a well-publicized visit to Hanoi in 1968. Miss McCarthy too wrote nothing that might embarrass Burchett.

When, in 1968, peace talks began among the United States, South Vietnam, North Vietnam, and the Vietcong, Burchett was in Paris to cover them. This time his personal ties with Western newsmen paid off handsomely. He had befriended Charles Collingwood many years earlier. Now Collingwood was chief foreign correspondent of CBS News, and Burchett was employed under what he himself calls "a discreet arrangement" as a consultant to the CBS News team in Paris.

Nineteen-sixty-eight was also the year in which Burchett's book on Korea appeared (*Again Korea*). In it he wrote:

"Kim Il Sung . . . has the warm human touch, the simplicity of the great, and a down-to-earth manner, rare among men in his position. This comes through in his speeches. Even dealing with such unromantic problems as heavy industry, there is always some little aside, to remind his listeners, especially if there are bureaucrats among them, that the end result of everything is to make life better and gayer for everyone."

In the same year Fidel Castro took the unprecedented step of granting Burchett a Cuban passport, to replace the now cumbersome

[3] Quoted by Denis Warner in "Who is Wilfred Burchett?"

[4] Salisbury's misleading reports about the bombing of North Vietname are meticulously analyzed by Guenter Lewy in America in Vietnam, pp. 400–403; see also the important account of the former British consul general in Hanoi, John Colvin, "Hanoi in My Time," Washington Quarterly, Spring 1981.

document the North Vietnamese had provided many years earlier.

Sensing the changing climate of intellectual opinion in the West, Burchett now began a public campaign for the restoration of his Australian passport. A Burchett Passport Committee was formed in Australia, and its activities resulted in a petition to Parliament. Among the signatories were various journalistic associations around the world, the PEN Club, Bertrand Russell, Jean-Paul Sartre, Jane Fonda, Vanessa Redgrave, Norman Mailer, and Arthur Miller. The petition was presented in April 1969, but rejected by the Australian government. The Australian Journalists Association then appealed to the UN Human Rights Commission.

Buoyed by the tide of international support, Burchett decided to challenge the government's ban on his reentry into Australia. With the help of Gordon Barton, a wealthy Australian businessman and publisher, Burchett was privately flown into the country in 1970 and was accorded a spectacular reception with great attendant publicity. His public challenge to the Australian government to bring charges against him was not taken up, and this helped discredit the case of the Australian conservatives and strengthened the hand of his many admirers within the Australian Labor party. Thus when the party came to power in 1972, one of its first acts was to restore the passport of Wilfred Burchett.[5]

In the early 1970's, with American public opinion now favoring withdrawal from Vietnam, Burchett turned to other international settings. The end of the Cultural Revolution in China saw his friend Chou En Lai back in power in Peking. Burchett now began to disseminate Chou's version of the power struggle in China. In particular he publicized the story that Lin Piao had attempted to assassinate Chairman Mao and seize power, but was foiled and died while attempting to flee.

After the 1974 military coup in Portugal, Burchett reappeared on the European scene, defending the cause of the Portuguese radical Left against the Socialists and centrists. But with the victory of the democrats in Portugal, Burchett was forced to turn elsewhere. In 1975 he flew to Angola, where he provided extensive reporting favorable to the Cuban forces helping to install the MPLA government.

The Angolan civil war catalyzed Burchett's growing estrangement from the Chinese Communists. In 1976, after the death of Chou En Lai (for whom he wrote a powerful eulogy), Burchett began openly to criticize Chinese foreign policy. What forced him to take sides was not the Sino-Soviet split but rather the Sino-Vietnamese split and the broader international realignments of which it had been a part. China's abandonment of the "anti-imperialist struggle," in Angola and elsewhere, in order to develop a united front against the Soviet Union, was for Burchett totally unacceptable.

Like the North Vietnamese politburo, Burchett had not anticipated the rapid collapse of the South Vietnamese government in 1975 after the final American withdrawal. He was thus not in place for the beginning of the end. But he made up for that after the victory by producing two books on the military campaign of North Vietnam and numerous articles celebrating life after "liberation." On October 25, 1975 he wrote in the Guardian:

"The South Vietnamese people are tasting the heady wine of running their own affairs for the first time in living memory. This is the dominating factor in all spheres of public life."

In 1975 and 1976 Burchett was also ecstatic about the new regime Pol Pot had created in Cambodia. On January 14, 1976 he wrote in the Guardian:

"Cambodia became a worker-peasant-soldier state last week, with the January 5 adoption of a 21-article constitution. . . . The new constitution . . . confirms the new democratic revolutionary order built up in the countryside during the struggle. . . . It guarantees that everyone has the right to work and a fair standard of living . . . it is one of the most democratic and revolutionary constitutions in existence anywhere."

In 1975 and 1976 Burchett was also denouncing as "fabricated" a number of reports that Sihanouk had become disillusioned with the Khmer Rouge. But after the Vietnamese Communists turned against their former allies, Burchett discovered the truth of what had previously been "fabricated." Pol Pot suddenly became a Hitlerite monster whose crimes exceeded the claims of the most virulent anti-Communist propaganda. So incensed now was Burchett by the horrors of the Pol Pot regime that when his friends on the editorial board of the Guardian refused to take a position on the Vietnam-Cambodia conflict he announced he would no longer write for the newspaper. This inflexible stand was uncharacteristic of Burchett, but it corresponded to the totally uncompromising position of the Vietnamese.

Burchett is today somewhat distant from the Soviet Union, with regard to which he might be considered a "critical sympathizer." He reserves his uncritical admiration for the Soviet Union's most militant clients—Vietnam and Cuba. One of his recent concerns has been to denigrate the moral credentials of the last Marshal Tito as leader of the nonaligned world, and to promote Fidel Castro in his place. Burchett also maintains his support for Kim Il Sung's regime in North Korea, which is independent of both Moscow and Peking.

This slightly unusual pattern of allegiances within the fragmented Communist world has led some observers to conclude that Burchett's political position is an "independent" one, reflecting his own brand of idiosyncratic radicalism. What these observers do not realize is that the twists and turns in Burchett's Communist sympathies, and his current firm attachments to the regimes in Hanoi, Havana, and Pyongyang, have correlated exactly with the foreign-policy line of the Communist party of Australia.

What do Burchett's memoirs tell us about the man and his political record?

First they contain interesting information on Burchett's friends and patrons in the Communist world. He is anything but modest in describing his close ties with Chou En Lai, Ho Chi Minh, Pham Van Dong, and Fidel Castro. Burchett's link with Kim Il Sung seems to have been much less personal in nature, though still significant. As far as the Soviet Union is concerned, Burchett gives no indication of having made any close personal contact at the highest level.

The memoirs also list some of the people in the Western media who have befriended and promoted him. Harrison Salisbury is at the top of the list. So too is Russell Spurr, an English journalist formerly with the London Daily Express and later with the English-language Hong Kong weekly, the Far Eastern Economic Review. Charles Collingwood is mentioned as an important friend. Not only was he instrumental in having Burchett named as a consultant to the CBS News team at the Paris peace talks, but he also introduced Burchett to Averell Harriman, President Johnson's roving ambassador for peace. (Harriman sought Burchett's advice on how the U.S. might proceed in its dealings with Hanoi.)

But the memoirs are also interesting for the way Burchett attempts to explain his own past. As an illustration, let us consider Burchett's account of his reporting of the show trials in Eastern Europe during the 1940's.

The Eastern European Communist victims of Stalin, whose guilt Burchett affirmed, were rehabilitated (many posthumously) in the Khrushchev era. Today in his memoirs, Burchett explains his own role in the pseudo-judicial farce by drawing what he considers to be an important distinction between the Rajk and Kostov trials. Burchett claims that he believed at the time in the guilt of Laszlo Rajk because of the calm and unemotional nature of the confessions he made. He adds: "I had no doubt of their guilt or of the inevitability of a death sentence for Laszlo Rajk, given the gravity of the activities to which he had confessed."

But Kostov's trial, he says, was different. Kostov (like Bukharin in the Moscow show trial of 1938) stood up in court and denied his handwritten confession. This is how Burchett today describes his reaction then to Kostov's public retraction:

"In his own way, Kostov had done what his old comrade Georgi Dimitrov had done sixteen years earlier at the Reichstag Fire Trial. He had knocked the stuffing out of the prosecution. . . . Kostov's honesty and courage could make no difference to the conduct of the trial or its outcome, but it posed questions in everyone's minds about the methods by which such confessions were produced and the validity of the charges against Tito. . . . I was considerably shaken by the Kostov trial."

If the Kostov trial "posed questions" in Burchett's mind about the methods of producing confessions and the "validity of the charges against Tito," and if he was "considerably shaken" by the Kostov trial, he did a remarkable job of concealing the fact. Burchett's earlier writings provide not a shred of evidence to support his current claim. Instead, they contain sustained arguments to the contrary. Thus, he wrote in "People's Democracies":

". . . If Kostov's written statement was a fraud and his oral denial correct, if he was the man of courage he depicted himself to be in 1942, no police pressure nor any threats of punishment afterward should have prevented him from crying 'My statement is false. It was made under pressure. These other accused have been falsely arrested. Everything I wrote was a lie. I retract it all.'"

And further:

"If Kostov was the man who withstood beatings and was prepared to face the firing squad rather than betray his comrades and his party in 1942, this is what he would have done in 1949. Firstly, he would never have written a statement, secondly, if a statement had been forced out of him, he would have retracted it. But he played the double-faced role he had played in the 1930's, the role he had played in the courtroom in 1942, when he admitted everything to Geshev, the role he played in early 1949 after he was just denounced in the Politburo."

Burchett obviously counts on his readers' not checking his record, and for the most part they have not disappointed him.

Burchett adds a further revelation to explain his past "errors." He has now discovered the possibility that the false evidence which came forth during the trials was planted by the CIA! Burchett bases himself on a book by Stewart Stevens, former assistant editor of the Daily Mail. According to the Stevens thesis, CIA chief Allen Dulles was worried that the emergence of "National-Communist" regimes in Eastern Europe would make Communism more attractive to the voters of Western Europe. To insure that Eastern European Communism remained Russified, Dulles,

[5] The reason for the unwillingness of the previous Australian government to press charges against Burchett in 1970 or earlier was that the offenses for which he had been denied a passport occurred during the Korean war. Since the war had been undeclared, actions relating to it could not be considered treasonous under the provisions of the Australian Crimes Act as originally formulated.

operating through the American agent Noel Field and a Polish secret-police official, planted phony evidence of "Titoist conspiracies in conjunction with Western imperialism" in the hands of Stalin's secret police chief Beria. Thus, the story concludes, in prosecuting the alleged conspirators Stalin was all along the unknowing dupe of Allen Dulles and the CIA.

Another interesting feature of Burchett's memoirs is their failure to mention at all the two most serious charges that have been leveled against him.

In November 1969, the KGB defector Yuri Krotkov swore before a United States Senate Judiciary Subcommittee that he had been approached by and later helped to recruit Wilfred Burchett to the payroll of the KGB. Krotkov claimed that at their first meeting in East Germany in 1947, "Burchett gave me all necessary hints that he is very close to the Communists, and that he wants to have a special relation with me."

But at that time, Krotkov asserted, his KGB superiors were wary of Burchett, and instructed Krotkov not to get too close. At a second meeting in Moscow in 1956, the KGB was more trustful. Krotkov met Burchett in a restaurant:

". . . He openly told me that he is a member of the Australian Communist party, but for the benefit of the party, he is on the illegal underground position. Then he told me that he was in Korea, and then he was in China. He worked there as a freelance correspondent but he was supplied, he was paid by the Chinese Communist party all that period. Then when he came to Vietnam . . . all his expenses were paid by the Vietnamese Communist party, by Ho Chi Minh, and he mentioned that he was in very close relation with Chou En Lai . . . that he was in very close relation with Ho Chi Minh himself. He told me that he visited him many times, that he gave him a house in Hanoi, and a car, a secretary, that he was "equipped" very beautifully by the Vietnamese Communist party."

And then he said that he had now a new idea . . . that he wanted to come to Moscow because now after the Khrushchev speech, Moscow became the most important place in the world. And he gave me a hint that he wants to be in Moscow in the same position as he was in China and in Vietnam. In other words to be a freelance correspondent, representing the American newspaper, *National Guardian* . . . but money was a problem, because no one would pay him money and he asked for money from the Soviet Communist party. He told me all this directly and he said that it would be nice if I would be able to find [the] right man to discuss all this.

Krotkov testified that he reported all this back to his superiors, and that after some consideration the KGB agreed to Burchett's proposal. But Burchett had left Moscow, and when he returned a new person had been put in charge of these matters in the KGB who put difficulties in his path. Now Burchett approached visiting members of an Australian Communist party delegation in Moscow, and after intervention on his behalf the relationship was established. Thus Krotkov:

"After his meeting with them . . . everything was quite allright. The KGB gave him the good flat and well, I guess necessary money. . . . I know that Burchett had a close relation with the boss of the KGB special department which is responsible for the whole foreign correspondents in Moscow. That's Colonel Barsegov."

Burchett's failure to mention the Krotkov testimony is consistent with his past behavior. In fact his characteristic response to anyone who dares repeat the charges has been to issue a libel suit. One of these suits, taken out in Australia in 1973, led to the publicizing of a second series of major allegations about Burchett—allegations about his behavior during the Korean war. Although there is not a sentence in his memoirs dealing with the trial testimony, it was these allegations which led the Australian and British governments to refuse to issue Burchett a passport, an act which aroused so much indignation on the part of Burchett's friends.

The famous defamation trial, held in Sydney, in October and November 1974, involved a claim of $1,000,000 damages by Burchett against Jack Kane, an Australian politician. Kane had published an article in his political newsletter which reported the Australian parliamentary debate over the Krotkov testimony. At the trial, Kane's legal counsel presented testimony by Krotkov reiterating the charges he had made in Washington in 1969. Kane's lawyers also gathered an enormous number of witnesses from around the world, all of whom had been prisoners of war in Korea.

At the trial three Australian ex-prisoners testified that they had met Burchett in a Chinese camp for Allied POW's, and that Burchett was wearing the uniform of a Chinese army officer. One of these prisoners, Thomas Hollis, said that Burchett told him he could get them better treatment "if we agreed with his ideas and went over to the Chinese more or less and collaborated with them." This was confirmed by another Australian prisoner, Robert Parker.

Even more damaging allegations about Burchett's role during the Korean war were made by American POW's. Walker Mahurin, a former colonel in the United States Air Force, met Burchett twice during his sixteen months of captivity in North Korea. On both occasions, he claimed, Burchett wore a Chinese officer's uniform. Mahurin also testified that in addressing the guards Burchett used the Chinese word for "comrade." Mahurin, who had been forced by his captors into confessing falsely that he had carried out germ warfare, said that Burchett called him an "international war criminal."

Paul Russell Kniss, an American pilot shot down over North Korea in May 1952, testified that he met Burchett five or six times in two camps in North Korea. At their second meeting, Burchett told him that it was he, Burchett, who had edited the false confessions Kniss had been forced to sign. According to Kniss, Burchett made a tape-recorded interview with him for a French newspaper, and the interview was based upon specially prepared questions and answers Burchett handed to him, with the answers identical to the text of the false confession.

Kniss also described to the court how on one occasion a Chinese interrogator dropped a piece of paper in his cell, and after the interrogator left he had picked it up. The paper, which bore the signature of W. G. Burchett on the bottom, contained questions of a military nature, which were the exact same questions asked of Kniss by the Chinese interrogator.

But the most devastating testimony against Burchett came from Derek Kinne, an Englishman who served with British units in Korea and was awarded the George Cross. Kinne identified Burchett in court as the man he had seen twice while a prisoner of the Chinese in Korea. The second time Kinne saw Burchett he and the other prisoners were told that Burchett was coming to talk to them on the football pitch (field) in the camp:

"It was all the Americans and all the British about 1400 men. . . . They put a table on the football pitch and he came on the football pitch and he stood in front of the table and he faced us. . . . He went on to say that through the tireless efforts of the Chinese peoples' volunteers the peace talks were going on and that the Americans had sabotaged the peace talks, and he was getting booed down and the Americans started to take off their belts and put a noose in them and they would swing them and it became pretty well bedlam, so he got rather pissed off and he said: 'All right you people—you think when the peace talks break down and the Americans come this way you will be liberated. But I have got news for you. You're going that-a-way.' And he pointed to China."

Kinne continued:

"I was in the front row and he turned his back and started to tidy up his papers. There was a theme there—he was always saying 'our side' and 'your side.' I went to the front and I faced him, and I said to him 'Are you biased, you son-of-a-bitch, are you biased?' He said 'No.' I said, 'Why do you refer to the Chinese and the North Koreans as 'our side' and the Americans as 'your side.' I can't remember whether he said, 'That was the side I correspond for' or 'the side I work for.' And then I said, 'Well you can tell your side to get some dental treatment in here because men are having their teeth extracted with regular pliers; also 39 men went up to Boot Hill and I saw the dogs dragging the bodies out, and we ate those dogs.' And I said, 'We are starving to death.' "

His Honor: Did he say anything?

Kinne: No sir, he kept his mouth shut.

In answer to a further question from the defense counsel Kinne said:

"I told him that I complained to the Chinese and they took me away and they put me in a room for 72 hours, and tied me up and told me I was in their to reflect, and I reflected. He [Burchett] got mad and he said to me, 'I could have you shot.' So I ran around that table and he started to move around the other way. I went around that table and I said, 'You son-of-a-bitch, if you are going to have me shot I will tell you something.' I pointed to Boot Hill and I told him that 600 men had died from malnutrition and atrocities and he said to me, 'What can I do about it?' I said, 'You can tell them at Panmunjom,' and he said, 'It would be a good thing if I had you shot.' "

In an interview with the New York Post in 1977, Kinne also said that an hour after the meeting described above, two Chinese guards came and took him away to a small room and tortured him. According to Kinne the guards "told me I wasn't a very good student in the way I'd talked to Comrade Burchett, and that I was sick in the mind and they were going to cure me." Kinne asserted that he was kept in solitary confinement for 13 months and beaten daily while the guards tried to force him to sign a confession. "One of the parts of that confession was that I had a hostile attitude to Comrade Burchett."

At the trial Burchett denied all of these allegations, just as he denied the testimony of the KGB defector Krotkov. He lost the case on the technical grounds that the article which he had found offensive was regarded by the court as a fair rendering of the substance of a parliamentary debate, and hence protected by parliamentary privilege from liability. Thus the jury was never asked to pass judgment on the truth or falsity of Krotkov's testimony. (The testimony of the former POW's had been presented by the defense counsel as supporting evidence.)

One need not have been familiar with all the charges against Burchett to have concluded that he was something other than an independent left-wing journalist. Burchett's published writings of the past thirty years demonstrate by themselves his devotion to various totalitarian causes. And the publicly acknowledged fact that Burchett was granted travel documents and a passport by the North Vietnamese and Fidel Castro—privileges not normally given to the citizens of North Vietnam and Cuba—speaks for itself concerning Burchett's "independence." What is most remarkable about Burchett is not his record, but how he has managed to retain credibility and respectability in the eyes of so many Western intellectuals.

The effusive introduction to Burchett's memoirs by Harrison Salisbury provides an almost incredible example of this. A man who since 1945 has undertaken significant

public-relations tasks for the brutal regimes of Joseph Stalin, Matyas Rakosi, Mao Tse-tung, Kim Il Sung, Ho Chi Minh, Fidel Castro, and Pol Pot is described by the former Moscow correspondent and associate editor of the New York Times as a "humanist" and an "iconoclast." Salisbury writes:

"In many ways Burchett reminds one more of the old-fashioned, pre-1917 radicals than those of today's highly ideological confrontations, a Lincoln Steffens or a John Reed with an Australian accent. . . . Burchett is an individualist as far as radicalism is concerned. If his sympathies have a polarization, it is toward the cause of struggling, backward emerging nationalist regimes, typified by Cambodia and Vietnam. . . . Burchett . . . can be seen as sui generis, a radical who moves through a changing milieu, lending his sympathy to one cause after another not because of some Marxist doctrine, but because he believes in the underdog, whatever the continent, whatever the color, whatever the creed."

Salisbury has not been the only collaborator in Burchett's political success. In the New York Times Book Review of March 22, 1981, to take a recent case, Thomas Powers describes as a man of "uncommon honesty" the same Wilfred Burchett who portrayed Communist victims of Stalinist repression as "Titoist spies on behalf of Western imperialism"; who disseminated and possibly helped fabricate the lie that the United States was conducting germ warfare in Korea; who portrayed the Chinese-run POW camps in North Korea, where Allied prisoners were being tortured, as comparable to Swiss holiday resorts; who defended the Russian invasion of Hungary; and who dismissed critics of Hanoi and Pol Pot as "CIA elements."

Burchett has been similarly praised and defended by the cream of the Western press. On March 5, 1970, during his campaign against the Australian government's refusal to issue him a passport, the Times of London wrote:

"Few Western journalists who have witnessed Mr. Burchett's conduct in the East would think him anything but misguided in his enthusiasms. He sympathized with China, reported the Korean war from the Pyongyang side, and in due course went to Hanoi—but his writings show him to be an advocate of détente rather than a tough committed enemy of the West.

Not only was Burchett praised (and published) in the Times, he appeared in Lord Beaverbrook's Daily Express, as well as in the elite Financial Times, even after he had shown his true colors on Eastern Europe.

And not just the British were at fault. For years, as we have seen, Burchett found friends in the editorial offices of Le Monde, at CBS News, and the New York Times. Today Burchett is being promoted not by the Communist regimes whose causes he has served, but by the Western democratic liberals whose cause he despises. And in all this he is presented to readers not as what he is, a Communist propagandist, but as what he is not, an independent, radical humanist, or, simply, an "Australian journalist."

Burchett has not always been so misidentified in the American press. During the Korean war, when he was getting enormous space on the front page of the New York Times for his report on the condition of a captured American officer, the Times referred to Burchett as a "Red" and as a "Communist correspondent." As late as 1967 and 1968, when the Times was publishing articles by and interviews with Burchett from North Vietnam, it usually prefaced them with a caption such as the following:

"Wilfred Burchett, an Australian writer, has frequently been a spokesman for the Communists in East Berlin, Korea and Vietnam. . . . This article gives a Communist view."

But by 1970 a correspondent of the New York Times refered to Burchett only as an "Australian journalist . . . who reported on the Korean and Vietnam wars from the Communist side," and by 1971 Burchett had become "the left-wing Australian journalist." This identification continued throughout the decade until 1979, when the Op-Ed page began describing him as "an Australian journalist."

The New York Times Book Review followed the same pattern. As late as 1969, Frances FitzGerald, reviewing Burchett's book on Vietnam, described him as a "Communist propagandist." But in 1973 James C. Thomson (a former official in the Johnson administration, and since the 1970's the curator of Harvard's Nieman Foundation) called Burchett a "left-wing Australian journalist." (In 1977, Burchett was given the honor of addressing the Nieman Foundation at Harvard.) By 1981 he had become a man of "uncommon honesty."

Similar trends can be seen in the weekly Far Eastern Economic Review. Its editor gave an almost accurate caption to Burchett in 1968, but by 1973, when the Review published an article by Burchett (on the Lin Piao affair) as its cover story, Chou En Lai's Australian spokesman was not even being identified at all.

Finally, there is the treatment given by the Western press to Burchett's defamation trial. The allegations made in the Australian courtroom in 1974 were reported every day in Australia. The Times of London summarized the first day's testimony (by Krotkov) and then forgot the whole frightful business until the end, when it offered a tiny paragraph announcing that Burchett had lost his case. The Washington Post gave a summary of the evidence in one column, at the conclusion of the trial. The New York Times and Le Monde, the two Western newspapers which had afforded Burchett the greatest amount of space during the 1960's, when they were publishing many of his articles, failed to mention the trial at all. One might have thought that the same editors who had regarded Burchett's reporting on Vietnam as worthy of their columns would have found some interest in allegations that the writer was a Gulag bully-boy. But one would have been wrong.

Over the past thirty years Wilfred Burchett has been enormously successful in winning friends in the Western media. In part his success must be laid to his own exceptional talents as a kind of journalistic confidence man. He has been tireless in cultivating cordial relations with people of prospective influence in high places, and his polished personal manner, which reveals not a trace of fanaticism, has been extraordinarily helpful in this pursuit.

But in part Burchett's success, like that of a confidence man, has rested upon a favorable psychological predisposition in the minds of his victims. There seems to be a strand in our culture that is receptive to the message Burchett presents, the message of the benign and non-threatening nature of revolutionary Communist regimes. Though Soviet military moves in recent years have heightened popular concern about Western security, the case of Wilfred Burchett makes it clear that many of our leading intellectuals do not fully know, or do not wish to know, what the struggle is about.●

THE CANCUN SUMMIT AND WORLD HUNGER

● Mr. BAUCUS. Mr. President, the international summit meeting recently held in Cancun, Mexico, brought most of the world's leaders together to discuss major global issues.

Unfortunately, most of the discussion focused on the economic climate within the United States or political relations between particular members of the summit. There was little constructive talk about a global problem which is of particular concern to me: World hunger.

Before the Cancun summit, I wrote to the President asking that he participate in discussions on world hunger. I was joined by six of my Senate colleagues and Representative GILMAN in expressing our desire that the President not go to Cancun to tell others the state of world affairs, but, rather, to listen and discuss with others possible global solutions to the ongoing tragedy of world hunger. I submit our letter to be printed in the RECORD.

Mr. President, I would also like to bring a series of New York Times articles to the attention of my colleagues. As we all know, the problem of world hunger is one of the most pressing problems facing us today.

In my opinion, these articles give an excellent analysis of the importance of the United States in the world agricultural economy, and they make clear the key role that Americans must play in order to solve the problems of world hunger and starvation. I ask that these articles be printed in the RECORD, also.

The letter and articles referred to follow:

U.S. SENATE,
Washington, D.C., October 19, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We support the Petition to End World Hunger. This petition, which has been signed by thousands of Americans across the nation, urges you to support all efforts of the Cancun Summit Meeting to end world hunger and malnutrition, and to cooperate with all international efforts by that body to end mass hunger and starvation. This Petition to End World Hunger expresses the concern and compassion of grassroots America for the hungry of the world.

Such a position is consistent with the traditional and generous help the United States has always offered to those less fortunate than we, and is supported by the following facts:

In 1976, Congress approved a right-to-food resolution reaffirming the right of every man, woman and child on earth to a nutritionally adequate diet.

Congress recognizes the existence of a global emergency created by the hunger and chronic malnutrition suffered by an estimated one billion people; as outlined by both the Presidential Commission on World Hunger and the Brandt Report, this crisis threatens the security of all nations on earth.

The United States and other developed countries are free of mass hunger and have a moral responsibility to provide emergency relief to the starving millions in Africa, Asia and Latin America, and have a tangible interest in long-range assistance programs which help these peoples undertake development initiatives leading to self-reliance.

As this petition campaign and other public expressions of concern for the hungry clearly demonstrate, a significant number of Americans stand ready to make the sacrifices necessary to help free the starving of their misery.

We see in the upcoming North-South Summit Meeting a unique opportunity for your Administration to reaffirm and strengthen our commitment to eradicate world hunger

and promote global security. Therefore, we call upon you, Mr. President, to seek initiatives at the Cancun Summit that are aimed at eliminating world hunger. We ask you to lend all possible assistance to carrying out any recommendations flowing from that meeting that would alleviate the suffering caused by world hunger.

We issue this call, Mr. President, in the conviction that unless the United States and other developed nations are willing to share the fruits of our good fortune so that others might live, the holocaust of mass hunger and starvation will continue. And we believe that without an end to world hunger, there will be no justice; without justice, no peace; and without peace, no lasting freedom anywhere in the world.

Sincerely,

Max Baucus, Carl Levin, George J. Mitchell, Donald W. Riegle, Jr., Patrick J. Leahy, Harrison A. Williams, Jr., Benjamin A. Gilman, and John C. Danforth.

[From the New York Times, Aug. 16, 1981]

DEMAND OUTPACES WORLD FOOD SUPPLY

(By Ann Crittenden)

The world food situation is like a basket half empty, half full.

On the bountiful side, for the last three decades global food production has steadily increased, slightly outstripping population growth and enabling more people to eat better than at any time in history.

This year, world grain production is expected to set historic records, permitting some rebuilding of world food stockpiles. India, once written off as a hopeless case, has almost tripled its food production in the last 30 years. Laborers in the Soviet Union expect a regular portion of meat, and Chinese peasants no longer fear the killing famines that in the past have swept over the land.

500 MILLION SUFFER MALNUTRITION

Despite the real progress, however, there are still more hungry people in the world than ever before—both in absolute numbers and as a percentage of total world population. The rising cost of food has contributed to this situation.

By most estimates, more than 500 million people—roughly one out of every nine—suffer from serious malnutrition today, compared with 100 million to 200 million—one out of every 14 to 25 people—in the 1950's.

MISMANAGEMENT ADDS TO WOES

Refugee camps are still filled with wide-eyed children with swollen bellies. Millions of malnourished adults in Asia and Africa are still doomed to live and work far below their normal capabilities. And even in relatively prosperous countries such as Poland, economic mismanagement has produced shortages of food so severe that the population has taken to the streets.

The coexistence of bounty and want is, in short, as stark as it ever was. The reason is that food production has not kept up with rising incomes around the world, and those incomes gains are not being equitably distributed.

As more countries—particularly the rapidly developing middle-income countries—and wealthier people in those countries gain in purchasing power, they consume more food. This in turn puts pressure on food prices, and means that poorer people everywhere have a harder time buying enough to eat.

"There has been significant progress in a few developing countries," John Mellor, head of the International Food Policy Research Institute in Washington, said in a recent interview. "But the gains do mean that the poorest people will be worse off. It's a good development, but it is increasing inequalities."

"GHOST OF MALTHUS NOT BURIED"

"The ghost of Malthus," as Shahid J. Burki of the World Bank recently put it, "is not buried yet."

But the fact remains that the doomsday theorists who warned only a few years ago that a "human tidal wave" would swamp the world's capacity to produce food have so far been proved wrong. Between 1960 and 1980, thanks to the Green Revolution's new seeds and fertilizers, global corn and wheat yields have jumped by 50 percent, and rice yields by 30 percent.

As a result, by the late 1970's global per-capita food consumption had increased to 108 percent of the minimum essential for good health, according to the Food and Agriculture Organization of the United Nations, compared with slightly below 100 percent in the early 1950's.

MANY UNCERTAINTIES REMAIN

What are the chances of extending these gains, and more important, of translating them into food for the millions with empty stomachs? Will the 1980's bring a more secure world food system and more equal distribution of food, or a recurrence of the periodic shortages, price instabilities and inequities of the 1970's?

The answers to these questions are as uncertain as the weather. But most international food experts agree that in the next decade the world will be entering a new era, characterized more by food shortages than food surpluses, by widely fluctuating prices, and by a steadily widening gap between those who have plenty and those who go hungry. At worst, a disaster to dwarf the food crisis of 1973–74 is seen possible.

New stresses on the world food system are responsible for the insecurities that lie ahead. The most important structural changes are these:

Agricultural productivity in the United States seems to be leveling off, and idle cropland in this country has virtually disappeared. Because the United States now supplies more than half of the grain in world trade, this could mean less food available in the future for deficit countries.

The United States may also be forced to curtail its food exports because of accelerating soil erosion and the pressure of foreign demand on domestic food prices. Some experts, such as Walter P. Falcon, director of Stanford University's Food Research Center, believe that "the 1980's will almost surely see a reduction in the rate of growth of export supplies from the United States."

Even if exports of food from North America could continue expanding indefinitely, many believe that the very dependence of the rest of the world on a single region is a danger. According to the World Bank's Mr. Burki, if a drop of more than 10 percent in the North American grain crop coincided with a shortfall somewhere else, the result would be "disaster."

World food prices now rise much faster in times of scarcity, because of the spreading tendency of food-importing countries, notably Japan, the European Economic Community and the Soviet Union, to keep their domestic grain prices fixed. This means that, even when global food supplies shrink, consumers in these countries can continue to purchase the same amount of food and producers have no incentives to hold stocks or increase production. As a result, supplies do not adjust, international prices go higher than they would otherwise and the poorest food importers suffer.

The improvement in living standards and the growing demand for food around the world have put pressure on food prices, making it harder for the poorest countries to import their food needs.

MANY EATING MORE MEAT

Rapidly developing, middle-income countries such as Mexico, South Korea and Thailand are eating more meat than ever before. The Eastern European bloc—with the exception of hard-pressed Poland—has decided to maintain levels of food consumption through good years and bad. The Middle East oil producers have adopted Western diets with abandon, increasing their food imports from 3.1 million metric tons, valued at $350 million, in 1970 to 15 million tons, valued at $3 billion, in 1980.

Behind these new consumers looms the enormous shadow of China. Its food imports tripled in the period from 1961 to 1977 and are still growing. In all, these purchasers are putting great pressures on the international grain markets and, consequently, on prices.

As a result of these trends, world grain prices are increasingly unstable. In the 1970's, world wheat price fluctuations were more than seven times greater than in the 1960's, and swings in rice prices were more than twice as extreme. Virtually all the authorities expect prices in the 1980's to be even more unpredictable, adding to the insecurity of the poor importing countries and of food producers and consumers in the United States, one of the few countries that allows international grain prices to be fully reflected in its domestic market.

Since the World Food Conference in 1974, a major goal of the antihunger movement has been the establishment of an international wheat reserve system to stabilize prices, so that poor countries could be assured of affording food imports in cases of emergency. But negotiations on a global grain reserve were adjourned without success in 1979, and the prospects for such a system being established now appear to be nil.

A MODEST WHEAT RESERVE

In late 1980, the United States did act to guarantee that a modest Government-held wheat reserve of 4 million metric tons would be established to backstop shipments of food aid in cases of severe food shortages. The United States is also committed to a minimum annual level of 4.47 million tons of food aid under the Food Aid Convention of 1980, which guarantees that at least 7.6 million tons of food aid a year will be available from exporting countries as aid.

Current food aid levels are about 9 million tons a year, of which about 6 million tons are from the United States. That amount is negligible compared with the needs of the food-deficit areas, however. According to the F.O.A., 72 low-income, developing countries received some 8.1 million tons of food aid in 1980, compared with import requirements of some 17.7 million tons of wheat, 4.6 million tons of coarse grain, and 4.3 million tons of rice over the 1980–81 crop year.

The poorest countries will obviously have to go into the commercial markets to cover their food deficits. To enable them to afford emergency purchases, the International Monetary Fund recently established a criterion for lending that would enable poorer countries to receive additional financing from the fund when their food imports rose above a base level. This could make an additional $500 million to $700 million available to food-short countries.

To keep such an influx of funds from pushing prices even higher, and to guarantee that the poorest countries would have access to grain purchases in tight periods, several international food groups, including the F.A.O., the International Fund for Agricultural Development and the World Food Council, have proposed an international food security reserve.

A 9- TO 18-MILLION-TON RESERVE

The reserve, which could be from 9 to 18 million tons in size, would assure developing countries that they would not be squeezed out of the world food market if prices skyrocket during a shortage. Grain exporters would promise to make available to the poorest countries in times of scarcity an amount of wheat based on their normal commercial import purchases. The sales would be at roughly commercial rates, although a ceiling on the price, based on long-term market trends, would be set.

Over the longer run, however, the only real world food security is an increase in food

production in the deficit countries. The World Food Council, a United Nations policy group set up in 1974 to monitor international food security; is working with some 50 developing countries to establish national food plans.

Food experts agree that greatly increased investment in technical assistance, irrigation networks and agricultural research will be necessary in the coming decades if the world is ever to achieve freedom from hunger. The World Bank, the chief international lending agency for such projects, is now putting 30 percent of its resources into agriculture, 80 percent of which is going directly into food production. The $1 billion International Fund for Agricultural Development, based in Rome and heavily financed by the Arab oil producers, is also devoting all of its resources to agricultural development.

$600 BILLION IN 10 YEARS

These investments are only a drop in the bucket compared with the world's need, however. World Bank calculations indicate that an investment of $600 billion in developing countries, largely in expensive irrigation systems, will be required over the next 10 years just to maintain food supplies at present levels of hunger.

No one is sure where that vast sum will be coming from, or whether the agricultural development that is necessary will be accomplished before the next poor harvest years.

"Say the economic policies in the United States don't work, and we get heavy inflation here, and then a bad crop year or two," Mr. Mellor of the International Food Policy Research Institute speculated recently. "Food prices here soar, and the Government decides to slap on an export embargo, sending global food prices through the roof. What would a Tanzania or a Bangladesh—which already spends 80 percent of its export earnings on food imports—do then? That's the disaster scenario, and it's a perfectly possible eventuality."

[From the New York Times, Aug. 17, 1981]

WORLD HUNGER IS EXACTING HIGH HUMAN TOLL

(By Ann Crittenden)

Widespread hunger remains intractable throughout the world and is exacting a high human toll.

About half a billion individuals are still crippled by hunger, and a billion or more others should have a more varied diet, according to nutritionists.

The great majority of the undernourished—some 80 percent, by World Bank estimates—are women and children. In recent testimony before Congress, Jean Meyer, the president of Tufts University and a noted nutritionist, said the human toll of hunger took the following forms:

¶ Blindness caused by a lack of vitamin A occurs in more than 100,000 children every year.

¶ Up to 5 percent of the population in remote inland regions of Africa and South America, and in the Himalayas, are affected by cretinism caused by iodine deficiencies in childbearing women.

¶ From 10 to 50 percent of women in South America, Africa and Asia are estimated to have iron deficiency anemia.

¶ In adults and children alike, undernourishment brings listlessness, muscle wastage and a reduced capacity for learning or activity, a legacy that perpetuates the poverty at the root of the hunger issue.

This problem of pervasive deprivation, it is agreed, is the real hunger problem, affecting far more people than outright famine and far harder to solve.

As C. P. Timmer of the Harvard Business School put it in a recent paper: "The moral will of the rich is successfully spurred by emergencies; it is dulled by the chronic hunger of the masses of the poor."

The public has responded to famines, those crisis situations amenable to crisis solutions. In 1979 and 1980, publicity by such celebrities as Rosalyn Carter and Liv Ullmann prompted an unparalleled international relief effort for Cambodia that successfully prevented the wholesale starvation of the Khmer people.

This year, the emergency is in Somalia, one of the poorest nations in the world, where more than one million refugees huddle in 33 camps. Elsewhere, in Thailand, the Sudan, Zaire, Nicaragua, Honduras, and Pakistan, severe hunger faces as many as nine million more refugees.

TWO-THIRDS OF WORLD'S HUNGRY

The undernourished are less visible. Most are in Asia: in India, Bangladesh, Pakistan, Indonesia, the Philippines and Cambodia. These six countries, along with Brazil, Zaire and Ethiopia, account for two-thirds of the world's hungry.

In India alone, 300 million to 400 million people do not have enough to eat, despite the country's plentiful wheat stocks, and in Pakistan, 30 percent of the population is not obtaining the minimum level of nutrition.

Worst of all is sub-Saharan Africa, where the food supply is so limited that fully 70 percent of the population is not getting enough to eat, according to Joseph C. Kennedy of Africare Inc., a nonprofit agency for development in rural Africa.

The region, the only one in the world where per capita food production has declined since 1960, is rapidly becoming a chronic food deficit area. Most of the countries there cannot even afford to pay for essential food imports.

In his paper, Mr. Timmer of the Harvard Business School dealt with the question of "what do these people need to alleviate their hunger." His answer was that "they need more of their basic food."

"Hunger is a calorie problem," he added. "If solved by additional intake of traditional foods, especially basic cereal grains such as rice, wheat, or coarse grains, not only is the hunger problem solved but so too are many of the secondary nutritional problems, especially any protein deficiencies."

POVERTY AND INCOME DISTRIBUTION

Virtually all the authorities on world hunger agree that the problem is due not to overpopulation or a lack of food availability. Even at the height of the world food crisis in 1974, the world was producing two pounds of grain a day—more than 3,000 calories—for every man, woman and child on earth. The cause of hunger, it is agreed, is poverty and poor income distribution in most of the affected areas.

If poverty and inequality are the root causes of hunger, then it is not surprising, as Mr. Timmer puts it, that "successful relief efforts and a decreasing population growth rate in the third world have left much of the human hunger problem untouched."

The problem is that many of the people who most need food simply cannot afford to buy it. According to a recent study by Amartya Sen of Oxford University, in three of four contemporary famines—two in Bangladesh and two in Ethiopia—there was no decline in food output; a breakdown in the economic system and in people's purchasing power caused the starvation.

The higher the food prices, the greater the incidence of hunger, for in developing countries the poorest people already spend some 60 to 80 percent of their income on food.

NOT GIVEN HIGH PRIORITY

Another problem is that governments of the countries in which most of the hungry lives, with the recent exception of India, have not placed a high priority on food production or distribution.

According to the Food and Agriculture Organization, less than 60 percent of the world's cultivatable land is now under cultivation.

Less than 20 percent of the potentially arable land in Africa and Latin America is cultivated, and throughout the developing world, vast increases in food production could be achieved through the adoption of more sophisticated farming methods.

NEEDS OF FARMERS NEGLECTED

Most governments in developing countries have particularly neglected the needs of small farmers, although small farms produce most of the food in developing countries and have been shown to produce higher yields per hectare—2.471 acres—than large farms.

Many observers argue that this neglect of poor farmers, and inequity in the countryside, contributes both to widespread hunger and to stagnating food production. In their book, "Food First," Frances Moore Lappé and Joseph Collins maintain that this issue is especially acute in Central America and the Caribbean, where in the mid-1970's approximately half of the agricultural land was used to produce cattle and crops for export or for a domestic elite, rather than basic staple foods. The pattern changed after the revolution in Nicaragua, where the new Government has put the old cotton plantations into bean production.

In Mexico, the authors point out, more basic grains are consumed by livestock than by the country's peasants. And, they say, in the Sahel, a region in north central Africa, south of the Sahara, characterized by periodic drought, agricultural exports actually increased in the late 1960's and early 1970's, when the desert tribes were faced with mounting hunger.

RISE IN FOOD AID URGED

Sympathetic groups in the industrial countries have argued that more food aid, which has been declining in real terms, is needed to eliminate hunger. But the amounts that would be required to wipe out hunger dwarf the current amounts of aid.

According to Mr. Timmer's calculations, the world's calorie deficit amounts to 30 million to 50 million metric tons, compared with total food aid shipments of 8 million to 10 million tons in recent years. The deficit amounts to only 2 to 3 percent of world grain production, however, and 15 to 25 percent of internationally traded grain.

Moreover, it has frequently been demonstrated that food aid undermines the ability of countries to develop their own agricultural capabilities.

The only lasting solution to hunger, it is agreed, is not food aid but a more aggressive emphasis on agricultural productivity and food distribution within the food deficit countries themselves.

To achieve this, the international food agencies have suggested land reform and assistance for small farmers; the building of agricultural institutions with skilled personnel in developing countries; more research on tropical agriculture; sharply increased employment opportunities for the rural and urban poor and food subsidies for the needy.

The hungry themselves seem to agree that help in improving production is preferable to charity. Joseph Short, the executive director of Axfam America, an international hunger relief organization, said that, when it was distributing food rations one day last year in Cambodia, hundreds of poor waited quietly for their share, but when fishnets were handed out, the crowd cheered.

[From the New York Times, Aug. 25, 1981]

CONSUMPTION OF MEAT RISING IN THE DEVELOPING COUNTRIES

(By Ann Crittenden)

When Lowell Haskins, an American poultry breeder, visited Zambia not long ago, he was invited to lunch at the luxurious home of a Cabinet minister. The official's wife asked if he would like to see her chickens, and then led him outside. There in the back

garden were 300 broilers being fattened for the Lusaka market.

"It was like being invited to the home of Alexander Haig and having Mrs. Haig show you her chicken business in the backyard," said Mr. Haskins, whose Connecticut company, Arbor Acres, supplies almost one-third of the world's breeding stock for broilers.

POULTRY PART OF MEAT CATEGORY

All over the developing world, the production and consumption of meat are soaring. In the last five years, for example, the per capita consumption of poultry has risen by 24 percent in the developing countries.

The meat category, as defined by experts, includes poultry in addition to beef, veal, pork and sheep, goat and horse meats.

The trend is the most important change in global eating habits of the last decade, in the view of many food experts. Despite warnings in the early 1970's that the world's food-producing capacity could not sustain an American-style diet, people in Africa and the Middle East, in the rapidly growing countries of Southeast Asia and in Eastern Europe, Mexico and Brazil are using their rising incomes to purchase more meat.

The growth in meat consumption elsewhere is occurring at a time when Americans are reducing the amount of meat, especially beef, in their diet.

The United States exports 70 percent of the feed grains in world trade, supplying a foreign demand that pushes up the prices of feed grains and, therefore, of meat in the United States. As a result of the rising price of meat in this country, and because of declining real incomes and diet-health concerns, Americans themselves now eat 17 percent less beef per capita than in 1976.

"More by coincidence than by design, we have cut back on meat and made it possible for others, in Europe, Japan and the middle-income developing countries, to eat more meat," said Harold Breimeyer, an economist at the University of Missouri, in a phone interview.

A number of food experts believe the trend is a positive one. They see the growing number of farm animals as a buffer against famine, particularly in Africa and South Asia. If grain crops fail again in many countries, the animals there can be slaughtered, providing food and making grain that has been used for feed available for humans.

"The growing consumption of meat means we have more food reserves than we think," said Shahid J. Burki of the World Bank.

On the other hand, some agricultural economists believe that the trend toward more eating of meat reflects and exacerbates the growing gap between the better off and the poor around the world. Many worry that the demand for meat will contribute to serious food price inflation in the 1980's and, indirectly, to the spread of hunger around the world.

The rising consumption of meat in developing countries—fueled by rising incomes rather than population growth—is largely limited to the middle classes. Yet the trend puts pressure on the price of livestock feed and, in turn, on the prices that the very poor have to pay for food.

"The potential for feed grain demand in a dozen middle-income, oil-producing or skewed-income countries to 'drive' international grain markets in the 1980's is very real," said C. P. Timmer of the Harvard Business School. Mr. Timmer is particularly concerned about what could happen to world food prices if the Chinese make major purchases in the feed grain market in the 1980's, as they seem to be planning to do.

ADDED PRESSURE OF SYSTEM

There is no doubt that higher meat consumption puts added pressure on the world's food system. Lester Brown of the Worldwatch Institute in Washington has calculated that one person consumes about 180 kilograms of grain each year if it is eaten directly. But if he or she has a meat-intensive diet, the grain demand rises to 730 kilograms. A kilogram equals 2.2 pounds.

"Such a diet, aside from the health effects of producing more cholesterol and heart disease, just isn't sustainable," said Frances Moore Lappé of the Institute for Food and Development Policy in San Francisco. "If you compare the per-capita acreage required to sustain the American diet with cultivated land per capita in the rest of the world, you find we use twice the acreage that the world has available per capita. We call the trend toward a meat-centered diet a wish for the impossible."

UNMISTAKABLE TREND

Whether or not it is possible over the long run, the trend is unmistakable, and is reflected in these ways:

Today, more grain is fed to animals than is consumed by the 1.4 billion people living in low-income countries. The middle-income developing countries alone, including Brazil, Mexico, Taiwan, Singapore and Hong Kong, feed six times as much grain to animals as is eaten by humans in all of sub-Saharan Africa.

The proportion of grain consumed by livestock has doubled, from about 20 percent of total world grain consumption in 1960–61 to more than 40 percent.

Since 1970, the growth of grain consumption for animal feed has been twice as rapid as that of the consumption as food. According to World Bank calculations, one-third of all wheat and one-half of all grain imports go to feed livestock.

The Eastern European countries, including the Soviet Union, consumed 97 million metric tons of food grains in 1960 and used 67 million tons as animal feed. By 1981, food grain consumption was 126 million tons, while feed grain consumption had jumped to 186 million.

The big explosion is in the consumption of poultry, which, unlike pork or beef, is acceptable fare to most religious and ethnic groups.

Poultry is also the most efficient converter of grain to meat. A rule of thumb says that feeder cattle require eight calories of grain to produce one calorie of meat and pork requires four.

But chicken can produce a calorie of meat for every two or two and a half calories of grain, thanks to technology that between 1950 and 1980 reduced the amount of grain necessary to produce a four-pound broiler in the United States from about four kilograms to two kilograms, and reduced the time required for that growth to seven weeks from 13.

"Chicken is the meat of the future," commented John Schnittker, a Washington-based agribusiness consultant and former Agriculture Department official.

GROWTH IN CONSUMPTION

In the last five years, poultry consumption has risen almost everywhere. Per capita consumption, in kilograms, rose in Brazil from 5.3 to 11.1; in Venezuela from 12.8 to 15.6; in the Soviet Union from 5.7 to 9.1; in Japan from 7.7 to 10.5; in Hong Kong from 16.8 to 21.2; in the European Economic Community from 12.4 to 13.9, and in the United States from 24.1 to 29 5.

So many small-scale chicken operations have sprung up in northern India and Pakistan that the old Grand Trunk Road, from Calcutta to the Punjab, is now called "Poultry Lane." In the Yucatan, a thriving business has sprung up in the last three or four years to feed the tourist trade as well as the booming oil towns on the Gulf coast. And in the Sahel region and in Upper Volta in Africa, an explosion in the chicken population gives tribesmen the same kind of food security they used to have when they killed off camels during hard times.

If another food crisis did occur, most food experts say, the trend toward meat would be reversed quickly. But, in the meantime, much of the world's food reserves consist of farm animals.

[From the New York Times, Sept. 1, 1981]

U.S. DRIVE FOR GRAIN EXPORTS STIRS DOUBTS BOTH AT HOME AND ABROAD

(By Ann Crittenden)

A lifeline of ships streamed out of United States ports last year with more than half of the grain in international trade, carrying wheat to the Soviet Union and China, animal feed to South Korea and corn to Mexico.

More than ever before, the world depends upon American exports for its basic food needs. This country now exports more grain than Latin America and sub-Saharan Africa together produce.

Thanks in part to aggressive promotional efforts, the United States has become the No. 1 supplier of ducks to Singapore, nudging out China. And in Peking itself, a model $1.5 million bakery will soon be demonstrating the latest techniques in baking Western-style bread.

In the last 10 years, American farm exports have almost tripled in volume, surging 25 percent in the last two years alone.

In this bumper crop year, the United States will be shipping 163 million metric tons abroad—almost 40 percent of its harvest—and earning a record $44.7 billion for its hard-pressed balance of payments. Two-fifths of the acres harvested in the United States now produce for export. Indeed, roughly five million acres produce for China alone

EROSION AND INFLATION

This remarkable and unexpected growth has generally been viewed as an unmixed blessing—for the world's hungry, for American farmers and for the American balance of payments. But, ever so faintly, a chorus of doubts is beginning to be heard about whether an all-out agricultural export policy really helps feed the world or is even in the best interests of this country

Critics of huge American grain sales emphasize two points Many soil scientists maintain that huge agricultural exports are aggravating the increasingly severe problem of soil erosion in the United States. And, more important for American consumers, the critics assert that exports contribute to food price inflation.

If the current rate of export growth continues until 1990, pushing more marginal land into production, prices paid to farmers for corn, wheat and soybeans would have to increase more than 85 percent, according to Agriculture Department economists.

Price increases of that magnitude could squeeze some of the poorest countries out of the market for American grain. Some international food experts even worry that if food price inflation in the United States were to worsen perceptibly, political pressure might produce a sudden cutoff of food shipments abroad, with disastrous consequences to the countries that depend upon American grain for their margin of safety.

WARNING FROM OFFICIAL

M. Peter McPherson, director of the International Development Cooperation Agency, said during recent Congressional hearings, "Although the United States has traditionally served as the world's 'breadbaskets,' we cannot expand production indefinitely without boosting grain prices and damaging our own resource base."

So far, however, the Reagan Administration has pursued a policy of all-out maximization of exports, mindful of the powerful political pressure exerted by most farm organizations to keep exports high.

In the early 1950's, grain surpluses had grown so large that the Eisenhower Administration conceived the Food for Peace program, formally known as Public Law 480, to

let developing countries buy these surpluses on long-term credits. That was the beginning of a gradual rise in exports that continued until 1972, when huge Soviet grain purchases caused the figures to surge dramatically.

Last year, during the Presidential election campaign, Ronald Reagan promised a group of Iowa farmers that he was "committed to the aggressive expansion of agricultural exports." In a recent review, Under Secretary of Agriculture Seeley G. Lodwick said, "Many of us are using that statement as a general road map."

Agriculture Secretary John R. Block, himself a substantial corn and hog farmer, has made exports a cornerstone of his farm policy, a fact that he and other high department officials stress in virtually every speech they give. Questioned after a speech earlier this year at the Council on Foreign Relations in New York, Mr. Block declared that he could see no limit to American farm exports.

In their speeches, Agriculture Department officials stress that farm sales abroad provide more than 20 percent of farm income and some 630,000 nonfarm jobs producing, processing, shipping and financing the export trade.

"BUSHELS FOR BARRELS"

Above all, farm exports of $40.5 billion last year paid for more than half of American oil imports. Supporters of flat-out farm exports talk approvingly of "bushels for barrels."

In pursuit of more sales, Mr. Block led a team to Brussels in May to warn the European Economic Community to grant greater access to American farm products, particularly soybeans and corn gluten. Government-industry sales missions this year have visited China and Yugoslavia as well as nations of northern Africa and South America.

Loan guarantees for agricultural purchases by foreign buyers, through the Commodity Credit Corporation, have been increased by $300 million this year and will rise by $200 million more in fiscal year 1982, to $2.5 billion.

Above all, the Administration is keeping commodity loan rates low enough for farmers to have an incentive to sell in the world market. If farmers do not sell this year's record wheat harvest abroad, the Government will have to pay farmers some $400 million in target price subsidies.

Despite these efforts, the pace of farm exports slowed this summer as a result of the economic stagnation in Europe, high interest rates, the strong dollar and competition, especially from Argentina. Nevertheless, another record tonnage for farm exports is expected next year. Government economists warn, however, that an anticipated drop in commodity prices could make export earnings slip below this year's level.

The Agriculture Department and private grain companies are also concerned about a new reluctance on the part of the Russians to buy American grain since the Carter Administration's curtailment of grain sales to the Soviet Union in January 1980.

The Reagan Administration ended this restriction, and it has negotiated a one-year extension of the two countries' five-year grain agreement, which was to expire Sept. 30. But negotiations for another long-term agreement have not yet been scheduled, and spokesmen for the grain industry say they expect the Russians to purchase less, both this year and next than they would have in the absence of the curtailment.

PARADOX SEEN IN POLICY

Some observers call it paradoxical that the Reagan Administration is trying hard to soak up the current wheat surplus by selling to the Soviet Union. "They have told us that the Soviet Union is a threat to our very survival and that we want to sell them more food—it's confusing to the public," Dale E. Hathaway, who was a Under Secretary of Agriculture in the Carter Administration and is now a Washington-based consultant, commented in a recent interview.

A growing number of critics are also suggesting that sales to the Soviet Union, among other countries, are being made at the expense of the American land itself. Heavy year-after-year planting of erosive export crops drains the soil of valuable nutrients, as farmers themselves acknowledge.

In Nebraska recently, a visitor viewed row after uniform row of bright green corn and soybeans carpeting the gently curving plain. Pointing to piles of dead trees and brush, a farmer explained that they came from windbreaks planted after the disastrous soil erosion of the 1930's but now dug up by farmers wanting to plant every last inch of their land, even at the expense of some of the topsoil.

According to William E. Larson, a soil scientist with the Agricultural Research Service of the Agriculture Department, about 1.25 million acres of cropland (out of 400 million acres planted) go out of production each year as a result of erosion, and some damage is being done to 100 million acres more of cropland. This, he says, is an "unacceptable" level of soil degradation.

Many of the effects of erosion are being masked by fertilizers. But a new Federal report predicts that over the next 50 years the United States will lose 15 percent to 30 percent of its corn and soybean yields if erosion continues at the present rate.

"There will still be adequate productive capacity to meet domestic needs," the report said. "Meeting projected export demands, however, will require an extensive conservation effort to protect the nation's soil resource base from excessive erosion."

Despite these warnings, however, the Agriculture Department spends only $256 million a year to help farmers pay for soil conservation measures, compared with $5.6 billion a year for commodity loans and payments.

There are other fears, too, about the country's dependence on farm exports.

Above all, sudden jumps in export demand have sometimes produced severe inflation in American feed grain and meat prices. A recent study, by the economists Ronald Anderson and Maurice Wilkinson of Columbia University, found that the huge sale of grain to the Soviet Union in 1972 cost American consumers a reduction of meat consumption valued at $3.3 billion by 1975.

Exports have also contributed to rapid inflation in the price of farmland, according to many economists.

American farmers are now also vulnerable to good harvests abroad and drops in foreign demand, which can cause falling prices and farm failures in this country. Some farm groups say that net farm income, adjusted for inflation, is no higher now than it was in the 1950's and 1960's, before the export boom began.

In the view of some agricultural economists, vast export markets encourage large-scale, highly mechanized farms and promote the concentration of land ownership and the disappearance of family farms.

The necessity of farm exports as a way of paying for imported oil has even been challenged. An agricultural policy research group in San Francisco, the Institute for Food and Development Policy, has done a study indicating that for every dollar's worth of farm exports in 1980, American agriculture used the equivalent of 25 cents in imported oil.

POSSIBILITY OF EMBARGOES

Finally, some observers worry that the potential for a backlash against unrestrained food exports is so great that when the next bad crop years and price increases occur, the American public might force the Government to declare export embargoes, as President Nixon did twice in the mid-1970's.

If that happened, international grain prices would undoubtedly skyrocket, and poorer countries might find themselves squeezed out of the market. Fully 85 percent of American exports to developing countries are on commercial terms. Only 15 percent of shipments to poorer nations are sold on concessional terms as food aid, compared with 50 percent 10 years ago.

The Agriculture Department has repeatedly stated its opposition to export embargoes or controls. But no provisions have been made to assure that the poorest nations will at least have access to commercial purchases of a certain amount of American food.

[From the New York Times, Sept. 7, 1981]

U.S. FARM PRODUCTIVITY MAY BE LEVELING OFF

(By Ann Crittenden)

EMERSON, NEB.—Melvin Fischer has been living on the same piece of land here in eastern Nebraska for 46 years, and the living has been pretty good.

He and his wife, Margaret, have sent four children to college, with one to go. And they have acquired the usual accoutrements of prosperous American life, including that extra sign of the farmer: a side yard of machinery that looks like a John Deere sales lot.

Viewed from a different perspective, however, Mr. Fischer is not doing so well. He is paying so much more for nearly everything—land, fuel, pesticides, herbicides, fertilizers and seed corn—that he has to wring a lot more production out of the land just to stay even.

And his brother Lloyd Fischer, an agricultural economist at the University of Nebraska, is concerned that the extra output may not be forthcoming.

OUTLOOK FOR AGRICULTURE

Although many successful farmers do not recognize it, a great deal of the source of their prosperity—the much-vaunted productivity of America's farms—may finally be leveling off.

"Most agricultural scientists agree that we're probably going to see the growth in yields taper off, despite the fact that farmers are doing a better job of farming," Lloyd Fischer said in a recent interview.

Echoing this sentiment, Walter P. Falcon, director of the Food Research Institute at Stanford University, said during an interview in his office in Palo Alto: "The mechanical and fertilizer 'revolutions' seem to be about over, at least in terms of their productivity effects. Few new major breakthroughs are expected soon in seed technology. We've eliminated the surplus labor and gone to continuous planting of grain. I just don't see where it's going to come from in the near future."

A slowdown in the growth of agricultural productivity, one of the strongest bulwarks of the nation's economy since World War II, would have serious implications not only for the American economy but also for consumers all over the world. The steady improvement in United States farm productivity—which has grown five times faster than industrial productivity over the last five years—has enabled American consumers to reduce the percentage of their income spent on food from 24 percent in 1950 to 16.6 percent in 1980, one of the lowest percentages in the world. And relatively cheap American food is now critical to the diet of people from Tokyo to Lagos to Jamaica.

In the long run, some agricultural economists believe, the advantages of food production may even shift to the developing countries and to an agriculture less dependent upon expensive capital and energy. But for the next 10 years or so, the United

States must remain the residual supplier of the world's food needs. Among the other major unsubsidized food exporters, only Argentina still has considerable unused capacity, but its share of world grain trade is still less than 8 percent.

HIGHER PRODUCTION COSTS

If the 1980's bring higher costs of agricultural production in the United States while foreign demand for imported food continues to increase, the result will be higher food prices and lower standards of living on almost every continent.

Statistics on agricultural productivity are confusing. But according to Agriculture Department figures, while yields increased by an average annual rate of 2.8 percent between the early 1950's and 1972, the rate of increase declined to 1.1 percent a year from 1972 to 1979.

Yields did hit an all-time high in 1979 and were 9 percent above 1978, the previous record year. But, according to Lloyd Fischer, the gains are misleading. "When we look at yields per acre," he said, "we have to remember that inputs per acre are also increasing—in tractors that cost $40,000, seed corn that is $50 a bushel, more fertilizer and herbicides, land at $2,000 and up and paid for with money that costs 20 percent. If you're putting more in, you have to get more out to stay even."

Labor productivity in agriculture, meaning how much time it takes a man to produce a given amount of food, has also long outstripped productivity performance in the rest of the economy. Since 1970, for example, labor productivity in nonfarming operations has increased by only 1.5 percent a year, while agricultural productivity has grown by 5.5 percent.

But Mr. Fischer argues that this, too, "is a fictitious statistic."

"WE RAISED OUR OWN POWER"

"When I was a kid on a farm," he explains, "we raised our own power—draft horses—and the fuel to go with them. We raised almost all of our own food, produced most of our inputs and did a lot of the processing of what we grew. The modern farmer doesn't do any of that. So now when you talk about one farmer feeding 50 people, you have to remember that a lot of people contribute to that production, compared with almost none 40 years ago."

Optimists point out that yields per acre are still showing healthy increases, and that improvements in farm management and the use of new plant-growth regulators, chemicals that enable plants to mature faster, can guarantee continued progress.

It is also clear that there is room for a major increase in productivity in developing countries, where fertilizer usage and agricultural research is just beginning. Just how significant technical change can be is illustrated by the fact that, from 1960 to 1980, average global corn yields went from about 2.1 tons to 3 tons per hectare, wheat yields from 1.2 tons to 1.8 tons per hectare and rice yields from 2 tons to 2.6 tons per hectare. A hectare equals 2.471 acres.

OUTLOOK FOR BREAKTHROUGH

Beyond these opportunities lies the potential for dramatic breakthroughs in plant research that could bring about a second Green Revolution. Innovations achievable through recombinant DNA research, such as the improvement of photosynthesis and nitrogen-fixation capabilities of plants and the evolution of disease- and stress-resistant plants are all distinct possibilities.

Nevertheless, none of these innovations are expected to arrive within the next 20 years or so, and many experts believe there may be a gap in productivity growth before the new technologies become feasible.

Among all the uncertainties about the prospects for future crop productivity, the most serious is soil erosion. It is now estimated to affect one-third of the crop land in the United States. Erosion already demonstrably reduces yields in many areas, from corn and soybeans in the Middle West to cotton in Georgia.

The Agriculture Department has made a rough estimate that a continuation of 1977 rates of erosion would reduce yields by the equivalent of 23 million acres in 50 years (of a total of about 400 million acres planted).

ERODED PLACES POINTED OUT

Driving through his Nebraska fields, Melvin Fischer explains that he has several spots that are severely eroded and "won't get any results if I don't put on fertilizer—that's why I put on zinc and sulfur." Ten years ago he didn't have to use zinc and sulfur on the soil.

According to Mr. Fischer, one reason for the erosion is that "there is a lot of farming on land that should've stayed in pasture." To plant more crops to pay for their expensive land and equipment, farmers in this part of Nebraska have torn up orchards, railroad tracks and even the stands of trees that used to stop the wind from blowing topsoil away.

Farm productivity is also threatened by the depletion of ground water in many parts of the West. Over large areas, water tables are declining, and farmers have to pump deeper for irrigation water. This adds to energy costs that have already soared with rising fuel prices.

Heavier and heavier use of fertilizers has masked the effects of erosion on crop yields for years and has been essential to the growth of farm productivity. Between 1965 and 1978, while harvested acreage in the United States increased by 10 percent, the use of plant nutrients jumped by 90 percent.

A LIMIT FOR FERTILIZER

But the yield increases obtainable through fertilizer use may be leveling off, according to William E. Larson, a research soil scientist with the Agriculture Department. As evidence, he cites figures showing that the compounded growth rate of fertilizer use fell from 6 percent a year between 1960 and 1970 to 4.5 percent a year between 1970 and 1980.

Dr. Larson is also concerned, as he recently told a Congressional committee, that "our basic research information pool is not as great as it once was." During the 1960's when the main problem of American agriculture was overproduction, money was switched out of farm research and was spent instead on such problems as cancer. "All of that will hit in the 1980's, and we're beginning to feel it already," said John Mellor, head of the International Food Policy Research Institute, a nonprofit research organization in Washington.

The Reagan Administration spared agricultural research in its recent round of budget cuts, and private corporations are beginning to spend heavily on some of the frontier genetic research on plants. But the payoff from this work will not appear for at least a decade.

Vernon W. Ruttan, an agricultural economist at the University of Minnesota, said in an article published by the Conservation Foundation:

"The closest analogy to the present situation in American agricultural history was the period between 1900 and 1925.

"With the closing of the frontier, productivity growth declined. The new sources of productivity growth, chemical and biological technology, did not begin to emerge for several decades."

"My guess is that it will be at least another decade before the direction of technical change induced by the rising real price of energy becomes clear."

[From the New York Times, Sept. 18, 1981]

FOOD PROGRAM'S ADVOCATES FEAR CUTBACKS WILL WIPE OUT GAINS IN NUTRITION

(By Gregory Jaynes)

ATLANTA.—In 1967, six pediatricians were dispatched to the South on a search for hunger, and they found it in appalling quantity. Ten years later a second medical team came here for a look and concluded that although the diet of America's poor would still displease nutritionists, there was food in the icebox. The doctors agreed that in the decade that had passed, the corner would not have been turned without huge increases in the budget for Federal food aid programs.

Since 1967, the budget for such programs has risen about 3,000 percent, from $585.5 million to about $16 billion. However, in the fiscal year that begins Oct. 1, the programs will be cut by $3 billion, a move that would, among other things, disqualify one million of the 23 million Americans now receiving food stamps and reduce the amount of food stamps for the remaining recipients by about 10 percent.

The cuts were proposed by President Reagan and approved by Congress as part of their effort to hold down Federal spending with an eye to improving the national economy and, by extension, the lot of all Americans. But critics contend that the result will be increased hunger and malnutrition.

FRUSTRATION AND FURY

"We are frustrated, furious, frantic, disbelieving that people would cut back on these programs," said Nancy Amidei, director of the Food Research and Action Center, a law firm and advocacy center in Washington that specializes in Federal food programs. "God knows there are a lot of people who still go without food, who still go hungry, but God knows it's a whole lot better than it was 13 years ago."

Just how much better has not been solidly documented, however. In 1969 the Harvard University psychiatrist Robert Coles could write a book called "Still Hungry in America," published on the heels of an extensive national survey on nutrition, but today no comprehensive picture of the state of America's bellies exists. Advocates of food programs say the United States Government, which at present has an overseas food aid program that amounts to $1.6 billion, knows more about hunger in the Third World than it knows about empty iceboxes here.

For its part, the Reagan Administration says "safety nets" built into the systems will catch acute needs for food and other social services. Administration officials argue that families who will lose their food stamps altogether earn as much as $14,000 a year and are well able to get by without Government help, and that those who will have their benefits reduced will still receive enough assistance so that they will not go hungry.

Since there has been no systematic examination in recent years of hunger in America and the ability of Federal programs to relieve the problem, the effect of the budget cuts cannot be known until after they take effect.

Widescale hunger, apparently, was of little concern to any administration until the beginning of World War II, when thousands of young men too malnourished to be drafted came under the stethoscopes of military service physicians. A committee on nutrition for national defense was established. Nutritional standards were worked out, and for a short while there was a fledgling and not all that successful food stamp program. In 1946, a school lunch act was passed as a measure of national security.

Over the years, the Agriculture Department had a commodities program that relied on national surpluses and county bureaucrats to get food to the poor. Sometimes it worked, and sometimes it did not. Its effectiveness was never extensively measured. But all the while, the authority to do something about hunger and malnutrition in America lay on the books, as a measure of national security, and it was this authority that President Kennedy, after having seen the distended bellies of West Virginia while campaigning in 1960, seized to set up the food stamp program in 1961. It was 1967,

however, before the issue touched a national nerve.

That was when the Field Foundation, a nonprofit research organization based in New York, sent the first team of pediatricians here. The doctors examined several thousand children across the South.

"Wherever we went and wherever we looked," they reported back to Congress, "we saw children in significant numbers who were hungry and sick, children for whom hunger is a daily fact of life, and sickness in many forms, an inevitability. The children we saw were more than just malnourished. They were hungry, weak, apathetic.

FINDINGS ON NUTRITION

That Congressional testimony led to the establishment of the Senate Select Committee on Nutrition and Human Needs. Its mandate was to determine the amount of hunger and malnutrition in the United States. In 1968, the most extensive survey this country has ever conducted on nutrition was begun by the Department of Health, Education and Welfare. About 47,000 people were examined. The findings, along with some independent surveys of the time, were that millions—some estimates went as high as 35 million—of Americans suffered from serious vitamin deficiencies.

Some researchers read the data and determined that as many as 10 million Americans were hungry, and others said the estimate was high. The only thing everyone agreed upon was that malnutrition and little or no income were related. Every year thereafter substantially more funds were found to feed and shore up the incomes of the poor, and country and western singers began warbling about people on welfare driving Cadillacs.

When the Field Foundation sent its second medical team here for a survey in 1977, along with teams to Appalachian Kentucky, the Bronx, Mexican-American ghettos of Texas, migrant work camps in Central Florida and coastal South Carolina, the overall conclusion was encouraging.

"Our first and overwhelming impression is that there are far fewer grossly malnourished people in this country today than there were 10 years ago," the teams reported. "Malnutrition has become a subtler problem. In the Mississippi Delta, in the coal fields of Appalachia and in coastal South Carolina, where visitors 10 years ago could quickly see large numbers of stunted, apathetic children with swollen stomachs and the dull eyes and poorly healing wounds characteristic of malnutrition, such children are not now to be seen in such numbers. Even in areas which did not command national attention 10 years ago, many poor people now have food and look better off."

"In fact, the facts of life for Americans living in poverty remain as dark or darker than they were 10 years ago. But in the area of food there is a difference. The food stamp program, the nutritional component of Head Start, school lunch and breakfast programs, and, to a lesser extent, the women-infant-children feeding programs, have made the difference."

"A CRITICAL IMPERATIVE"

In 1979, the foundation said, "While only the barest subsistence needs are being met by Federal food programs, those programs are proving a critical imperative to the nation's health." The organization also lamented that "the nation continues to be plagued with a lack of sophisticated data about its nutritional well-being." According to health officials in Washington, there has not been another Federal survey the scope of the one conducted in the late 1960's because of the enormous cost, and because there has not been enough political or popular pressure to justify mounting another one.

Food program advocacy groups these days monitor two continuing studies, one by the national Center for Disease Control here and the other by the National Center for Health Statistics in Washington, both of which in the last decade have indicated continuing improvement in nutrition across the country.

The Atlanta center says its studies lately have caused more concern for anemia and obesity than for hunger.

MORE FOUND OVERWEIGHT

In the second quarter of 1980, the period for which the most recent statistics are available, the center determined that of 58,000 records from public clinics in 25 states, 14.8 percent of people of all ages had symptoms of anemia, and that of 61,000 records from the same sources, 3.4 percent of the people were significantly underweight, and 9.7 percent were significantly overweight. Since the records come from public clinics, most of the patients examined tend to be from low-income families.

The surveys by the National Center for Health Statistics, which do not deal specifically with the poor, have, according to Director Robert Murphy, "found virtually no one with classical signs of starvation." Results from the center's 1980 survey will not be available until later this year, but he said there was some indication that the population was becoming more anemic.

Elsewhere, independent researchers report that while cases of starvation are isolated and rare, households where the head of the family is poor and poorly educated are where much of the anemia, obesity and vitamin deficiency occur in the United States.

AREAS WITH WORST DIETS

Some of the worst diets in the nation, according to researchers, exist in the American Indian populations of the South and the Southwest, the migrant labor camps of central Florida and rural black communities from Texas across the Southeast to the Atlantic.

Nonetheless, in interviews here and elsewhere in the country, social workers and advocates of food programs said that bad diets were better than none, and they expressed bitterness about a national conservatism that would move against the impoverished.

Here in Atlanta, the executive director of the Georgia Coalition Against Hunger, Sandra Robertson, said, "In a sorry economy, people need to blame somebody, and what this Administration did was clearly see that poor people are the problem."

In Georgia, Mrs. Robertson said, 25,000 recipients will be "knocked off food stamps immediately," and 30,000 recipients of Aid to Families with Dependent Children will come off the rolls Oct. 1. "Another 10,000 will get drastically reduced benefits," she said.

"Malnutrition and hunger still affect a lot of people and a lot of families," Steve Suitts, director of the Southern Regional Council, an organization with deep roots in the civil rights movement, was saying in his Atlanta office the other day. "But it just doesn't grip the national conscience any more."

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[From the New York Times, Sept. 21, 1981]

U.S. SEEKS SEED DIVERSITY AS CROP ASSURANCE

(By Ann Crittenden)

FORT COLLINS, COLO.—In a gray building about the size of a large movie theater here on the Colorado State University campus, the Federal Government is stockpiling several billion seeds—samples of all known varieties of the world's major food crops.

In this innocuous and unguarded facility, subject to power failures and so crowded that the seeds are piled on the floors in brown cardboard cartons and sacks, the germ plasm on which all global agriculture is based is supposed to be preserved forever.

Whether plants no longer growing in nature can really be preserved under such conditions is a matter of controversy. But while specialists debate the feasibility of seed storage, they agree without reservation that something must be done to prevent the loss of wild and no-longer-cultivated food plants.

More and more of them are disappearing the victims of encroaching development and land-clearing for a few high-yielding "miracle" seeds.

Indeed, to many environmentalists, the spreading extinction of plants—accompanied by the increasing genetic uniformity of the crops consumed by man—is "the most serious single environmental problem," as Paul and Anne Ehrlich put it in their new book, "Extiction."

Others, like Donald N. Duvick, director of plant breeding for Pioneer Hi-Bred International Inc., believe the problem is less serious than it was 10 years ago, when there was even less genetic diversity in commercial corn, for example. But even Dr. Duvick wrote recently that he was dissatisfied with "the margin of safety" in agriculture today.

"We must do everything possible to increase the number of popular varieties in each crop and to increase the useful genetic diversity among those varieties," Dr. Duvick told a congress of botanists in Australia last month.

The problem is that modern commercial agriculture depends upon a handful of plant varieties—wheat, rice, corn and a few other grains. Only six cultivans, or plant varieties, account for 38 percent of wheat acreage, 43 percent of corn acreage and 42 percent of soybean acreage, according to a survey taken last year by Dr. Duvick. (The Agriculture Department has no figures on crop concentration since 1969, when even more acreage was planted in the same few varieties.)

The lack of genetic diversity within these major crops means that one pest or disease could wipe out a significant proportion of the crop overnight. In 1970, for example, Southern leaf blight destroyed approximately 20 percent of the United States corn crop. And 25 percent of bread wheat and 75 percent of pasta wheat was wiped out by wheat stem rust in 1954.

WIDE "GENE POOL" NEEDED

To be able to continue developing high-yielding varieties that resist ever-emerging diseases, breeders need to have access to as wide a "gene pool" as possible. Therefore, preservation of the wild and weedy relatives of the basic food crops is essential if global food production is to stay ahead of demand.

A few plant scientists—notably an outspoken botanist from the University of Wisconsin named Hugh Iltis—want to "freeze the genetic landscape" by preserving all of the indigenous plants in the subtropical regions where most crops originated, from Mexico to Turkey to China.

"Seeds banks may help plant breeders today," Dr. Iltis said in a recent telephone interview, "but preserve varieties over 1,000 years? Forget it. The only thing we should do now is work like mad to help the countries with the richest flora to set aside natural parks that cannot be touched."

Dr. Iltis has first-hand experience with how important still-undiscovered plants can be to the world food supply. In 1962 he spent a month in the Peruvian Andes on an expedition to collect wild potatoes for colleagues at the University of Wisconsin.

One sunny afternoon, as he was eating a lunch of tasty yellow boiled potatoes, avocados, oranges and cheese, he spotted a scrubby wild tomato, and on an impulse casually collected a few seeds from its green and white berries for a tomato geneticist in California.

NEW SPECIES DISCOVERED

Last year Dr. Iltis ran into the man at a conference in Vancouver, British Columbia, and learned not only that the plant was a new species, with a very high sugar content

and a delicious flavor, but also that it could easily be crossed with the commercial tomato.

If the new strain is widely incorporated into the American tomato crop, the processing industry could realize as much as $50 million in additional profits over a decade, Dr. Iltis estimates.

More recently, the Czech-born scientist played a key part in the discovery of a strain of perennial corn (teocinte) in the state of Jalisco in Mexico. The weedy nondescript plant, which can be crossed with cultivated corn, has already proved to be immune to several major virus diseases.

By one estimate, if the teocinte could add only 1 percent to yields through incorporation of genes for disease resistance, it would increase the value of the American corn crop by $150 million to $200 million each year. Eventually the teocinte discovery could even lead to production of perennial corn, which would not have to be replanted year after year.

The Agriculture Department is trying to address the problem of crop uniformity by storing plant germ plasm here at the National Seed Storage Laboratory and at several smaller storage facilities around the country.

REFRIGERATION BREAKDOWNS

By Agriculture Department officials' own admission, however, the three-level Fort Collins facility is already full, and the refrigeration equipment necessary to preserve the seeds' viability suffers regular breakdowns. Similar conditions reportedly exist at the regional seed storage laboratories, partly because of the system's tight budget.

The Federal Government spends a total of about $12 million a year on germ plasm collection and storage. This is less (after adjustment for inflation) than was spent in 1967, and officials say that the Reagan Administration might even reduce the amount of money available for the program.

In a report earlier this year, the General Accounting Office, a Congressional agency, concluded that the lack of funds, and of managerial competence within the Agriculture Department, in effect increases the risk of potential crop failures in the United States.

In the chilly seed storage rooms here, sacks of seeds are piled on the floors, overflowing the laboratory's facilities. According to Louis N. Bass, the director, only about half of the roughly 240,000 seed accessions, or collections, in the laboratory have been catalogued, and the facility is already full.

The failure to catalogue means, among other things, that plant breeders who are trying to develop resistance in a given species to a certain pest or disease or weather condition cannot know which of the seeds collected may have that trait. They may have to spend years growing out different varieties to find the characteristic they need.

In one room, the world collection of guayule seeds—left over from the World War II breeding program that sought to develop a new source of natural rubber—is stored in 27 drums of 30 to 50 pounds. The seeds have not been grown out since that time, indicating that most of them have probably lost their viability.

According to Mr. Bass, stored seeds must be planted and grown out to produce fresh seeds within about five years. If not, they lose their capacity to germinate. Because of a shortage of funds, the laboratory grows out seeds so infrequently that only about 25 to 40 percent of the seeds in some collections germinate.

Furthermore, seeds are not always grown out in the regions from which they came. According to the agricultural botanist Gary Paul Nabhan, Hopi blue corn, which has the desirable characteristic of growing in areas with less than 10 inches of rainfall in a year, is grown out in Ames, Iowa, where there is plenty of rain.

LOSING SPECIAL QUALITIES

Over several generations, he explained in a recent telephone interview, the corn will adapt to the wet conditions, and its valuable special qualities will be lost.

Seeds may also undergo mutation during storage. And there is evidence that natural selection takes place during storage and subsequent growing out of seeds, so the germ plasm that survives the process is not the same as the material that was collected.

According to Eric Roos, a plant physiologist at the National Seed Storage Laboratory, "Within five or 10 years of storage, you may have lost half of the genetic material you started with."

Mr. Roos and other scientists hope that seed storage in liquid nitrogen, at extremely low temperatures, would be more effective. But they acknowledge that switching to such a system would be enormously costly.

"I don't think the roof will cave in on us tomorrow," Anson J. Bertrand, director of the Agriculture Department's Science and Education Administration, said in a recent telephone interview. "But we can't do the work that must be done if we're to have the germ plasm we'll need in the future."

[From the New York Times, Sept. 25, 1981]

SOMALIS, ENFEEBLED BY HUNGER, STILL EXPORT FOOD

(By Alan Cowell)

BERBERA, SOMALIA.—A blunt, gray vessel docked here the other day, its decks crammed with empty pens. Soon, trucks began to arrive through the heat haze from the parched uplands of the Horn of Africa, laden with sheep and goats. The animals were loaded into the pens, and the vessel sailed for Saudi Arabia, where the livestock will be slaughtered and used to feed Islam's faithful on their annual pilgrimage to Mecca, known as the Hajj.

Somalia is a Moslem nation, so when its believers go to Mecca, they will probably end up eating Somali meat. At home, paradoxically, food is a more complex issue, for Somalia falls into a category of African and third world nations that export food to nourish other markets, but cannot provide enough for themselves.

Livestock exports earn over 80 percent of Somalia's foreign exchange, and as long ago as the late 19th century its vast herds were used to feed foreigners.

The British created a colonial protectorate in these northern uplands, to guarantee a supply of mutton for their troops across the Gulf of Aden in what is now Southern Yemen. According to the latest statistics, Somalia boasts 5.2 million camels, 3.7 million cattle, 9.4 million sheep and 15.2 million goats. That is about 10 animals each for the three out of four people in this country who are not refugees.

HALF OF NATION'S FOOD IMPORTED

Yet, drought, war and seemingly high-handed Marxist policies have contributed to a slide away from food self-sufficiency, a decline that now seems likely to transform a Western emergency operation for the refugees of the Ogaden war with Ethiopia into a long-term, open-ended commitment.

Somalia, at present, imports half the food consumed within its borders, much of it provided in the form of aid for those who fled the border conflict in 1977 and 1978. United States assistance last year totaled $90 million, two-thirds of it for the refugees who live in 35 camps dotted around the country. Somalia is considered the world's eighth poorest nation, with per capita income estimated at less than $100 a year.

These parlous conditions are said by Western economists and Somali officials to be the result of a series of calamities in the 1970's. These eroded a traditional style of life in which the nomadic herdsmen and subsistence farmers, who make up 80 percent of Somalia's population, lived on a diet composed variously of camel and goat milk, the meat of slaughtered animals, corn and sorghum.

In 1974 and 1975, a drought wiped out the herds of almost a quarter of a million nomads. Skilled workers left the country for the high-wage oil nations of the Persian Gulf. The Iranian-Iraqi war that broke out last year cut off Somalia's supplies of cheap Iraqi petroleum. Most damaging of all, the Ogaden war sent more than a million people fleeing into Somalia, increasing the population by a third in the space of a few months, and overtaxing frail resources.

POPULATION GROWING RAPIDLY

According to World Bank estimates, little improvement is in prospect without a large development effort. The population is growing at an annual rate of 2.6 percent, the herds are overgrazing the ranges and a lack of reliable water supplies means that only 8 percent of the potentially arable land can be cultivated. At the same time, food production is falling.

The corn crop last year was down 10,000 tons from 1970's yield of 122,000 tons. The banana crop in 1979 was half the 103,300 tons recorded in 1978.

Western experts attribute the dramatic fall in food production to the policies of "wealth-sharing based on knowledge"—the Somali version of "scientific socialism"—that grew from the 1969 coup in which President Mohammed Siad Barre came to power. Strict state control of the economy led to low farm prices, while price controls in the city adversely affected the countryside's terms of trade with urban centers. A recent unpublished study from the California Institute of Technology says this created "a disincentive for farmers to produce."

The report also says that the Government does not seem "prepared to make the major changes that are necessary to revitalize the rural sector," despite some loosening of its grip on the economy.

NO FUNDS TO IMPROVE FARMING

"It is a vicious circle," a Somali economist said. "Somalia does not produce enough food to feed itself, so it has to import food. Add the oil bill to the food bill and there isn't enough left over to improve agriculture. So less food is grown, and more is imported, and so on." Last year, the economist said, the oil bill alone was more than total export earnings.

Yet, there is another side to the story that reflects the kind of dealings, outside the formal economy, by which many people in Africa these days circumvent economic deprivation. Farmers sell their produce on the black market, not through the official channels, and whatever the statistics say about personal wealth in Somalia, many Somalis count their capital in terms of the livestock they own. Even city-dwellers often have an investment in a distant herd, tended by nomads. According to students of Somali society, a camel still ranks as the most prized asset.

The World Bank and other analysts estimate that over the next 20 years, up to a million nomads will have to be persuaded to abandon their traditional livestock-raising and up to 3,000 square miles of virgin land will have to be opened up to small-scale farming if Somalia is to cope with its population growth.

"A MASSIVE PROGRAM"

"This is a massive program by any standard," says a recent United States assessment, "and it does not involve a single refugee."

The huge international relief operation in Somalia costs about $150 million a year and, contrary to government policy, the camps are slowly turning into permanent settle-

ments that further tax Somalia's resources. "A situation needs to be anticipated whereby a large number of refugees will have to be settled within Somalia," a Western expert said.

As with Somalia's own economy, another analyst said, this implies a need for assistance long after the immediate refugee crisis is settled.

[From the New York Times, Sept. 28, 1981]

REAGAN WALKING A TIGHTROPE ON FARM POLICY

(By Seth S. King)

WASHINGTON.—In its basic outline, President Reagan's farm and food policy is quite simple: Do what most of your predecessors have done, only less, whenever possible.

The avowed objective of this policy is to help American farmers make as much money as they can in the market place. This, in turn, is supposed to insure manageable supplies of food for the United States and for anyone else with the cash to buy it. And this, in sum, is supposed to win political support throughout the nation and diplomatic successes throughout the world.

The President had hoped these objectives could be attained by removing the Government from a sector of the economy where it has played a major role for decades.

THE UNWANTED RELIEF

Throughout his campaign for the Presidency, Mr. Reagan promised farmers he would get the Government off their backs and keep it off. But he has discovered, to his sorrow, that the farmers, or at least the farm state members of Congress and the commodity lobbies that contribute so generously to their campaigns, do not want this at all.

In a sense, the President is like a man caught with one foot on a slippery rock and the other on a crumbling riverbank. If he succeeds in holding down the levels of farm price support loans and subsidies contained in the farm bill passed by the Senate and scheduled to be taken up by the House early next month, he will alienate some of his strongest political supporters.

But if he loses in his now-temporized fight to hold down Federal aid to farmers, he will be faced with increased Government expenditures that could add $1.5 billion to the budget for the fiscal year 1982, which begins Thursday. It is Mr. Reagan's contention that the larger budget deficit resulting from such spending will make it even more unlikely that high interest rates, the single biggest complaint of farmers, will come down.

MODIFIED STAND FOR VOTES

In return for votes of farm state Democrats on his budget and tax plans, Mr. Reagan has already backed away from portions of the new farm program he had said he wanted.

But while this has antagonized consumer advocates, the President's efforts to slash dairy price supports and restrain grain subsidies and loans has angered many farmers who were previously faithful supporters. This anger has added to the dismay among farmers that began when the President delayed for three months on his promise to lift the curtailment of grain sales to the Soviet Union, heightening farmers' fears that the Russians had found other sources for their grain imports.

Such fears have been realized as American grain sales to the Soviet Union are roughly a third of their level before the curtailment. The Soviet Union has found new places to buy grain; for example, it has purchased corn from such countries as Argentina and Brazil.

Critics of the Administration's farm policy complain that it has shown a lack of planning as well as a lack of sensitivity to the needs of Congressmen in protecting their state's commodities.

Ellen Haas, director of consumer division of the Community Nutrition Institute, a consumer advocacy group, contends the President has failed the nation's consumers on two fronts. On one front, she says, he has cut food stamp allotments, lowered nutritional standards in the school lunch program and cut the program itself, then eliminated the Agriculture Department's nutritional advice programs. On the other front, she says, he has made political deals that prevented changes in the farm laws that could have held down retail food costs.

"The Administration has lacked a comprehensive approach," she said recently. "The Reagan people talked big about cutting Government farm costs, which could help hold down consumer food costs. But they showed a lack of concern for consumers, especially lower-income consumers, when they caved in on sugar and peanut supports."

In its basic structure the Reagan Administration's farm policy is similar to the Carter Administration's. And the nation's agriculture climate is remarkably similar to the one Mr. Carter faced four years ago when the current farm bill was passed. Then, record grain surpluses held out the hope of a slowdown in food price inflation but caused a painful loss in farm income.

Like its predecessor, the Administration has continued to provide increasingly larger amounts of money for agricultural research. And it is planning a new soil conservation campaign, albeit with a format placing more responsibility on the states to help pay for it and enforce it.

A REVERSAL IN DIRECTION

But the fiery consumer advocates are gone from the Agriculture Department's consumer affairs division. And instead of the battles they waged for stricter, more complex food inspection and labeling rules, the Reagan group is revising and streamlining many of these rules, which the agricultural industry detests.

Economically, Mr. Reagan is facing the same dual farm problems that have troubled all Presidents beginning with Franklin D. Roosevelt: how to handle grain surpluses, which diminish farmers' prices while keeping the Congressional farm bloc from breaking open the Treasury to bail out their constituents.

His difficulties in solving such problems were compounded this month by another record wheat crop and the prospect of a record corn crop. Grain prices, which were comfortably high last winter when Mr. Reagan was inaugurated, have been declining since midsummer, just at the time farmers have to make their first payment on machinery and operating loans they took out at 18 percent interest.

The 1977 farm law expires Wednesday, and John R. Block, the Illinois hog and corn farmer who is Secretary of Agriculture, is seeking another four-year farm bill that will continue the price support loan and grain reserve programs for most commodities in their current forms, but at cost levels within the Administration's budget goals.

"A SIMPLE, BASIC AIM"

Mr. Block recently summarized the President's farm philosophy in this way: "It has a simple, basic aim and that is profitability for the agriculture community."

He said he and the President believed that a "healthy, profitable, high-producing agriculture was the greatest contribution the Administration could make to American consumers and the rest of the world.

"The means toward that end," Mr. Block declared, "are expanding markets for American farmers and the opportunity for those living on the land to make more decisions without interference from the Government."

But circumstances are forcing Mr. Reagan to rise above these principles, at least the noninterference segment.

Last summer, in return for the votes of Southern Democrats on his budget and tax bills, Mr. Reagan agreed to drop his opposition to a sugar support loan program that would get the Government back into the costly business of holding up sugar prices by eventually buying and storing sugar American producers cannot sell at the support prices.

PEANUT SUPPORTS UNTOUCHED

He also agreed to leave the restrictive peanut price support program alone instead of opening the industry to free, competitive production that might have increased the supply. Even without the President's support, free-enterprise Senators did manage to end acreage allotments, one element of these restrictions. But marketing quotas for peanuts will remain in the new farm law unless the consumer advocates in the House can remove them.

To placate powerful Republican Congressmen from the Middle West, Mr. Reagan also abandoned his earlier efforts to end subsidy payments to grain and cotton farmers on next year's crops, a retreat that could cost the taxpayers $500 million to $1 billion in the fiscal year 1983.

Moreover, after insisting all summer that the Administration would not try to check the expanding grain surpluses by restricting the size of next year's wheat and corn plantings, Mr. Block reversed himself and said he would require a 15 percent reduction in wheat acreage in return for Government farm aid.

He is expected to invoke a similar reduction later this fall on 1982 corn acreage, something the major farm organizations are urging him to do. These limitation should reduce the size of next year's grain production. But if there is another drought next summer, yields would be reduced even further, prices would rise again and America's livestock producers, as well as foreigners who buy such grains here, would have to pay a lot more for wheat and corn.

ACTION ON DAIRY PRICES

Mr. Reagan's other efforts to prevent farm commodity surpluses from getting further out of hand have yielded no other cheers from the farmers.

To Washington's bemusement, the President stared down the powerful dairy lobbyists, previously among his more ardent supporters, and persuaded the Senate to reduce the dairy price support levels and eliminate inflationary annual adjustments. The Senate also gave in and agreed to set lower loan rates on wheat and corn. Both of these actions could influence farmers to reduce their dairy herds and, where possible, shift more of their land to other grain crops.

Farmers are saying this may sound all right to the economists, but, faced with heavy debt loads at high interest rates, they may not be able to afford to reduce their production at all next year.

Max Naylor, a prominent grain farmer near Jefferson, Iowa, said he doubted that anything would reduce the grain surpluses very much except a return to large export to the Soviet Union.

DOUBT AMONG GRAIN FARMERS

"But it looks to us like Haig, the Secretary of State, is really in control of agriculture as far as dealing with the Russians is concerned," he said, "and we don't believe the Reagan people are pushing hard enough to sell them more."

According to Mr. Naylor, American farmers certainly had been enthusiastic about Mr. Reagan, particularly in his promises to curtail inflation and balance the Federal budget.

"Most farmers like the President and want him to succeed," he said. "But the medicine we're having to take on these interest rates is worse than the cure. I'm beginning to hear the rumbling of discontent around here. They had better raise those grain loan rates

up closer to what it costs us to plant or there'll be a lot of unhappy farmers in this area."

To offset effects of the delay in lifting the Soviet grain curtailment, Mr. Block's foreign trade specialists have taken up where the Carter Administration left off in promoting American farm products in most parts of the world.

BLOCK'S "DIPLOMATIC TOOL"

Despite the recurring differences with the State Department that Mr. Naylor complained of, this hustling has continued to include the Soviet Union, China and any other Communist country with cash in its coffers and a desire to improve diets.

"We continue to believe that food can be a useful diplomatic tool," Mr. Block said. "But it's effective only if the United States is a reliable supplier that will not stop trade just to control domestic prices."

The Reagan Administration is continuing the Food for Peace program (Public Law 480), under which the Government guarantees loans to developing countries for grain purchase and sells surplus farm commodities at reduced prices to charitable organizations for distribution abroad.

The program was a handy diplomatic tool for Mr. Reagan last summer when he used $45 million of it as an emergency loan to Poland after a Soviet threat to invade that country diminished.

A SENSE OF DEJA VU

"The PL 480 program is one part of our intention to play a major leadership role in insuring adequate food supplies for the rest of the world," Mr. Block said. "In addition, the farmer held grain reserve and our strategic wheat reserve, held by the Government for famine relief, provide food security for the rest of the world."

At the beginning of his term as Secretary of Agriculture, Mr. Block said that the Administration had no philosophical differences with Bob Bergland, his predecessor, other than Mr. Bergland's emphasis on consumerism.

Indeed, for observers of Mr. Reagan's dealing with the farm and food problem, there is distinct sense of deja vu these days. President Reagan, four years later, has virtually the same farm program as Mr. Carter's and with the same problems: falling farm prices, rising production costs and a restless bipartisan farm bloc in Congress demanding more aid for the farmers than the Administration wants to provide.

[From the New York Times, Oct. 5, 1981]

FOOD AND HUNGER STATISTICS QUESTIONED

(By Ann Crittenden)

As the first World Food Day nears, on Oct. 16, the sponsoring agency, the United Nations Food and Agriculture Organization, is disseminating statistics purporting to show the dimensions of the world hunger program.

"In 1981 at least 420 million people do not have enough to eat," the agency's literature says.

Increasingly, however, the unqualified assertion of such statistics is being challenged. Indeed, a vocal minority of critics maintain that the world hunger problem has been vastly exaggerated.

PROBLEM OF TRAGIC SCOPE

And most academic experts in the fields of food, nutrition and demography, while convinced that world hunger is a real problem of tragic scope, nonetheless agree that behind confident statements about the number of the underfed there is a great deal of confusion and uncertainty.

As Prof. Thomas T. Poleman of Cornell University put it in a recent interview: "We simply don't have sufficient evidence to estimate the numbers of hungry people. There is no basis for coming up with concrete estimates."

According to Professor Poleman, there are "three great unknowns" in trying to estimate the extent of hunger. These are the actual availability of food, the exact amount of food people need for nourishment and how access to food varies among different income groups within a country.

Because of these uncertainties, predictions of future global famines, or of the numbers of starvation deaths that will occur by the year 2000, are widely viewed as meaningless. Even the figures on existing hunger and malnutrition vary wildly.

In a recent issue of Commentary magazine, for example, Nick Eberstadt of the Harvard Center for Population Studies guessed that at most about 100 million people—or less than one-quarter the number estimated by the F.A.O.—were "desperately hungry." This is "a lower fraction, in all likelihood, than for any previous generation in man's recorded history," Mr. Eberstadt wrote.

The incidence of hunger, Mr. Eberstadt argues, has been "hyped" by "well-paid and well-meaning functionaries who are meant to attend to world poverty" and by a press eager to dramatize the issue.

As another example of the wide range in estimates, the number of children under the age of 5 who die every year from starvation have been placed anywhere from around 15 million to well over 30 million.

In 1979, Robert S. McNamara, then president of the International Bank for Reconstruction and Development, told the World Bank's board of governors that "the United Nations Children's Fund estimates that more than 30 million children under the age of 5 died of starvation just last year."

But a recent analysis by Davidson R. Gwatkin, a demographer with the Overseas Development Council, concludes that the average number of child deaths from all causes was probably around 15 million a year in the late 1970's and that any number higher than 18 million would have to be suspect.

REVISION IN METHODOLOGY

Even greater discrepancies surround the estimates of the numbers of malnourished. The Food and Agriculture Organization's estimate of roughly half a billion people suffering from acute malnutrition in the developing countries—excluding China—was made in 1974. Just before the World Food Conference in that year, a revision in methodology lifted the F.A.O. estimate of the seriously malnourished from 300 million to 434 million—or exactly 25 percent of the developing world.

In 1976, a book published by two World Bank economists surpassed the F.A.O. with an estimate that more than half the population of the developing countries, or 840 million people, were seriously malnourished in the mid-1960's.

Professor Poleman, who has done an analysis of the difficulties in quantifying the nutrition situation in developing countries for the Agriculture Department, agrees that 100 million is a better figure than the F.A.O.'s half a billion. In his view, food production in developing countries tends to be understated because taxation is often based on production, and because so much backyard production is locally consumed and never counted.

A number of nutritionists have also noted that food needs vary from person to person by as much as 50 percent. Individual caloric requirements established by the F.A.O. and the World Health Organization are based on the needs of Americans and Europeans and are exaggerated for individuals in the tropics, perhaps by as much as one-third, according to some nutritionists.

STUDY OFFERS 42 PERCENT FIGURE

Mr. Eberstadt cited a recent study by the United States Agency for International Development indicating that, by American height and weight references, 42 percent of the children in Sri Lanka were undernourished. Another report, by the Pan American Health Organization, concluded that more than 49 percent of the populations of Barbados, Costa Rica, Guyana, Jamaica and Panama suffered from some degree of malnutrition.

The life expectancy in all of these countries, however, is around 70 years, casting some doubt on the existence of such pervasive hunger.

On the other hand, other authorities insist that much hunger, especially in remote rural areas, is inadequately reported. Larry Minear of the Interreligious Task Force on United States Food Policy told an interviewer recently that "malnutrition is understated because there are a lot of people who don't show up in the planning nets, either because the censuses are bad or because they are not in the market economy, and their inability to purchase food isn't measured."

Similarly, Maurice J. Williams, executive director of the World Food Council, a United Nations policy group, said: "I believe the half a billion number. In London, at the height of empire, you had a submerged 20 percent of the population that lived on bread and tea. You have that today in many rapidly developing countries, and those countries don't want to admit their existence."

Several hunger experts said in interviews that they were familiar with the efforts of some developing countries, such as Brazil, to suppress information on highly unequal income distribution, implying the existence of malnutrition among the poorest segments of their populations.

Those who believe that the incidence of hunger has been overstated argue that the problem becomes more manageable if it is more carefully defined. By Professor Poleman's calculations, food aid of only three million tons of grain a year, if it could be channeled to the truly needy, would enable 100 million malnourished people to have an adequate diet.

112 MILLION TONS OF EXPORTS

The three million tons compares with total United States food exports of 112 million tons last year, and food aid of almost six million tons of grain. The F.A.O., since 1974, has called for food aid of 10 million tons a year, although the donor nations have never reached that level.

Walter Falcon, the head of the Food Research Institute at Stanford University, believes, however, that the debate over how many underfed there are does not affect public policy very much.

"It might focus more attention on Africa, where the most serious hunger exists, rather than on Southeast Asia, where the numbers are," Mr. Falcon said in a telephone interview. "But if only 100 million individuals are clinically malnourished, there are probably another 200 million to 400 million that go hungry part of the time. If they're not in the hospital, they're not doing too well."

"A lot of the argument is what do you do about those people who are simply inadequately fed," Mr. Falcon added. "That is one of the toughest questions."●

FAMILY NEWSPAPERS BEING DESTROYED BY ESTATE TAXES

● Mr. SYMMS. Mr. President, as chairman of the Estate and Gift Tax Subcommittee of the Finance Committee, I have heard extensive testimony from a wide range of our society in support of efforts to repeal the "death tax" which is such a burden on family farmers and small businessmen.

The President is on record favoring repeal of this tax and the Congress has taken a wise first step in substantially

reducing estate and gift taxes with the enactment of President Reagan's tax bill.

An interesting article appeared in the August 19 edition of the Wall Street Journal which graphically details just one more compelling reason to remove the "death tax."

Many of us used to be familiar with hometown locally owned family newspapers which accurately reflected life in our communities. But the impact of massive estate taxes has taken its toll on this fading institution, the local family newspaper.

The Wall Street Journal highlights the case of a North Carolina newspaper, the Salisbury Post. Many other local newspapers have already been taken over by major national newspaper chains.

Mr. President, it would be tragic to have this trend continue. The ultimate repeal of the "death tax" would help family-operated local papers fend off the growing appetite of the national chains. Our communities deserve media outlets which are sensitive to local interest and attitudes.

I ask that this article be printed in the RECORD and I urge the Members of the Senate to study it closely.

The article follows:

ELUDING CHAINS: NORTH CAROLINA PAPER STRIVES TO WARD OFF BIDS BY PRESS EMPIRES

(By Daniel Machalaba)

SALISBURY, N.C.—For a newspaperman known only in his hometown, James Hurley III gets a lot of national attention.

Mr. Hurley is the publisher of the Salisbury Post, a prosperous daily newspaper with 24,700 circulation in this farming and textiles region. Like many owners of the remaining 600 daily independent newspapers in the U.S., Mr. Hurley is besieged by major newspaper chains brandishing attractive sales offers and proselytizing about the benefits of chain management.

So far, the soft-spoken, 50-year-old publisher has resisted entreaties to sell the afternoon paper, which has belonged to the Hurley family since 1912. But faced with the prospect of having to pay huge estate taxes and hard-pressed to find heirs willing or able to run it, Mr. Hurley acknowledges that the family might one day be forced to relinquish control of this town's most cherished institution.

"I'm not so cocky that I'd say I'd never sell or merge," says Mr. Hurley, an easygoing North Carolina native. "But we have a good business, we enjoy producing the paper and we don't want to sell."

Big city afternoon papers like the Philadelphia Bulletin and the Los Angeles Herald Examiner face a different and far more perplexing problem than the small-town Salisbury Post; surviving the onslaught of television and the exodus of city dwellers to the suburbs. These are among the problems that led to the recent decisions to shut down the Washington Star and the New York Daily News' Tonight edition. The Salisbury Post, on the other hand, merely wants to hold on to a good thing: a monopoly newspaper in a growing market.

But if Mr. Hurley manages to keep the Salisbury Post independent, he will be bucking a strong trend in the newspaper business. Chains now control 65 percent of the 1,745 daily newspapers in the country, up from 31 percent 20 years ago. Within a 50-mile radius of here, at least eight dailies have been gobbled up by such chains as Freedom Newspapers. Landmark Communications, Knight-Ridder Newspapers and New York Times Co. Some of these same chains have also actively courted the Post, much to the chagrin of the local townspeople, who have come to consider it their own.

"People here have the feeling we own this paper," says Paul L. Bernhardt, the president of Bernhardt Hardware Co. "A chain would cut corners and bring in an editor from the outside."

Some of the fear stems from what happened at nearby newspapers bought by the big chains. After the New York Times purchased the Lexington, N.C., Dispatch in 1973, for example, the paper began running four full pages of the Times' Week in Review section every Monday. But to many townspeople. "It was like waving a flag that the Dispatch isn't a locally owned paper," says Randall Terry, the president of the independently owned High Point, N.C., Enterprise. Facing criticism, the Dispatch discontinued the section a year later, replacing it with local news.

Many business people also worry that a chain would sharply increase the Post's ad rates, which now are 20 percent to 40 percent below what other papers its size charge. Such worries appear to have some merit. Joe Sink, the publisher of the Dispatch, says one of the first moves the New York Times would make if it acquired the Post would be to raise ad rates. "We think we could make a lot more money than the Hurleys," he says. "But we would put that money back into the product."

WINNING LOCAL LOYALTIES

Mr. Hurley agrees a chain could make 50 percent more in profits than the Post, which earned nearly $400,000 last year on revenue of about $4 million. But he says an independent paper has more than just profits to consider. "We couldn't raise our rates 5 percent without catching hell (from advertisers)," he says. "If a chain raises the rates, who are advertisers going to complain to?" Besides, by keeping ad rates low, he says, the Post has discouraged competition by winning the loyalties of local businesses.

Says Joe Taylor, who runs a department store in Salisbury and is a longtime advertiser in the Post: "The Hurleys have a monopoly, but they aren't dishonest about it."

Many observers say, however, that the Post has attracted national attention mostly because it's a better editorial product than most dailies its size. "It's one of the finest small-town newspapers in the country," says Cal Thornton, the president and editorial director of the Los Angeles Times-Washington Post News Service. "It gives attention to quality and detail, and the town is confident the Hurley family stands behind the product."

SNIFFING OUT NEWS

Although the Post's editorial staff of 29 has come up with some blockbuster stories (as reflected in the numerous state journalism awards the Post has won), observers say the paper's greatest strength lies in its ability to serve a steady diet of local news, no matter how mundane. For example, the Post recently carried a three-paragraph story about the arrival of a new air-conditioning unit at local Catawba College. And the paper gives comprehensive coverage to local wedding ceremonies, sporting events and traffic violations. James Hurley Jr. (the Post's chairman and father of James III) was once written up for running a stop sign and his son, Haden Hurley, for drunken driving.

But the Post also sniffs out some sprightly stories now and again. A recent article told of a Bible-waving Baptist minister from Kannapolis who inspired about 30 youths to toss their rock albums into a bonfire at the Free Will Baptist Church and sing: "I surrender." According to the Post, the Rev. James Pauley told the assemblage that "rock music is a drug which affects you without you being aware of it." The record-roasting party, he said, was an attempt to "save some kids from going to hell."

In another attempt to make the Post a bit livelier, Mr. Hurley has added new feature columns in recent years, including one called Askus. In one column, a reader asked, "Why do onions make us cry?" A recent Garden Game column discussed "a stylish triplet cucumber" that captured a judge's eye. And Whoppers whipped up the usual believe-it-or-not scuttlebutt, such as the story of an uncanny canine that could "read a rabbit's mind when hot on the chase."

The Post has also followed many other newspapers in updating its format. It has added more graphics—mostly large color pictures of sunsets and so forth—revamped its once-frumpy women's wage into a lively Lifestyle section, and grouped auto accidents and various community events into regular sections of the paper to make it easier to read.

Not everyone is impressed by the changes, however. The Post's former women's page editor, who was recently brought out of retirement, feels the paper has neglected news of bridal showers under the new format. James Hurley Jr.—who despite being 85 and being the victim of three strokes still reports to the office every weekday—grumbles that "there are too many big pictures and they (his sons) waste money like hell." Other staffers complain that the Post pays too much attention to reporting local news and not enough to analyzing it. "We should be reporting more about what a city budget means rather than just reporting the numbers," says Bill Moss, the Post's city hall reporter.

Despite its shortcomings, however, the Post has plenty of suitors because it's "in a viable, growing community, it's well-equipped and well-managed, and it's nonunion," says D. Robert Segal, the president of the Freedom Newspapers chain, which is one of those courting the Post. Louis Weil III, the vice president for development of Gannett Co., has offered to fly to Salisbury for a golf weekend with James Hurley III. And Barry H. Scripps, the executive vice president of Scripps League Newspapers, had urged Mr. Hurley to sell the Post to Scripps League before he is "forced to consider offers from groups comprised of lawyers, bankers and accountants with no experience in the newspaper field."

REMAINING INDEPENDENT

In addition to bolstering the Post's profits, the callers contend they would also improve its editorial content by providing wide-ranging research and information that isn't available to it as an independent. Mr. Hurley says that he has always listened politely to the callers and that he even agrees with most of their arguments. But he says he has his own reasons for wanting to keep the paper independent.

"A chain might operate a newspaper more efficiently and watch things like return on equity more than we do," says Mr. Hurley. But "a town is better off with independent owners who live in the town and want to make it a better place."

Community betterment isn't a new priority for the Hurleys. Mr. Hurley's grandfather, who bought the Post from local interests after it had been destroyed by a fire in 1912, helped expand the dairy industry hereabouts by having the Post purchase a Guernsey bull, which was lent out to fertilize cows. During the Depression, the Post built a large electric scoreboard behind its tired-looking, three-story headquarters here to record the action of local baseball games. And in recent years, the Post has given funds for renewal of historical buildings in downtown Salisbury and for other community projects.

SURVIVING AS A FAMILY PAPER

"If any group needs money for Christmas lights, the Post is the first to support it," says Mr. Bernhardt, the hardware-store proprietor.

But Mr. Hurley knows it will take more than civic pride to keep the Post independent. In fact, he believes the Post's survival as a family newspaper will depend largely on its ability to become as efficient and technologi-

cally innovative as the chains. To that end, the Hurleys acquired four weekly papers, and they now employ the Post's presses to print them. To cut labor and printing costs, Mr. Hurley sends a Post photographer twice a month to take pictures for the weeklies. And he recently placed an order for a $4 million offset press to speed up production and distribution of the Post in outlying communities that are experiencing greater population growth than Salisbury.

"We're doing what a chain does on a small scale," Mr. Hurley says.

To purchase the press, however, the Hurleys plan to borrow $2 million. Consequently, the family doesn't expect the paper to post any profit for three years while the loan is being paid off. The purchase means that the Post's shareholders—Mr. Hurley, his father, his mother, his brothers Gordon (the Post's treasurer) and Haden (semi-retired and living in Naples, Fla.)—won't receive any dividends for a while. It also means the Post will be "financially strapped for the first time in decades," according to Mr. Hurley.

The tax collector, however, could put the Hurleys out of business. Estate-tax reductions included in President Reagan's tax-cut package will help, but the Hurley family says it still isn't sure how much estate taxes will have to be paid on the 35 percent share of the Post held by the elder Mr. Hurley when he dies. The family's own appraiser contends that taxes ought to be levied on the $3 million "asset value" of the Post.

FINDING HURLEY HEIRS

But if precedent is any guide, the Internal Revenue Service will want to base its tax figure on the "market value" of the Post, which is around $20 million. If the IRS decides to tax the father's 35 percent share of the Post at market value, Mr. Hurley says, "we wouldn't have enough money to pay the taxes (and) we'd be out of business."

Even if the Post can overcome these pitfalls, it still faces the problem of finding Hurley heirs interested in running the paper in the future. Mr. Hurley and his wife, Gerry, don't have any children. His brother Gordon's boys are only 13 and 14 years old. So the family has turned its hopes to Haden's daughters, Elizabeth, 20, and Anna, 18.

Family members tried to interest Elizabeth in the job. But she says she prefers to live in the North Carolina mountains, where she cleans houses, babysits and calls family members collect asking for money. The Hurleys gave Anna a book about the glamorous life of Katharine Graham, the chairman of the Washington Post Co., but that may not do any good either.

A small family newspaper like the Salisbury Post "is boring," says Anna Hurley. "I want to work for a paper that's a leader, like the New York Times or the Washington Post," she says.●

VOLUNTEER DEVELOPMENT CORPS

● Mr. DECONCINI. Mr. President, the morning after President Reagan expressed his belief that "the spirit of volunteerism still lives in America," I received demonstrable proof. One of my constituents, Timothy J. Finan, a member of the University of Arizona faculty, reported to me on his recent work in Brazil for volunteer development corps.

In the drought-stricken state of Ceara in northeast Brazil, the farmers cooperative council, Organizacao das Cooperativas do Estado do Ceara, is helping its members co-ops expand so as better to serve the needs of their low-income members for production credit, fertilizer, insecticides, and a dependable market for their cotton, corn, beans, manioc, tomatoes, and other crops.

The International Bank for Reconstruction and Development has agreed to lend Brazil's Government $163 million over the next 5 years for rural development in Ceara. In this package is $1,488,000 for cooperative development. The Bank asked OCEC to select 12 cooperatives to participate in the project and to survey their needs for additional trucks, warehouses and equipment.

OCEC asked VDC to help do the job, and VDC asked Dr. Finan to volunteer his services. Dr. Finan is a made-to-order choice for this assignment, since he spent 4 years in Ceara as a Peace Corps volunteer working with farmers, 1970–74, and 2 additional years collecting data for his doctoral dissertation, "Peasant Middlemen & Marketing Processes in Northeast Brazil," 1977–78. He speaks fluent Portuguese.

Dr. Finan was willing to volunteer his services, but he needed leave-without-pay from his job as associate professor, Bureau of Ethnic Research, Anthropology Department, University of Arizona. I am glad to report, Mr. President, that at the request of William Stini, Ph. D., chairman of the anthropology department, the university made it possible for Dr. Finan to do the job.

Working with another VDC volunteer, Henry Gerber of Virginia, Dr. Finan helped OCEC develop tentative criteria for choosing the 12 cooperatives. These included willingness to hire a professional manager, establish standardized accounting, and expand their services. They then conferred with directors of 31 of Ceara's 46 cooperatives to test these criteria and, on the basis of these interviews, recommended 22 from which OCEC has now chosen the 12.

I was particularly interested in one of Dr. Finan's recommendations: that no World Bank funds flow to these cooperatives for capital investments. He found they either had enough trucks, warehouses, and other equipment or could develop the resources to get them. Better, he said, to spend the money on people and training.

In the course of their work, Dr. Finan and Mr. Gerber also urged OCEC to reorient itself so as to quit hiring employees for its member co-ops and instead to hire specialists to provide them technical assistance. OCEC has agreed to do so.

Dr. Finan reported to me on his volunteer work because VDC paid his expenses—travel, lodging, meals, and clothing care—and because VDC gets most of its money from the Agency for International Development. Dr. Finan thought I ought to know how this small part of the money we authorize and appropriate was spent.

I am much impressed. VDC is a small, private, nonprofit organization U.S. cooperatives created 11 years ago to serve as the link between cooperatives overseas that want technical help, such as OCEC, and men and women from U.S. cooperatives and universities, such as Dr. Finan, who are willing to provide it.

VDC has $8,850 and 5 weeks of Dr. Finan's time invested in this one project. With its six-member staff and an AID grant of $650,000 in 1981 funds, VDC is able to implement 35 such projects each year. This is four one-hundredths of 1 percent of development assistance funds available to AID. I would like to know that more of AID's money is spent as constructively as this.

Mr. President, I commend Dr. Finan, the University of Arizona, and all others connected with this expression of volunteerism. Because of their work, the farmers of Ceara are one step closer to economic sufficiency and independence.●

THE AMERICAN ECONOMY

● Mr. JOHNSTON. Mr. President, before the discovery of antibiotics, the goal of medicine in treating an infection was to break the fever. Doctors knew that even if the patient recovered from the disease, a prolonged high fever could do permanent damage to his system.

In treating the economy, the current practice of the Federal Reserve is to view high interest rates, not as the cause of an economic slowdown, but as a symptom—the fever, so to speak—of an economy overheated by inflation and inflationary expectations. But the current Federal Reserve monetary policy is, as Chairman Volcker admits, a blunt instrument, a kind of monetary sulfa, lacking the efficacy of the later wonder drugs like penicillin. Given time, it will work. In the meanwhile, the fever of high interest rates continues unabated. The administration is sending signals to the country that it is not interested in the survival of the small businessman.

By small businessman, I do not mean the owner of the mom-and-pop store, although he is certainly affected. I mean the independent builder and his suppliers, the deposit institutions, the automobile dealers, the real estate brokers, the family farmers, and their local food processing plants. By permitting interest rates to rise to their current levels with no attempt other than the regulation of the money supply to control their volatility, the Federal Reserve is encouraging bankruptcies and takeovers: The subsuming of traditionally independent small businessmen and their firms and farms into conglomerates and agribusinesses.

If interest rates continue much longer at their present levels, the contours of American business will change drastically. Community based institutions, like those of the thrift industry, may be forced into interstate and cross-industry mergers. The avalanche of failures among construction firms—up 41 percent from 1980—and subcontractors—up 120 percent—suggests that it will be difficult, if not impossible, to restore the supply pipeline for home building when interest rates finally fall.

I agree with Chairman Volcker that inflation, fueled by deficits, is the principal enemy of a sound economy, but I do not believe that we should permit the traditional shape of the American economy to be altered as the unintended side effect of an overly rigid monetary policy. We can hardly claim to have treated the

disease successfully if the patient dies of the fever.●

NATIONAL CHILDREN'S BOOK WEEK

● Mr. WEICKER. Mr. President, the week beginning November 16 is National Children's Book Week. In 1919, this observance was created to encourage children to read. Each year since then, "Book Week" has been successful in advancing the cause of children's literature. Today, there are more books being written for children than ever before. Nearly every library has a department just for the kids, along with caring librarians who aid children in their choice of books.

I learned at an early age the rewards of spending time with a good book. When I was not out playing baseball or football, or riding somewhere on my bike, I could always be found reading. I read everything—adventure, sports, mysteries, biographies, and history. Not only did reading give me pleasure, but I learned about people, and places I had never encountered.

Reading with my own children at night makes me appreciate the joy and value of reading all the more. The look of discovery and delight on their faces is priceless. My only regret is that authors like Dr. Suess, Maurice Sendak, and Richard Scary were not around writing when I was a kid.

There is a book called "Goodnight Moon" that my kids particularly enjoy. My wife and I have read it to them so much we can both recite it by memory. Recently, I bought a copy of "Charlotte's Web," which we will enjoy together when they are a little older. I also hold a parochial preference for "Rabbit Hill," that wonderful story about a family of rabbits living in a Connecticut family's backyard.

Mr. President, in celebrating National Children's Book Week, I think it is important that we pay tribute to booksellers, publishers, editors, authors, and illustrators whose efforts have provided a wide range of books for children of all ages. We should also praise the parents, teachers and librarians who take the time to encourage each youngster. And finally, let us praise the most important people: Babar, the elephant king, the Little Prince, Stuart Little, Ferdinand the Bull, Sam-I-Am, Harriet the spy, and all their friends, the children who spend countless hours lost in their special world of books.●

POLISH INDEPENDENCE DAY

● Mr. WEICKER. Mr. President, November 11 is Polish Independence Day. On that date in 1918, the occupation troops of the central powers were expelled from the country and the Poles reestablished control of their nation. Twenty-one years later, the country's aspirations were driven into the ground under the onslaught of the Nazi blitzkrieg. The defeat of the Axis in 1945 left Poland with 6 million dead as a result of war and genocide. Unable to stand on its own, the battered nation found itself under the dark shadow of the Soviet Union, from which it has yet to escape.

Czeslaw Milosz, the great Polish poet and Nobel laureate, described the situation of his country with these lines in his poem "Song of a Citizen":

A stone below who has witnessed the seas drying up and a million white fish leaping in agony,

I, poor man, see a multitude of white-bellied nations without freedom. I see the crab feeding on their flesh.

Today, the eyes and prayers of the free world are on Poland. Inspired by the strength of the solidarity movement, the soul of a nation is stirring again. The people are crying out for freedom, while all the while the Soviet tanks crawl along the border. Let the Soviet Union be warned: Liberty cannot be held in chains forever. In Milosz's words:

The heart does not die when one thinks it should.

The people of Poland will not live in subjugation forever.●

EXTENSION OF TIME FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I have a few items of routine morning business. I ask unanimous consent that the time for transaction of routine morning business be extended by 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 11:30 A.M. THURSDAY

Mr. BAKER. Mr. President, we previously entered an order for the Senate to reconvene at 11 a.m. I would like to change that now and make the following request. I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11:30 a.m. on Thursday, November 12.

ORDER FOR RECOGNITION OF CERTAIN SENATORS AND ROUTINE MORNING BUSINESS

I make the following request, as well. I further ask unanimous consent that, following the recognition of the two leaders under the standing order, Senator GORTON, Senator TOWER, and Senator BENTSEN each be recognized for not to exceed 15 minutes on special orders; and that following the recognition of Senators on special orders as provided for that there be a brief period for the transaction of routine morning business to extend not past the hour of 1 p.m., with statements limited therein to 5 minutes each.

ORDER TO RESUME CONSIDERATION OF H.R. 4169

Finally, Mr. President, I ask unanimous consent that at the hour of 1 p.m. the Senate resume consideration of Calendar Order No. 365, H.R. 4169, the State, Justice, Commerce appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PROCEDURE

Mr. BAKER. Mr. President, I have a few items that are cleared on our calendar for action by unanimous consent. I would inquire of the minority leader if he is in a position to consider at this time H.R. 4734, the Italian American War Veterans bill.

Mr. ROBERT C. BYRD. Mr. President, that matter is cleared on this side.

Mr. BAKER. I thank the minority leader.

ITALIAN AMERICAN WAR VETERANS

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate H.R. 4734, the Italian American War Veterans bill.

The PRESIDING OFFICER. The clerk will state the bill by title.

The bill clerk read as follows:

A bill (H.R. 4734) to recognize the organization known as the Italian American War Veterans of the United States.

The Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I want to add my support to H.R. 4734, officially recognizing the Italian American War Veterans of the United States.

No identifiable group of people have contributed more to America than have the Italians. Christopher Columbus—an Italian—launched the modern age by discovering our hemisphere. Another Italian—Amerigo Vespucci—gave his name to our continent and to our country. And few people realize that even the English claims to America's eastern seaboard rest on the discoveries of an Italian seaman residing in England—Giovanni Caboto—the John Cabot of our childhood history books.

Since the founding of the United States, millions of Italians have immigrated to these shores. Those Italian immigrants contributed to our country many of the strongest qualities of their background—discipline, artistry, religious faith, business acumen, warmth, and, perhaps above all, deep patriotism. Especially in the wars of the 20th century, thousands of Italian-Americans have answered America's calls for national defense.

Today, more than 23 million Americans trace their ancestry to Italy. Though they are admirably involved in all areas of American life, those Italian-Americans retain a healthy pride in and association with their rich heritage. The Italian American War Veterans will give many Italian-Americans—especially those who have served in our Armed Forces—a welcome influence in national affairs.

Mr. President, I strongly support H.R. 4734, and I hope that my colleagues will join me in passing this measure.

● Mr. DECONCINI. Mr. President, I rise in enthusiastic support of H.R. 4734 which would grant a Federal charter to the Italian American War Veterans of the United States. As an American of Italian descent and as a member of both the Senate Judiciary and Veterans' Affairs Committees. I have a deep personal interest in this legislation.

The Italian American War Veterans (IAWV) was incorporated as a nonprofit service organization by a group of concerned veterans in the State of Connecticut in 1932 and achieved tax-exempt status in 1947. Since its forma-

tion, the IAWV has continuously expanded the range and scope of its activities and is presently incorporated in 10 States ranging from Rhode Island to Massachusetts. Its membership numbers almost 8,000 dedicated men and women. I am pleased that the IAWV established a chapter in my home State of Arizona just last year and is currently seeking incorporation in the State.

The IAWV is actively involved in providing volunteer services in more than 20 Veterans' Administration hospitals across the country. Last year alone, the IAWV donated approximately 7,500 hours of service in its hospital volunteer program. In addition to its hospital work, the IAWV has dedicated itself to placing markers and flags on the graves of veterans, has generously supported the needy and handicapped, and has been actively involved in a wide range of community-related services. While IAWV draws most of its membership from individuals with an Italian American heritage, it is open to any veteran regardless of race, religion, or national origin.

The IAWV has been seeking legislation for a Federal charter since 1965. Unfortunately, for many years the Senate Judiciary Committee refused to consider approving Federal charters, regardless of the merit of any individual organization's request. Despite the fact that the 91st Congress established rigid criteria for the approval of Federal charters, the Senate Judiciary Committee adhered to a strict policy of opposing such requests. Between the 91st and 96th Congresses, only one charter was approved. Fortunately, that policy was modified during the 96th Congress when four charter requests, including that of the Italian-American War Veterans, were approved by the Senate Judiciary Committee. I was pleased to be able to chair the committee's hearings on the IAWV's charter request last year. Mr. President, as you know, that bill, S. 2542 which was introduced by my esteemed colleague, Senator CHAFEE, was passed by the Senate but, unfortunately, the House did not have an opportunity to act upon it prior to adjournment.

The IAWV will be celebrating its 50th anniversary next year. This is a particularly opportune moment for Congress to recognize that organization's past history of outstanding civic, educational, and charitable contributions by granting the IAWV's longstanding request for a Federal charter. As Federal resources continue to shrink, the role of voluntary service organizations will become increasingly important. The IAWV stands ready and willing to fill that vacuum and a Federal charter will facilitate its ability to attract new membership and expand its activities throughout the country. Congress should be supportive of these efforts and I urge my colleagues to approve this important legislation.●

● Mr. CHAFEE. Mr. President, I am pleased to support H.R. 4734, legislation that would grant a Federal charter to the Italian American War Veterans.

H.R. 4734 is similar to legislation that I introduced earlier this year, and that was reported out of the Senate Judiciary Committee earlier today.

There are 7,000 members nationwide in the IAWV and 13 posts in Rhode Island. Granting a Federal charter to this group will provide the IAWV with momentum to boost its membership drive and its activities across the Nation.

These dedicated and concerned individuals are a terrific resource that should be used to the fullest in the battle to help the disabled, aged, and economically deprived veterans, their families and their communities.

I first worked with the IAWV when I was Governor of Rhode Island, almost 20 years ago. In this time, I have had ample opportunity to see their good works and to appreciate their contributions to veterans and to the community at large.

Mr. President, legislation to grant the IAWV a Federal charter passed the Senate last year, but time ran out before it could be approved by the House of Representatives. I am pleased that the House acted first this year. There can be no more fitting time to pass this legislation than today, on the eve of Veteran's Day.●

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 4734) was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, there is one item on today's Executive Calendar which is cleared for action on this side. I am referring to Calendar Order No. 476, the nomination of Francis S. M. Hodsoll, of Virginia, to be Chairman of the National Endowment for the Arts. I would inquire of the minority leader if he is in a position to consider that item at this time.

Mr. ROBERT C. BYRD. Mr. President, I am glad to advise the distinguished majority leader that the item has been cleared on this side.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nomination just identified and for certain other executive actions.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

The bill clerk read the nomination of Francis S. M. Hodsoll, of Virginia, to be Chairman of the National Endowment for the Arts.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, additionally, I have a list of 13 nominations relating to U.S. attorneys, U.S. marshals, and a member of the Foreign Claims Settlement Commission, which have been reported by the Judiciary Committee and which are not yet on the printed executive calendar. I am prepared at this time to ask the Senate to proceed to their consideration if the matters are cleared on the other side of the aisle.

Mr. ROBERT C. BYRD. Mr. President, the 13 nominations have been cleared for action on this side.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I ask unanimous consent that the 13 nominees be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominees are considered and confirmed en bloc.

The nominees considered and confirmed en bloc are as follows:

THE JUDICIARY

William H. Kennedy, of California, to be U.S. attorney for the Southern District of California.

Ronald D. Lahners, of Nebraska, to be U.S. attorney for the District of Nebraska.

Gerald D. Fines, of Illinois, to be U.S. attorney for the Central District of Illinois.

W. Hunt Dumont, of New Jersey, to be U.S. attorney for the District of New Jersey.

Charles R. Brewer, of North Carolina, to be U.S. attorney for the Western District of North Carolina.

Lincoln C. Almond, of Rhode Island, to be U.S. attorney for the District of Rhode Island.

John Perry Alderman, of Virginia, to be U.S. attorney for the Western District of Virginia.

Elsie L. Munsell, of Virginia, to be U.S. attorney for the Eastern District of Virginia.

Charles Pennington, Jr., of Kentucky, to be U.S. marshal for the Eastern District of Kentucky.

Kernan H. Bagley, of Oregon, to be U.S. marshal for the District of Oregon.

Blaine Skinner, of Idaho, to be U.S. marshal for the District of Idaho.

Delaine Roberts, of Wyoming, to be U.S. marshal for the District of Wyoming.

Joseph Wentling Brown, of Nevada, to be a member of the Foreign Claims Settlement Commission.

NOMINATIONS OF JOHN PERRY ALDERMAN AND ELSIE L. MUNSELL FOR U.S. ATTORNEYS IN THE EASTERN AND WESTERN DISTRICTS OF VIRGINIA

● Mr. WARNER. Mr. President, I rise in support of the nominations of Elsie L. Munsell as the U.S. attorney for the eastern district of Virginia and John Perry Alderman as the U.S. attorney for the western district of Virginia.

These two outstanding Virginians were recommended to the President because of their expertise and standing in the legal profession.

The process leading up to their recommendation was rigorous. It insured that

the very best and most qualified individuals were identified for the President's review and consideration.

In some respects, the process was unique. In addition to meeting in my Capitol Hill office, I traveled more than 3,000 miles for the purpose of consultations with several hundred Virginians. By so doing, I was able to personally interview each candidate I recommended.

Further, I received extremely helpful advice during meetings with every Federal judge serving Virginia and a number of State judges.

After disseminating public notices, I solicited the views of leaders of State and local bar associations, law school deans, elected public officials, and civic and community leaders. In early March, I publicly stated how I intended to proceed and made known the existence of the likelihood of new appointments for the posts we are considering today.

Early I made the decision that partnership would not dominate nor distort my search. I have faithfully adhered to that commitment.

Recognizing that growing problems associated with crime require prompt, forceful and fair prosecutions, I recommended for the positions of U.S. attorney only lawyers having extensive trial experience, with some criminal practice.

In the case of both Mrs. Munsell and Mr. Alderman, it was the very qualities which I have just discussed—professional achievement, integrity, and criminal law experience and expertise—which led the President to select these two individuals as his nominations to the U.S. attorneys' posts in the two Federal districts in Virginia.

Turning for a moment to the individual qualifications of Mrs. Munsell and Mr. Alderman, I want to make particular note that with the confirmation of Mrs. Munsell I believe history will be made. It is my understanding that she is the first woman to be appointed as a U.S. attorney in Virginia.

Elsie Munsell is currently U.S. magistrate for the eastern district of Virginia. She is a former chief assistant U.S. attorney for the civil division in the same jurisdiction. Mrs. Munsell is a 1972 graduate of Marshall-Wythe School of Law of the College of William and Mary. She is a former member of the board of visitors of the College of William and Mary. Finally, Mrs. Munsell served as a member of the Virginia Commission on the Status of Women until the time she became a magistrate.

John Perry Alderman is in his fifth term as Commonwealth's Attorney of Carroll County, Va. He is former counsel for the town of Hillsville, Va. Mr. Alderman graduated sixth in his class from the University of Virginia Law School in 1958.

Mr. President, the nominations of Elsie Munsell and John Perry Alderman as U.S. attorneys for the eastern and western districts, respectively, in Virginia, deserve the full support of all Members of the Senate.

I commend President Reagan for his excellent selections. These two individuals will serve with dignity and distinction. All Senators can take pride in their nominations.●

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominees were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECORD TO REMAIN OPEN UNTIL 4 P.M. TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that the RECORD remain open until 4 p.m. today for the introduction of bills, resolutions, and statements.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I have just listened to the President's news conference. In his conference the President indicated that none of the regular appropriation bills has yet reached his desk. To my knowledge, may I say, Mr. President, there has been no delay in action on the appropriation bills that has been necessitated because of actions on this side of the aisle. I want to state that for the RECORD. We on the minority side have cooperated in the committee deliberations with respect to appropriation bills. We certainly have not interposed any time delays with respect to actions on those bills on the floor.

I would like to ask the distinguished majority leader if, to his knowledge, any delay in the floor action on these appropriations bills has been caused by the minority.

Mr. BAKER. Mr. President, absolutely not. On the contrary, I would point out that the minority leader has from time to time regularly inquired about the schedule of consideration of appropriation bills in the Senate and has been most cooperative, as has the minority in general, in trying to bring these matters to early consideration and in most cases without encumbrance of extraneous amendments. There has been no delay by the minority in the Senate.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader.

Mr. BAKER. Mr. President, I see no Senator seeking recognition. I have no further business to transact.

The PRESIDING OFFICER. Will the Senator suspend for a moment?

Mr. BAKER. Yes.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. SYMMS). The Chair, on behalf of the Vice President, pursuant to Public Law 84–372, appoints the Senator from Michigan (Mr. LEVIN) to the Franklin Delano Roosevelt Memorial Commission.

NO ROLLCALL VOTE TO OCCUR PRIOR TO 3 P.M. ON THURSDAY

Mr. BAKER. Mr. President, previously I indicated there would be no votes prior to the hour of 3 o'clock on Thursday. I ask unanimous consent that no rollcall votes occur prior to 3 o'clock on Thursday. and that if such are ordered prior to that time that they be deferred until that hour arrives.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR CERTAIN ACTION DURING RECESS

Mr. BAKER. Mr. President, I have one further request. I ask unanimous consent that during the recess of the Senate over until Thursday, the Secretary be authorized to receive messages from the President and the House of Representatives, that they be appropriately referred, and that the Vice President and President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL THURSDAY, NOVEMBER 12, 1981, AT 11:30 A.M.

Mr. BAKER. Mr. President, I have no further business to transact. I see no Senators seeking recognition. If the minority leader has no other matter on which he wishes to address the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11:30 a.m. on Thursday.

The motion was agreed to; and at 2:50 p.m., the Senate recessed until Thursday, November 12, 1981, at 11:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 10, 1981:

DEPARTMENT OF STATE

Edwin Gharst Corr, of Oklahoma, a Career Member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Bolivia.

James Daniel Theberge, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

Melvin Herbert Evans, of the Virgin Islands, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Trinidad and Tobago.

IN THE NAVY

The following-named temporary lieutenant commanders of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the line and Medical Service Corps, as indicated, pursuant to section 611 (a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Harwell, Michael A.

MEDICAL SERVICE CORPS

Ayers, Samuel H., Jr.	Kane, Robert J.
Bartlett, James V.	Keenan, James M.
Bauer, Peter J.	Kraft, John E.
Bennett, Ronald E.	Lewis, Jack T.
Berkley, Roy L.	McKinney, Arthur P.
Bielawski, Jerome J.	Mills, Wayne M.
Collins, Jimmy R.	Mincer, Arvin A.
Dawson, Richard L.	Morey, Arlen D.
Denayer, John W.	Mumford, William M.
Donohue, Avon R., Jr.	Nelson, Lee D.
Dunaway, Floyd J.	Owens, Kenneth L.
Fry, Wendell, J.	Penn, Jerry D.
Gray, Donald R.	Renish, John F.
Grisham, Onis H.	Roberson, Walter E.
Hanson, Eugene C.	Russmogle, Robert L.
Hardy, Frederick C.	Shannon, Kenneth R.
Hastings, Jerry L.	Shepherd, Jack W.
Hixson, Steven R.	Stewart, George W. K.
Holstein, Elmer, Jr.	Tomlinson, Tommy M
Hora, Charles D.	Waggoner, Lemuel A.
Hovis, Robert S.	Wanamaker, John C.
Johnson, David E.	White, Harry G.

The following-named officers of the Supply Corps, of the U.S. Navy, for appointment in the line, as permanent lieutenants, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 5582(a) as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Perry, Ronald I.

Pierce, Terry C.

The following-named officer of the Supply Corps, of the U.S. Navy, for appointment in the line, as a permanent lieutenant (junior grade), pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 5582(a) as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Ralls, John D.

The following-named officers of the line of the U.S. Navy, for appointment in the various staff corps, as indicated, as permanent lieutenants, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 532 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

SUPPLY CORPS

Kline, Kim F.	Town, James S.
Salgado, Robert T.	Watson, Walter F.

CIVIL ENGINEER CORPS

Ayars, Arthur D., Jr.
Baker, Clifford C.
Brady, Patrick A.

The following-named officers of the line of the U.S. Navy, for appointment in the various staff corps, as indicated, as permanent lieutenants (junior grade), pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 532 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

SUPPLY CORPS

Vonhitritz, Stephen
Walter, Kevin R.

CIVIL ENGINEER CORPS

Barre, Kevin R.	Foster, Dennis M.
Beary, William J.	Harris, Brian K.
Booth, Barbara G.	McClellan, Thomas K.
Britain, Joseph C.	Perritt, Stuart E.
Doyle, Michael P.	

The following-named officer of the line of the U.S. Navy, for appointment in the Civil Engineer Corps, as permanent ensign, pursuant to section 611(a) of the Defense Officer Personnel Management Act (Public Law 96–513) and title 10, United States Code, section 532 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

Hovell, Ronald P.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 10, 1981:

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Francis S. M. Hodsoll, of Virginia, to be chairman of the National Endowment for the Arts for a term of 4 years.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF JUSTICE

William H. Kennedy, of California, to be U.S. attorney for the southern district of California for the term of 4 years.

Ronald D. Lahners, of Nebraska, to be U.S. attorney for the district of Nebraska for the term of 4 years.

Gerald D. Fines, of Illinois, to be U.S. attorney for the central district of Illinois for the term of 4 years.

W. Hunt Dumont, of New Jersey, to be U.S. attorney for the district of New Jersey for the term of 4 years.

Charles R. Brewer, of North Carolina, to be U.S. attorney for the western district of North Carolina for the term of 4 years.

Lincoln C. Almond, of Rhode Island, to be U.S. attorney for the district of Rhode Island for the term of 4 years.

John Perry Alderman of Virginia, to be U.S. attorney for the western district of Virginia for the term of 4 years.

Elsie L. Munsell, of Virginia, to be U.S. attorney for the eastern district of Virginia for the term of 4 years.

Charles Pennington, Jr., of Kentucky, to be U.S. Marshal for the eastern district of Kentucky for the term of 4 years.

Kernan H. Bagley, of Oregon, to be U.S. Marshal for the district of Oregon for the term of 4 years.

Blaine Skinner, of Idaho, to be U.S. Marshal for the district of Idaho for the term of 4 years.

Delaine Roberts, of Wyoming, to be U.S. Marshal for the district of Wyoming for the term of 4 years.

Joseph Wentling Brown, of Nevada, to be a Member of the Foreign Claims Settlement Commission of the United States for the term expiring September 30, 1983.

EXTENSIONS OF REMARKS

THE DUAL TERRORS OF OVERREGULATION AND OVERENFORCEMENT

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. HANSEN of Idaho. Mr. Speaker, the dual terrors of overregulation and overenforcement of regulations by unelected bureaucrats is a nightmare for the American public which demands urgent corrective action by the Congress.

The gravity of the situation and need for reform is clearly indicated in the following testimony, on the proposed adoption of a legislative veto, which I have prepared for presentation to the House Committee on Rules.

TESTIMONY OF HON. GEORGE HANSEN, PREPARED FOR PRESENTATION BEFORE THE COMMITTEE ON RULES

Mr. Chairman, Federal regulations have gotten completely out of hand. Congress makes the laws, but bureaucrats are writing rules by the thousands that amount to laws—and they are doing it with our blessings, but with precious little Congressional supervision, leaving a frustrated public to be preyed upon in a bureaucratic jungle where the price of survival for a citizen can be frighteningly high, if not impossible.

The costs to the nation of federal regulations are staggering—with estimates ranging up to $100 billion by the end of the current fiscal year. That breaks down to about $2,000 a year for each family of four. I cannot believe the Congress, as elected Representatives of the people, ever intended to impose such a burden on those they serve.

But let me be even more specific as one who has dedicated my several years in Congress to fighting regulatory excesses which are progressively becoming more frightening, more frustrating and more insidious.

My own Congressional District cannot be much different than the other 434 and I find the dual terrors of overregulations and overenforcement of regulations by unelected bureaucrats to be a nightmare for the public.

The posture of the laws and their enforcement has drifted from the hands of Congress and with it government is becoming the adversary, rather than the servant, of the people—even to the point of legal and financial assault. For example:

(1) I had to raise $160,000 in a nationwide effort to help an average small businessman go to the Supreme Court to prove Congressional intent on OSHA inspections—OSHA wanted him in jail to prove their authority and as a deterrent to others against such challenges.

(2) Idaho's other Congressman and I are in the process of helping raise legal funds of $40,000 to help ten farmers pay to defend themselves against an entrapment operation by the U.S. Immigration Service. Although the farmers were exonerated of these felony charges and the Federal Court condemned such INS actions, that Agency immediately announced that it was doing the same thing in other areas and planned to continue these operations.

(3) As Congressman for the victims of the Teton Dam disaster, I have spent years fighting attempts by the IRS to turn relief funds into capital gains taxes. It was this process which fully acquainted me with the ruthlessness of the IRS and the fact that they would resort to any tactic, no matter how illegal, to have their way, such as:

(a) Hate lists; (b) spy files; (c) electronic surveillance of taxpayers; (d) wholesale unauthorized searches and seizures; (e) vindictive harassment for purpose of bankrupting small businesses and individuals; (f) criminal use of tax return information to prejudice jury selection in prosecutions and general illegal disseminations of taxpayer information. (The irony of this situation is that right now, despite this tawdry record of misuse of authority, the IRS is currently asking a joint Committee of the Congress for permission to reveal legally what they have until now been leaking illegally, the privileged return information of taxpayers.)

My point is, Mr. Chairman, if the Congress is going to pass the laws, we had better see to it that they are fleshed-out and carried out by the Agencies with proper Congressional intent.

We are the elected officials directly accountable to the people—not the bureaucrats, and not the courts. It is our duty to look at the final product of the laws we pass—we owe that much to the people we serve. And that is the spirit of the legislative veto. The legislative veto provides the fence at the top of the cliff. It sure makes a lot more sense than stationing an ambulance at the bottom to pick up the victims of neglect.

The legislative veto will enable the Congress to carry out our duty to the people we serve with a minimum of time and a minimum of cost—particularly when compared to the scandalous expense to the public of federal regulation.

Now, Mr. Chairman, the issue of the so-called legislative veto has spawned some objections which simply do not square with the facts. There are those who warn that the veto would be an improper intrusion into the powers of the Executive. It would be, so such critics say, a violation of the doctrine of separation of powers. Some critics have even claimed that such a legislative restraint on the regulatory agencies would be unconstitutional.

Isn't it interesting how we sometimes tend to forget the obvious—the fact that it is the Congress which created these agencies and vested in them the power to make regulations with the force of law. And now these very agencies raise the bogus constitutional limitation issue on Congress to monitor its own creations.

We cannot afford to ignore any longer the plain fact that too many of these agencies on too many occasions engage in making substantive positive law. The real issue is not whether we can limit the activities of these delegate lawmakers, but whether we can continue to ignore their legislative excesses done in the name of Congress.

The existence of commissions to review the regulatory functions of agencies or of Congressional oversight of the consequences of the uncontrolled power of the regulatory agencies should not deter us from the effort to achieve regulatory veto, and I urge you to reject such suggestions.

The government has become a huge enterprise. We now undoubtedly need the agencies which have been developed over the years to operate it. We should nonetheless remain aware that the agency system is a trade-off. It is a step away from a rule of law by legislative action and toward law by the personal judgment of a bureaucrat. And while it may be a necessary device, it is also a dangerous one since it often determines issues which concern the survival of individuals, businesses and institutions.

The surge of interest in reforming the agencies cannot be trusted to maintain the kind of enduring surveillance over these agencies which recent history tells us is essential to preserving the proper functions of both the Congress and the bureaucracy. Administrations come and go. Commissions expire. Even committees for special purposes fade away. But unchecked power goes on accumulating as, with respect to most of these agencies, it has been for the better part of fifty years. Legislative vetoes, properly incorporated, will endure and protect the integrity of our legislative system for as long as there is a Congress.

The sheer number and gravity of the complaints by individuals and businesses against oppressive bureaucratic rule-making should by itself serve as a warning that the problem is not merely one of an internal struggle for power between executive and legislative divisions or between competing political parties and philosophies.

This Committee may remember that two years ago, a problem developed over the drafting and implementation by the IRS of a complicated and repressive rule on the tax exemption of sectarian private schools. The effect, if not the intent, of the rule would have been to put hundreds of small private schools out of business for failure to satisfy the IRS that they were not segregated.

Several Congressmen, among whom I was one, protested to the IRS that the compliance tests were so onerous that to prove that they qualified, would bankrupt many of the schools. In addition, the rule change was denominated as a procedural matter. Since only substantive rule changes mandate hearings, the IRS was apparently attempting to avoid accepting input from anyone on this highly emotional issue. By this evasive device the rule was adopted, but only to be suspended, once by amendment attached to an appropriations bill and once by an agreement on a continuing resolution. That matter deserves our attention here in the context of legislative veto for three reasons.

First, in the face of clear legislative objection to the rule by literally hundreds of members of both houses, the IRS announced its continuing intention to enforce the rule, once free of the temporary financial restraints adopted.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Second, IRS pursued agressively in court an attempt to subvert legislative reconsideration of this bureaucratic rule.

Third, during the controversy, the then Commissioner of Internal Revenue based his persistent attempts to enforce the rule, not on his statutory mandate from Congress, but upon his self-proclaimed duty to enforce the public policy of the nation.

No one has been able to explain to me how the Commissioner of Internal Revenue is authorized to dictate public policy through the tax collection process. Even more so, I am sure no one here can be comfortable with the idea of a Tax Commissioner creating public policy for the United States even when at apparent odds with the Constitutional guarantee of free exercise of religion.

Public policy is the sum of the legislative work of Congress, not the product of a bureaucratic ego trip.

This is not the forum to discuss racial problems or freedom of religion, but that single case is a telling example of the almost uncontrolled quality of arbitrary rule-making. The Commissioner of Internal Revenue dives into two of the more sensitive areas in our society without the slightest indication that he either understands or cares about the social havoc his legislative usurpation could cause.

Granted that one example does not made a case. Nonetheless, it does show that, without immediate, effective Congressional supervision, the rule-making function can run wild. And I doubt that there is a Congressman in this room who has not had personal experience with the damaging effect of ill-considered agency regulations and the amount of effort required to undo them. Certainly it is not necessary to emphasize further how the legislative veto could save much time, energy and anxiety by "keeping the horse in the barn" instead of trying to round him up after leaving the stable door open as we now do.

Now there are many variances of bureaucratic abuse of the rule-making power. In some instances, the divergence between legislative authority and the actual implementation appears only by imperceptible degrees. So the Internal Revenue Service has, over time, been able to arrogate to itself the power to determine the tax due from an individual, assess the amount, seize property, sell the property, bankrupt the individual, all without the opportunity for the individual ever to see the inside of a courtroom or receive even a rudimentary form of due process. It is difficult to point to any one rule change or any specific time when the taxpayer as such was excluded from the operation of the protection of the Bill of Rights.

But it is plain as day that he no longer has rights vis-a-vis the IRS—rights which we have always understood were to protect all citizens including taxpayers against abusive acts of government. The legislative veto will not cure all of this overnight. But it will, beyond question, provide the electorate with a focal point for legitimate complaints. And hope for needed and timely relief in an orderly, well-constructed legislative veto process is certainly preferable to trying to impose hit-and-miss legislative restraint, through hastily conceived amendments added at the last minute to appropriations acts on the Floor of the House. In the interest of constituents and of the nation at large, Members will use any vehicle available to them. Common sense dictates that we provide a less dangerous and cumbersome means than tampering with the fiscal process of the nation.

As some of the members of this Committee may be aware, I have devoted a great deal of time and effort to limit the damage done by the Occupational Safety and Health Administration. Enlarging upon my earlier reference to OSHA, I propose to cite just a few of the worst examples of regulative abuse by that Agency. In doint so I remind you that the OSHA Act of 1970 is printed in the U.S. Code in just 34 pages while as of this moment, there are more than ten thousand regulations covering eight hundred pages in the Code of Federal Regulations—this even after a recent cancellation of approximately a thousand existing regulations.

OSHA for years was a regulatory embarassment which could have been prevented by timely Congressional review. Even now its image of over-regulation and over-enforcement remains. Many of the regulations are simply unintelligible. Others are incredible. All are an economic burden, some of such proportions as to defy belief. In the period of only ten years OSHA compliance costs are in the 20 billion dollar range.

The list of regulations produced by OSHA which violate prudence, common sense, economic realism or the civil rights of the business community is too long to produce here. A few of the worst will serve to illustrate my point.

OSHA proposed to require farmers to provide lavatory facilities no more than five minutes walk from the place of work. Congress, which always has a few farmers among its number, could never do something so foolish. Trivial as it is, it illustrated the mind set of the OSHA bureaucrat, and the "travelling outhouse" became the prize joke about bureaucratic incompetence.

In another case, OSHA tried to require a western university to replace 6,000 fire extinguishers, because they were the wrong color.

Companies have been ordered to remove guardrails 41 or 43 inches high and replace them with rails exactly 42 inches high.

One firm provided more fire extinguishers than required and hung them carefully at the required height and was still slapped with a fine for setting an extra unit on the floor.

Regulations required a shorter turning radius for some fork lifts; but when their wheel bases were shortened to comply, the vehicles were rendered dangerously unstable.

Some of these regulations are no longer on the books, but that they were there at all is the essence of the problem.

However, the worst aspect of unchecked regulation is that the victim of improper rule-making is relegated to the courts for relief at his own expense and inconvenience. Several years ago, as I mentioned in the beginning, a constituent of mine named Barlow got into conflict with OSHA over whether their inspectors had the right to enter his business premises without a court order—the question being whether the Act removed an employer's Fourth Amendment rights against unreasonable search. After years of litigation and hundreds of thousands of dollars in legal fees to finance Barlows and dozens of similar cases across the nation, the Supreme Court finally found that the Agency was wrong and Congress had indeed not intended to authorize unconstitutional warrantless searches. Surely legislation which allows recourse to Congress to determine what it intends is preferable to putting the small businessman to such strain and expense.

ENFORCEMENT

The necessary corollary of rule-making is enforcement. It is in the agency's enforcement of its regulations that the potential for the abuse of power is most evident.

I have mentioned the Barlow incident. It is but the most prominent of many court cases where small businessmen have been forced to defend their rights in court at their own expense.

Not as attention getting, but just as important to the people involved are cases like the one in which a businessman put two identical machines in his plants, located in different states. In one of them, the federal OSHA inspector certified the machine's safety. In the other, the inspector fined the man because he was operating an unsafe machine.

Another man was driven out of business by OSHA for failure to repair a machine because of the unavailability of spare parts locally, then fined after he was out of business an an example to others in similar situations.

But OSHA is not alone. I earlier noted another case where during this session of Congress, the Immigration and Naturalization Service procured the indictment of ten farmers in my District for "aiding and abetting the transportation of illegal aliens." At trial the Federal judge threw out the case and reprimanded the INS because it had in fact gone into Mexico and brought the aliens across the border illegally, transported these fugitives a thousand miles to Idaho illegally, and delivered them to the farmers who were then amazingly charged with trafficking.

It would take an entire separate hearing, which will, I hope, soon occur to detail the collection excesses of the Internal Revenue Service which I earlier pointed out. During the past year alone, with only my staff and without committee resources, I have been able to uncover misconduct in the following areas:

1. Illegal and perhaps felonious use of IRS returns and taxpayer records to assist U.S. Attorneys in jury selection in criminal cases.
2. Seizure and sale of homes for punitive and not collection purposes.
3. Maintenance of lists of people in violation of the Privacy Act for purposes of coercion.
4. Illegal electronic surveillance of potential tax violators.

CONCLUSION

The evidence is beyond dispute that the system of legislating which has developed over the past fifty years of passing laws which are only general outlines to be filled in with regulations by a delegate agency has serious pitfalls.

Whether it be the IRS, OSHA, the Federal Trade Commission, EPA, or any other agency, substantive regulations are taking the place of legislation. It is only to be expected that some of that regulation will exceed the intent of Congress and some will even be directly opposed to that intent.

We as members of the Congress cannot give up our legislative responsibility. We must maintain control over what we set in motion. At this point, the regulatory agencies are a high powered machine without an effective emergency brake. The Congress, responsive to the public mood at the polls, must either provide that brake or continue to bear the responsibility for the increasing-

ly heavy damage being done by uncontrolled regulatory law making.

The legislative veto is a modest step to retain the advantages of the agency system while enabling us to maintain the rule of law which is the pride of our governmental system. I strongly urge the earliest possible adoption of the regulatory veto.●

PERSONAL EXPLANATION

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. CORCORAN. Mr. Speaker, due to a previous commitment October 29, I was not present and voting on a number of issues before the House of Representatives. Had I been present, I would have voted in the following way: On a motion to approve the House Journal of Wednesday, October 28, "yea"; on a motion to table the Schroeder motion to instruct the House conferees on the bill S. 815 to concur in a Senate provision requiring the Pentagon to report to Congress certain weapons cost increases, "nay"; on a motion to recommit S. 1193, State Department authorizations, to the Foreign Affairs Committee with instructions to amend it by transferring to the International Communication Agency $36 million in fiscal 1982 and $43 million in fiscal 1983 from the accounts for the administration of foreign affairs and for U.S. participation in international organizations and conferences, "nay"; on passage of S. 1193, "yea."●

AND YOU THINK YOU HAVE TROUBLES—PART III OF A CONTINUING SAGA

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. FORSYTHE. Mr. Speaker, in October 1977, 7 months after the extension of U.S. fisheries jurisdiction to 200 miles went into effect, the Associate Administrator for Marine Resources of NOAA predicted that it would take 170 days to implement a fishery management plan after the draft plan and the draft environmental impact statement were formally submitted by a Regional Fishery Management Council. Those were the days of great expectations. Had the Associate Administrator known how the review process would be "improved" over the next several years, he would surely have been more vague in his predictions. Maybe he just underestimated the Federal Government's propensity for taking something fairly simple and, by tinkering here and there in the name of progress, creating the most incredible Rube Goldberg type of process one could imagine.

It reminds me of a situation we encountered with implementation of a program designed to compensate commercial fishermen for gear damage resulting from oil and gas activities on the Outer Continental Shelf. Congress passed a bill that we thought would result in a fairly simple system to determine whether a fishermen's claim was valid and to make reimbursement payments. Lo and behold, everybody and their brother was involved in the claims process under the final regulations issued by the Department of Commerce to implement the program. Decisions were taking so long that a fisherman would have been wise to include in his will a provision making any eventual award part of his child's inheritance, just to make sure somebody was still around to accept the award. Not only that, but the claims process was so time consuming the Department of Commerce was spending four times as much administering the program as it was paying out in claims. Now you have to admit, it took some real ingenuity to turn a gear damage compensation program for fishermen into a Federal Employees Relief Act.

That same kind of ingenuity seems to have been at work in the Department of Commerce's attempts to implement the FCMA. Do you know what E.O. 12291, RFA, PRA, or RIA are? How about FACA, DRIR, APA? You have to carry around a book of acronyms just to understand what is going on. And then, even if you know what is going on, you would be sorely tempted to ask "why?".

Now I do not want to blame all the confusion on the inventiveness of the Department of Commerce. Congress has done its part too, and all with the best of intentions. In September 1980, the President signed the Regulatory Flexibility Act into law. This act requires that Federal agencies take into account the impact of their regulations on small businesses. The act requires the preparation of a regulatory flexibility analysis (RFA), unless an agency certifies that the regulation will not have a significant impact on a substantial number of small entities. If a RFA needs to be written, it must be preceded by an IRFA (initial regulatory flexibility analysis) which is to be made available for public comment at the same time as the notice of proposed rulemaking is published in the Federal Register. At this point you might say, "Well, this act shouldn't be much of a problem because most fishing regulations probably don't have a significant economic impact on a substantial number of small businesses". How true. But, do not be so naive as to assume that, therefore, the RFA causes no delays. For an agency to certify that no IRFA or RFA is needed, it must publish a statement explaining why it is not needed, and the preparation of this document can be as time consuming as preparing an IRFA in the first place.

On February 19, 1981, the President signed Executive Order 12291 saying,

"Each agency shall, in connection with every major rule, prepare, and to the extent permitted by law, consider a regulatory impact analysis (RIA). Such analysis may be combined with any Regulatory Flexibility Analysis performed under 5 USC 603 and 604.

"Ah hah!", you say "this can't be much of a problem because most fishing regulations probably are not 'major rules' ". In one respect you are absolutely right. Most fishing regulations are not a "major rule". However, an agency must first determine whether that is the case. A document prepared by one of the regional fishery management councils, analyzing the economic impact of some salmon regulations, took 350 hours to draft and totaled 83 pages, while the salmon management plan itself was only 283 pages long.

Let us assume the Regulatory Flexibility Act and Executive Order 12291 are satisfied. You are home free, right? Not so fast. Do not forget the Paperwork Reduction Act (PRA). This act, passed in December 1980, "to minimize the paperwork burden" on individuals and small businesses, requires that each agency send to the Office of Management and Budget, no later than publication of a notice of proposed rulemaking in the Federal Register, a copy of any proposed rule which will require the collection of data from the public. In addition, the agency must submit to OMB, if requested, information OMB considers necessary to decide whether the data should be collected as proposed. The Director of OMB has 60 days to submit comments, and the final rule must explain how it responds to those comments, if any.

Congress and the administration, in their wisdom, have created a system which the famed Mr. Goldberg could be proud of.●

VETERANS DAY, 1981

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. FARY. Mr. Speaker, November 11, Veterans Day, is America's and the world's chance to thank all the brave men and women who have risked their lives for freedom. The ability for me to speak here, today, has been insured

by the defense of democracy over the years against subversive ideologies. Called to war on several occasions the United States has represented the free world courageously. This commitment to human rights has been defended by our armed services.

Veterans Day is the anniversary of the signing of the Armistice of Compiegne by the Allies and Germans in 1918, thus ending World War I. Our European allies danced and cheered that the "war to end all wars" had finally come to an end. In remembrance of this dream we have celebrated November 11 ever since; first as Armistice Day to recognize the courage of those who fought World War I and later as Veterans Day to honor all Americans who have been called to war.

The focal point of Veterans Day continues to be Arlington Cemetery. Here the greatest shrine to our veterans resides, the Tomb of the Unknown Soldier. The first unidentified hero was from World War I later to be joined by two casualties from World War II and Korea. On November 11, wreaths from all over the world are sent to honor the U.S. Unknown Soldiers and veterans. In honoring this tomb, our veterans realize the respect that the people of the free world hold for them. Thus, joined by Unknown Soldiers in France and England, the soldiers "known only to God" are appropriately glorified.

In keeping with our duties to veterans, I, too, ask all my colleagues to participate in the 2-minute silence on this day to commemorate all veterans. As Members of Congress we have the undefinable honor to represent the U.S. citizens as their legislators, yet veterans are the only citizens who have sacrificed and risked their lives for Americans; an honor any true citizen would respectfully envy. I am proud to be a stanch supporter of veterans and have cosponsored legislation duly rewarding them. We should be proud as a body that we have passed legislation helping veterans adjust to the setbacks a war can create. The Veterans' Administration is a department that our Government can be proud of.

In this "Year of the Veteran" in which much beneficial legislation has been passed for them, I feel we should recognize our most recent veterans who have not received their due respect—the Vietnam veteran. Fighting for America and democracy during a controversial time, our Vietnam veterans, especially on this day, should receive their long-due praise. Thus, in the spirit of the holiday, I call upon my colleagues to remember our veterans from all wars in a fitting and honorable manner.●

NATIONAL SCHOOL LUNCH PROGRAM NUTRITION STANDARDS RESOLUTION

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. HALL of Ohio. Mr. Speaker, today I am introducing legislation expressing the sense of Congress that the U.S. Department of Agriculture (USDA) retain the traditional and longstanding goal of the national school lunch program to provide participating children with approximately one-third of their daily nutritional needs. I am pleased to have my distinguished colleague, Representative GEORGE MILLER, joining me in submitting this resolution to the House.

Mr. Speaker, the national school lunch program was established in 1946. Its adoption marked the beginning of a national commitment—

* * * to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food * * *

For nearly 35 years we have maintained the concept initiated by the enactment of the national school lunch program. Today, we are providing more than 27 million school age children with close to one-third of the recommended dietary allowance which they require to remain healthy. I see no reason why we should fall short in continuing with our commitment.

Under the Omnibus Reconciliation Act of 1981 the Secretary of Agriculture was instructed to identify possible cost savings within the national school lunch program and issue regulations for local schools to achieve these savings. Congress explicitly directed that before current meal pattern requirements are changed, the Secretary "shall exhaust all alternatives for lowering local program costs." In addition, Congress stated that the Secretary should review regulations under the National School Lunch Act and the Child Nutrition Act of 1966 to determine ways in which cost savings might be accomplished "without impairing the nutritional value" of the meals provided under these programs.

On September 4, the Secretary of Agriculture submitted regulations proposing a number of substantial changes in program meal patterns. Perhaps the best known of these was the provision allowing catsup and relish to serve as "vegetables." In the face of strong public opposition and embarrassing publicity, the administration pulled the regulations. With a new set of regulations expected shortly, I feel that it is essential to assure that the national school lunch program continue to live up to its historical commitment of safeguarding the health and well-being of our Nation's children.

The Federal moneys for the national school lunch program have been reduced, and we are certainly going to have to seek ways to change program operation to save money. However, I feel that there are ways to accommodate adjustments without impairing the nutritional value of meals. I do not think that it is necessary to compromise meal pattern standards which have been unchanged since the national school lunch program was created 35 years ago.

I have long supported the maintenance of a national school lunch program with a sound nutritional basis. I have worked closely with Mrs. Betty Bender, the director of food services for Dayton Public Schools, in reviewing its operation in my congressional district. We have thoroughly discussed possible cost saving changes in the program and we have reached agreement that there is a multitude of alternatives to achieve cost savings other than diminishing the nutritional quality of the meals.

In addition to the discussions I have had with Mrs. Bender, I have had an opportunity to review a survey conducted earlier this year by the hunger organizing team in California. This single survey more than 15 alternatives to making changes in meal patterns. These particular suggestions have been practiced and endorsed by individuals who know the national school lunch program probably better than anyone else—program directors and food service workers. I definitely feel that these recommendations merit study by the Department of Agriculture.

Mr. Speaker we have several studies and surveys documenting the important role assumed by the national school lunch and child nutrition programs in improving the nutritional status of young children—particularly low-income children. In 1980 the Congressional Budget Office issued a report which stated that:

* * * school feeding programs appear to be significantly more effective in improving the nutrition of low-income children than direct money payments to their families * * *.

The Field Foundation studies conducted by teams of health professionals in 1967 and 1977 verified substantial improvement in the health and nutritional status of low-income children and attributed these improvements to child nutrition programs. The Department of Agriculture national food consumption survey between 1965 and 1977 reflected improvements in the diets of low-income children. These results, too, were attributed to the high standards set by child nutrition programs. At a time when the costs of food, utilities, hous-

ing, and other living expenses are increasing; at a time when unemployment is continuing to rise; and at a time when a number of other Federal assistance programs are being reduced; a change in the nutritional standards of the national school lunch program cannot take place. Any such change would only serve to risk the sound nutritional stature which we have been able to achieve and maintain.

I am pleased to note that the Subcommittee on Elementary, Secondary, and Vocational Education, on which Congressman MILLER sits, has scheduled hearings on our resolution for November 18. I am equally pleased to announce as organizations supporting our resolution: American Federation of Grain Millers; American Federation of State, County, and Municipal Employees; American Federation of Teachers; American Nursing Association; American Public Welfare Association; Americans for Democratic Action; Bread for the World; Center for Community Change; Center for Science in the Public Interest; Child Advocacy Center; Children's Defense Fund; The Children's Foundation; Child Welfare League of America; Communication Workers of America; Community Nutrition Institute; Congress Watch; Consumer Coalition for Health; Consumers Union; Council of Great City Schools; Cooperative League of U.S.A.; Food Research and Action Center; Friends Committee on National Legislation; International Ladies' Garment Workers' Union; National Catholic Conference for Interracial Justice; National Community Action Agency Executive Directors Association; National Family Farm Project; National Farmers Union; National Hook-Up of Black Women; National Milk Producers Federation; National Paralegal Institute; National P.T.A.; National Rural Housing Coalition; National Sharecroppers Fund; National Urban League; United Cement, Lime, Gypsum, and Allied Workers International; United Methodist Church Department of Human Welfare; and World Hunger Education Service.

Mr. Speaker, shortchanging our children on nutrition is certain to show up as an increase in health costs later. The objectives of the national school lunch program clearly will not be fulfilled if healthy, nutritious meals are not served. The purpose of this resolution is to express the strong sense of Congress that the Department of Agriculture should maintain the 35-year-old nutritional goals of the national school lunch program.

For the benefit of my colleagues, the text of the resolution follows:

H. CON. RES. —

A bill to express the sense of the Congress concerning regulations pertaining to meal pattern requirements and nutritional requirements for meals served in programs under the National School Lunch Act.

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that regulations pertaining to meal pattern requirements and nutritional requirements for meals served in programs under the National School Lunch Act should be consistent with the traditional and long-standing goal of such programs that the nutrients of such meals, averaged over a period of time, provide approximately one-third of the Recommended Dietary Allowance, as established by the National Academy of Science, for the children served by such program.●

CONGRESSMAN WILLIAM CARNEY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. MICHEL. Mr. Speaker, at its 20th annual dinner, the New York Coast Guard Chapter, Reserve Officers Association of the United States, conferred on Congressman WILLIAM CARNEY honorary life membership in the chapter.

Congressman CARNEY was cited for his interest in and contributions to the growth, development and preparedness of the U.S. Coast Guard Reserve as a major component in the defense and national security posture of the United States.

Among the current members of the House of Representatives previously honored by the chapter are Representatives MARJORIE HOLT, NORMAN LENT, and MARIO BIAGGI.

Congressman CARNEY, representing the First District, New York, served in the U.S. Army Medical Corps from 1961 to 1964 and is a member of the House Merchant Marine and Fisheries Committee and the House Science and Technology Committee.

I want to congratulate BILL CARNEY on receiving this distinguished honor.●

VOTING RIGHTS: ON GUARD

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. EDWARDS of California. Mr. Speaker, I would like to share with my colleagues an editorial which appeared in the Los Angeles Times on Sunday, November 8. The editorial examines the President's recent statement on extension of the Voting Rights Act.

I was pleased at the President's announcement that he favored extension of the act. As the President indicated, the right to vote is one of the most precious rights provided by our Constitution, and the Voting Rights Act has been responsible for assuring the right for countless Americans.

I am concerned, however, by indications that the President might support amendments which would replace the current "effects" test with an "intent" test in determining whether violations of the act had occurred. An amendment to make this change was soundly defeated by the House during consideration of H.R. 3112.

Such a change would inflict irreparable damage to the act. To show that the framers of a voting law intended to discriminate would be virtually impossible. In addition, why should such a finding be necessary at all? As the Los Angeles Times editorial states: "If a law discriminates, it should be taken off the books."

I urge my colleagues to read this editorial carefully. I am sure they will find it of interest.

The editorial follows:

VOTING RIGHTS: ON GUARD

Blacks, Latinos and other minorities who have been victims of discrimination at the polls will hail President Reagan's statement last Friday that he will sign a 10-year extension of the Voting Rights Act of 1965 if it reaches his desk.

But the battle is far from over. The issue is now before the Senate Judiciary Committee, whose chairman—Strom Thurmond (R-S.C.)—is openly hostile to the act and who almost certainly will try to dismantle its most important safeguards against the abuse of minority voting rights.

More than that, Reagan said he would be willing to accept amendments to the present law, which will expire next August if Congress fails to act, and the changes that he suggests could seriously weaken federal enforcement powers.

The President has been wavering for a number of months, and we applaud his decision to sign an extender of the law forbidding racial gerrymandering and all other discriminatory practices. But we think he should have come out strongly in favor of full extension of the law, which already has the approval of the House of Representatives by an overwhelming vote of 389 to 24.

The House version calls for an indefinite extension, and recurring attempts in a number of states to suppress the minority vote confirm the necessity for the strongest possible statute.

There is no doubt whatever that the Voting Rights Act has been effective in stimulating minority participation at the polls. In the 16 years since its enactment, literacy tests, poll taxes and hindrances to full suffrage have been struck down. Black registration in the South has risen from 29.3 percent to 56.6 percent. The number of blacks holding public office has risen from fewer than 100 to more than 1,800.

Many of those gains were made possible by a section of the act requiring nine states and sections of 13 others, all with a long his-

tory of discrimination, to pre-clear changes in their election laws with the federal courts or the Department of Justice.

It is this section that Thurmond and other Southern legislators object to most strenuously. They would prefer to eliminate pre-clearance entirely, but, barring that, they are determined to make it easier for offending jurisdictions to win exemption from the requirement. In his statement, Reagan said that he would go along with this approach.

We agree that state and local governments that have complied with the law and that have also taken positive steps to increase minority voting deserve an exemption, and the House measure would grant them one if they could prove an absence of discrimination for 10 years.

But many representatives of the states in question—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas and Virginia—insist that a clear record of two or three years should be adequate.

We disagree. Despite the increase in black and Latino participation, representation in government in the nine states is still far below minority voting strength. Blacks now hold only 8 percent of elective offices in the seven Southern states, although their population ranges from 20 percent in Virginia to 35 percent in Mississippi. In Texas, Latinos account for 21 percent of the population, but hold only 6 percent of public offices.

The disparity results, in most cases, from the deliberate redrawing of district lines to divide the minority vote, at-large elections and other practices, including harassment at the polls, whose clear intent is to discriminate.

Obviously, there should be no tampering with pre-clearance—and certainly not in a reapportionment year—as long as such practices exist.

Apart from the length of probation for states in which offenses have been most common, and in which they still persist, opponents of the Civil Rights Act raise objections to still another of its key features.

At present, the government must prove only a discriminatory result, not discriminatory intent, when it challenges the election laws of a state or local government. There were attempts in the House, as there may be in the Senate, to place an additional burden of proof on the government—one that would require it to prove both discrimination and intent.

Such an amendment would inflict fatal damage on the Voting Rights Act. Many of the suspect laws were written 10, 20 or even 50 years ago, and it would be impossible at this late date to read the minds of legislators. Beyond that, why should it be necessary to prove intent? If a law discriminates, it should be taken off the books.

The danger is that Reagan will concede too much to the Southerners. In our opinion, he should not accept the slightest diminution of federal authority to intervene in the continuing denial of full suffrage to many millions of Americans.

If his commitment to the Voting Rights Act is as sincere as he claims it is, he should declare flatly that he wants the House measure to come to his desk—and without the damage that Thurmond would want to inflict on it.●

MESSED UP AMERICAN ECONOMY

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. DAUB. Mr. Speaker, the ability to translate complex economic theory into plain English is a rare craft, but H. Wade German, in a recent Omaha World Herald editorial, capsulized the economic challenge before us with precision and clarity.

This article is a straightforward and concise account of the trends that led to the passage of the Fiscal Policy and Tax Reduction Act of 1981 and of the reasoning behind the act's provisions. This is an excellent and well-written summary, and I am pleased to share it with my colleagues.

[From the Sunday World-Herald, Sept. 20, 1981]

HOW DID AMERICAN ECONOMY GET SO MESSED UP?

(By H. Wade German)

It was just a little more than five weeks ago when President Reagan signed the Fiscal Policy and Tax Reduction Act of 1981. By any historical standard, this legislation represents nothing less than a dramatic change of course in terms of being the required first step at administering the medicine needed to get an ailing economy back on its feet again.

Reagan's economic medicine, it must be remembered, was never portrayed as a miracle drug, and, yet, the financial markets and many politicians—as well as some economists—have proudly pronounced Reaganomics a failure as if the expected something along the lines of an economic laetrile.

I might also note, somewhat parenthetically, a significant part of the business press is likewise climbing aboard the "I told you so" bandwagon.

The misunderstandings, apprehensions and widespread confusion can be traced basically to three causes.

First, many of the interpretations of the success-failure criteria indicators are made by individuals uniquely unqualified to pass judgment on economic policy in general, let alone evaluate short-term evidence as it relates to a long-term process.

Secondly, despite what they sound like when they talk, economists and politicians are not fuzzy-headed, strange people. Both groups are just principally inept at explaining economic policy.

Economists have an inherent propensity to discuss common-sense issues in such a way that no one other than another economist can understand, while most politicians are too busy hedging their bets to give the program their unqualified support even if they are ardent believers.

This inability or unwillingness or both to communicate political economic objectives and methods is manifested in uncertainty and anxiety on the part of many Americans.

In this regard the American public can be viewed as being composed of three groups. The first group, which can be called "supply-side believers" is a relatively small number of people who both believe and understand supply-side economics.

There is another segment, perhaps 10 to 15 percent, so dedicated to the proposition that big government is good that their prognostications of imminent economic and social collapse are designed to frighten, as opposed to enlighten.

It seems to me, however these die-hard advocates of a massive bureaucracy to control our lives are dwindling in numbers and in a few months will be classic political antiques. My reading of the political tea leaves and prevailing winds leads me to believe Mr. Q. John American realizes that a governmental structure large enough to provide everything he wants is also powerful enough to take from him anything it wants. More and more people now believe economic freedom is just as important as religious freedom, free speech, etc.

The third group, about 85 percent, is comprised of those who are totally confused, but understand that almost anything is better than what we have had in the past five years. It is to this group that this is addressed.

HOW DID THINGS GET SO MESSED UP?

The economic heartbeat of any country is critically dependent upon its citizens' desire to produce products or services or both. When individuals place a higher priority on fishing or TV gazing than on working, the economy will stagnate.

But why would anyone give up additional income to be mesmerized by "Charlie's Angels" or to watch a giant run uphill with a refrigerator strapped to his back? The answer—when tax rates are so high the after tax income does not justify the effort.

How many times have you heard persons say they refused overtime, quit their second job or turned down a promotion because they simply didn't feel like working for the government?

The message here is very simple: when tax rates transcend reality and become confiscatory, the incentives to produce (and earn income) are obliterated. Now ask yourself the question: If we reduce a worker's tax bill by 25 percent, will he work harder and seek additional income?

Do corporations behave significantly different than individuals? Will firms continue to produce products, hire workers and pay salaries if the major part of their profits are siphoned off to the federal Treasury? The answers are obviously no and no.

Once again, could we expect the business community to produce the products we want to buy if we increased its incentives?

If all this sounds simple, it is. Rational economic policy, as I tell all of my economics students, is 90 percent common sense and 10 percent arithmetic.

Furthermore, if the skeptics would view the evidence of the February 1964 tax cuts, it would be impossible to conclude anything other than that these tax cuts had a powerful impact on savings.

This is shown in Chart 1. In 1963, savings totaled $29 billion compared to $55 billion in 1966, an increase of 90 percent. What is even more disheartening, however, is the fact that those who deny the Reagan tax cuts will stimulate savings (and investment, work effort, etc.) could reach the same conclusions, although certainly of a different magnitude, by applying the Keynesian theory embodied in virtually every introductory economics textbook.

Additionally, it is noteworthy to point out to Reaganomics disbelievers that tax cuts can reduce the deficits in future years since the increase in government tax receipts will obviously increase (at an ascending rate) as personal income increases.

The response of government tax receipts to the "revitalized" economy in 1964-1966 is shown in Chart 2. Hence, it seems to me that much of the uncertainty and apprehension surrounding the likely effects of Reagan's tax program is due primarily to scant or non-existent review of historical evidence.

I think it is also important to point out that the skeptics of Reagan's supply-side economics (real or otherwise) generally don't argue (because they can't) that, if economic incentives are increased, economic activity will expand. Even devout socialists the likes of Catherine the Great and Karl Marx were not that naive.

The screams and howls of agony we hear periodically are not generated by people who are anti-economic growth, but rather by individuals who place social welfare programs at the pinnacle of their priority list.

Stated somewhat differently, most of the opposition to Reagan's economic program is precipitated by conflicting social objectives, not conflicting economic objectives.

Still another way to view this schism is one of ends vs. means. The president's program is designed to provide the means (incentives) via which the ends (full employment, etc.) are achieved.

Critics of the program focus principally upon the ends as being relegated to second order importance, i.e., the critics desire, or wish, to see direct governmental actions in terms of alleviating poverty etc.

Hence even the vast majority of the critics do not disagree that Reagan's program will work, they just simply want more direct action.

The problem with more direct action is it means the government does the job rather than the private sector, and it is precisely that intervention which spawned the mess we were in.●

TRIBUTE TO GEORGE F. MOODY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. WAXMAN. Mr. Speaker, on November 11, 1981, the Los Angeles chapter of the American Jewish Committee will present the annual Human Relations Award to the distinguished business and community leader, George F. Moody.

The list of Mr. Moody's accomplishments in the business world and in community service is staggering. His expertise and commitment to excellence in all that he undertakes is the hallmark of his success.

A native of Riverside, Calif., George Moody was born in 1930. He joined the Security Pacific National Bank in 1953, and is currently a member of the board of directors of both the corporation and the bank.

George Moody's community service record is equally impressive. Mr. Moody is chairman of the board of the Los Angeles Area Chamber of Commerce, having served on the board of directors since 1974, and as President in 1980. He is treasurer of the Merchants & Manufacturers Association, director of the YMCA of Metropolitan Los Angeles, director and vice president of Hollywood Presbyterian Medical Center, and a member of its executive committee.

Mr. Moody is also director of the National Conference of Christians and Jews; member of the executive board of the Los Angeles Area Council, Boy Scouts of America; member of the board of trustees and member of the executive committee of Pomona College; director, Music Center Operating Co. Mr. Moody also serves on the board of governors of the Performing Arts Council of the Music Center of Los Angeles. He is president of the Colorado River Association. In May 1981, he was appointed western regional finance chairman of the U.S. Olympic Committee. He is also director of the United Way, Inc., serving on the executive committee, and is chairman of the corporate administration and finance committee. During 1975-81, he served as director and member of the executive committee for the American Red Cross, Los Angeles chapter, having served as chairman for 2 years, 1979-80. During 1972-73 he was, by Presidential appointment, metro chairman of the National Alliance of Businessmen (NAB) in Riverside, Calif. He is a former director of the United Fund of Riverside, the National Orange Show, and the Riverside Community Hospital.

I ask the Members to join me in congratulating George Moody on his outstanding career and record of service and to wish him many years of continued success.●

MOSES ZINBERG

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. SOLARZ. Mr. Speaker, I rise today to pay tribute to Moses Zinberg, of Brooklyn, who will be 100 years old on November 23.

Moses Zinberg came to this country from Russia in 1921, together with his wife, Pearl, and four small children, to escape religious persecution. He overcame poverty, a language barrier, and many other problems to become an outstanding member of the Brooklyn community.

Mr. Zinberg's life is a testimony to true perseverance in the face of extremely difficult circumstances. Throughout his struggle, he kept his strong faith, both in his religion and in his fellow man.

Mr. Zinberg's daughter, Lucy Gamberg Husack, has written an eloquent essay on her father's life. I would like to share with my colleagues the story of Moses Zinberg—a most remarkable husband, father, and citizen:

MOSES ZINBERG

Moses Zinberg, born in Russia on November 23, 1881, escaped from religious persecution to "America, the land of freedom and promise." He arrived in New York with his young wife and 4 children, ranging in age from 2 to 12. They arrived on May 1, 1921, a day that he and his family will always remember as "a day of liberation and promise."

Many immigrants came to this country during that period, but there were very few agencies to help them adjust and integrate into community life. It was a tough struggle, but most of them were determined and made it and so did the Zinberg family, headed by Moses, hardworking, ambitious, and determined to do the best for his family whom he loved dearly.

Moses Zinberg was young (40), had a skill (accounting), but he did not know the language. He worked at any job available and went to school at night as did his wife, Pearl. The children attended P.S. 62 on the East Side, where the family lived.

As head of the family, Moses Zinberg taught us by example that a good education and hard work will enable us to reach our goals. When we were old enough to get "working papers," we all took jobs . . . part time, after school, summer vacations, etc. We were all part of "a family team." When we completed high school, we took full-time jobs and went to CCNY and Hunter College at night.

Moses Zinberg was doing some accounting work and real estate management for his brother who was an attorney and owned some real estate. He was concerned and interested in the tenants' rights and problems and promptly took care of them. The tenants loved him and respected him.

At the age of 60, when things were not going well for him financially, he saw an ad in the New York Times from General Electric in Bloomfield, New Jersey, for someone who knew how to read blueprints. He knew how and applied for the job. He got up at 4:00 a.m. and travelled from Brooklyn to Bloomfield. After a short period, he designed a special "worktable" to make things easier and more efficient. He was given a special award of which he was very proud. In later years he went back to work for his brother, and again the tenants were very happy with his concern and response to their needs. He was convinced that "it was good business to take care of your property and be kind to the tenants." He worked until he was 85.

Through the years, Pearl Zinberg became involved with philanthropic and community groups. She was a life member of the Infants Home of Boro Park, the Womens' League for Israel, and the National Asthma Center. He supported her in all her endeavors: was secretary for a Family Group which raised funds for a "Home for Girls" in Israel for which a special award was received. At birthday or anniversary time he always gave his children and grandchildren "Israel Bonds" saying, "we have what we need in America, we must all help Israel."

Moses Zinberg made it in America and so did his children.

Today, when he is reaching his 100th birthday, he thanks G-d every morning for giving him a present of another day.

He is outgoing and cheerful with a deep faith in G-d and in humanity. He "lights up" when his family—3 children (one passed away), 6 grandchildren, and 3 great grandchildren—visit him at The Scharome Manor

(a hotel for senior citizens). We all respect and love him very much.

He escaped persecution, found freedom, and never lost his faith in G-d and humanity.

Moses Zinberg is an "unsung hero," and now that he is reaching his 100th birthday, a milestone in his life and in the life of his family, the first to reach this golden age, we invite you to join us and rejoice with us.

I am his daughter, Lucy Gamberg Husack, and I don't remember his ever having a birthday party. He has earned it, he deserves it, and we, his children, grandchildren, and great grandchildren, want you to help make Sunday, November 15, a very special day for our hero, Moses Zinberg.●

TRIBUTE TO OUR NATION'S VETERANS

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mrs. SNOWE. Mr. Speaker, tomorrow is a day of remembrance. Tomorrow we pause and pay tribute to those Americans who have honorably and bravely served our country in the armed services. We rise to honor those who gave their lives in pursuit and protection of our most cherished national asset—our freedom. This day especially marks our Nation's immense gratitude to those who fought and those who died to preserve our freedoms. It is a day which evokes thoughts of sacrifices, courage, dignity and honor—words which aptly distinguish our veterans of national service.

We, as people, have faced many wars and different challenges since winning the War for American Independence. We have fought others, and we have fought among ourselves. But one fact remains constant: In all of the conflicts, all of the battles, all of skirmishes in which American men and women have taken up arms, these guardians of our freedom have distinguished themselves through the magnitude of their bravery and conviction. few men or women among us would actively seek out the horror of war, but fewer still in our history have failed to assume this burden with dignity and honor. It is the nobility of such actions that is the meaning of a day like we have tomorrow.

This Nation shall never forget the contributions of our veterans, and the memories of war will continue to live on in those who are survivors and the dependents of those lost at war. I am proud to report that our country shall always remain committed to its veterans, not only with ceremonies and monuments, but with services and help which only begin to recognize their special efforts through their military service to the national interest. Despite budget restraints this year, my colleagues and I here in Congress have nonetheless joined in enacting major legislation designed to greatly benefit all veterans. We have made dramatic improvements in Veterans' Administration (VA) hospital services, staffing, and facilities so that we may better continue our responsibilities of caring for our veterans, and all those seeking financial and medical assistance. I am especially pleased to report that the VA recently decided to establish a new counseling facility for Vietnam-era veterans in Bangor, Maine, to assist veterans who may be suffering readjustment problems following service in Southeast Asia. While a sizable majority of Vietnam veterans have returned to lead successful, productive lives, a substantial number are plagued by various difficulties. These problems can not be cured by themselves and I am delighted that the Bangor site was chosen for a counseling center so that we may continue our efforts to give back to those who gave so much of themselves.

Today, Americans are at peace throughout the world and no American, thankfully, faces combat to protect our priceless rights. This is a testimonial both to our commitment to world peace and to our renewed pledge to protect our peace with determined strength. Those whom we honor tomorrow left a legacy too precious either to forget or to betray. Our veterans deserve our respect and much more. Our veterans have earned the right to expect that our generation and those of the future will possess their qualities of bravery, conviction and courage when America requires it. It is befitting for all of us tomorrow to speak our praise and gratitude loudly to commemorate those soldiers who have sacrified so much for this great Nation.●

A REMINDER ON VETERANS DAY

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. SKELTON. Mr. Speaker, Starr West Jones, commentator for WCRB radio station in Boston, Mass., aired the following commentary relating to Veterans Day, and I wish to share it with the Members of this body:

WHO CARES ABOUT AMERICA?

Do you as a citizen make any effort to remind your children, or family adults, of the sacrifices made by the men and women who struggled, through peace and war, to secure for us the priceless freedoms we enjoy today? They are our heroes, they cared about America—the question is, do you?

The Hon. Ike Skelton, Democrat, Representative from Missouri in the U.S. Congress, recently addressed college and university instructors at Little Rock, Ark. That speech vividly supports the challenge I've just made. The Congressman said, in part: "Recently I accompanied my youngest son and his Boy Scout Troop to Gettysburg, Pa., where we toured the scene of that decisive battle of July 1863, where General Robert E. Lee and his Confederates engaged General Meade and his Federal troops. We walked among the Battlefield monuments, reminders of the determined courage of the men from the North and the South who fought and died for their respective causes. At the end . . . we read an historic marker denoting Pickett's charge. One young boy . . . sarcastically remarked, 'Pickett's charge, who cares about Pickett's charge?'" . . . The boy's words startled the Congressman for he realized that standing on the ground of one of the mightiest struggles of our history meant no more to the boy than standing on a street corner waiting for a bus.

Pres. Abraham Lincoln, later, on that same battlefield said: "The world will little note, nor long remember, what we say here, but can never forget what they did here". Was Lincoln wrong?

Then Congressman Ike Skelton told about travelling to Southeast Asia in 1979 to bring back bodies of American flyers killed in the Vietnam war. On the way over he stopped at Manila, in the Phillippines, to visit the island of Corregidor where a marine from his hometown had been among those captured by the Japanese in 1942 after five terrible months of resistance. Soon after his return Ike spoke to a high school history class in Missouri and recounted his trip to them. Mentioning his visit to Corregidor, Skelton asked the class what they knew of that small island? But none had heard of the name Corregidor, none in the classroom had any idea of the scores of Servicemen who defended the American Flag there in 1942. The apathy and ignorance of the students left Ike deeply troubled.

The Congressman concluded his talk by citing our American peacetime victories as well. Recalling the men, women and children who moved westward into the wilderness during the 1800's Ike said: "Our American heritage is one of challenges met by a determined people . . . That spirit charted the course of democratic government for the world . . . This is the heritage which you and I must transmit to our children . . ." It is not just facts, figures and dates, it is a deeply rooted sense of loyalty to all that has gone before—the challenges, the stoutheartedness, the dedication of our past.

"Who cares about Pickett's charge?" "Who cares about Corregidor?"

God grant that you and I care and that our children care, and that our children's children will care. For, if we as a people fail to appreciate the greatness of our heritage, the day could well come when some youth might remark: "America? Who cares about America?" Thank you, Congressman Ike Skelton, for reminding us.●

WISCONSIN STATE LEGISLATURE CALLS FOR DISMISSAL OF INTERIOR SECRETARY WATT

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. KASTENMEIER. Mr. Speaker, I wish to call to the attention of my colleagues the resolution passed by

the Wisconsin State Legislature which urges the dismissal of Secretary of the Interior Watt.

The voices of protest against Secretary Watt's policy of undermining the environmental progress we have accomplished over the past two decades are increasing. The American people have every right to demand that he be replaced, and I commend the Wisconsin State Legislature for seeking the removal of Secretary Watt.

Mr. Speaker, the resolution follows:

ENROLLED JOINT RESOLUTION MEMORIALIZING CONGRESS AND THE PRESIDENT TO SEEK THE DISMISSAL OF THE SECRETARY OF THE INTERIOR, JAMES G. WATT

Whereas the wise use of our natural resources and the protection of our national heritage are important duties of the federal government; and

Whereas lands managed by the Department of the Interior are owned by all the people of the United States and should be managed for the benefit of all the people; and

Whereas James G. Watt has consistently, in public statements and actions, disregarded the interests of the American people by advocating and implementing policies that would destroy decades of bipartisan commitment to environmental protection and preservation of our priceless national heritage: Now, Therefore, be it

Resolved by the assembly, the senate concurring, That the legislature and the people of the state of Wisconsin hereby urge the Congress and the President of the United States to seek the dismissal of the Secretary of the Interior, James G. Watt; and, be it further

Resolved, That a duly attested copy of this resolution and a list of those who voted in favor thereof and those who opposed be transmitted to each member of this state's congressional delegation.●

HOW WELL IS THE THIRD WORLD GOVERNED?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. MICHEL. Mr. Speaker, the recent summit conference at Cancun, Mexico, focused attention on the problems of the Third World. But one of the major problems of the Third World is the way much of it is governed—or, more precisely, misgoverned. Unfortunately, this problem was never raised during the conference.

At this point I wish to insert in the RECORD an article that deals with the problems of Third World government: "How Well Is The Third World Governed?" by Jean-Francois Revel, in the Wall Street Journal, Thursday, November 5, 1981.

[From the Wall Street Journal, Nov. 5, 1981]

HOW WELL IS THE THIRD WORLD GOVERNED?

(By Jean-Francois Revel)

I was hoping that the Cancun conference would bring to the fore the one question that is never posed about the Third World: the question of the political responsibility of Third World governments for the economic underdevelopment of poor countries. Helas! The question was not brought up.

A country, whatever its stage of development, can be well or poorly governed. A great part of the economic success or failure of all countries results from political choices by national governments. This seems evident enough when we talk of Britain, Poland, Sweden or Italy. No commentator hesitates to say that he finds American interest rates too high, the monetarism of Mrs. Thatcher too far out, the outburst of French nationalizations dangerous.

And if these policies lead to bad results, the responsibility for setbacks will naturally be attributed to those who took the decisions.

TOTALITARIAN SYSTEMS

But when it's a question of the Third World, the notion of responsibility disappears completely. This is even more unjustified in that the large majority of Third World leaders took power through coups or administer totalitarian systems. Their sole legitimacy, if one can call it that, is derived from results obtained after the fact. In a democracy, the error belongs to the voters: If Mrs. Thatcher stumbles, the British voters first stumbled by bringing her to power. In a dictatorship, the most common type of regime in the Third World, the least one can ask of those in power is efficaciousness. But one finds, above all, incompetence and extravagance, not to mention corruption.

Many of the economic maladies of the Third World are related to politics. Argentina, whose economic level 40 years ago was comparable to that of Western Europe, has regressed into an underdeveloped state following the ravages of Peronism. This is the fruit of a clearly political decision. Nkrumah in Ghana, Nyerere in Tanzania, Toure in Guinea plunged their respective countries into decline by stupid administration or policies motivated purely by ideology. On the other hand, the Ivory Coast and Kenya, which were relatively well governed, were able to reverse and ameliorate the material condition of their citizens.

A recent report of the International Monetary Fund makes no secret of the fact that the aid given by that organization to Bangladesh these last few years was badly utilized or even squandered in irresponsible fashion following errors in judgment by the country's leaders. Idi Amin, the Iranian revolution, the war between Iraq and Iran, the Soviet grip on Ethiopia, Angola and Mozambique, the disastrous agrarian reforms of Algeria, the takeover of the "non-aligned" movement by Castro—all these events and many others are political phenomena that weigh heavily, in the past, present and future, on economic development.

Of course, foreign interference and influence isn't absent from the political history of the Third World. But that's true of all countries, even the developed, even the powerful. Politics doesn't take place in a vacuum. But it's also true that a number of "less developed" countries have made their most pernicious decisions all by themselves. It was in quite independent fashion that the socialist-minded colonels who governed Peru from 1968 to 1979 conducted an economic policy whose outcome was to lower gross production more than 50% in 11 years.

The standard Third World explanation attributes underdevelopment to the "pillage of raw materials" by the rich countries and to "inequality in the terms of exchange." But if we consider copper, often cited as an example, we find that the premier producer of this metal is far and away the U.S. If the Americans bothered to conspire to "artificially lower" prices, as they are often accused of doing, they would be the first to suffer.

In 1975, a UN commission composed equally of experts from rich capitalist countries, the Third World and the Communist bloc made an elaborate stydy of raw materials. Their conclusion, which wasn't published, in unequivocal: There has been no deterioration in the terms of trade over time. This is logical, since demand hasn't stopped growing. Rich countries are big consumers of raw materials, but these raw materials would have not value if industrial demand by the developed countries didn't exist.

INCREASING ARMS PURCHASES

One can dispute whether the ultimate objective of the governments of the Third World is really economic growth. If they seek as a priority to struggle against the poverty of their people, why do they devote themselves to an ever-increasing purchase of arms.

At Cancun, the leaders of the less-developed countries essentially wanted to obtain a commitment to what they call "global negotiations," a code name signifying that they would like the distribution of aid furnished by rich countries to be carried out henceforth by the UN. In fact, this would make the Third World countries the sole masters of the distribution of aid and sole judges of the good use of money given to them by rich countries. It's certain that such "global negotiations" would result in a better deal for the governing elites of the Third World than for the people subjected to those governments.

These considerations aren't meant to overlook the purely economic aspect of the problem of poverty or the necessity of North-South cooperation. They are meant to recall that economic assistance and technology don't suffice if the governments that receive them are badly governed. The movement of "less developed" countries to a "more advanced" stage presupposes the acceptance of political responsibility. Third World demagogy is the worst enemy of the Third World.●

VETERANS DAY: A GRATEFUL NATION REMEMBERS

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. THOMAS. Mr. Speaker, Wednesday, November 11, is Veterans Day, a time which the Nation has set aside to honor those who have fought to preserve the freedoms we enjoy in America.

Veterans Day was first celebrated as Armistice Day to mark the end of the First World War, the "Great War," in 1918. Unfortunately, that war has been followed by others. Veterans Day now commemorates all veterans, from the Revolutionary War to the Vietnam war. Since 1776, more than 1 million Americans have died in defense of

their country, giving, in Lincoln's immortal words at Gettysburg, "the last full measure of devotion".

It is fitting that we should honor our veterans with medals, ceremonies, parades, and other recognition, yet the Nation owes more than 1 day a year to its veterans. That is why Congress, through the years, has provided pensions, medical care, education benefits, and housing assistance to help veterans and their families.

Within this year's budget limitations, Congress adjusted and expanded programs for all veterans, paying particular attention to veterans of our most recent conflict, the Vietnam war. Although Vietnam was an undeclared, and ultimately unpopular war, it nonetheless left very real scars upon many of the 2.7 million veterans who served there.

The Former Prisoner of War Benefits Act of 1981, which I supported, provides hospital care and outpatient treatment to former POW's, and it provides benefits for service-connected psychosis, trauma, and anxiety suffered by former POW's. A specific clause including POW's who served in the Vietnam conflict is included in the act.

The Veterans Health Care, Training, and Small Business Loan Act of 1981, which I also supported and which the President signed November 3, extends veterans psychological readjustment counseling through 1984, sets priority care for victims of agent orange herbicide in Vietnam and for veterans exposed to nuclear radiation at Nagasaki and Hiroshima, and provides funds for small business loans to all veterans.

In addition, Congress this year increased rates for veterans disability benefits, life insurance, housing assistance, and indemnity to families. Congress also clarified its intent to bar all VA benefits to members of the All-Volunteer Armed Forces who do not complete at least 2 years of obligated service.

These benefits are part of the debt which the Nation pays to those who defend it. As we honor our veterans on November 11 with music, pomp, and ceremony, we should remember that the best thanks which a grateful nation can extend to its veterans is the opportunity for them to resume their lives at home. The programs which Congress has approved can help, but the helping hand which we lend as their neighbors is just as important.●

LISTEN TO THE CIA WATCHMEN

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. EDWARDS of California. Mr. Speaker, President Reagan's announced plans for the "unleashing" of the CIA and other intelligence agencies for operations within the United States pose a serious threat to the rights of law-abiding Americans. The following lead editorial in the November 9, 1981, edition of the New York Times explains that newspaper's views of the proposed Executive order.

[From the New York Times, Nov. 9, 1981]

LISTEN TO THE CIA WATCHMEN

Point: The United States cannot be secure if our spies can't use their covert methods on the home front as well as abroad.

Counterpoint: We cannot be truly free if we let them ply their methods of infiltration, surveillance and manipulation on law-abiding citizens.

There are two issues embedded in this argument. One is where—where these competing interests should be balanced. The other, much more important, is how—the process of interplay between the CIA and its Congressional Overseers. The process makes the agency and the White House squirm, but it is the only hope for the wise use of intelligence. Therefore, when the Congressional monitors sound an alarm, it behooves the White House and the intelligence community to listen.

Congress can draw a line, as in 1947 when it created the CIA, against domestic spying. But that line requires constant policing. It is heartening to see that the watchmen are awake.

A bipartisan Senate Intelligence Committee, and the Democrats, at least on the House counterpart, have sternly warned President Reagan against relaxing the curbs on domestic CIA activity, as proposed in the latest draft of an executive order. Why, they ask, does the Administration want to stir up old anxieties, risk reviving the abuses Congress has documented and distract from the main task of improving foreign intelligence?

No one expects any Administration to love the idea of Congressional supervision—and this one certainly does not. Edwin Meese, the President's counselor, reviles criticism of the new order as propaganda from former staff members of "Frank Church's infamous intelligence committee that was so destructive of our intelligence authorities some years ago." Infamous? Destructive? The Church committee was the body that nailed the CIA for collecting dossiers on thousands of law-abiding Americans. Its report helped bring some civilian control and Congressional oversight.

Mr. Meese also denies that the proposed executive order would make domestic spying easier. That denial is belied by every sentence and paragraph of the proposal. The Carter Administration's 1978 order prohibited infiltrating or trying to influence domestic groups; the Reagan order would permit them if the Attorney General approved. The Reagan version would subject American international businessmen to surveillance at home or abroad, not because they're dangerous but because they know things the CIA wants to know.

The President has the raw power to sign this order despite the advice of the CIA's watchmen. But that kind of insularity only underscores the danger of an unchecked spy service turned inward. Mr. Reagan needs to join the watchmen in a process that can make Americans both secure and free.●

A SALUTE TO 35 YEARS OF COMMUNITY SERVICE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. GREEN. Mr. Speaker, I would like to share with my colleagues in the House of Representatives what I consider a success story of a community newspaper that began 35 years ago with the goal to reach out and enhance the quality of life of Manhattan's East Side.

Today, Town & Village newspaper is a thriving weekly community service publication serving some 8,000 residents of Stuyvesant Town and Peter Cooper Village; 35 years ago Town & Village's editorial staff set out to create a country weekly, one that would serve a city within a city.

Town & Village's present editor, Mr. Charles Hagedorn, along with an enterprising staff of some 20 dedicated journalists and production specialists, has succeeded in fulfilling the objectives of publishing a nonpartisan community newspaper that provides area residents with useful and enlightening information.

As our daily newspapers and electronic media increasingly turn their concerns to international, national and regional news, the role of the community newspaper has to expand to fill the void created by a lack of attention to local news. Town & Village continuously provides the public with important local events information such as changes in housing, zoning regulations, police protection, religious events, political news, sanitation and other matters that affect the community on a daily basis.

I know that my colleagues will join me in saluting Town & Village on its 35th anniversary of publication and will look forward to their continued success.●

INTRODUCTION OF THE PUBLIC EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1981 (H.R. 4928)

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. ERLENBORN. Mr. Speaker, today I am introducing legislation, cosponsored by Messrs. PHILLIP BURTON, PEYSER, and PETRI, which provides a rational approach to protecting the interests of plan participants, plan sponsors, and the public in connection with the investments and operations of State and local government pension plans. When considered in tandem,

the provisions of title I, the Public Employee Retirement Income Security Act of 1981, PERISA, and title II, the Employee Benefit Administration Act of 1981, will establish important rights and protections for the participants and beneficiaries in public employee pension plans, will enable sponsoring governments, participants, and the taxpaying public to monitor the operation of such plans so as to reduce the likelihood of future financial crises, will minimize the possible adverse impact of the operations of such plan on Federal revenues and expenditures, and will eliminate certain currently applicable provisions of Federal law which have been found to be inadequate or inappropriate.

The first title of the bill requires the disclosure and reporting of plan benefits, plan funding, plan financial operations, and other information. The bill also establishes standards of conduct and responsibility for plan trustees and the other fiduciaries of public employee pension plans. Compliance is enforced through appropriate civil remedies and access to Federal and State courts.

The bill also eliminates the annual form 5500 report currently required under section 6058 of the Internal Revenue Code, for which a meaningful report is substituted under PERISA. Also, the Internal Revenue Code is amended to unconditionally exempt the assets of public pension plans from Federal income and excise taxes. In addition, the current provisions of the Internal Revenue Code relating to plan benefit structure; for example, the section 415 limitation on benefits and contributions, the social security integration rules, the pre-ERISA eligibility standards, and so forth, are made inapplicable to public employee pension plans. Such provisions are now enforced only rarely or on a nonuniform basis and have the effect of unnecessarily putting plans and plan participants in tax jeopardy. The effect of these provisions will be to remove the Federal Government from intruding into the areas of public plan operation best left to State and local discretion—that is, the setting of benefits and contributions.

The second title of the bill provides for the consolidation of the administration of Federal laws relating to both private and public employee pension and other benefit plans under a single agency to be known as the Employee Benefit Administration.

Mr. Speaker, my colleagues and I firmly believe that it is the primary responsibility of State and local governments to set their own houses in order in the area of public pensions. However, as we know all too well, one of the weaknesses of our governmental structure is that we often act only in a crisis and then with too little information. I fear that State and local inaction could lead to a national crisis precipitating congressional action. Political action at the State and local level to correct the problem is not likely to happen unless there is complete and regular disclosure of the financial status of public plans to participants, taxpayers, and government decisionmakers alike. To this end PERISA establishes reporting and disclosure requirements which are considered minimum requirements among accounting, actuarial, and other municipal finance standard-setting organizations. However, because we recognize the importance of preserving and encouraging State regulation of such plans, we have provided an exemption from the Federal reporting and disclosure rules in States where the Governor certifies that the law of the State sets substantially equivalent requirements.

The pressing need for improvement in the operation and administration of State and local governmental pension plans has been well documented in numerous studies. A recent report to Congress by the General Accounting Office concluded that pension reform on the State and local level is moving very slowly and that significant improvement is not expected any time soon. The report warns that many State and local government pension plans are not funded on a sound actuarial basis and are not setting aside sufficient funds to provide for estimated future benefits. It states that billions of dollars in unfunded liabilities have accumulated and, unless remedial steps are taken, these liabilities will increase. The report also establishes the Federal interest in sound funding, in that Federal funds are increasingly relied upon to meet State and local pension plan costs. The report recommends that Congress closely monitor the actions taken by State and local governments to improve plan funding.

Neither we, nor the public, nor retirees, nor active workers in many States and localities across the country are in a position to obtain adequate and accurate information about plan funding, plan operations, or plan participants' benefits and rights. The information is not available in many cases. In others it is known, but not disclosed. These facts were well documented in our 1978 pension task force report on public employee retirement systems. More recent studies continue to underscore the findings of the pension task force that serious deficiencies exist among public plans, that such plans do not operate in accordance with generally accepted financial and accounting procedures applicable to important financial enterprises, and that there is an incomplete assessment of true pension costs due to the lack of adequate actuarial valuations and standards.

The establishment of minimum standards of reporting and disclosure in accordance with the provisions in our PERISA bill will better enable interested parties at the State and local government levels to speed up and strengthen their process of pension plan review. This should help participants clarify their benefit expectations and lead to the steps necessary to improve employee pension benefit security.

The pension task force report also demonstrated the second-class citizenship of public employees in States which have inadequate standards governing the conduct of the people who run their plans and invest plan assets. The report concluded that:

* * * Often public plans are administered without the benefit of either statutory guidance or even written plan documents, creating open opportunities for abuse. At the other extreme, public pension plans may be enveloped in a maze of laws leading to conflicts, confusion, and the inadequate allocation of fiduciary responsibilities. The absence of a uniform standard of conduct applicable to plan fiduciaries inhibits the proper discharge by fiduciaries of their responsibilities, thereby hindering the proper operation of public employee retirement systems. Past breakdowns in the accountability of plan fiduciaries have led to favoritism and abuse in benefit determinations, failure to disclose information vital to the interest of plan participants, violations of the Internal Revenue Code, and even pension plan insolvencies. There is presently no uniform requirement that public pension plan fiduciaries manage and invest pension plan assets prudently and for the exclusive benefit of plan participants and beneficiaries or that such fiduciaries be held responsible for any loss resulting from a breach of their fiduciary duties. Because adequate safeguards have not been erected, conflicts of interest in many instances have been permitted to ripen into clear examples of fiduciary abuse, with resulting losses of pension plan assets and income.

Since the time of the publication of the pension task force report, little progress has been made by the States in clarifying or initiating fiduciary standards. Plans maintained at the State level in over half of the States still lack any statutory guidance as to general fiduciary standards. Our bill contains generally recognized standards of fiduciary conduct which will conform public employee retirement systems' administrative and investment practices with the practices expected of other important financial enterprises.

In summary, the purposes of our legislative initiative embodied in H.R. 4928 are to protect the interests of participants and beneficiaries in public employee pension plans, the interests of the Federal Government and the general public in the operation of such plans, and to minimize the possible adverse impact of the operation of such plans on Federal revenues and expenditures and the national securities markets:

First, by requiring the disclosure and reporting to participants and their beneficiaries, employers, employee organizations, and the general public, of financial and other information about such plans;

Second, by establishing standards of conduct and responsibility for fiduciaries of public employee pension benefit plans;

Third, by providing for appropriate remedies, sanctions, and access to Federal courts; and

Fourth, by clarifying the application of the Internal Revenue Code to public pension plans and extending the tax benefits of qualified plan status to such plans and their participants.●

VIETNAM VETERANS

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. CHAPPELL. Mr. Speaker, I was deeply disturbed after reading the transcript of "Frank: A Vietnam Veteran," a program that is scheduled to be aired this Veterans Day on WETA television. What I found to be most distressing about this program is the negative way it depicts Vietnam veterans.

During this program, Frank describes himself as a human time bomb just waiting to explode. He attributes his psychological problems to his experience in Vietnam. Mr. Speaker, it is no secret that a number of those men and women who served in Vietnam have suffered postwar readjustment problems, chief of which has been the negative attitude toward them by their fellow Americans. However, it is time the American public be educated to the fact that not all Vietnam veterans are scarred, addicted, crazed, unemployed, victimized, brutalized, alcoholic, or prone to fits of violence which may someday lead to serious injury to innocent victims. The vast majority who served in Vietnam made great personal sacrifices in good faith, and have been able to readjust in a normal manner. While any wartime experience carries with it a hurting and lasting impression that only time heals, this program on tax supported, public television is a slap in the faces to the large majority of dedicated Vietnam veterans who are functioning as normal, productive citizens.

Mr. Speaker, for too many years now, the news media has highlighted the individual negative aspects of this unfortunate conflict and used that same brush to paint all Vietnam veterans. This is not only unfair to the individual veterans but to their families, friends, and relatives. Mr. Speaker, I believe it is past time that America recognize those hundreds of thousands of brave men and women who faithfully served this country with great dedication and honor during a most difficult period in our Nation's history.●

SUPPLY-SIDE ECONOMICS IS TURNING MINNESOTA "UPSIDE DOWN"

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. VENTO. Mr. Speaker, since the application of the supply-side economic theory in Minnesota 3 years ago, the State's economic health has seriously deteriorated and the State's deficit is mounting quarterly.

The rosy predictions of supply-side economists have been brushed aside as State officials embarrassingly try to explain what is happening.

It appears to be a classic example of supply-side economics coming full circle and turning Minnesota's economy upside down.

I want to share with my colleagues this well-written editorial by Gordon Spielman, editor of the Union Advocate. He raises some good points and provides insights which deserve our attention.

Ironically, even since this article was published November 2, economic conditions in Minnesota have worsened. Last week Governor Quie announced that the estimated deficit has now reached $767.6 million.

I think there might be a lesson here for our country. When the Economic Recovery Act was passed, the Federal deficit was estimated at $47 billion. Now, just months later, current estimates have already risen to between $80 and $100 billion.

Should we expect our national economy to parallel what is happening in Minnesota as Reaganomics takes hold?

[From the St. Paul Union Advocate Nov. 2, 1981]

MINNESOTA'S DEFAULT AND REAGANOMICS

Minnesota is in default in its financial obligations to its counties, cities and townships. In less than three years, Governor Quie has turned over a surplus of $234 million in the state treasury into a deficit of over $600 million, a deficit that keeps mounting with every new revenue estimate and report.

In that period of time, Governor Quie by a combination of unsound political and economic philosophy, and just sheer mismanagement has turned the "Minnesota miracle" into the Minnesota mess.

His philosophy was that a state surplus was a sin, and that prosperity for the state and its inhabitants would be served by slashing the Minnesota income tax benefitting principally business. It took only two years to dissipate the surplus, and the mismanagement followed with the failure to recognize what was happening as the crisis deepened.

In the course of all this, state government has all but been wrecked, with necessary services to its citizens cut to almost non-existence, and further cuts are being proposed.

Likewise the budget deficits cut into aids to schools, counties, cities and alike, and now these subdivisions of state government are being forced to raise property taxes to new high levels, while at the same time slashing and eliminating local services to residents.

The Governor, of course, blames economic conditions, the recession, all beyond his control.

This excuse ignores the fact that Minnesota weathered the previous recession of 1974-75 in good shape under the administration of Governor Wendell L. Anderson. State government maintained and even extended services to the people. Aids to local governmental units were increased so that the real estate taxes by the cities, counties and school districts were actually decreased.

The Governor's excuse also ignores the fact, that the current recession is deepening because of the unwise social and economic policies of the Reagan administration whose political philosophy is indistinguishable from that of the Quie administration.

On a national scale, the President is trying what was attempted in Minnesota and has brought the state to the brink of bankruptcy.

There are the Reagan tax cuts benefitting chiefly big business, while federal programs have been slashed or eliminated. Federal aids to the state and local units of government have been pared to the bone exacerbating the situation. And instead of a promised balanced budget, the nation faces the biggest deficits in its history and new hidden federal taxes.

And, all this adds up to the deepening recession, with mounting unemployment and reduction of real earning power, while inflation continues unabated.

In a way the Quie crisis is a sort of pilot with a two-year head start on what we may expect from Reaganomics.

And, at the time when the state is defaulting on its obligations to the counties and cities, it is in hock to the tune of $360 million in addition to the New York banks to pay its other bills.

Neither Governor Quie, not President Reagan are mean persons. We are sure that they have good intentions. The fault lies with their basic philosophy of so-called "supply-side" economics. We prefer to term it what Hubert Humphrey called "trickle-down" economics.

Reagan, Quie and company have not learned the simple fact that it is the buying power of workers, farmers, retired persons, and yes, people requiring programs that we call welfare, that keep an economy going.

When people have less income, they buy less and our factories have fewer orders and not only do workers get laid off, but company profits go down.

The high interest rates make it impossible for people to finance homes or buy cars, and the housing and automobile industries are in deep trouble.

People with jobs and decent income pay taxes to support government at all levels. Those who are jobless, on the other hand, become a drain on government treasuries no matter how the Reaganites cut unemployment insurance and various benefit and assistance programs.

If the economic history of the past 50 years has shown us nothing else, it has demonstrated clearly that it is by job creation, if

necessary through public employment, that recessions and even depressions are ended.

Reaganomics whether on a national or a state scale is doomed to failure, but in the meantime a lot of innocent people are going to suffer, and some will starve and some will even die for lack of attention in a country that should be the greatest on earth and which has the capacity of satisfying the needs of all its citizens and supplying much of what is needed abroad as well.

This could be the moral crime of the century.●

IN REMEMBRANCE OF VETERANS

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. MARKEY. Mr. Speaker, today the citizens of this country enjoy a lifestyle which is filled with opportunities—opportunities for prosperity, adventure, personal freedom, and simple happiness. At times, we fail to remember the sacrifices which have been made in order that we can live such lives. We forget that our country and our Constitution have survived two World Wars, Korea, Vietnam, and others. And saddest of all, we often do not pay adequate tribute to the men and women who fought in those wars, who offered the greatest gift of all—their own lives—so that we could live in peace and comfort here at home.

Veterans Day is a time of remembrance and thanksgiving. It is a time to remember those who gave their lives or who have endured tremendous physical and mental suffering on our behalf. And it is a time of thanksgiving because due to their sacrifices, we are the greatest free Nation on the Earth today.

The veterans of this country deserve this special day of recognition. I am pleased to be a part of this celebration on their behalf.●

ACTION NEEDED ON HANDGUN CONTROL

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. BARNES. Mr. Speaker, I would like to submit for the RECORD a recent article from the Baltimore Evening Sun by Lois Hess, the mother of a handgun victim and a member of the board of directors of Handgun Control, Inc. While many words have been written on the subject of handgun violence, this article presents very clearly and from a personal perspective the case for immediate action to control the purchase and use of handguns.

The article follows:

[From the Baltimore Evening Sun, Oct. 29, 1981]

BY THIS TIME TOMORROW 29 MORE WILL BE DEAD

(By Lois Hess)

"To look always for an answer, a solution to the ever-puzzling riddles that confront us; that is our responsibility, our curse and our blessing."

That is a quotation my son, Stuart, selected for his high school year book. My son was shot in the back of his head by an escaped convict. In the six years that have passed since his senseless and violent handgun murder, Stuart's quotation has taken on for me an increasingly important meaning.

Stuart's death and the deaths of thousands of others by handguns each year, leave you and me with the responsibility, the curse, and the blessing to stop America's epidemic of handgun violence.

I live each day with the scars of a handgun attack. But so do you. For the ever-spreading handgun cancer is eroding your basic right to live in safety. By this time tomorrow, 29 more Americans will be murdered in handgun fire. Hundreds of others will be robbed, assaulted, wounded or raped at gun point. Right now there is a one-in-five chance that you or a member of your family will be threatened with a handgun. And each day the handgun manufacturers continue to add to the domestic arsenal.

The handgun, because of its concealability, is the favorite tool of violence. The weapon's lethality and impersonality make it the companion of the street thug. Its ready availability has made even children deadly attackers. Handguns make it all too easy to kill.

There are two fundamental choices today before America. One is to reduce the easy availability of handguns to the criminal and the deranged. The Reagan Task Force on Violent Crime proposed four common-sense recommendations to combat handgun crime. The task force recommended measures that would:

(1) make would-be handgun buyers wait while a check is made of their background to determine if they have a criminal record or history of mental illness.

(2) require mandatory jail sentences for anyone who uses a handgun to commit a crime.

(3) stop the importation of "Saturday Night Special" parts.

(4) require owners to report the loss or theft of the handgun. The task force stated that: "Handguns should be kept out of the hands of the wrong people."

The other choice is that of the gun-pushers. These gun-zealots are urging that all Americans be armed with handguns—in their homes, on the streets, in their automobiles. Their argument is that Americans will be more secure from handgun violence if they have a handgun at the ready.

Many Marylanders are heeding the advice of the gun lobby. But how many carefully weigh the decision to purchase a handgun? Do they know that over 90 percent of the burglaries occur when the homeowner is away? Do they know that handguns acquired for self-defense are often stolen and then used in the commission of a crime?

For every burglar that is stopped by a handgun, many homeowners or family members are killed or maimed by this murder machine. The handgun replaces the frying pan in a domestic quarrel, often with fatal consequences. Children often don't know that guns do kill. Their games with daddy's discovered handgun have a deadly ending.

Some handgun owners believe they'll get the drop on the assailant, whether it be in the home or on the steet. They fail to remember that the criminal has the advantage of surprise on his side. President Reagan was fired at six times while he was surrounded by trained armed guards. None of them was able to stop the assassin. What do you think your chances are? Are we going to turn the clock back a century and begin wearing holsters with handguns at the ready? Where the quickdraw becomes the rule of law?

Visitors to our nation, while praising our freedoms, criticize our attitude towards handguns. In 1979, handguns killed 48 people in Japan; 8 in Great Britain; 34 in Switzerland; 52 in Canada; 58 in Israel; 21 in Sweden; 42 in West Germany; 10,728 in the United States.

God Bless America!

We must put an end to America's handgun violence. And the way to begin is to place tough controls on the sale and carrying of handguns. By taking away the criminals' favorite tool we can reduce violent crime. By reducing violent crime, we can break the handgun addiction of a growing number of law-abiding Americans. And you have the power to help.

You have the power to pick up your pen and urge your elected legislators to support sensible controls on handguns. And these letters count because legislators know that each letter is backed by a potential vote. Right now, legislators seldom hear from handgun control supporters, only the gun nuts. And these legislators listen to these gun voices.

Our legislators in Annapolis and Washington will change their tune if the handgun control voice is heard. But if the handgun control silence continues, the gun pushers will prevail. And the handgun cancer may strike closer to your home—perhaps deadly close.

This "ever-puzzling riddle" that confronts all of us can turn into a blessing by this one solution, your action: "For evil to exist it requires nothing more than good people to do nothing."

(Lois Hess is a member of the board of directors of Handgun Control Inc. of Washington.)●

VETERANS DAY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. EDWARDS of California. Mr. Speaker, tomorrow, November 11, our Nation commemorates Veterans Day. It is a day to thank those who have served in our Nation's Armed Forces and to reflect upon the over 1 million Americans who have laid down their lives in the service of our country. It is also an opportunity to acknowledge the ongoing contributions of the estimated 30 million veterans in the United States.

In this regard, I would like to take this opportunity to call to the attention of my colleagues a noteworthy achievement of a group in my congres-

sional district. Recently, the Fremont Chapter of the American GI Forum of the United States was named the "Outstanding Chapter of the Nation."

As my colleagues know, the American GI Forum is a membership organization providing assistance to veterans in obtaining VA benefits and in successfully reintegrating into society. The Fremont Chapter of the American GI Forum received its charter in 1964, and has since grown to be the largest and one of the most active and progressive chapters in the Nation.

Their dedication to the aims and purposes of the American GI Forum is evidenced by the honor which has been accorded them by the national organization.

Members of the Fremont Chapter, however, have expanded their activities beyond veterans services, to become important and valued contributors to a wide range of community forums and activities. Members have served on the city councils of both Newark and Fremont, on the Alameda County Juvenile Delinquency Prevention Commission and the county's drug abuse advisory commission. They have been active in the areas of housing, employment, education, equal opportunity, and health. It seems there is not one segment of community life in Alameda County that has not benefited from the contributions of members of the Fremont Chapter of the American GI Forum.

I am extremely proud of the Fremont Chapter and its contributions to the community. It truly deserves the award it received in being named the "Outstanding Chapter of the Nation."●

DANGEROUS AND COUNTERPRODUCTIVE MOVES TO RESTRICT THE FREE FLOW OF SCIENTIFIC INFORMATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. BROWN of California. Mr. Speaker, the scientific community is gravely concerned about regulatory and legislative initiatives directed at restricting the exchange of scientific and technological information, on the basis of a hypothetical threat to our national interests. I wish to second that concern, and call the attention of my colleagues to the far-reaching implications of such shortsighted policies.

It is evident that the Federal Government has a valid interest in the exchange of scientific and technological information produced within the United States, to the extent that the cost of obtaining this technology is largely borne by the Federal dollar, and because of possible negative impacts the disclosure of sensitive information might have on national defense.

However, as Mr. William Carey of the American Association for the Advancement of Science so eloquently points out in the accompanying editorial (Science, Nov. 16, 1981), the free flow of knowledge is an essential ingredient of the postwar success of the American scientific and technological enterprise. Any restriction on this flow, however well intentioned from the narrow perspective of hypothetical damage to security interests, must be weighed against the real, measurable, and demonstrated benefits that ensue from the present system of free scientific intercourse.

Just as "war is too important to leave to the generals alone," national security is too important and all encompassing to leave to those who worry solely about this issue.

I urge the vigilance of my fellow colleagues, to assure that we do not kill the golden-egg goose in order to save it. I bring the following editorial to your attention:

[From Science, Nov. 6, 1981]

SCIENCE AND THE NATIONAL SECURITY

In an open society the relationship between science and the military authorities is a touchy business at best. Science is rightly expected to enhance the national security, and it responds willingly. Equally, the military authorities are expected to respect the values, standards, and methods of science as an open and productive process. Yet, when the climate of national security is overtaken by hyperanxiety this qualitative balance is easily destabilized by judgmental mistakes, and that is what has now happened.

The brochure on Soviet Military Power that has been released with much publicity by the Department of Defense goes beyond documenting the U.S.S.R.'s formidable military assets. It addresses what may be termed collateral sources of Soviet military know-how. These sources, in the department's opinion, include high technology that has been transferred by the industrialized free world. Also helpful to the Soviet military, we are informed, are bilateral scientific exchanges initiated under détente. Next come "student exchanges," along with the inter-academy exchanges that predate the government-to-government agreements. Omitting nothing, the Defense Department's distress blankets scientific conferences and symposia, unclassified research reports, and the "professional and open scientific literture." The military authorities seem convinced that the infrastructure supporting the U.S. scientific and technical enterprise caters to Soviet military power and comprises a large pane in the window of vulnerability.

If all this actually reflects the view from the Pentagon, it calls for swift revision. What is sadly missing is the recognition, which surely exists in thoughtful quarters of the defense establishment, that lively but responsible communication in science is essential to the growth and development in science on which both national security and economic potential rely. "National security" is not the simplistic proposition that it is made out to be, and it is in the best interests of those directly responsible for it to realize that laying heavy hands upon scientific discourse is counterproductive and self-denying. Even the maligned exchanges with the Soviets have their uses, and no one supposes that they should or do involve sensitive information. To put it more strongly, it is only sensible to carry on these exchanges where both sides hold first-class rank, including such areas as condensed matter physics and astrophysics. It is a profoundly disturbing mistake to put out the notion that Soviet scientific capability is inferior to ours. We know better.

The operative premise of our military leaders is that the U.S. window of vulnerability must be closed with all possible speed. That premise is buttressed by a substantial national consensus. But if, beyond rebuilding strategic and tactical military assets, it extends to clamping down on legitimate scientific conferences and symposia as well as the open literature of science, the quality of science's interface with the military will go downhill swiftly and tragically. Scientists are well aware that information of genuine national security value must be protected. That is not the point. What is at issue is the balance between protection and overprotection. Difficult as that riddle may be to untangle, it must be dealt with responsibly and by no means solely from a military mind-set. One wants to believe that the Defense Science Board would have taken a different view of these matters had it been asked.

The issues raised here ought to be pondered, as well, by the Commerce and State Departments, where work goes on behind closed doors on regulations to tighten controls on the international transfer and exchange of scientific and technical information. Slamming the window may indeed stop the draft, but at the expense of fresh air and light. More than 30 years ago, Senator Brien McMahon, sponsor of the Atomic Energy Act of 1946, spoke eloquently of the need for a sane balance between two necessary but competing types of security: "by concealment" and "by achievement." Burying knowledge in silos of secrecy serves the one well, the other very badly.—WILLIAM D. CAREY●

SINGLE-RATE PERSONAL INCOME TAX

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. HANSEN of Idaho. Mr. Speaker, the broad spectrum of American taxpayers is disgruntled at both the size of their tax burden and the methods of collection which Congress has authorized. The Internal Revenue Service itself admits that the underground economy alone accounts for more than $30 billion of unpaid income taxes a year and is growing at the rate of 10 percent a year. Everybody, including the rich, should pay their fair share. The time for use of tax collection for social change purposes is over and that fact should be recognized.

To correct the most flawed provisions of law enabling the greatest abuses, I have introduced H.R. 4821, the Tax Simplification Act (TSA), a return to single rate taxation of personal income at the rate of 14 percent, with the current basic exemptions and with deductions for only religious and catastrophic medical purposes.

The text of this legislation to amend the Internal Revenue Code of 1954 to provide taxpayer relief and simplification of the individual income tax, and for other purposes, follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to provide taxpayer relief and simplification of the individual income tax, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Tax Simplification Act".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—SIMPLIFICATION OF INDIVIDUAL INCOME TAX

SEC. 101. RATE REDUCTION.

Section 1 (relating to tax imposed on individuals) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

"There is hereby imposed on the taxable income of—

"(1) every individual, and

"(2) every estate and trust taxable under this section,

a tax equal to 14 percent of the taxable income."

SEC. 102. ELIMINATION OF CERTAIN DEDUCTIONS AND EXCLUSIONS.

(a) ADJUSTED GROSS INCOME.—Section 62 (defining adjusted gross income) is amended by striking out paragraphs (3), (8), (10), and (16).

(b) TAXABLE INCOME.—Section 63 (defining taxable income) is amended to read as follows:

"SEC. 63. TAXABLE INCOME DEFINED.

"(a) CORPORATIONS.—For purposes of this subtitle, in the case of a corporation, the term 'taxable income' means gross income minus the deductions allowed by this chapter.

"(b) INDIVIDUALS.—For purposes of this subtitle, in the case of an individual, the term 'taxable income' means adjusted gross income reduced by the sum of—

"(1) the deductions for personal exemptions provided by section 151, and

"(2) the allowable itemized deductions.

"(c) ALLOWABLE ITEMIZED DEDUCTIONS.—For purposes of this subtitle—

"(1) IN GENERAL.—The term 'allowable itemized deduction' means—

"(A) any itemized deduction attributable to the conduct of a trade or business or an activity described in section 212,

"(B) the deduction allowed by section 170 but only to the extent attributable to contributions to a church or a convention or association of churches,

"(C) the deduction allowed by section 213, and

"(D) the deduction allowed by section 215.

"(2) ITEMIZED DEDUCTIONS.—The term 'itemized deduction' means the deductions allowable by this chapter other than the deductions allowable in arriving at adjusted gross income and other than the deductions for personal exemptions provided by section 151."

(c) REPEAL OF CERTAIN DEDUCTIONS.—The following sections are hereby repealed:

(1) Section 216.
(2) Section 217.
(3) Section 219.
(4) Section 221.
(5) Section 222.
(6) Section 1202.

(d) ELIMINATION OF CERTAIN EXCLUSIONS.—Part III of suchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by striking out all sections thereof other than—

(1) section 101 (relating to certain death benefits),

(2) section 102 (relating to gifts and inheritances),

(3) section 108 (relating to income from discharge of indebtedness),

(4) section 111 (relating to recovery of bad debts, prior taxes, and delinquency amounts),

(5) section 115 (relating to income of States, municipalities, etc.), and

(6) section 118 (relating to contributions to capital of a corporation).

(e) DEDUCTION FOR MEDICAL EXPENSES.—Subsection (a) of section 213 (relating to medical, dental, etc., expenses) is amended by striking out "3 percent of the adjusted gross income" and inserting in lieu thereof "10 percent of gross income".

SEC. 103. EFFECTIVE DATE, ETC.

(a) EFFECTIVE DATE.—The amendments made by this title shall apply to taxable years beginning after December 31, 1982.

(b) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

TITLE II—REDUCTION OF ESTATE AND GIFT TAX RATES

SEC. 201. ESTATE TAX.

(a) GENERAL RULE.—Subsection (b) of section 2001 (relating to imposition and rate of tax) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) a tentative tax equal to 14 percent of the sum of—

"(A) the amount of the taxable estate, and

"(B) the amount of the adjusted taxable gifts, over

"(2) the aggregate tax which would have been payable under chapter 12 with respect to gifts made by the decedent after December 31, 1976, if all such gifts have been subject to a 14 percent gift tax rate."

(b) ADJUSTMENTS IN UNIFIED CREDIT.—

(1) Subsection (a) of section 2010 is amended by striking out "$192,800" and inserting in lieu thereof "$84,000".

(2) Subsection (b) of section 2010 is amended to read as follows:

"(b) PHASE-IN OF CREDIT.—

"In the case of decedents dying in:	Subsection (a) shall be applied by substituting for $84,000 the following amount:
1983	$38,500
1984	45,500
1985	56,000
1986	70,000."

(c) CONFORMING AMENDMENT.—Subsection (c) of section 2001 is hereby repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after December 31, 1982.

SEC. 202. GIFT TAX.

(a) GENERAL RULE.—Subsection (a) of section 2502 (relating to computation of gift tax) is amended to read as follows:

"(a) COMPUTATION OF TAX.—The tax imposed by section 2501 for each calendar year shall equal 14 percent of the taxable gifts for such calendar year."

(b) ADJUSTMENTS IN UNIFIED CREDIT.—

(1) Subsection (a) of section 2505 is amended—

(A) by striking out "192,800" and inserting in lieu thereof "$84,000", and

(B) by inserting "(determined as if the tax for all preceding calendar periods had been determined using a 14 percent rate)" after "preceding calendar periods".

(2) Subsection (b) of section 2505 is amended to read as follows:

"(b) PHASE-IN OF CREDIT.—

"In the case of gifts made in:	Subsection (a)(1) shall be applied by substituting for $84,000 the following amount:
1983	$38,500
1984	45,500
1985	56,000
1986	70,000."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 1982.●

TRIBUTE TO VETERANS

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. RODINO. Mr. Speaker, I want to recognize the thousands of veterans in New Jersey's 10th Congressional District, as the Nation begins its Veterans Day commemoration. The courage, dedication, and sacrifice of the millions of men and women who have defended our country during World War I, World War II, and the Korean and Vietnam conflicts can never be fully rewarded. But there are definite ways we can show our appreciation and respect for those who have valiantly defended our country.

In ceremonies all over America tomorrow, we will honor those who have

fought and died for our Nation. But our responsibility to veterans does not stop there. This year the Congress has enacted several pieces of legislation that are sensitive to veterans' needs. For example, veterans disability, dependency, and indemnity compensation have been increased by an average of 11.2 percent, helping over 2½ million veterans and dependents; the Veterans' Administration is now required to operate not less than 90,000 hospital and nursing home care beds throughout the Nation; the psychological readjustment counseling program—the so-called vet centers—will continue in operation until 1984; priority medical care will now be given to Vietnam veterans suffering from the effects of the chemical agent orange.

Mr. Speaker, I pushed for these measures because I believe they offer some dignity to those who have undergone traumatic changes in their lives in defense of our country. I am talking especially about the men and women who served in Vietnam. These brave Americans did not return home to marching bands and hometown parades, as did veterans of other conflicts. Yet their sacrifices were no less than those made by American veterans of other wars. It is a measure of our character as a nation how we treat those veterans in their struggle to gain jobs, education, health care, and social acceptance. On this Veterans Day let us renew our pledge to help the Vietnam veteran, and salute the veterans of all our wars. For, without their vigilance and sacrifice, America could not celebrate the freedoms we hold so dear.●

THE WAY IT WAS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. MICHEL. Mr. Speaker, there is at times a tendency to view American history through a distorting lense that smooths out all our problems and differences at certain crucial times in our history. We tend to think of World War II, for example, as a time when we all pulled together, when there was national unity and a lack of divisions.

This, of course, is a myth. Democracy demands the conflict of ideas and opinions, even during times of distress like World War II. I think we should remember this today. We have divisions and arguments and disunity over certain economic and social goals today—but that is as it should be. The important thing is that we let the unruly but ultimately fair democratic process work. Our differences must, of course, be based on principle and not on a whim or prejudice or a disinclination to know the facts. But we should not be concerned because we do not have total unity. It was ever thus.

At this point I insert in the RECORD a book review that tells of one brilliant observer's view of the United States during World War II. The book in question is "Washington Dispatches 1941-1945" edited by H. G. Nicholas. These dispatches are the work of the distinguished historian and scholar Isaiah Berlin. The book review, titled "Daily Life in Washington With a World at War" is by Frank Gannon and was published in the Wall Street Journal, November 5, 1981.

The article follows:

DAILY LIFE IN WASHINGTON WITH A WORLD AT WAR

(By Frank Gannon)

As the Japanese bombers disappeared over the horizon after their attack on Pearl Harbor, the U.S. picked itself up, brushed itself off and proceeded, over the next four years, to fight back with an inspired and inspiring combination of unity, sacrifice and single-mindedness. Right?

Wrong. And the publication of a unique collection of wartime documents gives us a ringside seat for the day-in-day-out politics as usual that continued to characterize the Washington homefront despite the cataclysms of a world at war.

"Washington Despatches 1941-1945" (University of Chicago Press, 700 pages, $40) is a skillfully edited selection of the weekly political reports sent from the British Embassy to the Foreign Office in London. Their purpose was to let the British leadership know what was happening behind the headlines and behind the scenes in what was still a very strange and foreign capital city. Most of them were written by Isaiah Berlin, a young Latvian-born Oxford philosophy don, who, except for knowing some Yanks at Oxford and having a predilection for reading the New Yorker in the New College Senior Common Room had shown no particular qualifications for his new job.

Anyone who has read many diplomatic cables knows that they usually manage to be as boring on paper as most diplomats are in person. But with a combination of superb sources, instinctive insight and lucid prose style, young Berlin began producing reports that soon numbered Churchill himself among their eager readers.

The Washington he portrayed was fractiously political. Only a few months after Pearl Harbor, Mr. Berlin informed Whitehall that "the honeymoon of national unity is somewhat clouded." Politicians maneuvered to protect their prerogatives and preserve their seats; labor leaders used strikes and the threat of strikes to increase their power and their members' wages; the media moguls hurled their bolts at FDR, or the internationalists, or the isolationists, or the Republicans, or the Democrats, until finally no one's motives or wisdom were left unchallenged or unassailed.

Congress launched the post-Pearl Harbor period of non-defense expenditure cuts by voting itself into the Civil Service Pension scheme—and then reacted to the widespread criticism of this costly move by attacking Mrs. Roosevelt. And when gasoline rationing was imposed in the East, the members of Congress voted themselves eligible for "X cards" exempting them from the restrictions. As Mr. Berlin reported, "Debate on the motion was extremely heated and there were charges that the press was endeavoring to lower prestige of Congress. Press retaliated by saying that Congress had lowered its own prestige by its actions and in fact its reputation is now extremely low."

For several months before the 1942 midterm elections, Congress left the administration to take the heat from the hot potatoes of the teen-age draft and universal compulsory service, lest they offend any "indignant mothers in an election in which the feminine vote is of exceptional importance."

The labor leaders, like the politicians, continued to conduct business as usual. Indeed the war intensified the jostling for power between the AFL and the CIO. There were official and unofficial strikes over questions like federal anti-strike legislation, overtime pay, resistance to a 48-hour wartime work week, and agitation for the closed shop.

John L. Lewis, seemingly impervious to the demands for uninterrupted war production, played the strike card in 1943 when 50,000 miners were already out and a nationwide coal strike was threatened on a "no contract no work" basis. Mr. Berlin reported that the fiery labor leader was thus "once more maneuvering himself into the center of the picture as the most dangerous demagogue in America."

One reason such conduct was possible was that although the war permeated every aspect of life, in many ways it left the people curiously untouched. Aside from the obvious impact on the families of fighting men, the war meant more inconvenience than suffering for the average American. Having come from a Britain already reeling under extreme privations, Mr. Berlin must have felt strongly when he reported at the end of 1942 that "talk of a food shortage caused by lack of farm labor has already followed usual pattern of rubber shortage, manpower shortage, etc., where Administration leaders make inconsistent statements and thoroughly confuse the public. In any case 'shortage' is hardly the right word and is only being used masochistically."

This situation never really changed. Early in 1945 Mr. Berlin reported that a Gallup poll question asking whether people had made any real sacrifices for the War "found 64 per cent with refreshing honesty replying 'No' as against 36 per cent who replied 'Yes'."

The heavy curtain of censorship led many to distrust what news got through. As late as the end of 1942, Mr. Berlin wrote that "A large section of the public is becoming more and more bewildered by the war. There is no call for action, no outlet for enthusiasm, no glimmer of success. . . . Hence a kind of puzzled boredom about the war in general. At the same time the war effort is constantly hampered by the party struggle which runs along in a subdued form on the stage of Congress and more merrily behind the scenes."

It is interesting in these weekly chronicles to see how the war exacerbated the problems that were already straining the New Deal at the seams. Labor was disillusioned, the Southern Democrats were ready to bolt over FDR's desire to abolish the poll tax, and blacks, susceptible to Japanese racial propaganda, were questioning their Democratic ties.

The anti-Roosevelt forces were highly suspicious of the broad wartime powers the administration sought. In mid-1942, Mr. Berlin reported:

"Numerous speakers in Congress have been publicly and privately exclaiming against usurpation of their legislative powers by growing power of bureaucracy.

This represents in small part Jeffersonian sentiment, but is much more largely part of a concerted campaign by industrial and other interests which find that their lobbies are able to bring more pressure on members of Congress than on Administration * * *. They charge the New Deal is trying to do to States of Union precisely what Mr. Sumner Welles is practicing with regard to Latin America, binding them more and more closely to central government by systematic economic subventions for which they and their representatives in Congress pay price of political independence."

In addition to this fascinating running commentary on the almost daily life of a democracy at war, Mr. Berlin's dispatches provide dramatic moments, amusing sidelights, and literate pleasures. He quotes FDR's overheard comment on the appointment of Herbert Lehman as Relief and Rehabilitation Administrator: "I want to see some of those Goddamned Fascists begging for their subsistence from a Jew."

Mr. Berlin quotes an observer saying Wendell Willkie's ambition was "to be Mr. and Mrs. Roosevelt rolled into one." And the Vatican's Apostolic Delegate in Washington is described as "a shrewd prelate, perhaps appropriately Titular Bishop of Laodicea"—referring to the passage in Revelations where Laodicea is made synonymous with indifference.

This hefty book—at a hefty price—is excellently edited by the distinguished British historian H. G. Nicholas. It exposes a wholly new aspect of Sir Isaiah Berlin's multifaceted talents, the vast numbers of which no longer surprise us but continue to delight us.●

TRIBUTE TO CHUCK STONE

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. FOGLIETTA. Mr. Speaker, I wish to take this opportunity to pay tribute to Chuck Stone, a columnist and senior editor of the Philadelphia Daily News, whose varied career has included service as an aide to the late Congressman Adam Clayton Powell, as well as experience as an educator and television and radio commentator.

Last Monday Mr. Stone negotiated the surrender of 7 convicts who were holding 38 hostages in the kitchen of Graterford Prison, after they failed in an attempt to escape. The convicts were armed. Their leader, Joseph Bowen, is a man who, at age 35, has spent almost all of his adult life behind bars. In 1974, when Bowen was serving a life sentence for murdering a police officer, he and another inmate fatally stabbed two wardens at Holmesburg Prison.

Mr. Stone entered the besieged prison kitchen with Bowen's brother after talks between the convicts and State officials had reached an inpasse. He emerged with a list of terms which formed the basis for a peaceful resolution of the crisis.

In his own account of the experience, Stone wrote:

Saturday night, the Governor's office had called me and asked if I would be willing to be involved in negotiations if it could be worked out.

I agreed, but why me? The Governor's representative explained, "We know about the surrender of murder suspects and escaped prisoners to you, and we think you can be helpful in this situation."

My own philosophy reminded me: "Naked and ye clothed me: I was sick and ye visited me: I was in prison and ye came unto me."

Chuck Stone deserves all of the public accolades which he has received, and more, for his successful intervention at Graterford. In undertaking the assignment, he risked his own life in the hope of saving others. His candor in admitting his all too realistic fear for his personal safety only enhances the courageous nature of this act. He also demonstrated great skill and understanding in the role of mediator in an intense and volatile situation.

One cannot do justice to the man by praising any single accomplishment, however dramatic and significant, without recognizing the qualification which recommended him for the task, and made his success possible. That qualification is credibility.

Throughout his career, Chuck Stone has fought for justice and compassion, and opposed apathy and indifference to the suffering of others. This record has won him the trust and confidence of all elements of the community. On numerous occasions in the past, accused men and convicts have staked their very lives upon this trust in calling upon him to arrange their surrender to authorities or to mediate their grievances. This was the reason that such diverse individuals as the Governor of Pennsylvania and the mother of Joseph Bowen called upon Stone to intervene at Graterford.

Credibility means that a person's word, judgment, integrity, and values are respected and relied upon. It is the highest compliment society can pay to an individual. It was Chuck Stone's credibility which led to his invitation to mediate the Graterford hostage crisis and to his success in that endeavor. It is that same credibility which makes him important as a writer, a social critic, and an example of civic responsibility.●

H.R. 4498

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. McKINNEY. Mr. Speaker, on September 16 I introduced H.R. 4498, a bill to allow the controlled medical use of marihuana for the treatment of glaucoma and anticancer therapies. Since then, this measure has received the cosponsorship of over 55 Members without regard to party or political ideology. Further, H.R. 4498 has received broad public and political support from physicians, lawmakers, and cancer and glaucoma patients nationwide. However, some questions have arisen concerning the intent of this legislation as well as the medical value of marihuana in helping to alleviate the side effects of agonizing chemotherapy treatments and the blindness induced by glaucoma. For these reasons, I want to make the following information available to my colleagues in order to answer any questions they might have.

COMMONLY ASKED QUESTIONS ABOUT H.R. 4498

Can marijuana prevent blindness from glaucoma?

In the 1977 Report of the National Advisory Eye Council, the National Eye Institute (NEI), states that the treatment of glaucoma "generally consists of reducing intraocular pressure by suppressing the formation of aqueous humor or facilitating outflow from the eye." All glaucoma therapy, medical and surgical, seeks to reduce the elevated intraocular pressures (IOP) associated with glaucoma. According to the 1975 Marijuana & Health Report to Congress marijuana, when smoked, "produces a consistent, dose-related and clinically significant reduction in intraocular pressure."

Marijuana is an effective intraocular antihypertensive which has demonstrated an ability to significantly reduce intraocular (inner eye) pressure in both the healthy and glaucomatose eye. More than ten published studies confirm that marijuana, when smoked, and numerous chemicals within marijuana, have distinct therapeutic utility in significantly reducing ocular tensions.

H.R. 4498 would permit ophthalmologists to legally employ marijuana in the treatment of glaucoma patients beyond the reach of conventional medications. Patients will be required to sign an informed consent statement and physicians are required to report adverse reactions to the Office for the Supply of Internationally Controlled Drugs. Ophthalmologists routinely report adverse drug reactions to the National Registry of Drug Induced Ocular Side Effects and the Office will work closely with the Registry.

Finally, H.R. 4498 will rapidly advance our knowledge of marijuana's use as an antiglaucoma drug. This, in turn, will accelerate the development of more sophisticated dosage forms like topical/oral agents while permitting compassionate, medically controlled access to marijuana by those facing blindness. In its 1977 report, NEI states, "research on primary open-angle glaucoma is handicapped because this disease occurs exclusively in human beings and therefore must be investigated principally in human eyes."

Marijuana's use in glaucoma therapies is especially helpful to patients beyond the reach of conventional medications. NEI estimates between 10 and 20 percent of the nation's glaucoma population, or 400,000 to 600,000 glaucoma patients, are beyond the control of existing glaucoma medicants. For these individuals marijuana provides a medical means of prolonging vision without having to resort to risky surgical interventions.

Does marijuana prevent death in cancer patients?

Yes and no. No one claims marijuana will "cure" cancer. Marijuana, and its major psychoactive ingredient delta-9-THC, are extremely effective anti-nausea/anti-vomiting drugs. According to Dr. Phillip Schein of Georgetown University, "It is well recognized that one of the most distressing side-effects of anti-cancer drug treatment is nausea and vomiting. This may constitute the major source of morbidity associated with such treatment, and may be sufficiently severe as to limit the patient's acceptance of further treatment."

The late Senator Hubert Humphrey called anti-cancer treatments "A living Hell" and many cancer patients, unable to withstand the side effects of these highly toxic therapies, discontinue their potentially life-prolonging treatments. Marijuana can significantly improve the quality of life available to cancer patients undergoing such therapies and, in doing so, make the therapy itself more tolerable.

A large number of published studies, unpublished data from several state programs and innumerable anecdotal accounts have clearly demonstrated that marijuana and delta-9-THC are more effective in controlling nausea and vomiting than conventional anti-nausea drugs like Compazine and Thorazine.

There are more than five published studies which report that even synthetic THC, a poorly formulated drug, is superior to conventionally prescribed anti-nausea drugs. Marijuana is superior to oral doses of synthetic THC because, when smoked, marijuana has a far more rapid onset of action, is more predictable and less likely to cause adverse side effects. This has been confirmed by the National Cancer Institute (Chang, et. al.) and in several state programs of treatment.

Thus, while marijuana does not "cure" cancer, it may help prolong the lives of cancer patients by allowing them to continue their potentially life saving chemotherapy or radiation treatments. The medical use of marijuana as an adjunct to anti-cancer therapies may also vastly improve the quality of life available to these patients.

Is marijuana more effective than THC?

On the basis of available medical evidence marijuana, when smoked, is a more effective than synthetic THC as an anti-nausea drug. This is acknowledged in many government documents. For example, a 1978 internal memoranda from the National Cancer Institute states that the "oral absorption of [synthetic] THC is erratic, and the current formulation of THC was * * * not acceptable," for therapeutic applications. The formulation of synthetic THC has not been altered since that date.

The NCI memoranda concludes, "all in all the [marijuana] cigarette may be the best means of administering the drug."

Federal agencies have resisted comparative studies on inhaled marijuana and oral [synthetic] THC. The first (and only published) study comparing these two substances was conducted by Dr. Alfred Chang of NCI. Chang reported that only 40 percent of the oral THC doses were sufficient to control nausea and vomiting. Inhaled marijuana, by comparison, resulted in a 71 percent success rate. Chang concluded that inhaled marijuana "was more reliable" than oral doses of synthetic THC.

Dr. Donald Poster, writing in the May 22/29, 1981, Journal of the American Medical Association, compared synthetic THC and marijuana and noted that "marijuana that is inhaled * * * has a fivefold to tenfold greater bioavailability." He concluded that "THC by inhalation [the marijuana cigarette] may be a viable effective alternative to the oral formulation."

In New Mexico, the first state to enact legislation recognizing the medical utility of cannabis, Dr. Daniel Danzak reports that "the inhaled version [marijuana] works better than the oral [synthetic THC] version." New Mexico reports a 90 percent success rate with the marijuana cigarette.

The most obvious problem with oral THC is that vomiting patients often cannot retain the drug long enough for it to be effective (one to three hours). Marijuana, when smoked, avoids the digestive system and produces relief in 10 to 20 minutes. Patients given the freedom to select between these drugs initially prefer synthetic THC, but quickly shift to the marijuana cigarette.

Available data also indicates synthetic THC is far more likely to cause adverse psychic reactions than is marijuana. While marijuana is a mild euphoriant, synthetic delta-9-THC is a major hallucinogenic agent. The National Cancer Institute has promoted synthetic THC as "marijuana's most active ingredient". However, synthetic THC is not marijuana's most medically useful chemical, but its most psycho-active or mind-altering chemical agent. In pure form synthetic THC is similar to major hallucinogenic drugs like LSD. Reports of adverse effects from several state programs show patients are far more likely to suffer an adverse reaction to synthetic THC than to marijuana.

Finally, synthetic THC is subject to therapeutic tolerance. Put simply, while synthetic THC may initially reduce nausea and vomiting it quickly loses this therapeutic action and patients begin to experience what Chang referred to as "breakthrough nausea". Marijuana, a far more complex substance than THC, retains its therapeutic, antiemetic action long after THC has become medically ineffective.

H.R. 4498 permits physicians and patients to determine which drug (marijuana or synthetic THC) is the best form of administration for the individual receiving treatment.

What about contaminated marijuana?

This is one reason why H.R. 4498 is so important. Cancer and glaucoma patients should not be compelled to purchase marijuana from an illegal and unregulated blackmarket. Illegal marijuana may be adulterated with other drugs (ie) PCP, Opium, LSD and is subject to a large variety of contaminants. Dr. Steven Kagen of the university of Wisconsin reports that marijuana obtained from the illegal "street market" may contain fungus spores and other forms of contaminants. It is better to provide seriously ill patients with legal, medically supervised access to controlled, dose-qualified marijuana. H.R. 4498, establishes stringent controls and the Office, through its regulatory procedures, will assure seriously ill patients with legal access to medical quality marijuana which is free from unhealthy contaminants that might adversely affect their health.

Does H.R. 4498 violate U.S. treaty obligations?

Absolutely not. Great care has been taken to assure that H.R. 4498 complies with the U.N. Single Convention on Narcotic Drugs which was ratified by the United States in 1967.

The Single Convention specifically acknowledges marijuana's therapeutic value and permits the medical use of cannabis. According to the Congressional Research Service (memo to House Select Committee on Narcotics Abuse and Control, May 1980) "if it is decided that marihuana or other cannabis products should be re-scheduled * * * or made available for prescription, there appears to be no difficulty as long as the new schedule is Schedule II." H.R. 4498 re-schedules marijuana to Schedule II.

The CRS further notes that "if production is permitted it must be supervised by a national [federal] agency, which will determine the extent of cultivation, license the cultivators, and be sole purchaser of the crops." This is the reason H.R. 4498 establishes an Office for the Supply of Internationally Controlled Drugs. This Office, under the direct supervision of the Secretary of Health, will work closely with the Attorney General to determine appropriate regulations and procedures for the cultivation and distribution of medicinal marijuana.

What is to assure that a diversion of marijuana will not occur?

The Office established by H.R. 4498 will determine the amount of marijuana required to meet the medical needs of seriously ill Americans and will have the authority to obtain such supplies through: (1) contract bidding for authorized programs of cannabis cultivation, (2) employ confiscated marijuana if cultivation is inadequate, or (3) import marijuana from other governments. It should be noted that these provisions for obtaining supplies of drugs are already in place in the Controlled Substances Act.

Following enactment of H.R. 4498, the Office will establish regulations governing cannabis cultivation, the collection of crops, the manufacture of marijuana cigarettes and their distribution. The Office will work closely with the Attorney General to assure compliance with all U.S. treaty obligations and prevent unauthorized diversions.

No additional law enforcement is required. The U.S. government has grown marijuana and distributed marijuana to FDA authorized programs for more than a decade with no evidence of a significant diversion problem. It is very unlikely that individuals will risk the severe criminal penalties attached to the diversion of legitimate supplies of medicinal cannabis. (See H.R. 4498 Sec. 3(g).)

Will the U.S. government be liable for injury that may be claimed from the therapeutic use of government grown marijuana?

No. Patients receiving medical access to marijuana must sign a statement of informed consent which absolves the federal government of liability.

Nor is the likelihood of such a suit reasonable. After more than a decade of intensive drug abuse research not a single suit has been brought, much less sustained, against federal agencies as a result of supply contamination, physical distress or adverse psychic reactions.

It is important to note that since 1973, FDA has approved research and medical programs which permit marijuana's use by glaucoma and cancer patients. Consent forms similar to those employed in these FDA authorized studies will be retained and patients receiving marijuana under the provisions of H.R. 4498 must sign a statement of informed consent before initiating a program of marijuana-based therapy.

Finally, in marijuana's long history of use as a therapeutic agent there are no deaths attributed to the use of marijuana reported in the medical literature. It is reasonable to assume that 5,000 years of medical use and a decade of drug abuse research would have

graphically indicated the kind of extremely toxic reaction implied by the question. No clinically significant medical pathology of a life-threatening nature has been documented.●

CZECHOSLOVAKIAN INDEPENDENCE DAY

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. HYDE. Mr. Speaker, October 28 marked the 63rd Anniversary of Czechoslovakian Independence Day. This is a very important occasion for Czechoslovakian-Americans, a day of remembrance for their beloved homeland, and for their brothers still struggling for freedom in Communist-ruled Czechoslovakia. I am gratified that Chicago is one of the major cities in our country that observes October 28 as "Czechoslovakian Republic Day."

For this occasion, Denni Hlasatel, which is the only Czechoslovak daily newspaper in the free world and, I am proud to say, is headquartered in my district, published a special anniversary edition. In August, when Denni Hlasatel celebrated its 90th anniversary, I circulated copies of the paper to my colleagues and was pleased that a number of Members wrote their personal congratulations to the paper's president and manager, Joseph Kucera.

I am pleased to announce that my distinguished Illinois colleague, Congressman DERWINSKI, is circulating complimentary copies of the special October 28 edition of Denni Hlasatel.

I know all of my colleagues join me in congratulating Denni Hlasatel for its outstanding service to the Czechoslovakian community.●

VOTING RIGHTS ACT

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. EDWARDS of California. Mr. Speaker, in its lead editorial on November 10, 1981, the New York Times, urges President Reagan to favor the strong but fair extension of the Voting Rights Act which the House overwhelmingly approved last month.

Like the author of the editorial, I am disturbed by the possibility that President Reagan might support Senate amendments to the bill which would cripple the effectiveness of the most successful of our civil rights laws. I would hope that the President might reevaluate his tentative support for weakening amendments and instead strongly urge the Senate to pass the extension legislation which the House has approved.

I believe my colleagues will find the following editorial of interest.

THE PRESIDENT GAGS ON VOTING RIGHTS

President Reagan says he cherishes the right to vote, but takes perverse exception to the pending extension of the Federal Voting Rights Act. Key sections of the law expire next year, and he was said by aides to be ready to sign whatever Congress produced. Now, however, Mr. Reagan has heeded one last pitch from Attorney General Smith, for a watered-down endorsement of a watered-down bill. That was bad advice, badly taken.

The timing of this flip-flop was especially curious. The President suddenly seized the unpopular side of an issue just when nationwide support for the law was becoming clear, and just when the Administration needed a gesture for constituencies ravaged by its budget-cutting.

But the Voting Rights Act is not a sop to minorities. Like other great civil rights measures of the 1960's it is a triumphant assertion of the conscience of the majority, a legal restoration of rights the Constitution has long guaranteed on paper.

So successful has it been that blacks and Hispanics are not just voting, they're making their ballots count. They are running their own candidates, losing and winning many elections, entering the political system, North and South. They must often still implore their legislators for justice, but they influence them as well.

The vote for a strong but fair extension of the law in the House last month was an overwhelming 389 to 24. The bill would continue to require 9 states and parts of 13 others to submit any changes in their election laws to the Justice Department, with proof that they are not discriminatory in purpose or effect. But the bill would also give those jurisdictions hope for relief. To graduate from its supervision, a voting unit would need only to show that it had honored all voting rights for a decade and cleaned up discriminatory procedures.

President Reagan now says, without explaining, that he'd like to see more "reasonable" bail-out provisions. But the House bill is already carefully balanced to allow one-quarter of the South's counties to meet the graduation test quickly and easily. Further relaxation could amount to a disastrous backdoor repeal of the act.

Also without explanation, the President challenges the House's improvements in another section of the law. In regions where no change in election procedures is contemplated, the House bill would accept evidence of discriminatory effect as proof of discrimination. That is needed because it is often impossible to prove discriminatory intent—as for example in the case of at-large elections that deny representation to sizable minority groups.

The President was better served by his first instincts about this law. He cannot both favor an effective voting rights law and be the friend of its opponents. The effort to gut this law will be strongest in the Senate. That body needs a shove and some leadership, not new equivocations.●

TRIBUTE TO EASTON, MD., JAYCEES

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. DYSON. Mr. Speaker, the U.S. Jaycees, an organization devoted to community, individual, and management development, have served a worthwhile purpose for many years. They are always cognizant of the needs of the various communities they serve and take an active role in fostering good will and fellowship.

One of the Eastern Shore's communities hosts an organization of Jaycees which I would like to bring to the attention of the House. The Easton, Md., Jaycees have made outstanding contributions to their community and should be recognized. In a September newsletter the following few paragraphs appeared. They are exemplary of the spirit of the Easton Jaycees and I commend them for their thoughtful and caring attitude:

WHAT CAN WE DO NOW?

There are two groups of people in this country: producers and consumers. When those who consume begin to equal or outnumber those who produce, a nation's economy begins to collapse.

Coming on October 1st, the first day of the new fiscal year of the United States Government, many federally funded programs will have their budgets cut and/or eliminated altogether. Maybe these cuts will be good. Certainly it will not hurt when we pay our taxes next year. But what happens to the poor and handicapped people who are going to suffer, or to the towns and other local government agencies receiving fewer federal dollars?

This is where the Jaycees enter the picture. Now, more than ever, we have the opportunity to build on our past achievements and utilize our resources on community programs to pick up some of the slack.

Remember, we have all been living in this country, taking advantage of any benefit that was available. The challenge is to become a producer. Help put something back that was previously taken; participate now and enjoy the benefits later. You'll be glad you did.●

ETHICS IN OUR SOCIETY

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. BENNETT. Mr. Speaker, I greatly and sincerely admire Ivan Hill for his able and persistent efforts for higher ethical standards in every facet of our society, business and government, particularly. At this point, I include for the RECORD an excellent article about him in the November 16 edition of U.S. News & World Report:

ETHICS IN OUR SOCIETY

(By Marvin Stone)

Almost eight years ago, Ivan Hill gave up a lucrative career in industry for an unpaid job as president of a nonprofit, nonpartisan organization working for honesty and social responsibility in government and business. Out of that grew the Ethics Resource Center in Washington, D.C. When Hill retired recently from the presidency of the Ethics Resource Center, we asked him how he views the present state of American society and what he foresees for the future.

Q. Mr. Hill, what was it that inspired a successful businessman to quit and spend his entire time chasing what many would consider an impossible dream?

A. It was a recognition that the most urgent task in the country was being neglected—that of trying to strengthen our ethical underpinnings.

Q. How would you define ethics?

A. Albert Schweitzer said that in a general sense, ethics is the name we give to our concern for good behavior. We feel an obligation to consider not only our personal well-being but also that of others and of human society as a whole.

If early man had not identified his own welfare with that of others, he could not have survived and mankind would not have developed. In recent books on anthropology, such as Richard Leakey and Roger Lewin's *People of the Lake*, cooperation and sharing were given as basic reasons for man's survival. Honesty and ethics are basic, working social principles, not just moral guidelines.

Incidentally, there was another compelling reason for my new pursuit: I have three children, and I hated to see them, in five to 10 years, living in a closed or almost closed society.

Q. Are you saying that lack of ethical conduct in the U.S. will lead to a closed society?

A. When trust in one another diminishes to a point where we can no longer do business without pervasive dishonesty and corruption, an open society cannot function efficiently and will become unmanageable. If business decides it cannot do business honestly and make a profit, that will severely undermine the private-enterprise system itself. A change in the system will then become inevitable.

It is my opinion that an open society cannot function efficiently and remain manageable unless about 80 to 85 percent of the people are honest about 80 to 85 percent of the time.

Q What happens if 80 percent are not honest 80 percent of the time?

A The result I see is a great deal of power concentration, centralization of authority, in a kind of messy oligarchic system which is likely to become so inefficient by the crosscutting of various special interests, that we will move into authoritarianism. I think this is the probable outlook for the United States in the foreseeable future.

Historian Arnold Toynbee observed: "Freedom is expendable, stability is indispensable." And order and stability in a society would take precedence over a multiplicity of freedoms.

Q You've said in the past that you believe it's in the interest of the corporations themselves to pursue ethical conduct. Does business have an especially bad record?

A Most of the large corporations—if they could ever get the next guy, their peer competitor, to move first—could do all their business honestly and make a good profit and be very happy doing so. Honesty increases efficiency and productivity in business and government.

I don't feel that big business is any more or less honest than little business or individual citizens. We are not going to solve our problems until the country as a whole takes a different attitude, until cultural and social changes are made that will make honesty "all right" and "safe" or even fashionable. This has to be a total cultural movement. That is the method we recently recommended to the Office of Government Ethics, the Justice Department's Task Force on Crime and the President's Council on Integrity and Efficiency.

Q. How do you get a thing like that going?

A. We have recommended making six or eight different TV commercials, six or eight radio commercials and newspaper adaptations of the TV storyboard cartoons. Go into test markets, like Rochester and Columbus. Form local committees with the League of Women Voters, the Rotary, law-enforcement agencies, the churches, schools and business and conduct intensive local campaigns, placing at least 30 to 40 TV and radio spots daily on a public-interest basis through these local committees—you must have a high-volume, massive exposure of the message in order to break the prison of peer-group pressure. We should measure the effectiveness of these efforts every 30 days—the effect on crimes against property, burglaries, arson, shoplifting, all of those things.

Kits would be developed—the films and the tapes and the newspaper ads—and they would be passed to other communities for locally sponsored campaigns. These TV spots would not be preachy or admonitory or didactic.

Q. You say these programs are not preachy. Exactly what do they say to people?

A. A typical illustration would be this: A teen-age girl is seen stealing some cosmetics in a department store. And then we follow the teen-ager home on the bus. And she thinks that everybody is looking at her; she's looking around. Then an unseen announcer asks: "How do you feel when you steal?" The next morning when she walks through the steno pool in the office, she thinks that everyone knows she stole her cosmetics. And all the announcer says is: "How do you feel when you steal?"

No matter what other steps are taken or considered, we must understand that crime is bred in a bed of dishonesty. The progression is easy, from lying to stealing, from robbery to homicide.

Q. Is the government active in promoting ethics—say among its civilian employes?

A. We sponsored a bill, which was passed unanimously by the Congress, to mandate the public display of the United States Code of Ethics for Government Service in federal buildings. We have about 90,000 of these codes posted now in more than 10,000 buildings. If we could display the amount of codes that we have printed, 205,000, a person coming to work would probably see the code three or four times a day. He would thus become assured that it is all right for him to be honest and not to goof off, and become aware that it might not be the "in" thing for him to be absent or irresponsible.

There have been various estimates as to what is being lost to fraud and waste and absenteeism and such. We took a range of 25 to 50 billion dollars. If these codes are only 10 percent effective, we will save 2.5 to 5 billion dollars a year in government operations alone.

Q. Are you optimistic about spreading the word in the future?

A. To some extent. There's a great deal of talk about ethics; there are great numbers of corporate and professional and governmental codes. If we keep increasing awareness throughout the country, we're going to make this breakthrough into acceptance of much higher standards of values.

I have been surprised to find that the leadership of the armed forces is far more concerned about, more knowledgeable about, and doing more about ethics than are our educational institutions and our large corporations.

I see more progress in industry than I do in the educational institutions. In industry, many of the companies have teaching programs and bring in ethics counselors now.

During the last three or four years, there has been a tremendous increase in the number of corporations using codes of ethics and much more interest in ethics. But we find that interest has declined in the last six or eight months. My supposition—and that's all that I can say—is that businessmen believe they don't need ethics codes now; they don't need to be as self-governing as they should be because they have President Reagan taking care of them. It's a wrong concept. They should be taking just the opposite view: Now that Mr. Reagan's in, business should focus on developing more-effective means of self-regulation through stronger codes and do everything possible to make it unnecessary for government to intervene. Let's deserve more economic freedom.●

HARRISON TOWNSHIP HISTORICAL SOCIETY RECEIVES CERTIFICATE OF COMMENDATION

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. FLORIO. Mr. Speaker, I would like to draw your attention to a group in my district, the Harrison Township Historical Society of Mullica Hill, N.J. I am proud to inform you that the society recently received a Certificate of Commendation from the American Association for State and Local History. This prestigious national award was presented by the association for local history achievement at its annual meeting in Williamsburg, Va.

The historical society was chosen for a program entitled "A Friendly Legacy," a multidimensional project in which the Quaker heritage of the south Jersey area was explored and interpreted through exhibits, lecture series, workshops, and publications.

"A Friendly Legacy" brought to south Jerseyites a depiction of the Quaker heritage familiarizing them with an historical richness of which they can be duly proud. I ask you to join me in congratulating the Harrison Township Historical Society on receipt of this most outstanding award.●

IN PRAISE OF TWO CONTEMPORARY WOMEN

HON. MICHAEL D. BARNES
OF MARYLAND
IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. BARNES. Mr. Speaker, on October 26-28, 1981, some 500 men and women from 14 nations and the Jewish Brigade gathered at the U.S. State Department in Washington for the unprecedented and historic International Liberators Conference where survivors of the Holocaust paid tribute to their brave and daring rescuers. The fellowship and communality of the group transcended the contrasting political ideologies, economic systems, and lifestyles of the participants in this U.S. Holocaust Memorial Council event. It was an important occasion to honor the Allied liberators and to bear witness to the memory of the 6 million Jews and millions of others who perished in the death camps of World War II Europe so that such genocide and mass destruction may never again be repeated.

The accounts, testimony, and tapes from this conference will be housed in a national memorial/museum in Washington. And I especially commend the Holocaust Council and its chairmen, Elie Wiesel, Mark Talisman, and Miles Lerman for all of their efforts on behalf of this purpose.

Mr. Speaker, later the same week, Ms. Karen Primack, a Montgomery County, Md., attorney and mother of two children stood before her family and fellow congregants at Temple Israel to become bat mitzvah and to tell about two modern day heroines—one of who took part in the Liberators Conference as a survivor only days before. I congratulate Mrs. Primack and wish to share with you and my colleagues the message which she delivered that Saturday morning:

When a woman has a bat mitzvah two dozen years after the usual time, she naturally looks to her Torah portion for its message with regard to womankind. In my portion, we hear repeatedly of Noah and his sons, Ham, Shem, and Japheth, but Noah's wife and daughters-in-law are not mentioned by name; the women are referred to only as "Noah's wife" and "Noah's sons' wives."

Therefore, I would like to take the opportunity presented by my bat mitzvah to celebrate two very special, courageous women who have nothing to do with the story of Noah, but who do have something to do with me.

The first is Ida Nudel, the only Jewish woman prisoner-of-conscience in the Soviet Union. Ida Nudel happens to share my birthdate in April, and the difference in our ages is 13 years—the age of a bat mitzvah.

Ida, along with her sister and her sister's family, applied for an exit visa in 1971 to live in Israel. Her sister's family received visas promptly and left for Israel, but Ida was turned down because her work as an economist studying food hygiene standards supposedly gave her access to "classified information." She was dismissed from her job, as are most Soviet citizens who apply for exit visas. She became a vocal dissident, joining in many demonstrations. She was also what has become known as a "guardian angel," risking her life to establish and maintain contact with Jewish refuseniks and prisoners in the Soviet Union. She sent prisoners news of the outside world, and she informed the outside world of conditions in the Soviet Union. She was able to initiate massive letter writings campaigns from the outside. She kept a file on each prisoner of clothing sizes, spectacles, prescriptions, and other medical needs. She sent birthday greetings and food parcels. She constantly fired off telegrams to bureaucrats when a prisoner was being mistreated, and since she commanded such a responsive audience outside the Soviet Union, the officials often responded to her demands rather than risk another international uproar. She also assisted non-Jewish dissidents, such as Vladimir Bukovsky, and the worldwide protest she helped start got him released in 1976; he is now living in Britain.

During the 7 years she pursued this kind of activity, Ida was followed, interrogated, beaten, arrested at least five times, and jailed. Her home was periodically searched and her belongings confiscated. Her telephone was tapped and finally disconnected. But she always persisted in continuing her work.

On June 1, 1978, Ida hung banners from her balcony saying, "KGB, give me my visa." Stones and long spiked objects were thrown at her, and her window was broken. She was arrested and convicted of malicious hooliganism, and sentenced to 4 years of internal exile in Siberia. I should say that hooliganism in the Soviet Union is most often committed by young male groups, and 90 percent of those tried for hooliganism are intoxicated when the offense is committed. Ida, then in her late 40's, was a sober and frail woman only 4 feet, 10 inches tall.

During this exile in Siberia, she has been exposed to and beaten by hardened criminals. She suffers from gall bladder disease, and her health has deteriorated rapidly. Her sister believes that her chances of surviving another severe season there are very slim. She receives insufficient food and has poor sanitary conditions. Her person and room are searched regularly without provocation. Officials have turned the local population against her, and she receives vicious anonymous letters.

Although she is scheduled for release next April, it is possible that an abusive newspaper article written about her will result in added charges and a transfer to a psychiatric hospital or prison camp. Her sister says she is warned daily that she will be re-arrested.

Ida has been adopted as a prisoner of conscience by Amnesty International and many Christians have joined in her cause. An American nun, Sister Ann Gillen, offered to change places with her last year. Then-Members of the U.S. Congress, Robert Drinan and Pat Schroeder, acted as attorneys in petitioning Soviet authorities on her behalf in January 1979. Christian friends regularly take over the daily vigil for Soviet Jewry at the Soviet Embassy on Jewish High Holy Days, when Jews cannot maintain the vigil themselves.

Ida's final words at her Moscow trial in June of 1978 were: "These 7 years have been filled with a daily battle for myself and others. Every time I was about to help another friend, my heart filled with an extraordinary feeling unlike any other. Perhaps the closest feeling is that which a woman feels when giving a new life. If the remaining years of my life will be gray and monotonous, these 7 years will warm my heart with the knowledge that my life has not been without purpose. None of you, my judges, is capable of finding a punishment that would take revenge and deprive me of the triumph and victory of these 7 years."

The empty chair on the bimah here today symbolizes Ida Nudel's absence from her people.

Happily, the second woman I would like to pay tribute to is actually occupying a seat in this sanctuary today. Malvina Burstein is a member of Temple Israel, and I don't think we will ever tire of hearing of our own personal heroine, so I will recap very briefly: It was 1942 in Czechoslovakia—not a good time or place to be Jew.

Alone in her 20's, her family having been taken away, Malvina walked by night from Czechoslovakia to Hungary so that she could disappear into the crowds of Budapest, carrying the identity papers of an aunt's former maid. She held a variety of different jobs and lived in many different flats, sometimes moving every few days to elude potential betrayers.

Malvina, a blue-eyed blonde, was able to pass for a Christian and volunteered to aid in an effort to secure identity papers for laborers in city industrial plants. Posing as a plant assistant, Malvina risked her life on three separate occassions by picking up 500 stamped identity papers each trip to the National Printing Office—for a total of 1,500 in all. Thus, 1,500 Jews illegally received identity credentials and were able to pass as Hungarian Christians. Not only were her trips to the National Printing Office missions of great daring, but she risked imprisonment every time she spoke to Jews or entered a Jewish home to deliver the identity papers.

Last month, Malvina received a Woman of Valor award from the Red Magen David, the Israeli equivalent of the Red Cross, for her courageous life-saving actions. In accepting the award she said modestly, "The reason I am here is because other Jews saved my life." Rabbi Lewis Weintraub, in paying tribute to her earlier this month at Temple Israel, noted that he had known Malvina for 30 years, but it was only last month, when news of her deeds was published in the local papers, that he found out about her. And he said the fact that she kept all this secret all these years "speaks volumes."

Journalist Elliott Wright has written a book, "Christian Heroes and Heroines," which gives brief sketches of 77 heroes, ranging from Catholic saints to Florence Nightingale and Dag Hammarskjold. His book purports to serve as "lessons in faith, in a world where society's heroic models are characterized primarily by quick passage through the revolving door of fame."

Heroes and heroines and role models cannot serve their functions unless they are shared and publicly talked about and admired, so that they can be examples. It's strange, but I had an Ida Nudel prisoner-of-conscience bracelet for 2 years before I thought to mention to my children who she is. And it was more that 1 month after I read about Malvina Burstein before it occurred to me to tell my children about her. This is wrong. Our children and grandchil-

dren deserve better than Wonder Woman and Batman.

Of course, we hope that none of us will ever face the awesome challenges that Ida and Malvina faced. But we, and our childern, should think about how we would respond and whether we are made of the same stuff as an Ida Nudel or a Malvina Burstein.●

SUPPORTERS OF THE VOTING RIGHTS ACT EXTENSION

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. RODINO. Mr. Speaker, the following Members asked to be cosponsors of the Voting Rights Act extension legislation, H.R. 3112, but because of an oversight their names were submitted for cosponsorship after the committee report had been filed. House rules prevent Members from being listed as cosponsors after the filing date.

I asked that the record show that but for this rule these persons would have been cosponsors of H.R. 3112:

Mr. Blanchard, Mr. John Burton, Mr. Eckart, Mr. David Evans, Mr. Hammerschmidt, Mr. Hartel, Mr. Hoyer, Mr. Tom Lantos, Mr. Richmond, Mr. Sensenbrenner, and Mr. Scheuer.●

TAXPAYER PROTECTION ACT

HON. GEORGE HANSEN

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. HANSEN of Idaho. Mr. Speaker, it is becoming increasingly clear that major reform of the Internal Revenue Service is imperative, and now.

To the end of that reform, I have reintroduced a strengthened new version of the Taxpayer Protection Act, H.R. 4931, which in essence puts a stop to the extra legal cloak and dagger operations and reduces the IRS to those collection techniques available to other governmental and nongovernmental creditors. The text of this legislation "to amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights and for other purposes," follows:

H.R. 4931

A bill to amend the Internal Revenue Code of 1954 to regulate and limit collection procedures of the Internal Revenue Service in order to provide protection of taxpayer civil rights, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer Protection Act".

SEC. 2. APPLICATION OF FAIR DEBT COLLECTION PRACTICES ACT TO COLLECTION OF TAXES.

(a) IN GENERAL.—Section 6301 of the Internal Revenue Code of 1954 (relating to collection authority) is amended by striking out the text and inserting in lieu thereof the following:

"(a) IN GENERAL.—The Secretary shall collect the taxes imposed by the internal revenue laws.

"(b) LIMITATIONS ON COLLECTION PRACTICES.—

"(1) IN GENERAL.—The conduct of officers and employees of the Internal Revenue Service shall, in the collection of any underpayment of any tax imposed by this title, comply with—

"(A) subsection (a) of section 805 of the Fair Debt Collection Practices Act (relating to communication in connection with debt collection), and

"(B) section 806 of such Act (relating to harassment or abuse).

"(2) PROHIBITION OF PUBLICATION OF DEFICIENCIES NOT REDUCED TO JUDGMENT.—No officer or employee of the Internal Revenue Service shall publish, or cause to be published, for the purpose of collecting any tax imposed by this title, the amount of any underpayment of such tax unless such underpayment has been found to be payable by a court of competent jurisdiction."

(b) CIVIL LIABILITY FOR NONCOMPLIANCE WITH COLLECTION PRACTICES.—

(1) IN GENERAL.—Part I of subchapter A of chapter 75 of such Code (relating to crimes, other offenses, and forfeitures) is amended by adding at the end thereof the following new section:

"SEC. 7128. CIVIL DAMAGES FOR IMPROPER COLLECTION PRACTICES.

"(a) GENERAL RULE.—Whenever any individual violates the provisions of section 6301(b) with respect to the income tax liability of a taxpayer other than a corporation, such taxpayer may bring a civil action for damages against such individual, and the district courts of the United States shall have jurisdiction of any action commenced under this section.

"(b) DAMAGES.—

"(1) LIABILITY ON DEFENDANT.—In any suit brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of—

"(A) the actual damage sustained by the plaintiff as a result of the violation of section 6301(b),

"(B) such additional damages as the court may allow, but not exceeding $1,000, and

"(C) The costs of the suit, together with reasonable attorney fees as determined by the court.

In determining the amount of liability for damages under subparagraph (B), the court shall consider, among other factors, the frequency and persistence of noncompliance by the individual, the nature of such noncompliance, and the extent to which such noncompliance was intentional.

"(2) NO LIABILITY ON DEFENDANT.—On a finding by the court that a suit under this section was brought in bad faith and for the purpose of harassment, the court may award to the defendant—

"(A) attorney fees reasonable in relation to the work expended, and

"(B) costs.

"(c) NO LIABILITY IN CERTAIN CASES.—An individual may not be held liable in any suit under this section if such individual shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

"(d) PERIOD FOR BRINGING ACTION.—Any action to enforce any liability created under this section may be brought, without regard to the amount in controversy, within 1 year from the date on which the violation occurs."

(2) CLERICAL AMENDMENT.—The table of sections for Part I of subchapter A of chapter 75 of such Code is amended by adding at the end thereof the following new item:

"Sec. 7218. Civil damages for improper collection practices."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 3. LEVY ON PROPERTY ONLY UNDER COURT ORDER.

(a) IN GENERAL.—Section 6331 of the Internal Revenue Code of 1954 (relating to levy and distraint) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) COURT ORDER REQUIRED FOR LEVY.—

"(1) IN GENERAL.—Levy may be made under subsection (a) with respect to any unpaid income tax of a taxpayer other than a corporation only after the Secretary is authorized by court order to make such levy.

"(2) AUTHORITY AND STANDARD FOR ISSUANCE OF ORDER.—

"(A) AUTHORITY.—On request of the Secretary, the court order under paragraph (1) may be issued by and only by any Federal judge.

"(B) STANDARDS FOR ISSUING ORDER.—An order under this subsection may be issued only if—

"(i) the Secretary, by affidavit sworn before the judge, established that the requirements of this section (other than this subsection) have been met,

"(ii) the judge determines that there is reasonable cause to believe that such requirements have been met, and

"(iii) the Secretary shall have proved, by a preponderance of evidence, that the subject of the order is indebted to the United States in a specific amount which amount shall be stated in the affidavit and the order.

"(iv) such order may be sought only upon application on notice to the taxpayer.

"(3) JEOPARDY.—Paragraph (1) shall apply to a levy even if the Secretary has made a finding under the last sentence of subsection (a) that the collection of tax is in jeopardy."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to any levy (within the meaning of section 6331(b) of the Internal Revenue Code of 1954) made after the date of the enactment of this Act.

SEC. 4. INTERNAL REVENUE SERVICE TO ABIDE BY AGREEMENTS WITH TAXPAYER.

(a) IN GENERAL.—Subsection (b) of section 7121 of the Internal Revenue Code of 1954 (relating to closing agreements) is amended by adding at the end thereof the following: "In the case of an income tax liability of a taxpayer other than a corporation, a showing of fraud or malfeasance, or a misrepresentation of a material fact, shall be taken into account for purposes of this subsection only if such showing or misrepresentation is determined by a court of competent jurisdiction."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to closing agreements entered into after the date of the enactment of this Act.

SEC. 5. STATUTE OF LIMITATIONS MAY BE EXTENDED ONLY 1 YEAR.

(a) IN GENERAL.—Paragraph (4) of section 6501(c) of the Internal Revenue Code of 1954 (relating to exceptions to limitations on assessment and collection) is amended by adding at the end thereof the following: "In the case of an income tax liability of a taxpayer other than a corporation, the Secretary may not consent to assessment of such liability after the 1-year period beginning at the expiration of the time prescribed in this section (without regard to this paragraph) for assessment of such liability."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expirations of the time prescribed in section 6501 of the Internal Revenue Code of 1954 (determined without regard to extensions of such time) occurring after the date of the enactment of this Act.

SEC. 6. DISCLOSURE OF RIGHTS AND OBLIGATIONS OF TAXPAYERS.

(a) IN GENERAL.— The Secretary of the Treasury shall, as soon as practicable, but not later than 180 days after the date of the enactment of this Act, prepare a brief but comprehensive statement which sets forth in simple and nontechnical terms—

(1) the rights and obligations of a taxpayer and the Internal Revenue Service (hereinafter in this section referred to as the "Service") during an audit;

(2) the procedures by which a taxpayer may appeal any adverse decision of the Service (including administrative and judicial appeals);

(3) the procedures for prosecuting refund claims and filing of taxpayer complaints; and

(4) the procedures which the Service may use in enforcing the internal revenue laws (including assessment, jeopardy assessment, levy and distraint, and enforcement of liens).

(b) TRANSMISSION TO COMMITTEES OF CONGRESS.—The Secretary of the Treasury shall transmit drafts of the statement required under subsection (a) (or proposed revisions of any such statement) to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the same day. Any draft (or any revision of a draft) of the statement may not be distributed under subsection (c) until 90 days have elapsed from the date it was transmitted to such committees.

(c) DISTRIBUTION.—The statement prepared in accordance with subsections (a) and (b) shall be distributed by the Secretary of the Treasury to all taxpayers along with any tax form or forms sent from the Internal Revenue Service to the taxpayers.

SEC. 7. AUTHORIZING, REQUIRING, OR CONDUCTING CERTAIN INVESTIGATIONS, ETC.

(a) PROHIBITION, ETC.—Section 7214 (relating to offenses by officers and employees of the United States) is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c) AUTHORIZING, REQUIRING, OR CONDUCTING CERTAIN INVESTIGATIONS, ETC.—

"(1) IN GENERAL.—An officer or employee of the United States acting in connection with any revenue law of the United States shall not knowingly—

"(A) authorize, require, or conduct any investigation into, or surveillance over, any person regarding the beliefs, associations, or activities of any individual or organization, or

"(B) maintain any records containing information derived from such an investigation or surveillance.

Any person violating the preceding sentence shall be fined not more than $10,000, or imprisoned not more than 2 years, or both.

"(2) EXCEPTION.—The provisions of paragraph (1) shall not apply with respect to any otherwise lawful investigation concerning organized crime activities.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) INVESTIGATIONS.—The term 'investigations' means any oral or written inquiry directed to any person, organization, or governmental agency.

"(b) SURVEILLANCE.—The term 'surveillance' means—

"(i) the monitoring of persons, places, or events by means of electronic interception, overt or covert observation, or photography, and

"(ii) the use of informants."

(b) CIVIL REMEDIES.—

(1) IN GENERAL.—Subchapter B of chapter 76 (relating to judicial proceedings) is amended by redesignating section 7430 as section 7431 and by inserting immediately after section 7429 the following new section:

"SEC. 7430. CIVIL CAUSE OF ACTION FOR VIOLATION OF SECTION 7214(c).

"(a) REMEDIES.

"(1) DAMAGES.—Whoever violates any provision of section 7214(c) (relating to certain offenses by officers and employees of the United States) shall be liable for damages to any individual or organization which, as a result of such violation, has been subject of a prohibited investigation, surveillance, or recordkeeping, in an amount equal to the sum of—

"(A) any actual damages suffered by plaintiff or $100 per day for each day the prohibited activity was conducted, whichever is greater;

"(B) such punitive damages (not in excess of $1,000) as the court may allow; and

"(C) the costs of any successful action, including reasonable attorney fees.

"(2) EQUITABLE RELIEF.—Any individual or organization which has been the subject of any investigation, surveillance, or recordkeeping in violation of section 7214(c), may bring a civil action against the United States for such equitable relief as the court determines appropriate to enjoin and redress such violation.

"(b) VENUE.—An individual or organization may bring a civil action under this section in any United States district court for the district in which the violation occurs, or in the United States district court for the district in which such person resides or conducts business, or has his principal place of business.

"(c) JURISDICTIONAL AMOUNT.—Any Federal court in which a civil action under this section is brought pursuant to subsection (b) shall have jurisdiction over such action regardless of the pecuniary amount in controversy."

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter is amended by striking out the item relating to section 7430 and inserting in lieu thereof the following new items:

"Sec. 7430. Civil cause of action for violation of section 7214(c).
"Sec. 7431. Cross references."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that such amendments shall not apply with respect to the maintenance of records during the 90-day period beginning on such date of enactment if such records were in existence on such date.

SEC. 8. AWARD OF COSTS TO PREVAILING TAXPAYER.

(a) RECOVERY OF COSTS.—Part II of subchapter C of chapter 76 (relating to Tax Court procedure) is amended by adding at the end thereof the following new section:

"SEC. 7465. RECOVERY OF COSTS.

"(a) IN GENERAL.—In any proceeding before the Tax Court for the redetermination of a deficiency or on any action before the Secretary with respect to such a redetermination, the prevailing party, unless the prevailing party is the United States, may be awarded a judgment of costs in connection with such proceeding and any administrative proceeding relating to such deficiency to the same extent as is provided in section 2412 of title 28, United States Code, for civil actions brought against the United States.

"(b) JUDGMENT.—A judgment of costs entered by the Tax Court under subsection (a) in favor of the prevailing party shall be treated, for purposes of this subtitle, in the same manner as an overpayment of tax. No interest or penalty shall be allowed or assessed with respect to any judgment of costs."

(b) CLERICAL AND CONFORMING AMENDMENTS.—

(1) The table of sections for such part II is amended by adding at the end thereof the following new item.

"Sec. 7465. Recovery of costs."

(2) Section 2412 of title 28, United States Code, is amended—

(A) by inserting "(a)" before "Except", and

(B) by adding at the end thereof the following new subsection:

"(b) In any civil action which is brought by or against the United States for the collection or recovery of any internal revenue tax, or of any penalty or other sum under the internal revenue laws, and in which the United States is not the prevailing party, a judgment for costs may include reasonable attorney's fees, accountant's fees, and clerical expenses."

(c) EFFECTIVE DATE.—The amendments made by this section shall only apply with respect to civil actions, agency actions, and proceedings for the redetermination of deficiencies, the judgment for which becomes final after the date of the enactment of this Act.

SEC. 9. CIVIL ACTION FOR DEPRIVATION OF RIGHTS BY INTERNAL REVENUE SERVICE EMPLOYEES.

(a) IN GENERAL.—Any officer or employee of the Internal Revenue Service who, under color of any Federal law, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.

(b) CONFORMING AMENDMENTS.—Section 1343(a) of title 28, United States Code, is amended—

(1) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(2) by adding at the end thereof the following new paragraph:

"(5) To recover damages or to secure equitable or other relief under section 9 of the Taxpayers' Protection Act."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions arising on or after the date of the enactment of this Act.

SEC. 10. WRITTEN AND ORAL ADVICE GIVEN BY THE SECRETARY SHALL BE BINDING ON THE SECRETARY.

(a) IN GENERAL.—Chapter 77 of the Internal Revenue Code of 1954 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7519. WRITTEN ADVICE GIVEN TO TAXPAYERS BY THE SECRETARY TO BE BINDING ON THE SECRETARY.

"(a) IN GENERAL.—There shall be binding on the Secretary—

"(1) any return with respect to a tax under subtitle A prepared for the taxpayer by an officer or employee of the Internal Revenue Service acting in his official capacity to provide assistance to taxpayers in the preparation of tax returns, and

"(2) any information, advice, or interpretation given in writing to the taxpayer by an officer or employee of the Internal Revenue Service acting in his official capacity.

"(b) EXCEPTION WHERE FAILURE TO PROVIDE ADEQUATE INFORMATION.—Subsection (a) shall not apply to the extent there is a failure by the taxpayer to provide adequate and accurate information to the officer or employee preparing the return or providing the information, advice, or interpretation."

(b) CLERICAL AMENDMENT.—The table of sectons for such chapter is amended by adding at the end thereof the following new item:

"Sec. 7519. Written and oral advice given to taxpayers by the Secretary to be binding on the Secretary."

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to the preparation of returns, and information, advice, and interpretations given, after the date of the enactment of this Act.

SEC. 11. JUDICIAL PROCEEDINGS.

SECTION 7429.—In all administrative and judicial proceedings between the Internal Revenue Service and taxpayers, the burden of proof on all issues shall rest upon the Internal Revenue Service: *Provided, however,* That in those instances where the taxpayer is the sole possessor of evidence that would not otherwise be available to the Internal Revenue Service, the taxpayer may be required to present the minimum amount of information necessary to support his position.

SEC. 12. HISTORICAL COST.

SECTION 2031.—For purposes of the estate and gift tax, all property of all taxpayers shall be valued at historical cost. Historical cost shall be defined as the original cost to the taxpayer or the basis of the property to the entity which transferred the property to the taxpayer if the taxpayer did not purchase the property.

SEC. 13. BASIS FOR EVALUATION OF INTERNAL REVENUE SERVICE EMPLOYEES.

The evaluation of all Internal Revenue Service personnel by their superior shall not be based in any way on the sums collected from taxpayers resulting from audits or investigations in which the Internal Revenue Service personnel participated.

SEC. 14. AUTONOMY OF RELIGIOUS ORGANIZATIONS.

The Secretary shall have no enforcement authority over those organizations described in section 508(c), or shall any action be taken with respect to such organizations except in cases of fraud under title 18, United States Code.

SEC. 15. LIMITATIONS ON CLASS AUDITS.

(1) The Secretary shall authorize, permit, or order no audit or audits of taxpayers as groups, categories, or classes until he shall have: (a) given written notice to each member of the audit group of the item or items of the return which the group has in common, and (b) stated the position of the Secretary as to the reason the Service claims the subject return to be in error, and (c) provided an opportunity for the members of the group to file an amended return conforming to the analysis of the Service, or (d) allowed the members of the group singly or through a group spokesman to contest the position of the Service at a hearing to be provided by the Secretary in accordance with existing regulations.

(2) Upon the filing of an amended return pursuant to (c) of paragraph (1), no penalty or interest upon any increased taxpayer obligation shall be exacted, the mission of the Internal Revenue Service being the collection of taxes, not punitive action against the citizen.

SEC. 16. MISCELLANEOUS PROVISIONS.

Notwithstanding the provisions of any other law, every officer, agent or employee of the Internal Revenue Service shall, before taking any action to interfere with the property rights of any taxpayer,

(A) provide to both parties to joint returns the same notices and information required to be given to either of them.

(B) provide to each such party all rights and privileges available to either of them.

(1) no act by which the Internal Revenue Service intends to alter the property rights of any individual taxpayer, or to commence the time within which the taxpayer may avail himself of legal remedies shall have force and effect unless and until actual notice is provided to each such taxpayer.

(C) In order to facilitate the work of the Problems Resolution Officer, or Ombudsman, and that of any other personnel assigned to the work of servicing public inquiry in any office which there is a regular staff of not less than six employees, the Internal Revenue Service shall provide an information and assistance service to the public, on the premises of such office and open not less than thirty hours during each week in normal business hours, for information, inquiry and consultation on matters concerning individual income tax responsibility. Such a facility shall be staffed by employees reasonably trained in contact with the public and the Internal Revenue Code, sufficient to supply adequate service without undue delay.

(D) Nothing in this Act shall be in derogation of the right of every taxpayer to make a written or electronic record of all contacts with employees and agents of the Internal Revenue Service.

(E) Every taxpayer shall have the right to reasonable adjournments of appointments and interviews, whether initiated by the Service or the Taxpayer, and to have such interviews and appointments made at a place reasonably convenient to the taxpayer.

(F) With due regard to the confidentiality of taxpayer information the Comptroller General of the United States shall, not less frequently than once in every three years, make an audit of the Internal Revenue Service, its methods, practices and procedures, and shall upon completion of such audit, report his findings and recommendations to the Committee on Ways and Means of the House of Representatives and the Finance Committee of the United States Senate.

(G) Absent a showing of fraud, no individual taxpayer shall be subject to audit in more than two consecutive years, nor more than three times in any ten year period.

SEC. 17. LIMITATIONS ON SEIZURE OF RECORDS.

Notwithstanding the provisions of any other law, every officer, agent, or employee of the Internal Revenue Service shall, before demanding, soliciting, procuring, or taking possession of the records of, or personal data concerning any taxpayer—

(A) inform the subject of such inquiry, in writing, of the demand, the specific material sought, and the reason for the solicitation of the material,

(B) have commenced an action or proceeding before a court of competent jurisdiction against the subject of the information sought, and

(C) have justified before the court its need for the data on the same basis and subject to the same limita tions as in discovery under the Federal Rules of Civil Procedure.

SEC. 18. INTERNAL REVENUE SERVICE SUBJECT TO BILL OF RIGHTS.

The Internal Revenue Service, its officers, agents, and employees shall have no authority, power, or capacity against any person by reason of the tax obligations of such person, which power, authority, or capacity is in conflict with the rights and privileges of any person under the Constitution of the United States, provisions of title 26 of the United States Code and contrary prior court determinations notwithstanding.

(A) The provisions of section 501(c)(3) are disjunctive. Entitlement to any benefit under section 501(c)(3) shall not be denied to any person or organization claiming under the provisions of said section by reason of a failure to qualify under more than one of the categories stated.

(B) The privileges, rights, immunities, and obligations of any person and organization under this title are exclusively statutory, nor shall any such privilege, right, immunity, or obligation be changed except by statutory enactment.●

IMMIGRATION POLICY

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. GARCIA. Mr. Speaker, the inscription on the Statue of Liberty reads:

Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore;
Send these, the homeless, tempest-tost to me,
I lift my lamp beside the golden door!

With these words, America embarked on an experiment which char-

acterizes America as a microcosm of the people that make up our world.

Mr. Speaker, the administration has unveiled an extraordinary program which gives the American public the impression that we are in a state of war with the rest of the world.

The administration has requested that Congress grant emergency powers to the President in an attempt to keep unwanted immigrants from reaching the shores of the United States. The administration's proposal will authorize the President, in peacetime, the power to:

Seal off harbors, airports, and roads;

Restrict the right of Americans to travel outside the United States;

Restrict the right of Americans to travel domestically;

Eliminate judicial review of immigration decisions;

Eliminate judicial review of Attorney General determinations in immigration matters; and

Interdict foreign-flag vessels in international waters absent international agreement.

This incredible proposal represents a clear disregard for fundamental American ideals and freedoms, and negates the historical reality that ours is a nation of people representative of the world.

The word immigration is synonymous with American history. Indeed it can be said that the immigrants that have entered our ports have enriched what is commonly referred to as the American culture. Immigrants have paid the price. Silently they labored, sweated, and sacrificed always in the hope of making a better life for themselves and their families.

To the world's poor, our country represents a better way of life. Ours is a humanitarian declaration welcoming to our shores people who suffer religious and political persecution, and economic hardship. This is what we have stood for in the past 200 years.

If we forget our past, we are doomed to fail in our never-ending responsibility to preserve that which all humanity strives for: freedom, opportunity, and hope for a better way of life.

Mr. Speaker, today I introduce a sense of Congress resolution which calls upon the administration to join us in working together toward a more enlightened national immigration policy deserving of the ideals which we so proudly defend.●

THE FUTURE OF ENERGY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. MICHEL. Mr. Speaker, Consumer Alert is an organization dedicated to representing the consumer's interest in combating the added cost which results from excessive Government regulation. Its advisory council consists of such distinguished citizens as William E. Simon, former Secretary of the Treasury and former Administrator of the Federal Energy Office, Yale Brozen, professor of business economics at the University of Chicago and television personality Arthur Godfrey whose interest in environmental issues is long standing.

Consumer Alert recently published a report entitled "We Suggest Nuclear and Solar Energy" which is a brief summary of the major points of a report first made by the International Institute for Applied Systems Analysis. This study, entitled "Energy in a Finite World" was greeted by the New York Times as "* * * probably the most ambitious effort yet to determine the world's long-term energy needs."

I want to bring this summary to your attention. Obviously such a summary can only briefly discuss the major point of the study itself. And, just as obviously, not everyone will agree with the findings. But it seems to me that with all of the economic and national security problems we face today, we might be forgetting that the long-range energy problems that were so prominently publicized a few years ago are still with us. We have to keep thinking about where we are going in the field of energy and how we are going to get there. The following summary, which I wish to insert into the RECORD at this point, offers one view as to the dimension and the possible solutions to our energy problems:

The summary follows:

WE SUGGEST NUCLEAR AND SOLAR ENERGY

THE INTERNATIONAL INSTITUTE FOR APPLIED SYSTEMS ANALYSIS STUDY

"We suggest nuclear and solar energy, as well as the renewable energy sources, as primary energy supplies in a future sustainable energy system."

In these words, the 140 scientists who made up the special energy group of the International Institute of Applied Systems Analyses, summed up their seven year in-depth study Energy In A Finite World. "The study is probably the most ambitious effort yet to determine the world's long-term energy needs," states the New York Times.

This new book carries special significance because it represents the combined work of experts from the scientific communities of nineteen nations—ranging from the U.S. and Great Britain to Japan and includes the Soviet Union. The authors' "global perspective" led them to the conclusion that more—sustainable—energy will be needed to ensure an adequate quality of life throughout the world, particularly in the fast growing Third World.

Energy In A Finite World is also significant because, as a Washington Post review pointed out "The authors actually have the chutzpah to present a methodical, unemotional case for the almost 'unlimited' promise of nuclear energy. They note that a world built on breeder-reactor technology would be 'self-sustaining' and capable of almost unlimited amounts of future growth."

"Solar energy, on the other hand," the Post review continued, "while it could be self-sustaining, would face ultimate limitations on how much energy it could provide. They are enthusiastic about solar's high technology, but are chary about growing 'biomass' for fuel and other land-based schemes—calling it a 'plantation world'. They also point out the enormous capital investment that will be required to develop solar energy, something often overlooked by its enthusiasts."

Who conducted the study

Energy In A Finite World is the result of work conducted at the International Institute for Applied Systems Analysis (IIASA), an organization founded in 1973 "to bring the knowledge and methods of science and technology to bear on important national and international problems." The Energy Project, the Institute's first major study, includes the work of over 100 scientists and other analysts who represented nineteen countries and seventeen national research organizations.

The U.S. National Academy of Sciences, Great Britain's Royal Society of London, the Max Planck Society for the Advancement of Sciences of West Germany and the Academy of Sciences of the U.S.S.R. were all represented. In addition, the scientific academies of Canada, Japan, France, Sweden and several other nations on both sides of the Iron Curtain contributed to the study which was assembled by the Institute's Energy Systems Program Group.

The Program leader was Professor Wolf Hafele, a leading West German expert in physics and engineering. His research team included a cross-section of specialists including a French Petroleum Institute scientist, representatives of Britain's National Coal Board, the Soviet Union's Working Consultative Group on Long-Term Energy Forecasting, Austria's Institute of Psychology, Pakistan's Institute of Nuclear Science and Technology and the London branch of Friends of the Earth. Disciplines ranging from psychiatry and atmospheric research to econometrics were involved in the Energy Project.

The Institute states that the study is "comprehensive both geographically—no area has been omitted—and temporally—the period studied covers the next half century, from 1980 to 2030. The study explores the possible features of global energy systems that are not just post-oil systems, but post-fossil systems. And it explores how, realistically, the world might successfully negotiate the transition to such systems."

Clearly, Energy In A Finite World, unique in its global scope and in its depth of research, provides important new direction to the efforts of the world community and the United States to solve the energy problem. Here, then, are the study's conclusions regarding some of the most pressing energy issues:

The energy problem: no easy fix

"But subsequent events have pushed to the fore the recognition that sharp oil price increases were merely the trigger and that the world faces not a temporary 'crisis', but a pervasive, chronic 'energy problem'. The change in perception goes further: It recognizes that the world is tightly interconnected and explains why the development of appropriate energy policies is such a difficult process."

"Provincialism can only lead to dangerously misguided national policies. To underestimate the difficulties of others, to fail to appreciate the differences between developing and developed countries and to neglect the repercussions that one nation's actions can have on another, only inspire policies that increasingly will strain the world's resources and institutions."

"The transition from the present fossil era to an era based on inexhaustible energy sources will not be straightforward. At the very least, it will require the national energy policies, corporate energy policies, and personal energy behavior be conceived with as clear an understanding of their relationship to the global energy problem as possible. For better or worse, we cannot isolate ourselves."

New uses for coal

"Coal should not be used as the major source of primary energy for meeting world demand for large amounts of energy over the next fifty years, since this would not only deplete its resource base within one hundred years but also create severe environmental and human health hazards."

"Thus to be used strategically during the period of dwindling fossil resources, new coal must serve as the raw input for the production of synthetic liquid and gaseous fuels, so-called synfuels and syngas. Used in this way, coal would serve as a bridge to a future energy world built around nondepletable energy sources."

Fossil fuels: a dwindling resource

"Fossil resources will continue to be indispensable to the world's energy system until we have a sustainable system built around nondepletable energy sources. Eventually, we envisage a time when people will choose not to use fossil fuels because of the availability of cheaper and easier alternatives. That the transition from the use of fossil fuels is inevitable is indisputable."

Nuclear energy: realizing the potential through breeders

"Nuclear energy could supply very large amounts of energy for millennia on a sustainable basis. The promise of nuclear energy lies in the high energy intensity of nuclear fuels as a primary energy source—This means that when properly used, nuclear fuels remain available almost indefinitely. The world's current rsource of uranium, if used in 'breeder' rather than 'burner' reactors, should last thousands of years."

"The real potential of nuclear energy would be realized not only through the production of several terawatts of electric power, but also through the production of hydrogen and other carriers at similar rates. To exploit successfully this potential involves both the timely introduction of breeders and the use of a substantial part of our high quality natural uranium resource."

"With fission breeders, the uranium used is in effect not consumed, but invested in building a system where energy supply is not constrained by resources limitations. Once installed, such a system could provide steadily increasing amounts of energy for millennia. The essence would be the use of breeding, whether fission or fusion. And it would provide the return on the original investment of our natural uranium resources—a continuous provision of energy."

Solar: big investments for large-scale use

"Clearly, when one considers possible sustainable energy systems, solar energy technologies have their place alongside nuclear breeder reactors. Land availability is not expected to be a binding constraint for large-scale solar power. Rather, material requirements (e.g., steel and concrete) will be unusually large and most likely the limiting constraint."

"Currently the need for solar energy storage is a serious problem capable of inhibiting the introduction of such solar facilities on a large scale. But technological possibilities for solving this problem are promising."

"The emergence of a global solar energy system could perhaps bring with it an unprecedented international interdependence and cooperation and a substantial potential for development and growth in many poor but sun-rich regions."

Paths to a sustainable future

"A sustainable energy future can only be one that is not based on the consumption of resources. It is important to realize that there is a quite different mode of using resources—the investive mode."

"This mode can best be explained by contrasting the function of fissile material in the case of the fast breeder reactor to its function in burner reactors. While today's burner reactors burn the little stockpile of fissile material that nature has endowed us with, this is not so in the case of the fast breeder. There, the fissile material functions as a 'catalyst' for the conversion of fertile material."

"It is on this basis that we suggest nuclear and solar energy, as well as the renewable energy sources, as primary energy supplies in a future sustainable energy system. This could be a fundamental change in the situation of mankind."

"And it is in sharp contrast to the situation of today, where in our exploitation of the earth's resources (excluding water), we must devote roughly 75 percent of these resources solely to energy purposes. What the optimal mix between nuclear, solar and renewable energy sources will turn out to be is not critical to our discussion here. What is more important is that these sources exist."●

BROOKS HAYS

HON. CLAUDE PEPPER

OF FLORDIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 4, 1981

● Mr. PEPPER. Mr. Speaker, the passing of Brooks Hays was indeed the falling of a great oak in the forest of our time. Brooks Hays was a victim of the prejudice which marked a period of his life. Because he would not yield to racial prejudice and agree to deny to Americans the rights guaranteed by our Constitution, he was defeated for membership in the House of Representatives. But he made a gallant fight for principle and for Americanism. After his defeat, his career was perhaps more illustrious than it was in the years he served in this House. Because his great voice had much to do with the elimination of the kind of prejudice that defeated him, he was the voice of healing of social ruptures; he was the voice that closed the gap between groups of citizens; his was the eloquent voice that held up the high ideals of America for all Americans. He always had a religious role—justice, fairness, decency, and respect for the dignity of all people. With his keen wit, he was able to tear down many barricades of prejudice. With his charming manner, he was able to induce those who were enemies to practice friendship and fellowship. So, Brooks Hays was a man for all seasons. He fought for and he helped to build a better America. He has left a noble legacy of charm, of wit, wisdom, and courage. He has made us all immeasurably richer in the meaningful assets of life.●

INTERIM REPORT ON THE 36TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY BY THE CONGRESSIONAL MEMBERS OF THE U.S. DELEGATION

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. GILMAN. Mr. Speaker, on behalf of the gentleman from Florida (Mr. IRELAND) and myself, I submit herewith our interim report of the work of our U.S. delegation at the United Nations General Assembly.

As you know, President Reagan appointed us as delegates to the 36th session of the U.N. General Assembly, continuing the tradition of a congressional presence on the U.S. delegation. The President also appointed three public delegates: George Christopher, former mayor of San Francisco; Senator John Sherman Cooper, former U.S. Ambassador to East Germany and a congressional adviser to the 1949 and 1968 UNGA; and Bruce Caputo, former Congressman and State legislator from New York.

Our assignment requires us to be at the U.N. in New York a portion of our time in order to participate in a range of assignments in the committee and plenary sessions of the U.N. General Assembly.

This General Assembly is a first for the Reagan administration as well as for both of us. The change of administration is reflected in our Nation's approach to UNGA. Components of this approach consist of promoting the administration's political goals on the range of issues on the agenda of this 156 member world body. They also include developing strategy and tactics to achieve these goals.

Our principal goal is to articulate America's interests, which could be summed up as real politik reminiscent of the tenure of Ambassador Moynihan in the UNGA and its major standing committees. Though it is too soon to assess the results of this approach, one signpost can be found in the title

of Ambassador Jeane Kirkpatrick's recent speech: "Standing Alone."

In the Ambassador's view, the United States is now standing alone as a world power in the United Nations, primarily because it is not a member of any of the many blocs in this world body. The Soviet Union belongs to the Eastern bloc. The United Kingdom, France, the Federal Republic of Germany, Italy, and the Benelux belong to the European Community (the EC-10). Venezuela and other friendly Latin American countries belong to the Latin American bloc. Singapore, Indonesia, Thailand and other Asian states, to the Asian bloc. There is also an African bloc.

In addition, about 95 African and Asian states belong to the Non-Aligned Movement and 124 African, Latin American, and Asian states to the Group 77 (its name refers to its original 1964 membership). These various blocs of states caucus to discuss their mutual concerns and formulate policy goals and strategies.

As Ambassador Kirkpatrick pointed out, the United States belongs to none of these blocs and, therefore, stands alone. In point of fact, the United States has traditionally belonged to the Western European and Other Group (the so-called WEOG) at the United Nations. However, growing strains in our relations with our European allies threaten to put us outside the WEOG.

The United States also stands alone on some important policy issues, such as the Camp David accords in the Middle East, the U.N. program budget, the U.N. Conference on the Law of the Sea, the question of East Timor, the U.N. Decade to Eliminate Racial Discrimination and on a recent resolution calling for a report on the Jerusalem excavations.

We are not alone in everything, of course. We have joined a majority on some other important issues, for instance, the recent resolution on the political situation in Kampuchea, which calls on foreign troops to withdraw and for a political settlement.

As for strategy and tactics, the U.S. behavior is marked by both traditional and novel approaches. We are pleased to report that Ambassador Kirkpatrick and the Mission staff undertake the work of the 36th UNGA in a diligent and competent manner and are especially concerned about what other countries are saying about the United States. While our delegation has not hesitated to applaud those we approve of, there are others whom the United States unmistakenly disapproves. For instance, we have not taken lightly the unfounded accusations of Cuba, Libya, Ethiopia, and Nicaragua. When they slandered the United States, our delegation promptly interjected a right of reply to set the record straight.

Perhaps the most widely publicized response by the United States to a U.N.-sponsored initative was Ambassador Kirkpatrick's letter to 63 members of the Non-Aligned Movement who signed the Non-Aligned Communique following last September's ministerial meeting of about 95 heads of state and the foreign ministers of Non-Aligned.

This year, Cuba chaired the Non-Aligned Meeting (NAM) and the Communique that was issued from the Cuban mission in New York leveled accusations against the United States, Israel, and South Africa, but did not once mention the Soviet Union's aggressions.

Among other accusations, the NAM Communique condemned the Camp David accords; Israeli measures on the "Judiazation of the Holy City of Jerusalem"; the "hostile position of the U.S. Government toward the Palestinian people"; "naked Israeli aggression on Iraqi nuclear installations"; deplored the blocking of global negotiations "mainly by one country," and expressed grave concern over "strategic cooperation between the United States and Israel."

In the past, U.S. delegations have dealt with similar communiques behind the scenes and in the corridors. Ambassador Kirkpatrick, however, sent a formal letter to 63 countries expressing regret that they associated themselves with the Non-Aligned Communique. Many of those delegations had previously indicated their reservations to the Communique and, interestingly enough, some states which had not received the letter phoned to inquire why they were omitted. The U.S. mission gladly sent them a letter.

Both of us have followed up on Ambassador Kirkpatrick's initiative in the House of Representatives by introducing House Resolution 261 (similar to Senator MOYNIHAN's amendment to the 1981 foreign assistance bill). A copy of our resolution and our statements appears in the CONGRESSIONAL RECORD of October 28, on pages H7864 to H7875. We hope you will support our resolution because we believe that if we are going to provide economic and military assistance to countries, the least we can expect is that they not abuse us.

On a more general theme, we have found that just about every possible world issue comes before the U.N. General Assembly as well as some you have probably never heard of; just keeping abreast of the issues and evolving U.S. policy on them requires an enormous amount of work which absorbs the daily lives of about 100 mission professional staff, the political ambassadors and the delegates.

Every day we receive a continuous flow of U.N. documents and cables from Washington, Geneva and foreign embassies reporting on development related to issues coming up here. Early every morning, we attend U.S. delegation briefings at the mission which are followed by U.N. committee sessions which start at 10:30 a.m.

In committees, we take part in the debates, deliver U.S. delegation statements, confer with working groups within the committees and move in and out of the plenary session which usually meets simultaneously with the committees; attending official lunches and meeting with foreign representatives in the delegates lounge are all part of the business of being U.S. delegates.

At this writing, the 3-week period known as the general debate is behind us and the seven standing committees of the General Assembly are well into their respective programs of work which will carry them through the first week of December. The committees will report all resolutions they adopt to the plenary of the UNGA for final approval before mid-December.

Briefly, some of the highlights of the opening weeks of the 36th session are as follows:

An unusual event in the UN Procedures occurred on opening day when there was a tie vote on the third ballot for the election of the Assembly's President. Pursuant to the U.N. Rules of Procedure, outgoing President Von Wechmar (FRG) had to make the final decision by drawing lots. Mr. Kittani of Iraq won, defeating Tommy Koh of Singapore and Khwaja Kaiser of Bangladesh. President Kittani had previously been Acting Deputy Permanent Representative of Iraq to the UN, the Iraq Permanent Representative to the UN in Geneva, Secretary of Economic and Social Council, and Executive Assistant to the Secretary General with rank of Assistant Secretary General.

Two new states were admitted to the U.N.: Vanautu (formerly the New Hebrides, a territory of the United Kingdom) and Belize (also a former British Colony near Guatemala), bringing the U.N. membership to a grand total of 156 states.

During the early part of the UNGA, the Credentials Committee reviewed some 40 states' credentials, including two potentially controversial cases—Democratic Kampuchea and Israel, which the Assembly in turn approved. The United States was particularly concerned that the General Assembly approve Israel's credentials because the International Atomic Energy Agency was preparing to discuss the suspension of Israel. The General Assembly's action contributed to IAEA's postponing its debate on that sensitive matter.

The General Assembly's general debate started on Monday, September 21 and concluded on Friday, October 9. While no real formal debate takes

place during this time, those three weeks are extremely important to the entire General Assembly because foreign ministers and heads of state travel to the U.N. to deliver major foreign policy addresses and, after the formal proceedings, meet and consult with each other. During that period, the U.S. mission, the corridors of the U.N. General Assembly and the U.N. Plaza Hotel (next door) are bustling with constant activity while these informal, official meetings go on.

Altogether 125 foreign ministers, 14 heads of state, 11 deputies of vice presidents and 6 other ministers attended the plenary session of the UNGA. A large majority, delivered foreign policy addresses.

On the opening day of the debate, Secretary Haig came to the U.N. to deliver a major U.S. policy address. "A New Era of Growth." He focused on international development, stating we must build a new strategy for growth marked by an open assistance with sound domestic policy and self-help, regional cooperation and bilateral consultations, reliance on incentives for individual economic performance, and a measure of security and political stability. Following his address, more than 75 delegates stood in line to congratulate the Secretary.

You may recall reading about the Secretary's U.N. meetings with Soviet Foreign Minister Gromyko and President Duarte of El Salvador. He also met with numerous leaders from Africa, Asia, and Latin America.

Of the total 125 foreign dignitaries delivering major addresses only one was a woman: Her Excellency, Mrs. Mary E. Charles, Prime Minister and Minister for Finance and External Affairs of the Commonwealth of Dominica.

October 7 marked the saddest day in this General Assembly when we received news of President Sadat's assassination. Over 4 million people phoned the U.N. to find out what would happen in the Middle East and as a result caused the entire New York phone system to blank out. On the following day, the United States joined representatives of the European Communities, the Asian, African, Latin American, and ASEAN groups to pay tribute to President Sadat. Ambassador Kirkpatrick read President Reagan's eloquent message, commenting that President Sadat was an "authentic hero and a man who demonstrated that the classical virtues of reason, charity, courage, vision and honor are as relevant to our times as to past ages."

Each of us have been assigned work in two standing committees. Ben Gilman follows the work of the Special Political Committee and the Third Committee on Social and Humanitarian Affairs. Andy Ireland looks after the Second Committee on Economic and Financial Matters and the Fifth Committee on Administrative and Budgetary Matters.

Our committee assignments keep us busily involved. We start off the day with early morning delegation meetings at the mission reviewing the activities of the previous day and being briefed on special subjects, such as U.S. policy on arms control and disarmament, human rights, global negotiations, or the U.N. budget. We then move on to U.N. committee meetings across the street where we take part in the debate.

Andy Ireland delivered the U.S. statement on the U.N. budget for the 1982-83 biennium which outlined the Reagan administration's support for a policy of no program growth and no new institutions in an effort to maintain spending levels and prevent the proliferation of U.N. activities. He stressed the need for the efficient and effective use of existing moneys and the internal redeployment of moneys to meet new needs.

Needless to say, this is not a particularly popular position, and the United States may find itself alone in voting on the U.N. budget; however, such a policy is necessary to keep U.S. contributions, the largest of all member states, to a legal minimum.

Ben Gilman delivered the U.S. position on the question on information and on an unexpected item concerning the Jerusalem excavations in the Special Political Committee. In his remarks on information, he strongly endorsed the principles of a free press, the free flow of information and exchange of ideas, and referred to the U.S. initiative to support the training of Third World journalists under UNESCO's auspices.

The excavation item, sponsored by several Arab States, called for a resolution which would authorize the submission of a report on the status of the Jerusalem excavations in time for the debate on the item of Israeli practices later in November.

The United States opposed the resolution on procedural and substantive grounds; but the resolution was adopted by a wide margin with only the United States and Israel voting against it. In the third committee, Ben made several U.S. statements, including one on the International Youth Year, the World Assembly on the Aging and Crime Prevention; and another supporting our resolution creating a World Assembly on Aging.

Meanwhile, in plenary session, the General Assembly observed World Food Day on October 16, where Ben Gilman gave the U.S. statement, referring to strong U.S. support for food assistance, noting the large U.S. bilateral and multilateral contributions to alleviating the terrible problems of world hunger.

While the committees are at work, the plenary continues to meet to consider items deemed too important to allocate to any one committee. It is presently considering global negotiations, the U.N. Conference on the Law of the Sea and the situation in the Middle East. As draft resolutions are adopted in the seven standing committees and forwarded to plenary, it will consider them.

One critical decision yet to be made is the election of the Secretary-General. This election requires the General Assembly's approval of the Security Council's nomination of the U.N. Secretary-General. For the last week neither of the two candidates, Secretary-General Kurt Waldheim nor Salim Salim of Tanzania, has been able to obtain the required support in the Council.

We hope to keep you informed of further developments at the U.N. Meanwhile, if you have a particular interest in any issue before the U.N. General Assembly, we hope you will not hesitate to call upon us.●

PROMOTING IMPLEMENTATION OF HELSINKI ACCORDS

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mrs. FENWICK. Mr. Speaker, 5 years ago yesterday, on November 9, 1976, 10 brave Ukrainians announced the formation of the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords. The group was founded to monitor the compliance of the Government of the Soviet Union with the terms of the final act of the Conference on Security and Cooperation in Europe, more popularly known as the Helsinki accords.

Unfortunately, in the 5 years which have passed since then, the Soviet Government has demonstrated its unwillingness to live up to the signed commitments it made in the Helsinki pact. Almost all of the original 10 members and 27 individuals who later joined the Ukrainian Helsinki Group are now in prison, in labor camps, or in exile. The most famous member of the groups, the poet Mykola Rudenko, is serving a 12-year sentence in a corrective labor colony in the Mordovian complex. Mr. Rudenko, the original group leader, was nominated for a Nobel Peace Prize earlier this year by several members of the U.S. Commission on Security and Cooperation in Europe. Subsequently, 69 Members of the House wrote to the Soviet authorities asking that he be released, but our appeal was not answered.

As the attached list shows, however, Mr. Rudenko is not the only member

of the Ukrainian Helsinki Group to be persecuted by the Soviet Government. With the exception of the lucky few who were able to emigrate to the United States and West Germany, all of the 37 members of the group have been imprisoned, sentenced to labor camps, or banished to internal exile. The names and the current status of these brave individuals follow:

UKRAINIAN PUBLIC GROUP TO PROMOTE THE IMPLEMENTATION OF THE HELSINKI ACCORDS

Date and place established: November 9, 1976 in Kiev, Ukraine.

Group leader: Mykola Rudenko.

Founding members (10): Berdnyk, Oles, labor camp; Grigorenko, Petro, now in USA; Kandyba, Ivan, prison; Lukyanenko, Levko, labor camp; Meshko, Oksana, exile; Matusevych, Mykola, labor camp; Marynovych, Myroslav, labor camp; Rudenko, Mykola, labor camp; Strokata, Nina, now in USA; Tykhy, Oleksiy, labor camp.

New members (27): Chornovil, Vyacheslav, labor camp; Heyko, Olha, prison; Horbal, Mykola, prison; Kalynychenko, Vitaliy, prison.

Joined while in labor camp: Karavansky, Svyatoslav, now in USA; Krasivsky, Zinoviy, labor camp; Lesiv, Yaroslav, labor camp; Lytvyn, Yuriy, labor camp; Malynkovych, Volodymyr, in Germany; Melnyk, Mykhaylo, suicide; Ovsiyenko, Vasyl, labor camp.

Joined while in labor camp: Popovych, Oksana, labor camp; Rebryk, Bohdan, labor camp; Romanyuk, Vasyl, Rev., released; Rozumny, Petro, released.

Joined while in exile: Senyk, Iryna, exile; Shabatura, Stefaniya; released.

Joined while in labor camp: Shukhevych, Yuriy, labor camp; Shumuk, Danylo, labor camp; Sichko, Petro, labor camp; Sichko, Vasyl, labor camp; Sokulsky, Ivan, labor camp; Strilsiv, Vasyl, labor camp; Stus, Vasyl, labor camp; Svitlychna, Nadiya, now in USA; Vins, Petro, now in USA; Zisels, Yosyf, labor camp.

It is indeed a tragedy that those who dare to speak out on behalf of freedom, that those who seek to defend the rights which are supposedly guaranteed them, should be treated in this way. The least that we who enjoy the luxury of freedom can do is to raise our voices on behalf of those who have been silenced. We who can speak, publish, and assemble as we wish must keep the glare of world attention on those who enjoy no such rights. For this reason, I hope that my colleagues will join me in commemorating the fifth anniversary of the founding of the Ukrainian Public Group To Promote the Implementation of the Helsinki Accords.

Thank you, Mr. Speaker.●

SOIL EROSION: "THE QUIET CRISIS"

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. OBERSTAR. Mr. Speaker, if we allow the problem of soil erosion to worsen, the United States can look forward to a return of a soil erosion crisis rivaling the Dust Bowl days of the thirties. It is, as Minnesota conservationist Harry Major says, "the quiet crisis."

In a "Viewpoint" column from the St. Paul Pioneer Press of November 8, 1981, Mr. Major, State conservationist for the soil conservation service, offered a thought-provoking, disturbing analysis of the problem of soil erosion facing the United States, and Minnesota in particular.

Mr. Major described the effect of inadequate conservation activities on American farmland and the potential consequences of the failure to protect topsoil.

I ask that his column be included in the RECORD; it is an analysis which should disturb Members of Congress enough to provoke them into supporting continued funding for soil conservtion service programs.

OUR FARMLAND IS BLOWING AWAY

(By Harry Major)

There is a quiet crisis growing in Minnesota.

You've seen the damage created by this quiet crisis, while driving along the country roads. Gullies and rills scar the rolling farmland. Mounds of soil are heaped in a roadside ditch—deposited during a dust storm that rivaled the Dust Bowl days. Down the road, the bank of the stream is gouged from the churning water.

Erosion of our soil is the quiet crisis. More than 100 million tons of topsoil erodes yearly from our state's cropland. That's enough soil to bury both sides of I-94 under 12 feet of sediment from Minneapolis to Miles City, Montana.

Soil erosion costs all of us in Minnesota. How? Erosion indirectly increases the cost of our food. Expensive fertilizers are applied to compensate for the nutrients lost when the topsoil erodes. As proof, last year, Minnesota farmers applied more than a million tons of fertilizers to their cropland. And these costs are eventually passed on to the consumer.

Other costs—eroded soil clogs roadside ditches and pollutes rivers and lakes with sediment. In Polk County, located in the Red River Valley, local officials estimate the cost to excavate soil blown into ditches in last spring's wind storms at $500,000. Counties throughout Minnesota expend many thousands of dollars to clean out roadside ditches.

Dredging the Mississippi River of sediments cost $2 million last year. This fiscal year, the Corps of Engineers estimates that dredging cost will nearly double that to keep the river channel open.

And, still, there are the hidden costs. Sediment pollutes the water. The soil particles contain chemical fertilizers which threaten aquatic life.

Nationally, the productivity of 34 percent of U.S. cropland has decreased because of erosion of topsoil. If we are to control soil erosion, thereby protecting the land's capacity to produce food, more landowners need to use conservation practices. Slowing down soil erosion can be accomplished by using conservation tillage, field windbreaks, farming with terraces, and contour strips.

Landowners need not fight this battle alone. The Soil Conservation Service (SCS) provides technical assistance to farmers to plan, implement and manage conservation practices. Farmers can receive SCS assistance for just portion of their farm or on the entire operation.

Last year, SCS provided assistance to some 22,000 Minnesota landowners. Examples of conservation practices applied by farmers with SCS help include:

CONSERVATION TILLAGE

More than 5 million acres of cropland were farmed this way in 1981. By practicing conservation tillage, a farmer leaves crop residue on the field, protecting the soil from the pelting rains and gusty winds.

FIELD WINDBREAKS

Approximately 300 miles of windbreaks were planted in 1980. Windbreaks force the wind upward, protecting the soil from erosion.

STRIPCROPPING

With contour strips farmers alternate strips of row crops with grain or alfalfa, and they plant on the contour of the hillside, rather than straight up and down. This practice reduces erosion.

Financial assistance for these conservation practices is available through the Agricultural Stabilization and Conservation Service (ASCS) and the Soil and Water Conservation District (SWCD). Through these agencies, farmers can receive a maximum of 75 percent cost-sharing for the conservation practices installed, depending on the county policies.

Our precious farmland needs to be protected, not only by the farmer but also by the urban dweller. Each year, 49,000 acres of Minnesota's farmland is paved over with housing developments, roads, and industrial buildings. Approximately one-third of this land was prime farmland—the richest, most fertile ground for crops to flourish.

The war between the bulldozer and the plow will continue until counties are armed with soil information for making land use decisions. Soil surveys, conducted by the Soil Conservation Service, provide maps and descriptions of the various county soils, land use capabilities and erosion hazards. Already, in many counties, land use planners and county commissioners use the soil survey data to assess the capability of the land for it's most appropriate use.

We have the tools to reduce soil erosion, and protect prime farmland from defacement by urban sprawl. The question remains whether we—all users of the land—will use these tools. Finite and precious, our farmland needs to be protected now.●

PUBLIC EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1981

HON. PHILLIP BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. PHILLIP BURTON. Mr. Speaker, today I am introducing, with my distinguished colleagues, Mr. ERLENBORN, Chairman PERKINS, Mr. BIAGGI, and Mr. PEYSER legislation which will establish Federal disclosure requirements and fiduciary standards for pen-

sion plans covering State and local government employees.

The basic thrust of this legislation remains unchanged from the bill which was introduced last Congress as H.R. 6525. But a number of changes which were suggested to the subcommittee by various interested parties have been incorporated in this bill. The subcommittee intends to consider these proposals as soon as the legislative schedule permits.

Although the legislation establishes minimum Federal reporting disclosure requirements for public employee benefit plans, we recognize the importance of preserving and encouraging State and local regulation of these plans. A key feature of the proposals is an exemption from these Federal requirements if the State or locality sets substantially equivalent requirements.

Adoption of the minimum disclosure standards in this bill is essential to protect the rights and interests not only of plan participants and their beneficiaries but also of taxpayers at large. The reporting and disclosure practices of many State and local plans fall far short of the standards established for private plans. Public employees and taxpayers of the State and localities are no less entitled to access to important financial and benefit information than their private sector counterparts.

Moreover, since the Federal pension plans are already subject to ERISA-type financial reporting standards as a result of Public Law 95-595, there is no reason that States and localities should not be held to a similar standard.

In addition, a uniform Federal standard of fiduciary conduct is urgently needed for public employee retirement systems to protect plan participants from the wasting of plan assets and plan mismanagement. Under this bill, fiduciaries are required to act prudently and to hold and use plan assets for the exclusive benefit of plan participants. This is the same standard that Congress adopted for private pension plans. Certainly no less should be expected and required of those individuals involved in the management and disposition of public funds than is expected and required of fiduciaries in the private pension community. A summary of the bill follows:

SUMMARY OF THE MAJOR PROVISIONS OF THE PUBLIC EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1981

PURPOSES

The Public Employee Retirement Income Security Act of 1981 (PERISA) will protect the interests of participants and beneficiaries in public employee pension benefit plans, the Federal government and the general public in the operation of such plans and minimize the possible adverse impact of the operation of these plans on Federal revenues and expenditures and the national securities markets by:

(1) requiring the disclosure of financial and other information about these plans to participants and their beneficiaries, employers, employee organizations, and the general public,

(2) establishing standards of conduct and responsibility for fiduciaries of public employee pension benefit plans; and

(3) providing for appropriate remedies, sanctions, and access to the Federal courts;

COVERAGE

All public employee pension benefit plans are covered by this Act except those plans which are:

(1) covered under section 4(a) of the Employee Retirement Income Security Act of 1974 and not exempt under section 4(b)(1) of that Act;

(2) unfunded plans maintained by the employer primarily to provide deferred compensation for select management or highly compensated employees;

(3) severence pay plans;

(4) agreements which are solely coverage agreements entered into pursuant to section 218 of the Social Security Act;

(5) individual retirement accounts or annuities within the meaning of section 408 of the Internal Revenue Code, or retirement bonds within the meaning of section 409 of the Code;

(6) plans described in section 401(d) of the Code;

(7) 403(b) annuity plans;

(8) eligible State deferred compensation plans (as defined by section 457(b) of the Code).

(9) plans maintained solely to comply with applicable workers' compensation or disability insurance law.

EXEMPTION FOR PLANS MEETING MINIMUM STATE OR LOCAL STANDARDS

The bill provides an exemption from the reporting, disclosure, bonding, and certain related civil enforcement provisions of the Act if a state or a political subdivision thereof has established or establishes substantially equivalent requirements for public employee pension plans within its jurisdiction. The determination as to whether state or local requirements meet this test is made by the Secretary of Labor. Partial exemptions may also be granted.

REPORTING AND DISCLOSURE REQUIREMENTS

The plan administrator of a public employee pension plan has the following disclosure responsibilities under the bill:

(1) to provide to plan participants and beneficiaries an accurate written discription and comprehensive summary of their rights and obligations under the plan. Any material modifications to the plan must be similarly summarized and communicated to participants and beneficiaries. These summaries must be written so that the average plan participant will understand them.

Generally a summary plan description (SPD) must be updated at least once every 10 years by integrating the changes made within that period. If, however, a plan amendment is adopted which has the effect of curtailing or reducing benefits or benefit entitlements, the SPD must be updated within 5 years.

A copy of the SPD and any summary of material modifications must be filed with the Secretary of Labor at the same time these materials are distributed to participants and beneficiaries.

(2) to furnish within 60 days after a written request (but not more than once a year) a statement providing a participant or beneficiary with information as to total accumulated contributions, pension benefits, and vesting status.

(3) to furnish to any participant who terminates employment, makes a benefit election, or receives a benefit payment or return of contribution, information concerning that participant's pension benefits and rights.

Disclosure must be made to the public and other interested parties in the following ways:

(1) copies of the summary plan description, annual report, bargaining agreement, and other plan documents must be available for examination in the principal office of the administrator and in other locations;

(2) copies of such documents, for which a reasonable charge may be made, must be provided to any participant, beneficiary, employee organization which represents covered employees, or resident of any state which establishes, or a political subdivision of which establishes the plan, within 60 days after a written request;

(3) the plan administrator must prepare an annual report for each plan year, which is to be filed with the Secretary of Labor within 210 days of the close of the plan year. The annual report must include the general information described in Section 105 and the financial statement described in Section 106. If applicable, plans must also include the actuarial and other information described in Sections 107 and 108.

A plan must engage an enrolled actuary to perform an actuarial valuation at least once every three years. In performing this valuation, the actuary must utilize assumptions and techniques which represent the actuary's best estimate of anticipated experience under the plan.

In addition, a plan must engage an independent qualified public accountant to audit the plan and render an opinion as to whether the financial statements are presented fairly and in accordance with generally accepted accounting principles. Under certain conditions, a state auditor may be considered an independent qualified public accountant.

The bill requires the Secretary of Labor to prescribe simplified annual reports for plans with less than 100 participants and permits the Secretary to exempt any plan or class of plans from any reporting and disclosure requirements under Title I.

Required filings may be rejected by the Secretary if they are incomplete or there is a material qualification in the accountant's opinion or actuary's statement required as part of the annual report. The plan administrator may have 45 days to cure a filing which has been rejected. After that time, the Secretary may order a plan audit, bring a civil action, or take any other action authorized under the bill.

FIDUCIARY STANDARDS

The Act establishes standards of conduct with respect to the operation and administration of a plan for persons who have discretionary control over a plan or its assets.

Every plan must be established and maintained pursuant to written instruments. These instruments must identify one or more named fiduciaries who control the plan and are responsible for its operation and administration. Plan assets must be held in trust and used for the exclusive benefit of participants and beneficiaries.

In general, a fiduciary is defined as any person who exercises any discretionary authority or control with respect to the management of a plan or the disposition of its

assets, who renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of a plan, or who has any discretionary authority or responsibility in the administration of a plan. However, a person acting in his or her governmental capacity is not a fiduciary with respect to actions taken in that capacity regarding the establishment of plan benefit levels, funding and eligibility standards. Moreover, a legislator acting in his or her legislative capacity is not a fiduciary with respect to legislative actions taken in connection with a public employee benefit plan.

Fiduciaries must discharge their duties with the skill, care, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in a similar situation under the circumstances then prevailing.

Certain transactions between the plan and a party in interest are specifically prohibited. However, the Department of Labor must establish a procedure under which a plan may request an exemption from these prohibitions for a particular transaction or class of transactions provide that adequate safeguards are demonstrated.

Pursuant to plan procedures, named fiduciaries may generally allocate responsibilities among themselves or designate other persons to carry out fiduciary duties. However, a named fiduciary with trustee responsibilities (i.e., control of plan assets) cannot allocate or designate those responsibilities. With certain limited exceptions, plan assets must be placed in one or more trusts to be managed by trustees designated in the trust instrument(s) or by trustees appointed by named fiduciaries. Plan assets must be used for the exclusive benefit of participants and beneficiaries.

The trustees (who may also be named fiduciaries) exercise exclusive control over the assets in their trust, except in the following circumstances:

(1) if a named fiduciary (who is not a trustee) properly directs the trustee to take an action, or

(2) the named fiduciary has appointed an investment manager to manage certain of the trust assets.

A fiduciary remains liable for the illegal acts of a cofiduciary if the fiduciary knowingly participates in or conceals such illegal acts. A fiduciary is personally liable to the plan for any failure to meet the requirements relating to fiduciary or cofiduciary obligations.

The Act protects plans against loss by reason of fraud or dishonesty by requiring fiduciaries who handle funds to be bonded.

ENFORCEMENT

Civil actions may be brought by specified persons to enjoin or redress violations, or otherwise enforce provisions of the Act. Failure to comply with a request for information which is required by the Act to be furnished upon request may result in personal liability for the plan administrator. Failure to file a required form with the Administration upon notification and demand may result in a $10 per day penalty, not to exceed $5000.

Exclusive Federal court jurisdiction is provided for violations of the fiduciary provisions of the Act and for suits against the Department of Labor. Concurrent state and Federal jurisdiction is retained for other types of actions, including actions brought under any provision of state law which has been deemed under section 102 by the Secretary of Labor to be substantially equivalent to the Federal standards.

If the plaintiff in civil action prevails or substantially prevails, the court must award attorney's fees, unless an affirmative finding of good faith on the part of the defendant is made and the court determines that such an award would not further the purposes of the Act. If the defendant prevails or substantially prevails the court may award attorney's fees.

ADVISORY COUNCIL

An eleven member Advisory Council on Governmental Plans is established under section 307 to advise the Secretary. The Council must work with employers, employee organizations, employees, administrators, and other interested persons to establish guidelines for public employee pension benefit plans with respect to matters for which requirements are not established by PERISA.

Within a year after the initial appointment of its members, the Council must submit a report to the President and the Congress which contains its recommendation with respect to the initial implementation of the provisions of the Act.

PREEMPTION

The fiduciary provisions preempt all state laws insofar as they relate to the subject matter of such provisions. All other state laws would remain unaffected except to the extent that they relate to the subject matter of the other provisions of the Act as applied to public employee benefit plans.

EFFECTIVE DATES

Generally the provisions of the Act take effect at the beginning of the second calendar year following the submission by the Advisory Council of the report which is required under Section 307(b)(1) of the Act. The provisions authorizing the Secretary to promulgate regulations shall take effect on the date of submission of the Advisory Council's report. Certain other provisions which are specifically enumerated in Section 312(c) take effect on the date of enactment.●

ACID RAIN

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. SCHEUER. Mr. Speaker, I rise today to introduce legislation which would alleviate, in a cost-effective manner, the impacts of one of North America's most devastating environmental problems—acid rain.

Scarcely 1 year ago, a survey conducted by the Council on Environmental Quality showed that only about 20 percent of the American public knew what acid rain was; however, in large part due to the outrage of our Canadian friends and to a spate of recent feature articles in national publications, I would venture that that figure today is significantly higher. With this growing awareness of acid rain, the issue has become politicized. Unfortunately, positions have also hardened, and the facts have become obscured.

It is unfortunate that rhetoric has begun to creep into the discussions of acid rain, because there are some basic facts about the issue on which reasonable people can agree. We know, for instance, that the undesirable acidic end products of wet and dry deposition from the atomsphere are sulfates and nitrates. By and large, the vast majority of these compounds which are deposited in North America are derived from man's activities—from the combustion of fossil fuels, which releases sulfur dioxide and nitrogen oxides into the atmosphere. A University of Washington study, for example, has found that less than 2.5 percent of the sulfur emitted in the Northeastern United States is of natural origin.

We know a great deal about both current and past levels of sulfur dioxide and nitrogen oxide emissions in the United States and about the source of these emissions. In the case of sulfur dioxide, two-thirds of the 28 million tons emitted annually in the United States comes from electric utilities. The vast majority of the utility emissions are from the Ohio Valley; three States—Ohio, Pennsylvania, and Indiana—contribute almost 25 percent of the Nation's total sulfur dioxide emissions, and nine contiguous Eastern States contribute more than half of the U.S. total.

We know that because of the long-range dispersal of pollutants by tall stacks and because of average weather patterns in the Eastern United States, most of the pollutants emitted in the Ohio Valley are transported eastward to be deposited far from their source. No competent scientist would claim to know exactly how much of the pollution in New York, New England, or eastern Canada comes from the Midwest, but available evidence clearly indicates that long-range transport of pollutants is indeed occurring. It is estimated, for example, that 70 to 86 percent of the sulfur deposited in the State of New York originates outside the State's borders. In the Adirondack Mountains of New York, highest ambient sulfate concentrations occur during brisk southwesterly winds which have followed a stagnation period 12 to 36 hours earlier in the Midwest, where sulfur emissions are high.

While recent Harris polls indicate clearly that the American people are committed to improving environmental quality in this coutry, we must insure that environmental regulations are appropriate for the magnitude of the environmental insult. This country can ill afford unproductive investments at a time when our worldwide competitive posture in a wide range of industries and services is slumping.

In evaluating the estimated costs of acid rain and the costs involved in ameliorating the problem, the recently released report of the National Academy of Sciences is highly informative.

The Academy—surely as objective a body as one could hope for on this issue—concluded that the circumstantial evidence for the role of powerplant emissions in the formation of acid rain was "overwhelming" and that "continued emissions at current or accelerated rates, in the face of clear evidence of serious hazard to human health and to the biosphere, will be extremely risky from a long-term economic standpoint." The panel concluded that the picture is disturbing enough to merit prompt tightening of restrictions on emissions, including a 50-percent reduction in sulfur dioxide emissions.

As the Academy panel and others have pointed out, the dangers of acid rain involve more than the destruction of fish in high-altitude lakes in the Northeast. These dead lakes—which number over 200 in the Adirondacks alone—may be a harbinger of even more serious long-term impacts of acidic precipitation. These possible impacts include reduced yields of agricultural crops and forests; damage to soil productivity; accelerated deterioration of materials and structures exposed to air, water, and soil; reduced visibility; and damage to human health from inhalation of fine particles and from drinking water contaminated by the leaching of heavy metals.

In the face of these actual and potential environmental impacts, I feel that the risks of not acting soon enough to control acid rain exceed the risks of acting prematurely. By beginning to mitigate acid rain now, we begin to protect those resources that are irreversibly threatened by acid rain—human health as well as materials and structures. We take a large step toward alleviating a source of friction between Canada and the United States. And, as the Academy panel noted, we begin to reduce the risk that we will pass on to our descendants a degraded environment, shortages of food, and risks to their health.

Mr. Speaker, I believe that the bill I am introducing today is a sensible, cost-effective approach to acid rain and a bill that will permit the States maximum flexibility in meeting its goals.

Because 80 percent of all sulfur dioxide emission in the United States originate in a 31-State region consisting of States bordering or lying east of the Mississippi River, the bill targets its directives on this 31-State area, which is designated as an acid rain mitigation (ARM) region.

Under the bill, States within the ARM region which have large powerplants that are the major emitters of sulfur dioxide would be required to achieve the greatest reductions in levels of sulfur dioxide emissions. These States are assigned emission reduction requirements equal to 85 percent of the actual emissions from those large powerplants, and they will be given until December 31, 1991 to meet that goal. Large powerplants would be defined as those emitting over 50,000 tons of sulfur dioxide per year at a rate of more than 3 pounds of sulfur dioxide per million British thermal units (Btu) of input. Generating units subject to new source performance standards under the Clean Air Act are excluded from the reduction calculation. There is also a maximum amount that any State may be asked to reduce. That maximum figure would be based upon a percentage of a State's total allowable emissions. No State will be asked to do more than it can reasonably be expected to achieve.

The emission reductions required by this bill must take place in addition to whatever other reductions occur as sources come into compliance with current provisions in State implementation plans and new source performance standards. Compliance with currently enforced Clean Air Act provisions will result in a 2- to 3-million-ton reduction in annual sulfur dioxide emissions. This bill provides for an additional reduction of just over 6 million tons in annual emissions by December 31, 1991. The total reduction in annual sulfur dioxide emissions is therefore between 8 and 9 million tons, or about a 36 percent reduction in eastern sulfur dioxide emissions.

This bill gives States the complete flexibility to select whatever measures they want to achieve their emission reduction requirements, including the ability to trade emissions offsets between States. Each State is responsible for amending its current State implementation plan to include a program to attain the specified emission reduction requirement by December 31, 1991. Because the emission reduction requirements are well targeted, fewer States—probably only 15 or 16—need to be involved in the process of amending State implementation plans.

Should a State fail to amend its implementation plan in a manner that will achieve the necessary reductions by December 31, 1991, the Administrator of the Environmental Protection Agency is directed to develop suitable plan amendments that will result in the emission reduction being met. After initially approving a State's plan amendments, the Administrator is periodically required to review a State's plan to determine if the amendments remain appropriate for meeting the State's emission reduction requirement. In addition, if a State fails to enforce its plan amendments the Administrator is directed to take enforcement action, including applying any sanctions against or limitations on emissions from large powerplants.

This bill takes a targeted yet flexible approach toward controlling the major cause of acid precipitation, sulfur dioxide emissions. Large emissions reductions can be achieved in the most cost-effective manner. States are given the leading role in devising emission reduction schemes, yet the Environmental Protection Agency is given a substantial review and enforcement role to exercise when necessary. Finally the control program contained in this bill easily fits into the structure of the current Clean Air Act.

The costs of this bill have been estimated by the Office of Technology Assessment. Assuming that optimal interstate trading of emissions occurs, the emission reduction target could be achieved at a cost of $1.7 billion per year. This corresponds to about 2 percent of an average residential electric bill nationally, although local increases could be significantly higher. To put this cost estimate in perspective, the total cost for utility air pollution control in the United States in 1980 was estimated to be about $5.8 billion, over three times as great as the cost of this bill.

Mr. Speaker, I am confident that, if this bill is enacted, its benefits will far exceed its costs and that future generations of Americans will applaud the timeliness with which we headed off the dangers of acid rain. I urge my colleagues to support the bill.●

THE RIGHT OF SELF-DETERMINATION AND THE U.N., II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. McDONALD. Mr. Speaker, once again, I wish to bring to the attention of my colleagues the remarks of Mr. Carl Gershman, our esteemed counselor to the U.S. Ambassador to the U.N., on the right of self-determination, which Mr. Gershman made before the Third Committee of the U.N. in right of reply to a concerted reaction by the Soviet bloc countries. Although Mr. Gershman and I have had disagreements on other issues, I must commend him for his courageous and penetrating statements before the U.N. on the subject of self-determination. Mr. Gershman, unlike many of his fellow delegates, was not afraid to speak the truth in a body which proclaims to stand for truth and justice, but in reality is a labyrinth of Orwellian "double-think" and "newspeak." To paraphrase Mr. Gershman's remarks: To listen to the debates of the U.N. on self-determination one must have either the patience of Job or the cynicism of one professionalizing in agitprop.

Underlying the U.N.'s discussion of self-determination is an anti-American and antidemocratic sentiment, while silence is the rule when it comes to the idea of self-determination as applied

to the Soviet empire. Interfering and disrupting freely and democratically negotiated internal relationships is allowed under the U.N.'s distorted world view; yet genuine self-determination for enslaved peoples is seen as a threat to world peace. This truth was well displayed by Mr. Gershman's right of reply when he compared the situation and status of Puerto Rico with that of the vassal states of the Soviet Union.

Mr. Gershman's statement, which I strongly commend to my colleagues, follows:

STATEMENT BY CARL GERSHMAN

I would like to use my time now to speak about a couple of issues that have been raised during the course of the deliberations of this Committee, namely, the question of Puerto Rico and race relations in the United States, and also to make some further comments with respect to the Soviet Union and self-determination.

I must say, Mr. Chairman, in listening to the debates that have taken place in this Committee, that it requires the patience of Job—or the cynicism of one professionalizing in agitprop—to listen to representatives of totalitarian states speak about self-determination in Puerto Rico. The Puerto Rican people have repeatedly exercised their right of self-determination, a fact recognized by the General Assembly in 1953 when it removed Puerto Rico from the list of non-self-governing territories. The Puerto Rican people have exercised their right of self-determination in referenda conducted in 1952 and 1967, and in gubernatorial elections which have provided a useful picture of the status preferences in Puerto Rico. In the election held last November, for example, Governor Romero, a statehood advocate, narrowly won re-election over former Governor Rafael Hernandez Colon, an advocate of a revised form of commonwealth. Each obtained about 47.2 percent of the vote, with two small independence parties receiving just 5.6 percent.

Puerto Rico has freely negotiated its present commonwealth relationship with the United States, and the United States has consistently maintained that any change in that relationship should come at the initiative of the Puerto Rican people.

Compare this entirely democratic arrangement with the status of the 15 union republics of the Soviet Union. To be sure, the treaty on the formation of the USSR in 1922 and the constitution of 1977 feature and article on the right of a union republic to secede from the Soviet Union. (No such right is stipulated for the so-called autonomous republics.) But there is not a single legislative act defining the procedure for the separation of a union republic from the Soviet Union, the procedure for initiating discussion on that subject, or the procedure for adopting a decision. Mention of such procedures is missing even in the original 1922 treaty on the formation of the USSR.

Nor are there procedures for depriving a union republic of its status. For example, the Karelo-Finnish SSR was transformed into the Karelian autonomous republic by a law adopted by the USSR Supreme Soviet on July 16, 1956. The law referred to "the desires of the workers" of this republic, yet these desires were not ascertained through any legal democratic procedure such as a referendum, so that in a legal sense these desires simply did not exist. In principle, the central authorities retain the option of depriving any republic of union-republic status in the event it is inclined to secede from the Soviet Union.

In fact, it is not possible even to discuss the question of secession of a union republic. While Soviet law contains no direct prohibition against discussing this question, and although the criminal code does not prescribe any punishment for discussing it, practice shows that persons who have attempted to discuss the question are subjected to criminal punishment on the charge of engaging in anti-Soviet propaganda. On such occasions there is also the further possibility of accusations being leveled of incitement to national hatred and even treason to the Motherland.

Individuals have suffered repression even for speaking out for cultural and linguistic rights. For example, the Ukrainian nationalist historian Valentyn Moroz, who was released in 1979 in an exchange of prisoners, had been arrested in the course of defending church treasures and cultural monuments of the Western Ukraine against efforts of the Soviet central authorities to remove them. He was convicted of "anti-Soviet activities," which is to say, of opposing Soviet attempts to Russify the Ukraine. Reports of efforts to Russify the Ukraine continue, and Ukrainian activists such as Petro Ruban, Vasyl Romaniuk, and Mykola Rudenko remain imprisoned.

The lack of any real autonomy is actually reflected in the program of the Communist Party of the Soviet Union. Specifically, the program adopted at the 22nd Party Congress in 1961, which is still officially valid, states that "The boundaries between the Union Republics are increasingly losing their significance"—which is to say that even in a formal sense, the principle of self-determination in the Soviet Union is losing its significance.

The Soviet leaders have never hidden the fact—indeed, they have proudly and repeatedly proclaimed it—that they regard the principle of self-determination and national sovereignty as subordinate to the so-called class struggle. Let me quote a few pronouncements on this subject:

From Lenin ("Works," Vol. 26, p. 408):

"There is not a single Marxist who, without making a total break with the foundation of Marxism and socialism, could deny that the interests of socialism are above the interests of the right of nations to self-determination."

From Stalin ("Works", Vol. 5, p. 270):

"There are cases when the right of self-determination conflicts with another higher right—the right of the working class that has come to power—to consolidate that power. In such cases—this must be said bluntly—the right of self-determination cannot and must not serve as an obstacle to the working class in exercising its right to dictatorship."

On September 25, 1968, in a fundamental article in Pravda defending the Soviet invasion of Czechoslovakia, Sergei Kovalev wrote:

"There is no doubt that the peoples of the socialist countries and the Communist Parties have and must have freedom to determine their country's path of development. However, any decision of theirs must damage neither socialism in their own country nor the fundamental interests of the other socialist countries nor the worldwide workers' movement, which is waging a struggle for socialism. . . . The sovereignty of individual socialist countries cannot be counter-posed to the interests of world socialism and the world revolutionary movement."

This so-called Brezhnev Doctrine was consecrated by Brezhnev himself in a speech on November 12, 1968:

"When the internal and external forces hostile to socialism seek to revert the development of any socialist country toward the restoration of the capitalist order, when a threat to the cause of socialism in that country, a threat to the security of the socialist community as a whole, emerges, this is no longer only a problem of the people of that country but also a common problem, a concern for all socialist states." Under such circumstances, Brezhnev went on, it becomes necessary to give "military aid to a fraternal country to cut short the threat to the socialist order."

To be sure, the Warsaw Pact of 1955 commits the Soviet Union and the other contracting parties, "in accordance with the Charter of the United Nations Organization, to refrain in their international relations from the threat or use of force." In practice, of course, the Soviet Union has acted in accordance with the policy, set forth by Kovalev, that "laws and the norms of law are subordinated to the laws of the class struggle" which cannot be "discarded in the name of legalistic considerations" and "the yardsticks of bourgeois law." It is not necessary to go back to the invasion of Czechoslovakia to demonstrate this point. One has only to pick up the morning newspaper on virtually any day to find ample documentation.

For example, on page 5 of this morning's New York Times, one reads the following quotation from Pravda: "The preservation of the revolutionary gains of the Polish people is not only their own domestic affair. It is a question that touches directly on the vital interests of all peoples and states that have chosen the path of socialism."

It should be obvious that the Soviet talk about defending "the cause of socialism" and observing "the laws of the class struggle" merely masks a policy of imperialism. For the Soviet Union, therefore, "socialism" serves what Marx would have called an ideological function, in the sense that it rationalizes the projection and pursuit of power. And it does so systematically and blatantly at the expense of the principle of self-determination. Nothing which the Soviet Union has said or done refutes this fact.

I would like to make a few comments concerning the propaganda we have heard in this Committee about American race relations. During the past quarter of a century the United States has undergone practically a revolution in its race relations. It has been one of the most successful and creative processes of social change to have taken place anywhere in this or any other era. To be sure, the process is not complete. But Americans, black and white, are proud of what has been accomplished; and I personally am proud to have had the opportunity to have been part of the civil rights movement in this country—to have marched in Selma, Alabama; to have engaged in voter registration work in Mississippi, to have worked with and lived among community groups and youth in the black neighborhoods of Chicago, Pittsburgh, and New Haven.

I am aware of the Soviet Union's long interest in the racial situation in the United States. It was none other than that great proponent of civil rights, Joseph Stalin, who suggested that the situation of blacks in the United States constituted a "national ques-

tion," a point taken up by the Comintern at its Sixth World Congress in 1928 which adopted the doctrine of "the right of self-determination of the Negroes in the Black Belt." This doctrine, of course, had no relevance to the actual situation of American Blacks, overwhelming numbers of whom were in the process of migrating out of the South in search of greater opportunity. The doctrine was eventually abandoned by the Communists, but versions of it have periodically cropped up for purposes of agitation and propaganda.

The fact is that the Communists have addressed the racial situation in the United States as they have addressed all questions—subordinating the interests of the people concerned to the requirements of Soviet foreign policy. One story will suffice.

Back in 1941 the great Black leader A. Philip Randolph was engaged in organizing the original March on Washington, the purpose of which was to gain employment for blacks in the defense industries of this country. Initially, the Communists supported his efforts, not because they were concerned about black unemployment, but because the Hitler-Stalin Pact was in force and the Soviet Union opposed American support for the Allied war effort. The march was seen as disruptive of that effort. On May 16, 1941, for example, the month before the Nazi invasion of the Soviet Union, the Daily Worker declared, "You can't defend Negro rights without fighting against the war." Immediately after the invasion, the Communists announced their opposition to the March on Washington, and the new line became, "The Negro people cannot be true to their own best interests without supporting the war."

Today as always, Communist propaganda concerning the rights and needs of American blacks should be treated with the derision it deserves. Blacks have not needed foreign instructions to determine "their own best interests," and as a result they have steadily improved their position in American society.●

THE PARADOX OF NEO-NEW FEDERALISM—WASHINGTON POST COLUMNIST PUTS HIS FINGER ON THE PROBLEM

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. LEVITAS. Mr. Speaker, I have addressed you and our colleagues recently on an issue which I call neo-New Federalism. This form of federalism, which the Reagan administration has come up with, is not exactly what most of us thought we were talking about when we spoke of the New Federalism, and when we had the President's economic recovery program outlined to us.

I always thought the New Federalism meant turning power and decision-making back to the State and local governments which are closer to the people and know the needs of their communities better than the Federal Government far away in Washington. But the New Federalism has been given another meaning by the Reagan administration. Their brand of New Federalism, which I call neo-New Federalism, seems to mean simply raising local taxes. I cannot see how this will provide the tax relief promised to the American people, nor will it provide the savings and investments which the economy needs for productivity.

William Raspberry explained what this means to State and local governments and to taxpayers in a column in the Washington Post on November 4, 1981. Raspberry's straightforward commentary tells it like it is. He puts his finger right on the problem. As he notes:

• • • Instead of tax relief, it seems we'll be paying the same taxes, only they'll be recorded in a different box on our paycheck stub.

I commend Mr. Raspberry for his excellent column and for bringing this paradox to the attention of the American people.

At this point I enter Mr. Raspberry's column in the RECORD:

AND SUPPLY-SIDE CONTRADICTIONS

This is to notify you that we have shipped the car you ordered. In order to reduce the weight and thereby lower your shipping costs, we have removed the wheels. You'll find them in the trunk.

It's an old joke, but the Reagan administration is about to give it new life with its latest tax shenanigans.

You know, of course, that the administration has reduced federal income taxes. The idea, we have been told since last year's election campaign, is to let you keep more of the money you earn, so that you will invest it, or put it in savings accounts, thereby stimulating economic growth.

It's a wonderful idea in theory, especially if you keep your mind focused on waste and fraud in the federal government. But as Rep. Elliott Levitas (D-Ga.) pointed out during recent congressional hearings, not all federal programs are wasteful or fraudulent. How, he asked, do we pay for the efficiently operated, necessary programs that are going to be affected by the cut in federal taxes?

The answer, delivered by Interior Secretary James Watt, who had been sent over to Capitol Hill to speak for the administration, was a model of cynical simplicity: you increase local taxes.

Levitas, with the innocence of the small boy remarking on the emperor's sartorial inadequacies, confessed that he couldn't see how reducing federal taxes would free up money for investments if the savings had to be made up by increasing local taxes.

It is such an obvious point that one might have assumed that Watt had misspoken himself. But then, as if to prove otherwise, Norman Ture, Undersecretary of the Treasury, suggested that the states increase their taxes to offset the federal tax cuts.

Asked if such an increase wouldn't subvert the president's economic recovery plan, which relies on a federal tax cut to free up money for savings and investment, Ture acknowledged that it would. States, he suggested, "aren't compelled to work with the federal government."

Levitas is still scratching his head, "I have always supported the concept behind the 'new federalism' approach, that is, the concept of turning power and authority back to our state and local governments," the Georgian said.

"However, the concept of 'new federalism' as proposed by this administration is something quite different. . . . It seems that what the administration means by 'new federalism' is simply turning the financial burdens of government over to the state and local governments."

Ture, the Treasury Department's leading tax expert, made it explicit. Speaking at a meeting of the President's Advisory Committee on Federalism, whose members represent state and local governments, Ture supported Reagan's proposed 12 percent reduction in revenue-sharing grants to the cities. It is up to the cities to decide whether they want to continue to operate the existing programs, he said. If they do, they'll have to pay for them.

And where would the money come from? Ture said the 25 percent tax cut (through fiscal 1984) would amount to a "turnback" of an average of $2.2 billion per state, and suggested that state and local governments should look to that "turnback" as a source of new taxes.

But, of course, there is no "turnback." As administration officials never tire of pointing out, the government has no presumptive right to the earnings of the American people. By that reasoning, the reduction in federal taxes does not "give" anybody anything. It simply lets workers keep more of their earnings.

But administration officials, tacitly acknowledging that their economic recovery program is going badly, now seem ready to change their definitions. The 25 percent you will save in federal taxes is not your money at all, according to the new definition. It is nothing more than a windfall to be taken back as state and local taxes.

Levitas calls it "neo-new federalism."

"I had thought that the Kemp-Roth tax cut we passed earlier this year was to relieve the heavy burden of taxes on the people who pay them and to provide the savings and investments to spur productivity in the private sector of our economy," he said.

But instead of tax relief, it seems we'll be paying the same taxes, only they'll be recorded in a different box on our paycheck stub. What the administration is proposing is the revenue equivalent of taking the wheels off a car to make it lighter, then putting them in the trunk for convenience.

And it makes just as much sense.●

NEW LEASEBACK POLICY FOR DELAWARE WATER GAP NATIONAL RECREATIONAL AREA

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 10, 1981

● Mr. COURTER. Mr. Speaker, I have introduced legislation to create a new uniform, lease-back program for the residents of the Delaware Water Gap National Recreational Area. I believe that this legislation establishes a reasonable and humane policy for the people of this portion of the Delaware Valley, who deserve a clear policy after living with the indecision of the Federal Government for nearly two decades.

The Delaware Water Gap National Recreational Area was originally conceived as a complement to the Tocks Island Dam project, and was later incorporated into the Wild and Scenic Rivers System in 1978. Since 1965, when the Army Corps of Engineers began acquiring properties for the Tocks Island Dam project and the surrounding national recreational area, many residents have left the area. The remaining tenants who lease their land from the National Park Service are in three categories: Approximately 15 residents hold life estate rights, 70 year-round residents hold 5-year special use permits along with a verbal assurance of renewal upon the expiration of the 5-year term, and 142 seasonal residents hold 2-year special use permits which expire on December 31, 1981, and face eviction on January 1, 1982. The diverse terms of the leases for the various residents exists because the land was acquired at different times by different Federal agencies.

The seasonal residents now face eviction on January 1, 1982. It is my belief that the eviction of these residents will not bring about any useful purpose, for further development of the park is far from complete. In addition, by no stretch of the imagination are the residents impeding development of the park or blocking public access to the area. The recreation area is currently being enjoyed by many visitors, and the local residents have, on many occasions, been both helpful and instructive to visitors in the area. Their absence at this point could only be detrimental by encouraging increased vandalism and arson in the area. I have therefore introduced a bill to allow the seasonal residents the opportunity to retain their leases, and to grant long-term security to the year-round residents whose leases will expire in 3 years.

My bill, H.R. 4865, would give the Department of the Interior legal authority to continue renting to the residents, which it currently does not have. This bill would establish the terms of an equitable and clear-cut, lifelong leaseback policy for all of the leaseholders, seasonal and year round, in the recreational area providing their property meets minimum health and safety standards. If this legislation is enacted, the Secretary of the Interior will, within 30 days, give notice of the extension of the lease until May 16, 1982, by which time residents are given the opportunity to undertake any corrective measures to conform with minimum health and safety standards. The residents would then be notified in writing of a possible lifelong lease if their dwellings comply with the standards agreed upon.

The terms of the lease include an arrangement whereby the lease shall not be terminated before the death of the resident and shall be set at the fair market rental value, adjusted annually according to the Consumer Price Index. This policy, if implemented, would continue to give the Secretary of the Interior the right to terminate the lease if the residents fail to conform to the standards during the term of the lease, and the lease could not be passed on to the next generation. This legislation would not only address the current situation, but would continue to assure that similar leaseback rights be given to anyone in the area whose land is acquired in the future.

If no legislative action is taken in the very near future to implement a uniform leaseback policy in this area, the evictions of the seasonal residents will go ahead as planned. I believe that these 142 seasonal residents, as well, as the approximately 70 year-round residents, should be allowed the opportunity to remain in their homes. Although the number of citizens facing eviction is by no means large, the principle behind the decision is very important. The Federal Government's treatment of the people of the valley, since the original conception of the Tocks Island Dam, has been, to say the least, far from exemplary. Past circumstances cannot be changed, nor can past mistakes be corrected. But we can make the effort to set forth a clear and fair policy for these citizens, and I believe that this legislation I have introduced gives us the opportunity to make such a policy. I would welcome the support of my colleagues.

The text of H.R. 4865 follows:

H.R. 4865

A bill to direct the Secretary of the Interior to offer lifetime leases to certain individuals leasing dwellings in the Delaware Water Gap National Recreation Area, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2 of the Act entitled "An Act to authorize establishment of the Delaware Water Gap National Recreation Area, and for other purposes", approved September 1, 1965 (16 U.S.C. 460o-1), is amended by adding at the end the following new subsection:

"(e)(1) Not earlier than May 1, 1982, and not later than May 15, 1982, the Secretary of the Interior shall make a written offer to any individual who leases any dwelling owned by the United States within the exterior boundaries of the area depicted on the drawing referred to in subsection (a) of this section to enter into a new lease with respect to such dwelling, if such dwelling, on the date such offer is made, conforms to minimum health and safety standards. The lease so offered shall include terms providing that—

"(A) except as provided in subparagraph (C) of this paragraph, such lease shall not terminate before the death of such individual or the death of such individual's spouse, whichever occurs later;

"(B) the rent payable under such lease shall be equal to the fair market rental value of such dwelling on the date such offer is made, increased annually according to the percent rise during the year involved in the Consumer Price Index published by the Bureau of Labor Statistics; and

"(C) such lease may be terminated by the Secretary if such dwelling, after due notice and opportunity for corrective measures is given to such individual, fails to conform to minimum health and safety standards.

"(2) Not later than thirty days after the date of the enactment of this subsection, the Secretary, in writing—

"(A) shall notify any individual who, on the date of the enactment of this subsection, leases any dwelling owned by the United States within the exterior boundaries of the area depicted on the drawing referred to in subsection (a) of this section what, if any, measures are necessary to bring such dwelling into conformity with minimum health and safety standards; and

"(B) if the lease such individual holds on such dwelling will terminate before May 16, 1982, shall make an offer to such individual to extend such lease until May 16, 1982, or until an offer is made under paragraph (1) of this subsection, whichever occurs first.

"(3) For purposes of this subsection—

"(A) the term 'dwelling' means any single-family dwelling, together with any appurtenant building; and

"(B) the term 'minimum health and safety standards' shall have the meaning given to it by the Secretary after considering the health and safety requirements applicable to similar dwellings in localities near to the national recreation area.".

(b) The fifth sentence of section 2(a) of the Act entitled "An Act to authorize the establishment of the Delaware Water Gap National Recreation Area, and for other purposes", approved September 1, 1965, is amended by striking out "may" and inserting in lieu thereof "shall".●